



Financials

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Bank Asia Limited and its subsidiaries (together referred to as "GROUP") as well as separate financial statements of Bank Asia limited ("The Bank") which comprise the consolidated and separate balance sheet as at 31 December 2017, consolidated and separate Profit and loss accounts, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management of Bank Asia Limited is responsible for the preparation and fair presentation of these consolidated financial statements of the group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS), as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud and error. The Bank Companies Act 1991 (as amended on 2018), and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the group and also separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable, but not absolute assurance whether the consolidated financial statements of the group and also separate financial statements of the Bank are free from material misstatement due to fraud and error.

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

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

Opinion

In our opinion, the consolidated financial statements of the group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the group and the separate financial position of the Bank as at 31 December 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note # 2.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, the Bank Company Act 1991 as amended in 2018 and the rules & Regulations issues by Bangladesh Bank, we also report the following:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) To the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - Internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note # 2 to the financial statements appeared to be materially adequate;
 - Nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities.

- c) The financial statements of the Bank's subsidiaries named Bank Asia Securities Limited audited by us, but other two overseas subsidiaries BA Exchange Company (UK) Limited and BA Express USA Inc. was not audited by us. The financial statements of BA Exchange Company (UK) Limited for the year ended 31 December 2017 have been audited by AGP Consulting Chartered Accountants and Statutory Auditors, UK and expressed an unmodified opinion. The financial statements of BA Express USA Inc. for the year ended 31 December 2017 have been audited by United Financial CPA PC, USA and expressed an unmodified opinion. These accounts have been properly reflected in the consolidated in the consolidated financial statements.
- d) In our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- e) The expenditure incurred was for the purposes of the Bank's business.
- f) The consolidated balance sheet and consolidated profit & loss account of the Group and the separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account;
- g) The consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as explained in Note # 2.1 as well as with related meeting amongst Inspection Team of Bangladesh Bank, External Auditor and the Management of Bank Asia Limited held on 18 March 2018 and subsequent letter # DBI-1/120/2018/74 dated 03 April 2018 issued by Bangladesh Bank;
- h) Provisions have been made as of 31 December 2017 for loan and advances, other assets and off balance sheet items which are, in our opinion, doubtful of recovery;
- i) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- j) The information and explanations required by us have been received and focused satisfactory;
- k) We have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 5,250 persons working hours during the audit; and
- l) Capital to Risk Weighted Assets Ratio (CRAR) is required by the Bangladesh Bank has been maintained adequately during the year.

Other Matter

The Consolidated financial statements including the separate financial statements of Bank Asia Limited for the year ended 31 December 2016 were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants, who expressed an unmodified opinion on those financial statements on 16 April 2017.

Dhaka, Dated
April 08, 2018



ACNABIN
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2017

Amount in Taka

	Notes	31 Dec 2017	31 Dec 2016
PROPERTY AND ASSETS			
Cash	4(a)	17,933,208,773	15,983,718,054
In hand (including foreign currencies)	4.1(a)	1,994,978,583	2,079,897,416
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	15,938,230,190	13,903,820,638
Balance with other banks and financial institutions	5(a)	30,077,880,452	13,615,107,372
In Bangladesh		29,087,820,840	10,983,805,427
Outside Bangladesh		990,059,612	2,631,301,945
Money at call and on short notice	6(a)	-	4,870,000,000
Investments	7(a)	28,145,350,291	39,711,806,539
Government		24,431,255,000	36,112,473,144
Others		3,714,095,291	3,599,333,395
Loans and advances/investments	8(a)	200,328,423,831	166,539,916,390
Loans, cash credits, overdrafts, etc/investments		184,322,321,558	157,946,507,822
Bills purchased and discounted		16,006,102,273	8,593,408,568
Fixed assets including premises, furniture and fixtures	9(a)	5,344,230,907	5,263,148,467
Other assets	10(a)	9,117,178,530	8,882,423,376
Non - banking assets		-	-
Total assets		<u>290,946,272,783</u>	<u>254,866,120,198</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	30,465,558,247	18,978,976,940
Subordinated non-convertible bonds	11(aa)	8,092,588,885	3,197,214,016
Deposits and other accounts	12(a)	207,283,945,687	191,573,043,588
Current/Al-wadeeah current accounts and other accounts		42,242,103,482	34,554,219,481
Bills payable		3,968,967,652	4,902,979,613
Savings bank/Mudaraba savings bank deposits		34,496,938,426	27,793,803,978
Fixed deposits/Mudaraba fixed deposits		126,575,936,127	124,322,040,516
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	24,170,500,633	22,253,446,819
Total liabilities		<u>270,012,593,452</u>	<u>236,002,681,362</u>
Capital/shareholders' equity			
Total shareholders' equity		20,933,679,331	18,863,438,836
Paid-up capital	14.2	9,870,110,990	8,812,599,100
Statutory reserve	15	7,345,137,782	6,533,632,030
Revaluation reserve	16(a)	2,154,384,193	2,239,612,377
General reserve		8,166,144	8,166,144
Retained earnings	17(a)	1,554,316,722	1,267,955,303
Foreign currency translation reserve		1,551,777	1,462,526
Non-controlling (minority) interest	17(b)	11,723	11,355
Total liabilities and shareholders' equity		<u>290,946,272,783</u>	<u>254,866,120,198</u>

Consolidated Balance Sheet

Amount in Taka

	Notes	31 Dec 2017	31 Dec 2016
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	135,839,309,791	110,762,047,002
Acceptances and endorsements		42,864,351,001	35,098,107,666
Letters of guarantee		40,615,034,541	35,578,341,924
Irrevocable letters of credit		37,891,236,914	29,013,641,402
Bills for collection		14,468,687,335	11,071,956,010
Other contingent liabilities		-	-
Other commitments		317,134,285	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		317,134,285	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		136,156,444,076	110,762,047,002

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



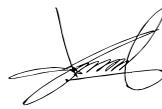
Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
08 April 2018



ACNABIN
Chartered Accountants

Bank Asia Limited and its subsidiaries

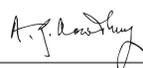
Consolidated Profit and Loss Statement

for the year ended 31 December 2017

Amount in Taka

	Notes	31 Dec 2017	31 Dec 2016
OPERATING INCOME			
Interest income	20(a)	16,537,474,861	14,795,577,265
Interest paid on deposits and borrowings, etc	21(a)	10,853,728,866	10,607,924,671
Net interest income		5,683,745,995	4,187,652,594
Investment income	22(a)	2,535,391,259	3,548,303,241
Commission, exchange and brokerage	23(a)	3,346,784,283	2,620,174,212
Other operating income	24(a)	804,643,551	683,489,936
		6,686,819,093	6,851,967,389
Total operating income (A)		12,370,565,088	11,039,619,983
OPERATING EXPENSES			
Salaries and allowances	25(a)	2,595,054,425	2,403,117,832
Rent, taxes, insurance, electricity, etc	26(a)	640,514,240	558,761,586
Legal expenses	27(a)	25,877,298	18,046,458
Postage, stamp, telecommunication, etc	28(a)	92,453,590	84,071,480
Stationery, printing, advertisements, etc	29(a)	100,166,466	91,527,800
Managing Director's salary and fees	30	13,900,000	15,689,899
Directors' fees	31(a)	3,286,400	3,422,000
Auditors' fees	32(a)	3,106,584	3,339,006
Depreciation and repairs of Bank's assets	33(a)	464,055,824	473,133,169
Other expenses	34(a)	1,499,454,887	1,201,053,151
		5,437,869,714	4,852,162,381
Total operating expenses (B)		5,437,869,714	4,852,162,381
Profit before provision (C=A-B)		6,932,695,374	6,187,457,602
Provision for loans and advances/investments			
General provision		1,171,754,018	555,793,056
Specific provision		1,339,895,000	1,928,486,005
		2,511,649,018	2,484,279,061
Provision for off-balance sheet items		223,379,000	139,449,902
Provision for diminution in value of investments		906,056	121,619,793
Other provisions		-	-
Total provision (D)	34(C)	2,735,934,074	2,745,348,756
Total profit before tax (C-D)		4,196,761,300	3,442,108,846
Provision for taxation			
Current tax	13.5	2,043,171,957	1,735,042,600
Deferred tax		41,500,000	63,000,000
		2,084,671,957	1,798,042,600
Net profit after tax		2,112,089,343	1,644,066,246
Appropriations			
Statutory reserve	15	811,505,752	657,381,109
General reserve		-	-
		811,505,752	657,381,109
Retained surplus		1,300,583,591	986,685,137
Attributable to:			
Equity holders of Bank Asia Limited		1,300,583,223	986,684,567
Non-controlling (minority) interest		368	570
		1,300,583,591	986,685,137
Earnings Per Share (EPS)	37(a)	2.14	1.67

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



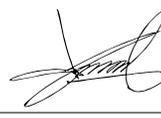
Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Profit and Loss statement referred to our report of even date.

Dhaka, Dated
08 April 2018



ACNABIN
Chartered Accountants

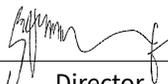
Bank Asia Limited and its subsidiaries

Consolidated Cash Flow Statement

for the year ended 31 December 2017

	Notes	31 Dec 2017	31 Dec 2016
<i>Amount in Taka</i>			
Cash flows from operating activities (A)			
Interest receipts		18,210,636,506	17,064,780,537
Interest payments		(10,765,570,591)	(10,607,924,671)
Dividends receipts		53,427,973	41,515,740
Fees and commission receipts		3,346,784,283	2,620,174,212
Recoveries on loans previously written off		34,250,512	42,108,117
Cash payment to employees		(2,544,380,951)	(2,444,083,935)
Cash payment to suppliers		(166,777,619)	(161,747,580)
Income tax paid		(1,760,330,963)	(1,567,515,086)
Receipts from other operating activities	35 (a)	1,009,792,761	1,275,012,121
Payments for other operating activities	36 (a)	(2,279,360,190)	(1,884,235,223)
Operating profit before changes in operating assets & liabilities		5,138,471,721	4,378,084,232
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(33,822,757,953)	(27,577,429,172)
Other assets		(649,664,410)	(142,903,331)
Deposits from customers and banks		15,710,902,099	21,427,217,267
Trading liabilities		11,486,581,307	6,643,522,662
Other liabilities		(306,007,676)	(114,805,041)
Net Increase/(decrease) in operating assets and liabilities		(7,580,946,633)	235,602,385
Net cash flows from operating activities		(2,442,474,913)	4,613,686,618
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		11,681,218,144	7,480,493,239
Sale/(Purchase) of trading securities		(114,761,896)	(154,232,877)
(Purchase)/disposal of fixed assets		(478,395,241)	(573,583,751)
Net cash flows from/(used in) investing activities		11,088,061,007	6,752,676,611
Cash flows from financing activities (C)			
Payment for finance lease		(107,864)	(148,357)
Issue of floating rate non-convertible subordinated bonds		5,000,000,000	-
Adjustment of subordinated non-convertible bond		(104,625,131)	(118,226,630)
Dividend paid (cash dividend)		-	(1,258,942,730)
Net cash flows from/(used in) financing activities		4,895,267,005	(1,377,317,717)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		13,540,853,099	9,989,045,511
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		34,471,916,226	24,482,870,715
Cash and cash equivalents at the end of the year		48,012,769,325	34,471,916,226
Cash and cash equivalents:			
Cash		1,994,978,583	2,079,897,416
Balance with Bangladesh Bank and its agent bank(s)		15,938,230,190	13,903,820,638
Balance with other banks and financial institutions		30,077,880,452	13,615,107,372
Money at call and on short notice		-	4,870,000,000
Prize bonds		1,680,100	3,090,800
		48,012,769,325	34,471,916,226

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

 Chairman	 Director	 Director	 Director	 President and Managing Director
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Bank Asia Limited and its subsidiaries Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 01 January 2016	8,392,951,530	5,876,250,921	2,549,629,842	8,166,144	1,541,779	1,867,693,933	18,696,234,149	10,785	18,696,244,934
Transferred during the year	-	657,381,109	-	-	-	(657,381,109)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(227,816,977)	-	-	-	(227,816,977)	-	(227,816,977)
Transferred to retained earnings	-	-	(82,200,488)	-	-	82,200,488	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	9,966,616	9,966,616	-	9,966,616
Foreign currency translation for the year	-	-	-	-	(79,253)	-	(79,253)	-	(79,253)
Issue of bonus shares	419,647,570	-	-	-	-	(419,647,570)	-	-	-
Cash dividend paid	-	-	-	-	-	(1,258,942,730)	(1,258,942,730)	-	(1,258,942,730)
Net profit for the year	-	-	-	-	-	1,644,065,676	1,644,065,676	570	1,644,066,246
Balance as at 31 December 2016	8,812,599,100	6,533,632,030	2,239,612,377	8,166,144	1,462,526	1,267,955,303	18,863,427,481	11,355	18,863,438,836
Transferred during the year	-	811,505,752	-	-	-	(811,505,752)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(31,512,920)	-	-	-	(31,512,920)	-	(31,512,920)
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	(10,425,178)	(10,425,178)	-	(10,425,178)
Foreign currency translation for the year	-	-	-	-	89,250	-	89,250	-	89,250
Issue of bonus shares	1,057,511,890	-	-	-	-	(1,057,511,890)	-	-	-
Net profit for the year	-	-	-	-	-	2,112,088,975	2,112,088,975	368	2,112,089,343
Balance as at 31 December 2017	9,870,110,990	7,345,137,782	2,154,384,193	8,166,144	1,551,777	1,554,316,722	20,933,667,608	11,723	20,933,679,331

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

 Chairman	 Director	 Director	 Director	 President and Managing Director
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Bank Asia Limited

Balance Sheet

as at 31 December 2017

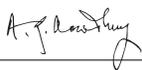
		<i>Amount in Taka</i>	
	Notes	31 Dec 2017	31 Dec 2016
PROPERTY AND ASSETS			
Cash	4	17,930,274,917	15,980,758,895
In hand (including foreign currencies)	4.1	1,992,044,727	2,076,938,257
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	15,938,230,190	13,903,820,638
Balance with other banks and financial institutions		29,603,011,389	13,273,233,476
In Bangladesh	5.1	28,766,652,560	10,702,481,995
Outside Bangladesh	5.2	836,358,829	2,570,751,481
Money at call and on short notice	6	-	4,870,000,000
Investments	7	27,545,818,419	39,365,212,025
Government		24,431,255,000	36,112,473,144
Others		3,114,563,419	3,252,738,881
Loans and advances/investments	8	197,504,138,756	163,609,782,739
Loans, cash credits, overdrafts, etc/investments		181,498,036,483	155,016,374,171
Bills purchased and discounted		16,006,102,273	8,593,408,568
Fixed assets including premises, furniture and fixtures	9	5,329,740,498	5,249,722,487
Other assets	10	11,083,658,773	10,846,991,614
Non - banking assets		-	-
Total assets		288,996,642,751	253,195,701,236
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	30,268,312,053	18,822,423,424
Subordinated non-convertible bonds	11 (aa)	8,092,588,885	3,197,214,016
Deposits and other accounts	12	207,041,471,381	191,272,582,777
Current/Al-wadeeah current accounts and other accounts		41,999,629,176	34,253,758,670
Bills payable		3,968,967,652	4,902,979,613
Savings bank/Mudaraba savings bank deposits		34,496,938,426	27,793,803,978
Fixed deposits/Mudaraba fixed deposits		126,575,936,127	124,322,040,516
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	22,539,776,869	20,865,003,294
Total liabilities		267,942,149,188	234,157,223,511
Capital/shareholders' equity			
Total shareholders' equity		21,054,493,564	19,038,477,725
Paid-up capital	14.2	9,870,110,990	8,812,599,100
Statutory reserve	15	7,345,137,782	6,533,632,030
Revaluation reserve	16	2,154,384,193	2,239,612,377
General reserve		8,166,144	8,166,144
Retained earnings	17	1,676,694,455	1,444,468,074
Total liabilities and shareholders' equity		288,996,642,751	253,195,701,236

Balance Sheet

Amount in Taka

	Notes	31 Dec 2017	31 Dec 2016
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	135,839,309,791	110,762,047,002
Acceptances and endorsements		42,864,351,001	35,098,107,666
Letters of guarantee		40,615,034,541	35,578,341,924
Irrevocable letters of credit		37,891,236,914	29,013,641,402
Bills for collection		14,468,687,335	11,071,956,010
Other contingent liabilities		-	-
Other commitments		317,134,285	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		317,134,285	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		136,156,444,076	110,762,047,002

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



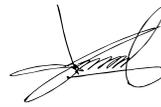
Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Balance Sheet referred to our report of even date.

Dhaka, Dated
08 April 2018



ACNABIN
Chartered Accountants

Bank Asia Limited

Profit and Loss Statement

for the year ended 31 December 2017

Amount in Taka

	Notes	31 Dec 2017	31 Dec 2016
OPERATING INCOME			
Interest income	20	16,411,574,859	14,569,387,489
Interest paid on deposits and borrowings, etc	21	10,841,556,834	10,600,935,255
Net interest income		5,570,018,025	3,968,452,234
Investment income	22	2,535,391,259	3,548,303,241
Commission, exchange and brokerage	23	3,119,816,288	2,474,861,280
Other operating income	24	742,166,065	648,277,718
		6,397,373,612	6,671,442,239
Total operating income (A)		11,967,391,637	10,639,894,473
OPERATING EXPENSES			
Salaries and allowances	25	2,519,793,179	2,336,571,464
Rent, taxes, insurance, electricity, etc	26	613,241,644	533,568,147
Legal expenses	27	24,615,519	16,085,833
Postage, stamp, telecommunication, etc	28	89,544,014	81,601,730
Stationery, printing, advertisements, etc	29	97,405,242	90,134,202
Managing Director's salary and fees	30	13,900,000	15,689,899
Directors' fees	31	2,992,000	3,192,000
Auditors' fees	32	952,100	1,252,000
Depreciation and repairs of Bank's assets	33	459,920,443	469,051,286
Other expenses	34	1,457,470,719	1,172,113,402
Total operating expenses (B)		5,279,834,860	4,719,259,963
Profit before provision (C=A-B)		6,687,556,777	5,920,634,510
Provision for loans and advances/investments			
General provision		1,171,754,018	555,793,056
Specific provision		1,234,895,000	1,828,486,005
	13.2	2,406,649,018	2,384,279,061
Provision for off-balance sheet items	13.3	223,379,000	139,449,902
Provision for diminution in value of investments	13.7	-	110,000,000
Other provisions	13.8	-	-
Total provision (D)		2,630,028,018	2,633,728,963
Total profit before tax (C-D)		4,057,528,759	3,286,905,547
Provision for taxation			
Current tax	13.5.1	1,968,500,000	1,678,000,000
Deferred tax	13.5.2	41,500,000	63,000,000
		2,010,000,000	1,741,000,000
Net profit after tax		2,047,528,759	1,545,905,547
Appropriations			
Statutory reserve	15	811,505,752	657,381,109
General reserve		-	-
		811,505,752	657,381,109
Retained surplus		1,236,023,007	888,524,438
Earnings Per Share (EPS)	37	2.07	1.57

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



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Profit and Loss Statement referred to our report of even date.

Dhaka, Dated
08 April 2018



ACNABIN
Chartered Accountants

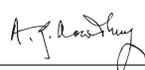
Bank Asia Limited

Cash Flow Statement

for the year ended 31 December 2017

	Notes	Amount in Taka	
		31 Dec 2017	31 Dec 2016
Cash flows from operating activities (A)			
Interest receipts		17,912,520,733	16,838,590,761
Interest payments		(10,581,182,788)	(10,600,935,255)
Dividends receipts		53,427,973	41,515,740
Fees and commission receipts		3,119,816,288	2,474,861,280
Recoveries on loans previously written off		34,250,512	42,108,117
Cash payment to employees		(2,469,119,705)	(2,377,537,567)
Cash payment to suppliers		(164,016,395)	(160,353,982)
Income tax paid		(1,674,512,383)	(1,546,814,137)
Receipts from other operating activities	35	947,315,275	1,239,799,903
Payments for other operating activities	36	(2,203,483,187)	(1,823,354,654)
Operating profit before changes in operating assets & liabilities		4,975,016,323	4,127,880,206
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(33,894,356,017)	(27,213,447,058)
Other assets		(615,842,133)	(72,607,861)
Deposits from customers and banks		15,768,888,604	21,445,242,386
Trading liabilities		11,445,888,629	6,526,307,876
Other liabilities		(511,741,228)	(167,686,392)
Net Increase/(decrease) in operating assets and liabilities		(7,807,162,145)	517,808,951
Net cash flows from operating activities		(2,832,145,823)	4,645,689,157
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		11,681,218,144	7,480,493,239
Sale/(Purchase) of trading securities		138,175,462	(27,188,034)
(Purchase)/disposal of fixed assets		(474,631,553)	(573,005,787)
Net cash flows from/(used in) investing activities		11,344,762,053	6,880,299,418
Cash flows from financing activities (C)			
Payment for finance lease		(107,864)	(148,357)
Issue of floating rate non-convertible subordinated bonds		5,000,000,000	-
Adjustment of subordinated non-convertible bond		(104,625,131)	(118,226,630)
Dividend paid (cash dividend)		-	(1,258,942,730)
Net cash flows from/(used in) financing activities		4,895,267,005	(1,377,317,717)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		13,407,883,235	10,148,670,858
Effects of exchange rate changes on cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the year		34,127,083,171	23,978,412,313
Cash and cash equivalents at the end of the year		47,534,966,406	34,127,083,171
Cash and cash equivalents:			
Cash		1,992,044,727	2,076,938,257
Balance with Bangladesh Bank and its agent bank(s)		15,938,230,190	13,903,820,638
Balance with other banks and financial institutions		29,603,011,389	13,273,233,476
Money at call and on short notice		-	4,870,000,000
Prize bonds		1,680,100	3,090,800
		47,534,966,406	34,127,083,171

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



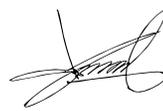
Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited

Statement of Changes in Equity

for the year ended 31 December 2017

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 January 2016	8,392,951,530	5,876,250,921	2,549,629,842	8,166,144	2,152,333,448	18,979,331,885
Transferred during the year	-	657,381,109	-	-	(657,381,109)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(227,816,977)	-	-	(227,816,977)
Transferred to retained earnings	-	-	(82,200,488)	-	82,200,488	-
Issue of bonus shares	419,647,570	-	-	-	(419,647,570)	-
Cash dividend paid	-	-	-	-	(1,258,942,730)	(1,258,942,730)
Net profit for the year	-	-	-	-	1,545,905,547	1,545,905,547
Balance at 31 December 2016	8,812,599,100	6,533,632,030	2,239,612,377	8,166,144	1,444,468,074	19,038,477,725
Transferred during the year	-	811,505,752	-	-	(811,505,752)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(31,512,920)	-	-	(31,512,920)
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Issue of bonus shares	1,057,511,890	-	-	-	(1,057,511,890)	-
Net profit for the year	-	-	-	-	2,047,528,759	2,047,528,759
Balance at 31 December 2017	9,870,110,990	7,345,137,782	2,154,384,193	8,166,144	1,676,694,454	21,054,493,564

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



Chairman



Director



President and Managing Director

Bank Asia Limited Liquidity Statement (Analysis of Maturity of Assets and Liabilities)

as at 31 December 2017

Amount in Taka

Particulars	Maturity					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
Assets						
Cash in hand and with banks	4,853,012,494	-	-	-	13,077,262,423	17,930,274,917
Balance with other banks and financial institutions	14,741,061,389	14,203,150,000	658,800,000	-	-	29,603,011,389
Money at call and on short notice	-	-	-	-	-	-
Investments	1,160,789,398	5,090,869,350	4,281,322,451	5,616,477,758	11,396,359,462	27,545,818,419
Loans and advances	28,256,123,459	34,402,360,425	48,521,499,210	57,693,757,224	28,630,398,438	197,504,138,756
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,329,740,498	5,329,740,498
Other assets	1,207,824,378	1,613,945,758	841,323,819	5,381,572,306	2,038,992,512	11,083,658,773
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	50,218,811,118	55,310,325,533	54,302,945,480	68,691,807,288	60,472,753,332	288,996,642,751
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	4,932,033,963	14,454,700,000	7,238,807,914	3,735,359,061	8,000,000,000	38,360,900,938
Deposits	32,262,600,000	31,892,481,831	59,518,732,453	54,191,271,406	29,176,385,691	207,041,471,381
Provision and other liabilities	415,684,684	237,649,609	1,009,562,232	717,790,274	20,159,090,070	22,539,776,869
Total Liabilities (B)	37,610,318,647	46,584,831,440	67,767,102,599	58,644,420,741	57,335,475,761	267,942,149,188
Net Liquidity Excess/(Shortage) (A-B)	12,608,492,471	8,725,494,093	(13,464,157,119)	10,047,386,547	3,137,277,572	21,054,493,564

 Chairman	 Director	 Director	 President and Managing Director
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Bank Asia Limited

Notes to the financial statements

as at and for the year ended 31 December 2017

1. THE BANK AND ITS ACTIVITIES

1.1 Bank Asia Limited

Bank Asia Limited (“the Bank”) is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994, governed by the Bank Company Act 1991. The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 116 branches, 4 SME service centres, 5 Islamic Windows and 132 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA). The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

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

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

1.2 Principal activities

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

1.3 Islamic banking unit

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

1.4 Off-shore banking unit

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

1.5 Bank Asia Securities Limited

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

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

1.6 BA Exchange Company (UK) Limited

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

1.7 BA Express USA inc

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

Notes to the financial statements

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the “First Schedule (Section 38) of the Bank Company Act 1991 (amended upto 2018), BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BAS), etc. The Financial Reporting Act 2015 (FRA) has been enacted in 2015. Under the FRA the Financial Reporting Council (FRC) yet to be formed and they will issue financial reporting standards for public interest entities such as banks. Section 38 of the Bank Company Act 1991 (amended upto 2018) has been replaced through BRPD Circular no. 10 dated October 04, 2015. The FRC is yet to be formed and as such no financial reporting standards have issued as per the provisions of the FRA. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. Bank Company Act 1991 (amended upto 2018)
- ii. Companies Act 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Securities and Exchange Ordinance 1969
- v. The Securities and Exchange Rules 1987
- vi. Bangladesh Securities and Exchange Commission Act 1993
- vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015
- viii. Income Tax Ordinance and Rules 1984
- ix. Value Added Tax Act 1991
- x. Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository Bangladesh Ltd. (CDBL) rules and regulations.

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

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

i) Presentation of financial statements

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

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) is prescribed in the “First Schedule” of section 38 of the Bank Company Act 1991 (amended up to 2018) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and Securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value at the year-end is taken to profit and loss account or other comprehensive income/revaluation reserve respectively.

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

iii) Revaluation gain/loss on Government securities

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

Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will

Notes to the financial statements

be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However at the year-end if there is any revaluation gain for any particular held for trading T-bills/T-bonds, such gain can be used to the extent of any revaluation loss for that particular held for trading T-bills/T-bonds. T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve.

iv) Provision on loans and advances

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

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

v) Other comprehensive income

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

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

vi) Financial instruments – presentation and disclosure

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

vii) Repo transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

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

viii) Financial guarantees

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

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

ix) Cash and cash equivalent

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

Bangladesh Bank: As per BRPD Circular 14 dated 25 June 2003, Cash and cash-equivalents consist of cash with Bangladesh Bank,

Notes to the financial statements

with its agent bank(s), government securities (prize bond) and deposits with other banks.

x) **Non-banking asset**

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

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

xi) **Cash flow statement**

BFRS: Cash flow statement can be prepared either in direct method or in indirect method as per BAS 7 of Statement of Cash Flows. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect method.

xii) **Balance with Bangladesh Bank: (CRR)**

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

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

xiii) **Presentation of intangible asset**

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

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

xiv) **Off-balance sheet items**

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

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

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Foreign exchange contracts
- Forward assets purchased and forward deposits placed

xv) **Disclosure of appropriation of profit**

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

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

xvi) **Loans and advance net of provision**

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

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

xvii) **Recognition of Interest in Suspense**

BFRSs: Loans and advances to customers are generally classified as “loans and receivables” as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

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

xviii) **Uniform Accounting Policy**

In several cases Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BFRS 10. As such some disclosure, presentation and measurement requirements of BFRS 10 cannot be made in financial statements.

