

annual integrated report 2019



leaving no one behind
to make the world sustainable

Bank Asia

annual integrated report

2019



LEAVING NO ONE BEHIND

Bangladesh is a classic story of phoenix rising from the ashes. As the 50th anniversary of the country is trading closer, it is on its way to become middle income country. Bank Asia, since its inception, has contributed towards economic development of the country. Presently, the Bank has established network of 128 Branches and 3,525 agent outlets across the country with the dream to serve the whole nation. We have very recently celebrated Bank's 20th anniversary, being one true companion of Bangladesh. Bank Asia is the pioneer of agent banking and has become a role model for financial inclusion in the banking industry of Bangladesh with the firm commitment to serve the marginalized people with technology driven innovative services, strong network and infrastructure. We think beyond profit and believe in building an inclusive community, hence we have undertaken many initiatives towards achieving Sustainable Development Goals. Bank Asia is an advocate of the philosophy of responsibly growing together 'for a better tomorrow', leaving no one behind. As a bank with the vision to reduce poverty in the country, we want to contribute to the society by providing financial emancipation to the unbanked, empowering communities through its services, creating opportunities of livelihood, pioneering equality in all fields and encouraging sustainable financing. And through the combined endeavor of all stakeholders, we will gradually move towards a sustainable world and a sustainable future without leaving no one behind.

MILESTONE

over the Year

Bank Asia has dedicated itself to ensure sustainable growth of the economy and its customers through innovative services and products to meet the financial needs of the current times for a better tomorrow.

1999

- Obtained Certificate of incorporation and Certificate of Commencement of business
- Obtained Banking License
- Inauguration of Bank

2001

Acquisition of Bangladesh operation of Nova Scotia of Canada

2002

Acquisition of Bangladesh operation of Muslim Commercial Bank (MCB) of Pakistan

2003

Started Online Banking Operations

2004

Listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE)

2011

- Started CTSU to facilitate Non-AD branches foreign trade operations
- Started operation of BA Exchange Company (UK) Ltd. In London

2010

Started CTSU to facilitate Non-AD branches foreign trade operations

2008

Started Islamic Banking Operation

2012

Ektee Bari Ektee Khamar (EBEK) initiated to serve the unbanked population

2013

- Awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting
- Agent banking started its operation for strengthening the ongoing financial inclusion program

2014

- Started operation of the 2nd overseas company in USA, BA Express USA Inc. at NY, USA
- Obtained registration of Bank Asia Foundation

2015

- Successfully issued of Tk. 3,000 million 7 year Non-convertible Subordinated Bond
- Country's first School Banking service started through Agent Banking outlet

2017

Issuance of Tk. 5,000 million 7 year Non-convertible Subordinated Bond-3

2016

- Unveiled the plaque of construction work of Bank Asia's own Building
- Introduced TAB based digital SME & Agri proposal processing service named DIGANTA OCAS (online credit approval system) for the first time in the banking industry
- Introduced A-Card (Agricultural Card) for first time in Bangladesh to facilitate marginal farmers to get agri-loan in card
- Inaugurates Bank Asia's own 6 storied Training Institute

2018

- Bank Asia Limited launched "SHADHIN" the first ever freelancer card in Bangladesh which will give the freelancer community freedom to bring in their earnings safely through a legal channel and retain 70% of their earnings in foreign currency (ERQ) account
- Bank Asia launched the country's first-ever complete banking services "RMG Digital Banking Booth" for garment workers on the garment factory premises of Echotex Ltd, for receiving their monthly salary through the digital channel
- Awarded 1st prize for 'Best Presented Annual Report 2017' in the ICAB National Award

2019

- For the first time Bank Asia has been awarded first prize by SAFA, ICAB and ICSB for Annual Integrated Report 2018
- Certified with ISO/IEC 27001:2013 for ensuring appropriate management of IT

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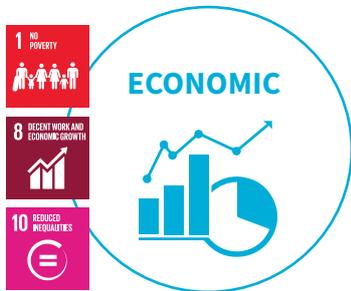


Bank Asia has been working relentlessly to align its operations with the SDG goals to build a better planet, to help the underprivileged section of the country, to deliver excellent value to its stakeholders and to ensure sustainable growth of the company. The following table illustrates the actions taken by Bank Asia with the objective of meeting the SDG goals.

- **168,000** beneficiaries under social safety net program
- **3,525** Agent outlets opened

- **Tk. 3,650.36** million agri credit disbursed to **71,458** farmers
- **Tk. 116.15** million spend for CSR

- **Tk. 441.89** million for Liquid waste management
- **Tk. 128.86** million for Green building



By creating employment Bank Asia tries to reduce poverty and inequality and ensures inclusive and sustainable economic growth



Through CSR activities and disbursing agricultural credit Bank Asia impacts on the lives positively



For a sustainable and green economy, Bank Asia is encouraging environment friendly investment

- **Tk. 29.51** million disbursed for Higher Studies Scholarship
- **90,594** man hours training provided

- **Tk. 40.71** million distributed for disaster management
- SMART APP, Integrated internet and Mobile banking solution

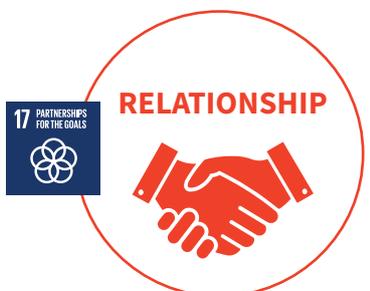
- Agreement with UN, UNDP, IFC, ADB, Bangladesh bank



To ensure inclusive & balanced society Bank Asia provides equal opportunity to its employees through proper training, workshop & other knowledge sharing activities



For a safe, resilient and sustainable environment Bank Asia introduced internet banking, cutting edge ICT and many other E- products.



For implementation of Sustainable Development Goals Bank Asia signs various agreements with both local & International bodies.

Prelude

Bank Asia is a story of relentless hard work, innovation, success and optimism. Since its advent in 1999, it has gone through metamorphosis to become one of the leading banks in the country by showing its commitment towards financial inclusion and aligning its vision with the Sustainable Development Goals. Bank Asia provides finances and banking services to all the segments of the society including the masses and marginalized people of the rural and the remotest parts of the country. We have worked unremittingly to serve the financially excluded segments of the society, especially through our unique Agent Banking channel. We are trying to reach every corner of the country with technology driven advanced banking facilities and have already established more than 3,500 agent outlets across 417 upazilas of 64 districts. We have also a plan to establish 100 Sub-branches in phases by 2020. We have set up the first ever RMG digital banking booth at the premise of the garment factory to serve the readymade garments workers marking a new era in the country's banking history. Bank Asia has also catered to the needs of the thrust industries- cottage, micro and small enterprises- to help them grow and flourish. Every year, Bank Asia illustrates a theme to symbolize its philosophy and the core value of doing business. This year our theme is 'Leaving No One Behind'. By taking banking services at the doorsteps of the underserved and the marginalized, we are trying to ensure responsible and sustainable progress by growing together for a better tomorrow. We are strongly committed to expand our business horizon across the country to ensure sustainable inclusive development for all segments of the society. With the collective effort of all stakeholders we are hopeful that we can reach the pinnacle of progress and sustainable growth.

Bank Asia has perpetually given priority to the dissemination of information to the stakeholders, be it positive or negative. Our persistent endeavor is to present accurate, true and fair description of the activities of the Bank in all areas of operation including futuristic approach. Disclosure on related party transactions, financial statements along with major policies and explanatory notes were elaborated to cater to the needs of stakeholders, researchers, regulatory bodies, international financiers etc. As part of the integrated report, a summary Sustainability Report has been included to portray Bank's impacts on economic, environmental, governance and social aspects.

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



Md. Arfan Ali
President and Managing Director

Our Approach to **INTEGRATED REPORT**

We've prepared the Integrated Report (IR) with the aim to portray how Bank Asia, as a financial institution, has excellently managed its business to deliver consistent value to its stakeholders.

Our IR gives a clear indication of:

- Our business model (pg. ref. 183) combining different types of capital in the short, medium and long term
- Strategic focus (pg. ref. 107)
- Resource allocation (pg. ref.107)
- Future outlook (pg. ref. 104-105)
- Financial, operational, environmental and social value creation activities (pg. ref. 108-109)
- Risk and opportunities through risk management disclosures (pg. ref. 118-131), Corporate Governance(pg. ref. 210-229), and Sustainable Banking (pg. ref. 156-195) initiatives

An Integrated Report (IR) is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term- it aims to cover a vast area of the business activities within the sustainability framework. Unlike Annual Report that merely deals with past information, IR reflects on how nonfinancial considerations have influenced on financial decisions as well as overall strategy of the business over a period of time.

As a responsible organization, we must effectively manage our resources and relationships to ensure attractive returns on our investment over the long term. We have also tried to keep this report succinct, consistent and complete, including all material matters, both positive and negative in a fair way and without material inaccuracy. Since inception, Bank Asia has been directed with the vision of making a poverty free Bangladesh. Our mission, goals are set based on the vision and we are continuously pursuing the well-being of the people. Keeping this in mind, we are expanding the base of our sustainability business framework through contributing in building the society, strengthening governance issues, creating value for our shareholders and complying with environmental issues.

Scope, Boundaries & Comparability of this Report

Our IR covers the period from January 01, 2019 to December 31, 2019 by following the guidelines of Integrated Report issued by the Institute of Chartered Accountants of Bangladesh(ICAB) referred to as the 'Integrated Reporting Checklist' which is in congruence with the Integrated Reporting Framework prototype issued by the International Integrated Reporting Council(IIRC)and concerns the operations of Bank Asia Limited and its subsidiaries. There is no significant change regarding scope, boundary and reporting basis.The data & information presented in this report is on the same basis as the 2018 in terms of measurement methods, explanation of any restatement of information, time frames and entities.

Welcome to Bank Asia's Annual Integrated Report 2019.We are pleased to present our seventh Integrated Report in accordance with the International Framework of the International Integrated Reporting Council (IIRC)

Standards and Principles

- **Integrated Reporting**
 - International Framework of the International Integrated Reporting Council (IIRC)
- **Governance, Risk management and operations**
 - Bank Companies Act (Amendment) 2018
 - BSEC Ordinance 1969
 - Corporate Governance Code by BSEC in 2018
 - Bangladesh Bank's guideline
 - DSE & CSE Listing Rules
- **Financial Reporting**
 - International Financial Reporting Standards
 - International Accounting Standards
 - UK Accounting Standard
 - Generally Accepted Accounting Principle
- **Sustainability Reporting**
 - In accordance with the GRI Standards
 - United Nations Sustainable Development Goals
- **Additional Reporting**
 - International Standards on Auditing (ISAs)
 - The Income Tax Ordinance 1984
 - The Income Tax Rules 1984
 - Relevant rules and regulations of Bangladesh Bank (The Central Bank)
 - Vat Act 2012 by NBR
 - Other applicable rules and regulations of the land

Integrated Reporting And Guiding Principles



External Assurance

For maintaining proper transparency Bank Asia Ltd. has always obtained external assurance on the following reports:

 <p>Financial Assurance</p>	 <p>Corporate Governance</p>
<ul style="list-style-type: none"> • Financial Statement Audit Report ACNABIN • Gratuity Fund Financial Audit S F Ahmed • Provident Fund Financial Audit S F Ahmed • Investment(Bond) Surveillance Rating-CRISL & CRAB 	<ul style="list-style-type: none"> • Corporate Governance Certification Podder & Associates
<ul style="list-style-type: none"> • Entity / Credit Rating CRAB • Superannuation Fund Audit S F Ahmed • Risk Management Assurance Bangladesh Bank • Benevolent Fund Audit S F Ahmed • Cash Incentive (ID) ACNABIN Howlader Unus & co 	 <p>Information Technology</p> <ul style="list-style-type: none"> • ISO Certificate British Standard Institute (BSI)

Materiality of the Report

It is crucial for an organization to identify what should be the vital priorities of the company and its internal and external stakeholders, so that it can delineate its key triple bottom line keeping the short, medium and long term aspirations in mind. This is done through materiality analysis that gives Bank Asia an edge by developing strategies focusing on our fundamental priorities to facilitate our operational activities, embolden our goal-oriented performance, vitalize our sustainability framework and institutionalize our corporate governance philosophy for both internal and external stakeholders. We believe that the following are important for the success of the company as well as for the society:

- Promoting financial inclusion
- Efficient use of energy consumption to support the transition to a low carbon economy
- Generating value for clients through sustainable and innovative solutions
- Being a Responsible Employer through nurturing Human capital and ensuring talent management
- Product diversification to optimize financial performance
- Green Financing, Sustainable Financing
- Risk Analysis and integrated strategy backed business model

Availability of the Report

Prior to holding the AGM (as per notice of the AGM) copy of the AIR is sent to all the shareholders (soft copy as per CDBL record as on record date and printed copy send to regulators, Directors & Sponsors, hand delivery from share department and AGM venue). For extended use of the AIR 2019

www.bankasia-bd.com



Awards and Recognition



Mr. Md. Arfan Ali, Honorable President and Managing Director of Bank Asia Limited receiving the 1st prize from Mr. Tipu Munshi, MP, Hon'ble Minister, Ministry of commerce, GOB under SAARC Anniversary Award for Corporate Governance Disclosures



2019

- Bank Asia Limited has been awarded SAFA Best presented Annual Report Awards ,1st runner up under the category: Private sector banks (including co-operative banks)
- Bank Asia was awarded as winner under SAARC Anniversary Award for Corporate Governance Disclosures category.
- Bank Asia has received 1st prize in the 19th ICAB National Award for Best Presented Annual Reports under private sector banks category.
- Bank Asia became winner of 6th ICSB National Awards for Corporate Governance Excellence, 2018
- Bank Asia achieved 2nd position under Corporate Governance Disclosures in the 19th ICAB National Award for best presented Annual Reports
- Bank Asia was awarded 3rd prize under Integrated Reporting category from the Institute of Chartered Accountants of Bangladesh (ICAB)
- Bank Asia has been granted 'Gold Rank' in Asia Sustainability reporting Rating 2019 by NCSR (National Centre for Sustainability Reporting) and ICSP (Institute of Certified sustainability Practitioners in Indonesia for sustainability report 2018.
- Bank Asia has been crowned the Best Innovation Award – Financial Sector in the competition of 'Bangladesh Business Innovation Award 2019' organized by Bangladesh Brand Forum, recognizing the bank's outstanding contribution for business model innovation to accelerate financial inclusion in Bangladesh.

2018

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





Mission

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

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

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

Vision

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

Core Values

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

CODE OF CONDUCT

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

GOALS

Sustainable Growth

Synergies between new knowledge and human capital for sustainable economic growth

Capital Stewardship

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

Accelerating Financial Inclusion

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

Differentiating Value Added Services

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

Going Green

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

Leader in Business

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

Bank Asia at a Glance

A Dream Comes True

Bank Asia started its journey on November 27, 1999 with a view to providing the best quality technology driven services in banking sector. Since inception it has been able to cover major parts of the country by extending and expanding its network by opening of branches, agent banking outlets etc. The Bank started its Islamic banking operation in 2008. It established the 1st subsidiary company 'Bank Asia Securities Limited' on March 16, 2011, then 'BA Exchange Company (UK) Limited' in London, United Kingdom on May, 2011 and 'BA Express USA Inc.' in Jamaica, New York, USA on June 01, 2014. At present Bank Asia has 128 Branches, 5 Islamic Windows, 4 SME Service Centers, 1 Off-shore Banking Unit and 3 Subsidiaries. With an aim to serve the unbanked people, Bank Asia is now operating ABAK (AmarBari Amar Khamar) banking services in 31 districts having 222 upazilas and 1.2 million beneficiaries. The Bank has implemented 3,525 agent banking outlets in 64 districts to provide banking services to geographically dispersed rural poor segment of the society.

Faithful and Efficient Workforce

Bank Asia has the right blending of talented youth and experienced senior workforce which is truly efficient and dynamic. Mr. Md. Arfan Ali who has more than 27 (twenty seven) years' of multifarious experience in banking profession leads the team from the forefront as President and Managing Director. At the end of 2019, the bank has 2,376 employees including 396 executives and 1,980 officers to serve its clients across the country. Bank Asia provides a work friendly elegant environment to its employees. Its unique reward and

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

Giving Back to the under Privileged & Concern to Ecology

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

Eagerness for High-Tech Solution

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

Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) awarded Bank Asia Limited 'AA2' in the Long Term and 'ST-2' rating in the Short Term based on the financials of 2018 will remain valid upto June 30, 2020.

Accolades & Recognition

Bank Asia was awarded several times by the national and international reputed organizations. The Bank has been awarded as winner under SAARC Anniversary Award for Corporate Governance Disclosures category and SAFA Best presented Annual Report Awards, 1st runner up under the category: Private sector banks. Besides the Bank also received 1st prize in the 19th ICAB National Award for Best Presented Annual Reports under private sector banks category and also became winner of the 6th ICSB National Awards for Corporate Governance Excellence, 2018. Moreover, it also achieved third prize under Integrated Reporting category from the Institute of Chartered Accountants of Bangladesh (ICAB).

For Sustainability Report 2018, the Bank has achieved "GOLD RANK" – Asia Sustainability Reporting Rating (ASR) 2019 in the 15th Sustainability Reporting Awards (SRA) 2019 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Indonesia.

Business Ethics

Business Principle

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

Human Worth

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

Human Capital

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

Health, Safety and Working Environment

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

Confidentiality

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

Protection of Personal Data

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

Intellectual Property

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

Nature and the Environment

Bank Asia is very much aware regarding environmental protection, by minimizing environmental damages and by developing, promoting and utilizing environment friendly technology.

Information that may affect the Share Price

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

Accounting

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

Competition

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

Corruption and Bribery

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

Money Laundering

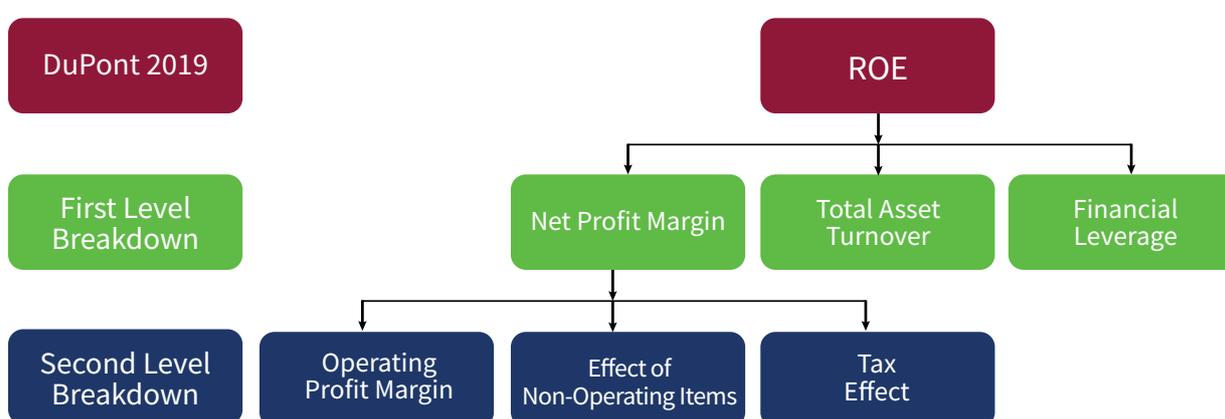
Bank Asia is firmly opposed to all forms of money laundering and shall take steps to prevent its financial transactions from being used by others to launder money.

Political Activity

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

DuPont Analysis-5 Factors Model

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



Particulars	2019	2018	2017
ROE	8.16%	10.21%	10.21%
Net Profit Margin	6.42%	8.35%	8.98%
Total Asset Turnover	0.0924	0.0910	0.0841
Financial Leverage	13.7483	13.4315	13.5234
Operating Profit Margin	30.53%	29.71%	29.32%
Effect of Non-operating Items	0.4206	0.5727	0.6067
Tax Effect	0.5001	0.4909	0.5046

The higher the value of all components of DuPont analysis, the higher the positive impact on Return on Equity. Net profit margin consists of three important components namely operating profit margin, effects on non-operating items and tax effects as mentioned in second level break down. Operating profit margin of 2019 increased to 30.53% compared to that of 29.71% in 2018

Effects on non-operating items include loan loss and other provision which decreased to 0.4206 from 0.5727 for the increase of provision by 57%. Tax effect increased to 0.5001 from 0.4909. The combined effects of these three components

(increase of operating profit margin, decrease of effect of non-operating items and increase of tax effect) resulted in decrease of net profit margin to 6.42% in 2019 from 8.35% of last year.

Efficiency of utilization of assets as implied by average total assets turnover which was higher than previous year. Bank Asia's financial leverage slightly increased to 13.7483 from last year's 13.4315.

Corporate Structure



Million Taka

	2019 (Consolidated)	2019 (Solo)
Income Statement Matrix		
Operating Profit	9,429	9,322
Profit Before Tax	3,977	3,921
Profit After Tax	1,958	1,961
Balance Sheet Matrix		
Total Shareholders' Equity	24,587	24,745
Deposits	254,078	253,710
Loans and Advances	230,095	227,299
Investments	55,527	54,933
Fixed Assets	7,066	7,026
Total Assets	355,720	353,800
Capital Measure		
Capital to Risk Weighted Asset Ratio Basel-III	17.54%	17.93%
Share Information Matrix		
Earnings Per Share (Taka)	1.68	1.68
Net Asset Value Per Share (Taka)	21.09	21.22
Credit Quality Ratios		
Classified Loans	4.55%	4.61%
Profitability Ratio		
Return on Equity	8.20%	8.16%
Return on Assets	0.59%	0.59%

Corporate Information

Letter of intent received	24/02/1999
First meeting of promoters.....	15/04/1999
Certificate of incorporation received.....	28/09/1999
Certificate of commencement of business.....	28/09/1999
First meeting of board of directors held.....	01/10/1999
Banking license received.....	06/10/1999
First branch license received.....	31/10/1999
Inauguration of Bank.....	27/11/1999
Date of publication of prospectus.....	29/06/2003
Date of IPO subscription.....	23/09/2003, 24/09/2003
Date of first Share trading in bourse.....	08/01/2004
Date of agreement with CDBL.....	20/12/2005
Date of first scripless trading.....	30/01/2006
Number of promoters.....	22
Number of directors.....	15
Number of branches.....	124
Number of SME centers.....	4
Number of Islamic windows.....	5

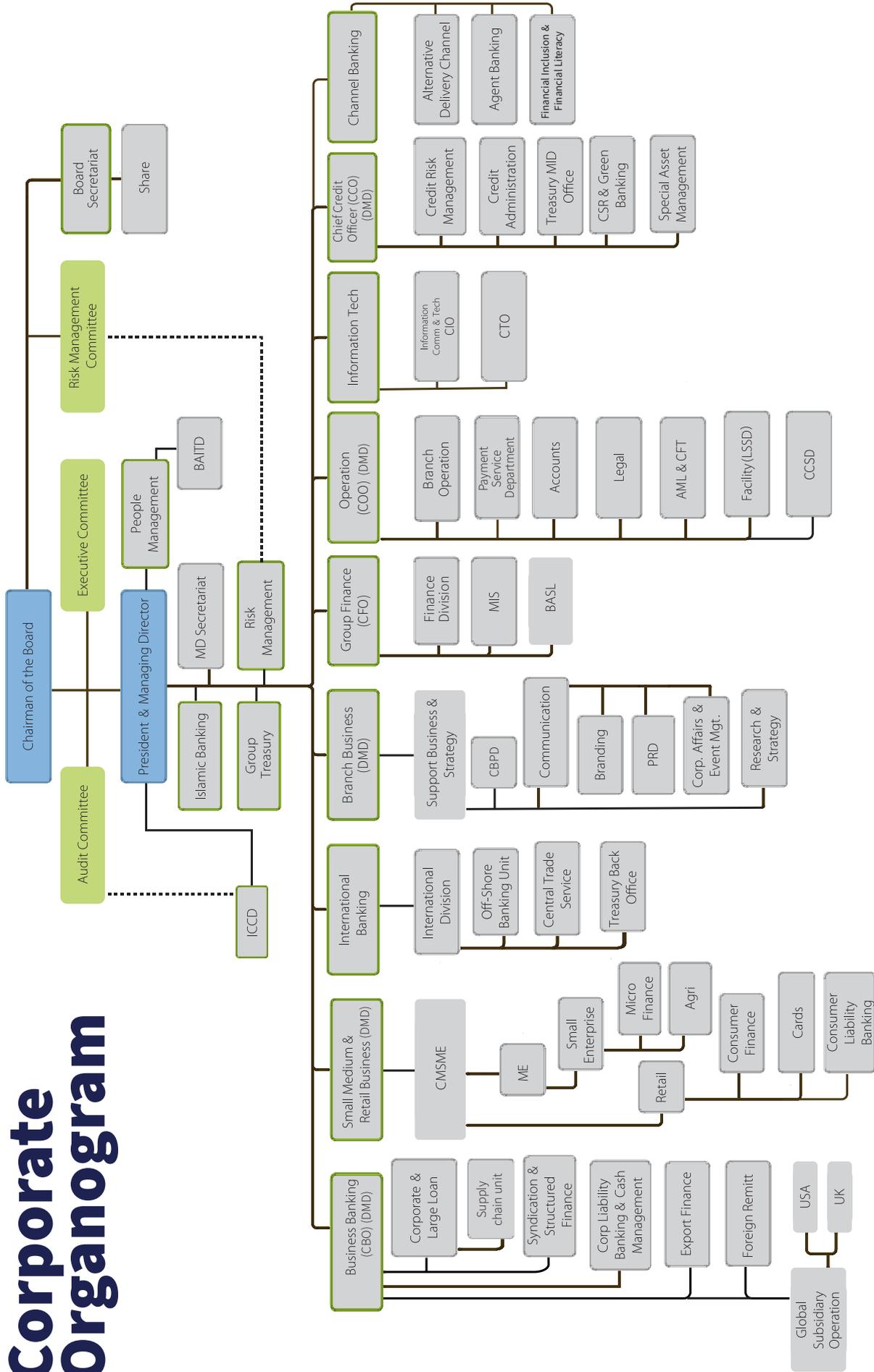
Auditors	ACNABIN Chartered Accountants BDBL Bhaban (Level-13) 12, Karwan Bazar Dhaka-1215
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Tax Advisors	S.F Ahmed & Co.(SFACO) Chartered Accountant and tax & Management Consultants House#51(3rd floor) Road # 9, Block # F Banani, Dhaka-1213
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Legal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



Board of Directors



**Standing
from left**

M.A. Baqui Khalily

Major General Mohammad Matiur Rahman (retd.)

**Sitting
from left**

M. Shahjahan Bhuiyan

Romana Rouf Chowdhury

Mohd. Safwan Choudhury

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



Enam Chowdhury

Md. Arfan Ali

Md. Abul Quasem

A. Rouf Chowdhury

Rumee A Hossain

Ashrafal Haq Chowdhury

DIRECTORS' PROFILE



A. Rouf Chowdhury
Chairman

Mr. A. Rouf Chowdhury is a graduate in Business Management from the Massachusetts Institute of Technology, USA. He has a wide range of experience in several industries including Automobile, Telecom, Pharmaceuticals and Petroleum. He was the Resident Manager of two American pharmaceutical companies in Bangladesh. Being in the senior management position in Jamuna Oil Company, he contributed for 15 years in the market development of petroleum products in Bangladesh. Both Rangs and Sea Resources Groups which are comprised of 35 companies were formed under his dynamic leadership. The huge success of the companies of the two groups during a short span of time substantiates his charismatic leadership and progressive mindset. Mr. Chowdhury also has his dynamic foothold in the print media; he is the Director of renowned English daily The Daily Star.



Mohd. Safwan Choudhury
Vice Chairman

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



Mr. Romo Rouf Chowdhury
Vice Chairman

Mr. Romo Rouf Chowdhury is one of the Sponsor Shareholders of Bank Asia Ltd. He is a graduate in Engineering from United Kingdom. He has more than 27 years of experience as an industrialist. He is one of the successful young entrepreneurs of the country. He holds directorship of various sister concerns of Rangs Group and Sea Fishers Group. Currently, he holds the position of Chairperson of Rancon Car Hubs Limited, Rancon Accessories Limited, Rancon Infrastructures and Engineering Limited and Rancon Hospitality Limited. He also holds the position of Managing Director of Rancon Motors Limited, Rancon Auto Industries Limited, Rancon Trucks & Buses Limited, Rancon Automobiles Limited, Rancon Agro Machineries Ltd., Rangs Properties Limited, Inspace Architects Limited, Rancon Electronics Limited, Rancon Industrial Solutions Ltd., Ranks ITT Limited, Ranks Telecom Limited, Softex Communication Limited and Rancon Oceana Limited.



Rume A Hossain
Director and Chairman of the Executive Committee

Mr. Rume A Hossain is one of the Sponsor Shareholders of Bank Asia Ltd. He is a graduate in Mechanical Engineering and an MBA in International Business Management. He has more than 26 years of business experience in several industries such as Electronics, Telecom, Pharmaceuticals, IT and Publishing. He is the Managing Director of Rangs Industries Ltd. (Distributor of Toshiba and Samsung) and Romask Ltd. Currently, he is the Chairman of Executive Committee of the Board of Bank Asia Ltd.

DIRECTORS' PROFILE



Hosneara Sinha

Director

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



Naheed Akhter Sinha

Director

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



M. Shahjahan Bhuiyan
Director

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



Romana Rouf Chowdhury
Director

Ms. Romana Rouf Chowdhury is one of the directors of Bank Asia Ltd. Ms. Romana Rouf Chowdhury is a Bachelor of Arts in English. She has been working for more than 28 years as an industrialist. She is one of the successful young entrepreneurs of the country. She holds directorship of various sister concerns of Rangas Group and Sea Fishers Group. Currently, she holds the position of Chairperson of Agro food Services Ltd. and Sea Natural Food Ltd. Ms. Chowdhury represents Maya Limited in the Board of Bank Asia Ltd.

DIRECTORS' PROFILE



Enam Chowdhury
Director

Mr. Enam Chowdhury did his B.Sc in Electronic Engineering Technology from DeVry Institute of Technology, Ohio, USA. He has more than 26 years of experience in Information Technology, particularly in banking and finance industry. After working with global financial and technology firms for several years in Australia, USA and Japan, he returned to Bangladesh in 2018. His experience includes working with Deutsche Bank, PwC and EDC. He represents Amiran Generations Ltd. in the Board of Bank Asia Ltd.



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

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



Farhana Haq
Director

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



Dilwar H Choudhury
Director

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

DIRECTORS' PROFILE



Ashraful Haq Chowdhury
Director

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



Md. Abul Quasem
Director

Mr. Md. Abul Quasem is one of the Independent Directors of Bank Asia Ltd. Mr. Quasem completed his B.S.S. (Hons) and M.S.S. in Economics in 1973 and 1974 respectively from University of Dhaka. He started his career with Bangladesh Bank, the Central Bank of Bangladesh, as Assistant Director in 1976 and concluded the same as Deputy Governor in 2016. During his about 40 years tenure with Bangladesh Bank, he performed responsibilities in many departments like Currency Management, Payment System, Accounts & Budgeting, Debt Management, Human Resources, SME & Special Programs, Agricultural Credit, Communications & Printing, Common Services, Investment Promotion & Financial Facility, Expenditure Management, Research, Statistics, Central Bank Strengthening Project (CBSP), Bangladesh Financial Intelligence Unit (BFIU), etc. Besides being a career central banker, Mr. Quasem held many important administrative positions like Observer in the Board of The City Bank Limited & Pubali Bank Limited, Chairman of the Executive Committee of Bangladesh Institute of Bank Management (BIBM), Director of Dhaka Stock Exchange Limited, Director of SME Foundation and Director of Security Printing Corporation (BD) Limited. While working in Bangladesh Bank, he attended many domestic/foreign training programs and seminars organized by different international organizations in various countries around the globe.



M.A. Baqui Khalily
Director

Mr. M. A. Baqui Khalily is one of the Independent Directors of Bank Asia Ltd. Mr. Khalily joined as a faculty member at the Department of Finance in the University of Dhaka in 1975 after completing his B.Com (Hons) and M.Com in Finance from University of Dhaka. He also obtained his M.Sc. and Ph.D. degrees with major in Finance and Development in 1987 and 1991 respectively from Ohio State University, USA. He became Professor in 1994. After a successful teaching career of 37 years, Professor Khalily retired from University of Dhaka in 2012. Dr. Khalily is a renowned academician of the country, an eminent economist and finance scholar of national and international repute. He has large number of publications especially on rural finance, financial inclusion, microfinance and SME development in prominent national and international journals. He also authored/co-authored of many books and research monographs. Other than having a prominent teaching career, Professor Khalily also held many important administrative positions like Executive Director of Institute of Microfinance, Acting Vice Chancellor & Pro Vice Chancellor of Presidency University, Chairman of Department of Finance, University of Dhaka, Director of Dhaka Stock Exchange Limited, only to name a few. Besides, Dr. Khalily worked as a consultant in different international organizations like The World Bank, Asian Development Bank, NORAD, USAID, IFDC, JICA, European Union, UKAID/DFID etc. During his long career, he visited many countries around the globe for professional purposes. Professor Khalily currently teaches at Department of Business Administration, University of Asia Pacific.



Md. Arfan Ali
President and Managing Director

Mr. Md. Arfan Ali is the President & Managing Director of Bank Asia. Prior to this, he was the Additional Managing Director of Bank Asia Ltd. A career banker, Mr. Md. Arfan Ali, is an MBA from the IBA, Dhaka University, having more than 26 (twenty Six) years of diverse experience in banking profession to his credit. He started his career with Arab Bangladesh Bank Limited as a Probationary Officer in 1991. Later he joined Hanil Bank in 1996 and played key roles in setting up of its Dhaka Office. He joined Bank Asia in 1999 as Assistant Vice President before it started its operation and played vital role at the preoperational stage of launching formal operations of a newly established local bank. Mr. Md. Arfan Ali pioneered and championed Agent Banking operations in Bangladesh. He had worked as part time lecturer of Institute of Business Administration (IBA), Jahangirnagar University for 10 years. He is also member of “Academic Advisory Board, School of Business”, Independent University (IUB), Bangladesh and current Advisor of Bangladesh Money Market Dealers Association (BAMDA). Recently, he has been elected as the Secretary General of Association of Bankers, Bangladesh (ABB).

Bank Asia Foundation Governing Body



**Standing
from left**

Enam Chowdhury

M. Shahjahan Bhuiyan

**Sitting
from left**

Mashiur Rahman

Romana Rouf Chowdhury

Mohd. Safwan Choudhury



Md. Arfan Ali

Aminul Islam

A. Rouf Chowdhury

Zakia Rouf Chowdhury

Rumee A Hossain

Key Events 2019

January

Date	Key Events 2019
06	Bank Asia and channel i exchanged MoU to start telecasting “Antorvuktir Arthoniti” a year-long weekly talk-show on financial inclusion
08	Bank Asia Ltd & BURO Bangladesh exchanged MOU regarding micro-credit disbursement and collection from beneficiaries of BURO Bangladesh through Bank Asia’s Agent Banking
15	Bank Asia provided 49 th Foundation Training Course for Management Trainees
17	Bank Asia celebrates Agent Banking Day-2019 on 5th anniversary of introducing agent banking service in Bangladesh
23	Bank Asia Ltd and Gemcon Group exchanged Master Facility Agreement for Supply Chain Financing
26	Business Meet 2019 held at Royal Tulip Sea Pearl Beach Resort, Cox’s Bazar
31	MoU signing ceremony between Bank Asia Ltd. and Guardian Life Insurance Ltd.



Bank Asia and channel i exchanged MoU to start telecasting “Antorvuktir Arthoniti”

February

Date	Key Events 2019
02	Bank Asia has inaugurated TRADE BASED FINANCIAL CRIME workshop at BAITD
07	Bank Asia, as the Lead Arranger & Agent arranged a signing ceremony for Syndicated Term Loan facility with Bashundhara Industrial Complex Ltd. for expansion of their Modongonj, Narayangonj cement plant
09	Distribution of Bank Asia higher studies scholarship to 76 meritorious students from Cumilla-Noakhali region arranged by Bank Asia Foundation To facilitate home loan for the customers of bproperty.com, Bank Asia Ltd. signed an agreement with bproperty.com
23	Bank Asia Ltd. and Bank Asia Foundation handed over Bank Asia Higher Education Scholarship-2019 to the meritorious students from Malkhanagar, Sirajdikhan, Nimtola of Munshigonj region, Rohitpur of Keranigonj and Agla Bazar of Nababgonj Upazila



Distribution of BA Higher Studies Scholarship 2019 program at Cumilla

March

Date	Key Events 2019
24	Mr. A Rouf Chowdhury, Chairman of Bank Asia Securities Ltd., a majority-owned subsidiary of Bank Asia, signed the Company's Audited Financial Statement for the year ended on December 31, 2018
25	Bank Asia Shariah Supervisory Committee (BASSC) meeting was held

April

Date	Key Events 2019
02	Bank Asia Ltd. and RAKBANK, UAE signed an (MoU) to accelerate foreign trade and remittance services for customers Handed over a cheque of Tk. 1 (One) Crore in favor of Prime Minister's Relief Fund to contribute the helpless family of the people who were deceased by fire accident at Churihatta of Chakbazar, Dhaka
04	Bank Asia Higher Education Scholarship to the meritorious students of rural areas from different regions of the country
10	Bank Asia Ltd & OXFAM signed an agreement on Promoting Access to Finance (A2F) to Rural Based Micro, Small and Medium Enterprises (MSMEs) to benefit Marginalized Farmers & Women throughout Bangladesh
20	An Agreement Signing Ceremony between ERA-InfoTech Ltd and CR2 Ltd held to provide sophisticated software services to banks
25	Bank Asia Ltd and Grameen Euglena (A joint Venture Social Business Company of Japan & Bangladesh) are exchanging MoU on digitizing payment services for farmers
30	20th Annual General Meeting (AGM) of Bank Asia held at Dhaka Ladies Club
	Mr. A. Rouf Chowdhury has been re-elected as Chairman of Bank Asia
	Mr. Mohd. Safwan Choudhury has been re-elected & Mr. Romo Rouf Chowdhury has been elected as Vice Chairman of Bank Asia
	Mr. Dilwar H Choudhury has been elected as the Chairman of Bank Asia's Audit Committee of the Board of Directors Mr. Md Nazrul Huda has been elected as the Chairman of Bank Asia's Risk Management Committee of the Board of Directors.



Signing Ceremony between ERA-InfoTech Ltd and CR2 Ltd. held to provide sophisticated software services to banks



Handing over a cheque to Prime Minister Relief Fund

May

Date	Key Events 2019
05	Inauguration of BASL's new Head Office premises at Dilkusha, Motijheel
09	Day-long Workshop on Islamic Banking
22	An awareness program on "Anti-Money Laundering and Combating Financing of Terrorism"
25	Inauguration of workshop on "Internal Credit Risk Rating System (ICRRS) for Trainers" at BAITD



Inauguration of BASL's new Head Office premises



Workshop on Internal Credit Risk Rating

Key Events 2019

June

Date	Key Events 2019
16	Bank Asia celebrated Father's Day-2019 to express honor and love for all the fathers of the world Bank Asia unveiled a Hajj (Pre-paid) Card in collaboration with Al Rajhi Bank, Saudi Arabia, for the Hajj & Umrah Pilgrims of Bangladesh
19	Establishment of Central Foreign Exchange Reporting Hub to ensure specialized customer services and automated reporting of foreign trade related transactions
22	A day long training workshop on "Islamic Banking Business"
28	Inauguration of 158th ATM Booth of the Bank at the premises of Bangladesh India Friendship Power Company (Pvt.) Ltd. (BIFPCL), Rampal, Mongla
29	Training on Islamic Agent Banking Operations



Unveiled a Hajj (Pre-paid) Card in collaboration with Al Rajhi Bank, Saudi Arabia, for the Hajj & Umrah Pilgrims

July

Date	Key Events 2019
07	Partnership between Robi and Bank Asia to take up micro-merchant initiative with the aim to expand financial inclusion in the country
08	Bank Asia exchanged MoU with Daraz, largest e-commerce site in Bangladesh on providing e-commerce services for rural population through agent banking network
13	Day long training on "Islamic Agent Banking Operations" for Agents and Customer Service Officers of the Bank
15	Bank Asia, the pioneer in Agent Banking in Bangladesh, recently achieved a milestone of BDT 1,000 crore deposit in this digital banking channel especially introduced for financial inclusion
18	Bank Asia Ltd. and Truvalu.enterprises Ltd. signed an MoU to ensure equity, working capital and other development supports for the Agro-based SME entrepreneurs aimed to accelerate their business activities
24	Bank Asia Ltd. and NEC Money Transfer Ltd., a European money transfer company signed an agreement regarding remittance collection and payment at Bank's Corporate Office
25	Bank Asia Ltd., Pragati Life Insurance Ltd, Pragati Insurance Ltd. and Microinspire signed an MoU to mobilize the loan activities through ensuring financial security for the SME borrowers especially unsecured borrowers in case of death and disaster related damage
30	Bank Asia inks Participation Agreement with Bangladesh Bank under "Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments (RMG) Sector Project (SREUP)"



Partnership between Robi and Bank Asia to take up micro-merchant initiative for expansion of financial inclusion in the country



Bank Asia and Truvalu.enterprises Ltd. signed an MoU to ensure equity, working capital and other development supports for accelerating the Agro-based SME businesses

August

Date	Key Events 2019
03	The “Half Yearly Business Review Meeting 2019” of Bank Asia Ltd. was held at Bank’s own building, Bank Asia Tower, located at Karwan Bazar, Dhaka
06	Bank Asia Ltd. launched 3 (Three) new Retail Scheme Deposit Products: Aanchal (আঁচল) - for women, Nirvabana (নির্ভাবনা) - for Senior Citizens and Vramon (ব্রামণ) - for Travelers, aimed to provide specialized service to customers
20	Establishment of Central Foreign Exchange Reporting Hub-Gulshan for its Dhaka North Zone Branches to ensure automated reporting of foreign trade related transactions for secured customer service
24	Mr. Rumeen A Hossain, Chairman, Executive Committee of the Board, attended the Certificate Awarding Ceremony of a day-long training program on “Shariah Governance in Islamic Banking: Global Experience” organized by IBCF (Islamic Banking Consultative Forum) as Chief Guest and distributed certificates among the participants



Certificate Awarding Ceremony of a day-long training program on “Shariah Governance in Islamic Banking: Global Experience” organized by IBCF

September

Date	Key Events 2019
07	Day long training on “Islamic Agent Banking Operations”
09	RobiAxiata Ltd and Bank Asia Ltd. have signed a MOU to facilitate the start-up ecosystems to enable lending service through Robi’s newest investment platform for startups, r-ventures
14	Inauguration of day long training on “Islamic Banking & Finance”
26	Born-blind infants Sinha and Nazmul got their eye-sight back through the support of Bank Asia
28	School Banking Conference-2019 at Jhenaidah District was held arranged by Bank Asia



Born-blind infants got their eye-sight back through the support of Bank Asia



RobiAxiata and Bank Asia have signed a MOU to facilitate the start-up ecosystems to enable lending service through Robi’s newest investment platform

October

Date	Key Events 2019
01	Inauguration of 52nd Foundation Training Course
12	Bank Asia achieved ‘Bangladesh Business Innovation Award 2019’ organized by Bangladesh Brand Forum, recognizing the bank’s outstanding contribution for business model innovation to accelerate financial inclusion in Bangladesh. Bank Asia organized a day long training program on “Prevention of Money Laundering and Combating Financing on Terrorism” for it’s officials from west region
17	Bank Asia and WorldFish have signed an agreement on introducing a formal financial package for smallholders involved fish farming and aquaculture market actors in three southern districts – Jashore, Satkhira and Barisal with an aim to bring them under digital financial support network Seminar on Foreign Direct Investment (FDI) & it’s Reporting for FDI Customers and its officials was organized
26	Workshop on “Internal Credit Risk Rating System (ICRRS)” (ICCD) of Bank Asia Ltd., was held



Bank Asia and WorldFish have signed an agreement on introducing a formal financial package for smallholders with an aim to bring under digital financial support network

November

Date	Key Events 2019
02	Distribution of blankets in favor of Prime Minister's Relief and Welfare Fund for underprivileged people of the country
24	Bank Asia Ltd has arranged a press conference on the occasion of its 20th Anniversary celebration named "20th Anniversary Press Meet" with renowned print and electronic media at InterContinental Dhaka
25	Bank Asia undertakes month-long celebration program on the occasion of the bank's 20th Anniversary which includes Anniversary Day Celebration, Employee Day, Blood Donation, Children's Art Competition, Inter University Debate Competition, Tree Plantation, Support for Survival (A project to help people living in extreme poverty), A round Table Discussion on Challenges & Requisites for sustaining Financial Inclusion.
27	Bank Asia arranged Grand Celebration Program in honor of its Customers, Benefactors and Well-wishers on the occasion of 20th Anniversary at Radisson Blu, Dhaka

December

Date	Key Events 2019
03-04	Bank Asia arranged a two-days long (3-4 December, 2019) Inter-University Debate Competition-2019 as a part of its 20th Anniversary celebration
14	Bank Asia arranged a Blood Donation Program as part of its month-long 20th Anniversary Celebration
27	Bank Asia organized Children Art Competition-2019 as part of month-long Grand Celebration of its 20th Anniversary



Financials sign-off ceremony



Over the last two decades, Bank Asia has been adding new dimensions to the banking service and received different international & domestic awards as a reorganization for his extra-ordinary performance. To celebrate its success, Bank Asia has begun a month-long series of programs marking its 20th founding anniversary from November 27, 2019.

Back to 20 years before on this auspicious day, the Bank started its journey to materialize the dream of a group of successful and renowned entrepreneurs of the country with a mission to assist in bringing high quality service to the customers and to participate in the growth and expansion of national economy.

Key Program

- Press Meet
- Anniversary Day Celebration
- Customer Night
- Inter University Debate Competition
- Employee Day
- Blood Donation Campaign
- Children's Art Competition
- Celebration Rally
- Support for Survival

Inauguration program



Inauguration of grand 20th anniversary month long program of Bank Asia held in kawranbazar at their own premises.

“We are working tirelessly for last twenty years to provide banking service of international standard”

Md. Arfan Ali,
President and Managing Director

Press Meet



The bank organized a press conference to share its plan for celebrating its 20 years' journey. In the program, Mr Arfan Ali, President and Managing director of Bank Asia Bank share the plan to reach out to all parts of the country within five years in order to provide banking services to the unbanked people.

Employee day Celebration

Bank Asia Chairman A Rouf Chowdhury speaks at the Employee Day-2019, organized for honoring the employees as part of its month-long celebration programme on the occasion of 20th founding anniversary of the bank at International Convention City Bashundhara.



Blood Donation Camp



The daylong blood donation programme took place at Dhaka, Chattogram, Sylhet and Rajshahi in association with Bangladesh Red Crescent Society, where around 500 members of Bank Asia donated blood.

Children's Art Competition



Children art competition of Bank Asia Limited where more than 400 children were participated.

Inter university debate competition

Inter-university debate competition-2019 at the auditorium of Faculty of Business Studies at university of Dhaka. The debate was arranged to spread the message of financial literacy, financial inclusion, financial technology, economic development, tomorrow's banking services among university level students.



March Towards Reaching the Unreached



More than 1500 employees of the bank attended the rally named "March Towards Reaching The Unreached" to celebrating the 20th Anniversary.

আমরা শোকাহত



আমানউল্লাহ চৌধুরী

জন্ম: ০২ জানুয়ারি ১৯৪৭

মৃত্যু: ৩০ এপ্রিল ২০২০

ব্যাংক এশিয়া লিমিটেড-এর অন্যতম উদ্যোক্তা
ও র্যাংগম্ গ্রুপের ভাইস চেয়ারম্যান জনাব আমানউল্লাহ
চৌধুরীর মৃত্যুতে ব্যাংক এশিয়া পরিবার গভীরভাবে শোকাহত।
আমরা তার বিদেহী আত্মার মাগফেরাত কামনা করছি এবং
শোক সন্তপ্ত পরিবারের প্রতি গভীর সমবেদনা জানাচ্ছি।

 Bank Asia

1 NO POVERTY



End Poverty in all its forms everywhere

“Extreme poverty anywhere is a threat to human security everywhere.”
— Kofi Annan

Recent estimates for global poverty are that 8.6% of the world, or 736 million people, live in extreme poverty on USD 1.90 or less a day, according to the World Bank. If the current trend continues, 6% of the world’s population will still be below the poverty line by 2030.



According to the World Bank, Bangladesh's poverty rate fell from 82% (1972) to 9% below (2018), as measured by the percentage of people living below the international extreme poverty line



More than
2,00,000 job
creation

1.57 million
unbanked people
moving to
banking channel

Agent Banking
services
spread in 64
districts
through 3,525
Outlets

Provide
services to
1.2 million
beneficiaries
through ABAK
program



**Standing
from left**

Hossain Ahmad
Chief Information
Officer

Mohammad Ataur Rahaman
Member Secretary

Mohammad Ibrahim
Khalil, FCA
CFO

Mohammed Rashidul
Kabir Rajib
CRO

**Sitting
from left**

Shafiuzzaman
DMD

S.M. Iqbal Hossain
DMD

Mohammad Ziaul Hasan Molla
DMD

Mohammad Borhanuddin
DMD & COO

Senior Management Team



Arequl Arefeen
Head of
Group Treasury

Sarder Akhter Hamed
Head of Channel
Banking

Zia Arfin
Head of ID

Tahmidur Rashid
Head of CRM

Md. Arfan Ali
President &
Managing Director

Md. Sazzad Hossain
DMD & CCO

Md. Obaidul Haque
DMD & Head of Islamic Banking

Five Years Performance

Million Taka unless otherwise specified

Particulars	2019	2018	2017	2016	2015
BALANCE SHEET MATRIX					
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	11,659.07	11,103.87	9,870.11	8,812.60	8,392.95
Reserve Fund & Surplus	13,086.05	12,236.26	11,184.38	10,225.88	10,586.38
Total Shareholders' Equity	24,745.12	23,340.13	21,054.49	19,038.48	18,979.33
Deposits	253,709.57	222,471.72	207,041.47	191,272.58	169,827.34
Loans and Advances	227,298.96	214,618.15	197,504.14	163,609.78	136,396.34
Investments	54,932.58	35,999.20	27,545.82	39,365.21	46,942.77
Fixed Assets	7,025.60	5,431.55	5,329.74	5,249.72	5,075.51
Total Assets	353,800.37	307,291.4	288,996.64	253,195.70	224,347.31
Total Off Balance Sheet Items	120,617.28	137,459.26	136,156.44	110,762.05	96,817.06
Interest Earning Assets	312,059.88	278,695.30	256,765.52	223,223.17	196,955.81
Non-Interest Earning Assets	41,740.49	28,596.10	32,231.12	29,972.53	27,391.50
INCOME STATEMENT MATRIX					
Interest income	22,863.14	20,910.68	16,411.57	14,569.39	13,941.18
Interest Expenses	14,462.38	13,007.99	10,841.56	10,600.94	11,170.32
Investment income	3,293.06	2,311.46	2,535.39	3,548.30	4,827.41
Non-Interest income	4,380.10	3,908.42	3,861.98	3,123.14	2,728.65
Non-Interest Expenses	6,751.46	6,062.19	5,279.83	4,719.26	4,321.26
Total income	30,536.30	27,130.56	22,808.95	21,240.83	21,497.24
Total Expenditure	21,213.84	19,070.18	16,121.39	15,320.20	15,491.58
Operating Profit	9,322.46	8,060.4	6,687.56	5,920.63	6,005.66
Profit Before Tax	3,920.81	4,616.3	4,057.53	3,286.91	4,123.92
Net Profit After Tax	1,960.81	2,266.28	2,047.53	1,545.91	2,573.92
CAPITAL MEASURES					
Risk Weighted Assets	238,427.23	233,085.63	221,114.65	199,490.69	183,247.39
Core Capital (Tier-I)	22,635.99	21,165.37	18,852.66	16,735.56	16,400.10
Supplementary Capital (Tier-II)	20,121.11	13,917.53	14,061.29	8,039.04	6,436.73
Total Capital	42,757.10	35,082.90	32,913.96	24,774.60	22,836.83
Capital Surplus/(Deficit) over Minimum Capital	18,914.38	11,774.34	10,802.49	4,825.54	4,512.10
Capital Surplus/(Deficit) over Conservation Buffer	12,953.70	7,403.98	8,038.56	3,578.71	
Tier I Capital Ratio	9.49%	9.08%	8.53%	8.39%	8.95%
Tier II Capital Ratio	8.44%	5.97%	6.36%	4.03%	3.51%
Capital to Risk Weighted Asset Ratio Basel-III	17.93%	15.05%	14.89%	12.42%	12.46%
CREDIT QUALITY					
Classified Loans	10,479.99	8,809.83	8,642.30	8,847.34	5,808.87
Provision for Unclassified Loans	7,674.46	5,091.24	4,101.19	2,929.43	3,085.01
Provision for Classified Loans	4,604.66	3,892.76	3,740.00	4,494.29	2,911.65
Provision for Contingent Liabilities	961.65	1,158.03	1,331	1,107.62	968.17
Percentage of NPLs to total Loans and Advances	4.61%	4.10%	4.38%	5.41%	4.26%
FOREIGN EXCHANGE BUSINESS					
Import	158,115	165,203.00	181,468.00	148,724.27	129,930.43
Export	132,465	136,733.00	118,172.00	103,139.15	89,275.32
Remittance (Inward)	79,750	60,113.00	51,778.00	41,665.14	42,996.80

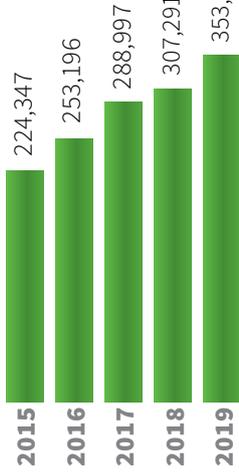
Million Taka unless otherwise specified

Particulars	2019	2018	2017	2016	2015
OPERATING PROFIT RATIOS					
Credit Deposit Ratio	76.47%	81.75%	81.88%	76.15%	71.50%
Cost of Deposit	5.67%	5.65%	5.08%	5.66%	6.87%
Cost of Deposit & Borrowing	5.68%	5.65%	5.23%	5.71%	7.19%
Administrative Cost	2.59%	2.60%	2.50%	2.51%	2.85%
Yield on Loans and Advances	10.19%	9.99%	9.03%	9.86%	10.97%
Spread	4.52%	4.34%	3.95%	4.20%	4.10%
Return on Assets	0.59%	0.76%	0.76%	0.65%	1.26%
Return on Equity	8.16%	10.21%	10.21%	8.13%	14.36%
Current Ratio	1.05	1.07	1.05	1.04	1.07
Debt Equity Ratio	13.30	12.17	12.73	12.30	10.82
PERFORMANCE RATIOS					
Profit per Employee	3.92	3.57	3.20	3.01	3.27
Operating profit as % of Working Fund	2.82%	2.70%	2.47%	2.48%	2.95%
Net Interest income as % of Working Fund	3.51%	3.39%	2.89%	2.88%	3.16%
Burden Coverage	64.88%	64.47%	73.15%	66.18%	63.13%
Burden Ratio	0.67%	0.70%	0.43%	0.40%	0.21%
Expense Coverage	66.01%	66.24%	78.04%	79.59%	89.96%
Ratio of Fees income	20.91%	21.18%	26.07%	23.26%	20.88%
Salary Exp. to total Overhead Exp.	48.63%	47.77%	47.99%	49.84%	50.28%
Salary Exp. to Fees income	97.67%	96.84%	81.21%	95.05%	100.76%
Cost to income/ Efficiency ratio	42%	42.93%	44.12%	44.35%	41.84%
DIVIDEND & RIGHTS ISSUE					
Cash	10%	5%			15%
Stock		5%	12.50%	12%	5%
Total Dividend	10%	10%	12.50%	12%	20%
SHARES INFORMATION MATRIX					
No. of Shares Outstanding(Million)	1,165.91	1,110.39	987.01	881.26	839.30
Earnings Per Share (Taka)	1.68	1.94	1.84	1.57	2.92
Number of Shareholders	8960	10344	10,681	10,774	12,892
Market Value Per Share (Taka)	18.2	17.7	23.10	17.90	16.50
Price Earnings Ratio	10.83	8.67	11.14	11.40	5.65
Net Asset Value Per Share (Taka)	21.22	20.02	18.96	19.29	21.54
Dividend Coverage ratio	1.68	2.04	1.66	1.46	1.53
OTHER INFORMATION					
Number of Branches	128	127	116	105	98
Number of SME Service Centers	4	4	4	6	6
Number of Islamic Windows	5	5	5	5	5
Number of Employees	2,376	2,256	2087	1,970	1,839
Number of Foreign Correspondents	677	698	727	751	663

Five Years Performance

Total Assets

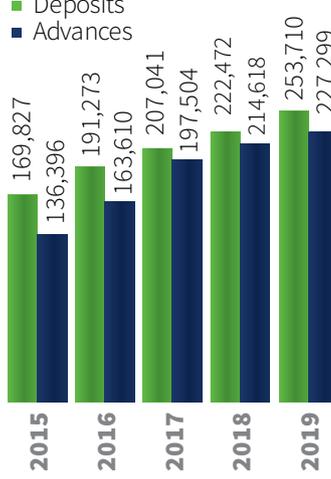
Million Taka



Deposits and Advances

Million Taka

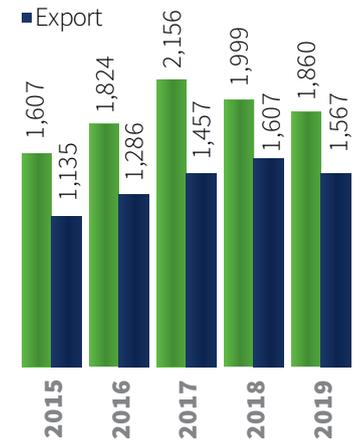
■ Deposits
■ Advances



Import and Export

Million USD

■ Import
■ Export



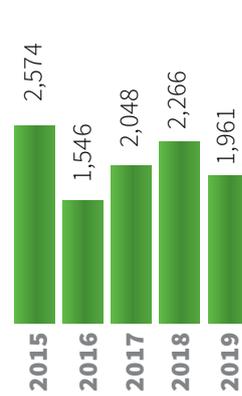
Inward Remittance

Million USD



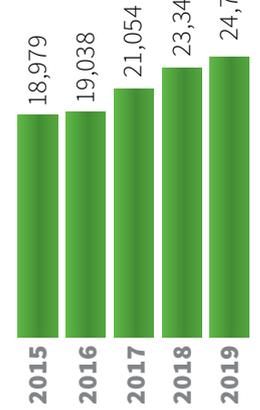
Net Profit After Tax

Million Taka

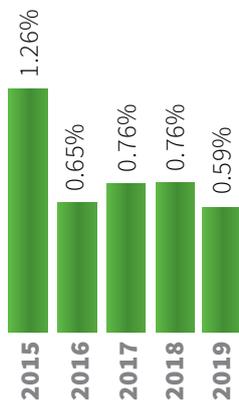


Total Shareholders' Equity

Million Taka

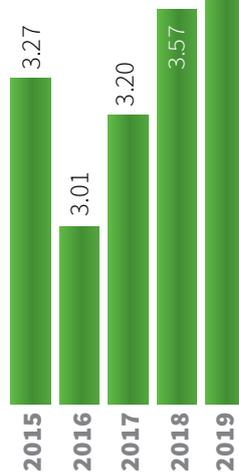


Return on Assets (ROA)

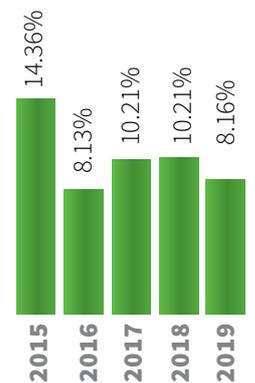


Profit per Employee

Million Taka

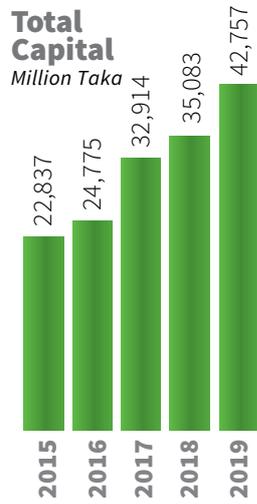


Return on Equity (ROE)

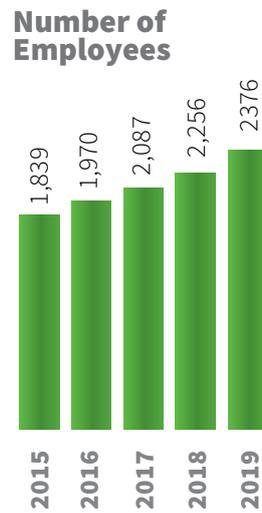


Five Years Performance

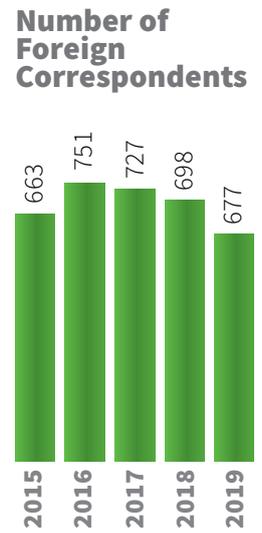
Total Capital
Million Taka



Number of Employees



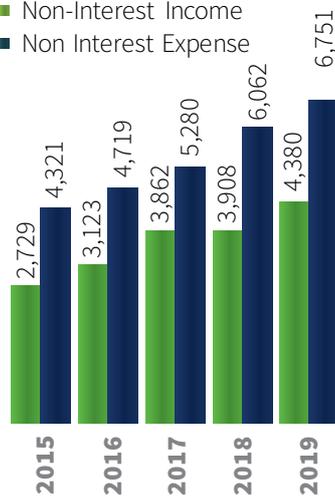
Number of Foreign Correspondents



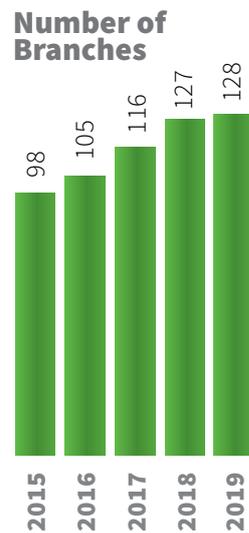
Non Interest Income & Non Interest Expense

Million Taka

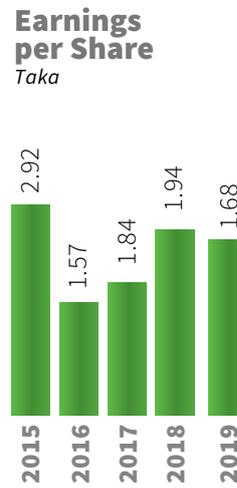
- Non-Interest Income
- Non Interest Expense



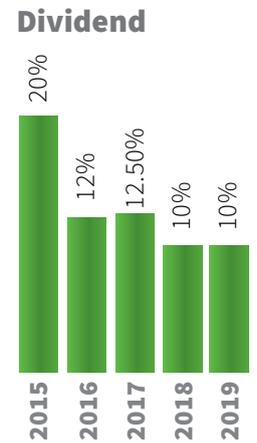
Number of Branches



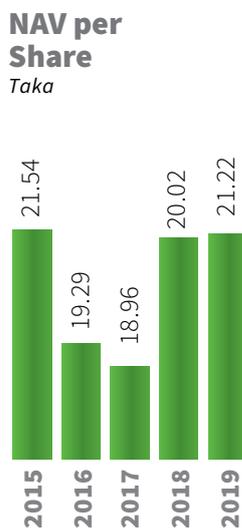
Earnings per Share
Taka



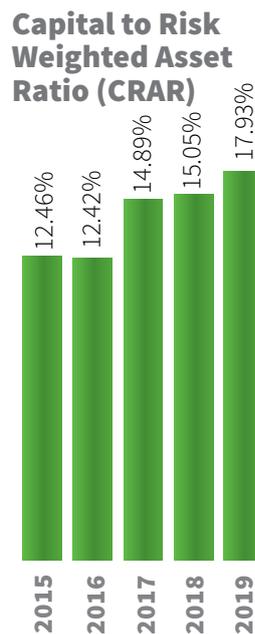
Dividend



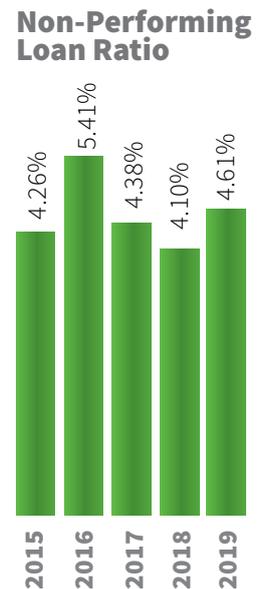
NAV per Share
Taka



Capital to Risk Weighted Asset Ratio (CRAR)



Non-Performing Loan Ratio



Horizontal Analysis

For the last five years, profit and Loss Statement

	2019	2018	2017	2016	2015
OPERATING INCOME					
Interest income	164.75%	150.68%	118.26%	104.98%	100.00%
Interest paid on deposits and borrowings, etc	129.47%	116.45%	97.06%	94.90%	100.00%
Net interest income	310.28%	291.89%	205.73%	146.58%	100.00%
Investment income	67.33%	47.26%	51.84%	72.55%	100.00%
Commission, exchange and brokerage	155.90%	138.71%	144.70%	114.78%	100.00%
Other operating income	177.94%	160.29%	129.63%	113.23%	100.00%
Total operating income	155.65%	136.75%	115.89%	103.03%	100.00%
Salaries and allowances					
Salaries and allowances	151.52%	133.69%	116.88%	108.38%	100.00%
Rent, taxes, insurance, electricity, etc					
Rent, taxes, insurance, electricity, etc	85.60%	133.14%	119.28%	103.78%	100.00%
Legal expenses					
Legal expenses	213.18%	261.76%	255.55%	167.00%	100.00%
Postage, stamp, telecommunication, etc					
Postage, stamp, telecommunication, etc	161.70%	140.94%	116.33%	106.01%	100.00%
Stationery, printing, advertisements, etc					
Stationery, printing, advertisements, etc	157.26%	133.94%	97.76%	90.46%	100.00%
Managing Director's salary and fees					
Managing Director's salary and fees	99.05%	83.07%	83.07%	93.77%	100.00%
Directors' fees					
Directors' fees	72.98%	77.92%	63.77%	68.03%	100.00%
Auditors' fees					
Auditors' fees	161.55%	95.68%	104.05%	136.83%	100.00%
Depreciation and repairs of Bank's assets					
Depreciation and repairs of Bank's assets	189.06%	107.83%	104.25%	106.32%	100.00%
Other expenses					
Other expenses	188.48%	173.15%	145.52%	117.03%	100.00%
Total operating expenses	156.24%	140.29%	122.18%	109.21%	100.00%
Profit before provision	155.23%	134.21%	111.35%	98.58%	100.00%
Provision for loans and advances/investments					
General provision					
General provision	185.02%	64.39%	76.13%	36.11%	100.00%
Specific provision					
Specific provision	3523.33%	3266.78%	1551.06%	2296.62%	100.00%
Provision for off-balance sheet items					
Provision for off-balance sheet items	-77.65%	-68.40%	88.33%	55.14%	100.00%
Provision for diminution in value of investments					
Other provisions					
Other provisions	250.00%	150.00%	0.00%	0.00%	100.00%
Total provision	287.06%	183.03%	139.77%	139.96%	100.00%
Total profit before tax	95.07%	111.94%	98.39%	79.70%	100.00%
Provision for taxation					
Current tax					
Current tax	127.71%	153.12%	128.26%	109.33%	100.00%
Deferred tax					
Deferred tax	0.00%	0.00%	271.93%	412.81%	100.00%
Net profit after tax	76.18%	88.05%	79.55%	60.06%	100.00%

Horizontal Analysis (Profit and Loss Statement)

Horizontal Analysis on Income Statement refers to the analysis of growth of each component of income statement items from the base period. Here base period is considered the year 2015 giving a value of 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. The above table shows that total operating income, expenses and operating profit of Bank Asia are growing consistently over the periods except the operating profit of 2016. Net profit decreased in 2016 and started growing gradually but again declined in 2019 due to keeping higher provision.

Horizontal Analysis

For the last five years balance Sheet

	2019	2018	2017	2016	2015
PROPERTY AND ASSETS					
Cash	192%	125%	144%	128%	100%
In hand (including foreign currencies)	192%	159%	118%	123%	100%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	192%	119%	148%	129%	100%
Balance with other banks and financial institutions	279%	313%	358%	160%	100%
In Bangladesh	258%	311%	380%	142%	100%
Outside Bangladesh	507%	333%	117%	360%	100%
Money at call and on short notice					
Investments	117%	77%	59%	84%	100%
Government	119%	76%	56%	83%	100%
Others	85%	89%	97%	101%	100%
Loans and advances/investments	167%	157%	145%	120%	100%
Loans, cash credits, overdrafts, etc/investments	164%	153%	143%	122%	100%
Bills purchased and discounted	205%	222%	170%	91%	100%
Fixed assets including premises, furniture and fixtures	138%	107%	105%	103%	100%
Other assets	107%	81%	93%	91%	100%
Total Assets	158%	137%	129%	113%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	280%	255%	246%	153%	100%
Subordinated non-convertible zero coupon bonds	356%	223%	244%	96%	100%
Deposits and other accounts	149%	131%	122%	113%	100%
Current/Al-wadeeah current accounts and other accounts	160%	159%	142%	116%	100%
Bills payable	95%	105%	101%	125%	100%
Savings bank/Mudaraba savings bank deposits	228%	187%	163%	131%	100%
Fixed deposits/Mudaraba fixed deposits	134%	114%	110%	108%	100%
Other liabilities	146%	114%	113%	105%	100%
Total liabilities	160%	138%	130%	114%	100%
Capital/shareholders' equity					
Total shareholders' equity	130%	123%	111%	100%	100%
Paid-up capital	139%	132%	118%	105%	100%
Statutory reserve	154%	141%	125%	111%	100%
Revaluation reserve	81%	83%	84%	88%	100%
General reserve	100%	100%	100%	100%	100%
Retained earnings	91%	85%	78%	67%	100%
Total Liabilities and Shareholders' Equity	158%	137%	129%	113%	100%

Horizontal Analysis (Balance Sheet)

Horizontal Analysis on Balance Sheet refers to the analysis of growth of each component of balance sheet items from the base period. Here base period is considered the year 2015 giving a value of 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. Here, total assets, liabilities and shareholders' equity are showing consistent growth over the last five years which symbolize sustainable balance sheet growth of the bank as a whole. Investment continued the decreasing trend from 2016 but increased in 2019. Lower demand for loans and advances and higher demand for government borrowing through T-bill & bond helped increase the investment portfolio of the Bank.

Vertical Analysis

For the last five years
Profit and Loss Statement

	2019	2018	2017	2016	2015
OPERATING INCOME					
Interest income	74.87%	77.07%	71.95%	68.59%	64.56%
Interest paid on deposits and borrowings, etc	47.36%	47.95%	47.53%	49.91%	51.96%
Net interest income	27.51%	29.13%	24.42%	18.68%	12.59%
Investment income	10.78%	8.52%	11.12%	16.71%	22.75%
Commission, exchange and brokerage	11.01%	11.02%	13.68%	11.65%	10.03%
Other operating income	3.34%	3.38%	3.25%	3.05%	2.66%
Total operating income	52.64%	52.05%	52.47%	50.09%	48.04%
Salaries and allowances	10.70%	10.62%	11.05%	11.00%	10.03%
Rent, taxes, insurance, electricity, etc	1.44%	2.52%	2.69%	2.51%	2.39%
Legal expenses	0.07%	0.09%	0.11%	0.08%	0.04%
Postage, stamp, telecommunication, etc	0.41%	0.40%	0.39%	0.38%	0.36%
Stationery, printing, advertisements, etc	0.51%	0.49%	0.43%	0.42%	0.46%
Managing Director's salary and fees	0.05%	0.05%	0.06%	0.07%	0.08%
Directors' fees	0.01%	0.01%	0.01%	0.02%	0.02%
Auditors' fees	0.00%	0.00%	0.00%	0.01%	0.00%
Depreciation and repairs of Bank's assets	2.73%	1.75%	2.02%	2.21%	2.05%
Other expenses	6.18%	6.39%	6.39%	5.52%	4.66%
Total operating expenses	22.11%	22.34%	23.15%	22.22%	20.10%
Profit before provision	30.53%	29.71%	29.32%	27.87%	27.94%
Provision for loans and advances/investments					
General provision	9.33%	3.65%	5.14%	2.62%	7.16%
Specific provision	9.19%	9.59%	5.41%	8.61%	0.37%
Provision for off-balance sheet items	-0.64%	-0.64%	0.98%	0.66%	1.18%
Provision for diminution in value of investments	-0.26%	0.04%	0.00%	0.52%	0.00%
Other provisions	0.08%	0.06%	0.00%	0.00%	0.05%
Total provision	17.69%	12.69%	11.53%	12.40%	8.75%
Total profit before tax	12.84%	17.02%	17.79%	15.47%	19.18%
Provision for taxation					
Current tax	6.42%	8.66%	8.63%	7.90%	7.14%
Deferred tax	0.00%	0.00%	0.18%	0.30%	0.07%
Net profit after tax	6.42%	8.35%	8.98%	7.28%	11.97%

Vertical Analysis (Profit and Loss Statement)

Vertical Analysis on Income Statement refers to the components of income statement items as a % of total income over the periods which would be termed as common sizing of income statement. In income side, interest income (74.87%), income from commission, exchange and brokerage (11.01%) and investment income (10.78%) hold major portion of total income. Although interest income decreased in 2019, increase of investment income helped the bank to increase operating income. The continuous decreasing trend of operating expense since 2017 proves the operational efficiency of the Bank.

Vertical Analysis

For the last five years
Balance Sheet

	2019	2018	2017	2016	2015
PROPERTY AND ASSETS					
Cash	6.78%	5.06%	6.20%	6.31%	5.56%
In hand (including foreign currencies)	0.92%	0.87%	0.69%	0.82%	0.75%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	5.86%	4.19%	5.52%	5.49%	4.80%
Balance with other banks and financial institutions	6.53%	8.42%	10.24%	5.24%	3.69%
In Bangladesh	5.51%	7.64%	9.95%	4.23%	3.37%
Outside Bangladesh	1.02%	0.77%	0.29%	1.02%	0.32%
Money at call and on short notice	1.30%	0.03%	0.00%	1.92%	1.44%
Investments	15.53%	11.72%	9.53%	15.55%	20.92%
Government	14.75%	10.78%	8.45%	14.26%	19.49%
Others	0.77%	0.93%	1.08%	1.28%	1.44%
Loans and advances/investments	64.24%	69.84%	68.34%	64.62%	60.80%
Loans, cash credits, overdrafts, etc/investments	58.80%	63.04%	62.80%	61.22%	56.60%
Bills purchased and discounted	5.44%	6.80%	5.54%	3.39%	4.19%
Fixed assets including premises, furniture and fixtures	1.99%	1.77%	1.84%	2.07%	2.26%
Other assets	3.63%	3.16%	3.84%	4.28%	5.33%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	9.72%	10.19%	10.47%	7.43%	5.48%
Subordinated non-convertible zero coupon bonds	3.34%	2.41%	2.80%	1.26%	1.48%
Deposits and other accounts	71.71%	72.40%	71.64%	75.54%	75.70%
Current/Al-wadeeah current accounts and other accounts	13.41%	15.37%	14.53%	13.53%	13.20%
Bills payable	1.06%	1.34%	1.37%	1.94%	1.75%
Savings bank/Mudaraba savings bank deposits	13.65%	12.87%	11.94%	10.98%	9.44%
Fixed deposits/Mudaraba fixed deposits	43.59%	42.81%	43.80%	49.10%	51.31%
Other liabilities	8.24%	7.41%	7.80%	8.10%	8.88%
Total liabilities	93.01%	92.40%	92.71%	92.34%	91.54%
Capital/shareholders' equity					
Total shareholders' equity	6.99%	7.60%	7.29%	7.66%	8.46%
Paid-up capital	3.30%	3.61%	3.42%	3.48%	3.74%
Statutory reserve	2.56%	2.69%	2.54%	2.61%	2.62%
Revaluation reserve	0.58%	0.69%	0.75%	0.88%	1.14%
General reserve	0.00%	0.00%	0.00%	0.00%	0.00%
Retained earnings	0.55%	0.60%	0.58%	0.68%	0.96%
Total liabilities and shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical Analysis (Balance Sheet)

Vertical Analysis on Balance Sheet refers to the components of balance sheet items as a % of total Assets over the periods which would be termed as common sizing of balance sheet. In asset side, Loans and advances (64.44%) and investment (15.57%) hold 80% share of balance sheet. Investment started decreasing after 2015 but from 2018 it has started increasing. Investment position increased significantly due to lower demand for advances and higher demand for T-bill and bond as a mean of sourcing fund by the government. Deposit holds the major holding of liability portion which decreased in 2019.



Chairman's Statement

Human Capital

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

-A Rouf Chowdhury

Assalamualaikum

With immense pleasure, I would like to welcome you all to the 21st Annual General Meeting of Bank Asia Limited. I am delighted to present the Annual Integrated Report 2019 in this platform to shed light on the Bank's overall performance, exchange views on economic environment and strategic priorities we followed in 2019.

Economic Context

Being one of the fastest growing economies of the world, Bangladesh economy registered a commendable growth of 8.15% in FY 2019 and is striding boldly to become a middle-income country with GDP per capita reaching 1,909 USD. In 2019, foreign exchange reserve reached \$32.69 billion compared to last year's \$32.02 billion implying the country is able to pay 6 month's import payment. Exports increased by 10.1% to \$39.94 billion while imports grew by only 1.79% to \$55.44 billion. Remittance flow also experienced significant growth in FY 2019 reaching \$16.42 billion while it was \$14.98 billion in FY 2018.

Banking industry of Bangladesh had to face some challenges in 2019 like rising non-performing loans (NPL), drop in private sector credit growth, upward trend of exchange rate against USD etc. The deposit growth rose to 13% in 2019 from 9% in 2018 while the private sector credit growth stood at 10% compared with 13% in 2018. At present, NPL is the most critical factor for the stabilization of banking industry. In 2019, NPL in banking industry stood at Tk.1,163 billion which was Tk.994 billion in 2018 having growth of 17%. Capital shortfall in the banking sector stood at Tk.236.12 billion in 2019. Additionally, Bangladesh Bank has given directives for fixed interest rate regime known as '9-6' which would further decrease the profitability of the Bank.

Bank's Performance

Financial Highlights

Operating profit of the Bank increased by the amount of Tk.1.26 billion or 16% over last year and stood at Tk.9.32 billion. After setting aside provision for loans and advances, tax, reserve and others, the Bank attained net profit of Tk.1.96 billion. This year, we had to keep higher provision for the shortfall provision of previous years for which provision amount increased by 57% compared to previous year. This resulted in lower amount of distributable profit although operating profit grew remarkably. For this reason, the Board of Directors had to recommend 10% dividend in the form of cash for the year 2019. Deposit of the Bank increased to Tk.254 billion and advance to Tk.227 billion. Moreover, the Bank handled import financing of Tk.158 billion, export financing of Tk.132 billion and inward remittance of Tk.80 billion.

Capital and Assets Base

Bank Asia's capital base is fundamentally strong and is one of the highest in the banking industry. In 2019, total capital reached Tk.42.76 billion from Tk.35.08 billion in 2018, having a growth of 21.87%. The capital adequacy ratio of the Bank was 17.93% against regulatory requirement of 12.50% in 2019. Credit rating of clients plays a pivotal role in reducing capital requirement of the Bank which also enables the Bank to maintain quality assets. Additionally, the Bank issued a Tk.5 billion Subordinate Bond in 2019 which increased the total capital further. Total Assets of the Bank increase to Tk. 354 billion from Tk. 307 billion with the growth of 15%.

Financial Inclusion

Bank Asia is the pioneer in introducing Agent Banking and Amar Bari Amar Khamar (ABAK), a government project for the poor, ultra-poor and landless people of Bangladesh focusing on poverty eradication and reducing poverty level to 10% within 2021. I feel really proud

Chairman's Statement

to announce that around 2.5 million unbanked people have already been included in Agent Banking network. In 2019, the Bank contributed substantial growth in Financial Inclusion arena by acquiring 959 new agent outlets in 64 districts, registering 11,66,689 new customers, collecting Tk.7,349 million incremental deposit and disbursing Tk.854 million as loan through this alternative banking channel. It is facilitating full-fledged banking services to the customers' doorsteps and channeling of remittance, depositing and withdrawing of cash and supporting small loans for cottage micro and small enterprises and also for agricultural farmers at an affordable cost. By operating ABAK project Bank Asia opened new window to intensively work for the rural people, especially for the hardcore, ultra-poor and distressed people and make a strong relationship with local administration, philanthropist, social and local leaders. Bank Asia is now (In phase III) operating ABAK Banking services in 31 districts where 1.2 million people from 222 Upazillas are getting services under this project as beneficiaries.

Promoting Entrepreneurship

Bank Asia has been gradually shifting its eye to CMSME lending since 2007. We are giving special emphasis on manufacturing industries, service-oriented business initiatives, cluster financing, promoting rural people as well as rural women entrepreneurship. As a result of the Bank's continuous effort, CMSME portfolio stood at Tk.40,787 million in 2019 compared to previous year's Tk.37,151 million with a growth of 10%. Bank Asia also focuses on Agri credit for the greater interest of the economy and disbursed Tk.4,308 million to 71,458 rural farmers in 2019.

Leaving No One Behind

Our story is not about only performance and financials but also the impact that the Bank wants to create. Considering

social, economic and environmental sustainability, your Bank has undertaken many initiatives aligned with government's vision to achieve SDG (sustainable development goals) to impact lives positively. To strengthen CSR activities, Bank Asia has formed Bank Asia Foundation and it has started its operations from February 2017. In the meantime, Bank Asia Foundation has undertaken an initiative to set up a modern hospital with 250-beds at Malkhanagar, Sirajdikhan, Munshiganj named as "Bank Asia-Ma Amiran Medical College and Hospital". My family members and I donated 700 decimal land and a 3 storied building of 36,000 sft for the hospital and medical college. It started its operation of the OPD, diagnostic centre, pharmacy and emergency unit from 7th September, 2019. You will be happy to know that your Bank spent an amount of Tk.116.15 million for CSR activities in 2019.

Awards & Recognitions

You will be very much happy to know that your Bank has been awarded 1st prize two times in a row in the 18th & 19th ICAB National Award for Best Presented Annual Reports 2018 & 2019 under private sector banks category. Additionally, it also got recognition from international organization - winner of the SAARC Anniversary Award for Corporate Governance Disclosures category and 1st runner up of SAFA Best presented Annual Report Awards. Bank Asia also achieved 'Gold rank' in 6th ICSB National Awards for Corporate Governance Excellence 2018. Along with other achievements, Bank Asia has been crowned the Best Innovation Award – Financial Sector in the competition of 'Bangladesh Business Innovation Award 2019' organized by Bangladesh Brand Forum, recognizing the bank's outstanding contribution for business model innovation to accelerate financial inclusion in Bangladesh. We have also achieved ISO/IEC 27001:2013

certificate for our compliance with International Security Management System (ISMS) which is an International Risk Management Framework of Information and Communication Technology (ICT).

Future Outlook

We may face some challenges in 2020 which are to be properly addressed and need to deal with cautiously. Single digit interest rate, rising NPL, capital market condition, increasing government loan and outbreak of Coronavirus are some of the challenges that would take a serious toll in the industry. According to the 'Global Competitiveness Report 2019', Bangladesh ranked 130th out of 141 countries in soundness of banks because of the mounting concerns to ensure financial stability and inefficiency of management. Coronavirus would negatively affect Bangladesh's overall import, export and Infrastructure development.

Eventually, I would like to thank Bangladesh Bank, Bangladesh Securities & Exchange Commission, external auditors and other regulatory authorities for their prudent guidance and assistance. I am also grateful to the Board of Directors, entire management team and all employees of the Bank for their relentless effort and being focused towards achieving desired goals.

Last but not the least, I would also like to express my sincerest gratitude to all the stakeholders who have been providing us constant and unfaltering support over the years.

My very best wishes to all of you.



A. Rouf Chowdhury
Chairman
Bank Asia Limited

Our Acknowledgement to

Ex Chairmen with Present Chairman



▲
Mr. M Syeduzzaman
(1999-2008)



▲
Mr. Anisur Rahman Sinha
(2008-2010)



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

Ex Managing Directors



▲
Mr. Quazi Baharul Islam
(1999-2000)



▲
Mr. Syed Anisul Huq
(2000-2008)



▲
Mr. Erfanuddin Ahmed
(2009-2011)



▲
Md. Mehmood Husain
(2011-2016)

PRIORITIES WE FOLLOWED IN 2019

To achieve the goal of a sustainable world by progressing together leaving no one behind



Operating efficiency through Core Business

To maintain consistency and focus on asset quality

- +25% growth in core business income
- Shifting focus from corporate to MSME and Retail business
- +14.04% Deposit | + 5.91% Advance
- Cost to income ratio improved to 42% from 42.93%
- NAV per share increased to Tk. 21.22 from Tk. 20.02



Recovery of Classified Loan

Recovery of Classified Loan through proper monitoring & relationship management

- Curbing non-performance loans to 4.61%
- Maintained provision amount is 3,888 million
- Cash Recovery from CL and Written of Loan is Tk. 3,936 million in 2019



Capital Planning and Management

Ensure adequacy of capital as per Basel III Capital Accord to support healthy growth of business

- Implementing Basel III capital : Total Capital Tk. 42,757 million and CRAR 17.93%
- LCR: 178.8%, NSFR: 110.81% and Leverage ratio 5.97%
- 7 Year Floating Rate Non- Convertible Subordinated Bond of Tk. 5,000 million



Financial Inclusion

To reduce poverty by promoting financial inclusion

- Expanding Agent Banking in 64 districts through 3,525 agent outlets by tapping into 1.92 million accounts
- Tk. 1.2 million beneficiaries under 31 districts through ABAK
- 53,998 beneficiaries are the recipient of online cash management support through Social Safety Network
- Tk. 4,308.44 million disbursed through A- card for marginal farmers



Technological Innovation

Reducing lead time by technological advances

- About 4,349 account with Tk. 2556.50 million loans through OCAS-Diganta including Tab based version under Diganta project
- Implementation of ICT help desk for better customer services and 'MY Family' app. has been developed
- Developed E-sanction archive where 8,961 sanctions and 21,145 security files were archived during 2019



Paying back

Expanding the horizon of community services

- In 2019, 70 female availed maternity leave of total 12,600 days
- Bank Asia spent Tk. 116.15 million to education, disaster management, and other social sectors as CSR activities



Human Capital

Improvement of employee productivity

- 90,594 man hours of training to 4,750 participants
- Amount of Human Capital is Tk. 18,955 million



Liquidity Risk Management

To ensure smooth banking operation

- Maintained AD Ratio around 76.47%
- ROA reached at 0.59%
- ROE reached at 8.16%



President and Managing Director's Review

With a commendable growth rate of 8.15% in the FY 2018-2019, Bangladesh was one of the fastest growing economies of the world and is striding to become a middle-income country. Graduating from LDC status implies that Bangladesh's per capita gross national income, human capital, and resilience to economic shocks are strong enough to facilitate sustainable development. In June 2019, Bangladesh's per capita income stood at \$ 1,909 compared to \$ 1,675 in June 2018.

However, from the beginning of the FY 2019-20, the economy started facing pressure and challenges. If we analyze data of the first half of the FY 2019-20 (July-December), we will observe that most of the indicators of the economy deteriorated. In comparison to the similar period of the previous year, the country registered negative growth in both export and import. Especially, the worrying factor was that the import volume of capital machinery and industrial raw materials decreased. The country gradually entered the phase of economic slowdown. The government felt the pinch as well while lagging behind in tax revenue collection.

To meet up revenue deficit, the government had to borrow heavily from the banking sector. The chronic problem of default loans in banking sector kept mounting. The private sector credit growth was the lowest in last 11 years and the overall business and investment scenario were not favorable. Banks took a cautious stance towards disbursing fresh loans amidst the problem of soaring NPL, anticipating liquidity crisis and shrinking profitability as the regulator declared lending rate capping at 9.00%. These major factors and other events that impacted our performance and business strategies last year are elaborated below:

- Despite high economic growth, domestic credit growth remained stagnant since the last fiscal year. Domestic credit growth stood at 13.46% which was below the target of 14.5% set out in the Monetary Policy Statement of FY 2019-2020 of Bangladesh Bank. More worrying was the significant decline in private sector credit growth to below 10.00% which is the lowest over last eleven years against target of 14.8%. The problem of default loans caused contraction of

banks' lending capacity. In addition, excessive bank borrowing by the government and cautious stance by banks against rising trend of NPL (Non-Performing Loan) took further toll on private sector lending and led the private sector credit growth to remain subdued. To the contrary, the public sector credit growth increased as the government had to borrow from banking sectors to meet up revenue deficit for ADP implementation. The government borrowing from Bangladesh Bank and commercial banks went up by 143.0% and 18.1% YoY respectively in July 2019.

- Banking Industry had been going through a turmoil and that is primarily because of the mounting NPL. Non-performing loans accounted for 12% of the total loans in the industry in September 2019. Banks' funds were getting stuck and there has been no strong measures to recover them from habitual defaulters. Banks need to keep a good amount of fund in the form of provisioning against the default loans which erode profitability and weaken the health of the banks. The culture of impunity enjoyed by loan defaulters, external interference in approving loans and weak governance had been eroding the confidence of customers and depositors in banking sector. However, formation of a Banking Commission is under strong consideration of the government and this may pave the way to improve the situation.
- The export growth fell by 5.31 per cent to \$ 22.36 billion during the July-January period of FY 2019-20 from \$ 23.61 billion in the same period of FY 2018-19, while the import growth dropped by 4.43 per cent to \$32.00 billion from \$33.49 billion.
- Meanwhile, the flow of inward remittances grew by 21.48 per cent to \$11.05 billion during the July-January period of FY 2019-20 from \$9.09 billion in the same period of FY 2018-19 on the back of two percent incentives being provided by the government.

President and Managing Director's Review

- The overall trade deficit came down to \$9.64 billion during the July-January period of FY 2019-20 from \$9.87 billion in the same period of the previous fiscal as both export and import growth fell, indicating a 'sluggish trend' in the economy.
- The current account deficit stood at \$1.52 billion in the seven months of the current fiscal year, down from \$4.04 billion in the same period of the last fiscal year riding on the higher inflow of remittance. The overall balance of payments (BoP) registered a \$132 million surplus during this period of current fiscal year, as against a deficit of \$975 million in the same period of last fiscal and foreign exchange reserve hovered around \$32.00 billion. The foreign exchange market which was under stress gained stability from the beginning of current fiscal year maintaining the exchange rate of US dollar around Tk 84.50. Although the Taka faced depreciation, the rate of depreciation was below 10 per cent per year which was also satisfactory as some of the regional currencies faced more than 10 per cent depreciation.
- Stock investors in Bangladesh witnessed a prolonged bearish trend from the inception of the year 2019. The market was affected by liquidity crisis, money market volatility, foreign sale, low participation of investors, tussle between BTRC and Grameenphone, liquidation of PLFSL (Peoples Leasing & Financial Services), rising non-performing loans in the banking sector, different scams in non-banking financial sector and more net sell by foreign investors.

MAJOR PRIORITIES WE FOLLOWED IN 2019:

- Strengthening of Capital base remained one of our top priority as improved Capital to Risk Weighted Asset Ratio (CRAR) helps the bank to absorb shock and financial stress. In 2019, bank's CRAR increased to 17.93 % from 15.05% of the previous year, which is considerably higher than the minimum requirement of 12.50% as per Basel III Accord.
- Analyzing the market scenario, especially against shrinking liquidity and regulatory

requirement, we efficiently managed and took holistic approach to maintain our Balance Sheet indicators like Advance Deposit Ratio (ADR), LCR (Liquidity Coverage Ratio), NSFR (Net Stable Funding Ratio).

- Emphasized on improving risk management and mitigation measures while granting credit. The standard and criteria for granting credit were raised further as the focus was on improving quality of asset portfolio. Exposures on some risky large corporate customers were reduced.
- Recovery from default and written-off loans was one of the top priorities. Loan monitoring and relationship management were streamlined further to regularize and reduce non-performing loans.
- Launched "Cluster Business Model" on pilot basis in Sylhet region. Under this model, the branches of the region are now Sales and service centers. Credit approval, marketing, monitoring, recovery, credit administration are now being handled at cluster office.
- Leveraging on our huge network of branches and agent outlets across the country to increase our remittance business.
- Being the pioneer of agent banking in the country, Bank Asia established the largest agent banking network, with over 3,525 outlets opened across the country in the last five years. Bank Asia was enjoying 75.85% share of the total loan disbursement through agent banking. The central bank data show that Bank Asia accounted for 18 percent of the total deposit collected through agent banking, and 76 percent of the total loan disbursed. Bank Asia received Bangladesh Business Innovation Award for "Agent Banking Business Model" by Bangladesh Brand Forum.
- We continued to make good progress in terms of digitization and automation and adoption of new technology across the Bank. We implemented central day closing operation, separated report server for Agent Banking, automated NOSTRO reconciliation. We also adopted online Account Opening system and Transactional API that FinTech, different utility payment

organizations and exchange houses can easily integrate with our system.

OPERATING PERFORMANCE

In the year 2019, Bank Asia generated operating profit of Tk. 9,322 million with an excellent growth of 16% and net profit stood at Tk. 1,960 million. This substantial growth in profitability can be attributed to management efficiency in increasing the net interest margin, curbing the classified loans round the year through strong monitoring, thus having a stable balance sheet growth while keeping the profitability uncompromised. Net Interest Income reported a 6% growth to Tk. 8,400 million from Tk. 7,902 million driven by mainly taking a market lead in asset pricing while keeping the liability costing relatively unchanged which took spread to 4.52% in 2019 from 4.34% in 2018. It is also worth to mention that our Cost to Income ratio improved to 42% from previous years 42.93% signifying better earnings efficiency compared to operational costing. ROA of the bank stood at 0.59% and ROE at 8.16%.

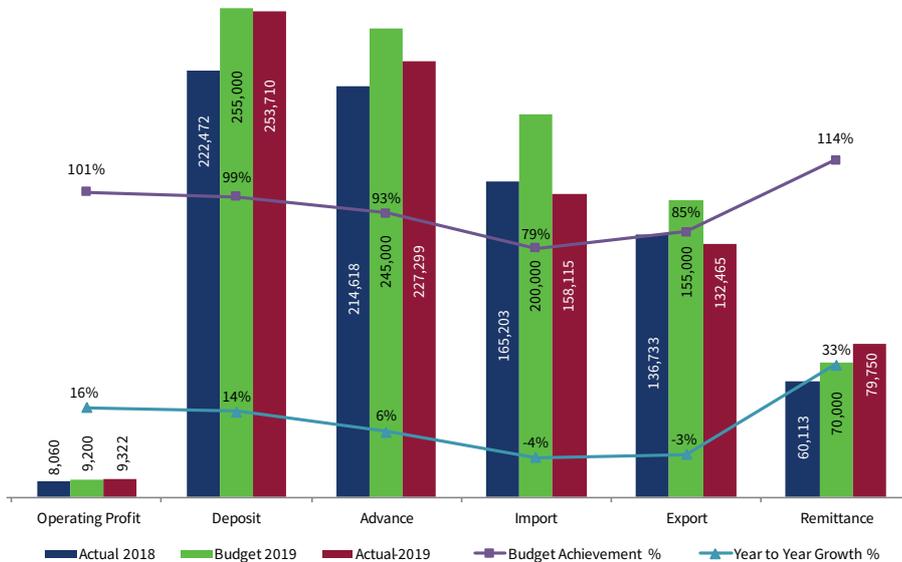
Improvement in asset quality was one of the key drivers in accelerating profitability. At the end of the year 2019 the Bank was able to restrict CL to 4.61% which is slightly higher than the NPL ratio of 4.10% in 2018.

In 2019, 1 new branch was added to the total branch network and 224 employees were added to human capital. The above addition impacted total operating expenditure to increase by 11% in 2019, out of which salary expenditure increased by 13%. At the end of 2019, the Bank's Net Asset Value per Share (NAV) stood at Tk. 21.2.

BUSINESS

The deposits of Bank Asia stood at Tk. 253,710 million recording a decent 14% growth and loans and advances stood at Tk. 227,299 million with a growth of 6%. The import volume of the bank stood at Tk. 158,115 million, while the export volume was Tk. 132,465 million. In the year 2019, the total inward remittance was Tk. 79,750 million, posting a significant growth of 33%. In terms of budgetary achievement, the Bank performed well in most areas; deposit by 100%, loans and advances by 93%, operating profit by 103% and inward remittance by 114%. However, achievement in import and export was 79% and 85% respectively which was not satisfactory.

President and Managing Director's Review



SUBSIDIARIES OF BANK ASIA LIMITED

Bangladesh Capital Market observed a bearish trend throughout the year in 2019. Bank Asia Securities Limited (BASL), a majority owned subsidiary company of the Bank made an operating profit of Tk. 128 million in 2019. BASL retained its 12th position among DSE's Top-20 brokerage houses in terms of daily turnover throughout the year. Number of total active clients reached to 7,899 in December 2019, which was 7,878 in December 2018.

One of the foreign subsidiary exchange house company, namely, BA Exchange Company (UK) Limited posted operating profit of GBP 0.02 million in the year 2019. BA EXPRESS USA Inc., another foreign subsidiary exchange house company incurred an operating loss of USD 0.28 million in 2019.

DELIVERY CHANNEL

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

- Conventional: Bank Asia delivers conventional banking services through 128 branches and 4 SME service centers across the country.
- Islamic: Banking Operation has been operated through 5 Islamic windows. All conventional branches also provide Islamic Banking services through SALAMAH desk.
- Off Shore: 1 off shore banking unit in Chittagong. (Cluster)
- Agent Banking: Provide Agent Banking services in 64 districts through 3,525 agent outlets.

CSR

Bank Asia has always been aware of its Corporate Social Responsibility (CSR) with an aim to ensure that the bank is perceived as a bank with a conscientious. Bank Asia perpetually strives to become a socially responsible corporate entity contributing towards better quality of life of the society at large without compromising ecological conditions. During the year 2019, Bank Asia spent an amount of Tk. 116.15 million on CSR which covered a vast area of education, health and other under privileged sectors for the overall betterment of the nation.

STRENGTHENING CAPITAL BASE

For managing the overall risk exposure of the Bank, our primary focus has always been to strengthen our risk management policy with a strong internal control system. Bank Asia ended the year with a strong capital base maintaining Capital to Risk Weighted Ratio (CRAR) of 17.93% against the minimum BASEL III roadmap requirements of 12.5%. To support healthy business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank Roadmap, Bank Asia issued Subordinated Bond of Tk. 5,000 million as Tier 2 capital in June 2019.

NON-PERFORMING LOAN (NPL) MANAGEMENT

One of the core business priorities of Bank Asia is to curb non-performing loans by maintaining quality assets. With our continued aim to ensure quality portfolio growth, we managed to contain Non-Performing Loans (NPL) to 4.61% in 2019. This position is not satisfactory as the bank targeted to keep the classified

loans below 3% in 2019 and with respect to the 4.10% rate of the previous year. In 2019, the volume of NPL reached to Tk. 10,480 million.

In this regard, Bank Asia's credit approval process and policy has been framed to unveil and assess the unforeseen inherent risk so that assets quality does not deteriorate in the long run. Additionally, early warning system has been emphasized so that precautionary action can be taken against vulnerable assets. Above all, proper monitoring and strong recovery drive from branches and corporate office have been intensified to maintain the quality of the assets of Bank Asia.

CREDIT RATING

The credit rating of the Bank in 2019 for long term was AA2 and for short term was ST-2. For the last three consecutive years, Bank Asia has been able to maintain this satisfactory and steady credit rating.

AWARDS & ACCOLADES

Bank Asia completed its 20-years momentous journey in 2019. The bank received several prestigious awards from national and international reputed organizations that marked this landmark year:

- Received 1st prize for Annual Integrated Report 2018 in the category of Best Presented Annual Reports by ICAB (Institute of Chartered Accountants of Bangladesh) keeping up with the record of 2018.
- Received 1st prize in the category of Corporate Governance Disclosures by South Asian Federation of Accountants (SAFA) and Gold Award from ICSB (Institute of Chartered Secretaries of Bangladesh).
- For Sustainability Report 2018, Bank Asia achieved "GOLD RANK" – Asia Sustainability Reporting Rating (ASR) 2018 by NCSR (National Center for Sustainability Reporting) of Indonesia.
- Received Bangladesh Business Innovation Award for "Agent Banking Business Model" by Bangladesh Brand Forum
- Bank Asia was certified with ISO/IEC 27001:2013 for ensuring appropriate management of information technology by complying with all due procedures.

