

ANNUAL REPORT 2012

Goal Congruence
for Sustainable Growth

 **Bank Asia**
LIMITED

Goal Congruence for Sustainable Growth

We collectively twist our network in the form of Double Helix structure shown in the schematic form to squeeze maximum value creation for sustainable growth. The Double Helix structure of our network denotes base pairing in a Digital Platform between our branches, ATM & IT networks and Corporate Office, and seamless dynamic network linkage to our home facilitated customized IT Backbone. The seamless dynamic linkages impart an inherent polarity to our total network chain. This polarity is defined by the asymmetry of the nodes and the way they are joined to generate dynamic efficiency. The pairing between branches network and Corporate Office, and IT backbone, results in a complementary relationship between the bases on the two intertwined chains and gives our customer service its self-encoding character.

ANNUAL REPORT 2012

Two Years Comparative Analysis

Million Taka unless otherwise specified

Total Assets
2012 ↑ 2011
140,361.37 | 117,729.41

19.22%

Profit after Tax
2012 ↓ 2011
908.00 | 1,916.21

-52.61%

Shareholders' Equity
2012 ↑ 2011
13,045.17 | 12,478.93

4.54%

Earnings Per
Share-after split (Taka)
2012 ↓ 2011
1.44 | 3.65

-60.55%

Net Asset Value
Per Share-after split (Taka)
2012 ↓ 2011
20.69 | 23.75

-12.89%

Loans and Advances
2012 ↑ 2011
92,328.82 | 82,819.97

11.48%

Import
2012 ↑ 2011
106,746.15 | 99,414.20

7.38%

Inward Remittance
2012 ↑ 2011
32,110.10 | 21,776.70

47.45%

Operating Profit
2012 ↑ 2011
5,051.81 | 4,041.97

24.98%

Deposits
2012 ↑ 2011
110,061.77 | 95,131.10

15.69%

Export
2012 ↓ 2011
66,478.34 | 74,794.50

-11.12%

Classified Loan Ratio
2012 ↑ 2011
5.69% | 2.72%

2.97%

Return on Equity
2012 ↓ 2011
7.11% | 19.61%

-12.50%

Credit Rating

Rating	2012	2011
Long Term	AA2	AA2
Short Term	ST1	ST1

Rated by Credit Rating Agency of Bangladesh Ltd. (CRAB) on June 21, 2012 and will remain valid up to June 2013

Priorities we followed in 2012

The Bank continued its effort for synergies between new knowledge and human capital; total 29,064 man hours spent for training of 1456 participants. New policies and procedures were introduced to better define job responsibility as well as management expectations. Our networks were twisted and expanded like double helix spiral to squeeze maximum value creation for our customer. Talent management, job positioning and networking efficiency gave Bank Asia its goal congruence for sustainable growth.

Priorities	Objectives	Progress Made
Financial inclusion	To combat poverty by promoting financial inclusion	<p>More focus on small enterprise; adopted hybrid business model for expansion of SME finance.</p> <p>Agricultural credit disbursement of Tk. 1,520 million to 100,872 farmers.</p> <p>Introduced Mobile banking to financial inclusion of unbanked population.</p> <p>80,200 farmers of 1,404 villages under 7 districts came under Bank Asia's banking service network through EBK Project.</p>
Strong capital base	To maintain strong capital base for sustainable growth	<p>New capital injection of Tk. 600 million in the form of subordinated bond issuance.</p> <p>More granular risk management to reduce collective capital requirement</p> <p>20% stock dividend in the year 2011</p> <p>Number of credit rated clients reached 160</p>
Operating efficiency	To optimize costing and productivity	<p>During the year 2012 operating expense grew only by 17% where operating profit grew by 25%.</p> <p>Deposit mix improved towards low cost no cost deposits.</p>
Liquidity risk management	To ensure smooth banking operation	<p>Maintained AD Ratio below 84%</p> <p>Throughout the year the Bank was mostly net lender to Call Money Market</p> <p>Matching of loan & deposit maturity to maintaining SLR assets & adequate liquid assets</p>
Loan portfolio diversification	<p>To make risk management more efficient</p> <p>To include more export client for improving earning efficiency</p>	<p>Shift to manufacturing business to attain sustainable profit. From almost 40% volatile trading portfolio (in Dec' 11) Bank Asia was able to bring down trading exposure below 25% in Dec' 12.</p> <p>Also a country with 75% garments export portfolio the bank had less than 2% of RMG export which increased to almost 6.5%.</p>

ANNUAL REPORT 2012



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Awards & Recognition



Receiving Certificate of Merit from ICMA

Our transparency in disclosure of information and adherence to standard accounting practices brought recognition for our valued stakeholders and also a testament to our openness and integrity



Certificate of Merit from ICAB

Bank Asia's Glorious Triumph for Best Presented Annual Reports 2011 by ICAB

Contents

4	Notice of the Fourteenth Annual General Meeting	
5	Prelude	
6	Vision	
7	Mission	
8	Core Values	
9	Business Ethics	
10	Codes of Conduct	
11	Goals	
12	Strategic Focus	
13	Future Orientation	
14	Bank Asia at a Glance	113
15	Corporate Structure	116
16	Corporate Information	128
17	Products & Services	131
19	Key Events 2012	132
22	Five years Performance	139
27	DuPont Analysis	140
28	Market Performance	141
30	Board of Directors	146
32	Directors' Profile	148
34	Executive Committee of the Board	149
35	Board's Audit Committee	150
36	Our Acknowledgement	
38	Management Committee	156
40	Cluster Mentors, ALCO	158
41	Management & Executives	160
43	Bank Asia Shariah Supervisory Committee	161
44	Chairman's Message	162
48	President & Managing Director's Review	250
52	Directors' Report	263
79	Summary Sustainability Report	277
97	Value Added Statement, EVA, MVA	282
99	Contribution to National Exchequer	
	Chief Risk Officer's Report	
	Disclosure on Risk Based Capital under pillar-3 of basel-II	
	Report on the Activities of the Audit Committee	
	Report of Bank Asia Shariah Supervisory Committee	
	Corporate Governance	
	Credit Rating	
	Certificate on the Compliance with Corporate Governance	
	Corporate Governance Audit	
	Status of Compliance on Corporate Governance	
	Capital Strengthening	
	CEO & CFO's statement of Responsibility	
	Chief Financial Officer's Report	
	Financials	
	Auditor's Report to the Shareholders of Bank Asia Limited	
	Consolidated Balance Sheet	
	Consolidated Profit & Loss Account	
	Consolidated Cash Flow Statement	
	Consolidated Statement of Changes in Equity	
	Subsidiary 1: Bank Asia Securities Limited	
	Subsidiary 2: BA Exchange Company (UK) Limited	
	Branches at a Glance	
	Subsidiaries	
	Proxy Form & Attendance Slip	

Notice of the Fourteenth Annual General Meeting

Notice is hereby given to all members of Bank Asia Limited ("the Company") that the Fourteenth Annual General Meeting of the members of the Company will be held on Sunday the 31st March, 2013 at 10.00 AM at the Officers' Club, 26 Baily Road, Ramna, Dhaka-1000, to transact the following business and to adopt necessary resolutions:

AGENDA

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended December 31, 2012 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend out of the profits for the year ended December 31, 2012.
3. To elect Directors in accordance with the provisions of law and the Articles of Association of the Company.
4. To appoint Auditors of the Company for the term until the conclusion of the next Annual General Meeting and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

By order of the Board

Dated: Dhaka
March 07, 2013



(Aminul Islam)
Company Secretary

Notes:

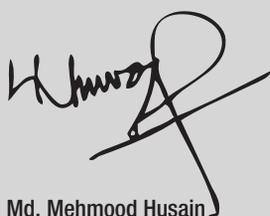
- a) The Record Date of the Company is March 12, 2013. Trading of the Company's shares in the Stock Exchanges will remain suspended on the Record Date.
- b) The shareholders whose names will appear in the Register of Members of the Company as at the close of business on the Record Date will be entitled to attend and vote at the Annual General Meeting and to the dividend declared in the AGM, if any.
- c) Any member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his /her behalf. The proxy must be a member of the Company.
- d) The instrument appointing a proxy duly stamped and signed by the Member must be submitted at the Registered Office of the Company at least 48 (forty eight) hours before the meeting. Proxy form is enclosed.
- e) Election of Directors will be held in the vacant offices of Directors. Election schedule will be displayed in the notice board at the Registered Office in due course. Election rules will be available at the Registered Office of the Company.

Prelude

It is indeed a matter of great pleasure to publish Annual Report 2012. This report is aimed to cover a vast scope of valuable and material information which will be very much beneficial to the all concerned. Again I am delighted to say that we, for the first time, included a Summary Sustainability Report in the Annual Report. This report demonstrates our endeavor to the various issues like environmental performance, economic performance, sustainable human resource development, building the community and so on. This report portrays the Bank's position in the industry against the backdrop of global and national economic outlook. We have tried to cover aspects of Corporate, SME and Retail banking, Treasury functions, Remittance services, Export/Import business and performance of subsidiaries. This report has also addressed issues of corporate governance, Corporate Social Responsibilities and green banking etc. We have also discussed Human Resource related issues like health, safety and work environment for employees, gender equality, workforce diversity etc.

This report will provide with all kind of material information that will greatly assist the shareholders, depositors, borrowers, investors, regulators and all other concerned parties in assessing the overall and area specific performance and future prospects of the Bank. Along with the operating and financial information, this report also illustrates various models and rigorous analysis that would help all potential stakeholders to take decisions in their respective interest analysis.

This report also includes futuristic approach that means apart from financial statements and ratio analysis, which are prepared based on historical cost principle, other statements e.g. Corporate Information, human resources, green banking initiatives etc. are being updated with current data for better understanding about the Bank's goals and strategic objectives for 2013 and beyond.



Md. Mehmood Husain
President and Managing Director



Vision

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





Mission

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

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

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

Core Values

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



Business Ethics

Business principle

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

Human worth

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

Human capital

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

Health, safety and working environment

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

Confidentiality

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

Protection of personal data

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

Intellectual property

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

Nature and the environment

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

Information that may affect the share price

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

Accounting

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

Competition

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

Corruption and bribery

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

Money laundering

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

Political activity

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

Codes of Conduct

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

Goals

Sustainable growth

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

Capital stewardship

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

Accelerating financial inclusion

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

Differentiating Value Added Services

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

Going Green

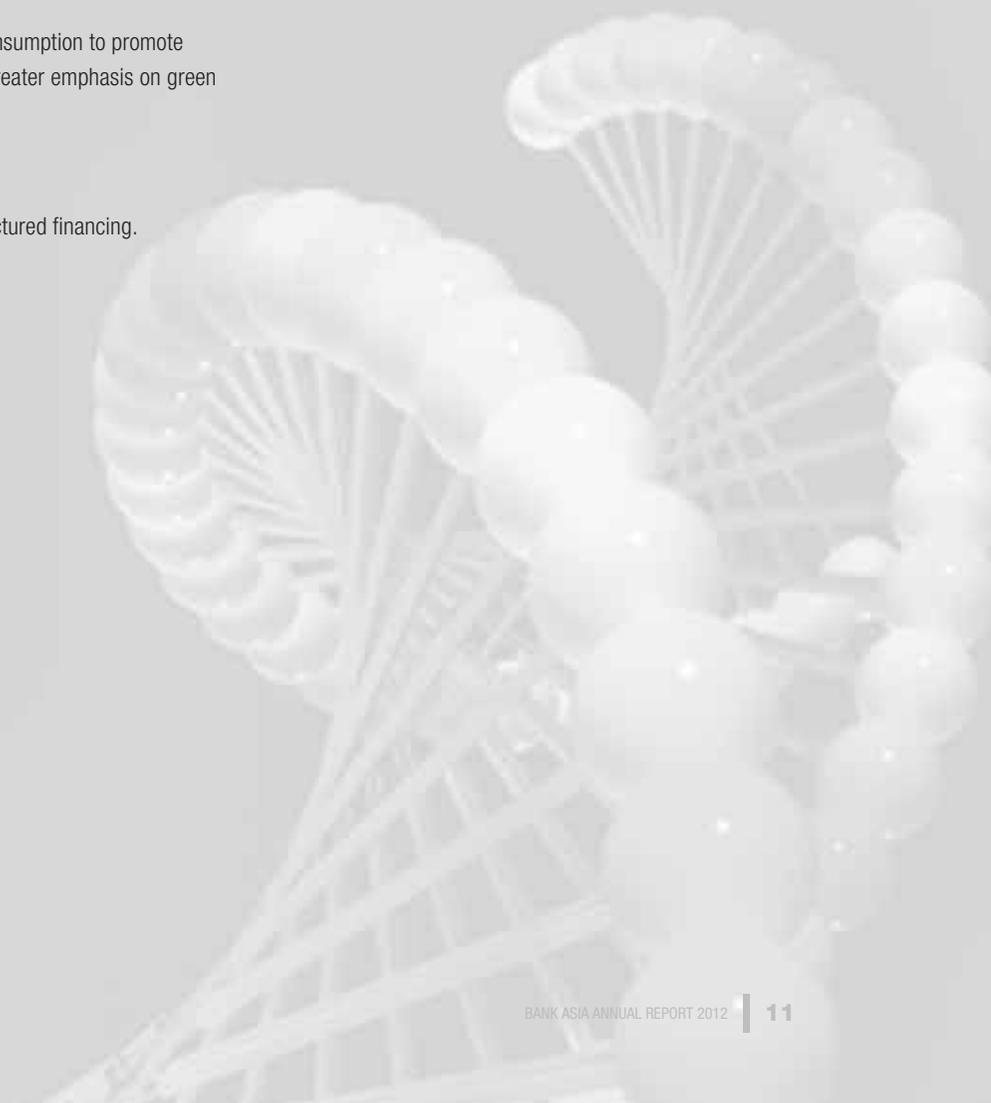
Quantification of in-house facilities and energy consumption to promote paperless office and enhance energy efficiency. Greater emphasis on green banking projects.

Leader in business

Create new dimension in the syndication and structured financing.

Grow with export.

Well diversified portfolio.



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 which altogether culminate performance of the Bank.

Business KPIs

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

Business KRIs

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

Mentorship program for branches

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

Customer Satisfaction

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

Going green in the future of banking

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

Promoting Financial Inclusion

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

Giving back

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

Future Orientation

Challenges

- Higher government borrowing due to Padma bridge project, lack of foreign trade, slow foreign direct investment may cause the crowding out effect and potential private sector may suffer from lack of credit opportunity.
- Political unrest for next Government election will hamper the economic growth to a large extent.
- Liquidity crisis will largely influence business growth.
- The global economic slowdown is most likely to have a negative impact on the country's industrial sector. Weak demand in western economies may negatively impact export particularly garments and knitwear sector.
- The lack of infrastructural development reflected by poor transportation facility and shortage of energy supply is the major challenge for SME growth in Bangladesh.

Opportunities

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

Bank Asia sees the year 2013 of both possibilities and challenges. It is essential that we make a concerted effort to move forward towards achieving the goal.

Bank Asia at a Glance

A Dream Came into Reality

Bank Asia started its journey on November 27, 1999 with an aim to be fully customer focused through rendering technology driven innovative products and services. The Bank obtained Certificate of Incorporation and Certificate of Commencement of Business on September 28, 1999 and banking license on October 06, 1999. Subsequently the Bank was listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on January 06, 2004. Since inception Bank Asia is working efficiently and achieving a strong prominent position in banking sector. By this time Bank Asia has consolidated its strength manifold through extending its business rapidly while ensuring sustainable growth. Bank Asia started its most cherished Islamic banking operation in 2008 for providing strict Shariah based products. It established its 1st subsidiary company named "Bank Asia Securities Limited" on March 16, 2011 and another subsidiary company "BA Exchange Company (UK) Limited" in United Kingdom in the same year. Now the Bank is rendering services through its 73 Branches, 5 Islamic Windows, 6 SME Service Centers, 1 Off-shore Banking Unit, and 2 Subsidiary companies.

Client-driven Offerings

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

Faithful and Efficient Workforce

Bank Asia has the effective and efficient work force with a perfect combination of talent youth and experience under the leadership of Mr. Md. Mehmood Husain, Managing Director of Bank Asia. At the end of 2012 the bank has 1,485 employees including 218 executives and 1,267 officers serving its clients across the country offering a full suite of financial products and services. These employees are amply trained and experienced in various phases of banking service and most importantly dedicated to their duty and responsibility to the work. Bank Asia provides a work friendly elegant environment to its employees. It always ensures better work friendly environment for its employees so that employees become motivated and provide their best. Rewarding and performance appraisal system encourage employees to concentrate on the job reflected in rendering best services.

Good Corporate Governance

It has established an appropriate and effective internal control environment to ensure that the Bank is managed and controlled in a sound and prudent manner. Bank Asia's corporate

governance system requires its work force to be accountable, transparent and ethically sound. The Bank always maintains transparency in disclosures and as recognition Bank Asia was awarded several times for best published accounts and corporate governance disclosures.

Giving back to under privileged & concern to ecology

Bank Asia always tries to make a better society through its CSR activities. It works and donates in different sectors such as, education, health, disaster management, sports and some other sectors. One of its very much mentionable development campaign are the free eye camp and ophthalmological operation facility. Bank Asia has been recognized as one of the top 10 commercial banks for contribution to green banking by Bangladesh Bank in 2012. Bank Asia is working actively and constantly for the expansion of Green banking activities. As a part of its green banking activities Bank Asia streamlines green banking initiatives in its in-house management and investing in environment friendly projects and participating in environment protecting activities.

Delivering High-tech solution

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

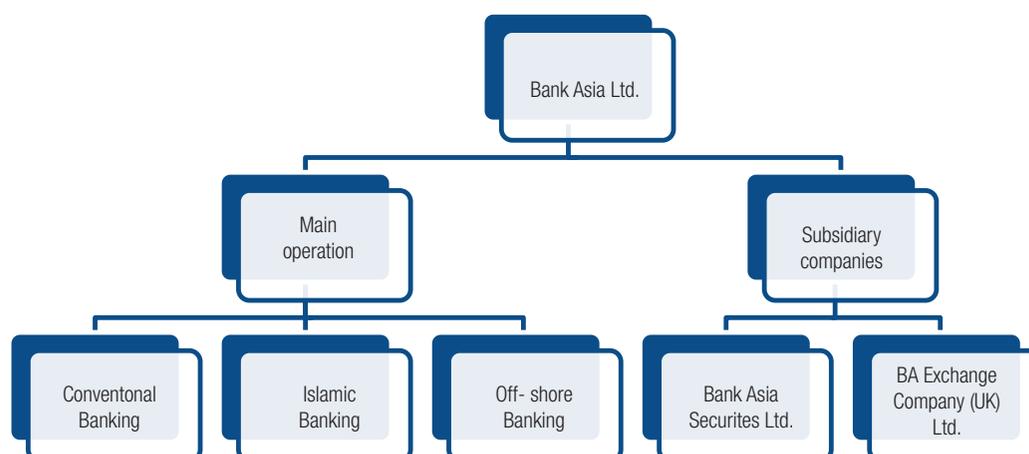
Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) awarded Bank Asia Limited "AA2" in the Long Term and 'ST1' rating in the Short Term based on the financials of 2011. The Bank has been maintaining this quality rating for last three consecutive years.

Accolades & Recognition

Bank Asia was awarded several times by the reputed organizations for disclosure of corporate governance and best published accounts and reports. Our Annual Report 2011 was awarded (Certificate of Merit) by ICAB for Best Presented Annual Report and received ICMA Best Corporate award 2012 (Certificate of Merit) from ICMA.

Corporate Structure



	2012(Consolidated)	Million Taka 2012(Bank)
Income Statement Matrix		
Interest Income	13,888.80	13,296.06
Operating Profit	5,010.04	5,051.80
Profit Before Tax	2,681.01	2,723.00
Profit After Tax	849.94	908.00
Balance Sheet Matrix		
Total Shareholders' Equity	13,114.16	13,045.17
Deposits	110,175.53	110,061.78
Loans and Advances	93,410.43	92,328.82
Investments	25,268.88	25,114.90
Fixed Assets	4,548.90	4,520.49
Total Assets	141,235.37	140,361.37
Capital Measure		
Total Capital Adequacy Ratio Basel-II	13.00%	13.05%
Share Information Matrix		
Earnings Per Share -after Split (Taka)	1.35	1.44
Net Assets Value Per Share -after Split (Taka)	20.80	20.69
Credit Quality Ratios (%)		
Classified Loans	5.62%	5.69%
Operating Profit Ratio		
Return on Equity	6.61%	7.11%
Return on Assets	0.66%	0.70%

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	13
Number of branches	73
Number of SME centers	6
Number of Islamic windows	5
Number of brokerage branches	5

Auditors	S.F. Ahmed & Co. (SFACO) Chartered Accountants House: 25, Road: 13A, Block: D, Banani, Dhaka-1213, Bangladesh
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Legal Advisors	Hasan & Associates Barristers & Advocates Dhaka Chamber of Commerce Building (6th Floor) 65-66 Motijheel C/A Dhaka 1000, Bangladesh Shameem Aziz & Associates Barristers & Advocates Paramount Heights Suit no-5D2, (5th Floor) Purana Paltan, Dhaka-1000, Bangladesh
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Legal Retainer	Mr. M. Sakhawat Hossain Robin Tower, Room-502, (4th Floor) 42/43 Purana Paltan, Dhaka-1000, Bangladesh
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Registered Office	Rangs Tower (2nd to 6th floor), 68 Purana Paltan Dhaka-1000, Bangladesh Tell: 7110042, 7110173, 7110177, Fax: 88-02-7175524 Swift: BALBDDH Email: bankasia@bankasia.com.bd Web: www.bankasia-bd.com Internet Banking: www.bankasia.net
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Products and Services

Business Banking

- Overdraft
- Secured Overdraft
- Secured OD (Earnest Money)
- Working capital finance
- Loan against Trust Receipt
- Loan against Cash Incentives
- Bill discounting
- Loan Syndication and structured Finance
- Packing Credit
- Demand Loan
- Demand Loan (work order)
- Time Loan
- Transport Loan
- House Building Loan
- Term loan
- Lease Finance
- Letter of Guarantee
- Letter of Credit
- Back to back Letter of Credit

Small and Medium Enterprise (SME)

Term Loan

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

Over Draft

- Somadhan – Secured

Special Products

- Utshob- Seasonal Business
- Subarno- Women Entrepreneur

Consumer Finance

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

Credit Card

- MasterCard Local Credit Card
- VISA Dual Currency Credit Card
- VISA Local Credit Card
- VISA Butterfly Credit Card
- VISA Mini Credit Card
- VISA International Card against RFCD, RQ A/C
- Virtual Card
- SME Credit Card
- NBFi Card Cheque
- International Prepaid Hajj Card

Treasury

Money Market

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

Foreign Exchange Market

- Spot
- Forward
- Interbank Buy / Sale

Deposit Accounts

- Saving Account
- Current Account
- Short Notice Deposit
- Fixed Term Deposit
- Foreign Currency Account
- Deposit Pension Scheme
- Monthly Benefit Scheme
- Double Benefit Scheme
- Triple Benefit Scheme
- Bank Asia Sanchoy Plus

Islamic Banking

Deposit Products

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

Investment Products

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

Service Products

- ATM Services
- Remittance Service
- Locker Service
- Online Banking
- Internet Banking
- Phone Banking
- Mobile Banking
- Remote Banking (EBEK)
- SWIFT
- Centralized Trade Services
- Student File
- Travellers' Cheque

Off-shore Banking Unit (OBU) Products

- On-shore Bill Discounting through OBU
- Bill Discounting
- Capital Finance
- Working Capital Finance
- Trade Finance
- On-shore Export Bill Discounting

Capital Market Operation

- Brokerage Operation
- Margin Loan



Key Events 2012

Date	Events
Jan -15	Mr. Md. Mehmood Husain, President & Managing Director of Bank Asia Ltd handed over computers and laptop to Khandoker Cowser Zahan Tasmina, Executive Director of the SFD (Salvation for the Deserving)
Jan - 26	Ms. Humaira Azam was appointed as the new Deputy Managing Director of Bank Asia Ltd
Jan - 28	Annual Business Conference-2012 of Bank Asia Ltd held at Dhaka Regency Hotel
Jan - 29	25th Foundation Training Course started at the Bank's Training Institute
Feb - 15	Induction Ceremony of Management Trainees (MTO) at Corporate Office
Feb - 23	Mr. A. Rouf Chowdhury, Chairman of Bank Asia, handed over the Cash Reward for successfully completing banking diploma at the Bank's Training Institute
Feb - 29	Mr. A. Rouf Chowdhury, Chairman of Bank Asia, handed over financial assistance to widow of Late Major Humayun Kabir Sarkar who was killed in a mutiny at BDR in presence of Hon'ble Prime Minister Sheikh Hasina
Mar - 01	MOU signing agreement with Teamwork Property Development Limited for homeloan financing to their prospective customers
Mar - 15	Dr. Atiur Rahman, Honorable Governor of Bangladesh Bank, formally launched Bank Asia's new product Payza (formerly known as alertpay) to bring hard-earned money of freelancers and IT service exporters
Mar - 31	13th Annual General Meeting held at Officers Club, Dhaka
Mar - 31	Mr. A Rouf Chowdhury was re-elected as Chairman of Bank Asia Ltd
Mar - 31	Mr. Mohd. Safwan Choudhury and Mr. Mohammed Lakiotullah were re-elected as Vice Chairmen of Bank Asia Ltd
Apr - 03	MOU signing agreement with Hassan & Associates Limited for home financing to their prospective customers
Apr - 09	MOU signing agreement with Hajj Agencies Association of Bangladesh (HAAB)
Apr - 19	Opening of Hajigonj Branch
Apr - 21	Workshop on "Anti-Money Laundering and Combating Finance on Terrorism " held at Bank's Training Institute
Apr - 22	26th Foundation Training Course started at Bank's Training Institute
Apr - 26	Opening of Dohazari Branch
Apr - 26	Management Retreat Program held at BRAC-CDM, Savar,Dhaka
May - 12	Signing agreement with DNS Software for bulk SMS service
May - 20	Mr. A. Rouf Chowdhury, Chairman of the Bank, handed over a cheque of the Donation to Ahsania Mission Cancer and General Hospital
May - 22	MOU signing agreement with Seagull Hotel

May - 28	Inauguration of Bank's booth at Motijheel Model High School
Jun - 03	MOU signing agreement with Propac Ltd. & Packaging World Ltd. for syndicated term loan
Jun - 05	Workshop on Green Banking held at Corporate Office to commemorate the World Environment Day
Jun - 05	Launching of digital filing system of Cards Department by Managing Director
Jun - 24	Opening of Lalmatia Branch
Jul - 15	Opening of Elephant Road Branch
Jul - 16	3 Days training program on SME Financing held at Bank's Training Institute
Jul - 19	Midyear Performance Review Meeting-2012 held at Spectra Convention Centre, Dhaka
Aug - 27	MOU signing agreement with the Holy Family Red Crescent Medical College Hospital
Sep - 01	Bank Asia achieved Best Bankers award for Agri credit Program at Jessore
Sep - 11	Mr. A. Rouf Chowdhury, Chairman of Bank Asia Ltd, Launched Bank Asia Hajj Card
Sep - 04	8 days training on General Banking for 7th batch Management Trainees held at Bank's Training Institute
Sep - 27	27th Foundation Training Course started at the Bank's Training Institute
Oct - 01	Received "Certificate Of Merit" from ICAB for "Best Presented Annual Reports 2011"
Oct - 06	Business Conference of Islamic Banking held at Corporate Office
Oct - 07	8 Days training program on Credit for the 7th batch Management Trainees held at the Bank's Training Institute
Oct - 21	Received Letter of Appreciation from Bangladesh Bank for achieving target of agricultural credit
Oct - 23	Mr. A Rouf Chowdhury, Chairman of Bank Asia Limited, donated Tk.20 million to Prime Minister's relief & welfare fund
Nov - 27	Celebration of 13th foundation anniversary of Bank Asia held at Corporate Office
Nov - 27	Mr. Md. Mehmood Husain, President & Managing Director of Bank Asia Ltd launched Bank Asia's redesigned Website (www.bankasia-bd.com) at Corporate Office
Dec - 19	Opening of Aglabazar Branch
Dec - 19	MOU signing agreement with Star Porcelain Pvt. Ltd for raising syndicated fund
Dec - 26	Opening of KEPZ Branch



Signing MOU with HAAB



Signing agreement with DNS Software Ltd.



Business meeting with Myanmar business delegates



13th year celebration of Bank Asia



Signing MOU with Teamwork Properties Development Ltd.