(Also refer to note 3.19 Compliance of BFRSs)

Notes to the financial statements

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

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

Key estimates include the following:

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

2.4 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translation

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

In preparing solo financial statements, assets and liabilities in foreign currencies as at December 31, 2017 have been converted into Taka currency at the revaluation rate determined by the Bank. For BA Exchange Company (UK) Limited and BA Express USA Inc. assets and liabilities in foreign currencies as at December 31, 2017 have been converted into Taka currency at the closing rate as on December 31, 2017 and profit and loss accounts have been converted into monthly average rate.

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

2.5 Basis of consolidation

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

Notes to the financial statements

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

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Separate Financial Statements and Bangladesh Financial Reporting Standard 10: Consolidated Financial Statements. The consolidated as well as separate financial statements are prepared for a common financial year ended on December 31, 2017.

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

2.5.1 Subsidiaries of the Bank

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

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

2.6 Cash flow statement

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

2.7 Statement of changes in equity

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

Investment in securities

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

Held to maturity

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

Held for trading

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

Revaluation

As per Bangladesh Bank DOS circular letter no. 5 dated 28 January 2009, HFT securities are revalued each week using Marked to Market concept and HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are

Notes to the financial statements

also revalued if these are reclassified to HFT category with the Board approval. Value of investment has been shown as under:

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

3.1.3 Investment in listed securities

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

3.1.4 Investment in unquoted securities

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

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

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

3.1.5 Investment in subsidiary

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

3.1.6 Loans and advances/investments

- Loans and advances/investments are stated in the balance sheet on gross basis.
- Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/ profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest/ profit is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars/letters no. 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 8 dated 07 August 2007, 10 dated 18 September 2007, 14 dated 23 September 2012, 19 dated 27 December 2012, 5 dated 29 May 2013, 16 dated 18 November 2014, 8 dated 02 August 2015, 12 dated 20 August 2017, 15 dated 27 September 2017, 01 dated 03 January 2018, 01 dated 20 February 2018.

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

Notes to the financial statements

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

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

- e) Loans and advances/investments are written off as per guidelines of Bangladesh Bank. These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.
- f) The Bangladesh Bank under its inspection based on 31 December 2017 suggested to keep extra provision against stay order and other loans amounting Tk. 19,205.17 Lac, out of which Tk. 3,205.00 Lac has been kept in the year 2017, rest of the amount along with carrying from 2016 will be kept Tk. 15,501.17 lac in 2018, Tk. 7000.00 lac in 2019 and Tk. 7000.00 lac in 2020.
- g) The Bank has restructured (Large loan restructure) certain loan facilities of M/s. Samannaz Super Oil Limited, S. A. Oil Refinery Limited, Abdul Monem Sugar Refinery Limited and Shinepukur Ceramics Limited under BRPD Circular No. 04 dated 29 January 2015 for an aggregate amount of Tk. 4,243.02 million as per the terms and conditions of the said circular.
- h) In stay order cases the unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk. 8,581.80 million which have not been reported under classification as at 31 December 2017 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 2,349.00 million has been kept as general provision against those customers.

3.1.7 Impairment of financial assets

An asset is impaired when its carrying value exceeds its recoverable amount as per BAS 36 "Impairment of Assets". At each balance sheet date, Bank Asia Limited assesses whether there is objective evidence that a financial asset or a group of financial assets i.e, loans and advances, off balance sheet items and investments is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if -

there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset up to the balance sheet date;

the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and a reliable estimate of the loss amount can be made.

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

3.1.8 Property, plant and equipment Recognition and measurement

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

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

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

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

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

Notes to the financial statements

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

Subsequent costs

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

Depreciation

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

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

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

Construction work in progress/Building under Construction

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

Intangible Asset

a. Goodwill

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

b. Software

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

c. License

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

3.1.9 Leased assets

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

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

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

Notes to the financial statements

3.1.10 Impairment of fixed assets

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

3.1.11 Investment properties

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

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

3.1.12 Other assets

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

3.1.13 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

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

3.2.2 Deposits and other accounts

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

3.2.3 Other liabilities

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

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

3.3 Capital/shareholders' equity

Authorised capital

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

Paid-up capital

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

Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act 1991 (amended up to 2018) until such reserve equal to its paid-up capital together with the share premium. Statutory reserve transferred in yearly basis.

Notes to the financial statements

Revaluation reserve

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

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

Non-controlling (minority) interest

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

3.4 Contingent liabilities

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

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

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

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

3.5 Memorandum items

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

3.6 Revenue recognition

Interest income

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

Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from Unearned Income account. Income/compensation on classified investments is transferred to profit/rent/compensation/suspense account instead of income account.

Investment income

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

Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognised on accrual basis. Interest and fees ceases to be taken into income when the recovery of interest and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on cash basis.

Fees and commission income

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

Dividend income on shares

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

- a. It is probable that the economic benefits associated with the transaction will flow to the entity; and

Notes to the financial statements

b. the amount of the revenue can be measured reliably.

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

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

Other operating expenses

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

3.7 Employee benefits

3.7.1 Provident Fund

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

3.7.2 Gratuity Fund

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

3.7.3 Superannuation and Benevolent Fund

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

3.7.4 Hospitalisation insurance

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

3.7.5 Worker’s Profit Participation Fund

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

3.8 Provision for off-balance sheet exposures

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

3.9 Provision for nostro accounts

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

3.10 Taxation

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

Current tax

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

Deferred tax

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

Notes to the financial statements

offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

3.11 Earnings Per Share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2017 as per Bangladesh Accounting Standard (BAS) - 33 “Earnings Per Share”. EPS for comparative period also restated by the bonus share issued for the year 2016. Details are in note 37.

Basic earnings

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

Weighted average number of ordinary shares

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

The basis of computation of number of shares is in line with the provisions of BAS 33 “Earnings per share”. The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings.

Diluted earnings per share

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

3.12 Reconciliation of inter-bank/inter-branch account

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

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

3.13 Risk Management at Bank Asia Ltd.

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

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

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

Notes to the financial statements

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

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

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

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

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

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

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

Foreign Exchange Risk Management: The Foreign Exchange Risk arises from transaction involvement in any other national currency. Providing major foreign exchange related transactions are carried out on behalf of client thus bank has minimal exposure to the captioned risk. It is mentionable that the bank do not involve in any speculative transactions.

The treasury division independently conducts the transactions and back office is responsible for verifying the deal and passes necessary accounting entries. As advised by Bangladesh Bank on month end all foreign exchange related transactions are revalued at mark-to-market rate. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by management for settlement. It is mentionable that bank management is looking forward to establish treasury mid office to effectively perform the reconciliation activities.

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

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

Notes to the financial statements

plan. The Asset Liability Committee also monitors balance sheet risk.

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

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

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

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

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

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

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

Managing Information and communication Technology Risk : Bank Asia Limited follows the guideline stated in DFIM circular no. 6 dated 21 June 2010 regarding "Guideline on ICT Security for Banks and Financial Institutions, April 2010". IT management deals with IT policy documentation, internal IT audit, training etc. The core objective of IT management is to achieve the highest levels of technology service quality and minimize possible operational risk. Physical security involves providing environmental safeguards as well as controlling physical access to equipment and data. IT department has controls over Password, User ID maintenance, input control, network security, virus protection, internet and e-mail. Data centre has been set up and disaster recovery plan has been formulated as part of Business Continuity Planning (BCP).

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

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

3.14 Events after reporting period

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

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting

Notes to the financial statements

- period); and
 (b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

3.15 Related party disclosures

A party is related to the company if:

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

3.16 Directors' responsibilities on statement

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

3.17 Segment Reporting

As per BFRS 8 "Operating Segments", is a component of an equity:

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

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

3.18 Changes in Accounting Policies

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

3.19 Compliance checklist of Bangladesh Accounting Standards (BAS)/Bangladesh Financial Reporting Standards (BFRS)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	N/A
Share Based Payment	BFRS-2	N/A
Business Combinations	BFRS-3	Complied
Insurance Contracts	BFRS-4	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	N/A
Exploration for and Evaluation of Mineral Resources	BFRS-6	N/A
Financial Instruments: Disclosures	BFRS-7	Complied
Operating Segments	BFRS-8	Complied
Consolidated Financial Statements	BFRS-10	Complied
Joint Arrangements	BFRS-11	N/A
Disclosure of Interests in other entities	BFRS-12	N/A
Fair Value Measurement	BFRS-13	Partially Complied
Presentation of Financial Statements	BAS-1	Complied
Inventories	BAS-2	Complied

Notes to the financial statements

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

3.20 Approval of financial statements

The financial statements were approved by the board of directors on April 08, 2018

3.21 General

- (i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- (ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- (iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (iv) These financial statements cover one calendar year from 01 January 2017 to 31 December 2017 .

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
4 Cash		
4.1 In hand (including foreign currencies)		
Conventional and Islamic banking		
Local currency	1,975,567,432	2,059,782,311
Foreign currencies	16,477,295	17,155,946
	<u>1,992,044,727</u>	<u>2,076,938,257</u>
Off-shore banking unit	-	-
	<u>1,992,044,727</u>	<u>2,076,938,257</u>
4.1(a) Consolidated Cash in hand		
Bank Asia Limited	1,992,044,727	2,076,938,257
Bank Asia Securities Limited	5,742	8,377
BA Exchange Company (UK) Limited	2,727,856	2,853,603
BA Express USA, Inc	200,258	97,179
	<u>1,994,978,583</u>	<u>2,079,897,416</u>
4.2 Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Conventional and Islamic banking		
Balance with Bangladesh Bank		
Local currency (statutory deposit)	15,229,481,310	13,036,708,415
Foreign currencies	109,241,186	391,688,896
	<u>15,338,722,496</u>	<u>13,428,397,311</u>
Balance with agent bank (Sonali Bank Limited)		
Local currency	599,507,694	475,423,327
Foreign currencies	-	-
	<u>599,507,694</u>	<u>475,423,327</u>
	<u>15,938,230,190</u>	<u>13,903,820,638</u>
Off-shore banking unit	-	-
	<u>15,938,230,190</u>	<u>13,903,820,638</u>
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Bank Asia Limited	15,938,230,190	13,903,820,638
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>15,938,230,190</u>	<u>13,903,820,638</u>

4.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

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

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

4.3.1 Cash Reserve Ratio (CRR)

Conventional Banking

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

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
i. Daily Bank's CRR maintenance:		
Required reserve (6 % on Demand and Time Liabilities)	11,467,765,770	10,378,190,328
Actual reserve maintained	14,207,565,140	12,496,415,350
Surplus	2,739,799,370	2,118,225,022
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (6.5 % of Demand and Time Liabilities)	12,423,412,918	11,243,039,522
Actual reserve maintained (average)	12,921,504,211	11,523,860,039
Surplus	498,091,294	280,820,517
Islamic Banking		
i. Daily Bank's CRR maintenance:		
Required reserve (6% Demand and Time Liabilities)	603,553,389	609,168,438
Actual reserve maintained	657,449,341	668,492,000
Surplus	53,895,952	59,323,562
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (6.5% of Demand and Time Liabilities)	653,849,505	659,932,475
Actual reserve maintained (Average)	657,449,341	669,246,824
Surplus	3,599,836	9,314,349
4.3.2 Statutory Liquidity Ratio (SLR)		
Conventional Banking		
13% of Average Demand and Time Liabilities		
Required reserve	24,846,825,835	22,486,079,044
Actual reserve maintained	28,158,817,000	39,252,494,000
Surplus	3,311,991,165	16,766,414,956
Islamic Banking		
5.5% of Average Demand and Time Liabilities		
Required reserve	553,257,273	558,404,402
Actual reserve maintained	595,836,000	595,204,000
Surplus	42,578,727	36,799,598
	3,354,569,892	16,803,214,554
4.3.3 Held for Statutory Liquidity Ratio		
Conventional Banking		
Cash in hand	1,950,308,000	2,054,894,000
Excess of CRR - Balance with Bangladesh Bank	1,784,152,000	1,253,376,000
Balance with agent bank (Sonal Bank Limited)	543,602,000	396,351,000
Government securities	23,879,074,900	35,544,782,200
Other securities	1,680,100	3,090,800
	28,158,817,000	39,252,494,000
Islamic Banking		
Cash in hand	41,737,000	22,045,000
Excess of CRR - Balance with Bangladesh Bank	3,599,000	8,559,000
Government securities	550,500,000	564,600,000
	595,836,000	595,204,000
	28,754,653,000	39,847,698,000

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
5. Balance with other banks and financial institutions		
In Bangladesh		
Conventional and Islamic banking (Note 5.1)	28,766,652,560	10,702,481,995
Off-shore banking unit	-	-
	28,766,652,560	10,702,481,995
Outside Bangladesh		
Conventional and Islamic banking (Note 5.2)	802,548,570	1,066,474,297
Off-shore banking unit	33,810,259	1,504,277,184
	836,358,829	2,570,751,481
	29,603,011,389	13,273,233,476
5.1 Conventional and Islamic banking-In Bangladesh		
Current accounts		
AB Bank Limited	41,480	41,480
Agrani Bank Limited	6,847	826,280
National Bank Limited	816,024	796,058
Sonali Bank Limited	182,126,501	155,332,208
Standard Chartered Bank	1,943,441	226,677
Jamuna Bank Limited	1,463	2,590
Trust Bank Limited	(6,148,777)	(37,600,687)
	178,786,979	119,624,606
Short- notice deposit accounts		
BRAC Bank Limited	1,087,689	730,099
AB Bank Limited	532,105	526,403
Islami Bank Bangladesh Limited	173,529	172,800
Uttara Bank Limited	128,842	85,784
	1,922,165	1,515,086
Fixed deposit accounts/ MTDR		
Islamic Finance and Investment Limited	-	100,000,000
Hajj Finance Company Limited	-	100,000,000
Bank Alfalah limited	1,993,416	100,842,303
	1,993,416	300,842,303
	182,702,560	421,981,995
Placements		
With Banking companies	26,583,950,000	10,280,500,000
With Non-banking financial institutions	2,000,000,000	-
	28,583,950,000	10,280,500,000
	28,766,652,560	10,702,481,995
Details of Placement with Banking companies(Local Currency)		
IFIC Bank Limited	5,100,000,000	-
One Bank Limited	4,000,000,000	1,000,000,000
Social Islami Bank Limited	4,000,000,000	1,000,000,000
AB Bank Limited	2,500,000,000	-
Jamuna Bank Limited	2,000,000,000	-
Standard Bank Limited	2,000,000,000	1,000,000,000
Shahjalal Islami Bank Limited	1,750,000,000	1,500,000,000
Bank Asia Islamic Window	1,400,000,000	-
National Bank Limited	1,000,000,000	1,000,000,000
Midland Bank Limited	500,000,000	200,000,000

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Modhumoti Bank Limited	300,000,000	250,000,000
NRB Bank Limited	250,000,000	200,000,000
NRB Global Bank Limited	-	200,000,000
BRAC Bank Limited	-	750,000,000
Mercantile Bank Limited	-	1,000,000,000
Dhaka Bank Limited	-	1,000,000,000
	24,800,000,000	9,100,000,000
Less: Inter-company transactions with Bank Asia Islamic Window	(1,400,000,000)	-
	23,400,000,000	9,100,000,000

Details of Placement- with Banking companies (Foreign Currencies)

Mutual Trust Bank Limited	1,116,450,000	-
Eastern Bank Limited	-	1,180,500,000
AB Bank Limited	827,000,000	-
Mercantile Bank Limited	827,000,000	-
Commercial Bank of Ceylon	413,500,000	-
	3,183,950,000	1,180,500,000
	26,583,950,000	10,280,500,000

Details of Placement with Non-banking financial institutions

Delta Brac Housing	600,000,000	-
National House Finance and Investment Limited	200,000,000	-
IPDC Finance Limited	500,000,000	-
United Leasing Company	200,000,000	-
Union Capital Limited	500,000,000	-
	2,000,000,000	-

5.2 Conventional and Islamic banking- Outside Bangladesh

Current accounts

Interest bearing

Citibank N.A., London (EURO)	24,434,287	20,681,324
Citibank N.A., London (GBP)	9,046,861	3,827,315
Citibank NA, New York (USD)	244,077,093	792,753,215
Habib American Bank, New York	150,820,201	5,134,395
Mashreqbank psc, New York (USD)	18,315,806	580,871
Standard Chartered Bank, Mumbai	4,131,323	102,345,892
Standard Chartered Bank, New York	56,220,625	146,368
	507,046,196	925,469,379

Non-interest bearing

AB Bank Limited, Mumbai	38,621,372	14,175
Al Rajhi Bank K.S.A	17,982	919,982
Bhutan National Bank Limited, Thimphu	2,392,802	897,984
Casisse Centrale Desjardins	-	621,340
Commerzbank AG, Frankfurt (EURO)	132,965,792	51,744,589
Commerzbank AG, Frankfurt (USD)	943,737	44,236,583
Habib Metropolitan Bank Limited, Karachi	9,754,377	7,928,216
Habib Bank UK, London	-	51,274
ICICI Bank Limited, Kowloon	362,987	13,614
ICICI Bank Limited, Mumbai	1,023,138	22,596,745
JP Morgan Chase Bank N.A New York, U.S.A	13,714,038	34,891
Mashreqbank psc, Mumbai (EURO)	790,571	660,420
Muslim Commercial Bank Limited, Colombo	1,629,075	4,200,567

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Bank of Sydney	784,152	85,845
Nepal Bangladesh Bank Limited, Kathmandu	13,763,471	4,096,072
Sonali Bank (UK) Limited, London	-	38,564
Saudi Hollandi K.S.A	5,427,400	30,734
UBAF, Tokyo	18,235,632	48,857
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	672,514	158,292
Wells Fargo Bank NA, New York, (USD)	53,519,499	28,198
Wells Fargo Bank NA, London, (Euro)	64,571	354,710
Bank Of Tokyo-Mitsubishi , Tokyo (Yen)	-	1,467,524
Zurcher Kantonal Bank, Switzerland	819,264	775,743
	<u>295,502,374</u>	<u>141,004,918</u>
	<u>802,548,570</u>	<u>1,066,474,297</u>
Placement with Off-shore Banking Unit	504,470,000	-
Less: Inter company transaction	(504,470,000)	-
	<u>802,548,570</u>	<u>1,066,474,297</u>
5.3 Maturity grouping of balance with other banks and financial institutions		
Up to 1 month	14,741,061,389	5,277,633,476
More than 1 month but not more than 3 months	14,203,150,000	7,335,700,000
More than 3 months but not more than 6 months	658,800,000	-
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	-	659,900,000
More than 5 years	-	-
	<u>29,603,011,389</u>	<u>13,273,233,476</u>
5(a) Consolidated Balance with other banks and financial institutions		
In Bangladesh		
Bank Asia Limited	28,766,652,560	10,702,481,995
Bank Asia Securities Limited	336,215,384	317,381,382
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>29,102,867,944</u>	<u>11,019,863,377</u>
Less: Inter-company transactions	15,047,104	36,057,950
	<u>29,087,820,840</u>	<u>10,983,805,427</u>
Outside Bangladesh		
Bank Asia Limited	836,358,829	2,570,751,481
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	54,274,321	5,879,569
BA Express USA, Inc	99,426,462	54,670,895
	<u>990,059,612</u>	<u>2,631,301,945</u>
	<u>30,077,880,452</u>	<u>13,615,107,372</u>
6. Money at call and on short notice		
Call money		
With Banking companies (Note 6.1)	-	1,320,000,000
With Non-banking financial institutions (Note 6.2)	-	3,550,000,000
	<u>-</u>	<u>4,870,000,000</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2017	31 Dec 2016
6.1 Call Money- with Banking companies:		
NRB Bank Limited	-	220,000,000
Midland Bank Limited	-	250,000,000
Modhumoti Bank Limited	-	250,000,000
Habib Bank Limited	-	300,000,000
Jamuna Bank Limited	-	300,000,000
	<u>-</u>	<u>1,320,000,000</u>
6.2 Call Money- with non Banking financial institutions:		
Investment Corporation of Bangladesh	-	3,400,000,000
Delta Brac Housing	-	150,000,000
	<u>-</u>	<u>3,550,000,000</u>
6(a) Consolidated Money at call and on short notice		
Bank Asia Limited	-	4,870,000,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>-</u>	<u>4,870,000,000</u>
7. Investments		
Government (Note 7.1)	24,431,255,000	36,112,473,144
Others (Note 7.2)	3,114,563,419	3,252,738,881
	<u>27,545,818,419</u>	<u>39,365,212,025</u>
7.1 Government		
Conventional and Islamic banking (Note 7.1.1)	24,431,255,000	36,112,473,144
Off-shore banking unit	-	-
	<u>24,431,255,000</u>	<u>36,112,473,144</u>
7.1.1 Conventional and Islamic banking		
Treasury bills (Note 7.1.1.1)	6,200,555,735	4,020,968,205
Treasury bonds (Note 7.1.1.2)	16,729,386,230	17,311,406,196
Bangladesh Bank bills (Note 7.1.1.3)	1,499,632,935	14,777,007,943
Prize bonds	1,680,100	3,090,800
	<u>24,431,255,000</u>	<u>36,112,473,144</u>
7.1.1.1 Treasury bills		
91days treasury bills	1,987,575,306	-
182 days treasury bills	4,212,980,429	1,497,929,029
364 days treasury bills	-	2,523,039,176
	<u>6,200,555,735</u>	<u>4,020,968,205</u>
7.1.1.2 Treasury bonds		
Bangladesh Bank Islamic bond	550,500,000	564,600,000
2 years Bangladesh Government treasury bonds	1,991,138,902	-
5 years Bangladesh Government treasury bonds	1,879,928,645	4,504,174,803
10 years Bangladesh Government treasury bonds	6,446,776,045	6,351,312,016
15 years Bangladesh Government treasury bonds	5,618,296,400	5,648,584,142
20 years Bangladesh Government treasury bonds	242,746,238	242,735,235
	<u>16,729,386,230</u>	<u>17,311,406,196</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
7.1.1.3 Bangladesh Bank bills		
07 days Bangladesh Bank bills	1,499,632,935	-
14 days Bangladesh Bank bills	-	4,494,865,500
30 days Bangladesh Bank bills	-	10,282,142,443
	<u>1,499,632,935</u>	<u>14,777,007,943</u>
7.2 Others		
Conventional and Islamic banking (Note 7.2.1)	3,114,563,419	3,252,738,881
Off-shore banking unit	514,046,529	298,995,308
Less: Adjustment with OBU	(514,046,529)	(298,995,308)
	<u>3,114,563,419</u>	<u>3,252,738,881</u>
7.2.1 Conventional and Islamic banking		
a) Ordinary shares (Details are shown in Annexure-B)		
Quoted shares	478,653,578	614,055,401
Unquoted share	93,839,455	93,575,971
	<u>572,493,033</u>	<u>707,631,372</u>
b) Mutual Fund (Details are shown in Annexure-B)		
1st Janata Bank Mutual fund	50,000,000	50,000,000
EBL NRB 1st Mutual Fund	149,665,000	149,665,000
1st Bangladesh Fixed Income Fund	250,000,000	250,000,000
MBL 1st Mutual Fund	50,000,000	50,000,000
EXIM Bank 1st Mutual Fund	242,235,820	247,705,052
UFS-Bank Asia Unit Fund	100,000,000	-
	<u>841,900,820</u>	<u>747,370,052</u>
c) Debentures		
Beximco Denims Limited	9,537,605	9,537,605
Beximco Textiles Limited	6,445,370	6,445,370
	<u>15,982,975</u>	<u>15,982,975</u>
d) Bonds		
MTBL subordinated bond	-	75,000,000
MTB Second subordinated bond	400,000,000	400,000,000
UCB Second subordinated bond	300,000,000	300,000,000
BSRM Steels Limited zero coupon bond	116,186,591	170,754,482
Premier Bank Non-convert subordinated bond	500,000,000	500,000,000
Prime Bank Limited Coupon bond	-	70,000,000
BSRML Coupon bond	44,000,000	66,000,000
7 Year Preference Share Of Summit BPL	64,000,000	-
SIBL subordinated Mudaraba bond	160,000,000	200,000,000
SIBL 2nd Mudaraba Subordinated Bond	100,000,000	-
	<u>1,684,186,591</u>	<u>1,781,754,482</u>
	<u>3,114,563,419</u>	<u>3,252,738,881</u>
7.3 Investments classified as per Bangladesh Bank circular		
Held for trading (HFT)	4,937,574,983	18,797,976,148
Held to maturity (HTM)	18,941,499,917	16,746,806,196
Other securities	3,666,743,519	3,820,429,681