President and Managing Director's Review

STRATEGIC PLANS FOR 2020

The year 2020 is going to be a very tough year for the banking sector. Bangladesh Bank has imposed lending rate capping at 9.00 % on all types of loans except credit cards effective from April 01, 2020. The profitability of the banks will be reduced as consequence of lending rate capping. And to add to that hurdle, the corona virus of pandemic has created a frenzy around the globe and The International Monetary Fund (IMF) has declared that we have entered a global recession — one that is as bad as or worse than the previous global financial crisis of 2008. Two pillars of the Bangladesh economy, remittances sent by migrant workers and RMG exports will take inevitable hit. Already, there have been several large-scale order cancellations for RMG clients, many loans may go into default, which is very worrisome for the sector. The government has announced a total financial package of Tk 727.5 billion in efforts to face the possible impact of the coronavirus on the economy. The overall scenario is supposed to be very challenging for banking sector. However, we are confident that we have strong capital base, adequate liquidity and operational efficiency to overcome this tough situation. Keeping this adversary in mind, we are going to set the following strategies and priorities to achieve our business target in 2020:

- Success in recovery of loan will determine financial performance of the bank this year. Like previous years, loan recovery and regularization of classified and nonperforming loans (NPLs) will remain the top priority. More emphasize will be given to ensure genuine recovery from rescheduled and default loans and recovery from written-off loans.
- We will focus more on improving health of our asset portfolio this year. We will emphasize on regular monitoring of existing loan to restrain deterioration to overdue and SMA. We will emphasize on strengthening relationship with existing good customers and emphasize on risk management and mitigation while sanctioning new loan to ensure quality.
- We will keep regular communication with them to assess the impact of the corona virus pandemic on their business. We will extend our support and cooperation to our distressed customers to regenerate their business.
- Under financial package declared by the government, we will provide loans to our affected customers of different sectors like industries, service sector institutions, exporters and SMEs taking into consideration of relationship strength and track record with us.
- We have already started providing Investment facilities to Islamic Banking customers through our conventional branches under “online service unit” of Islamic Banking. Along with the five Islamic Windows, our conventional Banking Branches will be given Business target to book Investment clients under online Islamic Banking services.
- Focusing more on mobilizing deposit, especially procuring more no-cost and low-cost deposits with a view to reducing cost of deposits and improving Net Interest Margin (NIM) of the Bank.
- Emphasize on enhancing fee-based and non-funded incomes which will give strategic advancement in 2019.
- More focus on Agent Banking by which Bank Can attract more low-cost retail deposit and advances.
- We have completed an agreement with the Bangladesh Post office for providing agent banking and POS services through Digital Post Centers. Under this agreement, 8500 digital post offices will act as our agent.
- We have introduced mobile app based “Cash Out” service by the micro Merchant (Human ATM) for the marginalized and geographically dispersed people on pilot basis. Already, we have completed 62,000 no of transactions amounting Tk 150 million. By this year, we want to

increase the number of micro merchants to 10,000. This innovation has the potential to bring revolutionary changes in the mode of social safety net and other government aid payments to the poor marginalized people.

- Automation and Digitization will play a key role in driving operational excellence, faster delivery and cost savings in the future. We hope to continue to find different areas for innovation and automation of process.
- Bank Asia will work relentlessly to strengthen ICT infrastructure and develop a robust cyber-system to mitigate and prevent cyber threats.
- Efficient Capital Planning under the purview of risk return trade-off for smooth expansion of business
- We will try to ensure cost efficiency in the operations of the bank.

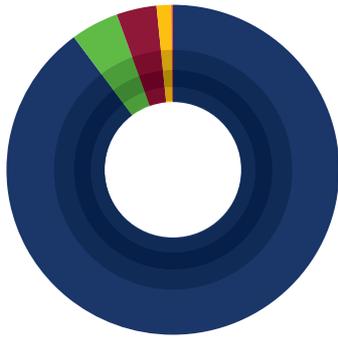
At the end, I would like to express my sincere thanks to our customers who continue to put their trust in Bank Asia Limited. I also want to thank my colleagues for their commitment and relentless efforts. I also appreciate valuable guidance and strategic advices of our experienced and prudent Board of Directors. And, finally to our shareholders, we want to assure that our resilience will take us ahead, and we will be able to weather the challenging economic climate and able to create value for all our stakeholders.



Md. Arfan Ali
President and Managing Director

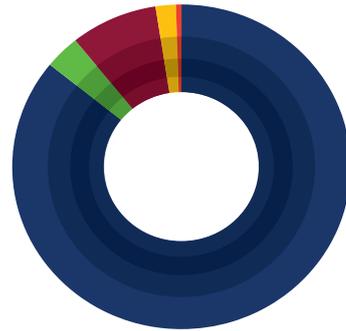
Segment Analysis

Bank Asia Consolidated



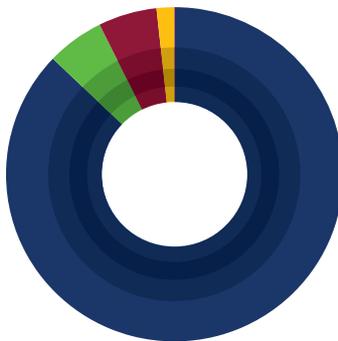
Operating Revenue (MillionTaka)

Conventional **27,879**
 Islamic **1,449**
 OBU **1,208**
 Local Subsidiaries **444**
 Foreign Subsidiaries **45**



Profit before tax (MillionTaka)

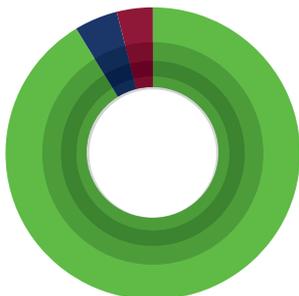
Conventional **3,450**
 Islamic **136**
 OBU **335**
 Local Subsidiaries **78**
 Foreign Subsidiaries **-21**



Total Assets (MillionTaka)

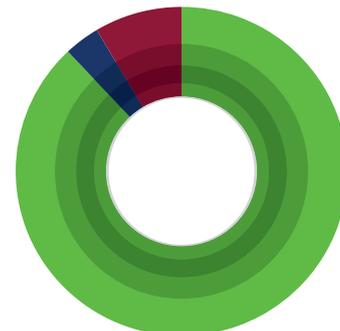
Conventional **313,775**
 Islamic **19,810**
 OBU **20,215**
 Local Subsidiaries **5,972**
 Foreign Subsidiaries **225**

Bank Asia Solo



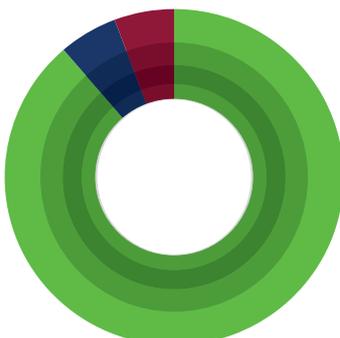
Operating Revenue (MillionTaka)

Conventional **27,879**
 Islamic **1,449**
 OBU **1,208**



Profit before tax (MillionTaka)

Conventional **3,450**
 Islamic **136**
 OBU **335**



Total Assets (MillionTaka)

Conventional **313,775**
 Islamic **19,810**
 OBU **20,215**

2 ZERO HUNGER



End hunger, achieve food security & improved nutrition, and promote sustainable agriculture

"If you can't feed a hundred people, then feed just one."
- Mother Teresa

Around 795 million people in the world do not have enough food to lead a healthy life. That's about one in nine people on earth. The vast majority of the world's hungry people live in developing countries, where 12.9% of the population is undernourished.



Agricultural growth has to be 4% to 4.5% (now it is 3.8%). 67,000 farmers received training for stress-tolerant seeds and 26,000 trained farmers' implemented practices related to combating climate change, in association with IFC. FAO designated a farming style in Bangladesh as a "Globally Important Agricultural Heritage Site" called the floating gardens



Disbursed
Tk. 3650.36
million to
71,458 rural
farmers

A total of 2,218
no. of Tk. 10
account holders
facilitated
through
disbursing
Tk. 84.3 million

Empowering
communities
through A-Card
where Tk. 9.05
million disbursed
to 457 marginal
farmers

DIRECTORS' REPORT

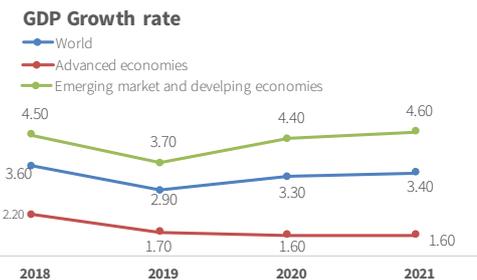


World Economy

Global growth is projected from an estimated 2.9 percent in 2019 to 3.3 percent in 2020 and 3.4 percent for 2021, a downward revision of 0.1 percentage point for 2019 and 2020 and 0.2 for 2021 compared to those in the October World Economic Outlook (WEO). The downward revision primarily reflects negative surprises to economic activity in a few emerging market economies, notably India, which led to a reassessment of growth prospects over the next two years. In a few cases, this reassessment also reflects the impact of increased social unrest. Bilateral negotiations between the United States and China has de-escalated trade tensions since mid-October. However, recent outbreak of coronavirus disease (COVID-19) has reestablished the tension on global trade and economic growth.

GLOBAL GDP GROWTH

Global growth weakened considerably in 2019 as trade wars and weakening growth in China negatively impacted growth. Global GDP growth for 2019 was 2.9% from 3.6% in 2018. Growth rate in 2020 and 2021 are projected at the level of 3.3% & 3.4% respectively. Advanced economies grew by

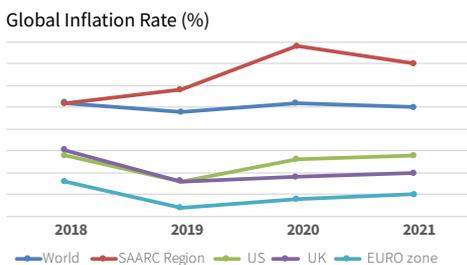


1.7% in 2019 and are expected to maintain their growth at the level of 1.6% both in 2020 and 2021. Growth rate of Emerging market and developing economies has been reduced at 3.7% from the previous year 4.5%. But the growth rate is projected to grow at the level of 4.4% and 4.6% in 2020 and 2021 respectively.

GLOBAL INFLATION

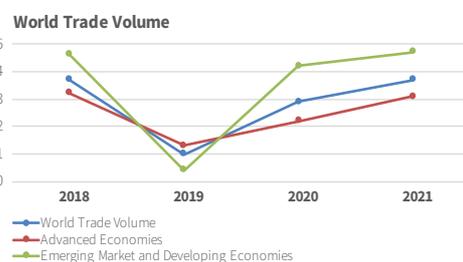
The inflation rate in 2019 has been decreased to 3.4% from 3.6% in 2018. The forecasting states that the inflation rate would be 3.6% & 3.5% in 2020 and 2021 respectively. The inflation for SAARC region was 3.9% in 2019. During 2019, Maldives had the lowest inflation rate which was 1.5% and Pakistan had the highest inflation rate which was 7.3%. In developed economies, the inflation rate of US was reduced to 1.8% in 2018 from the last year where the rate was 2.4%. On

the other hand, the inflation of UK had been decreased as well to 1.8%. But projection states that inflation will be increased for both countries in the future. Inflation rate of Euro zone was decreased as well to 1.2% from its previous year inflation rate 1.8%.



GLOBAL TRADE VOLUME

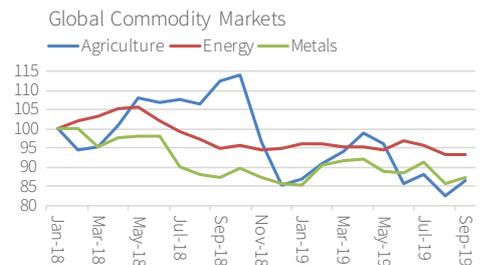
World merchandise trade volumes are now estimated to rise by only 1.0% in 2019, substantially slower from previous year 3.7%. The projected increase in 2020 is now 2.9%, down from 3.0% previously. The economists caution that downside risks remain high and that the 2020 projection depends on a return to more normal trade relations. Slowing economic growth is partly due to coronavirus outbreak, rising trade tensions and structural factors, including the shifting monetary policy stance in developed economies and Brexit-related uncertainty in the European Union. Macroeconomic risks are firmly tilted to the downside.



GLOBAL COMMODITY MARKETS

Almost all major commodity price indexes fell in the third quarter of 2019, led by energy, which declined more than 8 percent (q/q). Coronavirus outbreak, trade tensions and weakness in global trade, manufacturing, and output growth are weighing on commodity demand. In line with subdued global growth prospects, most price forecasts have been revised down. Crude oil prices are forecast to average \$60/bbl in 2019 and \$58/bbl in 2020—a sharp downward revision since April. Amid heightened risks of a sharper-than-expected global downturn, the likelihood of a further slowdown in oil

demand, and therefore lower oil prices, has risen. Non-energy prices are projected to fall in 2019 before stabilizing in 2020, although metals prices are forecast to be lower next year.

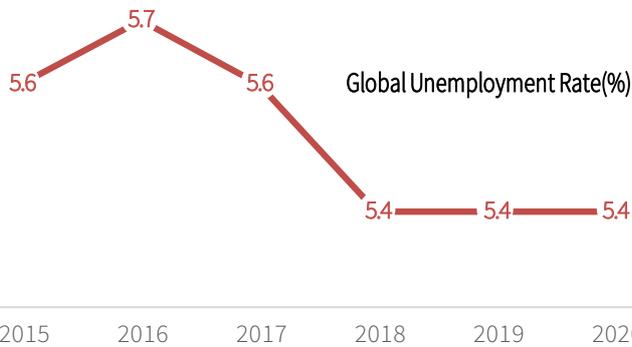


GLOBAL FDI

Global foreign direct investment (FDI) remained flat in 2019, at \$1.39 trillion, a 1% decline from a revised \$1.41 trillion in 2018. This is against the backdrop of weaker macroeconomic performance and policy uncertainty for investors, including trade tensions. FDI flows to developed countries remained at a historically low level, decreasing by a further 6% to an estimated \$643 billion. FDI to the European Union (EU) fell by 15% to \$305 billion, while flows to the United States remained stable at \$251 billion. Flows to developing economies remained unchanged at an estimated \$695 billion. FDI increased by 16% in Latin America and the Caribbean and 3% in Africa. Despite a decline of 6%, flows to developing Asia continued to account for one-third of global FDI in 2019. Flows to transition economies rose by two thirds to \$57 billion.

GLOBAL UNEMPLOYMENT

The global unemployment rate stood at 5.4 per cent in 2019 and is projected to remain essentially the same over the next two years. This means that the gradual decline of the unemployment rate observed between 2014 and 2019 appears to have come to a halt. Similarly, the combined rate of labor underutilization is projected to stabilize at just above 13 per cent. The underlying reduction in employment growth is related to a slowdown in global economic activity, especially in the manufacturing sector. Given the high level of uncertainty over how trade and geopolitical tensions in the coming years will affect business and consumer confidence, and thereby job creation, it is difficult to predict how the various measures of labor underutilization will evolve.



MAJOR CHALLENGES

In the year 2020 prolonged outbreak of COVID-19 virus will affect the global economy and will create global trade slowdown, general business uncertainty, threat of higher interest rate etc. Moreover, unusual policy measures and reduction of trade volume & consumer confidence are also reasons for slowing the global growth in the upcoming days. There are few events that may hamper the overall economic growth:

- The new coronavirus has infected more than 700,000 people in at least 178 countries and territories globally, according to WHO. The virus outbreak has become one of the biggest threats to the global economy and financial market.
- As global financial conditions tighten, an unexpectedly rapid rise in interest rates or a significant strengthening of the US dollar could exacerbate emerging market fragilities, leading to heightened risk of debt distress.

- Rise in debt, slowdown in productivity pose challenges for many economy.
- Because of countrywide clash, many countries may set tax on other rival countries like US and China. For this many developing countries like Bangladesh may be affected due to China's affected GDP caused by US.
- Brexit uncertainty may slow the economic growth in euro zone as well as emerging countries.

The global expansion has weakened and growth forecast for 3.3% in 2020 and 3.4% in 2021 downward revision from 3.4 % in 2019 in the last World Economic Outlook, October 2019 because of negative effects of coronavirus fallout. The possibility of financial market stress, intensifying trade isolationism and heightened geopolitical tensions continue to cloud the outlook. Financial market stress could arise due to escalating investor concerns about the creditworthiness of some emerging market and developing economies or as a byproduct of faster-than-expected normalization of monetary policy in advanced economies. Countries with high corporate debt, wide current account or fiscal deficits, or weak growth prospects would be vulnerable to jumps in global financing costs. In commodity exporting economies, in particular, the expected slowdown in commodity demand growth from major emerging markets evaluates on long-term growth outcomes.

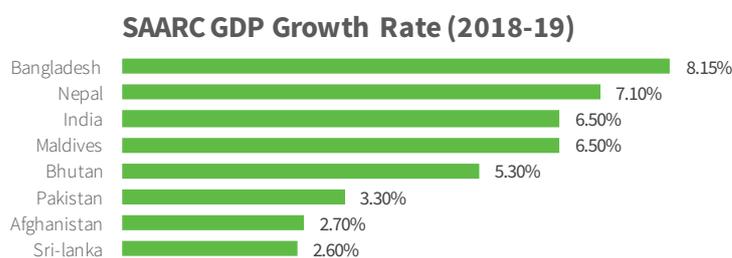
Source:
 World Economic Outlook, January 2020, World Bank
 World Economic Situation and Prospects 2020 United Nations
 Commodity Markets Outlook, October 2019, World Bank
 World Employment & Social Outlook, ILO



Board of Directors at 20th AGM

Bangladesh Economy

Bangladesh is showing robust economic growth over the last 5 years maintaining more than average 7 percent. The performance of Bangladesh economy in 2019 reflects a mixed picture in connection with global levels. The country did not suffer from any major setback during the year, but some of the area especially export and import were slowed-down due to shrinking global economic growth. The country recoded an estimated 8.15 percent GDP growth in FY2018-19 supported by finding new markets for its exports and attracting large number of foreign investors as well as investing in a variety of mega modernization projects. Accordingly, GNI per capita income stood at \$1,909 at the end of June, 2019 from \$1,675 from June, 2018.



The FDI also increased to 5.36 percent year-on-year during July-October period of FY20 reached at \$1,652 million from \$1,568 million. Remittance earnings, which grew by 20.06 percent, stood at \$12,498 million during July-Feb' FY20 supported by depreciation of Taka and cash incentives given at the rate of 2.0 percent of the remitted amount.

However, a number of pressures started to unfold from second of 2019 which squeezes the economic activities. Consequently, revenue collection shortfall was Tk.39,542 crore during July-January of current FY20. As a result, Government borrowed Tk.56,000 crore from banking channel during Jul-Jan of FY20 against full year target of Tk.47,364 crore. Private sector credit growth reached at 9.20% in January 2020 which is lowest over last ten years against target of 14.8%.

Export reflected 4.79% negative growth during July-Feb, FY20 reached at \$26,242 million from \$27,563 million at July-Feb, FY19 due to slow global economic activity. Accordingly, import witnessed 4.44% negative growth during July-Jan, FY20 reached at \$34,584 million which was \$36,192 million. Consequently, our current account balance stood at -\$1,516 million in July-Jan, FY20 which was -\$4,041 million in July-Jan, FY19.

Agriculture Sector

The growth in agriculture sector decreased from 4.2 percent in FY18 by 0.3 percentage point and stood at 3.9 percent in FY19. This was mainly due to fall in growth of crops and horticulture sub sector. Moreover, the share of this sector declined to 13.6 percent of GDP in FY19 from 14.2 percent of GDP in FY18. Within agriculture sector, crops and horticulture sub-sector registered a growth of 2.0 percent in FY19 against 3.1 percent growth in FY18. On the other hand, Forest and related services sub-sector registered a growth of 8.3 percent in FY19, which was 5.5 percent in FY18.

Industry Sector

The industry sector, constituting more than one-third of gross value-added (GVA) in the economy, grew by around 12.7 percent in FY19, up from 12.1 percent in FY18, led mainly by manufacturing, and electricity, gas and water supply and construction. The growth of all sub-sectors of industry has increased in FY19 compared to FY18 except mining and quarrying sub-sector. Mining and quarrying sub-sector achieved 5.9 percent growth in FY19. Growth of manufacturing sub-sector increased to 14.2 percent from 13.4 percent over the same period. Growth of large and medium scale industry increased to 14.8 percent in FY19 from 14.3 percent in FY18, growth of small scale industry increased to 11.0 percent in FY19 from 9.3 percent in FY18 and growth of electricity, gas and water supply increased to 9.6 percent in FY19 from 9.2 percent FY18. Growth of construction increased to 10.2 percent in FY19 from 9.9 percent in FY18.

Service Sector

Despite some moderation, the service sector, comprising more than half of GVA, registered a modest growth of 6.8 percent in FY19. Within the sector, larger growth impulse primarily came from education and health and social work. The sub-sectors viz. education and health and social work grew by 7.7 and 11.8 percent in FY19 compared to 7.0 and 7.0 percent in FY18 respectively. Among other sub-sectors, wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants; transport, storage and communication; and real estate, renting and business activities registered higher growth compared to previous year while growth of community, social and personal services sub-sector remained unchanged. On the other hand, growth of financial intermediations; and public administration and defence sub-sectors declined to 7.4 and 6.4 percent in FY19 from 7.9 and 8.5 percent respectively in FY18.

FISCAL OUTCOME

Expenditure

The total expenditure in the revised budget for FY19 amounted to BDT 4,425.4 billion (17.4 percent of GDP) which was 37.5 percent higher than the actual expenditure in FY18. The operating expenditure in the revised budget for FY19 targeted at BDT 2,667.3 billion (10.5 percent of GDP) which was 39.3 percent higher than the actual operating expenditure of BDT 1,914.7 billion in FY18.

Revenue Collection

In the revised budget for FY19, total revenue receipts targeted at BDT 3166.1 billion, which was 6.7 percent lower than initial target. It was 46.2 percent higher than the actual revenue receipts in FY18. The tax revenue constituted 91.5 percent of the total revenue receipts, which was 49.0 percent higher compared to the actual tax collected in FY18. The non-tax revenue of FY19 was 21.5 percent higher than that of FY18.

External sector

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

Export

Export earnings increased by 10.5 percent to USD 40,535.0 million in FY19 from USD 36,668.2 million in FY18. Woven and knitwear

Directors' Report

products, which accounts for about 84.2 percent of total export earnings, registered an increase in receipts from USD 30,614.8 million in FY18 to USD 34,133.2 million in FY19. Woven and Knitwear products showed a higher growth of 11.8 and 11.2 percent respectively in FY19 compared to FY18. Export earnings from footwear products increased by 8.6 percent to USD 879.4 million in FY19 from USD 809.7 million in FY18. As an important feature of export diversification is the geographical diversity of export destination countries. By looking at the share of different regions, it is observed that over the years Bangladesh's exports to NAFTA, SAARC and ASEAN+3 regions increased but it decreased in EU and others region. However, Export reflected 4.79% negative growth during July-Feb, FY20.

Import

Imports recorded at customs (fob) in FY19 increased from USD 54,463.2 million in FY18 to USD 55,438.5 million registering a growth of 1.8 percent. Import of oil seeds recorded a significant growth of 39.5 percent in FY19. Import (landed) for food grains decreased to USD 1,551.6 million in FY19 from USD 3,098.8 million in FY18. Import of other food items decreased slightly by 1.7 percent to 4,312.6 million in FY19 from USD 4,385.3 million in FY18. Except negative growth of edible oil (11.1 percent) and sugar (23.1 percent), all other food items of imports showed positive growth. Consumer and intermediate goods imports increased by 9.4 percent to USD 27,565.7 million in FY19 from USD 25,202.2 million in FY18. Imports of capital goods and others categories recorded a slight growth of 3.5 percent to USD 10,658.9 million in FY19 from USD 10,294.3 million in FY18. Imports by EPZ increased by 7.3 percent to USD 4,031.5 million in FY19 compared to USD 3,756.0 million in FY18. However, import witnessed 4.44% negative growth during July-Jan, FY20.

Remittance

Remittance receipts increased by 9.6 percent to USD 16419.63 million in FY19 from USD 14981.69 million in FY18. Due to government incentive, simplification of sending remittances in formal channel and different supportive policies regarding remittances helped expatriates to increase remittance inflows again. To facilitate the formal channel, Bangladesh Bank reduced the security deposit requirement for the

exchange houses abroad to establish drawing arrangement with local banks. Remittance earnings showed 20.06 percent growth stood at \$12,498 million during July-Feb' FY20.

Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) plays positive role for developing the Bangladesh economy. FDI is not only an important source of financing but more importantly it is an excellent source of new technology and modern management. FDI has been emphasized by the Government in its 7th five year plan and has undertaken various policies for adequate incentives in attracting foreign investors. Net FDI inflow increased significantly by 38.6 percent to USD 2,650 million in (as per BPM6 shown in BOP) FY19. On the other hand, portfolio investment decreased significantly by 50.7 percent to USD 172 million in FY19 compared to USD 349 million of preceding year.

Balance of Payment

The deficit of current account reduced to USD 5,254 million during FY19 which was USD 9,567 million in FY18. The decrease in current account deficit was mainly attributed to the decline deficit in trade balance and services account. Moreover, secondary income balance surplus increased due to the improvement of workers remittances. In July-Jan, FY20 current account balance stood at -\$1,516 million.

CPI Inflation

Annual average CPI inflation was brought down to 5.6 percent by end June 2019, from 5.8 percent of end June 2018. Moreover, The 12 month average general CPI inflation edged down to 5.5 percent in June 2019 with low volatility, well below the targeted ceiling of 5.6 percent mainly supported by a good crop harvest and lower global food prices. On the other hand, Inflation outlook for FY20 is also expected to remain contained within the target ceiling of 5.5 percent declared in the national budget. Although recent upward revisions of domestic gas prices, augmented prices of goods and services resulting from increased demand for foreign exchange are potential sources of risk that can create upward pressure on the CPI inflation. At the end of 2019, twelve month monthly average inflation stood at 5.59%.

Exchange Rate

In FY19, exchange rate depreciated by 2.3 percent compared to 3.6 percent

depreciation in FY18. In order to maintain stability in the foreign exchange market BB intervenes in the foreign exchange market by selling foreign currency amounted to USD 2.34 billion in FY19. Exchange rate stood at BDT 84.0 per USD in FY19 compared to BDT 82.1 per USD in FY18 (period average). Foreign exchange reserve stood at USD 32.72 billion at the end of June 2019 which was USD 32.9 billion in FY18. Although substantial amount of deficit in current account balance emerged from high import growth posed a challenge for Bangladesh economy in FY18, this challenge has successfully handled in FY19 monetary policy stance and monetary programme. However, exchange rate of taka against USD stood at 84.90 as on Dec 30, 2019.

Monetary Policy

Bangladesh bank would continue to pursue an accommodative monetary policy stance in FY20 to support the government's target for growth but without compromising the target ceiling of 5.5 percent CPI inflation. The twelve month point-to-point inflation rate stood at 5.52 percent in June 2019 compared to 5.54 percent in June 2018. Credit to private sector also remained moderate and constitute 11.3 percent growth against the target growth of 16.5 percent emerging from higher base effect, lower imports due to having enough food stock and piling-up of capital machinery in the previous year.

Broad money (M2) growth accelerated in FY19 to 9.9 percent from 9.2 percent in FY18 but ended up short of the FY19 monetary programme target growth of 12.0 percent. The growth in broad money was driven by growth in net domestic assets (NDA) stemming from huge growth of public sector credit. Reserve Money (RM) grew by 5.3 percent, lower than the programmed growth of 7.0 percent for FY19 but higher than the actual growth of 4.0 percent in FY18.

Interest rate movement

The weighted average interest rates on deposits increased to 5.5 percent in FY18 but further marginally decreased to 5.4 percent in FY19. Similarly, weighted average interest rates on lending marginally increased to 9.95 percent in FY18 but finally decreased to 9.58 percent in FY19. Interest rate spread between the two narrowed to 4.15 percent in FY19 from 4.45 in FY18.

Call Money

The money market in Bangladesh comprising of banks and financial institutions experienced a moderate volatility in FY19. During the same period call money rate ranging from 2.2 percent to 4.5 percent. During FY19, the volume of interbank call money decreased by BDT 173.53 billion, which was 12.25 percent lower compared to that of FY18.

Foreign Exchange reserve

BB's net foreign reserves comprises of major currencies (G-7), gold and Special Drawing Rights (SDR). FY19 started with USD 32.91 billion in foreign exchange reserves which slightly fell to USD 32.72 billion at the end of the year. At the end of 2019, foreign reserves stood at USD 32.69 billion.

Sovereign ratings

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

Outlook for 2020

The opportunity and challenges

Bangladesh economy has performed a remarkable GDP growth rate in FY19 and there is big opportunity that Bangladesh's economy will make one of the biggest jumps between 2020 and 2034 on the back of demographic dividend and rising per capita income, according to a recent report of the World Economic League Table (WELT) 2020, London-based Centre for Economics and Business Research. A number of mega projects are driving the infrastructural development of Bangladesh. US-China trade war re-directing RMG orders from China to other global manufacturing destinations. This is the prime time for Bangladesh to capitalize this opportunity. Successful operationalization of some Special Economic Zones (SEZs) is also important for boosting investment.

However, Bangladesh's economic journey in 2020 will be influenced by several factors such as negative export, sluggish private investment, tepid revenue collection and, most importantly, the mounting NPLs etc. Bangladesh economy is an integral part of global economy and open to global risks. There seems uncertainty and pressure in the global economy in the next year especially in the fronts of consumption and GDP growth. One of the most concerning issue is slowing demands of apparel goods in the global markets due to subsequent effect of coronavirus outbreak in worldwide. In addition, downswing in Chinese and Indian economies is other issue for Bangladesh as the countries are emerging export markets for Bangladesh. Moreover, LDC graduation will bring a lot of new challenges, especially concerning losing trade preferences in major export destination countries. There are stringent and tough development goals that need to be achieved by 2030. So, it is the high time for the country for the preparedness to increase the export growth and for this there is no alternative to diversification of goods and export destinations.

Source

Bangladesh Bank Annual Report 2018-2019
Asian Development Bank Outlook 2019
Bangladesh Bank Monthly Economic Indicators,
December-2019



Business Meet 2019

Banking Industry Exploring 2019

The banking industry of Bangladesh currently is going through a storm because of the absence of good governance, lack of accountability and culture of impunity. According to the “Global Competitiveness Report 2019”, Bangladesh ranked 130th out of 141 countries in soundness of banks because of the mounting concerns related to assets quality, non-performing loans, distorted loan disbursement, weak financial auditing and regulations’ inability to ensure financial stability. NPL accounts for 9.32% of the total loans in the industry which is eroding the confidence of customers and depositors in the banking sector, exacerbating the liquidity crisis and curbing the capacity of banks to give out loans. To battle through these challenging times, the government is planning to form a Banking Commission with the most experienced and knowledgeable people of different disciplines who will be able to work independently under the direct supervision of Center of Policy Dialogue (CPD). The banking industry is also voyaging through uncharted territories with the anticipation of the implementation of Fixed Interest Rate Regime that was opted for facilitating investment but can become more of a bane by distorting the entire market mechanism of funds. Between January and February of the year 2020, deposit growth in banks saw a steep decline with customers withdrawing about Tk. 600 crore because of the capping of

interest rate on savings to 6%. Banks have also taken a cautious stance towards disbursing fresh loans at 9%, anticipating further decline in the deposit growth in the coming months. All this has the potential to cumulatively shrink the profitability of banks.

Regulation of banking Industry

Bangladesh Bank Order 1972 and the company act 1991 and subsequent amendment of 2013 mainly guide the Commercial Banks of Bangladesh. The latest amendment allows the number of directors from two to four from a single family and the extension of the tenure from six years to nine years. The Bangladesh Bank (BB), Central Bank, exerts the supervisory controls over the banking sector. Besides, prudential guidelines for agent banking operation, loan classification and provisioning, amendment of guidelines on credit card operations of banks, foreign direct investment promotion project (FDIPP), promotion of cashless transaction and issuance of agricultural & rural credit policy & program for the FY 2018-19 were the key steps of central bank to strengthen sustainable development of the banking industry.

Banking Sector of Bangladesh

At the end of 2019, the deposit growth increased to 12.57% from 9.05% in 2018 and the growth in loans was nearly 13.41% this year, creating a likelihood for asset-liability mismatch. The gap between private sector credit growth and

deposit growth declined to 2.50% points in 2019 from 4.50% points in 2018. The call money rate is gradually increasing with from 4.42% in February, 2019 to 5.09% in February, 2020 because of banks’ investment in government treasury bonds and higher demand for cash by the new banks which do not have adequate deposit.

The banking sector having 10,467 branches all over Bangladesh, with 5,069 in rural areas and 5,398 in urban areas, has managed to secure a total deposit of Tk. 11,369.80 billion in December 2019 whereas the total advances stood at Tk. 12,884.31 billion. The AD Ratio is lowest for state owned Commercial Bank which is 60.4%. Regulatory body has also specified the boundary of AD ratio for banking industry as a pre-step to ensure the sound liquidity position of commercial banks. The key profitability indicators –(Provisional) return on assets (ROA) and return on equity (ROE) stood at 0.30% and 4.70% respectively as on 30th June 2019 as compared to 0.40% and 5.40% respectively as recorded in 2018.

The banking industry has maintained a provision of Tk. 543.3 billion against required provision of Tk. 624.6 billion, marking a shortfall provision of Tk. -81.3 billion as of 30th September 2019. At the same period, the average CRAR (Capital to Risk Weighted Asset Ratio) for banking industry was 10.89%, when the CRAR for the private commercial banks, state banks and foreign banks was 12.7%, 8.5% and 28.7% respectively.

MONETARY AGGREGATES

Item	Actual		Program	
	Dec'18	Jun'19	Dec'19	Jun'20
Net Foreign Assets	-0.3	2.2	2.0	0.3
Net Domestic Assets	12.7	12.3	14.1	16.0
a) Domestic Credit	13.3	12.3	14.5	15.9
b) Credit to the Public Sector	13.4	21.1	25.2	24.3
c) Credit to the Private Sector	13.3	11.3	13.2	14.8
Broad money	9.4	9.9	11.3	12.5
Reserve money	8.2	5.3	9.8	12.0

(In Billion)

Types of Bank	No. of Banks	CRAR% (Jun'19)	ROA (Jun'19)	ROE (Jun'19)	Ad ratio (Sep'19)	NPL ratio (Sep'19)	CL in billion (Sep'19)
State owned bank (SCB)	6	8.5	-0.8	-16.6	60.4%	31.50%	549.2
Specialized banks (DFI)	3	-31.2	-2.7	-14.2	83.4%	17.81%	47
Private banks (PCB)	41	12.7	0.7	9.5	61%	7.43%	545.7
Foreign Banks(FCB)	9	28.7	2.6	13.4	77.2%	6.01%	20.9
Newly approved	3						
Total	62	10.89%	0.3	4.7	77.5%	12%	1162.8

* Bangladesh Bank Quarterly (July-Sept, 2019), Financial Stability Assessment Report (April-Jun, 2019)

Since the banking industry plays the most crucial role in developing the socioeconomic status of the country, the banks are focusing on monetizing the rural economy through financial inclusion, facilitating remittance inflow, financing SMEs and strengthening the export scenario of the country by complying to international standards, diversifying their portfolio and bringing more efficiency in their service through embracing digitization and innovation so that they can thrive in the competitive market with low profit margins.

Review of operations of Bank Asia in 2019

Stable political as well as smooth business environment leads the economy to grow moderately but still the banking industry had to pass another challenging year in respect of rising non-performing loan, drop in private sector credit growth, market indiscipline for implementation of single digit interest rate, lower growth of international trade, depreciation of foreign exchange rate etc. Yield on advance of the bank increased by 20 basis points in 2019 and reached at 10.19% from 9.99% and cost of deposit increased slightly from 5.65% to 5.67% that resulted in increase of spread from 4.34% to 4.52%. Bank's total assets reached Tk. 353,800 million in 2019 compared to Tk. 307,291 million in 2018 with a growth of 15% and total capital reached Tk. 42,757 million in 2019 from Tk. 35,083 million in 2018 with a growth of 22%. Deposit reached Tk. 253,710 million

compared to Tk. 222,471 million with a growth of 14% and Loans and advances was 6% higher than the preceding year and stood at Tk. 227,299 million.

Bank's import decreased by 6.95% and stood at USD 1.860 million in 2019 where in 2018 it was USD 1,999 million. Export decreased by -2.49% and reached USD 1,567 million which was USD 1,607 million in the previous year. Inward remittance in 2019 showed a growth of 22% and reached USD 897 million compared to USD 735 million in 2018. Operating profit and net profit after tax of the bank stood at Tk. 9,322 million and Tk. 1,961 million respectively. The Bank lagged behind in restraining growth of classified loans at the year ended with CL ratio to 4.61% in 2019 compared to 4.1% of previous year. The Bank is standing on sound footing where strong capital base is playing a key role

for smooth business growth. This strong capital base helped the Bank to maintain a very satisfactory Capital to Risk Weighted Assets Ratio (CRAR) of 17.93%.

To maintain the increasing demand of customers for innovative services and a balanced distribution of network, the whole network of Bank Asia now consists of 128 branches, 3,525 Agent outlets, 4 SME service centers, 5 Islamic windows, 180 own ATMs with more than 12,500+ shared ATMs, 1 Brokerage Company in Bangladesh and 2 exchange houses located in UK and USA. The Bank is also operating 2 branches of BA Express USA Inc. in New York since 2014. All the operations of the Bank are interconnected and integrated through state of the art networking technology.

CORPORATE & LARGE LOAN

Corporate & Large Loan (C&LL), one of the strategic business divisions of Bank Asia, has been engaged in supporting some of the major corporate clients of the country, thus contributing towards the economic growth of the nation. C&LL finances industries in the likes of power, construction/infrastructure, cement,

ceramics, food and beverage, paper, pharmaceuticals, transport, trade etc. It also caters to non-banking financial institutions. C&LL deals with funded exposure above Tk.200 million and/or total exposure above Tk.300 million.

Corporate & Large Loan is segregated into General Corporate Finance Wing 1 and

Wing 2, Syndication & Structure Finance Unit and the newly formed Monitoring Unit. C&LL is also arranging FC loan facility for its corporate clients through OBU of the Bank and processing proposals of Islamic Banking under its Islamic Unit.

As of end of 2019, the loan portfolio of Corporate & Large Loan was Tk.111,508 million, which was around 49% of the total loan portfolio of the Bank. Import business handled by C&LL was Tk.65,837 million in 2019 registering 15% growth over 2018. During 2019, C&LL extended, among others, financial support of Tk.2,600 million to a solar based power plant having power generating capacity of 30 MW and Tk.1,000.00 million to a HFO based power plant having power generating capacity of 54.36 MW. Moreover, C&LL was also involved in extending credit facility of Tk.3,600.00 million for construction of elevated expressway from Lalkhan Bazar to Sha-Amanat Airport, Chattogram. Additionally, facility under supply chain finance executed with one of the leading corporate clients.



Bank Asia financed elevated expressway from Lalkhan Bazar to Sha-Amanat Airport, Chattogram

EXPORT FINANCE

All the Export oriented customers of the Bank irrespective of nature and size of Loan portfolio are privileged as corporate customers and dealt by the Export Finance Department of Corporate Office. . It always strives to ensure a solid and quality credit portfolio with maximum return for the bank and its stakeholders with lowest level of non-performing assets. To ensure quality credit portfolio, the Department as per the directives of the Board of Directors and Management has also developed a specialized Monitoring Team in 2019 with some young and energetic Monitoring Officers having long experience in the Merchandizing and commercial operation of the RMG industries. Total outstanding Funded Loan portfolio of Export Finance Department at the close of 2019 was Tk.45897.00 million which is approximately 20% of total Loan portfolio of Bank. RMG holds 98% of total portfolio of export finance.

For ensuring sustainable growth of the bank and the economy as a whole, Export Finance Department has increased its green initiatives through its active participation in different green products financing schemes of Bangladesh Bank and other Multinational Financing Agencies. Besides its existing participation in the Green Fund, Green Transformation Fund and Urban Building Safety Project (UBSP) fund of Bangladesh Bank, we have signed another participation Agreement with Bangladesh Bank on 30.07.2019 under Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments (RMG) Sector Project (SREUP). Utmost importance has been given during last couple of years to make our export oriented industries compliant as per the directives of Accord, Alliance and other compliance bodies. Three LEED certified RMG projects financed by Bank Asia Limited has taken our commitment to a new height.



A modern Green RMG project financed by Bank Asia

SYNDICATION & STRUCTURED FINANCE

Bank Asia has been playing a vital role in the Syndication market since the year 2000. The said Unit has acted as the lead arranger & agent for 20 different syndicated deals and have also participated in different projects by allowing Syndicated Term Loan and Working Capital Facilities under the lead arrangement of other Banks. SSFU is providing extensive support and financial assistance to different Power Projects, Cement, Refinery Plant, Textiles, Ceramics, Pulp & Paper, Telecom, Steel, Construction, Economic Zone etc. The Unit is also supporting Bank’s Corporate clients by providing Project Term

Loans in establishing new projects or in BMRE Projects, Working Capital Financing, Short Term Loan Financing, Offshore Financing, Bridge Financing, Investment in Alternative Products etc. As of December 31, 2019, Syndication Funded exposure was of Tk.10,871.45 million with zero classified loan. In the year 2019, Bank Asia, raised Syndicated Term Loan of Tk. 2,850.00 million from 7 Banks & NBFIs for Bashundhara Industrial Complex Ltd. for enhancement of production capacity of the existing cement factory to 3.00 million

MT/year from existing 2.10 million MT/year at Madangonj, Narayangonj having total Project Cost of Tk. 4,498 million. Moreover, we have provided Syndicated Term Loan under IPFF-II arrangement for establishment of different Economic Zones namely City Economic Zone Ltd., Meghna Industrial Economic Zone Ltd. and also provided facilities for the Development of Water Distribution and Supply Facilities at Purbachal New Town, Dhaka on a Public Private Partnership (PPP) Basis. All these will have positive impact in the economic growth of the country.



Bank Asia as Lead Arranger raised Syndicated Term Loan of Tk. 2,850 million for expansion project of Bashundhara Industrial Complex Ltd.

CMSME Banking & Agri/Rural Credit

Worldwide Cottage, Micro, Small and Medium Enterprises have been accepted as the engine of economic growth and for promoting equitable development. With low investment requirements, operational flexibility and the capacity to develop appropriate indigenous technology, CMSMEs have the power to propel Bangladesh to new heights.

Cottage, Micro & Small Enterprise Financing

Bank Asia focuses on the growing lending in manufacturing industries, service oriented business initiatives, cluster financing, promoting rural people as well as rural women entrepreneurship creating business network for CMSE entrepreneurs and financing in untapped areas to the new entrepreneurs. In addition to the regular Deposit and Loan products, Bank Asia has introduced tailor-made products to cater to the need of CMSME clients and widen its distribution network throughout the country.

Initiatives in 2019

- The SE & SPL Department of the Bank has launched 3 new products titled "Shopner Khamar" - for dairy sector value chain entrepreneurs, "Uttaran" - for existing good CMSE loan borrowers and "Shofol- GP" - for working capital support for GP retailers.
- Participated in workshops, awareness building programs and baseline surveys in different branches conducted by Financial Inclusion Department (FID) of Bangladesh Bank and ADB under Small and Medium Enterprise Development Project-2 regarding refinance.

- Signed Agreement with Guardian Life Insurance, Oxfam in Bangladesh, truvalu.enterprises, Pragati Insurance, Robi, ICB and SME Foundation.
- Bank Asia and SME Foundation jointly organized training on "SME Business Management" at Cumilla in order to capacity and skill development of Women Entrepreneurs and facilitate loans for them.
- Participated in "Banker-SME Women Entrepreneur Gathering & Product Display Fair-2019" organized by Bangladesh Bank.
- Arranged 5 training/seminar sessions and provided training to 120 entrepreneurs on capacity building, business development and monitoring.

10,000+ MSE Loans Disbursement through Online

- As we are the first financial institution in the country to introduce TAB/PC based digital SME & Agri proposal processing, we have disbursed 10,550 credit proposals amount to BDT 4,240 million through Diganta (BFP-B, UKAID funded project), an online credit approval system up to 31st December 2019.
- Organized 14 training sessions and provided training to 458 officers of the bank on Online Credit Approval System (OCAS)

Cluster Financing

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

- Electric & Electronic cluster-** Jurain, Muradpur, Kadomtoli, Syampur, Dhaka
- Handloom & Specialized Cloth Cluster -** Adhamdighi, Bogra
- Hosiery Cluster -** Jurain, Kadomtoli, Dhaka
- Bamboo & Cane Cluster -** Rajanagar, Sirajdikhan, Munshigonj
- Shitol Pati Cluster-** Joynshar, Sirajdikhan, Munshigonj
- Jamdhani Cluster -** Moikoli, Tarabo, Rupgonj, Narayangonj
- RMG Cluster -** Dolagaon & Malkhanagar, Sirajdikhan, Munshigonj & Keranigonj, Dhaka
- Pottery Cluster -** Ultapara, Nohati, Kaliakoir
- Broom Cluster-** Keranigonj, Dhaka
- Curd Cluster-** Kaliakoir, Gazipur
- Sports Ware Cluster-** Bondor, Narayangonj
- Cock Sheet Cluster-** Staff road, Demra, Dhaka
- Metallic Ornaments-** Vakurta, Hemayetpur, Dhaka

Financial Highlights of 2019

- The Cottage, Micro and Small Enterprise portfolio stood at Tk. 11,037 million compared to previous year's Tk. 9,119 million with a growth of 21.03%
- Medium Enterprises portfolio stood at Tk. 29,750 million compared to previous year's Tk. 28,032 million with a YOY growth of 6.13%
- 3,760 new CMSE borrowers were added to the CMSE portfolio in 2019 with a volume of Tk. 5,524 million
- 132 new customers were on boarded in Mid Segment Enterprise with a volume of Tk. 3,751 million



MoU Signing ceremony

AGRICULTURAL/RURAL CREDIT

Bank Asia has the aim of bringing low income segments of the country in financial inclusion by providing adequate Agricultural/Rural credit since inception and successfully contributing in this most driving sector of Bangladesh every year. In the FY 2018-2019, the Bank disbursed Tk. 3,650.36 million to 71,458 rural farmers and achieved 106% against the target of Tk. 3,440.00 million as set by Bangladesh Bank.

Status of Agricultural/Rural Credit as on 31-12-2019 is given below:

Million Taka

Particulars	Direct Network	Indirect Network	Total
Disbursement (01.01.2019-31.12.2019)	1,072.78	3,235.66	4,308.44
Outstanding (As on 31.12.2019)	660.77	3,525.97	4,186.74
No. of Beneficiary	2,472	68,986	71,458

Bank Asia emphasized to extend credit facilities with the following contemporary thoughts in 2019:

- Improvement in livelihood of low income people:** Total 2,218 no. of Tk. 10 A/C holders of Bank Asia Ltd. are facilitated through distributing Tk. 84.31 million to improve their livelihood by participating in income generating activities. We also received refinance of Tk. 55.64 million from Bangladesh Bank against these funding in the year 2019.
- Stimulate the cultivation of special crops:** To cultivate special crops i.e. maize, pulse, spice & oilseed we disbursed Tk. 8.31 million to 192 farmers at 4% interest rate directly through our rural branches & agents.
- Increasing direct lending through Agent Banking Channel:** In the year 2019, we reached to 2,541 no. of unbanked farmers/very small rural entrepreneurs by funding Tk.101.25 million directly through Agent outlets.
- Create Awareness & skill development:** We have arranged 10 no. of Farmers Group Discussion (FGD) and training program in 2019 among the 500 no. of farmers and 95 no. of CSOs, AROs as well as agents to create awareness and development of their skills. We also introduced hand book and leaflets on Agri/rural credit facilities of Bank Asia Ltd.
- Penetrate to social outreach as financial partner:** For sustainable growth and development of Agricultural & Rural sector and facilitate the same through easy and timely flow of credit by institutional sources in a sustainable manners, Bank Asia’s Agri/Rural credit is running with different programs through different national & international organization such as USAID, ACDI/VOCA, Care Bangladesh, World Fish etc.



Bank Asia Financed Dairy Farm

MID-SEGMENT ENTERPRISE FINANCING

Mid-Segment Enterprise (ME) is getting increasing focus day by day due to its crucial roles in the economy in terms of production, employment generation and in the diversified economic development of a country. Bangladesh Bank has been emphasizing on SME loan for diversification of concentration risk of the bank finance. In order to take forward the Mid-Segment Enterprise finance, Bank Asia has separated credit processing function from the relationship management function as per CRM guideline of Bangladesh Bank. Moreover, separate cluster in Sylhet and separate Zone in Chittagong have been formed to strengthen the relationship management and cover the geographical coverage.

The Business position of of Mid-Segment Enterprise (ME) as on December 2019

million taka

Outstanding Dec 2017	Outstanding Dec 2018	Outstanding Dec 2019	Growth in 2019	Growth %	% of holding
25,850	28,032	29,749	1,717	6.12%	13.07%

In accordance with the plan for years to come, the bank is heading towards centralization. As such, ME Business is designed on the basis of cluster/Zone concept which will be expanding gradually throughout the country.

CREDIT ADMINISTRATION

Credit Administration Department (CAD) is entrusted with the task of supporting and controlling the extension of all credit centrally by systemizing the credit facilities and security documents as per terms and conditions of sanction letters, working with critical CIB operation, regulatory reporting, monitoring of expired loan, deferral documents and checking copies of major security documents.

Major Activities in 2019:

- Systemized 224,173 numbers of jobs including Changes of limit, terms & conditions, changes of interest rate, installment size, number of installment modification, allowing of EOL / L/C, time extension of composite limit along with deferral.
- Checked 203,703 nos. of major documents against 14,240 nos. borrowers
- Visited 35 branches on Saturday for minimizing documentation lapses

- Monitored 84,243 nos. of accounts (Past due loans) and reviewed 24,801 nos. of expired loans accounts for regularization.
- Regularized 245 nos. of deferral documents out of 420 nos. of documents of all branches.
- Downloaded 86,395 nos. of CIB reports & uploaded 141,613 nos. of accounts through online system.
- Correction of CIB database of 1,260 nos. borrowers from Bangladesh Bank:
- Submitted 279 nos. of statements to Bangladesh Bank and other bodies (monthly/quarterly /half yearly/yearly through conventional and RIT after checking.

Development & Automation in 2019:

- Implementation of online loan documentation through MISDB system.
- Online module for monitoring existing collateral security reviewing/revisiting system
- Implementation of Collateral/Security Information database against loans and advances and develop separate module for updating information to Bangladesh Bank.

Automation Planning for 2020:

- Complete online documentation system (E-doc)
- Online sanction & loading Secured Overdraft (SOD) loans under Branch delegation through MISDB system.
- Introduce monitoring system to check collateral securities

SECTORAL DISTRIBUTION OF CREDIT

The bank’s loans and advances to Tk. 227,298.96 million achieving a growth of 5.91%. Sectorwise distribution of loans and advances is as follows:

Million Taka

SL. No	Sectors/Sub-Sectors	2019		2018	
		Million Taka	% of Loan	Million Taka	% of Loan
1	Industries				
	Agriculture	4,776.10	2.10%	5,915.90	2.76%
	Food Manufacturing	13,514.00	5.95%	11,750.70	5.48%
	Beverage industry	338.60	0.15%	434.40	0.20%
	Tobacco industry	69.60	0.03%	231.50	0.11%
	RMG industry	22,705.10	9.99%	25,513.20	11.89%
	Textile industry	21,335.00	9.39%	21,784.90	10.15%
	Wood cork and allied products	48.90	0.02%	50.30	0.02%
	Furniture and Fixture	159.10	0.07%	152.90	0.07%
	Paper and paper products	6,561.40	2.89%	5,673.20	2.64%
	Leather and leather products	2,298.90	1.01%	1,896.50	0.88%
	Rubber products	2,775.40	1.22%	2,124.50	0.99%
	Chemical and chemical products	2,178.90	0.96%	1,394.50	0.65%
	Basic metal products	8,800.20	3.87%	8,826.70	4.11%
	Electrical machinery and apparatus	3,327.00	1.46%	2,847.80	1.33%
	Other manufacturing industries	18,284.36	8.04%	16,107.94	7.51%
	Ship building	4,608.30	2.03%	2,729.90	1.27%
	Ship breaking	1,419.70	0.62%	621.50	0.29%
	Pharmaceutical	500.30	0.22%	435.50	0.20%
	Subtotal	113,700.86	50.02%	108,491.84	50.55%
2	Constructions	5704.10	2.51%	3,915.60	1.82%
3	Power, Gas, Water and Sanitary Services	7657.10	3.37%	3,624.00	1.69%
4	Transport, Storage and Communication	1577.50	0.69%	2,620.60	1.22%
5	Trade Services	47112.90	20.73%	45,579.00	21.24%
6	Housing Services	15140.40	6.66%	14,305.10	6.67%
7	Banking and Insurance	3429.00	1.51%	4,658.80	2.17%
8	Professional and Misc. services	32,977.09	14.51%	31,423.21	14.64%
	Subtotal	113,598	49.98%	106,126.31	49.45%
	Total	227,298.96	100.00%	214,618.15	100.00%

CREDIT RISK MANAGEMENT (CRM)

CRM Division of the Bank is relentlessly working to execute and materialize its objectives for sustainable and resilient loan portfolio ensuring calculated risk taking, good governance, expert human resources & process reengineering through automation. In this regard, CRM Division established & identified its targeted achievement, future plan & challenges; to this effect Annual Performance Agreement (APA) is being implemented. Major challenges, objectives & future plan of CRM Division are as follows:

Maintaining NPL	At an acceptable level keeping credit risk exposure within desired parameters as well as ensuring proper monitoring of loan portfolio.
Addressing concentration risk	Reviewing all possible dimensions of concentration risk viz. sector wise exposure, geographic exposure, borrower wise exposure etc. Bank shall particularly focus on SME sector to diversify bank's loan portfolio.
Devising Risk Appetite Statement	Focusing on the level of threshold of exposure based on industry outlook and Strategic & Capital planning of the Bank.
Catering to green initiatives	Green projects and environment supportive ventures.
Acceleration of credit approval process	With improvement of loan monitoring system through efficient use of human resources as well as adoption of innovative technology.

Excellence in Credit Analysis:

Bank Asia aims for excellence in credit analysis towards approval of any credit facility to its customers. Meanwhile a big pool of credit risk analyst has been recruited in the CRM Division in line with BASEL principle as Banks need to develop a corps of credit risk officers having experience, knowledge and background to exercise prudent judgment in assessing, approving and managing credit risks. Besides, Credit approval authorities have been assigned to the individual executives based on their qualifications, experience and knowledge; and NPL against such approval is reviewed regularly by the top management as well as Board of Directors of the Bank. Accordingly extent of Delegated authority is revised based on the recommendations of top management & Board of Directors of the Bank.

Updating Bank's credit policy and compliance in Regulatory guidelines:

In response to the changes in the industry outlook CRM formulates & updates its policy guidelines as to manage the risks proactively to safeguard bank from any distressed situation. Bank Asia strives to strictly maintain compliance to the instructions & guidelines of all relevant authorities. As regulatory guidance Bank's credit approval function is separate & independent from Bank's marketing/ relationship management function. In line with Bangladesh Bank guidelines meanwhile CRM has implemented Internal Credit Risk Rating System for Banks (ICRRS) while approving any credit facility to its customers.

Addressing Environment and Social Risk Management as integral part of credit approval:

In the context of commitment to the society as well as to ensure sustainable financing Bank Asia ensures Environment and Social Risk Management (ESRM) guideline as formulated by Bangladesh Bank which takes into account number of social parameters focusing on relevant environmental risk factors.

Financing eco-friendly projects are always our preferred area of lending. Out of many such projects, there are few ones:

- Tk.140.00 million has been financed to Youth Spinning Mills Ltd. for importing of high energy efficient gas generator.

- Tk.441.89 million has been invested into different liquid waste management project, ETP, Waste Water Processing Plant etc.
- Tk.128.86 million is financed for Green Establishment/Green Building project which helps to reduce environmental effect.

Participating projects:

- Signed participation agreement with Bangladesh Bank under refinance scheme in 2011 for lending in solar energy, bio-gas, and effluent treatment plant (ETP) & hybrid hoffman kiln (HHK).
- Executed agreement with the regulator as a participant in the refinance scheme (revolving fund) of Tk.2000.00 million for Green Product / Initiatives practicing in Bio- Gas and Green Industries projects.

Carbon offset projects are another way of minimizing carbon footprints. We have disbursed a total of Tk.176.58 million to 3458 farmers. Among them, Tk.1.106 million to 53 farmers was allowed through A-card, and Tk.135.46 million was approved to 2912 farmers through Online Credit Approval System (OCAS) which greatly helps in carbon sequestration.

Adoption of technology to maintain minimum Turn Around Time (TAT) for disposal of credit issues & credit monitoring: Bank Asia fervently focuses to adoption of technology to ensure faster & efficient disposal of credit proposals and monitoring of credit portfolio. Meantime Bank Asia developed online platform "OCAS-Diganta" for processing of PPG based loan proposal. Besides, System generated SMS is being sent to the borrower for payment of overdue liability as well as CRM is working on to make System generated voice call to the delinquent borrower.

Synopsis of Diganta Platform:

Monitoring of Bank's Loan portfolio:

To maintain a healthy loan portfolio monitoring of outstanding loans and advances of the bank is mandatory. CRM officials visit customers' business both at the pre-sanction as well as post-sanction stage to have better insight of the business & the borrower.

GROUP FINANCE

With a view to ensuring safe & stable Banking, Group Finance of Bank Asia is operating with utmost efficiency and professionalism. Group finance team oversees all financial activities of its main operations as well as three subsidiary companies. The major functions of Group Finance in 2019 are delineated below.

VAT
Effective management of VAT Audit

Tax
● 1 year return submitted
● 2 year assessment finalized

Financial Statement
Regulatory Reports
62

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

MIS
● Monthly business unit wise performance tracking 1000+
● Monthly profitability analysis- 12
● Daily position -260
● Daily co-ordinator wise report -260

Regulatory Reporting-ISM, FPM, & CDLC Reporting
● 40 reports to Bangladesh Bank
● Provided daily support to 127 branches under ISM reporting
● Conducted 2 trainings regarding ISM

Bank Budget
162
Branches and Departments

Rating
● CAMELS Rating-half yearly
● Entity Rating-Yearly
● 3 Bonds Rating- Yearly

Bank Asia 1st Mutual Fund
Bank Asia launched an open-end Mutual Fund of Tk. 1,000 million

Employee Fund Management
Total fund Tk. 3,103 mln

Investment
● Fresh Investment Tk. 179.36 mln
● Total Income Tk. 197.01 mln

● 4 National Awards
Annual Integrated Report 2018
● 3 International Awards
Sustainability Report 2018
Annual Integrated Report 2018

CL Monitoring
● Tracking of CL movement
● Letters distribution to respective branch for necessary action

Interest Rate Monitoring 40 peer banks
● Deposit and advance rate analysis
● T-bill , T-bond rate analysis
● Monitoring of Product wise deposit inclusion -exclusion

6 Business Conferences
● Performance analysis in comparison with the respective budget of the branches, divisions, departments & units

Payment Processed
17,515 bills

10 Publications
(annually-semiannually-quarterly)

Finance

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

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

Financial and Strategic Planning

ISM, FPM & CDLC Reporting

Financial Reporting

Capital Planning & Management

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

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

- AIR 2018
- Sustainability Report 2018
- Corporate Outlook 2018-19
- Business Review 2019
- Half Yearly business review 2019
- Quarterly Financial Statement

MIS

MIS-Database Management

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

Publications

Awards

Financial Control

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

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

Tax & VAT Planning and Management

Financial Control Process

Employee Fund Management

Investment

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

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

ICAB National Award:
1st position - BPAR
2nd position - Corporate Governance category
3rd position - Integrated Report category

ICSB National Award:
winner Corporate Governance Excellence
SAFA International Award:
Winner- SAARC Anniversary Award for Corporate Governance
1st Runner up -BPAR
Sustainability Award:
Gold Rank award by NCSR & ICSP

ISLAMIC BANKING

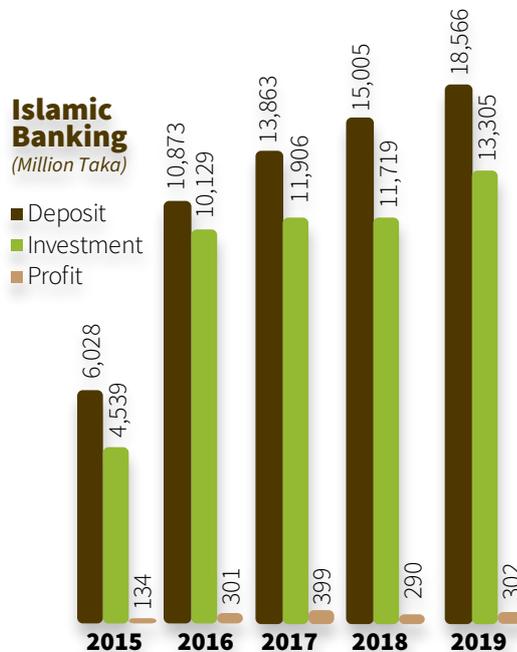
Bank Asia Islamic Banking was commenced in 2008 with the commitment of providing high standard of Shariah complied products & financial services. All of our Islamic Banking activities and products are strictly monitored by the Board and Management and guided by Shariah Supervisory Committee of the Bank. Our Shariah Supervisory Committee consists of 9 members including qualified Faqih (expert on Islamic jurisprudent), elite Islamic Scholars and professionals of the country having experience in Islamic Banking.

For distributing profit among the Mudaraba Depositors, Bank Asia Islamic Banking has developed a module based on Income Sharing Ratio (ISR), the first of its kind in Bangladesh. In this module Bank offers an ISR to every individual Mudaraba depositor rather than offering a provisional or fixed rate. The actual profit is calculated every month on the basis of income earned for the same period. ISR based unique profit distribution system has given our Islamic banking services much acclaim and wide acceptance. This module has already been recognized as a better Shariah compliant and justified profit distribution module than that of other Islamic Banking operators in the country.

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

Later 2017, Bank Asia has started Islamic Banking activities under Agent Banking framework through 25 piloting outlets using separate software for conducting its business activities. Till December 2019, the Bank covered more than 1,801 Agent outlets in all districts of the country. We hope that this would create stronger brand image of Islamic Banking and would contribute more in the overall profitability of the Bank.

Islamic Banking of Bank Asia has been passing the 12th year of its operations starting from the Islamic Window concept. Now, Islamic banking is following virtual Window model. For Islamic deposit and investment business, the Bank is simultaneously using all of its Distribution Channels, i.e. all Branches, SME Centers, SME/Agri Branches and Agent Banking Outlets through online services beside the



dedicated Islamic Banking Windows. Up to December 2019, our Deposit stood at Tk. 18,566 million, Investment (Credit) at Tk. 13,305 million and Profit position reached Tk. 302 million.

Key Activities in 2019

- The Islamic Banking team continued visiting of our conventional branches to provide basic ideas about Islamic Banking principles, products & services to the Bank's manpower under the Islamic Banking Knowledge Sharing Program.
- Organized 7 (seven) trainings and workshops for Heads of Branches, Credit officials and C&LL, CRM, CFC and SME officials to enrich their knowledge base & skill level on Shariah and Islamic banking products & services.
- Arranged 9 (nine) special training programs for the Agent Owners, Customer Services officials and AROs to provide the services of Islamic Banking.
- Continued support for Hajj pilgrims' Pre-registration and Registration operations under the Ministry of Religious Affairs of Govt. of Bangladesh through our Islamic Banking.
- Our investment position reached through branches to Tk.930 million apart from Islamic windows.
- Online customer base stood at 23,476 with deposit amounting Tk.9,140 million through branches excluding Islamic windows.
- 1801 Agent banking outlets of the Bank came under Islamic banking services.
- Number of Islamic agent banking customer reached to 72,028 with deposit amounting Tk.1,886 million.



Workshop on Islamic Banking

GROUP TREASURY OPERATION

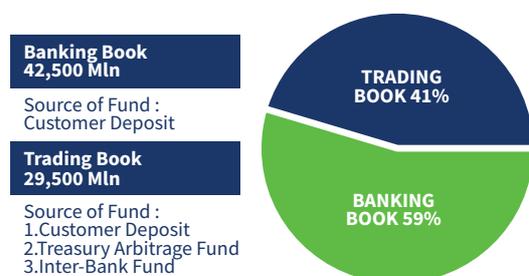
Key goal of Treasury management is planning, organizing, controlling the liquidity and market rates volatility in short term and contributing in risk adjusted balance sheet management in medium and long term as well. This function supplements its other important goal of regulatory compliance. Movement and evolution of balance sheet components are ongoing process that impact profitability and strength of Bank. To accomplish the critical job of maneuvering the banking book and trading book of balance sheet, our group treasury has well-trained officials with sound technical and soft skills to provide all kinds of treasury solutions with wide range of products and services. At Bank Asia Treasury, we have designated desks to ensure the optimum treasury services to cope with rapidly changing business and regulatory environment by means of integrated efforts of Money, ALM, and FX desks.

MAJOR RESPONSIBILITIES OF TREASURY WINGS

MONEY MARKET	FOREIGN EXCHANGE	ASSET LIABILITY MANAGEMENT
Statutory Compliance & Management	Monitoring & Planning of Import & Export related fund flow	Balance sheet gap, profitability analysis & ALM indicators management.
Investment & trading of securities	Quoting Exchange Rates to import, export and remittance	Interest Rate risk Management of Banking Book
Short term balance sheet gap management	Interbank trading for Risk Management	Deposit-Advance mix analysis for rate fixation & AD
Arbitrage business & earnings	Matching & Funding of foreign currency transaction	ALCO Paper & different MIS paper preparation
Trading & Market Intelligence activity.	NOP (Net open position) management & Market risk hedging	Creation & Facilitation of Contingency Management Team (CMT)

TREASURY BUSINESS & BALANCE SHEET SIZE IN 2019

Year 2019 was an eventful year for treasury as far as banking activities and regulatory environment change are concerned. Over the year, Treasury handled on an average size of Balance sheet for amount BDT 72,000 mln.



MONEY MARKET & FIXED INCOME

Country's money supply (Broad money, M2) growth increased to 12.04% (y-o-y) in December 2019 which was 9.41% at December 2018. Private sector credit recorded quite low as single digit of 9.83% growth in December 2019 which was lower than 13.33% of previous year. Market Liquidity showed moderately increasing trend. Total excess liquid assets of the scheduled banks increased and stood at Taka 1056 Bln as of December, 2019 end which was Taka 764 Bln at the end of December, 2018. Meanwhile, Bangladesh Bank increased the ADR to 85% for conventional and 90% for Islamic Banking in Sept'19 to give Banks some comfort in liquidity management. At the second half of the year, sale of National certificate dropped drastically due to stringent new operation procedure and fresh limit of holdings. Govt. compensated the amount by announcing frequent auctions with higher volume. Lower commercial credit growth due to dull credit demand coupled with bank's cautious move created a huge pool loanable surplus fund in the whole second half of 2019. Moreover, the new addition of 2019 was the additional responsibility of CRR and SLR of OBO (Offshore Banking Operation). Our money market

and fixed income desks were very active throughout the year and invested fresh fund in primary & secondary market. Since, bank's focus was remaining within limit of commitment and LCR, Treasury most of the time kept high quality liquid base well above SLR. Likewise of year 2019, similarly in year 2020, money market and fixed income desks are ready for the challenges with above mentioned approaches and action plan.

ASSET LIABILITY MANAGEMENT

ALM desk of Treasury monitors the current asset liability position and future commitment of the bank, and market liquidity scenario and reports the fund position, balance sheet gap and its risk exposure at internal and external environment before the ALCO. In 2019, pivotal issues like falling interest rate spread, government and regulatory influences to enact 9% interest rate for loans, lagging of commercial loans behind budget, imbalance of growth of NFA (net foreign asset) and NDA (net domestic asset), coupled with the bargaining pressure from commercial customers, and overall CAMELS considerations changed the ALM dynamics and influenced our ALM targets and activities. All through the year, treasury took proactive approach and remained a strong hand of ALCO for maneuvering asset liability position, commitment of bank, funding liquidity, and fixing transfer pricing rate for profit centres. As a result, Bank is now well compliant in all important ALM indicators such as ADR, LCR, NSFR, Commitment, WBG, MCO etc. Deposit mix is now at solid position with majority of fund is low and no cost and also stable and sticky in nature. Besides, the number and size of big ticket chunk deposit is insignificant compared to deposit base. Bank's Balance sheet is now in sustainably resilient position. Likewise the gone year of 2019, Treasury is equally prepared for the challenges of year 2020 with following pre-set strategies and action plan:

FOREIGN EXCHANGE

The significant volume of income contribution from Group Treasury in the form of exchange earning this year was possible because of prudent management of NOP (Net Open Position), efficient organization of liquidity flow arising from export-import business, and rightful market forecasting. In 2019, exchange rate fell for a short period in first quarter and again shot up at the last quarter created simultaneously risks and opportunity for bank. Treasury played critical role here by successfully managing the risks involved and earning exchange gain from trade finance and interbank transaction. Moreover, Group Treasury provided appropriate fund support to OBU and utilized the surplus FC fund in interbank to earn interest income. As compared with previous year, in 2019, treasury handled record volume of wage earners' remittance and export proceeds. In doing so, it manages inflow-outflow in a fashion to simultaneously satisfy the preferential rate demands of export, remittance, and import customers. This elevated the existing acceptability of bank amongst our customers further up.

TREASURY WORKPLAN FOR 2020

In the context of market scenario, government philosophy of lowered interest rate regime, and directives of regulators along with wider scope of openness of Bangladesh economy, Group Treasury is well set for big leap forward for risk addressed expansion of business horizon. Group Treasury is aiming for more actions in coming days through combined effort of Treasury and all business units. Following are the treasury commitments in 2020:



INTERNATIONAL DIVISION

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

Foreign Trade and Guarantee

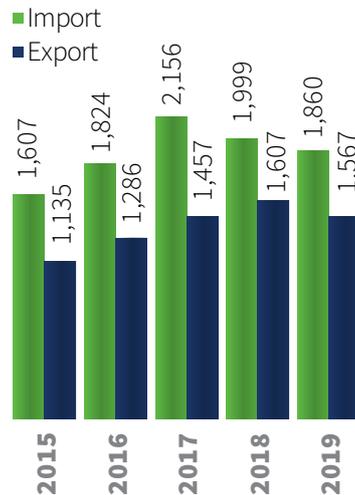
In 2019, Import business of the Bank was USD 1,860 million having negative growth of 6.94% over the Import Business of 2018 (USD 1,999 million). Total export business of the Bank in 2019 was USD 1,567 million which was 2.49% lower than that of 2018 (USD 1,607 million). Bank Asia has issued guarantees against foreign counter guarantees amounting USD 238 million in 2019 which is 49 % higher than that of 2018 (US\$ 160 million) favoring different Government Authorities, Ministries, Autonomous Bodies, Corporations, Private Companies and Multinational Companies etc.

Foreign Correspondents

Over the years Bank Asia has continuously developed strong correspondent relationship with internationally reputed banks to facilitate its foreign trade business. In year 2019 we have reduced our correspondent relationship (RMA) to 677 across the globe from 727 due to the compliance issue. Our excellent reputation in meeting our commitment and strong financials enabled us in securing Credit lines (both funded and non-funded) from Asian Development Bank, International Finance Corporation (private sector arm of World Bank Group) and other world renowned Banks. Bank Asia is the first bank in Bangladesh to arrange Supplier's Credit with Europe based AKA Bank. Besides, preliminary relationship building with DEG (Deutsche Investitions- und Entwicklungsgesellschaft) known as "German Investment and Development Corporation" and Dutch based renowned development bank FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) known as

Import and Export

Million USD



"Netherlands Development Finance Company" has also been setup. Bank Asia has signed a Membership Agreement with CCR Manager, Trade Asset, the world wide Fintech Company to manage its credit line in efficient and complete way in order to provide more value added services to its trade clients.

Nostro Accounts

The Bank currently maintains 29 nostro accounts in major international currencies: US Dollar, Pound Sterling, Swiss Franc, Australian Dollar, and Euro & Dollar accounts under Asian Clearing Union with reputed international banks which ensure effective foreign currency management and timely payment of foreign currency commitments.

SWIFT Operations

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

CENTRAL TRADE SERVICE UNIT (CTSU)

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

Activities in 2019

- Processing of Import transaction for BDT 18,103 million.
- Processing of Export transaction for BDT 5,546 million.
- Processing of Inward Remittance transaction for BDT.2,373 million.
- Processing of Outward Remittance transaction for BDT.1,023 million.
- Processing of Bank Guarantee transaction for BDT 2,207 million.
- Visiting the clients and assessment of their needs.

Key features of CTSU

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

Online Payment Gateway Services Provider (OPGSP)

Freelancers earn foreign currency through service exports in non-physical form such as data entry, data process, offshore IT services, Business Process Outsourcing etc. To meet the banking needs of these freelancers in Bangladesh, Bank Asia has established strategic alliance with PAYONEER Inc. USA and Payza Canada which are the largest OPGSP. Through its service, freelancers can receive their earnings very quickly and easily. This is the second venture of the bank. In year 2019, we have earned remittance of US \$ 92.30 million (BDT 7,937.80 million) through 'Payoneer' & Payza which is 43 % higher than that of 2018 earned US\$ 64.70 million (BDT 5,387.50 million).

OFFSHORE BANKING

With a view to catering the banking requirements of non-resident customers, Bank Asia has established Offshore Banking Unit (OBU) in Chittagong Export Processing Zone (CEPZ). OBU acts as a unique solution for the banks around the globe to carry out international banking business which involves foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment. . In 2019, Off-shore Banking Unit has made a cumulative profit of USD 3.80 million which is 8% higher than that of 2018 (US\$ 3.52 million).

Major Automation Works :

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

FOREIGN REMITTANCE

Since its inception in 2003, Foreign Remittance Department (FRD) showed continuous and steady growth with increased volume and transaction over the years. In this timeframe, FRD managed to receive US\$ 4.7 Billion worth wage remittance. 2019 was special because this year inward remittance stood at US\$ 897 Million, 22% higher from previous year's volume of US\$ 735 Million. Profit also soared to BDT 47 Million, 24% higher from that of 2018. There was stiff competition among the banks for collection of remittance in 2019. While being watchful, Bank Asia improved its position from 9th to 6th among the banks while not conceding any substantial exchange or commission loss.

Continuous addition of new exchange houses worldwide

With a view to adding new MTOs on the already handsome list of exchange houses, the bank executed agreements with NBL (Malaysia) and started operations successfully. Also, Home send (Belgium), Max-money (Malaysia), and Happy Remit (Malaysia) are some of those new partners who will be on boarded very soon. We are also strongly corresponding with companies in the KSA, South Africa, and Brunei so that valuable NRBs of those countries can have access to our large payment network.

Key Accomplishments in 2019

Onboarding NBL (Malaysia): Executed drawing arrangement with the company from remittance dense markets. Those will add up our remittance collection volume greatly.

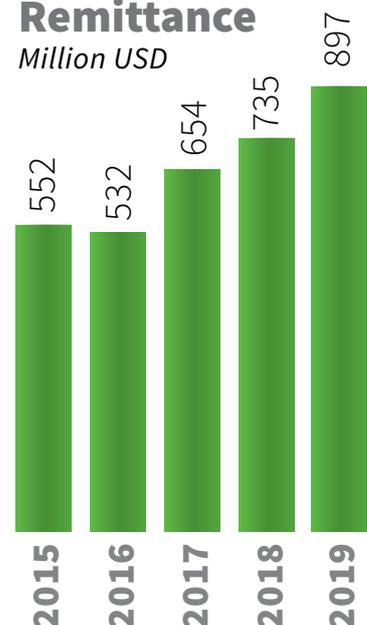
Web based remittance collection from 8 EU Countries: Partnering with renowned FinTech service provider, INPAY, we started online based remittance services in 8 major EU countries: Denmark, France, Germany, Greece, Italy, Portugal, Spain, and Sweden

Fast tracking remittance payments through Agent Banking Network: This year, FRD utilized the strength of growing network of Agent Banking of the Bank for paying remittance in remote corners of the country. The volume and transaction growth has been outstanding, 76% and 59% respectively over the last year.

Popularizing Mobile financial channels for legal remittance: Keeping the national interest to increase remittance through legal, formal channels in mind, the Bank executed agreement with bKash Limited allowing beneficiaries to receive remittance instantly into their wallets. The service already gained positive momentum and by end of 2019, more than 51,000 transactions executed by this way.



Inward Remittance Million USD



RETAIL BANKING

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

CARDS

Bank Asia Credit Card Department launched its commercial journey in the year 2007. From the beginning Bank Asia Credit Card is offering various attractive value added services and diversified products for all range of customers. In recent years, Bank Asia Credit Card Department has become a major revenue generating hub of the Bank. In 2019, Cards department has prevailed over profitability target which is playing as an influential force for the upcoming development..

'Every Month Low' Campaign:

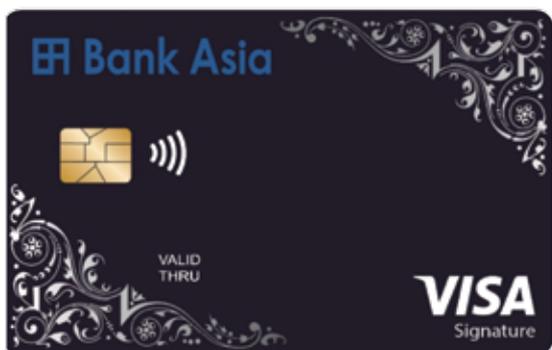
Credit card team ran a campaign named 'Every Month Low' in 2019 under which Classification reduced in absolute term consecutively in last 4 (four) months.

Be My Guest' Campaign River Cruise

The most successful campaign of this year is "Be My Guest" sales campaign for all employees of the Bank where the remarkable number of branches and employees has participated to Increase credit card portfolio. Two months long campaign included 7,000 plus new cards in our credit card portfolio. The Managing Director arranged a River Cruise celebration for all winners. In this campaign, winners also awarded by Gift Cards, Certificates, cash Incentives and Air Tickets.

New Product Designing

Bank Asia has launched one of the most prestigious card "Visa Signature" in 2019.



Others Activities:

- **1,000 Reward Point Bonus Offer**
This offer is given against the passport endorsement for foreign transaction.
- **Special Discount Offer at Pohela Boishakh**
10% special discount offer for shopping in famous brands Kay Kraft, Anjans, Nogordola & Sadakalo etc.
- **Pohela Boishakh Cash Back Offer**
5% CASH BACK in all Local transactions.
- **Occasional Cash Back Offer**
50 Taka Cash Back offer to Bank Asia Credit Cardholders against every 1000 Taka purchase on local currency transactions.
- **Eid Special Discount Offer**
7% special discount offers on electronics items has given in selected renowned brands RANGS & TRANSCOM ELECTRONICS
- **Foreign Transaction Cash back Offer**
5% cash back offer on foreign transactions
- **Discount on Air Ticket Offer**
10% Discount on base fare on Air Asia tickets to DAC-KUL-DAC sector & up to 30% discount for online air ticket purchase from Amarroom, Sharetrip & buytickets.com
- **0% Interest Easy Buy & Discount Partners**
15 Restaurants, 20 Fashion Houses, 10 Hotel & Resorts and 32 EMI merchants added in 2019.
- **Buy One Get One Free (BOGO) Offer**
To dine with Bank Asia Platinum & Titanium credit card, Buy One get One free (BOGO) offer has introduced, customers can avail this offer from renowned restaurants like Radisson Blu Dhaka, Radisson Blu Chittagong, The Westin Dhaka, Dhaka Regency Hotel and many other renowned hotels.



Directors' Report

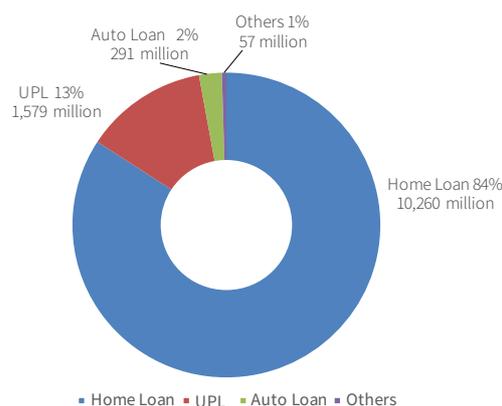
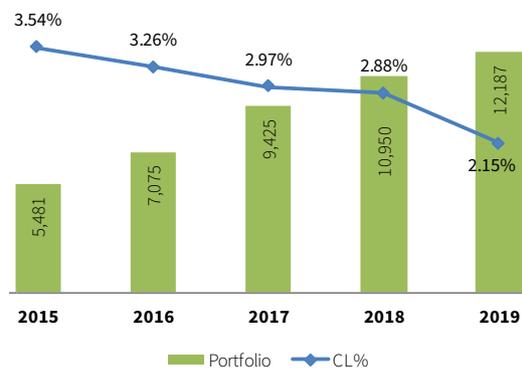
CONSUMER FINANCE

Consumer Finance deals with retail customers and offers Home Loan, Auto Loan, Personal Loan etc. Consumer Finance plays a vital role in overall portfolio of Bank Asia Limited. Despite stiff competition in the market, Consumer Finance has achieved a notable progress till December, 2019. Outstanding of retail loan is 12,187 million. Consumer Finance strives to serve the nation through financial inclusion and to achieve sustainable growth with a vision to become a market player in the near future.

Achievement of Consumer Finance in 2019:

- Loan portfolio reached BDT 12,187 million till December, 2019.
- 4th position regarding Home Loan among Private Commercial Banks
- Classification rate remains at 2.15%
- Incorporation of new product: RMG – Proyojon, Loan for Water Supply and Sanitation.
- Arranged Retail Deposit and Loan campaign “এগিয়ে যাই” and “Show You Can - Return” respectively.

Portfolio and classification status:



INTERNAL CONTROL & COMPLIANCE

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

A sound internal control system plays an important role in contributing to the effectiveness of the banking operations. Internal Control is the process, affected by a company's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. Internal Controls are the policies and procedures established and implemented alone, or in concert with other policies or procedure, to manage and control a particular risk or business activity or combination of risks and business activities

to which the company is exposed or in which it is engaged.

Bank Asia Limited has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent audit mechanism in order to ensure that the Bank is managed and controlled in a sound and prudent manner. The Bank identifies its weakness through internal control system and takes appropriate measures to overcome the weaknesses. The Board of Directors of the Bank has established an Audit Committee to monitor the effectiveness of internal control system of the Bank. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the Bank and ensure that the management has taken appropriate actions as per the recommendations of the Bangladesh Bank's Inspection Team, External Auditors and the Internal Control

and Compliance Division (ICCD). As per approved risk-based audit plan, the ICCD completed the Audit and Inspection tasks of 128 Branches, 05 Islamic Banking Windows, 30 Corporate Office Divisions/Departments including subsidiaries and 161 Agent Point Outlets in 2019. Besides, ICT/IS Audits on 18 Branches & Corporate Office Divisions/Departments, Shariah Audit on 22 Branches, Cash Incentive Audit on 05 Branches and Anti-money Laundering Audits/Inspections on 21 Branches were also conducted.

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

INFORMATION AND COMMUNICATION TECHNOLOGY

One of the missions of Bank Asia is to become the most sought after bank in the industry through rendering technology driven innovative products and services. Bank Asia has been working on it since inception. During last five years banking industry has grown mostly depending on the technology based customer service. Being a modern commercial bank, Bank Asia has been serving around 3.1 million customer accounts, 0.50 million debit and 80 thousand credit card customers in 128 branches and around 3,600 agent outlets, more than 70 business partners with e-commerce facility, for different services. To face the modern technological challenges, ICT Division has performed the following tasks:

Information Security Management System - ISO/IEC 27001:2013

Bank Asia has achieved ISO/IEC 27001:2013 certificate for its compliance with International Security Management System (ISMS) which is an International Risk Management Framework of Information and Communication Technology (ICT). The scope of the certification was the Management of Information security within business functions of Bank Asia includes ICT Division and the technical infrastructure, facilities, physical security and equipment maintenance, applications and systems hosted at DC and DR located at Dhaka for ensuring delivering of Banking Services in Bangladesh and support functions e.g. IT, HR, Admin. Moreover, 8 (eight) officials of the bank were obtained ISO 27001:2013 Lead Auditor certificate.



Mr. A. Rouf Chowdhury, Chairman of the Bank received the ISO certificate from Mr. Nirupam Sen, Business Head-East Region, British Standard Institute (BSI), India.

Payment Card Industry Data Security Standard (PCI DSS) 3.2.1

The management of the Bank has decided to obtain certification on PCI DSS compliance to maintain confidentiality, Integrity, availability and protect Cyber threats, fraudulence activity of Card Management Environment of Bank Asia Limited (Internal/External). Bangladesh Bank also advised to the schedule banks to obtain Payment Card Industry Data Security Standard (PCI DSS) 3.2.1 to minimize adverse impact on card related fraud. Moreover, compliance on PCI DSS is the mandatory criteria to continue business with VISA and Master Card. The benefits of compliance of PCI DSS are security improvement, Improve customer relationship, increasing profit, avoid costly fines, company image building and sustain the business.

Distance Disaster Recover (DDR) Site

Business Continuity and Disaster Recovery Management is required for planning of business resiliency for critical incidents, operational risks take into account for wide area disasters, Data Center disasters and the recovery plan. The primary objective of Business Continuity Plan (BCP) is to enable a Bank to survive in a disaster and to re-establish normal business operations. To assure the business continuity during a disaster the bank has established a Tier – 3 complied State of the Art DDR site which is more than 35 km away from the primary data center.

Three Sites Data replication

To ensure zero loss of data ICT Division has deployed of 3 (three) sites storages Data Center, Near Disaster Recovery and Distance Disaster Recovery sites (DC-NDR-DDR) synchronous mode. Moreover, ICT Division has deployed high performance database servers and application cluster to ensure high availability i.e. zero downtime.

Network High Availability

To ensure network high availability ICT Division has deployed clustering for its network components like routers, firewalls, distribution switches core network. Moreover, to enhance network security ICT Division has segmented it network. ICT division has also established Security Operation Center (SOC) to enhance security monitoring system and early alert generation.

Core Banking Data Purging

ICT Division has implemented data purging technique in Core Banking System with the help of ERA Infotech Limited which is a milestone achievement for the bank to enhance the Online Transactional Processing (OLPT) performance. Since opening all transactional data was kept in same place by purging; we can control storage of data according to our requirement which reduces transaction time and faster daily transaction reports. This improves backup and restore performance also. Fasten

Artificial Intelligence Workforce (AIW)

Bank Asia is very much tech savvy bank. As part of automation Artificial Intelligence (AI) based Robotic Process Automation (RPA) has implemented which has capabilities to compare and validate client provided data with NID data automatically which includes name, address, date of birth, photo and etc. This system will help faster completion of account opening processes with less headcount.

Self Service KIOSK & Single Teller Screen

Bank Asia has keen interest to achieve better customer experience and tends to implement Self Service KIOSK for the customers which can give better experience for the customer and the officers at desk to serve the customer in short span of time. Under this system, the customer can enter their account number, amount and notes denominations. After completion of the entry, a QR based token printed by the KIOSK which is integrated with the queue management system. Teller will operate all cash transaction through single screen for conventional banking, agent banking and Islamic banking.

OCAS for SME & CFC loan

For sustainable growth of the bank and as initiative of paperless banking, the ICT Division has enhanced the capacity of Online Credit Approval System (OCAS) for loan origination & approval process for retail and SME customer by using browser base and mobile apps.

Business Matrix

ICT Division has implemented Business Matrix system which is an in-house developed end-to-end loan tracking system starting from proposal entered by the branch user to obtain sanction letter. The limit loading by the Credit Administration Department (CAD) is also captured by this system. The system has unique features like building customized dashboard by the user, notification and alert system to monitor/track the status of the proposal.

Customer Relationship Management (CRM)

CRMs are known to improve customer retention. ICT division has taken an initiatives to introduce world standard CRM solution for the bank by the year 2020. This solution will provide us 360° view of the customer productivity in terms of deposit, advance, profitability and opportunity for new business.

Two Factor Authentication (2FA)

To ensure user authenticity the bank has deployed 2FA solutions for the users of the sensitive applications.

SWIFT VPN Network Up-gradation

As part of the mandatory compliance with SWIFT Alliance requirement, the ICT Division has upgraded VPN boxes to enhance SWIFT security.

BACH II Project for DRS (Servers)

BACH II is the upgraded version of BACH network. It is more secured than BACH network. As per Bangladesh Bank recommendation, we have implemented BACH II network at DR site. If Datacenter (DC) network failed, then we can run BACH operation from DR site.

Migration of storage system

Considering current and future transaction growth ICT Division has migrated new high capacity storage system with three sites data replication to ensure business continuity.

Deployment of perimeter access control

ICT Division has implement perimeter security to ensure Authorization, Authentication and Accounting (AAA) of network connections. The main benefit of this solutions allow network administrator to define policies, such as the types of computers or roles of users allowed to access areas of the network, and enforce them in switches, routers, and network middle boxes.

Protection of End-user systems

To protect end-user system ICT Division has deployed anti-malware protection system including Ransomware protection.

Deployment of SSL/TLS Certificate on Agent Banking

To prevent authentication and prevents eavesdropping and tampering Bank Asia has deployed SSL/TLS certificate on web based applications including Agent Banking.

ALTERNATIVE DELIVERY CHANNEL (ADC)



Alternative Delivery Channel (ADC) is an exclusive department where different types of modern technology based activities are used to provide financial services without relying on bank branches. Bank Asia has implemented many alternative delivery channels such as ATMs, CDMs, POS devices, Debit Cards, Internet Banking, Mobile App, SMS Banking, E-GP Service, E-commerce/E-payment solution, Exclusive Outlets to receive Passport Fees and Contact Center service. ADCs ensure the smooth flow of regular transactions and provide banks with higher profits with lower operational expenses and transaction costs. Through ADC channels, bank can get faster access to the competitive market and customers can enjoy instant access to bank's products and services anytime anywhere (24/7).

Online Payment System or E-Payment Solution

Bank Asia has developed the solution which verifies and processes with a verity of secured transaction instruments for Payment of Member/Student fees of different institutions, Residential & Industrial Gas Bill & different payment of renowned insurance company using their respective Bank accounts, Over the

Counter(OTC), Debit/Credit cards, EFT, etc. on behalf of the Online Banking payment. We have developed a system for KGDC (Karnaphuli Gas Distribution Company Limited), MetLife Alico (American Life Insurance Company), ICMA (Institute of Cost and Management Accountants of Bangladesh), ICAB (The Institute of Chartered Accountants of Bangladesh), SGCL (Sundarban Gas), BGDCL (Bakhrabad Gas), Ekpays (Unified Utility Bill Collection-a2i), bKash (Instant Fund Transfer Facility) & DCHT (Dhaka Community Hospital Trust) for different types of payment collection. We have received more than 6,65,415 number of transaction where BDT amount 6,681 Million (approx) from customers through all of our Branches/Agent Outlets including ADC channels.

E-commerce & Utility Bill Payment

Bank Asia has taken more initiatives to expedite 'e-Commerce' facility for its valued customer where Bank plays as payment partner and Bank account holder can shop/purchase online through internet banking, Debit Card or Credit Card with low cost anytime from anywhere. Currently Bank Asia account holder is facilitating e-commerce transaction such as e-ticket purchasing of bus, train, airways, cinemas & movies, mobile flexi-load, hotel booking, bill payment such as hospital bill payment, advertisement bill payment, passport fees payment, WASA, DESA, qubee bill payment, computer accessories & service related payment, e-shopping etc. by the debit/ credit card and internet banking of Bank Asia. More than 1,56,335 number of transaction where BDT amount 800 Million (approx) has been executed successfully through ADC channels.



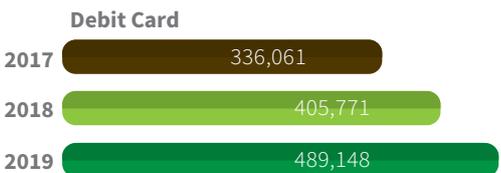
Cash Transactions
Branch Transactions **32%**
ATM Transactions **68%**

ATM Service

Through our ATM (Automated Teller Machine) customer can access withdrawal, Balance inquiry and mini statement facility. 68% cash transactions of the Bank Asia was done through its 180 own ATMs and more than 12,000+ shared ATMs all over the country.

Debit Card

Bank Asia has introduced EMV chip Card to minimize payment card-related fraud and more secure customer financial



sensitive data. Now, we are replacing legacy magnetic stripe (Magstripe) payment cards with EMV-compliant payment cards embedded with smart chips. The combination of the chip-enabled cards and the chip-enabled terminals reduce the risk of financial fraud. In addition with this, we have introduced MasterCard Platinum Duel Currency Debit Card which is a personal card provided to the customers by the Bank and its principal business is to process payments between the banks of merchants and the card issuing banks or credit unions of the purchasers who use the "MasterCard" brand debit, credit and prepaid to make purchases.

More than 4,89,148 VISA debit cards are issued against Savings and Current account to facilitate ATM, POS transactions at all ATMs (12,000+) in Bangladesh to access their account 24x7 in 365 days. Card holders are able to purchase in VISA enabled POS machines (48,000+) in various merchant locations all over Bangladesh. Our Debit Card Operation includes new issuance,

Directors' Report

replacement, activation and PIN request are automated which reduced debit card issuance time to 2-3 days from 7-9 days as well as saved 280,000 pages and 50,000 courier service delivery cost.

Passport Fees Collection

The Government of the People's Republic of Bangladesh has introduced Online Banking Payment systems for MRP & MRV Project. For ensuring digitalization of the government's online MRP and MRV project, the Bank has opened 17 exclusive passport fees collection booths as per Department of Immigration & Passport (DIP) office instruction under the Ministry of Home Affairs, GOB. We have received more than 5,58,398 number of passport payments where BDT amount 197 Crore (approx.) from clients through all our branches/ Agent Outlets and ADC channels.

Internet Banking

Bank Asia's Internet Banking (My Banking) is user friendly & Secured. Bank Asia's internet banking module allows clients to get a clear state of their financial position and offers a vast banking services like pay bills, change password, balance enquiry, view statement, fund transfer, EFTN, NPSB, utility bills payment, standing instruction, stop & view cheque status and mobile talk-time recharge facilities for all Telco in Bangladesh. We have ensured international standard of security shields for the Internet banking to prevent any unauthorized access. Internet banking employs encryption and firewall to protect transactions and queries through internet. To make more secure, we already introduced dual factor authentication (2FA) through OTP for all internet based transactions. Now the total active Internet Banking users are more than 70,982.

Bank Asia SMART APP

Bank Asia has introduced modern technology based an unique banking app "Bank Asia SMART APP" both for branch & Agent Banking customers which

is an integrated internet and mobile banking solution designed to offer customers the widest capabilities across the internet and mobile channels. Smart Banking offers vast banking services and manage customer's accounts, pay bills, change password, balance enquiry, view statement, fund transfer, EFTN, NPSB, utility bills payment, standing instruction, stop & view cheque status and mobile talk-time recharge facilities for all Telco in Bangladesh. Till end of 2019, total Mobile App users of Bank Asia are 86,765 and more than 2,01,202 number of transactions amounting to Tk. 1,286 million (approx) have done through this Mobile App

E-Procurement System

Bank Asia has been providing banking services for e-Government Procurement (e-GP) through our Branches. In the meantime, customers have received around 46,851 services from our bank with their utmost satisfaction. This online platform ensures digitalization of different Government procurement project enabling equal access to the Bidders from all over the country while ensuring efficiency, transparency, and accountability in the public procurement process of the country. Currently, 128 branches have been registered in e-GP system to provide services

NATIONAL PAYMENT SWITCH

BANGLADESH (NPSB)

The Bangladesh Bank has introduced National Payment Switch Bangladesh (NPSB) in order to facilitate interbank electronic payments originating from different channels like Automated Teller Machines (ATM), Point of Sales (POS), Internet Banking, Branchless Banking and Agent Banking. Bank Asia started Internet Banking (IB)/APP base Fund Transfer facilities through NPSB & Q-Cash. The Alternative Delivery Channel (ADC) is in great concern to rollout plan of new channel Internet Banking (IB) instant Inter-Bank Fund Transfer facility. The main

objective of IBFT service is to create a common electronic fund transfer platform for different types of payments for our valued retail and corporate customers to facilitate the expansion of real time fund transfer/payment from one Bank to another Bank. Now, Customer can enjoy instant fund transfer facility from Conventional & Islamic A/C to other Banks Account, Credit Card or Debit card through Internet Banking & SMART APP of Bank Asia and receive fund instantly from other Bank.

POS Operation of Bangladesh Post Office (BPO)

Bank Asia has signed an MOU with BPO (Bangladesh Post Office) to expedite its business partnership and the main objective is "Strengthen the E-Post office product & different financial services for mass people through POS as part of financial inclusion". These BPO e-Center will be the distribution channel and service points conducted by the Entrepreneur/ Agent nominated by BPO to facilitate POS services as a micro ATM with an affordable cost by the Bank Asia. Post E-center for Rural Community Conversion of 500 Upazilas Post Offices and 8,000 Rural Post Offices into Post E-Center whereas BPO has 17,000+ POS Terminals. To rollout the massive number of POS terminals and make those full functional, Bank Asia will configure those POS terminals to serve different types of financial services for the mass community as well as BPO customers.

CONTACT CENTER

Centralized Contact Center solution is also available through this number 09617016205 in addition to the existing short code 16205 using round the clock 24/7 in full fledge to address the business needs and queries. This number (09617016205) is also available from abroad and overseas customer can get our banking service queries (24/7) through this number.

FINANCIAL INCLUSION & FINANCIAL LITERACY DEPARTMENT

Financial Inclusion Department has been providing banking service to 357 Upazila and 59 districts across the country. As part of this, a number of new mega projects are going on such as Social Safety Net program (Old, Disabled & Widow Allowances) with DSS, Employment Generation program for the poorest (EGPP) with Ministry of Food and Relief Affairs, Vulnerable Group Development (VGD) with Ministry of Woman and Children Affairs, SWAPNO for Woman workers with LGED, SHOUHARDO-III project for Food security purpose with CARE Bangladesh, Disaster & Urban development payment with UNDP Bangladesh, Local Government Division wage payment project with Netrokona DC office, Orphan Rohingya Child payment with UNICEF, Maternity & Lactating Mother Allowance with Ministry of Woman and Children Affairs, Dorp Payra proshikhon and Digital Center Agent Banking (UDC) for enhancing Agent Banking operation. In the meantime, ABAK (Former Name EBK) Project phase III another extraordinary mega project has been running with our existing activities which has been started since March 2017. As per our business expansion target, we have already acquired more than 3000 UDCs agent points all over the country.

Bank Asia Limited is the pioneer in digital financial inclusion in Bangladesh by implementing "Ektee Bari Ektee Khamar (EBEK)" renames "Amar Bari Amar Khamar" (ABAK) a government project for the poor, ultra-poor and landless people of Bangladesh focusing on Poverty eradication and reducing poverty level to 10% within 2021. Government wants to help the poor people by encouraging savings, providing grants, engaging and monitoring their

economic activities as a group (Samitee) in each village of Bangladesh. Bank Asia started online banking service support for ABAK beneficiaries from June 2012. By operating ABAK project, Bank Asia opened new window to intensively work for the rural people, especially for the hardcore, Ultra-poor and distressed people and make a strong relationship with Ministries, local administration, philanthropist, Social and local leaders (DC, UNO, UP Chairman, Upazilla Chairman and local elites). At present ABAK has covered 31 Districts, 222 Upazillas, more than 2,200 Unions and 20,000 Villages, 29,935 Samitties with 1.2 Million Clients having 7,061 million Deposit.

With the experience from ABAK operation and Agent Banking, Bank Asia has become capable enough to provide services to all government projects and a number of Ministries. By this time, we have made partnership with 9 Ministries and 41 small and large projects with good reputation and honor.

UDC Based Agent Banking

Union Digital Centers (UDC) was supposed to provide digital services like birth & death certificate, Citizen Certificate, Parcha, Admission Registration in different colleges and universities, Manpower registration, Foreign Phone call, Computer compose and photocopy support, etc. Over the time Govt. realized that Banking services is essential for rural unbanked people. For this reason, Govt. allowed agent banking services to some private banks to work with UDCs. Agent banking team started services with UDCs, after two years of services, the Management of Bank Asia has shifted the responsibilities of UDC Based Agent Banking operation to

ABAK Operation & Social Payment Team. We have received 1,011 UDCs from Agent Banking Team at mid-October'2017. Now we increased the number upto 3,000 by 2019. Within short time we have increased Savings to Tk. 4,013 Million with 1.2 Million customer. We have shaken hand with Palli Bidyut in 44 districts and we have planned to expand it up to 80 palli bidyut Samitties by 2020.

It is also mentionable that by this UDC based Agent Banking operation we will ensure all govt. payments including Social Safety Net as well food security fund and other grants from union level to village level which is another milestone of Financial Inclusion to serve the unserved or underserved segment of the society.

Social Safety Net Payment

Social Safety Net (SSN) refers to the programs mainly undertaken by the state to assist the poor and the disadvantaged of the community. In Bangladesh, no such program was there during the nineteen seventies except for some food assisted activities. There were nothing-called unemployment benefits, which are given in advanced countries and later introduced in Bangladesh. At this moment we have covered 54 Districts with 1.2 Million clients.

Micro Merchant Revolution

Micro Merchant is another forward milestone for Financial Inclusion of Bank Asia. We have started pilot project of payment on 15.08.2016, now it has spread to 9 districts of all villages having 710 micro Merchants. Recently we are working with Roby, Grameen Phone, UNCDF for program expansion. Hopefully we will cover all villages by 2023 at least one micro merchant in each village.