Japanese delegates at Corporate Office of Bank Asia

Five Years Performance

Million Taka unless otherwise specified

Particulars	2012	2011	2010	2009	2008
BALANCE SHEET MATRIX					
Authorized Capital	15,000.00	15,000.00	4,450.00	4,450.00	4,450.00
Paid up Capital	6,305.75	5,254.79	3,002.74	2,144.81	1,743.75
Reserve Fund & Surplus	6,739.42	7,224.14	4,057.20	2,809.33	1,589.21
Total Shareholders' Equity	13,045.17	12,478.93	7,059.94	4,954.14	3,332.96
Deposits	110,061.78	95,131.10	86,365.64	54,832.82	42,435.24
Loans and Advances	92,328.82	82,819.97	79,504.23	50,267.92	39,975.00
Investments	25,114.90	15,950.51	12,575.70	9,663.10	6,133.81
Fixed Assets	4,520.49	4,584.55	1,837.28	1,018.38	644.25
Total Assets	140,361.37	117,729.41	105,198.05	68,663.20	53,371.25
Total Off Balance Sheet Items	59,215.74	47,457.25	48,974.68	27,978.82	19,627.93
Interest Earning Assets	129,078.12	108,418.60	98,949.48	65,432.19	50,782.65
Non-Interest Earning Assets	11,283.26	9,310.81	6,248.57	3,231.01	2,588.59
INCOME STATEMENT MATRIX					
Interest Income	13,296.06	10,903.58	8,381.35	6,247.49	4,973.11
Interest Expenses	9,616.35	8,202.66	5,420.58	4,498.02	3,739.02
Investment Income	1,930.64	1,285.55	1,163.49	1,012.99	607.15
Non-Interest Income	2,210.32	2,416.97	2,546.73	1,367.03	1,051.29
Non-Interest Expenses	2,768.87	2,361.47	2,422.13	1,512.47	987.66
Total Income	17,437.02	14,606.10	12,091.58	8,627.52	6,631.55
Total Expenditure	12,385.22	10,564.13	7,842.72	6,010.48	4,726.67
Operating Profit	5,051.80	4,041.97	4,248.86	2,617.04	1,904.88
Profit Before Tax	2,723.00	3,432.21	3,579.52	2,286.19	1,405.74
Net Profit After Tax	908.00	1,916.21	1,929.58	1,327.18	686.7
CAPITAL MEASURES					
Risk Weighted Assets	106,719.00	83,664.20	100,545.90	45,150.28	35,461.64
Core Capital (Tier-I)	10,444.33	9,536.33	6,569.16	4,644.40	3,317.22
Supplementary Capital (Tier-II)	3,485.86	2,911.00	1,587.80	893.77	670.53
Capital Surplus/(Deficit)	3,258.29	4,080.90	-892.14	1,023.15	441.59
Tier I Capital Ratio	9.79%	11.40%	6.53%	10.29%	9.35%
Tier II Capital Ratio	3.26%	3.48%	1.58%	1.98%	1.90%
Total Capital Adequacy Ratio Basel-I		-	-	12.27%	11.25%
Total Capital Adequacy Ratio Basel-II	13.05%	14.88%	8.11%	10.01%	-
CREDIT QUALITY					
Classified Loans	5,251.48	2,249.96	1,284.25	785.07	1,072.67
Provision for Unclassified Loans	989.20	974.03	959.67	622.93	498.24
Provision for Classified Loans	2,641.11	772.42	354.63	355.38	644.77
Provision for Contingent Liabilities	592.16	461.59	414.12	246.02	164.55
Percentage of NPLs to total Loans and Advances	5.69%	2.72%	1.62%	1.56%	2.68%
FOREIGN EXCHANGE BUSINESS					
Import	106,746.15	99,414.20	110,417.89	67,378.30	50,985.00
Export	66,478.34	74,794.50	57,281.67	30,953.40	25,155.30
Remittance (Inward)	32,110.10	21,776.70	18,441.71	15,555.10	11,648.30

Five Years Performance

Million Taka unless otherwise specified

Particulars	2012	2011	2010	2009	2008
OPERATING PROFIT RATIOS					
Credit Deposit ratio	83.89%	87.06%	92.06%	91.67%	94.20%
Cost of Deposit	9.49%	9.09%	7.15%	8.97%	9.84%
Administrative Cost	2.82%	2.88%	2.08%	2.76%	2.33%
Yield on Loans and Advances	15.20%	14.11%	12.72%	13.95%	14.41%
Spread	5.71%	5.02%	5.57%	4.98%	4.57%
Return on Assets	0.70%	1.72%	2.22%	2.18%	1.87%
Return on Equity	7.11%	19.61%	32.12%	32.03%	23.00%
Current ratio	93.48%	105.03%	94.79%	92.23%	98.30%
Debt Equity ratio	9.76	8.43	13.90	12.86	15.01

PERFORMANCE RATIOS

Profit per Employee	3.40	3.18	3.43	2.54	2.38
Operating profit as % of Working Funds	3.60	3.43	4.04	3.81	3.57
Net Interest income as % of Working Fund	3.61	3.33	3.76	3.76	3.45
Burden Coverage	63.58	83.8	88.41	77.85	86.13
Burden ratio	0.01	-0.11	-0.37	-0.06	-0.14
Expense Coverage	99.37	105.38	113.12	102.44	106.44
Efficiency Ratio	35.40	36.88	36.2	36.63	34.15
Ratio of Fees Income	22.51	33.2	32.01	28.51	29.41
Salary Exp. to total Overhead Exp.	46.74	46.75	42.18	39.45	43.87
Salary Exp. to Fees Income	73.52	51.93	47.71	50.68	50.94
Cost to Income ratio	35.40%	36.88%	36.31%	36.63%	34.15%

DIVIDEND & RIGHTS ISSUE

Cash		-	-	-	-
Stock	10% (Proposed)	20%	40%	40%	23%
Rights Issue	-	1,050.96	-	-	-

SHARES INFORMATION MATRIX

No. of Shares Outstanding (after stock split in 2011)	630.57	525.48	30.03	21.45	17.44
Earnings Per Share- after Split (Taka)	1.44	3.65	6.43	6.19	3.94
Number of Shareholders	17,161	16,602	14,700	10,868	8,318
Market Value Per Share- after Split (Taka)	21.50	38.2	85.75	42.68	38.33
Price Earnings ratio	14.93	10.48	8.34	6.9	9.73
Net Assets Value Per Share- after Split (Taka)	20.69	23.75	23.51	23.1	19.11
Dividend cover ratio	1.44	1.83	1.61	1.55	1.71

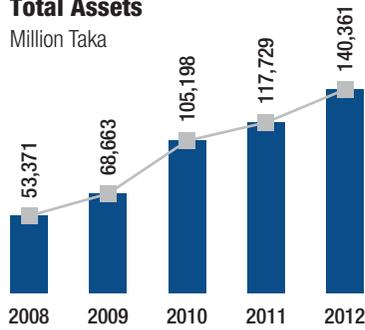
OTHER INFORMATION

Number of Branches	73	63	49	41	33
Number of Employees	1,485	1,270	1,237	1,031	802
Number of Foreign Correspondents	776	775	770	625	399

Five Years Performance

Total Assets

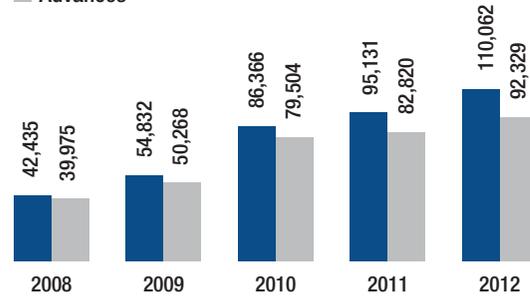
Million Taka



Deposit and Advances

Million Taka

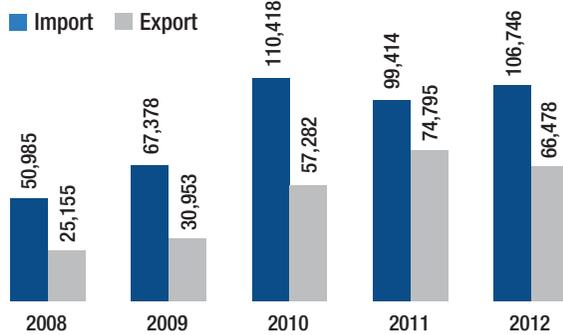
■ Deposit
■ Advances



Import & Export

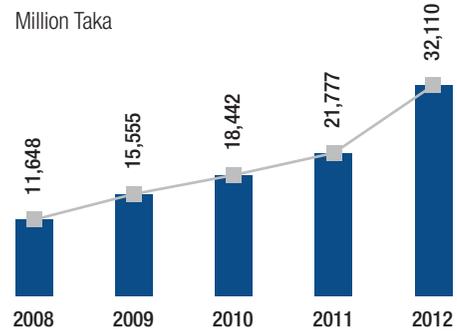
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■ Import ■ Export



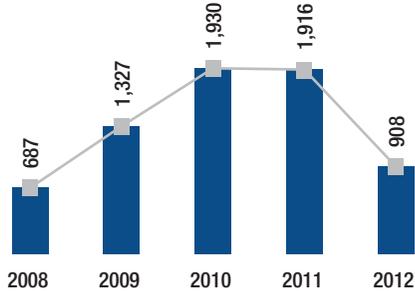
Inward Remittance

Million Taka



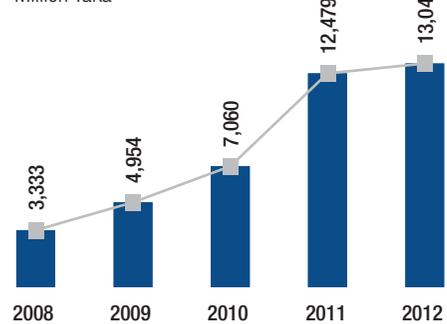
Net Profit After Tax

Million Taka



Total Shareholders' Equity

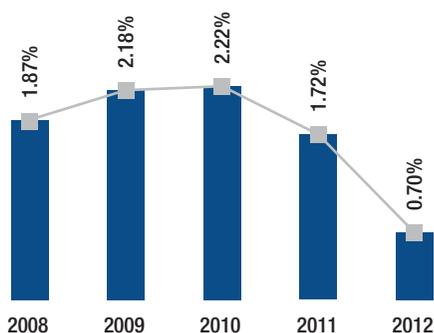
Million Taka



Five Years Performance

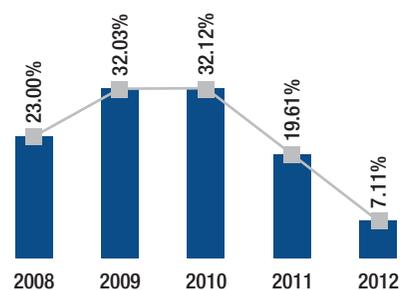
Return on Assets

(ROA)



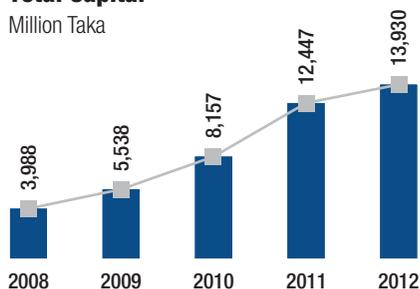
Return on Equity

(ROE)

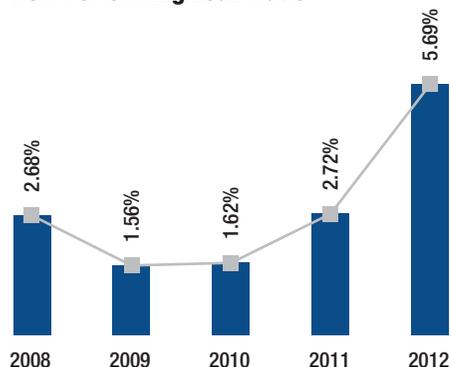


Total Capital

Million Taka



Non-Performing Loan Ratio



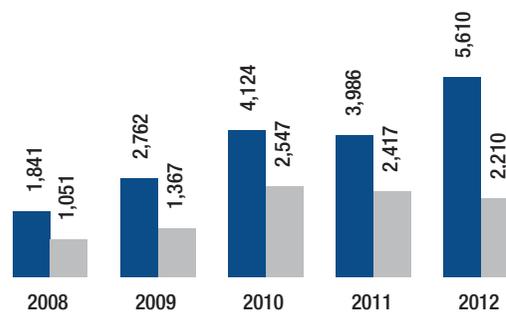
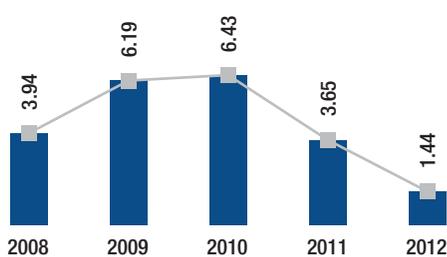
Net Interest Income & Non Interest Income

Million Taka

■ Net Interest Income ■ Non-Interest Income

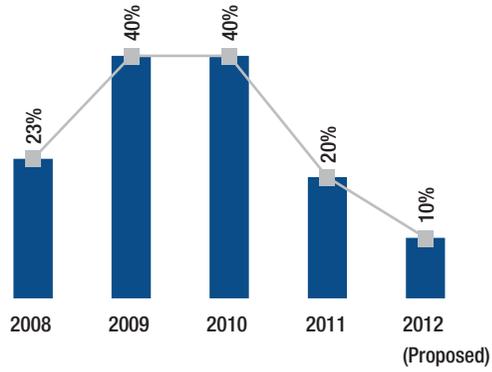
Earnings per Share-after split

Taka

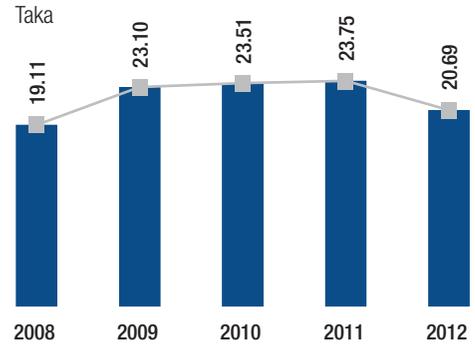


Five Years Performance

Dividend

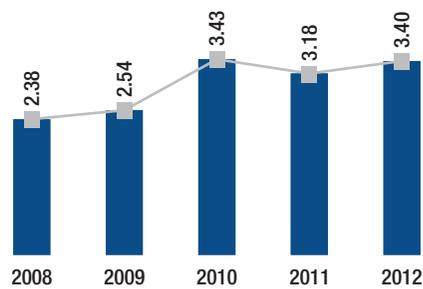


NAV per Share-after split

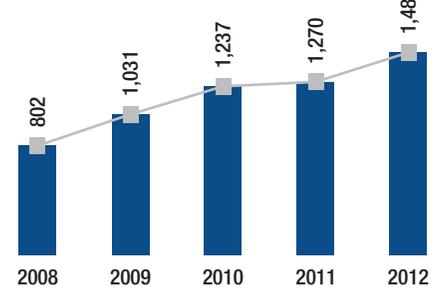


Operating Profit per Employee

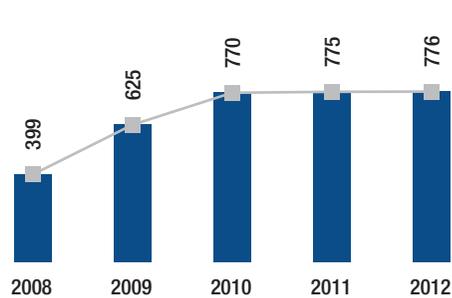
Million Taka



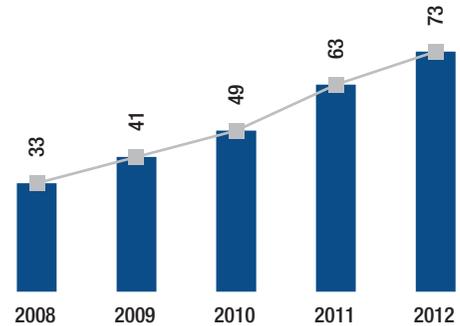
Number of Employees



Number of Foreign Correspondents

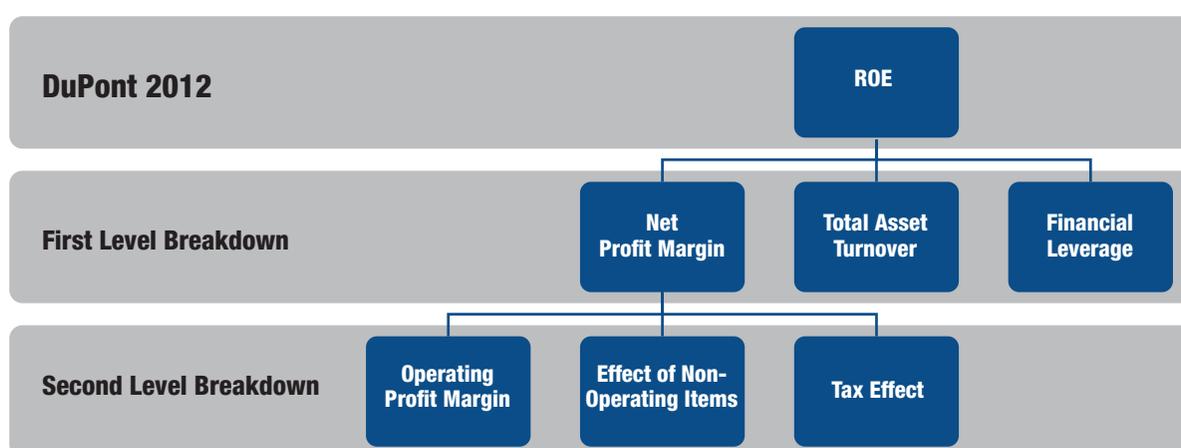


Number of Branches



DuPont Analysis-5 Factors Model

DuPont analysis is an approach to decomposing return on equity to better understand return ratios and why they change over time. Over the years, Bank Asia has maintained a strong Return on Equity (ROE) but last two years it is declining. In the year 2012 the ROE came down to 7.11% compared to the previous year's 19.61%. This analysis will help us to understand which factor contributed to the ROE most and which factor caused the ROE to move.



Particulars	2012	2011	2010
ROE	7.11%	19.61%	32.12%
Net profit margin	5.21%	12.96%	15.93%
Total Asset Turnover	0.1351	0.1326	0.1393
Financial Leverage	10.1116	11.4094	14.4714
Operating Profit Margin	28.97%	27.34%	35.08%
Effect of Non-operating Items	0.5390	0.8491	0.8425
Tax Effect	0.3335	0.5583	0.5391

Net profit margin consists of three important components namely operating profit margin, effect of non-operating items and tax effect as mentioned in second level break down. Operating profit margin was increased to 28.97% compared to previous year's 27.34%. Effect of non-operating items includes loan loss and other provision which was declined due to maintaining higher provision, an increase of provision of Tk. 1,719 million or 282% growth over previous year. Tax effect was also lower for the decline of net profit. The combined effects of these three components turned net profit margin to 5.21%.

Efficiency of utilizing the assets as implied by total assets turnover is consistent over three years. Bank Asia's financial leverage is showing a gradual decline from 11.41 times in 2011 to 10.11 times in 2012. Though the decline may push the ROE down a little bit but this decline of financial leverage actually shows a positive sign because the Bank is building a very strong capital base by giving stock dividend which in return minimizes the default risk of the Bank.

Market Performance

Financial Calendar

Audited consolidated result for the year ended 31 December 2011	Announced on	15 February 2012
Unaudited result for the first quarter ended 31 March 2012	Announced on	13 May 2012
Unaudited result for the second quarter and half year ended 30 June 2012	Announced on	29 July 2012
Unaudited result for the third quarter ended 30 September 2012	Announced on	30 October 2012

Distribution of Dividend	
(Cash%/Stock %)	20% Stock
Announcement Date	15 February 2012
Record Date	29 February 2012
Distribution Date	22 April 2012
Notice of 13th Annual General Meeting	26 February 2012
13th Annual General Meeting	31 March 2012

Stock Detailed

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

DSE Trading days (2012)	238
Year end closing price	21.5

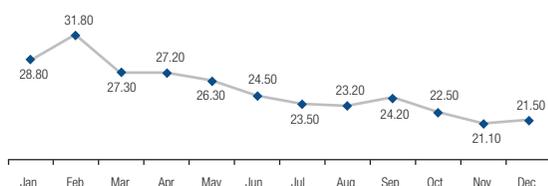
Availability of information about BANK ASIA

Annual Report 2012 and other information about Bank Asia may be viewed on Bank's Website: www.bankasia-bd.com

Investors Inquiries
 Share Department
 Corporate Office
 Rangs Tower (3rd floor)
 68 Purana Paltan, Dhaka-1000
 Phone: 7110062, 7110173, 7113867
 PABX: 301,302
 E-mail: bankasia@bankasia.com.bd

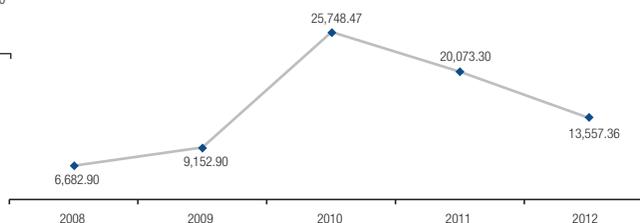
Market Price of Share 2012

Month End



Market Capitalization

Million Taka



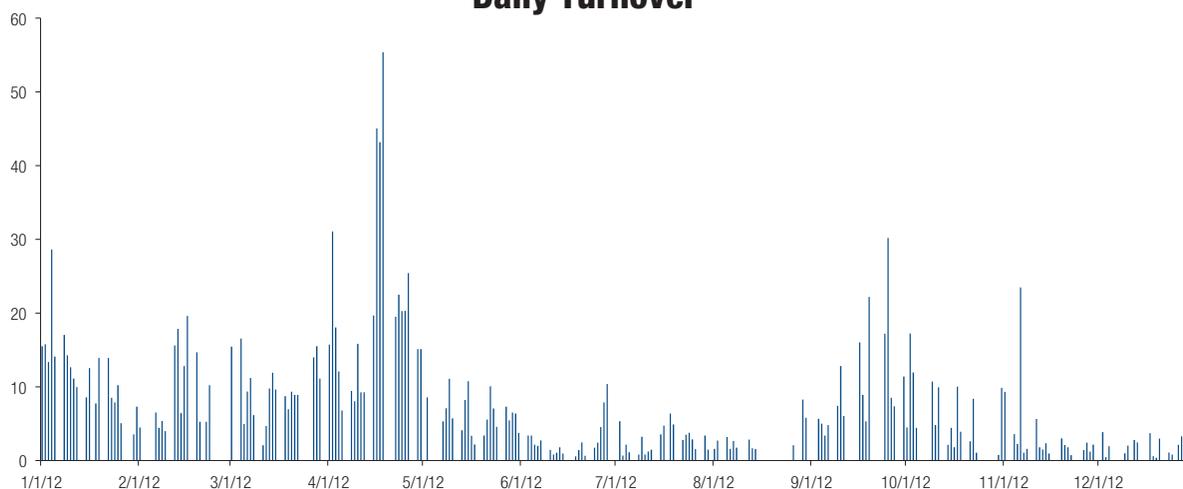
No. of Share

Daily Trade Volume



Million Taka

Daily Turnover



In 2012 all the barometers of Bangladesh Capital Market showed Negative growth. DSE market capitalization declined to Tk. 2.40 trillion at the end of December 2012, down from Tk. 2.57 trillion in 2011 representing a negative growth of 6.55% making the market capitalization 26.27% of GDP of Bangladesh which was previously 32.28%. Total DSE Market Turnover stood at Tk. 1,001.08 billion as on 30th December, 2012 from Tk. 1,560.55 billion in 2011 indicating 35.85% negative growth. Similarly, DSE General Index stood at 4,219.31 as on 30th December, 2012 from 5,154.68 as on 30th December, 2011 representing 18.15 % negative growth. The bearish trend in the capital market also affected Bank Asia's share price and declined to Tk. 21.5 in 2012 from Tk. 38.2 experiencing a 43.72% decline. P/E ratio increased to 14.93 in 2012 which was 10.48 in 2011.

Board of Directors



Chairman
Mr. A Rouf Chowdhury

02



03



04



05



06



07



08



09



10



Board of Directors



Vice Chairman

- 02. Mr. Mohd. Safwan Choudhury
- 03. Mr. Mohammed Lakiotullah

Directors

- 04. Ms. Hosneara Sinha
- 05. Mr. A M Nurul Islam
- 06. Mr. Rumea A Hossain
- 07. Mr. Nafees Khundker
- 08. Mr. M Irfan Syed
(Alternate Director to Mr. Mir Shahjahan)
- 09. Ms. Farhana Haq Chowdhury
- 10. Ms. Naheed Akhter Sinha
- 11. Ms. Sohana Rouf Chowdhury
(Alternate Director to Mr. Murshed Sultan Chowdhury)
- 12. Mr. Faisal Samad
(Alternate Director to Ms. Mahrina Dia Chowdhury)
- 13. Mr. Shah Md. Nurul Alam

President and Managing Director

- 14. Mr. Md. Mehmood Husain

Directors' Profile

Mr. A Rouf Chowdhury

Chairman

Mr. Abdur Rouf Chowdhury is a graduate in Business management from the Massachusetts Institute of Technology, USA. He has a wide range of experience in several industries including Automobile, Telecom, Pharmaceuticals and Petroleum. He was the Resident Manager of two American Pharmaceutical companies in Bangladesh. Being in the senior management position in Jamuna Oil Company he contributed for 15 years in the market development of Petroleum products in Bangladesh. Both Rangs and Sea Resources Groups comprised of 32 companies were formed under his dynamic leadership. The huge success of 35 companies of the two groups during a short span of time is an ample proof of his dynamic leadership and progressive mind. Currently he is the Chairman of Bank Asia Ltd. He also has his dynamic foothold in the print media; he is the Director of renowned English daily The Daily Star and Bengali daily The Shokaler Khabar.

Mr. Mohd. Safwan Choudhury

Vice Chairman

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

Mr. Mohammed Lakiotullah

Vice Chairman

Mr. Mohammed Lakiotullah is a post graduate from Dhaka University. He has almost 42 years of working experience in banking industry at different ranks including Managing Director of EXIM Bank and Jamuna Bank.

Ms. Hosneara Sinha

Director

Ms. Hosneara Sinha is one of the sponsor shareholders of Bank Asia. She is involved with different business houses and organizations under Sinha group. She is the Director of Sinha Apparels Ltd.

Mr. A M Nurul Islam

Director

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

Mr. Rume A Hossain

Director

Mr. Rume A Hossain is a graduate in Mechanical Engineering and an MBA in International Business Management. He has more than 22 years of business experience in several industries such as Telecom, Pharmaceuticals, IT and Publishing industry. He is the Managing Director of Rangs Industries Ltd. (Distributor of Toshiba) and Rangs Petroleum Ltd. (Distributor of Shell Lubricants).

Mr. Nafees Khundker

Director

Mr. Nafees Khundker completed his MBA from the Institute of Business Administration (IBA), Dhaka University. He has 18 years of banking experience mostly in the area of corporate and institutional banking. He worked for Standard Chartered Bank and Deutsche Bank in different

Directors' Profile

countries including Singapore, United Arab Emirates (UAE) and Bangladesh. Recently he has established his own business institution, SASH Ltd., which deals with jewelry, commodities, structured trade and other financial products. Mr. Nafees Khundker has keen interest in sports, particularly in Tennis, Cricket and Golf.

Mr. M Irfan Syed

Director

Mr. M Irfan Syed received his Bachelor's in Commerce from Dhaka University and his Master's in Business Administration from California University in USA. He also earned a Diploma in Advanced Accounting from the University of Maryland, USA. Mr. Syed started his career with Banque Indosuez, Dhaka in 1986 and then moved to Hong Kong in 1988 to take up a position in international trade finance with the Bank of Credit and Commerce HK Limited. After 5 years he returned to Banque Indosuez to join their trade finance team in Dhaka. He left international banking to start his own textile trading company in 1993 and subsequently joined Beximco Textiles Division (BTD) in 1995 to help organize their marketing and commercial departments. He was instrumental in the implementation and integration of BTD's ERP system and was appointed as the Head of their Garments Division. Then he moved to USA in 2000. After spending almost a decade as an accountant and business head for several non-profit organizations in the USA, Mr. Syed returned to Dhaka in August 2010 to look after his own business.

Ms. Farhana Haq Chowdhury

Director

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

Ms. Naheed Akhter Sinha

Director

Ms. Naheed Akhter Sinha 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 sponsor shareholders of Bank Asia. She is one of the promoter and shareholder directors of Enterprise Cluster Pte Ltd., a Singapore-based company. She is the Chairman of SkyTel Communications Ltd, and Director of Sinha Apparels Ltd.

Ms. Sohana Rouf Chowdhury

Director

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

Mr. Faisal Samad

Director

Mr. Faisal Samad is a business graduate of State University of New York, USA. He is a successful entrepreneur who has 15 years of experience as an industrialist. He is involved with several business organizations such as Savar Textiles Ltd., Supasox Ltd., Surma Garments Ltd., Surma Dyeing Ltd., Multi Source and Smart Sox Ltd.

Mr. Shah Md. Nurul Alam

Director

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

Mr. Md. Mehmood Husain

President & Managing Director

Mr. Md. Mehmood Husain is the President & Managing Director of Bank Asia. Prior to this, he was the Additional Managing Director of Prime Bank Ltd. Mr. Mehmood, an ex-cadet and a post graduate in Economics from the University of Dhaka, started his banking career in 1984 with National Bank as Probationary Officer. He has 28 years of long and diversified banking experience. Mr. Mehmood attended a number of professional workshops and seminars at home and abroad. He is the Joint Secretary of Association of Bankers Bangladesh and life member of Bangladesh Economic Association. He is associated with various social organizations.