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
	27,545,818,419	39,365,212,025
7.4 Maturity-wise grouping		
On demand	1,160,789,398	14,659,900,000
Up to 3 months	5,090,869,350	218,500,000
More than 3 months but not more than 1 year	4,281,322,451	1,488,000,000
More than 1 year but not more than 5 years	5,616,477,758	2,089,300,000
More than 5 years	11,396,359,462	20,909,512,025
	<u>27,545,818,419</u>	<u>39,365,212,025</u>
7(a) Consolidated Investments		
Government		
Bank Asia Limited	24,431,255,000	36,112,473,144
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	24,431,255,000	36,112,473,144
Others		
Bank Asia Limited	3,114,563,419	3,252,738,881
Bank Asia Securities Limited	599,531,872	346,594,514
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,714,095,291	3,599,333,395
	<u>28,145,350,291</u>	<u>39,711,806,539</u>
8 Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (Note 8.1)	181,498,036,483	155,016,374,171
Bills purchased and discounted (Note 8.2)	16,006,102,273	8,593,408,568
	<u>197,504,138,756</u>	<u>163,609,782,739</u>
8.1 Loans, cash credits, overdrafts, etc/investments		
Conventional and Islamic banking		
Inside Bangladesh		
Agricultural loan	4,007,207,580	2,966,056,345
Cash credit/Bai Murabaha (Muajjal)	4,490,806,466	4,059,642,677
Credit card	1,600,308,711	1,252,443,050
Credit for poverty alleviation scheme-micro credit	7,750,298	8,211,805
Consumer credit scheme	9,425,511,886	7,076,436,997
Demand loan	29,894,803,188	26,076,843,769
Export Development Fund (EDF)	12,836,199,262	10,139,413,219
House building loans	1,072,529,546	923,358,410
Loans (General)/ Musharaka	9,216,112,626	7,570,141,631
Loan against trust receipts/ Bai Murabaha post import	12,565,006,707	10,544,307,848
Overdrafts/ Quard against scheme	33,457,754,908	28,072,352,928
Packing credit	609,569,459	452,810,159
Payment against documents	767,633,243	332,742,582
Staff Loan	1,323,514,517	1,329,101,220
Small and medium enterprise (SME)	4,945,185,320	3,957,226,919
Transport loan	1,746,519,994	1,486,136,986
Term loan- industrial	15,997,171,467	12,243,061,104
Term loan- others/ Hire purchase under Shirkatul Melk	35,026,223,256	35,140,217,065
	178,989,808,434	153,630,504,714
Outside Bangladesh	-	-
	178,989,808,434	153,630,504,714
Off-shore banking unit	2,508,228,049	1,385,869,457
	<u>181,498,036,483</u>	<u>155,016,374,171</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
8.2 Bills purchased and discounted		
Conventional and Islamic banking	3,358,989,074	2,231,598,821
Off-shore banking unit	12,647,113,199	6,361,809,747
	<u>16,006,102,273</u>	<u>8,593,408,568</u>
8.3 Maturity-wise grouping		
Repayable on demand	28,256,123,459	24,589,400,000
Not more than 3 months	34,402,360,425	27,536,100,000
More than 3 months but not more than 1 year	48,521,499,210	55,644,800,000
More than 1 year but not more than 5 years	57,693,757,224	38,834,500,000
More than 5 years	28,630,398,438	17,004,982,739
	<u>197,504,138,756</u>	<u>163,609,782,739</u>
8.4 Net loans and advances/investments		
Gross loans and advances/investments	197,504,138,756	163,609,782,739
Less: Interest suspense (Note 13.4)	1,709,429,069	1,584,318,032
Provision for loans and advances/investments (Note 13.2)	7,841,186,140	7,423,718,412
	<u>9,550,615,209</u>	<u>9,008,036,444</u>
	<u>187,953,523,547</u>	<u>154,601,746,295</u>
8.5 Loans and advances/investments under the following broad categories		
In Bangladesh		
Loans	143,549,475,109	122,884,378,566
Cash credits	4,490,806,466	4,059,642,677
Overdrafts	33,457,754,908	28,072,352,928
Bills purchased and discounted	14,033,700,796	7,231,191,495
	<u>195,531,737,279</u>	<u>162,247,565,666</u>
Outside Bangladesh		
Bills purchased and discounted	1,972,401,477	1,362,217,073
	<u>197,504,138,756</u>	<u>163,609,782,739</u>
8.6 Significant concentration wise grouping		
a) Directors	-	-
b) Chief Executive and other senior executives		
i) Managing Director	3,745,000	4,371,000
ii) Other senior executives	137,966,000	166,816,000
	<u>141,711,000</u>	<u>171,187,000</u>
c) Agriculture	4,074,800,000	2,340,000,000
d) Industry		
Food Manufacturing	10,907,400,000	11,510,000,000
Beverage industry	747,200,000	510,000,000
Tobacco industry	311,900,000	260,000,000
RMG industry	22,666,400,000	18,150,000,000
Textile industry	20,274,900,000	13,620,000,000
Wood cork and allied products	41,500,000	50,000,000
Furniture and Fixture	156,000,000	110,000,000
Paper and paper products	8,648,300,000	7,740,000,000
Leather and leather products	2,073,000,000	2,580,000,000
Rubber products	2,355,300,000	1,710,000,000
Chemical and chemical products	1,632,800,000	1,470,000,000
Basic metal products	6,225,200,000	8,250,000,000
Electrical machinery and apparatus	3,794,800,000	2,550,000,000
Other manufacturing industries	13,467,827,756	8,518,595,739
Ship building	2,080,300,000	2,550,000,000

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Ship breaking	760,100,000	1,230,000,000
Pharmaceutical	467,300,000	510,000,000
	96,610,227,756	81,318,595,739
e) Constructions	5,280,500,000	5,760,000,000
f) Power, Gas, Water and Sanitary Services	2,023,400,000	50,000,000
g) Transport, Storage and Communication	2,823,900,000	2,810,000,000
h) Trade Services	34,740,500,000	32,040,000,000
i) Housing Services	13,882,700,000	12,050,000,000
j) Banking and Insurance	7,178,500,000	7,270,000,000
k) Professional and Misc. services	30,747,900,000	19,800,000,000
	<u>197,504,138,756</u>	<u>163,609,782,739</u>

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

Dhaka Division	149,084,626,608	116,260,976,585
Chittagong Division	23,855,887,548	25,597,304,865
Khulna Division	3,347,579,548	3,069,004,993
Rajshahi Division	1,772,100,569	2,583,635,892
Barisal Division	564,260,759	307,935,524
Sylhet Division	1,896,508,024	1,512,242,118
Rangpur Division	805,131,771	666,726,159
Mymensingh Division	314,200,852	191,202,332
	181,640,295,679	150,189,028,468

Rural

Dhaka Division	9,555,052,582	8,208,892,360
Chittagong Division	4,151,016,922	2,873,176,229
Sylhet Division	368,262,505	389,708,643
Rajshahi Division	1,789,511,068	1,948,977,039
	15,863,843,077	13,420,754,271

Outside Bangladesh

	-	-
	<u>197,504,138,756</u>	<u>163,609,782,739</u>

8.8 Loans/investments including bills purchased and discounted covered by securities

Collateral of movable/immovable assets	119,484,812,694	112,245,733,702
Local banks and financial institutions' guarantee	806,037,474	569,596,563
Foreign banks' guarantee	1,397,781,364	77,435,321
Export documents	6,989,106,354	9,733,410,621
Cash and quasi cash	5,855,886,105	4,924,425,933
Personal guarantee	37,723,687,101	19,993,938,141
Other securities	25,246,827,664	16,065,242,459
	<u>197,504,138,756</u>	<u>163,609,782,739</u>

8.9 Details of large loans/investments

As at 31 December 2017 there were Thirteen (2016: Seventeen) clients with whom amount of outstanding and classified loans and advances exceeded 10% of the total capital of the Bank. Total capital of the Bank was Taka 32,913.95 million as at 31 December 2017 (Taka 24,774.61 million in 2016). Details are shown in Annex E.

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
8.10 Particulars of loans and advances/investments		
i) Loans/investments considered good in respect of which the Bank is fully secured	134,533,623,991	127,550,602,140
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	37,723,687,101	19,993,938,141
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	25,246,827,664	16,065,242,459
iv) Loans/investments adversely classified; provision not maintained there against	-	-
	<u>197,504,138,756</u>	<u>163,609,782,739</u>
v) Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,323,514,517	1,329,101,220
vi) Loans/investments due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii) Maximum total amount of advances/investments, including temporary advances/investments made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.	1,323,514,517	1,329,101,220
viii) Maximum total amount of advances/investments, including temporary advances/investments granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members	-	-
ix) Due from banking companies	<u>16,006,102,273</u>	<u>8,593,408,568</u>
x) Amount of classified loans/investments on which interest has not been charged mentioned as follows:		
a) Increase/(Decrease) of provision (specific)	(754,286,290)	1,583,696,031
Amount of loan written off	2,138,547,250	920,450,690
Amount realised against the loans previously written off	34,250,512	42,108,117
b) Provision kept against loans/investments classified as bad debts	3,739,999,617	4,494,285,907
c) Interest credited to interest suspense account	1,709,429,069	1,584,318,032
xi) Cumulative amount of written off loans/investments		
Opening balance	<u>5,122,919,333</u>	<u>4,202,468,643</u>
Amount written off during the year	<u>2,138,547,250</u>	<u>920,450,690</u>
The amount of written off loans/investments for which law suit has been filed	<u>7,261,466,584</u>	<u>5,122,919,333</u>
8.11 Grouping as per classification rules		
Unclassified:		
Standard including staff loan	<u>179,810,129,754</u>	<u>146,653,042,739</u>
Special mentioned account	<u>9,051,706,000</u>	<u>8,109,401,000</u>
	<u>188,861,835,754</u>	<u>154,762,443,739</u>
Classified:		
Sub-standard	<u>486,181,000</u>	<u>408,273,000</u>
Doubtful	<u>705,227,000</u>	<u>297,728,000</u>
Bad/loss	<u>7,450,895,000</u>	<u>8,141,338,000</u>
	<u>8,642,303,000</u>	<u>8,847,339,000</u>
	<u>197,504,138,754</u>	<u>163,609,782,739</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
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8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding	Base for	Required provision	
	at 31 Dec 2017	provision	%	Amount

For loans and advances/Investments:

Unclassified - general provision

All unclassified loans (other than SME financing, house building loan and loan for professional, loan to Brokerage House (BH),

consumer finance, staff loan and SMA)	123,031,770,989	109,237,505,452	1% to 5%	2,989,078,387	1,949,623,681
Small and medium enterprise financing	27,128,564,000	27,128,564,000	0.25%	67,821,410	41,422,610
House building loan and loan for professional	7,374,203,000	7,374,203,000	1 to 2%	73,742,030	116,905,109
Loans to BH	2,365,270,000	2,365,270,000	2.00%	47,305,400	53,386,825
Consumer finance	3,437,541,000	3,437,541,000	2% to 5%	129,901,000	134,478,810
Staff loan	1,317,439,517	-	-	-	-
				3,307,848,227	2,295,817,035
Special mentioned account	9,051,706,000	9,051,706,000	0.25% to 90%	630,604,361	556,138,678
Off-shore unit					
Unclassified loans (general)	15,155,341,248	15,155,341,248	1%	151,553,412	63,936,443
Special mentioned account	-	-	0.25% to 90%	-	13,540,349
				151,553,412	77,476,792

Classified - specific provision

Sub-standard	486,181,000	343,863,000	20% / 5%	67,277,000	24,923,695
Doubtful	705,227,000	594,694,000	50% / 5%	296,561,000	103,340,237
Bad/loss	7,450,895,000	3,576,479,453	100%	3,368,851,000	4,366,021,975
				3,732,689,000	4,494,285,907
Provision required for loans and advances				7,822,695,000	7,423,718,412

Total provision maintained (Note 13.2)

Conventional and Islamic Banking

Off-shore Banking Unit

7,689,632,728	7,346,241,620
151,553,412	77,476,792
7,841,186,140	7,423,718,412

8.13 Suits filed by the Bank (Branch wise details)

Agrabad Branch	2,413,131,694	1,602,308,021
Anderkilla Branch	1,661,417,788	1,036,343,414
Ashulia Branch	23,540,241	23,540,241
Bahadderhat Branch	61,924,493	61,924,493
Bank Asia Bhaban Branch	100,592,656	-
Bashundhara Branch	270,928,042	270,952,454
Beanibazar Branch	5,584,770	-
Bhatiary Branch	648,058,321	390,863,548
Bogra Branch	174,535,660	63,232,333
Credit Cards Department	58,705	58,705
CDA Avenue Branch	5,440,748,716	461,566,884
Chatkhil Branch	17,361,013	17,361,013
Corporate Branch	322,102,269	312,319,067
Dhanmondi Branch	121,553,320	89,427,533
Donia Branch	32,926,436	30,922,878
Gulshan Branch	165,905,973	215,733,425
Holy Family RCMCH Branch	40,813,609	-

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Jessore Branch	89,881,449	58,698,895
Jurain SME Centre	5,565,685	941,349
Kamal Bazar Branch	315,335	315,335
KEPZ Branch	5,519,100	5,519,100
Khatunganj Branch	2,033,775,121	2,014,225,997
Khulna Branch	77,394,034	77,394,034
Lohagara Branch	15,123,119	18,602,599
Malkhanagar Branch	103,830,164	109,650,435
MCB Banani Branch	54,234,479	54,234,479
MCB Dilkusha Branch	1,282,815,521	109,418,307
MCB Sk. Mujib Road Branch	2,056,385,324	2,721,508,241
Mirpur Branch	23,409,708	18,623,772
Mitford Branch	300,047,766	129,740,029
Moghbarar Branch	53,513,290	53,513,290
Mohakhali Branch	36,824,325	879,256
Narayanganj Branch	79,008,104	2,834,027
North South Road Branch	1,302,969,283	47,098,679
Oxygen Moor Branch	5,874,497	-
Paltan Branch	10,831,306	6,708,387
Principal Office Branch	799,141,632	463,612,434
Progoti Sarani Branch	35,201,218	5,988,412
Rajshahi Branch	4,856,245	2,771,665
Ramgonj SME/Agri Branch	13,655,636	13,655,636
Rekabi bazar SME Center	348,681	348,681
Rupnagar Branch	870,417	-
Savar Branch	18,843,802	18,843,802
Scotia Branch	620,245,034	433,596,615
Shantingar Branch	923,082,989	424,592,794
Station Road Branch	156,316,446	155,203,399
Strand Road Branch	4,941,664	-
Sylhet Main Branch	31,102,359	23,487,548
Sylhet Uposhahar Branch	183,201,041	172,482,880
Sylhet Uposhahar Islamic Window Branch	17,140,393	17,140,393
Tongi Branch	2,174,613	3,181,896
Uttara Branch	157,458,561	157,458,561
	<u>22,007,082,045</u>	<u>11,898,824,936</u>
8.14 Bills purchased and discounted		
Payable in Bangladesh	14,033,700,796	7,231,191,495
Payable outside Bangladesh	1,972,401,477	1,362,217,073
	<u>16,006,102,273</u>	<u>8,593,408,568</u>
8.15 Maturity-wise grouping of bills purchased and discounted		
Payable within 1 month	3,290,362,273	2,892,870,540
More than 1 month but less than 3 months	4,151,658,549	2,543,933,436
More than 3 months but less than 6 months	4,971,661,780	2,747,039,373
More than 6 months	3,592,419,671	409,565,219
	<u>16,006,102,273</u>	<u>8,593,408,568</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
8(a) Consolidated Loans and advances/investments		
Bank Asia Limited	181,498,036,483	155,016,374,171
Bank Asia Securities Limited	5,074,106,215	5,380,138,055
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>186,572,142,698</u>	<u>160,396,512,226</u>
Less: Inter- companies transactions	<u>2,249,821,140</u>	<u>2,450,004,404</u>
	<u>184,322,321,558</u>	<u>157,946,507,822</u>
Bills purchased and discounted		
Bank Asia Limited	16,006,102,273	8,593,408,568
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>16,006,102,273</u>	<u>8,593,408,568</u>
	<u>200,328,423,831</u>	<u>166,539,916,390</u>
9 Fixed assets including premises, furniture and fixtures		
Conventional and Islamic banking (Note 9.1)	5,329,740,498	5,249,722,487
Off-shore banking unit	-	-
	<u>5,329,740,498</u>	<u>5,249,722,487</u>
9.1 Conventional and Islamic banking		
Cost:		
Land	2,646,764,306	2,646,764,306
Building	2,752,485,491	2,619,652,725
Furniture and fixtures	1,264,478,318	1,150,574,690
Equipments	891,352,643	782,810,977
Computer and accessories	477,162,667	421,798,649
Construction work in progress	202,550,799	151,787,396
Motor vehicles	213,632,600	214,506,754
	<u>8,448,426,824</u>	<u>7,987,895,498</u>
Less: Accumulated depreciation	3,064,971,063	2,655,972,523
Adjustment of assets revaluation	53,715,264	82,200,488
Written down value at the end of the year - Details are shown in Annex C.	<u>5,329,740,498</u>	<u>5,249,722,487</u>
9(a) Consolidated Fixed assets including premises, furniture and fixtures		
Bank Asia Limited	5,329,740,498	5,249,722,487
Bank Asia Securities Limited	4,025,035	1,155,819
BA Exchange Company (UK) Limited	4,496,726	5,058,756
BA Express USA, Inc	5,968,648	7,211,405
	<u>5,344,230,907</u>	<u>5,263,148,467</u>
10 Other assets		
Conventional and Islamic banking (Note 10.1)	11,042,584,828	10,659,652,878
Off-shore banking unit	41,073,945	187,338,736
	<u>11,083,658,773</u>	<u>10,846,991,614</u>
10.1 Conventional and Islamic banking		
Income generating other assets		
Investment in Bank Asia Securities Ltd - incorporated in Bangladesh	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited - incorporated in UK	33,168,000	29,400,000

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Investment in BA Express USA Inc - incorporated in USA	79,392,000	75,552,000
	2,112,550,000	2,104,942,000
Non-income generating other assets		
Income receivable (Note 10.2)	775,868,203	646,062,044
Stock of stamps	6,856,038	6,229,735
Stationery, printing materials, etc	41,945,600	28,082,022
Prepaid expenses	25,011,208	9,487,252
Deposits and advance rent	332,424,273	278,444,649
Advances, prepayments and others (Note 10.3)	260,421,177	180,570,610
Advance income tax (Note 10.4)	6,781,572,306	6,868,217,724
Receivable against government	213,945,758	126,163,566
Sundry debtors	51,288,052	127,064,677
Branch adjustment account (Note 10.5)	123,377,471	35,223,277
Protested bills	65,242,265	66,997,265
Receivable from BA Exchange Company (UK) Limited	73,960,113	45,388,625
Receivable from BA Express USA Inc	165,167,024	127,240,282
Excise duty recoverable	12,955,340	9,539,150
	8,930,034,828	8,554,710,878
	<u>11,042,584,828</u>	<u>10,659,652,878</u>

10.2 income receivable

Income receivable consists of interest accrued on investment and other income.

10.3 Advances, prepayments and others

Advances, prepayments and others account consists of advance amount paid for purchasing of fixed assets, advance payment of rent for new branches of the Bank, advance against salary and legal expenses, etc.

10.4 Advance income tax

Advance income tax was adjusted against provision for taxation for the year 2014 as the tax assessments have been finalized for the said income year.

10.5 Branch adjustment accounts

This represents outstanding inter-branch and head office transactions (net) which are originated but not responded by the counter transaction at the balance sheet date. The unresponded entries of 31 December 2017 are given below:

Periods of Reconciliation	Number of responded entries (Debit)	Amount of responded entries (Taka)	Number of re-responded entries (Credit)	Amount of re-responded entries (Taka)
Up to 3 months	27	24,786,294	70	2,300,736
More than 3 months but within 6 months	3	638	1	474,988
More than 6 months but within 1 year	-	-	-	-
More than 1 year but within 5 years	1	40,000	-	-
Above 5 years	-	-	-	-
	<u>31</u>	<u>24,826,932</u>	<u>71</u>	<u>2,775,724</u>

10.6 Receivable from Government in connection with Rangs Properties:

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

10 (a) Consolidated Other assets

Bank Asia Limited	11,083,658,773	10,846,991,614
Bank Asia Securities Limited	286,992,354	247,487,042

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
BA Exchange Company (UK) Limited	5,749,700	3,927,250
BA Express USA, Inc	91,434,840	60,526,377
	11,467,835,667	11,158,932,283
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited	32,820,000	28,386,000
Investment in BA Express USA, Inc	78,720,000	75,504,000
Receivable from BASL	-	-
Receivable from BA Exchange Company (UK) Limited	73,960,113	45,388,625
Receivable from BA Exchange USA, Inc.	165,167,024	127,240,282
	9,117,178,530	8,882,423,376

10(aa) Demutualization membership of Dhaka Stock Exchange

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

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

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	15,349,703,961	9,347,599,580
Off-shore banking unit (Note 11.2)	15,423,078,092	9,474,823,844
Less: Adjustment with Head Office	(504,470,000)	-
	30,268,312,053	18,822,423,424

11.1 Conventional and Islamic banking

In Bangladesh (Note 11.1.1)	15,349,703,961	9,347,599,580
Outside Bangladesh	-	-
	15,349,703,961	9,347,599,580

11.1.1 In Bangladesh

Secured:

Un secured:

Money at call and on short notice

Sonali Bank	1,500,000,000	-
Janata Bank	1,000,000,000	-
	2,500,000,000	-

Borrowings

Bangladesh Bank refinance	81,913,942	103,695,498
SME Foundation Pre Finance	74,630,000	37,100,000
Borrowing A/C (AGRI Taka 10)	28,272,774	4,357,097
Bio-Gas Plant refinance	733,332	824,999
Borrowing- Green finance refinance	140,000,000	170,000,000
Export development fund	12,524,153,913	9,031,629,147
Onshore export discount fund	514,046,529	298,988,147
	13,363,750,490	9,646,594,888
Less : Inter borrowings between OBU and Conventional Banking	(514,046,529)	(298,995,308)
	15,349,703,961	9,347,599,580

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
11.2 Borrowing at Off-shore banking unit		
Secured:	-	-
Un secured:		
Conventional Banking	604,208,628	-
International Finance Corporation	3,280,000,000	2,359,500,000
Borrowing - ECA	455,359,062	-
Standard Chartered Bank, Singapore	2,665,000,000	1,266,092,049
Bank Of Tokyo-Mitsubishi	1,640,000,000	-
National Bank of Ras Al Khaimah	1,533,400,000	1,415,700,000
United Bank Limited, UAE	1,451,400,000	831,959,700
Habib Bank Limited, Bangladesh	-	-
First Gulf Bank	820,000,000	1,063,662,600
ICICI Bank Limited, Hong Kong	820,000,000	-
Bank Muscat SAOG	574,000,000	-
Nepal Bangladesh Bank Limited	410,000,000	393,250,000
Commercial Bank of Ceylon	410,000,000	-
HDFC, Gift City, Mumbai	410,000,000	-
Noor Islami Bank, Dubai, UAE	246,000,000	-
KBC Bank, Brussels	103,710,402	-
ICICI Bank Limited, Dubai	-	471,900,000
CaixaBank	-	1,573,000,000
Commerzbank	-	99,759,495
	<u>15,423,078,092</u>	<u>9,474,823,844</u>
11(a) Consolidated Borrowings from other banks, financial institutions and agents		
Bank Asia Limited	30,268,312,053	18,822,423,424
Bank Asia Securities Limited	2,447,067,334	2,606,557,920
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>32,715,379,387</u>	<u>21,428,981,344</u>
Less: Inter-company transactions	<u>2,249,821,140</u>	<u>2,450,004,404</u>
	<u>30,465,558,247</u>	<u>18,978,976,940</u>
11(aa) Subordinated Non-Convertible Bonds		
Subordinated Non-Convertible Zero Coupon Bond		
A.K Khan & Company Limited	38,578,342	82,171,739
AB Bank 1st Mutual Fund	5,859,904	12,481,576
EBL First Mutual Fund	1,541,827	3,284,087
EBL NRB Mutual Fund	3,074,048	6,547,712
EXIM Bank 1st Mutual Fund	6,172,112	13,146,578
First Bangladesh Fixed Income Fund	32,397,584	69,006,746
IFIC Bank 1st Mutual Fund	1,537,024	3,273,856
Industrial and Infrastructure Development Finance Company Limited (IIDFC)	1,891,020	4,027,866
Popular Life 1st Mutual Fund	1,537,024	3,273,856
	<u>92,588,885</u>	<u>197,214,016</u>
Subordinated Non-Convertible floating rate bond		
Agrani Bank Limited	200,000,000	200,000,000
BRAC Bank Limited	100,000,000	100,000,000
Janata Bank Limited	250,000,000	250,000,000

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Mercantile Bank Limited	500,000,000	500,000,000
One Bank Limited	600,000,000	600,000,000
Pubali Bank Limited	250,000,000	250,000,000
Rupali Bank Limited	600,000,000	600,000,000
Sonali Bank Limited	500,000,000	500,000,000
	<u>3,000,000,000</u>	<u>3,000,000,000</u>
Subordinated Non-Convertible floating rate bond		
Agrani Bank Limited	250,000,000	-
Dhaka Bank Limited	750,000,000	-
Janata Bank Limited	250,000,000	-
National Life Insurance Co	500,000,000	-
Pubali Bank Limited	1,000,000,000	-
Sabinco	150,000,000	-
Sadharan Bima Corporation	100,000,000	-
Sonali Bank Limited	1,000,000,000	-
Southeast Bank Limited	500,000,000	-
Uttara Bank Limited	500,000,000	-
	<u>5,000,000,000</u>	<u>-</u>
	<u>8,092,588,885</u>	<u>3,197,214,016</u>

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

Payable on demand	4,932,033,963	2,880,900,000
Up to 1 month	-	-
More than 1 month but within 3 months	14,454,700,000	4,226,400,000
More than 3 months but within 1 year	7,238,807,914	9,365,000,000
More than 1 year but within 5 years	3,735,359,061	2,547,337,440
More than 5 years	8,000,000,000	3,000,000,000
	<u>38,360,900,938</u>	<u>22,019,637,440</u>