AGENT BANKING

Bank Asia is the pioneer in introducing Agent Banking service in Bangladesh. Within six years of inception, we noticed a substantial headway in this specialized banking service in terms of the number of agents, accounts and deposits. Around 2.5 million unbanked people have already been encompassed in Agent Banking network. This service started eradicating difference of time and distance. It is facilitating customers full-fledged banking services to their doorsteps, and making convenient channeling of remittance, depositing and withdrawal of cash and supporting small loans for cottage micro and small enterprises and also for agricultural farmers at a reasonable cost. Now people in many remote corners of the country are able to receive structured banking facilities with comfort, ease and security. The government's social safety-net benefits, including elderly, widow and disabled allowances are being reached to disadvantaged segments in a timely and cost effective manner. Salary payment and other financial services to Ready-Made Garment (RMG) workers have been started through this platform. Advantages of Agent Banking broaden smiles of the beneficiaries of a number government and non-government development programs. With the support from the government's Union Digital Center (UDC) Bank Asia poised to rapid expansion of its specialized banking service to the grassroots. Meanwhile, 24 private commercial banks have become encouraged to obtain licenses from the central bank and 21 banks started operation to make this drive a success. To make the financial inclusion effort vibrant & various, government, non-government organizations, development partners and IT innovation partners shaken hands together. A sustainable business model heading through a journey taking along entrepreneurs, aggregators, remittance partners, development partners, Government visioning the outcomes of new employment generation, business expansion of the CMSE enterprises, strengthen farmers and

digitization of mattress money for a thriving economy like Bangladesh. Among all the Agent Banking Service providers, Bank Asia is privileged in the context of:

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

AGENT BANKING NETWORK OUTREACH 2019

Sln	Particulars	No. of Outlets	Coverage
1	Individuals	527	District
2	Passport	16	
3	Institution	95	Upazilla
4	UDC	2,780	
5	Post Office	107	
Total Outlets		3,525	64 481

AGENT BANKING PERFORMANCE 2019

Account & Deposit status			
Sln	Account Name	No. of Accounts	Deposit Volume (Tk.)
1	Savings	1,681,397	7,224,868,494
2	Current	43,307	928,083,107
3	DPS Account	86,644	1,635,286,419
4	TDS	16,710	4,162,778,284
5	School Banking	32,492	96,385,955
6	10 Taka	54,093	53,986,965
7	SND	1,113	201,811,316
Total		1,915,756	14,303,200,539

TRANSACTION DETAILS

Sln	Transaction Type	No. of Transaction	Amount (Tk.)
1	Deposit	4,753,816	162,975,582,739
2	Withdrawal	3,201,533	85,370,084,388
3	Fund Transfer	3,370,121	127,769,012,808
4	Foreign Remittance	1,508,932	26,148,008,742
5	Palli Bidyut	10,116,022	5,594,779,770
6	Passport Fee	1,283,346	5,078,171,042
7	Agent Advance	3,002	7,330,562
Total		24,236,772	412,942,970,051

LENDING POSITION (DISBURSEMENT)

Sln	Loan Type	No. of Loan Accounts	Disbursed Amount (Tk.)
1	SME	4,502	1,615,528,928
2	Retail	1,532	637,096,266
3	Agri	7,960	334,904,870
Total		13,994	2,587,530,064

Directors' Report

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

AGENT BANKING ACHIEVEMENT IN 2019

1. Bank Asia Agent Banking maintained its triple digit percentage growth in terms of number of customer registration, deposit and other parameters in the year 2019 compared to previous year.
2. A signing ceremony has taken place between Bank Asia Ltd and BURO Bangladesh regarding micro-credit disbursement and collection from beneficiaries of BURO Bangladesh through Bank Asia's Agent Banking.
3. To offer different financial solutions to rural farmers, an MoU has been signed between Bank Asia Ltd and Grameen Euglena (A joint Venture Social Business Company of Japan & Bangladesh) on digitizing payment services for farmers.
4. With the aim to expand financial inclusion in the country, Bank Asia and Robi have partnered to take up micro-merchant initiative. Under the initiative, a pilot project has been rolled out at Chokoria in Cox's Bazaar and then be expanded to rest of the country. As part of the project, beneficiaries of the social safety-net program, selected old age people, widows, and handicapped people and so on can receive their payment through Bank Asia from selected Robi retail points. Bank Asia customers are also able to withdraw money from the selected Robi retail points under the micro-merchant scheme.
5. Providing e-commerce services to rural people through agent banking network, a signing ceremony was held between Bank Asia and Daraz, the largest e-commerce platform in the country.
6. Bank Asia implemented ACDI/VOCA-supported project titled 'Digital financial inclusion of smallholder farmers to develop a company-led activity (initiative)' in five districts -Khulna, Jashore, Jhenaidah,

- Chuadanga & Meherpur in 2019. Under this project 60 agri input retailer were on boarded as micro-merchants, while 247 accounts including 111 loan accounts opened and BDT 22.20 lakh loan disbursed under this project.
7. Bank Asia received the Best Innovation Award – Financial Sector of 'Bangladesh Business Innovation Award-2019' from Bangladesh Brand Forum.
8. A Memorandum of Understanding (MoU) took place between Bank Asia and the WorldFish with an objective to extend financial package for smallholders involved fish farming and aquaculture market actors.
9. Bank Asia in co-ordination with Swiss Contact conducted project regarding wage digitalization of RMG workers. Under the project 21,089 new accounts has been registered with a deposit of over BDT 50 million.
10. Bank Asia Ltd. and SDC-Shomoshti Project, CARE Bangladesh signed an MoU for "Strengthening access to formal financial services for poor and smallholder farmers including the women". This Project is funded by Swiss Agency for Development and Cooperation (SDC) and being implemented by CARE Bangladesh.
11. For initiating non-traditional financing (NTF) scheme for rural smallholder farmers at Bogura and Jashore, an MoU was signed between CARE Bangladesh's Krishi Utsho Micro-franchise and Bank Asia.
12. Bank Asia reinforced its financial inclusion journey amid onboarding 500 micro-merchants in three districts – Sherpur, Jamalpur and Sirajganj under a pilot project of UNCDF-SHIFT titled "Digitizing Financial Transaction in Merchant Supply Chain" where Unilever Bangladesh (UB) shook hands with the bank with its countrywide retailer/micro-merchant network.
13. Bank Asia implemented a project "Growing Together" in collaboration with BFP-B (Business Finance for the Poor in Bangladesh), VSO (Voluntary Service Overseas) and Syngenta in Rangpur & Dinajpur. The purpose of the project was "Financial inclusion of farmers through banking solution & micro loans to the rural farmers." A total of 75,000 account was opened and BDT 87,347,088 disbursed among 2076 selected farmers till 31 December, 2019.
14. Bank Asia Agent Banking organized a total of 37 in-house training where 1,363 participants and agent banking stakeholders received 20,096 hours training.



Recognizing outstanding role play in facilitating financial inclusion sector in Bangladesh, Bank Asia has been awarded by Bangladesh Brand Forum on the Best Innovation Award – Financial Sector of 'Bangladesh Business Innovation Award-2019'. Mr. Md. Arfan Ali, President & Managing Director of Bank Asia is receiving the Award from Mrs. Nihad Kabir, President of the Metropolitan Chamber of Commerce and Industry (MCCI) at a formal ceremony held at an international hotel in the capital city Dhaka on 12 October, 2019.

PAYMENT SERVICE DEPARTMENT (PSD)

Bank Asia takes pride being one of the few banks in Bangladesh that can offer all Digital Payment Services: BACPS, BEFTN and RTGS, from any of its Branches, or even Agent Locations, from the Day of Inauguration. This is result of our relentless efforts towards further automation on execution of all Inter-bank payments smooth and fast, yet secured and compliant.

Decentralized Outward and Centralized Inward model in all units is a key-feature of PSD operation. PSD extends service to all customers of Bank Asia including Branches, Islamic Windows, Agent Banking and Credit Card Department.



KEY ACHIEVEMENTS OF PSD IN 2019

Since April 21, 2019, we are delivering MICR Demand Draft and MICR Cheque in 5 Foreign Currencies. This has enabled Bank Asia to enter the FC automated clearing era when implemented by Bangladesh Bank.

On September 22, 2019, we introduced Any Branch cheque book requisition and delivery, that provides our invaluable Account holders the option to request and collect his cheque book from any branch of his convenience.

On October 24, 2019, Bank Asia has successfully migrated to BACH-II operation implemented by Bangladesh Bank. The first ever Outward Transactions, both in BACPS and BEFTN in the BACH-II operation, has been initiated by Bank Asia. Also in 2015, Bank Asia executed the first ever RTGS transaction in Bangladesh.

SUMMARY OF TRANSACTIONS

In 2019, PSD executed on an average 21,857 transactions daily, which is 54% higher than 2018. Daily average volume stands at Tk. 6.09 billion, which is 26% higher than previous year.

BACPS UNIT:

Majority workforce of PSD is involved in BACPS operation, handling average 6,915 transactions daily, worth Tk. 475 crore. Accuracy of departmental work is reflected in PSD issued settlement claims being less than 30% against received claims from other banks.

BEFTN UNIT:

BACH-II has enabled us, especially our Inward Foreign Remittance service, to credit beneficiary accounts maintained with other banks on the same day. PSD successfully distributed bulk payments like dividend warrants and salary payments on behalf of corporate clients and enlisted companies in capital market. Individuals are also enjoying BEFTN facility through branches, net-banking and Smart App. BEFTN unit handled average 14,471 transactions daily, worth Tk. 47 crore.

RTGS UNIT:

PSD has enabled all branches, Islamic wings and Agent Banking to receive and originate RTGS transactions. This rapidly growing payment mode has seen daily average transaction over Tk. 86 crore. Despite ensuring security through dual authentication, PSD executes Inward RTGS payments in matter of minutes only.

PERFORMANCE OF PAYMENT SERVICE DEPARTMENT

UNIT	2018		2019		Growth Tr %
	Transaction	Tk. In Billion	Transaction	Tk. In Billion	
BACH	1,676,472	1,165	1,652,589	1136	-1.4%
BEFTN	2,068,639	95	3,458,606	113	67%
RTGS	44,936	77	112,652	207	150%

MICR UNIT:

An array of diversified MICR instruments like SB & CD cheques for conventional banking, MSA, AWC & MSND cheques for Islamic Wings, SB & CD cheques for Agent banking, Payment Orders, three types of card cheques for Credit Card Department, and FC DD and FC Cheque for AD branches and OBU unit is being delivered by PSD. Daily average of delivered MICR instruments stand over 30,000 leaves.

Revenue Contribution

(Million Taka)



ACHIEVEMENTS

- (i) Implementation of BACH-II.
- (ii) Originate first ever BACPS and BEFTN transactions in BACH-II.
- (iii) Delivering FC DD and FC Cheque to AD branches.
- (iv) Module customizations executed for man-power requirement minimization.

TRAINING & DEVELOPMENT

- (i) Arranged 1 day-long training for 26 employees.
- (ii) Conducted 10 Training sessions for total 320 employees.
- (iii) Provided hands-on training at PSD premises to 18 employees.
- (iv) All BB & Internal Circulars made available for employees through online Archive.

STRATEGIC PLANNING

- (i) Attract customers towards BEFTN & RTGS through visibility at all branches.
- (ii) Continue arranging trainings & workshops to build awareness and enhance knowledge base.
- (iii) Enhance Compliance through Automation.

Directors' Report

PEOPLE MANAGEMENT DIVISION (PMD)

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

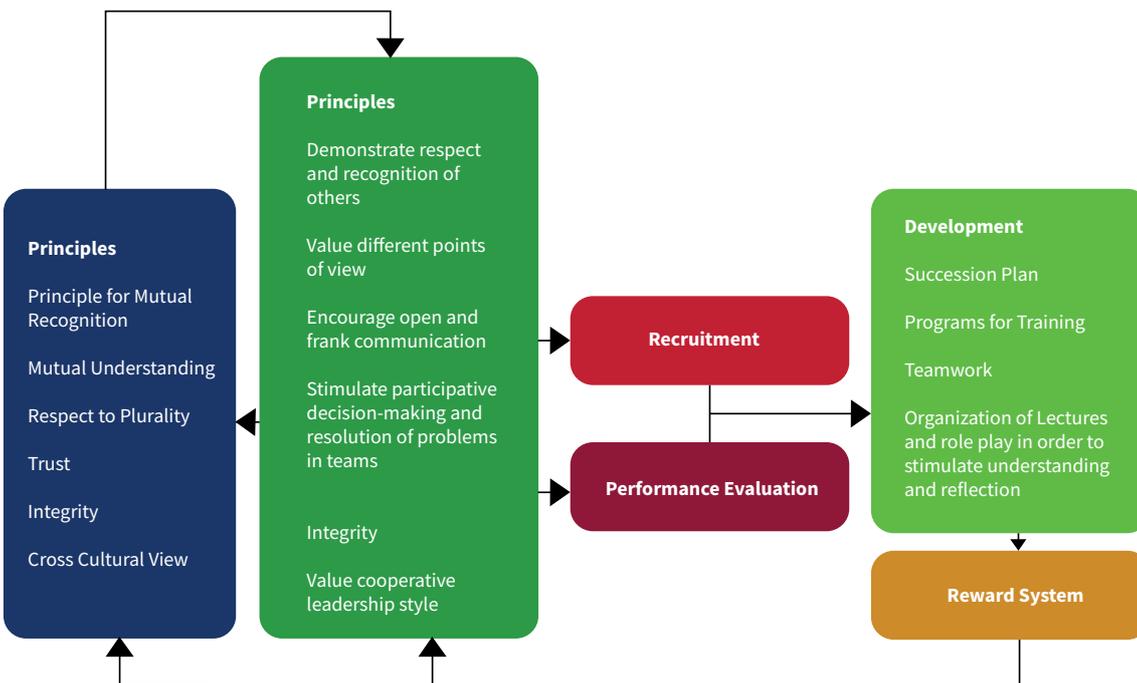
Based on above mentioned systemic perspective, PMD provides Bank Asia Limited with complementary, diverse and innovative competencies which will be developed by stimulating sustainable individual behavior. PMD persuades employees to move forward to establish corporate values in terms of Customer Centricity,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

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



Functions:

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



Strategic Focus:

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

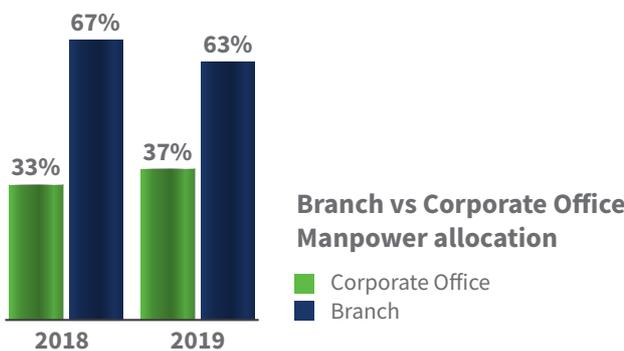
Directors' Report

Employment

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

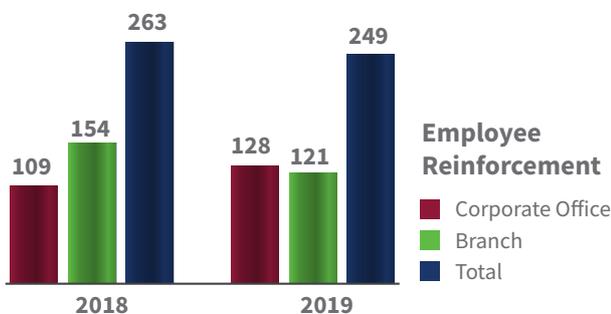
Employee Distribution in Branch & Corporate Office

We have about 5.32% growth in number of employees from 2,256 in 2018 to 2,376 in 2019.



Recruitment

In the year 2019, a total of 249 employees vis-a-vis 263 in 2018 were recruited to strengthen the human capital of Bank Asia. New workforce supported the continuous expansion of the Bank's activities. New workforce also supported to reduce Domain Gap.



Regional Distribution of Employees

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

Gender Distribution by Position

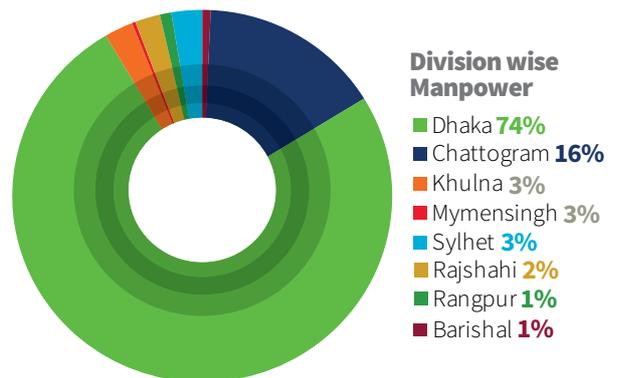
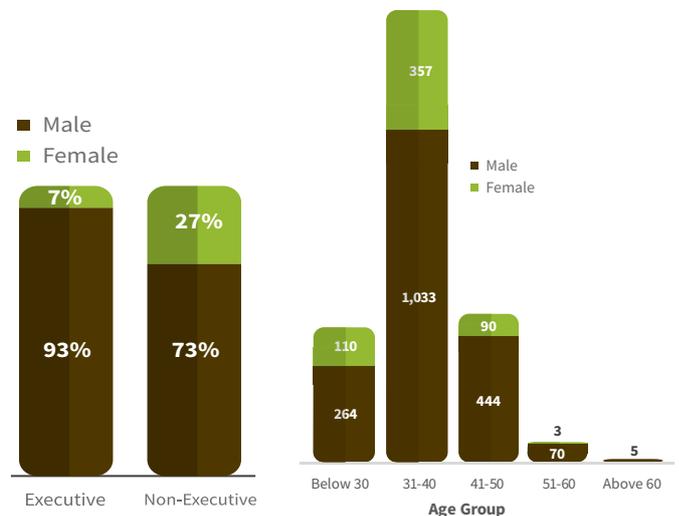
In a total of 2,376 employees, overall male female ratio stands at 76:24 with non-executive segment having the highest concentration of female employees.

Age Distribution

Bank Asia has a relatively younger segment in its overall employee pool where 59% of the employees fall in 30-40 years age bracket.

Performance Management

To facilitate the career growth of its employees, Bank Asia emphasizes on fair evaluation of their performance and its proper appreciation. As it is known, unbiased performance evaluation culture plays a critical role in creating a sustainable workforce while also supporting the Bank's bottom line. Bank Asia established a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-à-vis set target of a given year.



Bank Asia Institute for Training & Development

Bank Asia Training Institute for Training & Development (BAITD) is committed to impart training to increase knowledge, develop skill and bring change in attitude of manpower at individual, task & organizational level. BAITD is ready to organize need-based training program to cope with changes and introduction of new concept, idea and technology for achievement of business strategy of Bank Asia Limited. BAITD wants to contribute to the planned capability of Bank Asia Limited by developing a skilled, committed, ethical and motivated human resource through training. During the year 2019, BAITD offered 113 trainings for 86,738 MH maneuvering 4,541 with its facilities of 3 Classrooms with the capacity of 96 participants, 1 dining, 1 library with more than thousands of collection, 1 computer lab having the capacity of 24 PCs, 2 floors for dormitories with a capacity of 28 people, 1 gymnasium and a common room.

Directors' Report

Plan for year 2020

In the academic calendar for the year 2020, all the training courses have been divided into eight categories:

- Foundation Training Courses
- Core Competency Courses in three functional areas of branch banking (GB, Credit & Foreign Exchange)
- The Winner's Manual (Soft Skill Development Courses)
- Islamic Banking Courses
- Financial Inclusion Courses
- Workshops on topics of core banking
- Risk Managing Courses &
- ICT Courses.

In doing so, we have added some new courses for the year 2020 such as TBML (Trade Based Money Laundering), ICRRS (Internal Credit Risk Rating system), ESRM (Environmental & Social Risk Management), Factoring and reverse factoring, Sharia Governance: Tools and Concepts etc.

Training plan 2020

Training Sources	Total course to be conducted	Total participants to be covered	Total Man-Hour (MH) to be spent
In-house Training	136	4,928	93,005



Certificate Awarding Ceremony of 52nd foundation course

ACCOUNTS

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

Accounts Department ensures:

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

- New GL Created: 151 (Nos)
- Entry Rectified by Branches: 1,057 (Nos)
- Letter issued to Branch-wise OPEX Monitoring: 103 (Nos)

GL Monitoring and Controlling Chart of Accounts



Key Highlights

Pre-Audit:

- Bills Processed: 17,515 (Nos)
- Cost Savings: BDT 2.7 mln
- Branches/IWs Grading For Setting Financial Delegation
- Revised Branches Financial Delegation Matrix
- Setting Financial Delegation for Sylhet Hub and CTG Cluster
- Issued VAT/Tax Deduction Certificate: 228 (Nos)

Financial Control



- Quarterly/Half Yearly/Yearly Fixed Asset Schedule Preparation
- Update Fixed Assets Module for Corporate Office
- Review and Reconciliation of Fixed Assets Module of the Branches/IWs/SME Centers

Fixed Asset Management



Payment Disbursement and Bookkeeping:

- No of Bills/Vouchers Payment: 17,515 (Nos)
- No of Transactions: 60,414 (Nos)
- Voucher Maintenance

Payment Processing



- Weekly Reports: 54 (Nos)
- Monthly Reports: 99 (Nos)
- Quarterly/Yearly Reports: 32 (Nos)

Internal Report:

- Department wise OPEX
- Monthly OPEX Report
- Monthly Profit Forecast

Regulatory Reporting & MIS



Process Development For Monitoring:

- Established of Automated Fixed Asset Mgt. System
- Regulatory Report Automation
- Developed In-house Payment Module

Process Development



- Guiding proper accounting entry to the Branches/IWs/SME Centers
- Designed Accounting process for ECA covered Foreign Currency Term Loan
- Developed Automated Reconciliation Report for Inter-branch Transactions

Accounting Process Development



Reconciliation Statements Prepared: 12

- (BB LCY Accounts and 46 Accounts with other Banks)
- Letters issued to Branches/IWs/Departments regarding different issues: 664 (Nos)

Reconciliation and Suspense Control



- ID Approved: 1,150 Users
- Rights Modified: 5,508 Times
- Rights Deputized: 1,650 Users
- Limit Enhanced: 1,188 IDs

User Access Control



Month-Closing Activities:

- Issued Instruction 12 Nos Circulars For Providing Month Closing Guideline to the Branches/IWs/SME Centers
- Provided closing related support to the Branches
- OpeX Provisioning

Month Closing Activity



RESEARCH & STRATEGY

Research and Strategy Division (R&SD) was formed in October 2015, to aid management in informed decision making and strategy formulation through analyzing business environment, industry's dynamics and market forecast. Through scientific methods, R&SD provided reliable, accurate and valid information on business, economy, financial market, service quality and other contemporary issues. In the year 2019, R&SD has undertaken forty-two (42) research projects and produced five hundred and forty-two (542) reports. R&SD not only acquired business insights but also converted those insights to actionable strategies.

MAJOR RESEARCH PROJECTS IN 2019 **Command Area-wise Key Business Performance: Bank Asia vis-à-vis Major Competition**

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

Branch/IBW Wise Budget as Per Market Growth and Potentiality

R&SD significantly contributed to the Bank's budget exercise for the year 2019. By combining the insights from the aforementioned study, R&SD prepared a potential budget for all branches and Islamic Banking Windows (IBW). R&SD has also prepared the same for Agent Banking and Islamic Banking.

Customers' Branch Experience Survey 2019

The study was conducted to gauge customer experience of 10 key branches of Dhaka Metro in terms of staff, queue and branch environment aspect. It successfully depicted service quality strength and areas of improvements for these branches. One of the key outcomes of this survey

was to launch standardized service. Therefore, a handbook on Customer Service Quality was developed and sent to all staff of Bank Asia. An international trainer was also appointed to training the service quality torch bearer of the bank who will ensure standard is instilled to and maintained by all employees of Bank Asia.

Branch/Outlet Feasibility Study

With the aim to expand the BA business network, R&SD visited six (06) locations to find out the business opportunities & barriers and helping the top management in taking informed decision to establish branch in most feasible areas. In addition, R&SD also undertook Sub-branch Feasibility Study at twenty-three (23) upazilas of four (04) districts. Besides, R&SD visited 5 locations of Dhaka Metro and 3 locations of Chittagong Metro to find out prospective branch premises.

Credit Business Model of Agent Banking

This model has structured the backbone of the asset business expansion through agent banking outlet. This conceptual model has decentralized the credit business of agent banking. The model aims to expedite the overall bank's credit business and to ensure the better asset quality.

Banking Industry Analysis

This analysis was mostly a secondary conclusive research focusing on top private commercial banks' (PCBs) performance vis-a-vis Bank Asia. This report highlighted scope of improvement for the bank at the same time underlined strategies for the upcoming years. In 2019, a number of researches on banking industry have been conducted including financial statement analysis, banking industry analysis and comparative analysis of top PCBs.

Customer Satisfaction Survey on Agent Banking

BA does not discriminate the customer service quality at any of its service point. Such survey

among the agent banking customers has quantified the service standards in the rural area. This survey brought enormous points to provide excellent banking service at the agent outlet.

Deposit & Asset Product Review - Bank Asia vs Major Competitors

Interest rate is a critical success factor for a bank to expand business and ensure profitability. Bank Asia aims to set its interest rate after the evaluation of competitors' footstep. This analysis accumulates the interest rate movement of competition banks and suggest the Asset-Liability Management Committee to determine a market oriented interest rate.

Branch & Agent Sales and Service Model of East Region

Business expansion and risk reduction are two extreme opposite to each other, yet both can be achieved at that same time. Keeping these two factors in mind, Bank Asia has centralized its asset operation at regional level to expand business but decentralized its credit operation to reduce risk and increase file sanction turnaround time. This exercise has been for 7 branches of East Region. R&SD played a pivotal role as the architect of the model.

Business Segment-wise TAT analysis

To estimate the turn-around time (TAT) of loan files, R&SD has conducted a sample-based study on Retail and SME products to find out the TAT of a loan. The study explored the significant result and added value to speed up the loan process.

PLANNING FOR 2020

In the year 2020, R&SD is planning to continue its regular activities including yearly potentiality exercise (all each branch, IBW and agent outlet), command area wise key business performance report, industry/sector analysis report, branch/sub-branch feasibility study, service quality assessment surveys, banking industry analysis and other ad-hoc research works.

LOGISTICS AND SUPPORT SERVICES

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

MAJOR ACTIVITIES IN 2019

- In 2019, Bank Asia opened up 01 (one) new branch, 02 (two) Collection Booth, 05 (five) City Digital Center (CDC) and 15 (fifteen) new ATM booths at different places of the country.
- Remodeling of Gulshan Branch (renovation and interior decoration), establishment of 3 (three) new Cluster Hub Office at Sylhet zone, 3 (three) new Foreign Exchange Reporting Hub, Outbound Services of FRD at Bank Asia Tower.
- Construction work of 12 (twelve) storied commercial building at Bank's own land at 32-34 Kazi Nazrul Islam Avenue, Kawranbazar, Dhaka is in progress.
- Construction work of 10 (ten) storied commercial building at Bank's own land at Holding #2, Shukrabad, Mirpur Road, Dhaka is in progress.
- Establishment of Central Store at Bank's own premises at Bank Asia Tower, 32-34 Kazi Nazrul Islam Avenue, Kawranbazar, Dhaka.

Directors' Report

AML & CFT

Effective Anti Money Laundering (AML), combating financing on terrorism (CFT) & proliferation financing (CPF) regimes are essential to protect the integrity of markets and global financial framework to mitigate the factors that facilitate financial abuse. Actions taken by Bank to prevent Money Laundering, Terrorist Financing & Proliferation Financing are not only a regulatory requirement, but also an act of self-interest. A strong and effective AML & CFT system with comprehensive rules covering anti-money-laundering and combating financing on terrorism requirements for financial sector is essential to set up an adequately operational legal and institutional or administrative framework. Money laundering can weaken the soundness of a country's financial sector, as well as the stability of individual financial institutions. There is no precise measurement of the costs of regulation balanced against the harms associated with Money Laundering, Terrorist Financing (TF) and the Proliferation Financing (PF). The reputation of a financial Institution as well as a Bank can also be seriously affected through its involvement with ML, TF & PF activities.

40 (Forty) recommendations of FATF have been set out comprehensively and consistently to measure and combat Money Laundering (ML) and Terrorist Financing (TF) as well as the Proliferation Financing (PF) that is mandatory for each country to implement/comply. These Forty Recommendations constituted a comprehensive framework for AML, CFT & CPF and designed for global application for prevention of Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) throughout the world. Considering risks arises from non-compliance of AML and CFT measures Bank Asia has been taken initiatives to mitigate ML, TF and PF related risks since the promulgation of MLP Act.

In response to the growing concern related to Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF), Central Compliance Committee (CCC), Bank Asia has already installed a software named 'AML Solution' to find out the names of black listed persons/

institutions instantly at the time of opening of account. The local terrorists/organization list, United Nations Security Council Resolutions (UNSCR) and OFAC lists are also included in it. At the time of changing information, we are updating these lists regularly with the help of ICTD & Era Infotech Ltd. For monitoring the foreign trade transactions 'Nazdaq' a UK based software also installed in CBS for ensuring safety. AML & CFT Division, Corporate Office arranges and conducts AML & CFT workshop throughout the year to train all the employees of our Bank and at the end of year 2019 cent percent employees of our Bank had completed training on AML & CFT issues

Management of Bank Asia is always aware to mitigate the risks by taking various steps through AML & CFT Division under supervision of Chief Anti Money Laundering Compliance Officer (CAMLCO). The officials of AML & CFT Division conduct audit and inspection of our Branches, SME Service Centers and Islamic Windows of our Bank on the basis of ICCD audit & inspection report as well as the Management directives. As per checklist of BFIU circular-19 dated 17.09.2017 AML & CFT Division officials identify lapses/irregularities related to account opening, preparation and updating of KYC, CTR analysis, high risk accounts monitoring, preparation of accurate Transaction Profile, scrutiny of the documentary Credit (LC) files to build up the knowledge on AML & CFT matters and so on.

AML & CFT Division also inspects Agent point/outlet of the Bank which have been operating under the umbrella of Agent Banking Division to ensure effective AML & CFT framework. The AML & CFT Division responds to the account queries of different competent authorities for example Bangladesh Financial Intelligence Unit (BFIU), Income Tax Office, National Board of Revenue (NBR), Central Intelligence Cell, Customs & Bonds Commissionerate Office and Anti-Corruption Commission (ACC) office and so on. Moreover, the Division arranges meeting for mitigating the queries of foreign banks or financial institution under US Patriot Acts and directives of BFIU. In the branch level, Branch Anti Money Laundering Compliance Officer (BAMLCO) and Branch Anti Money Laundering Officer (BAMLO) are very much proactive to prevent ML, TF & PF issues independently and would make the Bank compliant on these issues. In addition to this, a designated compliance officer has appointed to mitigate ML, TF & PF risk in each Division, Corporate office.

Chief Anti Money Laundering Compliance Officer (CAMLCO) and Deputy Chief Anti Money Laundering Compliance Officer (DCAMLCO) of our Bank had participated in the CAMLCO Conference 2019 which was organized jointly by the Bangladesh Financial Intelligence Unit (BFIU) and Association of Anti Money Laundering Compliance Officers of Banks in Bangladesh (AACOB).



An awareness program on "Anti Money Laundering and Combating Financing on Terrorism" with the Board of Directors of Bank Asia.

CAPITAL STRENGTHENING

Bank Asia is always keen to maintain sufficient capital base against doing business to support healthy growth of business and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap. Bank's CRAR (Capital to Risk weighted Asset Ratio) reached to 17.93% as on December 31, 2019 against required 10%. Furthermore, to keep the adequate capital base in next 5 years bank has issued

further 7 year floating rate non-convertible subordinated bond of Tk.5,000 million on November 25, 2019.

Moreover, the bank raised successfully Tk.3,000 million, Tk.5,000 million & Tk.5,000 million Tier-2 capital in the form 7 year floating rate Subordinated bond on February 19, 2015, April 22, 2017 and November 25, 2019 through private placement after obtaining required approvals from general shareholders, BSEC.

BRANCH OPERATION

In 2019, Branch Operations Division launched 3 (three) Deposit products namely; i) **সঞ্চয়** ii) **আঁচল** and iii) **নির্ভরতা** which were designed for different customer segment. Moreover, portfolio of the existing Job of Branch Operations Division (BOD) has increased significantly.

Centralized Account Opening task was incorporated with BOD since 1st October 2018 and has become more matured with the passage of time. In 2019 from the Central Account Opening unit under BOD total 8,200 numbers of Account opened online incorporating 50 Branches. By the year 2020 account opening of all the Branches will come under the purview of Central Account Opening unit.

Bank Asia always tries to utilize benefit of digitalization in its full and with this view launched a new platform of Account Opening namely **ঘরে বসে হিসাব খুলুন**, through which anyone can open Bank Account in any of our Branch from anywhere

without filling up physical Account Opening Form (AOF). This concept became very popular among the customers especially young generation and they are the primary user of this platform.

In April 2019, Centralized Sanchaypatra Operation is being operated by using a web-based Software namely NSD introduced by Finance Ministry. The main motto behind launching of the Software is monitoring, bring discipline and regulate Sanchaypatra System by Government through bringing the whole operation under 1 (one) umbrella. Through this system, on maturity interest or principal amount will be automatically credited to customer's Account through BEFTN. This process brings harmony in the total system and operation became quicker than ever. In 2019 Bank earned around Tk. 2.19 mln. as sales commission against sale of Tk. 2,199.27 mln. valued different types of Sanchaypatra.

Furthermore, BOD is also giving decision/approval

to Branches in opening of Accounts with Photo ID other than NID and in 2019 given approval for more than 3500 Account opened without NID. In 2019, BOD issued 277 Instruction and Information Circulars on different regulatory as well as Bank's internal issues. 60 PA numbers issued from Branch Operations unit.

From the wing of 'Central Customer Service & Complaint Management Cell (CCS & CMC)', BOD has handled 114 complaints during the period, and resolved those very sensibly & efficiently. In this regard BOD has guided the branches for the improvement of institutional & individual ethical standard, to ensure better customer service quality and to demonstrate customer awareness program. In 2019, BOD has ensured formation of Branch Level Customer Service & Complaint Management Desk (BLCS & CMD) at all Branches.

RECOVERY

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

Through vigorous recovery initiatives taken by SAMD with the help of branch and other departments of corporate office, Bank Asia has restrained the CL% at 4.61% in 2019.

Cash Recovery against Classified Loans:

Million Taka

Sl	Particulars	Year 2018	Year 2019
1	Cash Recovery Against Classified Loans during the year	4,084.61	3,785.65
2	Cash Recovery from Written off loan during the Year/ Period	100.86	150.01
Total		4,185.47	3,935.66

Future Plan in 2020:

1. Centralization of Recovery System.
2. Extensive visit to the defaulter borrower.
3. Application of holistic approach of recovery.
4. Bailout programme with defined conditions and empowerment of the officials of SAMD to arrive at a settlement with the set rules.
5. Engagement of 3rd party Recovery Agent in special cases.
6. Taking support from law enforcing agencies where necessary.
7. Direct representation in the Court from the officials of SAMD to ensure expeditious disposal of suits/cases and to reduce errors.

Recovery against Suits as on 31-12-2019

Million Taka

Frequency	Artha Rin Suit filed		Artha Rin Suit settled finally		Artha Rin Suit running		Decree obtained & Ex. running		Recovery from Artha Rin Suit		Recovery from N.I Act Case	Total Recovery from cases
	Nos	Value	Nos.	Value	Nos	Value	Nos	Value	Running Suits	Settled Suits		
As on 31.12.2017	362	24,774.13	101	2,766.62	261	22,007.51	135	5,158.47	340.77	958.64	81.89	1,381.30
As on 31.12.2018	603	28,627.52	113	2,872.67	490	25,754.85	151	7,284.29	548.61	1,052.93	741.90	2,343.44
During the year, 2019	41	2,196.66	37	1,065.52	-	-	96	6,135.50	158.39	465.52	320.00	943.91
As on 31.12.2019	644	31,802.36	150	3,938.19	494	27,864.17	219	10,433.60	707.00	1,518.45	1,061.90	3,287.35

Directors' Report

RISK BASED CAPITAL ADEQUACY

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

CORPORATE GOVERNANCE

Corporate governance is a concept referring to the ideal mode of ensuring firm's accountability to its various stakeholders through a strict system of internal controls and procedures, guided by the hon'ble Board of Directors and aligned to related rules and regulations of various regulatory bodies. The corporate governance of Bank Asia sets top priorities in the fairness, transparency, accountability and responsibility on its top most priority. Our disclosures on status of compliance on BSEC and Bangladesh Bank guidelines demonstrate strong compliance culture of the Bank. In recognition of that Bank Asia has been awarded as Winner under SAARC Anniversary Award for Corporate Governance Disclosures category. Bank Asia also became winner of the 6th ICSB National Awards for Corporate Governance Excellence, 2018. Moreover, the Bank also achieved 2nd position under Corporate Governance Disclosures in the 19th ICAB National Award for best presented Annual Reports. The details of corporate governance practice of Bank Asia are discussed in a separate segment 'Corporate Governance' under page no 202-255.

CORPORATE SOCIAL RESPONSIBILITIES

Bank Asia always streamlines its efforts to look beyond short-term quantitative gains and concentrates on issues that make the institution socially responsible. It gives all out efforts towards sustainable balanced growth. We are committed to social and environmental well being and strive to ensure sustainable balanced growth in economic, social and ecological arena. Bank Asia strongly believes that sustainable growth of an entity is nothing but a counterfeit ideology without being communally responsible in business conduct and contribute to the society. That is why Bank Asia is always committed to be a proud development partner of its communities where it belongs and make the communities grow up through continuous and balanced CSR activities.

Like previous years, Bank Asia spent an amount of Tk. 116.15 million for several CSR activities this year. A significant amount was given to three regular programs - Higher Study Scholarship, infrastructural development of different institutes and support to the flood and cold affected people. Other CSR programs include environment, sports, health, art & culture, disaster management. The pace of CSR contribution is expected to accelerate in the future with long term vision. In depth CSR activities of the bank are available in Corporate Social Responsibility (CSR) segment.

GREEN BANKING

Green banking or Sustainable finance refers to any form of financial service integrating environmental, social and governance criteria into the business or investment decisions for the lasting benefit of both clients and society at large. We recognize that the policies and practices we adopt today will shape not only our lives but also those of future generations. We therefore have an opportunity to make a positive contribution to environmental and social concerns by enacting policies designed so that our business operations do

not degrade the environment or cause social harm. Such policies not only indicate positive environmental responsibility, but also present business opportunities such as innovative financial products and investments in sustainable forestry and renewable energy. This will help us better manage our risks, develop expertise and provide clients with solutions to evolving exposures. During day to day business Bank Asia heavily contributes towards the carbon emission in terms of use of paper, electricity, stationary, lighting, air conditioning, electronic equipment etc. even though this is moderate compared to other carbon sensitive industries like steel, oil and gas etc. In the case of banks, the direct interface with the environment has considerably increased due to rapid growth of the banking industry. Energy consumption is the only way to describe our living, but excessive use is called waste. Prime focus of Bank Asia is utilization of solar power, Reduction of Energy & Resource Consumption; control the consumption of water, waste management, emission of greenhouse gas etc. As step of utilization of solar energy we have already installed solar panels in our 11 branches. We managed to secure Net profit from environmental savings worth Tk. 8.9 million in 2019. Bank Asia has invested Tk.441.89 million for Liquid waste management. Bank Asia has an agreement with Bangladesh Bank as a participant in the refinance scheme for Green Product / Initiatives and in 2019, Tk. 128.86 million was disbursed to Triple Apparels, Robintex Bangladesh Ltd. and other firms for financing Green Building project, which has helped sequestration of carbon and reduce adverse environmental effect.

BANK ASIA SECURITIES LIMITED (BASL)

Bank Asia Securities Limited (BASL), a majority owned subsidiary company of Bank Asia Limited started its independent commercial operation from April 17, 2011 having 8 outlets across the country with a paid-up capital of BDT 2,000.00 million.

Stock investors in Bangladesh witnessed a prolonged bearish trend from the starting of the year 2019. The market was affected by liquidity crisis, money market volatility, foreign sale, low participation of investors, tussle between BTRC and Grameenphone, liquidation of PLFSL (Peoples Leasing & Financial Services), rising non-performing loans in the banking sector, different scams in non-banking financial sector and more net sell by foreign investors.

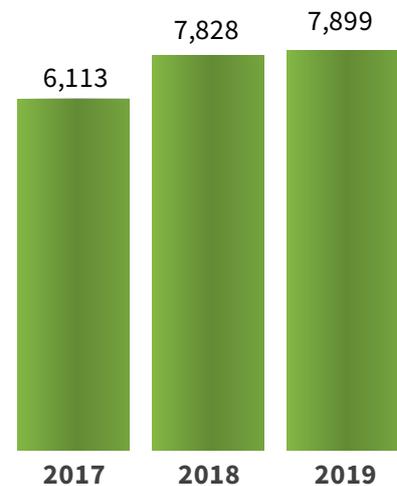
All the issues conferred above caused Dhaka bourse in falling trends throughout the year. The benchmark index of the Dhaka Stock Exchange (DSE), DSEX started the year with 5,385.6 points on January

and ended the year with 4,452.9 points fallen by 932.7 point or 17.32%. Total Market capitalization of Dhaka Stock Exchange stood at BDT 3,395.51 billion as on December 31, 2019, from BDT 3,872.95 billion as on December 31, 2018 representing negative growth of -12.33%. The daily average turnover in 2019 was BDT 4,803 mln against BDT 5,511 mln in 2018 fallen by 12.85% and Market P/E was 11.80 compared to 15.19 last year.

Despite tumbling trends of market, BASL has advanced its position to 12th at DSE's Top-20 in terms of daily turnover throughout the year. Total Operating profit stood at BDT 127.54 million as on December 31, 2019.

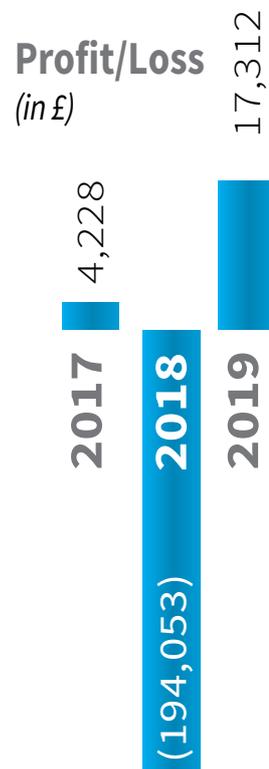
Number of total active clients reached at 7,899 in December 2019, which was 7,878 in December 2018. Margin loan outstanding stood BDT 4,649.98 million in December 2019, which was BDT 4,993.66 million in December 2018.

Total Active Clients



BA EXCHANGE COMPANY (UK) LIMITED

BA Exchange enjoyed a remarkable year 2019 with almost 30% growth in both remittance volume and number of transactions. We launched our mobile app for Android users and an app for iOS is going to be available from early March 2020. We kept focusing on developing more and more digital options for our customers to send money from the comfort of their home or on the go. On the other hand, our services under the brand of HelloTaka.com is welcomed by the Bangladeshi expatriates living there in 8 EU countries. We are committed to making Hello Taka a global money transfer channel in the future.



Directors' Report

BA EXPRESS USA INC.

BA Express USA Inc. was officially launched in 2014. Now it has two branches, one in New York and the other in Brooklyn. Working through an agent based models, BA Express USA Inc. serves its customers using a good number of agent locations placed across New York City area. The motto is to become the MTO of choice to all NRBs residing in USA by providing easy, low-cost and convenient remittance opportunity for the Bangladeshi community residing in New York. In 2019, BA Express sent remittance worth USD. 27.44 million. Operating loss stood at USD (277,574) in 2019 which was USD (328,169) in 2018.

Year	Invoice	Remittance (Million USD)
2017	73,671	36.26
2018	45,182	22.23
2019	49,755	27.44

FUTURE PLANS

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

EVALUATION OF QUARTERLY REPORTS

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

ADDITIONAL STATEMENTS

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

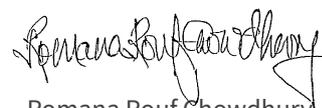
OUR GRATITUDE AND THANKS

We want to continue on doing the best and ensure prolonged development in the economy, society, lifestyle and thus every sphere of our country in line with our vision. Our sustainable banking operation is attributed to our prudent Board of Directors, effective Management, enthusiastic and skillful employees and trust bestowed upon us by our valuable clients and shareholders. We would like to convey our earnest gratitude to the Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission (BSEC), National Board of Revenue (NBR), Government and other concerned authorities for their guidance, valuable suggestion and continuous support. Our Board of Directors, Management and staffs of the bank are devoted to achieve the priceless goals of the bank and to maximize shareholders value through combined efforts and strengths.

On behalf of the Board of Directors



M. Shahjahan Bhuiyan
Director



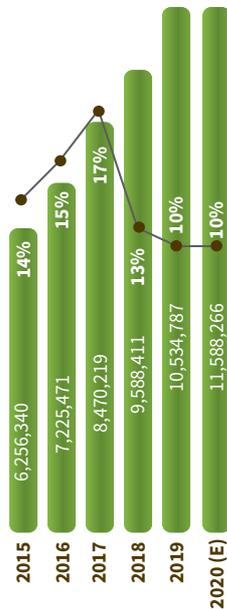
Romana Rouf Chowdhury
Director

Deposit and Advances Strategies

Million Taka

Industry Advance

- Industry Advances
- Industry Growth %



Industry Deposit

- Industry Deposit
- Growth %



DEPOSITS STRATEGIES

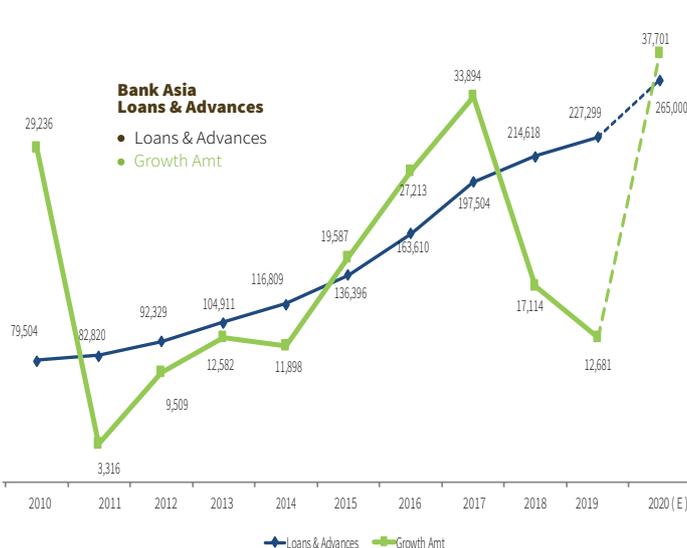
- Boost deposit mobilization through agent banking activities
- Establishing low cost sub-branches in important locations and reaching mass people through post office banking
- Reinforcing corporate liability marketing dept.
- Taping different government agencies e.g. Foreign Missions, Roads & Highway, LGED, Bangladesh Bridge Authority etc. and also other different corporate houses, e.g. Foreign Air Lines, Telecom companies etc. and maintaining regular intense social interaction with different segments of the society.
- Cross Selling of different products including retail to corporate customers.
- Strengthening important channels like ABAK (Amar Bari Amar Khamar), a govt. project to collect and distribute funds to the mass people
- Offering cash management services, i.e. collection of institutional accounts and effective use of EFTN service to ensure fast & secure cash service.
- Rigorous CASA campaign, Hajj deposits campaign and so on.
- Exploit mobile banking services to tap huge low ticket domestic remittance and mobile wallet to facilitate retail shopping.

ADVANCES STRATEGIES

- New emerging sectors like power, ship building, ship breaking, jute yarn, ceramic, pharmaceuticals industry etc. to be more focused.
- Existing thrust sectors like agro based industries, leather, frozen food, textile industry to be more focused.
- Backward linkage industries to be targeted which will provide a good source of SME business through availing the benefit of supply chain management.
- More priority to export oriented industries to help increase forex flow, earn through multi channel which will help increase no cost fund of the Bank.
- Special attention will be given to expand SME credit portfolio to achieve relatively higher yields and also to reduce adverse effects of large volume defaults.
- Risk Management techniques should apply to ensure strong internal control over business operation.
- Identifying probable problem accounts through Early Warning System ('EWS') and taking appropriate care of those and formulating exit plan, where necessary.

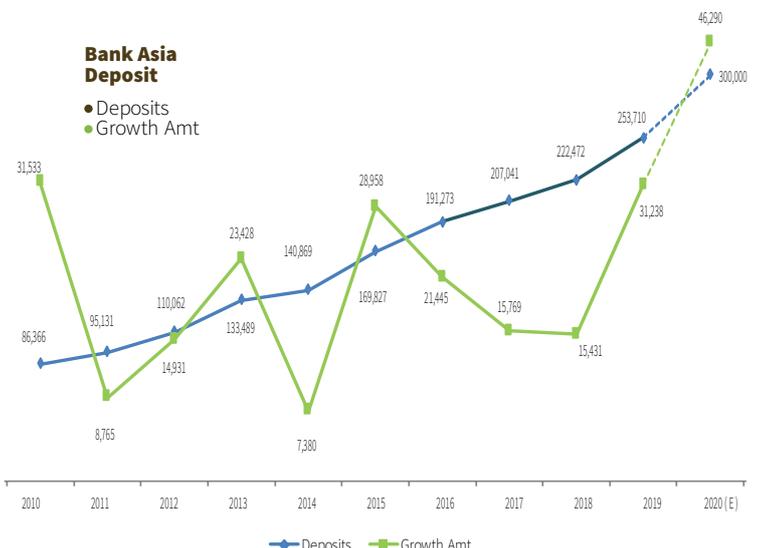
Bank Asia Loans & Advances

- Loans & Advances
- Growth Amt



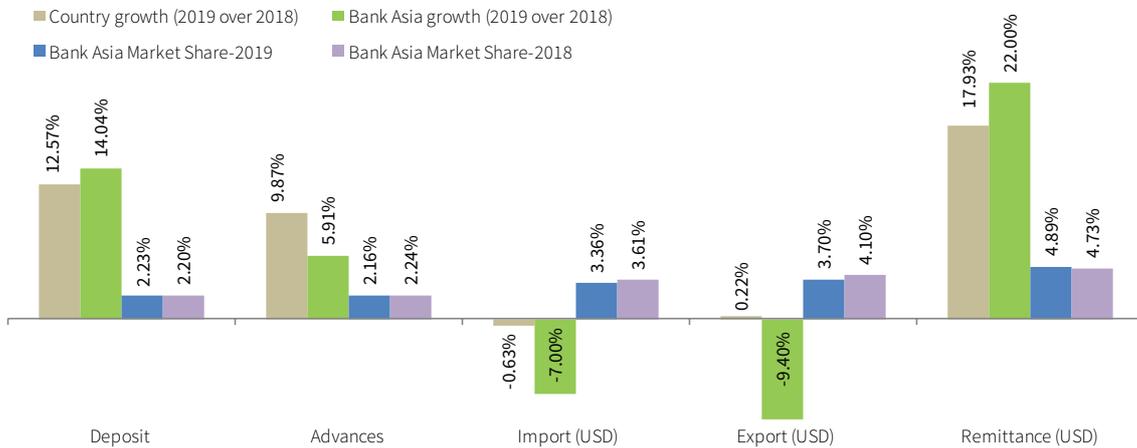
Bank Asia Deposit

- Deposits
- Growth Amt



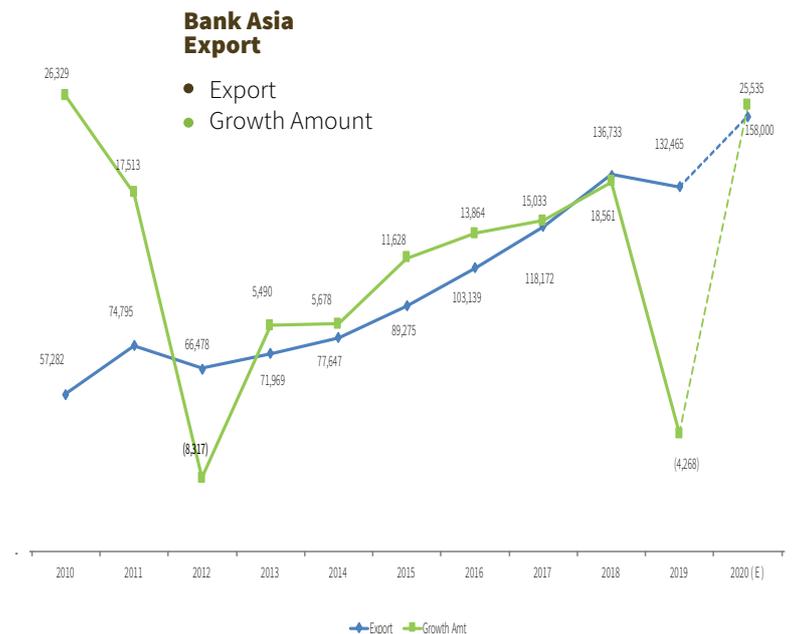
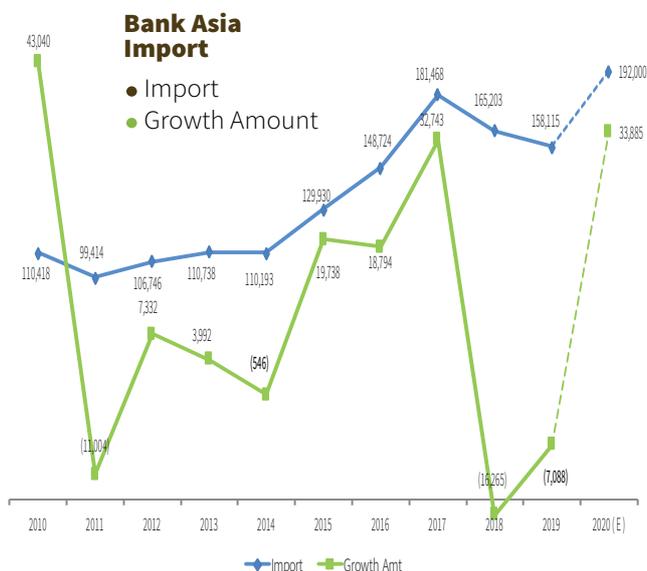
Import and Export Strategies

Country Position Vs Bank Asia Position Percentage %



IMPORT & EXPORT STRATEGIES

- Arranging credit lines from international agencies at a competitive rate to facilitate international trade business particularly for import clients, thus strengthen foreign exchange reserve for the country.
- Establishing bilateral business agreement with different European and Chinese counterpart banks to route their transactions into Bangladesh through our bank.
- Boosting Bank Guarantee business in the form of Bid Bond with local repo offices in Bangladesh of the foreign contractors offering competitive rate to facilitate mega projects like Metrorail, Padma Bridge, Six lane and eight lane high ways etc.
- Creating bilateral agreements with the renowned overseas banks and FI's to get more overseas funds since LIBOR Rate is gradually reducing, thus helping to reduce the import cost for industrial and local importers and manufacturers
- Marketing for not only established business houses but also the potential clients having strong entrepreneurship spirit to grow.
- Garments sector will be more focused where tested and potential clients will be in the portfolio basket under the regime of calculative risk return trade-off.
- Emerging ship building and ship breaking sectors will explore new opportunities which the Bank will tap for increasing international trade.
- Industries having backward linkage will yield better opportunity and reduce risk exposure.
- Focusing on service export sectors like IT and Education.



SWOT Analysis

STRENGTHS

- **Pioneer in Ensuring Financial Inclusion**
Bank Asia is dominating the financial inclusion scene of the country through innovative services and products like Agent Banking, Post Office Banking, ABAK, Social Safety Net Program and Agri-loans. Bank Asia has received Bangladesh Business Innovation Award for “Agent Banking Business Model” by Bangladesh Brand Forum
- **Strong Asset and Capital Base**
Bank Asia has successfully maintained CRAR of 17.93% and managed to reduce cost to income ratio to 42% (approx.).
- **Brand Image validated by reception of National and International Awards**
Sustainable practices and adherence to regulations while making significant profits has earned Bank Asia recognition and respect in the industry. Feathers in our cap:
 - 1st prize in the category of Corporate Governance Disclosures by SAFA and ICSB
 - 1st prize as the Best Presented Annual Report by ICAB
 - “GOLD RANK” – Asia Sustainability Reporting Rating (ASR) 2018 by NCSR of Indonesia for Sustainability Report 2018.
 - Certified with ISO/IEC 27001:2013 for ensuring appropriate management of information technology
- **Significant Remittance Growth**
In 2019, remittance of Bank Asia increased to USD 897 million recording a growth of almost 22%. Ease of sending and receiving remittance has encouraged expatriates to choose Bank Asia. Moreover, remittance card has been introduced to facilitate the process.
- **Strong Coverage through Countrywide Channeling and Presence in International Trade**
Bank Asia has 3,525 agent outlets, 128 branches, 4 SME centers, 168 ATM booths (12,500+ shared ATM) in the country. And to ensure worldwide reach it has 677 Foreign Correspondent Banks in 166 countries, 46 exchange houses in 10 countries and 3 subsidiary companies (2 abroad and 1 in the country).

● Enriched Human Capital

Bank Asia has a pool of competent and experienced employees receiving training and well-designed career projection. In 2019, 90,594 man hours of training was imparted to 4,750 participants.

● State of the Art Banking Software

Ensures customization to achieve high customer satisfaction by constantly looking for innovative and customer-oriented products and services

● Leveraging the Online Channels

Online Banking, MyApp, Shadhin for freelancers, Online payment gateway service like Payoneer, Online credit approval system for the retail and cottage, micro and small segments etc are all working together to bring efficiency and digitalized banking service for the customers.

WEAKNESSES

● Cybersecurity

Digitalization of the banking and financial sector-maintaining large stakeholders, has paved the way for cybercrimes. It is imperative to increase investment in the IT sector to develop physical infrastructure, to ensure software upgrades and to disperse awareness and IT training among the staff. Bank Asia is already developing cybersecurity measures but more has to be done in this field.

● Dependence on the Industry Culture

Due to the industry norm, profitability of the bank is dependent on interest income from loan and advance. Income of the bank is mainly the interest revenue earned so it crucial to diversify the source of income through further research and development to introduce new avenues of earning. Moreover, the implementation of the Single Digit interest rate has the potential to distort market fundamentals and squeeze the profitability of the bank.

● Default Loan Management

The NPL of Bank Asia stood at 4.61% where the industry average was 12% but further actions is needed to disburse loans after careful evaluation and to ensure the recovery of the classified loans.

THREATS

● Soundness of Banking Industry

According to the “Global Competitiveness Report 2019”, Bangladesh ranked 130th out of 141 countries in soundness of banks because of the escalating concerns related to asset quality, non-performing loans, distorted loan disbursement, eroding customers’ confidence in banks, weak financial auditing, regulators’ limitation to ensure financial stability and weak corporate governance.

● Capital Market

In 2019, market capitalization at DSE dropped significantly to \$ 37.32 billion from \$ 43.11 billion of the previous year attributable to the lack of confidence of the investors in the market and the impact of the share price loss of large cap companies. The capital market is anticipating further deterioration owing to coronavirus. But the government is introducing new measures to contain the free fall of the stock market.

● Foreign Reserve

For a growing economy like Bangladesh, forex reserves equivalent to six months’ import bills are considered adequate. Foreign exchange reserve decreased slightly to \$32.72 billion in 2019 than the last year’s \$32.9 billion. The reserves are under stress because of higher import payment obligations- petroleum products (especially LNG), construction materials, capital machinery for power plants and fertilizer. Mega infrastructure projects under ADP, including Padma bridge, Rooppur Nuclear Power Plant (NPP), Payra Port, Metro Rail Project and Dhaka Elevated Expressway account for the lion’s share of intermediate goods. The central bank has so far sold more than \$2.0 billion from the reserves directly to the commercial banks as liquidity support helping them settle their import payment obligations this fiscal year

● Non-performing Loans

NPL accounts for 12% of the total loans in the industry which is eroding the confidence of customers and depositors in the banking sector, exacerbating the liquidity crisis and curbing the capacity of banks to give out loans. But things may turn around for the banking sector with the reduction in the country’s non-performing loans because this year the central bank issued a loan rescheduling policy for loan defaulters that allows loan defaulters to make a 2 per cent down payment to avail a 9 per cent interest rate and 10 years, including one year’s grace period, to pay back their loans. Moreover, to take stronger measures to strengthen the banking industry, the government decided to form a Banking Commission with the most experienced and knowledgeable people of different disciplines who will be able to work independently with the assistance of Center of Policy Dialogue (CPD).

● Investment in the Private Sector

Despite high economic growth, domestic credit growth has remained stagnant at 13.46 percent which is below the target of 14.5 percent set out in the Monetary Policy Statement of FY 2019-2020 of Bangladesh Bank. Moreover, the combination of policy pressure and cautious stance by banks amid rising NPL took toll on private sector causing the private sector credit

growth to remain subdued. Compared to 14.94 percent in August 2018, this has declined to 10.68 percent in August 2019. But with no capital investment the economy of the country will not expand so private sector investments need to be encouraged.

- **Coronavirus**

The second largest economy in the world, China is Bangladesh's leading trading partner, with a \$14.48 billion bilateral trade since last fiscal year making up 26.1% of the total \$56 billion worth of goods Bangladesh imports from around the world. As a result of the coronavirus outbreak, Bangladesh's manufacturing sector, especially readymade garments, textile, plastic and leather, is set to face a supply disruption as the outbreak has cut communications between the two countries to some extent. Delivery of most of the capital machineries which are imported from China will be delayed causing new investments to take a hit too. The economic fallout will hit the lives of the consumers in a major way, with prices of onion, garlic and ginger imported from China facing a sharp rise that will push the inflation up. Besides, the prices of electronic products, smartphones and other gadgets will go up in Bangladesh's markets, which the Chinese products dominate.

- **Government Loan**

The public sector credit growth increased since the government borrowing from Bangladesh Bank and commercial banks went up by 143.0% and 18.1% YoY respectively in Jul'19 due to the ADP implementation. But delays in such large-scale projects and weak accountability have escalated the cost by multiple times. Such borrowing may have serious implications on the government's fiscal management. Moreover, government borrowing from banks has been on the rise due to a slowdown in the sales of National Savings Certificate and, most importantly due to low revenue generation by National Board of Revenue. All these might cause default risk depending on the capacity of the government to pay back the money borrowed to the banks.

- **Single Digit Interest Rate**

To facilitate investment in the private sector, the central bank has decided to set 9% and 6% interest rates respectively for lending and deposits in the banking sector but this regulation may not have the desired impact because after the implementation of the new rates, depositors will shy away from banks, resorting to non-productive sectors if they get returns as low as six percent. Depositors may opt for government savings tools because of their higher yield and would look for avenues to invest in foreign countries. Moreover, the lowered cost of capital will encourage borrowers to take loans that gives a risk to loan default. Banks will take cautious stance towards disbursing fresh loans anticipating decline in the deposit growth. All this has the potential to cumulatively shrink the profitability of the banking sector. Economists have voiced their concerns over the dictated lending rates, saying the forced rates may distort market fundamentals.

- **Exchange Rate Fluctuation**

The foreign exchange market has been going through volatility owing to the extending demand-supply gap of US dollars. The domestic currency has lost value of Tk1.19 against the dollar in the last one year. Rising exchange rates put pressure on inflation as the price of imported goods will increase. Experts and bankers opine that the implementation of several mega project, import of raw materials and other commodities will cause more volatility in the country's foreign exchange market in the coming days.

- **Cybersecurity**

Digitalization of the banking and financial sector-maintaining large stakeholders, has paved the way for cybercrimes. The banking sector depends on IT but most banks have no preparation to handle cyber-attack. It is imperative to increase investment in the IT sector to develop physical infrastructure, to ensure software upgrades and to disperse awarene

- **Over dependence on fuel based electricity generation**

High dependency on fuel based electricity generation might see a rise in the cost of electricity marking a pumped up cost budget that will make the business environment slightly complicated

- **Deviations in Regulations**

Regulatory authorities of banking industries are consistently bringing amendments in the regulations and compliance requirements that derails the strategies that the bank had in mind and makes the bank vulnerable to the unanticipated changes.

- **Rohingya**

Influx of millions of Rohingya from Arakan of Myanmar has been a severe problem for Bangladesh putting an upward demand for import of foodstuffs, involvement in different anti-social activities to fulfill basic needs, disturbing social peace being spread out over the country.

OPPORTUNITIES

- **GDP growth**

With a commendable growth rate of 8.13% in the 2018-2019 Fiscal Year, Bangladesh is one of the fastest growing economies of the world and is striding boldly to become a middle income country with GDP Per Capita reaching USD 1,828 in Jun 2019, compared with USD 1,675 in Jun 2018.

- **Ease of doing business**

Bangladesh advanced 8 notches in 'global ease of doing business' ranking to 168th from the 176th position of the previous year owing to the laudable initiatives taken by the government to embolden reforms through developing action plans, forming taskforces, coordinating initiatives among relevant government agencies and private sector stakeholders, and monitoring reform progress.

- **Growth in the IT Sector**

The success of the IT industry is central to the digital transformation and ongoing economic growth of Bangladesh. It exports nearly \$1

billion of technology products every year, a figure that the government expects to increase to \$5 billion by 2021. The country also has 600,000 IT freelancers. Our freelancer card 'Shadhin' will cater to the needs of this growing sector and register profitability for the company.

- **Agent Banking**

Being a pioneer of agent banking, Bank Asia has established the largest agent banking network, with over 3,525 outlets opened across the country in the last five years. Bank Asia was enjoying 75.85% share of the total loan disbursement through agent banking. The central bank data show that Bank Asia accounted for 18 percent of the total deposit collected through agent banking, and 76 percent of the total loan disbursed.

- **Remittance**

Remittance being one of the main economic growth drivers of Bangladesh, accounted for 5.40% of the GDP in the 2018-2019 fiscal year, hitting an all-time high of \$ 16.40 billion in 2019 from \$14.98 billion of the previous year giving a boost to the foreign exchange reserves.

- **Improved CRAR**

Improved Capital to Risk Weighted Asset Ratio encourages capital adequacy in the banks to overcome liquidity crisis. This year the CRAR increased to 17.93% this year from 15% of the previous year, which is considerably higher than the minimum requirement of Basel III Accord which is 12.5%.

- **Technology**

To ensure swift communication, information technology like smartphone and availability of internet facility will make the banking sector more lucrative. Bank Asia aligns with advanced technologies introducing Smart Banking, My Family App, Online Credit Approval System (OCAS)- Diganta, Online CIB which will facilitate quick and uninterrupted automated customer servicing.

- **Current Account Deficit**

In the fiscal year 2018-2019 exports increased by 10.55% to \$40.54 billion, while imports grew only 1.79% to \$55.44 billion narrowing the trade deficit by \$14.9 billion.

- **US-China Trade War, Brexit**

Bangladesh's exports to USA can be expected to "increase by \$400 million" amid the US-China trade war. And the net FDI from China into Bangladesh exploded to USD 506 million in the 2017-18 financial year. Brexit ending on a bad note would result in reduced development assistance from UK, reduced remittances sent by the expatriates and reduced investment. But Britain is one of the top economies in the world so Brexit will not have a long term negative impact on Bangladesh. Yet, Bangladesh should continue negotiation with the UK for the continuation of trade facilities after the Brexit to mitigate unforeseeable risks.

3 GOOD HEALTH AND WELL-BEING



Ensure healthy lives and promote well-being for all at all ages

"The greatest wealth is health"
- Virgil

In rich and poor countries alike, a health emergency can push people into bankruptcy or poverty. But due to global initiatives, the total number of deaths of children under 5 years of age dropped from 9.8 million in 2000 to 5.4 million in 2017, and this led to a 24% increase in income growth in some of the poorest countries.



Under 5 mortality rate (31 per thousand live births) and neo natal mortality rate (17 per thousand live births) have already surpassed or reached their 2020 milestone targets ahead of time. The proportion of births attended by skilled health personnel is targeted to increase to 65% in 2020 indicating the progress is on track.



Establishment of Ma Amiran Hospital, BA Foundation & spent fund for CSR activities

Arrangement of cultural events, Cleaning day, Customer Service day, Bank Asia Cricket festival, Bank Asia Cycling club, Debating club

Introduced Scheme deposit account 'Anchol' for women and 'Nirvabona' for senior citizens

168,000 beneficiaries of Social Safety Net program including senior citizens, differently abled, widows, divorcees etc.

Strategic Focus

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

BUSINESS KPI'S

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

BUSINESS KRI'S

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

MENTORSHIP PROGRAM FOR BRANCHES

Bank Asia implemented zonal mentorship concept involving Senior Management to monitor branches

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

CUSTOMER SATISFACTION

Bank Asia is sincere to create higher customer satisfaction and loyalty by its brand enhancement programs, personalizing banking, creating brand ambassadors, Online product innovation, measure and reduce customer effort, creating differentiated customer value proposition, conducting customer satisfaction survey for identifying client expectations as well necessary actions to be taken for service improvement.

GOING GREEN IN THE FUTURE OF BANKING

Bank Asia firmly promotes green banking to reach its long term strategic objective to be a green, triple bottom line bank where every decision will be taken with both financial and environmental considerations in mind. The Bank's green banking initiatives includes Online & paperless banking, reduction of green house gas emission,

mapping bank's carbon foot print, efficient energy use, environment friendly projects like ETP, Zigzag and HHK technology, plants nursery, biogas and horticulture projects etc.

PROMOTING FINANCIAL INCLUSION

One of the strategic priorities of Bank Asia is to promote financial inclusion for combating poverty which the Bank firmly believes to achieve by its deposit services, agricultural credit program, small enterprise financing for productive new off farm employment of 'missing middle', Solar home system projects with NGO-MFI partners, foreign remittance of poor migrant workers channeling through partner MFIs, domestic remittance distribution, mobile operation through mobile banking, ABAK project for the ultra-poor people and agent banking for the underserved population.

GIVING BACK

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

Resource allocation area	Human Resources	Office equipment (Tk.)	Floor space (sq. ft.)
Business Head	1	575,935.88	288.03
Zonal Office	5	28,79,679.41	1,440.17
Branch Banking Services	1,493	859,872,272.69	430,034
Chairman, MD's & DMD's Secretariat	3	1,727,807.65	864.10
HR Planning & Manning	31	17,854,012.36	8,929.03
Operations Support	104	59,897,331.79	29,955.46
Finance Function	15	8,639,038.24	4,320.50
Treasury Function	15	8,639,038.24	4,320.50
Loan processing & supervision	359	206,760,981.84	103,403.94
International Operation	92	52,986,101.20	26,499.06
Information Systems	211	121,522,471.22	60,775.02
Board Secretariat (including Share Division)	6	3,455,615.30	1,728.20
Internal Audit & Compliance	41	23,613,371.19	11,809.36
Total	2,376	1,368,423,657.00	684,367.00

Our Activities and Values

EXTERNAL FACTORS

	Finance		Environment
	Competitors		Economy
	Social cost & benefit		Infrastructure
	Technology		Ethical
	Legal		Customer

BUSINESS ACTIVITY

- Using deposited money placed by customers and other surplus entity to facilitate lending to the customers with proper utilization of existing capital by minimizing risk through approved regulatory environment
- Accelerating investment and build up capital through offering quality banking facilities and knowledge- based services to our customers
- Maintaining economic stability through proper control of money market
- Offering unique products to our clients to support their business requirements,

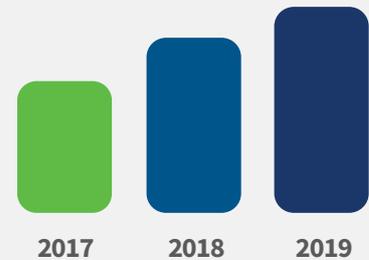
VALUES THAT MAKES US STRONGER

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

Number of Employees



2,376 2019
2,256 2018
2,087 2017



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



Tax Amount

(Taka in million)

6,018 2019
4,424 2018
4,408 2017



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

Environmental Savings

(Taka in million)



8.92 2019
7.89 2018
5.99 2017



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



A/c of Agent Banking

311,947 2017
749,067 2018
1,915,756 2019



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

Reinvestment

(Taka in million)



6,525 2019
5,710 2018
4,678 2017



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

VALUE CREATION ACTIVITIES

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

THE VALUE WE HAVE CREATED

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

We always believe that one of our greatest strength is Human Resource and for quality and value added service to the stakeholders, we frequently arrange training and development programs to our employees. We have also made 8% growth in employment creation from last year.

Using the available stocks of capital, we create value through our integrity of banking infrastructure. Ultimately, the most significant outcomes of our business activities are contribution to socioeconomic development, which we are achieving through profitability and the amount of dividend and tax of Bank Asia in 2019 was 10% cash (proposed) and Tk. 6,018 million respectively.

As the Basel Capital Accord (Basel) requires banks to allocate financial capital to meet capital requirements, so we facilitate allocation of capital to support economic growth and in 2019 our reinvestment amount was Tk. 6,525 million.

In addition, we had Tk. 8.92 million as environmental savings and as financial inclusion we are serving 1,200,000 beneficiaries through ABAK project and 1,915,756 account holders with a growth of 156% through Agent banking program. To protect and enrich value creation, we build value based culture and maintain strong systems and governance frameworks.

CAPITAL

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



FINANCIAL CAPITAL

Financing and funding arranged from valued depositors and shareholders in the form of deposits, equity and reinvestment, form our financial capital that is acquired through our business activity and external sources. It is used in making loans, advances and investment.

Value Added Stage

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

Key Highlights

Deposit	Tk. 2,53,710 million: 14% growth
Loan & advance	Tk. 2,27,299 million: 6% growth
Operating Profit	Tk. 9,322 million: 16% growth
Operating expense	Tk. 6,623 million
CRAR	17.93%
NPL ratio	4.61%
Total Asset	Tk. 3,53,800 million

Challenges

- Providing satisfactory return to shareholders
- Maintaining sustainable growth and financial stability

Initiatives

- Effective and responsible investment of shareholder's fund
- Reprising the loans to reduce the cost of fund



HUMAN CAPITAL

Bank Asia considers human capital- people involved in planning, executing, monitoring and controlling business- as the most valuable asset. Bank Asia invests to build up leadership skills and competencies for the purpose of making an industry-competitive and customer-oriented workforce.

Value Added Stage

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

Key Highlights

Total value of human capital	TK. 18,977 million
Employees engaged in Bank Asia	2,376
Man hours of training provided	90,594
New employees recruited in 2019	224
Profit per employee	Tk. 3.92 million

Challenges

- Retaining experienced and skilled employees
- Developing human resources towards company's vision & growth
- Maintaining productivity and efficiency

Initiatives

- Acquires fresh, talented and right employees for the right roles
- Provides long term training and development opportunities
- Ensures safe, healthy and equitable environment for all employees
- Provides competitive remuneration
- Rewards performance based bonus and incentives



MANUFACTURING CAPITAL

Valuable resources, business processes and technologies, infrastructure, etc. form our manufacturing capital which is used in providing effective, efficient and innovative services to our customers. Proper management of manufacturing capital is vital for manufacturing success and operational excellence.

Value Added Stage

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

Challenges

- Increasing infrastructure facility to support growth
- Careful management of operation to address and protect the customer needs

Key Highlights

- 128 branches and 4 SME Service centers
- 66% of cash transactions through own 168 ATMs and 12,500+ shared ATMs
- SMART Banking apps for utility payment and fund transfer
- Diganta apps - online loan proposal
- MY Family- central contact platform
- Automate "Treasury Management System"
- Innovative products and services like:
 - A-card for marginal farmers
 - SHADHIN Card for freelancers

Initiatives

- Stay updated to adapt to changes and overcome the challenges
- Involvement in strategic planning
- Spreading the geographical boundaries through opening more branch



INTELLECTUAL CAPITAL

Aggregate value of intangible intellectual resources like brand image, enriched knowledge based assets like skills and competencies of employees, innovative research and development team, market reputation that offers a competitive edge to Bank Asia. Structured network, qualitative database, better software, good security systems are also used in our bank. It is an important factor for achieving success and helps to survive in the competitive environment.

Value Added Stage

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

Key Highlights

- Tk.126.4 Crore of Agent banking deposit and 1.5 million accounts
- Ever expanding Alternative Delivery Channel

Challenges

- Rapid changes in technology
- IT and informational risk identification and management
- Ensure quality investment in technology infrastructure

Initiatives

- Uses high quality and updated software ,anti-virus, increased automation, and provides employee training
- Involvement in research and development and market analysis
- Offers unique products and services through innovation



NATURAL CAPITAL

Both natural and biological resources of nature preserved by ourselves like air, water, fuels and living things are our natural capital.

Value Added Stage

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

Key Highlights

- Net savings from environmental activities was Tk. 8924401 million
- Empowering communities through Agricultural credit of Tk. 3650.36 million
- 8 nos. trainings were provided regarding green banking

Challenges

- Resource optimization to reduce energy wastage
- Maintain green and sustainable environment

Initiatives

- Introduced E-products such as SMS banking, internet banking, E-commerce and payment solution
- Actively involved in green financing activities (Tk.128.86 million)
- Provide 8 trainings and seminar on green banking to spread awareness to 280 employees of 420 man hours.



SOCIAL AND RELATIONSHIP CAPITAL

The relationship of Bank Asia with its stakeholders like business partners, regulators, customers, voluntary organizations forms social and relationship capital which helps to build and maintain a strong social reputation and trust.

Value Added Stage

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

Challenges

- Empowering shareholders
- Evolving customer needs
- Addressing the shareholder's needs

Key Highlights

- Spent an amount of Tk.116.15 million for the overall betterment of the nation in education, health, sports, art and culture, disaster management etc.
- Formation of Bank Asia foundation
- Bank Asia-Ma Amiran Medical College and Hospital
- Social safety net program

Initiatives

- Bank Asia foundation established Bank Asia-Ma Amiran Medical College and Hospital
- Focuses on SDG through various CSR activities in different sectors
- Provides support to unprivileged people through social safety net program

4 QUALITY EDUCATION



Ensure inclusive and equitable quality education and promote life-long learning opportunities for all

“Knowledge is power. Information is liberating. Education is the premise of progress, in every society, in every family”
– Kofi Annan

Around 617 million children and adolescents around the world are unable to reach minimum proficiency levels– even though two thirds of them are in school and this learning crisis is the greatest global challenge. Only 66% of countries have achieved gender parity in primary education.



The Gross Enrolment Ratio in Pre Primary education has been increasing at a slow pace of 1.45% points per annum since 2013. Net female school enrollment rate stands at a staggering 98%.



Bank Asia spent around Tk. 33.18 million for the spread of education mainly through the BA Higher Studies Scholarship

90,594 man hours of training to 4,750 number of employees

5 GENDER EQUALITY



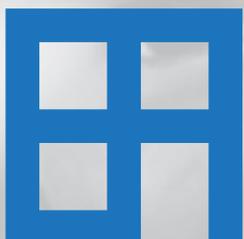
Achieve gender equality and empower all women and girls

"We must raise both the ceiling and the floor."
-Sheryl Sandberg

At the current rate of progress, it will take another 108 years to reach gender parity, according to WEF. Only 6 countries give women equal legal work rights as men- Belgium, Denmark, France, Latvia, Luxembourg and Sweden. Gender wage gap is estimated to be 23 per cent.



Bangladesh is the example of a country with dominant leadership of women in the national parliament and government. Bangladesh ranks 48th in global ranking of countries with a score of 0.721 indicating significantly better performance in promoting women empowerment compared to her South Asian neighbors.



Maintains a well- balanced male-female ratio

No discrimination in payment, training and other facilities

Formulation of Female Anti-Harassment Policy

To encourage inclusion of women, child day care center has been established

Risk

Management Report

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

RISK MANAGEMENT FRAMEWORK

Page: 112-114

RISK MITIGATION METHODOLOGY

Page: 115-119

DISCLOSURE OF RISK REPORTING

Page: 120-125

identify

analyze

action

monitor

control

From Chief Risk Officer's Desk



Risk Management Framework

The risk management approach of the bank is underpinned by a robust integrated risk management framework that primarily aim to keep the organization align with its vision. Unlike exclusively considering risk as a vulnerable component, the bank also address risk as a scope of opportunity. Which is done through calculative risk taking and informed decision making on constant basis under the adherence of Risk Appetite (RMF) and Risk Management Strategy (RMS). On yearly basis the Senior Management formulates Risk Appetite and Risk Management Strategy in line with bank's overall objective. The same are subsequently reviewed by the Board Risk Management Committee followed by approval by the Board. The Chief Risk Officer act as the primary accountable executive for implementation.

Challenges during 2019

Risk has evolved due to the changing business landscape and regulatory environment at the back of technological advancement and globalization. The year 2019 saw major pressure from increasing turmoil in overall export business of the country followed by aggravated political intervention in bank sector as well as in regulatory decision. The swelling effect of issue like Daisy Chain and incorporation of new bank in such an exhausted competitive environment are added new horizon to the overall complexity. The situation was further intensified due to constant regulatory intervention particularly against AD ratio and interest rate

regime along with increasing tendency of non-performing loan but sluggish effective recovery. The consequence was mounting stress on margins. The bank combatted these challenges through enhancing the risk resilience capacity. Some of the major risk management strategies are as follow:

1. Utilized multi-disciplined, cross function team to strengthening asset quality management
2. Reduction in strategy formulation and implementation turn-around-time(TAT) to enable additional risk weighted asset saving
3. Constant effort in balance sheet optimization through efficient utilization of the bank's asset based on forward looking manner
4. Enhanced operational risk management through shifting from practice based approach to document (Policy/SOP) based
5. Embracing trend in technology and constant process re-engineering
6. Strengthen the communication strategy and communication frequency throughout the bank

Economic Risk Profile:

As of December 2019, the credit risk contributed 87.97% of the capital of the bank. As compared to 2018, during the 1st quarter of the year the capital requirement against credit risk was increased by 17.11% primarily due to large expiry of credit rating. The situation was however addressed through adoption of strategies like rebalancing credit portfolio, curbing past due exposure, credit rating and inclusion of fresh capital. Finally, the bank closed the year with a CRAR of 17.93%

Sustainability under stressed perspective

Stress scenarios demonstrate the capital resilience of the bank. The bank uses sensitivity analysis to assess the potential impact of conditions under stress.

Bank Asia Ltd., identifies plausible scenarios and quantities their potential impact on financial resources or capital required or both. Depending on the outcome, the bank then develops, implements and monitors appropriate actions.

The outcome of latest stress testing performed based on December 31, 2019 indicates, the resilience capacity was sufficiently robust to accommodate all shocks at minor and moderate magnitude. For the first time ever, during the period the bank was able to meet 08 scenarios out of 09 listed even at major magnitude. In term of liquidity stress the bank was also maintained sound liquidity to meet all related scenarios.



Rashidul Kabir Rajib
Chief Risk Officer

Risk Management Report

RISK MANAGEMENT FRAMEWORK

1. INTRODUCTION:

Risk is inevitable in banking business, as such risk management is part of our culture across the bank. Unlikely considering risk exclusively as a vulnerable component, the bank considers risk also as opportunity as well. The bank manages risk taking limit by formulating risk appetite on yearly. The formulation of risk appetite primarily depends on its very own capacity to manage risk as well as on the basis of credibility of the risk to bring along opportunities. Ensuring that we have an effective risk management system in place is key to developing our business and achieving our objectives.

Effective risk management has also given us so many benefits like reduction of frequency and severity of losses, safe and sound banking practices and better returns to stakeholders due to lower losses.

The year 2019 was a consolidation year for risk management for the bank. More precisely, during the elapsed year, in one hand risk management of the bank has consistently evolved through embracing new ideas and practices in view of trending economy and increasing complexity, competitiveness in banking industry. On the other hand the bank has tuned existing risk management practices to align with global best practices. In parallel to looking only in the past and present the bank has developed the perception toward forward looking attitude. As a result the risk management tools like Stress Testing, Value-at-Risk are now considered more than just a regulatory reports. During the year the bank has gradually started to process of minimizing capital requirement through effective risk management instead of injecting fresh capital to accommodate more risk. On a nutshell, the 03 layered (i.e. operational, management and Board) joint effort has constantly helped the bank to operate in a sustainable state throughout year even under has macro-economic circumstances.

1.1. Risk Management Approach

It is important not only fulfill regulatory requirements but also improve financial and operational performance of the banks. Strong and integrated risk management is

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

1.2. Risk Management Units of the Bank

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

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

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

Process Development and Review

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

Capital Management Unit

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

2. MAJOR COMPONENT OF RISK MANAGEMENT OF BANK ASIA

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

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

2.1 Risk management framework and Risk Governance Structure of the Bank

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

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

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

First and foremost, effective risk management framework demands active involvement of the Board of Directors (BoD) and senior management in the formulation and oversight of risk management processes. Accordingly, they should provide strategic

Risk Management Report

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

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

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

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

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

Risk Appetite

Risk Appetite refers to the broad types and amounts of risks that a bank is willing to undertake in implementing its business strategy. Setting the risk appetite is an exercise where Bank's risk capital is allocated effectively and risk limits are set within the risk strategy of the Bank. Thus, the risk appetite is set, covering overall group position of a bank ensuring main business units are in line with the business objectives set by Board of Directors. Considering the importance and regulatory requirement, Risk Management Division of Bank Asia Limited has developed risk appetite for the year 2018 & 2019. Bank Asia Limited has considered

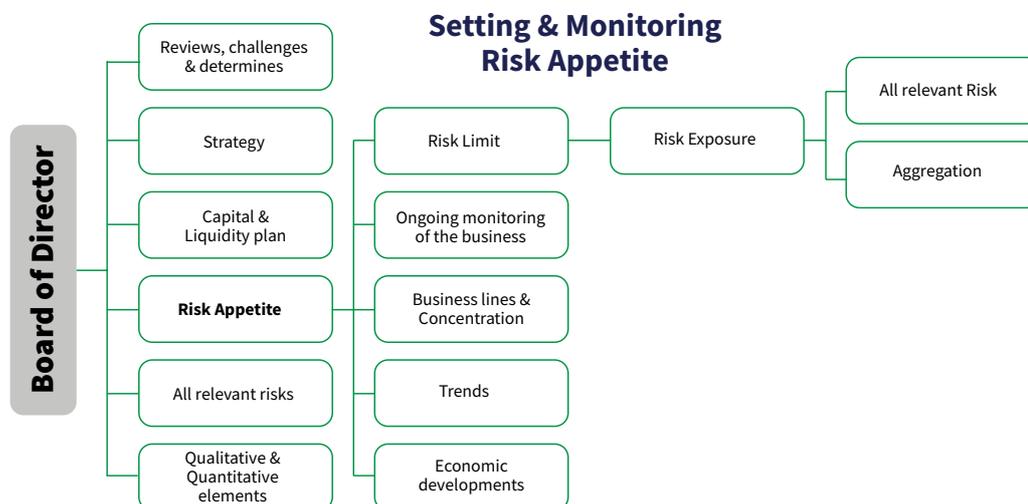
Bank Asia Limited has three level of structure in regards to managing risk.



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

Risk Management Report

new areas under risk appetite statement. Parameter wise risk appetite was set considering historical trend, Central Bank benchmark, International Benchmark and perception of the senior management.



2.3 Core Risk Assessment Procedure:

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

Risk Culture

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

3. Risk Management Division of the Bank

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

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

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

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

Structure & Reporting Line of Risk Management Division

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

Risk Management Report

RISK MITIGATION METHODOLOGY

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

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

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

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

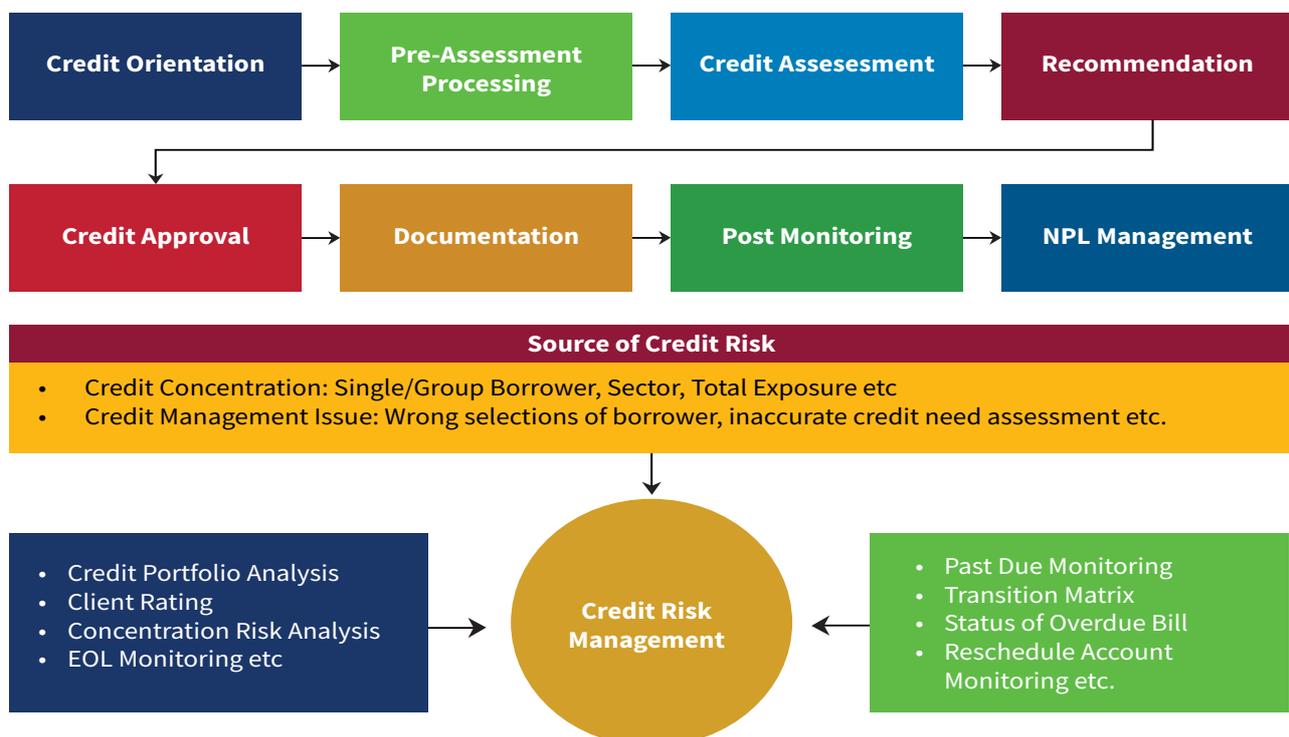
Risk evaluation involves making decision about the level of risk and the priority for attention through the application of the criteria developed when the context was established.

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

1. CREDIT RISK:

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

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



Risk Management Report

Credit Risk Concerns & Mitigation Plan Operational Level

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

2. MARKET RISK :

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

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

3. LIQUIDITY RISK :

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

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

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

Risk Management Report

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

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

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

3.3 Foreign exchange risk arising mainly from our strategic investments which are denominated in currencies other than the BDT. Foreign exchange position is managed by treasury division. In the year ended 2019, Total Risk Weighted Assets for Foreign Exchange Risk is Tk. 4,152 million and capital requirement is Tk. 415.20 million.

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

4. OPERATIONAL RISK:

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

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

Risk Management Report

5. REPUTATION RISK:

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

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

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

6. STRATEGIC RISK:

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

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

- CAMELS rating – optimum level (satisfactory)
- Operating expenses as % of operating income- optimum level up to 45%
- Classified loans as % of total outstanding loans- optimum level up to 5%
- Classified loan recovery as % of total classified loans- optimum level minimum 20%
- Written-off loans as % of total classified loans- optimum level up to 15%
- Interest waiver as % of total classified loans-optimum level up to 5%.

7. INTERNAL CONTROL & COMPLIANCE RISK:

Internal control is the process, affected by a company’s board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations, and internal policies.

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

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

8. MONEY LAUNDERING RISK:

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

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

9. ENVIRONMENTAL AND CLIMATE CHANGE RISK:

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

6 CLEAN WATER AND SANITATION



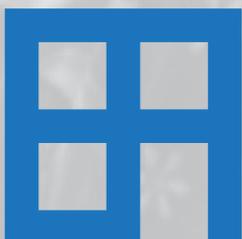
Ensure availability and sustainable management of water and sanitation for all

"We never know the worth of water till the well is dry"
- Thomas Fuller

Worldwide 780 million people do not have access to an improved water source. An estimated 2.5 billion people lack access to improved sanitation. An estimated 801,000 children younger than 5 years of age perish from diarrhoea each year, mostly in developing countries.



Currently 87% of population has access to safe water sources and 61% population has access to safe sanitation. There has been, however, significant improvement in the use of sanitary toilet from 32.4% in 1981 to 76.8 % in 2017.



Uncompromising about ensuring pure and safe drinking water for all employees and visitors

Wastage of water is kept as minimum as need

Total consumption is controlled by proper monitoring of water usage

Risk Management Report

DISCLOSURE OF RISK REPORTING

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

1. BASEL III APPROACH ADOPTED:

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

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

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

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

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

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

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

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

Sl	Risk Category	2019		2018	
		Million Tk.	%	Million Tk.	%
A	Credit Risk	209,741	88%	207,992	91%
i	On- Balance sheet	163,251	68%	155,471	70%
ii	Off- Balance sheet	46,490	19%	52,521	21%
B	Market Risk	7,359	3%	6,519	2%
i	Interest Rate Risk	1,795	1%	257	0%
ii	Equity Position Risk	1,412	1%	1,828	1%
iii	Foreign exchange	4,152	2%	4,434	1%
C	Operational Risk	21,327	9%	18,575	8%
		238,427	100%	233,086	100%

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

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

3. PILLAR-II SUPERVISORY REVIEW PROCESS UNDER ICAAP:

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

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

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

Risk Management Report

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

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

4. CONCENTRATION RISK:

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

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

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

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

Sector wise concentration

Sector	2019		2018	
	Million Tk.	%	Million Tk.	%
Chief Executive and other senior executives	178	0.08%	152	0.07%
Agriculture	4776	2.10%	5916	2.76%
Industry	108,925	47.92%	102,576	47.79%
Constructions	5,704	2.51%	3,916	1.82%
Power, Gas, Water and Sanitary Services	7,657	3.37%	3,624	1.69%
Transport, Storage and Communication	1,578	0.69%	2,621	1.22%
Trade Services	47,113	20.73%	45,579	21.24%
Housing Services	15,140	6.66%	14,305	6.67%
Banking and Insurance	3,429	1.51%	4,659	2.17%
Professional and Misc. services	32,799	14.43%	31,271	14.57%
Total	227,299	100.00%	216,618	100.00%

Geographical concentration

Division	2019		2018	
	Million Tk.	%	Million Tk.	%
Dhaka Division	164,260	72.27%	151,483	70.58%
Chittagong Division	48,752	21.45%	50,229	23.40%
Khulna Division	4,178	1.84%	3,682	1.72%
Rajshahi Division	5,150	2.27%	4,751	2.21%
Barisal Division	804	0.35%	778	0.36%
Sylhet Division	2,353	1.04%	2,178	1.01%
Rangpur Division	1,271	0.56%	1,050	0.49%
Mymensingh Division	531	0.23%	467	0.22%
Total	227,299	100.00%	214,618	100.00%

Single borrower wise exposure

Particulars	Million Tk.
Total Capital	42,757
A. Maximum outstanding exposure (35% of total Capital)	14,965
Maximum Funded Limit (15% of total Capital)	6,414
Maximum Non Funded Limit (20% of total Capital)	8,551
B. For Export Financing:	
Maximum outstanding exposure (50% of total Capital)	21,379
Maximum Funded Limit (15% of total Capital)	6,414
Maximum Non Funded Limit (35% of total Capital)	14,965
C. Large Loan Limit (10% of Total Capital)	4,276

Risk Management Report

Top borrower wise exposure

Sl. No.	Name of clients	Outstanding (Taka) 2019			Outstanding (Taka) 2018		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Spectra Group	1,489	4,247	5,736	-	-	-
2	Saiham Group	1,951	3,032	4,983	-	-	-
3	Meghna Group	2,014	2,793	4,807	-	-	-
4	ACI Group	2,606	2,168	4,773	-	-	-
5	Basundhara Group	4,508	2,221	6,729	3,329	2,579	5,907
6	City Group	1,862	4,182	6,044	1,270	3,339	4,610
7	Summit Group	2,049	3,413	5,461	568	11,870	12,438
8	Western Marine Group	4,204	945	5,149	2,288	2,002	4,290
9	Pran RFL Group	-	-	-	1,843	2,795	4,638
10	AA Group	-	-	-	2,367	1,639	4,006
11	Max Group	-	-	-	3,337	556	3,893
12	ECHOTEX Group	-	-	-	1,690	3,147	4,837
13	Salma Group	-	-	-	2,072	3,430	5,502
	Total	20,683	23,000	43,683	18,765	31,356	50,121

4.2 Market Concentration Risk:

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

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

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

5. STRESS TESTING

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

6. MARKET DISCIPLINE

In line with Pillar III of Basel III, Bank prepared market discipline statements on yearly basis and submitted to Bangladesh Bank accordingly. Bank also disclosed market discipline in separate Annual Integrated report (page no. 133) and bank's websites

7. RISK MANAGEMENT PAPER

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

8. RISK BASED AUDIT

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

9. CAPITAL MANAGEMENT OF BANK

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

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

Risk Management Report

Raising Tier II capital

Bank Asia is always keen to maintain sufficient capital base against doing business to support healthy growth of business and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap. Bank's CRAR (Capital to Risk weighted Asset Ratio) reached to 17.93% as on December 31, 2019 against required 10%. Furthermore, to keep the adequate capital base in next 5 years bank has issued further 7 year floating rate non-convertible subordinated bond of Tk.5,000 million on November 25, 2019.

7 Years Floating Rate Non- Convertible Subordinated Bond 2 of Tk. 3,000 million

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

7 Years Floating Rate Non-Convertible Subordinated Bond 3 and Bond 4 of each Tk. 5,000 million

To support healthy business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap Bank Asia has completed all formalities further issuance of two Subordinated Bonds each of Tk. 5,000 million as Tier-2 capital. In this regard, Bank has already completed further issuance of two Subordinated Bonds each of Tk. 5,000 million as Tier-2 Capital in April 2017 and November, 2019.

10. CAPITAL PLANNING

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

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

- identify risks, improve banks understanding of overall risks, set risk tolerance levels, and assess strategic choices in longer-term planning,
- identify vulnerabilities i.e. concentrations and assess their impact on capital,

- integrate business strategy, risk management, capital and liquidity planning decisions, have a forward-looking assessment of the bank's capital needs, including capital needs that may arise from rapid changes in the economic and financial environment.

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

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

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

11. CAPITAL RELIEF BY REDUCING RISK

In the year 2019, the Board of Directors and the Senior Management of the bank emphasized rigorously on corporate borrowers credit rating to lower our risk profile as well as to reduce the capital requirement of the bank. As a result of strong persuasion & drive, the number of valid rated borrowers of the bank increased significantly in the year 2019 over 2018.

12. BORROWER'S RATING

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

Key initiatives of 2019 - taken by Risk Management Division in 2019

Remarkable Achievement	Reached "Highest" CRAR of the bank 17.93% without fresh capital injection
	Reviewed more than 800 Loan File for ICRR Approval from October 16, 2019
	During 2019 the bank has consistently remain covered under Stress Testing
	Successful adaption of Risk Model like Risk Based Pricing, Profitability Analysis etc
	Rated Exposure was 80.00% of total eligible exposure

During the year 2019, Risk Management Division of Bank Asia Limited has taken different initiatives to strengthen the overall risk management function of the bank.

Followings are the major initiatives for the year 2019:

Policy Development: The bank has made significant improvement in migration to uniform operation instead of practice based operation. As part of that policy/operation procedure

Risk Management Report

development/review remain a top priority of the bank. In parallel to development/review of direct risk related policy/procedure (e.g. Risk Management Manual, Capital Management Policy under Basel III, Standard Operation Procedure of RMD etc.) to address operational risk, RMD has simultaneously focused on ensuring development and review of cross divisional policy(s)/ procedure(s). To streamline this massive process a supervisory committee has been formed (i.e. Policy Review Committee). In reference to policy related issue below are major development of 2019:

- a. Duly execution of Internal Credit Risk Rating System (ICRRS)
- b. For adequate distribution of responsibilities and ensure accountability, the bank has adopted a new model APA (Annual Performance Assessment) for target setting and performance evaluation
- c. The bank has formulated policy on counter party limit
- d. Adherence to capital rationing policy has been ensured for effective capital management function
- e. To streamline the Investment (i.e. other than loans and advances) activities of the bank the bank, the bank has developed Investment Policy
- f. As part of ensuring quality in outsourcing activities (i.e. 3rd party/vendor). After the development of policy related to enlistment of Insurance Company and Surveyor this year the bank has development similar policy for Lawyers
- g. Model for risk based pricing (i.e. funded credit) has been formulated along with review by senior management. The model is expected to be put in testing from March 2020 onward.
- h. Apart from the above the bank has involve in development/review of policy related to loan monitoring, deferral policy, valuation methodology, risk management guideline, credit card operation procedure etc.
- i. Development of a database to hold division/department wise policy/procedure along with approval date and last review date. This new development will help the bank to ensure constant monitoring on requirement of new policy/procedure and/or review of existing policy

On top of aforementioned review and development of policy/procedure RMD remained vigilant to ensure compliance and proper implementation of these documents. In this regard following major initiatives has been undertaken:

- I. Ensure policy/procedure compliance through internal audit
- II. Keep track on policy exception through real time information storage

On top of above from 2019 onward the management has incorporate the risk policy compliance issue as a major competent of yearly performance appraisal process of all the employees of the bank. For example, target against capital requirement has been allocated against each branch, target against document lapses of funded credit portfolio and policy compliance has been tagged with respective business wings of corporate office.

On a nutshell, in view of risk policy the bank remain active throughout 2019, side-by-side the bank has prioritized scope of development for the year 2020.

Risk Management Initiatives: During the year 2019, Risk Management Division of the bank has taken different initiatives to strengthen the overall risk management function of the bank. Followings are the major initiatives for the year 2019:

- Profitability Analysis Model: The bank has formulated a model to analyze the actual profitability against credit product side by side large customer. The model is currently under the review process.
- Strengthen the loan recovery: To monitor the regular NPL status of the bank, ICT Department and RMD of the bank has jointly developed a NPL monitoring system that is capable of reporting of branch wise movement and portfolio of NPL accounts.
- Implementation of EAS (Early Alert System): To check the portfolio status of the bank in a regular basis, implementation of EAS is very important. Considering the same, Bank has developed an Early Alert Policy which is Board approved.
- ICRRS implementation: The bank has fully adopted the ICRRS. Along with regulatory compliance, the ICRRS implementation has further strengthen the risk assessment process against allowing credit facilities
- Take Over Loan Marking: To track the performance of loan takeover accounts from different banks/NBFIs a project has been initiated to do the necessary modification in the CBS.
- Sectoral Lending Cap: During the year 2019, the bank has duly adopted the lending cap for 2019 and throughout the year the bank has regularly monitored the changes in credit portfolio in view the approved lending cap. Based on observation, various strategies has been formulated to manage sector wise exposure. Similar to last year, the bank has initiated the formulation process of lending cap 2020.
- Risk Appetite: Risk appetite is the level of risk that a bank is able and willing to accept or tolerate considering its exposures and business activities. The appetite should be in line with business objectives and obligations to stakeholders. Considering the importance and regulatory requirement, Risk Management Division of Bank Asia Limited has developed risk appetite for the year 2020. Bank Asia Limited has considered new areas under risk appetite statement. Parameter wise risk appetite was set considering historical trend, Central Bank benchmark, International Benchmark and perception of the senior management.