Executive Committee of the Board



Mr. Mohd. Safwan Choudhury
Chairman



Mr. A M Nurul Islam
Vice Chairman



Mr. Mohammed Lakiotullah
Member



Mr. Rume A Hossain
Member



Mr. Shah Md. Nurul Alam
Member

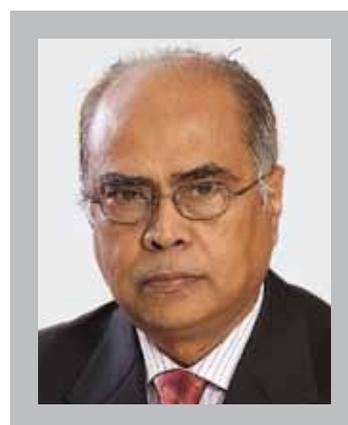
Board's Audit Committee



Mr. Rume A Hossain
Chairman



Mr. Mohammed Lakiotullah
Vice Chairman



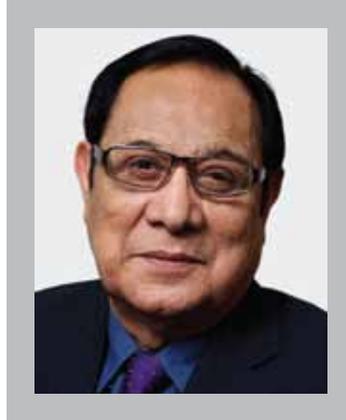
Mr. Shah Md. Nurul Alam
Member

Our Acknowledgement to

Ex Chairmen with Present Chairman



Mr. Anisur Rahman Sinha
(2008-2010)



Mr. A Rouf Chowdhury
(2010 to till now)



Mr. M Syeduzzaman
(1999-2008)

Ex Managing Directors



Mr. Quazi Baharul Islam
(1999-2000)



Syed Anisul Huq
(2000-2008)



Mr. Erfanuddin Ahmed
(2009-2011)

Managing Director and Chairman



Management Committee



Sitting from left Standing from left

Mr. Syed Nazimuddin

Senior Executive Vice President & Head of Foreign Remittance

Mr. Faisal Ahmed

First Vice President & Head of Human Resources (CC)

Ms. Humaira Azam

Deputy Managing Director &
Chief Risk Officer

Mr. Ashfaqe Hasan Jamilur Rahman

Senior Executive Vice President &
Head of Logistics Support & Services

Mr. Md. Mehmood Husain

President and Managing Director

Mr. Md. Touhidul Alam Khan

Senior Executive Vice President &
Head of Corporate Assets and Client Origination

Mr. Aminul Islam

Deputy Managing Director &
Chief Operating Officer & Company Secretary

Mr. Arequl Arefeen

Vice President & Head of Treasury

Mr. Nasirul Hossain

Senior Executive Vice President & Head of Recovery

Mr. Mohammad Abdul Qaium Khan

Senior Vice President &
Head of Information and Communication Technology

Mr. Mohammed Roshangir

Deputy Managing Director & Chief Business Officer (Corporate)

Mr. Md. Arfan Ali

Senior Executive Vice President & Chief Business Officer (SMR)

Mr. Md. Zia Arfin

Senior Vice President & Head of International Division

Mr. Md. Abu Bakar Laskar

Senior Vice President & Head of Branch Operations

Mr. Imran Ahmed, FCA, CISA

Senior Vice President & Chief Financial Officer

Cluster Mentors



ALCO



Management & Executives

President and Managing Director

Mr. Md. Mehmood Husain

Deputy Managing Director & Company Secretary

Mr. Aminul Islam

Deputy Managing Director

Mr. S.M. Khorshed Alam

Mr. Mohammed Roshangir

Ms. Humaira Azam

Senior Executive Vice President

Mr. Nasirul Hossain

Mr. Md. Arfan Ali

Mr. Ashfaque Hasan Jamilur Rahman

Mr. Syed Nazimuddin

Mr. Md. Touhidul Alam Khan

Executive Vice President

Mr. Mohammad Borhanuddin

Mr. Md. Sazzad Hossain

Mr. Maruf Mohammed Ahsan

Mr. Md. Shariful Islam Khan

Consultant

Mr. Badruddin Ahmed

Senior Vice President

Mr. Md. Abu Bakar Laskar

Mr. Md. Shahabullah

Mr. Md. Ashrafuddin Ahmed

Mr. A.K.M. Shaiful Islam Chowdhury

Mr. S.M. Iqbal Hossain

Mr. Syed Iltefath Hussain

Mr. Imran Ahmed

Mr. Md. Mozaffor Hossain

Mr. Nandan Kumer Saha

Mr. Md. Raja Miah

Mr. Md. Zahid Hossain

Mr. Md. Zia Arfin

Mr. Sajjad Haider

Mr. Mohammad Abdul Qaium Khan

Mr. Tanfiz Hossain Chowdhury

Mr. Md. Shaminoor Rahman

Vice President

Mr. Munir Hussain Choudhury

Mr. Md. Azharul Islam

Mr. Md. Ekramul Hossain

Mr. Afzalul Haq

Mr. Alamgir Hossain

Mr. Arequul Arefeen

Mr. Md. Murshid-Al-Amin

Mr. Tahmidur Rashid

Mr. Md. Ashraf Hossain Chaklader

First Vice President

Mr. Md. Azizul Haque Khan

Mr. Ali Tarek Parvez

Mr. Ashutosh Debnath

Mr. Nazim Anwar

Mr. A.K.M. Mizanur Rahman

Mr. Sumon Das

Mr. Md. Abdul Latif

Mr. Humayun Yusuf Kabir

Mr. Kamal Uddin Ahmed

Mr. Md. Saiful Islam Laskar

Mr. Md. Shahinur Rahman

Mr. Md. Ilias Khan

Mr. Quazi Mortuza Ali

Mr. Arif Hasan Khan

Mr. Ibne Mohammad Shamsuzzaman

Mr. Kazi Shamsul Haque

Mr. K.S.A. Ansari

Mr. Md. Jahangir Alam

Mr. Md. Serajul Islam

Mr. Syed Md. Ali Reza

Mr. Zahirul Haque

Mr. Faisal Ahmed

Mr. Mohammad Burhan Uddin Khondker

Mr. Golam Gaffar Imtiaz Chowdhury

Mr. Md. Anisuzzaman Molla

Mr. Mohammad Ismail Hossain

Mr. Mohammad Mashiur Rahman Khan

Mr. Mohammad Ibrahim Khalil

Mr. Md. Rezaul Islam

Mr. Mohammed Mamun-Or-Rashid

Mr. Mehbub Hasan

Mr. Md. Omar Hayat Chowdhury

Mr. A.B.M. Morshed

Management & Executives

Assistant Vice President

Mr. K.M. Sakhawat Hossain
Mr. Md. Prashanta Samir
Mr. Md. Tarek Hassan
Mr. Md. Khairul Haque
Mr. Md. Inamul Islam
Mr. Faiz Mohammed
Mr. Mohd. Hosnezzaman
Mr. Syed Humayun Kabir
Mr. Md. Mohsin Jamal
Mr. Sujit Kumer Sen
Mr. Shafir Ahmed Chowdhury
Mr. S. M. Zahid Hasan Ferdous
Mr. Md. Aminur Rahman Khan
Mr. Emdadul Haque
Mr. Saiful Islam
Mr. M.R. Chowdhury Rashed
Mr. M.M. Shariful Islam
Mr. Md. Murshed Alam
Mr. Hasan A. Saimoom
Mr. Ahmed A. Jamil
Mr. Md. Anisur Rahman
Mr. Mohammad Mainul Islam
Mr. H.M. Mostafizur Rahaman
Mr. Md. Mazibur Rahman
Mr. Towheedul Islam
Mr. Mohammed Shahjahan
Mr. A.K.M. Mohsin Uddin
Mr. Syed Md. Jarzis
Mr. Md. Elias Mollah
Ms. Rownak Amin
Mr. M. Hasibul Alam
Mr. Forhad Mohammed Masum
Ms. Suraiya Afroz
Mr. Md. Sahidul Islam
Mr. Moshikul Alom
Mr. Md. Shameem Ahmed Khan
Mr. Shabbir Ahmad Chowdhury
Mr. Mohammad Moinul Islam
Mr. Md. Belal Hossain
Mr. Rakibul Hasan
Mr. Mahbubur Rahman
Mr. Sarder Nazrul Islam
Mr. Md. Nizam Uddin Ahmed
Mr. Md. Mansur Ali Miah
Mr. S.M. Salahuddin
Mr. Mohammad Munzur Rashid
Mr. Mohammad Shah Emran
Mr. Azim Salam Khan
Mr. A.B.M. Burhan Uddin
Mr. Md. Kamruzzaman
Mr. Naimul Hasan Khan
Mr. Md. Fayezur Rahman
Mr. Mohammed Rashidul Kabir Rajib

First Assistant Vice President

Mr. Salman Tariq Ali
Mr. Arabinda Chowdhury
Mr. Salahuddin Ahmed
Mr. Syed Azizul Islam
Mr. Junaed Ahmed Khan
Mr. Md. Nashir Uddin
Ms. Shaheen Ara
Mr. Md. Sarwar Ali
Mr. Mohammad Azizul Hoque
Mr. Mohammad Shariful Islam
Mr. Zahid Hasan
Mr. A.M. Saifur Rahman
Mr. Rashed Mahmud
Mr. Md. Iftakhar Uddin Ahmed
Mr. Md. Saifuddin Mamun
Mr. Mohammad Murad Hossain
Mr. Md. Taher Hasan Al Mamun
Mr. Md. Mashirul Bor Chowdhury
Mr. Md. Ashraf Hossain
Mr. Md. Aminur Roshid
Mr. Abdullah Al Mahmood
Mr. Muket Abdullah
Mr. Mahbub A Alam
Mr. Nesar Ahmed
Mr. Firdaus Bin Zaman
Mr. A.H.M. Taslim Chowdhury
Mr. A.K.M. Saifuddin Masuk
Mr. Mohammad Abul Kalam Azad
Mr. A.K.M. Fakhru Ahsan
Mr. Md. Faruk Hossain
Mr. Bipul Sarker
Mr. Zahidul Islam Khan Majlis
Ms. Rezwana Chowdhury
Mr. Kazi Asif Mahbub
Mr. Mohammad Aktar Hossain
Mr. Md. Karim Uddin Azhar
Mr. Ali Akbar Md. Al Munsur
Mr. Md. Abdul Hashim
Mr. Kazi Habibur Rahman
Mr. Md. Ekram Hossain
Mr. Md. Ruhul Motin
Ms. Nafisa Habib
Ms. Shalma Rahman
Ms. Marshia Binte Saad
Mr. Sheikh Munirul Hakim
Mr. Md. Nazrul Islam Khan
Mr. Jakir Hossain
Mr. Mohammad Mizanur Rahaman
Mr. Mohammad Rezwanaul Islam
Mr. Mohammad Ashikuzzaman Khan
Mr. Md. Hasan Ali Gazi
Mr. A.K.M. Iquebal

Mr. Mohammed Mahabubul Haque
Mr. Mohammad Mahbubul Haque Bhuiyan
Mr. Md. Shamsul Alam
Mr. Niaz Ahamad Rashed
Mr. Sultan Alauddin
Mr. Bashir Uddin Ahmed
Mr. Syed Asad Ahmed
Ms. Sheheli Parvin
Mr. Md. Habibur Rahman Talukder
Mr. Subir Paul
Mr. Shaiful Islam Khan Majlis
Mr. Milton Roy
Mr. Md. Nahid Hossain
Ms. Samia Chowdhury
Mr. Md. Khairul Basher
Mr. Abdur Rouf Bhuiyan
Mr. Nashir Uddin Ahmed Khan
Ms. Syeda Farjana Chanda
Ms. Shamima Akhter
Mr. A.F.M. Mosleh Uddin
Mr. Md. Mahbubul Alam
Ms. Afroza Khatoon
Mr. Md. Habibur Rahman
Mr. A.K.M. Aminul Huq
Mr. Benoy Bhushan Das
Mr. Mohammed Rezaur Rahman
Mr. Mamunur Rob Chowdhury
Mr. Mohammad Mainul Hossain Chowdhury
Mr. A. M. Sohrab Hossain Nahid
Mr. Mosharof Hossain
Mr. Md. Kamrul Hasan
Mr. Md. Foysof Ibna Wazed
Mr. Md. Afzal Hossain
Mr. Md. Anisul Alam Sarker
Mr. Md. Mainur Rahman
Mr. Kazi Manzur Morshed
Mr. Anjan Kanti Chakraborty
Mr. Md. Wajed Ali
Mr. Md. Moniruzzaman Khan
Mr. Tarique Kibria
Mr. Mohammad Tofayel
Mr. S. M. Masud Parvej
Mr. Jiban Kumar Kundu
Mr. Probir Kumar Chanda

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 Shariah. We have constituted "Bank Asia Shariah Supervisory Committee" consisting of qualified Faqihs (experts on Islamic Law), 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
Janab Mufti Mawlana Abdur Rahman	Chairman
Janab Mohammed Lakiotullah	Member
Janab M. Azizul Huq	Member
Janab Muhammad Mukhlesur Rahman	Member
Janab Mohammad Mofazzal Hussain Khan	Member
Janab Mufti Mawlana Abdul Mannan	Member
Dr. Gazi Md. Zahirul Islam	Member
Janab Md. Mehmood Husain	Ex-Officio Member
Janab Afzalul Haq	Ex-Officio Member



Bank Asia Shariah Supervisory Committee Meeting



Chairman's Message

Distinguished Shareholders, Respected Members of the Board and our dedicated Team of Management and Staff

Assalamu Alaikum,

It is a great honour and privilege for me to welcome you all to the 14th Annual General Meeting of your Bank. I take this opportunity to express my sincere gratitude and heartfelt thanks for your trust, faith, confidence and support.

On behalf of the Board of Directors, I have the pleasure to present the Annual Report of Bank Asia for the year 2012.

Respectable Shareholders,

We all know that the world economy, particularly USA, Europe and Japan was in recession for the last 3 years. The GDP growth of robust economy like China, India and Brazil was sliding down. Now they have started improving. Developing and emerging economies are focusing on the domestic sources of growth. Bangladesh economy has shown resilient growth momentum in this time in its major areas. The global impact of economic slowdown has its reflection in our new investment.

Bangladesh economy was maintaining the annual GDP growth of over 6.5 percent on an average for the last 4 years.

1. The export of the country in 2012 was USD 28 billion
2. The wage earners' remittance for the year 2012 was USD 14.2 billion
3. The food production was about 3 crore metric ton
4. Service sector was also doing better
5. Foreign exchange reserve is over USD 14 billion

Bangladesh government and Bangladesh Bank through their fiscal and monetary policies provided supportive help to the economy. To maintain growth momentum they are trying to extend social safety net.

Honourable Shareholders,

Now I present to you the banking scenario of Bangladesh in 2012. As per report of Bangladesh Bank, all commercial banks together held shares in the capital market to the tune of Tk.20,000 crore as of 31.12.2010. Banks, who had stake in the capital market, suffered a massive loss of Tk.11,000 crore as on 31.12.2012 after revaluation of these shares. If all these Banks are to make provision they will show loss in their Balance Sheet. So Bangladesh Bank is on special inspection of these banks to check their provisions and net profit position in the Profit and Loss Account. By the grace of Almighty Allah our participation was very small and we are saved from this crisis.

Deposit of our Bank increased to Tk.110.06 billion having 15.69% growth, Loans & Advances increased to Tk.92.33 billion having 11.48% growth. Import increased to Tk.106.75 billion having 7.38% growth. Remittance increased to Tk. 32.11 billion having 47.45% growth. The Export was Tk. 66.48 billion declined by 11.12%.

The figures look good but do not satisfy us. In business, it is performance that matters most. We want to see Bank Asia as a Bank of 'First Choice' for the people of Bangladesh and everyone would say that it is a Bank on 'Sound Footing'. My heart starts burning when I see there is a total provision of Tk.2,329 million in Annual Statement of Accounts and the Bank cannot give more than 10% dividend to shareholders. Although, I personally would like to give a lot more. We will not allow this in future and individual responsibility will be fixed.

Dear Shareholders,

We assure you that the fundamental of our Bank is very strong. Bank Asia's capital reached Tk.13.93 billion in 2012 which is 11.91% higher than 2011. We have successfully issued unsecured sub-ordinated Zero Coupon Bond for Tk.600 million this year and built a strong capital base to ease the expansion of business in future. Your Bank is maintaining capital adequacy ratio against regulatory requirement and we are well prepared to welcome new BASEL III accord, as and when implemented.

Bank Asia Securities Limited, the subsidiary company of Bank Asia Limited, is maintaining position among DSE top 10 in terms of daily turnover, but profit is declining due to low turnover in the market. Another subsidiary company, BA Exchange Company (UK) Limited has been performing well in remittance business and through this exchange, we received USD 7.71 million in 2012 and the business will improve substantially in the years ahead.

Respected Shareholders,

Bank Asia, in its expansion program opened 9 (nine) Branches in 2012. 1(One) SME Service Center was upgraded as SME/Agri Branch. We have 73 Branches, 6 SME Service Centers, 70 ATMs and more than 2,950 shared ATMs all over the country to provide services to our customers.

Your Bank has been contributing significantly to the Government efforts of revenue collection for the development of the economy. During 2012, we paid Tk.3,182 million as income tax from Bank's earnings and employees income tax, VAT and excise duty deducted at source from various payments including payment of interest on deposits.

From social point of view, Bank Asia intends to do something for the under privileged for their betterment. The Bank spent a total Tk. 69.45 million in 2012 on different social welfare activities including higher studies scholarship for poor, but meritorious students, operation of born blind children, cataract screening of school children, environment, disaster management, sports etc.

Bank Asia supported various renewable energy projects in the year and Bangladesh Bank has recognized Bank Asia as one of the Top Ten Private Commercial Banks for their contribution to green banking activities across the country.

Financial inclusion is a prime concern for the development of the economy in a true sense. Bangladesh Government has already realized its importance and initiated a stimulating project named "Ektee Bari Ektee Khamar" where Bank Asia has been working actively in line with its vision to have a poverty free Bangladesh. This project has got enormous response from the remote beneficiaries and expected to excel the living standard as a whole. Your Bank disbursed agricultural credit of Tk.1,520.00 million to 100,872 beneficiaries during this year and achieved "Best Banker's Award" for significant role in promoting agricultural activities in Jessore. Bank Asia has also expanded

SME financing substantially to contribute to the economic development of Bangladesh. At the end of the year 2012, the SME portfolio stood at Tk. 12.96 billion.

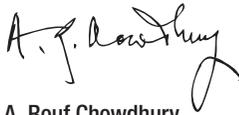
Respected Shareholders,

2013 will be a year of progress and consolidation. The world economy is expected to be vibrant with increase in demand and price level in 2013. Bangladesh will be no exception to this universal phenomenon. I am confident that in coming days, our innovative and creative management team will face the challenges and will take the Bank to a new height of success.

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

I express my sincere gratitude to all the members of Bank Asia for their loyalty, hard work and dedicated team spirit to take the Bank forward. My request to them, kindly make Bank Asia a part of your desire. We will work together. Success is ours.

My best wishes to all of you.



A Rouf Chowdhury

Chairman



President and Managing Director's Review

The year 2012 was a year of inter connecting consolidation of strength and a seamless dynamic network to grab the potentiality and efficient performance. The synergistic outcome was observed by maintaining sustainable growth in every line of business. In the backdrop of prevailing contractionary monetary policy, declining GDP growth of national economy, bearish capital market and deteriorating condition of world economy, banking industry had to go forward very cautiously confronting various challenges to keep the pace of growth. The Bank was able to end the calendar year 2012 with satisfaction by marking 25% growth in operating profit.

Three things, in particular, impacted on profitability in 2012

- Increase of non-performing loan (NPL) caused by deterioration of asset quality and new loan provisioning policy by Bangladesh Bank
- Collapse in capital market
- Contractionary Monetary Policy; i.e. tight money market

Operating Performance

The Bank was quite upbeat to close the year 2012 with adequate capital. Total capital fund stood Tk. 13,930.19 million and capital adequacy ratio (CAR) at 13.05%.

Business

Total Deposits of banking operation was Tk. 110,061.78 million registering 15.70% growth. Total loans & advances of banking operation stood at Tk. 92,328.82 million making 11.48% growth. Import was Tk. 106,746.15 million increased by 7.38%. Export was Tk. 66,478.34 million declined by 11.12%. Inward remittance was Tk. 32,110.10 million increased by 47.45%.

Profitability

Total operating profit (consolidated) stood at Tk. 5,010.04 million which was 18.61% higher than last year. It is worth to note that the operating profit from banking operation excluding Bank Asia Securities Limited & Bank Asia Exchange Company (UK) Limited grew by 25%.

Bank's operating expenditure grew by only 17.25% and salary expenditure was only 58.55% of total non-funded income.

Subsidiaries

2 separate subsidiary companies started commercial operation during 2011, 1 of them in UK. Bank Asia Securities Ltd. generated operating profit of Tk. 62.61 million which was 68% lower than previous year. Another subsidiary company BA Exchange Company Ltd. has been performing well in remittance business and through this exchange house we received USD 7.71 million in 2012 compared to USD 3.35 million in 2011; however, the company is yet to reach breakeven of profitability.

Business Units

Islamic Banking wing generated operating profit of Tk. 156.97 million which was 3.13% of total operating profit and 42.97% higher than previous year.

Off-shore banking unit generated operating profit of Tk. 18.22 million which was 0.36% of total operating profit and 53.76% lower than previous year.

Cards Department generated operating profit of Tk. 70.29 million which was 1.39% of total operating profit and 13.05% lower than last year.

SME & Agri Sector

The Bank continued its drive towards increasing its market share in the SME and agricultural lending besides corporate and retail segments. In 2012 Bank Asia's agricultural loan outstanding was Tk. 1,220.23 million. We also increased our SME and Islamic banking activities as signified by their respective growth level as mentioned earlier.

CSR

Bank Asia is always aware of its Corporate Social Responsibility (CSR) with an aim to ensure the bank as a socially responsible corporate entity contributing towards quality of life of the society at large without compromising on ecological conditions. During the year, Bank Asia spent an amount of Tk. 69.45 million for the overall betterment of the nation.

Awards & Accolade

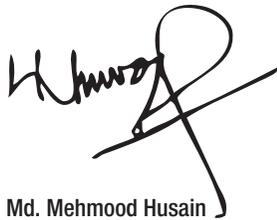
Your Company's performance was well recognized and the same is reflected in a prestigious award received during the year. Bank Asia achieved Certificate of Merit for Best Presented Annual Reports 2011 in banking sector by ICAB and ICMAB Best Corporate Award 2012 (Certificate of Merit) by ICMAB. In recognition of promoting agricultural activities in Jessore, Bank Asia achieved "Best Banker's Award" by the District Administration Office, Jessore. In addition, letter of appreciation was received from Bangladesh Bank for achieving disbursement target of Agricultural/ Rural Credit for the fiscal 2011-2012. Bangladesh Bank has recognized Bank Asia as one of the top ten private commercial Banks for their contribution to Green Banking activities across the country.

Strategic priorities for 2013

- Educate, train and motivate our employees to make them human capital for the institution, instead of typical workforce, to ensure quality service and thereby acquire customer satisfaction at every sphere of our operations
- Conduct our operations complying all regulatory rules, regulations and norms to ensure ethical business being a socially responsible institution

- Nurture the asset portfolio in a discreet way so as to contain the NPLs to the bare minimum level as well as giving strong emphasis on recovery of classified loans
- Focus on retail, agri and SME financing to help boost the rural economy as well as to create employment opportunities
- Diversify loan portfolio to avoid excessive concentration to particular sectors as well as to invest funds in productive industries
- Emphasis on mobile banking to tap huge domestic remittance market and also for inclusion of the un-banked population in the formal financial services
- To increase inflow of foreign remittance by increasing relationship and establishing more exchange houses abroad ensuring quick delivery to the beneficiaries by every available means including mobile banking

All those efforts will aim at the sustainable growth of the institution to protect the interest of the stakeholders



Md. Mehmood Husain
President and Managing Director

Directors' Report



Board of Directors at 13th AGM

The Directors' Report comes with brief description of all kinds of material information containing the assessment of overall and area specific performance and future prospects of Bank Asia reviewed with due care on the ever-growing aspects of challenging macro environment of the existing business and economy. In consideration of the eventful preceding year and all the up-surgings economic pressures including soaring inflation, hefty bank borrowings, rise in government subsidies and stressful political instability Bank Asia's consistency in sustainable growth achievement received precise focus here.

World Economy

Four years after the eruption of the global financial crisis, the world economy is still struggling to recover. During 2012, global economic growth has weakened further. A growing number of developed economies have fallen into a double-dip recession. Those in severe sovereign debt distress moved even deeper into recession, caught in the downward spiraling dynamics from high unemployment, weak aggregate demand compounded by fiscal austerity, high public debt burdens, and financial sector fragility. Growth in the major developing countries and economies in transition has also decelerated notably, reflecting both external vulnerabilities and domestic challenges. Most low-income countries have held up relatively well so far, but now face intensified adverse spillover effects from the slowdown in both developed and major middle-income countries. The prospects for the next two years continue to be challenging, fraught with major uncertainties and risks slanted towards the downside.

In 2012, the world economy's growth was 3.2% which was lower than the previous year's 3.9%. Gross Domestic Product (GDP) growth in the United States was 2.3% in 2012 which was 1.8% in 2011. Economic growth in Japan was 2.0% in 2012 which was (-0.6%) in 2011, mainly driven by reconstruction works and recovery from the earthquake-related disasters of 2011. Growth in Euro Area was in a negative corridor (-0.4%) in 2012 which was 1.4% in 2011. GDP growth in Developing Asia was decreased to 6.6% in 2012 from 8.0% in 2011. GDP growth in Latin America and the Caribbean region is 3.0% in 2012 decreased from 4.5% because of weaker export demand.

Global unemployment remains very high, particularly among developed economies, with the situation in Europe being the most challenging. The unemployment rate continued to climb, reaching a record high of nearly 12% in the Euro area during 2012, an increase of more than one percentage point from one year ago. Only a few economies in the region, such as Austria, Germany, Luxembourg and the Netherlands, register low unemployment rates of about 5%. Japan's unemployment rate retreated to below 5%. In the United States, the unemployment rate stayed above 8% for the most part of 2012, but dropped to just below that level from September onwards.

Inflation rates remain subdued in most developed economies. Continuing large output gaps and downward pressure on wages in many countries are keeping inflationary expectations low. Inflation in the United States moderated in 2012, down to about 2.0% from 3.1% in 2011. In the Euro area, headline inflation continues to be above the central banks' target of 2%. In Africa, while inflation moderated in many economies, the rate of inflation is still above

10% in Angola, Nigeria, and elsewhere. Inflation is expected to remain subdued in most of East Asia, but is still a concern for most countries in South Asia, where inflation rates were over 11% in 2012, on average. The inflation rate in Latin America and the Caribbean is expected to stay at about 6%.

Global FDI flows fell by 18% to an estimated US \$1.3 trillion, down from a revised US\$1.6 trillion in 2011, as significant investor uncertainty continues to hamper the FDI recovery. This uncertainty is driven by a weakening macroeconomic environment with lower growth rates for GDP, trade, capital formation and employment, and by a number of perceived risk factors in the policy environment, related to the Euro zone crisis, the United States fiscal cliff, changes of government in a number of major economies in 2012, and broad-based policy changes with implications for FDI. FDI flows to developing economies remained relatively resilient in 2012, reaching USD 680 billion, the second highest level ever recorded. Developing economies absorbed an unprecedented US\$130 billion more than developed countries. FDI inflows to developing Asia fell by 9.5% as a result of declines across most sub-regions and major economies, including China, Hong Kong (China), India, the Republic of Korea, Singapore and Turkey. However, 2012 inflows to Asia were still at the second highest level recorded, accounting for 59% of FDI flows to developing countries.

FDI flows to China declined slightly but the country continues to be a major FDI recipient – the second largest in the world. FDI inflows to China declined by only 3.4% to \$120 billion in 2012, despite a strong downward pressure on FDI in manufacturing caused by rising production costs and weakening export markets. The 7.8% growth of the Chinese economy helped maintain investor confidence. FDI to India declined by 14%, although it remained at the high levels achieved in recent years.

Outlook 2013

In 2013 the expected global GDP growth is estimated to increase than the GDP growth of 2012. Against the backdrop, global growth will strengthen gradually through 2013, averaging 3.5% on an annual basis, a moderate uptick from 3.2% in 2012. Growth in emerging market and developing economies is expected to reach to 5.5% in 2013. Supportive policies have underpinned much of the recent acceleration in activity in many economies. But weakness in advanced economies will weigh on external demand, as well as on the terms of trade of commodity exporters, given the assumption of lower commodity prices in 2013.

Source | World Economic Outlook Update January 2013, IMF
World Economic Situation and Prospects 2013, United Nations



Annual Business Conference 2012

Bangladesh Economy

GDP growth in FY12 turned out to be 6.3% which is lower than both the target for FY12 which was 7% and the GDP of FY11 which was 6.7%. Bangladesh was able to maintain an average growth in the manufacturing sector and in remittance and the average growth in both of these are 9.8% and 10.2% respectively. On the other hand private investment declined from 19.5% of GDP in FY11 to 19.1% in FY12. Domestic Savings increased slightly from 19.3% in FY11 to 19.4% in FY12. Though this 6.3% GDP growth in FY12 is higher than the developing country average 5.5%, it is lower than the South Asian average 6.5%.