11.4 Disclosure regarding REPO

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

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

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

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

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

b Disclosure regarding overall transaction of REPO & Reverse REPO

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

Notes to the financial statements

	Amount in Taka	
	31 Dec 2017	31 Dec 2016
12 Deposits and other accounts		
Conventional and Islamic banking (Note 12.1)	206,721,241,149	191,006,259,141
Off-shore banking unit	320,230,232	266,323,636
	<u>207,041,471,381</u>	<u>191,272,582,777</u>
Deposits and other accounts		
Current/Al-wadeeah current accounts and other accounts		
Deposits from banks	-	-
Deposits from customers	41,701,521,101	34,001,328,317
Off-shore banking unit	298,108,075	252,430,353
	41,999,629,176	34,253,758,670
Bills payable		
Deposits from banks	-	-
Deposits from customers	3,968,967,652	4,902,979,613
	3,968,967,652	4,902,979,613
Savings bank/Mudaraba savings bank deposits		
Deposits from banks	-	-
Deposits from customers	34,496,938,426	27,793,803,978
	34,496,938,426	27,793,803,978
Fixed deposits/Mudaraba fixed deposits		
Deposits from banks	1,803,098,995	1,022,426,422
Deposits from customers	124,750,714,975	123,285,720,811
Off-shore banking unit	22,122,157	13,893,283
	<u>126,575,936,127</u>	<u>124,322,040,516</u>
	<u>207,041,471,381</u>	<u>191,272,582,777</u>
12.1 Conventional and Islamic banking		
Deposits from banks (Note 12.1.1)	1,803,098,995	1,022,426,422
Deposits from customers (Note 12.1.2)	204,918,142,154	189,983,832,719
	<u>206,721,241,149</u>	<u>191,006,259,141</u>
12.1.1 Deposits from banks		
Fixed deposit/SND		
AB Bank Limited	39,982	40,068
EXIM Bank Limited	1,947,918	312,263
Islami Bank Bangladesh Limited	-	1,000,000,000
Sonali Bank Limited	-	20,982,824
Social Islami Bank Limited	554,491	544,597
Trust Bank Limited	556,604	546,670
Agrani Bank Limited	1,800,000,000	-
Bank Asia Limited	1,400,000,000	-
	<u>3,203,098,995</u>	<u>1,022,426,422</u>
Less: Inter-company transactions with Bank Asia Islamic Window	(1,400,000,000)	-
	<u>1,803,098,995</u>	<u>1,022,426,422</u>
12.1.2 Deposits from customers		
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)	41,701,521,101	34,001,328,317
Bills payable (Note 12.1.2b)	3,968,967,652	4,902,979,613
Savings bank/Mudaraba savings deposits	34,496,938,426	27,793,803,978
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)	124,750,714,975	123,285,720,811
	<u>204,918,142,154</u>	<u>189,983,832,719</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
12.1.2a Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current accounts	14,883,359,452	12,670,982,805
Other demand deposit - Local currency	19,606,123,861	16,011,616,064
Other demand deposit - Foreign currencies	5,742,409,920	4,065,098,790
Foreign currency deposits	1,469,627,868	1,253,630,658
	<u>41,701,521,101</u>	<u>34,001,328,317</u>
12.1.2b Bills payable		
Bills payable - local currency	3,961,854,176	4,896,424,017
Bills payable - foreign currencies	7,113,476	6,555,596
	<u>3,968,967,652</u>	<u>4,902,979,613</u>
12.1.2c Fixed deposits/Mudaraba fixed deposits		
Fixed deposits/Mudaraba fixed deposits	66,948,110,139	67,718,049,550
Special notice deposit	24,118,638,106	23,189,124,189
Foreign currency deposits (interest bearing)	3,284,209	3,099,967
Deposit under schemes	33,680,682,521	32,375,447,105
	<u>124,750,714,975</u>	<u>123,285,720,811</u>
12.2 Payable on demand and time deposits		
a) Demand deposits		
Current/Al-wadeeah current accounts and other accounts	15,181,467,527	12,923,413,158
Savings bank/Mudaraba savings deposits	3,104,724,458	2,501,442,358
Foreign currency deposits (non interest bearing)	7,212,037,788	5,318,729,448
Sundry deposits	19,606,123,861	16,011,616,064
Bills payable	3,968,967,652	4,902,979,613
	<u>49,073,321,286</u>	<u>41,658,180,641</u>
b) Time deposits		
Savings bank/Mudaraba savings deposits	31,392,213,968	25,292,361,620
Fixed deposits/Mudaraba fixed deposits	68,773,331,291	68,754,369,255
Foreign currency deposits (interest bearing)	3,284,209	3,099,967
Special notice deposit	24,118,638,106	23,189,124,189
Deposits under schemes	33,680,682,521	32,375,447,105
	<u>157,968,150,095</u>	<u>149,614,402,136</u>
	<u>207,041,471,381</u>	<u>191,272,582,777</u>
12.3 Sector-wise break-up of deposits and other accounts		
Government	2,793,276,000	2,902,274,000
Deposit from banks	1,803,098,995	1,022,426,422
Other public	6,956,983,000	2,043,868,000
Foreign currencies	7,542,665,705	5,594,708,647
Private	187,945,447,681	179,709,305,708
	<u>207,041,471,381</u>	<u>191,272,582,777</u>
12.4 Maturity-wise grouping		
12.4.1 Deposits from banks		
Payable on demand	1,803,098,995	1,022,426,422
Up to 1 month	-	-
Over 1 month but within 6 months	-	-
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>1,803,098,995</u>	<u>1,022,426,422</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
12.4.2 Customer deposits excluding bills payable		
Payable on demand	4,429,700,000	3,463,100,000
Up to 1 month	25,593,601,005	18,205,673,578
Over 1 month but within 6 months	28,359,714,179	18,823,220,387
Over 6 months but within 1 year	59,518,732,453	76,511,600,000
Over 1 year but within 5 years	54,191,271,406	34,098,182,777
Over 5 years	29,176,385,691	34,245,400,000
	<u>201,269,404,734</u>	<u>185,347,176,742</u>
12.4.3 Bills payable		
Payable on demand	432,400,000	536,900,000
Up to 1 month	3,800,000	2,200,000
Over 1 month but within 6 months	3,532,767,652	4,363,879,613
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>3,968,967,652</u>	<u>4,902,979,613</u>
	<u>207,041,471,381</u>	<u>191,272,582,777</u>
12(a) Consolidated Deposits and other accounts		
Current/Al-wadeeah current accounts and other accounts		
Bank Asia Limited	41,999,629,176	34,253,758,670
Bank Asia Securities Limited	257,521,410	336,518,761
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>42,257,150,586</u>	<u>34,590,277,431</u>
Less: Inter-company transactions	15,047,104	36,057,950
	<u>42,242,103,482</u>	<u>34,554,219,481</u>
Bills payable		
Bank Asia Limited	3,968,967,652	4,902,979,613
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,968,967,652</u>	<u>4,902,979,613</u>
Savings bank/Mudaraba savings bank deposits		
Bank Asia Limited	34,496,938,426	27,793,803,978
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>34,496,938,426</u>	<u>27,793,803,978</u>
Fixed deposits/Mudaraba fixed deposits		
Bank Asia Limited	126,575,936,127	124,322,040,516
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>126,575,936,127</u>	<u>124,322,040,516</u>
	<u>207,283,945,687</u>	<u>191,573,043,588</u>
13 Other liabilities		
Conventional and Islamic banking (Note 13.1)	22,538,907,248	20,862,468,284
Off-shore banking unit	869,621.20	2,535,010
	<u>22,539,776,869</u>	<u>20,865,003,294</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
13.1 Conventional and Islamic banking		
Provision for loans and advances/investments (Note 13.2)	7,841,186,140	7,423,718,412
Provision on off-balance sheet exposures (Note 13.3)	1,330,999,470	1,107,620,470
Interest suspense account (Note 13.4)	1,709,429,069	1,584,318,032
Provision for income tax including deferred tax (Note 13.5)	9,277,475,391	9,017,765,672
Provision for performance and festival bonus	237,649,609	186,976,135
Master card and Visa card payables	5,116,895	2,408,414
Expenditures and other payables	101,027,063	88,460,387
Provision for nostro accounts (Note 13.6)	-	-
Other payable	96,745,219	71,832,181
Provision for profit equalisation	28,758,686	18,758,686
Provision for Smart Junior Saver A/c	-	135,618
Provision for diminution in value of shares (Note 13.7)	253,383,553	253,383,553
Payable to Government	314,657,621	168,647,621
Provision for others (Note 13.8)	134,718,755	134,822,336
Rebate payable on good borrowers	67,700,000	71,400,000
Unearned income	650,090,274	457,801,235
Clearing adjustment account	138,529,476	113,680,477
Interest payable on subordinated non-convertible zero coupon bond	260,374,046	160,739,055
ATM/POS settlement account	91,065,981	-
	<u>22,538,907,248</u>	<u>20,862,468,284</u>
13.2 Provision for loans and advances/investments		
A. General provision - Conventional and Islamic		
Balance at the beginning of the year	2,851,955,713	2,997,793,755
Add: Provision made during the year		
On general loans and advances/investments etc.	1,097,677,398	565,536,497
Transfer from Provision for diminution in value of shares	-	-
Transfer from Specific Provision	-	-
	1,097,677,398	565,536,497
Less: Provision no longer required		
Specific provision	-	(170,000,000)
Written off	-	(541,374,539)
	-	(711,374,539)
Conventional and Islamic Balance at the end of the year	<u>3,949,633,111</u>	<u>2,851,955,713</u>
B. General provision - OBU		
Balance at the beginning of the year	77,476,792	87,220,233
Add: Provision made during the year	74,076,620	
Less: Provision no longer required	-	(9,743,441)
OBU Balance at the end of the year	<u>151,553,412</u>	<u>77,476,792</u>
C. Total general provision on loans and advances/investments (A+B)		
	<u>4,101,186,523</u>	<u>2,929,432,505</u>
D. Specific provision		
Balance at the beginning of the year	4,494,285,907	2,911,650,000
Less: Transfer to General Provision	-	-
Write off/amicable settlement during the year	(2,023,431,803)	(457,958,215)
	<u>(2,023,431,803)</u>	<u>(457,958,215)</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Add/ Back: Recoveries of amounts previously written off	34,250,512	42,108,117
Transfer from General Provision	-	170,000,000
Specific provision made during the year	1,234,895,000	1,828,486,005
	1,269,145,513	2,040,594,122
Total specific provision on loans and advances/investments	3,739,999,617	4,494,285,907
E. Total provision on loans and advances/investments (C+D)	7,841,186,140	7,423,718,412
13.3 Provision on off-balance sheet exposures		
Balance at 1 January	1,105,836,980	966,878,338
Add: Provision made during the year	224,575,935	138,958,642
	1,330,412,915	1,105,836,980
Less: Adjustments made during the year	-	-
Balance at the end of the year	1,330,412,915	1,105,836,980
General provision maintained for OBU as at 01 January	1,783,490	1,292,230
Add: Provision made during the year	-	491,260
Less: Adjustments made during the year	(1,196,935)	-
	586,555	1,783,490
Balance at the end of the year	1,330,999,470	1,107,620,470
As per BRPD circular letter no. 01 dated 03 Jan 2018, Letter of Credit for fast-track projects from Bangladesh Power Development Board are exempted from 1% off-balance sheet provision charging.		
13.4 Interest suspense account		
Balance at 1 January	1,584,318,032	1,329,213,289
Add: Amount transferred to "interest suspense" account during the year	2,010,554,525	2,576,169,983
	3,594,872,557	3,905,383,272
Less: Amount of interest suspense recovered	1,796,263,488	2,246,600,131
Interest waiver during the year	89,180,000	74,465,109
	1,885,443,488	2,321,065,240
Balance as at 31 December	1,709,429,069	1,584,318,032
13.5 Provision for taxation		
Current tax (Note 13.5.1)	8,805,454,026	8,587,244,307
Deferred tax (Note 13.5.2)	472,021,365	430,521,365
	9,277,475,391	9,017,765,672
13.5.1 Provision for current tax		
Balance at 1 January	8,587,244,307	9,832,107,040
Add: Provision made during the year	1,968,500,000	1,678,000,000
	10,555,744,307	11,510,107,040
Less: Adjustments made during the year	1,750,290,281	2,922,862,733
	8,805,454,026	8,587,244,307
13.5.2 Provision for deferred tax		
Balance at 1 January	430,521,365	367,521,365
Provision made for deferred tax liabilities:		
Charged/(credited) to profit and loss statement	41,500,000	63,000,000
	472,021,365	430,521,365

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
13.5.1(a) Consolidated Provision for current tax		
Bank Asia Limited	8,805,454,026	8,587,244,307
Bank Asia Securities Limited	74,671,957	57,042,600
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>8,880,125,983</u>	<u>8,644,286,907</u>
13.5.2(a) Consolidated provision for deferred tax		
Bank Asia Limited	472,021,365	430,521,365
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>472,021,365</u>	<u>430,521,365</u>
13.6 Provision for nostro accounts		
As per instructions contained in the circular letter no. FEPD (FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of nostro account as at balance sheet date. Adequate provision has been made for debit entries which are outstanding for more than 3 months. Details of unrecognized entries are shown in Annex I.		
13.7 Provision for diminution in value of shares		
Balance at the beginning of the year	253,383,553	143,383,553
Less: Transfer to general provision for loans and advances/investments	-	-
Add: Provision made during the year	-	110,000,000
Balance at the end of the year	<u>253,383,553</u>	<u>253,383,553</u>
Provision requirement for quoted and unquoted share including subsidiaries	<u>18,725,277</u>	<u>165,199,929</u>
Provision maintained	<u>253,383,553</u>	<u>253,383,553</u>
	<u>234,658,276</u>	<u>88,183,624</u>
13.8 Provision for others		
Balance at the beginning of the year	134,822,336	134,822,336
Adjustment	(103,581)	-
Add: Provision made during the year	-	-
Balance at the end of the year	<u>134,718,755</u>	<u>134,822,336</u>
Provision requirement	<u>121,595,000</u>	<u>103,724,000</u>
Provision maintained	<u>134,718,755</u>	<u>134,822,336</u>
Surplus provision maintained	<u>13,123,755</u>	<u>31,098,336</u>
(Provision for others made for legal expenses, protested bills, expenditure related unreconciled entries and other assets that classified as bad and loss as per Bangladesh Bank BRPD Circular 14 dated June 25, 2001)		
13(a) Consolidated Other liabilities		
Bank Asia Limited	22,539,776,869	20,865,003,294
Bank Asia Securities Limited	1,590,527,614	1,418,075,749
BA Exchange Company (UK) Limited	90,837,514	38,521,659
BA Express USA, Inc	188,485,773	104,475,024
Foreign currency effect for subsidiaries	-	-
	<u>24,409,627,770</u>	<u>22,426,075,726</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Less: Inter- companies transactions		
Receivable from BASL	-	-
Receivable from BA Exchange (UK) Limited	73,960,113	45,388,625
BA Express USA, Inc	165,167,024	127,240,282
	<u>24,170,500,633</u>	<u>22,253,446,819</u>

14 Share capital

14.1 Authorized capital

1,500,000,000 ordinary shares of Taka 10 each	15,000,000,000	15,000,000,000
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14.2 Issued, subscribed and fully paid up capital

56,372,480 ordinary shares of Taka 10 each issued for cash	563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each issued as bonus shares	3,640,107,700	3,640,107,700
Right shares issued 25% for the year 2011	1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011	1,050,958,120	1,050,958,120
Issued as bonus shares 10% for the year 2012	630,574,870	630,574,870
Issued as bonus shares 10% for the year 2013	693,632,350	693,632,350
Issued as bonus shares 10% for the year 2014	762,995,590	762,995,590
Issued as bonus shares 5% for the year 2015	419,647,570	419,647,570
Issued as bonus shares 12% for the year 2016	1,057,511,890	-
	<u>9,870,110,990</u>	<u>8,812,599,100</u>

14.3 Initial public offer (IPO)

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

14.4 Capital to risk-weighted asset

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

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	9,870,110,990	8,812,599,100
Statutory reserve (Note 15)	7,345,137,782	6,533,632,030
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	1,676,694,455	1,444,468,074
	18,900,109,371	16,798,865,348
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	47,446,270	63,308,180
Common Equity Tier -1 capital (Going-Concern Capital)	18,852,663,101	16,735,557,168
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	<u>18,852,663,101</u>	<u>16,735,557,168</u>
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	4,101,186,523	2,929,432,505
General provision on off-balance sheet exposure	1,330,999,470	1,107,620,470
Subordinated non-convertible zero coupon bonds	8,092,588,885	3,197,214,016
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	14,866,071,095	8,575,563,208
Less: Regulatory adjustments		
60 % of revaluation reserve for fixed assets, securities and equity securities	804,777,730	536,518,487
Total Tier- 2 Capital	<u>14,061,293,365</u>	<u>8,039,044,721</u>
A) Total capital	<u>32,913,956,465</u>	<u>24,774,601,889</u>
B) Total risk weighted assets (RWA)	<u>221,114,649,466</u>	<u>199,490,690,895</u>
C) Required capital	<u>22,111,464,947</u>	<u>19,949,069,090</u>
D) Capital surplus (A-C)	<u>10,802,491,519</u>	<u>4,825,532,799</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	8.53%	8.39%
Tier- 1 to RWA (minimum 5.5% under Basel III)	8.53%	8.39%
Capital to Risk Weighted Assets against minimum requirement 10%	14.89%	12.42%

14.4 (a) Consolidated capital to risk-weighted asset

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

	In line of Basel III	In line of Basel III
Common Equity Tier-1 capital (Going-Concern Capital)		
Paid up capital	9,870,110,990	8,812,599,100
Non-controlling (Minority) interest	11,723	11,355
Statutory reserve (Note 15)	7,345,137,782	6,533,632,030
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	1,554,316,722	1,267,955,303
	18,777,743,362	16,622,363,933
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	47,446,270	63,308,180
Common Equity Tier-1 capital (Going-Concern Capital)	18,730,297,092	16,559,055,753
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	18,730,297,092	16,559,055,753
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	4,101,186,523	2,929,432,505
General provision on off-balance sheet exposure	1,330,999,470	1,107,620,470
Subordinated non-covertable zero coupon bonds	8,092,588,885	3,197,214,016
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	14,866,071,095	8,575,563,208
Less: Regulatory adjustments		
60 % of revaluation reserve for fixed assets, securities and equity securities	804,777,730	536,518,487
Total Tier- 2 Capital	14,061,293,365	8,039,044,721
A) Total capital	32,791,590,456	24,598,100,474
B) Total risk weighted assets (RWA)	222,348,618,058	200,371,026,445
C) Required capital	22,234,861,806	20,037,102,645
D) Capital surplus (A-C)	10,556,728,650	4,560,997,829

Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	8.42%	8.26%
Tier- 1 to RWA (minimum 5.5% under Basel III)	8.42%	8.26%
Capital to Risk Weighted Assets against minimum requirement 10%	14.75%	12.28%

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2017 No. of shares	At 31 December 2017 %	At 31 December 2016 No. of shares	At 31 December 2016 %
Sponsors & Directors	509,909,013	51.66	399,358,495	45.32
General public	159,542,368	16.17	152,225,966	17.27
Institutions	239,465,916	24.26	287,924,700	32.67
Investment companies	64,773,405	6.56	32,352,949	3.67
Non-resident Bangladeshi	6,937,400	0.70	5,972,282	0.68
Foreign investors	6,382,997	0.65	3,425,518	0.39
	987,011,099	100	881,259,910	100

Notes to the financial statements

Amount in Taka

31 Dec 2017 31 Dec 2016

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2017	2016	2017	2016
Less than 5000	8,227	8,662	1.07	1.06
5,000 to 50,000	2,037	1,746	2.86	2.57
50,001 to 100,000	135	116	0.99	0.9
100,001 to 200,000	88	59	1.26	0.93
200,001 to 300,000	38	24	0.94	0.66
300,001 to 400,000	10	13	0.35	0.52
400,001 to 500,000	15	11	0.7	0.55
500,001 to 1,000,000	29	39	2.2	3.1
1,000,001 to 10,000,000	76	77	25.59	24.48
Over 10,000,000	26	27	64.04	65.23
	10,681	10,774	100	100

14.7 Name of the Directors and their shareholdings as at 31 December 2017

Sl	Name of the director	Status	Closing position	Opening position
1	Mr. A Rouf Chowdhury	Chairman	24,345,100	21,736,697
2	Mr. Mohd Safwan Choudhury (Representing Phulbari Tea Estate Ltd)	Vice Chairman	38,659,258	34,517,195
3	Mrs. Hosneara Sinha	Director	45,024,110	40,200,099
4	Mr. M Irfan Syed (Representative director of Amiran Generations Ltd.)	Director	40,261,275	30,161,853
5	Ms. Naheed Akhter Sinha	Director	47,274,361	42,209,251
6	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	Director	35,283,976	33,146,279
7	Maj. Gen. Mohammad Matiur Rahman, Ndu. Psc (Retd.) (Representing Sinha Fashions Limited)	Director	19,810,739	13,800,703
8	Mr. Mashiur Rahman (Independent Director)	Director	-	-
9	Mr. M Shahjahan Bhuiyan (Independent Director)	Director	-	-
10	Mr. Md. Nazrul Huda (Independent Director)	Director	-	-

15 Statutory reserve

Balance at the beginning of the year	6,533,632,030	5,876,250,921
Add: Addition during the year (20% of pre-tax profit)	811,505,752	657,381,109
Balance at the end of the year	<u>7,345,137,782</u>	<u>6,533,632,030</u>

16 Revaluation reserve

HTM securities (Note 16.1)	8,880,978	3,742,574
HFT securities (Note 16.2)	-	36,651,324
Fixed Assets revaluation (Note 16.3)	2,145,503,215	2,199,218,479
	<u>2,154,384,193</u>	<u>2,239,612,377</u>

16.1 Revaluation reserve on HTM securities

Balance at 1 January	3,742,574	3,305,385
Gain from revaluation on investments	5,471,656	1,940,195
Adjustment for sale/maturity of securities	(333,252)	(1,503,006)
	<u>8,880,978</u>	<u>3,742,574</u>

16.2 Revaluation reserve on HFT securities

Balance at 1 January	36,651,324	264,905,490
Gain from revaluation on investments	303,206,892	2,242,649,728
Adjustment for sale/maturity of securities	(339,858,216)	(2,470,903,894)
	<u>-</u>	<u>36,651,324</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
16.3 Revaluation reserve on Fixed Assets		
Balance at 1 January	2,199,218,479	2,281,418,967
Depreciation charged during the year	(53,715,264)	(82,200,488)
	<u>2,145,503,215</u>	<u>2,199,218,479</u>
16 (a) Consolidated Revaluation reserve		
Bank Asia Limited	2,154,384,193	2,239,612,377
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,154,384,193</u>	<u>2,239,612,377</u>
17 Retained earnings		
Balance at 1 January	1,444,468,074	2,152,333,448
Add: Post - tax profit for the year	2,047,528,759	1,545,905,547
Revaluation reserve transferred to retained earnings	53,715,264	82,200,488
	<u>3,545,712,096</u>	<u>3,780,439,483</u>
Less: Issue of bonus shares for the year 2015	-	419,647,570
Issue of cash dividend for the year 2015	-	1,258,942,730
Issue of bonus shares for the year 2016	1,057,511,890	-
Transfer to statutory reserve	811,505,752	657,381,109
	<u>1,869,017,642</u>	<u>2,335,971,409</u>
	<u>1,676,694,455</u>	<u>1,444,468,074</u>
17(a) Consolidated Retained earnings		
Balance at 1 January	1,267,955,303	1,867,693,933
Add: Foreign exchange revaluation reserve for opening retained earnings	(10,425,178)	9,966,616
Revaluation reserve transferred to retained earnings	53,715,264	82,200,488
Post- tax profit for the year	2,112,089,343	1,644,066,246
Less: Non controlling interest	368	570
	<u>3,423,334,364</u>	<u>3,603,926,713</u>
Less: Issue of bonus shares for the year 2015	-	419,647,570
Issue of cash dividend for the year 2015	-	1,258,942,730
Issue of bonus shares for the year 2016	1,057,511,890	-
Transferred to statutory reserve	811,505,752	657,381,109
	<u>1,869,017,642</u>	<u>2,335,971,409</u>
	<u>1,554,316,722</u>	<u>1,267,955,303</u>
17(b) Non-controlling (Minority) interest		
Bank Asia Securities Limited	11,723	11,355
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>11,723</u>	<u>11,355</u>
18 Contingent liabilities		
Conventional and Islamic banking	136,099,588,616	110,583,698,048
Off-shore banking unit	56,855,460	178,348,954
	<u>136,156,444,076</u>	<u>110,762,047,002</u>
Acceptances and endorsements (Note 18.1)		
Conventional and Islamic banking	42,833,057,095	35,032,505,701
Off-shore banking unit	31,293,906	65,601,965
	<u>42,864,351,001</u>	<u>35,098,107,666</u>
Letters of guarantee		
Conventional and Islamic banking (Note 18.2)	40,615,034,541	35,578,341,924
Off-shore banking unit	-	-
	<u>40,615,034,541</u>	<u>35,578,341,924</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	37,871,899,346	28,939,384,004
Off-shore banking unit	19,337,568	74,257,398
	37,891,236,914	29,013,641,402
Bills for collection		
Conventional and Islamic banking (Note 18.4)	14,462,463,349	11,033,466,419
Off-shore banking unit	6,223,986	38,489,591
	14,468,687,335	11,071,956,010
Other commitments		
Conventional and Islamic banking (Note 18.5)	317,134,285	-
Off-shore banking unit	-	-
	317,134,285	-
	<u>136,156,444,076</u>	<u>110,762,047,002</u>
18.1 Acceptances and endorsements		
Conventional and Islamic banking	42,833,057,095	35,032,505,701
Off-shore banking unit	31,293,906	65,601,965
	<u>42,864,351,001</u>	<u>35,098,107,666</u>
18.2 Letters of guarantee		
Letters of guarantee (Local)	23,826,990,859	23,003,634,987
Letters of guarantee (Foreign)	16,788,043,682	12,574,706,937
	<u>40,615,034,541</u>	<u>35,578,341,924</u>
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:		
Directors or officers	434,133	434,133
Government	28,262,076,560	23,938,645,612
Banks and other financial institutions	2,384,902,218	1,935,789,331
Others	9,967,621,630	9,703,472,848
	<u>40,615,034,541</u>	<u>35,578,341,924</u>
18.3 Irrevocable letters of credit		
Letters of credit Back to Back (Inland)	3,369,890,633	2,854,011,188
Letters of credit (General)	30,801,387,262	23,688,551,522
Back to back L/C	3,700,621,451	2,396,821,294
	<u>37,871,899,346</u>	<u>28,939,384,004</u>
18.4 Bills for collection		
Local bills for collection	8,467,036,961	5,360,733,917
Foreign bills for collection	5,995,426,388	5,672,732,502
	<u>14,462,463,349</u>	<u>11,033,466,419</u>
18.5 Other commitments		
Forward Assets Purchased and Forward Deposits Placed	<u>317,134,285</u>	<u>-</u>
18.6 Workers' profit participation fund (WPPF)		

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

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
19 Income statement		
Income:		
Interest, discount and similar income (Note 19.1)	18,868,865,547	18,024,296,520
Dividend income (Note 22)	53,427,973	41,515,740
Fees, commission and brokerage (Note 19.2)	1,459,687,245	1,295,040,854
Gains/ less Losses arising from dealing securities	-	-
Gains/ less Losses arising from investment securities	24,672,598	51,878,470
Gains/ less Losses arising from dealing in foreign currencies (Note 23.1)	1,660,129,043	1,179,820,426
Income from non-banking assets	-	-
Other operating income (Note 24)	742,166,065	648,277,718
Profit/ less Losses on interest rate changes	-	-
	<u>22,808,948,471</u>	<u>21,240,829,728</u>
Expenses:		
Interest paid/profit shared on deposits and borrowings, etc (Note 21)	10,841,556,834	10,600,935,255
Administrative expenses (Note 19.3)	3,429,054,851	3,148,315,055
Other expenses (Note 34)	1,457,470,719	1,172,113,402
Depreciation on banks assets (Note 33.1)	393,309,290	398,831,506
	<u>16,121,391,694</u>	<u>15,320,195,218</u>
	<u>6,687,556,777</u>	<u>5,920,634,510</u>
19.1 Interest, discount and similar income		
Interest income/profit on investments (Note 20)	16,411,574,859	14,569,387,489
Interest on treasury bills/reverse repo/bills	2,123,698,883	2,758,131,885
Interest income on corporate bonds	153,115,193	148,517,916
Interest on debentures	-	-
Income from investment in shares, bonds etc	-	8,615,515
Capital gain on Government securities and assets	180,476,612	539,643,715
	<u>18,868,865,547</u>	<u>18,024,296,520</u>
<p>Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.</p>		
19.2 Fees, commission and brokerage		
Commission	1,459,687,245	1,295,040,854
Brokerage	-	-
	<u>1,459,687,245</u>	<u>1,295,040,854</u>
19.3 Administrative expenses		
Salaries and allowances (Note 25)	2,519,793,179	2,336,571,464
Rent, taxes, insurance, electricity, etc (Note 26)	613,241,644	533,568,147
Legal expenses (Note 27)	24,615,519	16,085,833
Postage, stamp, telecommunication, etc (Note 28)	89,544,014	81,601,730
Stationery, printing, advertisement, etc (Note 29)	97,405,242	90,134,202
Managing Director's salary and fees (Note 30)	13,900,000	15,689,899
Directors' fees (Note 31)	2,992,000	3,192,000
Auditors' fees (Note 32)	952,100	1,252,000
Repair of Bank's assets (Note 33.1)	66,611,153	70,219,780
	<u>3,429,054,851</u>	<u>3,148,315,055</u>
20 Interest income/profit on investments		
Conventional and Islamic banking (Note 20.1)	15,863,103,471	14,104,925,081
Off-shore banking unit	610,079,291	573,549,958

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
	16,473,182,762	14,678,475,039
Less: inter transaction between OBU and Conventional banking	51,807,903	109,087,550
Less: Inter-company transactions with Bank Asia Islamic Window	9,800,000	-
	<u>16,411,574,859</u>	<u>14,569,387,489</u>

20.1 Conventional and Islamic banking

Agricultural loan	332,171,847	194,932,342
Cash credit/Bai Murabaha (Muajjal)	380,518,415	327,968,152
Credit card	283,302,567	237,215,362
Credit for poverty alleviation scheme-micro credit	256,011	248,495
Consumer credit scheme	905,994,938	793,326,599
Demand loan	2,513,992,881	2,538,065,578
Export Development Fund (EDF)	203,016,677	145,158,477
House building loan	115,547,211	77,528,143
Loans (General)/Musharaka	951,746,928	491,008,347
Loans against trust receipts/ Bai Murabaha post import	1,143,871,511	1,144,721,228
Overdrafts/ Quard against scheme	2,802,747,291	2,667,027,412
Packing credit	36,002,460	31,866,746
Payment against documents	34,070,588	32,184,639
Staff loan	62,748,732	57,798,893
Small and medium enterprise (SME)	572,804,195	502,336,903
Transport loan	127,487,369	151,440,792
Term loan- industrial	1,407,720,100	1,142,398,662
Term loan- others/ Hire purchase under Shirkatul Melk	2,418,146,709	3,000,553,873
Foreign bills purchased	11,894,343	9,670,482
Local bills purchased	123,408,958	86,662,040
Total interest/profit on loans and advances/investments	14,427,449,731	13,632,113,166
Interest/profit on balance with other banks and financial institutions	1,421,864,872	468,835,597
Interest/profit received from foreign banks	13,788,868	3,976,317
	<u>15,863,103,471</u>	<u>14,104,925,081</u>