- Segregation of duties of CCO & CRO: It was a major concern issue regarding segregation of duties of CCO and CRO. For better management of risk, Risk Management Division has raised the issue and submitted a paper to Board to specify the roles and responsibilities and the reporting line of CRO. Very recently the Board has approved a separate roles and responsibilities of CRO and CCO.
- Structured NPL Monitoring System: To monitor the regular NPL status of the bank, ICT Department and Risk Management Division of the bank has jointly developed a NPL monitoring system that is capable of reporting of branch wise movement and portfolio of NPL accounts. The NPL monitoring system is in live under MISDB (Dash Board) of the bank.
- Review of NPL Files: To identify the actual reason for NPL of Top customers, a joint collaboration between the members of RMD and SAMD has been started to review the NPL files.
- Review of Top 20 Borrowers Concentration: A new initiative has been taken to review the Top 20 borrowers funding structure.
- Monitoring of Written-off Accounts: During the year 2019, overall NPL of the bank was within the regulatory benchmark, strong monitoring and recovery drive are the main reasons for such achievement. But it was identified that a large number of accounts have been written-off during this period. As such a monitoring system is required for regular monitoring of the said accounts.
- Implementation of EAS (Early Alert System): To check the portfolio status of the bank in a regular basis, implementation of EAS is very important. Considering the same, Bank has developed an Early Alert Policy which is Board approved. Risk Management Division of the bank is developing the system based Early Alert Process which will facilitate the overall portfolio monitoring.
- Implementation of Different Policies: During the year 2019, a number of

different risk management policies like Lawyer Enlistment Policy, Surveyor Enlistment Policy, Investment Policy, Capital Rationing Policy etc. have been formulated and approved by the Board.

Current Status: Risk Management Division of the bank has developed web based software for automated evaluation of Surveyor and Lawyer enlistment

- Documentation Lapses Monitoring: On a yearly basis, bank is performing its additional capital requirement for documentation lapses for funded credit portfolio. For a time being, strong monitoring process helps the bank to reduce the capital charge against the documentation lapses.

Current Status: Risk Management Division of the bank has developed web based software for capital calculation of documentation lapses under ICAAP

In addition to that, currently Risk Management Division of the bank is planning to develop and perform some projection modeling based on current risk management practices

Stress Testing: On a quarterly basis each bank performs "Sensitivity Analysis". Through the year 2019, bank was able to maintain its Capital Adequacy after minor shock in all events. Risk Management Division has already developed some projection events on Stress Testing (i.e. change in eligible security value, change in exposure of Top Borrowers etc.) based on MS Excel Tool "Solver".

Minimum Capital Requirement

Calculation: To meet the regulatory requirement, bank performs MCR calculation on quarterly basis which is generated from automated software. The said software is capable to calculate how much capital is required for each 100 Tk. lending (branch specific and mode of lending i.e. funded and non-funded). It is mentioned here that at the end of year 2019, bank was able to maintain the highest CRAR of 17.80%.

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

CONCLUSION

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

Principle 15 – Risk management process

Principle 16 – Capital adequacy

Principle 17 – Credit risk

Principle 18 – Problem assets, provisions and reserves

Principle 19 – Concentration risk and large exposure limits

Principle 20 – Transactions with related parties

Principle 21 – Country and transfer risks

Principle 22 – Market risks

Principle 23 – Interest rate risk in the banking book

Principle 24 – Liquidity risk

Principle 25 – Operational risk

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

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

Statement on Non-Performing Loan (NPL) Management

One of our core business priorities is to curb non-performing loans by maintaining quality assets. In this regard, Bank Asia's credit approval process has been framed to unveil and assess the unforeseen, inherent risk so that assets quality will not deteriorate in the long run. Additionally, early warning system gives us alarms so that precautionary actions may be taken against vulnerable assets. Above all, proper monitoring and strong recovery drive from branch and corporate office help in maintaining quality assets of Bank Asia. Special Asset Management Division (SAMD) is the main stakeholder of NPLs and working as an independent department since 2009. In 2016 Debt Collection Unit under SAMD was formed for further recovery drives of written off loans. Like the previous year, executives of Corporate Office got involved in recovery campaign alongside with their normal desk activities as an innovative idea that resulted in a huge NPL recovery in 2019.

STRATEGIES FOR NPL MANAGEMENT & RECOVERY PROCESS

The recovery strategies are carried out by the following five units of the Division:

- On Site Supervision Unit
- Proposal Processing Unit
- Legal Unit
- Debt Collection Unit (Write-off)
- MIS & Compliance Unit.

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

NPL STATUS OF BANKING INDUSTRY OF THE COUNTRY

The amount of classified loan in the country increased to Tk. 1,162.88 billion in September 2019 from Tk. 993.7 billion than the previous year (2018). So, having growth of 17.03% despite huge rescheduling and restructuring of loans.

NPL & Recovery Status of Bank Asia

The Bank ended 2019 with Non-performing loan (NPL) of Tk. Tk.10,479.98 million which is 4.61% of the total loans and advances registering a meager growth of Tk.1,670 million despite down gradation from stay order. We have now Tk. 2,483.98 million under stay order over Tk.9,172 million in 2018.

- At the end of 2019, the Bank's outstanding write off was Tk. 12,864.60 million against 258 accounts compared to Tk. 10,154.02 million against 227 accounts in 2018. The closing balance has increased due to addition of Tk. 2,709.46 million as newly write off loans. Mentionable that an amount of Tk.150.52 million has been recovered from written-off accounts during 2019.
- During the year (2019) 77.02% of rescheduled loans remained unclassified (UC) i.e. cash recovery and installment payments of major rescheduled/ restructured borrowers were regular. It may also be noted that the remaining 22.98% of rescheduled loans that were downgraded to classified status constitutes 41.65% of total classified loans. Management has already increased recovery initiatives from those defaulted loans
- Cash recovery against Classified Loans and Written off loan during the Year/Period which was Tk. 3,936 million in 2019 over Tk. 4,185 million in 2018 from hard core rescheduled, restructured, Bad & Loss and write off loan accounts.

TOTAL CLASSIFIED LOANS COUNTRY VS BANK ASIA

(In Billion)

	Bank Asia		Country	
	2019	2018	2019	2018
CL Amount	10.48	8.81	1,162.88	993.7
CL Ratio (in %)	4.61%	4.10%	12%	11.5%

NPL BY BANKS TYPE

(In Billion)

Types of Banks	Total CL	Required Provision	Provision Maintained	EXCESS(+)/ SHORTFALL(-)	Provision Maintenance Ratio (%)
SCBs	549.2	255.8	191.4	-64.4	74.82
SBs	47	22.4	25.4	3	113.39
PCBs	545.7	330.8	309.3	-21.5	93.50
FCBs	20.9	15.7	17.3	1.6	110.19
TOTAL	1,162.9	624.6	543.3	-81.3	86.98

Strategic planning 2020:

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

We are optimistic that by implementing our above mentioned strategies, we will be able to keep the classified loan of the bank within 3.00% at the end of the year 2020.

Furthermore, with the concentrated efforts by our "Debt Collection Unit" we will also be able to recover Tk. 1,000 million from the written-off accounts of the bank by this year. Bank Asia is putting all out efforts to recover classified loans and stop fresh inclusion of CL. For success in that front, management is further streamlining its credit appraisal process.

Basel III Pillar 3 Market Disclosure

Annual Disclosure for the year ended December 31, 2019

The public disclosure of prudential information is an important component of Basel Committee on Banking Supervision's framework of capital measurement and capital adequacy, known as Basel III. Bangladesh Bank has specified the standard of disclosure through Guidelines on Risk Based Capital Adequacy (December 2010) which revised in Basel III Guideline on December 2014 with effect from January 2015. The standard aims to enhance the transparency in Bangladeshi financial market by setting minimum requirement for the disclosure of information on the risk management practice and capital adequacy.

In line with the Bangladesh Bank BRPD Circular no. 35 of December 29, 2010 as to Guidelines on 'Risk Based Capital Adequacy for Banks' and subsequent BRPD Circular 18 dated December 21, 2014 on 'Guideline on Risk Based Capital Adequacy', following detailed qualitative and quantitative disclosures are provided in accordance with the central bank directions covering scope of capital adequacy framework, capital of the bank, risk exposure and assessment methodology, risk mitigation strategies and capital adequacy of the bank.

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

Basel III Pillar 3 Market Disclosure

1. SCOPE OF APPLICATION:

Qualitative Disclosures	
a) The name of top corporate entity in the group to which this guidelines applies	<p>BANK ASIA LIMITED</p> <p>The consolidated financial statements of the Bank include the financial statements of i) Bank Asia Limited ii) Bank Asia Securities Limited iii) BA Exchange Company (UK) Limited. and iv) BA Express USA Inc.</p> <p>Bank Asia holds 99.99%, 100% and 100% shares of Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc. respectively.</p> <p>The bank has an approved disclosure policy to observe the disclosure requirements set out by the Bangladesh Bank and International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) where relevant to the bank.</p> <p>A brief description of these institutions are given below:</p> <p>Bank Asia Limited Bank Asia Limited (“the Bank”) is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994, governed by the Banking Companies Act 1991. The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 128 branches including 4 SME/Agri branches and 4 SME centers. Moreover, it has 168 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in USA. The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.</p> <p>Bank Asia Securities Limited Bank Asia Securities Limited, a majority owned subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000 which has commenced its business on the 17 April 2011.</p> <p>BA Exchange Company (UK) Limited BA Exchange Company (UK) Limited was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited, BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. BA Exchange Company (UK) Limited attaches a fresh width to the Bank’s remittance operation and expands its global presence for remittance services. Bank Asia stretched its business in United Kingdom through its wholly owned subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home.</p> <p>BA Express USA Inc. BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014.</p>
b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group:	
(i) that are fully consolidated	
(ii) that are given a deduction treatment; and	
(iii) that are neither consolidated nor deducted (e.g. where the investment is risk - weighted)	
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable for the bank
d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not applicable for the bank

Basel III Pillar 3 Market Disclosure

2. CAPITAL STRUCTURE

		Qualitative Disclosures
Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or Tier 2.		The composition of regulatory capital is different than accounting capital. In line with Basel regime the structure of regulatory capital consists of Tier 1, Tier 2 & Tier 3. However the capital structure of Bank Asia Ltd consists of only Tier 1 and Tier 2 capital.
		Tier 1: Capital of Bank Asia Ltd consists of Paid up capital, statutory reserve, general reserve and retained earnings, Minority Interest.
		Tier 2: Capital of the bank consists of 50% revaluation reserve for fixed asset & securities, subordinated debts and general provision.

Quantitative Disclosures

		<i>Million Taka</i>	
Sl	Particulars	Solo	Consolidated
a)	Tier-I (Core Capital)		
a.1	Paid up capital	11,659	11,659
a.2	Non-repayable share premium account	-	-
a.3	Statutory reserve	9,053	9,053
a.4	General reserve	8	8
a.5	Retained earnings	1,960	1,800
a.6	Minority interest in subsidiaries	-	0
a.7	Dividend equalization account	-	-
a.8	Others	-	-
a.9	Sub-Total (a.1 to a.8)	22,679	22,520
	Less: Regulatory adjustments	-	-
a.10	Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	43	43
a.11	Others if any		
a.12	Common Equity Tier -1 capital (Going-Concern Capital)/ Core Capital (a.9 - a.10)	22,636	22,477
a.13	Additional Tier 1 Capital	-	-
a.14	Total Tier- 1 Capital	22,636	22,477
b)	Tier-II (Supplementary Capital)	-	-
b.1	General Provisions (provisions for unclassified loans + Off-balance sheet exposure)	8,636	8,636
b.2	Asset revaluation reserves up to 50%	1,341	1,341
b.3	Subordinate debt	11,800	11,800
b.4	Other reserve	-	-
b.5	Sub-Total (b.1 to b.4)	21,777	21,777
	Less: Regulatory adjustments	-	-
b.6	100 % of revaluation reserve for fixed assets, securities and equity securities	1,341	1,341
b.7	Total Tier-2 Capital Available	20,436	20,436
b.8	Maximum Limit Tier-2 Capital Available (Tier-2 capital can be maximum up to 4.0% of the total RWA or 88.89% of CET-1, whichever is higher)	20,121	19,979
b.9	Excess Amount over Maximum Limit T-2	315	457
b.10	Total Tier- 2 Capital (b.5 - b.8)	20,121	19,979
c)	Tier-III (Eligible for market risk only)	-	-
c.1	Short-term subordinated debt	-	-
c.2	Sub-Total (c.1)	-	-
d	Total Eligible Capital (a.13+ b.7+ c.2)	42,757	42,456

Basel III Pillar 3 Market Disclosure

3. CAPITAL ADEQUACY

Qualitative Disclosures

Capital calculation approach

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

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

Capital of the Bank

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

- Currently Bangladesh Bank prescribed Minimum Capital Adequacy Ratio (MCR) is 10%, whereas as on December 2019 the CRAR of the bank was 17.93%.
- During the same period Minimum Capital Requirement (MCR) of the bank was BDT 23,843 million and eligible capital was BDT 42,757 million; i.e. the bank hold BDT 18,914 million surplus capital.

Reduction of Capital Requirement through increasing Rated Clients:

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

To withstand these challenges, the Board of Directors & the Senior Management of the bank emphasized rigorously round the year 2019 on corporate borrowers credit rating to lower our risk profile as well as to reduce the capital requirement of the bank. Accordingly, the Risk Management Division (RMD), CRO along with the branches has taken all-out efforts to increase the number of corporate borrower's exposures rated. They are constantly taking the initiatives through guidance of the Senior Management; series of meetings, correspondence, awareness program with the allied concerns i.e. branches of the bank & ECAIs. As a result of strong persuasion & drive, significant number of rated clients increased in the year 2019 from the year 2018.

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

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures			
<i>Million Taka</i>			
Sl.	Risk Category	Solo	Consolidated
Details of Risk Weighted Assets (RWA)			
a	Credit Risk		
a.1	On- Balance sheet	163,251	166,459
a.2	Off-Balance sheet	46,490	46,490
a.3	Total Credit Risk (a1+a2)	209,741	212,949
b	Market Risk	7,359	7,359
c	Operational Risk	21,327	21,789
Total RWA		238,427	242,097
Detail of Risk Wise Minimum Capital Requirement (MCR)			
a	Credit Risk		
a.1	On- Balance sheet	16,325	16,646
a.2	Off-Balance sheet	4,649	4,649
a.3	Total Credit Risk (a1+a2)	20,974	21,295
b	Market Risk	736	736
c	Operational Risk	2,133	2,179
Total Minimum Capital Requirement		23,843	24,210
Total Maintained Capital		42,757	42,456
Total Capital Surplus		18,914	18,246
Detail of Tier wise Capital of the Bank			
1	Tier-1 Capital	22,636	22,477
2	Tier-2 Capital	20,121	19,979
3	Tier-3 Capital	-	-
Total Capital		42,757	42,456
Total Capital to Risk Weighted Asset Ratio (CRAR) [Total capital/RWA]		17.93%	17.54%
Tier 1 CRAR [Tier 1 capital / RWA]		9.49%	9.28%

Basel III Pillar 3 Market Disclosure

4. CREDIT RISK:

Qualitative Disclosures

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

Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in reference to BRPD Circular No.14 dated September 23, 2012, BRPD Circular No. 19 dated December 27, 2012 and BRPD Circular No.08 dated August 02, 2015 on the captioned subject.

- i. Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Whereas, In case of any instalment (s) or part of instalment (s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid instalment (s) will be treated as past due/overdue after six months of the expiry date.
- ii. A Continuous Loan, Demand Loan, Fixed Term Loan or any instalment (s)/part of instalment (s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard (SS)".
- iii. A Continuous Loan, Demand Loan, Fixed Term Loan or any instalment (s)/part of instalment (s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful (DF)".
- iv. A Continuous loan, Demand loan, Fixed Term Loan or any instalment (s)/part of instalment (s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be put into the "Bad/Loss (B/L)".
- v. Loans have to be treated as defaulted loan as per section 5(GaGa) of the Banking Companies Act, 1991 and to be reported accordingly as per formats given in BRPD Circular No.08 dated August 02, 2015. In this regard, a portion of the "Sub-standard (SS)" loans will be reported as defaulted loan.

Definitions of past due and impaired (for accounting purposes)

We kept all other instructions of BRPD Circular No.14 dated September 23, 2012 and its subsequent modifications unchanged.

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

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

The Bank has structured delegation and sub-delegation of credit approval authority for ensuring good governance and better control in credit approval system. The Board of Directors and its Executive Committee hold the supreme authority for credit approval in line with the recommendation from credit committee consisting of the senior management of the bank. Credit proposal processing, assessment of risks and mitigates there against, placing before credit committee, seeking approval from the competent authority, policy formulation & implementation, green finance, issuance & sanction advice are the major activities of CRM division. Separate segments for Corporate, Retail, SME, Credit Cards have been formed under CRM division in order to diversify the credit risk. Towards mitigating the risks, Bank Asia has developed a robust credit approval system. Under the ongoing system, the approval and disbursement of all business loans are centralized at Corporate Office. The credit proposals recommended by branches are scrutinized by CRM division. Sanctions are conveyed to the Branches after getting approval from various dedicated authority, Head of Credit, President & Managing Director and Board of Directors if needed. Limits are loaded into the system by Credit Administration Department but it is not operative until the branch complies all the terms and conditions incorporated in the sanction advice. The above arrangement ensures the segregation of duties & responsibilities and thus minimizes the credit risk.

> Discussion of the Bank's credit risk management policy

To stream line the overall credit portfolio, the bank has taken various initiative, for example, complete separation of business and risk, supervision of fresh credit proposal from branch through business wings at corporate office, empowerment of CRM and other risk management wings, digitization of loan documentation management process etc. Further to the above credit proposal format is also redefined as it is one of the key tools to maintain quality portfolio since its informs us risk, credit requirement, performance, liability position, compliance, financial position, environmental issues, effective rate of return, details of business etc. of the customer to mitigate credit risk.

The standardized approach is applied for risk weighting of exposure as per directive of Bangladesh Bank. It requires banks to use risk assessment. The Bank is following Credit Risk Grading (CRG) manual for assessing a borrower and making decisions of disbursing loans and advances/ investments while nominating the External Credit Assessment Institutions (ECAIs) duly recognized by Bangladesh Bank to derive risk-weights of exposures under the portfolio of claims. Maximum counterparty/group exposure are limited to 15% (funded) of the bank's capital base as stipulated by BB where a higher limit is required for projects of national importance subject to prior approval of Bangladesh Bank. The single borrower exposure limit has been increasing day by day of the bank with the increase of the total capital of the bank. But the management of the bank is exercising the prudential limit to a single borrower in order to minimize concentration risk of the bank considering the security coverage, satisfactory performance, credit risk grading status, earning potentials, capital requirement, etc. against the limit.

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures

Amount in BDT Million

Particular	Outstanding
b) Total gross credit risk exposures broken down by major types of credit exposure	227,299
Chief Executives & Others senior executives	178
Agriculture	4,776
Industry	108,925
Constructions	5,704
Power, Gas, Water and Sanitary Services	7,657
Transport, Storage and Communication	1,578
Trade Services	47,113
Housing Services	15,140
Banking and Insurance	3,429
Professional and Misc. services	32,799
c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	227,299
Dhaka Division	164,261
Chattogram Division	48,752
Khulna Division	4,177
Rajshahi Division	5,150
Barishal Division	804
Sylhet Division	2,353
Rangpur Division	1,271
Mymensingh Division	531
d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	227,299
Chief Executive & other senior Executives	178
Agriculture	4,776
Food Manufacturing	13,514
Beverage industry	339
Tobacco industry	70
RMG industry	22,705
Textile industry	21,335
Wood cork and allied products	49
Furniture and Fixture	159
Paper and paper products	6,561
Leather and leather products	2,299
Rubber products	2,775
Chemical and chemical products	2,179
Basic metal products	8,800
Electrical machinery and apparatus	3,327
Other manufacturing industries	18,284
Ship building	4,608

Basel III Pillar 3 Market Disclosure

Particular	Outstanding
Ship breaking	1,420
Pharmaceutical	500
Constructions	5,704
Power, Gas, Water and Sanitary Services	7,657
Transport, Storage and Communication	1,578
Trade Services	47,113
Housing Services	15,140
Banking and Insurance	3,429
Professional and Misc. services	32,799
Others	-
e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	227,299
Repayable on demand	32,536
Not more than 3 months	30,478
More than 3 months but not more than 1 year	67,939
More than 1 year but not more than 5 years	81,631
More than 5 years	14,715
f) By major industry or counterparty type	
Sector wise past due loan classification categories:	
Sub- Standard	1,848
Doubtful	577
Bad and Loss	8,055
Total	10,480
Specific and general provisions	12,279
Total General Provision:	7,674
Total Specific Provision:	4,605
g) Gross Non Performing Assets (NPAs)	10,480
Non Performing Assets (NPAs) to Outstanding Loans Advances	4.61%
Movement of Non Performing Assets (NPAs)	
Opening balance	8,810
Additions	13,222
Reductions	12,142
Closing balance	9,890
Movement of specific provisions for NPAs	
Opening balance	3,893
Less: Transferred to General Provision	-
Less: Write-off	(2,458)
Add: Recovery from previously written off	150
Transfer from General Provision	-
Add: Provisions made during the period	2,830
Closing balance	4,415

Basel III Pillar 3 Market Disclosure

5. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons

Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

The equity markets are traditionally volatile with a high-risk, high-returns profile. As such investors in the equity market have to plan and strategize to reduce their risks and increase their returns. Equity investments must therefore go hand in hand with a good risk management plan in place. In an uncertain marketplace like the present, investor cannot afford to place all hope in only one thing. Therefore, it is very important to protect the total investment value by means of diversification.

Bank Asia has been operating in the capital market of Bangladesh since 2009. The Bank invested in shares both in primary as well as secondary market. Bank Asia has been started its own portfolio operation from May 04, 2010. Since then the Bank was mainly involved in "Own Portfolio Management" activity.

Investments in shares of Bank Asia are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. The Bank recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best interest of the Bank.

The Management of the Bank has constituted an Investment Committee / team comprising of members from the senior executives of the Bank who have sound experiences and knowledge on Capital Market activities.

Investment team of Bank Asia reviews status of the own portfolio investment on regular basis and follows top-down approach where they review and analyze economy outlook, sectoral growth and specific company analysis. Company specific risk is minimized through proper diversification. To manage market risk, we follow economic research. Moreover, it has been noted that, the major source of market risk comes from the frequent change of regulation. Thus, it is important to maintain close relationship with the regulatory body and keep aware if there is any upcoming regulation change.

Our investment in shares are being monitored and controlled by the Investment Committee are reflected in accounts through proper methodologies and accounting standards of the local & international. Investments are valued on mark to mark basis on a particular period.

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures

Amount in BDT Mln.

Sl.	Particular	
a)	a) Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value:	Not Applicable
b)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	Nil
c)	Total unrealized gains (losses)	Nil
	Total latent revaluation gains (losses)	Nil
	Any amounts of the above included in Tier 2 capital.	Nil
d)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	
d.1	Specific Risk	706
d.2	General Market Risk	706
d3.	Total (d1+d2)	1,413

6. INTEREST RATE RISK IN THE BANKING BOOK

Qualitative Disclosures

The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement

Interest rate risk is the potential that the value of the On Balance Sheet and the Off Balance Sheet position of the Bank would be negatively affected with the change in the Interest rate. The vulnerability of an institution towards the advance movement of the interest rate can be gauged by using Duration GAP under Stress Testing Analysis.

Bank has also been exercising the Stress Testing using the Duration GAP for measuring the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Capital Adequacy Ratio (CAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing Off Balance Sheet positions and or Derivatives). Under the assumption of three different interests rate changes i.e. 1%, 2% and 3%.

Amount in BDT Mln.

Quantitative Disclosures

Sl.	Particular			
1	Market Value of Assets	349,370		
2	Market Value of Liabilities	321,569		
3	Weighted Average of Duration of Liabilities (DL) in years	1.17		
4	Weighted Average of Duration of Assets (DA) in years	1.39		
5	Duration GAP (DA-DL) in years	0.31		
6	Yield to Maturity (YTM -Assets)	8.82%		
7	Yield to Maturity (YTM -Liability)	4.53%		
8	Magnitude of Interest Rate Change	1%	2%	3%

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures				
Sl.	Particular			
9	Fall in Market Value of Equity	(100)	(199)	(299)
Stress Testing		<i>Minor</i>	<i>Moderate</i>	<i>Major</i>
10	Regulatory capital (after shock)	41,445	40,450	39,455
11	RWA (after shock)	237,432	236,437	235,441
12	CRAR (after shock)	17.46%	17.11%	16.76%

7. MARKET RISK

Qualitative Disclosures	
Views of BOD on trading/ investment actives	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding last year to finance asset growth and trade related transaction.
Methods used to measure Market Risk	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk'.
Market risk Management system	The Treasury Division manage market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. Alco meets at least once in a month.
Policies and process for mitigating Market Risk	There are approved limits for Market risk related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The exchange rate committee of the Bank meets on a daily basis to review the prevailing market condition, exchange rate, forex position and transactions to mitigate foreign exchange risks.

Amount in BDT Million

Quantitative Disclosures	
Particular	
The capital requirement for:	
Interest Rate Risk	179
Equity Position Risk	141
Foreign exchange	415
Commodity Risk	-
Total capital requirement against Market Risk	736

8. OPERATIONAL RISK

Qualitative Disclosures	
Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board oversees the activities of Internal Control & Compliance Division to protect against all operational risk.
Performance gap of executives and staffs	Bank has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. BA's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures	
Potential external vulnerable events	Considering the increasing complexity of banking operation resulted from various trending macro economic scenario and excessive competitive environment, it is unlikely to completely avoid potential external vulnerable events. However, through effective risk management operation the impact from potential external vulnerable events are quite minimum.
Policies and processes for mitigating operational risk	Operational risk, defined as any risk that is not categorized as market or credit risk, is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. It is inherent in every business organization and covers a wide spectrum of issues. In order to mitigate this, internal control and internal audit systems are used as the primary means. The Bank Asia Limited manages this risk through a control based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the bank stays in line with industry best practice and takes account of lessons learned from publicized operational failures within the financial services industry. Bank Asia Limited has operational risk management process which explains how the bank manages its operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with central bank requirements. Operational risk management responsibility is assigned to different level of management within the business operation. Information systems are used to record the identification and assessment of operational risks and to generate appropriate regular management reporting. Risk assessment incorporates a regular review of identified risks to monitor significant changes. On top of that, as part of recent development, the bank is in the process of adoption of globally recognized operational risk assessment tools, e.g. Risk Control Self Assessment for assessment of all possible operational risk and adoption of Key Risk Indicator (KRI) to help the bank to set operational risk trigger parameters.
Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.

Amount in BDT Million

Particular	Solo	Consolidated
Capital Requirement for Operational Risk under MCR	2,133	2,179

9. LIQUIDITY RATIO

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

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

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

Regulatory Liquidity Indicators (RLIs):

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

Methods used to measure
Liquidity Risk

Bank's own liquidity monitoring tools:

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

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

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

Liquidity Risk Management
System

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

Policies and processes for
mitigating Liquidity Risk

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

Amount in BDT Million

Particular	
Liquidity Coverage Ratio (LCR)	178.80%
Net Stable Funding Ratio (NSFR)	110.81%
Stock of High quality liquid assets	75,411
Total net cash outflows over the next 30 calendar days	42,175
Available amount of stable funding	265,342
Required amount of stable funding	239,464

Basel III Pillar 3 Market Disclosure

10. LEVERAGE RATIO

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

Particular	<i>Amount in BDT Million</i>	
	Solo	Consolidated
Tier-1 Capital (A)	22,636	22,477
Exposure measure :		
On balance sheet exposure	349,194	350,893
Off balance sheet exposure	55,892	55,892
Less: Regulatory adjustment made to Tier I capital	43	43
Total exposure (B)	405,042	406,741
Leverage Ratio (A/B)	5.59%	5.53%

Basel III Pillar 3 Market Disclosure

11. REMUNERATION

Qualitative Disclosures

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

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

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

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

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

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

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

Designation	No of Employee
President and Managing Director	01
Deputy Managing Director	06
Senior Executive Vice President	06
Executive Vice President	13
Senior Vice President	17

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

Key features of remuneration policy :

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

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

Objectives of remuneration policy :

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

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

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

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

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

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

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

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

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

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

A balanced scorecard approach has been adopted by the Board with real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-a-vis set target of a given year. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors.

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

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

The way in which each individual contributes to or impacts on the key criteria differs depending on the area of the business/target activities in which they operate and nature of activities specified by the management. These differences are reflected in the expected outcomes and performance indicators developed for each individual employee/role and satisfactory performance against these indicators is required to qualify for annual increment of remuneration, performance bonus, promotion and other benefits.

A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration:

Since the implementation of real-life SMART KPI to evaluate the contribution of all individuals, no change has been taken place.

An overview of main performance metrics for bank, top-level business lines and individuals:

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

- d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

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

A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance:

Yearly performance bonus, salary increment, staff house building loan are directly linked with employee's individual performance.

A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.

Variance performances like performance bonus, salary increment are determined by the outcome of scorecard in prescribed KPI of the individual.

- e. Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.

Bank Asia provides its Employees incentive compensation delivered in the form of deferred cash awards, subject to performance based on Key Performance Indicators (KPI).

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

A summary of Short-term and Long-term compensation plan are given below:

Total Compensation = Fixed Pay (Salary)+Variable Pay (Bonus)+Variable Pay (Long term incentive)

Form of variable remuneration offered by Bank Asia:

Cash Form:

Short-Term Incentives / Rewards

1. Yearly fixed and incentive bonus;
2. Yearly Increment;
3. Business accomplishment financial award;
4. Special Increment for special assignments/accomplishment;
5. Car, fuel and car maintenance allowance for executives;
6. Cash Risk allowance for cashier;
7. Charge allowance for Head of Branches

Long-Term Incentives / Rewards

1. Provident fund;
2. Gratuity;
3. Benevolent fund
4. Employee house building loan with minimum interest rate
5. Provident fund loan with minimum interest rate
6. Periodically salary review (enhancement)
7. Furniture allowance for executives
8. Yearly professional membership fees for professional certificates holder

Non-Cash Form:

Short-Term Incentives / Rewards

1. Medical insurance coverage for self, wife and two children;
2. Accelerates promotion for top talents;
3. Study leave

Long-Term Incentives / Rewards

1. Foreign training award;

- f. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures															
Particular	Amount in BDT Million														
g. Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Meeting regarding overseeing the remuneration was held on need basis.														
h. Number and total amount of guaranteed bonuses awarded made during the financial year. Number and total amount of sign-on awards made during the financial year. Number and total amount of severance payments made during the financial year	No. Amount														
	Nil														
	Nil														
	Nil														
i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil														
Total amount of deferred remuneration paid out in the financial year.	Nil														
j. Breakdown of amount of remuneration awards for the financial year to show:	Breakdown of Remuneration is as follows(Taka in million):														
- fixed and variable	<table border="1"> <tbody> <tr> <td>Basic salary</td> <td style="text-align: right;">1,237</td> </tr> <tr> <td>Allowances</td> <td style="text-align: right;">1,249</td> </tr> <tr> <td>Festival bonus</td> <td style="text-align: right;">197</td> </tr> <tr> <td>Gratuity</td> <td style="text-align: right;">202</td> </tr> <tr> <td>Provident fund contribution</td> <td style="text-align: right;">111</td> </tr> <tr> <td>Performance bonus</td> <td style="text-align: right;">270</td> </tr> <tr> <td>Total :</td> <td style="text-align: right;">3,266</td> </tr> </tbody> </table>	Basic salary	1,237	Allowances	1,249	Festival bonus	197	Gratuity	202	Provident fund contribution	111	Performance bonus	270	Total :	3,266
Basic salary	1,237														
Allowances	1,249														
Festival bonus	197														
Gratuity	202														
Provident fund contribution	111														
Performance bonus	270														
Total :	3,266														
- deferred and non-deferred.	Nil														
- different forms used (cash, shares and share linked instruments, other forms).	All the remunerations are provided in the form of cash														
k. Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:															
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil														
Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil														
Total amount of reductions during the financial year due to ex post implicit adjustments.	Nil														

7 AFFORDABLE AND CLEAN ENERGY



Ensure access to affordable, reliable, sustainable and clean energy for all

"There is an urgent need to stop subsidizing the fossil fuel industry, dramatically reduce wasted energy, and significantly shift our power supplies from oil, coal, and natural gas to wind, solar, geothermal, and other renewable energy sources."

- Bill McKibben

Globally, the world produced approximately 5.9 TWh of modern renewable energy in 2016. This represents a 5 to 6-fold increase since the 1960s. Here we see that hydropower remains the dominant form of modern renewables consumption, accounting for almost 70%



Bangladesh is moving steadfastly towards ensuring access of 100% households to electricity well ahead of the target time in 2025; it reached 91% in 2018 December.



Ensures maximum usage of day light, energy bulbs that saves 40% electricity each year

Installed solar panels in 11 branches with net savings of Tk. 8.9 million from green banking activities

Tk. 453.59 million investment in different solar home system projects including LED bulb/Tube assembly plant

Summary Sustainability Report

Sonic Doom
is inviting harmful effect on human
health & environmental quality

WHAT'S INSIDE

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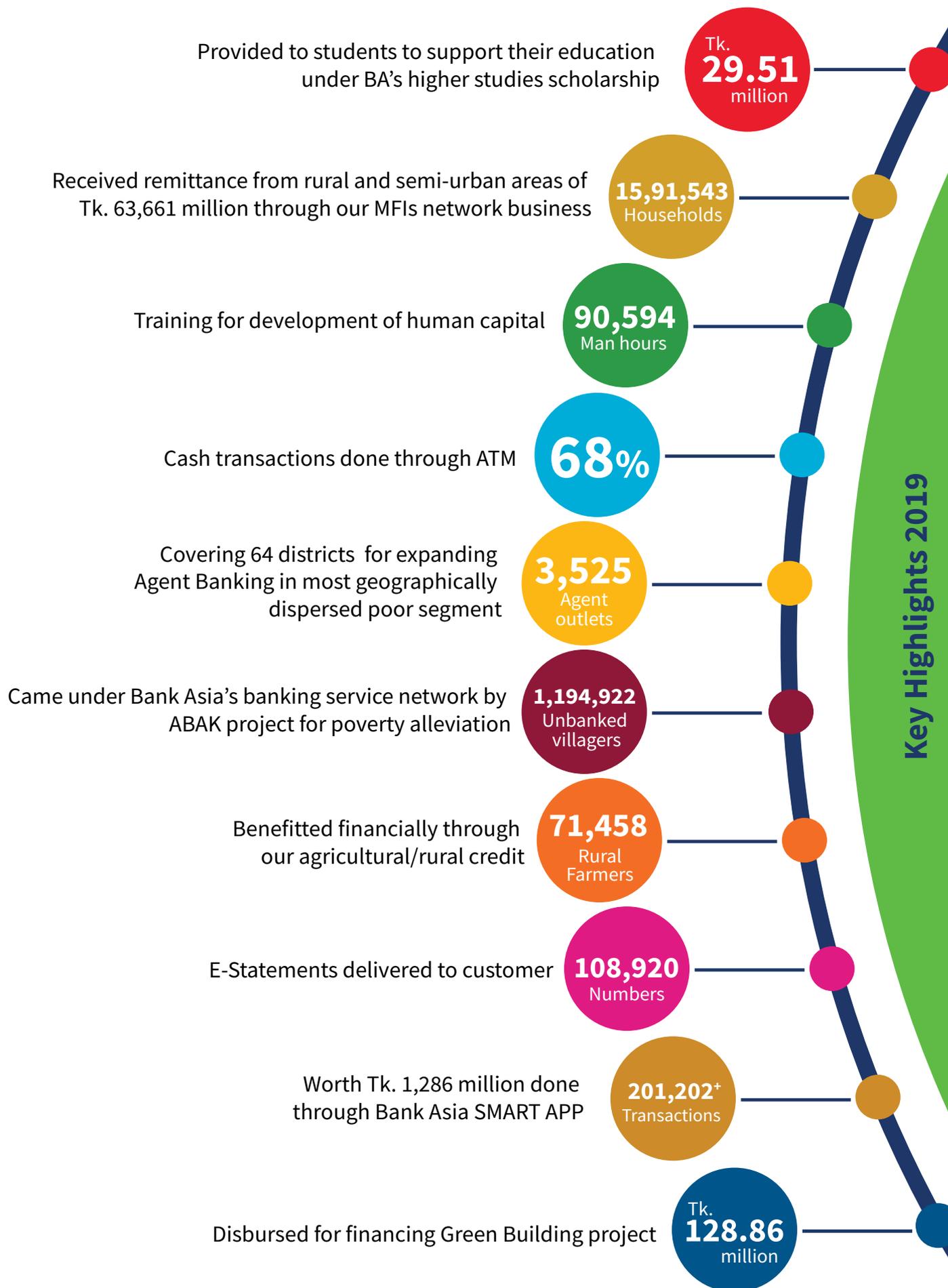
Achievement for Sustainability Report



Bank Asia achieved Asia Sustainability Reporting Rating by NCSR and ICSP, Jakarta, Indonesia

- Bank Asia has been granted 'Gold Rank' in Asia Sustainability Reporting Rating 2019 by NCSR (National Centre for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Indonesia for Sustainability Report 2018
- Gold Rank- Best Sustainability Report in Asia Sustainability Reporting Rating 2018 - 14th SRA 2018 for Sustainability Report 2017 by NCSR and ICSP
- 'Winner-Best Sustainability Report in Overseas category' - 13th SRA 2017 for Sustainability Report 2016
- Best Sustainability Report in Bangladesh - 12th SRA 2016 for Sustainability Report 2015
- Best Sustainability Reporting Award 2015, Runner up 1 in Overseas Category for Sustainability Report 2014
- Sustainability Reporting Award 2014 (SRA 14) for Most Impressive Report 2013 for Sustainability Report 2013
- Sustainability Reporting Award 2013 (SRA 13) for Most Progressive Report 2012 for Sustainability Report 2012
- Commendation for the first time - 9th SRA for Sustainability Report 2012

Sustainable Banking Operations



Message from the President and Managing Director



In Bank Asia we firmly believe that sustainability is the core element of competitiveness and to achieve this we need to create value for all our stakeholders in a sustainable way. Sustainable business practices are becoming increasingly important for Bangladesh, as it strives to foster a flourishing economy.

On behalf of Bank Asia, I am pleased to present Bank Asia Sustainability report 2019. This report outlines how we set standards in areas of sustainable development that can directly influence economies, communities and environment.

Live Green- Save Green

Bank Asia believes in growing responsibly and sustainably by being ecofriendly across the organization. For that purpose, the bank circulated Green Banking Policy guidelines to all the employees for raising awareness regarding conservation of energy, water, saving paper, etc.

Bank Asia has also adopted policies to reduce energy in its in-house management by utilizing maximum natural day light, energy savings bulbs, and green computing based data center. Bank Asia is also very much focused on managing the waste generated from day to day banking activities, food consumption, physical wear and tear of computer and office equipment, obsolete furniture & fixture and newspapers. To reduce the waste, bank has taken some necessary measures such as- usage of both sides of papers and collection of wasted papers using bins after shredding, donation of old equipment and furniture for charity, accumulation of food wastes by community cleaners on daily basis and disposition of toner, cartridges and newspapers through community cleaners

Apart from this, we are fully aware that the future is digital, the future is paperless. So here at Bank Asia, we highly encourage customers to use E-Statement, SMS banking, SMS Alert, Net Banking, and E-fund Transfer and Email Correspondences to diminish wastage of paper. More than 201,202 transactions worth Tk. 1,286 million was done through Bank Asia SMART APP, an integrated internet and mobile banking solution. This year the Bank developed more number of green banking instruments compared to the previous year, through which the customers can save their valuable time and unnecessary paper work as well. Being a bank with a conscientious, Bank Asia while selecting investment projects, focuses on green financing like renewable energy generation, carbon emission project, solar home system, CNG conversion project, bio-gas, managing different waste, treatment of liquid waste, urban building safety project, effluent treatment plant in brick fields etc. In 2019, Tk. 128.86 million was disbursed to Triple Apparels, Robintex Bangladesh Ltd. and other firms for financing Green Building

project, which has helped sequestration of carbon and reduce adverse environmental effect. Bank Asia has financed a total of Tk.140.00 million to Youth Spinning Mills Ltd. for importing of high energy efficient gas generator. This will highly reduce operating cost of the business through lesser wastage of gas and will encourage business environment towards moving energy efficient gas generators.

Embracing Corporate Social Responsibility

Being committed to bring social and environmental prosperity Bank Asia spent an amount of Tk. 116.15 million for several CSR activities in the year 2019. Bank Asia donated Tk. 40.71 million to Prime Minister's Relief Fund for different generous activities and also distributed warm cloths among cold-hit people in different parts of the country. Bank Asia supports poor meritorious students by providing Higher Study Scholarship to become emergent human capital of our country. In 2019, Tk. 29.51 million was provided to students to support their education under Bank Asia's higher studies scholarship.

Dominating in the realm of Financial Inclusion

Being the pioneer of Agent Banking operations, Bank Asia has always given special attention to its agent banking services. With the aid of advanced technologies and flexible Agent Banking module, Bank Asia has covered 64 districts with their 3,525 agent outlets ensuring compatible security for the customers even in the most geographically dispersed poor segment. As a result, each and every customer can easily withdraw his allowances without any sort of complexity. Many rural customers consider it as a blessing because their requirement can be over just by putting a fingerprint. Moreover, it is also creating employment opportunities for the jobless people. Bank Asia has received Bangladesh Business Innovation Award for "Agent Banking Business Model" by Bangladesh Brand Forum.

With the motto of ensuring further financial inclusion, 1,194,922 unbanked villagers of 222 upazilas under 31 districts came under Bank Asia's banking service network by ABAK project for poverty alleviation. Moreover, 53,998 beneficiaries are the recipient of online cash management support through SHOUHARDO-III project under Social Safety Network. Bank Asia is also concentrating on school banking services with an aim to build savings habit of school going children. Bank Asia has collected deposit of Tk. 48.75 million from 19,500 school banking accounts up to 2019.

Sustainable Agri-Economy

In the FY2018-2019, the Bank disbursed Tk.3,650.36 million to 71,458 rural farmers and achieved 106% against the target of Tk.

3,440.00 million as set by Bangladesh Bank. Total 2,218 no. of Tk. 10 A/C holders of Bank Asia Ltd. are facilitated through distributing Tk. 84.31 million to improve their livelihood by participating in income generating activities. We also received refinance of Tk. 55.64 million from Bangladesh Bank against these funding in the year 2019. To penetrate social outreach as financial partner, Bank Asia easy ensure timely flow of credit by institutional sources in a sustainable manners, Bank by different programs through different national & international organization such as USAID, ACCDI/VOCA, Care Bangladesh, World Fish etc.

Engage - Develop - Grow

For a business to grow, it is important that it considers the development of their people, culture, organizations and the systems they interact with as equally important as profit. At Bank Asia we believe that direct investment in the development of each of our employee is a direct investment in our organization. So we provide our employees ample opportunities for personal growth through comprehensive training and other development programs. In 2019, Bank Asia has provided 90,594 Man hours of training on different operational and behavioral aspects for development of human capital.

Award and Recognition

Bank Asia believes in transparency in disseminating information to the stakeholders irrespective of different events. Bank Asia was certified with ISO/IEC 27001:2013 for ensuring appropriate management of information technology by complying with all due procedures. We are really privileged to share that, Bank Asia has been granted "GOLD RANK" in Asia Sustainability Reporting Rating 2018, in the 14th Sustainability Reporting Awards (SRA) 2018 by NCSR (National Center for Sustainability Reporting). This is noteworthy that we are achieving sustainability award every year under different category by NCSR. We have also received 1st prize in the category of "Corporate Governance Disclosures" by South Asian Federation of Accountants (SAFA) and ICSB (Institute of Chartered Secretary of Bangladesh). Now I would like to conclude by extending my sincere gratitude and appreciation to all our valuable stakeholders for their vigorous and impactful engagement towards Bank Asia's vision to build a poverty free Bangladesh for a better tomorrow.



Md. Arfan Ali
President and Managing Director

Report Parameter

REPORT PARAMETER

Bank Asia is the pioneer in the banking industry to publish Sustainability Report and awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting. Our prior two reports were based on GRI reporting framework G3/G3.1 guidelines. But from the year 2014 to 2017 we have prepared our sustainability report based on GRI reporting framework G4 guidelines. From 2018 we have prepared our sustainability report based on GRI reporting framework GRI standard and it is the second time we are reporting on GRI reporting framework GRI standard with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social aspects including both positive and negative contribution.

Reporting Scope

This report intends to touch upon all significant environmental, economic and social impacts resulting from Bank Asia's activities in the financial year 2019. This is our seventh sustainability report and there is no significant changes regarding scope, boundary or measurement methods and explanation of the effect of any restatement of information comparing to the previous report. The sustainability report will be prepared once in a year describing activities and achievements through-out the year.

Boundary of the Report

The report boundary of the year 2019 covers only banks operation run by corporate office, its branches, SME service centers and other direct networks in Bangladesh. Impacts of the activities of our subsidiaries, NGO networks or

our suppliers in other countries are not within the scope of this report. Bank Asia has three subsidiary companies, one in Bangladesh and others in UK and USA, but no joint venture. As owner, the Bank controls the activities of its subsidiaries. Bank Asia Securities Limited (BASL), a majority owned subsidiary is incorporated in Bangladesh and acts as a stock broker and stock dealer in capital market. The financial statements of the BASL are prepared on a going concern basis under historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRS). BA Exchange Company (UK) Ltd. in UK and BA Express USA Inc. at NY, USA are two wholly owned subsidiaries with a primary responsibility of remittance channeling to Bangladesh from UK and USA market. Financial statements of BA Exchange Company (UK) Ltd. and BA Express USA Inc. are prepared on a going concern basis under the historical cost convention and in accordance with the Financial Reporting Standards for smaller entities.

Feedback

We welcome any feedback on our sustainability reporting. For further information and comments, please contact Sustainability Reporting Team of the Bank led by Mr. Mohammad Ibrahim Khalil, FCA, SVP & Chief Financial Officer, Mr. Md. Shamim Hasnat, CSRS, Assistant Vice President, Group Finance, Mr. Mahbub-ul Anam Khan CSRS, SEO and Ms. Nahid Tania Khan, CSRS & Executive Officer, Group Finance. They may be reached through

E-mail

sustainability.ba@bankasia-bd.com

Triple Bottom Line

PEOPLE

Bank Asia always plays a very dynamic role in contributing to the society through its CSR program, which are thoroughly illustrated in CSR section. In the context of value creation model for its employees, the bank has made footprints by achieving: Operating profit and Net profit per employee was Tk. 3.92 million and Tk. 0.825 million respectively during 2019. 90,594 man-hours training have been provided to 4,750 participants in the year 2019 both in home and abroad. Bank Asia works with a wide range of suppliers, vendors, agents and others. To create value the Bank works with them through collaboration by applying its own policy and practice for selecting these suppliers and others.

PLANET

As one of the strategic focuses of Bank Asia, 'going green' movement includes efficient energy consumption, paperless office, financing renewable energy etc. Bank Asia's achievements in green initiatives are detailed out in other parts of the report. As greening of mind, 420 man hours of training provided to 280 staffs regarding green banking under foundation and other trainings course in 2019.

PROFIT

During 2019 Bank Asia generated operating profit of Tk. 9,322 million.

Strategic Focus for Sustainability

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

GOING GREEN IN THE FUTURE OF BANKING

One of the strategic priorities of Bank Asia is to promote financial inclusion for combating poverty which the Bank firmly believes to achieve by its deposit services, agricultural credit program, small enterprise financing for productive new off farm employment of 'missing middle', Solar home system projects with NGO-MFI partners, foreign remittance of poor migrant workers channeling through partner MFIs, 'Ektee Bari Ektee Khamar' Project, Agent Banking channels, domestic remittance distribution through bank branches and agent banking outlets.

PROMOTING FINANCIAL INCLUSION

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

GIVING BACK

CUSTOMER SATISFACTION

Bank Asia is sincere to create higher customer satisfaction and loyalty by its brand enhancement programs & creating brand ambassadors, personalized banking, online product innovation, measure and reduce customer efforts for greater value proposition.

Corporate Profile

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

In 2001, Bank Asia set a milestone by acquiring the Bangladesh operations of the Bank of Nova Scotia of Canada, first in the banking history of Bangladesh. At the beginning of the year 2002, the bank again acquired the Bangladesh operations of Muslim Commercial Bank Limited of Pakistan. Bank Asia has associated Islamic banking, Off-shore banking, Agent Banking, ABAK (Renamed EBK), Rural Finance, Digital banking program and many more specialized services with its core banking activities.

To excel in this new era of technological triumph, Bank Asia has successfully introduced internet banking, cutting edge ICT, state of the art network solution, 24/7 ATM service and many other E-products. Bank Asia maintains an environment of strong corporate governance that helps to maintain its excellent brand image; reflected by consistent financial performance for its stakeholders. To attain sustainability, we focus more on strategic priorities measured by quantitative and qualitative determinants. Besides maintaining a steady growth, Bank Asia always prioritized in the structural and moral development of the society. From the very beginning the bank has started its Corporate Social Responsibility (CSR) activities for the development of our country's under-privileged segments in the areas of education, health, environment, sports, arts & cultures and the likes.

Nature of Ownership and Legal Form

Bank Asia Limited was formed as a public limited company under the Companies Act 1994, and governed by the Banking companies Act 1991. The Bank obtained certificate of incorporation on September 28, 1999 and banking license on October 06, 1999. It went for public offering on September 23, 2003.

Number of countries where the organization operates

Bank Asia runs its operation only in Bangladesh. However, the Bank has two fully owned subsidiaries in overseas. Among these subsidiaries, 'BA Exchange Company (UK) Limited' and 'BA Express USA Inc.' facilitate as speedy and dependable medium for remitting the hard-earned money of expatriates back home. 'BA Exchange Company (UK) Limited' started its operation in London on May 16, 2011. The 3rd subsidiary of Bank Asia 'BA Express USA Inc.' started its operation on June 1, 2014 in New York. It has also opened its 2 new overseas branches in Jamaica and Brooklyn for remittance channeling to Bangladesh.

Banking Channel

Currently we have 128 branches and SME service centers across the country spread over different zones that includes 120 branches, 4 SME agricultural branch and 4 SME service centers. Geographically 66 are placed in capital Dhaka, 38 in Chattogram, 7 in Sylhet zone, 6 in Khulna zone, 5 in Rajshahi, 3 in Rangpur, 2 in Barisal, and 1 in Mymensingh. All these branches and

SME centers are efficiently supervised and monitored by Zonal heads who take care of their overall performance indicators on a regular basis. Due to the low operational cost as well as increasing popularity of agent banking operations, Bank Asia is emphasizing on adding new agent outlets. There are total 3,525 agent outlets in 64 districts. Agent banking network outreaches the customers through individuals, passport, institutions, UDC, Post office. Bank Asia has Automated Teller Machine (ATM) that provides banking services to its customers 24 hours a day, 7 days a week and 365 days a year. In our total 68% cash transactions of Bank Asia are done through its 168 own ATMs and more than 12,000+ shared ATMs all over the country. In terms of Internet banking, currently we have more than 70,982 active users.

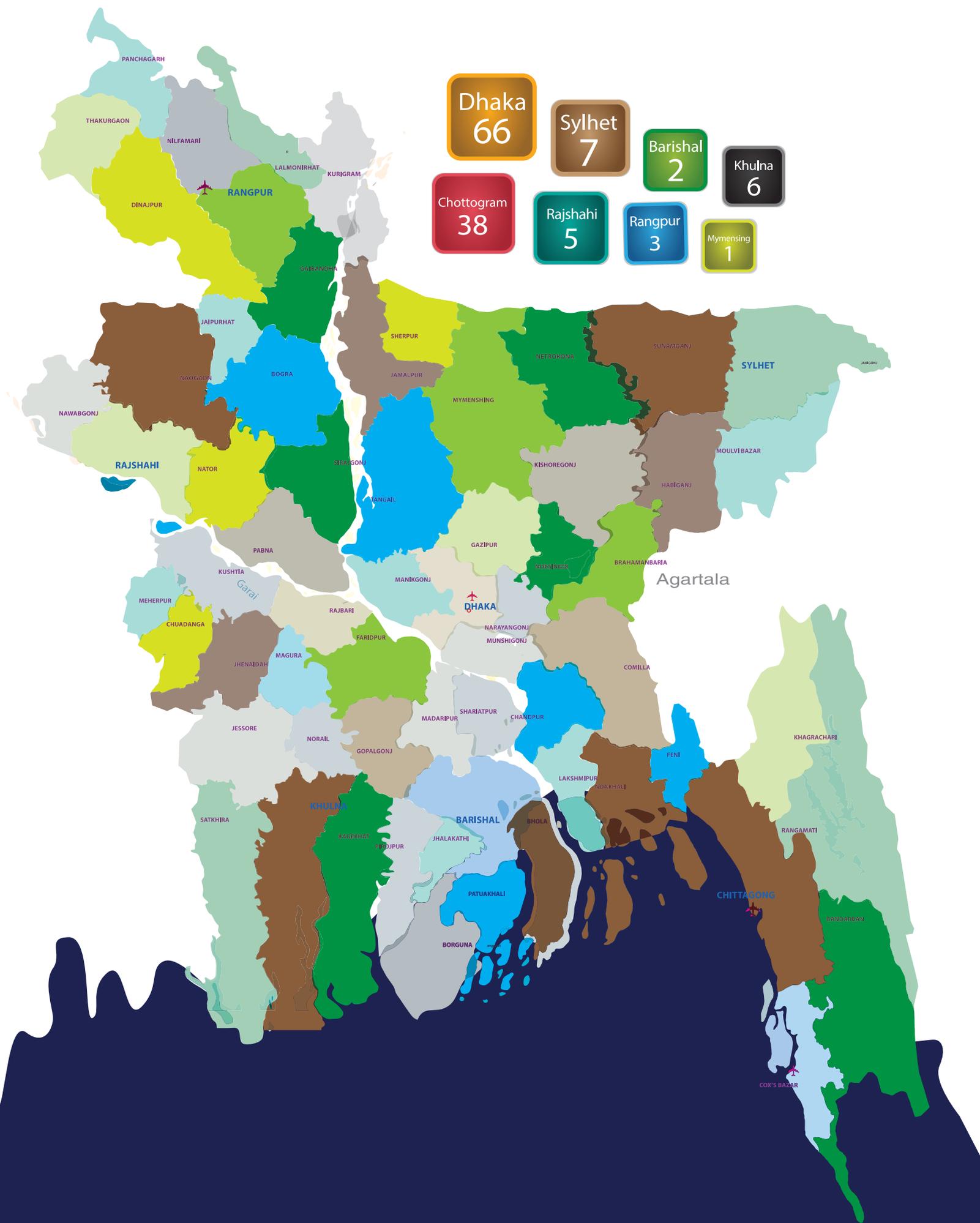
SCALE OF THE REPORTING ORGANIZATION

As of the end of 2019, our Bank's operating profit is Tk. 9,322 million and total assets are Tk. 353,800 million. The Bank's Capital to Risk Weighted Assets Ratio (CRAR) is 17.93 %.

Number of employees	2,376 (2,342 of Bank & 34 of Subsidiaries)
Number of branches	128 (120 branches, 4 SME/Agri branches and 4 SME service centers)
Total operating income	Tk.16,074 million
Total debt & equity	Tk. 329,055 million & Tk. 24,745 million
Number of ATMs	180 own ATMs and more than 12,500+ shared
Number of credit cards	60,028
Number of VISA debit cards	More than 4,89,148

MEMBERSHIP WITH ASSOCIATIONS

- Bangladesh Institute of Bank Management (BIBM)
- Bangladesh Associations of Banks (BAB)
- Association of Bankers Bangladesh (ABB)
- The Institute of Bankers Bangladesh (IBB)
- The American Chamber of Commerce in Bangladesh (AMCHAM)
- Bangladesh Foreign Exchange Dealers Association (BAFEDA)
- Bangladesh Association of Publicly Listed Companies (BAPLC)
- Money Market Dealers Association
- Metropolitan Chamber of Commerce and Industry
- Islamic Banks Consultative Forum (IBCF)
- Central Shariah Board for Islamic Banks of Bangladesh (CSBIB)
- Baridhara Cosmopolitan Club



8 DECENT WORK AND ECONOMIC GROWTH



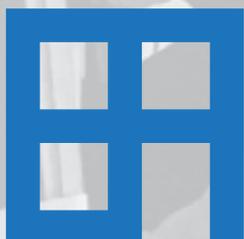
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

"A diversified economy is a central pillar of economic security."
- Oscar Auliq-Ice

Global growth is expected to remain at 3% in 2019 and 2020, however, the steady pace of expansion in the global economy masks an increase in downside risks that could potentially exacerbate development challenges in many parts of the world.



Bangladesh has made an upward shift in the average annual growth rate to more than 7%. The estimated unemployment rate in Bangladesh has been closer to 4% for long. There has been gradual improvement in financial inclusion variables in recent years indicating increased access of households and businesses to financial services.



1,194,922 unbanked villagers came under BA banking service through ABAK

71,458 rural farmers benefitted financially through agricultural credit

3,525 agent outlets open for expanding Agent Banking services

15,91,543 households received remittance of Tk. 63,661 million through our MFIs network business

Primary Brands Products & Services

A brand is the idea or image of a specific product or service or company that customers connect with, by identifying the name, logo, slogan or design of the company who owns the idea or image. Branding is when that idea or image is marketed so that it is recognizable by more and more people, and identified with a certain service or product when there are many other companies offering the same services or products. The most successful product in the world has some special kind of brand identity.

In line with this, Bank Asia has a number of communication projects such as Corporate Communications, Product Communications, Event Management, Production, OOH Branding etc. Under its Corporate Affairs and Branding Department (CAB), Launching of Retail Deposit and Cards products and Agent Banking services, Rebranding of Islamic Banking Services are some of the significant activities to name a few. CAB has done an excellent job to establish consistent and uniform communication of the Bank. On top of that, cost perception has been redefined. Principle of budget optimization has been implemented in every single activity starting from production, event management, item purchase and so on. CAB under the Public Relations Department contributed to media innovations and media support. It produced and distributed branded gift items for clients on the occasion of 'Bangla Nabobarsha', and 'Mahe-Ramadan' that created an impulse in brightening image. Ramadan Schedule, Engraved wooden box, Branded wooden pen and Note book, Pocket diary etc. created huge appeal among general people. CAB also introduced E-Card in the Pohela Baishakh occasion as a part of green banking initiatives.

In 2019, Bank Asia Ltd. launched 3 (Three) new Retail Scheme Deposit Products: Aanchal (আঁচল) - for women, Nirvabana (নির্ভাবনা) - for Senior Citizens and Vramon (ব্রামন) - for Travelers, aimed to provide specialized service to customers.

আঁচল (Special Savings for Woman)	ব্রামন (Special Savings for Travelers)	নির্ভাবনা (Special Savings for Senior Citizen)
Women in our country have this habit to save their money for the future. Out of that thinking, Bank Asia has launched a special savings account named "AANCHAL". It will enable women to save their hard-earned money in a more convenient way.	There are a huge number of wanderers who travel all across the country on a regular basis. To make their journey memorable, Bank Asia has brought a brand new special savings account named "Vramon" for the travelers in our country which entitles them to save up money for their next tour.	Senior citizens in our country often face financial hardship. To alleviate their sufferings, Bank Asia has come forward to offer them a special savings account named "Nirvabana" which will provide them a monthly interest rate against their fixed deposit.
Only woman individuals 18 years and above can open this account individually or jointly for 3 years to 12 years.	Only individuals 18 years and above age can open this account for 1Year; 2 Years; 3Years Packages.	Only individuals of 60 years and above can open this account for 3 years and 5 years.
With the help of this account, women will be able to save money systematically. Various gift items will be given for every account holder at the time of opening	This special savings account will enable travelers to save their desired amount which will be needed in the future for their journey. Besides, they will get specialized customer services. A backpack will be provided for every account holder at the time of maturity.	This special savings account will remove the financial hardship of senior citizens and increase their financial soundness. Various gift items will be given for every account holder at the time of opening.

Products & Services

RETAIL BANKING PRODUCTS

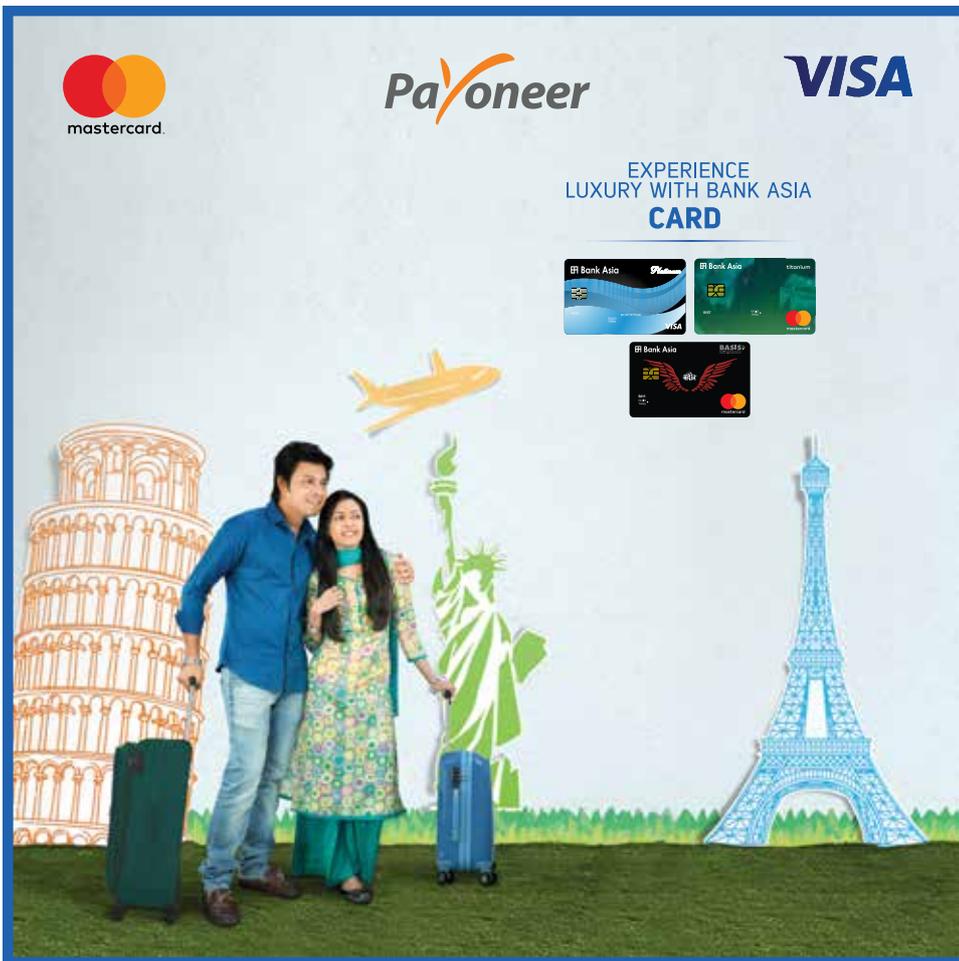
Deposits

Low Cost/No Cost Deposit Accounts

- Current Deposit Account
- Savings Bank Account
- Star Savings Account
- Short Notice Deposit Account
- Foreign Currency Account

- Nirvabona(Senior Citizens)
- Bhromon(Travellers)
- Double Benefit Plus
- Triple Benefit Plus
- Bank Asia Sanchay Plus
- Deposit Pension Scheme Plus
- Shonchoy E KotiPoti

- RMG-Proyojon
- Chuti
- Sheba
- Loan for Professionals
- Shabolombi
- Loan for Senior Citizens
- Purnata
- Green Energy Loan
- Talent Learning and Earning
- Bicycle loan
- Motorcycle loan
- Water Supply and Sanitary loan (WSS)



Credit Card

- VISA Credit Platinum Card (with Priority Pass)
- VISA Credit Gold Card
- VISA Credit Classic Card
- VISA Credit Butterfly Card
- Visa Prepaid Hajj Card
- Visa Signature Credit Card
- Virtual Card
- Master Credit Titanium Card (with Lounge Key)
- Master Credit Gold Card
- Master Credit Silver Card
- LankaBangla Card Cheque
- Gift Card
- Shadhin Card (Freelancer Card)
- Prepaid Travel Card

Islamic Credit Card

- Salamah Platinum Card
- Salamah Gold Card
- Salamah Silver Card

ISLAMIC BANKING PRODUCTS

Deposit Products

- Al Wadiah Current Account (AWCA)
- Mudarba Savings Account (MSA)
- Mudarba Corporate Privilege Savings Account (MCPSA)
- Smart Junior Saver (School Banking) Account
- Mudaraba Savings Account (MSA) - Smart
- Mudaraba Special Notice Deposit Account (MSNDA)
- Mudaraba Term Deposit Account (MTDA) for different tenure
- Corporate Term Deposit Account (CTDA) for different tenure
- Mudaraba Monthly Profit Paying Deposit Scheme (MMPPDS)

- Account for Under-privileged Section (10 Taka, Street Urchin, Beneficiaries of National Service program, Cleaners, Garment Workers, Technicians of Small Industries, etc.)

Term Deposit (s)

- Fixed Deposit Regular

Scheme Deposit (s)

- Monthly Benefit Plus
- Anchol(Women)

Consumer Finance

- Auto Loan
 - Shapner Bahan
- House Finance
 - Shapner Abash
 - Griha Shaj
 - Shapner Kuthir
 - Shapner Nirman
 - Nijer Bari
- Consumer Durable Loan
- Unsecured Personal Loan
 - Proyojon

- Mudaraba Deposit Pension Scheme (MDPS)
- Mudaraba Hajj Savings Scheme (MHSS)
- Cash Waqf

Investment Products

- Bai Murabaha Muajjal (both Local and Post Import)
- Hire Purchase Shirkatul Melk (HPSM)
- Musharaka
- Murabaha Import Bills
- Quard against Accepted Bills
- Quard against MTDR
- Quard against Schemes

MICRO, SMALL, MEDIUM AND AGRICULTURE BANKING PRODUCTS

Deposits

- All conventional deposit products except savings bank deposit, scheme deposits and other deposits for only individual customers.

Micro & Small Enterprise Finance

Asset Product

- Shomadhan- Over draft for Trading, Manufacturing, Service & Women Entrepreneur
- Utshob-Collateral free Seasonal loan
- Shubidha-Collateral free Term loan for Trading
- Sristi-Collateral free Term loan for Manufacturing
- Shofol- Collateral free Term loan for Service
- Shondhi-Term loan for Trading
- Shombridhi-Term loan for Manufacturing
- Sheba -Term loan for Service
- Subarno -Term loan for Women Entrepreneur
- Probaho-Term loan for Electric Cluster
- Shombhabona-Term loan for New Entrepreneur
- Bondhon- For Handloom & Specialized cloth Cluster at Bogura
- Bahon-Commercial Vehicle Finance
- Nilima-Collateral free Term Loan for Women Entrepreneur (except Dhaka & Chittagong)
- Shopner Khamar- For dairy sector value chain entrepreneurs (through selected Agent outlets)
- Uttaran- For existing excellent CMSE loan borrowers
- Shofol GP-For Retailers of Grameen Phone
- Obiram-For Micro merchants

Liability Product

- Astha-SME Current Account

Medium Enterprise Finance

Funded Products

- Secured Over Draft (SOD)
- Cash Credit Hypo

- Over Draft A/C
- SOD (Earnest Money)
- Loan against Imported Merchandize
- Loan against Trust Receipt
- Payment against Document (PAD) Cash
- Documentary Bills Purchased - LCY
- Demand Loan (Workorder)
- Forced Demand Loan against L/C
- Term Loan Industrial
- Term Loan Others
- Loan General
- Transport Loan
- House Building Loan - General
- Lease Finance
- Time Loan

Non Funded Products

- Letter of Guarantee
- Letter of Credit (Sight/Deferred/UPAS/EDF)
- Back to back Letter of Credit (Local & Foreign)

Agriculture Finance

- SOD (10 Taka Savings)
- Demand Loan against 10 Taka Savings
- Short Term against 10 Taka Savings
- Cropping Demand Loan
- Dairy and Fattening Demand Loan
- Dairy and Fattening Term Loan
- Fishery Demand Loan
- Fishery Term Loan
- Equipment Term Loan
- Poultry Demand Loan
- Poultry Term Loan
- Demand Loan against NGO
- Agriculture Term Loan against NGO

CORPORATE BANKING

Cash Management Products

Bank Asia provides corporate customers a full range of cash management products and services. A wide range of solutions are offered to help them plan, monitor and manage their liquidity and meet payments, receivables, accounts and information requirements. Specific products and services are as follows:

- Day-to-day cash control
- Account Packages – Current, SND and Fixed Deposits
- Monitoring money at the bank, both active and non-active cash
- Receipts and items in the course of collection
- Payments and items in the course of being paid
- Cash Pick Up & Delivery
- Short-term investments

- Short-term borrowings
- Short-term foreign exchange positions
- Electronic payments
- Booths

Funded Products

- Secured Over Draft (SOD)
- Cash Credit Hypo
- Over Draft
- SOD (Earnest Money)
- Exporter's Cash Credit
- Documentary Bills Purchased - FCY
- Documentary Bills Purchased - LCY
- Demand Loan (Work order)
- Loan against Imported Merchandize
- Loan against Cash Incentive
- Payment against Document (PAD)
- Loan against Documentary Foreign Bill
- FCY
- Forced Demand Loan against L/C
- Term Loan Industrial
- Term Loan Others
- Loan General
- Transport Loan
- Loan against Packing Credit
- Loan against Trust Receipt
- House Building Loan - General
- Lease Finance
- PAD (Export Development Fund)
- Export Development Fund (EDF) Loan (FCY)
- Time Loan
- Demand Loan (Work order)

Non Funded Products

- Letter of Guarantee
- Letter of Credit (Sight/Deferred/UPAS/EDF)
- Back to back Letter of Credit (Local & Foreign)

Structured Financing

- LCY syndication arrangement
- FCY term Loan and syndication
- Multilateral financing
- Advisory services
- Trustee and agency services
- Arranging Debt (Bonds/Commercial Paper)
- Customized financial solutions
- Special arrangements (IPFF/ Special fund of BB/ Agribusiness Loan etc)

OFF-SHORE BANKING UNIT (OBU) PRODUCTS

- On-shore Import & Export Bill Discounting
 - UPAS Loan
 - Bill Purchase

- Working Capital Finance
 - LTR
 - Packing Credit
 - Term Loan
 - Lease Finance
- Trade Finance
 - Import, Export
- Loans & Advances to wholly foreign owned entities
 - LTR
 - Term Loan
 - Demand Loan
- Term loan to local entities
- ECA loan to local entities
- Nostro account services to other local banks

AGENTBANKING

Products

- Current Deposit Account
- Current Account-Astha
- Savings Bank Account
- Short Notice Deposit Account
- School Banking Solution
- School Banking Account
- Savings Account SMART
- School Fee Collection
- Payroll Banking for Teachers
- Term Deposits Scheme
- Deposit Pension Scheme
- Double Benefit Plus
- Triple Benefit Plus
- Shonchoye Kotipoti
- Savings 10 Tk. Account
- Monthly Benefit Scheme
- SB-VGD (Vulnerable Group Development) Program

- Savings Account-SSN (Social Safety Net)
- SME Loan
- Agricultural Loan
- Retail Loan

Services

- Account Opening
- Deposit & Withdrawal
- Fund Transfer within bank and to any bank in Bangladesh
- Bangladesh Electronic Fund Transfer Network (BEFTN)
- Real Time Gross Settlement (RTGS)
- Inward Foreign Remittance payment
- Utility Bill Payment
- Balance Inquiry
- Account Statement (mini)
- Insurance Premium Collection
- Passport Fee Collection
- Credit Card Bill Collection
- Loan Processing
- Repayment of loan Installment
- Disbursement and Payment of Social Safety Net
- Salary Disbursement Solution
- A-Card for farmers
- Debit/NFC Card Services
- Issuance of Cheque Book
- Mobile Top Up
- Agent Banking Apps

TREASURY PRODUCTS

Money Market, Fixed Income, & Capital Market

- Call Money
- Notice money
- LCY/FCY Term

- LCY/FCY Swap
- Fixed Income & Capital Market investment
- Investment (GSEC) service for customers
- Repo/ALS(Assured Liquidity Support)
- Reverse Repo
- Spot Foreign Exchange
- Forward Foreign Exchange
- Cross Currency Swaps
- Interest Rate Swaps
- Interest Rate Cap and Collar

Foreign Exchange

- Spot Foreign Exchange
- Forward Foreign Exchange
- Forex Swaps
- Cross Currency Swaps
- Interest Rate Swaps
- Interest Rate Cap and Collar

CAPITAL MARKET SERVICES

- Brokerage Services
- Attractive Commission Rate
- Wide Branch Network
- Margin Loan
- CDBL Services
- Research
- Daily Market Update and News Summary
- Institutional and Foreign Trade
- Panel Broking
- Portfolio and Risk Management
- Internet and Smartphone trading



Launching of three new scheme deposit products



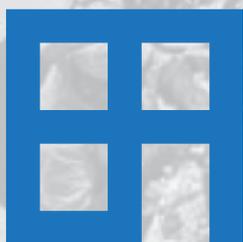
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

"We need a national infrastructure bank to rebuild our crumbling highways and water and sewer systems, thereby putting additional people back to work"
- Robert Reich

16% of the global population does not have access to mobile broadband networks. Industrialization's job multiplication effect has a positive impact on society. Every job in manufacturing creates 2.2 jobs in other sectors.



The share of manufacturing value added in GDP increased significantly already exceeding the 2020 milestone in FY2017. The proportion of population covered by mobile network has reached close to 100% in case of 2G technology. In case of 3G technology the 2020 milestone has already been achieved in 2017.



Introduced A-card, Shadhin card, Automated treasury system, My family apps, Diganta project & so on

More than 2,01,202 transactions of Tk. 1,286 million (approx) have done through Bank Asia SMART APP, an integrated internet and mobile banking solution

Stakeholders' Engagement

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

- Responsibility: Bank Asia has direct legal responsibility to regulators, tax authority etc.
- Influence: Decision making of the bank is influenced to reach its intended goals by shareholders and employees etc.

- Proximity: The local community that influence heavily our daily operation.
- Dependency: Those who are dependent on their operational performance, e.g. business partners, and those whom we are dependent, e.g. customers.
- Representation: Those who represent Bank Asia to the outside world, e.g. employees, board and those whom we face for various decision making purposes. e.g. business association leaders, local community leaders .

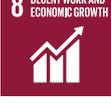
Impact analysis from the aspects of governance, economic, environment and social influences help the bank recognize and respond to emerging risks and opportunities and meet the expectations of those who shape the operating environment. Continuous engagement with stakeholders is integral to the success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

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



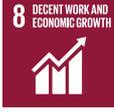
Stakeholders' Engagement

Aligned with SDG

Stakeholders	Ways of inclusion	Their priorities	Our response
Customers  	<ul style="list-style-type: none"> ● Ongoing market research and product innovation ● Customer Service Enhancement Program ● Customer Relationship Management ● Direct Customer feedback ● Customer satisfaction survey and complaints ● Different channels, Branches, Agent outlets, Call Centre, Priority Centre, ATM Booth, Internet Banking & others 	<ul style="list-style-type: none"> ○ Quality service delivery ○ Good returns from deposits ○ Preferential pricing, charges and commission ○ Privacy and Information ○ Security Dispute Resolution ○ Product Information, Affordability and Convenience ○ Product variation according to market demand ○ Strict Shariah compliance in Islamic products and services 	<ul style="list-style-type: none"> ○ Proper actions are taken of customers complaints if any service goes against the customer service policy of the Bank ○ Front desks and relationship managers ensure fast and high quality service delivery following one to one relationship ○ E-products like internet banking, mobile apps, SMS banking, EGP service, E-commerce, E- payment solution, ALCO sits every month to decide pricing and rates based on market analyses ○ All network nodes are run by online core banking system (CBS) ○ Separate online CBS for Islamic products ○ First day in every month is being observed as 'Customer Service Day' where Corporate Office executives met with customers in branch premises
Employees    	<p>Business conferences, teleconferences, video conference etc. Training, workshops and orientation program, Internal meeting, Group emails, Intranet circulation, facilities for Physical Fitness, Future Leadership Development Program (FLDP), Safe and Clean working environment</p>	<ul style="list-style-type: none"> ○ Talents and performances development ○ Regular training ○ Inflation adjustment in pay package planning ○ Periodical salary review to adjust with cost of living index ○ Proper job description setting as per individual skill ○ Performance driven career progression ○ Healthy working environment and Policy formulation for safe working atmosphere ○ Ensure hygienic and congenial workplace ○ Group Health Insurance ○ Gymnasium at Corporate office and BAITD ○ Transport facilities for female employees ○ Sports Tournament ○ Correspondence program of employees regarding FLDP ○ Cleanling Day ○ Debating Club 	<ul style="list-style-type: none"> ○ 90,594 man hours of training to 4,750 participants in 2019 ○ Tk. 11.03 million received as insurance claim ○ Salary package adjusted in line with market competitiveness and inflation ○ Yearly performance Bonus for employeee motivation ○ All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise ○ Well set KPIs for performance and inherent quality analysis ○ Ensure continuous learning and application ground for career build-up ○ All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise ○ Pick and drop facilities has been provided through 7 vehicles both in Dhaka and Chattogram region ○ Formulation of 'Female anti-harassment policy' and 'Grievance handling policy' to resolve complaints in a fair manner ○ Employees under different mentors are being trained as per FLDP program ○ 'First Saturday' 'Cleaning Day' where all employees of the branches and Corporate Office actively participate to clean the premises including all office equipment and fixtures
Subsidiaries  	<ul style="list-style-type: none"> ● Policies formulation ● Agreed upon strategic goals 	<ul style="list-style-type: none"> ○ Goals and Strategic focuses are based on local environment analysis & regulatory purview 	<ul style="list-style-type: none"> ○ Review local market and environment before setting its strategic priorities ensuring proper representation from subsidiaries

Stakeholders' Engagement

Aligned with SDG

Stakeholders	Ways of inclusion	Their priorities	Our response
Shareholders/ investors  	AGM, EGM, annual & semiannual report, publishing quarterly financials, Credit rating and price sensitive information (PSI) in newspapers	<ul style="list-style-type: none"> ○ Healthy return on investments and stable dividend policy ○ Growing earnings ○ Sound governance and risk management ○ Stable Ratings of the bank based on overall financial performances 	<ul style="list-style-type: none"> ○ Maintained attractive plough back ratio ○ Timely repayment of debt with stated return ○ Each queries of the investors meet up through our share department efficiently and fairly ○ Established risk management culture ○ Transparency & integrity in financial reporting ○ Maintained consistent ratings through financial commitments
Board and Management 	<ul style="list-style-type: none"> ● Decisions based on financial and business delegation of different levels ● Major decisions must be placed to board for approval 	<ul style="list-style-type: none"> ○ Governance principles, policies & procedures formulation ○ Strategic focus & value creation ○ Strategic business planning 	<ul style="list-style-type: none"> ○ At least one board meeting in every month, frequent executive committee meeting, audit committee meeting ○ Board members meet management on various occasions like annual & semi-annual business conferences, different remarkable day celebration
Government & regulatory Authority  	Strict ethics & compliance with applicable laws, rules and regulations	<ul style="list-style-type: none"> ○ Proper compliance with laws & regulations ○ Timely reporting as per requirement ○ Timely payment of right amount income tax and VAT 	<ul style="list-style-type: none"> ○ We ensure proper compliance and timely reporting to government bodies and regulators ○ Contributed Tk. 6,018 million to National Exchequer which significantly contributed to Government's revenue collection ○ Providing timely and up-to-date information to the regulators as per their requirement
Local Communities          	Promoting financial inclusion both banked and unbanked people CSR contribution Scholarship, Health, Disaster Management	<ul style="list-style-type: none"> ○ Provide banking facility to geographically dispersed poor segment of the society ○ Benefit economy by poverty reduction through banking services to rural poor people by ABAK Project ○ Support to basic need for living ○ contribute towards quality of life ○ Compensation for adverse direct or indirect impact for bank's activities ○ Support to under privileged people through Social Safety Net Program ○ Bank Asia Foundation (BAF) formation 	<ul style="list-style-type: none"> ○ Strongly consider environmental and social impact and restrain from adverse impact upon society ○ Target segment is underdeveloped and under privileged people ○ Conducted larger scale CSR activities through the Foundations operation ○ Significant contribution to education, health, disaster management, Art & culture, environmental and Sports sector
Business Partners  	Procurement management, training and communication	<ul style="list-style-type: none"> ○ Fair trade, fair enlistment, ○ Sustainable and stable growth of the bank 	<ul style="list-style-type: none"> ○ Free from any bias or coercion from influencing quarters ○ Ensure fair play and competition to award work order ○ Timely payment to vendors

Material Aspects and Boundaries

Material Aspect	Boundaries inside the organization	Boundaries outside the organization
Financial Inclusion	Client base of the organization increases with diversity, tapping business opportunities, increase of revenue generation	The community including the overall economy benefitted from reduction of poverty through augmenting economic activities in the geographically dispersed areas
Energy Consumption	Efficient use of scarce resources	Sequestration of carbon emission and the national GHG inventory will be reduced
Human capital & Talent Management	Enhancement of operational level efficiency. Attaining cost savings through reducing time requirement. Customer retention rate will be higher	The clients will be benefitted from customer friendly efficient services and will be more loyal to bank
Agriculture Credit	Product diversification and attachment to mainstream of the economic activity of the country	As an agricultural country, share croppers and marginal farmers will be benefitted by lower interest rate and their poverty level will be improved
Environment Friendly Investment	As a responsible corporate entity, the Bank believes in doing business without compromising with the eco system. It emphasizes conserving scarce resources for next generation	Public awareness as well as regulatory requirement enforced the organization to increase environment friendly investment gradually
Building the Community	Discharging our responsibility towards society to ensure sustainable balanced growth in economic, social and ecological arena	Overall betterment of the nation through CSR activities in different sectors like health, education, sports and culture etc.

Regulatory compliance Certificate

CREDIT RATING AGENCY OF BANGLADESH LIMITED 

Ref: AGL(01)/RCM/190623/2019- 14539

27 June 2019

Mr. Md. Arfan Ali
President & Managing Director
Bank Asia Ltd.
Corporate Office
Rangs Tower
6th Topkhana Road
Dhaka 1000.

Subject: Credit Rating - Bank Asia Ltd.

Dear Sir,

We are pleased to inform you that Credit Rating Agency of Bangladesh Ltd. (CRAIB) has assigned the following ratings to Bank Asia Limited:

Particulars	Ratings
Long Term	AA+
Short Term	ST-2
Outlook	Stable

The entity rating is valid up to 30 June 2020. The ratings may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We hope the Rating Awards will serve the intended purpose of your organization.

Yours Sincerely,

Hamidul Haq
Managing Director

Nasir-De-Tower, Level 11, Plot-06, Foyehatth, Gopson, Dhaka 1215; E-mail: info@craib.com.bd, www.craib.com.bd, www.craib.com
M +88-02-55013678, 55013679, 55013681, 55013682, 55013688 IFax: 55013688

 **PODDER & ASSOCIATES**
Cost and Management Accountants

Report to the Shareholders of Bank Asia Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **Bank Asia Limited** for the year ended on 31st December 2019. This Code relates to the Notification No. BSEC/MR/CD/2006-158/207/Adm/80, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except conditions number 1(C)(A), 1(C)(B) & 6 which are waiting to comply as per Bangladesh Bank guideline/Notification;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The governance of the company is satisfactory.

For Podder & Associates

Joyanta Kumar Podder
Cost & Management Accountants

Place: Dhaka
Dated: 25th March 2020

5/A/1 (Ground Floor), Sujan Bazar, Dhaka-1000. Phone: 02-87180260, 02-87160426. E-mail: info@podder.com, Web: www.podder.com

Environmental Performance

ENERGY

Energy Savings

Energy saving is the effort made to reduce the consumption of energy by using less of an energy service. Its output can only be realized by collective consciousness of people or organizations putting an attempt to reduce the consumption of energy. Since the inception of our Corporate Office from 2011, Bank Asia has worked toward more energy efficient operations throughout its network of banking centers, reducing costs by millions of dollars and dramatically reducing its emissions, consumption, and waste in the process. Moreover, energy savings bulbs consist of a third of the total lighting system here. As a result, more than 40% electricity is saved every year using the day light in side corporate office. Since 2005, E-mail has been the focus of both internal and external communications with an aim to reduce the paper consumption thereby reducing the wastage of paper correspondence.

Energy Consumption

Energy Type	Million Taka	
	2019	2018
Electricity	116.92	111.72
Fuel and CNG	13.06	13.95

Solar powered branches

We have already installed solar panels in our 11 branches located at Patherhat, Madhobdi, Dohajari, Hajigonj, Faridpur, Elephant Road, Lalmatia, Sonaimuri, Bashabo SME service Centre, Bank Asia Bhaban & Nimtola Branch.

Carbon offset projects

During the year 2019, we have disbursed a total of 176.58 million to 3458 farmers. Among them, Tk. 1.106 million to 53 farmers were through A- card, and Tk.135.46 million was approved to 2912 farmers by Online Credit Approval System (OCAS) which greatly helps in carbon sequestration of the planet.

Reducing Energy & Resource Consumption

Instruments of Green Banking offered by Cards Division include E-Statement, SMS Banking, SMS Alert, Net Banking, E Fund Transfer, and Digital Attendance and E Mail corresponding, which help reducing printing paper. In 2019, our Cards Department through its digital filling system have been archived more than 76,320 pages. Moreover New Issuing, Replacement, Activation and PIN request are automated which reduced

Debit Card issuance time to 2-3 days from 7-9 days as well as paper saved 250,000 pages of paper and Tk. 40,000 as courier service cost. Unlike every year, the Bank has also developed e-Cards for its stakeholders in this year.

Sl	Instruments	Quantity	Cost of Conventional Practice	Cost of Green Banking Concept
1	E Statement	108,920	1,089,200	NIL
2	SMS Banking	151,206	1,512,060	37,802
3	SMS Alert	302,318	3,023,180	75,580
4	Net Banking	81,854	818,540.00	NIL
5	E Fund Transfer	72,031	720,310	NIL
6	Digital Attendance	2,837	983	NIL
7	E Mail Correspondence	187,351	1,873,510.00	NIL
Total amount			9,037,783.00	113,382
Net Savings			BDT 8,924,401	

WATER USAGES

Water conservation is the practice of using water efficiently to reduce unnecessary water usage. Population, household size and growth and affluence all affect how much water is used. The effect of water efficiency can only be realized in global scale. Bank Asia in the consciousness of water conservation has restricted its use majorly for drinking purpose. Our bank is also non compromising about ensuring pure and safe drinking water for its employees and visitors. But normal supply water in Bangladesh is not safe for drinking. Therefore, to overcome the situation every branches and corporate office are supplied with specially procured filtered mineral water. The management of the bank takes special care so that wastage of water as minimum as need. Total consumption is controlled by monitoring per employee drinking water cost per month.

WASTE MANAGEMENT

The process involves dealing with the daily waste generated from banking activities,

food consumption, physical wear & tear of computer and office equipment, obsolete furniture & fixture and newspapers. Being a financial institution Bank Asia does not deal with any hazardous waste but puts substantial effort in reducing unnecessary waste.

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

Financing Energy Efficient Gas Generator

To ensure uninterrupted power, various companies in Bangladesh have gas generator installed for continuous production of the factory. Gas generator is highly energy intensive and uses a large amount of gas



Energy efficient gas generator project financed by Bank Asia

Environmental Performance

to supply a definite amount of electricity. As such with new technology, an energy efficient gas generator though expensive but consumes a lot less gas for supplying the same amount of electricity. Bank Asia has financed a total of Tk.140.00 million to Youth Spinning Mills Ltd. for importing of high energy efficient gas generator. This will highly reduce operating cost of the business through lesser wastage of gas and will encourage business environment towards moving energy efficient gas generators.

GREENHOUSE GAS EMISSION Saving CO2 emission

Since 2014, Bank Asia implemented Video Conferencing System to connect with remote branches for strengthening relationship between Head Office and branches. By using the system, Management can save time and money as well as CO2e by avoiding long distance travel in order to attend meetings. Currently, the system has been implemented in few branches.

REDUCING CARBON FOOTPRINT

Since inception Bank Asia has turned to eco-friendly banking as a way to lower carbon footprint in its' normal banking activities. As part of our commitment for our green economy we have signed a participation agreement with Bangladesh Bank under refinance scheme in 2011 for lending in solar energy, bio- gas, and effluent treatment plant (ETP) & hybrid hoffman kiln (HHK).

Bank Asia is very concerned about the present situation of our environment because of wastes so the future of the people is threatened with boundless destruction. The situation is worst in both cities and villages. Environmental problems like unplanned urbanization, industrialization, disposal of hazardous wastes, rivers, lakes and roads, soil pollution, water shortage, water contamination and water logging are only a few to mention. The total outstanding amount of different liquid waste management project for financing Biological & Chemical Technology Combined ETP, Biological ETP, Chemical ETP and Waste Water Processing Plant was Tk. 441.89 million in 2019.

Refinance Scheme

Regulatory Bank introduced a refinance scheme (Revolving Fund) of Tk. 200.00 crore (Two Hundred Crore) to offer refinance facility against the Bank/Financial

Institution's finance to promote smooth financing in Green products/initiatives in Bangladesh. For this purpose Bank Asia has participated an agreement with Regulatory Bank as a participant in the refinance scheme for Green Product / Initiatives practicing with these appreciated initiatives in Bio- Gas and Green Industries projects.

INITIATIVE TO REDUCE THE BANK'S ADVERSE IMPACT ON ENVIRONMENT

Bank Asia by principle always averts financing in environment hazardous business. The bank has decided not to finance any tobacco related business, weapons & munitions, Gambling, casinos, pornography (goods/stores/web-based), alcoholic beverage and all offices of the bank are declared smoking free zone. We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess borrowers through Environmental & Social Due Diligence (ESDD) checklists.

Financing on Green Building

Bank Asia encourages building of green establishments in industries nationwide for promoting environmental friendly practices and reducing carbon footprints. During the year, Bank Asia have disbursed Tk. 128.86 million to Triple Apparels, Robintex Bangladesh Ltd. and other firms for financing Green Establishment/Green Building project, which helps to reduce environmental effect. Bank Asia has recently approved for financing Debonair Group and its concerns for establishment of green factory which is designed to have all sorts of local and international conventions on structural, electrical and fire safety in the workplace accommodating 30 production lines and sewage treatment plant for water testing. Debonair Group is engaged in manufacturing 100% export oriented Jacket and is known to be the second largest jacket exporter in our country.

Sustainable Finance Unit and its initiatives

On view of making Bank Asia more green, Sustainable Finance Unit has restructured and included more members to promote green initiatives within the bank. Bank Asia believes that a strong core members will bring more development not only in sustainable finance but also will try to impart a role to contribute in achieving Sustainable Development Goals (SDGs) of United Nations.

As greening of mind, a number of training was organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, financial inclusion, CSR and Green Banking this year. In 2019, Training Institute of Bank Asia has provided 8 trainings on Green Banking under Foundation training course & other training related to Green banking to 280 employees of 420 manhours.



Bank Asia Financed Green Building Project



Environmental Performance

Reinforcing and Strengthening ESRM guideline

The role of Environmental and Social Risk Management (ESRM) is aimed at reducing the Probability of Default (PD) for banks and Financial Institutions (FIs) in their credit/investment stemmed from environmental and social risk factors as well as fortifying their enterprise risk management structure. Bank Asia has been taking initiative to strengthen and fortify the current ESRM guideline and implement the proposed ESRM guideline of Bangladesh Bank. The functions of ESRM guidelines are:

- The ESRM Guideline provides a robust, auto generated, quantitative risk rating system to reduce the subjectivity of a qualitative risk assessment method that was present in the ERM Guidelines.
- The ESRM guideline has a bigger focus on social and climatic risks which are becoming relevant and crucial for Bangladesh.
- The organisational roles and responsibility defined in the ESRM Guidelines are built upon the principles of integration of E&S risks into the bank or FI's overall credit policy. It clearly delineates the responsibility of different functions of the bank in terms of E&S risk assessment and the decision-making process based upon E&S risk rating.

Sustainability Report

Like the previous year, Bank Asia has published Sustainability Report and granted 'Gold Rank' in Asia Sustainability reporting Rating 2019 by NCSR (National Centre for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners in Indonesia for Sustainability Report 2018).

Online Banking

Technology continues to be a strong pillar in the Bank's idea to attract the banking experience of its customers. Bank Asia has been one of the pioneers in introducing Online Banking and in 2019, it covers 120 branches, 4 Agri/SME branches, 4 SME service centers, 168 own ATMs, more than

12,500+ shared ATMs and others. Online banking system is a great way to reduce wastage of paper.

Currently Bank Asia account holder is facilitating e-commerce transaction such as e-ticket purchasing of bus, train, airways, cinemas & movies, mobile flexi-load, hotel booking, bill payment such as hospital bill payment, advertisement bill payment, passport fees payment, WASA, DESA, qubee bill payment, computer accessories & service related payment, e-shopping etc. by the debit/credit card of Bank Asia with less expense & in faster time from any time anywhere. We have also integrated Internet banking system to NPBS on first phase and through this connectivity our customers can transfer fund from their Account to Inter-Bank Accounts and Debit & Credit Cards real time and vice versa. In our banking system recently 'e-Commerce' has incorporated for its valued customer where Bank plays as payment partner & account holders can shop online through internet

banking. Through SSL, Bank Asia Limited A/C Holder can purchase products & Services from 175+ Merchant websites.

Others

Bank Asia spent Tk. 116.15 million to Prime Minister Relief and Welfare Fund, Higher Studies Scholarship, construction of Holy Family medical college and hospital & proposed 'Ma Amiran hospital' in Sirajdikhan, Malkhanagar, different socio cultural and sports program in 2019

COMPLIANCE

During 2019, Bank Asia has not faced any penalties for non-compliance with applicable laws and regulations concerning the impacts of its operations on communities.



On behalf of Bank Asia Limited Mr. Mohammad Saiful Islam Saif received Trophy for achieving 'Gold Rank' in Asia Sustainability Reporting Rating 2019 by NCSR from Mr. Ali Darwin, Executive Director, NCSR & Ms. Michele Lemmens, Regional Head, ASEAN Hub at Global Reporting Initiative (GRI)

10 REDUCED INEQUALITIES



Reduce inequality within and among countries

"Inequality is a terrible waste of time, a waste of people's resources"
- Jeremy Corbyn

Income inequality is on the rise with the richest 10% having up to 40% of global income whereas the poorest 10% earn only between 2-7%. Population growth inequality in developing countries has increased by 11%. Women have as much access to financial services as men in just 60% and to land ownership in just 42% of the countries.



Income inequality has increased while consumption inequality has remained relatively stable. There have been some developments with regard to reducing inter-country income inequality.



Establishment of BA Foundation to carry out philanthropic activities

No discrimination in salary, training and other facilities based on gender, ethnicity & age

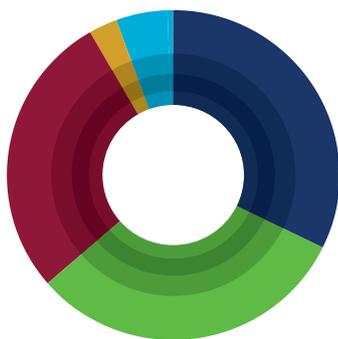
Spent Tk. 116.15 million as Corporate Social Responsibilities

Economic Performance

VALUE ADDED STATEMENT

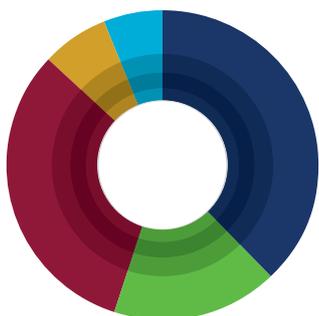
Value added statement shows how much value (wealth) has been created by the bank through utilization of its capacity, capital, manpower and other resources and how it is allocated among different stakeholders i.e. employees, shareholders, government etc.

In the year 2019 bank's net value addition was Tk. 7,742 million; 42% distributed to employees as salaries, 19% to shareholders as dividend & reserve, 25% to government as income tax and rest of the amount used for business expansion and growth.



Value Added Statement 2018

- 36%** To employees as salaries
- 25%** To providers of capital as dividend and reserve
- 30%** To Government as income tax
- 3%** Retained profit
- 6%** Depreciation



Value Added Statement 2019

- 42%** To employees as salaries
- 19%** To providers of capital as dividend & reserve
- 25%** To Government as income tax
- 3%** Retained profit
- 11%** Depreciation

Million Taka

Items	2019	2018
Income from banking services	30,536	27,131
Less: Cost of services & supplies	(17,393)	(15,698)
Value added by banking service	13,143	11,432
Non-banking income		
Provision for loans & Off-balance sheet exposure & others	(5,401)	(3,444)
Total	7,742	7,988

Distribution of value addition	2019		2018	
	Amount	%	Amount	%
To employees as salaries	3,283	42%	2,896	36%
To providers of capital as dividend & reserve	1,436	19%	2,034	25%
To Government as income tax	1,960	25%	2,350	30%
To expansion & growth				
Retained profit	229	3%	233	3%
Depreciation	834	11%	476	6%
Deferred Taxation	-	-	-	-
	1,063		708	
Total	7,742	100%	7,988	100%

ECONOMIC VALUE ADDITION DURING THE YEAR

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

Million Taka

Particulars	2019	2018	2017
Invested fund by shareholders			
Shareholders equity	26,463.12	23,340.13	21,054.49
Add: Cumulative Provision for loans/ investment/ off-balance sheet items, offshore banking units & others	13,615.77	10,576.78	9,589.05
Total invested fund by shareholders	38,360.89	33,916.92	30,643.54
Average invested fund by the shareholders [A]	36,078.90	32,280.23	29,310.23
Earnings for the year			
Profit after taxation	1,960.81	2,266.28	2,047.53
Add: Provision for loans/ investment, off-balance sheet items and Offshore banking units	5,401.65	3,444.10	2,630.03
Less: written off during the year	2,716.37	2,890.07	2,138.55
Earnings for the year [B]	4,646.09	2,820.30	2,539.01
Average cost of equity (based on Shanchay Patra rate issued by the Government of Bangladesh) plus 2% risk premium [C]	13%	13%	13%
Cost of average equity [D= A x C]	4,690.26	4,196.43	3,810.33
Economic Value Added [B-D]	(44.17)	(1376.13)	(1,271.32)

Economic Performance

MARKET VALUE ADDED STATEMENT

Market value added statement shows the difference between the market value of the bank and the capital contributed by shareholders i.e. book value of equity. During the year 2019, total market value of the bank was Tk. 21,219.56 million and total book value of equity is Tk. 19,387.72 million i.e. addition of market value was Tk. 1,831.84 million.

Million Taka

Particulars	No. of shares (in Million)	Share price (in Taka)	Taka
Market value	1,165.91	18.2	21,219.56
Book value	881.26	22	19,387.72
Market Value Added			1,831.84

CONTRIBUTION TO NATIONAL EXCHEQUER

Bank Asia has contributed significantly to the government's effort of revenue collection. As a corporate entity, the bank pays tax and VAT on its own income according to prevailing laws of the country. Besides, the bank deducts income tax, VAT and excise duty at source from customers and suppliers and deposits the same to the national exchequer. During the year 2019, the Bank contributed Tk. 6,018 million to national exchequer.

Million Taka

Particulars	2019	2018
Income tax payment on bank's earnings	2,037	1,069
Income tax, VAT, and Excise duty deducted at source from various payment and services by the bank	3,888	3,293
Income tax payment by the employees	93	62
Total Payment	6,018	4,424

SUPPORTING THE ENTREPRENEURS THROUGH CMSE

Cottage Micro and Small businesses are catalyst in the socio economic development of many countries of the world. They are viewed as vehicles for the achievement of national macroeconomic objective in terms of employment generation at low investment cost and enhancement of apprenticeship training. Keeping this in mind, Bank Asia SME has stepped into the territories where no Bank or FIs have reached so far. With 4 SME Service Centers & 128 branches in urban & rural areas Bank Asia provides its services for promoting and expansion of businesses which ultimately created productive new off-farm employment.

To take the financial accessibility to the unserved / underserved population across the country, Bank Asia focused on increase of market coverage and as a part of that objective



Training to Women Entrepreneur jointly organized by SME Foundation & Bank Asia Limited

Market Value Added

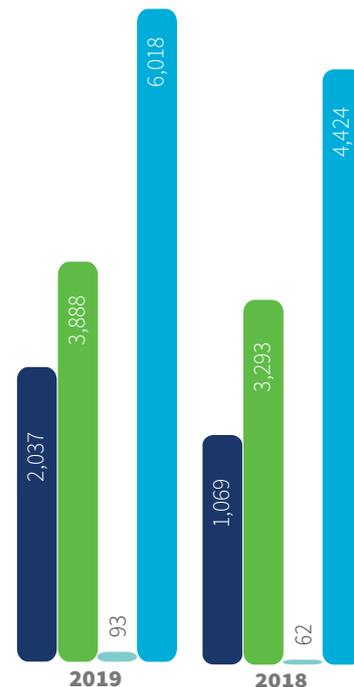
Million Taka

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



Contribution to National Exchequer

Million Taka



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

Economic Performance

to develop the MSEs from rural level the bank opened 3,525 Agent Banking outlet throughout the year 2019. We introduced 4 fully agricultural branches to widen the access to finance and assist our agro community with the most specialized and innovative banking solution available.

In 2019, CMSE strongly focused on cottage & micro enterprise financing, cluster financing, grooming-up new entrepreneurship development, promoting women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to underserved people Banks Asia's CMSE Department always engaged for opening the door of prosperity to many entrepreneurs of the country. Bank Asia also adopted a cluster-based approach for financing cottage, micro, small and medium enterprises (CMSEs) as a full-fledged commercial bank. Bank Asia and SME Foundation jointly organized training on "SME Business Management" at Cumilla in order to capacity and skill development of Women Entrepreneurs and facilitate loans for them. The Bank also participated in "Banker-SME Women Entrepreneur Gathering & Product Display Fair-2019" organized by Bangladesh Bank. Throughout the year, we financed 20 entrepreneurs in different CMSME clusters with the disbursement amount of Tk. 7 million.

The Bank has participated in workshops, awareness building programs and baseline surveys in different branches conducted by Financial Inclusion Department (FID)

of Bangladesh Bank and ADB under Small and Medium Enterprise Development Project-2 regarding refinance. The CMSE Department of the Bank has also signed agreement with Guardian Life Insurance, Oxfam in Bangladesh, truvalu.enterprises, Pragati Insurance, Robi, ICB and SME Foundation and so on.