The lower growth figure is primarily due to significantly slower agricultural growth. Industrial growth in FY12 was higher than FY11 suggesting that the relatively more restrained monetary stance in FY12 had little or no adverse impact on overall growth.

Agriculture Sector

Agricultural growth has slowed from 5.1% in FY11 to 2.5% in FY12. This sector contributed 19.3% of total GDP in FY12 compared to 20.0% in FY11. The slower agricultural growth was driven by declined growth in the crops and horticulture sub-sector markedly during the year. The crop sector declined from 5.7% in FY11 to 0.9% in FY12. The rise in production cost due to higher prices of fuel, and fertilizer contributed to the slower growth of agriculture.

Industry Sector

Industry sector, which comprises of mining and quarrying, manufacturing, electricity, gas, water supply, and construction sub sectors had the strongest growth of 9.5% in FY12 gained from 8.20% in FY11. This sector contributed 31.3% of GDP. This is due to the faster growth of small-scale industries which increased from 5.84% in FY11 to 7.2% in FY12. Fiscal incentives given to the SMEs in the FY12 budget together with credit support under the Equity and Entrepreneurship Fund implemented by Bangladesh Bank appears to have helped growth in small scale manufacturing. However, growth in large scale manufacturing declined from 10.94% in FY11 to 10.8% in FY12. Weaker growth in large scale manufacturing is attributable largely to a significant reduction in export growth. During FY12, the disbursement of industrial term loan by Banks and NBFIs increased by 9.68% compared to FY11.

Service Sector

The service sector which is the largest sector in the economy, contributed almost half (49.5%) of the total GDP in FY12. However

this sector slowed down to 6.1% growth in FY12 compared to 6.2% growth in FY11. This was caused by marginal lower growth in wholesale and retail trade subsector which contributes about 29% share to the service sector. The wholesale and retail trade had a growth of 5.9% in FY12 as against 6.3% growth in FY11. Financial intermediation had a growth of 9.5% which was lower than 9.6% in FY11. On the otherhand, monetary intermediation (banks) achieved a higher growth of 9.4% in FY12 compared to that of 9.0% in FY11.

Fiscal Sector

Expenditure

Total expenditure as a percent of GDP marginally increased to 16.36 in FY12 from 16.29 in FY11. Current expenditure increased slightly by 0.3 % in FY12 over FY11 and ADP expenditure increased by 13.8 % to Tk. 378.7 billion in FY12 from Tk. 332.8 billion in FY11.

Revenue

Total revenue increased by 23.6% to Tk. 1,148.9 billion in FY12 as compared to 25.4% growth in FY11 which was Tk. 929.90 billion. During FY12, revenue collection from income tax, custom duties, value added tax (VAT) and other sources increased by 28.6%, 23.5%, 21.4% and 22.0% respectively over FY11. Total tax revenue stood at Tk. 962.9 billion in FY12 which was Tk. 795.5 billion in FY11. The non-tax revenue displayed higher growth rate of 38.4% in FY12 compared to the 0.2% increase in the preceding year and stood at Tk. 186 billion. Total revenue as a percent of GDP rose to 12.6 in FY12 from 11.8 in FY11.

External Sector

The external sector faced slower growth in this fiscal year. Export growth slowed to 6.2%, import growth slowed to 5.4%. However wage earners' remittance had an increased growth of 10.2%. Because of these factors the foreign exchange reserve turned out to be USD 10.36 billion at the end of June 2012 from USD 10.92 billion at the end of June 2011. A tightening monetary policy made the depreciation of the valuation of Taka being appreciated to 81.82 per USD at the end of June 2012. The value of Taka is appreciating gradually and stood at 79.02 per USD on February 2013.



Strategic Planning Session at Management Retreat Program

Export

The exports earnings increased to USD 23,992 million from USD 22,592 million. These earnings, expressed as a percent of GDP, increased from 20.2% in FY11 to 20.8% in FY12. Export earnings registered a 6.2% growth in FY12. Merchandise exports increased by 6.2% in FY12. Growth of export of engineering products (21.3%), woven garments (13.9%), footwear (12.7%), leather (10.9%), tea (6.3%) and knitwear (0.1%) contributed to increase the growth of merchandise exports in FY12 over FY11. Also uncertainty in Bangladesh's leading trade markets – Europe and the United states made the export growth slower.

Import

Imports payments increased to US\$ 31,987.0 million from US\$ 30,336.0 million in FY12 over FY11. Overall import growth slowed to 5.4% in FY12 compared to the growth of 41.8% in FY11. This lower growth of import payments resulted mainly from the decline in food grains imports by 52.9 percent although other food items, consumer and intermediate goods, and capital goods and others experienced positive import growth of 49.7%, 6.6% and 5.7% respectively in FY12. LC opening and settlement decreased by 6.41% 10.72% respectively in the period of July to December in FY13 compared to the same period of the previous fiscal year.

Remittance

Workers' remittances which contributed more than 95.0% of total secondary income recorded 10.2% growth to USD 12.84 billion during FY12 compared to USD 11.65 billion in FY11. Remittances contributed to sustaining private consumption growth as they recovered strongly during FY12. In FY13 remittance increased by 19.57% from July to December compared to the increase of 11.79% during the same period of the previous fiscal year.

Balance of Payment

Export earnings had a 6.2% growth and import payments slowed to 5.2% growth in FY12. Worker's remittance had growth of 10.2% during FY12. As a result current account surplus was USD 1,630 million in FY12 compared to USD 885 million in FY11. So the overall balance of payments turned out to be a surplus of USD 0.49 billion during FY12 leading foreign reserve position of BB to USD 10.36 billion at end June 2012. Despite global financial turmoil, domestic power and energy shortages, as per primary estimation net FDI inflows increased by 28.4% to USD 995 million in FY12 from USD 775 million in FY11.

Inflation Rate

Average annual inflation turned out to be 10.6% in June 2012 which was 8.8% in June 2011, while the 12-month point to point CPI inflation declined to 8.6% from 10.2% during this period. This happened as non-food inflation increased from 4.2% to 11.2% whereas, food inflation declined from 11.3% to 10.5%. Food inflation was more acute in urban areas whereas non food inflation was more pronounced in rural areas. In January 2013, 12-month average inflation and point to point inflation were 8.4% and 7.38% respectively.

Exchange Rate

Exchange rate of Taka faced depreciation against USD in FY12. With a lower growth in export and a higher growth in workers' remittance in FY12, Taka depreciated against USD by 10.0% for the whole of FY12. The nominal exchange rate of Taka increased to Taka 81.82 per US dollar as of June 2012 from Taka 74.15 per US dollar as of end June 2011. The value of Taka is appreciating gradually and stood at 79.02 per USD on February 2013.

Monetary Policy

To bring inflation down to its targeted path, Bangladesh Bank continued restrained monetary policy for FY12, while ensuring adequate private sector credit to stimulate inclusive growth. BB's monetary policy uses repo, reverse repo, and BB bill rates as policy instruments for influencing financial and real sector prices toward the targeted path of inflation. The more restrained monetary stance, adequate domestic food grain output and moderate global commodity prices contributed to point-to-point inflation falling down.

Money Supply

Reserve money growth stood lower at 10.86% compared with programmed level of 12.2%. Broad money growth (M2) was 17.4% at the end of June 2012, FY12, which was lower than the 21.4% growth recorded in FY11. Total domestic credit grew by 19.3%. The credit to public sector increased by 17.5% in FY12. The growth rate of the credit to private sector declined from 25.8% in FY11 to 19.7% in FY12. However, private sector credit growth was higher than the 'emerging Asia' regional average of 15%. It happened due to an increasing share of SME loans and a virtually unchanged share of industrial term loans in total outstanding credit.

Interest Rate

The interest rate of deposit was 8.3% compared to 7.3% of FY11, and of lending was 13.7% compared to 12.4% of FY11. The interest rate spread stood at 5.4% for all banks from 5.1% in FY11.

Call Money Rate

Bangladesh bank's prudential policy measures resulted in a weighted average interest rate in the call money market ranging from 9.8% to 19.7% during FY12. In money market, from the beginning of 2012 to July, there was liquidity pressure which led the market very tight. Call money rate was high & capped at 20%. Market rate began to fall at 9%-10% at the later part of the year.

Foreign Exchange Reserve

The foreign exchange reserve stood at USD 10.36 billion at the end of June 2012 from USD 10.92 billion at the end of June 2011. It turned this way even with lower export growth, as well as lower import growth; mainly because of higher remittance growth. As the central bank is continuing on buying US dollar to keep the market stable, country's forex reserve rose to \$12.40 billion at the end of December 2012.

Sovereign Ratings

Global rating agency Standard and Poor assigned a BB- rating with stable outlook on both its foreign and local currency bond rating. Moody's Investors Service assigned Ba3 on foreign and local currency government bond ratings to Bangladesh. This rating on Bangladesh has been stable for the last three years. Moody's rating reflects low economic, institutional and government financial strengths of Bangladesh. However, these stable ratings indicate better economic structure, financial soundness, and stable banking sector in the economic environment of Bangladesh.

Outlook – The Challenges

Bangladesh Bank forecasted to bring the inflation rate to 7.5% in FY13. The main demand of BB is to bring down the inflation to 7.5% and make sufficient credit flow is for productive investment. Uncertainty in Bangladesh's leading trade markets poses risks to accelerated growth. High unemployment, low business and consumer confidence, and volatility in financial sectors remain major threats to Bangladesh's two major export markets, Europe and the United States. However as Bangladesh have found new opportunity to export human resources in 2012, growth of remittance is likely to increase further in FY13. Energy shortage poses as much of a risk to growth as do global uncertainties. The overall shortages of energy continue to deter fresh investments and expansion projects.

The central bank's forecast -

- Gross domestic investment has been projected to increase to 26.6% of GDP in FY13.
- Real GDP growth has been projected to rise to 7.2%. Attainment of the expected GDP growth in FY13 will depend mainly on effective adoption of prudent macroeconomic policies in a sound domestic economic environment along with global economic recovery.
- Inflation is projected to decline to 7.5 percent in FY13 and to decrease gradually afterwards.

Achieving these sustained growth levels would not be possible without further development of the power, energy and communication infrastructure.

Source | Bangladesh Bank



Signing of Audited Financial Statements for the year 2012



Workshop on Credit Appraisal System and Green Banking

Banking Industry in Bangladesh

Market Segment

The banking industry in Bangladesh is mainly divided into two sectors, such as Specialized Banks (SBs) and Commercial Banks (CBs). At present there are 47 scheduled banks operating all over the country. Out of these, 8 are state-owned banks (including four specialized banks), 30 are private commercial banks (including seven Islami banks) and the remaining 9 are foreign commercial banks (including one Islami bank). Islami bank provides facilities which are supported by Islami sharia.

Regulation of the Banking Industry

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

Banking Sector in Bangladesh

The Bangladesh banking sector relative to the size of its economy is comparatively larger than many economies of similar level of development and per capita income. Access to banking services for the population has improved during the last three decades. Recent estimates from a survey conducted by the Institute of Microfinance found that only 45 per cent of the nearly 9000 households surveyed do have access to banks and micro-finance institutions (MFIs) for loans. The population per branch (21,065) and the ratio of loan accounts per 1,000 adults (42yrs) suggest that the outreach of the formal financial sector in Bangladesh is lower than that in India (14,485 and 124 respectively) and Pakistan (20,340 population per branch and 47 loan accounts per 1000).

STRUCTURE OF THE BANKING SYSTEM IN BANGLADESH (SEPTEMBER 30, 2012)

Type of Bank	Number of Banks	Number of Branches	Deposits	% of Deposits	Taka in Crore	
					Advances	% of Advances
State Owned Banks	4	3455	131,089.02	26%	83,538.79	21%
Specialized Banks	4	1425	24,238.62	5%	26,304.57	7%
Foreign Banks	9	63	31,979.26	6%	21,541.08	5%
Private Banks	30	3175	316,734.14	62%	267,054.70	67%
All Banks	47	8118	504,041.04	100%	398,439.14	100%

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

Items	Actual			Jul'12 MPS Prog.	Jan'13 MPS Prog.
	FY10	FY11	FY12	June 2013	June 2013
Foreign Assets	41.0	6.2	13.4	0.09	14.0
Domestic Assets	19.0	24.7	18.1	19.0	18.4
Domestic Credit	17.5	28.2	19.3	18.6	18.9
Public sector credit	-4.2	38.3	17.5	20.8	20.3
Private sector credit	24.2	25.8	19.7	18.0	18.5
Broad Money	22.4	21.4	17.4	16.5	17.7
Reserve Money	18.1	21.0	9.0	13.8	16.1

Banks are engaged in upgrading the socio-economic status of the country by investing money to productive sectors. However, in the context of globalization and operation of market economy these institutions are facing immense competition with regard to speedy transaction of financial intermediation and as such they are to provide their service as efficiently and effectively as possible. Moreover, BB has issued license to 7 new banks and expected to start their operation in 2013. So the competition in the banking sector will rise and banks will face new challenges. As a result, a larger number of banks will have to compete for a smaller pie.

Review of operations of Bank Asia in 2012

In the year 2012, Bank Asia experienced a notable success in its core operational areas of business. Deposit reached Tk. 110,062 million with a growth of 15.69% due to diversified customer oriented services and at the same time maintaining very low cost of deposit during upward interest rate pressure in the market. Loans and advances was 11.48% higher than the preceding year and stood at Tk. 92,329 million. Bank Asia achieved a milestone in Agri/Rural Credit. It obtained the "Best Banker's Award" by the District Administration Office, Jessore for significant role in promoting agricultural activities in Jessore in 2012.

World economic recession also affected the trade of our economy. Bank's import increased by 7.38% and stood at Tk. 106,746 million. But export declined by 11.12% and reached Tk. 66,478 million. During that year, inward remittance exposed a remarkable growth of 47.45%.

Increase of operating efficiency yielded operating profit with an outstanding growth of 24.98% and attained Tk. 5,052 million as against Tk. 4,042 million in 2011. Net profit after tax stood at Tk. 908 million compared to Tk. 1,916 million in the previous year. This is mainly because of keeping higher provision against loan and advances and others. Provision amount was increased by Tk. 1,719 million or 282% in this year. The Bank has been maintaining stable growth in respect of Total assets and capital over the years which were 19.22% and 11.91% respectively. This strong capital base helped the Bank to maintain a very satisfactory CAR of 13.05% against regulatory requirement of 10%.

To keep pace with the growing demand of customers for our innovative services and a balanced distribution of network, the Bank opened 9 new branches and converted 1 SME service center to full-fledged branch in 2012. The whole network of Bank Asia now consists of 73 branches, 6 SME service centers, 5 Islamic windows, 70 own ATMs, 1 brokerage company with 5 brokerage branches in Bangladesh and 1 exchange house in UK. The operations of all these are interconnected and integrated through state of the art networking technology.

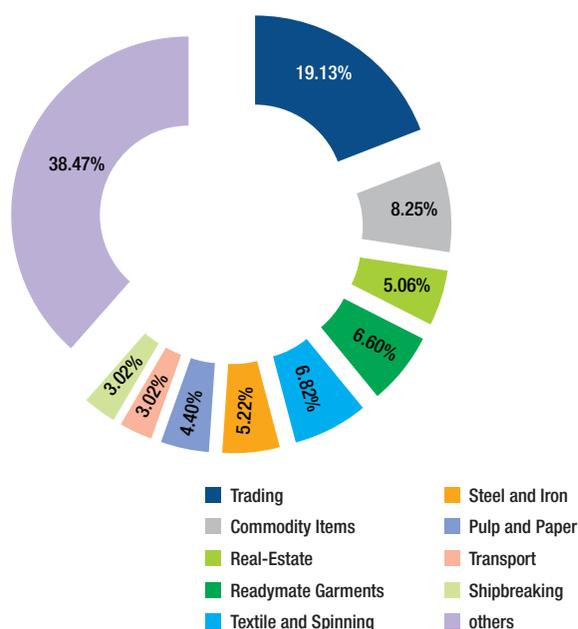
Corporate Financing

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

- General Credit- deals with all credit except the below mentioned specialized credit.
- Syndications & Structured Finance- deals with arranging funds for large project spreading the risk amongst the partner banks.
- Project Finance- The newly setup Project Finance Unit would allow corporate houses to enjoy their project's financial requirement more in tune with expected cash flow.
- Export Finance- This Unit would help cater the unique need of the exporters, specially the garments sector, which has positioned the country amongst the top global exporters.
- Trade Finance (Offshore & Others)- provides financial solutions to customers of export processing zone and facilitate bill discounting, term finance etc. to on shore clients.
- Impaired Assets Management- This Unit assists the clients who need to restructure their portfolio to run their operations smoothly.

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

Sector wise assets distribution of Corporate Finance is as under:



To prepare the employees for the future challenges, after Training Need Assessment (TNA) of Officials of Branches and Corporate Office, Corporate Assets and Client Origination Division arranged several numbers of Training and Development programs, workshops in the year 2012.

Syndication & Structured Financing

13 Large
Syndication deals

Tk. **9,000** million

The Syndication Finance Unit of Bank Asia provides customized financial solutions to the corporate clients as Term Loan and working capital, which creates values and contributes towards the growth of the country's economy. Syndicated loans allow arranging funds for large projects spreading the risk amongst the partner banks. Clients also enjoy the benefits of having access to larger pool of funds from multiple financial institutions but have to deal with one Agent bank and one set of documentation. We are proud to be one of pioneer banks in syndication and structured financing. As a lead arranger Bank Asia successfully completed 13 large deals raising around Tk. 9,000 million, which include manufacturing, power, cement, steel, and telecom. It has already created the best avenues in the market through structuring of various products, syndication arrangement, advisory services, acquisition & merger financing, securitization and agency services. Bank Asia also finances both Greenfield, existing as well as BMRE (Balancing, Modernizing, Rehabilitation, and Expansion) programs besides restructuring facility. The Syndication Finance Unit is successfully providing agency function to 07 (seven) Syndicated Facilities where 20 (twenty) Banks/FIs are involved.



Signing MOU with Propac Ltd. & Packaging World Ltd.

Major activities in 2012

Participated

Tk. **2,680** million in power,
poultry, steel & telecom sector

- Participated under Syndication facility in power sector, poultry sector, steel sector, telecom sector with a total amount of Tk. 2,680.00 million.
- Created a new milestone through undertaking arrangement to finance pioneering projects in the food packaging industries, a step towards diversifying the country's export sector.

MoU of

Tk. **511.56** million
for Propac

Bank Asia, as the lead arranger, signed Memorandum of Understanding (MoU) for raising of Syndicated Term Loan of Tk. 511.56 million and Tk. 503.12 million for Propac Ltd. & Packaging World Ltd.

MoU of

Tk. **503.12** million
for Packaging World Limited

respectively, concerns of Atlas Group, for establishing 100 % export oriented and eco-friendly paper converting bag manufacturing plants at Kaliakoir, Gazipur. Such projects involves low carbon emitting production process thus promoting green banking initiatives, as recycled papers would be used as raw materials for production of finished goods, leading to conservation of trees.

As lead arranger, Bank Asia also signed Memorandum of Understanding (MoU) on December 19, 2012 for raising of Syndicated Term Loan for Star Porcelain Pvt. Ltd. Under this proposed syndicated finance, a 100% export oriented high quality porcelain tableware product manufacturing plant will be set up at Habigonj. The production capacity of the said project will be 40,000 pieces per day.

Small and Medium Enterprise (SME)

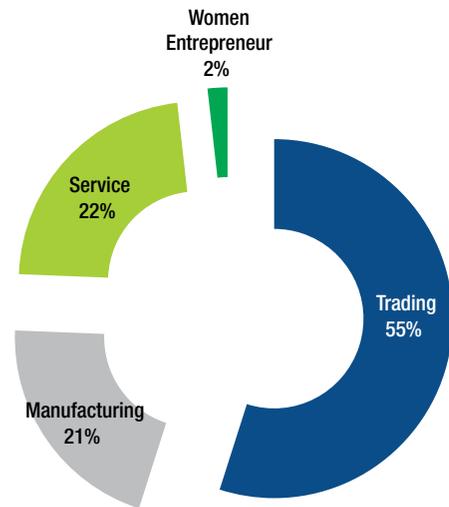
Small and Medium Enterprises have historically made significant contribution in economic advancement of different countries. Due to its manifold significance in economic development, economies around the world have taken SME financing very seriously. SME's have been well recognized for its role in employment generation, income distribution, enhancement of purchasing power and living standard of the people as well as eradication of poverty. Besides, the SME clients have been functioning as the backward linkage for large industries which facilitated them to grow over decades.

In line with the Banks' greater intention to contribute to the poverty eradication and economic development, Bank Asia has been sincerely putting its efforts to amplify its SME related activities. At the end of year 2012 the SME portfolio stood at Tk. 12,958.00 million as compared to Tk. 2,404.88 million at the end of year 2011. Besides, SME loan disbursement in the year 2012 was Tk. 8,683.00 million as compared to Tk. 2,257.00 million in the year 2011. The medium segment recognition criterion has been set in accordance with Bangladesh Bank definition covering single borrower exposure up to Tk. 100 million with effect from December 31, 2012.

In the year 2012, a delegation team from Pacific Resource Exchange Center (PREX), Osaka, Japan has visited a cluster of bamboo & cane in Sirajdikhan, Munshigonj financed by Bank Asia in association with the officers of Bangladesh Bank and Bank Asia Ltd. The delegation team has distributed loan sanction letters among the cluster women entrepreneurs. Besides, significant numbers of training programs were arranged by the bank in the year 2012 on SME related issues aiming to increase familiarity and understanding of the employees on SME financing. In addition to the above, Bank Asia has actively participated in different SME related sponsorships to Bangladesh Bank, SME Foundation and other relevant stake holders.

The Bank would like to foster its growth in SME financing in the coming days and would like to continue with its SME related activities in a dedicated and focused manner.

Tk. **12,958** million
SME loans



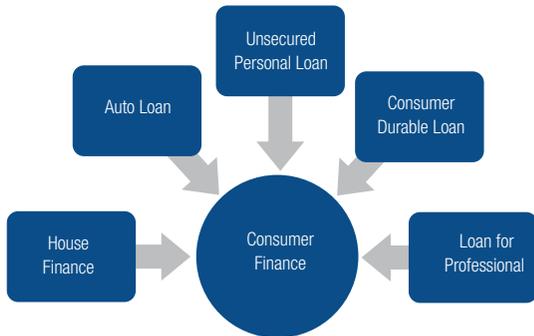
SME Sectoral Contribution 2012

- Trading
- Manufacturing
- Service
- Women Entrepreneur

Consumer Finance

Consumer Credit has enormous potentiality in our economy. As the theory of banking evolved, it seamlessly attached itself with consumer financing. Bank Asia, with a strong commitment to financial inclusion, has prioritized consumer financing to ensure not just the corporate community but the broad-spectrum is within reach of our banking service. To cope up with extensive and diverse demand of consumer credit, the Consumer Credit Department (CCD) has diversified its products and facilities with providing various incentives to customers having long relationship.

The existing products of Consumer Credit Department are as follows:



Product name	Outstanding (Million Taka)
House Finance	1,996.24
Auto Loan	321.57
Consumer durable loan	265.52
Unsecured Personal loan	305.90
Loan for Professional	3.22
Total	2,892.45

Agricultural/Rural Credit



A poultry farm financed by Bank Asia



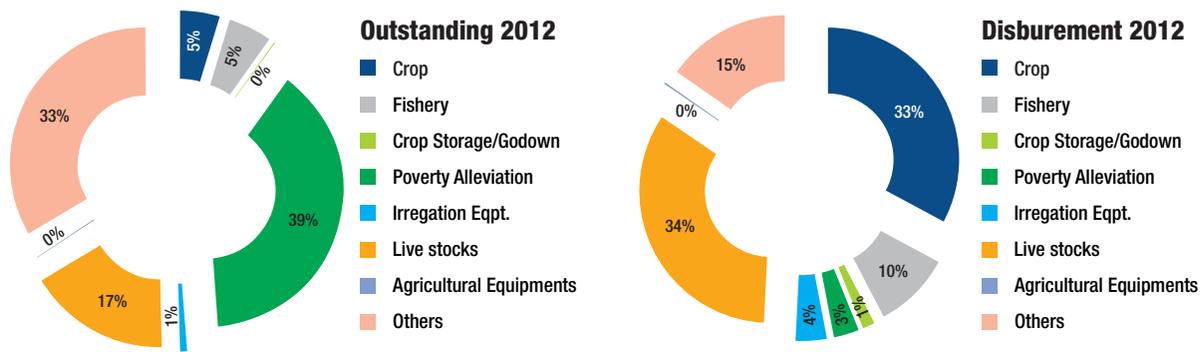
Maize field financed by Bank Asia @4% interest rate

Bank Asia has been disbursing agri/rural credit since its inception. The objective of agri/rural credit is to bring the low income groups in financial inclusion by providing adequate fund. Till date 201,260 farmers have received benefit from Bank Asia Ltd.

During the year 2011-2012 Bank Asia had a target to disburse Tk. 1,510.00 million as Agricultural/ Rural credit. Out of which Tk. 1,520.00 million was disbursed to 100,872 beneficiaries. The Bank also targeted to disburse Tk. 1,570.00 million during the period 2012-13.

As on 31-12-2012 the status of the Agricultural/Rural Credit is as under:

Particulars	Own Network	NGO Network	Total
Disbursement (from 01-01-2012 to 31-12-2012)	107.30	675.25	782.55
Outstanding (as on 31-12-2012)	163.71	1,056.52	1,220.23
No. of beneficiary	378	177,226	177,604



Special Finance Program:

Under the Special Finance Program, Bank Asia has been providing financial support for installation of Solar Home Systems in the off grid areas. We are also providing financial support at 4% interest rate for cultivation of maize, spice and oilseed for which Bangladesh has to spend a lot of foreign currency.

(i) Cultivation of maize, spice & oilseed:

During the period the Bank disbursed Tk 8.37 million at 4% interest rate for cultivating pulse, oilseed, spice and maize directly through our rural branches. This initiative has benefited 32 no. of farmers in Bogra, Faridpur and Sirajdikhan.

(ii) Electrification in the off grid areas:

Bank Asia is committed to lighten every rural home with green electricity

Recognizing the importance of electricity in our daily life, the Bank has given concentration to connect people of off-grid areas with the grid electricity. During the year 2012, the Bank disbursed Tk. 10.00 million to import and installation of Solar Home Systems in the off grid areas through an NGO. This electrification programme has benefitted around 650 houses which makes a total of 5,000 till date.

5,000 houses under Solar Electricity



Dr. Atiur Rahman, Governor of Bangladesh Bank handing over "Best Banker's Award" to the Manager of our Jessore Branch

During the year the Bank has also achieved "Best Banker's Award" by the District Administration Office, Jessore for significant role in promoting agricultural activities in the region amid disbursement of agri loan during the 2011-2012 fiscal. The award was given considering achievement and success for reaching the target of agri loan disbursement, the highest realization of the loan and the number of loan recipients.

We have received an Appreciation Letter from the honorable Governor for achieving 101% of the agri/rural credit disbursement target set by Bangladesh Bank.



BANGLADESH BANK

(Central Bank of Bangladesh)

Dr. Atiur Rahman
Governor

Ref : ACFID(MD)/101(3)/2012- 1421

Date-21 October, 2012

President & Managing Director
Bank Asia Limited
Head Office
Dhaka.

Letter of Appreciation

Bangladesh Bank would like to thank you and your bank for achieving disbursement target of Agricultural/Rural Credit for the year 2011-2012. It will be highly appreciated if you continue your drive in the year 2012-2013 as well.

(Dr. Atiur Rahman)

Sectoral Distribution of Credit

The Bank's loans and advances portfolio increased to Tk 92,328.82 million achieving a growth of 11.48%. Sector wise distribution of loans and advances are as follows:

SL. No	Sectors/Sub-Sectors	2012		2011	
		Million Taka	% of Funded Loan	Million Taka Loan	% of Funded
1	Industries				
	Agriculture and Jute	4,699.89	5.09%	1,227.96	1.48%
	Cement	1,336.11	1.45%	683.88	0.83%
	Chemicals	1,083.59	1.17%	272.58	0.33%
	Electronics	1,085.75	1.18%	215.10	0.26%
	Food and Allied	3,465.63	3.75%	1,735.57	2.10%
	Paper	3,102.54	3.36%	2,514.05	3.04%
	Readymade Garments	3,272.49	3.54%	3,548.05	4.28%
	Real Estate	3,145.33	3.41%	2,936.98	3.55%
	Steel	3,945.06	4.27%	3,712.46	4.48%
	Textile	5,870.50	6.36%	5,827.71	7.04%
	Others	23,821.94	25.80%	25,498.30	30.79%
	Sub-total	54,828.83	59.38%	48,172.64	58.17%
2	Infrastructural				
	Power	906.36	0.98%	411.71	0.50%
	Telecom	1,369.68	1.48%	325.25	0.39%
	Construction	1,164.47	1.26%	941.91	1.14%
	Transport	3,849.95	4.17%	2,088.59	2.52%
	Sub-total	7,290.46	7.90%	3,767.46	4.55%
3	Commercial Lending	21,950.24	23.77%	23,300.50	28.13%
4	Export Financing	516.19	0.56%	375.21	0.45%
5	House Building Loan	283.86	0.31%	566.58	0.68%
6	Consumer Credit Scheme	2,893.33	3.13%	2,573.50	3.11%
7	Small and Medium Enterprise	2,487.98	2.69%	2,404.88	2.90%
8	Staff Loan	605.22	0.66%	474.79	0.57%
9	Credit Card	865.30	0.94%	676.06	0.82%
10	Non-Banking Financial Institutions	607.41	0.66%	508.35	0.61%
	Total	92,328.82	100.00%	82,819.97	100.00%



Opening of Bank Asia's Elephant Road Branch

Islamic Banking

Tk. **3,424** Million
Islamic Deposits

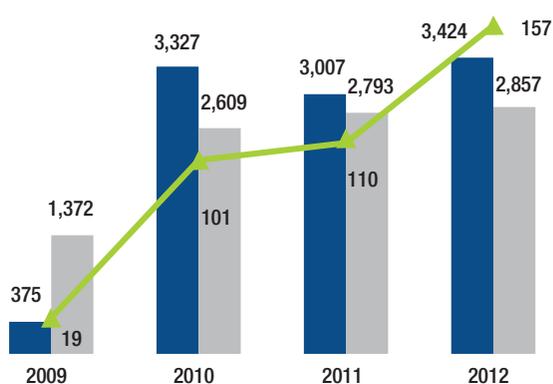
SALAMAH

Online Islamic Banking Service

Islamic Banking

Million Taka

■ Deposit ■ Investment ■ Profit



Bank Asia commenced its much acclaimed Islamic Banking services in 2008 and the Bank has 5 Islamic Banking windows in Dhaka, Chittagong and Sylhet divisions. At present, Islamic Banking service is available from SALAMAH: Online Islamic Banking Desk in all its branches & SME service centers through its Islamic Windows. Islamic banking service of Bank Asia gained reputation in the country by virtue of its shariah based products (list given in product & services section) and unique profit distribution module for Mudaraba deposit based on income sharing ratio (ISR). To ensure high quality service delivery and better customer satisfaction Islamic Banking has got an ongoing training program to enrich our human resources on Islamic Banking principles, products and services.