20(a) Consolidated Interest income/profit on investments

Bank Asia limited	16,411,574,859	14,569,387,489
Bank Asia Securities Ltd	298,115,773	226,189,776
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>16,709,690,632</u>	<u>14,795,577,265</u>
Less: Inter-company transactions	172,215,771	-
	<u>16,537,474,861</u>	<u>14,795,577,265</u>

21 Interest paid/profit shared on deposits and borrowings etc.

Conventional and Islamic banking (Note 21.1)	10,484,285,743	10,300,330,443
Off-shore banking unit	418,878,994	409,692,362
	<u>10,903,164,737</u>	<u>10,710,022,805</u>
Less: inter transaction with OBU	51,807,903	109,087,550
Less: Inter-company transactions with Bank Asia Islamic Window	9,800,000	-
	<u>10,841,556,834</u>	<u>10,600,935,255</u>

21.1 Conventional and Islamic banking

Interest paid/profit shared on deposits

Fixed deposits/ Mudaraba Fixed deposit	3,257,995,497	3,871,048,198
Scheme deposits	4,937,030,145	4,617,163,308

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Sanchaya plus	89,200,882	144,491,564
Savings deposits/ Mudaraba Savings bank	786,116,667	680,546,235
Special notice deposits	624,236,722	540,400,067
	<u>9,694,579,913</u>	<u>9,853,649,372</u>
Interest on borrowings and others		
Local banks including Bangladesh Bank	60,087,340	21,315,793
Interest on subordinated non-covertable bond	729,541,025	425,234,045
Foreign banks	77,465	131,233
	<u>789,705,830</u>	<u>446,681,071</u>
	<u>10,484,285,743</u>	<u>10,300,330,443</u>
21(a) Consolidated Interest Expenses/profit paid on Deposits		
Bank Asia limited	10,841,556,834	10,600,935,255
Bank Asia Securities Limited	184,387,803	6,989,416
Bank Asia Securities Ltd	-	-
BA Express USA, Inc	-	-
	<u>11,025,944,637</u>	<u>10,607,924,671</u>
Less: Inter-company transactions	172,215,771	-
	<u>10,853,728,866</u>	<u>10,607,924,671</u>
22 Investment income		
Conventional and Islamic banking (Note 22.1)	2,535,391,259	3,548,303,241
Off-shore banking unit	-	-
	<u>2,535,391,259</u>	<u>3,548,303,241</u>
22.1 Conventional and Islamic Banking		
Interest on treasury bills	183,399,012	648,786,664
Interest on treasury bonds	1,922,333,615	2,089,331,564
Interest income on corporate bonds	153,115,193	148,517,916
Interest on Islamic bonds	16,120,284	18,482,265
Capital gain from investment in shares	24,672,598	51,878,470
Dividend on shares	53,427,973	41,515,740
Capital gain on Government securities	180,476,612	539,643,715
Interest income on investment in commercial paper	-	8,615,515
Interest on reverse repo	1,845,972	1,531,392
	<u>2,535,391,259</u>	<u>3,548,303,241</u>
22(a) Consolidated investment income		
Bank Asia Limited	2,535,391,259	3,548,303,241
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,535,391,259</u>	<u>3,548,303,241</u>
Less: Inter-company transactions	-	-
	<u>2,535,391,259</u>	<u>3,548,303,241</u>
23 Commission, exchange and brokerage		
Conventional and Islamic banking (Note 23.1)	3,109,688,825	2,467,536,202
Off-shore banking unit	10,127,463	7,325,078
	<u>3,119,816,288</u>	<u>2,474,861,280</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
23.1 Conventional and Islamic Banking		
Commission on L/C	113,470,796	189,593,412
Commission on back to back L/C	767,688,052	605,147,066
Fees and commission	184,011,063	132,769,261
Commission on L/G	336,093,006	317,622,762
Commission on export	8,785,347	8,898,115
Commission on PO, DD, TT, TC, etc	22,055,095	17,603,994
Other commission	17,456,423	16,081,166
	1,449,559,782	1,287,715,776
Foreign exchange gain	1,660,129,043	1,179,820,426
	<u>3,109,688,825</u>	<u>2,467,536,202</u>
23(a) Consolidated Commission, exchange and brokerage		
Bank Asia limited	3,119,816,288	2,474,861,280
Bank Asia Securities Ltd	176,746,029	103,998,719
BA Exchange Company (UK) Limited	20,402,724	18,112,898
BA Express USA, Inc	29,819,242	23,201,315
	<u>3,346,784,283</u>	<u>2,620,174,212</u>
24 Other operating income		
Conventional and Islamic banking (Note 24.1)	714,886,827	629,362,865
Off-shore banking unit	27,279,238	18,914,853
	<u>742,166,065</u>	<u>648,277,718</u>
24.1 Conventional and Islamic banking		
Locker charge	10,387,523	10,080,213
Service and other charges	356,336,486	322,070,208
Master/Visa card fees and charges	149,097,331	115,862,169
Postage/telex/SWIFT/fax recoveries	120,428,158	118,705,422
Profit on sale of fixed assets	3,188,186	1,952,999
Non-operating income	19,456,492	17,049,978
Rebate on nostro account	39,096,641	36,953,538
Other income from brokerage	16,896,010	6,688,338
	<u>714,886,827</u>	<u>629,362,865</u>
24 (a) Consolidated other operating income		
Bank Asia Limited	742,166,065	648,277,718
Bank Asia Securities Ltd	61,337,350	35,212,218
BA Exchange Company (UK) Limited	566,448	-
BA Express USA, Inc	573,688	-
	<u>804,643,551</u>	<u>683,489,936</u>
25 Salaries and allowances		
Conventional and Islamic banking (Note 25.1)	2,519,793,179	2,336,571,464
Off-shore banking unit	-	-
	<u>2,519,793,179</u>	<u>2,336,571,464</u>
25.1 Conventional and Islamic banking		
Basic salary	930,776,745	872,437,995
Allowances	959,958,404	906,167,001
Festival bonus	149,861,927	141,276,142
Gratuity	152,400,000	155,700,000
Provident fund contribution	86,796,103	80,990,326
Performance bonus	240,000,000	180,000,000
	<u>2,519,793,179</u>	<u>2,336,571,464</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2017	31 Dec 2016
25(a) Consolidated Salaries and allowances		
Bank Asia Limited	2,519,793,179	2,336,571,464
Bank Asia Securities Ltd	50,573,865	42,028,331
BA Exchange Company (UK) Limited	7,180,290	6,203,962
BA Express USA, Inc	17,507,091	18,314,075
	<u>2,595,054,425</u>	<u>2,403,117,832</u>
26 Rent, taxes, insurance, electricity etc.		
Conventional and Islamic banking (Note 26.1)	612,994,509	533,426,791
Off-shore banking unit	247,135	141,356
	<u>613,241,644</u>	<u>533,568,147</u>
26.1 Conventional and Islamic banking		
Rent, rate and taxes	369,427,578	303,906,722
Insurance	148,229,679	138,734,550
Power and electricity	95,337,252	90,785,519
	<u>612,994,509</u>	<u>533,426,791</u>
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
Bank Asia Limited	613,241,644	533,568,147
Bank Asia Securities Ltd	14,182,186	12,342,055
BA Exchange Company (UK) Limited	6,316,921	6,491,713
BA Express USA, Inc	6,773,489	6,359,671
	<u>640,514,240</u>	<u>558,761,586</u>
27 Legal expenses		
Conventional and Islamic banking (Note 27.1)	24,615,519	16,085,833
Off-shore banking unit	-	-
	<u>24,615,519</u>	<u>16,085,833</u>
27.1 Conventional and Islamic Banking		
Legal expenses	24,615,519	16,085,833
Other professional charges	-	-
	<u>24,615,519</u>	<u>16,085,833</u>
27(a) Consolidated Legal expenses		
Bank Asia Limited	24,615,519	16,085,833
Bank Asia Securities Ltd	117,658	148,955
BA Exchange Company (UK) Limited	626,697	407,380
BA Express USA, Inc	517,424	1,404,290
	<u>25,877,298</u>	<u>18,046,458</u>
28 Postage, stamps, telecommunication etc.		
Conventional and Islamic banking (Note 28.1)	88,768,867	81,079,521
Off-shore banking unit	775,147	522,209
	<u>89,544,014</u>	<u>81,601,730</u>
28.1 Conventional and Islamic banking		
Telephone, courier and postage	33,678,478	35,920,787
Master/VISA card process fee	33,132,275	30,222,931
ATM charge	2,981,026	520,992
SWIFT and Reuter charge	17,464,012	12,729,911

Notes to the financial statements

	Amount in Taka	
	31 Dec 2017	31 Dec 2016
Internet	1,513,076	1,684,900
	<u>88,768,867</u>	<u>81,079,521</u>
28(a) Consolidated Postage, stamps, telecommunication etc.		
Bank Asia Limited	89,544,014	81,601,730
Bank Asia Securities Ltd	2,018,965	1,797,714
BA Exchange Company (UK) Limited	518,660	356,509
BA Express USA, Inc	371,951	315,527
	<u>92,453,590</u>	<u>84,071,480</u>
29 Stationery, printing, advertisements etc.		
Conventional and Islamic banking (Note 29.1)	97,294,316	90,091,796
Off-shore banking unit	110,926	42,406
	<u>97,405,242</u>	<u>90,134,202</u>
29.1 Conventional and Islamic banking		
Office and security stationery	49,039,075	45,163,284
Calendar, diary, souvenir, etc	9,838,308	8,014,065
ATM card /Supplies And Stationeries	8,061,021	5,215,665
Books and periodicals	1,474,664	1,833,732
Publicity and advertisement	28,881,248	29,865,050
	<u>97,294,316</u>	<u>90,091,796</u>
29(a) Consolidated Stationery, printing, advertisements etc.		
Bank Asia Limited	97,405,242	90,134,202
Bank Asia Securities Ltd	1,014,073	479,644
BA Exchange Company (UK) Limited	449,141	196,039
BA Express USA, Inc	1,298,010	717,915
	<u>100,166,466</u>	<u>91,527,800</u>
30 Managing Director's salary and fees		
Basic salary	6,000,000	7,303,226
House rent allowance	1,500,000	1,125,806
Entertainment allowances	300,000	225,161
Incentive bonus	1,000,000	1,000,000
Festival bonus	1,100,000	1,200,000
Utility allowance and others	1,200,000	1,355,645
House maintenance allowance	600,000	485,323
Provident fund	600,000	730,323
Leave fare assistance	1,600,000	2,264,415
	<u>13,900,000</u>	<u>15,689,899</u>
31 Directors' fees		
Directors' fees	<u>2,992,000</u>	<u>3,192,000</u>
31(a) Consolidated Directors' fees		
Bank Asia Limited	2,992,000	3,192,000
Bank Asia Securities Ltd.	294,400	230,000
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,286,400</u>	<u>3,422,000</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
32 Auditors' fees		
Audit fees	952,100	1,252,000
	<u>952,100</u>	<u>1,252,000</u>
32(a) Consolidated Auditors fees		
Bank Asia Limited	952,100	1,252,000
Bank Asia Securities Ltd	95,833	95,833
BA Exchange Company (UK) Limited	619,282	603,419
BA Express USA, Inc	1,439,369	1,387,754
	<u>3,106,584</u>	<u>3,339,006</u>
33 Depreciation and repair of Bank's assets		
Conventional and Islamic banking (Note 33.1)	459,920,443	469,051,286
Off-shore banking unit	-	-
	<u>459,920,443</u>	<u>469,051,286</u>
33.1 Conventional and Islamic banking		
Depreciation		
Owned assets	392,509,290	398,031,506
Leased assets	800,000	800,000
	<u>393,309,290</u>	<u>398,831,506</u>
Repairs		
Building	6,965,106	14,600,477
Furniture and fixtures	329,397	543,314
Equipments	3,601,849	4,443,826
	10,896,352	19,587,617
Maintenance	55,714,801	50,632,163
	<u>459,920,443</u>	<u>469,051,286</u>
33(a) Consolidated Depreciation and repairs of Bank's assets		
Bank Asia Limited	459,920,443	469,051,286
Bank Asia Securities Ltd	822,184	506,476
BA Exchange Company (UK) Limited	1,722,413	1,642,031
BA Express USA, Inc	1,590,784	1,933,376
	<u>464,055,824</u>	<u>473,133,169</u>
34 Other expenses		
Conventional and Islamic banking (Note 34.1)	1,444,912,050	1,162,416,294
Off-shore banking unit	12,558,669	9,697,108
	<u>1,457,470,719</u>	<u>1,172,113,402</u>
34.1 Conventional and Islamic banking		
Car expenses	306,915,686	271,517,205
Contractual service expenses	487,574,969	391,765,827
Computer expenses	143,569,921	131,235,345
Other management and administrative expenses	199,285,973	154,182,500
Entertainment	44,352,850	45,061,565
AGM/EGM expenses	2,348,470	7,146,730
Payment to superannuation fund	7,320,000	2,810,000

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
Finance charge for lease assets	107,864	148,357
Donation and subscription to institutions	201,402,222	112,148,991
Travelling expenses	35,447,209	33,556,396
Training and internship	14,865,473	12,250,010
Directors' travelling expenses	1,221,413	93,368
Sharia council fees	500,000	500,000
	<u>1,444,912,050</u>	<u>1,162,416,294</u>
34(a) Consolidated other expenses		
Bank Asia Limited	1,457,470,719	1,172,113,402
Bank Asia Securities Ltd	27,966,687	17,953,106
BA Exchange Company (UK) Limited	3,100,323	2,114,756
BA Express USA, Inc	10,917,158	8,871,887
	<u>1,499,454,887</u>	<u>1,201,053,151</u>
34(b) Provision for loans and advances/investments and off-balance sheet items		
Conventional and Islamic banking	2,557,148,333	2,642,981,144
Off-shore banking unit	72,879,685	(9,252,181)
	<u>2,630,028,018</u>	<u>2,633,728,963</u>
Break up of provision for loans and advances/Investments is shown below:		
General provision		
Conventional and Islamic banking	1,097,677,398	565,536,497
Off-shore banking unit	74,076,620	(9,743,441)
	1,171,754,018	555,793,056
Specific provision		
Conventional and Islamic banking	1,234,895,000	1,828,486,005
Off-shore banking unit	-	-
	1,234,895,000	1,828,486,005
Provision for off-balance sheet items		
Conventional and Islamic banking	224,575,935	138,958,642
Off-shore banking unit	(1,196,935)	491,260
	223,379,000	139,449,902
Provision for diminution in value of investments	-	110,000,000
Other provisions	-	-
	<u>2,630,028,018</u>	<u>2,633,728,963</u>
34(c) Consolidated Provision for loans and advances/investments		
Bank Asia Limited	2,630,028,018	2,633,728,963
Bank Asia Securites Limited:		
Specific Provision	105,000,000	100,000,000
Provision for diminution in value of investments	906,056	11,619,793
Other provisions	-	-
	105,906,056	111,619,793
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,735,934,074</u>	<u>2,745,348,756</u>
35 Receipts from other operating activities		
Conventional and Islamic banking (Note 35.1)	920,036,037	1,220,885,050
Off-shore banking unit	27,279,238	18,914,853
	<u>947,315,275</u>	<u>1,239,799,903</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
35.1 Conventional and Islamic banking		
Locker charge	10,387,523	10,080,213
Service and other charges	356,336,486	322,070,208
Master card fees and charges	149,097,331	115,862,169
Postage/telex/SWIFT/ fax recoveries	120,428,158	118,705,422
Non-operating income	283,786,539	654,167,038
	<u>920,036,037</u>	<u>1,220,885,050</u>
35(a) Consolidated Receipts from other operating activities		
Bank Asia Limited	947,315,275	1,239,799,903
Bank Asia Securities Ltd	61,337,350	35,212,218
BA Exchange Company (UK) Limited	566,448	-
BA Express USA, Inc	573,688	-
	<u>1,009,792,761</u>	<u>1,275,012,121</u>
Less: inter- companies transactions		-
	<u>1,009,792,761</u>	<u>1,275,012,121</u>
36 Payments for other operating activities		
Conventional and Islamic banking (Note 36.1)	2,190,677,383	1,813,516,190
Off-shore banking unit	12,805,804	9,838,464
	<u>2,203,483,187</u>	<u>1,823,354,654</u>
36.1 Conventional and Islamic banking		
Rent, rates and taxes	612,994,509	533,426,791
Legal expenses	24,615,519	16,085,833
Directors' fees	2,992,000	3,192,000
Postage, stamp, telecommunication, etc	89,544,014	81,601,730
Other expenses	1,445,679,241	1,162,267,937
Managing Director's salary	13,900,000	15,689,899
Auditors' fee	952,100	1,252,000
	<u>2,190,677,383</u>	<u>1,813,516,190</u>
36(a) Payments for other operating activities		
Bank Asia Limited	2,203,483,187	1,823,354,654
Bank Asia Securities Ltd	44,675,729	32,567,663
BA Exchange Company (UK) Limited	11,181,883	9,973,777
BA Express USA, Inc	20,019,391	18,339,129
	<u>2,279,360,190</u>	<u>1,884,235,223</u>
37 Earnings per share (EPS)		
Net profit after tax (Numerator)	2,047,528,759	1,545,905,547
Number of ordinary shares outstanding (Denominator)	881,259,910	881,259,910
Issue of bonus shares 12%	105,751,189	105,751,189
Number of ordinary shares outstanding (Denominator)	987,011,099	987,011,099
Earnings per share (EPS)	<u>2.07</u>	<u>1.57</u>

Earnings per share has been calculated in accordance with BAS 33: "Earnings Per Share (EPS)". Earnings per share for previous year has been restated since the bonus issue is an issue without consideration of cash. It is treated as if it has occurred prior to the beginning of 2016, the earliest period reported. Actual EPS for December 2016 was Taka 1.75

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
37(a) Consolidated Earnings per share (EPS)		
Net profit after tax (Numerator)	2,112,089,343	1,644,066,246
Number of ordinary shares outstanding (Denominator)	987,011,099	987,011,099
Earnings per share (EPS)	2.14	1.67

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 2,087 (2016: 1,970).

39 Audit committee

The Audit Committee of the Board of Directors of Bank Asia Limited was constituted in the 44th meeting of the Board held on January 18, 2003 in compliance with the Bangladesh Bank directives. The Audit Committee was formed with the objectives to establish a platform for a compliant and secured banking structure in the Bank. The present Audit Committee was reconstituted by the Board in the 364th meeting held on July 03, 2017 consisting of the following members:

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

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

No. of meeting	Date	No. of meeting	Date
185th Audit	31st Jan, 2017	190th Audit	08th June, 2017
186th Audit	28th Feb, 2017	191st Audit	27th July, 2017
187th Audit	05th April, 2017	192nd Audit	14th September, 2017
188th Audit	16th April, 2017	193rd Audit	29th October, 2017
189th Audit	27th April, 2017		

In the year 2017, 9 (nine) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

- 1 "External Audit Report of the Bank and the recommendations made there under.
- 2 Bangladesh Bank comprehensive inspection report and the recommendations made there under.
- 3 Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- 4 Actions taken by the management in regard to deficiencies raised in the Bangladesh Bank Inspection report and by the Internal Audit and Inspection Team of the Bank.
- 5 The corrective measures taken by the management in regard to the lapses pointed out on the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.
- 6 The compliance status of the audit objections and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Internal Auditors in the reports.
- 7 Management Report on Accounts of the Bank for the year ended on 31.12.2016.
- 8 Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance thereof.
- 9 The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.

The Audit Committee has further satisfied that

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

Notes to the financial statements

Amount in Taka

	31 Dec 2017	31 Dec 2016
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* The Financial Statements of the Bank have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and contained full disclosure.

40 RELATED PARTY TRANSACTIONS

While making any related party transactions the management always pays proper attention to economic efficiency and competitive pricing and necessary approval of Bangladesh Bank and other authorities had been obtained wherever applicable. Significant related party transactions of the Bank for the period January – December 2017 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Rangs Properties	"Common Directors & Close family members Director"	Office Rent	63,744,958
Agro Food Services Ltd.	-do-	Office Rent	19,846,948
Rangs Telecom	-do-	Mobile Phone	12,591
Romask Ltd	-do-	Printing	31,703,018
Rangs Industries Ltd.	-do-	Electronics items providers	634,400
Rangs Limited	-do-	Car providers	8,798,715
Rancon Service Ltd.	-do-	Electric equipment Maintenance	2,713,486
Rangs workshop Ltd	-do-	Car repair and Services	1,344,489
Rangs ITT Ltd.	-do-	Network Connectivity fees	48,974,009
Garda Shield Security Service	-do-	Electric equipment Maintenance	10,266,147
Shield Security Service	-do-	Security Service providers	167,797,163
The Shokaler Khabor	-do-	Advertising	3,602,630
The Daily Star	-do-	Advertising	6,513,382
ZRC Engineering	Close family members Director	Transportation	2,597,283
Reliance Insurance	-do-	Insurance Service	17,837,243
Green Bangla	-do-	Tree Plantation	692,532
ERA Infotech	Associate Company	Software vendor	98,517,024
Total			485,596,016

During the year 2017 Directors and their interest in different entities are given in Annexure F

The Bank sanctioned the following facilities in favor of the Phulbari Tea Estates Ltd. and M. Ahmed Tea & Lands Co. Ltd. during the year 2017.

Name of the director having interest	Nature of facility	Limit (Taka)	Outstanding balance as at 31 December 2017 (Taka)
Mr. Mohd. Safwan Chowdhury	Bank Guarantee (Secured by FDR)	434,133	434,133

41 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, ACNABIN, Chartered Accountants worked about 5,250 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

42 SHARE TRADING

The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2017 was Tk. 23.10 (2016: Tk.17.90) at DSE and Tk. 23.10 at CSE (2016: 18.20).

43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 380th meeting held on April 08, 2018 has recommended stock dividend @ 12.5% subject to the approval of the shareholders at the next Annual General Meeting.

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

Bank Asia Limited

Highlights on the overall activities

as at and for the year ended 31 December 2017

Sl no.	Particulars	Amount in Taka		Amount in USD	
		2017	2016	2017	2016
1	Paid-up capital	9,870,110,990	8,812,599,100	119,348,379.56	106,561,053.20
2	Total capital	32,913,956,465	24,774,601,889	397,992,218.44	299,571,969.64
3	Capital (deficit)/surplus	10,802,491,519	4,825,532,799	130,622,630.21	58,349,852.47
4	Total assets	288,996,642,751	253,195,701,236	3,494,518,050.20	3,061,616,701.76
5	Total deposits	207,041,471,381	191,272,582,777	2,503,524,442.33	2,312,848,643.01
6	Total loans and advances / investments	197,504,138,756	163,609,782,739	2,388,199,984.96	1,978,352,874.72
7	Total contingent liabilities and commitments	136,156,444,076	110,762,047,002	1,646,389,892.09	1,339,323,422.03
8	Credit deposit ratio	81.88%	76.15%	81.88%	76.15%
9	Percentage of classified loans / investments against total loans and advances / investments	4.38%	5.41%	4.38%	5.41%
10	Profit after tax and provision	2,047,528,759	1,545,905,547	24,758,509.78	18,692,932.85
11	Amount of classified loans/investments during current year	8,642,303,000	8,847,339,000	104,501,850.06	106,981,124.55
12	Provisions kept against classified loans / investments	3,739,999,617	4,494,285,907	45,223,695.49	54,344,448.69
13	Provision surplus against classified loans / investments	7,310,617	-	88,399.24	-
14	Cost of fund	7.73%	8.22%	7.73%	8.22%
15	Interest earning assets	256,765,518,564	223,223,170,240	3,104,782,570.30	2,699,191,901.33
16	Non-interest earning assets	32,231,124,188	29,972,530,996	389,735,479.90	362,424,800.44
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	3.45%	3.77%	3.45%	3.77%
18	Return on assets (ROA) [PAT/ Average assets]	0.76%	0.65%	0.76%	0.65%
19	Income from investment	2,535,391,259	3,548,303,241	30,657,693.58	42,905,722.38
20	Capital adequacy	14.89%	12.42%	14.89%	12.42%
21	Earnings per share	2.07	1.57	0.03	0.02
22	Net income per share	2.07	1.57	0.03	0.02
23	Price earning ratio	11.14	10.53	11.14	10.53

Exchange Rate used 1 USD equivalent to BDT 82.70 (2016 BDT 78.65)

Bank Asia Limited

Balance with other banks-Outside Bangladesh (Nostro Account)

as at 31 December 2017

Annex A

Name of the Bank	Account type	Currency type	2017		2016	
			FC amount	Exchange rate	FC amount	Exchange rate
Conventional and Islamic banking:						
<i>Interest bearing</i>						
Citibank N.A., London	CD	EURO	248,923	98.16	24,434,287	252,211
Citibank N.A., London	CD	GBP	81,828	110.56	9,046,861	39,054
Citibank NA, New York	CD	USD	2,951,258	82.70	244,077,093	10,073,103
Habib American Bank, New York	CD	USD	1,823,502	82.70	150,820,201	65,240
Mashreqbank psc, New York	CD	USD	221,387	82.70	18,315,806	7,381
Standard Chartered Bank, Mumbai	CD	ACU	49,956	82.70	4,131,323	1,300,456
Standard Chartered Bank, New York	CD	USD	679,854	82.70	56,220,625	1,860
					507,046,196	925,469,380
Non-interest bearing:						
AB Bank Ltd, Mumbai	CD	ACU	467,006	82.70	38,621,372	180
Al Rajhi Bank, KSA	CD	SAR	817	22.00	17,982	41,817
Bank of Tokyo-Mitsubishi	CD	JPY	24,642,746	0.74	18,235,632	2,096,463
Bank of Sydney	CD	AUD	12,287	63.82	784,152	1,533
Bhutan National Bank Ltd, Thimphu	CD	USD	28,934	82.70	2,392,802	11,410
Commerzbank AG, Frankfurt	CD	USD	11,412	82.70	943,737	562,091
Caisse Centrale Desjardins	CD	CAD	-	-	-	10,713
Commerzbank AG, Frankfurt	CD	EURO	1,354,581	98.16	132,965,792	631,030
Habib Bank UK, London	CD	GBP	-	-	-	523
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	117,898	82.70	9,754,377	100,740
ICICI Bank Ltd, Hongkong	CD	USD	4,389	82.70	362,987	173
ICICI Bank Ltd, Mumbai	CD	ACU	12,162	82.70	1,023,138	287,125
JP Morgan Chase Bank, New York	CD	USD	165,829	82.70	13,714,038	443
Mashreqbank psc, Mumbai (EURO)	CD	EURO	8,054	98.16	790,571	8,054
Muslim Commercial Bank Ltd, Colombo	CD	ACU	19,699	82.70	1,629,075	53,374
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	166,426	82.70	13,763,471	52,047
Sonali Bank, USD	CD	USD	-	-	-	490
Saudi Hollandi Bank, KSA	CD	SAR	246,700	22.00	5,427,400	1,397
Unicredit Bank AG Munich	CD	EURO	6,851	98.16	672,514	1,930
UBAF, Tokyo	CD	JPY	-	-	-	69,795
Wells Fargo Bank N.A, New York	CD	USD	647,152	82.70	53,519,499	358
Wells Fargo Bank N.A, London	CD	EURO	658	98.16	64,571	4,326
Zurcher Kantonal Bank, Switzerland	CD	CHF	9,776	83.80	819,264	9,697
					295,502,374	141,004,917
Off-shore banking unit:						
Commerzbank AG, Frankfurt	CD	EURO	30,083	98.16	2,466,829	349
Habib American Bank, New York	CD	USD	382,232	82.70	31,342,999	19,125,851
Sonali Bank, London	CD	GBP	5	110.56	431	4
					33,810,259	1,504,277,184
					836,358,829	2,570,751,481