During the year, the Bank arranged 5 training /seminar sessions and provided training to 120 entrepreneurs on capacity building, business development and monitoring.

The SE & SPL Department of the Bank has launched 3 new products titled "Shopner Khamar" - for dairy sector value chain entrepreneurs, "Uttaran" - for existing excellent CMSE loan borrowers and "Shofol- GP" - for working capital support for GP retailers. Apart from the above, the Bank arranged different business meeting with the existing and potential clients throughout the year.

EMPOWERING COMMUNITIES THROUGH AGRI/RURAL CREDIT

During 2019, Bank Asia has disbursed Tk. 4,308.44 million (Tk. 1,072.78t through own network and Tk. 3,235.66 million through our NGO Network) as short and long-term credit in agricultural/rural sectors. This financing helped to create enormous employment opportunities in farms, especially in the fields of crops & fisheries. Total number of beneficiaries was 71,458. Besides this, A- card, the Smart form of Agricultural credit was propagate into 53 rural farmers where an amount of Tk. 1.11 million was used in this year.

FINANCIAL INCLUSION IN ECONOMICALLY DISADVANTAGED AREAS

Agent Banking

With the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population, Bank Asia has introduced Agent Banking services as the pioneer in Bangladesh. Our Bank made a unique Agent banking module with technology based banking concept ensuring appreciate security with real time banking for customers. The Bank has implemented 3,525 Agent outlets in 64 districts in most geographically dispersed poor segment of the society. During the year, the Bank built up a strategic relationship with the Posts and Telecommunications Division of Bangladesh Government where people will get Bank Asia service from Digital Post e-Centre across the country. Moreover the Bank also have partnered with Robi to take up micro-merchant initiative. Under the initiative, a pilot project has been rolled out at Chokoria in Cox's Bazaar and then be expanded to rest of the country.

In 2019, Agent Banking deposit was Tk. 14,303.20 million through 1,915,756 accounts. We are determined to support Government's commitment in building 'Digital Bangladesh' as charted out in the vision 2021 by bringing rural people under Agent Banking platform across the country through our local and international partners for developing their lives and livelihood. We remain committed, and see it as its duty to the nation to facilitate and



Farmers group discussion on Agri loan



Exchanging MoU with the Posts and Telecommunications Division of Bangladesh Government

Economic Performance

encourage various formal and approved channels for providing convenient and accessible services, especially by bringing underprivileged sections and rural people into the fold of basic banking services.

Recognizing the bank's outstanding contribution for business model innovation to accelerate financial inclusion in Bangladesh, Bank Asia has been crowned the Best Innovation Award – Financial Sector in the competition of 'Bangladesh Business Innovation Award 2019' organized by Brand Forum Bangladesh, Bangladesh Business Innovation Award 2019.

ABAK (Amar Bari Amar Khamar) & Social Safety Net Program

Bank Asia limited is the pioneer in digital financial inclusion in Bangladesh by implementing "Ektee Bari Ektee Khamar (EBEK)" renamed "Amar Bari Amar Khamar" (ABAK) a government project for the poor, ultra-poor and landless people of Bangladesh focusing on Poverty eradication and reducing poverty level to 10% within 2021.

Government wants to help the poor people by encouraging savings, providing grants, engaging & monitoring their economic activities as a group (Samitee) in each village of Bangladesh. Bank Asia is now operating ABAK Banking services for Phase III to 31 districts having 222 Upazillas and 1,194,922 beneficiaries where the operation has spread over 2,200 unions. Bank Asia provides online banking services through this ABAK project to unbanked people with good reputation in the above districts in Bangladesh.

With experience to implement of ABAK Project, Bank Asia is now capable enough to provide services to all government projects like Social Safety net Programs. Over the time we have made partnership with Social Welfare Department under Ministry of Social Welfare and providing services to Senior Citizen, Widow and Disabled beneficiaries. We have completed full district coverage of Kishoreganj and Chapai Nowabganj for Safety Net payment where almost 450,726 beneficiaries will get banking service from their own union. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and 76 unions for disbursing the daily "women worker wages payment" from their union. "Cash for work" is another prestigious program for Bank Asia which is run in partnership with Ministry of Disaster Management and Relief. Moreover, we have started another World's largest Non- Government funded mega project named SHOUHARDO III with CARE Bangladesh where's 53,998 beneficiaries will getting banking services to 8 districts.

Micro Merchant is another forward milestone for Financial Inclusion of Bank Asia where we have been spreading our services to all villages of 9 districts. Recently we are working with Roby, Grameen Phone, UNCDF for program expansion. Hopefully we will cover all village by 2023 at least one micro merchant in one village. At present we have done 62,000(+)

number of transactions of Tk. 148 million through 710 Micro-Merchant outlet.

Besides this we have also take responsibilities of UDC Based Agent Banking operation to ABAK Operation & Social Payment Team. Besides this, we have started a cash disbursement project (financial support for the children of Rohingya Origin) signed with Unicef & Red Cross. Moreover, we have another put point of Employment Generation Program for the Poorest (EGPP) for Bangladesh is to provide the short term employment to the hardcore poor in 8 district and 57 unions.

FOREIGN REMITTANCE

Remittance is the second most important sources of foreign exchange earnings for Bangladesh, after readymade garments (RMG). Bangladesh's foreign exchange reserve was USD 32.69 billion at the end of December 2019. However, country remittance inflows reached at USD 1.69 billion in 2019, increased by 12.67% from 2018 whereas FRD remittance inflow increased by 26.94% (2019: USD 933 million and 2018: USD 735 million).

In 2019, the wage remittance inflow for the year ended at USD 750 Million, 44% higher from previous year's volume of US\$ Million. Bank Asia's position was 6th in 2019 for remittance collection among all Banks' in Bangladesh while not conceding any substantial exchange or commission loss. Moreover, the Bank was initiating online collection services through INPAY to collect remittance from 8 major EU countries. Besides this, the department has executed



Account opening for SHOUHARDO III project beneficiaries



Blanket distribution among the poor people

Economic Performance



BASIS Soft expo 2020 Outsourcing Conference organized by Bank Asia & Payoneer

agreements with 5 new exchange houses where operations of 3 already started.

ONLINE PAYMENT GATEWAY SERVICES (OPGS)

Bank Asia is the first Bank to set-up arrangement with OPGSPs in Bangladesh like 'Payza' and 'Payoneer' to bring hard earned money which is earned by exporting services in nonphysical form e.g. data processing, off-shore IT service, software development, business process outsourcing (BPO) etc. It is giving strong competitive edge of Bank Asia over the other players in the market by catering the Banking need of an emerging sector. In 2019, we have done 8,00,000 transactions of USD 95 million.

Moreover the Bank launched freelancer card-"SHADHIN" for the very first time in Bangladesh where Bank Asia SHADHIN Mastercard collaborates with Payoneer to bring freelancer's money faster.

COMMUNITY INVESTMENT STRATEGY

With an aspire to ensure the Bank as a socially responsible corporate entity, Bank Asia is always conscious of its Corporate Social Responsibility (CSR) contributing towards quality of life of the society at large without compromising an ecological condition. In the year 2019, Bank Asia spent an amount of Tk. 116.15 million for the overall betterment of the nation. All the donations made under CSR program for social and environmental well-being and endeavor to ensure sustainable balanced growth in economic, social and ecological arena. Bank's stakeholders were immensely benefitted by way of its community based social programs; education support where total donation was Tk. 33.18 million,

health support Tk. 29.12 million, disaster management Tk. 40.71 million, sports Tk. 0.02 million, art & culture Tk. 0.62 million and others Tk. 12.5 million.

INDIRECT ECONOMIC IMPACTS

As one of the leading financial services provider in Bangladesh, Bank Asia has an extensive role in the economy and society. Bank Asia makes a positive difference to society and local, regional and national economies where we operate through our community initiatives and investments. We help foster local economic development and stimulate growth and innovation through loans, credit and other financing to organizations of all sizes. In particular, Bank Asia is a major supporter of CMSEs across Bangladesh and invests in community programs, which enable youth and those less fortunate, to create brighter Economic futures for them. In 2019, total volume of disbursed CMSE loan is Tk. 40,985million.

FINANCIAL ASSISTANCE FROM GOVERNMENT

Bank Asia does not receive any financial assistance from the government and also does not contribute to any political



Community Investment 2019

Million Taka

Education 33.18|**28.57%**
 Health 29.12|**25.07%**
 Disaster Management 40.71|**35.05%**
 Sports 0.02|**0.02%**
 Art & Culture 0.62|**0.53%**
 Others 12.5|**10.76%**

organization. But we support all the public policy developed for the betterment of nation and we never lobby for making any policy in favor of us.

COMPLIANCE

Bank Asia is very much conscious about legal and regulatory compliances. The bank reports regularly to the central bank, the Bangladesh Securities and Exchange Commission, tax & VAT authorities on required compliance issues. During 2019, the bank has not faced any significant penalties for non-compliance with applicable laws and regulations for running its economic activities in Bangladesh.



Financial Inclusion Summit

Our Business Model



Social Safety Net Program

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

Services covered under this program

- Senior citizen allowances.
- Insolvent autism allowances.
- Payments for widow or divorced women allowance.
- Wages of road maintenance workers.
- Food security allowances (Cash payments)

At a Glance Report of Bank Asia Social Payment is given below:

Particulars	ABAK (3rd Revision)	Social Safety net	SWAPNO	UDC Based Agent Banking	SHOUHARDO III	Local Govt. salary/ Allowance Disburse	EGPP	UNICEF, ORPHAN ROHINGYA CHILD	UNDP	VDG	Micro-Merchant	Total
District	31	14	2	55	08	1	8	1	5	52	9	186
Upazilas	222	38	14	378	23	1	8	2	26	308	23	1043
UDC (Union)	2200	367	76	2864	115	12	57	-	-	1971	710	8372
Beneficiaries	1194,922	450,726	3,089	1,480,881	53,998	271	12,099	30,072	5981	397,650		3,629,689
Deposit / Disburse amount in mil	5,651.22	871	219	4373.9	240	12	138	60	46	332	148.9	12,092.02



With the help of ABAK project woman are independently doing business

Over the time we have made some excellent partnership with Social Welfare Department under Ministry of Social Welfare and providing services to Senior Citizen, Widow and Disable beneficiaries. Where 133,500+ beneficiaries are getting banking service from their own union. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and 76 unions for disbursing the daily woman worker wages payment for 3000+ beneficiaries from their union. Cash for work is another prestigious program for Bank Asia which is running by Ministry of Disaster, with around 14+ Unions covering around 4500 beneficiaries.

Moreover, SHOUHARDO-III is a project of CARE Bangladesh operating in 8 districts (Gaibandha, Kurigram, Sunamganj, Habiganj, Kishoreganj, Netrokona, Sirajganj, Jamalpur) of Bangladesh. Bank Asia is providing online cash management support in this project. Main objective of this project is financial inclusion in rural areas. There are about 168,000 beneficiaries in this project. Already 31,500+ beneficiaries are getting the banking services from Bank Asia Ltd.



Bulbul disaster victim get the warm humanity support



Successful operation of Micro Merchant



Customer of UDC based Agent Banking who have got own ATM card



Social Safety Net Payment going in different upazilla



Sustainable HR Development

EMPLOYEE PROFILE

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

SALARY POLICY

We target a fair human resources management by using a performance based system. Our salary policy is same in all branches and service points for the beginner level. In addition, to drive further development of individual skill, increment is given based on performance yardstick. There is no incident of discrimination in terms of remuneration provided to male and female employees.

BENEFITS TO EMPLOYEES

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

Fringe Benefit Schemes

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

Other Benefit Schemes

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

END SERVICE BENEFIT PLANS

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

- Provident fund
- Gratuity
- Superannuation
- Leave encashment

MINIMUM NOTICE PERIOD REGARDING OPERATIONAL CHANGES

Minimum notice period before switching job is 3 months for regular employees and 1 month for contractual employees.

Minimum notice period before changing department is 1-30 days as per situation or demand of concerned branch/department.

TOTAL EMPLOYEES

Out of total number of 2,376 employees, 560 employees are female and rest 1,816 employees is male. As such, a profound commitment is reflected in the Bank's employment policy and service rules. Bank's employees are mainly concentrated on branches in terms of number and in 2019 total employees' composition in branch and corporate office was 62.84% and 37.16% respectively.

TOTAL EMPLOYEES DISTRIBUTION

Offices	2019		2018	
Corporate office	883	37.16%	747	33%
Branches	1,493	62.84%	1,509	67%

NEW EMPLOYEES

224 new employees were recruited during 2019, among which 68.75% for branches as a part of network expansion of the bank and remaining 31.25% for corporate office to ensure effective and timely support to branches.

Offices	2019		2018	
Corporate office	70		109	
Branches	154		154	

EMPLOYEES BY DIVERSITY

Bank Asia ensures equal opportunity as an employer irrespective of locality, gender or ethnicity. Local employees (99.7%) dominated in diversity composition

Employee distribution by diversity

Officials	2019		2018	
Local	2,370		2,250	
Indigenous	6		6	

EMPLOYEES BY REGION

Bank's employees are mainly spread over Dhaka and Chittagong. It retains the highest number of employees in Dhaka, which was 71% in 2019 for corporate office and branches in Dhaka city.

Employee distribution by Region

Region	2019		2018	
Dhaka	1,790		1,687	
Chattogram	358		367	
Sylhet	62		75	
Rajshahi	51		45	
Barishal	17		14	
Khulna	63		43	
Rangpur	23		12	

Mymensingh	12	13
Total	2,376	2,256

GENDER POSITIONING

Bank Asia has been maintaining a very balanced male and female ratio, which was not only reflected in the board of directors but also in the bank management at different levels. Among our female colleagues none is in top level management, 27 in mid-level and 533 in low-level management.

Gender Positioning of Directors

Board Level	2019		2018	
	Male	Female	Male	Female
Directors	11	4	10	5

Gender Positioning of Employees

Management Tier	2019		2018	
	Male	Female	Male	Female
Top Level	41	0	37	0
Mid-Level	327	27	313	28
Low Level	1,448	533	1,368	510

Gender Positioning by Grade

In a total of 2,376 employees, overall male female ratio stands at 69:31 and non-executive segment has the highest concentration of female employees.

Position	2019		2018	
	Male	Female	Male	Female
Executive	368	27	354	28
Non-Executive	1,431	533	1,348	510
Support Staff	17	0	16	0

Gender Positioning by Employment Level

Employment Level	2019		2018	
	Male	Female	Male	Female
Permanent	560	1,816	1,718	538

Age Distribution

Bank Asia has a relatively younger segment in its overall employee pool where 58% of the employees fall in 31-40 years age bracket.

Age Group	2019		2018	
	Male	Female	Male	Female
30 & Below	264	112	296	109
31-40	1,033	355	987	359
41-50	444	90	376	68
51-60	70	3	58	2
61+	5	-	1	0
Total	1,816	560	1,718	538
	76.43%	23.57%	76%	24%

Employees Turnover Rate by Gender

Male and female employees' turnover rate is almost equal in terms of percentage. Overall employee turnover rate is very low in the Bank which is around 4.62% of total employees in 2019.

Sustainable HR Development

Top	5 Layers : 41 Senior Vice President to President
Mid	4 Layers : 354 First Assistant Vice President to Vice President
Low	7 Layers : 1,981 Trainee Officer to Sr. Executive Officer

Gender	2019		2018	
	No.	No.	No.	No.
Male	87	92		
Female	20	23		

Employees Turnover Rate by Region

Region	2019	2018
Dhaka	87	101
Chattogram	10	5
Cumilla	6	1
Sylhet	-	3
Rajshahi	-	1
Barishal	-	1
Khulna	2	-
Rangpur	1	1
Jashore	-	-
Bogura	1	2
Total	107	115

PERFORMANCE MANAGEMENT SYSTEM

To facilitate the career growth of its employees, Bank Asia emphasizes on fair evaluation of their performance and its proper appreciation. As it is known, unbiased performance evaluation culture plays a critical role in creating a sustainable workforce while also supporting the Bank's bottom line. Bank Asia established a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-à-vis set target of a given year.

Bank Asia is solely depending on the contribution of its existing talents. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors are introduced. The benefits of using KPI are the followings:



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

LEARNING AND DEVELOPMENT

The Bank always puts the highest importance to organize training and

workshop to the officers and executives in an effort to improve their professional efficiency which is as a continuous process of human resources development. Bank Asia Training Institute for Training & Development (BAITD) is at new venue with new venture in its own 6 storied building at Lalmatia from 2016 which is equipped with all modern study aid and course materials.

Training by Gender

Position	2019		2018	
	Persons	Hours	Persons	Hours
Male	3,881	74,031	3,014	56,669
Female	869	16,563	715	14,021

Training by Position

Position	2019		2018	
	Persons	Hours	Persons	Hours
Executive	646	12,434	702	13,789
Non-Executive	4,104	75,430	3,027	56,901

Training by Different Institutes

Particulars	2019		2018	
	Nos.	Hours	Nos.	Hours
In House Training	4,541	86,738	3,460	63,548
Bangladesh Bank	17	192	24	952
BIBM	37	648	92	3,688
Overseas/ Foreign Training	64	1,536	31	1,256
Training by other institutes	91	1,480	122	1,336
Total	4,750	90,594	3,729	70,690

Bank has organized 4 foundation training courses each 6 weeks long for entry level employees to improve knowledge base and proficiency in banking. Training Institute of Bank Asia has provided 8 trainings on Green Banking under Foundation training course & other



Publication of Group Treasury

"Cent Percent" is a valuable contribution of Group Treasury which has become another medium of Treasury to connect with its internal & external stakeholders and share the Treasury viewpoint about the economy and other important issues those influence it

Sustainable HR Development

training related to Green banking to 280 employees.

BANK ASIA AND GREEN BANKING

- As greening of mind, a number of training and workshop was organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, financial inclusion, CSR and Green Banking this year.
- Sustainability Report has been published since 2012 as per GRI guidelines by Bank Asia. To create awareness among the stakeholders each year the theme of Sustainability Report has been designed considering environmental issues of the world. With this consequence, the theme of Sustainability Report 2018 was 'Electromagnetic radiation'. Moreover the articles on green banking were published in different newspapers reflects green initiatives by the Bank to our employees, stakeholders and all subscribers of those newspaper.
- During 2018, through OCAS (Online Credit Approval System) Diganta software 4,349 no. of accounts of tk. 2,556.50 million have been developed as a part of Technological improvement of the Bank. This system will reduce lead time, ensure accuracy, strengthen security and make accessibility easier and will provide a competitive edge over other banks on online banking.
- In 2019, Electronic sanction archive system has been developed for 6 departments; namely: CRM, CMSE, Islamic Window, SAMD, CFC & Agricultural wing. During 2019 total number of sanction archived is 8,961.

LEARNING VALUE CHAIN

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

- Business Needs Assessment
- Learning Needs Assessment
- Design & Development
- Delivery
- Reinforcement & Transfer of Learning
- Results & Measurement

Bank Asia and The Daily Star signs deal on Knowledge Development

The Daily Star and Bank Asia, exchanged and signed documents of a deal at The Daily Centre in Dhaka under the deal titled "Spreading Knowledge", 1,000 copies of the Daily Star will be distributed among the students of Jahanagirnar University. Like previous years, this knowledge development program is still going on and in 2019, Bank Asia provided Tk. 2.69 million for this purpose.

Future Leader Development Program

The Future Leaders Development Program (FLDP) is a program where a pool of talents is to be made from the officers of Bank Asia who can confront any difficulties those lie ahead. By applying dynamic learning techniques, this program strives to create a pool of skillful managers prepared to effectively and rapidly make a genuine commitment to the association. Each officer of this program gets a chance to be migrated to various capacities occasionally and into some strategic capacities in the Bank to quicken the learning procedure important for them to possess vital positions later on.

With an oath to "Ready to Fight" a total of 386 employees from the job grades of Executive Officer to Assistant Vice President of Dhaka and Chittagong region took part in the FLDP. Representatives take an interest in the program with eagerness and assurance which is unmistakably obvious amid different leadership development sessions.

MATERNITY LEAVE

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get

6 months' maternity leave with regular salary and allowances. An employee can avail this leave not more than two occasions during the entire period of service. The employee's annual KPIs (Key Performance Indicators) and thereby increment, promotion are not affected for this long term leaves. During 2019, 70 female availed total 9,625 days.

No. of female employees	Average leave at a stretch
70	180

Paternal Leave

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get 5 working days' paternal leave. An employee can avail this leave not more than two occasions during the entire period of service. In 2019, every entitled employee has availed paternal leave facility.

CHILD CARE CENTER FACILITIES

To improve our employees' work family balance and especially to uphold the women rights in the work field, Bank Asia, in collaboration with 20 other private commercial banks, has established a child day care center named "Pushpita" which is located at Al-Amin Centre, 25/A/1, Dilkusha C/A, Dhaka. The total space area of the day care centre is 5,666 sq. ft. There are 9 nannies, 7 teachers, 1 supervisor, 1 child care co coordinator and 1 cleaner for overall maintenance of the center. Children aging from 2-6 years of the employees of State Owned and Private commercial banks, whose head offices are located at Motijheel Area, can be enrolled for the day care facility. Parents, who will keep their babies in "Puspita", will get the



Certificate Awarding ceremony of 51th Foundation training

Sustainable HR Development

opportunity to watch their babies through their device from anywhere, any time through Live CCTV footage. The target number of Children is 60. Currently there is total 49 number of children enrolled in the day care centre. There is a Day Care Centre Implementation Committee consisting of representatives from each of total 21 numbers of participatory banks. The committee supervises the activities of the day care centre and discusses different issues regarding up gradation of the facilities of the centre on a regular basis.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

Board and management of Bank Asia strongly believe safe & healthy work place is a precondition for sound mentality of employees to deliver desired services to valued customers. So the bank is very careful about ensuring modern, healthy & safe workplace for its employees. All the branches, SME service centers and SME/agriculture branches and every department of corporate office are well decorated having sufficient breathing spaces and adequately equipped with fire-fighting equipment and fire drills.

A team of logistics supports and services department of the bank is specially entrusted to visit regularly to monitor cleanliness, safety measures and other amenities remains ensured in all outlets. If found any deviation, take prompt steps and thus ensuring modern, healthy and safe workplace for its employees.

Cleaning Day

Bank Asia has developed its status for tidiness and well maintenance of Branch premises and Corporate Office. Tidiness is a basic piece of our way of life. Safeguarding of vouchers, records and other office

archives are additionally as essential as tidiness. The costly interior decoration and expensive furnishings end up looking plainly vain unless the premises are kept up all around. The administration, thus, chose to watch 'CLEANING DAY' on the 'FIRST SATURDAY' of each alternative month where all workers of the branch and the Corporate Office effectively take an interest. On the 'CLEANING DAY', every one of the employees turns up at their particular Branch/Department and engages themselves in cleaning the premises including all office gear and fixtures.

Customer Service Day

Clients are considered as utmost priority in Bank Asia. Their need fulfillment is the main concern among all exercises. Constant change and dynamic method of giving customer service to satisfy clients' requirement is embraced. Bank Asia is dependably a stage ahead to change over its service into warm hospitality. In accordance with that, first day in a month has been chosen when all individuals from top management take vigorous initiative alongside all branch employees to give service to clients. Such program encourages branch employees to learn more innovative mediums of giving better customer service.

Bank Asia Cricket Festival

Like every year, Bank Asia organized interbank cricket tournament where Branches and different Divisions and Departments of Corporate office participated in friendly matches. In 2018, 32 teams under 8 Groups participated in this cricket festival.

Bank Asia Cycling Club

With an aim to avoid the traffic situation in Dhaka city, for maintaining physical fitness and ensure greener economy for the future Bank Asia voluntarily formed a 'Cycling Club' in the early 2016 for employee of Bank Asia and city dwellers. In the cycling rally employees along with the CEO & Senior Management Team of the Bank spontaneously participates. In future Bank Asia Cycling club will go forward to build a Banker's community where everyone will intend to use cycle for day to day transportation. In 2019, 4 programs have been held by Bank Asia Cycling Club.

Bank Asia Debating Club

Since starting from 2017 Bank Asia Debating Club performing various debate events along with 20th Years Celebration Inter-University Debate Competition in intend to spread out debating activities in the country and to engage bank employees with debating practices. The President of Debating Club is Md. Arfan Ali, President & Managing Director of Bank Asia. Mr. Mohammad Rafiqul Islam Shikder, AVP & Head of Islamic Agent Banking Department playing role as General Secretary of the club. The intention and purpose of the club is to provide a forum for improving public speaking skills & analytical skills which help them to operate banking activities. Improving of mutual understanding, cultural orientation, respecting others opinions, absorbing the negativity, learning from opponents, enriching self-confidence, banking knowledge, implication of finance and monetary policy in banking business and community issue is also come up from debating mentality. Besides this, the training Institution of the Bank BAITD & Bank Asia Debating Club jointly organized debate competition as a comprehensive



Bank Asia Debate competition



Workshop on Excellence in Customer Service

Sustainable HR Development



Celebration of Pohela Falgun

part of the Foundation training for the employees of the Bank. In 2019, 13 programs have been held by Bank Asia Debating Club.

CULTURAL EVENTS AND AMUSEMENT

Bank Asia Falgun Utshob

Pahela Falgun, the day when the Bengali spring season ushers in, makes yellow the only wearable for those who want to participate in the seasonal festivity. Bank Asia celebrates the beginning of new season with its employees in a festive environment. The celebration of Falgun revives the bonding between the employees and creates an aura of happiness.

Bank Asia Pitha Utshob (Rice Cake Festival)

The season of winter is always considered exceptional in our country and we celebrate it with pitha & date juice that

has become our age long tradition. On the eve of New Year, Bank Asia Limited always arranges for Pitha Utshob keeping conformity with our culture and to create a common ground for all employees to come and exchange pleasantries. Bank Asia Pitha Utshob is marked for a new beginning of the year with a note of positivity and festivity.

Bank Asia Father's Day Celebration

There are huge number of male employees in Bank Asia who are performing their responsibilities as a father. Bank Asia appreciates its male employees and celebrates the Father's Day with the male colleagues in a festive mood. Bank Asia is a very congenial place for men and it not only encourages but also empowers men in different aspects.

Transport Facilities

At present 7 vehicles used for pick and drop facility specially for female employees of

Bank Asia in Dhaka and Chittagong region where majority of the pool vehicles have been converted into CNG driven. Bank Asia provides full-fledged transport facilities for employees during and beyond usual working hours.

HUMAN RIGHTS, CHILD LABOR AND OTHER ISSUES

Human Right issue is particularly relevant for organizations that operate in industries/ regions where the protection of human rights is of significant concern. As this is a significant concern for a business to be sustainable in long term, we integrated the human right issue in all our economic decisions. Including human right provision in all kinds of investment agreements is a part of our strategy to reduce the risks of investment. And also we do not make any investment agreements and contracts that violate human rights. Bank Asia also does not tolerate child, forced or compulsory labor. In 2019, no incident of discrimination and violation involving rights of indigenous people and forced and child labor has been recorded.

GRIEVANCE REDRESSAL POLICY

For building awareness regarding human rights among the employees in the bank, Bank Asia formulates

- Female anti-harassment policy
- Grievance handling policy

ANTI-MONEY LAUNDERING TRAINING

Anti-Money Laundering Department (AML), Corporate Office always arranges and conducts AML workshops to train all



Celebration of Fathers Day



Celebration of Pitha Utshob

Sustainable HR Development

the employees of our Bank and about 98% of total employees (Branch/Corporate Office) obtained AML & CFT related training.

AML/CFT Training Recipient

	No. of employee	%
Branch	1,493	62.84%
Corporate Office	883	37.16%
Total	2,376	100%

As a result, officials become aware and conscious regarding AML & CFT matters.

POLICY, PRACTICES, AND PROPORTION OF SPENDING ON SUPPLIERS

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

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

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

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

We fully maintain these criteria in case of selecting suppliers. Bank Asia has a

number of security service providers which specialize in all aspects of building security. All security providers practice the highest standards of training and operation. Their training incorporates all aspects of the law including human rights and non-discrimination.

PRACTICES RELATED TO CUSTOMER SATISFACTION

Being a pioneer of agent banking, Bank Asia has established the largest agent banking network, with over 4602 outlets across the country and wants to expand business by shifting from branch banking to agent-based banking in the next five years to ensure further financial inclusion and to minimize the maintenance costs of traditional branches. Based on that, a survey on the Satisfaction Survey of Individual Agent Outlets (IAO) Vs Union Digital Centers (UDC) has been conducted by Bank Asia to identify brand strength of Agent Banking and to analyze customer Satisfaction with Agents' Service and understand what triggers consumers to use our Agent Banking service. The survey was conducted through telephonic interview of customers of 406 Individual Agent Outlets and 398 UDCs using Simple Random method.

IAO customers are found more satisfied (72%) than that of UDC customers (62%). Higher satisfaction led to higher NPS.

IAO NPS is 48 where as UDC's NPS is 32. Quantitatively the score shows difference but qualitatively it can be said that brand strength of both channels are 'very good'. Regardless of channel type, local ARO and agent owner's/CSO effort act as major source of awareness for Bank Asia Agent Banking (BA-AB).

To improve the service of the Agent Banking few strategies can be recommended such as having a Dedicated Customer Service Improvement Department, ensuring CSO Training, increasing Operational Efficiency of the Individual Agent, expediting Awareness of IB and having innovative and relevant product launch.

STATEMENT ON COMPLIANCE

In the year 2019, Bank Asia has been able to comply with all the regulations of Bangladesh government regarding use of product and services, information about product and services, marketing, communications, advertising, promotion. No incidents of fines/penalties have been recorded this year concerning the above mentioned issues.



2019 declared as Customer Service Year

Bank Asia Foundation

As a socially responsible corporate entity, Bank Asia has spent Tk.116.15 million for the overall betterment of the nation in 2019. With a view to implement the guidelines of Bangladesh Bank for conducting larger Corporate Social Responsibility (CSR) Activity through Foundation, Bank Asia Foundation has started its operations from February 2017. At present, the Foundation has been carrying out its philanthropic activities in a more systematic, structured and sustainable manner.

Bank Asia Foundation undertook an initiative to set up a modern hospital with 250 beds at Sirajdikhan, Munshiganj called Bank Asia-Ma Amiran Medical College and Hospital. A. Rouf Chowdhury, Chairman of Bank Asia and Bank Asia Foundation, and his family members have donated to Bank Asia Foundation a three-storied building along with 700 decimal of land to establish the hospital that will house an OPD, a Diagnostic Centre, a Pharmacy and an Emergency Section.

The total cost for setting up the OPD, Diagnostic Centre, Emergency and Pharmacy has been Tk. 28.08 million and the hospital has extended its service from September 2019 to 7,321 patients.

Besides this, the Foundation has been disbursing the scholarship money among 335 students under the 'Bank Asia Higher Studies Scholarship Program' for the year 2017, 2018 and till now the Bank has distributed almost Tk. 17.1 million to the enlisted students. Some of the other altruistic activities of the Foundation are:

1. Providing treatment facilities through hospitals, clinics, medical & eye camps
2. Providing scholarships to poor and meritorious students
3. Distributions of blankets and winter cloths among the poor & distressed people
4. Rendering monetary and/or other assistance for the relief of people affected by calamities such as food, fire, famine, cyclone, earth-quack, storm, accident, pestilence, drought, epidemic etc.
5. Promoting educational, scientific, religious and social activities/organizations
6. Other similar charitable activities.



BA Higher Studies Scholarship organized by BA Foundation



Provided services to the patients in Bank Asia-Ma Amiran Hospital and Medical College



Bank Asia-Ma Amiran Hospital and Medical College

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to self-regulatory mechanism whereby a bank ensures its active compliance with the spirit of the law, ethical standards and national or international norms. Bank Asia following the Bangladesh Bank principles, prioritizes in social and environmental values which will benefit the people of the country.

From the embarkment of journey in 27th November, 1999, Bank Asia has consistently strived to helped the underprivileged section of the country by engaging in humanitarian relief and disaster response; widening of advancement opportunities for disadvantaged population segments with support in areas of healthcare, education and training; 'greening' initiatives arresting environmental degradation, and so forth. In 2019, Bank Asia has spent an amount of Tk.116.15 million for the overall betterment of the nation.



BA Higher Studies Scholarship 2019 at Malkhanagar

Donation for Societal Improvement by CSR in matrix:

Initiatives	Donation	Million Taka
		Percentage
Education	33.18	28.57%
Health	29.12	25.07%
Disaster Management	40.71	35.05%
Sports	0.02	0.02%
Art & Culture	0.62	0.53%
Others	12.50	10.76%
Total	116.15	100.00%

Education

Bank Asia Higher Studies Scholarship

Future generation play a vital role in shaping and building the digital Bangladesh we all believe in. Bank Asia believes strong education will help children ingrain the sense of patriotism and morality in them. In the year 2019, Bank Asia spent around Tk. 29.51 million for direct scholarship and educational infrastructural development purpose.

Initiatives	Taka
BA Higher Studies Scholarship	29,505,709
Infrastructural Development of Begum Badrunnessa Govt. Women College	100,000
Holy Family Red Crescent Medical College & Hospital	300,000
Jagoroni Chakra Foundation	575,000
Providing The Daily Star among meritorious students all over Bangladesh	2,698,800
Total	33,179,509

Amar Bangabandhu & Writing Competition

Bank Asia has arranged a writing competition to encourage creativity and innovation among young mind. As such, Bank Asia contributed Tk.0.10 million for polishing the writing skills of this generation.



Financial assistance from Bank Asia to meet up family & childrens education

Corporate Social Responsibility (CSR)

Nilokhiya Swid Intellectually Disabled School, Bakshiganj, Jamalpur

Bank Asia has provided financial contribution to Nilokhiya Swid Intellectually Disabled School continuously for school building construction. In this project Bank Asia contribute Tk. 0.30 million for its construction purpose.

Financial assistance on child education expense

Bank Asia believes that all children has the right for education. With such aim, Bank Asia contributes a lump sum amount of money for bearing the educational expense of the children. Bank Asia in this year has provided Tk.0.57 million for bearing the educational expense of these children.

Sharing Knowledge as a CSR initiative

With an aim to knowledge development and to make a tangible change in the society The Daily Star, the highest circulated and prestigious English national daily, plans to provide newspaper copies to meritorious students in different reputed public institutions. As a part of this, Bank Asia providing 1,000 copies of newspaper everyday under a joint venture initiative titled “Spreading Knowledge” as a CSR initiative and in 2019 Bank Asia provided Tk.2.69 million for the purpose.

Health

Initiatives	Taka
Curative treatment of 12 individual patients	1,196,351
Holy Family medical college and hospital construction	2,361,880
Sirajdikhan Ma-Amiran Hospital	25,560,249
Total	29,118,480

Curative treatment of 12 individual patients

12 patients has been given financial assistance for treatment purpose by Bank Asia. As such bank Asia has provided a total of Tk.1.19 million for treatment of these 12 patients which also includes Bank Asia employees.

Holy Family medical college and hospital

Bank Asia donated Tk. 2.36 million for construction of lift, interior and civil works of holy family medical college and hospital with a view to establish better health care facilities accessible to general public.

Sirajdikhan Ma-Amiran Hospital at Makhanagar, Sirajdikhan, Munshigonj

With a view to implement the guidelines of Bangladesh Bank for conducting larger Corporate Social (CSR) activity through Foundation, Bank Asia Foundation has started its journey after its registration with Registrar of Joint Stock Companies & Firms in 2014. Mr. A Rouf Chowdhury, honorable Chairman, Bank Asia and Chairman, Governing Body, Bank Asia Foundation, has recently donated a huge quantum of land along with a three storied building at Malkhanagar, Sirajdikhan, Munshigonj for establishing a hospital, renovation and interior work of which is underway.

Disaster Management & Infrastructure Improvement

Bank Asia is committed to the welfare of the community at large. The Bank responds promptly to support the affected humanity. In 2019, the Bank distributed warm cloths among cold-hit people in different parts of the country during severe cold spell of winter to carry out its humanitarian activities. For this purpose the Bank donated Tk. 40.71 million in 2019.

Initiatives	Taka
Donation and supply of 110,000 blankets to cold hit people	40,707,151



Handed over blankets to Prime Minister's Relief and Welfare Fund for underprivileged people

Corporate Social Responsibility (CSR)

Sports

During 2019 Bank Asia contributed Tk.0.02 million to the Uttar Baghopara Jubo Somaj Football as sponsorship and also organized different in house tournament for encouraging the employees of the Bank.



*Bank Asia Inhouse
Cricket fest-2019*

Arts & Culture

Bank Asia always supports promotion of art and culture where the Bank distributed Tk. 0.62 million in 2019.

Other Social Projects

In 2019, Bank Asia donated/ sponsored/ spent Tk.12.50 million on the occasion of social project including Fatema Khanam Zame-E-Masjid, Bhola, Prime Minister's Relief Fund for victims of Chalkbazar Tragedy and also Child day care center to help government to carry out its humanitarian activities smoothly.

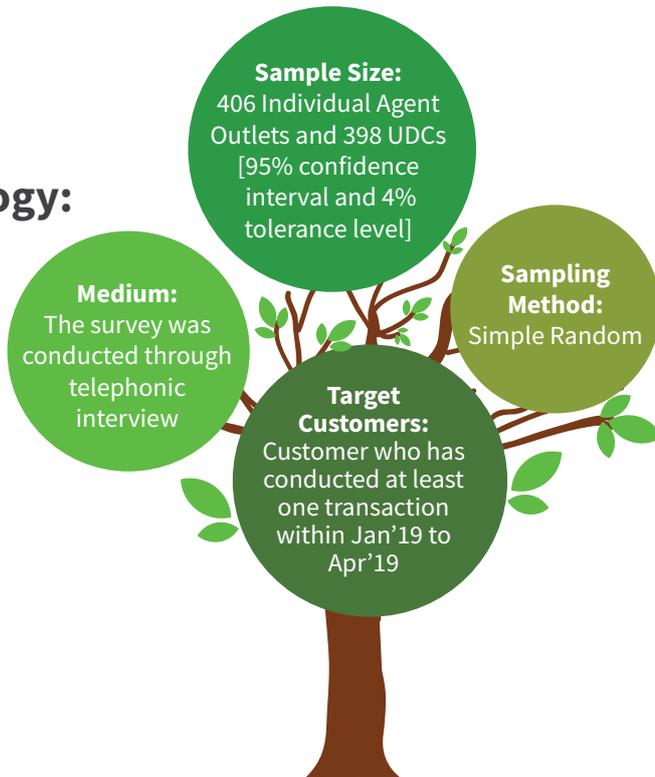
Initiatives	Taka
Prime Minister's Relief Fund	10,000,000
Fatema Khanam Zame-E-Masjid, Bhola	2,000,000
Purbadhala Hapania Jame Masjid	100,008
Child Day Care Centre For Private Banks, Motijheel	400,012
Total	12,500,020

Customer Satisfaction Survey

Satisfaction Survey of Individual Agent Outlets (IAO) Vs Union Digital Centers (UDC)

Being a pioneer of agent banking, Bank Asia has established the largest agent banking network, with over 4602 outlets across the country and wants to expand business by shifting from branch banking to agent-based banking in the next five years to ensure further financial inclusion and to minimize the maintenance costs of traditional branches. The central bank data show that Bank Asia accounted for 18 percent of the total deposit collected through agent banking, and 76 percent of the total loan disbursed. Bank Asia believes in doing business not only for generating high returns but to deliver social responsibility. Based on that a survey on the Satisfaction Survey of Individual Agent Outlets (IAO) Vs Union Digital Centers (UDC) has been conducted by Bank Asia.

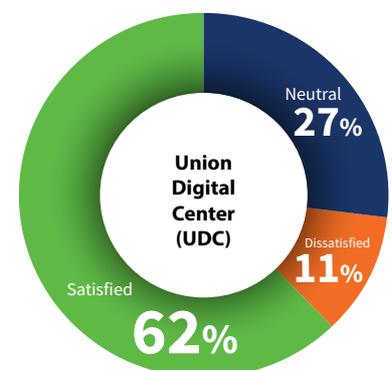
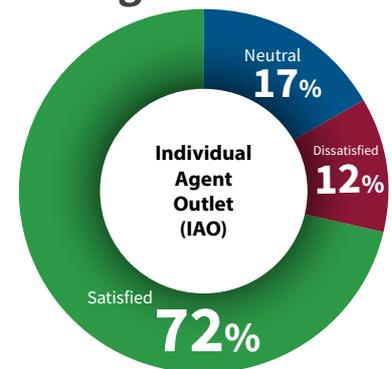
Research Methodology:



Objectives of the Survey:

- 1 Identifying Brand Strength of Agent Banking
- 2 Measuring Customer Satisfaction with Agents' Service
- 3 Understanding what triggers consumers to use Agent Banking service

Overall Satisfaction with Agent's Service



IAO customers are more found more satisfied (72%) than that of UDC customers (62%). Among basic SQ hygiene factors slow service, lack of reliability and uncomfortable temperature are some common areas of improvement for both the channels.

Source of Awareness and Choice Triggers

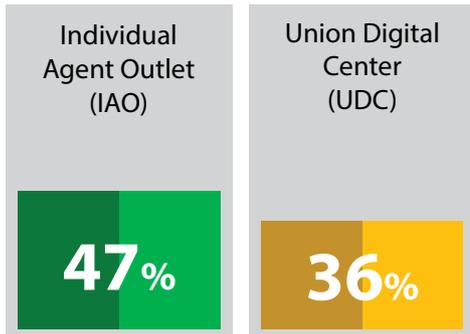
Regardless of channel type, local ARO and agent owner's/CSO effort act as major source of awareness for Bank Asia Agent Banking (BA-AB). 'Communicational convenience' as well as having 'wide range of product and services' are strongest choice drivers' for selecting IAO and UDCs' service



Customer Satisfaction Survey

Brand strength of Individual Agent Outlet

Multi-Banked



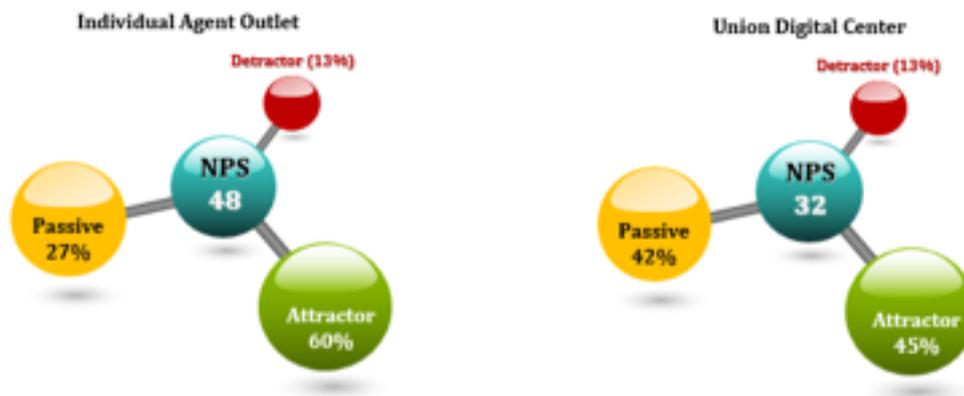
47% Individual Agent Outlets (IAO) and 36% Union Digital Center (UDC) customers are found to be multi-banked. Among the multi-banked customers, Sonali, DBBL and IBBL's user-ship are higher regardless of channel type

Brand Strength is measured using Net Promoter Score where NPS = Percentage of Promoters – Percentage of Detractors

Note: NPS rating method = NPS ≥ 50 = excellent, 25 ≥ NPS ≤ 49.99 = Very Good, 10 ≥ NPS ≤ 24.99 = Moderate, 0 ≥ NPS ≤ 9.99 = Poor, NPS < 0 = very poor

Higher satisfaction led to higher NPS. IAO NPS is 48 where as UDC's NPS is 32. Quantitatively the score shows difference but qualitatively it can be said that brand strength of both channels are 'very good'. Since BA is pioneer in AB and some major competition are strengthening their foothold in the industry, brand strength must be 'excellent' to maintain supremacy of BA-AB

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RECOMMENDATION

- Dedicated Customer Service Improvement Department
- CSO Training
- Increasing Operational Efficiency of the Individual Agent
- Expedite Awareness of IB
- Innovative and Relevant Product Launch
- Improvement of Process and Service

Market Performance

Financial Calendar	Announced On
Audited Consolidated result for the year ended 31 December 2018	21-03-2019
Unaudited Result for the first quarter ended 31 March 2019	29-04-2019
Unaudited Result for the second quarter and half year ended 30 June 2019	31-07-2019
Unaudited Result for the third quarter ended 30 September 2019	23-10-2019

Availability of information about BANK ASIA

Annual Integrated Report 2019 and other information about Bank Asia may be viewed on Bank's Website: www.bankasia-bd.com

Corporate Office

Rangs Tower (3rd Floor)
68 Purana Paltan, Dhaka-1000
Phone: 47110278, EXT- 301

E-mail: bankasia@bankasia-bd.com

Distribution of Dividend	Details
(Cash% - Stock %)	5% Stock, 5% Cash
Announcement Date	21-03-2019
Record Date	15-04-2019
Distribution Date	08-05-2019 (Stock)
Notice of 19 th Annual General Meeting	16-05-2019 (Cash)
20 th Annual General Meeting	30-04-2019

Stock investors in Bangladesh witnessed a prolonged bearish trend from the starting of the year 2019. The market was affected by liquidity crisis, money market volatility, foreign sale, low participation of investors, tussle between BTRC and Grameenphone, liquidation of PLFSL (Peoples Leasing & Financial Services), rising non-performing loans in the banking sector, different scams in non-banking financial sector and more net sell by foreign investors.

All the issues conferred above caused Dhaka bourse in falling trends throughout the year. The benchmark index of the Dhaka Stock Exchange, DSEX started the year with 5,385.6 points on January and ended the year with 4,452.9 points fallen by 932.7 point or 17.32%. Total Market capitalization of Dhaka Stock Exchange stood at BDT 3,395.51 billion as on December 31, 2019, from BDT 3,872.95 billion as on December 31, 2018 representing negative growth of -12.33%. The daily average turnover in 2019 was BDT 4,803 million against BDT 5,511 million in 2018 fallen by 12.85% and Market P/E was 11.80 compared to 15.19 last year.

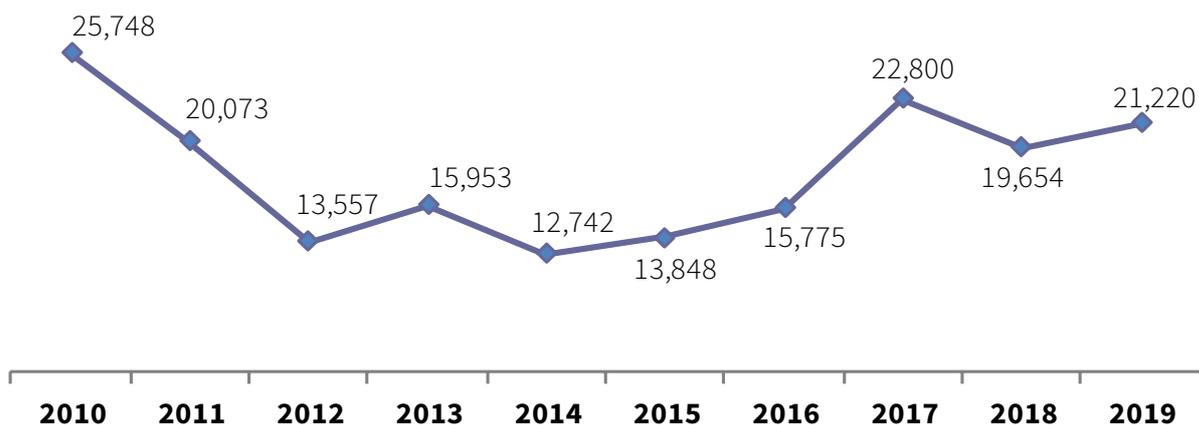
Stock Detailed

Particulars	DSE	CSE
Stock Symbol	BANKASIA	BANKASIA
Scrip code	11127	22022
Listing Year	2004	2004
Market Category	A	A
Electronic Share	Yes	Yes
Total Number of Securities	11,65,906,860	11,65,906,860

Year End Closing Price on December 31, 2019: Tk. 18.20
DSE Trading Days in 2019: 248

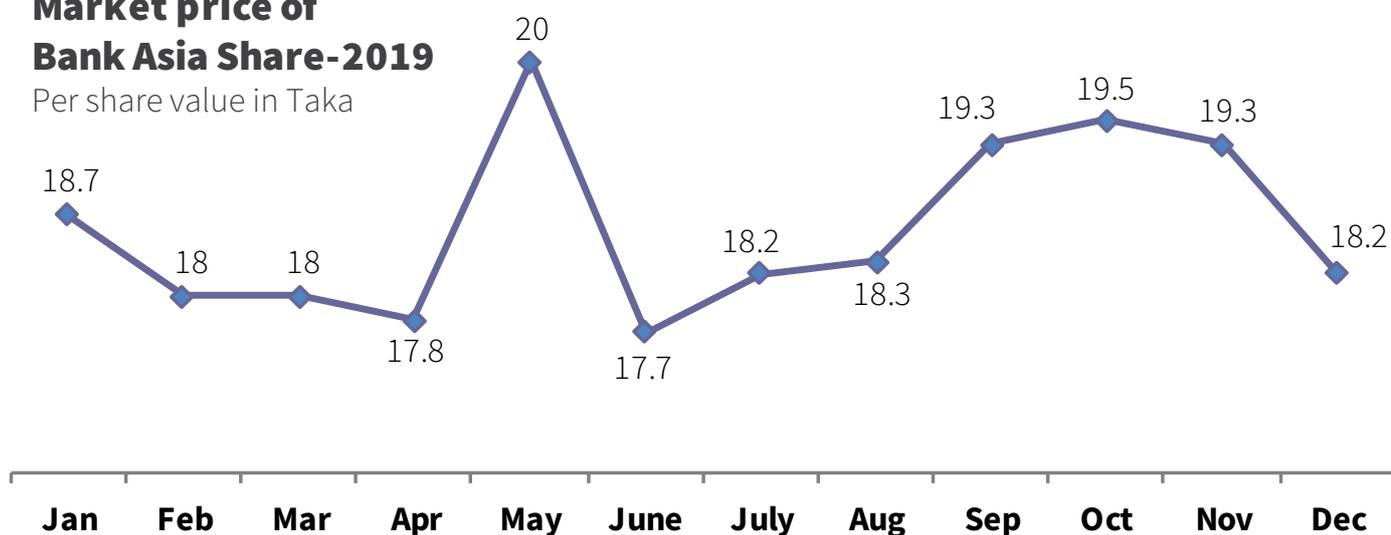
Market Capitalization

Million Taka

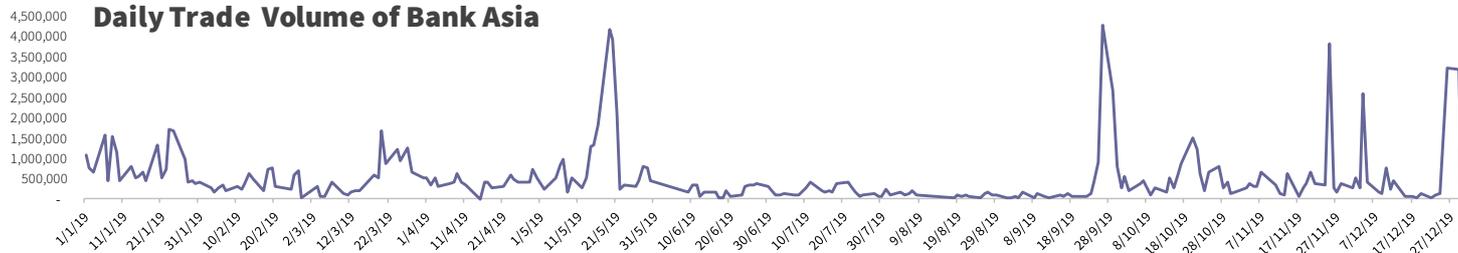


Market price of Bank Asia Share-2019

Per share value in Taka



Daily Trade Volume of Bank Asia



Stakeholders Relationship/ Grievance Redressal

Bank Asia strongly believes in maintaining smooth and interactive relationship with the stakeholders. We pursue high quality stakeholder's redressal policy proactively to handle all types of grievance, complaints in an effective and fair manner.

Bank Asia strongly believes in equitable treatment to every shareholder. We resolve any shareholders' complaint on a priority basis and have committed to serve the appropriate mechanism to address the shareholders' grievance within the time frame stipulated by the Bank.

SHAREHOLDER'S PERSPECTIVE

Bank Asia redressal system covers the following issues

- Receiving the complaints for non-receipt of dividend warrant, dividend intimation letter, cash dividend;
- Transfer of shares from suspense account to the shareholders BO account;
- Clarification of any price sensitive information over telephone;
- Grievance for not receiving of Annual Integrated Report, half-yearly financial position timely;
- Concerns relating to share dematerialization (DEMAT);
- Queries about and clarification on recent or upcoming price sensitive information over telephone, etc.

PROCESS ● REDRESSAL ● CHECKLIST

PROCESS	REDRESSAL	CHECKLIST	Yes	No
queries/ complaints/ grievance lodged by shareholder	Shareholders are properly communicated for collection warrants which have been refunded for non-delivery by the courier	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Review all logs objectively and fairly and give solution within a short time frame	Dividend warrants Revalidate the upon demand	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Bank account information are corrected while sending dividend through BEFTN system	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Send intimation to concerned shareholder after redressal by share department	Dividend warrants are reissued in case of failure to send dividend through BEFTN system	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Issue shareholding certificate, dividend certificate as and when required	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	e-TIN number is collected in case of cash dividend	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Any Investors may lodge their complaint related to their investment in the company through formal letter, Bank's official e-mail ID i.e. bankasia@bankasia-bd.com and phone call to the Company Secretary and/or Share Department. We focus in addressing those complaints within the shortest possible time.

Redressal process of Bank Asia Limited

- Complaints raised by the investors/ shareholders must be dealt with courtesy and in a timely manner
- Complaints are treated and solved efficiently and treated fairly
- Communicate to the shareholders for collection of the dividend warrants which have been refunded for non-delivery by the courier

- Revalidate the dividend warrants upon demand
- Correction of bank account information while sending dividend through BEFTN system
- Re issue of dividend warrants, in case of failure to send dividend through BEFTN system
- Issue shareholding certificate, dividend certificate as and when required
- E-mail or letter must be send to all the investor who have submitted written complaints
- Request for e-TIN number in case of cash dividend

Redressal point for Shareholders

Bank Asia Limited
Share Department
Corporate Office
Rangs Tower (2nd Floor)
68 Purana Paltan
Dhaka-1000
Phone: 7110062 (Ext. 301)



General Shareholders at 20th AGM

Redressal Statistics 2019

Requests received from shareholders	Ways of addressing mentioned requests
<ul style="list-style-type: none"> ● Demat 718,890 shares; ● 1,28,82,274 bonous shares credit among the shareholders from suspense account ● Re-issue 937 dividend warrants for the year 2018 (which were returned from BEFTN) ● Issuance of 67 shareholdings certificate for income tax purpose; 	<ul style="list-style-type: none"> ● Demat confirmed all the shares timely; ● Credit all the shares as requested; ● 937 duplicate fractional dividend warrants for the year 2018 issued ● 67 shareholdings certificate were issued;

The bank continues to have regular communication with the shareholders through periodic updates of performance and at any time when it believes it to be in the best interest of shareholders generally.

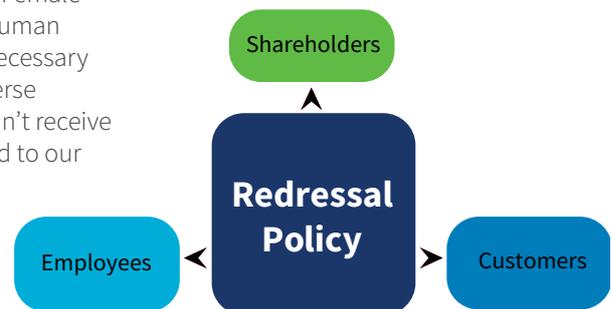
CUSTOMERS' PERSPECTIVE

Customers are one of the key stakeholders of the Bank. We are very much conscious about customers' demand and always ready to serve them our best as per our Customers Service Policy and Customers Acceptance Policy (CAP). Like investors we also address up our customers queries and complaints through our corresponding department, division or unit. All the complaints are centrally handled by BOD (Branch Operation Department). In 2019, the Bank received 114 complaints from customers of various branches and all the problems were solved successfully through proper investigation and remedial action. Those problems were solved within 5 days (approx.) in which some complaints were met up within 24 hours. During the year, Branch level customer service &

complaint management desk (BLCS & CMB) introduced at all branches of the bank. Moreover the year 2019 declared as Customer Service year.

EMPLOYEES' PERSPECTIVE

Employees are the main resource of the Bank, the human capital. We are committed to provide comfortable work environment to our employees for enriching their productivity. To resolve undesirable issues in the workplace and create a conducive and gender sensitive working environment we have separate Grievance Handling Policy and Female Anti- Harassment Policy. Our Human Resources Department takes necessary measures to redress if any adverse situation arises. In 2019, we didn't receive any significant complain related to our employees.



General Shareholders at 20th AGM



Corporate Governance Report

The table below gives an overview of the locations of our Corporate Governance statement

	Page No
Report on the Activities of Audit Committee	206-207
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Corporate Governance compliance certificate	173
Corporate Governance disclosure checklist in line with: <ul style="list-style-type: none"> ● BSEC Notification ● The Companies Act 1994 ● Bangladesh Bank BRPD Circular 11,18 and 19 issued on October 27, 2013 	231-255

Corporate Governance

Corporate Governance refers to the relations between the management of a company and its Board of Directors, shareholders and other stakeholders. Corporate Governance also provides a framework for setting out a company's objectives and the means for achieving these and for tracking its performance.

Source: OECD



Building an effective, accountable institution

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

11 SUSTAINABLE CITIES AND COMMUNITIES



Make cities and human settlements inclusive, safe, resilient and sustainable

"The mark of a great city isn't how it treats its special places – everybody does that right – but how it treats its ordinary ones."

- Aaron M. Renn

In 2018, 4.2 billion people, 55 % of the world's population, lived in cities. By 2050, the urban population is expected to reach 6.5 billion. Cities occupy just 3 % of the Earth's land but account for 60 to 80 % of energy consumption and at least 70 % of carbon emissions. The economic role of cities is significant. They generate about 80 % of the global GDP.



Nearly 44% of the urban population lived in purely temporary structures and 29% lived in semi-permanent structures. 37.28% urban households have access to piped water with wide variation in access to piped water across urban centers.



All branches & corporate office of the Bank are declared smoking free zone

Encouraging green financing to make the environment healthy, green and sustainable.

Tk. 128.86 million was disbursed for financing Green Building project

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure sustainable consumption and production patterns

"Nature provides a free lunch but only if we control our appetite"
– William Ruckelshaus

1.3 billion tons of food is wasted every year, while almost 2 billion people go hungry or undernourished. If people everywhere switched to energy efficient lightbulbs, the world would save US\$120 billion annually. One-fifth of the world's final energy consumption in 2013 was from renewable sources.



About 5.5% of the total procured food is wasted of which 3% is wasted during procurement and preparation stage, 1.4% during serving and another 1.1% from the plates. Waste management system in Bangladesh comprising formal, community initiative and informal system is still not well organized.



Disbursed
Tk. 3650.36
million to
71,458 rural
farmers

Net savings of
Tk. 8.9 million
from green
banking activities

Spent Tk. 116.15
million as
Corporate Social
Responsibilities

**Report on the Activities
of the Audit Committee**



The Audit Committee of the Board of Directors of Bank Asia Limited was constituted in the 44th meeting of the Board held on January 18, 2003 in compliance with the Bangladesh Bank directives. The Audit Committee was formed with the objectives to establish a platform for a compliant and secured banking structure in the Bank. The present Audit Committee was reconstituted by the Board in its 409th meeting held on April 30, 2019 consisting of the following members:

Names	Status with the Board	Status with the Audit Committee
Mr. Dilwar H Choudhury	Independent Director	Chairman
Mr. Mohd. Safwan Choudhury	Vice Chairman	Member
Mr. Ashrafal Haq Chowdhury	Independent Director	Member
Major General Mohammad Matiur Rahman (retd.)	Director	Member

The Company Secretary acts as a Secretary of the Committee

In the year 2019, 07 (seven) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

- i. External Audit Report of the Bank and the recommendations made therein.
- ii. Bangladesh Bank comprehensive inspection report and the recommendations made therein.
- iii. Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- iv. Actions taken by the management with regard to shortcomings raised in the Bangladesh Bank Inspection report and by the Internal Audit Team of the Bank.
- v. The corrective measures taken by the management with regard to the lapses pointed out on the internal control and other issues raised by internal and external auditors and inspectors of the regulatory authority.
- vi. The compliance status of the audit objections and the recommendations made by the Bangladesh Bank Inspectors, External Auditors and the Internal Auditors in the reports.
- vii. Management Report on Accounts of the Bank for the year ended on 31.12.2018.

viii. Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and compliance thereof.

ix. Review of status of recovery of classified loans and necessary guidelines provided to the management to reduce Non Performing Loan (NPL).

The Audit Committee further affirmed that:

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

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which contained full disclosure.

- The good governance is in place in the Bank.

Reporting

In the meetings the committee has taken specific notes of lapses detected by the Internal Audit Team and the actions taken by the management towards correction, improving recovery of classified loans and initiating measures for lowering the quantum of NPLs through on-site and off-site monitoring. The committee also assisted instituting recovery mechanisms, constituting a robust credit administration and, carefully reviewed the internal control system and procedures including IT operation to secure the Bank from foreseeable shocks. The process of continuous monitoring was ensured for avoidance of errors and omissions and, repetition of lapses that are detected by the internal and external auditors.

The minutes of the Audit Committee Meetings with observations and recommendations were circulated among the members of the committee and to the Board of Directors of the Bank for information.



Dilwar H Choudhury
Chairman
Audit Committee of the Board

Statements of Directors' responsibility to establish appropriate System of Internal Control

Strengthening and streamlining internal control system has significant importance and governance to attain short-term business objectives and long-term sustainability. During the year, market liquidity was tighter, interest rate was lower, private credit demand was high, and the challenge of ensuring effective internal audit and control system were even greater.

The board is cautious on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board review quarterly the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. They annually review the qualification, expertise and resources, and independence of the external auditors and the effectiveness of audit process and recommendation on re-appointment.

Directors confirm that the Board, through its committees, has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December, 2019. This process involved a confirmation that a system of internal control in accordance with best financial reporting practice was in place throughout the financial year and up to the date of signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and bank's risk management functions and the extent to which various significant challenges are understood and are being addressed.

On Behalf of the Board of Directors,


A Rouf Chowdhury
Chairman

Statement of Directors' on Adequacy of the System of Internal Control

The Board of Directors follows some definite rules and regulations as stated in The Banking Companies Act 1991 (amended up to 2018). Therefore, the directors tried their level best to maintain sound corporate governance and performed their responsibilities. Broad business strategy, significant policies for internal control system and risk management have been taken properly and risk based internal audit has been accomplished as per 'section 15 Kha & 15 Ga of the Bank Company Act 1991 (amended up to 2018)' for ensuring that the bank is appropriately and effectively managed and controlled.

The Board has supervised the policies and various parts of businesses to construct an effective internal control system which is essential for sustainable growth maintaining efficient conduct of business. They have also reviewed the adequacy and completeness of accounting records, well preparation of financial information, and efficient management of risk, strengthening bank's assets and overall internal control process.

By forming the audit committee, the Board of Directors monitors the functional and effectiveness of internal control system. All the conditions depicted in the Banking Companies Act 1991 (amended up to 2018), guideline issued by Bangladesh Bank and corporate governance guidelines issued by Bangladesh Securities and Exchange Commission have been properly maintained at the time of preparing the Audit Committee. The principal activity of the Audit committee was to review the internal control system as well as managing the core risk of the bank. The process for monitoring compliances with laws and regulations and codes of business ethics have been properly reviewed by the committee.

The Audit Committee has observed the arrangements for increasing the internal control features to the prevalent management information system (MIS). They have also reviewed the corrective initiatives undertaken by management corresponding to fraud-forgery and deficiencies in internal control identified. All the compliance reports have been properly presented before the board of directors and regulators in a timely manner and all other regulatory functions about internal control system of the bank have been executed explicitly.

On Behalf of the Board of Directors,


A Rouf Chowdhury
Chairman

RESPONSIBILITY STATEMENT OF MD AND CFO

Name of the company: Bank Asia Limited

Declaration by MD and CFO

March 22, 2020

The Board of Directors

Bank Asia Limited

68, Purana Paltan

Dhaka 1000.

Subject: Declaration on Financial Statements for the year ended on December 31, 2019

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Bank Asia Limited for the year ended on December 31, 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on December 31, 2019 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Md. Arfan Ali
President and Managing Director



Mohammad Ibrahim Khalil, FCA
Chief Financial Officer

Corporate Governance

Corporate Governance

Corporate governance refers to the way a company is governed for creating a corporate culture of accountability and transparency, maximizing the shareholders' long term value and maintain accountability to different stakeholders. The main purpose



of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver long term success of the company.

Conceptual Framework

Corporate governance is the framework of rules and procedures by which the decisions in a organization are made, and how the Board and management are held accountable for them. It deals with all relationships among the Organization, its stakeholders, its suppliers, its customers and its employees. The tenets for implementation of corporate governance practices are fairness, transparency and accountability, regulatory compliance, integrity in performances, effective internal control system and commitment to the society and the environment. Good corporate governance starts from the top and therefore, the Board of Directors of Bank Asia efficiently oversee the operations and decision-making to provide a strategic, sustainable direction to the organization.

Corporate Governance Practice in Bank Asia

Practicing of sound corporate governance is pivotal in gaining stakeholders' trust. Being well aware of it, Bank Asia is committed to all stakeholders. It is reflected in our management culture that embraces the higher standards of corporate governance we maintain. In that corporate governance disclosure report, we try to provide an overview of the corporate governance structures, principles, policies, practices of the Board of Directors of Bank Asia Limited and the management culture which together enable Bank Asia to meet governance expectations of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Bank Asia's common Shares are listed on the Dhaka

Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

1. BOARD OF DIRECTORS, CHAIRMAN AND CEO:

The Board is committed to deliver sustainable value and determine long terms goals through its leadership and dedicated management team. The Board is responsible for overseeing how management served the interest of shareholders and stakeholders. The Board also sets the Bank's core values, adopt proper standards to ensure that Bank operate with integrity and complies with the relevant rules and regulation.

The Composition of the Board of Directors is as follows:

- Non - Executive Director: 9
- Independent Non-Executive Director: 5
- President & Managing Director: 1

The present size and composition remains well-balanced and it's made up

with professionals with a wide range of knowledge and experience in business, operations and finance to set direction of a large and expanding bank. The profiles of all Board members, comprising of their qualification, experience are disclosed in [page no. 20-29](#) of this Annual Integrated Report.

1.1 Bank Asia's policy on appointment of directors

Bank Asia complied with pertinent guidelines of Bangladesh Bank circulars, rules and regulations of the Companies Act 1994, Bank Companies Act 1991 (amended up to 2018), Bangladesh Securities and Exchange Commission (BSEC) Notifications, Guidelines of Bangladesh Bank and Memorandum & Articles of Association of the Bank.

New Directors are appointed by Bank Asia with the emphasis on the mix of knowledge, skills, experience and perception. The Directors are elected by the shareholders in AGM and all appointment of the Board is subjected to the approval of Bangladesh Bank. Bank Asia's Board is always committed to ensuring diversity and inclusiveness in its composition and deliberations, embracing the proposition that having a diverse Board would have a positive & value relevant impact on the Bank. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational Background.

In case of nomination, removal, causal vacancy and alternate Directors, Bank Asia follows all relevant rules and regulations. The Bank's non-executive Directors are independent of management and free from day to day business of the bank. Directors are accountable to the shareholders for the Bank's performance and governance.

1.1.1 Roles and Responsibilities of Board of Directors

The business and affairs of the Bank are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organization and significant policies of Bank Asia. The Board also sets the Bank's core values, adopts proper standards to

Corporate Governance

ensure that Bank operates with integrity, and complies with the relevant rules and regulations. Key responsibilities in summary are:

- Overseeing the sound and prudent management of the Bank;
- Approving the strategic direction of Bank Asia;
- Appointing and determining the duration, remuneration of the CEO;
- Evaluating the performance of the CEO;
- Succession planning for the Board, CEO and Bank's executives
- Determining Bank's dividend policy and capital structure;
- Approving Bank's risk management strategy, framework and monitoring their effectiveness;
- Considering the social, ethical and environmental impact as part of strategy formulation

1.1.2 Code of Conduct for the Board of Directors

The Board of Directors follows a code of conduct which was adopted to provide guidance to directors to perform their duty in an honest, responsible and business like manner and within the scope of their authority, as specified in the laws of country as well as memorandum and articles of association of the Bank.

1.1.3 Retirement and Re-election of Directors

According to clause 128, and 129 of the Articles of Association of the Bank, 5 (five) directors retired before the 20th Annual General Meeting (AGM) held on April 30, 2019 and all of the retiring directors except Mr. Mashiur Rahman was eligible for re-election as director and 1(one) new director was elected as director at the AGM. In addition, one Independent Director appointment was also approve by shareholders in the 20th Annual General Meeting (AGM).

SI. No.	Name of Directors	Mode of Change
1.	Ms. Hosneara Sinha	Retired and Re-elected
2.	Ms. Naheed Akhter Sinha	Retired and Re-elected
3.	Ms. Romana Rouf Chowdhury	Retired and Re-elected
4.	Mr. Enam Chowdhury	Retired and Re-elected
5.	Mr. Mashiur Rahman	Retired
6.	Mr. Romo Rouf Chowdhury	Elected

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

SI. No.	Name of Directors	Date of Change	Remarks
1.	Ms. Mahrina Chowdhury	30.04.2019	Resigned
2.	Mr. Md. Nazrul Huda	06.01.2020	Resigned
3.	Mr. Md. Abul Quasem	13.02.2020	Joined as an Independent Director
4.	Mr. M. A. Baqui Khalily	13.02.2020	Joined as an Independent Director

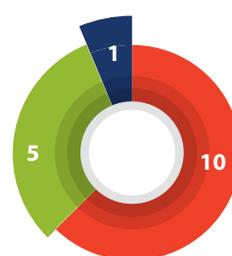
1.2 Adequate representation of non – executive directors

As per guideline of Bangladesh Bank, Bank Asia maintain adequate representation of non-executive directors in the Board. The Managing Director is the only Executive Director in the Board of Directors of the Bank. All other Directors are non – executive directors.



Role of the Board

- **Directors of Bank Asia in conduct of its affairs**
 - Ensure that corporate responsibility and ethical standards underpin the conduct of bank's business
- **Provide sound leadership to CEO and management**
 - Sets the strategic vision, direction and long terms goals of Bank
 - Ensure the adequate resources and available to meet the objective
- **Bears ultimate responsibility for Bank Asia:**
 - Governance
 - Strategy
 - Risk Management
 - Financial Performance
 - Sustainability



Board Composition

- Non Executive Director
- Independent Non Executive Director
- Executive Director

Size and membership of Board Committees

		Board Executive Committee	Board Audit Committee	Board Risk Management Committee
Committee Composition*			Minimum three members and maximum 5 members	
		Maximum Seven members	All members are Non-executive Directors	Maximum Five members
		All members are Non - executive Directors	Majority of members are Independent Directors	All members are Non - executive Directors
		Chair determined by the Board	Chair is Independent Director, who is not the Board Chairman	Chair determined by the Board
Mr. A. Rouf Chowdhury	Chairman of the BOD, Non-executive	✓		
Mr. Mohd. Safwan Choudhury	Vice Chairman, Non-executive		✓	
Mr. Romo Rouf Chowdhury	Vice Chairman, Non-executive,	✓		✓
Mr. Rume A Hossain	Non-executive	Chair ✓		✓
Ms. Hosneara Sinha	Non-executive			
Ms. Naheed Akhter Sinha	Non-executive			
Major General Mohammad Matiur Rahman, ndu, psc (retd.)	Non-executive		✓	
Ms. Romana Rouf Chowdhury	Non-executive	✓		✓
Mr. M Shahjahan Bhuiyan	Non-executive, Independent	✓		✓
Mr. Dilwar H Choudhury	Non-executive, Independent		Chair ✓	
Ms. Farhana Haq	Non-executive			
Mr. Ashraful Haq Chowdhury	Non-executive, Independent		✓	
Mr. Enam Chowdhury	Non-executive	✓		
Mr. Md. Abul Quasem	Non-executive, Independent	✓		
Mr. M. A. Baqui Khalily	Non-executive, Independent			Chair ✓
Md. Arfan Ali	Managing Director, Ex - Officio			

* Composition requirements for each Committee are set out in the relevant Committee Charter.

Corporate Governance

1.3 Independence of independent directors and their adequate representation

Good Governance is characterized by the participation of independent directors in the Board. Independent Directors exert an independent view on the policies and decisions of the Board and evaluates if the policies and decisions are for the best interest of the whole bank. Bank Asia has 5 (five) Independent Directors in the Board. They are: Mr. Ashraful Haq Chowdhury, Telecom & Corporate Leader, two renowned retired bankers - Mr. M Shahjahan Bhuiyan, Mr. Dilwar H Choudhury and Mr. Md. Abul Quasem, a retired central banker and Mr. M. A. Baqui Khalily, is a renowned academician of the country and professor of a university, The Independent Directors are also member of the sub-committees of the Board. Two of them are the members of the Executive Committee, the Risk Management Committee and members of the Audit Committee.

1.4 Different position of the Chairman and the Chief Executive Officer

The functional responsibilities of the Chairman of the Board and of the President and Managing Director are kept separate and independent of each other. The Chairman of the Bank is elected by the directors of the Bank and the CEO is being appointed by the Board of Directors subject to receiving permission from Bangladesh Bank.

1.5 Roles and responsibilities of the Chairman

The Board elects one of the Non-Executive Directors as Chairman. Our Chairman is Mr. A Rouf Chowdhury, who became Chairman on 14 December 2011.

The Chairman's role and responsibilities includes:

- Managing and leading Board Meeting to ensure robust decision making
- Building a high performance Board
- Managing Board/Management interface by acting as the conduit between Management and the Board
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that stakeholders' views are communicated to the board as a whole
- Overseeing Board succession
- Being the public face by acting as a spokesperson for the Board

1.5.2 Independence of Independent Directors

Bank Asia complied with relevant guidelines of Bangladesh Bank circulars, rules and regulations of the Bank Companies Act, 1991 (amended up to 2018) and guidelines of Bangladesh Securities and Exchange Commission regarding composition of its board of directors. While appointing new directors Bank Asia emphasizes the mix of knowledge, skills, experience and perception. The directors are elected by the shareholders in AGM. In case of nomination, removal, causal vacancy and alternate directors, Bank Asia follows all relevant rules and regulations. The Bank's non-executive directors are independent of management and free from day to day business of the bank.

1.6 Annual Appraisal of Board performance

The Board undertakes ongoing self-assessment as well as commissioning an annual performance review by an independent consultant. The review process conducted in 2019 included an assessment of the performance of the Board, the Board Committees and each Director, with outputs collected, analyzed and presented to the Board. The Board discussed the results and agreed follow up action on matters relating to Board composition, process and priorities. The Chairman also discusses the results with individual Directors and Board Committee Chairs. The full Board (excluding the Chairman) reviews the results of the performance review of the Chairman and results are then privately discussed by the Chairman of the Board Risk & Compliance Committee with the Chairman.

1.7 Annual Evaluation of the CEO by the Board

While reappointing CEO, an evaluation report approved by the Board of Directors is submitted to Bangladesh Bank by the chairman of the Board. Besides, the Board of Bank Asia Limited annually evaluates key performance indicators (KPIs) of CEO i.e. profitability, yearly budget achievement, dividend ratio, return on equity, return on assets, earnings per share, CAMELS ratings, credit rating, classified loan ratio, risk management etc. The performance of the CEO is also evaluated by the Board based on Bank's operational results mainly in the achievement of operational budgets.

How the Board Spent Time in 2019



- Strategy **30%**
- Feedback from the board committees **20%**
- Governance **15%**
- Business and operations update, market and competitive landscape review **15%**
- Financial performance and significant financial updates **10%**
- Directors' training **5%**
- Board networking and engagement **5%**

1.8 Succession Plan

Bank Asia believes that the membership and composition of the Board should be reassessed from time to time so succession planning is a pivotal part of corporate governance practices to meet the company's long-term goals and objectives and to ensure that the knowledge, experience, and skillset of its members would be well suited to meet the demands of the ever-changing financial industry.

Corporate Governance

1.8 Training program of Board of Directors

All new Directors participate in an induction program to familiarize themselves with our business and strategy culture and values and any current issues before the Board. The induction program includes meetings with the Chairman, the CEO and Managing Director, the Board Committee Chairs and Bank's Executive. The Board encourages Directors to undertake continuing education and training to develop and maintain the skills and knowledge needed to perform their role as Directors effectively, including by participating in workshops held throughout the year, attending relevant site visits and undertaking relevant external education.

1.9 Knowledge and expertise in Finance and Accounting

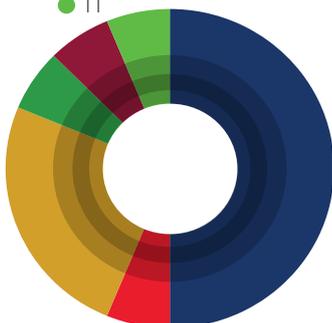
Bank Asia's Board of Directors comprises of members who have wide knowledge and experience in the field of finance, accounting, economics, management, marketing and business administration. By that, it is ensured that they have the ability to interpret the decisions of bank's management in a prudent manner.

1.10 Board meeting

The Board normally meets on monthly basis, and the meeting dates are scheduled well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on ad hoc basis to consider urgent matters. Bank Asia as per

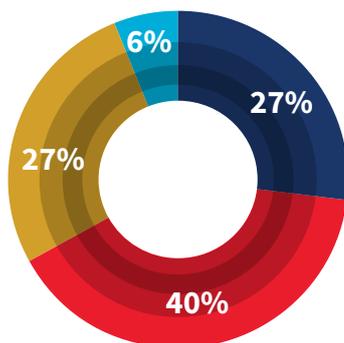
Professional Background of Board Members

- Entrepreneurship
- Defence
- Banker
- Academia
- Telecom
- IT



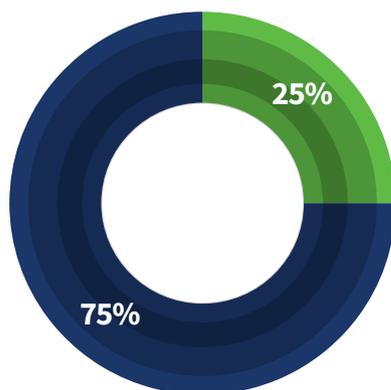
Length of Service Board Members

- 11-20 years
- 21-30 years
- 31-40 years
- Over 40 years



GENDER DIVERSITY of Board Members

- Female
- Male



requirement of BSEC conduct Board Meetings and record the minutes of the meetings as well as keep the required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB).

In addition, the Board considering strategic matters at each Board meeting, the Board also discusses our strategic plan and approves Bank's overall strategic direction on an annual basis. The Board also conducts a half year review of Bank's strategy. The Board conducts workshops on specific subjects relevant to our business throughout the year. Board

meetings are characterized by robust exchanges of views, with Directors bringing their experience and independent judgment to bear on the issues and decisions at hand. Non-executive Directors regularly meet without management present, so that they can discuss issues appropriate to such a forum. In all other respects, senior executives are invited, where considered appropriate, to participate in Board meetings. They are also available to be contacted by Directors between meetings.

1.10.1 Number of Board meeting

The Board had 26 (Twenty Six) scheduled meetings for the financial year ended 31 December 2019, with additional meetings held as required. The number of meetings of the Board and its committees held during the accounting year and the attendance of the Directors at those meeting are disclosed in [page no. 227-228](#) of this Annual Integrated Report 2019.

1.11 Directors Report on Financial Statement and Corporate Governance

Board of Directors of the Bank requires to prepare financial statements for accounting year. Moreover, the Board of the Bank need to include an additional statements or disclosures in the Directors' report prepared under section 184 of the Companies Act, 1994 (Act no. XVIII of 1994). A separate statement of Director responsibility for financial reporting and corporate governance is given in [page no. 208](#) of this Annual Integrated Report 2019.

1.12 Board Committee

The Board has delegated authority to various Board committees to enable them to oversee certain specific responsibilities based on their terms of reference. The Board committees are constituted in accordance with BSEC and Bangladesh Bank Guidelines. The terms of reference of the Board committees set out the responsibilities of the Board committee, conduct of meetings including quorum, voting requirements and qualifications for Board committee membership. The composition of all our Board committees comprises Non-Executive Directors only. Any change to the terms of reference for any Board committee requires Board approval. Board of Bank Asia has established three specialized Board Committee i.e. Executive Committee, Audit Committee and Risk Management Committee.

Corporate Governance

1.12.1 Audit Committee

The audit committee of the Board of Bank Asia was first constituted in January 2003 with the objectives of generating a platform for a compliant and secured banking. As per the BSEC notification no BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 Audit Committee must consists of at least 3 (three) members with 1(one) Independent Director. All the members of Audit Committee should be selected from Directors and the Chairman must be an Independent Director.

Bank Asia's Audit Committee consists of 4 (four) members. All of them are non-executive directors from whom 2 of them are Independent Directors and the Company Secretary of the bank is the secretary of the Audit Committee. Mr. Dilwar H Choudhury, the Chairman of the audit committee is an Independent Director and from Business administration background and all the members are knowledgeable in financial industry and have long experience in banking industry. More information about members of Audit Committee is available in the Director's Profile Page from [page no. 20-29](#)

1.12.2 Executive Committee

The Executive Committee (EC) of the Board of Bank Asia was first constituted in January 2010 to ensure efficient, competent, compliant and secured structure for approval of credit proposals and business decisions. The number of members in EC is 7 (seven) nominated by the Board from directors. The EC time to time reviews policies and guidelines issued by Bangladesh Bank regarding credit and other operations that are customized and adopted by the management after approval of the board of directors. EC approves credit proposals as per approved policy of the Board.

1.12.3 Risk Management Committee

To minimize risk while implementing the policies and business plan of the Bank, the Board has formed a Risk Management Committee as per the guidelines of Bangladesh Bank. The Committee supervises whether the risks arise from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity and other sources

are identified, measured and adequate systems are in place to minimize such risks. Currently, 5 (five) members are in the Risk Management Committee. They set risk appetite; formulate risk identification & control policy, recommend changes to the risk management framework. They also monitor the internal capital adequacy assessment process along with the effectiveness of the risk management framework, policies and standards. The Risk Management Committee assists the Board in relation to the oversight of risk including the risk appetite and risk management strategy.

1.13 CEO & Roles and Responsibilities of CEO

Bank's CEO is Mr. Md. Arfan Ali. The detail information of CEO is given in separate part of director's information under [page no. 29](#)

Roles and Responsibilities of the CEO:

The President and Managing Director is responsible for implementation of Board policies and overall Management of the Bank. He discharges his duties under the delegation of financial, business and administrative authority given to him by the Board.

The main responsibilities and authorities of the Managing Director are as follows:

- The CEO undertakes his own responsibilities when the board vests the financial, business and administrative authorities on him. He remains accountable for achievement of financial and other business targets by means of business plan, efficient implementation and prudent administrative and financial management.
- The CEO ensures compliance of the Bank Company Act, 1991(amended up to 2018) and other relevant laws and regulations in performing routine functions of the bank.
- At the time of presenting any memorandum by the management in the Board Meeting or Board Committee Meeting, the CEO points out if there is any deviation from the Bank Company Act, 1991 (amended up to 2018) and other relevant laws and regulations.

- The CEO remains accountable to report to Bangladesh Bank if any violation of the Bank Company Act, 1991(amended up to 2018) or of other laws/regulations is occurred.
- The recruitment and promotion of all staff of the bank except those in the two tiers below him rest on the CEO. He acts in such cases in accordance with the approved service rules of the Bank.
- The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, rests on him that he applies in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he nominates officers for training etc.

1.14 Role of Company Secretary

The Company Secretary of the Bank provides advice and support to the Board, and is accountable to the Board, through the Chairman, for all matters relating to the proper functioning of the Board and its Committees. The Company Secretary is responsible for advising the Board on governance matters and ensuring compliance with Board and Board Committee Charters and procedures. The Company Secretary is appointed and removed by the Board.

1.15 Role of Chief Financial Officer (CFO)

A chief financial officer (CFO) is the senior executive responsible for managing the financial actions of a company. CFO oversee all the financial operations of the organization, including accounting, financial reporting, tax, business control. CFO manage all aspects of financial matters and decision making. Basically, the Chief Financial Officer directs a company's financial goals, objectives and budgets. He also advises the Board of Directors on the kind of actions to be adopted in upholding the high levels of financial control and reporting. Key responsibility and overall financial health of the Bank is separately disclosed in CFO's statement [page no. 258-263](#).

Corporate Governance

1.16 Role of Head of Internal Audit and Compliance

The Head of Internal Audit and Compliance (HIAC) is responsible for Bank's strategic risk-based internal audit plan and managing the internal audit function in accordance with Bank's internal audit charter. Responsibilities include providing reasonable assurance on the effectiveness of the organization's risk management and the strength of internal controls. The position assesses organization-wide compliance with Bank's internal policies and procedures, laws and regulations, contractual terms and conditions. The Head of Internal Audit reports directly to the Audit Committee of Bank's Board of Directors.

1.17 Attendance of CEO, CFO, CS & HIAC in Board Meeting

The CEO, CS, CFO & HIAC of the Bank attend the meetings of Board of Directors. As Per BSEC that they are not attending the meeting which involve consideration of an agenda item relating to their personal matters. In addition, they are not entitle for any remuneration for attending such meetings of the Board of Directors.

1.18 Governance of Board of Directors of Subsidiary Company

In group concept, Bank Asia limited is parent company with having following three subsidiary companies

- Bank Asia Securities Limited, incorporated in Bangladesh – 99.99% owned
- BA Exchange Company (UK) Limited, incorporated in United Kingdom - 100% owned
- BA Express USA Inc., incorporated in United States of America (USA) - 100% owned

The board of the parent company is aware of the material risks and issues that might affect both the bank as a whole and its subsidiaries. It exercises adequate oversight over subsidiaries while respecting the independent legal and governance responsibilities that might apply to its subsidiary boards.

In order to fulfill its responsibilities, the board of the parent company:

- established a group structure

(including the legal entity and business structure) and a governance framework with clearly defined roles and responsibilities, including those at the parent company level and those at the subsidiary level;

- define an appropriate subsidiary board and management structure to contribute to the effective oversight of businesses and subsidiaries, which takes into account the different risks to which the group, its businesses and its subsidiaries are exposed;
- assess whether the group's corporate governance framework includes adequate policies, processes and controls and addresses risks across the business and legal entity structures;
- ensure the group's corporate governance framework includes appropriate processes and controls to identify and address potential intergroup conflicts of interest, such as those arising from intergroup transactions;
- approve policies and clear strategies for establishing new structures and legal entities, and ensure that they are consistent with the policies and interests of the group
- complied all regulatory requirement regarding monitor and review of subsidiary companies;
- have sufficient resources to monitor compliance of subsidiaries with all applicable legal, regulatory and governance requirements; and
- maintain an effective relationship with regulator and, through the subsidiary board or direct contact, with the regulators of all subsidiaries.

The details information of parent companies Board is given in separate part of this Annual Integrated Report.

Bank Asia Securities Limited

A majority owned (99.99%) subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010

under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2, Dilkusha Commercial Area, Dhaka 1000 which commenced its business on the 17 April 2011. Total paid up capital of BASL is Tk. 2,000.00 million. At the end of December 2019, BASL has following seven (07) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Anisur Rahman Sinha, Director
- Ms. Romana Rouf Chowdhury, Director
- Mr. Md. Arfan Ali, Director
- Mr. Md. Sazzad Hossain, Director
- Prof. M. Shahjahan Mina, Director
- Mr. Mohammad Ibrahim Khalil, FCA, Director
- Mr. Sumon Das, CEO

The Board of Directors of BASL conducted their roles and responsibility in line with the Companies Act 1994, Bangladesh Securities and Exchange Commission rules and regulation, Dhaka Stock Exchange rules and regulation parent Board guideline, and other regulatory act or guidance.

BA Exchange Company (UK) Limited

The company was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited. BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. The paid up capital of the company is £300,000. At the end of the year 2019, the company has following two (02) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Md. Arfan Ali, Director
- Mr. ABM Kamrul Huda Azad, CEO

The Board of Directors of BA Exchange Company (UK) Limited conducted their roles and responsibility in line with all relevant regulatory act or guidance.

Corporate Governance

BA Express USA Inc.

BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014. The paid up capital of the company is USD 960,000. At the end of the year 2019, the company has following three (03) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Rume A Hossain, Director
- Mr. Md. Arfan Ali, Director

The Board of Directors of BA Express USA Inc. conducted their roles and responsibility in line with all relevant regulatory act or guidance.

2. VISION, MISSION AND STRATEGIES OF BANK ASIA:

2.1 Vision/mission statement of Bank Asia Limited

Vision/ mission statements are approved by Board of Directors and are disclosed in Annual Report. The Board of Directors defined Bank's vision, mission, and strategic objectives and strictly adhere to it. Bank Asia strongly believe in the vision and mission and try to accomplish it in every business context as possible. Bank's vision, mission, strategic objective depicted on [page no. 12](#) of this Annual Integrated Report.

2.2 Business Objectives and areas of Business Focus

The Board of Directors of Bank Asia always set business objectives as per market demand. They also set areas for focus in consistent with market. Detail business objectives and areas of business focus depicted on [page no. 12](#) of this Annual Integrated Report.

2.3 Description of strategies to achieve the company's business objectives

Bank Asia always formulate strategies and different action plan in the beginning of the year which are clearly aligned with banks mission, vision and business objectives. Detail strategies to achieve the bank's business objectives depicted on [page no. 102-105](#) of this Annual Integrated Report.

3. AUDIT COMMITTEES:

The Audit Committee supports the Board with oversight of the integrity of the accounting and financial statements and the financial and statutory reporting processes of the Bank.

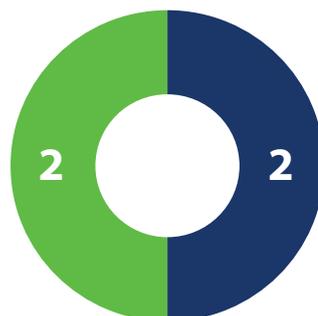
3.1 Appointment and Composition of Audit Committee

The audit committee of the Board of Bank Asia was first constituted in January 2003 with the objectives of generating a platform for a compliant and secured banking. As per the BSEC notification no BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 Audit Committee must consists of at least 3 (three) members with 1(one) Independent Director. All the members of Audit Committee should be selected from Directors and the Chairman must be an Independent Director.

Bank Asia's Audit Committee consists of 4 (four) members. All of them are non-executive directors from whom 2 of them are Independent Directors and the Company Secretary of the bank is the secretary of the Audit Committee. Mr. Dilwar H Choudhury, the Chairman of

Audit Committee Composition

- Non Executive Director
- Non Executive Independent Director



the audit committee is an Independent Director and from Business administration background and all the members are knowledgeable in financial industry and have long experience in banking industry. More information about members of Audit Committee is available in the Director's Profile Page.

3.1.1 Chairman of the Audit Committee – an Independent Director

Mr. Dilwar H Choudhury, the Chairman of the Audit Committee is an Independent Non –Executive Director. He is a renowned banker and former Managing Director of City Bank Limited with having 35 years of banking experience. More information about him is available in the Director's Profile [page no. 27](#).

3.1.2 Terms of Reference – Audit Committee

Audit committee takes up the responsibilities to supervise the management and control of various risk factors coming up from banking operation, to strengthen the internal control system and to act as a connecting force between internal and external auditors in order to bring a disciplined banking operation. Audit committee reviews the financial reporting process, accounting policies & principles, hiring of external auditors, significant related party transaction, the system of internal control and management, the audit process, compliance with laws and regulations, and its own codes of business conduct. The audit committee also examines the status of implementation of Bangladesh Bank guidelines and bank's own policies and manuals.

3.1.2.1 Key responsibilities of Audit Committee – as per Terms of reference

Financial Reporting

- Monitor the financial reporting process and ensure the integrity of the Bank's consolidated financial statements.
- Review the Bank's consolidated financial statements and any announcements relating to the Bank's financial performance prior to submission to the Board.
- Review the significant financial reporting issues and judgment to ensure the integrity of the statements

Corporate Governance

Internal Control

- Review the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, as well as accounting policies and systems
- Approve changes to the Group Disclosure Policy

Internal Audit

- Review the adequacy and effectiveness of the Bank's internal audit function and processes, as well as ensure that Bank Audit is adequately resourced and set up to carry out its functions, including approving its budget.
- Oversee the Internal Audit.
- Review Bank Audit's plans, its effectiveness and the scope and results of audits.
- Approve the hiring, removal, resignation, evaluation and compensation of Head of Internal Audit.

External Audit

- Determine the criteria for selecting, monitoring and assessing the external auditor. Make recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor.
- Review the scope and results of the external audits and the independence and objectivity of the external auditor
- Review the assistance given by management to the external auditor

Related party transactions

- Review all material related party transactions (including interested person transactions) and keep the Board informed of such transactions, and the findings and conclusions from its review.

3.1.3 Audit Committee comprises of Non-Executive Directors

All the members of the Audit Committee are Non – Executive Directors. No executive of Bank Asia is eligible to become a member of Audit Committee.

3.1.4 All members are suitably qualified and expertise in Finance and Accounting

All member of the audit committee are suitably qualified and all of them have expert knowledge of finance and accounting. All members of Audit Committee are very competent and come from a variety of educational backgrounds which brings a diversity and uniqueness in the committee.

3.1.5 Accessibility of Head of Internal Audit to the meeting of the Audit Committee

The Head of Internal Control and Compliance Mr. Aminul Islam Mintu, FCCA, ACA has direct access to the Audit Committee and he can raise any concern whenever required to Audit Committee.

3.1.6 Audit Committee meeting

The Audit Committee conducted 7 (Seven) meetings during the Year 2019. The attendance status of the meeting is given in [page no. 27](#) of the report.

The number of Directors required to constitute a quorum is two. Of them one shall be Independent Director and Company Secretary shall act as the secretary of the committee.

3.2 Objectives and Activities of Audit Committee

Audit Committee of the Board has following objectives:

- the integrity of the financial statements and financial reporting systems and matters relating risks;
- the external audit engagement, including the external auditor's qualifications, performance, independence and fees;
- performance of the internal audit function;

- financial reporting and compliance with prudential regulatory reporting. With reference to the Board Risk & Compliance Committee, this includes an oversight of regulatory and statutory reporting requirements; and
- procedures for the receipt, retention and treatment of financial complaints, including accounting, internal controls or auditing matters, and the confidential reporting by employees of concerns regarding accounting or auditing matters.

3.2.2 Role to ensure making compliance with laws, regulation

The effectiveness of internal controls is continuously reviewed by the Audit Committee to ensure that they are working adequately and effectively. Audit Committee regularly evaluates the adequacy and effectiveness of the Bank's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports prepared by Internal Control and Compliance Division. Audit Committee also reviews ICCD's recommendations and management responses to these recommendations to ensure any lapses/deficiencies identified are being dealt with adequately and promptly.

3.2.3 Audit Committee's involvement in the review of external audit function

The Audit Committee and the Board place great emphasis on the objectivity and independence of the external auditors in providing relevant and transparent reports to the shareholders. In line with this, the Board has delegated the responsibility to assess the suitability, objectivity, and independence of the Bank's appointed external auditors to the Audit Committee. This responsibility is enshrined in the Audit Committees' Terms of Reference, while the procedures and processes for the conduct of such assessment are guided by the Group's Framework on Appointment of External Statutory Auditors for Provision of Statutory Audit and Non-Audit Services. The Audit Committee conducts such assessments on an annual basis. On that note, the external auditors have provided their written assurance to the Bank in

Corporate Governance

respect of their independence for FY 2019. In respect of fees, the details of the statutory audit and audit fees incurred for FY 2019 are set out under [Note 32 on page 330](#) of the Financial Statements Annual Report 2019. To ensure full disclosure of matters, the external auditors are regularly invited to attend the Audit Committee meetings as well as general meetings of Bank.

3.2.4 Selection of appropriate accounting policies

The Board is also assisted by the Audit Committee in overseeing the financial reporting process and the quality of the Bank's financial statements to ensure that the Board dispenses with its fiduciary responsibility to present to the shareholders and the public at large, a clear, balanced and meaningful evaluation of the Bank's financial position, financial performance, and prospects. The Audit Committee is also tasked to review the appropriateness of the accounting policies applied by the Bank as well as the changes in these policies. Based on the Audit Committee's recommendations, the Board also ensures that the Bank's financial statements prepared for each financial year sets out a true and fair view in accordance with Bangladesh Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1994 and Bank Company Act 1991 (amended up to 2018).

3.2.5 Audit Committee involvement in interim financial statements

To comply BSEC Corporate Governance Code dated June 3, 2018 and Bangladesh Bank DFIM Circular No. 13 dated October 26, 2011 Audit Committee review along the management, the quarterly and half yearly financial statements before submission to the Board for approval.

3.2.6 Review of reliability of the management information used for such computation

Audit Committee expressed its satisfaction to the Board on the reliability of management information used for preparation of Financial Statements. Based on the Internal Audit Function and Statutory Auditor observation Audit Committee review the reliability of information used for preparing such computation.

4. INTERNAL CONTROL AND RISK MANAGEMENT:

4.1 Bank Asia's Board responsibility to establish appropriate Internal Controls

To ensure good governance in the bank management it is essential to have specific internal control. A strong internal control system can ensure the achievement of banks' goals and objectives with long term profitability. It also helps to comply with rules and regulation as well as policies and to minimize the financial and reputational losses.

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. Along with Board of Directors internal control is affected by the senior management, audit committee and all level of personnel. Bank Asia follows the Bank Company Act, 1991 (amended up to 2018) Section 15 (kha) & (ga) that gives the responsibility to the Board of Directors for establishing policies for the bank company, for risk management, internal controls and compliance for ensuring their implementation.

4.2 Key features of Internal Control system and monitoring technique

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal controls include:

Organization Structure:

The Board has established an organization structure with clearly defined lines of responsibility, authority limits, and accountability aligned to business and operations requirements which support the maintenance of a strong control environment.

Annual Business Plan and Budget:

An annual business plan and budget are submitted to the Board for approval. Performance achievements are reviewed against the targeted results on a monthly basis allowing timely responses and corrective actions to be taken to mitigate risks. The Board reviews regular reports from the Management on the key operating statistics, as well as legal and regulatory matters. The Board also approves any changes or amendments to the Bank's policies.

Risk Management Committee:

The Board has delegated the risk oversight responsibility to the Risk Management Committee (RMC). The committee is responsible for formulating policies and frameworks to identify, measure, monitor, manage and control the material risk components impacting the businesses. The effectiveness of the risk management system is monitored and evaluated by the Risk Management Committee, on an on-going basis.

Written Control Policies

A written Annual Performance (APA) and Internal Control Policy (ICP) from Management are in place. The APA outlines the specific responsibilities of the various divisions/ departments, the Management, the Internal Audit Committee and the Audit Committee of the Board pertaining to internal control. The ICP is to create awareness among all employees with regard to the internal control components and basic control policy.

Risk Appetite

Risk Appetite refers to the broad types and amounts of risks that a bank is willing to undertake in implementing its business strategy.

4.3 Directors have reviewed the adequacy of the system of internal controls

Based on the internal controls established and maintained by the Bank, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as with CEO and CFO assurance, the Board, with the concurrence of the Audit Committee, is of the opinion that the Bank's internal controls adequate and effective as at 31 December 2019 to address financial, operational, compliance risks and information technology risks which the Bank considers relevant and material to its operations.

Corporate Governance

4.4 Identification of key risk Bank is exposed to both internally and externally

Bank Asia is fully aware of the paramount importance of being proactive and systematic in the management of risks that Bank business faced in daily operations. Accordingly, Bank Asia focused on maximizing risk management capacity to effectively cope with a crisis of any magnitude and manage diverse risks inherent in business activities. Risks associated with credit, market, liquidity and operations are managed through detection, measurement, monitoring, control and reporting in accordance with guidelines.

In 2019, Bank Asia has maintained stable non-performing loan (NPL) ratio and delinquency ratio through a continued balancing of the high risk portfolio, while maintaining a high degree of asset soundness and capital adequacy through portfolio optimization and risk management system upgrades. In addition, efforts were made to institute a front office-centered risk management culture, and also able to made significant improvements in crisis management ability by building an early-warning system designed to detect the first sign of an undue rise of industry risk.

Risk Governance:

Bank Asia has established and operates an advanced control system that comprehensively and systemically manages all possible risks. Board of Directors (BoD) of Bank Asia Limited has set in place the environment and systems to manage risks in accordance with guidelines set for business strategies, and delegates a portion of its risk management authority and responsibilities to the Risk Management Committee.

The Risk Management Committee is the highest decision-making body in terms of risk management. Its main functions are to establish, approve and manage risk policies and master risk management plans, in order to manage risks inherent in the operations level. There are more management level committee like ERM, SRP, PRC & CRMC.

Credit Risk Management:

Credit risk originates from the possibility of losses arising from the total or partial failure of borrowers or counterparties to meet their financial obligations. These risks are inherent in all conventional financial products such as loans and credit card debt as well as derivatives and other trades.

Bank Asia has set in place an in-house credit rating system and an independent risk management organization, as well as an early warning and other monitoring systems, in an all-out efforts to ensure comprehensive management of credit risks. Bank also operate such risk management systems as credit rating and pricing models each differed by type of asset – retail or corporate – to measure the likelihood of counterparty defaults. In addition, by setting credit limits by industry based on industrial credit ratings as well as by country and financial institution, Bank have diversified portfolio, thereby minimizing potential risks resulting from counterparty defaults.