As on the Balance Sheet date our Islamic deposit reached Tk. 3,424 million, investments/assets Tk. 2,857 million with a profit growth of 43% over 2011 and attained profit of Tk. 157 million.



Islamic Banking Business Conference 2012

Treasury Operations

Treasury is involved in interconnected money market and foreign exchange market for management of overall fund position of the bank complying with regulatory obligations. The year 2012 was a challenging one for bank's treasury as far as inter-related Money and FX markets are concerned; particularly for high liquidity pressure in money market in the 1st half, increasing government borrowing, mandatory devolvement of government securities over non-PD banks, and volatile FX market.

Money market activities

Your bank successfully sprinted over all the difficulties and played positive leading role from the front. In money market, from the beginning of 2012 up to July, there was liquidity pressure which led the market very tight. Call money rate was high. In this period, treasury used a large volume of fund in overnight lending and term placements to maximize effective earning. During the time of rate fall in call money market at the later part of the year, Treasury invested in different money market products on selective basis avoiding lending in call at lower rate and thus maximized profit.

Asset liability management

Asset-Liability Management (ALM) of treasury is an integral part of Bank Management that manages the bank's on-and Off-Balance sheet position to offer competitively priced products and services to customers. Bank thus has a committee called Asset Liability Committee –ALCO, comprising the senior management to take strategic decisions on fixation of asset liability pricing, responding to market scenarios. In monthly ALCO meetings, relevant issues like economic forecast, market status, peer group analysis, projections on interest rate and exchange rate and spreads; balance sheet gap in liquidity structure & interest rate sensitivity of gap, pertinent ratio analysis, internal transfer pricing, regulatory & other audit compliance are discussed on continuous basis. When needed special ALCO meetings are held to respond to the unusual or seasonal market behavior or other volatile market scenarios. In the year 2012, ALCO sit for total fourteen times with regular and special agenda for balance sheet management. Proactive measures of ALCO kept the credit deposit ratio within a comfortable range that helped the bank to earn through FX & MM products of treasury line.

Foreign exchange

Bank Asia Treasury actively monitors and manages market risks of its foreign exchange business. In 2012, FX market experienced depreciation of local currency at the beginning. From February'12, it appreciated slightly and was ranged bound for several months. Then at the end, domestic currency appreciated again significantly in fourth quarter. During this period, treasury was very active in FX market to manage FX position and earned substantial amount of money by taking the advantage of volatile market.

International Trade

Tk. **66,478** Million
Export

776
Correspondence

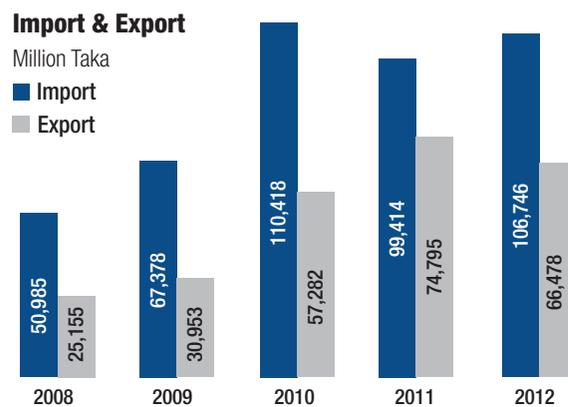
Tk. **106,746** Million
Import

Bank Asia always strives to enhance and extends foreign correspondence relationship to facilitate foreign trade business of the Bank. Bank Asia has a very strong, deep and versatile and mutually beneficial relationship with 776 foreign banks in over 170 countries. The Bank is maintaining a robust confirmation lines with 51 foreign reputed banks with a credit facility of over USD 340.00 million which is growing. In 2012, Bank's export reached to Tk.66,478.34 million and import to Tk. 106,746.15 million. Total inward and outward remittances volume were Tk.32,110.10 million and Tk.1,157.70 million respectively. Guarantee business showed a significant growth reaching to Tk.4,409.40 million in 2012 which was Tk.540.10 million in 2011.

operational risk, regulatory risk and reputational risk through its centralized expertise, control and monitoring. In 2012, CTSU's export reached to Tk.3,410.60 million and import to Tk.7,980.00 million, marking a growth of 38% and 35% respectively .

CTSU

Under the International Division, Central Trade Service Unit (CTSU) is the platform for facilitating foreign trade operations of non-AD branches CTSU has a separate AD license of Bangladesh Bank. CTSU is not only processing the foreign trade operations of all Non-AD branches but also tries to protect the Bank from



Off-shore banking

To meet the special and unique demand of foreign currency banking of the EPZ customers under category A, off shore banking unit has been established six years ago. Since inception the operation of Off-shore unit has been doing business quite well. The deposit of the Bank's OBU was USD 8.50 Million and advance was USD 6.25 Million in 2012. Import was USD 16.11 million and export was USD 32.46 million in 2012. Profit earned in 2012 was USD 0.26 million.

Foreign remittance

35 exchange houses

8 countries

Tk. **32,110** million
inward remittance

First & only
Online Payment Gateway
Service Provider in Bangladesh

Payza.com

13 NGOs

1,500 outlets

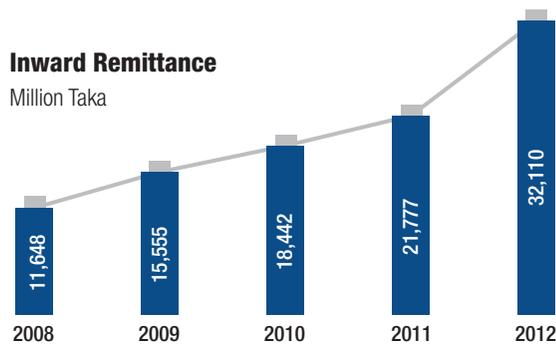
250,000
beneficiaries

The term Remittance generally means "Inward Wage Earners' Foreign Remittance" in Bangladesh. The significant role in strengthening national economy that remittance plays has made it inseparable from banking service now-a-days. Relentless service, maximum dedication, continuous communication and client satisfaction contributed in upholding Bank Asia's name and fame home and abroad. The total inflow of Inward Remittance in 2012 was Tk. 32,110.10 million, a stunning growth of 47.45% over the previous year.

Bank Asia has established new agency arrangements with 5 exchange houses this year, raising the total count to 35 of 8 countries. Previously, we had to communicate with Exchange houses to have tie-up with us for remittance disbursement. But, the presence of Bank Asia is such prominent in the global market that 3 out of the last 5 exchange houses have approached us for having disbursement arrangement.

Inward Remittance

Million Taka



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

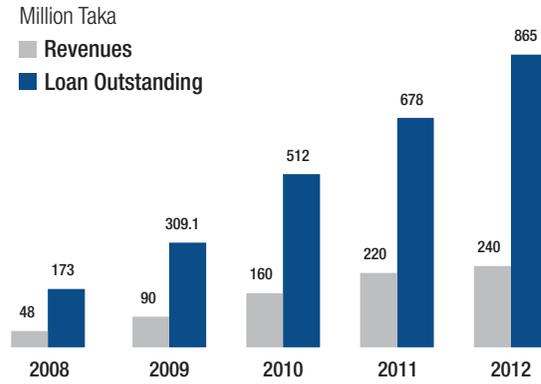
Multitudes of extremely talented Bangladeshi's, have been engaged in earning foreign currencies through various countries across the globe as a form of Service Export in a non-physical form which includes Data entry, Data process, Off-shore IT Service, Software development, Software customization, Business process outsourcing etc. Bank Asia is the first bank in Bangladesh to obtain approval to bring such hard-earned money through one of the world's largest OPGSP (Online Payment Gateway Service Providers) named Payza.com (formerly known as Alertpay). In 2012, we have served more than 1,100 clients and targeting to excel our service tremendously in 2013. Payza also has opened an online Remittance Window branded as SSBD (Simply Send Bangladesh) which is also operational since December 2012.



Bangladesh Bank Governor Dr. Atiur Rahman lunching Bank Asia's new product Payza (formerly known as AlertPay)

Cards

Bank Asia Cards Department has launched its commercial operation in the year 2007. Since then it has been operating very successfully and profitably in comparison to other market players. Last year total revenue of cards department was Tk.240 million having a 9% growth. The Bank has passed last couple of years very successfully in terms of keeping the delinquent rate at the lowest level in comparison many other credit card market players in the card industry because of maintaining very strong policy in selection, assessment and maintaining very close monitoring of portfolios. It has already developed and introduced wide ranges of MasterCard & VISA card local and international (Classic and Gold branded products) including a brand new VISA tuntuni card, a mini version credit card first time in Bangladesh for small income group people. We have been offering very attractive valued added service like dual currency card, card cheque, instabuy/easy buy facility, e-statement, free sms alert service, softpay, softturn, 24 hours call center service from a short code 16205, ATM facility etc.



Launching Bank Asia Hajj Card

Bank Asia also launched prepaid Hajj Card on the eve of holly Hajj of 2012. It issued Hajj Card among both individuals and Hajj agencies as per the guidelines of regulators. Bank Asia has prepared to take the privilege of offering platinum branded credit card to its valued existing and potential customers.

As a step forward to green banking initiative, Cards Department has formally launched its digital filing system where more than 200,000 pages of various files have been digitally archived and indexed it for digital query.

Information and Communication Technology

ICT is a strategic department which gives a great opportunity to the banking sector to go beyond its traditional role. Bank Asia has established its modern technology driven banking infrastructure to give its state of the art services to the clients. The Bank is using real time centralized robust Core Banking System (CBS) which has been developed by its own software company ERA InfoTech Limited. The Bank has enriched its on-line platform with diversified delivery channels like internet, SMS, ATM, KIOSK etc. In 2012 Bank Asia ICT Department has taken lots of initiatives for smooth and risk free business. Some of the initiatives are as follows:

Business Process Analysis & Documentation (BPAD) Project

ICT has taken initiatives as per our management desire to identify the lapses/weaknesses of the existing business and operational procedure processes. A Team was formed to analyze our existing business process and to document the process. After that the team prepared a detail GAP analysis report in the areas of Trade Finance, General Banking, Credit and Finance & Accounts. 232 GAPs have been identified in the GAP analysis process. This department has already delivered and mitigated 85 gaps and remaining will be resolved by 2013.

Upgradation of existing Stelar (CBS) to iStelar

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

Process Reengineering

The Bank has incorporated browser based Basel II, RMU reporting. Beside these it has complied all of the BB circulars especially circular of classification (BRPD 7-8, 13-14 and 19) to find out clear scenario of our existing NPL.

Capacity Building

This year the Bank has incorporated two new world class high end database servers for faster banking operations. The Bank has incorporated new policy for daily backup process that makes restore process faster. Additionally, it has implemented own Router Network Infrastructures that enhance more efficient secured connectivity. Bank Asia Ltd. has a strong IT system and infrastructure monitoring system in place so that any problem can be solved in a minimum effort and time which ultimately result in an uninterrupted customer service.

Green Banking

To ensure implementation of Green banking the Bank has started SMS alert to customer instead of frequent paper based information generation. It has implemented N-computing system at branches and this initiative will reduce a lot of power consumption. Digital Documentation Management Infrastructure will save natural resource reducing paper based documentation.

IT Security and Risk Management

The Bank has taken initiative to improve Information Security for its core servers. Exceptional operation report at CBS is generated for monitoring day to day operation of branches. It has incorporated all BB regularities requirement.

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

Alternative Delivery Channels

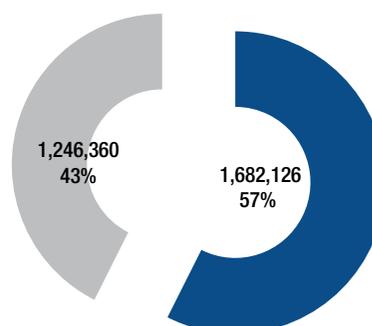
The main function of Alternative Delivery Channel (ADC) department of Bank Asia is to free customers from standing at the Bank counter by providing them alternate high-tech banking services. Customers are now able to make payments and transfers, pay utility & Credit Card bills, School/ University fees, contact the bank online and also to use other bank's channels.

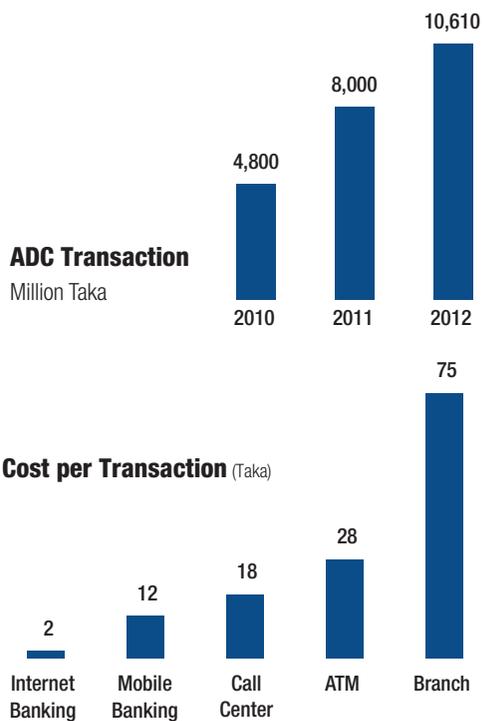
ATM

57% of cash transactions of Bank Asia are done through its 70 own ATMs and more than 2,950 shared ATMs all over the country. Your bank is planning to invest continuously in a bid to increase and widen its ATM network significantly.

Number of Cash Transactions 2012

- ADC Transactions
- Branch Transactions





Mobile Banking (M-Banking)

Customers of Bank Asia can have instant access to their account using M-banking from all mobile phone operators in collaboration with SSL by sending a simple SMS to “6969” and get their account information, make fund transfer and pay bills. Bank Asia is also providing alert messages on certain debit transactions to make customers aware and prevent fraudulent transactions. Our 2nd generation mobile banking facility will enable small savings, withdrawn, utility bill payment, foreign and domestic remittance to the doorstep of all clients at minimum cost.

Tele Banking

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

Internet Banking

Bank Asia’s Internet Banking (My Banking) is easy, convenient & secure transaction process. Bank Asia’s Internet banking module allows clients to get a clear state of their financial position and transfer fund to any account within the bank anytime from anywhere in the world. Internet banking security shields the system from any unauthorized users and hackers from all around the globe. Internet banking employs encryption and firewall to protect transactions and queries through internet. This security saves the software and the system from the attack of virus and hackers on the internet. Your bank is planning to introduce dual factor authentication for all internet based transactions to make more secure transactions.

Call Center

Centralized call center solution through short code 16205 is now used in full fledge to address your business need and queries. Customers may avail product information, accounts related information, Interest rate and exchange rates, nearest branch and ATM locations, Retail and SME services, personal loan and their queries from any PSTN or mobile phones.

Debit Cards

Debit is issued against Savings and Current account to facilitate ATM, POS transactions all ATMs (2,800+ units) of Bangladesh to access their account 24X7 in 365 days. Card holders are able to purchase in VISA enabled POS machines (24,000+ units) in various merchant locations all over Bangladesh. Debit Card Operations including New Issuing, Replacement, Activation and PIN request are automated which reduced Debit Card issuance time to 2-4 days from 7-9 days as well as paper saved 72,000 pages of paper and 6,000 courier service cost.

Ektee Bari Ektee Khamar Project

Ektee Bari Ektee Khamar [EBEK] (One House One Farm) is a government project for the poor people of Bangladesh. Government wants to help the poor people by encouraging saving, providing grants, Training & monitoring their activities as a group in each village of Bangladesh. This will help to alleviate poverty of Bangladesh. Bank Asia Limited has been working in the project in two ways – providing project management solution through ERA Infotech and offering Banking services to the Project up to individual beneficiary of villages nominated by the EBK project office.

Bank Asia started to serve the unbanked population at the village level setting up agency at the union level. Project beneficiaries can perform all kinds of banking transaction at their union level. So far Seven (7) districts having more than 80,000 beneficiaries are under Bank Asia’s banking service network. Bank Asia has planned to expand the network within another 25 districts having about 400,000 beneficiaries within next year.

The same agent network could be used for other government to people transactions, people to government transactions along with regular small amount business transaction. This model ensures financial inclusion fruitful to the unbanked population. For expansion & Security enhancement, Bank Asia wants to setup small administrative offices at upazila level and provide smart card with bio metric option for better authentication of all kinds of transactions.

Transactions Summary

Particulars	Achievement	Target in Next Year
Districts	07	25
Upazila	39	180
Union	156	720
Villages	1,404	6,480
Total Beneficiary Enrolled	80,200	388,800
No of Samitee (Association)	1,404	6,480
Total No of Transaction Performed	183,821	1 million
Member Deposit Collected (Taka)	31 million	237 million
Government Grants disbursed among beneficiaries (Taka)	58 million	462 million

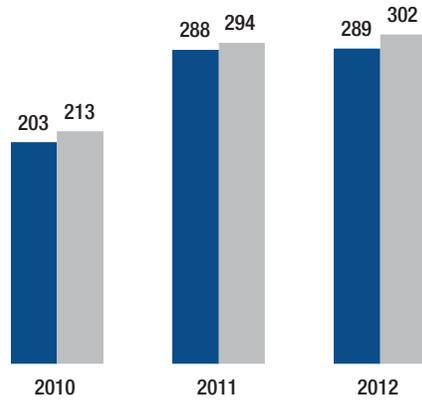
Central Clearing

BACH Transactions

Billion Taka

■ Inward Clearing

■ Outward Clearing

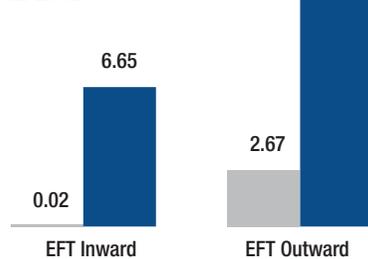


EFT Transactions

Billion Taka

■ 2011

■ 2012



Central Clearing Department of Bank Asia started operation in June 2009. This department successfully implemented BACH (Bangladesh Automated Clearing House) on October 07, 2010 and BEFTN (Bangladesh Electronic Fund Transfer Network) on February 27, 2011 as per road map of Bangladesh Bank initially in Dhaka and other zones/districts gradually. This department is centrally operating the BACH operations covering all inwards and outwards clearing transactions of all branches with high performance record.

351,000
EFT transactions

This department is divided into 3 functional units BACH, MICR and EFT. BACH deals with Central Clearing Operation, MICR for distribution of MICR instruments (Cheque, Pay Order, Demand Draft etc) and EFT (Electronic Fund Transfer) open the door of faster fund transfer facility between interbank on due date.

During the year 2012 the Bank executed around 1 million transactions under BACH for amounting Tk. 590 billion and processed 247,000 EFT credit instructions for Tk. 13.94 billion to different banks instead of issuing PO/DD/TT and settled 104,000 inwards EFT transactions for Tk. 6.68 billion and thus CCD directly contributed to Green Banking and able to save cost approximately Tk. 48.00 million.

To prevent the fraud & forgery, the department distributed UV detector machines to all branches. For Human Resource Development CCD conducted two (2) training on 'Prevention of fraudulent attempt in 'BACH' and six (6) other live training programs on BACH and BEFTN operation procedures and successfully passed an another fraudless BACH year in 2012.

Credit Administration

The function of Credit Administration Department (CAD) is basically a back office activity that supports and controls extension and utilization of credit. Its main functions are to centrally load the credit limit and security documents as per terms & conditions of sanction letters, checking of major security documents, working with CIB & other regulatory report, monitoring Past Due and SMA loans. As the bank is growing in terms of number and size of loans, diverse products and clients, complex process and procedures for compliance requirements by the regulator, the role of credit administration department is challenging & crucial.

61,999

Systemized jobs

Major activities in 2012

- Systemized 61,999 numbers of jobs including change of limits, terms & conditions, rate of interest, modification, authorization of EOL etc.

Checked Documents

2,556 borrowers

- Checked major documents of 2,556 borrowers.
- Monitored 5,046 accounts of Past due and SMA loans, reviewed 13,950 expired loan accounts for preventing further classification.

CIB Downloaded

18,122 accounts
uploaded

34,188 accounts

- Downloaded 18,122 accounts of CIB reports and uploaded 34,188 accounts through online system and 17,704 accounts through off-line (Foxpro) system from and to Bangladesh Bank online server. The unit has also corrected 599 numbers of CIB database through Bangladesh Bank.

Submitted

201 statements
after processing
23,816 accounts

- Submitted 201 statements (monthly/quarterly/half yearly/yearly) through conventional way and 120 through RIT after checking and processing around 23,816 accounts.

Recovery

Tk. **2,675** million
recovery

Recovery Department is one of the vital departments of the Bank entrusted to deal with Non-Performing assets of the Bank, providing in-house legal services, and monitoring of pending cases. The law officers are engaged in providing in-house legal opinion, drafting of various deeds & agreements on various matters in discharging Bank's day to day dealings. They also closely monitor and follow-up the court cases and maintain liaison with the Bank's panel lawyers for speedy disposal of suits filed by the Bank and/or filed against Bank.

In the year 2012, RD with the help of respective branches has recovered Tk. 2,675.41 million from classified accounts including recovery of Tk. 27.30 million from written-off accounts. Moreover, 188 accounts have been rescheduled/ settled and total of Tk. 8,268.26 million has been regularized/ rescheduled by the effort of the department.

During the year 2012, out of total 127 Artha Rin suits valuing Tk. 2972.34 million, a total number of 19 Artha Rin Suits valuing Tk. 394.72 million have so far been decreed in favor of the Bank. Another 02 suits valuing Tk.81.17 million have been settled amicably through execution of 'Solenama' / amicable settlement. On the other hand, an amount of total Tk 47.95 million have been recovered from the suit related accounts (05 accounts have been finally disposed off/withdrawal upon receipt of the compromised amount of Tk. 12.82 million including Tk. 9.85 million from two written-off accounts; Tk 4.06 million from 02 accounts (fully adjusted) by sale in auction of the mortgaged property before filing of suit; Tk 3.76 million (partial recovery) from 03 accounts against which Court has awarded certificate of ownership and possession in bank's favor and Tk 27.31 million (partial recovery) from 11 accounts.

Finance & Accounts

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

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

- Preparation of financial statements for monthly, quarterly, semi-annually, annually. Financial Analysis and report to the Management and Board.

- Preparation, controlling, monitoring, analyzing of budget related issues
- Major focus is concentrated upon the controlling and monitoring of all types of financial payments and payment related activities.
- Provide necessary MIS and analysis to top management and Board for decision making.
- Perform system diagnosis to ensure data integrity and reliability
- Development of functional specifications and system design specifications for various IT solution requirements of the department.
- Ensure authorization compliance, Bank's all internal policies and procedure Compliance before making payment, review and upgrade of the existing internal policies.
- Assisting and maintaining correspondence in Auditing ensuring Bangladesh Bank Compliances and meeting the queries and responses, overall supervision for preparation of Bangladesh Bank statement
- Preparation of Capital adequacy statement based on Basel-II.
- Ensure TAX and VAT compliance

Internal Control & Compliance

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

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

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

the recommendations of the auditors and the Internal Control and Compliance Department (ICCD). As per the approved audit plan, the ICCD could afford to complete the audit and inspection tasks of 70 branches and 15 numbers of Corporate Office departments in 2012.

The MANCOM of the Bank reviews on a yearly basis the overall effectiveness of the control system of the organization and provide feedback to the Board of Directors on the effectiveness of internal control policy, practice and procedure. Internal Control team conducts comprehensive internal audit of the internal control system of the Bank. The significant deficiencies identified by the Internal Control team are reported to the Audit Committee of the Board.

Branding

The Corporate Affairs & Branding (CAB) Department was formed in September, 2011. Initially, CAB focused on aligning the Marketing / Branding activities of all the important departments of the Bank with a view to ensuring consistency of the Bank Asia brand. Eventually, the department stressed on re-branding of the Islamic Window, Retail Deposit Products, SME Products etc. Gradually, starting from organizing important business events like the AGM, EGM, Annual Business Conference to improvising branch opening activities in and outside Dhaka were all conducted by CAB in a befitting manner. In addition, CAB also launched new products through gala events, working together in teams with other departments. CAB has always strived to deliver superior quality that has set a new trend in the banking industry. Among a number of activities that has earned the Bank an envious position were the renovation of the Corporate Website, re-designing of the Credit Cards etc.

Logistic Support

Logistic support is the vital functional area of the Bank which builds necessary infrastructure and provides essential establishment to effectively operate the bank in order to achieve the goal. The key functions of logistic support are to deal with branch expansion, procurement of all office equipment as required; hiring support staff, maintain insurance policy, repair and maintenance. In broader sense, the major/key functions of the division comprises of Real State, Printing & Stationary, Engineering, Dead stock Management and Transport Management. It is an essential arm of the Bank which caters to the needs of the entire bank.

Human Resource Development

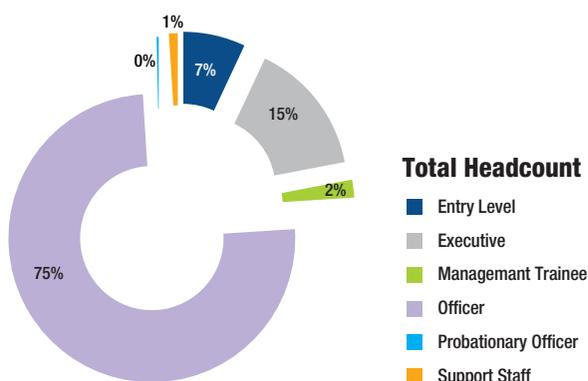
While ensuring a performance driven culture and better learning environment, Bank Asia has been engaged in minimizing operating costs and maximizing profit at the optimal extent. In connection with this view, the bank has encouraged for personal development, recognized the success stories and enabled the individuals to drive for the organizational accomplishments on business priorities. In the year 2012, Bank Asia has stepped ahead by accomplishing number of human resources development initiatives.

- Business reengineering process has been shaped and more functional in line with business alignment, operations/workflow, risk management and enabler functions.
- Rationalization of human resources at the branch level has been done in order to validate and ensure proper manning arrangement in line with cost efficiency.
- As part of Talent Management, the bank boarded 215 new employees in the year 2012.

Talent Management & Sourcing

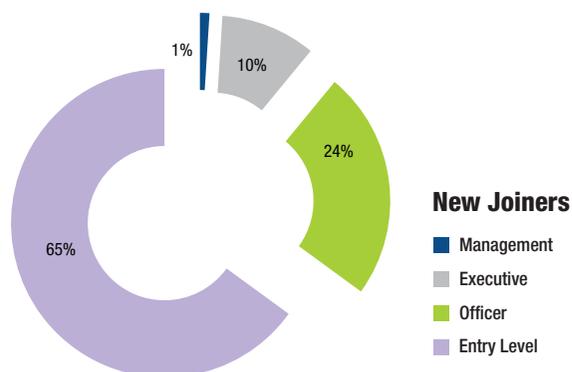
Total Headcount

Total number of headcount at the end of the year 2012 is 1485. Out of these 1485 employees a segregation of Job Grade are shown in the following chart:



New Joiners

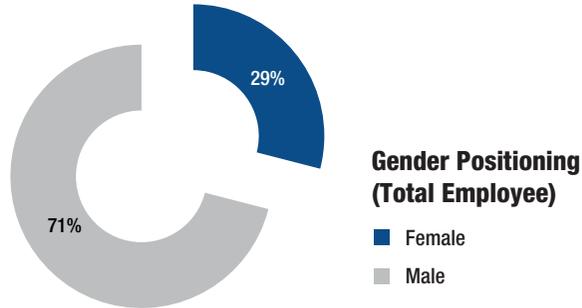
In the year 2012, the bank boarded a total number of 215 new employees at various level. Out of 215 employees, 1% was at the management level position, 10% were at the executive level position, 24% were at the Officer level position and 60% were at the Entry level position.