Provision Requirement

Sl. No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Cost Per Share	Quoted rate per share 31 Dec 2017	Total market value as at 31 Dec 2017	Unrealized profit/ (loss) as at 31 Dec 2017
Quoted Shares								
1	Khulna Power Company	10	4,265	406,760	95.37	58.50	249,503	(157,257)
2	AB Bank Limited	10	141,912	9,720,972	68.50	22.10	3,136,255	(6,584,717)
3	Dhaka Bank Limited	10	472,549	15,811,490	33.46	22.00	10,396,078	(5,415,412)
4	Exim Bank Limited	10	1,877,123	38,582,386	20.55	17.20	32,286,516	(6,295,871)
5	Golden Son Limited	10	119,185	8,586,791	72.05	12.80	1,525,568	(7,061,223)
6	Lanka Bangla Finance Limited	10	1,160,592	59,762,751	51.49	47.80	55,476,298	(4,286,453)
7	Mercant Bank Limited	10	400,000	10,496,000	26.24	26.40	10,560,000	64,000
8	Phoenix Finance and Investments Limited	10	1,024,148	49,442,486	48.28	37.70	38,610,380	(10,832,106)
9	Prime Finance & Investment Limited	10	72,576	12,001,821	165.37	12.20	885,427	(11,116,393)
10	Prime Insurance Company Limited	10	60,564	5,466,943	90.27	19.20	1,162,829	(4,304,114)
11	Pubali Bank Limited	10	6	208	34.65	30.40	182	(25)
12	Reliance Insurance Limited	10	115,684	7,343,620	63.48	54.70	6,327,915	(1,015,706)
13	Southeast Bank Limited	10	1,072,181	34,732,660	32.39	22.20	23,802,418	(10,930,242)
14	United Commercial Bank Limited	10	2,272,192	63,772,931	28.07	23.60	53,623,731	(10,149,200)
15	Premier Bank Limited	10	3,586,004	66,807,255	18.63	15.70	56,300,263	(10,506,992)
16	The ACME Laboratories Limited	10	1,000,000	57,650,000	57.65	114.00	114,000,000	56,350,000
A. Provision requirement for quoted shares				440,585,072			408,343,362	(32,241,710)
Available cash balance				38,068,506				
				478,653,578				
Mutual Fund								
17	1st Janata Bank Mutual Fund	10	6,886,582	50,000,000	7.26	6.40	44,074,125	-
18	MBL 1st Mutual Fund	10	5,000,000	50,000,000	10.00	9.10	45,500,000	-
19	EBL NRB Mutual Fund	10	21,099,495	149,665,000	7.09	6.60	139,256,667	-
20	First Bangladesh Fixed Income Fund	10	36,673,402	250,000,000	6.82	5.70	209,038,391	-
21	EXIM Bank 1st Mutual Fund	10	32,204,147	242,235,820	7.52	7.00	225,429,029	-
22	UFS-Bank Asia Unit Fund	10	10,000,000	100,000,000	10.00	10.00	100,000,000	-
Provision requirement for Mutual Fund				111,863,626			763,298,212	-
B. Provision requirement for Mutual Fund as per BB Circular								-

Provision Requirement

Sl. No.	Name of the company	Face value	No. of Shares including bonus	Cost of holding	Per Unit cost	Per share (NAV)	Total book value	Unrealized profit (loss)
Unquoted Shares								
1	Industrial & Infrastructure Development Finance Co. Ltd.	10	7,329,110	29,683,820	4.05	16.49	120,828,120	91,144,300
2	Central Depository Bangladesh Limited	10	1,142,361	3,138,890	2.75	33.01	37,711,228	34,572,338
3	Era-Infotech Limited	100	3,837	383,700	100.00	6,635.45	25,460,235	25,076,535
4	Bangladesh Rating Agency Limited	100	32,015	3,201,512	100.00	3.07	98,206	(3,103,306)
5	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	10.00	2,000,000	-
6	Investment in SWIFT share	247,615	22	5,447,533	22.00	233,542.73	5,137,940	(309,593)
7	Energypac Power Generation Limited	10	1,192,800	49,984,000	41.90	36.15	43,120,160	(6,863,840)
8	Provision required for subsidiaries							(127,000,000)
C. Provision of unquoted stocks								
E. Total Provision Requirement (A+B+C)								
E. Provision maintained								
F. Provision Excess / (Shortfall) for quoted and unquoted share								
							13,516,433	
							(18,725,277)	
							253,383,553	
							234,658,276	

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

as at 31 December 2017

Particulars	Cost					Rate of dep. %	Depreciation				Written down value as at 31 Dec 2017	
	Balance as at 01 Jan 2017	Addition during the year	Revaluation during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017		
Own assets												
Land	2,646,764,306	-	-	-	-	-	-	-	-	-	-	2,646,764,306
Building	2,570,079,638	132,832,766	-	-	2,702,912,404	5	87,629,472	51,317,184	-	922,392,150	-	1,780,520,254
Furniture and fixtures	983,411,842	116,550,628	-	(2,647,000)	1,097,315,470	20	105,712,914	-	(1,512,007)	851,731,495	-	245,583,975
Equipments	676,609,838	110,740,593	-	(2,198,927)	785,151,504	20	79,489,438	-	(2,156,255)	538,192,038	-	246,959,466
Computer and accessories	349,594,549	55,656,318	-	(292,300)	404,958,567	20	46,567,977	-	(165,712)	264,389,416	-	140,569,151
Motor vehicles	195,606,754	8,087,846	-	(8,962,000)	194,732,600	20	19,394,225	-	(8,962,000)	150,326,595	-	44,406,005
Sub-total	7,422,066,928	423,868,151	-	(14,100,227)	7,831,834,852		338,794,026	51,317,184	(12,795,974)	2,727,031,694	-	5,104,803,158
Leased assets												
Building	49,573,087	-	-	-	49,573,087	5	800,000	2,398,080	-	27,186,546	-	22,386,541
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	-	-	-	167,162,848	-	-
Equipments	106,201,139	-	-	-	106,201,139	20	-	-	-	106,201,139	-	-
Computer and accessories	72,204,100	-	-	-	72,204,100	20	-	-	-	72,204,100	-	-
Motor vehicles	18,900,000	-	-	-	18,900,000	20	-	-	-	18,900,000	-	-
Sub-total	414,041,174	-	-	-	414,041,174		800,000	2,398,080	-	391,654,633	-	22,386,541
Total	7,836,108,102	423,868,151	-	(14,100,227)	8,245,876,026		339,594,026	53,715,264	(12,795,974)	3,118,686,327	-	5,127,189,699
Work in progress - building												
Kawran bazar*	52,065,908	111,251,220	-	-	163,317,128		-	-	-	-	-	163,317,128
Lalmatia**	92,515,444	34,412,036	-	(126,927,480)	-		-	-	-	-	-	-
Sukrabad***	7,206,045	32,027,627	-	-	39,233,671		-	-	-	-	-	39,233,671
Total	151,787,396	177,690,882	-	(126,927,480)	202,550,799		-	-	-	-	-	202,550,799
Grand Total	7,987,895,498	601,559,033	-	(141,027,707)	8,448,426,824		339,594,026	53,715,264	(12,795,974)	3,118,686,327	-	5,329,740,498

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

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

*** For construction of 9 storied building

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

Annex C-2

as at 31 December 2016

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2016	
	Balance as at 01 Jan 2016	Addition during the year	Revaluation during the year	Disposal/adjustment during the year		Balance as at 31 Dec 2016	Charged during the year	Charged from Revaluation reserve during the year	Disposal/adjustment during the year		Balance as at 31 Dec 2016
Own assets											
Land	2,643,839,095	2,925,211	-	-	2,646,764,306	-	-	-	-	-	2,646,764,306
Building	2,432,146,347	137,933,291	-	-	2,570,079,638	5	84,958,297	79,997,812	-	783,445,494	1,786,634,144
Furniture and fixtures	911,815,957	75,150,785	-	(3,554,900)	983,411,842	20	106,248,181	-	(1,643,308)	747,530,587	235,881,255
Equipments	561,316,507	115,293,331	-	-	676,609,838	20	66,546,078	-	-	460,858,855	215,750,983
Computer and accessories	254,308,476	95,286,073	-	-	349,594,549	20	36,826,453	-	-	217,987,151	131,607,398
Motor vehicles	178,652,984	24,178,770	-	(7,225,000)	195,606,754	20	21,252,008	-	(7,225,000)	139,894,370	55,712,384
Sub-total	6,982,079,367	450,767,461	-	(10,779,900)	7,422,066,928		315,831,018	79,997,812	(8,868,308)	2,349,716,458	5,072,350,470
Leased assets											
Building	49,573,087	-	-	-	49,573,087	5	800,000	2,202,676	-	23,988,466	25,584,621
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	-	106,201,139	20	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	-	72,204,100	20	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	-	18,900,000	20	-	-	-	18,900,000	-
Sub-total	414,041,174	-	-	-	414,041,174		800,000	2,202,676	-	388,456,553	25,584,621
Total	7,396,120,541	450,767,461	-	(10,779,900)	7,836,108,102		316,631,018	82,200,488	(8,868,308)	2,738,173,011	5,097,935,091
Work in progress - building											
Kawran bazar*	11,476,071	40,589,837	-	-	52,065,908		-	-	-	-	52,065,908
Lalmatia**	16,120,000	76,395,443	-	-	92,515,443		-	-	-	-	92,515,443
Sukrabad***	-	7,206,045	-	-	7,206,045		-	-	-	-	7,206,045
Total	27,596,071	124,191,325	-	-	151,787,396		-	-	-	-	151,787,396
Grand Total	7,423,716,612	574,958,786	-	(10,779,900)	7,987,895,498		316,631,018	82,200,488	(8,868,308)	2,738,173,011	5,249,722,487

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

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

*** For construction of 9 storied building

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

Annex C-3

as at 31 December 2017

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2017
	Balance as at 01 Jan 2017	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017	
Own assets										
Land	2,646,764,306	-	-	2,646,764,306	0	-	-	-	-	2,646,764,306
Building	2,570,079,638	132,832,766	-	2,702,912,404	5	784,213,494	87,629,472	51,317,184	(768,000)	922,392,150
Furniture and fixtures	994,976,143	116,622,870	911,951	1,112,510,964	20	756,810,854	105,911,801	-	2,402,503	865,125,158
Equipments	683,617,875	111,392,643	(3,490,513)	791,520,005	20	468,072,631	79,645,106	-	(3,888,770)	543,828,967
Computer and accessories	357,632,359	58,695,668	62,512	416,390,539	20	225,499,467	47,197,971	-	(165,712)	272,531,726
Motor vehicles	195,606,754	8,087,846	(8,962,000)	194,732,600	20	139,894,370	19,394,225	-	(8,962,000)	150,326,595
Sub-total	7,448,677,075	427,631,793	(11,478,049)	7,864,830,819		2,374,490,816	339,778,575	51,317,184	(11,381,979)	2,754,204,596
Leased assets										
Building	71,475,851	-	(91,204)	71,384,647	5	34,301,037	3,611,933	2,398,080	19,712	40,330,762
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	-	18,900,000
Sub-total	435,943,938	-	(91,204)	435,852,734		398,769,124	3,611,933	2,398,080	19,712	404,798,849
Total	7,884,621,013	427,631,793	(11,569,253)	8,300,683,553		2,773,259,941	343,390,508	53,715,264	(11,362,267)	3,159,003,445
Work in progress - building										
Kawran bazar*	52,065,908	111,251,220	-	163,317,128		-	-	-	-	163,317,128
Lalmatia**	92,515,444	34,412,036	(126,927,480)	-		-	-	-	-	-
Sukrabad***	7,206,045	32,027,627	-	39,233,672		-	-	-	-	39,233,672
Total	151,787,397	177,690,882	(126,927,480)	202,550,799		-	-	-	-	202,550,799
Grand Total	8,036,408,410	605,322,675	(138,496,732)	8,503,234,352		2,773,259,941	343,390,508	53,715,264	(11,362,267)	3,159,003,445

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

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

*** For construction of 9 storied building

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

Annex C-4

as at 31 December 2016

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2016
	Balance as at 01 Jan 2016	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2016		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2016	
Own assets										
Land	2,643,839,095	2,925,211	-	2,646,764,306	0	-	-	-	-	2,646,764,306
Building	2,432,146,347	137,933,291	-	2,570,079,638	5	619,257,385	84,958,297	79,997,812	784,213,494	1,785,866,144
Furniture and fixtures	923,140,145	75,390,898	(3,554,900)	994,976,143	20	652,013,239	107,148,571	(2,350,956)	756,810,854	238,165,289
Equipments	568,117,908	115,499,967	-	683,617,875	20	401,391,547	66,681,084	-	468,072,631	215,545,244
Computer and accessories	261,863,086	95,769,273	-	357,632,359	20	188,347,301	37,152,166	-	225,499,467	132,132,892
Motor vehicles	178,652,984	24,178,770	(7,225,000)	195,606,754	20	125,867,362	21,252,008	(7,225,000)	139,894,370	55,712,384
Sub-total	7,007,759,565	451,697,410	(10,779,900)	7,448,677,075		1,986,876,834	317,192,126	79,997,812	2,374,490,816	5,074,186,257
Leased assets										
Building	72,964,732	-	(1,488,881)	71,475,851	5	28,628,465	3,469,896	2,202,676	34,301,037	37,174,814
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	167,162,848	-
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	18,900,000	-
Sub-total	437,432,819	-	(1,488,881)	435,943,938		393,096,552	3,469,896	2,202,676	398,769,124	37,174,814
Total	7,445,192,384	451,697,410	(12,268,781)	7,884,621,013		2,379,973,387	320,662,022	82,200,488	2,773,259,941	5,111,361,071
Work in progress - building										
Kawran bazar*	11,476,071	40,589,837	-	52,065,908		-	-	-	-	52,065,908
Lalmatia**	16,120,000	76,395,443	-	92,515,443		-	-	-	-	92,515,443
Sukrabad***	-	7,206,045	-	7,206,045		-	-	-	-	7,206,045
Total	27,596,071	124,191,325	-	151,787,396		-	-	-	-	151,787,396
Grand Total	7,472,788,455	575,888,735	(12,268,781)	8,036,408,409		2,379,973,387	320,662,022	82,200,488	2,773,259,941	5,263,148,467

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

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

*** For construction of 9 storied building

Bank Asia Limited

Statement of tax position

Annex D

as at 31 December 2017

Accounting year	Assessment year	Tax provision as per accounts	Tax demand as per assessment order	Excess/(Short) provision	Status
2000	2001-2002	2,000,000	7,080,931	(5,080,931)	Assessment finalized
2001	2002-2003	42,626,674	38,156,227	4,470,447	Assessment finalized
2002	2003-2004	91,950,000	83,933,056	8,016,944	Assessment finalized
2003	2004-2005	165,000,000	155,712,331	9,287,669	Assessment finalized
2004	2005-2006	166,807,728	187,552,594	(20,744,866)	Assessment finalized
2005	2006-2007	220,089,576	273,929,209	(53,839,633)	Assessment finalized
2006	2007-2008	432,447,206	433,037,008	(589,802)	Assessment finalized
2007	2008-2009	704,871,326	707,990,638	(3,119,312)	Assessment finalized
2008	2009-2010	790,000,000	715,369,681	74,630,319	Assessment finalized
2009	2010-2011	779,000,000	928,407,967	(149,407,967)	Assessment finalized
2010	2011-2012	1,498,735,610	1,874,438,423	(375,702,813)	At Honorable High Court Stage
2011	2012-2013	1,515,992,334	1,738,409,929	(222,417,595)	Assessment at Appellate commissioner Level
2012	2013-2014	1,788,554,541	1,757,614,602	30,939,939	Assessment finalized
2013	2014-2015	2,041,583,693	1,598,721,337	442,862,356	Assessment finalized
2014	2015-2016	1,947,162,329	1,750,290,281	196,872,048	Assessment finalized
2015	2016-2017	1,534,738,646	1,402,006,013	132,732,633	Assessment finalized
2016	2017-2018	1,678,000,000	1,565,744,939	112,255,061	Return submitted

Bank Asia Limited

Details of Large Loan

as at 31 December 2017

	2017	2016
Number of clients	13	17
Amount of outstanding advances (Taka)	58,770.96	57,429.58
Amount of classified advances (Taka)	NIL	NIL
Measures taken for recovery (Taka)	NIL	NIL

Client-wise break up is as follows

Amount in million

Sl. No.	Name of clients	Outstanding (Taka) 2017			Outstanding (Taka) 2016		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	S.A Group	3,566.44	-	3,566.44	3,372.53	78.65	3,451.18
2	Aman Group	3,241.23	1,004.39	4,245.62	2,759.15	844.42	3,603.57
3	Partex Group	3,181.67	845.71	4,027.38	2,183.25	580.43	2,763.68
4	AA Yarn Mills Limited	3,034.16	1,718.00	4,752.16	-	-	-
5	Max Infrastructure Ltd.	2,666.43	747.38	3,413.81	-	-	-
6	Basundhara Group	2,647.23	2,694.77	5,342.00	2,117.82	807.97	2,925.79
7	Pran RFL Group	2,423.02	3,247.29	5,670.31	1,227.67	1,892.52	3,120.19
8	Toma Group	1,939.27	1,908.13	3,847.40	1,392.43	1,416.86	2,809.29
9	Echotex	1,717.53	2,204.97	3,922.50	659.11	2,345.92	3,005.03
10	City Group	1,256.69	3,553.97	4,810.66	1,000.70	2,928.68	3,929.38
11	Summit Group	451.59	7,277.68	7,729.27	2,537.29	3,414.16	5,951.45
12	ENERGY PAC	997.37	2,635.04	3,632.41	-	-	-
13	Western Marine Group	1,860.00	1,951.00	3,811.00	1,561.14	2,986.42	4,547.56
14	Abul Khair Steel Industries Ltd	-	-	-	1,157.08	3,511.78	4,668.86
15	Renaissance Group	-	-	-	1,305.78	1,205.11	2,510.89
16	Dird Group	-	-	-	1,732.18	1,005.08	2,737.26
17	Bank Asia Securities Ltd.	-	-	-	2,450.00	300.00	2,750.00
18	Meghna Group	-	-	-	0.48	3,391.79	3,392.27
19	Spectra Engineers Limited	-	-	-	563.45	2,098.69	2,662.14
20	Thermax Group	-	-	-	1,613.60	987.43	2,601.03
	Total	28,982.63	29,788.33	58,770.96	27,633.67	29,795.91	57,429.58

Bank Asia Limited

Names of Directors and their interest in different entities

Annex F

as at 31 December 2016

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
1.	Mr. A Rouf Chowdhury	Chairman	Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Rangs Properties Limited
			Rangs Motors Limited
			Rangs Pharmaceuticals Limited
			Ranks ITT Limited
			Ranks Telecom Limited
			Ranks Petroleum Limited
			Ranks Interiors Limited
			Rancon Motors Limited
			Rancon Engineering Limited
			Rancon Services Limited
			Shield Security Services Limited
			Rancon Autos Limited
			Rancon Automobiles Limited
			Rancon Motor Bikes Limited
			Ranks Steel Limited
			Ranks Real Estate Limited
			Ranks Motors Workshop Limited
			Ranks Agro Bioteq Limited.
			Zest Polymer Limited
			Metro Foils Limited
			Sea Resources Ltd.
			Sea Fishers Ltd.
			Deep Sea Fishers Ltd.
			Sea Resources Agencies Ltd.
Fishers Shipyard Ltd.			
Sea Resources Cold Storage Ltd.			
Seamans Dockyard & Fish Meal Ltd.			
The Daily Star			
Bank Asia Limited			
2.	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	M. Ahmed Tea & Lands Co.
			Phulbari Tea Estates Ltd.
			M. Ahmed Cold Storage Ltd.
			M. Ahmed Food & Spices Ltd.
			M.Ahmad Real Estates Ltd.
			FIVDB
			Premier Dyeing & Calendaring Ltd.
			Anandaniketan Ltd.
			JVS Ltd.
			Bank Asia Limited
3.	Ms. Hosnara Sinha	Director	Sinha Apparels Ltd.
			ZMS Fashions Ltd.
			Pritha Apparels Ltd.
			Sinha Auto Spinning Mills Ltd.
			Sattar Jute Mills Ltd.
4.	Major General Mohammad Matiur Rahman, ndu, psc (retd.) (Representing Sinha Fashions Ltd.)	Director	Bank Asia Limited
			Bank Asia Limited

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
5.	Mr. Mohammed Irfan Syed (Representing Amiran Generations Limited)	Director	General Advisory Services Ltd Bank Asia Limited
6.	Ms. Naheed Akhter Sinha	Director	Sinha Apparels Ltd. ZMS Fashions Ltd. BP Wears (Pvt.) Ltd. Bank Asia Limited Rangs Limited Rangs Workshop Limited Rangs Industries Ltd. Rangs Properties Limited Rangs Motors Limited Rangs Pharmaceuticals Limited Ranks ITT Limited Ranks Telecom Limited Ranks Petroleum Limited Ranks Interiors Limited Rancon Motors Limited Rancon Engineering Limited Rancon Services Limited Shield Security Services Limited Rancon Autos Limited Rancon Automobiles Limited Ranks Steels Limited Ranks Real Estate Limited Rangs Motors Workshop Limited Zest Polymers Ltd. Metro Foils Limited Sea Resources Limited Sea Fishers Limited Deep Sea Fishers Limited Agro Food Services Ltd. Romask Limited SRL Marine Product Ltd. Mavis Ispat Limited Maya Limited Amreen Romana Ltd. Amiran Romana Ltd. Bank Asia Limited
7.	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	Director	
8.	Mr. M Shahjahan Bhuiyan	Independent Director	Bank Asia Limited
9.	Mr. Md Nazrul Huda	Independent Director	Bank Asia Limited
10.	Mr. Mashiur Rahman	Independent Director	Bank Asia Limited

as at and for the year ended 31 December 2017

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

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

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

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

The ISR declared on Mudaraba deposits for the year 2017

Types of Mudaraba Deposit	Distributable Investment Income Sharing Ratio (ISR) w.e.f. 01.01.2017	
	Client	Bank
1. Mudaraba Term Deposit Account (MTDA) 1 month	50%	50%
2. Mudaraba Term Deposit Account (MTDA) 2 months	50%	50%
3. Mudaraba Term Deposit Account (MTDA) 3 months	75%	25%
4. Mudaraba Term Deposit Account (MTDA) 6 months	75%	25%
5. Mudaraba Term Deposit Account (MTDA) 12 months	77%	23%
6. Mudaraba Term Deposit Account (MTDA) 24 months	78%	22%
7. Mudaraba Term Deposit Account (MTDA) 36 months	80%	20%
8. Mudaraba Term Deposit Account (MTDA) 60 months	80%	20%
9. Mudaraba Special Notice Deposit Account (MSND)	35%	65%
10. Mudaraba Savings Account (MSA)	45%	55%
11. Smart Junior Saver (School Banking) Account	70%	30%
12. Mudaraba Deposit Pension Scheme (MDPS) 3-12 Years	87%	13%
13. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 year	80%	20%
14. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 2-5 years	85%	15%
15. Mudaraba Hajj Savings Scheme (MHSA)	90%	10%
16. Cash Waqf	90%	10%

2. Investment Operation and Return Thereon

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

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

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

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

3. Income/ Revenue Recognition Principle

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

For Bai-Murabaha Muajjal Investment

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

For Hire Purchase Shirkatul Melk (HPSM) Investment

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

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

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

For Musharaka Investment

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

4. Cost Recognition Principle

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

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

Bank Asia Limited Islamic Banking Unit Balance Sheet

Annex G-1

as at 31 December 2017

Amount in Taka

	31 Dec 2017	31 Dec 2016
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	41,737,134	22,044,516
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	657,449,341	668,492,263
	699,186,475	690,536,779
Balance with other banks and financial institutions		
In Bangladesh	2,699,050	301,541,506
Outside Bangladesh	-	-
	2,699,050	301,541,506
Placement with other banks and financial institutions	-	-
Investments in shares and securities		
Government	550,500,000	564,600,000
Others	160,000,000	200,000,000
	710,500,000	764,600,000
Investments		
General Investment	11,877,396,366	10,077,003,162
Bills purchased and discounted	29,006,599	51,823,671
	11,906,402,965	10,128,826,833
Fixed assets including premises, furniture and fixtures	10,117,133	12,486,618
Other assets	1,762,010,293	33,747,176
Non - banking assets	-	-
Total assets	15,090,915,916	11,931,738,912
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other banks, financial institutions and agents	-	-
Deposits and other Accounts		
Al-wadeeah current and other deposits accounts, etc.	782,101,217	581,709,804
Bills payable	37,967,331	22,070,893
Mudaraba savings deposits	1,268,549,392	977,806,566
Mudaraba term deposits	11,773,908,852	9,291,824,084
	13,862,526,792	10,873,411,347
Other liabilities	1,228,389,124	1,058,327,565
Total liabilities	15,090,915,916	11,931,738,912
OFF- BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	109,270,212	208,225,192
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	109,270,212	208,225,192

Bank Asia Limited

Islamic Banking Unit Profit and Loss Statement

Annex G-2

for the year ended 31 December 2017

Amount in Taka

	31 Dec 2017	31 Dec 2016
Investment income	1,010,464,818	860,375,633
Profit paid on deposits, borrowings, etc.	580,866,862	531,649,278
Net investment income	429,597,956	328,726,355
Profit on Investment with bank and financial institutions	16,120,284	18,482,265
Commission, exchange and brokerage	63,761,541	51,120,743
Other operating income	8,728,324	7,357,858
Total operating income	518,208,105	405,687,221
Salaries and allowances	66,393,306	59,685,380
Rent, taxes, insurance, electricity, etc.	7,379,649	6,488,615
Legal expenses	29,500	23,450
Postage, stamp, telecommunication, etc.	393,047	673,966
Stationery, printing, advertisement, etc.	1,393,152	2,027,649
Depreciation and repair of Bank's assets	4,735,767	4,556,745
Other expenses	39,044,975	31,316,071
Total operating expenses	119,369,396	104,771,876
Profit before provision	398,838,709	300,915,345
Provision for investments		
General provision	29,630,329	59,246,759
Specific provision	(1,782,762)	(21,600)
	27,847,567	59,225,159
Provision for diminution in value of investments	1,092,702	-
Other provision	-	-
Total provision	28,940,269	59,225,159
Total profit before taxes	369,898,440	241,690,186

Bank Asia Limited Off-shore Banking Unit Balance Sheet

Annex H

as at 31 December 2017

	Notes	31 Dec 2017 USD	31 Dec 2017 Taka	31 Dec 2016 USD	31 Dec 2016 Taka
PROPERTY AND ASSETS					
Cash					
In hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-	-
Balance with other banks and financial institutions					
	3				
In Bangladesh		-	-	-	-
Outside Bangladesh		412,320	33,810,259	19,126,220	1,504,277,184
		412,320	33,810,259	19,126,220	1,504,277,184
Investments					
Government		-	-	-	-
Others		6,267,713	513,952,493	3,870,151	304,387,366
		6,267,713	513,952,493	3,870,151	304,387,366
Loans and advances					
	4				
Loans, cash credits, overdrafts, etc.		30,588,147	2,508,228,049	17,620,718	1,385,869,457
Bills purchased and discounted		154,233,088	12,647,113,199	80,887,600	6,361,809,747
		184,821,235	15,155,341,248	98,508,318	7,747,679,204
Fixed assets including premises, furniture and fixtures					
		-	-	-	-
Other assets					
	5	500,902	41,073,945	2,381,929	187,338,736
Non - banking assets					
		-	-	-	-
Total assets		<u>192,002,170</u>	<u>15,744,177,945</u>	<u>123,886,618</u>	<u>9,743,682,490</u>
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents					
	6	188,086,318	15,423,078,092	120,468,199	9,474,823,844
Deposits and other accounts					
	7				
Current deposits		3,635,464	298,108,075	3,209,540	252,430,353
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed deposits		269,782	22,122,157	176,647	13,893,283
Bearer certificate of deposit		-	-	-	-
		3,905,247	320,230,232	3,386,187	266,323,636
Other liabilities					
	8	10,605	869,621	32,232	2,535,010
Total liabilities		<u>192,002,170</u>	<u>15,744,177,945</u>	<u>123,886,618</u>	<u>9,743,682,490</u>
OFF- BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements	9	381,633	31,293,906	834,100	65,601,965
Letters of guarantee		-	-	-	-
Irrevocable letters of credit	10	235,824	19,337,568	944,150	74,257,398
Bills for collection	11	75,902	6,223,986	489,378	38,489,591
Other contingent liabilities		-	-	-	-
Other Commitments		-	-	-	-
Total Off-Balance Sheet items including contingent liabilities		<u>693,359</u>	<u>56,855,460</u>	<u>2,267,628</u>	<u>178,348,954</u>

Bank Asia Limited

Off-shore Banking Unit Profit and Loss Statement

Annex H-1

for the year ended 31 December 2017

	Notes	31 Dec 2017 USD	31 Dec 2017 Taka	31 Dec 2016 USD	31 Dec 2016 Taka
Interest income	12	7,587,107	610,079,291	7,335,962	573,549,958
Interest paid on deposits and borrowings, etc.	13	5,209,290	418,878,994	5,240,150	409,692,362
Net interest/net profit on investments		2,377,817	191,200,297	2,095,812	163,857,596
Investment Income		-	-	-	-
Commission, exchange and brokerage	14	125,948	10,127,463	93,691	7,325,078
Other operating income	15	339,252	27,279,238	241,929	18,914,853
Total operating income (A)		2,843,017	228,606,998	2,431,433	190,097,527
Rent, taxes, insurance, electricity, etc.		3,073	247,135	1,808	141,356
Postage, stamp, telecommunication, etc.		9,640	775,147	6,679	522,209
Stationery, printing, advertisements, etc.		1,380	110,926	542	42,406
Depreciation and repair of Bank's assets		-	-	-	-
Other expenses		156,183	12,558,669	124,030	9,697,108
Total operating expenses (B)		170,276	13,691,877	133,060	10,403,079
Profit before provision (C=A-B)		2,672,741	214,915,121	2,298,373	179,694,448
Provision for loans and advances					
General provision		921,236	74,076,620	(124,623)	(9,743,441)
Specific provision		-	-	-	-
		921,236	74,076,620	(124,623)	(9,743,441)
Provision for off-balance sheet items		(14,885)	(1,196,935)	6,283	491,260
Provision for diminution in value of investments		-	-	-	-
Other provision		-	-	-	-
Total provision (D)		906,351	72,879,685	(118,340)	(9,252,181)
Total profit/(loss) (C-D)		1,766,390	142,035,436	2,416,712	188,946,629

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

as at and for the year ended 31 December 2017

1 Status of the unit

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

2 Significant accounting policies and basis of preparations

2.1 Basis of preparation

The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the Off-shore Banking Unit (OBU). The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14 dated 25 June 2003, Bangladesh Bank BCD Circular No. (P) 744(27), dated 17 December, 1985, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs) and other rules and regulations where necessary.