Market Risk Management:

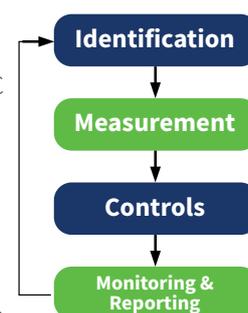
Market risk is the possibility of losses from marketable assets and liabilities under management due to fluctuations in interest rates, stock prices, foreign exchange rates and other market prices. The primary goal of market risk management therefore is to control potential losses in assets and debts arising from fluctuations in interest rates, stock prices and exchange rates within an acceptable range and thus secure both profitability and stability. To preemptively manage market risks, Bank Asia has set limits on exposure, value at risk (VaR), loss and other various market risks by product, division and other detail unit.

Liquidity Risk Management:

Liquidity risk is the risk of insolvency stemming from a shortage of funds due to a disparity between investment and funding periods or an unforeseen massive capital outflow, or the risk of paying opportunity costs arising from having to borrow funds or dispose of assets. Therefore, the key purpose of managing liquidity risks is to detect liquidity volatility factors in a timely manner, systematically manage funding obligations and investment maturities at an adequate liquidity level, and thus ensure a stable flow of revenue. Bank Asia not only sets limits on major liquidity risk management indicators, but also has an early warning system to identify a potential liquidity risk issue arising in the financial market. In addition, potential liquidity issues are constantly monitored through application of various liquidity stress scenarios, statistical analysis and capital amount simulations. Contingency plans are also in place for various types of liquidity crisis.

Operational Risk Management:

Operational risk is the risk of incurring losses resulting from inappropriate operation of human resources, internal processes or systems, or from an external circumstance. In general, operational risk is associated with overall business and marketing activities of a company. In other words, the operational risk of incurring losses not only stems from an internal operational defect or failure but also lies in an unpredictable non-financial risk arising outside the company such as natural disasters or terrorist attack. Bank Asia regularly measures the level of operational risks following changes in the business environment or in the level of internal control, with an aim to maintain and control operational risks at a manageable level at all times.



Corporate Governance

4.5 Strategies adopted by Bank Asia to manage and mitigate the risks

Bank Asia always pursues the industry's highest level of asset soundness. To achieve this, Bank Asia always focus on strengthening crisis management ability in preparation for any spike of uncertainty in global financial markets and economic downside risks. Bank Asia plan to bolster weaknesses in certain sectors, while preemptively responding to the toughening of different regulations and other changes in the business environments at home and abroad. Bank Asia able to manage the growth of loan assets up to a level where stable capital adequacy can be maintained. We also pursue an adequate degree of profitability based on risk tolerance level, and manage exposures by size, industry and product, in order to reduce credit concentration risks and balance our loan portfolio. Asset soundness is managed through continued improvement of credit evaluation systems and loan screening process. In particular, high risk loans are managed through the identification of borrowers at potential risk based on a systematic credit risk assessment employing early-warning systems and regular or irregular auditing of borrowers' credit standing. However, details of the risk management strategies are described in [page no. 116-124](#)

5. ETHICS AND COMPLIANCE:

5.1 Disclosure of statement of Ethics and values

The Code provides a set of guiding principles to help us make the right decisions, ensuring as a Financial Institution Bank Asia uphold its reputation as a compliant Bank. As a member of the banking and finance industry, employees of Bank Asia are also committed to creating greater accountability, transparency and trust with customers and the broader community. With that in mind, the principles within the Code of Bank Asia also reflect the community's expectations, such as those outlined in the Banking and Finance Oath. The Code has the full support of the Board and the Senior Management and all employees of the Bank take compliance with the Code very seriously. The complete Code of Conduct can be read on [page no. 13, 15](#) of this Annual Integrated Report 2019.

5.2 Dissemination of the statement of ethics and code of conduct

Bank Asia, as a custodian of public funds, has a responsibility to safeguard its integrity and credibility. Therefore, Bank Asia sets out clearly the code of ethics and conduct for its employees. The code stipulates the sound principles that will guide all employees in discharging their duties. It sets out the standards of good banking practice. For any new conduct related issues, Human Resources Division time to time circulate it to the employees of Bank Asia Limited.

5.3 Board's commitment to establishing high level of ethics and compliance

Bank Asia's Board of Directors has always been committed to establishing a high level of ethics and compliance among all employees of the Bank. Board of Directors always encouraged management so that every employee maintains a high ethical standards. The Board of Bank Asia also acknowledge its responsibility for ensuring that the bank's business activities are conducted in accordance with the highest standard of ethics and compliance.

5.4 Establishment of Anti-Fraud program and whistle Banking Policy

5.4.1 Whistle- blowing policy

The Bank has in place a whistle-blowing policy which encourages all staff and members to raise genuine concerns or suspicions about possible improprieties in accounting, auditing, financial reporting or any other fraudulent activities. Procedures for handling of feedback/complaints received from customers and independent investigations to be conducted have been established.

5.4.2 Establishment of effective anti-fraud program and controls

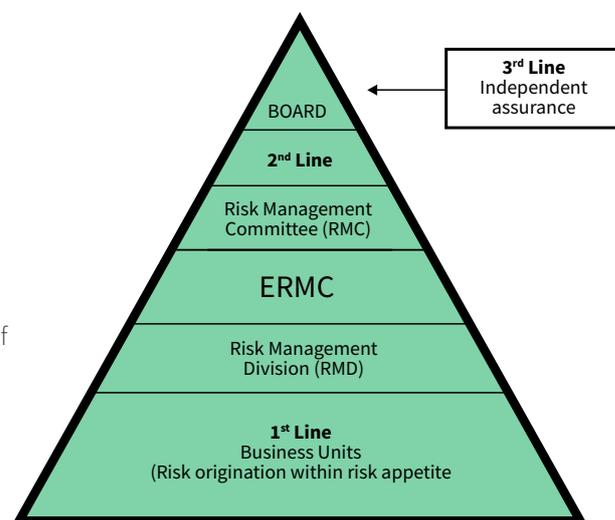
The anti-fraud program help bank to support its commitment to protecting revenue, reputation and other assets. Bank Asia established anti-fraud and anti-corruption program for the employee by conducting different trainings.

5.4.3 Accountability

The Board provides shareholders with quarterly and annual financial results. In presenting these statements, the Board aims to provide shareholders with a balanced and understandable assessment of the Bank's performance and position with a commentary at the date of announcement of the competitive conditions within the industry in which it operates. The Management provides all directors periodically with accounts and detailed reports on the Bank's financial performance and related matters prior to each Board meeting. The directors may at any time seek further information from and discuss with the Management on the Bank's operations and performance. Compliance Department with direct reporting line to the Risk Management Committee is set up to ensure compliance with legislative and regulatory requirements. The Board believes in conducting itself in ways that will deliver maximum sustainable value to all shareholders.

5.4.4 Avoiding conflict of interest

In Financial Institution like Bank, there exists high possibility of arising conflicts of interest between Board of Directors and the



Corporate Governance

management of the company. To avoid such unwanted situation Bank Asia has separated the responsibility/authority of these two interest groups of the bank. To avoid conflict of interest and also to make accountable the bank has already taken the following measures:

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

5.4.5 Related Party Transaction

The Company has in place policies and procedures governing related party transactions. The Board approves all related party transactions and ensures that these transactions with the Company are undertaken on an arm's length basis. The Audit Committee reviewed all material related party transactions and kept the Board informed of such transactions. During the year, the Company had collected deposits from its Directors and their related parties. No preferential treatment had been extended to the Directors and their related parties for these deposits.

5.4.6 Confidential Information

Bank Asia is committed to making information about its operation available to the public. Though there are some price sensitive information are related with the operation of the Bank. Until an announcement in relation to such information is made, directors and all employees of the Bank must ensure that such information is kept strictly confidential.

5.4.7 Insider Trading

Insider trading is the trading of a public company's stock or other securities (such as bonds or stock options) by individuals with access to nonpublic information about the company. The reason insider trading is illegal is because it gives the insider an unfair advantage in the market, puts the interests of the insider above those to whom he or she owes a fiduciary duty, and allows an insider to artificially influence the value of a company's stocks. The Board member shall also not pass such information to someone who buy or sell securities. Accordingly, Bank Asia's Board designed the Code of Conduct for all the members of the Board and abide by the code of integrity and good governance in line with the National Integrity Strategy of Bangladesh.

6. REMUNERATION COMMITTEE

6.1 Charter of Remuneration Committee

As per Bangladesh Bank BRPD Circular no. 11 dated October 27, 2013, every bank have to form three committee in addition to the Board of Directors i.e. 1 (one) executive committee, 1(one) audit committee and 1(one) risk management committee. The mentioned circular also restricted to form any other permanent, temporary or sub- committee except the above mentioned three committees. As such Bank did not form any remuneration committee or other board committee on permanent basis.

6.2 Composition of Remuneration Committee

At Management level Managing Director, Head of Human Resources Division and Chief Financial Officer are charged with governance of compensation and remuneration. Usually they make to proposition to the Board which is then reviewed and validated by special policy committee of the Board. After incorporating their recommendations the compensation / remuneration decisions are approved by the Board. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance-based compensation by ensuring effective remuneration policy; procedures and practices aligned with the Banks' strategy and applied consistency for all employee levels. Meeting regarding overseeing the remuneration related policy by the President and Managing Director, Senior Management, Head of Human Resources Division and Chief Financial Officer was held on need basis.

6.3 Key policies with regard to remuneration of directors, senior management and employees

As per Bangladesh Bank Circular directors are only entitled to the remuneration for attending the meeting of the board and its sub- committee. For attending the Board Meeting, Audit Committee Meeting, Executive Committee Meeting and Risk Management Committee Meeting, the Directors receive an honorarium of Tk.8,000.00 each.

6.4 Number of meeting of Remuneration Committee

For finalization of the salary and increment several meetings of the HR committee were held in 2019.

6.5 Remuneration of directors, chairman, chief executives and senior executives

6.5.1 Chairman and directors

During 2019, the expenditures incurred related to directors were Tk.3,424,000 for Directors' honorarium and Tk.682,266 for Directors' Traveling purpose.

6.5.2 President and Managing Director

Total remuneration to President and Managing Director for the year 2019 is Tk. 16,572,420. and in the year 2018 was Tk. 13,900,000

6.5.3 Remuneration of Senior Executives

Bank Asia set remuneration policy and always update it accordingly. Remuneration for senior executives in market-based and competitive in order to attract, motivate and retain skilled and competent employees.

Corporate Governance

Name	Designation	Gross Earnings
Mr. Mohammad Borhanuddin	DMD	5,436,996
Mr. Md. Sazzad Hossain	DMD	5,068,740
Mr. Mohammad Ziaul Hasan Molla	DMD	4,643,520
Mr. Md. Obaidul Haque	DMD	3,570,000
Mr. Shafiuzzaman	DMD	4,879,920
Mr. S.M. Iqbal Hossain	DMD	4,748,604

7. HUMAN CAPITAL

Bank Asia always believes any expenditure in training, development, health and support is an investment, not just an expense. Being a value driven organization, Bank Asia considers its employees as the most precious capital that play the vital role in materializing the mission, vision, goals and objectives of the bank.

7.1 Human Resource Policy

The Human Resource policy of Bank Asia serves as a baseline with clarity on the philosophy and principles for People Management and Development in Bank Asia. It incorporates key principles and philosophies that support Bank Asia's Mission and Vision. The Human Resource Policy consists of a set of policies and guidelines that governs all aspects of human resource management, from talent acquisition and development, performance and consequence management, code of conduct to cessation of employment. A Disciplinary Policy is also established to provide for a structure where disciplinary matters are dealt with fairly, consistently and in line with the prevailing labor laws and employment regulations.

7.1.1 Human Resource Accounting

Human Resource accounting is the process of recognizing the value of a company's investment to its employees and reporting the investments in the balance sheet which is currently accounted as a simple operational expense in the traditional accounting practices that dealt with only physical asset creation. Unlike this traditional concept, in HR accounting the investments made in human resources are viewed as a capital expenditure because of the benefits that can be enjoyed for a long period of time and measured in monetary terms. HR accounting provides valuable information to the investors who are interested to make long term investment in the company.

Balance Sheet including Human Capital

Million Tk.

	31-Dec-19	31-Dec-18
Total Asset (Conventional)	353,800	307,291
Human Asset (Individuals' value)	20,755	18,955
Value of investments	18	22
Total Asset including Human Asset	374,573	326,269
Capital & liabilities		
Total Liabilities (Conventional)	353,800	307,291
Human Capital	20,773	18,977
Total Capital & Liabilities including Human capital	374,573	326,269

Bank Asia reported the total value of Human Capital to be Tk. 20,773 Million in the year 2019 compared to Tk. 18,977 million in 2018 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings from the year mentioned up to respective retirement.

7.2 Organizational Chart

Bank Asia's organizational chart outlines the internal structure of the Company. It emphasizes on the roles, responsibilities and relationships between individuals within the Company. It is used to illustrate the structure of Bank Asia as a whole as well as the Company segregated by divisions and departments

The organizational chart is shown on [page no. 19](#) of this annual integrated report.

8. COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

8.1 Strategy to facilitate effective communication with shareholder and other stakeholders

Bank Asia always perform different kinds of activities which promote regular, effective and fair communication with shareholders. All press statements and quarterly financial statement are published on Bank's website. The Board also provides shareholders with quarterly and annual financial reports. In presenting these statements, the Board aims to give shareholders a balanced assessment of Bank's performance. The Board also emphasize on timely and full disclosure of material corporate development to shareholders. For investment purpose, a dedicated investor relations team supports the CEO and the CFO in maintaining a close and active dialogue with investors. Bank Asia's website provides contact details for investors to submit their feedback and raise any questions. As a part of our communication strategy, following approaches are regularly reviewed to encourage effective two-way communication with shareholder and utilize new technologies:

- direct communication via mail and email
- the publication of all relevant company information in website

8.2 Policy on ensuring participation of Shareholders in AGM

The Bank strongly encourages and supports shareholder participation at its AGM. The Bank sends out the Notice at least 14 to 21 days before the AGM which provide ample time for shareholders to receive and review the Notice and reply with their attendance. The Bank holds the AGM at a central location with convenient access to public transportation. A registered shareholder who is unable to attend may choose to appoint one proxy to attend and vote on his behalf. As the authentication of shareholder identity information and the integrity of the information transmitted still remain a concern, the Bank has decided, for the time being, not to implement voting in absentia by mail, email or fax. Shareholders are allowed to speak in the AGM freely to give their valuable suggestions.

8.2.1 Uphold Shareholder Right

The Company advocates fair and equitable treatment to all shareholders. All price-sensitive information is timely disclosed publicly. Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders and they are informed of the rules, including voting rights and procedure that governs such general meetings of shareholders. Shareholders are entitled to attend and vote at the AGM by person or proxy.

8.2.2 Redressed of Shareholders Complaints

Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports, and dividend timely and other share related matter is resolved lawfully in time.

9. ENVIRONMENT AND SOCIAL OBLIGATION

9.1 Policies and practices relating to social and environmental responsibility of Bank Asia Limited

Bank Asia is committed to giving back to the society and advocating good environmental practices. Bank Asia carefully planned CSR activities to address the various needs of the community as well as to encourage employees to play an active role.

In response to the worldwide call for global warming reduction, Bank Asia is committed to reduce energy usage and office consumables. Reduction in paper usage is achieved by making reports available in soft copies and encouraging staff to print on both sides of the paper and print documents only when necessary. To reduce power consumption, electrical devices and equipment are switched off when not in use and lights in the buildings appropriately dimmed after office hours. Bank Asia will continue to raise the level of awareness amongst staff and step up on recycling efforts in all aspects of our operations. General description of Bank's policies and practices relating to social and environmental responsibility of Bank Asia Limited are described in [page no. 193-195](#).

9.2 Bank Asia's Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices

Bank Asia as a socially committed organization has taken several initiatives related with social and environmental responsibilities which are described in [page no. 193-195](#).

9.2.1 Sustainability Reporting

Bank Asia is the first Bank in Bangladesh which has the pride to publish GRI Certified Sustainability Report. Since 2012 Bank Asia has been publishing Sustainability report as per GRI standard content index. Sustainability reporting discloses how business impacts are the social, environmental and economic aspect of the surroundings. It also includes the aspect of Corporate Governance with importance.

Corporate Governance

CERTIFICATE AND COMPLIANCE CHECKLIST

Certificate on compliance of Corporate Governance Certificate from professional accountant on compliance of corporate governance is exhibited in [page no. 173](#) of the Annual Integrated Report 2019.

BSEC compliance for Chief Executive Officer and Chief Financial Officer's Statements of Responsibilities

Chief Executive Officers and Chief Financial Officer Statement in line with BSEC notification is given in [page no. 209](#).

Status of compliance in line with Bangladesh Securities and Exchange Commission (BSEC) regulation

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969: (Report under Condition No. 7.00) is exhibited in a separate segment [page no. 231-242](#).

Status of compliance in line with Bangladesh Bank regulation

Status of compliance in line with Bangladesh Bank regulation is given in [page no. 245-255](#).



AML & CFT awareness training program for Board Members.



Receiving Gold Award from ICSB (Institute of Chartered Secretaries of Bangladesh) in 6th ICSB National Award - 2018



Receiving 1st prize in the category of Corporate Governance Disclosures by South Asian Federation of Accountants (SAFA) for Best Presented Annual Report

Corporate Governance

Committee Meeting

Board meeting held in 2019

Statement of Board meetings held and the attendance of Directors from 01.01.2019 to 31.12.2019 :26

SI No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. A Rouf Chowdhury	26	25	1	
2.	Mr. Mohd. Safwan Choudhury	26	20	6	
3.	Mr. Romo Rouf Chowdhury	16	-	16	From 30.04.2019
4.	Mr. Md. Nazrul Huda	26	24	2	
5.	Mr. Rume A Hossain	26	24	2	
6.	Mr. Mashiur Rahman	10	10	0	Upto 30.04.2019
7.	Ms. Hosneara Sinha	26	0	26	
8.	Ms. Naheed Akhter Sinha	26	6	20	
9.	Major General Mohammad Matiur Rahman (retd.)	26	23	3	
10.	Ms. Romana Rouf Chowdhury	26	14	12	
11.	Mr. M Shahjahan Bhuiyan	26	19	7	
12.	Mr. Dilwar H Choudhury	26	22	4	
13.	Ms. Farhana Haq	26	-	26	
14.	Ms. Mahrina Chowdhury	10	-	10	Upto 30.04.2019
15.	Mr. Ashraful Haq Chowdhury	26	23	3	
16.	Mr. Enam Chowdhury	26	22	4	

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

Executive Committee (EC) meeting held in 2019

Statement of Executive Committee (EC) meetings held and the attendance of Directors from 01.01.2019 to 31.12.2019: 42

SI No.	Name	Total EC meeting held	No. of meeting Attended	No. of meeting absent	Remarks
1.	Mr. Rume A Hossain	42	41	1	
2.	Mr. A Rouf Chowdhury	42	37	5	
3.	Mr. Romo Rouf Chowdhury	28	4	24	From 30.04.2019
4.	Mr. M Shahjahan Bhuiyan	42	36	6	
5.	Mr. Md. Nazrul Huda	42	35	7	
6.	Ms. Romana Rouf Chowdhury	42	25	17	
7.	Mr. Enam Chowdhury	35	25	10	From 25.02.2019
8.	Mr. Ashraful Haq Chowdhury	7	7	0	From 25.02.2019 to 30.04.2019

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

Audit Committee (AC) meeting held in 2019

Statement of Audit Committee meetings held and the attendance of Directors from 01.01.2019 to 31.12.2019: 7

SI No.	Name	Total Audit meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Mashiur Rahman	2	2	0	Upto 30.04.2019
2.	Mr. Mohd. Safwan Choudhury	7	6	1	
3.	Mr. Dilwar H Choudhury	7	6	1	
4.	Major General Mohammad Matiur Rahman (retd.)	5	5	0	From 30.04.2019
5.	Mr. Ashraful Haq Chowdhury	5	4	1	From 30.04.2019

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

Corporate Governance

Risk Management Committee meeting held in 2019

Statement of Risk Management Committee meetings held and the attendance of Directors from 01.01.2019 to 31.12.2019: 4

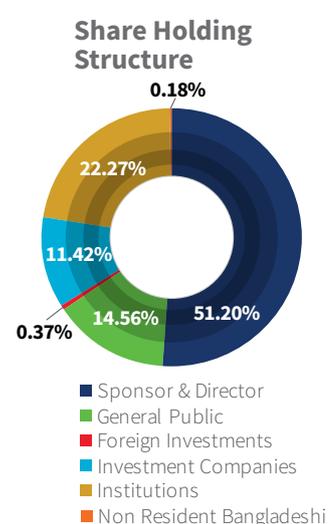
SI No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Md. Nazrul Huda	4	4	0	
2.	Mr. Romo Rouf Chowdhury	3	0	3	From 30.04.2019
3.	Mr. Rume A Hossain	4	4	0	
4.	Mr. M Shahjahan Bhuiyan	4	3	1	
5.	Ms. Romana Rouf Chowdhury	4	2	2	

The Risk Management Committee has granted leave of absence against the absentee directors of the meeting

Shareholding Structure

At the end of the year 2019, the shareholding structure of Bank Asia Limited was as follows:

Category	No. of shareholders As on 31-12-2019	Total No. of shares as on 31-12-2019	% of total holdings as on 31-12-2019
Sponsors & Directors	27	596,898,621	51.20%
General Public	8,581	169,727,589	14.56 %
Foreign Investments	4	4,345,691	0.37%
Investment Companies	84	133,181,344	11.42%
Institutions	201	259,623,630	22.27%
Non Resident Bangladeshi	63	2,129,985	0.18 %
Total	8,960	1,165,906,860	100.00



Classification of shareholders by holding as on 31.12.2019

Holding	No. of shareholders as on 31-12-2019	% of total holdings as on 31-12-2019	Shares
less than 5000	6,836	0.675	7,870,106
5000 to 50000	1,769	2.096	24,443,044
50001 to 100000	118	0.710	8,275,040
100001 to 200000	49	0.576	6,711,636
200001 to 300000	27	0.581	6,777,306
300001 to 400000	12	0.351	4,090,196
400001 to 500000	12	0.471	5,489,440
500001 to 1000000	37	2.342	27,307,510
1000001 to 10000000	70	22.271	259,655,037
over 10000000	30	69.927	815,287,545
TOTAL	8,960	100.000	1,165,906,860

Pattern of Shareholding

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

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

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

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

Sl. No.	Name of The Directors	No. of shares held as on 31-12-2019
1	MR. A. ROUF CHOWDHURY	23,350,148
2	MR. MOHD. SAFWAN CHOUDHURY (REPRESENTING PHULBARI TEA ESTATES LIMITED)	45,666,246
3	MR. ROMO ROUF CHOWDHURY	23,323,746
4	MR. RUMEE A. HOSSAIN AND HIS SPOUSE	45,975,313
5	MS. HOSNEARA SINHA AND HER SPOUSE	61,981,738
6	MS. NAHEED AKHTER SINHA AND HER SPOUSE	63,499,543
7	MS. ROMANA ROUF CHOWDHURY (REPRESENTING MAYA LIMITED)	41,679,196
8	MAJ. GEN. MOHAMMAD MATIUR RAHMAN, NDU. PSC (RETD.) (REPRESENTING SINHA FASHIONS LIMITED)	23,401,435
9	MS. FARHANA HAQ	54,907,244
10	MR. ENAM CHOWDHURY (REPRESENTING AMIRAN GENERATIONS LIMITED)	47,558,630
11	MR. M SHAHJAHAN BHUIYAN (INDEPENDENT DIRECTOR)	NIL
12	MR. MD. NAZRUL HUDA (INDEPENDENT DIRECTOR)	NIL
13	MR. DILWAR H CHOUDHURY (INDEPENDENT DIRECTOR)	NIL
14	MR. ASHRAFUL HAQ CHOWDHURY (INDEPENDENT DIRECTOR)	NIL
Total		431,343,239

Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and their spouse

1	Chief Executive Officer and his Spouse	30,209
2	Company Secretary	NIL
3	Chief Financial Officer	NIL
4	Head of ICCD	10,500

c) Executives

1	MR. MOHAMMAD BORHANUDDIN AND HIS SPOUSE	27,250
2	MR. MD. SAZZAD HOSSAIN	10,500
3	MR. S.M. IQBAL HOSSAIN'S SPOUSE	16,348
4	MR. SHAFIUZZAMAN	NIL
5	MR. SARDER AKHTER HAMED	NIL

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

13 CLIMATE ACTION



Take urgent action to combat climate change and its impacts

"The Earth is what we all have in common."
- Wendell Berry

Bold climate action could trigger at least US\$26 trillion in economic benefits by 2030. The energy sector alone will create around 18 million more jobs by 2030, focused specifically on sustainable energy.



Environmental, Climate Change and disaster risk reduction considerations are integrated into project design, budgetary allocations and implementation process. Over the years, the country has invested heavily in disaster management infrastructures such as flood embankments, flood shelters, cyclone shelters etc. due to which mortality rate has fallen significantly in recent times



Financing green building project worth Tk. 128.86 million

Encourage financing in establishing environmental infrastructure

Publishing Sustainability Report to create awareness among stakeholders

Corporate Governance Compliance Checklist in line with Bangladesh Securities and Exchange Commission (BSEC) Regulation

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969

(Report under Condition No. 9.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1	Board of Directors.			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not to be less than 5 (five) and more than 20 (twenty).	✓		The Board of Bank Asia Limited is comprised of 16 Directors including Managing Director.
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		05 out of 16 directors are appointed as Independent Director
1(2)(b)	For the purpose of this clause "independent director" means a director			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		Does not hold any share of the Company
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:	✓		The Independent Directors have declared their compliances.
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		-
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		-
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		-
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		-
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		-
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	✓		-
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓		-
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1(2)(c)	The independent director(s) shall be appointed by the board and approved by the shareholders in the Annual General Meeting (AGM);	✓		The appointments are duly approved at AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	✓		-
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		-
1(3)	Qualification of Independent Director.			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business.	✓		-
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or bussiness association;	-	-	N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	✓		-
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or bussiness or law;	✓		-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	✓		-
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-	-	N/A
1(3)(c)	The independent director shall have at least 10(ten) years of experiences in any field mentioned in clause (b);	✓		-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	-	-	No such deviation occurred
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		-
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive officer;	✓		-
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓	-	
1(5)	The Directors' Report to Shareholders The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994(Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		-
1(5)(ii)	The Segment-wise or product-wise performance;	✓		-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		-
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			No such event arose
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		-
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments;	✓		-
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc;			No such event arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	✓		-
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		-
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		-
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		-
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		-
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		-
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		-
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		-
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	-	-	The Board of Bank Asia has proposed 10% cash dividend
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		-
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		-
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		-
1(5)(xxiii)(c)	Executives;	✓		-
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details).	✓		No shareholder holding 10% or more Share of the company
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director	✓		-
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas;	✓		-
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		-
1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		-
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	-	-	N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		-
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		-
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		-
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		-
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		-
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			N/A
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including ,among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers and independency.			N/A
2	Governance of Board of Directors of Subsidiary Company,-			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	✓		-
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	✓		-
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓		-
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓		-
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Complied	
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS).-			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		-
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		-
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		-
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		-
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		-
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer(CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		-
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		-
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or in violation of the code of conduct for the company's Board or its member;	✓		-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		-
4.	Board of Director's Committee.-For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee;	✓		-
4(ii)	Nomination and Remuneration Committee.			N/A
5.	Audit Committee.-			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		-
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		-
5(2)	Constitution of the Audit Committee	✓		-
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		-
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	✓		-
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10(ten) years of such experience;	✓		-
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		-
5(2)(e)	The company secretary shall act as the secretary of the Committee.	✓		-
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		-
5(3)	Chairperson of the Audit Committee	✓		-
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	✓		-
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	✓		-
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		-
5(3)	Meeting of the Audit Committee	✓		-
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		-
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		-
5(5)	Role of Audit Committee The Audit Committee shall:-	✓		-
5(5)(a)	Oversee the financial reporting process;	✓		-
5(5)(b)	Monitor choice of accounting policies and principles;			

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	✓		-
5(5)(d)	Oversee hiring and performance of external auditors.	✓		-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		-
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	✓		-
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓		-
5.5(h)	Review the adequacy of internal audit function;	✓		-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		-
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		-
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	✓		-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		-
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering(RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission:	-	-	N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		-
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;	-	-	No such Incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal internal audit and compliance process or in the financial statements;	-	-	No such Incidence arose
5(6)(a)(ii)(c)	suspected infringement of laws,regulatory compliances including securities related laws, rules and regulations;	-	-	No such Incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	No such Incidence arose
5(6)(b)	Reporting to the Authorities			

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	-	No such reportable incidence arose
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		-
6.	Nomination and remuneration Committee(NRC).-	The Bank is waiting for Bangladesh Bank Notification		
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			The Company is waiting for Bangladesh Bank Reply
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All member of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion form such external expert and/or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Complied	
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	Chairperson of the NRC			The Company is waiting for BB Reply
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of chairperson of the NRC , any member from the NRC shall be selected to be present in the annual general meeting (AGM)for answering the shareholder,s queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	Formulating the ceiteria for determining qualifications, positive atteib-utes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;			
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
7. External or Statutory Auditors				
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely :-			
7(1) (i)	Appraisal or valuation services or fairness opinions;	✓		-
7 (1) (ii)	Financial information system design and implementation;	✓		-
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	✓		-
7 (1) (iv)	Broker –dealer services;	✓		-
7 (1) (v)	Actuarial services;	✓		-
7 (1) (vi)	Internal audit services or special audit services;	✓		-
7 (1) (vii)	Any services that the Audit Committee determines;	✓		-
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	✓		-
7 (1) (ix)	Any other service that creates conflict of interest	✓		-
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	✓		-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		-
8. Maintaining a website by the Company.-				
8(1)	The Company shall have an official website linked with the website of the stock exchange.	✓		-
8(2)	The company shall keep the website functional from the date of listing.	✓		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Com-plied	Not Com-plied	
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	✓		-
9. Reporting and Compliance of Corporate Governance.-				
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		Required certification has been obtained from "PODDER & ASSOCIATES" Cost & Management Accountants for the year ended 31st December 2019
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.	✓		Board recommended the Professional for due appointment by the Shareholders in Upcoming AGM
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		-

Compliance Checklist In Line With the Companies Act, 1994

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

Industry outlook and possible future developments in the industry	a	Discussed in the Directors' report
Segment-wise or product-wise performance	b	Discussed in the Directors' report
Risks and concerns	c	Discussed in a disclosure on Risk Based Capital under Pillar-3 of Basel- III, CRO's report and Risk Management Report.
A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	d	Discussed in Chief Financial Officer's report.
Discussion on continuity of any Extra-Ordinary Gain or loss	e	The Bank did not make any extra-ordinary Gain or loss in 2019.
Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	f	Given in notes to the financial statements
Utilization of proceeds from public issues, rights issues and/or through any others instruments	g	In 2019, the bank did not go for any public issues and right issues.
An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	h	The financial results of the bank was not deteriorated after the company went for Rights Offer.
If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	i	No significant variance occurred between quarterly financial performance and annual financial statements.
Remuneration to directors including independent directors	j	Discussed in the Corporate Governance Report
The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its Operations, cash flows and changes in equity	k	Discussed in Chief Executive Officer and Chief Financial Officer's statement of Responsibilities.
Proper books of account of the issuer company have been maintained.	l	Discussed in Chief Executive Officer and Chief Financial Officer's statement of responsibilities.
Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	m	Discussed in notes to the financial statements
International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed	n	Discussed in notes to the financial statements

Corporate Governance

<p>The system of internal control is sound in design and has been effectively implemented and monitored</p>	o	<p>The system of internal control is sound in design and has been effectively implemented and monitored. A detailed discussion is given under internal control and compliance part of Directors report.</p>
<p>There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed</p>	p	<p>There are no significant doubts on the Bank's ability to continue as a going concern.</p>
<p>Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained</p>	q	<p>During the year 2019, the bank generated operating profit of Tk.9,322 million with a growth of 16% compared to last year. Total operating income grew by 14% whereas operating expense grew by 11%. The growth in Investment income was the highest which was 42% followed by commission & exchange gain 12%, other income 11% and Net interest income 6%. It is also worth to mention that our Cost to Income ratio improved to 42% from previous years 42.93% signifying better earnings efficiency compared to operational costing. The EPS of Bank Asia stand at Tk. 1.68 from Tk. 2.04 in last year. ROA of the bank stood at 0.59% and ROE at 8.16%. At the end of the year 2019 the bank was able to restrict CL to 4.61% due to the rigorous monitoring effort. Moreover, the Bank was also able to basket a handsome cash recovery of Tk. 3,935.66 million from classified and written off loan accounts.</p>
<p>Key operating and financial data of at least preceding 5 (five) years shall be summarized</p>	r	<p>Given in separate statement.</p>
<p>If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given</p>	s	<p>The Bank has been declaring dividend every year.</p>
<p>The number of Board meetings held during the year and attendance by each director shall be disclosed</p>	t	<p>Discussed in the Corporate Governance report and notes to the financial statements</p>
<p>The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- a) Parent/Subsidiary/Associated Companies and other related parties (name wise details); b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); c) Executives; d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)</p>	u	<p>Discussed in the Corporate Governance Report and notes to the financial statements</p>
<p>In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- a) a brief resume of the director; b) nature of his/her expertise in specific functional areas; c) names of companies in which the person also holds the directorship and the membership of committees of the board</p>	v	<p>Discussed in notes to the financial statements and Directors' Profile.</p>

Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD)

circular no. 11 dated 27.10.2013)

Sl No.	Particulars	Compliance Status
1	<p>FORMATION OF BOARD OF DIRECTORS</p> <p>The newly amended Section 15 of the Bank Company Act, 1991 (Amended upto 2013) includes provisions for prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 4(four) members from a family as director; etc.</p>	Complied
1.1	<p>Appointment of New directors:</p> <p>Under section 15(4) of the Bank Company Act, 1991 (amended upto 2013), every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/reappointing directors should furnish the following documents along with the application:</p> <p>a) Personal information of the nominated person (Appendix-ka);</p> <p>b) Nominated person's declaration(Appendix-kha);</p> <p>c) 'Declaration for confidentiality' by the nominated person(Appendix-ga);</p> <p>d) In case of Independent director, the approval letter from Security and Exchange commission;</p> <p>e) In case of Independent director, a declaration of the directors concern as Appendix-gha (he will also submit declaration under Appendix-ka, kha & ga);</p> <p>f) CIB report of the nominated person;</p> <p>g) Updated list of the directors.</p>	Complied
1.2	<p>Vacation of office of Director:</p> <p>a) The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated.</p> <p>b) If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution.</p> <p>c) Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company under Section 47 of BCA, 1991.</p>	Complied
1.3	<p>Removal of Directors from office:</p> <p>According to section 108(2) of the Companies Act, 1994, with the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.</p>	N/A

Sl No.	Particulars	Compliance Status
1.4	<p>Appointment of Alternate Director</p> <p>Subject to compliance of section 101 of the Companies Act, 1994, an alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions should be followed:</p> <p>a) Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank.</p> <p>b) The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return.</p> <p>c) Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director.</p> <p>d) As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board.</p> <p>e) While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.</p>	N/A
2.	<p>DEPOSITOR DIRECTOR</p> <p>As the previous provisions regarding appointment of Depositor Directors of the Bank Company Act, 1991 has been amended; appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended upto 2013) bank can consider the tenure of existing depositor director or may appoint them as independent director.</p>	N/A
3.	<p>INFORMATION REGARDING DIRECTORS</p> <p>Banks are advised to take the following steps regarding director information: Every bank should keep an updated list of bank directors,</p> <p>a) Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.</p> <p>b) Banks should display a list of directors in the website and update it on a regular basis.</p>	Complied
4.	<p>RESPONSIBILITIES OF THE BOARD OF DIRECTORS</p>	
4.1	<p>Responsibilities and authorities of the board of directors:</p> <p>(a) Work-planning and strategic Management:</p> <p>i) shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.</p> <p>ii) The board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other senior executives and have it evaluated at times.</p>	Complied

Sl No.	Particulars	Compliance Status
	<p>(b) Credit and risk management</p> <p>i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.</p> <p>ii) The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.</p>	Complied
	<p>(c) Internal control management</p> <p>The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.</p>	Complied
	<p>(d) Human resources management and development</p> <p>i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.</p> <p>ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan.</p> <p>iii) The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.</p>	Complied
	<p>(e) Financial management</p> <p>i) The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.</p> <p>ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.</p> <p>iii) The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.</p>	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
	<p>(f) Appointment of Chief Executive Officer (CEO) In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the board of directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.</p>	Complied
	<p>(g) Other responsibilities of the Board The board should follow and comply with the responsibilities assigned by Bangladesh Bank.</p>	Complied
4.2	<p>Meeting of Board Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.</p>	Complied
4.3	<p>Responsibilities of the chairman of the board of directors</p> <p>a) As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.</p> <p>b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.</p> <p>c) The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.</p>	Complied
5.	<p>FORMATION OF COMMITTEES FROM THE BOARD OF DIRECTORS The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.</p>	Complied
5.1	<p>Executive committee Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.</p>	Complied
	<p>a) Organizational structure:</p> <p>i) Members of the committee will be nominated by the board of directors from themselves;</p> <p>ii) The executive committee will comprise of maximum 07 (seven) members;</p> <p>iii) Members may be appointed for a 03 (three)-year term of office;</p> <p>iv) Chairman of the Board of Directors can be the chairman of executive committee;</p> <p>v) Company secretary of the bank will be the secretary of the executive committee.</p>	Complied

Sl No.	Particulars	Compliance Status
	<p>b) Qualifications of the Members:</p> <ul style="list-style-type: none"> i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; ii) Each member should be capable of making valuable and effective contributions in the functioning of the committee; iii) To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. 	Complied
	<p>c) Roles and Responsibilities of the Executive Committee:</p> <ul style="list-style-type: none"> i) The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations. ii) The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors. iii) All decisions taken in the executive committee should be ratified in the next board meeting. 	Complied
	<p>d) Meetings</p> <ul style="list-style-type: none"> i) The executive committee can sit any time as it may deem fit. ii) The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; iii) To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; iv) All decisions/observations of the committee should be noted in minutes. 	Complied
5.2	<p>Audit Committee</p> <p>The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.</p>	Complied
	<p>a) Organizational structure:</p> <ul style="list-style-type: none"> i) Members of the committee will be nominated by the board of directors from the directors; ii) The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director; iii) Audit committee will comprise with directors who are not executive committee members; iv) Members may be appointed for a 03 (three) year term of office; v) Company secretary of the bank will be the secretary of the audit committee. 	Complied
	<p>b) Qualifications of the Members:</p> <ul style="list-style-type: none"> i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee ; ii) Each member should be capable of making valuable and effective contributions in the functioning of the committee; iii) To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. iv) Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee. 	Complied

Sl No.	Particulars	Compliance Status
c) Roles and Responsibilities of the Audit Committee		
	<p><i>(i) Internal Control:</i></p> <ol style="list-style-type: none"> 1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities; 2. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS); 3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management; 4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management. 	Complied
	<p><i>(ii) Financial Reporting:</i></p> <ol style="list-style-type: none"> 1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank; 2. Discuss with management and the external auditors to review the financial statements before its finalization. 	Complied
	<p><i>(iii) Internal Audit:</i></p> <ol style="list-style-type: none"> 1. Audit committee will monitor whether internal audit working independently from the management. 2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process; 3. Examine the efficiency and effectiveness of internal audit function; 4. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not. 	Complied
	<p><i>(iv) External Audit:</i></p> <ol style="list-style-type: none"> 1. Review the performance of the external auditors and their audit reports; 2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not. 3. Make recommendations to the board regarding the appointment of the external auditors. 	Complied
	<p><i>(v) Compliance with existing laws and Regulations:</i></p> <p>Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.</p>	Complied
	<p><i>(vi) Other Responsibilities:</i></p> <ol style="list-style-type: none"> 1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities; 2. External and internal auditors will submit their related assessment report, if the committee solicit; 3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis. 	Complied

Sl No.	Particulars	Compliance Status
	<p>d) Meetings</p> <ol style="list-style-type: none"> The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; All decisions/observations of the committee should be noted in minutes. 	Complied
5.3	<p>Risk Management Committee</p> <p>To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.</p>	Complied
	<p>a) Organizational Structure</p> <ol style="list-style-type: none"> Members of the committee will be nominated by the board of directors from themselves; The Risk Management Committee will comprise of maximum 05 (five) members; Members may be appointed for a 03 (three) year term of office; Company secretary of the bank will be the secretary of the Risk Management Committee. 	Complied
	<p>b) Qualifications of the Members</p> <ol style="list-style-type: none"> Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; Each member should be capable of making valuable and effective contributions in the functioning of the committee; To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. 	Complied
	<p>c) Roles and Responsibilities of the Risk Management Committee</p>	
	<p><i>i) Risk identification & control policy :</i></p> <p>Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.</p>	Complied
	<p><i>ii) Construction of organizational structure:</i></p> <p>The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.</p>	Complied
	<p><i>iii) Analysis and approval of Risk Management policy:</i></p> <p>Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.</p>	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
	<p>iv) Storage of data & Reporting system: Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.</p>	Complied
	<p>v) Monitoring the implementation of overall Risk Management Policy: Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.</p>	Complied
	<p>vi) Other responsibilities:</p> <ol style="list-style-type: none"> 1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form; 2. Comply instructions issued time to time by the controlling body; 3. Internal & external auditor will submit respective evaluation report whenever required by the committee. 	Complied
	<p>d) Meetings</p> <ol style="list-style-type: none"> 1. The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes. 	Complied
6	<p>TRAINING FOR THE DIRECTORS The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.</p>	Complied
Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 18 dated 27.10.2013)		
A.	Rules and regulations for appointing CEO	
	<p>1. Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,-</p> <ol style="list-style-type: none"> a) He has not been convicted by any Criminal Court of Law; b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority; c) He was not associated with any such company/organization, registration or license of which has been cancelled. 	Complied
	<p>2. Experience and Suitability:</p> <ol style="list-style-type: none"> a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the chief executive of a bank. b) He must at least have a Masters degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person. c) In respect of service, the concerned person should have excellent record of performance. d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company; e) Any director of any bank or financial institution or any person who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive. 	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
3.	<p>Transparency and Financial Integrity: Before appointment as chief executive, satisfaction should be ensured to the effects that:</p> <p>a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession;</p> <p>b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter;</p> <p>c) He is not a tax defaulter;</p> <p>d) He has never been adjudicated an insolvent.</p>	Complied
4.	Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5.	Tenure: The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.	Complied
6.	<p>Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank:-</p> <p>a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.</p> <p>b) Total salary shall be comprised of direct salary covering 'Basic Pay' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal to be submitted to Bangladesh Bank. In the proposal, Basic Pay, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.</p> <p>c) Without improving the bank's major economic indicator like- CAMELS annual salary increment will not be payable.</p> <p>d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive.</p> <p>e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.</p> <p>f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.</p>	Complied
7.	Incentive Bonus: Subject to the payment of incentive bonuses to all stuffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.	Complied
8.	Honorarium for Board Meeting: As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.	Complied
9.	Evaluation Report: While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.	Complied
10.	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act 1991 (Amended upto 2013). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure-ka & Annexure-kha to Bangladesh Bank.	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
11.	Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released and removed from his office without prior approval from Bangladesh Bank.	Complied
B.	<p>Responsibilities and authorities of the CEO</p> <p>The CEO of the bank, whatever name called, shall discharge the responsibilities and affect the authorities as follows:</p> <p>a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.</p> <p>b) The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank.</p> <p>c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.</p> <p>d) The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.</p> <p>e) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board.</p> <p>f) The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.</p>	Complied
Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 19 dated 27.10.2013)		
A	<p>Appointment of Advisor</p> <p>1. Experience and Suitability: For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications:</p> <p>a) Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities;</p> <p>b) Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person;</p> <p>c) Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/Official of any company;</p> <p>d) A person who is working in any bank or financial institution or who has business interest in that bank will not be considered eligible for appointment to the post of advisor;</p> <p>e) Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated an insolvent by the court.</p> <p>2. Responsibilities: The responsibilities or terms of reference of advisor should be specified. The Advisor can advise the Board of Directors or the Chief Executive only on those matters that are specified in the appointment letter. Routine works or general works will not be included in his term of reference. He can't exercise any kind of power or can't participate in the decision making process of financial, administrative, operational or any other activities of the bank.</p>	N/A

Corporate Governance

Sl No.	Particulars	Compliance Status
3.	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The nominated person has to make a declaration as per Annexure-ka. This declaration must be also submitted to Bangladesh Bank.	N/A
4.	Remuneration and other facilities: The post of advisor is not a fixed or substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with terms of reference of the advisor will not be considered as acceptable by Bangladesh Bank.	N/A
5.	Tenure: The tenure of the advisor shall be maximum 1(one) year, which is renewable. An evaluation report (by the chairman that is approved by the board of directors) of previous tenure should be submitted to Bangladesh Bank along with the re-appointment proposal.	N/A
6.	Appointment of Ex-officials: For good governance any former director, chief executive or any official will not be eligible to become an advisor in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as advisor.	N/A
B	Appointment of Consultant	
1.	Terms of Reference: Consultant can be appointed for specialized tasks like tax, law & legal procedures, engineering & technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.	Complied
2.	Responsibilities: The responsibilities or term of reference of consultant should be specified. He/she shouldn't be involved beyond his/her terms of references and he/she cannot exercise any kind of power in bank operation or cannot participate in the decision making process.	Complied
3.	Appointment: Consultant can be appointed with the approval of Board of Directors. After such appointment the bank shall send the consultant's complete resume, terms of reference and details of remuneration to Bangladesh Bank immediately.	Complied
4.	Tenure: The tenure of consultant should be consistent with the terms of reference, but would not exceed 2 (two) years. Generally, consultant's appointment will not be renewable, but to complete unfinished tasks, the contract can be extended up to maximum 1 year with the approval of Bangladesh Bank. An evaluation report (by the chairman that is approved by the board of directors) of previous period should be submitted to Bangladesh Bank.	Complied
5.	Remuneration/honorarium: The consultant's remuneration should be in the form of monthly or single lump-sum payment, he is not entitled to any other facilities.	Complied
6.	Appointment of Ex-officials: For ensuring good governance any former director, chief executive or any official will not be eligible to become a consultant in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as consultant.	Complied

Bank Asia Shariah Supervisory Committee

We, at Bank Asia Limited, always consider the Shariah compliance as the most significant and strategic priority in Islamic Banking. Our products & services are designed in conformity with the principles of Islamic Shariah. We have constituted “Bank Asia Shariah Supervisory Committee” consisting of qualified Faqihs (experts on Islamic jurisprudence), Islamic Scholars and professionals to ensure Shariah compliance in each and every aspect of our Islamic Banking operations.

Bank Asia Shariah Supervisory Committee consists of the following members:

Name	Position in the Committee
M. Azizul Huq	Chairman
Mufti Abdul Mannan	Member
Mohammad Mofazzal Hussain Khan	Member
Dr. Md. Gazi Zahirul Islam	Member
Dr. Muhammad Ismail Hussain	Member
Shah Mohammad Wali Ullah	Member Secretary
Rumee A Hossain	Member [From the Board]
Md. Arfan Ali	Member [Ex-Officio] (President & Managing Director)
Md. Obaidul Haque	Member [Ex-Officio] (Head of Islamic Banking)



Bank Asia Shariah Supervisory Committee meeting

Report of Bank Asia Shariah Supervisory Committee (BASSC)

For the year 2019

Throughout the year, Bank Asia Shariah Supervisory Committee (BASSC) met in 6 (six) meetings and reviewed and evaluated different issues of Islamic Banking operations of the Bank. The Committee also extended its direction, opinion & verdict on Shariah compliance issues. It is worth mentioning here that to ensure compliance to Shariah rules the role of the BASSC is to provide with necessary guidance & opinion independently on an ongoing basis. On the other hand, the responsibility of the Bank's Board and Management, is to ensure that their business operations under Islamic Banking have adhered to and run in accordance with guidance of the BASSC.

To reach and deliver maximum possible level of Shariah compliance, the BASSC approved the following steps taken in the year 2019:

1. Conducted Shariah audit & inspection in all Islamic Banking Windows several times.
2. Conducted Shariah audit in Islamic operations of 07 (seven) Branches.
3. Continued the practice of obtaining 'Shariah Clearance' from Shariah Unit of Corporate Office before disbursing every deal of Bai Murabaha Muajjal investment, with a view to confirming real buying & selling. This practice was appreciated by the Committee as such pre-disbursement culture is the 1st of its kind in the Islamic Banking history of Bangladesh. The Committee also termed this practice as exemplary for other Islamic Banking operators.
4. Organized 7 (seven) trainings and workshops to enrich knowledge base & skill level of the Islamic Banking officials on Shariah compliance.
5. Continued visiting of conventional branches of the Bank to provide basic ideas about Islamic Banking principles, products & services to the Bank's manpower under the Islamic Banking Knowledge Sharing Program

during this year.

6. Arranged 9 (nine) special training programs for the Agent Owners, Customer Services officials and AROs to introduce the operations of Islamic Banking. 1801 Agent banking outlets of the Bank came under Islamic banking services.
7. Some Shariah policies have been adopted related to Investment operations.

After reviewing and evaluating the Shariah Inspection Reports, Balance Sheet and Profit & Loss statement (Unaudited) of Islamic Banking of the Bank for the year 2019, the Committee, has expressed the following opinion:

1. Profit has been distributed to Mudaraba Depositors on the basis of pre-declared Income Sharing Ratio (ISR) in accordance with Shariah.
2. Compensation amount has been kept separate and not included in Bank's income.
3. Transactions with conventional part of the Bank have been made compliant with Shariah principle and recorded separately.
4. According to Shariah inspection reports, in investment operations, no violation of basic principles of Shariah has been identified. No doubtful transaction detected in the light of Islamic Shariah.
5. As per direction of Chapter 8 of 'Guidelines on Internal Control & Compliance in Banks' issued by Bangladesh Bank titled 'Shariah Audit', operations of all of 5 Islamic Banking Windows of Bank Asia rated as 'low' in Shariah non-compliance risk in 2019; i.e. highly Shariah complied, the committee expressed full satisfaction in this regard.

Alhamdulillah! The committee opined that the commitment & endeavours of the officials of Islamic Banking team of Bank

Asia, to maintain Shariah compliance is appreciable. However, the Management has been advised to take necessary steps to enhance professional excellence of the manpower through suitable & continuous training program and to take effective measures for creating awareness among the clients on Shariah compliance in banking practices.

May Allah give us tawfeeq in attaining His satisfaction through implementation of Shariah in every sphere of our life. Ameen.



M. Azizul Huq
Chairman
Bank Asia Shariah Supervisory Committee (BASSC)

Chief Financial Officer's Report



Proactive leadership, foresightedness in business planning, vibrant customer service, effective capital management, efficient risk management, adoption of fast moving technology in financial service delivery, re-engineering of internal process, formulation of rules, guidelines and supportive arrangements are the key elements to strengthen our balance sheet and take our bank to new heights.

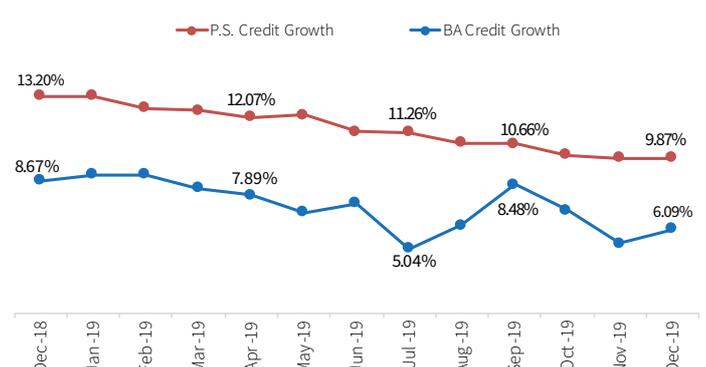
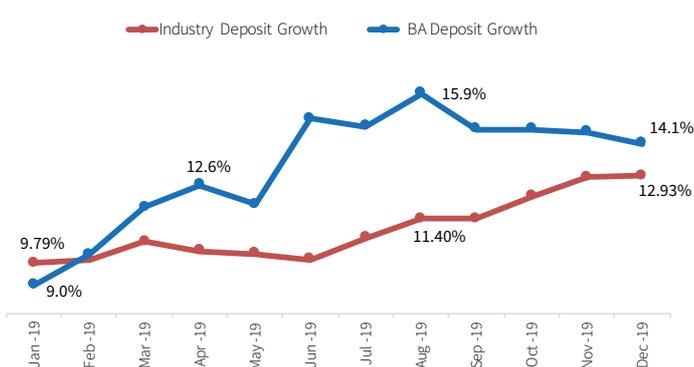
The overall growth of the banking industry of Bangladesh among all other service sector has been prominent in the last couple of years with advanced transformation in payment system & service delivery, application of international standards, technology driven products and services, financial inclusion initiatives, capacity development efforts and improved regulatory and supervisory environment. Oppositely, like previous years, the industry is still exposed to growing amount of non-performing loans, sluggish growth in private sector loan, financial crimes, lack of compliance etc. On top of that, maintaining existing level of profitability in a fixed interest rate regime in the upcoming months and recent halt of countrywide business activities due to spreading of life threatening Corona Virus posing serious threat to do business. Under the above scenario, efficient leadership, maintaining effective cost strategy in doing business and operation, comprehensive governance framework and technological adaptations are tools for tomorrow's banks to survive.

OVERVIEW OF THE FINANCIAL RESULTS FOR THE YEAR 2019

Despite all the challenges, Bank Asia during the year 2019 continued its relentless effort in making sound growth in different business parameters which are delineated below:

BALANCED DEPOSIT & ADVANCE GROWTH

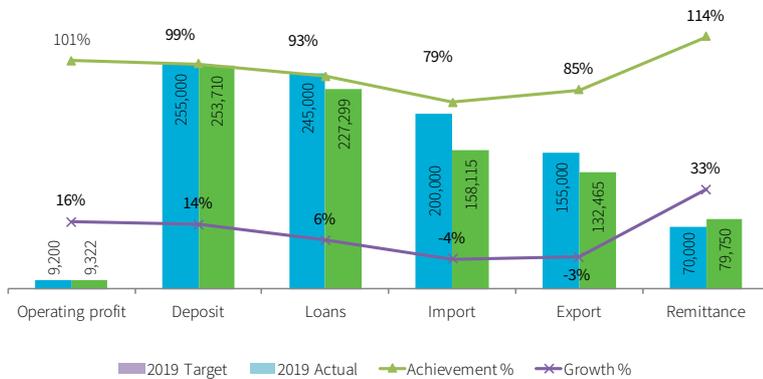
Bank Asia did moderately good job in overall fund management during the year 2019 and mobilized deposits throughout the year keeping in mind the average loan growth because lower loan growth compared to higher deposit growth will result decline in profitability. Throughout the year 2019 Bank Asia was able to surpass the industry deposit growth rate and closed the year having 14.1% growth compared to industry growth of 12.93%. But since the credit growth of Bank Asia round the year was lower than industry and closed at 6.09% growth compared to industry growth of 9.87%, the bank reduced interest rate on deposits in the later months of the year, thus let go some high cost deposits, saved cost and continued profitability.



Chief Financial Officer's Report

Budget Achievement

(Mln Tk.)



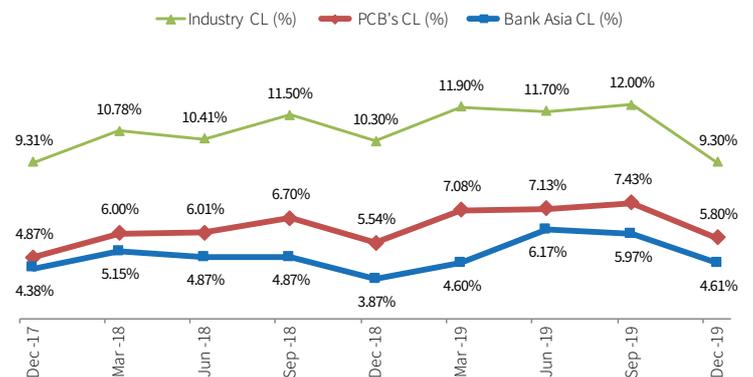
BUSINESS BUDGET ACHIEVEMENT

During the year 2019 banks business target achievement and growth in deposit and remittance was remarkable compared to loan, import and export. The bank was pretty cautious and conservative in selecting quality funded and non-funded clients and focused more in impaired asset cleaning from the book which resulted lower target achievement. Despite lower growth in funded and non-funded business the bank was able to exceed the yearly profit target by its efficient fund management strategy, optimized revenue from treasury investment, conservative approach in selecting quality asset customers, restricted new loans from becoming further classified and maintained efficiency in operating expenditure.

CONTAINMENT OF NPL

While classified loan issue put some banks in an uncomfortable situation, Bank Asia managed to keep its classified loan ratio to a tolerable level round the year and closed at 4.61% which was much lower than the industry average of 9.30% and PCB average of 5.80%.

The first and foremost reason was classified loan management where Bank Asia focused on to provide loans in a selective way and keep the existing classified loans in a tolerable state.



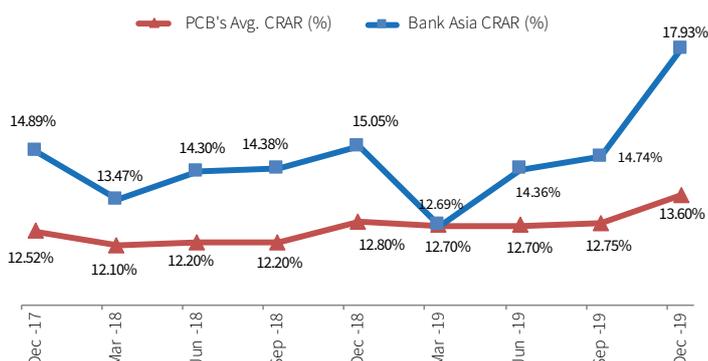
STRONG CAPITAL MANAGEMENT

Capital is the life blood of any business and risk management is closely interconnected in a company's strategy to protect capital erosion. Since capital management is intrinsically linked to risk and a bank's risk appetite influences its strategic choices, capital management is the way that risk management finds expression in bank strategy at the highest level. In order to make the banking sector more resilient the Basel Committee on Banking Supervision (BCBS) released a global regulatory framework on Basel-III capital accord in December 2010 by refurbishing the global capital and liquidity rules.

2016	2017	2018	2019	2020
10.625%	11.25%	11.875%	12.50%	12.50%

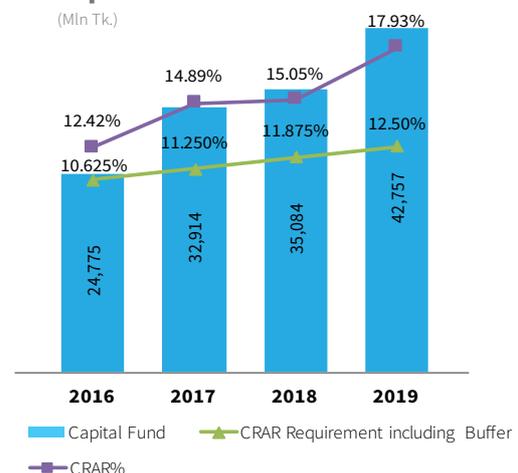
It is to be mentioned that the Basel III capital accord implementation began since January 2015 and will see completion by January 2020 as per the Bangladesh bank roadmap. The accord will be fully implemented by January 2020, where the minimum total capital plus Capital Conservation Buffer will be 12.50% against existing 10% depicted as follows:

Pictures show that throughout the period Bank Asia has always been very proactive in managing its capital efficiently compared to its peers and maintained the ratio well above the requirement including buffer.



Capital Fund Trend

(Mln Tk.)



Chief Financial Officer's Report

CAPITAL PLANNING (BANKING OPERATION) 2020-2022

Apart from raising core capital and supplementary capital, Bank Asia places equivalent emphasis on Capital Saving or Reduction of Capital Requirement in the form of credit rating of appropriate Corporate and SME clients (detailed out in risk management report section), optimizing worthy collaterals and diversifying the business portfolio to ensure minimal risk with the maximum gain in return. Keeping this in mind, Bank Asia always formulates its capital and business strategies based upon a 3 year capital planning.

Capital Plan (Banking Operation) 2020-2022

Million Taka

Particulars	Actual		Planning		
	2018	2019	2020	2021	2022
Common Equity Tier 1 (CET1) Capital					
Common Equity Tier 1 (CET1) Capital					
Paid-up capital	11,104	11,659	12,534	13,161	14,477
Statutory Reserve	8,268	9,053	10,883	13,060	14,366
General Reserve	8	8	8	8	8
Retained earnings	1,840	1,960	3,437	3,695	3,954
Less: Regulatory adjustments	(55)	(43)	(55)	(57)	(60)
Total CET1	21,165	22,636	26,807	29,867	32,745
Tier 2 Capital					
General Provision	6,249	8,321	8,099	8,342	8,634
Revaluation Reserve	268	-	-	-	-
Subordinated 6 year Zero Coupon Bond	-	-	-	-	-
Subordinated 7 year Floating Rate Bond2	2,400	1,800	1,200	600	-
Subordinated 7 year Floating Rate Second Bond3	5,000	5,000	4,000	3,000	2,000
Subordinated 7 year Floating Rate Second Bond4	-	5,000	5,000	5,000	4,000
Subordinated 7 year Floating Rate Second Bond5	-	-	-	5,000	5,000
Total Tier 2 Capital	13,917	20,121	18,299	21,942	19,634
Total Capital (Tier 1 + 2)	35,082	42,757	45,106	51,809	52,379
Risk Weighted Assets (RWA)	233,085	238,427	291,500	332,310	375,510
Minimum Capital Requirement+ Conservation Buffer	11.88%	12.50%	12.50%	12.50%	12.50%
Capital to Risk Weighted Assets Ratio (CRAR)	15.05%	17.93%	15.47%	15.59%	13.95%

Regulatory Adjustments

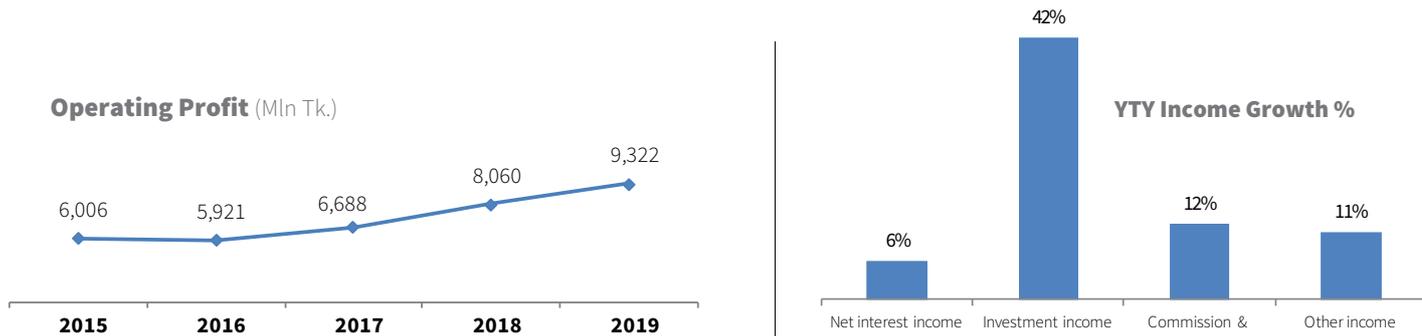
* Reciprocal crossholdings in the CET1 Capital of Bank Asia by other banks and financial institutions have been deducted.

** 100% of revaluation reserve for fixed assets, securities and equity securities will be adjusted from regulatory capital by 2019. So long 50% of such revaluation reserve was eligible for Tier 2 capital.

Chief Financial Officer's Report

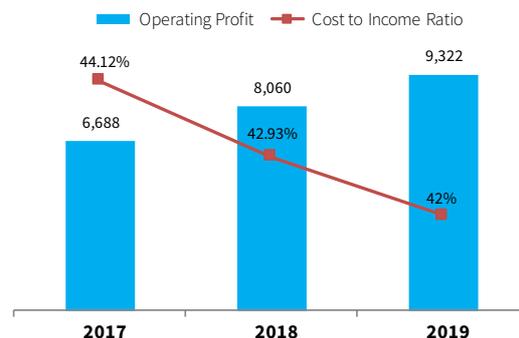
Stable Operating Profit Growth

Operating profit reached at TK. 9,322 million, increased by 16% compared to last year. Total operating income grew by 14% whereas operating expense grew by 11%. The growth in Investment income was the highest which was 42% followed by commission & exchange gain 12%, other income 11% and Net interest income 6%. The most important part of Bank Asia performance in 2019 was that the bank generated quality profit through its efficient fund management strategy from its overall balance sheet compared to its peers in the industry.



Cost Vs. Profitability

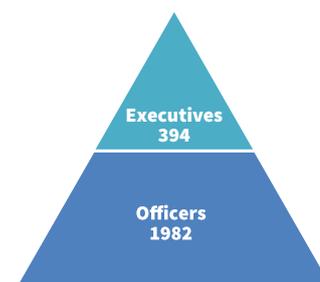
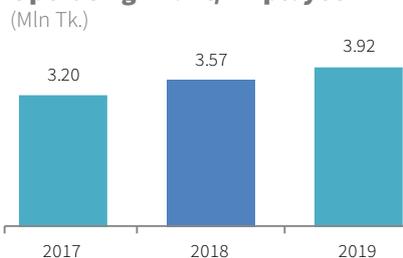
Cost to income ratio is one of the major parameters to evaluate a company's efficiency as it shows the level of costs incurred to generate per unit of revenue. Bank Asia has been quite successful for driving down its cost to income ratio for the last couple of years. In 2019, Bank Asia managed to drive down the ratio to 42% which is much better in shape to PCB average of 51%.



Employee Productivity

Another way to judge operational efficiency is to see operating profit/employee as it denotes the amount of profit generated by an employee. The consistent growth in year to year profit/employee indicates management efficiency in generating quality profit through effective utilization of the lower portion of the pyramid of employees.

Operating Profit/Employee



Dividend

Dividend, either in the form of cash or stock is viewed as one of the simplest yet powerful message regarding a company's historical performance and future prospect to its shareholders. A company's willingness to pay steady dividends over time and ability to increase them provide good clues about its fundamentals. However, companies that do not regularly pay higher dividends are not necessarily without profits. If a company thinks that its own desired strengthening of balance sheet or business expansion opportunities are better than giving away higher dividends, it may choose to retain some earnings, handle contingencies, reinvest into the business and create prospect for better dividend in the years to come.

Bank Asia issued stock dividend in the earlier years of its operation to strengthen its core capital



Chief Financial Officer's Report

and since 2014 a mix of stock and cash dividend are distributed. For 2019 the Board of Directors has proposed 10% cash dividend amounting to Tk.1,166 Million.

The following table shows dividend pay-out from 2014 to 2019:

	2014	2015	2016	2017	2018	2019 (Proposed)
Dividend %	15% (10% S+5% C)	20% (5% S+15% C)	12%S	12.50%S	10% (5%S+5%C)	10% cash
Million Taka	1,144	1,679	1,058	1,234	1,110	1,166

Prospect of Agent Banking

Agent banking has made it possible to reach those people who were once unbanked. A huge number of people were brought under banking service through agent banking where the total number of customers is more than 2 million. Tk. 14,303 million deposits have been collected through 3,525 outlets in 64 districts of Bangladesh. 82% of the account opened from rural area where 60% of the account holders are women. But still more than 60% of the adult people of Bangladesh do not have any bank account which is lower than south Asian average. Therefore, Bank Asia wants to delve deeper.

In year 2020, Bank Asia is planning to involve itself with many activities for expanding banking facilities across the country such as post office agent banking, Union Digital Center (UDC) and City Digital center (CDC). It is expected that within 2020, Bank Asia will be able to reach every union across the country. For receiving foreign remittance, agent banking made it easy and convenient to the people of remote area. Inward remittance of Tk. Tk. 35,569 million was channeled through agent banking across the country. Along with that, TK. 920 million loans were disbursed to different organizations and entrepreneurs to increase their capacity.

Approach in single digit interest rate regime

Undoubtedly, loan disbursement at single digit will affect the net interest margin of banking business to a great extent but optimistically it may benefit the economy as a whole in the long run such as industrialization may get a boost and manufacturing sector might start flourishing. Moreover, expectantly willful defaulters and the percentage of classified loans may be decreased since borrowers will enjoy higher loan benefit at lower interest rate which may lead them to repay timely and run the business comfortably. Thus, industry credit growth is expected to increase, classified loans to decrease and eventually contribute to the GDP growth. On the other hand, a bank must reduce the deposit costing in order to match with the downward pressure of loans pricing to meet fixed costs and maintain profitability. By doing so, a bank always runs the risk of losing deposits in a competitive market.

Under the above mentioned economic scenario, Bank Asia, a leading 3rd generation bank taking into account its brand image in the market, took bold steps by reducing the deposit rate from the beginning of year 2020 to take mileage in costs savings. Moreover, the bank is planning to increase its deposit base through strengthening agent banking, post office banking and Sub-branches activities. Moreover, corporate liability department is being reinforced to bucket more corporate deposits. Besides, quick booking of quality funded and non-funded customer from the market, strengthening recovery drive from classified clients and written-off loans, optimizing human resource allocation in branches and corporate office are always major strategies.

Significance of Human Resource Accounting (HRA)

Banking sector is a major part of service industry and human resource is one of the major capitals here. Human resource propels to take the bank to its desired target. Despite the paramount importance of human resource, it is not recorded in the traditional accounting system as an asset even though all the associated cost with this capital is counted as operational expense. Human resource accounting bears huge significance for the shareholders in making long term investment decisions as it delineates how much values employees will generate for the company in future with a given cost at present. It helps in understanding and assessing the inner strength of an organization and helps the management to steer the company well through most adverse and unfavorable circumstances. Along with that, investors get to know whether an organization is labor intensive or not and provides basis for planning physical assets vs. human resources.

Bank Asia reported the total value of Human Capital to be Tk. 20,755 million in the year 2019 compared to Tk. 18,955 million in 2018 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings from the year mentioned up to respective retirement. The detailed discussion on Bank's HR Accounting has been presented at **Page no 224** of this annual report.

Chief Financial Officer's Report

Category wise Break down is presented in the table below

Million Taka

Category	2019			2018		
	No. of Employees	Per Capita Value	Total Value	No. of Employees	Per Capita Value	Total Value
Executives	394	17.73	6,987	379	17.04	6,459
Officer	1,982	6.95	13,768	1,877	6.66	12,496
Total	2,376		20,755	2,256		18,955

Brief Economic, Environmental and Social Performance

Economic responsibility	Number of loan accounts	+5%
	Deposit customer accounts	+68%
	Savings customer accounts	+86%
Shareholders responsibility	Profit after Tax	1,961 million BDT
	Shareholders' fund	24,745 million BDT
	Share Price	18.20 BDT
Environmental responsibility	Electricity consumed	11,692,557 kwh
	Oil	73,392 ltrs
	CNG	118,761 m3
	Local business travel	9,347,684 Km
Social responsibility	Paper used	126,208 reams
	Staff strength	5%
	Benefits and emoluments	13%

Transparency and reliability are the spirit of Group Finance of Bank Asia through which we try to assist in shaping the Business Strategy of the Management and the Board. We are confident that focusing on our customers' and stakeholder's needs, delivering quality services and having great people around us will help us grow in a sustainable way.



Mohammad Ibrahim Khalil, FCA
Chief Financial Officer

FINANCIAL STATEMENTS





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

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Bank Asia Limited and its subsidiaries (the "Group"), as well as the separate financial statements of Bank Asia Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2019, and the consolidated and separate profit and loss accounts, consolidated and separate changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and separate financial statement of the Bank give true and fair view of the consolidated balance sheet of the group and the separate balance sheet of the Bank as at 31 December 2019, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 02-03.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Investment	
Refer note no 3.1.2,3,4 and 5 and 7, 7(a) to the consolidated financial statements	
The classification and measurement in quoted and unquoted securities require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of quoted and unquoted securities is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.	We assessed the processes and controls put in place by the Group to identify and confirm the existence of financial instruments. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the financial instrument valuation processes, including controls over market data inputs into valuation models, applicable governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
Measurement of provision for loans and advances	
Refer note no 3.1.6, and 8, 8(a) 13, 13(a) to the consolidated financial statements	
The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation. At year end the Group reported total gross loans and advances of BDT. 230,095,211,871 (2018: BDT. 217,552,931,835) and provision for loans and advances of BDT 12,833,611,089 (2018:9,502,495,960) including provision maintained by BASL BDT. 554,494,169 (2018: BDT. 518,494,169).	We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none"> ● Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; ● Reviewed identification of loss events, including early warning and default warning indicators; ● Reviewed quarterly Classification of Loans (CL);

Key audit matter	How our audit addressed the key audit matter
<p>We have focused on the following significant judgements and estimates which could give rise to material misstatement in the financial statements or management bias:</p> <p>Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no. 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 8 dated 07 August 2007, 10 dated 18 September 2007, 14 dated 23 September 2012, 19 dated 27 December 2012, 5 dated 29 May 2013, 16 dated 18 November 2014, 8 dated 02 August 2015, 12 dated 20 August 2017, 15 dated 27 September 2017, 01 dated 03 January 2018, 01 dated 20 February 2018, 01 dated 03 January 2019, 01 dated 06 February 2019, 03 dated 21 April 2019, 05 dated 16 May 2019.</p> <p>For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows.</p> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> ● Reviewed the adequacy of the companies general and specific provisions; ● Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; ● Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
Legal and regulatory matters	
<p>We focused on this area because the Bank and its subsidiaries (the “Group”) operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group’s best estimate for existing legal matters that have a probable and estimable impact on the Group’s financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group’s key controls over the legal provision and contingency processes.</p> <p>We enquired into those charged with governance to obtain their views on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Group’s internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Group’s provisions and contingent liabilities disclosure.</p>
IT Assets Management	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included master data management, user access management, developer access to the production environment and changes to the IT environment. Among others, these are key to ensuring operating effectiveness of IT dependent application based controls.</p>	<p>We tested the design and operating effectiveness of the Group’s IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Group’s periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors’ report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or

our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 02-03, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (As amended 2018) and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare

circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 (as Amended 2018) and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities {other than matters disclosed in these financial statements};
- (iii) The financial statements of the Bank's subsidiaries named Bank Asia Securities Limited audited by us, but other two overseas subsidiaries BA Exchange Company (UK) Limited and BA Express USA Inc. was not audited by us. The financial statements of BA Exchange Company (UK) Limited for the year ended 31 December 2019 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 2019 have been audited by Arman Chowdhury, CPA P.C. USA and expressed an unmodified opinion. These accounts have been properly reflected in the consolidated financial statements.
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 26,500 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
22 March 2020



Md. Mominul Karim, FCA
Partner
ACNABIN, Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2019

Amount in Taka

	Notes	31 Dec 2019	31 Dec 2018
PROPERTY AND ASSETS			
Cash		23,986,604,446	15,555,719,854
In hand (including foreign currencies)	4.1(a)	3,242,877,542	2,683,207,852
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	20,743,726,904	12,872,512,002
Balance with other banks and financial institutions	5(a)	23,634,997,570	26,243,135,322
In Bangladesh		19,875,113,514	23,753,126,357
Outside Bangladesh		3,759,884,056	2,490,008,965
Money at call and on short notice	6(a)	4,600,000,000	100,000,000
Investments	7(a)	55,526,971,926	36,544,202,442
Government		52,197,323,349	33,133,291,838
Others		3,329,648,577	3,410,910,604
Loans and advances/investments	8(a)	230,095,211,871	217,552,931,835
Loans, cash credits, overdrafts, etc/investments		210,835,675,997	196,655,897,163
Bills purchased and discounted		19,259,535,874	20,897,034,672
Fixed assets including premises, furniture and fixtures	9(a)	7,065,893,231	5,445,867,834
Other assets	10(a)	10,810,548,234	7,786,013,371
Non - banking assets		-	-
Total assets		355,720,227,278	309,227,870,658
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	34,382,128,495	31,379,916,599
Subordinated non-convertible bonds	11(aa)	11,800,000,000	7,400,000,000
Deposits and other accounts	12(a)	254,077,526,668	222,734,891,777
Current/Al-wadeeah current accounts and other accounts		47,821,635,983	47,487,805,711
Bills payable		3,742,697,471	4,124,678,804
Savings bank/Mudaraba savings bank deposits		48,293,710,027	39,558,517,712
Fixed deposits/Mudaraba fixed deposits		154,219,483,187	131,563,889,550
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	30,873,993,667	24,523,223,592
Total liabilities		331,133,648,830	286,038,031,968
Capital/shareholders' equity			
Total shareholders' equity		24,586,578,448	23,189,838,689
Paid-up capital	14.2	11,659,068,600	11,103,874,860
Statutory reserve	15	9,052,555,407	8,268,393,179
Revaluation reserve	16(a)	2,065,683,636	2,120,032,204
General reserve		8,166,144	8,166,144
Retained earnings	17(a)	1,800,257,979	1,686,898,121
Foreign currency translation reserve		836,486	2,462,381
Non-controlling interest	17(b)	10,196	11,799
Total liabilities and shareholders' equity		355,720,227,278	309,227,870,658

Consolidated Balance Sheet

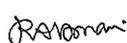
Amount in Taka

	Notes	31 Dec 2019	31 Dec 2018
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	118,576,860,518	136,225,517,128
Acceptances and endorsements		39,192,489,873	48,569,391,593
Letters of guarantee		36,999,351,447	41,312,967,803
Irrevocable letters of credit		26,468,819,479	30,327,687,774
Bills for collection		15,916,199,719	16,015,469,958
Other contingent liabilities		-	-
Other commitments		2,040,416,443	1,233,739,359
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		2,040,416,443	1,233,739,359
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		120,617,276,961	137,459,256,487

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
22 March 2020



Md. Mominul Karim, FCA
Partner
ACNABIN, Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Profit and Loss Account

for the year ended 31 December 2019

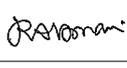
Amount in Taka

	Notes	31 Dec 2019	31 Dec 2018
OPERATING INCOME			
Interest income	20(a)	22,974,067,272	21,010,148,200
Interest paid on deposits and borrowings, etc	21(a)	14,464,586,306	13,011,217,964
Net interest income		8,509,480,966	7,998,930,236
Investment income	22(a)	3,293,064,994	2,311,462,131
Commission, exchange and brokerage	23(a)	3,495,510,223	3,110,434,216
Other operating income	24(a)	1,052,116,649	985,191,390
		7,840,691,866	6,407,087,737
Total operating income (A)		16,350,172,832	14,406,017,973
OPERATING EXPENSES			
Salaries and allowances	25(a)	3,360,493,052	2,963,638,772
Rent, taxes, insurance, electricity, etc	26(a)	471,721,301	714,978,997
Legal expenses	27(a)	22,218,779	27,388,071
Postage, stamp, telecommunication, etc	28(a)	126,842,671	111,154,986
Stationery, printing, advertisements, etc	29(a)	159,503,843	136,747,954
Managing Director's salary and fees	30	16,572,420	13,900,000
Directors' fees	31(a)	3,726,400	3,886,000
Auditors' fees	32(a)	3,440,259	2,913,042
Depreciation and repairs of Bank's assets	33(a)	842,466,683	480,859,178
Other expenses	34(a)	1,914,318,567	1,767,128,995
Total operating expenses (B)		6,921,303,975	6,222,595,995
Profit before provision (C=A-B)		9,428,868,857	8,183,421,978
Provision for loans and advances/investments			
General provision		2,847,887,484	990,055,890
Specific provision		2,841,142,562	2,714,517,014
		5,689,030,046	3,704,572,904
Provision for off-balance sheet items	13.3	(196,376,913)	(172,971,972)
Provision for diminution in value of investments		(66,065,312)	10,000,000
Other provisions		25,000,000	12,500,000
Total provision (D)	34(c)	5,451,587,821	3,554,100,932
Total profit before tax (C-D)		3,977,281,036	4,629,321,046
Provision for taxation			
Current tax	13.5.1(a)	2,019,469,389	2,395,930,537
Deferred tax	13.5.2	-	-
		2,019,469,389	2,395,930,537
Net profit after tax		1,957,811,647	2,233,390,509
Appropriations			
Statutory reserve	15	784,162,228	923,255,397
General reserve		-	-
		784,162,228	923,255,397
Retained surplus		1,173,649,419	1,310,135,112
Attributable to:			
Equity holders of Bank Asia Limited		1,173,649,329	1,310,135,036
Non-controlling interest		90	76
		1,173,649,419	1,310,135,112
Earnings Per Share (EPS)	37(a)	1.68	1.92

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 Account referred to our report of even date.

Dhaka, Dated
22 March 2020



Md. Mominul Karim, FCA
Partner
ACNABIN, Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Cash Flow Statement

for the year ended 31 December 2019

	Notes	31 Dec 2019	31 Dec 2018
<i>Amount in Taka</i>			
Cash flows from operating activities (A)			
Interest receipts		25,393,562,346	22,761,387,592
Interest payments		(14,444,046,102)	(13,007,026,870)
Dividends receipts		51,407,464	31,854,449
Fees and commission receipts		3,495,510,223	3,110,434,216
Recoveries on loans previously written off		145,983,239	102,546,693
Cash payment to employees		(3,367,078,233)	(2,906,276,213)
Cash payment to suppliers		(232,488,003)	(206,063,350)
Income tax paid		(2,121,219,144)	(1,498,841,576)
Receipts from other operating activities	35 (a)	1,077,007,651	1,060,755,795
Payments for other operating activities	36 (a)	(2,558,840,397)	(2,641,350,091)
Operating profit before changes in operating assets & liabilities		7,439,799,044	6,807,420,645
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(13,378,765,853)	(19,325,039,902)
Other assets		(680,913,355)	(369,434,488)
Deposits from customers and banks		31,342,634,891	15,450,946,090
Trading liabilities		3,002,211,896	914,358,352
Other liabilities		(983,438,889)	19,736,557
Net Increase/(decrease) in operating assets and liabilities		19,301,728,690	(3,309,433,390)
Net cash flows from operating activities		26,741,527,734	3,497,987,254
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(19,064,031,511)	(8,702,036,838)
Sale/(Purchase) of trading securities		81,262,027	303,184,687
(Purchase)/disposal of fixed assets including lease rental and right-of-use assets		(1,280,200,867)	(518,914,367)
Net cash flows from/(used in) investing activities		(20,262,970,351)	(8,917,766,518)
Cash flows from financing activities (C)			
Issuance of subordinated non-convertible bond		5,000,000,000	-
Adjustment of subordinated non-convertible bond		(600,000,000)	(692,588,885)
Dividend paid (cash dividend)		(555,193,743)	-
Net cash flows from/(used in) financing activities		3,844,806,257	(692,588,885)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		10,323,363,640	(6,112,368,149)
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		41,900,401,176	48,012,769,325
Cash and cash equivalents at the end of the year		52,223,764,816	41,900,401,176
Cash and cash equivalents:			
Cash		3,242,877,542	2,683,207,852
Balance with Bangladesh Bank and its agent bank(s)		20,743,726,904	12,872,512,002
Balance with other banks and financial institutions		23,634,997,570	26,243,135,322
Money at call and on short notice		4,600,000,000	100,000,000
Prize bonds		2,162,800	1,546,000
		52,223,764,816	41,900,401,176

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

Chairman

Director

Director

Director

President and Managing Director

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

for the year ended 31 December 2019

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 2018	9,870,110,990	7,345,137,782	2,154,384,193	8,166,144	1,551,777	1,554,316,722	20,933,667,608	11,723	20,933,679,331
Transferred during the year	-	923,255,397	-	-	-	(923,255,397)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	19,363,275	-	-	-	19,363,275	-	19,363,275
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	2,494,970	2,494,970	-	2,494,970
Foreign currency translation for the year	-	-	-	-	910,605	-	910,605	-	910,605
Issue of bonus shares	1,233,763,870	-	-	-	-	(1,233,763,870)	-	-	-
Net profit for the year	-	-	-	-	-	2,233,390,433	2,233,390,433	76	2,233,390,509
Balance as at 31 December 2018	11,103,874,860	8,268,393,179	2,120,032,204	8,166,144	2,462,381	1,686,898,121	23,189,826,890	11,799	23,189,838,689
Transferred during the year	-	784,162,228	-	-	-	(784,162,228)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(633,304)	-	-	-	(633,304)	-	(633,304)
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	1,693	(1,693)	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	(3,618,945)	(3,618,945)	-	(3,618,945)
Foreign currency translation for the year	-	-	-	-	(1,625,895)	-	(1,625,895)	-	(1,625,895)
Issue of bonus shares	555,193,740	-	-	-	-	(555,193,740)	-	-	-
Cash dividend paid	-	-	-	-	-	(555,193,743)	(555,193,743)	-	(555,193,743)
Net profit for the year	-	-	-	-	-	1,957,811,557	1,957,811,557	90	1,957,811,647
Balance as at 31 December 2019	11,659,068,600	9,052,555,407	2,065,683,636	8,166,144	836,486	1,800,256,286	24,586,568,251	10,196	24,586,578,448

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


A. J. Nasir

Chairman


Ravi

Director


Jim

Director


Ravi

Director


Ravi

President and Managing Director

Bank Asia Limited

Balance Sheet

as at 31 December 2019

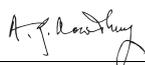
		<i>Amount in Taka</i>	
	Notes	31 Dec 2019	31 Dec 2018
PROPERTY AND ASSETS			
Cash		23,985,692,079	15,552,120,728
In hand (including foreign currencies)	4.1	3,241,965,175	2,679,608,726
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	20,743,726,904	12,872,512,002
Balance with other banks and financial institutions		23,113,553,804	25,865,613,166
In Bangladesh	5.1	19,491,968,105	23,488,274,856
Outside Bangladesh	5.2	3,621,585,699	2,377,338,310
Money at call and on short notice	6	4,600,000,000	100,000,000
Investments	7	54,932,579,936	35,999,198,344
Government		52,197,323,349	33,133,291,838
Others		2,735,256,587	2,865,906,506
Loans and advances/investments	8	227,298,956,048	214,618,151,145
Loans, cash credits, overdrafts, etc/investments		208,039,420,174	193,721,116,473
Bills purchased and discounted		19,259,535,874	20,897,034,672
Fixed assets including premises, furniture and fixtures	9	7,025,602,707	5,431,553,592
Other assets	10	12,843,989,123	9,724,763,581
Non - banking assets		-	-
Total assets		353,800,373,697	307,291,400,556
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	34,382,128,495	31,318,674,113
Subordinated non-convertible bonds	11 (aa)	11,800,000,000	7,400,000,000
Deposits and other accounts	12	253,709,574,615	222,471,716,244
Current/Al-wadeeah current accounts and other accounts		47,453,683,930	47,224,630,178
Bills payable		3,742,697,471	4,124,678,804
Savings bank/Mudaraba savings bank deposits		48,293,710,027	39,558,517,712
Fixed deposits/Mudaraba fixed deposits		154,219,483,187	131,563,889,550
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	29,163,552,669	22,760,876,373
Total liabilities		329,055,255,779	283,951,266,730
Capital/shareholders' equity			
Total shareholders' equity		24,745,117,918	23,340,133,826
Paid-up capital	14.2	11,659,068,600	11,103,874,860
Statutory reserve	15	9,052,555,407	8,268,393,179
Revaluation reserve	16	2,065,683,636	2,120,032,204
General reserve		8,166,144	8,166,144
Retained earnings	17	1,959,644,131	1,839,667,438
Total liabilities and shareholders' equity		353,800,373,697	307,291,400,556

Balance Sheet

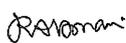
Amount in Taka

	Notes	31 Dec 2019	31 Dec 2018
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	118,576,860,518	136,225,517,128
Acceptances and endorsements		39,192,489,873	48,569,391,593
Letters of guarantee		36,999,351,447	41,312,967,803
Irrevocable letters of credit		26,468,819,479	30,327,687,774
Bills for collection		15,916,199,719	16,015,469,958
Other contingent liabilities		-	-
Other commitments		2,040,416,443	1,233,739,359
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		2,040,416,443	1,233,739,359
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		120,617,276,961	137,459,256,487

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
22 March 2020



Md. Mominul Karim, FCA
Partner
ACNABIN, Chartered Accountants

Bank Asia Limited

Profit and Loss Account

for the year ended 31 December 2019

Amount in Taka

	Notes	31 Dec 2019	31 Dec 2018
OPERATING INCOME			
Interest income	20	22,863,139,585	20,910,683,339
Interest paid on deposits and borrowings, etc	21	14,462,380,548	13,007,993,495
Net interest income		8,400,759,037	7,902,689,844
Investment income	22	3,293,064,994	2,311,462,131
Commission, exchange and brokerage	23	3,361,368,126	2,990,693,997
Other operating income	24	1,018,730,455	917,723,225
		7,673,163,575	6,219,879,353
Total operating income (A)		16,073,922,612	14,122,569,197
OPERATING EXPENSES			
Salaries and allowances	25	3,266,449,893	2,882,190,002
Rent, taxes, insurance, electricity, etc	26	440,093,246	684,528,849
Legal expenses	27	20,534,559	25,213,849
Postage, stamp, telecommunication, etc	28	124,471,658	108,489,491
Stationery, printing, advertisements, etc	29	156,689,993	133,450,519
Managing Director's salary and fees	30	16,572,420	13,900,000
Directors' fees	31	3,424,000	3,656,000
Auditors' fees	32	1,478,225	875,500
Depreciation and repairs of Bank's assets	33	834,076,015	475,722,070
Other expenses	34	1,887,668,330	1,734,164,998
Total operating expenses (B)		6,751,458,339	6,062,191,278
Profit before provision (C=A-B)		9,322,464,273	8,060,377,919
Provision for loans and advances/investments			
General provision		2,847,887,484	990,055,890
Specific provision		2,805,142,562	2,604,517,014
	13.2	5,653,030,046	3,594,572,904
Provision for off-balance sheet items	13.3	(196,376,913)	(172,971,972)
Provision for diminution in value of investments	13.7	(80,000,000)	10,000,000
Other provisions	13.8	25,000,000	12,500,000
Total provision (D)	34(b)	5,401,653,133	3,444,100,932
Total profit before tax (C-D)		3,920,811,140	4,616,276,987
Provision for taxation			
Current tax	13.5.1	1,960,000,000	2,350,000,000
Deferred tax	13.5.2	-	-
		1,960,000,000	2,350,000,000
Net profit after tax		1,960,811,140	2,266,276,987
Appropriations			
Statutory reserve	15	784,162,228	923,255,397
General reserve		-	-
		784,162,228	923,255,397
Retained surplus		1,176,648,912	1,343,021,590
Earnings Per Share (EPS)	37	1.68	1.94

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 Account referred to our report of even date.

Dhaka, Dated
22 March 2020

Md. Mominul Karim, FCA
Partner
ACNABIN, Chartered Accountants

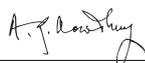
Bank Asia Limited

Cash Flow Statement

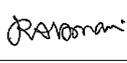
for the year ended 31 December 2019

	Notes	31 Dec 2019	Amount in Taka 31 Dec 2018
Cash flows from operating activities (A)			
Interest receipts		25,072,331,026	22,447,616,948
Interest payments		(14,231,536,711)	(12,789,496,618)
Dividends receipts		51,407,464	31,854,449
Fees and commission receipts		3,361,368,126	2,990,693,997
Recoveries on loans previously written off		145,983,239	102,546,693
Cash payment to employees		(3,273,035,074)	(2,824,827,443)
Cash payment to suppliers		(229,674,153)	(202,765,915)
Income tax paid		(2,051,736,653)	(1,415,204,443)
Receipts from other operating activities	35	1,043,621,457	993,287,630
Payments for other operating activities	36	(2,494,242,438)	(2,570,828,687)
Operating profit before changes in operating assets & liabilities		7,394,486,283	6,762,876,611
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(13,519,492,993)	(19,214,544,287)
Other assets		(708,379,076)	(367,508,723)
Deposits from customers and banks		31,237,858,371	15,430,244,863
Trading liabilities		3,063,454,382	1,050,362,060
Other liabilities		(950,432,513)	(17,537,100)
Net Increase/(decrease) in operating assets and liabilities		19,123,008,171	(3,118,983,186)
Net cash flows from operating activities		26,517,494,454	3,643,893,424
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(19,064,031,511)	(8,702,036,838)
Sale/(Purchase) of trading securities		130,649,919	248,656,913
(Purchase)/disposal of fixed assets including lease rental and right-of-use asse		(1,246,790,330)	(513,611,126)
Net cash flows from/(used in) investing activities		(20,180,171,922)	(8,966,991,051)
Cash flows from financing activities (C)			
Issuance of subordinated non-convertible bond		5,000,000,000	-
Adjustment of subordinated non-convertible bond		(600,000,000)	(692,588,885)
Dividend paid (cash dividend)		(555,193,743)	-
Net cash flows from/(used in) financing activities		3,844,806,257	(692,588,885)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		10,182,128,789	(6,015,686,512)
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		41,519,279,894	47,534,966,406
Cash and cash equivalents at the end of the year		51,701,408,683	41,519,279,894
Cash and cash equivalents:			
Cash		3,241,965,175	2,679,608,726
Balance with Bangladesh Bank and its agent bank(s)		20,743,726,904	12,872,512,002
Balance with other banks and financial institutions		23,113,553,804	25,865,613,166
Money at call and on short notice		4,600,000,000	100,000,000
Prize bonds		2,162,800	1,546,000
		51,701,408,683	41,519,279,894

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 2019

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 January 2018	9,870,110,990	7,345,137,782	2,154,384,193	8,166,144	1,676,694,455	21,054,493,564
Transferred during the year	-	923,255,397	-	-	(923,255,397)	-
Adjustment on revaluation of fixed assets and other investment	-	-	19,363,275	-	-	19,363,275
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Issue of bonus shares	1,233,763,870	-	-	-	(1,233,763,870)	-
Net profit for the year	-	-	-	-	2,266,276,987	2,266,276,987
Balance at 31 December 2018	11,103,874,860	8,268,393,179	2,120,032,204	8,166,144	1,839,667,438	23,340,133,826
Transferred during the year	-	784,162,228	-	-	(784,162,228)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(633,304)	-	-	(633,304)
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Issue of bonus shares	555,193,740	-	-	-	(555,193,740)	-
Cash dividend paid	-	-	-	-	(555,193,743)	(555,193,743)
Net profit for the year	-	-	-	-	1,960,811,140	1,960,811,140
Balance at 31 December 2019	11,659,068,600	9,052,555,407	2,065,683,636	8,166,144	1,959,644,131	24,745,117,918

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

 A. J. Hossain Chairman	 R. M. Islam Director	 R. A. Khan Director
		 R. A. Khan President and Managing Director

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

as at 31 December 2019

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	9,348,177,079	-	-	-	14,637,515,000	23,985,692,079
Balance with other banks and financial institutions	10,148,653,804	10,964,900,000	2,000,000,000	-	-	23,113,553,804
Money at call and on short notice	4,600,000,000	-	-	-	-	4,600,000,000
Investments	3,800,078,275	4,022,700,000	16,213,600,000	12,123,715,602	18,772,486,059	54,932,579,936
Loans and advances	32,536,456,048	33,477,600,000	75,668,900,000	70,342,105,600	15,273,894,400	227,298,956,048
Fixed assets including premises, furniture and fixtures	-	-	-	-	7,025,602,707	7,025,602,707
Other assets	1,437,500,000	801,800,000	1,586,637,996	6,903,257,128	2,114,794,000	12,843,989,123
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	61,870,865,206	49,267,000,000	95,469,137,996	89,369,078,330	57,824,292,166	353,800,373,697
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	4,207,328,495	11,386,200,000	17,036,200,000	3,352,400,000	10,200,000,000	46,182,128,495
Deposits	44,306,265,277	47,318,180,598	69,390,930,219	76,241,136,231	16,453,062,291	253,709,574,615
Provision and other liabilities	277,200,000	911,800,000	1,145,033,682	2,014,114,905	24,815,404,082	29,163,552,669
Total Liabilities (B)	48,790,793,772	59,616,180,598	87,572,163,901	81,607,651,136	51,468,466,373	329,055,255,779
Net Liquidity Excess/(Shortage) (A-B)	13,080,071,434	(10,349,180,598)	7,896,974,095	7,761,427,194	6,355,825,793	24,745,117,918


Chairman


Director


Director


Director


President and Managing Director

Bank Asia Limited

Notes to the financial statements

as at and for the year ended 31 December 2019

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 128 branches including 4 SME/Agri Branches and 4 SME service centres, 5 Islamic Windows and 168 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA). The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

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

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

1.2 Principal activities

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

1.3 Islamic banking unit

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

1.4 Off-shore banking unit

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

1.5 Bank Asia Securities Limited

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

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

1.6 BA Exchange Company (UK) Limited

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

1.7 BA Express USA inc

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

Notes to the financial statements

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the “First Schedule (Section 38) of the Bank Company Act 1991 (amended upto 2018), BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), and the standards set by the FRA the Financial Reporting Council (FRC) as per The Financial Reporting Act 2015 (FRA) enacted in 2015. Section 38 of the Bank Company Act 1991 has been replaced through BRPD Circular no. 10 dated October 04, 2015. The Bank complied with the requirement of the following regulatory and legal authorities:

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

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

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

i) Presentation of financial statements

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

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

ii) Investment in shares and Securities

IFRS: As per requirements of IFRS 9 investment in shares and securities generally falls under “Amortized cost”, “fair value through profit or loss” or “fair value through other comprehensive income” where any change in the fair value at the year-end is taken to profit or loss account or other comprehensive income/revaluation reserve respectively.

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

iii) Revaluation gain/loss on Government securities

IFRS: As per requirement of IFRS 9 where T-bills and T-bonds will fall under the category of “held for trading”, any change in the fair value of held for trading assets is recognized through profit or loss.

T-bills/bonds designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit and loss account.

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

Notes to the financial statements

through reserve.

iv) Provision on loans and advances

IFRS: As per IFRS 9 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 16 dated 18 November 2014, BRPD Circular 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 05 dated 29 May 2013, provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5% based on different categories of loans and advances. Such provision policies are not specifically in line with those prescribed by IFRS 9. Also, a general provision @ 1% should be provided for off-balance sheet exposures.

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

v) Other comprehensive income

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

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

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the accounts.

vii) Repo transactions

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

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

viii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse to the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

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

ix) Cash and cash equivalent

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Notes to the financial statements

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

x) **Non-banking asset**

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

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

xi) **Cash flow statement**

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

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

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

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

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

xiii) **Presentation of intangible asset**

IFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38

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

xiv) **Off-balance sheet items**

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

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

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

xv) **Disclosure of appropriation of profit**

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

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

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

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

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

xvii) **Recognition of Interest in Suspense**

IFRS: Loans and advances to customers are generally classified as "loans and receivables" as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

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

xviii) **Uniform Accounting Policy**

In several cases Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 10. As such some disclosure, presentation

Notes to the financial statements

and measurement requirements of IFRS 10 cannot be made in financial statements.
(Also refer to note 3.20 Compliance of IFRSs)

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

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

Key estimates include the following:

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

2.4 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translation

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

In preparing solo financial statements, assets and liabilities in foreign currencies as at December 31, 2018 have been converted into Taka currency at the revaluation rate determined by the Bank. For BA Exchange Company (UK) Limited and BA Express USA Inc. assets and liabilities in foreign currencies as at December 31, 2018 have been converted into Taka currency at the closing rate as on December 31, 2018 and profit and loss accounts have been converted into monthly average rate.

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

2.5 Basis of consolidation

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

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 USA.

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

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

2.5.1 Subsidiaries of the Bank

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

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

2.6 Cash flow statement

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

2.7 Statement of changes in equity

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

Investment in securities

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

Held to maturity

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

Held for trading

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

Revaluation

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

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 IAS 27 "Separate Financial Statements", IFRS 3 "Business Combination", IFRS 36 "Impairment of Assets" and IFRS 10 "Consolidated Financial Statements".

3.1.6 Loans and advances/investments

- Loans and advances/investments are stated in the balance sheet on gross basis.
- Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest/ profit is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars/letters no. 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 8 dated 07 August 2007, 10 dated 18 September 2007, 14 dated 23 September 2012, 19 dated 27 December 2012, 5 dated 29 May 2013, 16 dated 18 November 2014, 8 dated 02 August 2015, 12 dated 20 August 2017, 15 dated 27 September 2017, 01 dated 03 January 2018, 01 dated 20 February 2018, 01 dated 06 February 2019, 03 dated 21 April 2019 and 05 dated 16 May 2019.

Notes to the financial statements

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

Types of loans and advances		Provision				
		STD	SMA	SS	DF	BL
Consumer	House finance	1%	1%	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 Bank has restructured (Large loan restructure) certain loan facilities of M/s. Samannaz Super Oil Limited, S. A. Oil Refinery Limited, Abdul Monem Sugar Refinery Limited and Shinepukur Ceramics Limited under BRPD Circular No. 04 dated 29 January 2015. As of December 31, 2019 total outstanding amount was Tk. 3,950.22 million as per the terms and conditions of the said circular. Out of these facilities M/s. Samannaz Super Oil Limited and S. A. Oil Refinery Limited is now under Solenama (Compromise Agreement submitted before the Court) as unclassified with outstanding amount Tk 3,225.22 million.
- g) In stay order cases the unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk.2,483.98 million which have not been reported under classification as at 31 December 2019 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 1,037.57 million has been kept as general provision against those customers.

3.1.7 Impairment of financial assets

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

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

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

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

3.1.8 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

- (a) its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates

Notes to the financial statements

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

Subsequent costs

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

Depreciation

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

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

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

Construction work in progress/Building under Construction

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

Intangible Asset

a. Goodwill

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

b. Software

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

c. License

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

3.1.9 Leased assets

The Bank has applied “IFRS 16: Lease” using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

3.1.10 Impairment of fixed assets

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

Notes to the financial statements

3.1.11 Investment properties

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

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

3.1.12 Other assets

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

3.1.13 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

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

3.2.2 Deposits and other accounts

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

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

3.2.3 Other liabilities

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

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

3.3 Capital/shareholders' equity

Authorised capital

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

Paid-up capital

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

Statutory reserve

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

Revaluation reserve

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

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

Notes to the financial statements

Non-controlling (minority) interest

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

3.4 Contingent liabilities

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

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

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

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

3.5 Memorandum items

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

3.6 Revenue recognition

In line with IFRS 15 revenue and disclosure in the financial statements the income of the bank has been recognized as follows

Interest income

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

Profit on investment (Islamic Banking)

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

Investment income

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

Interest and fees receivable on credit cards

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

Fees and commission income

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

Dividend income on shares

Dividend income from investment in shares is recognised when the Bank's right to receive dividend is established. It recognised when:

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

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

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

Notes to the financial statements

Other operating expenses

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

3.7 Employee benefits

3.7.1 Provident Fund

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

3.7.2 Gratuity Fund

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

3.7.3 Superannuation Fund

The Bank operates a superannuation fund for which provision is made annually as per actuarial valuation. The fund is operated by a separate Board of Trustees.