Gender Positioning

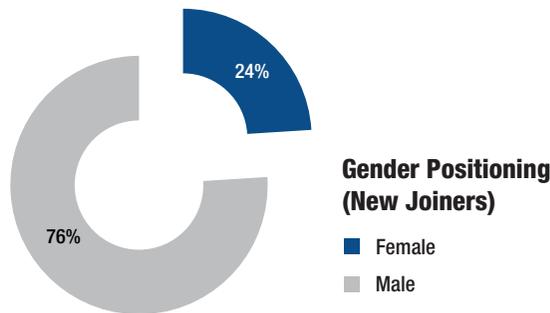
Total Employees

Out of total number of 1,485 employees, 426 employees are female and the rest 1059 employees are male. A gender position is shown in the following chart:



New Joiners

Bank Asia has been very keen in creating and offering equal employment opportunities and career advancement for the members of both genders. In this view, a profound commitment is reflected in the bank's employment policy and service rules. The current gender mix is female 24% and male 76% out of the total 215 employees who joined the services of the bank in the year 2012.



Age Group

Age group and male-female wise total headcount are shown in the following table:

Age group	Headcount	
	Male	Female
20 - 30	316	245
30 - 40	573	170
40 - 50	139	10
50 - 60	29	1
60+	2	0
Total	1059	426

Out of total number of 1485 employees, 316 male employees and 245 female employees belong to 20 -30 years age group, 573 male employees and 170 female employees belong to 30 – 40 years age group, 139 male employees and 10 female employees belong to 40 – 50 years age group, 29 male employees and 1 employee belong to 50 – 60 years age group and 2 male employees belong to 60 and above years of age group.

Learning & Development

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

Bank has organized 3 (three) foundation training courses each 3 weeks long for entry level employees to improve knowledge base and proficiency in banking. To create AML & CFT awareness, training institute has organized 9 (nine) AML training courses.

Particulars	Year 2012	
	No. of Participants	Total Man Hour
In House Training	1,241	25,000
Bangladesh Bank	33	312
BIBM	08	176
Training in other Institute	156	2,656
Foreign Training	18	920
Total Number of Participants & Man Hour	1,456	29,064

Implementation of Online Learning Tools (OLT)

Human Resources Division implemented Online Learning Tools (OLT) with a view to create a congenial learning environment within the organization 24/7 embracing the principles of Green Banking. Bank Asia is a pioneer in rolling out the OLT.

A two year Professional E-Learning Knowledge Center for newly recruited Management Trainees (7th Batch) was arranged. 35 (thirty five) Management Trainees are getting access for this E-Learning Knowledge Center, where they are able to complete different courses at their own pace. They are appearing at exams, getting the scripts evaluated and generate certificates based on their performance. The E-Books and materials are also completely paperless. The Management Trainees are completing these Foundation professional courses from their own work station and areas.

Bank Asia's management trainees accessed 540 (five hundred forty) Courses on different areas. 35 (thirty five) users completed 492 (four hundred ninety two) courses already. The total training hour for these courses is 888 (eight hundred eighty eight).

Triple Bottom Line

As a player in the banking sector, Bank Asia has also incorporated three dimensions of performance in terms of social, environmental and financial parameters exhibited through people, planet and profit as per global reporting initiatives (GRI).

People

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

- Economic value added per employee is Tk. 350,061.
- 29,064 man-hours training have been provided to our employees in 2012.

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 Green Banking section. Human Resources Division & Training Department of Bank Asia Ltd. jointly organized two training programs on Green Banking in Dhaka Zone. Total number of participants were 60 (sixty). Human Resources Division entered into a business partnership with our Green Banking Unit for the last quarter of 2012.

Profit

Economic profit of Bank Asia was Tk. 519.84 million for the year 2012.

Future Plan

To achieve the business goal at the optimum level and to sustain with the changing nature of business environment, the bank aims to focus in the following areas:

- Establishing a Library for knowledge development
- Developing In-house training programs for the bank's employees on core banking practices
- Establishing a dormitory for training participants for accommodation facility who will come across from distant places of the country

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 counterparty credit risk and also operational risks. As per Pillar-3 revised RBCA (Risk Based Capital Adequacy) guidelines of Bangladesh Bank, all scheduled banks have to publish their capital adequacy disclosure framework for market participants i.e. stakeholders as a key information about the bank's Minimum Capital Requirement (MCR) under pillar I of Basel II and exposure to various risks related to capital adequacy to meet probable loss of assets under pillar 2. As per pillar 3 of Basel II the Bank issued Subordinated Zero Coupon Bond as part of tier 2 capital Bank Asia has also set the market disclosure for the year end of 2011. Details of required disclosures both in qualitative and quantitative form are laid out in a separate segment.

Corporate Governance

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

Corporate Social Responsibilities

Apart from its banking activity, Bank Asia is continuing various efforts to look beyond short-term quantitative gains and to concentrate on socially responsible issues. Providing scholarship to poor and meritorious students, free Ophthalmological Operation of cataract-affected children, School eye camps, City beautification are some exemplar CSR activities of Bank Asia. In 2012 the Bank's contribution in CSR was Tk. 69.45 million against Tk. 26.10 million in 2011 which registered a rampant growth of 166%. CSR activities will get accelerated pace in future to unveil more potential deserving areas. Detailed CSR activities, programs and projects are described in a separate segment.

Green Banking

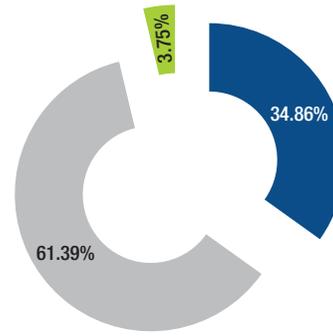
Throughout the world environmental safety and greener economy has become globally acclaimed concern. Bank Asia has incorporated environmental factors in its mainstream business since inception. Energy efficient in-house Management through reduction of energy & resource consumption such as reduction of use of paper, maximum use of day light and environment friendly business activities by financing to renewable energy and carbon offset projects, brickfields using Hybrid Hoffman Kiln (HHK) and Tunnel Kiln Technology, CNG conversion projects, effluent treatment plant etc. are prime focus of the Bank. All these remarkable green banking initiatives received praiseworthy recognition from Bangladesh Bank placing Bank Asia amongst the top ten Banks. Details of our Green Banking activities, programs and projects are described in a separate segment.

Bank Asia Securities Limited (BASL)

Bank Asia Capital Market Division (CMD) started its journey from August 05, 2009 to perform the operation of stock broker & stock dealer in the capital market. To cope with business as well as regulatory demand CMD was subsequently turned into a majority owned subsidiary company of the Bank being registered by the Bangladesh Securities & Exchange Commission on 16th March, 2011 under the name and fashion "Bank Asia Securities Limited". The company started its independent commercial operation from April 17, 2011.

Despite the long bearish trend in the capital market, BASL showed better performance in terms of daily turnover, profit & client base during its short journey. BASL has been capturing 'DSE Top-10' over the last two years in terms of daily turnover. Profit stood at Tk.62.61 million as on December 30, 2012 after keeping a huge amount of Tk.156.98 million as provision against negative equity.

Number of total clients reached at 4,853 in 2012 (4,784 individuals and 69 companies) which was 4,531 represents 7.11 % growth. Margin Loan outstanding was Tk.4,913.96 million as on December 30, 2012 compared to Tk.4,402.00 million as on December 30, 2011 indicating 11.63 % growth due to recognizing interest amount of different clients.



Break up of Total Income

■ Commission income ■ Interest income
■ Other income

BA Exchange Company (UK) Limited

Bank Asia stretched its business in U.K through its fully owned subsidiary named Bank Asia Exchange Co. (UK) Ltd. to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home. BAEC (UK) started its operation in London on May 16, 2011.

Despite deteriorating economic condition, vigorous competition, unemployment and the disparaging changes in the policy by the UK government, the company has been playing significant role for our global branding across the fence. The Bank received USD 7.71 million remittance in 2012 compared to USD 3.35 million in 2011 from this exchange house. Your Bank is in the process of establishing "BA Express USA, Inc" in New York in 2013. Establishment of exchange houses in Malaysia is also under active consideration.

Evaluation of Quarterly Reports

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

Additional Statements

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

(i) Industry outlook and possible future developments in the industry.	Discussed in the Directors' report
(ii) Segment-wise or product-wise performance.	Discussed in the Directors' report
(iii) Risks and concerns.	Discussed in a disclosure on Risk Based Capital under Pillar -3 of Basel- II and CRO's report
(iv) A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Given in separate statement
(v) Discussion on continuity of any Extra-Ordinary gain or loss.	The Bank did not make any extra-ordinary gain or loss in 2012.
(vi) Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	Given in notes to the financial statements at note no. 40.
(vii) Utilization of proceeds from public issues, rights issues and/or through any others instruments.	In 2012, the Bank issued 6 years Subordinated Zero Coupon Bond for Tk. 600.00 million which strengthened the capital base of the Bank and utilized the proceeds to funding loan and investment.
(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	The financial results of the bank was not deteriorated after the company goes for Rights Offer.

(ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	The Bank's 3rd quarter of 2012 performance earned operating profit of Tk. 976 million increased by 33.70% but incurred net loss of Tk. 474 million because of keeping huge provision of Tk. 1,057 million for the 3rd quarter compared to Tk. 181 million of corresponding period of the previous year as per the changed guideline of Bangladesh Bank.
(x) Remuneration to directors including independent directors.	Discussed in the Corporate Governance report
(xi) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	Discussed in Chief executive officer and Chief Financial Officer's statement of responsibilities
(xii) Proper books of account of the issuer company have been maintained.	Discussed in Chief executive officer and Chief Financial Officer's statement of responsibilities
(xiii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	Discussed in Chief executive officer and Chief Financial Officer's statement of responsibilities.
(xiv) International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	Discussed in Chief executive officer and Chief Financial Officer's statement of responsibilities.
(xv) The system of internal control is sound in design and has been effectively implemented and monitored. is given under Internal control and compliance of Directors report.	The system of internal control is sound in design and has been effectively implemented and monitored. A detailed discussion
(xvi) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	There are no significant doubts on the Bank's ability to continue as a going concern.
(xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	In 2012, the Bank's operating profit was Tk. 5,052 million increased by 24.98% and net profit was Tk. 908 million, declined by 52.61% compared to previous year. Although operating profit increased but net profit decreased significantly because of keeping higher provision against loan and advances and others amounting to Tk. 2,329 million, an increase of Tk. 1,719 million or 282% over previous year as per the changed guideline of Bangladesh Bank.
(xviii) Key operating and financial data of at least preceding 5 (five) years shall be summarized.	Given in separate statement.
(xix) If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	The Bank has been declaring dividend every year.
(xx) The number of Board meetings held during the year and attendance by each director shall be disclosed.	Discussed in the Corporate Governance report
(xxi) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- a) Parent/Subsidiary/Associated Companies and other related parties (name wise details); b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); c) Executives; d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Discussed in the Corporate Governance report
(xxii) In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- a) a brief resume of the director; b) nature of his/her expertise in specific functional areas; c) names of companies in which the person also holds the directorship and the membership of committees of the board.	Discussed in the Corporate Governance report and Directors' Profile

Our Gratitude and Thanks

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

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

We would like to convey our earnest gratitude to the Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission (BSEC), 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,



Mohd. Safwan Choudhury
Vice Chairman & Director



Shah Md. Nurul Alam
Director



**SUMMARY
SUSTAINABILITY
REPORT**

Message from the President and Managing Director



The Bank continues its efforts to look beyond short-term quantitative gains, and to concentrate on issues that make the institution socially responsible and have given all-out efforts towards sustainable balanced growth. The Bank contributed almost 3 times in the year 2012 in comparison to previous year. Total expenses in social projects was Tk. 69.45 million in 2012 against Tk. 26.10 million in 2011.

Bank Asia started its journey 13 years ago with a vision of a poverty free Bangladesh by placing highest consideration to human rights and dignity. One of its mission statements focuses on technology driven services to attain ultimate excellence. With these your Bank embedded sustainability at the core of its heart since inception. Preparing and publishing the 1st Sustainability Report is just another official milestone.

Since incorporation in 1999 Bank Asia embraced sustainability in its corporate culture and consistently proved its pledge to support communities and the environment by instigating various social project and financing activities. Your Bank has designed and implemented its branch network truly online by home facilitated and customized information communication technology to provide safe secure and stable banking services.

We strive to make Bank Asia a great place to work by creating a performance driven culture that rewards the success and encourage employees to take control of their personal developments. Through the process of learning & rewarding we intend to enable individuals to think, behave, take actions and make decision independently. Bank Asia has an enabling environment and culture where equal employment opportunities and advancement pathway have been created for members of both gender. Our commitment to this is reflected in our employment policy and service rules. The current gender mix is female 28% and male 72%.

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 include Online & paperless banking, reduction of greenhouse gas emission, mapping bank's carbon footprint, efficient energy use, environment friendly projects, plant nursery and horticulture projects etc.

The Bank continues its efforts to look beyond short-term quantitative gains, and to concentrate on issues that make the institution socially responsible and have given all-out efforts towards sustainable balanced growth. The Bank contributed almost 3 times in the year 2012 in comparison to previous year. Total expenses in social projects was Tk. 69.45 million in 2012 against Tk. 26.10 million in 2011.

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



Md. Mehmood Husain
President and Managing Director

Report Parameter

The year 2012 reporting is our first Sustainability Report based on GRI reporting framework G3 Guidelines with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of economic, environmental and social impacts including both positive and negative contribution.

Reporting Scope

This Report intends to touch upon all significant environmental, economic and social impacts resulting from Bank Asia's activities in the Financial Year (FY) 2012. As this is our first Sustainability Report, significant changes regarding scope, boundary, or measurement methods and explanation of the effect of any restatement of information comparing to the previous report is not applicable for this year.

The sustainability report will be prepared once a year and describe activities and achievements through-out the year 2012.

Boundary of the Report

The report boundary of this year covers only banking operation run by corporate office, its branches, SME Service Centers and other direct networks in Bangladesh. Impacts of the activities of our subsidiaries, NGO networks or our suppliers in other countries are not within the scope of this Report. Only in case of sustainable HR Development total headcounts including subsidiaries have been reported.

Bank Asia doesn't have any joint venture project but it has two subsidiary companies one in Bangladesh and another in UK. As owner the Bank controls the activities of its subsidiaries. Bank Asia Securities Limited (BASL), a majority owned subsidiary is incorporated in Bangladesh and act 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 conversion in accordance with generally accepted accounting principles following Bangladesh Financial Reporting Standards (BFRS)/Bangladesh Accounting Standards (BAS).

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

Feedback

We welcome any feedback on our sustainability reporting. For further information and comments, please contact:

Bank Asia Limited

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E-mail: bankasia@bankasia.com.bd
Web: www.bankasia-bd.com

Corporate Profile

Name of organization: **Bank Asia Limited**

To bring superior quality of service in our present banking sector, a group of esteemed entrepreneurs led by our current chairperson Mr. A Rouf Chowdhury, came up with the dream idea of a bank that would be fully customer focused, technology driven & will ensure excellence in execution in every sphere of banking. Their brain child came to life as Bank Asia was born in November 27, 1999 with the aim of contributing for the development of the economy.

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. Now so many things have changed & so many milestones have been achieved in this long 13 years but Bank Asia has always been truthful to its mission of being the technology driven innovative bank of Bangladesh. Bank Asia has associated Islamic Banking, Off-shore Banking, brokerage services, SME financing & many more specialized services with its core banking activities. To excel in this new era of technologies triumph, Bank Asia has successfully introduced mobile banking, cutting edge ICT, state of the art network solution, 24/7 ATM service & many other e-products.

To make the bank sustainable, keep the performance consistent & overall improvement in each side, Bank Asia follows some focused strategic issues in a Quantitative & Qualitative measures. It maintains strong corporate governance that helps to give an excellent brand image through financial performance & other issues.

Besides maintaining a faster growth & development, Bank Asia has always prioritized in the structural & moral development of the society. From the very beginning it starts its CSR activities & arranges different new initiatives for the development of our country's underdeveloped & dark sides. It always wants to accomplish different sectors like Education, Health, Environment, Sports etc.

Nature of ownership and legal form

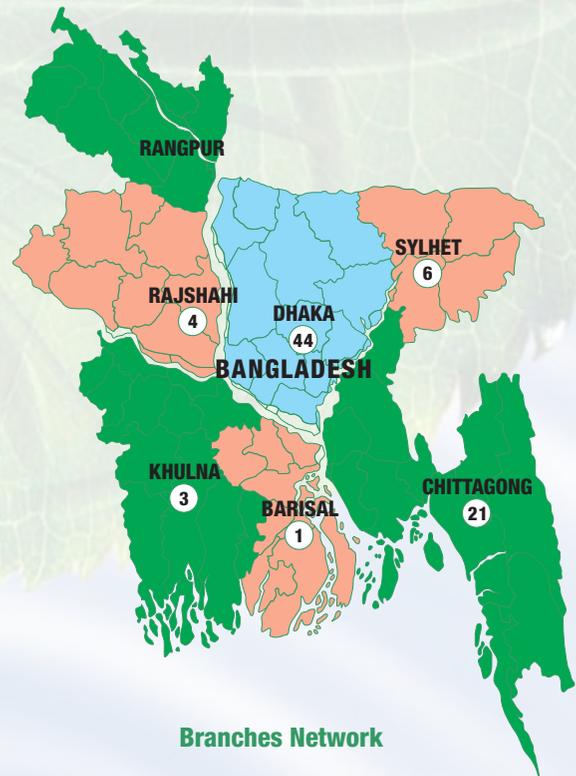
Bank Asia Limited is one of the third generation private commercial banks (PCBs), incorporated in Bangladesh on 28th September 1999 as a Public Limited Company under the Companies Act 1994, and governed by the Banking Companies Act 1991. The Bank went for public issue of its share on 23rd September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

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

Number of countries where the organization operates

Bank Asia Limited only runs its operation in Bangladesh. The Bank doesn't have any branch outside the country. However, Bank Asia Limited stretched its business in U.K through its fully owned subsidiary named BA Exchange Co. (UK) Limited to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home. Its started its operation in London on May 16, 2011.

The Bank provides its services to wide variety of customers including individual, institutional, foreign, private etc. Among the sectors it offers its services to other financial institutions, industrial, agricultural, SME enterprises, investment projects etc.



Scale of the reporting organization

As of the end of 2012, our Bank's Operating Profit is Tk. 5,051.81 million and total assets are Tk. 140,361.37 million. The Bank's capital adequacy ratio is 13.05%

Number of employees : 1,523 (1,485 of Bank & 38 of Subsidiaries)

Number of branches : 73

Total Operating Income : 7,821 million

Total debt & equity : 127,316.20 & 13,045.17 million

Number of ATMs : 70 own & 2,950 shared

Number of Credit Cards : 26,576

SME Centre : 6

Number of Debit Cards : 150,708

Sustainable Banking Operations: Key Highlights

10,459

Children got eye sights support through our financial assistance for vision screening & ophthalmological operations

177,604

Farmers and rural people benefitted financially through our Agricultural/Rural credit

29,064

Man Hours of training for development of our human capital

5000

Households brought under home solar system and disbursed Tk. 171 million for this purpose

126,046

Households of rural and semi-urban areas received remittance of Tk. 3283.07 million through our MFIs network

453

Students received support for education under Bank Asia's Higher Studies Scholarship amounting to Tk. 16.91 million

4000

Rural students imparted in ICT training from Computer learning centers

1,30,327

E-statements delivered to customer

57%

Of cash transactions are done through ATM

Primary brands, products, and services

Branding

Bank Asia offers a full range of product options for individuals and institutions through a comprehensive portfolio of financial and non-financial services.

Type of product and service information

Bank Asia provides various types of banking products/services and customer advisory services considering the present needs of its clients.

The Bank provides the following existing product portfolio:

- Corporate Business
- Small & Medium Enterprise

- Consumer Finance
- Credit Card
- Treasury
- Deposit Accounts
- Islamic Banking
- Service Products
- Off-shore Banking Unit Products
- Capital Market Operation

A separate segment has been included regarding products and services in the later part of the Annual Report.

Awards & Recognition

2012

- 'Best Banker's Award' by Bangladesh Bank for significant role in promoting Agricultural activities in Jessore Region.
- Recognized by Bangladesh Bank as one of the Top 10 Commercial Banks for significant contribution to Green Banking in Bangladesh.
- Certificate of Merit from Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Award 2012.

- 2012: Certificate of Merit from Institute of Chartered Accountants of Bangladesh (ICAB) for Best Published Accounts and Reports 2011

2011

- 2nd position for best published accounts and reports 2010 by ICAB
- Certificate of Merit award by SAFA for Best Presented Accounts and Corporate Governance 2010.

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 & human rights receive the highest consideration along with reduction of poverty.

Core Values

Place customer interest & satisfaction as first priority & 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 the 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.

Mission

To assist in bringing high quality service to our customers & 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 & employees.

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

Codes of Conduct

Employees must be open & loyal to the bank and bank's interest.

Employees must keep confidential all bank and other matters that could provide other third parties unauthorized access to confidential information.

Employees must observe the banks 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 customers 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 to accept illegal or inappropriate gifts or other remuneration in order to achieve business or personal advantages.

Employee's engagement in external duties must not affect his/her working relationship with Bank Asia or come into conflict with Bank Asia's business interest.

Should an employee become aware of an infringement of Bank Asia's rules and guidelines, he/she should blow whistle raising the issue to the line management or to human resource department.

Governance, Commitment and Stakeholders

Corporate Governance
Operational Structure
Stakeholder Engagement
Membership in Associations

Corporate Governance

Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way an organization (or company) is directed and administered. Corporate Governance also includes relationships among the stakeholders involved and achievement of the goals for which the organization is formed. The principal stakeholders of a bank are depositors, shareholders, board, management, employees and borrowers. Other stakeholders include suppliers, regulators, other banks, and the community at large.

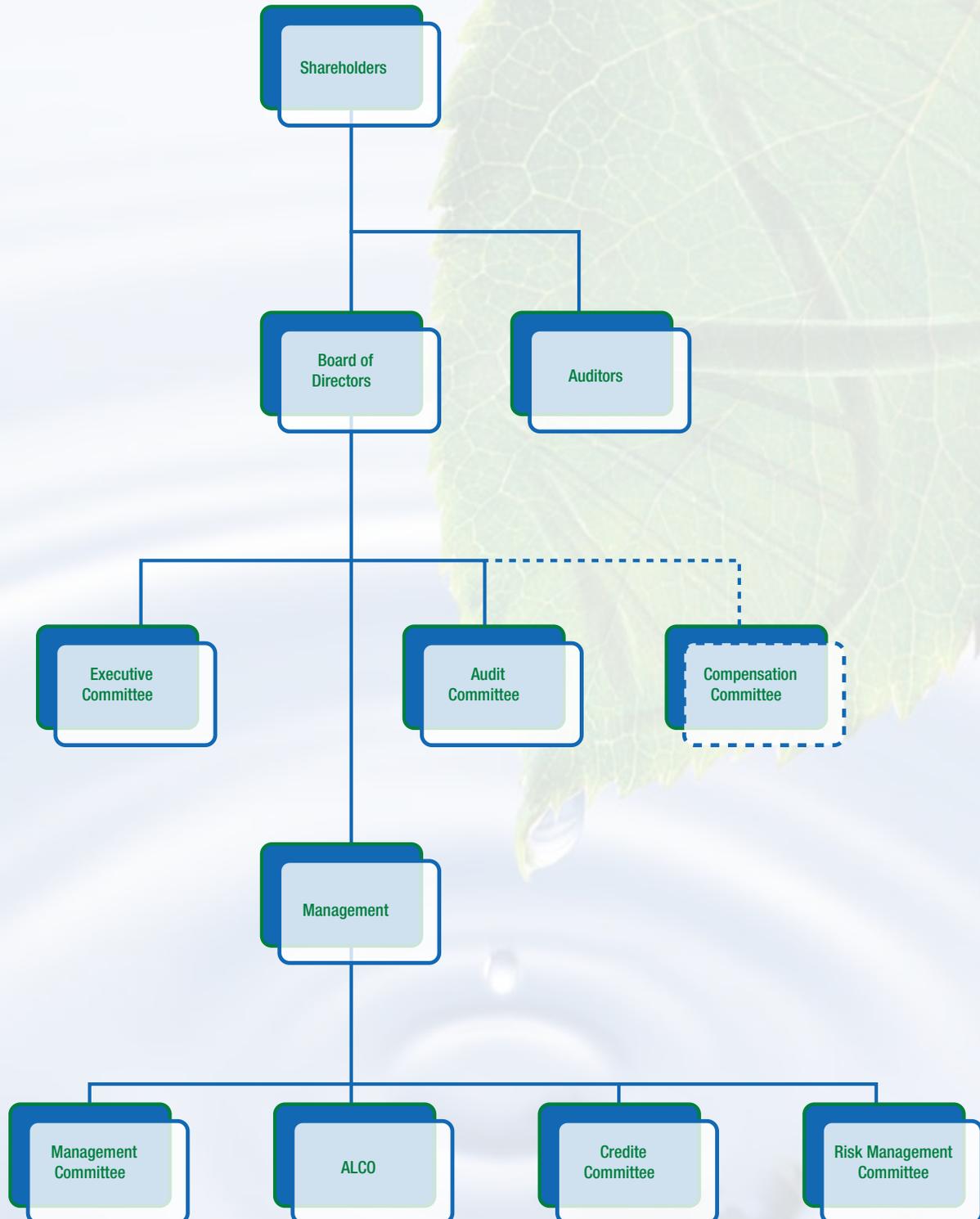
Corporate governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the company and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal & corporate funds in the management of a company. Fairness, Transparency, Accountability and Responsibility are the minimum standards of acceptable corporate behavior.

Corporate governance is also to ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the principal-agent conflict. A related discussion of corporate governance focuses the system of economic efficiency with a strong emphasis on enhancement of shareholders' value and welfare.

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

Governance Structure

Bank Asia's corporate governance structure encompasses the following elements:



Board of Directors Mechanism and Board Independence

The number of member in the Board of Bank Asia is 13 as per the Bangladesh Bank's guideline. Out of the 13 members three members are the Independent Director. Thus, the bank also complied with the Securities and Exchange Commission's corporate governance guidelines. Board members include persons of high caliber, with academic and professional qualification in the field of banking industry and other business. This gives strength for effective discharge of duties and responsibilities by the Board. The Board approves the bank's budget and business plan and reviews those on quarterly basis so as to give directions as per changing economic and market environment. The Board reviews the policies and manuals of the various segments of businesses in order to establish effective risk management in credit and other key areas of operations.

Qualifications and expertise of the Board

A separate segment has been included at the beginning of the report.

Executive Committee

The Board of Bank Asia constituted the Executive Committee of the Board in January 2010 with the objectives of ensuring efficient, competent, complied and secured structure for approving credit proposals and business decisions.

The number of members of the Executive Committee is 5. The Executive Committee reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the banking industry. The Executive Committee of the Board approves the credit proposals as per approved policy of the Board. Management ensures due diligence of the proposals as per credit policy and risk management at the time of submitting the credit proposals to the committee.

Audit Committee

The Board of Bank Asia constituted an Audit Committee in January 2003 with the objectives of generating a platform for a complied and secured banking structure. The Committee takes up responsibilities to manage and control various risk factors coming up from banking operation, to strengthen the internal control system and to act as a connecting force between internal and external auditors in order to bring a disciplined banking operation. The Committee reviews the financial reporting process, the system of internal control and management, the audit process, compliance with laws and regulations, and its own code of business conduct. The Audit Committee also examines the status of implementation of Bangladesh Bank guidelines and bank's own policies and manuals. The Audit Cell of the Board and the Internal Audit team of the bank undertake various special audits as per advice of the Audit Committee. Audit Committee meets with the external auditors to discuss audit plan, the risk management processes and preparation of the financial statements as per BAS and IAS.

Independent Director

As part of good governance in the organization appointment of independent director is considered as an important instrument. Independent directors in the board exert an independent view on the

policies and decisions of the Board and ensure that the policies and decisions are for the best interest of the whole bank. Bank Asia has appointed three independent directors in the Board. They are Mr. Mohammed Lakiotullah, Mr. A M Nurul Islam and Mr. Shah Md. Nurul Alam. All of them are the members of the Executive Committee and Mr. Mohammed Lakiotullah and Mr. Shah Md. Nurul Alam are the members of the Audit Committee of the Board.

Compensation Committee

The Compensation Committee has primary responsibility for reviewing and approving the compensation of the President and Managing Director and other executive and non-executive officers; overseeing the Company's benefit plans; and reviewing and making recommendations to the board of directors. As per Bangladesh Bank BRPD circular no. 06 dated February 04, 2010 a Bank will have only Executive Committee & Audit Committee. No other committee can be formed, thus Bank Asia's Board constitute a separate interim committee as compensation committee at the time of service rule amendmend, salary review etc.

Management Committee

The Management Committee (Mancom) is responsible for recommending strategy and monitoring business performance of the Bank and its subsidiaries. The Mancom operates under delegated authority from the Board and membership of the Management Committee consist of the President & Managing Director, Deputy Managing Directors, C-level Executives and the heads of major operational departments.