2.2 Foreign currency

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

2.3 Loans and advances

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

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

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

2.4 General

Assets and liabilities have been translated into Taka currency @USD 1 = BDT 82.00 (2016 : BDT 78.65). Income and expenses are translated at an average rate @ USD 1 = BDT 80.41 (2016 : BDT 78.18). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 82.70.

	31 Dec 2017 USD	31 Dec 2017 Taka	31 Dec 2016 USD	31 Dec 2016 Taka
3 Balance with other banks and financial institutions				
In Bangladesh	-	-	-	-
Outside Bangladesh				
Commerzbank A.G, Frankfurt	30,083	2,466,829	364	28,626
Habib American Bank, New York	382,232	31,342,999	19,125,851	1,504,248,145
Sonali Bank (UK) Limited, London	5	431	5	413
	<u>412,320</u>	<u>33,810,259</u>	<u>19,126,220</u>	<u>1,504,277,184</u>
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)	30,588,147	2,508,228,049	17,620,718	1,385,869,457
Bills purchased and discounted (Note 4.2)	154,233,088	12,647,113,199	80,887,600	6,361,809,747
	<u>184,821,235</u>	<u>15,155,341,248</u>	<u>98,508,318</u>	<u>7,747,679,204</u>

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

	31 Dec 2017 USD	31 Dec 2017 Taka	31 Dec 2016 USD	31 Dec 2016 Taka
4.1 Loans, cash credit, overdrafts etc.				
Term loan industrial	29,727,216	2,437,631,698	17,042,542	1,340,395,933
Term loan others	119,630	9,809,619	183,972	14,469,361
Loan against trust receipts	488,918	40,091,298	195,873	15,405,423
Packing credit	-	-	97,081	7,635,428
Demand loan	252,383	20,695,434	101,250	7,963,312
	<u>30,588,147</u>	<u>2,508,228,049</u>	<u>17,620,718</u>	<u>1,385,869,457</u>
4.2 Bills purchased and discounted				
Payable in Bangladesh	154,233,088	12,647,113,199	80,887,600	6,361,809,747
Payable outside Bangladesh	-	-	-	-
	<u>154,233,088</u>	<u>12,647,113,199</u>	<u>80,887,600</u>	<u>6,361,809,747</u>
5 Other assets				
Branch adjustment account	169,698	13,915,217	2,332,643	183,462,408
Prepaid expenses	331,204	27,158,728	49,286	3,876,328
	<u>500,902</u>	<u>41,073,945</u>	<u>2,381,929</u>	<u>187,338,736</u>
6 Borrowings from other banks, financial institutions and agents				
Borrowing from other banks (Note 6.1)	135,164,761	11,083,510,402	90,468,199	7,115,323,844
Borrowing from corporate office, Dhaka	7,368,398	604,208,628	-	-
Borrowing - ECA	5,553,159	455,359,062	-	-
Borrowing from IFC	40,000,000	3,280,000,000	30,000,000	2,359,500,000
	<u>188,086,318</u>	<u>15,423,078,092</u>	<u>120,468,199</u>	<u>9,474,823,844</u>
6.1 Borrowing from other banks				
Standard Chartered Bank, Singapore	32,500,000	2,665,000,000	16,097,801	1,266,092,049
Bank Of Tokyo-Mitsubishi	20,000,000	1,640,000,000	-	-
National Bank of Ras Al Khaimah	18,700,000	1,533,400,000	18,000,000	1,415,700,000
United Bank Limited, UAE	17,700,000	1,451,400,000	10,578,000	831,959,700
First Gulf Bank	10,000,000	820,000,000	13,524,000	1,063,662,600
ICICI Bank Limited, Hong Kong	10,000,000	820,000,000	-	-
Bank Muscat SAOG	7,000,000	574,000,000	-	-
Nepal Bangladesh Bank Limited	5,000,000	410,000,000	5,000,000	393,250,000
Commercial Bank of Ceylon	5,000,000	410,000,000	-	-
HDFC, Gift City, Mumbai	5,000,000	410,000,000	-	-
Noor Islami Bank, Dubai, UAE	3,000,000	246,000,000	-	-
KBC Bank, Brussels	1,264,761	103,710,402	-	-
ICICI Bank Limited, Dubai	-	-	6,000,000	471,900,000
CaixaBank	-	-	20,000,000	1,573,000,000
Commerzbank	-	-	1,268,398	99,759,495
	<u>135,164,761</u>	<u>11,083,510,402</u>	<u>90,468,199</u>	<u>7,115,323,844</u>
7 Deposits and other accounts				
Customer deposits and other accounts (Note 7.1)	<u>3,905,247</u>	<u>320,230,232</u>	<u>3,386,187</u>	<u>266,323,636</u>
7.1 Customer deposits and other accounts				
Foreign currency (Current)	2,367,484	194,133,656	1,963,728	154,447,242
Other demand deposits(Current)	1,267,981	103,974,419	1,245,812	97,983,111
Fixed deposit	269,782	22,122,157	176,647	13,893,283
	<u>3,905,247</u>	<u>320,230,232</u>	<u>3,386,187</u>	<u>266,323,636</u>

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

	31 Dec 2017 USD	31 Dec 2017 Taka	31 Dec 2016 USD	31 Dec 2016 Taka
8 Other liabilities				
Provision for loans and advances	903,373	74,076,620	(123,884)	(9,743,441)
Provision for off balance sheet items	(14,597)	(1,196,935)	6,246	491,260
Due to Head Office	(888,777)	(72,879,685)	117,637	9,252,181
Commission payable	-	-	1,474	115,899
Accrued expense payable	-	-	30,758	2,419,111
FDR on Export Bill	10,605	869,621		
	<u>10,605</u>	<u>869,621</u>	<u>32,232</u>	<u>2,535,010</u>
9 Acceptances and endorsements				
Letters of credit (Back to Back)	381,633	31,293,906	834,100	65,601,965
Letters of credit (Acceptances)	-	-	-	-
	<u>381,633</u>	<u>31,293,906</u>	<u>834,100</u>	<u>65,601,965</u>
10 Irrevocable letters of credit				
Letters of credit (Back to Back)	89,559	7,343,838	384,652	30,252,880
Letters of credit (cash)	146,265	11,993,730	559,498	44,004,518
	<u>235,824</u>	<u>19,337,568</u>	<u>944,150</u>	<u>74,257,398</u>
11 Bills for collection	<u>75,902</u>	<u>6,223,986</u>	<u>489,378</u>	<u>38,489,591</u>
12 Interest income				
Demand loan	5,255	422,565	2,541	198,644
Packing credit	1,418	114,027	2,817	220,239
Loan against trust receipt	19,206	1,544,325	18,612	1,455,111
Payment against documents	15	1,245	222	17,332
Term loan -industrial	1,012,772	81,436,983	988,715	77,301,066
Term loan -others	8,181	657,808	435,377	34,039,190
Foreign bill purchased	6,499,757	522,645,464	5,876,137	459,415,953
Lease finance	-	-	11,542	902,423
Interest on placement with other banks	40,503	3,256,874	-	-
	<u>7,587,107</u>	<u>610,079,291</u>	<u>7,335,962</u>	<u>573,549,958</u>
13 Interest paid on deposits and borrowings etc.				
Interest on deposit	5,980.31	480,877	140,946	11,019,630
Interest on borrowings	5,203,310	418,398,117	5,099,204	398,672,732
	<u>5,209,290</u>	<u>418,878,994</u>	<u>5,240,150</u>	<u>409,692,362</u>
14 Commission, exchange and brokerage				
Commission on L/C	39,509	3,176,934	64,528	5,045,030
Commission on export	6,649	534,646	6,787	530,630
Commission on PO, DD, TT, TC, etc	10,000	804,090	6,943	542,827
Foreign exchange gain and charges	67,343	5,415,030	15,089	1,179,696
Fees and commission	2,447	196,763	344	26,895
	<u>125,948</u>	<u>10,127,463</u>	<u>93,691</u>	<u>7,325,078</u>
15 Other operating income				
SWIFT charge recovery	10,818	869,904	15,800	1,235,335
Other	328,433	26,409,334	226,129	17,679,518
	<u>339,252</u>	<u>27,279,238</u>	<u>241,929</u>	<u>18,914,853</u>

Bank Asia Limited

Statement of outstanding unreconciled entries (nostro account)

as at 31 December 2017

Annex I

Amount in USD

Sl. no.	Period of unreconciliation	As per local book				As per correspondents' book			
		Debit entries		Credit entries		Debit entries		Credit entries	
		No.	USD	No.	USD	No.	USD	No.	USD
1	Upto 3 months	37	7	261	15	14	90	323	4
2	More than 3 months but less than 6 months	-	-	-	-	-	-	-	-
3	More than 6 months but less than 9 months	-	-	-	-	-	-	-	-
4	More than 9 months but less than 12 months	-	-	-	-	-	-	-	-
5	More than 12 months	-	-	-	-	-	-	-	-
	Total	37	7	261	15	14	90	323	4

Bank Asia Limited

Reconciliation between Bangladesh Bank statement and Bank's book

as at 31 December 2017

The reconciling items relates to clearing of the following:

- Bangladesh Bank cheques
- Foreign currency demand drafts
- Government bonds, Sanchayapatra, etc

Local currency	As per Bangladesh Bank Statement	As per Bank's General ledger	Reconciling Difference
	BDT	BDT	BDT
Bangladesh Bank, Dhaka	14,086,690,768.51	14,449,038,172.17	(362,347,403.66)
Bangladesh Bank, Dhaka (Al-wadeeah current account)	657,449,340.79	657,449,340.79	-
Bangladesh Bank, Chittagong	61,890,758.52	61,893,378.52	(2,620.00)
Bangladesh Bank, Sylhet	4,741,757.11	6,866,664.61	(2,124,907.50)
Bangladesh Bank, Khulna	25,576,182.80	25,568,082.80	8,100.00
Bangladesh Bank, Rajshahi	6,017,029.25	6,017,029.25	-
Bangladesh Bank, Bogra	10,167,979.15	10,167,979.15	-
Bangladesh Bank, Barishal	4,501,097.73	4,501,097.73	-
Bangladesh Bank, Rangpur	7,979,564.94	7,979,564.94	-
Total	14,865,014,478.80	15,229,481,309.96	(364,466,831.16)

Bank credited but not debited by Bangladesh Bank
 Bank debited but not credited by Bangladesh Bank
 Bangladesh Bank credited but not debited by Bank
 Bangladesh Bank debited but not credited by Bank

2,512,286,491.11
(5,924,129,825.41)
5,406,301,528.60
(2,358,925,025.46)
(364,466,831.16)

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	3,358,679.26	1,295,693.56	101,906,298.49	2,062,985.70
Total	3,358,679.26	1,295,693.56	101,906,298.49	2,062,985.70

Bank credited but not debited by Bangladesh Bank
 Bank debited but not credited by Bangladesh Bank
 Bangladesh Bank credited but not debited by Bank
 Bangladesh Bank debited but not credited by Bank

5,830,209.85
(1,682,124.36)
305,540.00
(2,390,639.79)
2,062,985.70

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	GBP	GBP	BDT	GBP
GBP Clearing account	9,516.24	9,516.24	121,852.22	-
	9,516.24	9,516.24	121,852.22	-
Bank credited but not debited by Bangladesh Bank				-
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				-

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	EUR	EUR	BDT	EUR
EUR Clearing account	10,521.29	10,219.46	453,120.52	301.83
	10,521.29	10,219.46	453,120.52	301.83
Bank credited but not debited by Bangladesh Bank				301.83
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				301.83

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	JPY	JPY	BDT	JPY
JPY Clearing account	45,238.00	45,238.00	31,667.00	-
	45,238.00	45,238.00	31,667.00	-
Total (BDT)			15,331,994,248	

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

Particulars	Bank Asia Limited						Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated
	Inside Bangladesh			Outside Bangladesh			Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd	BA Express USA Inc.		
	Conventional Banking	Islamic Banking	Off-shore Banking unit	Total							
Interest income	14,791,030,750	1,010,464,818	610,079,291	16,411,574,859	298,115,773	-	-	-	(172,215,771)	16,537,474,861	
Interest paid on deposits and borrowings, etc	9,841,810,978	580,866,862	418,878,994	10,841,556,834	184,387,803	-	-	-	(172,215,771)	10,853,728,866	
Net interest income	4,949,219,772	429,597,956	191,200,297	5,570,018,025	113,727,970	-	-	-	-	5,683,745,995	
Investment income	2,519,270,975	16,120,284	-	2,535,391,259	-	-	-	-	-	2,535,391,259	
Commission, exchange and brokerage	3,045,927,284	63,761,541	10,127,463	3,119,816,288	176,746,029	20,402,724	29,819,242	-	-	3,346,784,283	
Other operating income	706,158,503	8,728,324	27,279,238	742,166,065	61,337,350	566,448	573,688	-	-	804,643,551	
Total operating income (A)	11,220,576,534	518,208,105	228,606,998	11,967,391,637	351,811,349	20,969,172	30,392,930	-	-	6,686,819,093	
Salaries and allowances	2,453,399,873	66,393,306	-	2,519,793,179	50,573,865	7,180,290	17,507,091	-	-	2,595,054,425	
Rent, taxes, insurance, electricity, etc	605,614,860	7,379,649	247,135	613,241,644	14,182,186	6,316,921	6,773,489	-	-	640,514,240	
Legal expenses	24,586,019	29,500	-	24,615,519	117,658	626,697	517,424	-	-	25,877,298	
Postage, stamp, telecommunication, etc	88,375,820	393,047	775,147	89,544,014	2,018,965	518,660	371,951	-	-	92,453,590	
Stationery, printing, advertisements, etc	95,901,164	1,393,152	110,926	97,405,242	1,014,073	449,141	1,298,010	-	-	100,166,466	
Managing Director's salary and fees	13,900,000	-	-	13,900,000	-	-	-	-	-	13,900,000	
Directors' fees	2,992,000	-	-	2,992,000	294,400	-	-	-	-	3,286,400	
Auditors' fees	952,100	-	-	952,100	95,833	619,282	1,439,369	-	-	3,106,584	
Depreciation and repairs of Bank's assets	455,184,676	4,735,767	-	459,920,443	822,184	1,722,413	1,590,784	-	-	464,055,824	
Other expenses	1,423,432,891	21,479,159	12,558,669	1,457,470,719	27,966,687	3,100,323	10,917,158	-	-	1,499,454,887	
Total operating expenses (B)	5,164,339,403	101,803,580	13,691,877	5,279,834,860	97,085,851	20,533,727	40,415,276	-	-	5,437,869,714	
Profit before provision (C=A-B)	6,056,237,131	416,404,525	214,915,121	6,687,556,777	254,725,498	435,445	(10,022,346)	-	-	6,932,695,374	
Provision:											
Provision for loans and advances/investments				2,406,649,018	105,000,000	-	-	-	-	2,511,649,018	
Provision for off-balance sheet items				223,379,000	-	-	-	-	-	223,379,000	
Provision for diminution in value of investments				-	906,056	-	-	-	-	906,056	
Profit before tax provision (C=A-B)				4,057,528,759	148,819,442	435,445	(10,022,346)	-	-	4,196,761,300	
Provision for taxation				2,010,000,000	74,671,957	-	-	-	-	2,084,671,957	
Profit after tax provision (C=A-B)				2,047,528,759	74,147,485	435,445	(10,022,346)	-	-	2,112,089,343	

Amount in Taka

Bank Asia Limited Segment Reporting

Annex K-1

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

Amount in Taka

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries				Inter company transaction	Consolidated
	Inside Bangladesh		Off-shore Banking unit	Total	In side Bangladesh		Outside Bangladesh			
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd	BA Express USA Inc.			
PROPERTY AND ASSETS										
Cash	17,231,088,442	699,186,475	-	17,930,274,917	5,742	2,727,856	200,258			17,933,208,773
Balance with other banks and financial institutions	29,566,502,080	2,699,050	33,810,259	29,603,011,389	336,215,384	54,274,321	99,426,462	(15,047,104)		30,077,880,452
Money at call and on short notice	-	-	-	-	-	-	-	-	-	-
Investments	26,321,365,926	710,500,000	513,952,493	27,545,818,419	599,531,872	-	-	-	-	28,145,350,291
Loans and advances/investments	170,442,394,543	11,906,402,965	15,155,341,248	197,504,138,756	5,074,106,215	-	-	(2,249,821,140)		200,328,423,831
Fixed assets including premises, furniture and fixtures	5,319,623,365	10,117,133	-	5,329,740,498	4,025,035	4,496,726	5,968,648	-	-	5,344,230,907
Other assets	9,280,574,535	1,762,010,293	41,073,945	11,083,658,773	286,992,354	5,749,700	91,434,840	(2,350,657,137)		9,117,178,530
Non - banking assets	-	-	-	-	-	-	-	-	-	-
Total assets	258,161,548,890	15,090,915,916	15,744,177,945	288,996,642,751	6,300,876,602	67,248,603	197,030,208	(4,615,525,381)		290,946,272,783
LIABILITIES AND CAPITAL										
Liabilities										
Borrowings from other banks, financial institutions and agents	14,845,233,962	-	15,423,078,092	30,268,312,053	2,447,067,334	-	-	(2,249,821,140)		30,465,558,247
Subordinated Non-Convertible Zero Coupon Bond	8,092,588,885	-	-	8,092,588,885	-	-	-	-	-	8,092,588,885
Deposits and other accounts	192,858,714,357	13,862,526,792	320,230,232	207,041,471,381	257,521,410	-	-	(15,047,104)		207,283,945,687
Other liabilities	21,680,416,564	1,228,389,124	869,621	22,539,776,869	1,590,527,614	90,837,514	188,485,773	(239,127,137)		24,170,500,633
Total liabilities	237,476,953,768	15,090,915,916	15,744,177,945	267,942,149,188	4,295,116,358	90,837,514	188,485,773	(2,503,995,381)		270,012,593,452
Total shareholders' equity	21,054,493,564	-	-	21,054,493,564	2,005,760,244	(23,588,911)	8,544,435	(2,111,530,000)		20,933,679,332
Total liabilities and shareholders' equity	258,531,447,330	15,090,915,916	15,744,177,945	288,996,642,751	6,300,876,603	67,248,603	197,030,208	(4,615,525,381)		290,946,272,783

Bank Asia Securities Limited



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

We have audited the accompanying financial statements of Bank Asia Securities Limited (the "Company") which comprise the Statement of Financial position as at 31 December 2017 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Company's Act 1994 & other applicable laws & regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

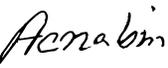
In our opinion, the Financial Statements present fairly, in all material respects, the Financial Position of Bank Asia Securities Limited as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) the Company's Act 1994 & other applicable laws & regulations.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by Bank Asia Securities Limited so far as it appeared from our examination of those books; and
- c) the company's statement of Financial Position and the Statement of profit and loss account and other comprehensive income dealt with by the report are in agreement with the books of account; and returns.

Dated, Dhaka
11 March 2018


ACNABIN
Chartered Accountants

Bank Asia Securities Limited

Statement of Financial Position

as at 31 December 2017

	Notes	31 Dec 2017	31 Dec 2016
<i>Amount in Taka</i>			
Non-Current Assets			
Property, plant and equipment	4	4,025,035	1,155,819
Demutualization membership of DSE	5	153,119,000	153,119,000
Total non-current assets		157,144,035	154,274,819
Current Assets			
Advances, deposits and prepayments	6	6,203,628	5,112,264
Investment in shares at cost	7	446,412,872	193,475,513.6
Margin loans	8	5,074,106,215	5,380,138,055
Accounts receivable	9	41,601,485	89,006,117
Advance income tax	10	239,187,240	153,368,661
Cash and cash equivalents	11	336,221,126	317,389,759
Total current assets		6,143,732,567	6,138,490,369
Total assets		6,300,876,602	6,292,765,188
Equity			
Share capital	12	2,000,000,000	2,000,000,000
Retained earnings/(Accumulated losses)	13	5,760,244	(68,387,241)
		2,005,760,244	1,931,612,759
Current Liabilities			
Customer deposits	14	257,521,411	336,518,761
Loans and borrowings	15	2,447,067,334	2,606,557,920
Accounts payable	16	1,543,954	15,226,451
Liability for expenses	17	21,199,321	15,642,970
Interest suspense account	18	890,799,214	890,799,214
Provision for diminution in value of investments	19	19,768,861	18,862,805
Provision for client margin loan	19.1	408,494,169	303,494,169
Provision for taxation	20	248,722,096	174,050,139
Total current liabilities		4,295,116,358	4,361,152,429
Total equity and liabilities		6,300,876,602	6,292,765,188

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


Chairman


Director


Chief Executive Officer

Dated, Dhaka
11 March 2018


ACNABIN
Chartered Accountants

Bank Asia Securities Limited

Statement of Comprehensive Income

for the year ended 31 December 2017

		<i>Amount in Taka</i>	
	Notes	31 Dec 2017	31 Dec 2016
Brokerage commission		176,746,029	103,998,719
Interest income	21	298,115,773	226,189,776
Interest expense	22	(184,387,803)	(6,989,416)
Net interest income		113,727,970	219,200,360
Other operating income/loss	23	61,337,350	35,212,218
Total operating income		351,811,348	358,411,297
Operating expenses	24	(97,085,851)	(75,582,114)
Profit before provision		254,725,498	282,829,183
Provision for diminution in value of investments	19	(906,056)	(11,619,793)
Provision for client margin loan	19.1	(105,000,000)	(100,000,000)
Profit / (Loss) before tax		148,819,442	171,209,390
Income tax expense	20	(74,671,957)	(57,042,600)
Profit/ (Loss) after tax		74,147,485	114,166,790
Other comprehensive income		-	-
Total comprehensive income/(loss)		74,147,485	114,166,790
Earnings per share		3.71	5.71

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


Chairman


Director


Chief Executive Officer

Dated, Dhaka
11 March 2018


ACNABIN
Chartered Accountants

Bank Asia Securities Limited Statement of Cash Flows

for the year ended 31 December 2017

	<i>Amount in Taka</i>	
	31 Dec 2017	31 Dec 2016
A. Cash flows from operating activities		
Cash received from		
Interest income	298,115,773	226,189,776
Brokerage commission	176,746,029	103,998,719
Cash payment to		
Interest expenses	(184,387,803)	(6,989,416)
Operating expenses	(90,707,317)	(69,315,732)
Customers' deposits	(78,997,350)	12,522,829
Margin loan to customers	367,369,189	143,345,920
Other assets	46,313,268	(85,021,780)
Accounts Payable	(13,682,497)	9,361,902
Income tax paid	(85,818,580)	(20,700,949)
Net cash flows from operating activities	434,950,712	313,391,270
B. Cash flows from investing activities		
Investment in listed securities	(252,937,358)	(127,044,843)
Acquisition of property, plant and equipment	(3,691,400)	(591,200)
Net cash flows from/(used in) investing activities	(256,628,758)	(127,636,043)
C. Cash flows from financing activities		
Loans and borrowings	(159,490,587)	(312,792,912)
Net cash (used in) from financing activities	(159,490,587)	(312,792,912)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	18,831,367	(127,037,685)
E. Opening cash and cash equivalents	317,389,759	444,427,444
F. Closing cash and cash equivalents	336,221,126	317,389,759

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


Chairman


Director


Chief Executive Officer

Dated, Dhaka
11 March 2018


ACNABIN
Chartered Accountants

Bank Asia Securities Limited Statement of Changes in Equity

for the year ended 31 December 2017

Particulars	Amount in Taka			
	Share capital	Share Premi- um	Retained earn- ings/ (Accumu- lated Losses)	Total
Year ended 31 Dec 2016				
Opening balance	2,000,000,000	-	(182,554,031)	1,817,445,969
Net profit for the year	-	-	114,166,790	114,166,790
Closing balance	2,000,000,000	-	(68,387,241)	1,931,612,759
Year ended 31 Dec 2017				
Opening balance	2,000,000,000	-	(68,387,241)	1,931,612,759
Net profit for the year	-	-	74,147,485	74,147,485
Closing balance	2,000,000,000	-	5,760,244	2,005,760,244

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



Chairman



Director



Chief Executive Officer

Dated, Dhaka
11 March 2018


ACNABIN
Chartered Accountants

Bank Asia Securities Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2017

1. Reporting entity

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

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

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentational currency

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

2.3 Use of estimates and judgments

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

3. Significant accounting policies

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

3.1 Interest income

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

3.2 income from brokerage commission

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

3.3 Statement of cash flows

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

3.4 Property, plant and equipment

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

Securities Limited

Notes to the Financial Statements

Subsequent costs

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

Depreciation

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

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

Details are given in Annexure-I.