3.7.4 Hospitalisation insurance

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

3.7.5 Worker’s Profit Participation Fund

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

3.8 Provision for off-balance sheet exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items have been disclosed under contingent liabilities. As per BRPD circular no. 10 dated 18 September 2007, the Bank has maintain provision @ 1% against off-balance sheet exposures complying BRPD Circular No. 07, dated 21 June 2018 and BRPD circular letter no. 01 dated 03 Jan 2018

3.9 Provision for nostro accounts

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

3.10 Taxation

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

Current tax

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

Deferred tax

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

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

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

3.11 Earnings Per Share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2018 as per International Accounting Standard (IAS) - 33 “Earnings Per Share”. EPS for comparative period also restated by the bonus share issued for the year 2018. Details are in note 37.

Notes to the financial statements

Basic earnings

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

Weighted average number of ordinary shares

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

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

Diluted earnings per share

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

3.12 Reconciliation of inter-bank/inter-branch account

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

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

3.13 Risk Management at Bank Asia Ltd.

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

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

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

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

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

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

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

Notes to the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements

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

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

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

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

All other risk management: These are risks that are not directly covered by core risk guidelines of Bangladesh Bank, more precisely additional risk under Pillar II of Basel III. The Risk Management Division is primarily responsible for assessing and developing controls for managing these risks. In order to do so the RMD of the bank is performing various exercises like assessment of quality Risk Weighted Assets of the Bank, Stress Testing to assess the sensitivity of the bank against adverse scenarios is performed, additional capital (on top of MCR under Pillar –II) will be assessed using a model namely Internal Capital Adequacy Assessment Process (ICAAP), perform the capital reporting model etc.

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

3.14 Events after reporting period

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

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

3.15 Related party disclosures

A party is related to the company if:

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

3.16 Directors’ responsibilities on statement

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

3.17 Segment Reporting

As per IFRS 8 “Operating Segments”, is a component of an equity:

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

Notes to the financial statements

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

3.18 Changes in Accounting Policies

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

3.19 IFRS 15 - Revenue from Contract with Customers

IFRS 15 “Revenue from Contracts with Customers” replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model includes: 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognising revenue as each performance obligation is satisfied. The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

3.20 Compliance checklist of International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS - 1	N/A
Share Based Payment	IFRS - 2	N/A
Business Combinations	IFRS - 3	Complied
Insurance Contracts	IFRS - 4	N/A
Non-current Assets Held for Sale and Discontinued Operations	IFRS - 5	N/A
Exploration for and Evaluation of Mineral Resources	IFRS - 6	N/A
Financial Instruments: Disclosures	IFRS - 7	Complied
Operating Segments	IFRS - 8	Complied
Financial Instruments: Recognition and Measurement	IFRS - 9	Complied
Consolidated Financial Statements	IFRS-10	Complied
Joint Arrangements	IFRS-11	N/A
Disclosure of Interests in other entities	IFRS-12	N/A
Fair Value Measurement	IFRS-13	Complied
Regulatory Deferral Accounts	IFRS-14	N/A
Revenue from Contracts with Customers	IFRS-15	Complied
Leases	IFRS-16	Complied
Presentation of Financial Statements	IAS - 1	Complied
Inventories	IAS - 2	Complied
Statement of Cash Flows	IAS - 7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS - 8	Complied
Events after the Reporting Period	IAS-10	Complied
Income Taxes	IAS-12	Complied
Property, Plant and Equipment	IAS-16	Complied
Employee Benefits	IAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Complied
The Effects of Changes in Foreign Exchange Rates	IAS-21	Complied
Borrowing Costs	IAS-23	Complied
Related Party Disclosures	IAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	N/A
Separate Financial Statements	IAS-27	Complied
Investments in Associates and Joint Ventures	IAS-28	Complied
Financial Instruments: Presentation	IAS-32	Complied

Notes to the financial statements

Earnings Per Share	IAS-33	Complied
Interim Financial Reporting	IAS-34	Complied
Impairment of Assets	IAS-36	Complied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Complied
Intangible Assets	IAS-38	Complied
Investment property	IAS-40	Complied
Agriculture	IAS-41	N/A

3.21 New and amended standards and interpretations:

IFRS 16 Leases

The Bank has applied “IFRS 16: Lease” using the modified retrospective approach as per paragraph C8 of IFRS 16 with necessary adjustment as stated in IAS 8 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. IFRS 16 supersedes IAS 17 and applicable from January 01, 2019.

Leases previously classified as operating leases

- a) Bank Asia recognise a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS 17 and measure that lease liability at the present value of the remaining lease payments, discounted using incremental borrowing rate at 9% at the date of initial application i.e. January 01, 2019.
- b) recognise a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17 and choose, on a lease-by-lease basis, to measure that right-of-use asset; an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The right of use asset is reduced by impairment losses as per IAS 36, and adjusted for certain measurements of the lease liability if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is change in estimate of the amount expected to be payable under a residual value guarantee, or if changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is measured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Bank may elect not to apply the IFRS 16 for short-term leases and leases for which the underlying asset is of low value.

3.22 Approval of financial statements

The financial statements were approved by the Board of Directors on March 22, 2020.

3.23 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 2019 to 31 December 2019 .

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
4 Cash		
4.1 In hand (including foreign currencies)		
Conventional and Islamic banking		
Local currency	3,215,685,185	2,642,651,071
Foreign currencies	26,279,990	36,957,655
	3,241,965,175	2,679,608,726
Off-shore banking unit	-	-
	<u>3,241,965,175</u>	<u>2,679,608,726</u>
4.1(a) Consolidated Cash in hand		
Bank Asia Limited	3,241,965,175	2,679,608,726
Bank Asia Securities Limited	6,689	7,290
BA Exchange Company (UK) Limited	905,678	3,483,040
BA Express USA, Inc	-	108,796
	<u>3,242,877,542</u>	<u>2,683,207,852</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)	14,281,134,218	11,813,624,203
Foreign currencies	5,483,798,564	333,978,489
	19,764,932,782	12,147,602,692
Balance with agent bank (Sonal Bank Limited)		
Local currency	978,794,122	724,909,310
Foreign currencies	-	-
	978,794,122	724,909,310
	20,743,726,904	12,872,512,002
Off-shore banking unit	-	-
	<u>20,743,726,904</u>	<u>12,872,512,002</u>
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Bank Asia Limited	20,743,726,904	12,872,512,002
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>20,743,726,904</u>	<u>12,872,512,002</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, MPD circular no. 01 and MPD circular no. 116/2018-592 dated 03 April 2018 and and DOS Circular Letter No. 26 dated August 19, 2019.

The statutory Cash Reserve Ratio on the Bank's time and demand liabilities at the rate 5.5% (conventional, islamic and offshore banking) has been calculated and maintained with Bangladesh Bank in local currency and 13% (5.5% for Islamic Banking) Statutory Liquidity Ratio for conventional and offshore banking, 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 and Offshore Banking

As per Bangladesh Bank DOS Circular No. 01 dated January 19, 2014, MPD circular no. 01 and MPD circular no. 116/2018-592 dated 03 April 2018 and DOS Circular Letter No. 26 dated August 19, 2019 Bank has to maintain CRR @ 5.5% on fortnightly cumulative average basis and minimum @ 5% on daily basis for its Conventional and Offshore Banking.

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
i. Daily Bank's CRR maintenance:		
Required reserve (5 % on Demand and Time Liabilities)	12,425,814,000	10,107,919,550
Domestic Banking Operation	11,454,521,000	10,107,919,550
Offshore Banking Operation	971,293,000	-
Actual reserve maintained	14,342,548,530	11,016,525,310
Surplus	1,916,734,530	908,605,760
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (5.5 % of Demand and Time Liabilities)	13,668,395,000	11,118,711,505
Domestic Banking Operation	12,599,973,000	11,118,711,505
Offshore Banking Operation	1,068,422,000	-
Actual reserve maintained (average)	13,858,631,590	11,338,798,000
Surplus	190,236,590	220,086,495
Islamic Banking		
i. Daily Bank's CRR maintenance:		
Required reserve (5% Demand and Time Liabilities)	881,019,000	686,085,700
Actual reserve maintained	971,336,000	755,523,504
Surplus	90,317,000	69,437,804
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (5.5% of Demand and Time Liabilities)	969,120,000	754,694,240
Actual reserve maintained (Average)	982,962,670	755,523,504
Surplus	13,842,670	829,264
4.3.2 Statutory Liquidity Ratio (SLR)		
Conventional Banking		
13% of Average Demand and Time Liabilities		
Required reserve	32,307,116,000	26,280,590,830
Domestic Banking Operation	29,781,755,000	26,280,590,830
Offshore Banking Operation	2,525,361,000	-
Actual reserve maintained	55,749,003,020	35,613,981,000
Surplus	23,441,887,020	9,333,390,170
Islamic Banking		
5.5% of Average Demand and Time Liabilities		
Required reserve	969,120,000	754,694,240
Actual reserve maintained	1,010,836,000	786,588,000
Surplus	41,716,000	31,893,760
	23,483,603,020	9,365,283,930
4.3.3 Held for Statutory Liquidity Ratio		
Conventional Banking		
Cash in hand	3,202,645,610	2,645,456,000
Excess of CRR - Balance with Bangladesh Bank	674,153,530	-
Balance with agent bank (Sonali Bank Limited)	644,180,530	589,932,000
Government securities	51,225,860,540	32,377,047,000
Other securities	2,162,800	1,546,000
	55,749,003,010	35,613,981,000

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Islamic Banking		
Cash in hand	39,320,000	31,058,000
Excess of CRR - Balance with Bangladesh Bank	2,216,000	830,000
Government securities	969,300,000	754,700,000
Other securities	-	-
	<u>1,010,836,000</u>	<u>786,588,000</u>
	<u>56,759,839,010</u>	<u>36,400,569,000</u>
5. Balance with other banks and financial institutions		
In Bangladesh		
Conventional and Islamic banking (Note 5.1)	19,491,968,105	23,488,274,856
Off-shore banking unit	-	-
	19,491,968,105	23,488,274,856
Outside Bangladesh		
Conventional and Islamic banking (Note 5.2)	3,163,855,218	1,911,475,826
Off-shore banking unit	457,730,481	465,862,484
	<u>3,621,585,699</u>	<u>2,377,338,310</u>
	<u>23,113,553,804</u>	<u>25,865,613,166</u>
5.1 Conventional and Islamic banking-In Bangladesh		
Current accounts		
AB Bank Limited	41,480	41,480
Agrani Bank Limited	242,743,542	5,696
Jamuna Bank Limited	-	345
Janata Bank Limited	74,235,985	66,465,691
Rupali Bank Limited	106,657,418	59,552,217
Pubali Bank Limited	181,718,255	-
Standard Chartered Bank	258,270	9,354,693
Sonali Bank Limited	276,432,774	249,494,042
Trust Bank Limited	(5,022,218)	(8,923,545)
	877,065,506	375,990,619
Short- notice deposit accounts		
AB Bank Limited	558,562	545,194
Bank Alfalah Limited	15,035	2,012,720
BRAC Bank Limited	-	829,427
Islami Bank Bangladesh Limited	180,283	180,283
Uttara Bank Limited	48,719	116,613
	802,599	3,684,237
Fixed deposit accounts/ MTD		
Islamic Finance and Investment Limited	150,000,000	200,000,000
Hajj Finance Company Limited	150,000,000	150,000,000
Premier Bank Limited	-	500,000,000
	<u>300,000,000</u>	<u>850,000,000</u>
	<u>1,177,868,105</u>	<u>1,229,674,856</u>
Placements		
With Banking companies	12,764,100,000	19,308,600,000
With Non-banking financial institutions	5,550,000,000	2,950,000,000
	<u>18,314,100,000</u>	<u>22,258,600,000</u>
	<u>19,491,968,105</u>	<u>23,488,274,856</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Details of Placement with Banking companies(Local Currency)		
EXIM Bank Limited	-	1,000,000,000
Jamuna Bank Limited	3,500,000,000	4,000,000,000
Mercantile Bank Limited	1,000,000,000	1,000,000,000
Mutual Trust Bank Limited	500,000,000	1,000,000,000
National Credit and Commerce Bank Limited	-	500,000,000
National Bank Limited	1,000,000,000	1,600,000,000
One Bank Limited	3,000,000,000	-
Social Islami Bank Limited	-	1,000,000,000
Standard Bank Limited	3,000,000,000	3,000,000,000
	12,000,000,000	13,100,000,000
Details of Placement- with Banking companies (Foreign Currencies)		
Eastern Bank Limited	-	1,845,800,000
Islami Bank Bangladesh Limited	-	4,195,000,000
Modhumoti Bank Limited	764,100,000	167,800,000
	764,100,000	6,208,600,000
	12,764,100,000	19,308,600,000
Details of Placement with Non-banking financial institutions		
Delta Brac Housing	400,000,000	300,000,000
Investment Corporation of Bangladesh	3,000,000,000	2,000,000,000
IPDC Finance Limited	500,000,000	300,000,000
IDLC Finance Limited	1,500,000,000	-
United Finance Limited	-	200,000,000
Union Capital Limited	150,000,000	150,000,000
	5,550,000,000	2,950,000,000
5.2 Conventional and Islamic banking- Outside Bangladesh		
Current accounts		
Interest bearing:		
Citibank N.A., London (EURO)	467,484	23,748,210
Citibank N.A., London (GBP)	12,159,468	6,372,266
Citibank NA, New York (USD)	521,514,002	299,678,693
Habib American Bank, New York	1,811,044,754	956,850
Mashreqbank PSC, New York (USD)	25,612,854	201,571
Standard Chartered Bank, Mumbai	44,364,590	1,319,346
Standard Chartered Bank, New York	415,466,240	667,918,664
	2,830,629,392	1,000,195,600
Non-interest bearing:		
AB Bank Limited, Mumbai	8,937,928	1,562,296
Al Rajhi Bank K.S.A	28,689,207	127,982
Bank of Sydney	2,484,730	995,746
Bhutan National Bank Limited, Thimphu	13,141,369	14,884,715
Axis Bank Ltd, Mumbai (Acu)	26,614,443	-
Commerzbank AG, Frankfurt (EURO)	19,112,994	88,445,423
Commerzbank AG, Frankfurt (USD)	6,400,719	741,169,583
Habib Metropolitan Bank Limited, Karachi	15,504,093	2,882,244
Aktif Bank, Istanbul -Jpy	2,537,702	-
ICICI Bank Limited, Kowloon	10,577,408	6,105,011
ICICI Bank Limited, Mumbai	66,812,787	540,261
JP Morgan Chase Bank N.A New York, U.S.A	46,115,614	350,075

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Mashreqbank PSC, Mumbai (EURO)	764,315	768,342
Mashreqbank PSC, Dubai	44,358,240	1,232,672
Muslim Commercial Bank Limited, Colombo	15,102,974	13,303,597
Nepal Bangladesh Bank Limited, Kathmandu	7,489,419	16,822,578
HDFC Bank, Mumbai	181,135	-
Saudi Hollandi K.S.A	-	13,090,027
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	1,025,425	2,486,562
Wells Fargo Bank NA, New York, (USD)	11,926,959	4,085,974
Wells Fargo Bank NA, London, (Euro)	3,616,182	1,867,588
Zurcher Kantonal Bank, Switzerland	1,832,183	559,550
	333,225,826	911,280,226
	3,163,855,218	1,911,475,826
Placement with Off-shore Banking Unit	1,139,358,801	922,900,000
Less: Inter company transaction	(1,139,358,801)	(922,900,000)
	3,163,855,218	1,911,475,826
5.3 Maturity grouping of balance with other banks and financial institutions		
Up to 1 month	10,148,653,804	13,030,613,166
More than 1 month but not more than 3 months	10,964,900,000	10,076,500,000
More than 3 months but not more than 6 months	2,000,000,000	2,758,500,000
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	23,113,553,804	25,865,613,166
5(a) Consolidated Balance with other banks and financial institutions In Bangladesh		
Bank Asia Limited	19,491,968,105	23,488,274,856
Bank Asia Securities Limited	390,202,061	279,364,574
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	19,882,170,166	23,767,639,430
Less: Inter-company transactions	7,056,653	14,513,073
	19,875,113,514	23,753,126,357
Outside Bangladesh		
Bank Asia Limited	3,621,585,699	2,377,338,310
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	44,673,605	37,479,766
BA Express USA, Inc	93,624,752	75,190,889
	3,759,884,056	2,490,008,965
	23,634,997,570	26,243,135,322
6. Money at call and on short notice		
Call money Lending (Note 6.1)	2,500,000,000	100,000,000
Short Notice Lending (Note 6.2)	2,100,000,000	-
	4,600,000,000	100,000,000
6.1 Call Money Lending- with Banking companies:		
Pubali Bank Limited	-	100,000,000
Standard Bank Limited	300,000,000	-
National Bank Limited	900,000,000	-
NRB Bank Limited	300,000,000	-
Midland Bank Limited	600,000,000	-
	2,100,000,000	100,000,000

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
With non Banking financial institutions:		
Delta Brac Housing	400,000,000	-
	<u>2,500,000,000</u>	<u>100,000,000</u>
6.2 Short Notice Lending		
AB Bank Limited	1,500,000,000	-
NRB Commercial Bank Limited	600,000,000	-
	<u>2,100,000,000</u>	<u>-</u>
6(a) Consolidated Money at call and on short notice		
Bank Asia Limited	4,600,000,000	100,000,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>4,600,000,000</u>	<u>100,000,000</u>
7. Investments		
Government (Note 7.1)	52,197,323,349	33,133,291,838
Others (Note 7.2)	2,735,256,587	2,865,906,506
	<u>54,932,579,936</u>	<u>35,999,198,344</u>
7.1 Government		
Conventional and Islamic banking (Note 7.1.1)	52,197,323,349	33,133,291,838
Off-shore banking unit	-	-
	<u>52,197,323,349</u>	<u>33,133,291,838</u>
7.1.1 Conventional and Islamic banking		
Treasury bills (Note 7.1.1.1)	17,957,242,335	5,566,966,237
Treasury bonds (Note 7.1.1.2)	34,237,918,214	27,564,779,601
Prize bonds	2,162,800	1,546,000
	<u>52,197,323,349</u>	<u>33,133,291,838</u>
7.1.1.1 Treasury bills		
91days treasury bills	983,819,500	-
182 days treasury bills	5,802,790,192	1,999,243,099
364 days treasury bills	11,170,632,643	3,567,723,138
	<u>17,957,242,335</u>	<u>5,566,966,237</u>
7.1.1.2 Treasury bonds		
Bangladesh Bank Islamic bond	969,300,000	754,700,000
2 years Bangladesh Government treasury bonds	11,860,346,380	10,360,647,089
5 years Bangladesh Government treasury bonds	1,232,569,103	-
10 years Bangladesh Government treasury bonds	6,949,813,038	7,173,179,558
15 years Bangladesh Government treasury bonds	8,844,580,607	7,067,240,345
20 years Bangladesh Government treasury bonds	4,381,309,086	2,209,012,609
	<u>34,237,918,214</u>	<u>27,564,779,601</u>
7.2 Others		
Conventional and Islamic banking (Note 7.2.1)	2,735,256,587	2,865,906,506
Off-shore banking unit	137,586,963	94,182,403
Less: Adjustment with OBU	(137,586,963)	(94,182,403)
	<u>2,735,256,587</u>	<u>2,865,906,506</u>
7.2.1 Conventional and Islamic banking		
a) Ordinary shares (Details are shown in Annexure-B)		
Quoted shares	451,939,366	478,246,611
Unquoted share	226,743,590	197,320,728
	<u>678,682,956</u>	<u>675,567,339</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
b) Mutual Fund (Details are shown in Annexure-B)		
1st Janata Bank Mutual fund	50,000,000	50,000,000
EBL NRB Ist Mutual Fund	149,665,000	149,665,000
Ist Bangladesh Fixed Income Fund	250,000,000	250,000,000
MBL 1st Mutual Fund	50,000,000	50,000,000
EXIM Bank 1st Mutual Fund	235,793,533	242,235,820
	<u>735,458,533</u>	<u>741,900,820</u>
c) Debentures		
Beximco Denims Limited	9,537,605	9,537,605
Beximco Textiles Limited	6,445,370	6,445,370
	<u>15,982,975</u>	<u>15,982,975</u>
d) Bonds		
MTB Second subordinated bond	240,000,000	320,000,000
UCB Second subordinated bond	180,000,000	240,000,000
BSRM Steels Limited zero coupon bond	21,132,123	66,455,372
Premier Bank Non-convert subordinated bond	500,000,000	500,000,000
BSRML Coupon bond	-	22,000,000
7 Year Preference Share Of Summit BPL	54,000,000	64,000,000
5 Year Pre. Sh. of Summit Gazipur II Power	50,000,000	-
5 Year Pref. Sh.of Summit Lng Ter Co(Pvt)	100,000,000	-
SIBL subordinated Mudaraba bond	80,000,000	120,000,000
SIBL 2nd Mudaraba Subordinated Bond	80,000,000	100,000,000
	<u>1,305,132,123</u>	<u>1,432,455,372</u>
	<u>2,735,256,587</u>	<u>2,865,906,506</u>
7.3 Investments classified as per Bangladesh Bank circular		
Held for trading (HFT)	17,957,242,335	5,566,966,237
Held to maturity (HTM)	33,268,618,214	26,810,079,601
Other securities	3,706,719,387	3,622,152,506
	<u>54,932,579,936</u>	<u>35,999,198,344</u>
7.4 Maturity-wise grouping		
On demand	3,800,078,275	5,460,178,275
Up to 3 months	4,022,700,000	102,600,000
More than 3 months but not more than 1 year	16,213,600,000	12,679,200,000
More than 1 year but not more than 5 years	12,123,715,602	7,320,000,000
More than 5 years	18,772,486,059	10,437,220,069
	<u>54,932,579,936</u>	<u>35,999,198,344</u>
7(a) Consolidated Investments		
Government		
Bank Asia Limited	52,197,323,349	33,133,291,838
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>52,197,323,349</u>	<u>33,133,291,838</u>
Others		
Bank Asia Limited	2,735,256,587	2,865,906,506
Bank Asia Securities Limited	594,391,990	545,004,098
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,329,648,577</u>	<u>3,410,910,604</u>
	<u>55,526,971,926</u>	<u>36,544,202,442</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
8 Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (Note 8.1)	208,039,420,174	193,721,116,473
Bills purchased and discounted (Note 8.2)	19,259,535,874	20,897,034,672
	<u>227,298,956,048</u>	<u>214,618,151,145</u>
8.1 Loans, cash credits, overdrafts, etc/investments		
Conventional and Islamic banking		
Inside Bangladesh		
Agricultural loan	4,159,541,046	2,304,858,400
Cash credit/Bai Murabaha (Muajjal)	5,200,792,123	4,845,956,472
Credit card	2,516,315,246	2,079,086,197
Credit for poverty alleviation scheme-micro credit	7,123,089	7,837,482
Consumer credit scheme	12,187,585,434	10,952,376,679
Demand loan	35,233,505,899	32,699,461,515
Export Development Fund (EDF)	13,877,741,438	12,122,911,605
House building loans	1,132,154,665	1,024,681,187
Loans (General)/ Musharaka	22,237,867,700	14,033,128,865
Loan against trust receipts/ Bai Murabaha post import	11,706,288,469	13,066,570,576
Overdrafts/ Quard against scheme	36,888,315,235	39,411,033,569
Packing credit	501,557,309	548,322,822
Payment against documents	122,281,961	173,243,859
Staff Loan	1,534,466,105	1,402,891,669
Transport loan	1,876,229,886	1,802,259,629
Term loan- industrial/ Hire purchase under Shirkatul Melk	21,034,437,536	20,485,425,374
Term loan- others	35,140,657,300	33,712,504,848
	205,356,860,441	190,672,550,748
Outside Bangladesh	-	-
	205,356,860,441	190,672,550,748
Off-shore banking unit	2,682,559,733	3,048,565,725
	<u>208,039,420,174</u>	<u>193,721,116,473</u>
8.2 Bills purchased and discounted		
Conventional and Islamic banking	2,370,138,131	3,093,996,825
Off-shore banking unit	16,889,397,743	17,803,037,847
	<u>19,259,535,874</u>	<u>20,897,034,672</u>
8.3 Maturity-wise grouping		
Repayable on demand	32,536,456,048	30,721,351,145
Not more than 3 months	33,477,600,000	28,777,300,000
More than 3 months but not more than 1 year	75,668,900,000	64,148,600,000
More than 1 year but not more than 5 years	70,342,105,600	74,760,900,000
More than 5 years	15,273,894,400	16,210,000,000
	<u>227,298,956,048</u>	<u>214,618,151,145</u>
8.4 Net loans and advances/investments		
Gross loans and advances/investments	227,298,956,048	214,618,151,145
Less: Interest suspense (Note 13.4)	2,014,114,905	1,689,435,106
Provision for loans and advances/investments (Note 13.2)	12,279,116,920	8,984,001,791
	14,293,231,825	10,673,436,897
	<u>213,005,724,223</u>	<u>203,944,714,247</u>
8.5 Loans and advances/investments under the following broad categories		
In Bangladesh		
Loans	165,950,312,816	149,464,126,432
Cash credits	5,200,792,123	4,845,956,472
Overdrafts	36,888,315,235	39,411,033,569
Bills purchased and discounted	18,438,714,690	19,814,947,128
	226,478,134,864	213,536,063,601
Outside Bangladesh		

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Bills purchased and discounted	820,821,184	1,082,087,544
	<u>227,298,956,048</u>	<u>214,618,151,145</u>

8.6 Significant concentration wise grouping

a) Directors	-	-
b) Chief Executive and other senior executives		
i) Managing Director	2,704,000	3,032,000
ii) Other senior executives	174,989,000	149,279,000
	177,693,000	152,311,000
c) Agriculture	4,776,100,000	5,915,900,000
d) Industry	108,924,763,048	102,575,940,145
Food Manufacturing	13,514,000,000	11,750,700,000
Beverage industry	338,600,000	434,400,000
Tobacco industry	69,600,000	231,500,000
RMG industry	22,705,100,000	25,513,200,000
Textile industry	21,335,000,000	21,784,900,000
Wood cork and allied products	48,900,000	50,300,000
Furniture and Fixture	159,100,000	152,900,000
Paper and paper products	6,561,400,000	5,673,200,000
Leather and leather products	2,298,900,000	1,896,500,000
Rubber products	2,775,400,000	2,124,500,000
Chemical and chemical products	2,178,900,000	1,394,500,000
Basic metal products	8,800,200,000	8,826,700,000
Electrical machinery and apparatus	3,327,000,000	2,847,800,000
Other manufacturing industries	18,284,363,048	16,107,940,145
Ship building	4,608,300,000	2,729,900,000
Ship breaking	1,419,700,000	621,500,000
Pharmaceutical	500,300,000	435,500,000
e) Constructions	5,704,100,000	3,915,600,000
f) Power, Gas, Water and Sanitary Services	7,657,100,000	3,624,000,000
g) Transport, Storage and Communication	1,577,500,000	2,620,600,000
h) Trade Services	47,112,900,000	45,579,000,000
i) Housing Services	15,140,400,000	14,305,100,000
j) Banking and Insurance	3,429,000,000	4,658,800,000
k) Professional and Misc. services	32,799,400,000	31,270,900,000
	<u>227,298,956,048</u>	<u>214,618,151,145</u>

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

Dhaka Division	150,749,987,430	139,809,593,390
Chittagong Division	44,596,194,337	46,460,461,901
Khulna Division	4,081,619,811	3,614,476,768
Rajshahi Division	2,725,982,194	2,592,279,575
Barisal Division	804,001,905	778,313,758
Sylhet Division	1,968,108,052	1,811,339,623
Rangpur Division	1,271,032,534	1,050,457,579
Mymensingh Division	530,778,677	467,274,393
	206,727,704,940	196,584,196,987

Rural

Dhaka Division	13,510,893,368	11,671,299,336
Chattagram Division	4,155,761,316	3,768,587,276
Khulna Division	95,611,839	68,074,698

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Sylhet Division	384,841,443	366,770,250
Rajshahi Division	2,424,143,142	2,159,222,598
	20,571,251,108	18,033,954,158
Outside Bangladesh	-	-
	<u>227,298,956,048</u>	<u>214,618,151,145</u>

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

Collateral of movable/immovable assets	131,430,205,799	130,127,028,163
Local banks and financial institutions' guarantee	723,545,355	418,733,584
Foreign banks' guarantee	91,182,676	17,852,799
Export documents	8,394,416,952	6,979,780,484
Cash and quasi cash	6,258,140,290	6,392,742,654
Personal guarantee	16,493,947,200	31,162,266,498
Other securities	63,907,517,775	39,519,746,963
	<u>227,298,956,048</u>	<u>214,618,151,145</u>

8.9 Details of large loans/investments

As at 31 December 2019 there were eight (2018: nine) 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 42,757.14 million as at 31 December 2019 (Taka 35,082.90 million in 2018). Details are shown in Annex E.

8.10 Particulars of loans and advances/investments

i) Loans/investments considered good in respect of which the Bank is fully secured	146,897,491,073	143,936,137,684
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	16,493,947,200	31,162,266,498
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	63,907,517,775	39,519,746,963
iv) Loans/investments adversely classified; provision not maintained there against	-	-
	<u>227,298,956,048</u>	<u>214,618,151,145</u>
v) Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,534,466,105	1,402,891,669
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.	1,534,466,105	1,402,891,669
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>19,259,535,874</u>	<u>20,897,034,672</u>
x) Amount of classified loans/investments on which interest has not been charged mentioned as follows:		
a) Increase/(Decrease) of provision (specific)	711,897,413	152,759,761
Amount of loan written off	2,716,368,198	2,890,073,681
Amount realised against the loans previously written off	145,983,239	102,546,693

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
b) Provision kept against loans/investments classified as bad debts	4,604,656,791	3,892,759,378
c) Interest credited to interest suspense account	2,014,114,905	1,689,435,106
xi) Cumulative amount of written off loans/investments		
Balance as at 1 January	10,151,537,951	7,261,464,270
Amount written off during the year	2,716,368,198	2,890,073,681
The amount of written off loans/investments for which law suit has been filed	12,867,906,149	10,151,537,951

8.11 Grouping as per classification rules

Unclassified:

Standard including staff loan	208,365,703,048	194,395,578,967
Special mentioned account	8,453,268,000	11,412,741,749
	216,818,971,048	205,808,320,716

Classified:

Sub-standard	1,847,769,000	273,124,207
Doubtful	576,934,000	690,818,120
Bad/loss	8,055,282,000	7,845,888,102
	10,479,985,000	8,809,830,429
	227,298,956,048	214,618,151,145

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding	Base for	Required provision	
	at 31 Dec 2019	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)	143,217,807,418	110,576,382,660	1% to 5%	6,635,246,309	4,054,864,680
Small and medium enterprise financing	27,772,463,000	27,772,463,000	0.25%	69,431,158	71,297,815
House building loan and loan for professional	10,848,239,000	10,848,239,000	1 to 2%	108,482,390	87,081,359
Loans to BH	1,934,258,000	1,934,258,000	2.00%	38,685,160	42,649,454
Consumer finance	4,165,675,000	4,165,675,000	2% to 5%	208,283,750	131,853,081
Staff loan	1,530,890,000	297,683.00	20%	59,537	-
				7,060,188,303	4,387,746,390

Special mentioned account

	7,777,681,154	7,777,681,154	0.25% to 90%	411,112,252	495,112,661
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Off-shore unit

Unclassified loans (general)	18,896,370,630	18,896,370,630	1%	188,963,706	206,641,311
Special mentioned account	675,586,846	675,586,846	0.25% to 90%	6,755,868	1,708,407
Sub-standard	-	-		-	3,326,356
				195,719,574	211,676,074

Classified - specific provision

Sub-standard	1,847,769,000	1,170,987,000	20% / 5%	234,201,791	20,732,833
Doubtful	576,934,000	257,562,000	50% / 5%	128,781,000	148,690,956
Bad/loss	8,055,282,000	4,239,831,000	100%	4,239,831,000	3,714,894,317
				4,602,813,791	3,884,318,106

Provision required for loans and advances				12,269,833,920	8,978,853,231
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Total provision maintained (Note 13.2)

Conventional and Islamic Banking				12,083,397,346	8,772,325,717
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Off-shore Banking Unit				195,719,574	211,676,074
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				12,279,116,920	8,984,001,791
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Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
8.13 Suits filed by the Bank (Branch wise details)		
Agrabad Branch	2,693,658,008	2,774,258,008
Anderkilla Branch	2,146,564,386	2,105,234,642
Ashulia Branch	21,764,732	23,540,241
Bahadderhat Branch	90,638,634	85,691,640
Bank Asia Bhaban Branch	100,592,656	100,592,656
Bashundhara Branch	312,998,503	312,046,119
Beanibazar Branch	5,584,770	5,584,770
Bhatiary Branch	245,224,731	657,867,500
Bogra Branch	170,554,742	170,554,742
BSMMU Branch	1,413,816	1,413,816
Credit Cards Department	64,430,319	69,433,018
CDA Avenue Branch	5,640,824,080	5,640,824,080
Chandragonj Branch	492,048	492,048
Chatkhil Branch	6,793,978	6,793,978
Corporate Branch	330,238,700	334,807,982
Cumilla Branch	32,485,367	18,704,998
Dhanmondi Branch	1,009,129,125	122,804,875
Donia Branch	46,946,884	32,926,436
Elephant Road	2,375,836	2,375,836
Gulshan Branch	1,338,662,983	1,338,662,983
Holy Family RCMCH Branch	58,723,079	58,723,079
Jatrabari SME	1,185,818	328,558
Jessore Branch	89,881,449	89,881,449
Jurain SME Centre	941,349	941,349
Kamal Bazar Branch	315,335	315,335
Khatunganj Branch	3,131,411,640	2,157,859,046
Khulna Branch	77,394,034	77,394,034
Konabari Branch	12,544,477	12,544,477
Lohagara Branch	15,123,119	15,123,119
Maijdee Court Branch	98,687,119	-
Malkhanagar Branch	77,943,669	99,260,146
MCB Banani Branch	132,311,907	132,311,907
MCB Dilkusha Branch	1,383,595,978	1,282,815,521
MCB Sk. Mujib Road Branch	2,056,385,324	2,056,385,324
Mirpur Branch	14,808,324	26,444,967
Mitford Branch	300,047,766	300,047,766
Moghbar Branch	53,513,290	53,513,290
Mohakhali Branch	62,424,673	62,424,673
Moulavibazar Branch	19,007,011	2,762,801
Narayanganj Branch	163,562,826	89,442,295
North South Road Branch	1,692,245,369	1,366,732,384
Oxygen Moor Branch	5,874,497	5,874,497
Paltan Branch	70,216,500	10,831,306
Principal Office Branch	1,059,220,847	1,002,679,377
Progoti Sarani Branch	41,295,179	35,201,218
Rajshahi Branch	38,621,684	4,856,245
Ramgonj SME/Agri Branch	13,655,636	13,655,636
Rekabi bazar SME Center	348,681	348,681
Rupnagar Branch	870,417	870,417

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Savar Branch	19,429,224	19,429,224
Scotia Branch	675,239,701	675,239,701
Shantingar Branch	1,000,549,493	967,970,063
Station Road Branch	158,228,019	158,228,019
Strand Road Branch	14,991,880	4,941,664
Sylhet Main Branch	23,438,876	31,102,359
Sylhet Uposhahar Branch	5,351,680	183,201,041
Sylhet Uposhahar Islamic Window Branch	19,936,418	17,140,393
Tarail Branch	230,000	1,162,000
Tongi Branch	2,174,613	2,174,613
Uttara Branch	924,570,685	924,570,685
EPZ Branch	5,904,884	5,519,100
	<u>27,783,576,768</u>	<u>25,754,858,130</u>

8.14 Bills purchased and discounted

Payable in Bangladesh	18,438,714,690	19,814,947,128
Payable outside Bangladesh	820,821,184	1,082,087,544
	<u>19,259,535,874</u>	<u>20,897,034,672</u>

8.15 Maturity-wise grouping of bills purchased and discounted

Payable within 1 month	8,072,270,117	3,973,106,392
More than 1 month but less than 3 months	5,373,161,137	9,482,018,096
More than 3 months but less than 6 months	4,517,632,558	6,424,063,662
More than 6 months	1,296,472,062	1,017,846,523
	<u>19,259,535,874</u>	<u>20,897,034,672</u>

8(a) Consolidated Loans and advances/investments

Loans, cash credits, overdrafts, etc/investments		
Bank Asia Limited	208,039,420,174	193,721,116,473
Bank Asia Securities Limited	4,649,980,291	4,993,663,846
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>212,689,400,465</u>	<u>198,714,780,319</u>
Less: Inter- companies transactions	1,853,724,468	2,058,883,156
	<u>210,835,675,997</u>	<u>196,655,897,163</u>
Bills purchased and discounted		
Bank Asia Limited	19,259,535,874	20,897,034,672
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>19,259,535,874</u>	<u>20,897,034,672</u>
	<u>230,095,211,871</u>	<u>217,552,931,835</u>

9 Fixed assets including premises, furniture and fixtures

Conventional and Islamic banking (Note 9.1)	7,025,602,707	5,431,553,592
Off-shore banking unit	-	-
	<u>7,025,602,707</u>	<u>5,431,553,592</u>

9.1 Conventional and Islamic banking

Cost:

Land	2,646,764,306	2,646,764,306
Building	2,752,485,492	2,752,485,491
Furniture and fixtures	1,392,511,972	1,355,809,379

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Equipments	1,260,865,987	1,033,724,535
Computer and accessories	546,994,266	513,104,363
Motor vehicles	222,685,296	262,179,818
Intangible assets	24,000,000	-
Construction work in progress	667,935,308	379,079,065
Right-of-use assets	1,739,075,475	-
	11,253,318,102	8,943,146,959
Less: Accumulated depreciation	4,174,000,131	3,457,878,103
Adjustment of assets revaluation	53,715,264	53,715,264
Written down value at the end of the year - Details are shown in Annex C.	7,025,602,707	5,431,553,592

9(a) Consolidated Fixed assets including premises, furniture and fixtures

Bank Asia Limited	7,025,602,707	5,431,553,592
Bank Asia Securities Limited	35,734,740	7,771,251
BA Exchange Company (UK) Limited	1,797,251	2,975,027
BA Express USA, Inc	2,758,533	3,567,964
	7,065,893,231	5,445,867,834

10 Other assets

Conventional and Islamic banking (Note 10.1)	12,794,895,226	9,694,314,078
Off-shore banking unit	49,093,897	30,449,503
	12,843,989,123	9,724,763,581

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	33,300,000	31,800,000
Investment in BA Express USA Inc - incorporated in USA	81,504,000	80,544,000
	2,114,794,000	2,112,334,000

Non-income generating other assets

Income receivable (Note 10.2)	1,007,575,087	667,109,668
Stock of stamps	8,488,149	7,423,486
Stationery, printing materials, etc	64,887,379	51,495,808
Prepaid expenses	1,802,233	14,619,641
Deposits and advance rent	340,391,863	323,031,650
Advances, prepayments and others (Note 10.3)	244,111,397	267,763,746
Advance income tax (Note 10.4)	7,236,912,463	5,185,175,810
Receivable against government	138,341,463	506,000,150
Sundry debtors	62,639,097	64,944,699
Branch adjustment account (Note 10.5)	1,152,362,220	130,417,688
Protested bills	68,035,265	68,035,265
Receivable from BA Exchange Company (UK) Limited	83,868,721	71,073,212
Receivable from BA Express USA Inc	219,844,009	206,003,095
Excise duty recoverable	50,841,880	18,886,160
	10,680,101,226	7,581,980,078
	12,794,895,226	9,694,314,078

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.

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
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10.4 Advance income tax

Advance income tax represents the tax payment to the government exchequer.

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 2019 are given below:

Periods of Reconciliation	Number of responded entries (Debit)	Amount of responded entries (Taka)	Number of responded entries (Credit)	Amount of responded entries (Taka)
Up to 3 months	43	1,126,423,486	116	41,194,135
More than 3 months but within 6 months	-	-	4	30,525
More than 6 months but within 1 year	-	-	-	-
More than 1 year but within 5 years	-	-	-	-
Above 5 years	-	-	-	-
	<u>43</u>	<u>1,126,423,486</u>	<u>120</u>	<u>41,224,660</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 (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	12,843,989,123	9,724,763,581
Bank Asia Securities Limited	302,091,372	344,853,599
BA Exchange Company (UK) Limited	2,376,043	2,236,204
BA Express USA, Inc	78,843,426	101,661,544
	<u>13,227,299,964</u>	<u>10,173,514,928</u>
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited	32,553,000	30,995,250
Investment in BA Express USA, Inc	80,496,000	79,440,000
Receivable from BA Exchange Company (UK) Limited	83,868,721	71,073,212
Receivable from BA Exchange USA, Inc.	219,844,009	206,003,095
	<u>10,810,548,234</u>	<u>7,786,013,371</u>

10(aa) Demutualization membership of Dhaka Stock Exchange

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

Under section 14(Ka) of Demutualization Act 2013, Share Purchase Agreement (SPA) executed between Dhaka Stock Exchange Ltd. (DSE) and its strategic investors namely Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE) and completed the sale of 25% (Twenty-five percent) DSE shares to SZSE and SSE. In this connection, BASL sold 1,803,777 number of share at the rate of Tk.21 per share totaling Tk. 37,879,317. Currently BASL holding 5,411,329 shares at a cost of totaling Tk. 114,839,239

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

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	15,905,617,561	11,261,104,814
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Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Off-shore banking unit (Note 11.2)	19,615,869,735	20,980,469,299
Less: Adjustment with Head Office	(1,139,358,801)	(922,900,000)
	<u>34,382,128,495</u>	<u>31,318,674,113</u>
11.1 Conventional and Islamic banking		
In Bangladesh (Note 11.1.1)	15,905,617,561	11,261,104,814
Outside Bangladesh	-	-
	<u>15,905,617,561</u>	<u>11,261,104,814</u>
11.1.1 In Bangladesh		
Secured:	-	-
Un secured:		
Money at call and on short notice		
Arab Bangladesh Bank Limited	1,500,000,000	-
	<u>1,500,000,000</u>	<u>-</u>
Borrowings		
Bangladesh Bank (BB) refinance	206,595,589	54,294,895
Borrowing from BB under Long Term Financing Facilities (LTFF) scheme	459,465,745	568,099,155
SME Foundation Pre Finance	23,422,607	54,092,607
Borrowing A/C (AGRI Taka 10)	31,223,040	6,852,836
Bio-Gas Plant refinance	-	183,330
Borrowing- Green finance refinance	50,000,000	90,000,000
Export development fund	13,634,910,580	10,487,581,991
Onshore export discount	137,586,963	94,182,403
	<u>14,543,204,524</u>	<u>11,355,287,217</u>
Less : Inter borrowings between OBU and Conventional Banking	(137,586,963)	(94,182,403)
	<u>15,905,617,561</u>	<u>11,261,104,814</u>
11.2 Borrowing at Off-shore banking unit		
Secured:	-	-
Un secured:		
Conventional Banking	1,125,267,792	910,250,000
International Finance Corporation	6,708,000,000	3,310,000,000
Borrowing - ECA	362,158,541	408,465,717
Standard Chartered Bank, Singapore	2,728,059,750	3,361,439,468
First Gulf Bank	419,250,000	1,655,000,000
National Bank of Ras Al Khaimah	1,844,700,000	1,903,250,000
Emirates Islami Bank	-	1,158,500,000
United Bank Limited, UAE	838,500,000	993,000,000
Caixa Bank, Barcelona	-	1,271,391,688
Bank Of Tokyo-Mitsubishi	-	2,482,500,000
HDFC, Gift City, Mumbai	1,257,750,000	372,375,000
Emirates NBD Bank PJSC	-	827,500,000
Noor Islami Bank, Dubai, UAE	1,090,050,000	-
Abu Dhabi Commercial bank	838,500,000	1,034,375,000
ID-Valvitalia Spa	-	104,959,926
Habib AG Zurich	-	500,637,500
State Bank of India	-	273,075,000
Nepal Bangladesh Bank Limited	-	413,750,000

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
The Commercial Bank, Qatar	503,100,000	-
DBS Bank Singapore	1,509,300,000	-
Banca Valsabbina SCPA Vestone Italy	108,239,902	-
Sanima Bank, Nepal	282,993,750	-
	<u>19,615,869,735</u>	<u>20,980,469,299</u>
11(a) Consolidated Borrowings from other banks, financial institutions and agents		
Bank Asia Limited	34,382,128,495	31,318,674,113
Bank Asia Securities Limited	1,853,724,468	2,120,125,642
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>36,235,852,963</u>	<u>33,438,799,755</u>
Less: Inter-company transactions	1,853,724,468	2,058,883,156
	<u>34,382,128,495</u>	<u>31,379,916,599</u>
11(aa) Subordinated Non-Convertible Bonds		
Subordinated Non-Convertible Zero Coupon Bond		
Agrani Bank Limited	120,000,000	160,000,000
BRAC Bank Limited	60,000,000	80,000,000
Janata Bank Limited	150,000,000	200,000,000
Mercantile Bank Limited	300,000,000	400,000,000
One Bank Limited	360,000,000	480,000,000
Pubali Bank Limited	150,000,000	200,000,000
Rupali Bank Limited	360,000,000	480,000,000
Sonali Bank Limited	300,000,000	400,000,000
	<u>1,800,000,000</u>	<u>2,400,000,000</u>
Subordinated Non-Convertible floating rate bond		
Agrani Bank Limited	250,000,000	250,000,000
Dhaka Bank Limited	750,000,000	750,000,000
Janata Bank Limited	250,000,000	250,000,000
National Life Insurance Co	500,000,000	500,000,000
Pubali Bank Limited	1,000,000,000	1,000,000,000
Sabinco	150,000,000	150,000,000
Sadharan Bima Corporation	100,000,000	100,000,000
Sonali Bank Limited	1,000,000,000	1,000,000,000
Southeast Bank Limited	500,000,000	500,000,000
Uttara Bank Limited	500,000,000	500,000,000
	<u>5,000,000,000</u>	<u>5,000,000,000</u>
Subordinated Non-Convertible floating rate bond		
Agrani Bank Limited	2,500,000,000	-
Eastern Bank Limited	1,000,000,000	-
Trust Bank Limited	500,000,000	-
Dutch-Bangla Bank Limited	500,000,000	-
Pubali Bank Limited	500,000,000	-
	<u>5,000,000,000</u>	<u>-</u>
	<u>11,800,000,000</u>	<u>7,400,000,000</u>
11.3 Maturity-wise grouping (Note 11 and Note 11 aa)		
Payable on demand	4,207,328,495	4,076,274,113
Up to 1 month	-	-
More than 1 month but within 3 months	11,386,200,000	13,952,500,000
More than 3 months but within 1 year	17,036,200,000	10,117,500,000

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
More than 1 year but within 5 years	3,352,400,000	9,572,400,000
More than 5 years	10,200,000,000	1,000,000,000
	<u>46,182,128,495</u>	<u>38,718,674,113</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)
1	Brac Bank Limited	30-Dec-19	2-Jan-20	1,003,285,998
2	Jamuna Bank Limited	30-Dec-19	2-Jan-20	492,985,000
Total				1,496,270,998

b Disclosure regarding overall transaction of REPO & Reverse REPO

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

12 Deposits and other accounts

Conventional and Islamic banking (Note 12.1)	253,114,207,271	222,012,507,650
Off-shore banking unit	595,367,344	459,208,594
	<u>253,709,574,615</u>	<u>222,471,716,244</u>

Deposits and other accounts

Current/Al-wadeeah current accounts and other accounts

Deposits from banks	-	-
Deposits from customers	47,005,242,314	46,831,596,579
Off-shore banking unit	448,441,616	393,033,599
	47,453,683,930	47,224,630,178

Bills payable

Deposits from banks	-	-
Deposits from customers	3,742,697,471	4,124,678,804
	3,742,697,471	4,124,678,804

Savings bank/Mudaraba savings bank deposits

Deposits from banks	-	-
Deposits from customers	48,293,710,027	39,558,517,712
	48,293,710,027	39,558,517,712

Fixed deposits/Mudaraba fixed deposits

Deposits from banks	1,654,615	1,958,989
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Notes to the financial statements

	Amount in Taka	
	31 Dec 2019	31 Dec 2018
Deposits from customers	154,070,902,844	131,495,755,566
Off-shore banking unit	146,925,728	66,174,995
	<u>154,219,483,187</u>	<u>131,563,889,550</u>
	<u>253,709,574,615</u>	<u>222,471,716,244</u>
12.1 Conventional and Islamic banking		
Deposits from banks (Note 12.1.1)	1,654,615	1,958,989
Deposits from customers (Note 12.1.2)	253,112,552,656	222,010,548,661
	<u>253,114,207,271</u>	<u>222,012,507,650</u>
12.1.1 Deposits from banks		
Fixed deposit/SND		
AB Bank Limited	40,107	40,056
EXIM Bank Limited	456,585	784,438
Social Islami Bank Limited	577,859	566,168
Trust Bank Limited	580,064	568,327
	<u>1,654,615</u>	<u>1,958,989</u>
12.1.2 Deposits from customers		
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)	47,005,242,314	46,831,596,579
Bills payable (Note 12.1.2b)	3,742,697,471	4,124,678,804
Savings bank/Mudaraba savings deposits	48,293,710,027	39,558,517,712
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)	154,070,902,844	131,495,755,566
	<u>253,112,552,656</u>	<u>222,010,548,661</u>
12.1.2a Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current accounts	17,441,207,887	16,626,865,081
Other demand deposit - Local currency	22,733,007,110	23,221,634,537
Other demand deposit - Foreign currencies	5,227,954,342	5,456,866,477
Foreign currency deposits	1,603,072,975	1,526,230,484
Export retention quota	-	-
	<u>47,005,242,314</u>	<u>46,831,596,579</u>
12.1.2b Bills payable		
Bills payable - local currency	3,669,925,828	4,114,942,932
Bills payable - foreign currencies	72,771,643	9,735,872
Demand draft	-	-
	<u>3,742,697,471</u>	<u>4,124,678,804</u>
12.1.2c Fixed deposits/Mudaraba fixed deposits		
Fixed deposits/Mudaraba fixed deposits	91,651,024,581	78,423,944,865
Special notice deposit	27,251,216,317	19,471,499,885
Foreign currency deposits (interest bearing)	3,364,448	3,314,296
Deposit under schemes	35,165,297,498	33,596,996,520
	<u>154,070,902,844</u>	<u>131,495,755,566</u>
12.2 Payable on demand and time deposits		
a) Demand deposits		
Current/Al-wadeeah current accounts and other accounts	17,889,649,503	17,019,898,680
Savings bank/Mudaraba savings deposits	4,346,433,902	3,560,266,594
Foreign currency deposits (non interest bearing)	6,831,027,317	6,983,096,961
Sundry deposits	22,733,007,110	23,221,634,537
Bills payable	3,742,697,471	4,124,678,804
	<u>55,542,815,303</u>	<u>54,909,575,576</u>
b) Time deposits		
Savings bank/Mudaraba savings deposits	43,947,276,125	35,998,251,118

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Fixed deposits/Mudaraba fixed deposits	91,799,604,924	78,492,078,849
Foreign currency deposits (interest bearing)	3,364,448	3,314,296
Special notice deposit	27,251,216,317	19,471,499,885
Security deposits	-	-
Deposits under schemes	35,165,297,498	33,596,996,520
	198,166,759,312	167,562,140,668
	<u>253,709,574,615</u>	<u>222,471,716,244</u>

12.3 Sector-wise break-up of deposits and other accounts

Government	6,526,196,000	3,689,607,000
Deposit from banks	1,654,615	1,958,989
Other public	3,066,290,000	1,950,668,000
Foreign currencies	7,502,530,752	7,455,355,723
Private	236,612,903,248	209,374,126,532
	<u>253,709,574,615</u>	<u>222,471,716,244</u>

12.4 Maturity-wise grouping

12.4.1 Deposits from banks

Payable on demand	1,654,615	1,958,989
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>1,654,615</u>	<u>1,958,989</u>

12.4.2 Customer deposits excluding bills payable

Payable on demand	3,883,700,000	3,883,700,000
Up to 1 month	39,968,110,662	35,497,257,255
Over 1 month but within 6 months	44,028,283,127	46,478,121,196
Over 6 months but within 1 year	69,390,930,219	44,430,000,000
Over 1 year but within 5 years	76,241,136,231	66,740,000,000
Over 5 years	16,453,062,291	21,316,000,000
	<u>249,965,222,529</u>	<u>218,345,078,451</u>

12.4.3 Bills payable

Payable on demand	444,200,000	444,200,000
Up to 1 month	8,600,000	8,600,000
Over 1 month but within 6 months	3,289,897,471	3,671,878,804
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>3,742,697,471</u>	<u>4,124,678,804</u>
	<u>253,709,574,615</u>	<u>222,471,716,244</u>

12(a) Consolidated Deposits and other accounts

Current/Al-wadeeah current accounts and other accounts

Bank Asia Limited	47,453,683,930	47,224,630,178
Bank Asia Securities Limited	375,008,705	277,688,606
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>47,828,692,635</u>	<u>47,502,318,784</u>
Less: Inter-company transactions	7,056,652	14,513,073

Notes to the financial statements

	Amount in Taka	
	31 Dec 2019	31 Dec 2018
	47,821,635,983	47,487,805,711
Bills payable		
Bank Asia Limited	3,742,697,471	4,124,678,804
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,742,697,471	4,124,678,804
Savings bank/Mudaraba savings bank deposits		
Bank Asia Limited	48,293,710,027	39,558,517,712
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	48,293,710,027	39,558,517,712
Fixed deposits/Mudaraba fixed deposits		
Bank Asia Limited	154,219,483,187	131,563,889,550
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	154,219,483,187	131,563,889,550
	254,077,526,668	222,734,891,777
13 Other liabilities		
Conventional and Islamic banking (Note 13.1)	29,159,473,351	22,760,876,373
Off-shore banking unit	4,079,318	-
	29,163,552,669	22,760,876,373
13.1 Conventional and Islamic banking		
Provision for loans and advances/investments (Note 13.2)	12,279,116,920	8,984,001,791
Provision on off-balance sheet exposures (Note 13.3)	961,650,585	1,158,027,498
Interest suspense account (Note 13.4)	2,014,114,905	1,689,435,106
Provision for income tax including deferred tax (Note 13.5)	10,575,874,451	8,615,874,451
Provision for performance and festival bonus	288,426,987	295,012,168
Master card and Visa card payables	37,032,028	14,655,334
Expenditures and other payables	385,368,729	293,552,352
Provision for nostro accounts (Note 13.6)	-	-
Other payable	82,626,079	71,027,834
Provision for profit equalisation	19,403,976	24,152,568
Provision for diminution in value of shares (Note 13.7)	183,383,553	263,383,553
Payable to Government	8,357,621	299,677,621
Provision for others (Note 13.8)	172,218,755	147,218,755
Rebate payable on good borrowers	67,700,000	67,700,000
Unearned income	665,377,497	526,091,282
Interest payable on subordinated non-convertible zero coupon bond	230,843,837	208,496,877
Fraction Bonus Share	2,768,571	2,768,571
ATM/POS settlement account	76,439,468	99,800,612
Lease liabilities (Note 13.9)	1,108,769,389	-
	29,159,473,351	22,760,876,373
13.2 Provision for loans and advances/investments		
A. General provision - Conventional and Islamic		

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Balance as at 1 January	4,882,892,695	3,949,633,111
Add: Provision made during the year	2,780,517,628	933,259,584
Transfer from diminution value of share	80,000,000	-
Less: Provision no longer required		
Specific provision	-	-
Written off	(264,669,768)	-
	(264,669,768)	-
Conventional and Islamic Balance at the end of the year	7,478,740,555	4,882,892,695
B. General provision - OBU		
Balance at the beginning of the year	208,349,718	151,553,412
Add: Provision made during the year	-	56,796,306
Less: Provision no longer required	(12,630,144)	-
OBU Balance at the end of the year	195,719,574	208,349,718
C. Total general provision on loans and advances/investments (A+B)	7,674,460,129	5,091,242,413
D. Specific provision		
Balance as at 1 January	3,892,759,378	3,739,999,617
Less: Write off/amicable settlement during the year	(2,239,228,388)	(2,554,303,945)
Add/ Back: Recoveries of amounts previously written off	145,983,239	102,546,693
Specific provision made during the year	2,805,142,562	2,604,517,014
	2,951,125,801	2,707,063,706
Total specific provision on loans and advances/investments	4,604,656,791	3,892,759,378
E. Total provision on loans and advances/investments (C+D)	12,279,116,920	8,984,001,791

13.3 Provision on off-balance sheet exposures

Balance at 1 January	1,157,621,318	1,330,412,915
Add: Provision made during the year	-	-
	1,157,621,318	1,330,412,915
Less: Adjustments made during the year	(196,284,055)	(172,791,597)
Balance at the end of the year	961,337,263	1,157,621,318
General provision maintained for OBU as at 01 January	406,180	586,555
Less: Adjustments made during the year	(92,858)	(180,375)
	313,322	406,180
Balance at the end of the year	961,650,585	1,158,027,498

As per BRPD circular letter no. 01 dated 03 Jan 2018, Letter of Credit for fast-track projects from Bangladesh Power Development Board are exempted from 1% off-balance sheet provision charging and as per BRPD Circular No. 07, dated 21 June 2018 no provision required for bills for collection and for counter guarantee provision is maintained based on BB rating grade.

13.4 Interest suspense account

Balance at 1 January	1,689,435,106	1,709,429,069
Add: Amount transferred to "interest suspense" account during the year	818,341,563	1,703,374,813
	2,507,776,669	3,412,803,882
Less: Amount of interest suspense recovered	353,260,126	1,530,425,841
Interest waiver during the year	140,401,638	192,942,935
	493,661,764	1,723,368,776
Balance as at 31 December	2,014,114,905	1,689,435,106

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018		
13.5 Provision for taxation				
Current tax (Note 13.5.1)	10,103,853,086	8,143,853,086		
Deferred tax (Note 13.5.2)	472,021,365	472,021,365		
	<u>10,575,874,451</u>	<u>8,615,874,451</u>		
13.5.1 Provision for current tax				
Balance at 1 January	8,143,853,086	8,805,454,026		
Add: Provision made during the year	1,960,000,000	2,350,000,000		
	10,103,853,086	11,155,454,026		
Less: Adjustments made during the year	-	3,011,600,940		
	<u>10,103,853,086</u>	<u>8,143,853,086</u>		
13.5.1(a) Consolidated Provision for current tax				
Balance as at 1 January	8,438,505,719	9,054,176,122		
Add: Provision made during the year				
Bank Asia Limited	1,960,000,000	2,350,000,000		
Bank Asia Securities Limited	59,469,389	45,930,537		
BA Exchange Company (UK) Limited	-	-		
BA Express USA, Inc	-	-		
	<u>2,019,469,389</u>	<u>2,395,930,537</u>		
	10,457,975,108	11,450,106,659		
Less: Adjustments made during the year				
Bank Asia Limited	-	3,011,600,940		
Bank Asia Securities Limited	-	-		
BA Exchange Company (UK) Limited	-	-		
BA Express USA, Inc	-	-		
	<u>-</u>	<u>3,011,600,940</u>		
Balance as at 31 December	<u>10,457,975,108</u>	<u>8,438,505,719</u>		
13.5.2 Provision for deferred tax				
Balance at 1 January	472,021,365	472,021,365		
Provision made for deferred tax liabilities				
Provision made for deferred tax assets	-	-		
Balance as at 31 December	<u>472,021,365</u>	<u>472,021,365</u>		
13.5.2 (a) Deferred Tax (asset)/liability				
Particulars	Book value	Tax Base	(Deductible)/ Taxable	Deferred tax (Asset)/ Liability
Balance as at December 31, 2018				
Deferred Tax Asset				(686,957,303)
Deferred Tax Liability				457,431,300
Net Deferred Tax Asset 2018				<u>(229,526,003)</u>
Balance as at Dec 31, 2019				
Loan loss provision (Note 13.2)	4,604,656,791	-	(2,587,285,494)	(970,232,060)
Deferred tax assets (a)				<u>(970,232,060)</u>

Notes to the financial statements

Amount in Taka

			31 Dec 2019	31 Dec 2018
Particulars	Book value	Tax Base	(Deductible)/ Taxable	Deferred tax (Asset)/ Liability
Interest receivable	1,007,575,087	-	1,007,575,087	377,840,658
Fixed assets	2,883,180,789	2,289,682,371	574,925,971	215,597,239
Deferred tax liability (b)				593,437,897
Net Deferred Tax Asset 2019 (a+b)				(376,794,164)
Movement for the year 2019				
Opening deferred tax assets				(686,957,303)
Closing deferred tax assets				(970,232,060)
Charge for the year				(283,274,757)
Opening deferred tax liabilities				457,431,300
Closing deferred tax liabilities				593,437,897
Charge for the year				136,006,597
Total charge during the year				(147,268,161)

As per Bangladesh Bank, BRPD circular no. 11 dated December 12, 2011 deferred tax assets may be recognized but restrictions are to be followed if deferred tax assets is calculated and recognized based on the provisions against classified loan, advances; such as i. amount of the net income after tax increased due to recognition of deferred tax assets on such provision will not be distributed as divided. ii. the amount of deferred tax assets recognized on such provisions should be deducted while calculating the Regulatory Eligible Capital. iii. a description should be provided regarding deferred tax assets recognized on loan loss provision in the notes to the financial statements. On the other hand, deferred tax liabilities must be recognized for those items which are mentioned to recognize in IAS. Hence, the bank did not recognize deferred tax assets but recognize deferred tax liabilities when it arises.

13.6 Provision for nostro accounts

As per instructions contained in the circular letter no. 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 as at 1 January	263,383,553	253,383,553
Less: Transfer to general provision for loans and advances/investments	-	-
Add: Provision for impairment loss of investment in subsidiaries	(80,000,000)	10,000,000
Balance as at 31 December	183,383,553	263,383,553
Provision requirement for quoted and unquoted share including subsidiaries (Annex B)	169,694,780	117,455,432
Provision maintained	183,383,553	263,383,553
Surplus provision maintained	13,688,773	145,928,121

13.8 Provision for others

Balance at the beginning of the year	147,218,755	134,718,755
Adjustment	-	-
Add: Provision made during the year	25,000,000	12,500,000
Balance at the end of the year	172,218,755	147,218,755
Provision requirement	167,112,000	139,266,000
Provision maintained	172,218,755	147,218,755

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Surplus provision maintained	5,106,755	7,952,755

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

13.9 Lease liabilities

Balance as at 1 January	1,405,418,936	-
Add: Interest charge during the year	126,487,704	-
Less: Payment made during the year	423,137,251	-
Balance as at 31 December	<u>1,108,769,389</u>	<u>-</u>
Lease liabilities - non current portion	975,063,036	-
Lease liabilities - current portion	<u>133,706,353</u>	<u>-</u>
	<u>1,108,769,389</u>	<u>-</u>

The lease liabilities represents the present value of the lease payments discounting using the incremental borrowing rate as per IFRS 16 against which right-of- use assets has been arisen (ref: Annex C).

13(a) Consolidated Other liabilities

Bank Asia Limited	29,163,552,669	22,760,876,373
Bank Asia Securities Limited	1,704,550,663	1,751,860,673
BA Exchange Company (UK) Limited	92,327,339	88,500,221
BA Express USA, Inc	217,275,726	199,062,632
Foreign currency effect for subsidiaries	-	-
	<u>31,177,706,397</u>	<u>24,800,299,899</u>
Less: Inter- companies transactions		
Receivable from BASL	-	-
Receivable from BA Exchange (UK) Limited	83,868,721	71,073,212
BA Express USA, Inc	219,844,009	206,003,095
	<u>30,873,993,667</u>	<u>24,523,223,592</u>

14 Share capital

14.1 Authorized capital

1,500,000,000 ordinary shares of Taka 10 each	<u>15,000,000,000</u>	<u>15,000,000,000</u>
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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 2010	1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011	1,050,958,120	1,050,958,120
Issued as bonus shares 10% for the year 2012	630,574,870	630,574,870
Issued as bonus shares 10% for the year 2013	693,632,350	693,632,350
Issued as bonus shares 10% for the year 2014	762,995,590	762,995,590
Issued as bonus shares 5% for the year 2015	419,647,570	419,647,570
Issued as bonus shares 12% for the year 2016	1,057,511,890	1,057,511,890
Issued as bonus shares 12.50% for the year 2017	1,233,763,870	1,233,763,870
Issued as bonus shares 5% for the year 2018	555,193,740	-
	<u>11,659,068,600</u>	<u>11,103,874,860</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

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
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		
Common Equity Tier -1 capital (Going-Concern Capital)	In line of Basel III	In line of Basel III
Paid up capital	11,659,068,600	11,103,874,860
Statutory reserve (Note 15)	9,052,555,407	8,268,393,179
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	1,959,644,131	1,839,667,438
	22,679,434,282	21,220,101,622
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	43,436,430	54,732,730
Common Equity Tier -1 capital (Going-Concern Capital)	22,635,997,852	21,165,368,892
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	22,635,997,852	21,165,368,892
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	7,674,460,129	5,091,242,413
General provision on off-balance sheet exposure	961,650,585	1,158,027,498
Subordinated non-covertable zero coupon bonds	11,800,000,000	7,400,000,000
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	21,777,406,931	14,990,566,128
Less: Regulatory adjustments		
100 % of revaluation reserve for fixed assets, securities and equity securities	1,341,296,217	1,073,036,973
Total Tier- 2 Capital	20,436,110,714	13,917,529,155
Maximum Limit of Tier-2Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	20,121,138,491	13,917,529,155
Excess Amount over Maximum Limit of Tier-2	314,972,223	-
Total admissible Tier-2 Capital	20,121,138,491	13,917,529,155
A) Total capital	42,757,136,343	35,082,898,046
B) Total risk weighted assets (RWA)	238,427,232,656	233,085,627,587
C) Required capital	23,842,723,266	23,308,562,759
D) Capital surplus (A-C)	18,914,413,077	11,774,335,287
E) Minimum total capital plus capital conservation buffer requirement @ 12.50% (2018 @ 11.875%)	29,803,404,082	27,678,918,276
F) Capital surplus (A-E) with capital conservation buffer	12,953,732,261	7,403,979,770
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	9.49%	9.08%
Tier- 1 to RWA (minimum 6% under Basel III)	9.49%	9.08%
Capital to Risk Weighted Assets against minimum requirement 10%	17.93%	15.05%

14.4 (a) Consolidated capital to risk-weighted asset

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

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	11,659,068,600	11,103,874,860
Non-controlling (Minority) interest	10,196	11,799
Statutory reserve (Note 15)	9,052,555,407	8,268,393,179
General reserve	8,166,144	8,166,144
Retained earnings (Note 17a)	1,800,257,979	1,686,898,121
	22,520,058,326	21,067,344,104
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	43,436,430	54,732,730
Common Equity Tier -1 capital (Going-Concern Capital)	22,476,621,896	21,012,611,374

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	22,476,621,896	21,012,611,374
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	7,674,460,129	5,091,242,413
General provision on off-balance sheet exposure	961,650,585	1,158,027,498
Subordinated non-convertible zero coupon bonds	11,800,000,000	7,400,000,000
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	21,777,406,931	14,990,566,128
Less: Regulatory adjustments		
100 % of revaluation reserve for fixed assets, securities and equity securities	1,341,296,217	1,073,036,973
Total Tier- 2 Capital	20,436,110,714	13,917,529,155
Maximum Limit of Tier-2Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	19,979,469,203	13,917,529,155
Excess Amount over Maximum Limit of Tier-2	456,641,511	-
Total admissible Tier-2 Capital	19,979,469,203	13,917,529,155
A) Total capital	42,456,091,099	34,930,140,528
B) Total risk weighted assets (RWA)	242,096,830,071	236,588,929,108
C) Required capital	24,209,683,007	23,658,892,911
D) Capital surplus (A-C)	18,246,408,092	11,271,247,617
E) Minimum total capital plus capital conservation buffer requirement @ 12.50% (2018 @ 11.875%)	30,262,103,759	28,094,935,332
F) Capital surplus (A-E) with capital conservation buffer	12,193,987,340	6,835,205,197
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	9.28%	8.88%
Tier- 1 to RWA (minimum 6% under Basel III)	9.28%	8.88%
Capital to Risk Weighted Assets against minimum requirement 10%	17.54%	14.76%

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2019	At 31 December 2019	At 31 December 2018	At 31 December 2018
	No. of shares	%	No. of shares	%
Sponsors & Directors	596,898,621	51.20	580,171,212	52.25
General public	169,727,589	14.56	168,707,497	15.19
Institutions	259,623,630	22.27	255,227,403	22.99
Investment companies	133,181,344	11.42	95,345,747	8.59
Non-resident Bangladeshi	2,129,985	0.18	6,690,904	0.60
Foreign investors	4,345,691	0.37	4,244,723	0.38
	1,165,906,860	100	1,110,387,486	100

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2019	2018	2019	2018
Less than 5,000	6,836	7,767	0.68	0.83
5,000 to 50,000	1,769	2,150	2.10	2.65
50,001 to 100,000	118	149	0.71	0.95
100,001 to 200,000	49	77	0.58	0.95
200,001 to 300,000	27	41	0.58	0.93
300,001 to 400,000	12	9	0.35	0.27
400,001 to 500,000	12	14	0.47	0.59

Notes to the financial statements

Amount in Taka

Holding	No. of holders		% of total holding	
	2019	2018	2019	2018
500,001 to 1,000,000	37	30	2.34	1.9
1,000,001 to 10,000,000	70	80	22.27	24.6
Over 10,000,000	30	27	69.92	66.33
	8,960	10,344	100.00	100.00

14.7 Name of the Directors and their shareholdings as at 31 December 2019

Sl	Name of the director	Status	Closing position	Opening position
1	Mr. A Rouf Chowdhury	Chairman	23,350,148	22,238,237
2	Mr. Mohd Safwan Choudhury (Representing Phulbari Tea Estates Ltd)	Vice Chairman	45,666,246	43,491,664
3	Mr. Romo Rouf Chowdhury	Vice Chairman	23,323,746	22,213,092
4	Mr. Rume A Hossain	Director	34,416,554	32,177,671
5	Mrs. Hosneara Sinha	Director	53,184,729	50,652,123
6	Ms. Naheed Akhter Sinha	Director	55,842,838	53,183,656
7	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	Director	41,679,196	39,694,473
8	Maj. Gen. Mohammad Matiur Rahman (Retd.) (Representing Sinha Fashions Limited)	Director	23,401,435	22,287,081
9	Ms. Farhana Haq	Director	54,907,244	52,211,661
10	Mr. Enam Chowdhury (Representing Amiran Generations Limited)	Director	47,558,630	45,293,934
11	Mr. M Shahjahan Bhuiyan (Independent Director)	Director	-	-
12	Mr. Md. Nazrul Huda (Independent Director)	Director	-	-
13	Mr. Dilwar H Choudhury (Independent Director)	Director	-	-
14	Mr. Ashraful Haq Chowdhury (Independent Director)	Director	-	-

15 Statutory reserve

Balance at the beginning of the year	8,268,393,179	7,345,137,782
Add: Addition during the year (20% of pre-tax profit)	784,162,228	923,255,397
Balance at the end of the year	9,052,555,407	8,268,393,179

16 Revaluation reserve

HTM securities (Note 16.1)	20,176,016	16,504,049
HFT securities (Note 16.2)	7,434,933	11,740,204
Fixed Assets revaluation (Note 16.3)	2,038,072,687	2,091,787,951
	2,065,683,636	2,120,032,204

16.1 Revaluation reserve on HTM securities

Balance at 1 January	16,504,049	8,880,978
Gain from revaluation on investments	14,919,561	9,815,237
Adjustment for sale/maturity of securities	(11,247,594)	(2,192,166)
	20,176,016	16,504,049

16.2 Revaluation reserve on HFT securities

Balance at 1 January	11,740,204	-
Gain from revaluation on investments	492,331,474	934,571,047
Adjustment for sale/maturity of securities	(496,636,745)	(922,830,843)
	7,434,933	11,740,204

16.3 Revaluation reserve on Fixed Assets

Balance at 1 January	2,091,787,951	2,145,503,215
Depreciation charged during the year	(53,715,264)	(53,715,264)
	2,038,072,687	2,091,787,951

16 (a) Consolidated Revaluation reserve

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Bank Asia Limited	2,065,683,636	2,120,032,204
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,065,683,636</u>	<u>2,120,032,204</u>
17 Retained earnings		
Balance at 1 January	1,839,667,438	1,676,694,455
Add: Post - tax profit for the year	1,960,811,140	2,266,276,987
Revaluation reserve transferred to retained earnings	53,715,264	53,715,264
	<u>3,854,193,842</u>	<u>3,996,686,706</u>
Less: Issue of bonus shares for the year 2017	-	1,233,763,870
Issue of cash dividend for the year 2018	555,193,743	-
Issue of bonus shares for the year 2018	555,193,740	-
Transfer to statutory reserve	784,162,228	923,255,397
	<u>1,894,549,711</u>	<u>2,157,019,267</u>
	<u>1,959,644,131</u>	<u>1,839,667,438</u>
17(a) Consolidated Retained earnings		
Balance at 1 January	1,686,898,121	1,554,316,722
Add: Foreign exchange revaluation reserve for opening retained earnings	(3,618,945)	2,494,969
Revaluation reserve transferred to retained earnings	53,715,264	53,715,264
Post- tax profit for the year	1,957,811,647	2,233,390,509
Adjustment of non controlling interest	1,693	-
Less: Non controlling interest	90	76
	<u>3,694,807,690</u>	<u>3,843,917,389</u>
Less: Issue of bonus shares for the year 2017	-	1,233,763,870
Issue of cash dividend for the year 2018	555,193,743	-
Issue of bonus shares for the year 2018	555,193,740	-
Transferred to statutory reserve	784,162,228	923,255,397
	<u>1,894,549,711</u>	<u>2,157,019,267</u>
	<u>1,800,257,979</u>	<u>1,686,898,121</u>
17(b) Non-controlling (Minority) interest		
Bank Asia Securities Limited	10,196	11,799
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>10,196</u>	<u>11,799</u>
18 Contingent liabilities		
Conventional and Islamic banking	120,585,944,792	137,418,638,484
Off-shore banking unit	31,332,169	40,618,003
	<u>120,617,276,961</u>	<u>137,459,256,487</u>
Acceptances and endorsements (Note 18.1)		
Conventional and Islamic banking	39,190,434,015	48,556,114,935
Off-shore banking unit	2,055,858	13,276,658
	<u>39,192,489,873</u>	<u>48,569,391,593</u>
Letters of guarantee		
Conventional and Islamic banking (Note 18.2)	36,999,351,447	41,312,967,803
Off-shore banking unit	-	-
	<u>36,999,351,447</u>	<u>41,312,967,803</u>
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	26,439,543,168	30,300,346,429
Off-shore banking unit	29,276,311	27,341,345
	<u>26,468,819,479</u>	<u>30,327,687,774</u>
Bills for collection		
Conventional and Islamic banking (Note 18.4)	15,916,199,719	16,015,469,958

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Off-shore banking unit	-	-
	15,916,199,719	16,015,469,958
Other commitments		
Conventional and Islamic banking (Note 18.5)	2,040,416,443	1,233,739,359
Off-shore banking unit	-	-
	2,040,416,443	1,233,739,359
	<u>120,617,276,961</u>	<u>137,459,256,487</u>

18.1 Acceptances and endorsements

Conventional and Islamic banking	39,190,434,015	48,556,114,935
Off-shore banking unit	2,055,858	13,276,658
	<u>39,192,489,873</u>	<u>48,569,391,593</u>

18.2 Letters of guarantee

Letters of guarantee (Local)	23,279,766,953	20,747,116,559
Letters of guarantee (Foreign)	13,719,584,494	20,565,851,244
	<u>36,999,351,447</u>	<u>41,312,967,803</u>

Balance for which the Bank is contingently liable in respect of guarantees issued favouring:

Directors or officers	-	-
Government	27,928,576,899	29,036,809,306
Banks and other financial institutions	925,708,758	1,489,804,673
Others	8,145,065,790	10,786,353,825
	<u>36,999,351,447</u>	<u>41,312,967,803</u>

18.3 Irrevocable letters of credit

Letters of credit Back to Back (Inland)	3,394,140,530	2,847,330,194
Letters of credit (General)	19,708,039,248	23,821,302,958
Back to back L/C	3,337,363,390	3,631,713,277
	<u>26,439,543,168</u>	<u>30,300,346,429</u>

18.4 Bills for collection

Local bills for collection	10,467,042,903	9,524,744,721
Foreign bills for collection	5,449,156,816	6,490,725,237
	<u>15,916,199,719</u>	<u>16,015,469,958</u>

18.5 Other commitments

Forward Assets Purchased and Forward Deposits Placed	2,040,416,443	1,233,739,359
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18.6 Workers' profit participation fund (WPPF)

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

19 Income statement

Income:

Interest, discount and similar income (Note 19.1)	26,103,448,197	23,190,136,141
Dividend income (Note 22.1)	51,407,464	31,854,449

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Fees, commission and brokerage (Note 19.2)	1,610,106,976	1,489,282,892
Gains/ less Losses arising from dealing securities	-	-
Gains/ less Losses arising from investment securities	1,348,918	154,880
Gains/ less Losses arising from dealing in foreign currencies (Note 23.1)	1,751,261,150	1,501,411,105
Income from non-banking assets	-	-
Other operating income (Note 24)	1,018,730,455	917,723,225
Profit/ less Losses on interest rate changes	-	-
	30,536,303,160	27,130,562,692
Expenses:		
Interest paid/profit shared on deposits and borrowings, etc (Note 21)	14,462,380,548	13,007,993,495
Administrative expenses (Note 19.3)	4,102,698,154	3,921,619,606
Other expenses (Note 34)	1,887,668,330	1,734,164,998
Depreciation on banks assets (Note 33.1)	761,091,855	406,406,674
	21,213,838,887	19,070,184,773
	9,322,464,273	8,060,377,919
19.1 Interest, discount and similar income		
Interest income/profit on investments (Note 20)	22,863,139,585	20,910,683,339
Interest on treasury bills/reverse repo/bills	3,074,953,797	2,051,028,806
Interest income on corporate bonds	141,812,731	153,014,471
Interest on debentures	-	-
Income from investment in shares, bonds etc	-	-
Capital gain on Government securities and assets	23,542,084	75,409,525
	26,103,448,197	23,190,136,141
Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.		
19.2 Fees, commission and brokerage		
Commission	1,610,106,976	1,489,282,892
Brokerage	-	-
	1,610,106,976	1,489,282,892
19.3 Administrative expenses		
Salaries and allowances (Note 25)	3,266,449,893	2,882,190,002
Rent, taxes, insurance, electricity, etc (Note 26)	440,093,246	684,528,849
Legal expenses (Note 27)	20,534,559	25,213,849
Postage, stamp, telecommunication, etc (Note 28)	124,471,658	108,489,491
Stationery, printing, advertisement, etc (Note 29)	156,689,993	133,450,519
Managing Director's salary and fees (Note 30)	16,572,420	13,900,000
Directors' fees (Note 31)	3,424,000	3,656,000
Auditors' fees (Note 32)	1,478,225	875,500
Repair of Bank's assets (Note 33.1)	72,984,160	69,315,396
	4,102,698,154	3,921,619,606
20 Interest income/profit on investments		
Conventional and Islamic banking (Note 20.1)	21,725,303,785	19,911,597,243
Off-shore banking unit	1,166,103,247	1,081,620,297
	22,891,407,032	20,993,217,540
Less: inter transaction between OBU and Conventional banking	28,267,447	82,534,201
	22,863,139,585	20,910,683,339
20.1 Conventional and Islamic banking		
Agricultural loan	332,659,093	282,113,500
Cash credit/Bai Murabaha (Muajjal)	477,480,468	457,037,796

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Credit card	415,843,541	324,100,884
Credit for poverty alleviation scheme-micro credit	295,388	92,816
Consumer credit scheme	1,293,440,738	1,143,490,482
Demand loan	3,743,496,347	3,569,955,613
Export Development Fund (EDF)	275,917,006	244,863,066
House building loan	113,021,311	129,927,048
Loans (General)/Musharaka	1,960,409,510	1,557,474,933
Loans against trust receipts/ Bai Murabaha post import	1,342,255,595	1,409,455,469
Overdrafts/ Quard against scheme	4,104,797,684	3,773,890,004
Packing credit	41,612,011	45,821,049
Payment against documents	15,135,149	29,834,321
Staff loan	73,896,843	65,997,862
Transport loan	198,006,038	188,674,213
Term loan- industrial	2,448,635,975	1,930,763,463
Term loan- others/ Hire purchase under Shirkatul Melk	2,534,322,559	2,522,781,275
Foreign bills purchased	19,527,512	11,811,596
Local bills purchased	202,427,713	205,907,068
Total interest/profit on loans and advances/investments	19,593,180,481	17,893,992,458
Interest/profit on balance with other banks and financial institutions	2,071,621,354	2,004,980,786
Interest/profit received from foreign banks	60,501,950	12,623,999
	<u>21,725,303,785</u>	<u>19,911,597,243</u>
20(a) Consolidated Interest income/profit on investments		
Bank Asia limited	22,863,139,585	20,910,683,339
Bank Asia Securities Ltd	321,231,320	313,770,644
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>23,184,370,905</u>	<u>21,224,453,983</u>
Less: Inter-company transactions	<u>210,303,633</u>	<u>214,305,783</u>
	<u>22,974,067,272</u>	<u>21,010,148,200</u>
21 Interest paid/profit shared on deposits and borrowings etc.		
Conventional and Islamic banking (Note 21.1)	13,624,978,979	12,282,148,200
Off-shore banking unit	865,669,016	808,379,496
	<u>14,490,647,995</u>	<u>13,090,527,696</u>
Less: inter transaction with OBU	<u>28,267,447</u>	<u>82,534,201</u>
	<u>14,462,380,548</u>	<u>13,007,993,495</u>
21.1 Conventional and Islamic banking		
Interest paid/profit shared on deposits		
Fixed deposits/ Mudaraba Fixed deposit	5,729,597,318	4,481,297,453
Scheme deposits	5,106,327,157	5,150,743,459
Sanchaya plus	22,011,682	52,999,719
Savings deposits/ Mudaraba Savings bank	1,231,128,548	1,072,706,104
Special notice deposits	688,775,835	537,248,560
	<u>12,777,840,540</u>	<u>11,294,995,295</u>
Interest on borrowings and others		
Local banks including Bangladesh Bank	83,654,999	160,134,035
Interest on subordinated non-covertable bond	762,314,302	826,740,041
Foreign banks	1,169,138	278,829
	<u>847,138,439</u>	<u>987,152,905</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2019	31 Dec 2018
	13,624,978,979	12,282,148,200
21(a) Consolidated Interest Expenses/profit paid on Deposits		
Bank Asia limited	14,462,380,548	13,007,993,495
Bank Asia Securities Limited	212,509,391	217,530,252
Bank Asia Securities Ltd	-	-
BA Express USA, Inc	-	-
	14,674,889,939	13,225,523,747
Less: Inter-company transactions	210,303,633	214,305,783
	14,464,586,306	13,011,217,964
22 Investment income		
Conventional and Islamic banking (Note 22.1)	3,293,064,994	2,311,462,131
Off-shore banking unit	-	-
	3,293,064,994	2,311,462,131
22.1 Conventional and Islamic Banking		
Interest on treasury bills	670,410,633	212,456,854
Interest on treasury bonds	2,366,047,464	1,817,182,647
Interest income on corporate bonds	141,812,731	153,014,471
Interest on Islamic bonds	31,211,410	20,850,530
Capital gain from investment in shares	1,348,918	154,880
Dividend on shares	51,407,464	31,854,449
Capital gain on Government securities	23,542,084	75,409,525
Interest on reverse repo	7,284,290	538,775
	3,293,064,994	2,311,462,131
22(a) Consolidated investment income		
Bank Asia Limited	3,293,064,994	2,311,462,131
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,293,064,994	2,311,462,131
23 Commission, exchange and brokerage		
Conventional and Islamic banking (Note 23.1)	3,347,666,556	2,979,980,600
Off-shore banking unit	13,701,570	10,713,397
	3,361,368,126	2,990,693,997
23.1 Conventional and Islamic Banking		
Commission on L/C	41,348,963	79,860,743
Commission on back to back L/C	835,085,521	806,732,966
Fees and commission including Export	335,748,324	187,487,482
Commission on L/G	341,559,858	360,507,918
Commission on export	6,772,710	8,806,450
Commission on PO, DD, TT, TC, etc	24,714,096	21,979,775
Other commission	11,175,934	13,194,161
	1,596,405,406	1,478,569,495
Foreign exchange gain	1,751,261,150	1,501,411,105
	3,347,666,556	2,979,980,600
23(a) Consolidated Commission, exchange and brokerage		

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Bank Asia limited	3,361,368,126	2,990,693,997
Bank Asia Securities Ltd	92,693,307	97,015,477
BA Exchange Company (UK) Limited	29,652,687	10,765,960
BA Express USA, Inc	11,796,103	11,958,782
	<u>3,495,510,223</u>	<u>3,110,434,216</u>
24 Other operating income		
Conventional and Islamic banking (Note 24.1)	990,421,481	891,643,815
Off-shore banking unit	28,308,974	26,079,410
	<u>1,018,730,455</u>	<u>917,723,225</u>
24.1 Conventional and Islamic banking		
Locker charge	11,975,125	11,407,510
Service and other charges	536,740,372	479,149,066
Master/Visa card fees and charges	241,919,424	206,373,235
Postage/telex/SWIFT/fax recoveries	127,286,381	118,436,866
Profit on sale of fixed assets	8,753,381	4,405,572
Non-operating income	8,137,975	8,466,596
Rebate on nostro account	39,467,833	42,670,132
Other income from brokerage	16,140,990	20,734,838
	<u>990,421,481</u>	<u>891,643,815</u>
24 (a) Consolidated other operating income		
Bank Asia Limited	1,018,730,455	917,723,225
Bank Asia Securities Ltd	29,775,796	66,480,030
BA Exchange Company (UK) Limited	2,661,714	433,766
BA Express USA, Inc	948,684	554,369
	<u>1,052,116,649</u>	<u>985,191,390</u>
25 Salaries and allowances		
Conventional and Islamic banking (Note 25.1)	3,266,449,893	2,882,190,002
Off-shore banking unit	-	-
	<u>3,266,449,893</u>	<u>2,882,190,002</u>
25.1 Conventional and Islamic banking		
Basic salary	1,236,906,707	1,049,325,671
Allowances	1,249,136,318	1,074,786,083
Festival bonus	196,721,513	171,674,192
Gratuity	202,400,000	222,400,000
Provident fund contribution	111,297,360	96,885,151
Performance bonus	269,987,995	267,118,905
	<u>3,266,449,893</u>	<u>2,882,190,002</u>
25(a) Consolidated Salaries and allowances		
Bank Asia Limited	3,266,449,893	2,882,190,002
Bank Asia Securities Ltd	66,559,270	54,887,031
BA Exchange Company (UK) Limited	12,325,604	7,900,286
BA Express USA, Inc	15,158,285	18,661,453
	<u>3,360,493,052</u>	<u>2,963,638,772</u>
26 Rent, taxes, insurance, electricity etc.		
Conventional and Islamic banking (Note 26.1)	439,835,697	684,268,635
Off-shore banking unit	257,549	260,214
	<u>440,093,246</u>	<u>684,528,849</u>
26.1 Conventional and Islamic banking		

Notes to the financial statements

	Amount in Taka	
	31 Dec 2019	31 Dec 2018
Rent, rate and taxes (Note 26.1.1)	26,712,121	405,338,783
Insurance	169,710,299	165,523,467
Power and electricity	116,925,573	113,406,385
Interest portion on lease liabilities (Note 26.1.1)	126,487,704	-
	<u>439,835,697</u>	<u>684,268,635</u>
26.1.1 Total rent expenses for the year 2019 was Tk 423,137,251 as per IAS 17. To implement “IFRS 16: Lease” this rent expense has been adjusted with depreciation Tk 326,661,553 arises against right-of-use assets (ref: Annex C) and interest expenses Tk 126,487,704 arises against lease liabilities.		
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
Bank Asia Limited	440,093,246	684,528,849
Bank Asia Securities Ltd	17,321,041	15,014,394
BA Exchange Company (UK) Limited	6,804,596	8,154,039
BA Express USA, Inc	7,502,418	7,281,715
	<u>471,721,301</u>	<u>714,978,997</u>
27 Legal expenses		
Conventional and Islamic banking (Note 27.1)	20,114,446	25,213,849
Off-shore banking unit	420,113	-
	<u>20,534,559</u>	<u>25,213,849</u>
27.1 Conventional and Islamic Banking		
Legal expenses	20,114,446	25,213,849
Other professional charges	-	-
	<u>20,114,446</u>	<u>25,213,849</u>
27(a) Consolidated Legal expenses		
Bank Asia Limited	20,534,559	25,213,849
Bank Asia Securities Ltd	818,600	609,628
BA Exchange Company (UK) Limited	444,004	1,329,275
BA Express USA, Inc	421,616	235,319
	<u>22,218,779</u>	<u>27,388,071</u>
28 Postage, stamps, telecommunication etc.		
Conventional and Islamic banking (Note 28.1)	123,751,262	107,709,668
Off-shore banking unit	720,396	779,823
	<u>124,471,658</u>	<u>108,489,491</u>
28.1 Conventional and Islamic banking		
Telephone, courier and postage	77,977,767	65,967,767
Master/VISA card process fee	25,589,255	22,502,359
ATM charge	1,822,152	1,584,183
SWIFT and Reuter charge	16,709,367	15,902,887
Internet	1,652,721	1,752,472
	<u>123,751,262</u>	<u>107,709,668</u>
28(a) Consolidated Postage, stamps, telecommunication etc.		
Bank Asia Limited	124,471,658	108,489,491
Bank Asia Securities Ltd	1,579,425	1,681,261
BA Exchange Company (UK) Limited	570,892	598,814

Notes to the financial statements

	Amount in Taka	
	31 Dec 2019	31 Dec 2018
BA Express USA, Inc	220,696	385,420
	<u>126,842,671</u>	<u>111,154,986</u>
29 Stationery, printing, advertisements etc.		
Conventional and Islamic banking (Note 29.1)	156,639,432	133,391,807
Off-shore banking unit	50,561	58,712
	<u>156,689,993</u>	<u>133,450,519</u>
29.1 Conventional and Islamic banking		
Office and security stationery	74,489,241	61,169,752
Calendar, diary, souvenir, etc	23,803,440	25,497,895
ATM card /Supplies And Stationeries	30,226,705	15,751,549
Books and periodicals	1,609,580	2,054,194
Publicity and advertisement	26,510,466	28,918,417
	<u>156,639,432</u>	<u>133,391,807</u>
29(a) Consolidated Stationery, printing, advertisements etc.		
Bank Asia Limited	156,689,993	133,450,519
Bank Asia Securities Ltd	1,234,650	1,481,826
BA Exchange Company (UK) Limited	1,357,957	472,154
BA Express USA, Inc	221,243	1,343,455
	<u>159,503,843</u>	<u>136,747,954</u>
30 Managing Director's salary and fees		
Basic salary	7,801,613	6,000,000
House rent allowance	1,860,484	1,500,000
Entertainment allowances	420,162	300,000
Incentive bonus	1,000,000	1,000,000
Festival bonus	1,210,000	1,100,000
Utility allowance and others	1,200,000	1,200,000
House maintenance allowance	600,000	600,000
Provident fund	780,161	600,000
Leave fare assistance	1,700,000	1,600,000
	<u>16,572,420</u>	<u>13,900,000</u>
31 Directors' fees		
Directors' fees	<u>3,424,000</u>	<u>3,656,000</u>
31(a) Consolidated Directors' fees		
Bank Asia Limited	3,424,000	3,656,000
Bank Asia Securities Ltd.	302,400	230,000
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,726,400</u>	<u>3,886,000</u>
32 Auditors' fees		
Audit fees	1,478,225	875,500
Others	-	-
	<u>1,478,225</u>	<u>875,500</u>
32(a) Consolidated Auditors fees		

Notes to the financial statements

	Amount in Taka	
	31 Dec 2019	31 Dec 2018
Bank Asia Limited	1,478,225	875,500
Bank Asia Securities Ltd	95,833	95,833
BA Exchange Company (UK) Limited	630,240	650,649
BA Express USA, Inc	1,235,961	1,291,060
	<u>3,440,259</u>	<u>2,913,042</u>
33 Depreciation and repair of Bank's assets		
Conventional and Islamic banking (Note 33.1)	834,076,015	475,722,070
Off-shore banking unit	-	-
	<u>834,076,015</u>	<u>475,722,070</u>
33.1 Conventional and Islamic banking		
Depreciation	761,091,855	406,406,674
Repairs:		
Building	10,055,315	6,477,977
Furniture and fixtures	3,583,154	1,381,017
Equipments	19,297,980	6,990,839
	32,936,449	14,849,833
Maintenance	40,047,711	54,465,563
	<u>834,076,015</u>	<u>475,722,070</u>
33(a) Consolidated Depreciation and repairs of Bank's assets		
Bank Asia Limited	834,076,015	475,722,070
Bank Asia Securities Ltd	4,709,168	1,622,905
BA Exchange Company (UK) Limited	2,033,364	1,882,435
BA Express USA, Inc	1,648,136	1,631,768
	<u>842,466,683</u>	<u>480,859,178</u>
34 Other expenses		
Conventional and Islamic banking (Note 34.1)	1,868,985,671	1,720,922,197
Off-shore banking unit	18,682,659	13,242,801
	<u>1,887,668,330</u>	<u>1,734,164,998</u>
34.1 Conventional and Islamic banking		
Car expenses	324,170,297	327,603,784
Contractual service expenses	744,761,162	653,073,820
Computer expenses	168,235,611	154,704,899
Other management and administrative expenses	246,377,129	205,074,053
Commission paid to agents	153,238,259	65,197,958
Entertainment	63,159,412	49,288,292
AGM/EGM expenses	1,528,027	3,451,105
Payment to superannuation fund	7,320,000	7,320,000
Donation and subscription to institutions	103,516,418	192,002,911
Travelling expenses	37,390,737	40,157,362
Training and internship	18,106,353	22,478,413
Directors' travelling expenses	682,266	69,600
Sharia council fees	500,000	500,000
	<u>1,868,985,671</u>	<u>1,720,922,197</u>
34(a) Consolidated other expenses		
Bank Asia Limited	1,887,668,330	1,734,164,998

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Bank Asia Securities Ltd	11,032,998	12,952,991
BA Exchange Company (UK) Limited	6,329,186	11,255,466
BA Express USA, Inc	9,288,053	8,755,540
	<u>1,914,318,567</u>	<u>1,767,128,995</u>

34(b) Provision for loans and advances/investments and off-balance sheet items

Conventional and Islamic banking	5,414,376,135	3,384,158,645
Off-shore banking unit	(12,723,002)	59,942,287
	<u>5,401,653,133</u>	<u>3,444,100,932</u>

Break up of provision for loans and advances/Investments is shown below:

General provision		
Conventional and Islamic banking	2,860,517,628	933,259,584
Off-shore banking unit	(12,630,144)	56,796,306
	2,847,887,484	990,055,890
Specific provision		
Conventional and Islamic banking	2,805,142,562	2,601,190,658
Off-shore banking unit	-	3,326,356
	2,805,142,562	2,604,517,014
Provision for off-balance sheet items		
Conventional and Islamic banking	(196,284,055)	(172,791,597)
Off-shore banking unit	(92,858)	(180,375)
	(196,376,913)	(172,971,972)
Provision for diminution in value of investments	(80,000,000)	10,000,000
Other provisions	25,000,000	12,500,000
	<u>5,401,653,133</u>	<u>3,444,100,932</u>

34(c) Consolidated Provision for loans and advances/investments

Bank Asia Limited	5,401,653,133	3,444,100,932
Bank Asia Securities Limited:		
Specific Provision	36,000,000	110,000,000
Provision for diminution in value of investments	13,934,688	-
Other provisions	-	-
	36,000,000	110,000,000
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>5,451,587,821</u>	<u>3,554,100,932</u>

35 Receipts from other operating activities

Conventional and Islamic banking (Note 35.1)	1,015,312,483	967,208,220
Off-shore banking unit	28,308,974	26,079,410
	<u>1,043,621,457</u>	<u>993,287,630</u>

35.1 Conventional and Islamic banking

Locker charge	11,975,125	11,407,510
Service and other charges	536,740,372	479,149,066
Master card fees and charges	241,919,424	206,373,235
Postage/telex/SWIFT/ fax recoveries	127,286,381	118,436,866
Non-operating income	97,391,181	151,841,543
	<u>1,015,312,483</u>	<u>967,208,220</u>

35(a) Consolidated Receipts from other operating activities

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Bank Asia Limited	1,043,621,457	993,287,630
Bank Asia Securities Ltd	29,775,796	66,480,030
BA Exchange Company (UK) Limited	2,661,714	433,766
BA Express USA, Inc	948,684	554,369
	1,077,007,651	1,060,755,795
Less: inter- companies transactions	-	-
	<u>1,077,007,651</u>	<u>1,060,755,795</u>

36 Payments for other operating activities

Conventional and Islamic banking (Note 36.1)	2,475,302,230	2,557,325,672
Off-shore banking unit	18,940,208	13,503,015
	<u>2,494,242,438</u>	<u>2,570,828,687</u>

36.1 Conventional and Islamic banking

Rent, rates and taxes	439,835,697	684,268,635
Legal expenses	20,534,559	25,213,849
Directors' fees	3,424,000	3,656,000
Postage, stamp, telecommunication, etc	124,471,658	108,489,491
Other expenses	1,868,985,671	1,720,922,197
Managing Director's salary	16,572,420	13,900,000
Auditors' fee	1,478,225	875,500
	<u>2,475,302,230</u>	<u>2,557,325,672</u>

36(a) Payments for other operating activities

Bank Asia Limited	2,494,242,438	2,570,828,687
Bank Asia Securities Ltd	31,150,297	30,584,107
BA Exchange Company (UK) Limited	14,778,918	21,988,243
BA Express USA, Inc	18,668,744	17,949,054
	<u>2,558,840,397</u>	<u>2,641,350,091</u>

37 Earnings per share (EPS)

Net profit after tax (Numerator)	1,960,811,140	2,266,276,987
Number of ordinary shares outstanding (Denominator)	1,110,387,486	1,110,387,486
Issue of bonus shares 5%	55,519,374	55,519,374
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	<u>1.68</u>	<u>1.94</u>

Earnings per share has been calculated in accordance with IAS 33: "Earnings Per Share (EPS)". Earnings per share for previous period has been restated since the bonus issue is an issue without consideration of cash. It is treated as if it has occurred prior to the beginning of 2018, the earliest period reported. Actual EPS for December 2018 was Taka 2.04.

37(a) Consolidated Earnings per share (EPS)

Net profit after tax (Numerator)	1,957,811,647	2,233,390,509
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	<u>1.68</u>	<u>1.92</u>

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 2,376 (2018: 2,256).

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

Notes to the financial statements

the 409th meeting held on April 30, 2019 consisting of the following members:

Name	Status with the Board	Status with the Audit Committee
Mr. Dilwar H Choudhury	Independent Director	Chairman
Mr. Mohd. Safwan Choudhury	Vice Chairman	Member
Major General Mohammad Matiur Rahman (retd.)	Director	Member
Mr. Ashraful Haq Chowdhury	Independent Director	Member

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

No. of meeting	Date	No. of meeting	Date
200 th Audit	21 st March, 2019	204 th Audit	11 th September, 2019
201 st Audit	29 th April, 2019	205 th Audit	23 rd October, 2019
202 nd Audit	10 th July, 2019	206 th Audit	2 nd December, 2019
203 rd Audit	31 st July, 2019		

In the year 2019, 07 (seven) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

- 1 External Audit Report of the Bank and the recommendations made therein.
- 2 Bangladesh Bank comprehensive inspection report and the recommendations made therein.
- 3 Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- 4 Actions taken by the management with regard to shortcomings raised in the Bangladesh Bank Inspection report and by the Internal Audit Team of the Bank.
- 5 The corrective measures taken by the management with regard to the lapses pointed out on the internal control and other issues raised by internal and external auditors and inspectors of the regulatory authority.
- 6 The compliance status of the audit objections and the recommendations made by the Bangladesh Bank Inspectors, External Auditors and the Internal Auditors in the reports.
- 7 Management Report on Accounts of the Bank for the year ended on 31.12.2018.
- 8 Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and compliance thereof.
- 9 Review of status of recovery of classified loans and necessary guidelines provided to the management to reduce Non Performing Loan (NPL).

The Audit Committee has further satisfied that

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

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 2019 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Agro Food Services Ltd.	Common Directors / Close family members Director	Office Rent	18,204,129
Romask Ltd	-do-	Printing	54,167,282
Rangs Industries Ltd.	-do-	Electronics items provider	143,400

Notes to the financial statements

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Garda Shield Security Service Ltd.	-do-	Maintenance	1,755,751
Rangs workshop Ltd	-do-	Car repair and Services	2,384,644
Ranks ITT Ltd.	-do-	Network Connectivity fees	96,331,449
DHS Motors	-do-	Car providers & Car repair and Services	670,069
Shield Security Service	-do-	Security Service providers	246,193,140
Green Bangla	-do-	Tree Plantation	579,492
Reliance Insurance	-do-	Insurance Service	37,055,997
The Daily Star	-do-	Advertising	6,642,088
Rangs Limited	-do-	Car providers	3,334,055
Ali Estates Limited	-do-	Office Rent	247,938,038
Rangs Motors Limited	-do-	Machinery Equipments provider	2,021,907
Rangs Power Tech Limited	-do-	Machinery Equipments provider	3,660,700
Rancon Industrial Solutions Limited	-do-	Machinery Equipments provider	23,499,287
M/s. M Ahmed Tea & Land Co. Ltd.	-do-	Office Rent	270,000
Opex Fashions Limited	-do-	Office Rent	3,308,850
Rancon Motor Bikes Ltd	-do-	Motor Bike	7,120,000
Enterprise Asia Ltd	-do-	Advance Office Rent	293,784,960
ERA Infotech	Associate Company	Software vendor	84,931,606

During the year 2019, Directors and their interest in different entities are given in Annexure F:

40.1 Key Management personnel compensation

Transactions with Key Management personnel of the Bank for the period January – December 2019 is given below:

Particulars	Amount Tk
Short-term employee benefit	98,314,668

Key Management personnel includes President and Managing Director, 05 nos. Deputy Managing Director, 08 nos Senior Executive Vice President, Company Secretary, Head of Internal Control & Compliance Division and Chief Financial Officer.