The current number of Mancom members is 14: Mr. Md. Mehmood Husain-President & Managing Director, Mr. Aminul Islam-Deputy Managing Director, Ms. Humaira Azam- Deputy Managing Director, Mr. Syed Nazimuddin-Senior Executive Vice President, Mr. Ashfaque Hasan Jamilur Rahman-Senior Executive Vice President, Mr. Nasirul Hossain- Senior Executive Vice President, Mr. Md. Arfan Ali- Senior Executive Vice President, Mr. Md. Touhidul Alam Khan-Senior Executive Vice President, Mr. Md. Abu Bakar Laskar- Senior Vice President, Mr. Imran Ahmed, FCA, CISA-Senior Vice President, Mr. Mohammad Abdul Qaium Khan-Senior Vice President, Mr. Md. Zia Arfin-Senior Vice President, Mr. Arequul Arefeen-Vice President, Mr. Faisal Ahmed-First Vice President

Position of the Chairman of the Board of Directors and the Chief Executive

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 Board of Directors is responsible for leading the Board and oversees the entire functioning of the Bank. The success of a Board meeting is dependent almost entirely on the art of conduct of the same by its chairman. Mr. A Rouf Chowdhury is the current chairman of the Board. Though his dynamic leadership, he is leading the Board towards the success of the Bank.

The Managing Director is responsible for implementation of Board policies and overall day to day Management of the Bank. He discharges his duties under the delegation of financial, business and administrative authority given to him by the Board. He is also responsible to ensure compliance of the Bank Companies Act, 1991,

other relevant laws and regulations and for reporting to Bangladesh Bank of issues violating of those regulations.

Board Remuneration

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

Mechanism to provide advice to the Board

Bank Asia management aims to have a transparent and close communication with its shareholders. The main goal is to make Bank Asia shares attractive to existing shareholders and potential investors as well as to ensure that these shares are predictable investment tools. Thus, Bank Asia management team's principle is to implement strategic plans to reach this goal and to disclose the results equally with shareholders, investors, capital market experts, and participants in a complete, fair, accurate, timely and understandable manner within the framework of generally accepted accounting principles and legislation provisions.

Our Bank's shareholders can also use their query rights or can provide any recommendations or direction to the Board of Directors at the Annual General meeting and the Board answers all questions of shareholders. Prior to Annual General Meetings, the meeting date, venue and agenda are announced and also the Annual Report is submitted to the shareholders through our Bank's website or through different channels. After getting feedback from shareholders at AGM, the Board then directs the Management of

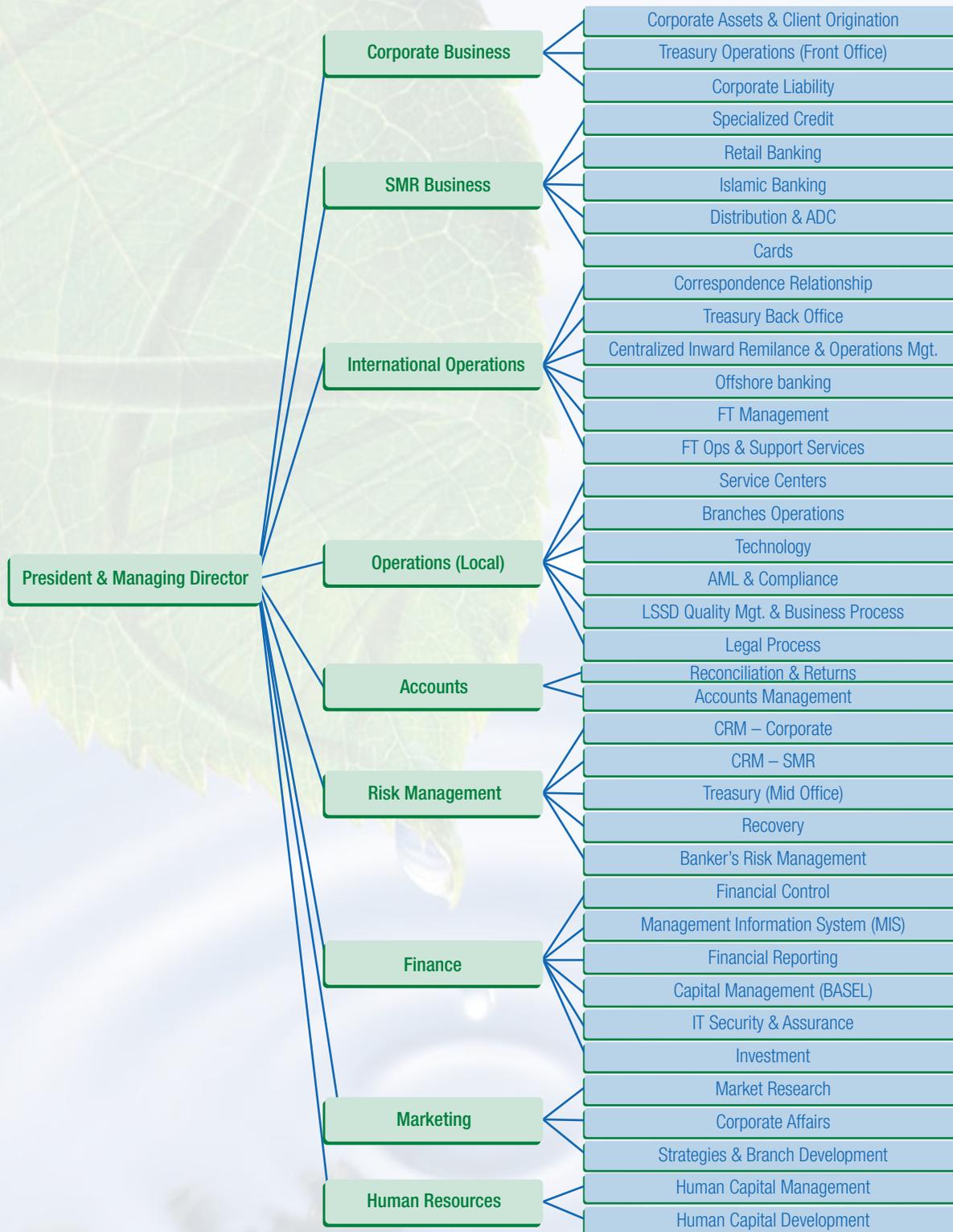
the Bank to implement the recommendations of the shareholders. If the Management requires making any change in policy or practice, the Board can approve those changes; otherwise if this authority of approval is beyond the power of the Board, this can be approved by the stockholders of the Bank Asia at Annual General Meeting through voting.

Avoiding conflict of interest

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

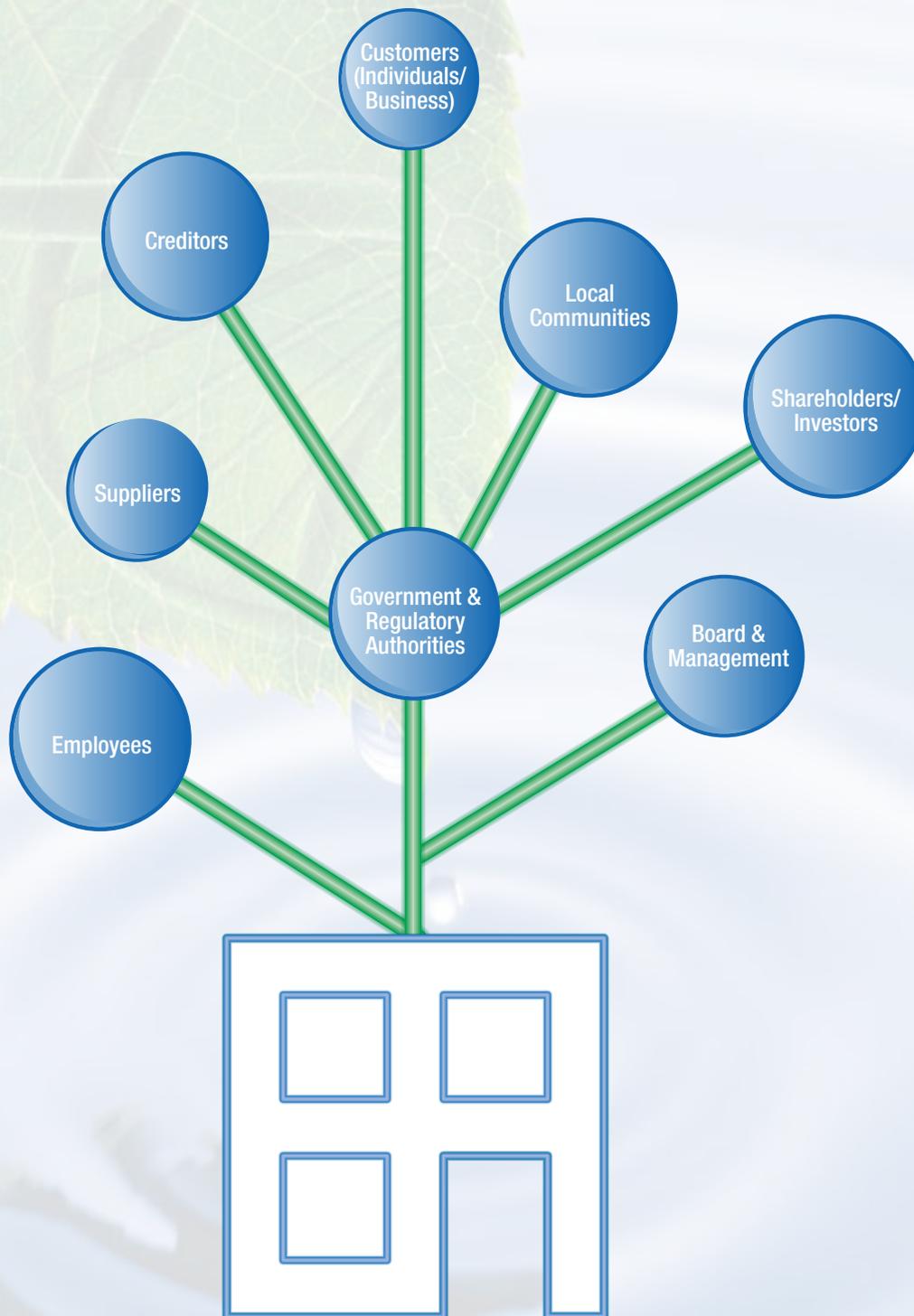
- Loan to the directors is prohibited (as per Section 27 of Bank Company Act 1991)
- If there is any related party transaction, the management discloses the matter in the Annual Report and it is also informed to the general shareholders in AGM.
- Executive Committee of the Board can approve loan to anyone 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.
- Any disposal of assets is approved by the Board.
- Board of Directors approval is needed for loan re-schedule.

Operational Structure



Stakeholder Engagement

We conducted detailed research and engagement to understand the priorities and expectations of stakeholders across the country. This helps us recognize and respond to emerging risks and opportunities and the expectations of those who shape our operating environment. Continuous engagement with stakeholders is integral to the success of our business.



Stakeholders	Method of Engagement	Bank Asia's Approach with Respect to Stakeholder
Customers (Individuals/Businesses)	Customer feedback management, ongoing marketing and research.	Bank Asia monitors the affordability and accessibility of its products and services. It protects its customers' privacy and security of their personal information.
Local Communities	Community engagement through donations, education and collaboration with nongovernmental organizations.	Bank Asia is an integral member of the local community in which it operates. It cares about the impact of its business on local communities.
Shareholders/Investors	Annual General Meeting (AGM), Extraordinary General Meeting (EGM), Annual Report, shareholder updates and quarterly financial announcements.	Bank Asia is constantly developing products and services that address individuals' and institutional investors' expectations. Bank Asia keeps its shareholders informed through various resources and dialogues.
Board & Management	Decisions taken by any senior level management is sent to the Board of Directors for final approval.	Board and Management of Bank Asia meet regularly for decision making purposes.
Employees	Training and awareness raising initiatives and an employee engagement survey.	Bank Asia provides employees with a rewarding work environment. We are responsible for providing healthy working conditions and employability.
Government & Regulatory Authorities	Compliance with relevant Government legislative frameworks and report on our performance status.	Bank Asia communicates with Government authorities and regulators regarding commercial, policy, regulatory and other relevant matters.
Creditors	Conferences, meetings and networking events.	Depositors and creditors are the two most important parties for the Bank. Bank Asia maintains regular contact with their creditors and tries to prioritize their needs.
Suppliers	Procurement management, training and communication.	Bank Asia regularly engages with suppliers during and after the contract.

Membership in Associations

Bank Asia is member of the following associations:

- Bangladesh Institute of Bank Management (BIBM)
- Bangladesh Association of Banks (BAB)
- Association of Banker's Bangladesh (ABB)
- The Institute of Bankers Bangladesh (IBA)
- The American Chamber of Commerce in Bangladesh (AmCham)
- Bangladesh Foreign Exchange Dealers' Association (BAFEDA)

Environmental Performance

Energy

Energy Savings

Our new Corporate Office, where we have moved during the year 2011 has been designed to utilize maximum usage of natural lights, which reduces energy consumption substantially compared to other conventional building. Around a third of the bulbs being used in this office are of energy savings type. We are saving around 40% electricity (used for lighting purpose) by using the day light in our Corporate Office.

Our electronic mail system has been operational since 2005, which is being extensively used for internal as well as external communication. Electronic communication substantially reduces paper consumption thereby reduce deforestation.

Energy Consumption

Million Taka

2012	
Energy Type	Total
Electricity	39.79
Gas	4.11
Fuel	4.12

Financing Renewable Energy and Carbon Offset Projects

We have installed Solar panels in our 7 branches located at Patherhat, Madhobdi, Dohajari, Hajigonj, Faridpur, Elephant Road and Lalmatia branches. During the first nine months of 2012 we have disbursed Tk. 237.05 million to 16,655 farmers, which helps sequestration of Carbon.

Reducing Energy & Resource Consumption

Instruments of Green Banking offered by Cards Division include E-Statement, SMS Banking, SMS Alert, Net Banking, E Fund Transfer, and Digital Attendance and E Mail corresponding, which help reducing printing paper. Our Cards Department has formally launched its digital filling system where more than 200,000 pages of various files have been digitally archived and indexed it for digital query.

Energy
Water
Greenhouse Gas Emission
Climate risk Fund
Green Banking
Compliance

Amount in Taka

Sln.	Instruments	Quantity	Cost of Conventional Practice	Cost of Green Banking Concept
1	E-Statement	130,327	1,349,645	0
2	SMS Banking	163,703	1,629,735	43,473
3	SMS Alert	428,670	2,789,025	115,711
4	Net Banking	38,637	386,371	0
5	E Fund Transfer	13,910	139,100	0
6	Digital Attendance	445	750	0
7	E Mail corresponding	62,117	631,920	0
8	Total amount in Taka	707,482	6,926,546	159,184
Net Savings 6,767,362				



The President & Managing Director launches digital filling system of Cards Department on June 5, 2012 where more than 200,000 pages of various files have been digitally archived.

Solar Home Systems (SHS)



Bank Asia is committed to enlighten every rural home with green electricity. At present, only about 30% of the rural households in Bangladesh have access to grid electricity. For the rest of the areas are not connected to the national grid, life comes to almost a standstill there after sun-set. Giving priority in this sector, Bank Asia has been supporting to import and install Solar Home Systems in the off grid area. During the year 2012 we have provided BDT 10 million loan for setting up of Solar Home Systems in different rural off grid areas in association with one of the NGO-MFI partner from Jan-Dec, 2012. This electrification program has benefitted

around 650 households. The solar panels were set up with the help of Jagarani Chakra Foundation (JCF).

Water

Reducing Carbon Footprint & Water Usage

As part of our commitment for our Green Economy we have signed a Participation Agreement with Bangladesh Bank under refinance scheme on August 10, 2011 for lending in Solar Energy, Bio- Gas, and Effluent Treatment Plant & Hybrid Hoffman Kiln (HHK).

During 2012, Bank Asia provided Tk. 180.12 million to H. Auto Bricks Limited which envisages of setting of a modern, environment friendly & energy efficient Brick Manufacturing project utilizing Hybrid Hoffmann Kiln Technology with a capacity of 120,000 pieces auto bricks per day.

Bank Asia also provided Tk. 207.80 million (funded Tk. 191.10 million and non-funded Tk. 157.80 million) to Auto-bricks & Ceramics Pvt. Ltd., a sister concern of RAK Group, which envisages of setting up a Brick manufacturing project with the Tunnel Kiln technology which is the most energy efficient technology in this industry across the world. The project will have a production capacity of 1,00,000 pieces of brick per day.

Greenhouse Gas Emission

Saving of CO₂e Emission

A workshop was arranged at Bank Asia Limited for commemorating the World Environment Day on June 5, 2012.

The workshop was attended by Senior Officials of the Bank Located in Dhaka city and concurrently Senior Officials of Chittagong Zonal Office along with the Branch managers also participated in the workshop through video conferencing which would contribute towards reducing GHGs emissions.

In this respect we have calculated an approximate calculation of the saving CO₂e through video conferencing.

According to our calculation, on the occasion of workshop on "Green Banking" held at Corporate Office, Bank Asia saved 1.04740 tones CO₂e through Video Conferencing only for the journey purpose.

Climate Risk Fund

In the Beginning of 2012, we have allocated Tk. 3.00 million as our Climate Risk Fund. In the last quarter of 2012, we have provided Tk. 0.22 million for setting up 02 (two) Deep tube well at "Sidr" hit area, Barguna, Barisal under "Climate Risk Fund" of Bank Asia Ltd. "Sidr" was one of the strongest name Cyclone in the Bay of Bengal in 2007. Coastal districts of Bangladesh faced heavy rainfall as an early impact of the cyclone. The damage in Bangladesh was extensive in Patuakhali, Barguna, Jhalokati districts. People of the cyclone affected area experienced severe health problems such diseases like diarrhoea, which spread due to shortage of drinking water. The people of the devastating area of Bangladesh are struggling for the last 5 years. The coastal areas need plantation, more sources of drinking water, more cyclone shelters and other necessities. For this we have provided Tk. 0.22 million for setting up two Deep tube well at (i) Nishan Baria Govt. Primary School, 10 Noltola Union, Barguna, Barisal and (ii) Gabtoli Reg: Government Primary School, 5 Ailapatakata Union, Barguna, Barisal.

Green Banking

Bangladesh Bank has recognized Bank Asia as one of the Top Ten Private Commercial Banks for their contribution to Green Banking activities across the country.

We have unified our sustainable operations under the "Green Banking Unit" equipped with permanent employees. The Audit Committee of the Board is selected as the High Powered Committee of our Green Banking Unit for reviewing the Green Banking activities. Our Green Banking Policy Guidelines and Green Office Guide have been circulated to all our employees for creating awareness on Green Banking activities & providing instructions about conserving energy, water, saving paper, etc. Our Green Strategic Plan is enhanced to define our strategy in the coming years. Bank Asia developed its own Environmental Policies which proves our commitment to the Environment for a sustainable future.

As a Bank we play an intermediary role between economic development and conservation of the environment. Our Green Banking activities are on multidimensional areas which include both in-house Green activities and external green activities towards supporting Green Economy. In 2012, as part of our Green Banking initiative Bank Asia has spent significant amount for beautification, tree plantation, installation of solar panels, environment friendly brick plant based on HHK (Hybrid Hoffman Klin) technology etc.

Online Banking

Bank Asia has been one of the pioneers in introducing Online Banking and it covers 73 branches, 6 SME centers, 70 own ATMs, 2950 shared ATMs. Clients can also have access to their accounts through Internet & Mobile Banking. Online banking system is a great way to reduce wastage of paper.

Beautification

Bank Asia is committed to protect the environment, and in the effort to do so it has undertaken beautification and maintenance activities of road islands in Pragati Sarani from Natun Bazar to Railway Crossing near Airport Road. Besides, the Bank extended support to Hatirjheel project, BDT 500,000 has been donated for this purpose. For city beautification the Bank spent BDT 572,000

Others

Bank Asia granted BDT 100,000 to Bangladesh Bonnya Prani Seba Foundation and BDT 57,500 to awareness building on World Environment Day.

Compliance

Monetary value of penalties for non-compliance with laws and regulations

During 2012, Bank Asia has not faced any penalties for non-compliance with applicable laws and Regulations concerning the impacts of its operations on communities.

Economic Performance

Value Added Statements

Economic Value Added Statement

Market Value Added Statement

Contribution to National Exchequer

Economic Achievements

Community Investments

Compliance

Value Added Statements

Million Taka

Items	2012	2011
Income from banking services	17,437	14,782
Less: Cost of services & supplies	(10,753)	(9,360)
Value added by banking service	6,684	5,422
Non-banking income	-	-
Provision for loans & Off-balance sheet exposure & others	(2,329)	(610)
Total	4,356	4,812

Million Taka

Distribution of value addition	2012		2011	
	Amount	%	Amount	%
To employees as salaies	1,294	30%	1,104	23%
To providers of capital as dividend & reserve	1,175	27%	1,737	36%
To Government as income tax	1,789	41%	1,516	32%
To expansion & growth				
Retained profit	*(267)	-6%	179	4%
Depreciation	338	8%	276	6%
Deffered Taxation	26	1%	-	0%
	98		455	
Total Value Addition	4,356	100%	4,812	100%

* Retained profit utilized to pay out dividend to providers of capital

Value Added Statements



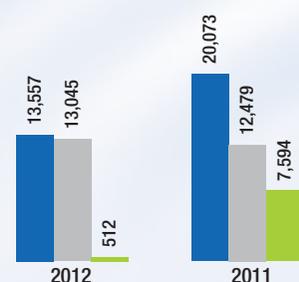
Economic Value Added Statement

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 for delivery of value to all of our Shareholders/ Equity providers. From the following table it can be seen that Bank Asia is consistently adding economic value to the investment of capital providers though in 2012 the addition was lower than previous year due to effect of high provision for non performing loan triggered by new and increased regulatory requirement.

Million Taka

Particulars	Year		
	2012	2011	2010
Invested fund by shareholders			
Shareholders' equity	13,045.17	12,478.93	7,059.94
Add: Cum. Prov. for loans/ invest./ off-bal. sheet items, offshore banking and others	4,392.28	2,385.67	1,752.29
Total invested fund by shareholders	17,437.45	14,864.60	8,812.23
Average invested fund by the shareholders [A]	16,151.03	11,838.42	7,498.30
Earnings for the year:			
Profit after taxation	908.00	1,916.21	1,929.58
Add: Provision for loans/ investment, off-balance sheet items and Offshore banking	2,328.81	609.76	669.34
Less: written off during the year	455.83	-	380.61
Earnings for the year [B]	2,780.98	2,525.97	2,218.31
Average cost of equity (based on Shanchay Patra rate issued by the Government of Bangladesh) plus 2% risk premium [C]	0.14	0.14	0.14
Cost of average equity [D= A x C]	2,261.14	1,657.37	1,049.76
Economic Value Added [B-D]	519.84	868.61	1,168.55

Market Value Added Statement



Market Value Added

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

Million Taka

Particulars	Year	
	2012	2011
Total market value of the equity	13,557.36	20,073.30
Less: Total book value of the equity	13,045.17	12,478.93
Market Value Added	512.19	7,594.37

Contribution to National Exchequer

Bank Asia has contributed significantly to the government's effort in revenue collection. As a corporate entity, the bank pays tax and VAT on its own income according to prevailing law of the country. Besides the deduct income tax, VAT and excise duty at source from clients, depositor and suppliers and deposits the same to the national exchequer. During the year 2012, the bank contributes Tk. 3,182.08 million to national ex-chequer compared to TK.2,265.73 million in 2011.

Million Taka

Particulars	2012	2011
Income tax payment on bank's earnings	1,615.00	1,193.14
Income tax, VAT, and Excise duty deducted at source from various payment and services by the bank	1,507.00	1,020.79
Income tax payment by the employees	60.08	51.94
Total Payment	3,182.08	2,265.87



Contribution to National Exchequer

Million Taka

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

Economic Achievements

Supporting the Entrepreneurs through SME Service Centers

A key agenda of our fair banking is reaching more people with a wider array of financial solutions. Our commitment in providing financial service to any viable business of any size or nature derives us in flourishing in Corporate, Agro/SME financing etc. Our SME banking service is playing a key role in making sure that our service reaches to all echelon of society. With 6 SME Service Centers & 73 branches in urban & rural areas Bank Asia provides Tk. 8,683 million credit to 5,870 number of beneficiaries for expansion or promotion of their business which ultimately create productive new off-farm employment. We continue to support the promising small entrepreneurs till last year through SME and micro financing and other sophisticated products and services tailored to their specific needs, impacting the lives of mass people. We introduced 4 fully equipped agricultural branches to widen the access to finance and assist our agro community with the most specialized and innovative banking solution available.

Empower Communities through Agriculture/Rural Credit

Bank Asia has disbursed Tk. 782.55 million (Tk. 675.25 million through NGO linkage & Tk. 107.30 million our own network) as short and long term credit in agriculture/rural credit sectors during the period from Jan-Dec, 2012. This financing helped to create enormous employment opportunities in farms, especially in the fields of crops & fisheries. Total numbers of beneficiaries were 177,604.

Boosting financial inclusion through EBK

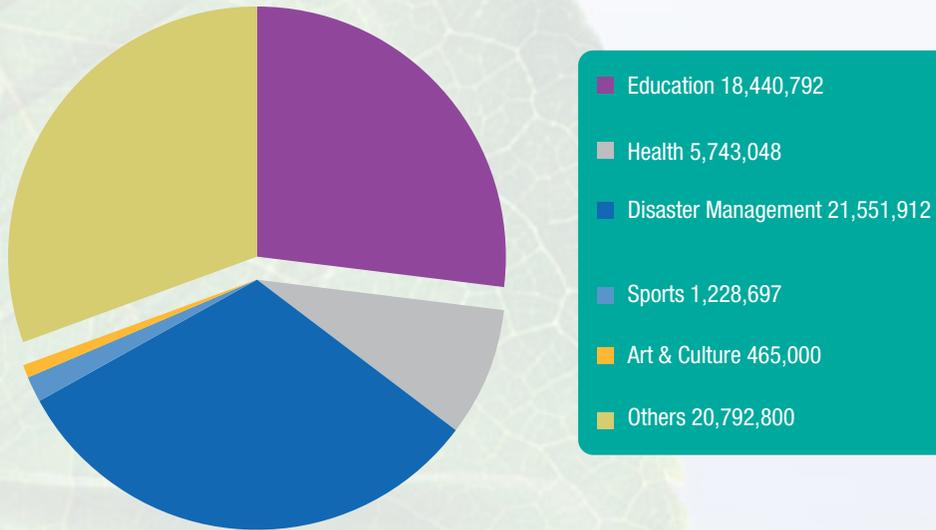
Ektee Bari Ektee Khamar [EBEK] (One House One Farm) is a government project for the poor people of Bangladesh. Government wants to help the poor people by encouraging saving, providing grants, Training & monitoring their activities as a group in each village of Bangladesh. This will help to alleviate poverty of Bangladesh. Bank Asia Limited has been working in the project in two ways – providing project management solution through ERA InfoTech and offering Banking services to the Project up to individual beneficiary of villages nominated by the EBK project office.

Bank Asia started to serve the unbanked population at the village level setting up agency at the union level. Project beneficiaries can perform all kinds of banking transaction at their union level. So far Seven (7) districts having more than 80,000 beneficiaries are under Bank Asia's banking service network. Bank Asia has planned to expand the network within another 25 districts having about 400,000 beneficiaries within next year.

Community Investments

Bank Asia is operating CSR programs which are mainly community based-social programs. There are no community-based separate programs on education, health, disaster management, environment or other.

Total Community Investment FY 2012 (amount in Taka)



Indirect Economic Impacts

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

Compliance

Monetary value of penalties for non-compliance with laws and regulations

During 2012, Bank Asia has not faced any penalties for non-compliance with applicable laws and Regulations concerning the impacts of its operations on communities.

Sustainable HR Development

Employee Profile

Learning & Development of Human Capital

Occupational Health, Safety and Environment

Employee Profile

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

Salary Policy

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

Benefits to Employees

Monthly Paid other Benefit Schemes:

- House Rent Allowance
- Conveyance Allowance
- Medical Allowance
- Entertainment Allowance
- House Maintenance Allowance
- Utilities Allowance
- Car Maintenance Allowance

Retirement Benefit Plan

- Provident Fund
- Gratuity
- Superannuation
- Leave Encashment

Other Benefit Schemes

- Group Health Insurance (Annually)
- Benevolent (After Death)
- LFA (Annually)
- Leave Encashment (After resignation or retirement)
- Future Allowance (One time in service life)
- House Building Loan (HBL)
- Car Loan
- Financial Assistance for Employees (based on approval)
- PF Loan
- Mobile Allowance(for talk time only)
- Mobile Handset Allowance

Minimum Notice Period regarding Operational Changes

Minimum notice period before switching job is 03 (three) months for Regular Employees and 01 (one) month for Contractual Employees. And Minimum notice period before changing department is 01-30 days as per situation or demand of concern branch/department.