3.5 Intangible assets

Computer software

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

Subsequent costs

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

Amortisation of intangible assets

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

	<i>Amount in Taka</i>	
	31 Dec 2017	31 Dec 2016

4. Property, plant and equipment

Opening balance	1,155,819	1,071,096
Add: Addition during the period	3,691,400	591,200
Less: Depreciation charge for the period	822,184	506,477
Closing balance	<u>4,025,035</u>	<u>1,155,819</u>

Details are given in Annex I.

5. Demutualization membership of DSE

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

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

Securities Limited

Notes to the Financial Statements

	31 Dec 2017	31 Dec 2016
6. Advances, deposits and prepayments		
Advance for Office Rent	3,965,848	4,142,174
Advance for DSE Nikunjo Office	850,000	850,000
Advance for Branch Office	607,780	120,090
Advance for Software	780,000	-
	<u>6,203,628</u>	<u>5,112,264</u>
7. Investment in shares (at cost) Details are given in Annex II.	<u>446,412,872</u>	<u>193,475,514</u>
8. Margin loans to customers		
Opening balance	5,380,138,055	5,488,271,756
Add: Interest charged during the period	281,039,739	204,549,913
	5,661,177,793	5,692,821,670
Less: Repayment of Margin Loan during the period	587,071,578	312,683,615
Closing balance	<u>5,074,106,215</u>	<u>5,380,138,055</u>
The Company extends margin loan facilities to customers for trading of shares on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio during the year based on directives issued by Bangladesh Securities and Exchange Commission.		
9. Accounts receivable		
Receivable from Dhaka Stock Exchange Ltd	35,450,823	80,004,542
Receivable from Bank Asia Limited	7,700	7,700
Receivable Dividend (Dealer)	6,142,962	3,513,875
Cheques in transit	-	5,480,000
	<u>41,601,485</u>	<u>89,006,117</u>
10. Advance income tax		
Opening balance	153,368,661	132,667,712
Tax deducted at source from brokerage commission	26,807,013	15,578,176
Tax deducted at source from dividend income	3,297,041	2,917,339
Advance Tax as per Section 64	54,000,000	-
Tax deducted at source from bank interest	1,714,525	2,205,434
	85,818,580	20,700,949
Closing balance	<u>239,187,240</u>	<u>153,368,661</u>
11. Cash and cash equivalents		
Cash in hand (note 11.1)	5,742	8,377
Bank balances (note 11.2)	336,215,384	317,381,382
	<u>336,221,126</u>	<u>317,389,759</u>
11.1 Cash in hand		
Head-office	<u>5,742</u>	<u>8,377</u>
11.2 Bank balances		
Bank Asia Limited (Consolidated Customer A/C)	13,629,526	13,165,020
Bank Asia Limited	1,210,395	126,065
Bank Asia Limited (IPO)	207,183	22,766,865
ONE Bank Limited (Consolidated Customer A/C)	2,645,788	2,172,998
ONE Bank Limited (Dealer)	623,996	2,508,691
NRB Bank Limited (Consolidated Customer A/C)	7,883	13,554,787
Midland Bank Limited (Consolidated Customer A/C)	317,890,609	263,080,795
Premier Bank Limited	-	6,158
NRB Global Bank Limited	4.03	4.03
	<u>336,215,384</u>	<u>317,381,382</u>

Securities Limited

Notes to the Financial Statements

	31 Dec 2017	31 Dec 2016	
12. Share capital			
Authorised capital : 20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000	
Issued, subscribed and paid up capital: 20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000	
The Company's shareholding position as at 31 December 2017 was as under:			
Name of shareholder	Number of shares	% of holding	Value/Taka
Bank Asia Limited	19,999,900	99.99778	1,999,990,000
Mr. Anisur Rahman Sinha	100	0.002222	10,000
	20,000,000	100	2,000,000,000
13. Retained earnings/(Accumulated losses)			
Opening balance	(68,387,241)		(182,554,031)
Less: Dividend	-		-
	(68,387,241)		(182,554,031)
Add: Total comprehensive income/(loss) during the period	74,147,485		114,166,790
Closing balance	5,760,244		(68,387,241)
14. Customer deposits	257,521,411		336,518,761
Customer deposits represent uninvested funds lying with the Company's account at the reporting date.			
15. Loans and borrowings			
Bank Asia Limited	2,249,821,140		2,450,004,404
Prime Bank Limited	197,246,194		156,553,517
	2,447,067,334		2,606,557,920
16. Accounts payable			
Payable for IPO Application Process	15,000		2,670,000
Dhaka Stock Exchange Ltd.	1,528,954		12,556,451
	1,543,954		15,226,451
17. Liabilities for expenses			
The amount represents provisions against operating expenses during the period.	21,199,321		15,642,970
18. Interest suspense account			
Opening balance	890,799,214		890,799,214
Add: Interest suspense during the year	-		-
Closing Balance	890,799,214		890,799,214
The amount represents interest income from loan accounts of the clients who have negative equity with Bank Asia Securities Limited during the year. The amount will be recognised as income when client equity become positive balance.			
19. Provision for diminution in value of investments			
Opening Balance	18,862,805		7,243,012
Add: Provision made during the year	906,056		11,619,793
Closing balance	19,768,861		18,862,805

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

Securities Limited

Notes to the Financial Statements

	31 Dec 2017	31 Dec 2016
19.1 Provision for Client Margin Loan		
Opening Balance	303,494,169	203,494,169
Add: Provision made during the year	<u>105,000,000</u>	<u>100,000,000</u>
Closing Balance	<u>408,494,169</u>	<u>303,494,169</u>
<p>This represents provision made as per BSEC directive to maintain at least 20% shortfall in negative equity against unrealised loss on margin loan extended to customer.</p>		
20. Provision for corporate income tax		
Opening balance	174,050,139	117,007,539
Add: Provision made during the period	<u>74,671,957</u>	<u>57,042,600</u>
Closing balance	<u>248,722,096</u>	<u>174,050,139</u>
21. Interest income		
Income from bank deposits	17,076,035	21,639,863
Income from margin loan	<u>281,039,739</u>	<u>204,549,913</u>
	<u>298,115,773</u>	<u>226,189,776</u>
22. Interest expense		
Interest on loan	<u>184,387,803</u>	<u>6,989,416</u>
23. Other operating income		
Others operating income (note 23.1)	68,768,400	40,172,498
Less: CDBL charges	<u>7,431,050</u>	<u>4,960,280</u>
	<u>61,337,350</u>	<u>35,212,218</u>
23.1 Others operating income		
BO account opening fees	537,500	192,500
Margin account renewal fees	650,000	822,000
Income from transfer/transmission/corporate action	636,334	461,611
Margin account opening fees	104,000	70,000
BO account maintenance fees	2,272,500	2,492,500
Other income	736,408	459,809
Dividend Income	19,239,328	17,855,034
Capital gain from investment in shares	<u>44,592,330</u>	<u>17,819,045</u>
	<u>68,768,400</u>	<u>40,172,498</u>

Securities Limited

Notes to the Financial Statements

	31 Dec 2017	31 Dec 2016
24. Operating expenses		
Audit fees	95,833	95,833
Bank charges	232,598	141,978
Bank guarantee commission	1,380,000	1,560,000
BO Maintenance	1,900,500	1,994,000
Business and promotional expenses	1,165,642	75,008
Cleaning expenses	525,953	496,424
Computer accessories	213,159	124,240
Conveyance	870,307	209,795
Depreciation	822,184	506,477
Directors' remuneration	294,400	230,000
Entertainment	1,415,779	812,742
Fuel and oil	262,570	250,015
Hawla charges	2,450	23,750
Insurance premium	156,308	125,991
Internet charges	1,326,414	1,148,590
Internship Allowance	120,000	-
Laga charges	13,376,397	7,764,826
License and renewal fees	1,750,069	550,583
Newspaper	177,489	83,591
Office rent	12,610,100	11,403,322
Others	49,375	41,483
Plantation	254,465	249,144
Postage and courier	33,101	33,836
Printing and stationery	1,014,073	479,644
Legal expenses	117,658	148,955
Repair and maintenance	1,980,936	508,923
Salaries and allowances	50,573,865	42,028,331
Telephone & Mobile Bill	659,450	615,288
Training Expenses	53,140	96,085
Transportation	6,600	-
Utilities	3,645,037	3,783,261
	<u>97,085,851</u>	<u>75,582,114</u>

25. Others

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

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

Bank Asia Securities Limited Schedule of Fixed Assets

as at 31 December 2017

Annexure-I

Amount in Taka

Particulars	Cost			Rate (%)	Depreciation			Written down value at 31 Dec 2017
	At 01 Jan 2017	Addition during the year	Adjustment/disposal		Total at 31 Dec 2017	Charge for the period	Adjustment on disposal	
Computer and accessories	6,511,782	3,039,350	-	20	5,882,596	542,954	-	3,125,582
Furniture and fixtures	2,925,265	-	-	20	2,919,564	1,900	-	3,801
Office equipment	5,716,451	652,050	-	20	5,481,261	155,668	-	731,573
Office renovation	7,628,789	-	-	20	7,594,167	34,622	-	-
Computer software	1,880,840	-	-	20	1,629,720	87,040	-	164,080
Total	24,663,127	3,691,400	-		23,507,308	822,184	-	4,025,035

Bank Asia Securities Limited Investment in shares

Annexure-II

as at 31 December 2017

Amount in Taka

SL No	Name of the company	Nature of shares	Types of shares	Face value	Number of shares including bonus	Cost of holdings	Average cost	Quoted value per share as at 31 Dec 2017	Total market value as at 31 Dec 2017
1	AAMRANET	Quoted	N	10.00	3,503	136,617	39.00	97.70	342,243
2	ACMELAB	Quoted	A	10.00	250,000	27,501,266	110.01	114.00	28,500,000
3	ACTIVEFINE	Quoted	A	10.00	300,000	10,510,442	35.03	35.20	10,560,000
4	AIBL1STIMF	Quoted	A	10.00	800,000	6,336,696	7.92	8.00	6,400,000
5	BGIC	Quoted	A	10.00	100,000	2,111,093	21.11	22.20	2,220,000
6	BSRMSTEEL	Quoted	A	10.00	500,000	48,815,037	97.63	78.50	39,250,000
7	CVOPRL	Quoted	B	10.00	5,100	1,518,556	297.76	207.00	1,055,700
8	FEKDIL	Quoted	A	10.00	862,500	21,142,444	24.51	19.50	16,818,750
9	GRAMEENS2	Quoted	A	10.00	745,000	10,797,308	14.49	15.50	11,547,500
10	IBNSINA	Quoted	A	10.00	49,513	11,774,182	237.80	244.40	12,100,977
11	IDLC	Quoted	A	10.00	395,000	32,367,249	81.94	85.30	33,693,500
12	IFADAUTOS	Quoted	A	10.00	238,100	28,038,186	117.76	126.00	30,000,600
13	IFIC1STMF	Quoted	A	10.00	1,000,000	6,519,994	6.52	6.10	6,100,000
14	KPCL	Quoted	A	10.00	520,000	39,634,465	76.22	58.50	30,420,000
15	LANKABAFIN	Quoted	A	10.00	205,000	7,546,870	36.81	47.80	9,799,000
16	LINDEBD	Quoted	A	10.00	2,800	3,704,063	1,322.88	1,284.70	3,597,160
17	LRGLOBMF1	Quoted	A	10.00	800,000	6,290,381	7.86	8.30	6,640,000
18	MJLBD	Quoted	A	10.00	500,000	59,374,064	118.75	109.10	54,550,000
19	NAHEEACP	Quoted	N	10.00	6,847	62,246	9.09	73.40	502,570
20	OIMEX	Quoted	N	10.00	6,481	64,810	10.00	65.20	422,561
21	ONEBANKLTD	Quoted	A	10.00	250,000	6,098,578	24.39	24.00	6,000,000
22	PADMAOIL	Quoted	A	10.00	20,000	5,341,341	267.07	239.00	4,780,000
23	RAKCEAMIC	Quoted	A	10.00	178,000	10,598,160	59.54	59.90	10,662,200
24	SHASHADNIM	Quoted	A	10.00	36,000	2,192,207	60.89	61.70	2,221,200
25	SOURPHARMA	Quoted	A	10.00	79,250	22,650,280	285.81	301.80	23,917,650
26	SUMITPOWER	Quoted	A	10.00	500,000	20,338,007	40.68	35.90	17,950,000
27	TRUSTB1MF	Quoted	A	10.00	1,220,000	8,100,749	6.64	6.70	8,174,000
28	UPGDCL	Quoted	A	10.00	150,000	25,594,180	170.63	181.10	27,165,000
29	ACFL	Unquoted	-	10.00	31,385	1,255,400	40.00	-	1,255,400
30	Energypac Limited	Unquoted	-	10.00	477,225	19,998,000	41.90	-	19,998,000
						446,412,872			426,644,011

BA EXCHANGE COMPANY (UK) LIMITED

FINANCIAL STATEMENTS

December 31, 2017

DIRECTORS	A Rouf Chowdhury Md. Arfan Ali Abm Kamrul Huda Azad
REGISTERED NUMBER	07314397
REGISTERED OFFICE	125 Whitechapel Road London E1 1DT
TRADING ADDRESS	125 Whitechapel Road London E1 1DT
INDEPENDENT AUDITORS	AGP Chartered Accountants & Registered Auditors Unit 8 Quebec Wharf 14 Thomas Road London E 14 7AF

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

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

BUSINESS REVIEW

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

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

PRINCIPAL RISK AND UNCERTAINTIES

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

Economic and political risk

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

Information technology risk

Information technology risk is recognised by the Company as one of the most significant corporate risk given the technological aspect of the business. The electronic transfer of money is dependent on IT including telecommunications and consequently the emerging markets telecommunications are a critical factor also. The company has appropriate policies and procedures in place to address technology challenges that may arise for the year ended 31 December 2017.

Interest and foreign exchange risks

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

Regulatory and legal risk

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

FINANCIAL KEY PERFORMANCE INDICATORS

The results for the Company show a pre-tax profit of £4,228 (2016- £939) for the year and turnover of £204K (2016-£175K)

OTHER KEY PERFORMANCE INDICATORS

Gross profit	88.8%	(2016: 90.5%)
Net profit	2.0%	(2016: 0.5%)
Net Assets	£215,618	(2016: £219,846)
Gross Assets	£614,696	(2016: £187,259)

This report was approved by the board on 26 March 2018 and signed on its behalf.

-sd-

A Rouf Chowdhury
Director

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

In preparing these financial statements, the directors are required to:

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

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

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,228 (2016 - £939).

The directors have not declared a dividend for the year.

The directors who served during the year were:

A Rouf Chowdhury
Md. Arfan Ali
Abm Kamrul Huda Azad

FUTURE DEVELOPMENTS

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

POST BALANCE SHEET EVENTS

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

AUDITORS

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

This report was approved by the board on 26 March 2018 and signed on its behalf.

-sd-

A Rouf Chowdhury

Director

Annual Integrated Report 2017

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

OPINION

We have audited the financial statements of BA Exchange Company (UK) Limited for the year ended 31 December 2017. The relevant financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice)

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibilities is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' report.

Forhad Ahmed FCA (Senior statutory auditor)
for and on behalf of

-sd-

AGP Consulting

Chartered Accountants and
Statutory Auditors
Unit 8 Quebec Wharf
14 Thomas Road
London
E14 7AF

26 March 2018

AGP Consulting is the trading name of AGP Accountants Ltd registered in England and Wales
(with a registered number 8975602)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	203,603	175,180
Cost of sales		(22,774)	(16,704)
GROSS PROFIT		180,829	158,476
Administrative expenses		(176,601)	(157,537)
Profit for the Financial Year		4,228	939

There were no recognised gain or losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016 :£ NIL)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	10	41,103	53,462
		41,103	53,462
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	52,556	41,503
Cash at bank and in hand	12	521,037	92,294
		573,593	133,797
Creditors: amounts falling due within one year	13	(830,314)	(407,105)
NET CURRENT LIABILITIES		(256,721)	(273,308)
TOTAL ASSET LESS CURRENT LIABILITIES		(215,618)	(219,846)
NET LIABILITIES		(215,618)	(219,846)
CAPITAL AND RESERVES			
Called up share capital	16	300,000	300,000
Profit and loss account	15	(515,618)	(519,846)
		(215,618)	(219,846)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2016	300,000	(520,785)	(220,785)
Profit for the year	-	939	939
AT 31 DECEMBER 2016	300,000	(519,846)	(219,846)
Profit for the year	-	4,228	4,228
AT 31 DECEMBER 2017	300,000	(515,618)	(215,618)

This report was approved by the board on 26 March 2018 and signed on its behalf.

-sd-

A Rouf Chowdhury

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The following principal accounting policies have been applied:

2.2 GOING CONCERN

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

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

Therefore the directors consider that the going concern basis is appropriate in respect of the financial statements for the year ended 31 December 2017.

2.3 REVENUE

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

Commission income

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

2.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis

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

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

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

2.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

2.6 Debtors

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

2.7 Cash and cash equivalents

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

2.8 Financial instrument

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

Financial assets that are measured at any cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

2.9 Creditors

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

2.10 Foreign currency translation

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

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

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

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

2.11 Taxation

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

4. TURNOVER

100% Turnover of the company for the year ended 31 December 2017 (2016- 100%) have arisen from within the United Kingdom.

	2017 (£)	2016 (£)
--	----------	----------

5. OPERATING PROFIT / (LOSS)

The operating profit/ (loss) is stated after charging:

Depreciation of tangible fixed assets	12,359	12,285
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	3,000	3,000
Other operating lease rentals	42,000	42,000

6. AUDITORS' REMUNERATION

Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements

	3,000	3,000
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All other services

	3,000	2,836
--	-------	-------

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows :

Wages and salaries	69,718	60,002
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The average monthly number of employees, including the directors, during the year was as follows :

Management	1	1
counter staff	5	3
	6	4

8. DIRECTORS' REMUNERATION

Directors' emoluments

	26,575	22,000
--	--------	--------

9. TAXATION

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2016- lower than) the standard rate of corporation tax in the UK of 19.25% (2016- 20%).

The difference are explained below :

Profit/ (loss) on ordinary activities before tax	4,228	939
--	-------	-----

Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016-20%)

	814	188
--	-----	-----

EFFECTS OF :

Unrelieved tax losses carried forward	(814)	(188)
---------------------------------------	-------	-------

TOTAL TAX CHARGE FOR THE YEAR

	-	-
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NOTES TO THE FINANCIAL STATEMENTS

	2017 (£)	2016 (£)
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FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company has tax losses of £461,400 (2016-£ 477,988) carried forward to relieve future trading profits, no deferred tax asset has been recognised due to the uncertainty of future taxable profits for offset.

10. TANGIBLE FIXED ASSETS

	S/Term Lease- hold Property £	Fixtures and fittings £	Total £
COST OR VALUATION			
At 1 January 2017	122,846	19,914	142,760
Additions	-	-	-
At 31 December 2017	122,846	19,914	142,760
DEPRICIATION			
At 1 January 2017	69,614	19,684	89,298
Charge for the year owned assets	12,284	75	12,359
At 31 December 2017	81,898	19,759	101,657
NET BOOK VALUE			
At 31 December 2017	40,948	155	41,103
At 31 December 2016	53,232	230	53,462

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

Short leasehold	40,949	53,232
	2017 £	2016 £

11. DEBTORS

Other debtors	51,835	32,852
Prepayments and accrued income	721	8,652
	52,556	41,504

12. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	521,037	92,294
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13. CREDITORS : Amounts falling due within one year

Trade creditors	764,009	348,892
Other taxation and social security	1,065	584
Other creditors	35,836	47,193
Accruals and deferred income	29,404	10,436
	830,314	407,105

14. FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Financial assets that are debt instruments measured at amortised cost	572,872	125,145
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FINANCIAL LIABILITIES

NOTES TO THE FINANCIAL STATEMENTS

	2017 (£)	2016 (£)
Financial liabilities measured at amortised cost	(829,251)	(406,521)
	<u>(829,251)</u>	<u>(406,521)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and others debtors.

Financial liabilities measured at amortised cost comprise trade creditors, others creditors and accruals for goods and services.

15. RESERVES

Profit and loss account

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

16. SHARE CAPITAL

Alloted, called up and fully paid

300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
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17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows :

Not later than 1 year	42,000	42,000
Later than 1 year and not later than 5 years	78,132	157,932
	<u>120,132</u>	<u>199,932</u>

The Company's operating lease expense is disclosed in Note 5 and the annual commitments under these arrangements are disclosed above. The annual rent is due for review in 2017 with the previous landlord was verbally agreed but this subsequently was not enforced and there was a change in landlord and the original lease amounts have been retained.

18. RELATED PARTY TRANSACTIONS

All of the company's remittances are routed through its parent entity Bank Asia Limited as part of the normal business cycles, these transactions are at arms length, these amounts have no transactional value and purely for settlement. All commission income is earned from the remitters. There is a position at the year end included in Trade Creditors of £764,009 (2016- £348,892)

19. CONTROLLING PARTY

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

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 (£)	2016 (£)
Turnover	203,603	175,180
Cost of sales	(22,774)	(16,704)
GROSS PROFIT	180,829	158,476
LESS : OVERHEADS		
Administration expenses	(176,601)	(157,537)
PROFIT/ (LOSS) FOR THE YEAR	4,228	939
Commission Income	181,006	132,302
Other income	5,500	6,000
F/X Gain (Loss)	17,097	36,878
	203,603	175,180
COST OF SALES		
Bank Charges	22,774	16,704

SCHEDULE TO THE DETAILED ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 (£)	2016 (£)
Administration Expenses		
Directors salaries	26,575	22,000
Staff salaries	43,143	38,002
Hotels, travel and subsistence	2,788	233
Printing and stationary	958	1,235
Postage	354	177
Telephone and fax	4,682	3,271
Computer costs		3,355
General office expenses	4,541	3,516
Advertising and promotion	3,403	661
Legal and professional	6,085	3,940
Auditor's remuneration	3,000	3,000
Auditor's remuneration -non-audit	3,013	2,836
Rent- Operating leases	42,000	42,000
Rates	15,807	13,867
Light and heat	2,827	3,015
Insurance	656	548
Repairs and maintenance	4,365	3,596
Depreciation -leasehold property	12,359	12,285
	<u>176,601</u>	<u>157,537</u>

BA EXPRESS USA INC.

FINANCIAL STATEMENTS

December 31, 2017

DIRECTORS

A Rouf Chowdhury, Chairman
Rumee A Hossain
Md. Arfan Ali

REGISTERED OFFICE

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

TRADING ADDRESS

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

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

INDEPENDENT AUDITORS

UNITED FINANCIAL CPA P.C.
Certified Public Accountants
122 East 42nd Street, Suite #2100
New York, NY 10168
Tel: (212)661-2315 Fax: (212)983-5276

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and
BA Express USA Inc.

We have audited the accompanying balance sheet of BA Express USA Inc. (a New York Corporation) as of December 31, 2017, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BA Express USA Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

-sd-

New York, New York
February 22, 2018

United Financial CPA PC
122 East 42nd Street, Suite #2100
New York, NY 10168
Tel: (212)661-2315 Fax: (212)983-5276

BALANCE SHEET

For the Year Ended *December 31, 2017*
(See accompanying auditor's report)

Assets	2017 (\$)
Current Assets:	
Cash in Bank (note D)	1,214,960
Accounts Receivable (note E)	1,060,507
Other Current Assets	19,700
Total Current Assets	2,295,167
Fixed assets, net (note F)	72,788
Organizational Costs, net (note F)	10,652
Security deposits (note I)	24,200
Total Fixed Assets	107,640
Total assets	2,402,807
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities :	
Remittance payable to Bank Asia Beneficiary	2,275,225
Accrued Taxes and other liabilities	19,181
Withholding Taxes	800
Total Current Liabilities	3,401
Total stockholder's equity	2,298,607
Total Liabilities & Stockholder's Equity	104,200
	2,402,807

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

-sd-

United Financial CPA PC
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STOCKHOLDER'S EQUITY

For the Year Ended *December 31, 2017*
(See accompanying auditor's report)

		2017 (\$)
Paid in Capital		960,000
Retained Earnings beginning of the year	(731,161)	
Net Income / (Loss) for the twelve months ended December 31, 2017.	(124,639)	
Retained Earnings at the end of Dec. 31, 2017		(855,800)
Total Stockholder's Equity		<u>104,200</u>

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

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended *December 31, 2017*
(See accompanying auditor's report)

		2017 (\$)
Revenue		
Agent Commission / Fees Income		284,028
FX Commission/ Gain		331,597
Other Income		500
Interest Income		6,634
Total revenue		<u>622,759</u>
Expenses		
General and Administrative expenses		
New York, office expenses		725,009
Depreciation and Amortization		20,660
Total		<u>745,669</u>
Operating income before taxes		(122,910)
Income Taxes		
NYS and NYC		(1,729)
Net Income (loss)		(124,639)
Retained Earnings at the beginning of the period		(731,161)
Retained Earnings at the end of the year		<u>(855,800)</u>

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

United Financial CPA PC
122 East 42nd Street, Suite #2100
New York, NY 10168
Tel: (212)661-2315 Fax: (212)983-5276

STATEMENT OF CASH FLOW

For the Year Ended *December 31, 2017*
(See accompanying auditor's report)

	2017 (\$)
Cash flow from operating activities :	
Net Income	(124,639)
Adjustments to reconcile net income to net cash Provided by (used in) operating activities :	
Depreciation	19,783
Amortization	877
Other Current Assets	(13,600)
Receivable from Agents	(342,949)
Due to parent bank	961,285
Due to beneficiary	19,181
Accrued taxes	(34)
Net cash provided by operating activities	<u>519,904</u>
Cash flow from investing activities:	
Furniture	(882)
Organizational Cost	219
Net Cash provided by investing activities	<u>(663)</u>
Cash flow from Financing Activities:	
Paid in Capital	<u>-</u>
Net increase (decrease) in cash	519,241
Cash at beginning of the period	695,937
Adjustment	(218)
Cash at the end of the year	<u><u>1,214,960</u></u>

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

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NOTES TO FINANCIAL STATEMENTS

For the Year Ended *December 31, 2017*

Note A. Nature of the Organization and reports

These financial statements are prepared to the best of the management's knowledge, belief and actual transactions as of December 31, 2017.

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

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

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

Related Party Transactions and Shareholders

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

The Company's principal Shareholder is :

	Owner	Related Party	Correspondent
Bank Asia Ltd	100%	Yes	Yes

Note B. Surety Bond / Collateral

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

Note C. Summary of significant Accounting Policies

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

Revenue is primarily derived from two sources

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

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

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS & CONCENTRATION OF CREDIT RISK

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

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

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

NOTE D. CASH BALANCE

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

	2017
Cash at Bank	531,218
Branch Funds	162,814
Restricted CD	520,928
Total	<u>1,214,960</u>

NOTE E. Accounts Receivable

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

	2017
Account Receivable	1,060,507
Total	<u>1,060,507</u>

NOTE F. Property, Furniture and Equipment

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

	2017
Furniture and Fixture	12,561
Equipment	17,472
Leasehold Improvements	102,098
Total	<u>132,131</u>
Less Accumulated Depreciation	(59,343)
Net Book Value	72,788
Company Organizational Costs :	12,917
Amortization	(2,265)
Net Book Value	<u>10,652</u>

Note I. Security Deposits

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

	2017
Rent Security Deposits	24,200

Board of Directors :

Mr. Abdur Rouf Chowdhury , Chairman

Md. Arfan Ali, Director

Mr. Rume A Hossain, Director

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