Key management personnel get car facilities and leave fare assistance as per existing company policy. In addition gratuity, benevolent and superannuation fund benefits are provided as per service rule if eligible.

41 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, ACNABIN, Chartered Accountants worked about 26,500 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

42 SHARE TRADING

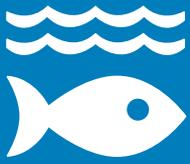
The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2019 was Tk. 18.20 (2018: Tk. 17.70) at DSE and Tk. 18.50 at CSE (2018: 17.70).

43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 428th meeting held on March 22, 2020 has recommended 10 % cash dividend subject to the approval of the shareholders at the next Annual General Meeting.

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

14 LIFE BELOW WATER



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

"No Water. No Life. No Blue. No Green."
- Sylvia Earle

The market value of marine and coastal resources and industries is estimated at USD 3 trillion per year, about 5% of global GDP. More than 3 billion people depend on marine and coastal biodiversity for their livelihoods. And yet 40% of the ocean is heavily affected by pollution, depleted fisheries, loss of coastal habitats and other human activities.



Bangladesh has recently gained a vast swath of marine territory. This marine area is rich in natural gas resources and biodiversity. Exploitation of gas resources may pose grave danger to the biological resources. Total protected area now stands at 2.05% of the marine area. Major success has been achieved in Hilsa protection with production almost doubling in last 15 years.



Tk. 441.89 million
outstanding for ETP &
Liquid waste
management project

Publishing
Sustainability Report
to create awareness
among stakeholders

Bank Asia Limited

Highlights on the overall activities

as at and for the year ended 31 December 2019

Sl no.	Particulars	Amount in Taka			Amount in USD	
		2019	2018		2019	2018
1	Paid-up Capital	11,659,068,600	11,103,874,860		139,046,733	132,425,460
2	Total Capital	42,757,136,343	35,082,898,046		509,924,107	418,400,692
3	Capital (deficit)/surplus	18,914,413,077	11,774,335,287		225,574,396	140,421,411
4	Total Asset	353,800,373,697	307,291,400,556		4,219,443,932	3,664,775,200
5	Total Deposit	253,709,574,615	222,471,716,244		3,025,755,213	2,653,210,689
6	Total loans and advances / investments	227,298,956,048	214,618,151,145		2,710,780,633	2,559,548,612
7	Total contingent liabilities and commitments	120,617,276,961	137,459,256,487		1,438,488,694	1,639,347,126
8	Credit deposit ratio	76.47%	81.75%		76.47%	81.75%
9	Percentage of classified loans / investments against total loans and advances / investments	4.61%	4.10%		4.61%	4.10%
10	Profit after tax and provision	1,960,811,140	2,266,276,987		23,384,748	27,027,752
11	Amount of classified loans/investments during current year	10,479,985,000	8,809,830,429		124,984,914	105,066,553
12	Provisions kept against classified loans / investments	4,604,656,791	3,892,759,378		54,915,406	46,425,276
13	Provision surplus against classified loans / investments	1,843,000	5,114,917		21,980	61,001
14	Cost of fund	8.26%	8.25%		8.26%	8.25%
15	Interest earning assets	312,059,883,788	278,695,296,655		3,721,644,410	3,323,736,394
16	Non-interest earning assets	41,740,489,909	28,596,103,901		497,799,522	341,038,806
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	2.76%	3.65%		2.76%	3.65%
18	Return on assets (ROA) [PAT/ Average assets]	0.59%	0.76%		0.59%	0.76%
19	Income from investment	3,293,064,994	2,311,462,131		39,273,286	27,566,632
20	Capital adequacy	17.93%	15.05%		17.93%	15.05%
21	Earnings per share	1.68	2.04		1.68	2.04
22	Net income per share	1.68	2.04		1.68	2.04
23	Price earning ratio	10.83	8.67		10.83	8.67

Exchange rate used 1 USD equivalent to BDT 83.85 (2018: BDT 82.75)

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

as at 31 December 2019

Name of the Bank	Account type	Currency type	2019		2018	
			FC amount	Exchange rate	Equivalent Taka	Exchange rate
Conventional and Islamic banking:						
Interest bearing						
Citibank N.A., London	CD	EURO	4,926	94.90	467,484	283,054
Citibank N.A., London	CD	GBP	109,546	111.00	12,159,468	60,116
Citibank NA, New York	CD	USD	6,142,685	84.90	521,514,002	3,571,856
Habib American Bank, New York	CD	USD	21,331,505	84.90	1,811,044,754	11,405
Mashreqbank psc, New York	CD	USD	301,683	84.90	25,612,854	2,403
Standard Chartered Bank, Mumbai	CD	ACU	522,551	84.90	44,364,591	15,725
Standard Chartered Bank, New York	CD	USD	4,893,595	84.90	415,466,240	7,960,890
					2,830,629,394	1,000,195,600
Non-interest bearing:						
AB Bank Ltd, Mumbai	CD	ACU	105,276	84.90	8,937,928	18,621
Al Rajhi Bank, KSA	CD	SAR	1,269,434	22.60	28,689,207	5,817
AXIS Bank Ltd	CD	ACU	313,480	84.90	26,614,444	-
HDFC Bank Limited, Mumbai, India	CD	ACU	2,134	84.90	181,135	-
AKTIF Bank, Istanbul -JPY	CD	JPY	3,172,128	0.80	2,537,702	-
Bank of Sydney	CD	AUD	41,936	59.25	2,484,730	16,877
Bhutan National Bank Ltd, Thimphu	CD	USD	154,786	84.90	13,141,369	177,410
Commerzbank AG, Frankfurt	CD	USD	75,391	84.90	6,400,720	8,833,964
Mashreqbank PSC (Dubai AE)	CD	AED	1,920,270	23.10	44,358,240	55,878
Commerzbank AG, Frankfurt	CD	EURO	201,401	94.90	19,112,994	927,101
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	182,616	84.90	15,504,093	34,353
ICICI Bank Ltd, Hongkong	CD	USD	124,587	84.90	10,577,408	72,765
ICICI Bank Ltd, Mumbai	CD	ACU	786,959	84.90	66,812,789	6,439
JP Morgan Chase Bank, New York	CD	USD	543,176	84.90	46,115,611	4,173
Mashreqbank psc, Mumbai (EURO)	CD	EURO	8,054	94.90	764,315	8,054
Muslim Commercial Bank Ltd, Colombo	CD	ACU	177,891	84.90	15,102,974	158,565
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	88,215	84.90	7,489,419	200,507
Saudi Hollandi Bank, KSA	CD	SAR	-	-	-	595,001
Unicredit Bank AG Munich	CD	EURO	10,805	94.90	1,025,425	26,065
Wells Fargo Bank N.A, New York	CD	USD	140,482	84.90	11,926,957	48,701
Wells Fargo Bank N.A, London	CD	EURO	38,105	94.90	3,616,182	19,576
Zurcher Kantonal Bank, Switzerland	CD	CHF	21,157	86.60	1,832,183	6,618
					333,225,824	911,280,226
Off-shore banking unit:						
Commerzbank AG, Frankfurt	CD	EURO	1,071	113.17	121,161	36,082
Habib American Bank, New York	CD	USD	5,457,470	83.85	457,608,880	5,581,042
Sonali Bank, London	CD	GBP	3	134.15	440	3
					457,730,481	465,862,484
					3,621,585,699	2,377,338,310

Bank Asia Limited Investment in Shares

as at 31 December 2019

Sl. No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Cost of Per Share	Quoted rate per share as at 31 Dec 2019	Total market value as at 31 Dec 2019	Unrealized profit/ (loss) as at 31 Dec 2019
Quoted Shares								
1	AB Bank Limited	10	141,912	9,721,000	68.50	7.90	1,121,105	(8,599,895)
2	Dhaka Bank Limited	10	558,197	15,813,721	28.33	12.00	6,698,364	(9,115,357)
3	Exim Bank Limited	10	1,877,123	38,582,386	20.55	10.10	18,958,942	(19,623,444)
4	Golden Son Limited	10	119,185	8,586,791	72.05	6.70	798,540	(7,788,251)
5	Lanka Bangla Finance Limited	10	1,247,636	59,764,883	47.90	18.00	22,457,448	(37,307,435)
6	Mercantile Bank Limited	10	483,000	10,495,590	21.73	13.20	6,375,600	(4,119,990)
7	Phoenix Finance and Investments Limited	10	1,177,770	49,442,785	41.98	21.50	25,322,055	(24,120,730)
8	Prime Finance & Investment Limited	10	72,576	12,001,821	165.37	7.50	544,320	(11,457,501)
9	Prime Insurance Company Limited	10	60,564	5,466,943	90.27	26.00	1,574,664	(3,892,279)
10	Reliance Insurance Limited	10	139,977	7,343,193	52.46	43.50	6,089,000	(1,254,193)
11	Southeast Bank Limited	10	1,356,308	34,735,048	25.61	13.40	18,174,527	(16,560,521)
12	United Commercial Bank Limited	10	2,499,411	63,784,968	25.52	13.30	33,242,166	(30,542,802)
13	Premier Bank Limited	10	2,887,500	40,511,625	14.03	12.50	36,093,750	(4,417,875)
14	The ACME Laboratories Limited	10	1,000,000	57,650,000	57.65	60.90	60,900,000	3,250,000
A. Provision requirement for quoted shares				413,900,754			238,350,481	(175,550,273)
Available cash balance				38,038,611				
				451,939,365				
Mutual Fund								
15	1st Janata Bank Mutual Fund	10	7,248,082	50,000,000	6.90	4.30	31,166,753	-
16	MBL 1st Mutual Fund	10	5,000,000	50,000,000	10.00	6.10	30,500,000	(6,200,000)
17	EBL NRB Mutual Fund	10	22,376,041	149,665,000	6.69	4.10	91,741,768	-
18	First Bangladesh Fixed Income Fund	10	38,807,348	250,000,000	6.44	3.70	143,587,188	-
19	EXIM Bank 1st Mutual Fund	10	33,779,648	235,793,533	6.98	4.10	138,496,557	-
B. Provision requirement for Mutual Fund as per BB Circular				107,211,119			435,492,265	(6,200,000)

Sl. No.	Name of the company	Face value	No. of Shares including bonus	Cost of holding	Per Unit cost	Per share (NAV)	Total book value	Unrealized profit (loss)
Unquoted Shares								
1	Industrial & Infrastructure Development Finance Co. Ltd.	10	11,726,576	59,000,260	5.03	17.19	201,629,080	142,628,820
2	Central Depository Bangladesh Limited	10	1,142,361	3,138,890	2.75	34.73	39,676,988	36,538,098
3	Era-InfoTech Limited	100	195,687	383,700	1.96	265.37	51,930,305	51,546,605
4	Bangladesh Rating Agency Limited	100	32,015	3,201,512	100.00	21.94	702,472	(2,499,040)
5	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	10.00	2,000,000	-
6	Universal Financial Solutions Limited (UFS)	10	10,000,000	100,000,000	10.00	9.84	98,400,000	(1,600,000)
7	Investment in SWIFT share	307,890	29	9,035,228	311,559.59	307,889.86	9,035,228	-
8	Energypac Power Generation Limited	10	1,192,800	49,984,000	41.90	41.15	49,080,763	(903,237)
	C. Unrealized profit of unquoted stocks		24,485,631	226,743,590			453,448,459	225,711,245
9	Provision required for subsidiaries							(197,672,777)
	D. Provision for unquoted stock							28,038,468
	E. Provision required for Beximco Debentures							(15,982,975)
	F. Total Provision Requirement (A+B+D+E)							(169,694,780)
	G. Provision maintained							183,383,553
	H. Provision Excess / (Shortfall) for quoted and unquoted share							13,688,773

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

as at 31 December 2019

Annex C-1

Particulars	Cost					Rate of dep. %	Depreciation				Written down value as at 31 Dec 2019	
	Balance as at 01 Jan 2019	Addition during the year	Revaluation during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2019		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2019		
Own assets												
Land	2,646,764,306	-	-	-	2,646,764,306	-	-	-	-	-	-	2,646,764,306
Building	2,752,485,492	-	-	-	2,752,485,492	5	1,098,677,739	53,715,264	-	95,383,783	-	1,247,776,786
Furniture and fixtures	1,188,646,531	37,502,593	-	(800,000)	1,225,349,124	20	948,230,191	90,058,019	(381,250)	90,058,019	-	1,037,906,960
Machinery & Equipments	927,523,396	228,901,452	-	(1,760,000)	1,154,664,848	20	627,141,174	116,511,998	-	116,511,998	-	741,893,172
Computer and accessories	440,900,264	33,889,902	-	-	474,790,166	20	312,923,474	52,002,096	-	52,002,096	-	364,925,570
Motor vehicles	243,279,818	3,334,055	-	(42,828,577)	203,785,296	20	160,152,702	26,759,142	(42,828,577)	26,759,142	-	144,083,267
Sub-total	8,199,599,807	303,628,002	-	(45,388,577)	8,457,839,232		3,147,125,280	380,715,038	(44,969,827)	380,715,038	53,715,264	3,536,585,755
Leased assets												
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	167,162,848	-	-	-	-	167,162,848
Machinery & Equipments	106,201,139	-	-	-	106,201,139	20	106,201,139	-	-	-	-	106,201,139
Computer and accessories	72,204,100	-	-	-	72,204,100	20	72,204,100	-	-	-	-	72,204,100
Motor vehicles	18,900,000	-	-	-	18,900,000	20	18,900,000	-	-	-	-	18,900,000
Sub-total	364,468,087	-	-	-	364,468,087		364,468,087	-	-	-	-	364,468,087
Total	8,564,067,894	303,628,002	-	(45,388,577)	8,822,307,319		3,511,593,367	380,715,038	(44,969,827)	380,715,038	53,715,264	3,901,053,842
Intangible assets												
Corporate Membership ¹	-	24,000,000	-	-	24,000,000		-	-	-	-	-	24,000,000
Work in progress - building												
Kawran bazar building ²	332,037,775	240,408,069	-	-	572,445,844		-	-	-	-	-	572,445,844
Sukrabad building ³	47,041,290	35,427,974	-	-	82,469,264		-	-	-	-	-	82,469,264
Renovation ⁴	-	13,020,200	-	-	13,020,200		-	-	-	-	-	13,020,200
Right-of-use assets												
Office space ⁵	-	1,739,075,475	-	-	1,739,075,475		-	326,661,553	-	326,661,553	-	1,412,413,922
Grand Total	8,943,146,959	2,355,559,720	-	(45,388,577)	11,253,318,102		-	707,376,591	(44,969,827)	53,715,264	4,227,715,395	7,025,602,707

¹ Membership fees to BCCL² For construction of 12 storied commercial building with 22 stored foundation³ For construction of 9 storied building⁴ Gulshan Branch and Fatullah Branch⁵ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

Bank Asia Limited

Conventional Banking, Islamic Banking and Off-shore Banking unit

Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2018

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2018
	Balance as at 01 Jan 2018	Addition during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2018		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2018	
Own assets										
Land	2,646,764,306	-	-	2,646,764,306	-	-	-	-	-	2,646,764,306
Building	2,752,485,491	-	-	2,752,485,491	5	949,578,696	53,715,264	-	1,098,677,739	1,653,807,752
Furniture and fixtures	1,097,315,470	94,334,061	(3,003,000)	1,188,646,531	20	851,731,495	97,705,634	(1,206,938)	948,230,191	240,416,340
Machinery & Equipments	785,151,504	142,930,554	(558,663)	927,523,396	20	538,192,038	89,445,301	(496,165)	627,141,174	300,382,222
Computer and accessories	404,958,567	35,941,696	-	440,900,263	20	264,389,416	48,534,058	-	312,923,474	127,976,789
Motor vehicles	194,732,600	61,299,575	(12,752,357)	243,279,818	20	150,326,595	21,622,638	(11,796,530)	160,152,703	83,127,116
Sub-total	7,881,407,939	334,505,886	(16,314,019)	8,199,599,806	2,754,218,240	352,691,410	53,715,264	(13,499,634)	3,147,125,280	5,052,474,527
Leased assets										
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	167,162,848	-
Machinery & Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	18,900,000	-
Sub-total	364,468,087	-	-	364,468,087		364,468,087	-	-	364,468,087	-
Total	8,245,876,026	334,505,886	(16,314,019)	8,564,067,893	3,118,686,327	352,691,410	53,715,264	(13,499,634)	3,511,593,367	5,052,474,527
Work in progress - building										
Kawran bazar building ¹	163,317,128	168,720,647	-	332,037,775	-	-	-	-	-	332,037,775
Sukrabad building ²	39,233,671	7,807,619	-	47,041,290	-	-	-	-	-	47,041,290
Total	202,550,799	176,528,266	-	379,079,065	-	-	-	-	-	379,079,065
Grand Total	8,448,426,824	511,034,152	(16,314,019)	8,943,146,959	3,118,686,327	352,691,410	53,715,264	(13,499,634)	3,511,593,367	5,431,553,592

¹ For construction of 12 storied commercial building with 22 stored foundation² 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 2019

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2019		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2019	
Own assets										
Land	2,646,764,306	-	-	2,646,764,306	0	-	-	-	-	2,646,764,306
Building	2,773,626,243	737,880	127,713	2,774,491,836	5	1,114,966,115	97,335,178	645,698	1,266,662,255	1,507,829,582
Furniture and fixtures	1,206,448,427	61,578,715	(11,191,101)	1,256,836,041	20	961,950,088	92,732,221	(10,771,204)	1,043,911,105	212,924,937
Machinery & Equipments	935,599,805	235,594,987	(6,470,579)	1,164,724,213	20	633,174,330	117,723,860	(6,406,685)	744,491,505	420,232,708
Computer and accessories	453,288,375	35,792,902	(4,243,011)	484,838,266	20	321,974,971	53,006,595	(4,233,740)	370,747,826	114,090,440
Motor vehicles	243,279,818	3,334,055	(42,828,577)	203,785,296	20	160,152,703	26,759,142	(42,828,577)	144,083,268	59,702,029
Sub-total	8,259,006,975	337,038,539	(64,605,555)	8,531,439,959		3,192,218,206	387,556,996	(63,594,508)	3,569,895,958	4,961,544,001
Leased assets										
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	167,162,848	-
Machinery & Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	18,900,000	-
Sub-total	364,468,087	-	-	364,468,087		364,468,087	-	-	364,468,087	-
Total	8,623,475,062	337,038,539	(64,605,555)	8,895,908,046		3,556,686,293	387,556,996	(63,594,508)	3,934,364,045	4,961,544,001
Intangible assets										
Corporate Membership ¹	-	24,000,000	-	24,000,000		-	-	-	-	24,000,000
Work in progress - building										
Kawran bazar building ²	332,037,775	240,408,069	-	572,445,844		-	-	-	-	572,445,844
Sukrabad building ³	47,041,290	35,427,974	-	82,469,264		-	-	-	-	82,469,264
Renovation ⁴	-	13,020,200	-	13,020,200		-	-	-	-	13,020,200
Sub-total	379,079,065	288,856,243	-	667,935,308		-	-	-	-	667,935,308
Right-of-use assets										
Office space ⁵	-	1,739,075,475	-	1,739,075,475		-	326,661,553	-	326,661,553	1,412,413,922
Grand Total	9,002,554,127	2,388,970,257	(64,605,555)	11,326,918,829		3,556,686,293	714,218,549	(63,594,508)	4,261,025,598	7,065,893,231

¹ Membership fees to BCCL² For construction of 12 storied commercial building with 22 stored foundation³ For construction of 9 storied building⁴ Gulshan Branch and Fatullah Branch⁵ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

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

Annex C-4

as at 31 December 2018

Particulars	Cost				Rate of dep. %	Depreciation				Written down value as at 31 Dec 2018
	Balance as at 01 Jan 2018	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2018		Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2018	
Own assets										
Land	2,646,764,306	-	-	2,646,764,306	0	-	-	-	-	2,646,764,306
Building	2,774,297,051	-	(670,808)	2,773,626,243	5	962,722,912	98,227,902	300,037	1,114,966,115	1,658,660,129
Furniture and fixtures	1,112,510,964	97,039,134	(3,101,671)	1,206,448,427	20	865,125,158	98,145,466	(1,320,536)	961,950,088	244,498,339
Equipments	791,520,005	144,638,462	(558,663)	935,599,805	20	543,828,967	89,841,528	(496,165)	633,174,330	302,425,475
Computer and accessories	416,390,539	36,897,836	-	453,288,375	20	272,531,726	49,443,245	-	321,974,971	131,313,404
Motor vehicles	194,732,600	61,299,575	(12,752,357)	243,279,818	20	150,326,595	21,622,638	(11,796,530)	160,152,703	83,127,116
Sub-total	7,936,215,466	339,875,007	(17,083,498)	8,259,006,975		2,794,535,358	357,280,779	(13,313,195)	3,192,218,206	5,066,788,769
Leased assets										
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	167,162,848	-
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	18,900,000	-
Sub-total	364,468,087	-	-	364,468,087		364,468,087	-	-	364,468,087	-
Total	8,300,683,553	339,875,007	(17,083,498)	8,623,475,062		3,159,003,445	357,280,779	(13,313,195)	3,556,686,293	5,066,788,769
Work in progress - building										
Kawran bazar building ¹	163,317,128	168,720,647	-	332,037,775		-	-	-	-	332,037,775
Sukrabad building ²	39,233,672	7,807,619	-	47,041,291		-	-	-	-	47,041,291
Total	202,550,799	176,528,266	-	379,079,065		-	-	-	-	379,079,065
Grand Total	8,503,234,352	516,403,273	(17,083,498)	9,002,554,127		3,159,003,445	357,280,779	(13,313,195)	3,556,686,293	5,445,867,834

¹ For construction of 12 storied commercial building with 22 stored foundation

² For construction of 9 storied building

Bank Asia Limited

Statement of tax position

as at 31 December 2019

Accounting year	Assessment year	Status
2000	2001-2002	Assessment finalized
2001	2002-2003	Assessment finalized
2002	2003-2004	Assessment finalized
2003	2004-2005	Assessment finalized
2004	2005-2006	Assessment finalized
2005	2006-2007	Assessment finalized
2006	2007-2008	Assessment finalized
2007	2008-2009	Assessment finalized
2008	2009-2010	Assessment finalized
2009	2010-2011	Assessment finalized
2010	2011-2012	At Honorable High Court stage
2011	2012-2013	At Honorable High Court stage
2012	2013-2014	Assessment finalized
2013	2014-2015	Assessment finalized
2014	2015-2016	Assessment finalized
2015	2016-2017	Assessment finalized
2016	2017-2018	Assessment finalized
2017	2018-2019	Assessment finalized
2018	2019-2020	Return submitted

Bank Asia Limited

Details of Large Loan

as at 31 December 2019

	2019	2018
Number of clients	8	9
Amount of outstanding advances (Taka)	43,683	50,121
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) 2019			Outstanding (Taka) 2018		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Spectra Group	1,489	4,247	5,736	-	-	-
2	Saiham Group	1,951	3,032	4,983	-	-	-
3	Meghna Group	2,014	2,793	4,807	-	-	-
4	ACI Group	2,606	2,168	4,773	-	-	-
5	Basundhara Group	4,508	2,221	6,729	3,329	2,579	5,907
6	City Group	1,862	4,182	6,044	1,270	3,339	4,610
7	Summit Group	2,049	3,413	5,461	568	11,870	12,438
8	Western Marine Group	4,204	945	5,149	2,288	2,002	4,290
9	Pran RFL Group	-	-	-	1,843	2,795	4,638
10	AA Group	-	-	-	2,367	1,639	4,006
11	Max Group	-	-	-	3,337	556	3,893
12	ECHOTEX Group	-	-	-	1,690	3,147	4,837
13	Salma Group	-	-	-	2,072	3,430	5,502
	Total	20,683	23,000	43,683	18,765	31,356	50,121

Names of Directors and their interest in different entities

as at 31 December 2019

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
1.	Mr. A Rouf Chowdhury	Chairman	Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Rangs Properties Limited
			Rangs Motors Limited
			Rangs Pharmaceuticals Limited
			Ranks ITT Limited
			Ranks Telecom Limited
			Ranks Petroleum Limited
			Ranks Interiors Limited
			Rancon Motors Limited
			Rancon Engineering Limited
			Rancon Services Limited
			Shield Security Services Limited
			Rancon Autos Limited
			Rancon Automobiles Limited
			Rancon Motor Bikes Limited
			Ranks Steels Limited
			Ranks Real Estate Limited
			Rangs Motors Workshop Limited
			Ranks Agro Biotech Limited
			Zest Polymers Ltd.
			Metro Foils Limited
			Rancon Holdings Limited
			Sea Resources Limited
			Sea Fishers Limited
			Deep Sea Fishers Limited
			Sea Resources Agencies Limited
			Fishers Shipyard Limited
			Sea Resources Cold Storage Limited
			Seamans Dockyard & Fish Meal Ltd.
			The Daily Star
			Agro Food Services Ltd.
Ranks FC Properties Limited			
Softex Communication Limited			
Bank Asia Limited			
2.	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	M. Ahmed Tea & Lands Co.
			Phulbari Tea Estates Ltd.
			M. Ahmed Cold Storage Ltd.
			M. Ahmed Food & Spices Ltd.
			M. Ahmed Real Estates Ltd.
			Premier Dyeing & Calendaring Ltd.
			Anandaniketan Ltd.
			JVS Ltd.
			FIVDB
			Bank Asia Limited

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
3	Mr. Romo Rouf Chowdhury	Vice Chairman	Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Rangs Properties Limited
			Rangs Motors Limited
			Rangs Pharmaceuticals Limited
			Rangs ITT Limited
			Rangs Telecom Limited
			Rangs Petroleum Limited
			Rangs Interiors Limited
			Rancon Motors Limited
			Rancon Engineering Limited
			Rancon Services Limited
			Shield Security Services Limited
			Rancon Autos Limited
			Rancon Automobiles Limited
			Rangs Steel Limited
			Rangs Real Estate Limited
			Rangs Motors Workshop Limited
			Rangs Agro Bioteq Limited
			Zest Polymers Ltd.
			Metro Foils Limited
			Sea Resources Limited
			Sea Fishers Limited
			Deep Sea Fishers Limited
			Sea Resources Agencies Limited
			Fishers Shipyard Limited
			Sea Resources Cold Storage Limited
			Seamans Dockyard & Fish Meal Ltd.
			Sash Limited
			Agro Food Services Ltd.
			Bank Asia Limited
			4
Romask Limited			
Rangs Petroleum Ltd.			
Rangs ITT Limited			
Rangs Pharmaceuticals Limited			
Rangs Telecom 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.	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	Director	Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Rangs Properties Limited
			Rangs Motors Limited
			Rangs Pharmaceuticals Limited
			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
			Ranks Agro Biotech Limited
			Zest Polymers Ltd.
			Metro Foils Limited
			Sea Resources Limited
			Sea Resources Agencies Limited
			Sea Resources Cold Storage Limited
			Sea Fishers Limited
			Sea Natural Food Ltd.
			Sea Natural Ltd.
			Fishers Shipyard Limited
			Deep Sea Fishers Limited
			Agro Food Services Ltd.
			Seamans Dockyard & Fish Meal Limited
Romask Limited			
SRL Marine Product Ltd.			
Amreen Romana Ltd.			
Amiran Romana Ltd.			
Maya Limited			
Bank Asia Limited			
6.	Ms. Hosneara Sinha	Director	Pritha Fashions Ltd.
			Sinha Auto Spinning Mills Ltd.
			Sattar Jute Mills Ltd.
7.	Ms. Farhana Haq	Director	Bank Asia Limited
			DHS Motors Limited
			Platform Solutions Limited
			FAR Limited
			Ali Estates Limited
8.	Ms. Naheed Akhter Sinha	Director	Surja Soft Ltd.
			Bank Asia Limited
			Lafargeholcim Bangladesh Ltd.
			Enterprise Cluster Pte. Ltd. (Singapore)
9.	Mr. M Shahjahan Bhuiyan (Independent Director)	Director	Cluster World Pte. Ltd. (Singapore)
			Bank Asia Limited
			Bank Asia Limited
10.	Mr. Dilwar H Choudhury (Independent Director)	Director	Bank Asia Limited

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
11.	Major General Mohammad Matiur Rahman (retd.) (Representing Sinha Fashions Ltd.)	Director	Sinha-Medlar Group Bank Asia Limited
12.	Mr. Ashraful Haq Chowdhury (Independent Director)	Director	Star Infrastructure Development Consortium Limited Star Allied Venture Limited Bank Asia Limited
13.	Mr. Enam Chowdhury (Representing Amiran Generations Limited)	Director	Agro Food Services Ltd. Bank Asia Limited
14.	Mr. Md. Abul Quasem (Independent Director)	Director	Anwar Galvanizing Limited National Credit Rating Limited Bank Asia Limited
15.	Mr. M. A. Baqui Khalily (Independent Director)	Director	University of Asia Pacific Bank Asia Limited

Bank Asia Limited

Islamic Banking Operations

as at and for the year ended 31 December 2019

The operation of our Islamic Banking is totally different from the Bank's conventional operation as the former operates their business on the basis of Islamic Shariah. Accounting system is vital for ensuring Shariah compliance in such banking operation. Our Islamic Banking operation is committed to follow the accounting principles that refrain from interest. In a nutshell, we follow under noted principles for accounting under its Islamic Banking umbrella, run through a separate Islamic Banking software namely i-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. 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/institutions/organizations, particularly by the Central Shariah Board for Islamic Banks of Bangladesh and Islamic Banks Consultative Forum. Our module offers pre-defined 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 2019

Types of Mudaraba Deposit	Distributable Investment Income Sharing Ratio (ISR) w.e.f. 01.06.2019	
	Client	Bank
1. Mudaraba Term Deposit Account (MTDA) 1 month	60%	40%
2. Mudaraba Term Deposit Account (MTDA) 2 months	60%	40%
3. Mudaraba Term Deposit Account (MTDA) 3 months	70%	30%
4. Mudaraba Term Deposit Account (MTDA) 6 months (Below Tk.1 crore)	72%	28%
5. Mudaraba Term Deposit Account (MTDA) 6 months (Tk.1 crore & above but below Tk.5 crore)	80%	20%
6. Mudaraba Term Deposit Account (MTDA) 6 months (Tk.5 crore & above)	85%	15%
7. Mudaraba Term Deposit Account (MTDA) 12 months (Below Tk.1 crore)	80%	20%
8. Mudaraba Term Deposit Account (MTDA) 12 months (Tk.1 crore & above)	85%	15%
9. Mudaraba Term Deposit Account (MTDA) 24 months (Below Tk.1 crore)	80%	20%
10. Mudaraba Term Deposit Account (MTDA) 24 months (Tk.1 crore & above)	85%	15%
11. Mudaraba Term Deposit Account (MTDA) 36 months (Below Tk.1 crore)	80%	20%
12. Mudaraba Term Deposit Account (MTDA) 36 months (Tk.1 crore & above)	85%	15%
13. Mudaraba Term Deposit Account (MTDA) 60 months (Below Tk.1 crore)	80%	20%
14. Mudaraba Term Deposit Account (MTDA) 60 months (Tk.1 crore & above)	85%	15%
15. Corporate Term Deposit Account (CTDA) 3 months (Tk.1 crore & above)	75%	25%
16. Corporate Term Deposit Account (CTDA) 6 months (Tk.1 crore & above but below Tk.5 crore)	80%	20%
17. Corporate Term Deposit Account (CTDA) 6 months (Tk.5 crore & above)	85%	15%
18. Corporate Term Deposit Account (CTDA) 12 months (Tk.1 crore & above)	85%	15%
19. Mudaraba Savings Account (MSA)	45%	55%
20. Mudaraba Corporate Privilege Savings Account (MCPSA)	45%	55%
21. Smart Junior Saver (School Banking) Account	60%	40%

22. Mudaraba Special Notice Deposit Account (MSND)	35%	65%
23. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 year	80%	20%
24. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 2 years	82%	18%
25. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 3-5 years	85%	15%
26. Mudaraba Deposit Pension Scheme (MDPS) 3-12 Years	85%	15%
27. Mudaraba Hajj Savings Scheme (MHSS) 1- 10 Years	88%	12%
28. Cash Waqf	88%	12%

2. Investment Operation and Return Thereon

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

- Fixed return based investment
- Variable return based investment

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

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

3. Income/ Revenue Recognition Principle

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

For Bai-Murabaha Muajjal Investment

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

For Hire Purchase Shirkatul Melk (HPSM) Investment

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

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

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

For Musharaka Investment

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

4. Cost Recognition Principle

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

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

Bank Asia Limited Islamic Banking Unit Balance Sheet

Annex G-1

as at 31 December 2019

	Amount in Taka	
	31 Dec 2019	31 Dec 2018
PROPERTY AND ASSETS		
Cash	1,010,655,911	786,581,748
Cash in hand (including foreign currencies)	39,319,564	31,058,244
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	971,336,347	755,523,504
 Balance with other banks and financial institutions	 300,753,880	 852,738,197
In Bangladesh	300,753,880	852,738,197
Outside Bangladesh	-	-
	-	-
Placement with other banks and financial institutions	-	-
Investments in shares and securities	1,049,300,000	874,700,000
Government	969,300,000	754,700,000
Others	80,000,000	120,000,000
 Investments	 13,304,712,470	 11,719,264,673
General Investment	13,253,555,559	11,713,961,145
Bills purchased and discounted	51,156,911	5,303,528
 Fixed assets including premises, furniture and fixtures	 4,884,814	 6,791,260
Other assets	4,139,401,670	1,794,638,896
Non - banking assets	-	-
Total assets	<u>19,809,708,745</u>	<u>16,034,714,774</u>
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other banks, financial institutions and agents	-	-
Deposits and other Accounts		
Al-wadeeah current and other deposits accounts, etc.	815,561,996	995,086,895
Bills payable	108,992,752	86,397,037
Mudaraba savings deposits	2,551,157,860	1,691,519,432
Mudaraba term deposits	15,090,188,481	12,231,860,076
	18,565,901,089	15,004,863,440
Other liabilities	1,243,807,656	1,029,851,334
Total liabilities	<u>19,809,708,745</u>	<u>16,034,714,774</u>
OFF- BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	-	-
Letters of guarantee	214,311,365	146,540,716
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	<u>214,311,365</u>	<u>146,540,716</u>

Bank Asia Limited Islamic Banking Unit Profit and Loss Statement

Annex G-2

for the year ended 31 December 2019

	Amount in Taka	
	31 Dec 2019	31 Dec 2018
Investment income	1,348,621,170	1,165,033,072
Profit paid on deposits, borrowings, etc.	1,003,503,946	848,694,828
Net investment income	345,117,224	316,338,244
Profit on Investment with bank and financial institutions	31,211,410	20,850,530
Commission, exchange and brokerage	59,755,482	62,646,875
Other operating income	9,390,895	7,452,917
Total operating income	445,475,011	407,288,566
Salaries and allowances	84,059,716	75,221,809
Rent, taxes, insurance, electricity, etc.	9,826,725	8,063,405
Legal expenses	92,500	281,520
Postage, stamp, telecommunication, etc.	862,710	562,602
Stationery, printing, advertisement, etc.	1,532,772	1,048,993
Depreciation and repair of Bank's assets	4,733,774	4,697,271
Other expenses	42,724,634	27,147,174
Total operating expenses	143,832,831	117,022,774
Profit before provision	301,642,180	290,265,792
Provision for investments		
General provision	1,809,521	(7,266,443)
Specific provision	163,150,386	(1,228,906)
	164,959,907	(8,495,349)
Provision for off balance sheet items	677,707	372,705
Total provision	165,637,614	(8,122,644)
Total profit before taxes	136,004,566	298,388,436

Bank Asia Limited Off-shore Banking Unit Balance Sheet

Annex H

as at 31 December 2019

	Notes	31 Dec 2019		31 Dec 2018	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash					
In hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-	-
Balance with other banks and financial institutions					
	3				
In Bangladesh		-	-	-	-
Outside Bangladesh		5,458,920	457,730,481	5,629,758	465,862,484
		5,458,920	457,730,481	5,629,758	465,862,484
Investments					
Government		-	-	-	-
Others		1,628,319	136,534,543	1,108,910	91,762,334
		1,628,319	136,534,543	1,108,910	91,762,334
Loans and advances					
	4				
Loans, cash credits, overdrafts, etc.		31,992,364	2,682,559,733	36,840,673	3,048,565,725
Bills purchased and discounted		201,423,944	16,889,397,743	215,142,451	17,803,037,847
		233,416,309	19,571,957,476	251,983,125	20,851,603,572
Fixed assets including premises, furniture and fixtures					
		-	-	-	-
Other assets					
	5	585,497	49,093,897	367,970	30,449,503
Non - banking assets					
		-	-	-	-
Total assets		<u>241,089,045</u>	<u>20,215,316,397</u>	<u>259,089,763</u>	<u>21,439,677,893</u>
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents					
	6	233,940,009	19,615,869,735	253,540,414	20,980,469,299
Deposits and other accounts					
	7				
Current deposits		5,348,141	448,441,616	4,749,651	393,033,599
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed deposits		1,752,245	146,925,728	799,698	66,174,995
Bearer certificate of deposit		-	-	-	-
		7,100,386	595,367,344	5,549,349	459,208,594
Other liabilities					
	8	48,650	4,079,318	-	-
Total liabilities		<u>241,089,045</u>	<u>20,215,316,397</u>	<u>259,089,763</u>	<u>21,439,677,893</u>
OFF- BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements	9	24,518	2,055,858	160,443	13,276,658
Letters of guarantee		-	-	-	-
Irrevocable letters of credit	10	349,151	29,276,311	330,409	27,341,345
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
		373,669	31,332,169	490,852	40,618,003
Other commitments					
		-	-	-	-
Total Off-Balance Sheet items including contingent liabilities		<u>373,669</u>	<u>31,332,169</u>	<u>490,852</u>	<u>40,618,003</u>

Bank Asia Limited Off-shore Banking Unit Profit and Loss Statement

Annex H-1

for the year ended 31 December 2019

	Notes	31 Dec 2019		31 Dec 2018	
		USD	Taka	USD	Taka
Interest income	11	13,995,478	1,166,103,247	13,110,549	1,081,620,297
Interest paid on deposits and borrowings, etc.	12	10,389,691	865,669,016	9,798,539	808,379,496
Net interest/net profit on investments		3,605,788	300,434,231	3,312,010	273,240,801
Investment Income		-	-	-	-
Commission, exchange and brokerage	13	92,454	13,701,570	70,052	10,713,397
Other operating income	14	339,762	28,308,974	316,114	26,079,410
Total operating income (A)		4,038,004	342,444,775	3,698,176	310,033,608
		-	-	-	-
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity, etc.		3,091	257,549	3,154	260,214
Legal expenses		5,042	420,113	-	-
Postage, stamp, telecommunication, etc.		8,646	720,396	9,452	779,823
Stationery, printing, advertisements, etc.		607	50,561	712	58,712
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		-	-	-	-
Other expenses		224,228	18,682,659	160,519	13,242,801
Total operating expenses (B)		241,614	20,131,278	173,837	14,341,550
Profit before provision (C=A-B)		3,796,390	322,313,497	3,524,339	295,692,058
Provision for loans and advances					
General provision		(151,586)	(12,630,144)	688,440	56,796,306
Specific provision		-	-	40,319	3,326,356
		(151,586)	(12,630,144)	728,760	60,122,662
Provision for off-balance sheet items		(1,114)	(92,858)	(2,186)	(180,375)
Total provision (D)		(152,700)	(12,723,002)	726,573	59,942,287
Total profit/(loss) (C-D)		3,949,090	335,036,499	2,797,766	235,749,771

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

as at and for the year ended 31 December 2019

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 83.85 (2018 : BDT 82.75). Income and expenses are translated at an average rate @ USD 1 = BDT 83.32 (2018 : BDT 80.50). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 84.90

	31 Dec 2019		31 Dec 2018	
	USD	Taka	USD	Taka
3 Balance with other banks and financial institutions				
In Bangladesh	-	-	-	-
Outside Bangladesh				
Commerzbank A.G, Frankfurt	1,445	121,161	48,711	4,030,817
Habib American Bank, New York	5,457,470	457,608,880	5,581,042	461,831,233
Sonali Bank (UK) Limited, London	5	440	5	434
	<u>5,458,920</u>	<u>457,730,481</u>	<u>5,629,758</u>	<u>465,862,484</u>
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)	31,992,364	2,682,559,733	36,840,673	3,048,565,725
Bills purchased and discounted (Note 4.2)	201,423,944	16,889,397,743	215,142,451	17,803,037,847
	<u>233,416,309</u>	<u>19,571,957,476</u>	<u>251,983,125</u>	<u>20,851,603,572</u>

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

	31 Dec 2019		31 Dec 2018	
	USD	Taka	USD	Taka
4.1 Loans, cash credit, overdrafts etc.				
Term loan industrial	30,754,031	2,578,725,495	35,848,609	2,966,472,380
Term loan others	-	-	61,949	5,126,281
Loan against trust receipts	113,016	9,476,426	-	-
Demand loan	407,736	34,188,702	-	-
Loan others	717,580	60,169,110	930,116	76,967,064
	<u>31,992,364</u>	<u>2,682,559,733</u>	<u>36,840,673</u>	<u>3,048,565,725</u>
4.2 Bills purchased and discounted				
Payable in Bangladesh	201,423,944	16,889,397,743	215,142,451	17,803,037,847
Payable outside Bangladesh	-	-	-	-
	<u>201,423,944</u>	<u>16,889,397,743</u>	<u>215,142,451</u>	<u>17,803,037,847</u>
5 Other assets				
Branch adjustment account	169,698	14,229,167	169,698	14,042,495
Prepaid expenses	415,799	34,864,730	198,272	16,407,008
	<u>585,497</u>	<u>49,093,897</u>	<u>367,970</u>	<u>30,449,503</u>
6 Borrowings from other banks, financial institutions and agents				
Borrowing from other banks (Note 6.1)	136,200,875	11,420,443,402	197,604,273	16,351,753,582
Borrowing from corporate office, Dhaka	13,420,009	1,125,267,792	11,000,000	910,250,000
Borrowing - ECA	4,319,124	362,158,541	4,936,142	408,465,717
Borrowing from IFC	80,000,000	6,708,000,000	40,000,000	3,310,000,000
	<u>233,940,009</u>	<u>19,615,869,735</u>	<u>253,540,414</u>	<u>20,980,469,299</u>
6.1 Borrowing from other banks				
Standard Chartered Bank, Singapore	32,535,000	2,728,059,750	40,621,625	3,361,439,468
First Gulf Bank	5,000,000	419,250,000	20,000,000	1,655,000,000
National Bank of Ras Al Khaimah	22,000,000	1,844,700,000	23,000,000	1,903,250,000
Emirates Islami Bank	-	-	14,000,000	1,158,500,000
United Bank Limited, UAE	10,000,000	838,500,000	12,000,000	993,000,000
Caixa Bank, Barcelona	-	-	15,364,250	1,271,391,688
Bank Of Tokyo-Mitsubishi	-	-	30,000,000	2,482,500,000
HDFC, Gift City, Mumbai	15,000,000	1,257,750,000	4,500,000	372,375,000
Emirates NBD Bank PJSC	-	-	10,000,000	827,500,000
Noor Islami Bank, Dubai, UAE	13,000,000	1,090,050,000	-	-
Abu Dhabi Commercial bank	10,000,000	838,500,000	12,500,000	1,034,375,000
ID-Valvitalia Spa	-	-	1,268,398	104,959,926
Habib AG Zurich	-	-	6,050,000	500,637,500
State Bank of India	-	-	3,300,000	273,075,000
Nepal Bangladesh Bank Limited	-	-	5,000,000	413,750,000
The Commercial Bank, Qatar	6,000,000	503,100,000	-	-
DBS Bank Singapore	18,000,000	1,509,300,000	-	-
Banca Valsabbina SCPA Vestone Italy	1,290,875	108,239,902	-	-
Sanima Bank, Nepal	3,375,000	282,993,750	-	-
	<u>136,200,875</u>	<u>11,420,443,402</u>	<u>197,604,273</u>	<u>16,351,753,582</u>
7 Deposits and other accounts				
Customer deposits and other accounts (Note 7.1)	<u>7,100,386</u>	<u>595,367,344</u>	<u>5,549,349</u>	<u>459,208,594</u>

Off-shore Banking Unit (OBU) Notes to the Financial Statements

	31 Dec 2019		31 Dec 2018	
	USD	Taka	USD	Taka
7.1 Customer deposits and other accounts				
Foreign currency (Current)	3,531,472	296,113,904	2,535,459	209,809,238
Other demand deposits (Current)	1,816,669	152,327,712	2,214,192	183,224,361
Fixed deposit	1,752,245	146,925,728	799,698	66,174,995
	<u>7,100,386</u>	<u>595,367,344</u>	<u>5,549,349</u>	<u>459,208,594</u>
8 Other liabilities				
Provision for loans and advances	(150,628)	(12,630,144)	726,558	60,122,662
Provision for off balance sheet items	(1,107)	(92,858)	2,180	180,375
Due to Head Office	151,735	12,723,002	(728,738)	(60,303,037)
FDR on Export Bill	48,425	4,060,473	-	-
Interest suspense account	225	18,846	-	-
	<u>48,650</u>	<u>4,079,319</u>	<u>-</u>	<u>-</u>
9 Acceptances and endorsements				
Letters of credit (Back to Back)	-	-	-	-
Letters of credit (Acceptances)	24,518	2,055,858	160,443	13,276,658
	<u>24,518</u>	<u>2,055,858</u>	<u>160,443</u>	<u>13,276,658</u>
10 Irrevocable letters of credit				
Letters of credit (Back to Back)	-	-	-	-
Letters of credit (cash)	349,151	29,276,311	330,409	27,341,345
	<u>349,151</u>	<u>29,276,311</u>	<u>330,409</u>	<u>27,341,345</u>
11 Interest income				
Demand loan	17,436	1,452,793	6,553	540,590
Loan against trust receipt	8,380	698,190	19,205	1,584,448
Term loan - industrial	1,617,682	134,785,301	1,708,823	140,977,863
Term loan - others	2,259	188,235	5,942	490,175
Foreign bill purchased	12,296,826	1,024,571,538	11,341,751	935,694,486
Lease finance	52,895	4,407,190	28,276	2,332,735
	<u>13,995,478</u>	<u>1,166,103,247</u>	<u>13,110,549</u>	<u>1,081,620,297</u>
12 Interest paid on deposits and borrowings etc.				
Interest on deposit	48,601	4,049,409	11,073	913,498
Interest on borrowings	10,341,090	861,619,607	9,787,467	807,465,998
	<u>10,389,691</u>	<u>865,669,016</u>	<u>9,798,539</u>	<u>808,379,496</u>
13 Commission, exchange and brokerage				
Commission on L/C	7,752	645,896	8,041	663,383
Commission on export	69,689	5,806,497	51,476	4,246,805
Commission on PO, DD, TT, TC, etc	14,120	1,176,477	9,191	758,256
Foreign exchange gain and charges	-	5,998,295	-	4,934,075
Fees and commission	893	74,405	1,344	110,879
	<u>92,454</u>	<u>13,701,570</u>	<u>70,052</u>	<u>10,713,397</u>
14 Other operating income				
SWIFT charge recovery	7,198	599,738	7,475	616,688
Other	332,564	27,709,236	308,639	25,462,722
	<u>339,762</u>	<u>28,308,974</u>	<u>316,114</u>	<u>26,079,410</u>

Bank Asia Limited

Statement of outstanding unreconciled entries (nostro account)

as at 31 December 2019

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	Less than 1 month	59	5,427,373	218	7,761,528	106	40,480,947	492	15,908,257
2	More than 1 month but less than 3 months	40	1,641,869	26	329,009	-	-	124	2,274,479
3	More than 3 months but less than 6 months	-	-	-	-	-	-	-	-
4	More than 6 months but less than 9 months	-	-	-	-	-	-	-	-
5	More than 9 months but less than 12 months	-	-	-	-	-	-	-	-
6	More than 12 months	-	-	-	-	-	-	-	-
	Total	99	7,069,242	244	8,090,536	106	40,480,947	616	18,182,737

Bank Asia Limited

Reconciliation between Bangladesh Bank statement and Bank's book

as at 31 December 2019

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	13,135,822,774.37	13,074,411,259.60	61,411,514.77
Bangladesh Bank, Dhaka (Al-wadeeah current account)	971,336,347.21	971,336,347.21	-
Bangladesh Bank, Chittagong	161,934,174.07	161,935,194.07	(1,020.00)
Bangladesh Bank, Sylhet	21,753,905.63	21,753,905.63	-
Bangladesh Bank, Khulna	4,155,838.67	4,129,378.67	26,460.00
Bangladesh Bank, Rajshahi	8,108,398.90	8,108,398.90	-
Bangladesh Bank, Bogra	20,363,816.54	20,343,109.34	20,707.20
Bangladesh Bank, Barishal	14,335,311.55	14,335,311.55	-
Bangladesh Bank, Rangpur	4,781,312.78	4,781,312.78	-
Total	14,342,591,879.72	14,281,134,217.75	61,457,661.97

Bank credited but not debited by Bangladesh Bank

37,868,732.00

Bank debited but not credited by Bangladesh Bank

-

Bangladesh Bank credited but not debited by Bank

218,303,869.69

Bangladesh Bank debited but not credited by Bank

(194,714,939.72)

61,457,661.97

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	66,228,786.04	64,518,957.60	5,477,659,500.24	1,709,828.44
Total	66,228,786.04	64,518,957.60	5,477,659,500.24	1,709,828.44

Bank credited but not debited by Bangladesh Bank

4,832,136.29

Bank debited but not credited by Bangladesh Bank

(123,303.85)

Bangladesh Bank credited but not debited by Bank

-

Bangladesh Bank debited but not credited by Bank

(2,999,004.00)

1,709,828.44

Bank Asia Limited Segment Reporting

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

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated	
	Inside Bangladesh		Off-shore Banking unit	Total	Inside Bangladesh		Outside Bangladesh			
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd	BA Express USA Inc.			
Interest income	20,348,415,168	1,348,621,170	1,166,103,247	22,863,139,585	321,231,320	-	-	(210,303,633)	22,974,067,272	
Interest paid on deposits and borrowings, etc	12,593,207,586	1,003,503,946	865,669,016	14,462,380,548	212,509,391	-	-	(210,303,633)	14,464,586,306	
Net interest income	7,755,207,582	345,117,224	300,434,231	8,400,759,037	108,721,929	-	-	-	8,509,480,966	
Investment income	3,261,853,584	31,211,410	-	3,293,064,994	-	-	-	-	3,293,064,994	
Commission, exchange and brokerage	3,287,911,074	59,755,482	13,701,570	3,361,368,126	92,693,307	29,652,687	11,796,103	-	3,495,510,223	
Other operating income	981,030,586	9,390,895	28,308,974	1,018,730,455	29,775,796	2,661,714	948,684	-	1,052,116,649	
Total operating income (A)	15,286,002,826	445,475,011	342,444,775	16,073,922,612	231,191,032	32,314,401	12,744,787	-	7,840,691,866	
Salaries and allowances	3,182,390,177	84,059,716	-	3,266,449,893	66,559,270	12,325,604	15,158,285	-	3,360,493,052	
Rent, taxes, insurance, electricity, etc	430,008,972	9,826,725	257,549	440,093,246	17,321,041	6,804,596	7,502,418	-	471,721,301	
Legal expenses	20,021,946	92,500	420,113	20,534,559	818,600	444,004	421,616	-	22,218,779	
Postage, stamp, telecommunication, etc	122,888,552	862,710	720,396	124,471,658	1,579,425	570,892	220,696	-	126,842,671	
Stationery, printing, advertisements, etc	155,106,660	1,532,772	50,561	156,689,993	1,234,650	1,357,957	221,243	-	159,503,843	
Managing Director's salary and fees	16,572,420	-	-	16,572,420	-	-	-	-	16,572,420	
Directors' fees	3,424,000	-	-	3,424,000	302,400	-	-	-	3,726,400	
Auditors' fees	1,478,225	-	-	1,478,225	95,833	630,240	1,235,961	-	3,440,259	
Depreciation and repairs of Bank's assets	829,342,241	4,733,774	-	834,076,015	4,709,168	2,033,364	1,648,136	-	842,466,683	
Other expenses	1,826,261,037	42,724,634	18,682,659	1,887,668,330	11,032,998	6,329,186	9,288,053	-	1,914,318,567	
Total operating expenses (B)	6,587,494,230	143,832,831	20,131,278	6,751,458,339	103,653,385	30,495,843	35,696,408	-	6,921,303,975	
Profit before provision (C=A-B)	8,698,508,596	301,642,180	322,313,497	9,322,464,273	127,537,647	1,818,558	(22,951,621)	-	9,428,868,857	
Provision:										
Provision for loans and advances/investments				5,653,030,046	36,000,000	-	-	-	5,689,030,046	
Provision for off-balance sheet items				(196,376,913)	-	-	-	-	(196,376,913)	
Provision for diminution in value of investments				(80,000,000)	13,934,688	-	-	-	(66,065,312)	
Other provisions				25,000,000	-	-	-	-	25,000,000	
Total provision (D)				5,401,653,133	49,934,688	-	-	-	5,451,587,821	
Profit before tax provision (E=C-D)				3,920,811,140	77,602,959	1,818,558	(22,951,621)	-	3,977,281,036	
Provision for taxation				1,960,000,000	59,469,389	-	-	-	2,019,469,389	
Profit after tax provision				1,960,811,140	18,133,570	1,818,558	(22,951,621)	-	1,957,811,647	

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	Outside Bangladesh		Inter company transaction		
	Conventional Banking	Islamic Banking			Bank Asia Ltd	BA Express USA Inc.			
PROPERTY AND ASSETS									
Cash	22,975,036,168	1,010,655,911	-	23,985,692,079	6,689	905,678	-	23,986,604,446	
Balance with other banks and financial institutions	22,355,069,443	300,753,880	457,730,481	23,113,553,804	390,202,061	44,673,605	93,624,752	23,634,997,570	
Money at call and on short notice	4,600,000,000	-	-	4,600,000,000	-	-	-	4,600,000,000	
Investments	53,746,745,393	1,049,300,000	136,534,543	54,932,579,936	594,391,990	-	-	55,526,971,926	
Loans and advances/investments	194,422,286,102	13,304,712,470	19,571,957,476	227,298,956,048	4,649,980,291	-	-	230,095,211,871	
Fixed assets including premises, furniture and fixtures	7,020,717,893	4,884,814	-	7,025,602,707	35,734,740	1,797,251	2,758,533	7,065,893,231	
Other assets	8,655,493,556	4,139,401,670	49,093,897	12,843,989,123	302,091,372	2,376,043	78,843,426	10,810,548,234	
Non - banking assets	-	-	-	-	-	-	-	-	
Total assets	313,775,348,555	19,809,708,745	20,215,316,397	353,800,373,697	5,972,407,143	49,752,577	175,226,711	355,720,227,278	
LIABILITIES AND CAPITAL									
Liabilities									
Borrowings from other banks, financial institutions and agents	14,766,258,761	-	19,615,869,735	34,382,128,495	1,853,724,468	-	-	34,382,128,495	
Subordinated Non-Convertible Zero Coupon Bond	11,800,000,000	-	-	11,800,000,000	-	-	-	11,800,000,000	
Deposits and other accounts	234,548,306,182	18,565,901,089	595,367,344	253,709,574,615	375,008,705	-	-	254,077,526,668	
Other liabilities	28,051,670,261	1,243,807,656	4,079,318	29,163,552,669	1,704,550,663	92,327,339	217,275,726	30,873,993,667	
Total liabilities	289,166,235,204	19,809,708,745	20,215,316,397	329,055,255,779	3,933,283,836	92,327,339	217,275,726	331,133,648,830	
Total shareholders' equity	24,745,117,918	-	-	24,745,117,918	2,039,123,307	(42,574,762)	(42,049,015)	24,586,578,448	
Total liabilities and shareholders' equity	313,911,353,120	19,809,708,745	20,215,316,397	353,800,373,697	5,972,407,143	49,752,577	175,226,711	355,720,227,278	

Bank Asia Securities Limited

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

Opinion

We have audited the accompanying financial statements of Bank Asia Securities Limited which comprise the Statement of Financial Position as at 31 December 2019, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 02-03.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained in note 02-03, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bangladesh Securities and Exchange Commission rules and regulations together with other applicable regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report, which we could not obtain prior to the date of this auditors' report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and other applicable Laws and Regulations, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statement of financial position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka
19 February 2020

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ACNABIN
Chartered Accountants

Bank Asia Securities Limited

Statement of Financial Position

as at 31 December 2019

		<i>Amount in Taka</i>	
		31 Dec 2019	31 Dec 2018
Non-Current Assets			
Property, plant and equipment	4	35,734,740	7,771,251
Demutualization membership of DSE	5	114,839,239	114,839,239
Total non-current assets		150,573,979	122,610,490
Current Assets			
Advances, deposits and prepayments		17,171,496	3,770,111
Investment in shares at cost		479,552,751	430,164,859
Margin loans		4,649,980,291	4,993,663,846
Accounts receivable		43,575,667	18,259,115
Advance income tax		241,344,210	322,824,373
Deferred tax assets		1,635,140	1,918,965
Cash and cash equivalents		390,208,750	279,371,864
Total current assets		5,823,468,304	6,049,973,133
Total assets		5,974,042,283	6,172,583,623
Equity			
Share capital	12	2,000,000,000	2,000,000,000
Retained earnings	13	40,758,447	22,908,701
		2,040,758,447	2,022,908,701
Current Liabilities			
Customer deposits	14	375,008,705	277,688,606
Loans and borrowings	15	1,853,724,468	2,120,125,642
Accounts payable	16	703,187	858,886
Liability for expenses	17	21,691,177	27,286,911
Interest suspense account	18	890,799,214	890,799,214
Provision for diminution in value of investments	19	33,703,549	19,768,861
Provision for client margin loan	20	554,494,169	518,494,169
Provision for corporate income tax	21	203,159,368	294,652,633
Total current liabilities		3,933,283,836	4,149,674,921
Total equity and liabilities		5,974,042,283	6,172,583,623

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

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Chairman

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Director

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Chief Executive Officer

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ACNABIN

Chartered Accountants

Dated, Dhaka
19 February 2020

Bank Asia Securities Limited

Statement of Profit or loss and Other Comprehensive income

for the year ended 31 December 2019

		<i>Amount in Taka</i>	
		31 Dec 2019	31 Dec 2018
Brokerage commission	23	92,693,307	97,015,477
Interest income	24	321,231,320	313,770,644
Interest expense	25	(212,509,391)	(217,530,252)
Net interest income		108,721,929	96,240,393
Other operating income/loss	26	29,775,796	66,480,029
Total operating income		231,191,032	259,735,899
Operating expenses	27	(103,653,385)	(88,575,869)
Profit before provision		127,537,647	171,160,029
Provision for diminution in value of investments	19	(13,934,688)	-
Provision for client margin loan	20	(36,000,000)	(110,000,000)
Profit / (Loss) before tax		77,602,959	61,160,029
Current tax expense	21	(59,469,389)	(45,930,537)
Deferred tax Income/(expense)	22	(283,825)	1,918,965
Income tax expense		(59,753,214)	(44,011,572)
Profit/ (Loss) after tax		17,849,745	17,148,458
Other comprehensive income		-	-
Total comprehensive income/(loss)		17,849,745	17,148,458
Earnings per share	28	0.89	0.86

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

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Chairman

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Director

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Chief Executive Officer

Dated, Dhaka
19 February 2020

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ACNABIN

Chartered Accountants

Bank Asia Securities Limited Statement of Cash Flows

for the year ended 31 December 2019

	<i>Amount in Taka</i>	
	31 Dec 2019	31 Dec 2018
A. Cash flows from operating activities		
Cash received from		
Interest income	321,231,320	221,419,694
Brokerage commission	92,693,307	96,619,691
Cash payment for		
Interest expenses	(212,509,391)	(164,603,698)
Operating expenses	(104,539,951)	(80,865,373)
Customers' deposits	97,320,099	20,167,195
Margin loan to customers	373,459,352	186,742,582
Other assets	(38,717,936)	25,775,887
Accounts Payable	(155,699)	(685,068)
Income tax paid	(69,482,491)	(83,637,133)
Net cash flows from/ (used in) operating activities	459,298,609	220,933,777
B. Cash flows from investing activities		
Investment in listed securities	(49,387,892)	16,248,013
Demutualization membership of DSE	-	38,279,761
Acquisition of property, plant and equipment	(32,672,657)	(5,369,121)
Net cash from/ (used in) investing activities	(82,060,549)	49,158,653
C. Cash flows from financing activities		
Loans and borrowings	(266,401,174)	(326,941,692)
Net cash (used in)/ from financing activities	(266,401,174)	(326,941,692)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	110,836,886	(56,849,262)
E. Opening cash and cash equivalents	279,371,864	336,221,126
F. Closing cash and cash equivalents	390,208,750	279,371,864

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

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Chairman

-sd-

Director

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Chief Executive Officer

Dated, Dhaka
19 February 2020

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ACNABIN
Chartered Accountants

Bank Asia Securities Limited Statement of Changes in Equity

for the year ended 31 December 2019

	Amount in Taka			
	Share capital	Share Premium	Retained earnings/ (Accumulated Losses)	Total
Year ended 31 Dec 2018				
Opening balance	2,000,000,000	-	5,760,244	2,005,760,244
Net profit for the year	-	-	17,148,458	17,148,458
Closing balance	2,000,000,000	-	22,908,701	2,022,908,701
Year ended 31 Dec 2019				
Opening balance	2,000,000,000	-	22,908,701	2,022,908,701
Net profit for the year	-	-	17,849,745	17,849,745
Closing balance	2,000,000,000	-	40,758,447	2,040,758,447

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

-sd-
Chairman

-sd-
Director

-sd-
Chief Executive Officer

Dated, Dhaka
19 February 2020

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ACNABIN
Chartered Accountants

Bank Asia Securities Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2019

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 (2nd Floor), 2 Dilkusha Commercial Area, Dhaka 1000.

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

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

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company are prepared on a going concern basis under historical cost conversion in accordance following International Financial Reporting Standards (IFRSs)/International Accounting Standards (IASs), The Companies Act-1994, and other laws and rules applicable in Bangladesh. Wherever appropriate, such principles are explained in succeeding notes.

2.2 Components of the financial statements

The financial statements referred to here comprise:

- a) Statement of Financial Position;
- b) Statement of Profit or loss and Other Comprehensive income;
- c) Statement of Cash Flows;
- d) Statement of Changes in Equity; and
- e) Notes to the Financial Statements.

2.3 Use of estimates and judgments

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

Key estimates include the following:

- * Property, Plant and Equipment
- * Provision on margin loan and Investment in shares
- * Deffered Tax Asset/Liabilities

2.4 Statement of cash flows

Statement of Cash Flows has been prepared as per International Accounting Standard IAS-7 under direct method. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. Cash Flows during the year have been classified as operating activities, investing activities and financing activities.

2.5 Reporting period

These financial statements cover period from 1 January 2019 to 31 December 2019.

2.6 Date of authorization

The Board of Directors accorded its approval and authorized these financial statements on 19 February 2020.

2.7 Functional and presentational currency

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

Bank Asia Securities Limited Notes to the Financial Statements

2.8 Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

2.9 Going concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations to continue.

2.10 Investment in securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend incomes which are reported at fair value. Unrealized gains are not recognized in the profit and loss statement. But provision was made for diminution in value of investment as per BSEC guideline.

2.11 Provision, Contingent asset and contingent liabilities

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

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

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

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

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

2.12 Taxation

Current tax

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

Deferred Tax

Deferred Tax is calculated as per International Accounting Standard IAS-12 "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences.

Deferred Tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

2.13 Branch Details

The Company has a total five number of Branch offices, Two Extension Office (excluding Head Office), with no overseas branch as on December 31, 2019.

Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

3. Significant accounting policies

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

Bank Asia Securities Limited Notes to the Financial Statements

3.1 Revenue Recognition

In terms of provision of IFRS-15 on revenue and disclosures in the financial statements of the company the following items have been recognized as mentioned.

Brokerage commission

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

Interest Income from margin loan

Interest on loans and advances is calculated on daily product basis, but charged and accounted for on quarterly basis except negative equity clients where interest is recognized based on effective interest rate which is estimated recoverable amount as per IFRS-9.

Dividend income and profit/ (loss) on sale of marketable securities

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

3.2 Interest paid and other expenses

In terms of the provisions of IAS-1 “Presentation of Financial Statements” interest and other expenses are recognized on accrual basis.

3.3 Earnings per share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2019 as per International Accounting Standard IAS- 33 “Earnings Per Share”.

3.4 Property, plant and equipment

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

Subsequent costs

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

Depreciation

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

3.5 Intangible assets

Computer software

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

Subsequent costs

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

Amortisation of intangible assets

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

BA EXCHANGE COMPANY (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr. A Rouf Chowdhury

Mr. Arfan Ali

Mr. Abm Kamrul Huda Azad

Results and dividends

The profit for the year, after taxation, amounted to £17,312 (2018 - loss £194,053).

The directors have not declared a dividend for the year.

Post reporting date events

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

Future developments

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

Auditor

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

This report was approved by the board on 25th September 2019 and signed on its behalf.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. On behalf of the board

.....
Mr. Abm Kamrul Huda Azad
Director

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

OPINION

We have audited the financial statements of BA Exchange Company (UK) Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

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

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Use of our report

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

for and on behalf of
AGP Consulting
Chartered Accountants
Statutory Auditor

Q West
Great West Road
Brentford
TW8 0GP

BA EXCHANGE COMPANY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Turnover	307,640	103,279
Cost of sales	(47,768)	(96,063)
GROSS PROFIT	259,872	7,216
Administrative expenses	(242,560)	(201,269)
(Loss)/profit before taxation	17,312	(194,053)
Tax on (loss)/profit	-	-
Profit for the Financial Year	17,312	(194,053)

BALANCE SHEET

AS AT 31 DECEMBER 2019

	2019 £	2018 £
FIXED ASSETS		
Tangible assets	16,563	28,795
CURRENT ASSETS		
Debtors	21,898	21,644
Cash at bank and in hand	420,047	396,475
	441,945	418,119
Creditors: amounts falling due within one year	(850,867)	(856,585)
NET CURRENT LIABILITIES	(408,922)	(438,466)
TOTAL ASSET LESS CURRENT LIABILITIES	(392,359)	(409,671)
CAPITAL AND RESERVES		
Called up share capital	300,000	300,000
Profit and loss account	(692,359)	(709,671)
Total equity	(392,359)	(409,671)

BA EXCHANGE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

Company information

BA Exchange Company (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 125 Whitechapel Road, London, E1 1DT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

Therefore the directors consider that the going concern basis is appropriate in respect of the financial statements for the year ended 31 December 2019.

1.3 Turnover

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

Commission income

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

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	10% Straight line basis
Fixtures and fittings	25% Reducing balance basis

BA EXPRESS USA INC.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and
BA Express USA Inc.

We have audited the accompanying balance sheet of BA Express USA Inc. (a New York Corporation) as of December 31, 2019, 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, 2019, 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
March 13, 2020

Arman Chowdhury, CPA, P.C.
87-54 168th Street, Suite #201
Jamaica, NY 11432

BA EXPRESS USA INC.

BALANCE SHEET

For the Year Ended *December 31, 2019*
(See accompanying auditor's report)

Assets	2019 (\$)
Current Assets:	
Cash in Bank	1,116,574
Accounts Receivable	888,071
Other Current Assets	18,060
Total Current Assets	2,022,705
Fixed assets, net	32,898
Organizational Costs, net	8,460
Security deposits	25,700
Total Fixed Assets	67,058
Total assets	2,089,764
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities :	
Remittance payable to Bank Asia	2,576,540
Beneficiary	2,006
Accrued Taxes and other liabilities	10,000
Withholding Taxes	2,697
Total Current Liabilities	2,591,242
Total stockholder's equity	(501,479)
Total Liabilities & Stockholder's Equity	2,089,764

BA EXPRESS USA INC.

STOCKHOLDER'S EQUITY

For the Year Ended *December 31, 2019*

(See accompanying auditor's report)

		2019 (\$)
Paid in Capital		960,000
Retained Earnings beginning of the year	(1,183,904)	
Net Income / (Loss) for the twelve months ended December 31, 2019.	(277,574)	
Retained Earnings at the end of Dec. 31, 2019		(1,461,479)
Total Stockholder's Equity		<u>(501,479)</u>

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

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended *December 31, 2019*

(See accompanying auditor's report)

		2019 (\$)
Revenue		
Agent Commission / Fees Income		160,293
FX Commission/ Gain		79,304
Other Income		-
Interest Income		11,386
Total revenue		<u>250,983</u>
Expenses		
General and Administrative expenses		
New York, office expenses		490,780
Depreciation and Amortization		20,657
Total		<u>511,437</u>
Operating income before taxes		(260,454)
Income Taxes		
NYS and NYC		(17,120)
Net Income (loss)		<u>(277,574)</u>
Retained Earnings at the beginning of the period		<u>(1,183,904)</u>
Retained Earnings at the end of the year		<u>(1,461,479)</u>

BA EXPRESS USA INC.

STATEMENT OF CASH FLOW

For the Year Ended *December 31, 2019*
(See accompanying auditor's report)

	2019 (\$)
Cash flow from operating activities :	
Net Income	(277,574)
Adjustments to reconcile net income to net cash Provided by (used in) operating activities :	
Depreciation	19,780
Amortization	877
Receivable from Agents	287,246
Due to parent bank	196,395
Other Liabilities	1,625
Due to beneficiary	(9,025)
Accrued taxes	(1,719)
Net cash Flow from operation	<u>217,605</u>
Cash flow from investing activities:	
Fixed Assets	(761)
Security Deposits	(1,500)
Leasehold Improvements	(8,800)
Net Cash provided by investing activities	<u>206,544</u>
Cash flow from Financing Activities:	
Paid in Capital	<u>-</u>
Net increase (decrease) in cash	
Cash at beginning of the period	206,544
Adjustment	910,030
Cash at the end of the year	<u><u>1,116,574</u></u>

BA EXPRESS USA INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended *December 31, 2019*

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, 2019.

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

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

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

Related Party Transactions and Shareholders

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

The Company's principal Shareholder is :

	Owner	Related Party	Correspondent
Bank Asia Ltd	100%	Yes	Yes

Note B. Surety Bond / Collateral

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

Note C. Summary of significant Accounting Policies

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

Revenue is primarily derived from two sources

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

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

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

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

Management & Executives

President and Managing Director

- Mr. Md. Arfan Ali

Deputy Managing Director

- Mr. Mohammad Borhanuddin
- Mr. Md. Sazzad Hossain
- Mr. Mohammad Ziaul Hasan Molla
- Mr. Md. Obaidul Haque
- Mr. S.M. Iqbal Hossain
- Mr. Shafiuzzaman

Senior Executive Vice President

- Mr. Sarder Akhter Hamed
- Mr. Md. Zahid Hossain
- Mr. Alamgir Hossain
- Mr. Md. Zia Arfin
- Mr. Tanfiz Hossain Chowdhury
- Mr. Arshadul Kabir Bhuiyan

Executive Vice President

- Mr. Sheikh Mohammad Anisuzzaman
- Mr. Md. Arshad Mahmud Khan
- Mr. A.K.M. Shaiful Islam Chowdhury
- Mr. Md. Shaminoor Rahman
- Mr. Md. Mostafizur Rahman
- Mr. Arequl Arefeen
- Mr. Tahmidur Rashid
- Mr. Md. Abdul Latif
- Mr. Farhad Ahmad Khan
- Mr. Md. Murshid-Al-Amin
- Mr. Mohammed Aminul Islam Mintu FCCA
- Mr. Hossain Ahmad
- Mr. Md. Ekramul Hossain

Senior Vice President

- Mr. Md. Azizul Haque Khan
- Mr. A.K.M. Mizanur Rahman
- Mr. Humayun Yusuf Kabir
- Mr. Md. Jahangir Alam
- Mr. Md. Saiful Islam Laskar
- Mr. Ali Tarek Parvez
- Mr. Zahirul Haque
- Mr. Golam Gaffar Imtiaz Chowdhury
- Mr. Mohammed Rashidul Kabir Rajib
- Mr. Md. Amanullah
- Mr. Sumon Das
- Mr. Md. Saiful Islam
- Mr. Mohammad Ibrahim Khalil FCA
- Mr. Md. Ahsan Ul Alam
- Mr. M. Esamul Arephin
- Mr. Quazi Mortuza Ali

Vice President

- Mr. Md. Shahinur Rahman
- Mr. Mohammad Burhan Uddin Khondker
- Mr. Md. Anisuzzaman Molla
- Mr. Mohammad Ismail Hossain
- Mr. Syed Ashraful Alam
- Mr. Saiful Islam
- Mr. Mehbub Hasan
- Mr. M.R. Chowdhury Rashed
- Mr. A.K.M. Mohsin Uddin
- Mr. Mohammad Mainul Islam
- Mr. Md. Mazibur Rahman
- Mr. Syed Humayun Kabir
- Mr. Hasan A. Saimoom
- Mr. M.M. Shariful Islam
- Ms. Suraiya Afroz
- Mr. Zahirul Islam Khan
- Mr. Mahbub A Alam
- Mr. A.M. Saifur Rahman
- Mr. Md. Mansur Ali Miah
- Mr. S.M. Salahuddin
- Mr. Md. Kamruzzaman
- Mr. Rakibul Hasan
- Mr. Mahbubur Rahman
- Mr. M. Hasibul Alam
- Mr. Md. Fayezur Rahman
- Mr. Rezoan Ahmed

15 LIFE ON LAND



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

"The world's forests are a shared stolen treasure that we must put back for our children's future."
- Desmond Tutu

The value of ecosystems to human livelihoods and well-being is USD 125 trillion per year. Forests are home to more than 80% of all terrestrial species of animals, plants and insects. Around 1.6 billion people depend on forests for their livelihoods. And 2.6 billion people depend directly on agriculture for a living.



The forest coverage of the country now stands at 17.5% which is targeted to increase to 20% by 2020. Increasing tree density is therefore a major target under 7th FYP. An estimated 50,000 ha. land of hill forest and 5,000 ha. of plain land forest will be planted during the plan period. An area of 30,000 ha. will be planted and replanted in the coastal areas.



Disbursed
Tk. 3,650 million
to 71,458 rural
farmers

Participation
agreement with
Bangladesh bank
under refinance
scheme

Involvement of
Green financing
like ETP, HHK
technology, solar
energy etc.

All offices of the
bank are declared
smoking free zone

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Peace comes from being able to contribute the best that we have, and all that we are, toward creating a world that supports everyone. But it is also securing the space for others to contribute the best that they have and all that they are.” - Hafsat Abiola

Corruption, bribery, theft and tax evasion cost developing countries USD 1.26 trillion per year. 49 countries lack laws protecting women from domestic violence. By the end of 2017, 68.5 million people had been forcibly displaced as a result of persecution, conflict, violence or human rights violations.



Appropriate measures undertaken by the government of Bangladesh contributed significantly to improving human trafficking and youth mental and physical abuse. If the current average performance continues, majority of the SDG targets of Goal 16 will be achieved ahead of the estimated time frame such as: Ensure all persons are able to live securely under the rule of law, Enhancing Integrity & Controlling Corruption etc.



Formulation of grievance policy to resolve undesirable issues at workplace

Integration of human rights issue in all economic decisions, avoid investment agreement or contract that violate human rights

Zero tolerance for child, forced or compulsory labor

Strict adherence to governance to maintain transparency

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Corporate Branch	Noor Tower (1 st floor), 110, Bir Uttam C.R. Dutta Road, Dhaka	Ph: 880-2-9674501-2 9677031, 9614061-3 Fax: 880-2-9677032	BALBBDDH002
Principal Office Branch	Tea Board Building, 111-113, Motijheel C/A. Dhaka - 1000	Ph: 880-2-9571450-1, 9563652, 9571020-1, 9571023 Fax: 880-2-9566223	BALBBDDH003
Gulshan Branch	Bay's Galleria, 57, Gulshan Avenue (Ground Floor) Dhaka - 1212	Ph: 880-2-9889268-9, 8828103,8828387 Fax: 880-2-8816739	BALBBDDH004
Agrabad Branch	69, Agrabad C/A, Chittagong	Ph: 880-31-714665, 724876, 714703, 2517303 Fax: 880-31-714548	BALBBDDH005
Malkhanagar Branch	Union Parishad Bhaban, Taltola Bazar, Malkhanagar, Munshigonj	Ph: 01711831040 Fax: 06924-63225	
Scotia Branch	"Rangs Bhaban" Holding # 117/A, Old Airport Road, Tejgaon, Dhaka	Ph: 880-2-8142290, 9137512-5 Fax: 880-2-8155858	BALBBDDH007
MCB Dilkusha Branch	4, Dilkusha C/A, Dhaka	Ph: 880-2-9568871 - 3 Fax: 880-2-9563649	BALBBDDH008
MCB Sk. Mujib Road Branch	1269/b Sk. Mujib Road, Agrabad C/A, Chittagong	Ph: 880-31-715125 - 7 Fax: 880-31-710352	BALBBDDH009
Sylhet Main Branch	60, Niloy Darga Gate, Chowhatta, Sylhet	Ph: 880-821-724722, 712256 Fax: 880-821-722616	
Tarail Branch	Tarail Bazar, Kishoreganj	Ph: 09434-75099 Fax: 09434-75099	
MCB Banani Branch	A. R. Tower, 24, Kamal Ataturk Road, Banani, Dhaka - 1213	Ph: 880-2-9885610, 9894699, 9889104 Fax: 880-2-9882181	BALBBDDH012
Khatunganj Branch	Asia Center, 273/268 Khatunganj, Chittagong	Ph: 880-31-610036, 638013-4, 618419, 63841 Fax: 880-31-632905	BALBBDDH013
Lohagara Branch	Mostafa Centre, Lohagara , Chittagong.	Ph: 03034-56304 Fax: 03034-56305	
North South Road Branch	89, Shaheed Syed Nazrul Islam Shoroni, (16,16/1, Malitola Lane) North South Road, Dhaka- 1100	Ph: 880-2-9563768-9, 9567671 Fax: 880-2-9563223	BALBBDDH017
Uttara Branch	House # 79A, Road #07, Uttara Model Town, Dhaka	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBBDDH015
Ashulia Branch	Chowdhury Plaza (1 st Floor), Zamgara Bazar, Ashulia, Savar, Dhaka	Ph: 880-2-7702447 Fax: 880-2-7790448	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Mitford Branch	Bismillah Tower (1st & 2nd floor), 147/148, Mitford Road, Dhaka	Ph: 880-2-7320620 - 1 Fax: 880-2-7314999	BALBBDDH014
CDA Avenue Branch	665, CDA Avenue, East Nasirabad, Panchlaish, Chittagong	Ph: 880-31-2850091-2, 2863640 Fax: 880-31-612933	BALBBDDH018
Sylhet Uposhohor Branch	Sylhet Tower, Subhani Ghat, Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821-2830791	
Dhanmondi Branch	Meher Plaza, House # 13/A (2 nd Floor), Road # 5, Dhaka-1205	Ph: 880-2-9668361, 8624872-5, 9675918 Fax: 880-2-9664640	
Station Road Branch	Mohiuddin Market (1 st floor), 170, Station Road, Chittagong	Ph: 88-031-2850934-5 Fax: 88-031-2850936	BALBBDDH022
Bashundhara Branch	Plot # 25, Block-A, Avenue Road, Bashundhara R/A, Dhaka.	Ph: 880-2-8402021, 8845182 Fax: 880-2-8401322, 8845181	
Khulna Branch	Al-Mashah Complex, 44, Mojid Sarani, KDA Avenue (Shib Bari Mor), Khulna-9100	Ph: 88-041-2830136-7, 2831451, 2831361 Fax: 041-2830135	
Rajshahi Branch	Ahmed Plaza, 182, Alu Patti Mor, Rajshahi-6100	Ph: 880-721-812503-4 Fax: 880-0721-812502	
Chatkhil Branch	Khilpara Road, 3147 Chatkhil Bazar, Chatkhil, Noakhali	Ph: 03222-75179 Fax: 03222-75179, 75224	
EPZ Branch	Zone Service Complex (Ground Floor), CEPZ, Chittagong	Ph: 880-31-800340, 800406 Fax: 880-31-801391	BALBBDDH027
Mohakhali Branch	82, Mohakhali C/A, Dhaka-1212	Ph: 02-9857236, 9857420, 9857429 Fax: 8855431	BALBBDDH028
Mirpur Branch	Nishi Plaza, Plot # 1, Avenue 4, Section 6, Block C, Pallabi, Mirpur, Dhaka-1216	Ph: 9013814, 9013841, 9013844 Fax: 880-2-9012122	
Anderkilla Branch	184, J.M Sen Avenue, Anderkilla, Chittagong	Ph: 880-31-2854882-3, 2854556 Fax: 880-31-2854881	BALBBDDH030
Rohitpur Branch	Rima Plaza, Rohitpur Boarding, Keranigonj, Dhaka	Ph: 880-2-7766677 Fax: 880-2-7766600, 7766444	
Bogra Branch	Jamil Shopping Centre, Baragola, Bogra	Ph: 880-51-51642-3 Fax: 880-5178641	
Jessore Branch	Jess Tower (1 st Floor), 39/M.K. Road, Jessore	Ph: 0421-67783-4, 67748 Fax: 0421-67738	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Bahadderhat Branch	Mamtaz Tower, 4540 Bahadderhat, Chittagong	Ph: 031-2553741-3 Fax: 88-031-2553745	BALBDDH018
Shantinagar Branch	Treasure Island, 42/43, Siddeshwari Circular Road, Dhaka-1217	Ph: 8333979, 8332836, 8312729 Fax: 8333978	
Tongi Branch	Mariom Tower (1 st floor), 13 Anarkoli Road, Tongi Bazar, Tongi, Gazipur	Ph: 9816303-4 Fax: 880-9816306	
Konabari Branch	Rupjan Tower, Nilnagar ,Konabari, Gazipur	Ph: 02-9298882-3 Fax: 02-9298885	
Bhatiary Branch	Bhatiary Bazar, Sitakunda, Chittagong	Ph: 031-2781077-79 Fax: 031-2781080	
Progoti Shoroni Branch	Venus Complex, Pragati Shoroni ,Badda, Dhaka	Ph:8824653,8824467, 8824687 Fax: 8825368	
Ishwardi Branch	Central Jame Masjid Market (1 st floor), Station Road, Ishwardi, Pabna.	Ph: 0732664463-5 Fax: 0732664462	
Savar Branch	B-70/1 Bazar Road, Savar, Dhaka	Ph: 88-02-7744857, 7744889, 7744890 Fax: 7744891	
Beani Bazar Branch	Tajma shopping Center (1 st floor), Beani Bazar, Sylhet	Ph: 08223-56103-4 Fax: 08223-56105	
Donia Branch	Hossain tower (1 st & 2 nd Floor), 1050, Donia, Dhaka Ctg high way, Shampur, Dhaka	Ph: 880-2-7540055, 7540095 Fax: 880-2-7551188	
Moghbazar Branch	Tropical M.L. Point (1 st Floor), 43, New Circular Road, Moghbazar, Dhaka-1217	Ph: 8321578, 8321245 Fax: 8312056	
Kamal Bazar Branch	Kabir Tower, Kamal Bazar, Mohora Kalurghat, Chittagong	Ph: 031-2572872-3 Fax: 031-2572874	
Cox's Bazar Branch	J.N Plaza (1 st Floor), Plot # 226 (New), Tekpara Main Road, Cox's Bazar	Ph: 88-0341-52240-42 Fax: 88-0341-52244	
Faridpur Branch	Plot #2354, Goalchamot, Chak Bazar, Thana Road, Faridpur	Ph: 0631-67206-7 Fax: 0631-67204	
Narayangonj Branch	Jahan plaza (1 st Floor),20, Sirajuddoula Road, Falpatty, Narayangonj	Ph: 88-02-7648801-5 Fax: 88-02-7648805	
Paltan Branch	Rangs Tower (1 st Floor), 68, Purana Paltan, Dhaka-1000	Ph: 7113844, 7110488, 7115594, 7119664 Fax: 7111164	
Jagannathpur Branch	76, T&T Road, Ward-07, Haji Ashid Ullah Market, Jagannathpur Bazar, Sunamganj	Ph: 0872-756013 Fax: 0872-756014	
Moulvibazar Branch	Shah Mostafa Garden City, M. Saifur Rahman Road (Central Road), Moulavi Bazar	Ph: 0861-63601, 63602 Fax: 0861-636000	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Bhairab Branch	167 Kalibari Road, East Bhairab, Bhairab Bazar, Bhairab, Kishoregonj	Ph: 09424-72328-31 Fax: 09424-72332	
Strand Road Branch	S. A. Chamber (1 st Floor), Strand Road, Majhirghat, Chittagong	Ph: 031-2513611-2317 Fax: 031-2513906	
Shyamoli Branch	23/4 Khiljee Road, Block B, Shyamoli, Dhaka	Ph: 02-9103565-6 Fax: 02-9115239	
Patherhat Branch	Ibrahim Sobhar Tower (1 st Floor), Patherhat, Noapara, Raozan, Chittagong	Ph: 031-2573111-2 Fax: 031-2573113	
Tejgaon Link Road Branch	Shanta Western Tower, 186, Tejgaon I/A, Dhaka	Ph: 88-02-8870081-4 Fax: 88-02-8870086	
Rupnagar Branch	Plot #34 (1 st Floor), Road#16, Rupnagar, Mirpur, Dhaka	Ph: 9016692-3 Fax: 9008757	
Laldighirpar Branch	Laldighirpar Main Road, Laldighirpar, Sylhet	Ph: 0821-719901, 719904 Fax: 0821-719907	
Madhabdi Branch	Shitlabari Bazar Road, Narshigndi	Ph: 880-2-9446553-4 Fax: 880-2-9446555	
Barisal Branch	Fakir Complex, 112, Birsreshtho Captain Mohiuddin Jahangir Sarak, Barisal	Ph: 0431-2177510-1 Fax: 0431-62227	
Oxygen Moor Branch	422, Oxygen Moor, Kulgaon, Bayezid Bostami, Chittagong	Ph: 031-2583701-2 Fax: 031-2583704	
Laldighirpar, Sylhet	Laldighirpar Main Road, Laldighirpar, Sylhet	Ph: 0821-719901, 719904, Fax: 0821-719907	
Elephant Road Branch	64, Elephant Road, Dhaka	Ph: 9669351, 9669331 Fax: 880-2-9669296	
Lalmatia Branch	Plot 4/3, Block-D, Lalmatia Housing Estate, Dhaka	Ph: 8100067, 8100071-2 Fax: 880-2-8100070	
Dohazaria Branch	Sadek Tower (1 st Floor), Dohajari, Chandanaish, Chittagong	Ph: 01755591572-74	
Haziganj Branch	Munshi Plaza (1 st Floor), Main Road, Haziganj, Chandpur	Ph: 88424-75142 Fax: 08424-75144	
KEPZ Branch	Zone Service Complex (Ground Floor), North Potenga, Chittagong	Ph: 031-2502391-3 Fax: 031-2502934	
Aglabazar Branch	Shophy Plaza, Aglabazar, Nawabgang, Dhaka	Mob: 01911403703, 01713920853	
Hemayetpur Branch	Molla Market (1 st Floor), Hemayetpur Bus stand, Tetuljhora Union, Savar, Dhaka	Mob: 01711072110	
Dakkhinkhan Branch	KC Plaza (1 st Floor), Noapara, Dakkhinkhan bazar, Uttara, Dhaka	Mob: 0119818707 Fax: 07426-75173	
Mohadevpur Branch	Saif Uddin Haider & Sons Complex, Mohadevpur, Naogaon	Ph: 01426-75194	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Nimtala Branch	Hemanta Shopping Complex (1 st Floor), Nimtala, Sirajdikhan, Munshiganj	Mob:01712942590	
Comilla Branch	Chowdhury Plaza 2, House-465/401, Race Course, Comilla	Mob: 01717578720, 01771425266	
Sonaimuri Branch	United Plaza, Bank Road, Sonaimuri Bazar, Noakhali	Mob:01711008820	
Feni Branch	Holding No.- 34, Ward No.- 10, S.S.K. Road, Feni	Mob:01714112681	
Satmasjid Road Branch	Plot # 78, Bir Uttam M A Rob Sarak, Zigatola, Dhanmondi, Dhaka	Phone 9634926-7	
Paragram Branch	Mamtaj Plaza, Koilail Union Parishad, Nawabgonj, Dhaka	HOB-01713378991, 04470009132	
Sonargaon Janapath Road Branch	“Circle Windflower” Plot No.-30, Sonargaon Janapath Road, Section-11, Uttara, Dhaka	HOB-01670761210; 04470009678, MOB-01819185190	
Dinajpur Branch	“Torab Uddin Complex”, Road No.-01, Butibabu Road, Ward No.-3, Kotwali, Dinajpur	HOB-01712 192519	
Lichubagan Branch	“Al-Emarat Shopping Complex”, Chandragona Kadamtola Union Parishad, Rangunia, Chittagong	HOB-01818 127403	
Gazipur Branch	“Akbar Trade Centre”, BIDC Road, Ward No.- 26, Gazipur City Corporation, Gazipur Sadar, Gazipur	HOB-01913 494546	
Kalatiya Branch	“Kalatiya Shopping Centre”, Kalatiya Union Parishad, Keranigonj, Dhaka	769182,7769183,7769184 Mob:01777-792164	
Chandragonj Branch	“Sharif Plaza”, Chandragonj, Lakshmipur	HOB-01727760638	
Bank Asia Bhaban Branch	“Bank Asia Bhaban”, Agrabad C/A, Sabder Ali Road, Ward No.- 28, Chittagong City Corporation, Doublemuring, Chittagong	HOB-01713106206	
Kushtia Branch	“Hira Super Market”, Siraj-ud-Dowla Road, Ward No- 03, Kushtia Sadar, Kushtia	HOB-01971 733140	
Holy Family Red Crescent Medical College Hospital Branch	“OPD Building” HFRCMCH, 1 Eskaton Garden, Moghbazar Road, Ward No.- 19, Dhaka South City Corporation, Ramna, Dhaka	Cell: 01715023337	
Fatullah Branch	“Swiss Point”, (opposite of Fatullah Police Station), Fatullah, Narayangonj	Cell: 01711663609	
BSMMU Branch	“Nurses Hostel Building” 1170, Paribagh, Kazi Nazrul Islam Avenue, Shahbagh, Dhaka	Cell: 01819299518	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Ring Road Branch	Plot No- 842, North Adabar, Ring Road, Shyamoli, Adabar, Dhaka.	Cell-04470009363, 01711969794	
Tangail Branch	Al-hajj Super Market, 279, Masjid Road, Tangail Sadar, Tangail	HOB-01712965527 MOB-01714038273	
Rangpur Branch	“Rangpur Bhaban”, Plot# 4737, Station Road, Kotwali, Rangpur	Cell: 01716438242	
Muksudpur Branch	Faridmia Complex, Muksudpur, Gopalganj	Cell: 01713462602 Ph: -7648801-4	
Nangolkot Branch	“Haji Nurul Amin Tower” Nangolkot, Comilla		
Rupsha Branch	“Ma Plaza” School Road, Rupsha, Faridgonj, Chandpur		
Brahmanbaria Branch	“Muktijoddha Complex Bhaban” (Ground & 1 st floor), Sadar Hospital Road, Brahmanbaria.	Cell: 01753711966	
Mirpur-1 Branch	“VTCB Tower Shopping Complex”, Holding# 3 Main Road, Section-1, Mirpur, Dhaka-1216	Cell: 01715158993	
Kazipara Branch	“Kazipara Madrasha Complex” 559, Begum Rokeya Avenue, Kazipara, Mirpur, Dhaka	Cell- 01715912454	
Mymensingh Branch	“Shabit-Sharif Bhaban”, 55 & 55/A, Boro Bazar, Mymensingh	HOB- 01713109434	
Gopalganj Branch	“Noor Hossain Complex”, 70, DC Road, Gopalganj	MOB- 01715663251	
Maijdee Court Branch	Noakhali Super Market, Ward: 03, Court Road, Maijdee, Noakhali	MOB- 01727760638	
Faridganj Branch	Talukder Plaza, 640 (1 st floor), Faridgonj, Chandpur	Cell- 01712866834	
Hatirdia Branch	Hatirdia New Market, Hatirdia, Monohordi, Narshingdi	Cell- 01715627900	
Companygonj Branch	Hazi Shansul Hoque Market, Companygonj, Muradnagar, Comilla	MOB- 01724931400	
Kashba Branch	Shimanto Complex Bhaban-2, 462, Kuti-Kashba Road, Kashba, Brahmanbaria	HOB-01994437200 MOB-01749400026	
Chandpur Branch	Appollo Pal Bazar Shopping, 187-189, Mizanur Rahman Road, Chandpur	HOB-01718480639 MOB-01716928912	
Bhola Branch	Nabaroon Centre, 337-341, Sadar Road, Bhola Sadar, Bhola	HOB-01715087055	
Boro Bazar Branch	28, Sir Iqbal Road, Khulna Metropolitan City, Khulna	Ph: 041-731208-9 Fax: 041-723306	
Chaktai Branch	1676/G/1, River City Market (1 st floor), Shah Amanat Bridge Connecting Road, Chittagong	Ph: 031-2866395-6 Fax: 031-2866398	
Gulshan-2 Branch	“Gulshan Peledium”, Holding No- 01, Road No. 95, Block-CEN(C), Ward No. 19, DNCC, Gulshan, Dhaka	Ph: 9617115100	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Gouripur Branch	Priyota Plaza, Nayagaon, Gouripur, Daudkandi, Comilla	HOB - 01713378987	
Kaliakair Branch	Ahmed Ali Plaza, College Road, Tengla Bari, Kaliakair, Gazipur	Cell: 01843036958 01626372729 HOB - 01715327113	
Aganagar Branch	Haji Anwar Hossain Complex, Shahid Delwar Hossain Road, Aganagar, Keranigonj, Dhaka	HOB - 01712205067	
Pangsha Branch	Mahmood Plaza, Pangsa Bazaar, Narayanpur, Pangsa, Rajbari	HOB - 01713462602	
Banani-11 Branch	Nur Empori, House#77, Road#11, Block-M, Banani, Gulshan, Dhaka-1223	Ph: 9885610,9889104, 9822326	
Panchagar Branch	Chowdhury Complex, 526, Tetulia highway, Panchagar		
Chapai Nawabganj Branch	“Taher Mansion” 26, Puratan Bazar, Chapai Nawabganj Sadar, Chapai Nawabganj	Cell: 01711076067	
Jhenaidah Branch	GM Tower, Plot# 818, Sher-E-Bangla Road, Jhenaidah Sadar, Jhenaidah	Cell: 01711279195	
Bamundi Branch	“Nazrul Tower-2”, Plot#732 & 733, Bamundi, Gangni, Meherpur	Cell: 01725078196	
Barura Branch	“Manoda Mansion”, College Road, Barura, Comilla	Cell: 01816586879	
Matarbari Branch	Coal Power Generation Co. Bd. Ltd., Matarbari, Moheskhali, Cox's Bazar	Cell: 01813727387, 01818571728	
Bank Asia Tower Br.	Bank Asia Tower, 32, Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka	Cell: 01711053944	
Shukrabad Branch	House # 02, Mirpur Road, Ward # 17, Dhaka South City Corporation, Sher-e-Bangla Nagar, Dhaka.	Cell: 8809617128100, 01755652398	
	SME/Agri Branches		
Ashulia SME/Agri Branch	Tanvir Super Market (1 st Floor) , Ashulia Bazar Bus Stand, Ashulia , Savar, Dhaka	Ph: 88-02-7744975-6 Fax: 88-02-7744978	
Baligaon SME/Agri Branch	Dewan Super Market ,Baligaon Bazar, Tongibari, Munshigonj	Ph: 0693251004-5 Fax: 0693251004	
Shirajdikhan SME/Agri Branch	Shirajdikhan Bazar, Sikder Market, Shirajdikhan, Munshiganj	Ph: 06924-63364 Fax: 06924-63225	
Ramgonj SME/Agri Branch	Anupom Super Market (1 st Floor) , Bypass Road, Ramgonj, Laxmipur	Ph: 03824-75080,75171 Fax: 03824-75124	
	SME CENTRES		
Jatrabari SME Service Center	Noor Tower, 76/Ga, BibirBagicha, North Jatrabari, Dhaka	Ph: 7554863 Fax: 7554861-2	
Rekabi Bazar SME Service Center	Rekabi Bazar, Sylhet	Ph: 0821-710419, 710409 Fax: 0821-710406	
Jurain SME Service Center	Anaz Tower, 495 East Jurain, Kadamtali, Dhaka	Ph: 88-02-7453414-5 Fax: 88-02-7453416	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Bashabo SME Service Center	87, East Bashabo, Dhaka	Ph: 88-02-7218462-3 Fax: 88-02-7218460	
	ISLAMIC WINDOWS		
Principal Office Branch	Tea Board Building 111-113, Motijheel C/A. Dhaka - 1000.	Ph: 880-2-9571450, 9571451 Fax: 880-2-9566223	BALBBDDH003
Uttara Branch	House # 79A, Road #07, Sector # 4, Uttara Model Town, Dhaka - 1230	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBBDDH015
Shantinagar Branch	Treasure Island 42-43, Siddeshwari Circular Road, Shantinagar, Dhaka-1217	Ph: 8333979, 8312729 Fax: 880-8333978	
Bank Asia Bhaban Branch	“Bank Asia Bhaban”, Agrabad C/A, Sabder Ali Road, Chittagong City Corporation, Doublemuring, Chittagong	Mobile: 88-01755650731	
Sylhet Uposhohor Branch	Sylhet Tower Subhanighat Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821- 2830791	
Islamic Banking Division, Corporate Office	Rangs Tower ,Corporate Office, 68 Purana Paltan, Dhaka-1000	Ph: 880-2- 7110062, bankasia@bankasia-bd. com	BALBBDDH

Branch Name	Address	Phone/Fax Number	Swift Code
	OFF SHORE BANKING UNIT		
EPZ Branch	Zone Service Complex (Ground floor), CEPZ, Chittagong	Ph: 031-800320 Fax: 031-801391	
	Collection Booth		
BGB Booth	Border Guard Bangladesh (BGB) Head Quarter, Peelkhana, Dhaka		
Motijheel Model School Collection Booth	Motijheel Model School, Motijheel C/A, Dhaka		
Motijheel Model School Collection Booth	EWU Campus, Plot# A/2,Aftabnagar, Dhaka		
Begum Badrunnessa Govt. Girls College Booth	Begum Badrunnessa Govt. Girls College, Bakshi Bazar Road, Dhaka		
BSMMU Collection Booth	OPD-1 Building at BSMMU, Paribagh, PS. Shabagh, Dhaka		
EPZ Road Collection Booth, Comilla	Holding No. 0432-14, South Chartha, Comilla EPZ,Comilla		
DESCO Bill Collection Booth	Badda Sales & Distribution Division at Plot#16, Road#04, Block#D, Aftabnagar, Badda, Dhaka		

Branch Name	Address	Phone/Fax Number	Swift Code
Unique Height Collection Booth	"Unique Heights" 117, KaziNazrul Islam Avenue, Dhaka		
	Subsidiary-1: Bank Asia Securities Limited		
Dilkusha (Head Office)	Hadi Mansion (7 th Floor), 2 Dilkusha C/A, Dhaka-1000	Phone: 7124743, 7170896 Fax: 88-02-9567884 Email: cmd.bankasia@gmail.com	
Dhanmondi Branch	Meher Plaza, House # 13/A, R # 05 Dhanmondi, Dhaka	Phone: 8624874-5	
Mirpur Branch	Nishi Plaza, Plot # 01, Avenue-04 Section-06, Block-C, Mirpur, Dhaka	Phone: 9013814, 9013841	
Khulna Branch	28, Sir Iqbal Road (1 st Floor), Khulna	Phone: 041-2830136-7	
Jurain Branch	Anaz Plaza (2 nd Floor)495,East Jurain Kadamtali, Dhaka	Phone: 7453414	
Uttara Branch	H # 79/A, (4 th Floor), R# 07, Sector # 04 Uttara Model Town, Dhaka-1000	Phone: 8958371	
Banani Branch	"Nur Empori" (1 st floor), House # 77, Road# 11, Block-M, Banani, Dhaka-1213	Ph: 9885610,9889104, 9822326 Fax: 9822376	
Extension Office	158-160, Ground Floor Motijheel C/A, Dhaka-1000	Phone: 7124805, 7124816	
	Subsidiary-2: BA Exchange Company (UK) Ltd.		
Office in UK	125 Whitechapel Road, London E1 1DT	Tel: 0203 005 4845-6 Fax: 0207 426 0097 Mob: 0795 081 4675	
	Subsidiary-3: BA EXPRESS USA inc		
Office in Jamaica	168/29 Hill Side Avenue, Suite 2B, Jamaica, NY-11432 New York, USA	CEO: 0019173487207	
Office in Brooklyn	484, Mc Donald Avenue (1 st floor), Brooklyn, NY-11218, New York, USA	CEO: 0019173487207	

17 PARTNERSHIPS FOR THE GOALS



Strengthen the means of implementation and revitalise the global partnership for sustainable development

"Alone we can do so little; together we can do so much."
– Helen Keller

UN Conference on Trade and Development (UNCTAD) says achieving SDGs will require USD 5 trillion to USD 7 trillion in annual investment. The bond market for sustainable business is growing. In 2018 global green bonds reached USD 155.5 billion, up 78% from previous year.



Access to internet, and use of internet communication facilities by individuals have improved significantly in the recent years, contributing towards achieving the SDG target. The government is further looking into: Developing effective Aid Information Management System (AIMS), Ensuring development partners' policy alignment and system harmonization, Effective national Policy on Development and so on.



Major agreement with international body like UN, UNDP, IFC, ADB & others



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