Total Employee

No of Employees	Year			
	2012		2011	
	Number	%	Number	%
Head Office	460	30.20	393	29.89
Branches	1063	69.80	922	70.11

New Employee

No of Employees	Year			
	2012		2011	
	Number	%	Number	%
Head Office	70	33.82	115	62.50
Branches	137	66.18	69	37.50

Employees by Diversity

No of Employees	Year			
	2012		2011	
	Number	%	Number	%
Local	1518	99.67	1310	99.67
Indigenous	5	0.33	5	0.33
Foreign	N/A	N/A	N/A	N/A

Employees by Region

Region	Year	
	2012	2011
Dhaka	949	821
Chittagong	499	425
Sylhet	43	36
Rajshahi	12	13
Barisal	6	5
Khulna	14	15

Gender Positioning

Particulars	Year			
	2012		2011	
	Male	Female	Male	Female
Board of Directors	10	4	14	1
Senior Management	30	1	26	0
Mid-level Management	413	40	379	39
Auditors	24	1	25	1
Branch Managers	78	1	69	1
Other	650	385	531	337
Security	3	0	3	0
Overall	1097	426	939	376

Gender Positioning

No of Employees	Year			
	2012		2011	
	Male	Female	Male	Female
Executive	208	13	186	12
Non-Executive	872	413	737	364
Permanent Staff	1091	425	936	376
Full Time Staff	1097	426	939	376

Age Distribution

Age Group	Year	
	2012	2011
<30	442	436
30-40	857	703
40-50	193	151
>50	31	25

Employee Turnover Rate by Gender

No of Employees	Year			
	2012		2011	
	Number	%	Number	%
Male	47	4.28	55	5.86
Female	20	4.69	8	2.13

Employee Turnover Rate by Region

Region	Year	
	2012	2011
Dhaka	49	14
Chittagong	14	43
Sylhet	3	5
Rajshahi	1	1
Barisal	0	0
Khulna	0	0

Performance Management System

Bank Asia evaluates and monitors the performance of every employee as a part of internal control system. For this purpose Performance Measurement System (PMS) form is maintained by the Bank for evaluating performance of the employees at the year end. The PMS form is sent to every department head to comments on it regarding the performance of the employees. Annual Performance of each employee is measured by supervisor. And based on their judgment/feedback incentives are provided to employees. Percentage of employees receiving regular performance and career development reviews both male and female in Bank Asia is 100%.

Parental Leave

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

Learning & Development of Human Capital

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

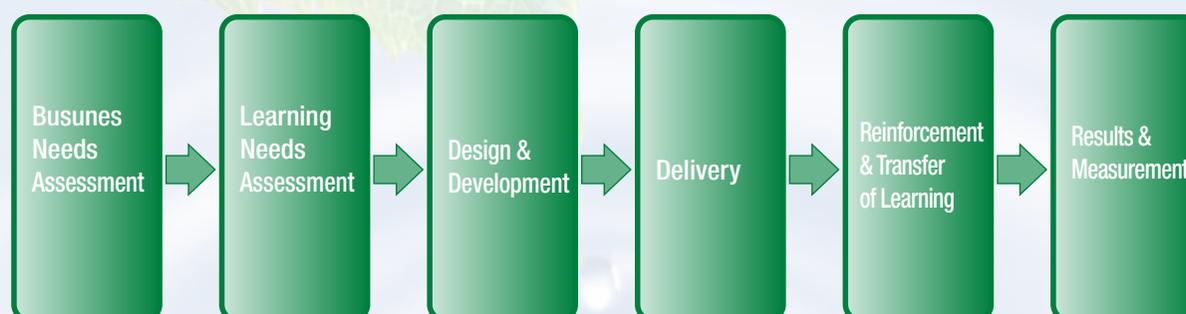
Employees	Year			
	2012		2011	
	Number	Hour	Number	Hour
Male	1,229	22,256	827	18,728
Female	315	7,920	359	11,024
Executive	204	2,544	70	632
Non-Executive	1,347	27,632	1,116	29,120

Particulars	2012	
	No of Participants	Man Hour
In House Training	1241	25,000
Bangladesh Bank	33	312
BIBM	08	176
Training provided by learning partners	156	2,656
Overseas Training	18	920
Total	1456	29,064

Bank has organized 3 (three) foundation training courses each 3 weeks long for entry level employees to improve knowledge base and proficiency in banking. To create AML & CFT awareness, training institute has organized 9 (nine) AML training courses.

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:



Online Learning

An agreement has been signed with Core Knowledge (a sister concern of Rahimafrooz) in order to provide an online learning delivery platform to ensure that various generic and advanced soft skills and leadership courses are available to our employees 24/7. In addition to this, under our Proprietary online courseware development program, our Bank has signed up a MoU with MCC (Multimedia Content & Communications Ltd.) to create a proprietary banking knowledge portal or courseware.

Sustainability Reporting Training

As a part of sustainability reporting training, we have arranged 31 workshops, Trainings and awareness building programs related to Green Banking, Environmental Risk Management, etc. and covered 4,416 participants including our clients and our employees. Among all the knowledge development initiatives the followings are significant:

- Commemorating the World Environment Day, 2012 Bank Asia arranged Workshop at our Corporate Office in Dhaka, which was simultaneously linked by Video Conferencing with Chittagong Zone.
- We have arranged two day workshop on "Credit Appraisal System & Green Banking" in 3 phases.
- Two of our employees, Mr. Imran Ahmed, FCA, CISA, CFO and Mr. Bashir Uddin Ahmed, First Assistant Vice President & Financial Controller, from Finance & Accounts attended training program on "Global Reporting Initiatives (GRI)" held at Kuala Lumpur, Malaysia from 25th September, 2012- 27th September, 2012. As per Bangladesh Bank policy on Green Banking, Banks are to publish independent annual report as per GRI format under the third phase.



Mr. Imran Ahmed, FCA, CISA, CFO and Mr. Bashir Uddin Ahmed, First Assistant Vice President & Financial Controller joined the GRI Certified Training-Sustainability Reporting in Malaysia.

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 values 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 departments of its Corporate Office is well decorated having sufficient breathing spaces. A team of LSSD 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.



Building the Community

Education

Health

Disaster Management

Environment

Sports

Art & Culture

Reliable Promotion & Distribution

Human Rights, Child Labor & Other issues

Bank Asia is always aware of its Corporate Social Responsibility (CSR) with an aim to ensure the Bank as a socially responsible corporate entity contributing towards quality of life of the society at large without compromising an ecological condition. During the year, Bank Asia spent an amount of Tk. 69.45 million for the overall betterment of the nation.

Bank Asia Ltd, from the very beginning, concedes CSR activities as a part of its culture, identity and business practice. The basic driver of our CSR practice consists of values that have been taken place within business where our efforts continues to look beyond short-term quantitative gains, and concentrate on issues that make the bank a socially responsible institution. We are committed to social and environmental well being and strive to ensure sustainable balanced growth in economic, social and ecological arena. In the year 2012, Bank Asia has performed various CSR activities alongside its three major programs – Higher Study Scholarship, Ophthalmological Operation and Operating Computer Learning Centers (CLCs). The Bank's total CSR activities from the period of 1 January to 31 December, 2012 are presented below.

Social Projects

Amount in Taka

Description of Initiatives	Amount of Expenditure	Number of Beneficiaries
i. Education	18,440,792	4,523
ii. Health	5,743,048	10,465
iii. Disaster Management	21,551,912	2,261
iv. Environment	1,229,500	not numbered
v. Sports	1,228,697	not numbered
vi. Art & Culture	465,000	not numbered
vii. Other social projects	20,792,800	not numbered
Total	69,451,749	



Donation Tk.20mln to Prime Minister's Relief & Welfare Fund



Financial assistance to widow of Late Major Humayun Kabir Sarkar who was killed in a munity at BDR in 2009

Education

Bank Asia Higher Studies Scholarship

Higher Study Scholarship program for rural poor and meritorious students, who are studying in public universities, is the major CSR activity of Bank Asia Ltd. The Bank initiated the program in 2005 for those students who have merit and dream to serve society, but

not the means to pursue higher studies. The scholarship is given through the Bank's rural branches on the basis of SSC and HSC results. So far, 502 students have been provided the scholarship. Each of the students gets Tk. 34,000.00 annually as scholarship. In the year 2012, Bank Asia Ltd spent around Tk.16.91 million for this purpose.



Bank Asia Higher Studies Scholarship at Malkhanagar

Operating Computer Learning Centers

In collaboration with D.Net, Bank Asia has been operating Computer Learning Centers (CLCs) in different rural schools since 2006 in order to impart IT literacy to the rural students. The motto of the program is to educate and make young generation acquaint with the state-of-the-art knowledge of ICT. In the year 2012, about 4,000 young students were imparted ICT training through 25 CLCs set up in rural areas of the country. Those who have been provided training are using their ICT knowledge in their profession or got avenue of earning. A total of 25 teachers have been provided ToT so that they can train up the young learners properly. In 2012 (Jan-Dec), Bank Asia spent Tk. 0.71 million for Operating 25 CLCs in different parts of the country.

Scholarship to Graduate Nurses of the BSMMU

Bank Asia under its CSR program provides scholarship and food grant to 19 graduate nursing students of Department of Graduate Nursing in Bangabandhu Sheikh Mujib Medical University (BSMMU) from 2011 to help the nurses lead a healthy life and continue their studies peacefully. A total of Tk. 0.57 million was provided to them as scholarship during the year 2012.

Health

Ophthalmological Operation of cataract-affected children

Bank Asia has been opening Ophthalmological Operation of all recoverable born-blind children in Bangladesh in collaboration of Bangladesh Eye Hospital (BEH) since 2005. The objective of this program is to provide the handicapped and the underprivileged children necessary financial support so that they can see the light of the world through ophthalmological operation and be a part of mainstream of the society. The Bank bears entire cost of cataract-related eye operation, whose parents cannot afford the high cost of operations. The Bank spent Tk.1.12 million in 2012 for cataract operations of born-blind children.

School eye camps

Bank Asia under its CSR program organized a year-long eye camp program, with the help of Nari Uddug Kendra (NUK), an NGO working on prevention of childhood blindness. Eye sight of 10,400 students had been screened and most of the defected children were given treatment at the Kishoregonj Eye Hospital while critically affected ones were referred to Bangladesh Eye Hospital, Dhaka for operation. Bank Asia spent Tk. 0.25 million for operating the school eye camp.

Other health related donations

Bank Asia donated Tk. 2.00 million to Ahsania Mission Cancer & General Hospital and Tk. 1.00 million to Bangladesh Red Crescent Holy Family Medical College & Hospital as contribution of infrastructure and healthcare development during the period January-December, 2012. The Bank also extended support to individuals and institutions as a part of its CSR activities.



Handover a Cheque to Ahsania Mission Cancer and General Hospital

Disaster Management

In the last year, Bank Asia carried out various kinds of support programs relating to disaster. The programs included contribution to Prime Minister's Relief & Welfare Fund, support to victim Army family in BDR carnage, support to the victim families of Tazreen Fashion Ltd, providing tubewell to Sidr-hit areas and distribution of warm cloths among cold-hit people.

Amount in Taka

Description of Initiatives	Amount of Expenditure	Number of Beneficiaries
Prime Minister's Relief & Welfare Fund	20,000,000	not numbered
Support to victim Army family in BDR carnage	480,000	1
Support to Tazreen Fashion Ltd victims	500,000	not numbered
Tubewell to Sidr victims	220,000	not numbered
Warm cloths to cold-hit people	351,900	2,260
Total	21,551,900	



Warm cloth distribution



The Chairman of Union Parishad of Ayelapatakata, Barguna & Head of our Barishal Branch, Md. Muzibur Rahman and others.

Environment

During the year 2012, Bank Asia contributed Tk.1.22 million to protect the environment which include the following:

Amount in Taka

Description of Initiatives	Amount of Expenditure	Number of Beneficiaries
City Beautification	572,000	not numbered
Hatirjheel Project	500,000	not numbered
Bangladesh Bonnya Prani Seba Foundation	100,000	not numbered
Awareness building on World Environment Day	57,500	not numbered
Total	1,229,500	

Sports

During the year 2012, Bank Asia contributed Tk. 1.22 million for promoting sports during the period which included Special Olympic for Autistics, Lancer Cup Golf Tournament, National Shooting Federation, Female golfers of Kurmitola Golf Club, Chittagong Port Krira Chakra and Bankers Club Khulna.

Amount in Taka

Description of Initiatives	Amount of Expenditure	Number of Beneficiaries
Female golfers of Kurmitola Golf Club	273,697	not numbered
National Shooting Federation	200,000	not numbered
Special Olympic for autistics	200,000	not numbered
Lancer Cup Golf Tournament	500,000	not numbered
Chittagong Port Krira Chakra	50,000	not numbered
Bankers' Club Khulna	5,000	not numbered
Total	1,228,697	

Art & Culture

In 2012, Bank Asia supported activities relating to art and culture which include the following:

Amount in Taka

Description of Initiatives	Amount of Expenditure	Number of Beneficiaries
Children's Art Competition by Utshe Bangladesh	300,000	not numbered
Rabindra Utshab, Chittagong	50,000	not numbered
Bangla Borsho Bidaya and Borsho Boron Sammilon	70,000	not numbered
Support to Padatik Nattya Sangshad and Wrisiz	45,000	not numbered
Total	465,000	

Other Social Projects

Amount in Taka

Description of Initiatives	Amount of Expenditure	Number of Beneficiaries
Jatir Janak Bangabandhu Sk. Mujibur Rahman Memorial Trust	20,000,000	not numbered
Message on Pochisher Kalo Ratri	230,000	not numbered
Message on International Mother Language	312,800	not numbered
Donation to Sahabag Mosque	100,000	not numbered
International Scout & Guide Fellowship	150,000	not numbered
Total	20,792,800	

Reliable Promotion & Distribution

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. About 41% of the Bank's total operating expenses are expended on suppliers. Our chain of suppliers consists of the following parties:

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

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 employ child labor, creates environmental hazards, violates human rights etc.

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

Practices related to customer satisfaction

We conduct customer satisfaction survey explicitly and our customers can inform us on their expectations via different channels (i.e. via e-mail, letter, personal visit etc). The Bank has an in-house policy and practice of measuring customer satisfaction.

Statement on Compliance

In the year 2012 Bank Asia has been able to comply with all the regulations of Bangladesh government regarding use of product and services, information about product and services, marketing, communications, advertising, promotion. No incidents of fines/penalties have been recorded this year concerning the above mentioned issues.

Our Bank always maintained the fundamental principle of business regarding protecting customer privacy. Customer's information/data is not available to anyone other than the client himself and the Banks concerned personnel who is responsible for maintaining the data. We haven't received any complaints relating to breaches of customer privacy and losses of data in 2012.

Human Rights, Child Labor & Other issues

Human Right issue is particularly relevant for organizations that operate in industries/regions where the protection of human rights is of significant concern. As this is a significant concern for a business to be sustainable in long term, we integrated the human right issue in all our economic decisions. Including human right provision in all kinds of investment agreements is a part of our strategy to reduce the risks of investment. And also we do not make any investment agreements and contracts that violate human rights. Bank Asia also does not tolerate child, forced or compulsory labor. In 2012, no incidence of discrimination and violation involving rights of indigenous people and forced & child labor has been recorded.

From Chief Risk Officer's Desk



A Risk Management Perspective

Corporate governance standard has remained at the top of the agenda for the Board of Directors of Bank Asia Ltd since its inception. However in a market where the financial systems are going through rapid changes (a young country) and the regulators continue to introduce various best practices for infusing transparency and discipline in the market, risk management disclosure became an integral part of these financial statements to all our valued stakeholders. This is certainly an endeavor on the part of Bank Asia Ltd's Management not only to improve the quality of disclosure but also to boost market confidence especially in line with our key regulator Bangladesh Bank's requirement.

The in-country operating environment remained volatile throughout the year with a high deposit cost in turn higher lending cost, a high NPL, continued turbulence in commodity price, some financial debacles destabilizing confidence in the financial sector, non-conducive market situation for getting liquidity from sale of land and capital market assets, limited supply of gas and electricity to new and expansion projects impacted the clean-up process of NPLs. It was the right time for Bank Asia Ltd. to implement a number of initiatives including green banking keeping strategic imperative of growth, service excellence, people and performance management at the top in addition to a number of risk related policy roll-outs and special drive for recovery. Changes and amendments incorporated to strengthen risk management framework was just a process of revalidation of the commitment of the Board of Directors and the Management of Bank Asia Ltd. to our shareholders, markets, partners and regulators as mentioned earlier to withstand the challenges of new business dispensation and managing the existing ones.

Credit Risk

Full attention was channeled towards cleaning up the book, new business dispensation and management of the risks indigenous to the existing loan portfolio – with an emphasis towards risk diversification through portfolio restructure. A major shift in the business philosophy through reduction in trading portfolio and increasing manufacturing portfolio from late 2011 onwards clearly emphasized the organizational goal of reaching sustainable profit with manageable exposure on commodity. The industry movement remained in a similar line and we believe that this shift will not only support industrial growth of the country but also strengthen the banking sector as a whole. Further, a clear demarcation was made between Credit Risk Management and the Corporate Asset & Client

Origination team for the first time to ensure the integrity and independence of the decision making process.

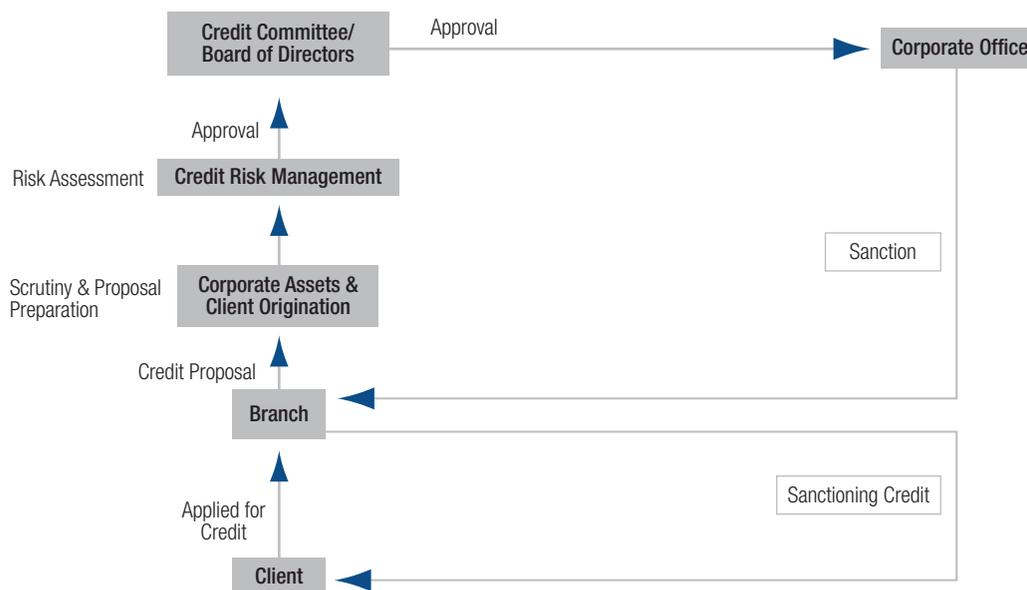
During almost a decade this bank has expanded its loan portfolio in various fields of the economy with a higher concentration on commodity/trade transactions up to the third quarter of 2011. As an aftermath of 2007 and 2008 majority of the trading portfolio in commodity including some of the major businesses saw a loss and due to subsequent further market volatility from 2011 end onwards till September 2012, a major downside in the overall portfolio (trend for the banking industry) happened.

In 2009-2010, the market remained excessively liquid and call money went down to as low as 125 basis points. Subsequent Govt. borrowing and excessive credit growth accelerated the pressure on liquidity and interest rate from late 2010 onwards.

This proved to be a major catalyst for increase in NPL as overall economic situation and money market started to worsen from the later stage of the year 2011 and continued up to June 2012 until the imposition of an AD ratio of 85% by Bangladesh Bank. The NPL situation further aggravated for implementing the regulatory guidelines regarding Loan Classification & Provisioning as well as Loan Rescheduling in September (BRPD, 14 & 15).

However, sensing the market position in line with price volatility in commodity the Bank was able to put a high powered committee comprising of three DMDs along with recovery head as early as June and devise branch-wise (only for weak positioned branches) common monthly meeting, including one off as and when required basis meetings (in case of emergency)-discussing individual accounts, set strategy, monitor progress. In case of non-progress re-think strategy. In addition, cluster monitoring, division monitoring and Corporate Office monitoring has been devised which will remain as backbone to tackle any down side henceforth.

Credit Approval System of Bank Asia



Further, roll out of various policies starting with a comprehensive, all-encompassing credit evaluation form, financing model and facility structures for export oriented businesses, leasing, supply and work order finance etc. to ensure safety net for both the borrower and lender was done. All initiatives are targeted to ensure provision reversals from previous books and to ensure stabilization of the portfolio.

Market & Liquidity Risk

Taka after a major slide in 2011 end (15%+) , stabilized and strengthened against US Dollar (USD) throughout the year 2012 and reduced exchange risk in the portfolio, which still had more than 90% USD based import exposure. Liquidity wise market remained tight starting from 2011 onwards and unhealthy competition for high rate deposits continued throughout the year 2012, which ultimately slightly subsided with the strong pressure from Bangladesh Bank on imposition of an AD ratio below 85%. Also low import and low government borrowing supported this position. Since Bank Asia managed to grow its deposits by Tk15 bio without compromising the quoted rate of 12.5% and allowing rate sensitive chunk deposits to go away, basically in turn this allowed the smaller and less rate sensitive deposits to fill in the gap, further adding strength to the overall balance sheet. Throughout 2012 Bank Asia remained net lender in the call money market and AD ratio continued to improve on each quarter, finally ending at 83.89% in the last quarter. We will continue to improve the gaps identified through stress testing to ensure adequate liquidity going forward.

Operational Risk

The year 2012 was a critical year for Bank Asia Ltd. as a major change was brought in Branches Control, Credit Administration, anti-money laundering and some key places in electronic banking system to prevent fraud and timely detection of fraud.

Risk Management Unit remained active and raised various issues unique to the bank and the industry and recommended remedial actions including incorporation of additional value added suggestions from respective lines and continued with the trend follow up. In the meantime a strong operational risk practice, culture and environment are being embedded to improve the sound working of the systems encompassing people, product, technology etc.

The Bank finally appointed a Chief Compliance Officer at Corporate Office and Branch Compliance Officers at branches, who now independently review the account entries of certain nature to locate and verify suspicious transactions.

Internal Control & Compliance Department was further strengthened, who undertook periodical and special audit of the branches and departments at the corporate office for identifying and reviewing the operational lapses and compliance of statutory requirements as well as Bank's own guidelines. In addition the Audit Committee of the Board continued to provide valuable instructions and recommendations for rectifying and improving the lapses identified by the audit team. For example, as a key drive the bank under CRO's supervision completed critical documents review and fixed up the anomalies.

Further, the bank is in the process of developing various globally recognized operational risk identification processes through the Risk Management Unit. For example introduction of:

Risk Control Self-Assessment for assessing all possible operational risks based on operational process review and past experiences before occurrence of any such event.

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

Environmental & Social Risk

Environmental issues were addressed through policies in 11 major business segments (having further sub-segments) facilitating "Green Banking". As an integral part of our policy, encouragement was given to environmentally friendly manufacturing companies. Bank Head Office was using natural light as the building itself has outlets to allow light from majority of the points as the first step towards becoming "green", both sides of paper was getting used and we started to make initial savings, but we are well aware of the fact that there is a long way to go before we can claim to be a sustainable business, one that is carbon positive and does not create any waste, improves quality of human life wherever we touch and use sustainable business model.

Information Security Risk

As an ongoing exercise, Bank Asia has continued to review the existing ICT Policy in line with the rapid market changes, especially in the backdrop of both local and international rise in theft/hacking of confidential data, including fund transfer. To further strengthen the existing security of information asset, the bank has made it a regular process of checking and up-gradation of the systems to ensure security of the IT system. Human resources (techies) are being trained to further ensure the security of the information system. Detailed exercise was undertaken to find out "Core Banking System" (CBS) gaps and recommendation was made and subsequent action was taken to upgrade CBS. Network security was fully brought in, by reviewing the vendor contracts and was put under the direct supervision of ICT.

Conclusion

Bank Asia Limited would like to tell it "as it is", thus the above measures were undertaken. As a key commitment to improve not only the individual risk management framework, but also maintain and balance the overall transactions/portfolios of a much higher quality, the bank will be able to allocate adequate capital to cover requirements arising out of BASEL II & III.

We as a bank will remain geared towards a very high quality of compliance and transparency to ensure future unhindered growth in the back of strong risk management culture.

Yours Sincerely,



Humaira Azam

Deputy Managing Director & Chief Risk Officer

Basel II Pillar 3 Market Discipline

Annual Disclosure

for the year ended December 31, 2012

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

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

1. Scope of application:

Qualitative Disclosures	
a) The name of top corporate entity in the group to which this guidelines applies	Bank Asia Limited
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:	<p>The consolidated financial statements of the Bank include the financial statements of i) Bank Asia Limited ii) Bank Asia Securities Limited and iii) BA Exchange Company (UK) Limited.</p> <p>Bank Asia holds 99.98% & 100% shares of Bank Asia Securities Limited and BA Exchange Company (UK) Limited 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 Standard (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accounts of Bangladesh (ICAB) into Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) where relevant to the bank.</p> <p>A brief description of these institutions are given below:</p> <p>Bank Asia Limited</p> <p>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 74 branches, 5 SME centres and 70 own ATM booths. The Bank has two subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh and BA Exchange Company (UK) Limited incorporated in United Kingdom. The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.</p> <p>Bank Asia Securities Limited</p> <p>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>
(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)	

	<p>BA Exchange Company (UK) Limited</p> <p>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>
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable for the bank

2. Capital Structure:

Quantitative 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 Tier2.

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

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

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

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

Quantitative Disclosures

SI	Particulars	Amount in BDT Million	
		Solo	Consolidated
a)	Tier I (Core Capital)		
a.1	Paid up capital	6,305.75	6,305.75
a.2	Non-repayable share premium account	-	-
a.3	Statutory reserve	3,503.96	3,503.96
a.4	General reserve	-	-
a.5	Retained earnings	634.62	703.60
a.6	Minority interest in subsidiaries	-	-
a.7	Non-cumulative irredeemable preference shares	-	-
a.8	Dividend equalization account	-	-
a.9	Sub Total (a.1 to a.8)	10,444.33	10,513.32
b)	Tier II (Supplementary Capital)		
b.1	General Provisions (provisions for unclassified loans + provision for Off balance sheet exposure)	1,581.36	1,581.36
b.2	Asset revaluation reserves up to 50%	1,216.13	1,216.13
b.3	Revaluation reserve for equity instruments up to 50%	80.20	80.20
b.4	Subordinate debt	600.00	600.00
b.5	General reserve	8.17	8.17
b.6	Sub Total (b.1 to b.5)	3,485.86	3,485.86
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.9+ b.6+ c.2)	13,930.19	13,999.18

3. Capital Adequacy

Qualitative Disclosures

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

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

- Currently Bangladesh Bank prescribed Minimum Capital Adequacy Ratio (CAR) is 10%, whereas as on December 2012 the CAR of the bank was 13.05%.
- During the same period Minimum Capital Requirement (MCR) of the bank was BDT 10,671.90 million and eligible capital was BDT 13,930.20 million; i.e. the bank hold BDT 3,258.30 million surplus capital

Capital Initiatives

Following initiatives of the bank was the primary force to buildup such capital strength:

- Injection of fresh capital through issuance of BDT 600 million subordinated debt

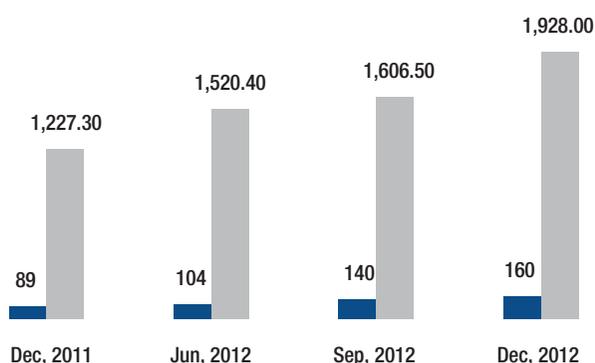
Reduction of Capital Requirement through increasing Rated Clients:

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

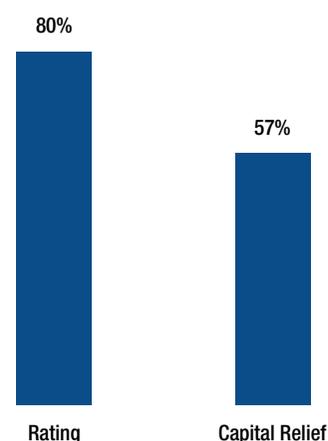
To withstand these challenges, the Board of Directors & the Senior Management of the bank emphasized rigorously round the year 2012 on corporate borrowers credit rating to lower our risk profile as well as to reduce the capital requirement of the bank. Accordingly, the Risk Management Unit of the bank along with Corporate Asset and Client Origination (CACO) & Credit Risk Management (CRM) team has taken all-out efforts to increase the number of corporate borrower's exposures under rated. They are constantly taking the initiatives through guidance of the Senior Management; series of meetings, correspondence, awareness program with the allied concerns i.e. branches of the bank & ECAIs. As a result of strong persuasion & drive, the number of rated borrowers of the bank increased to 160 nos. at the end of the year 2012 from 89 nos a year ago. A review of the capital relief (both funded & non-funded exposure) reveals that till December 31, 2012, we have achieved total capital relief of Tk.1,928.00 million from the rated borrowers.

Comparative Rating Position

- Number of Corporate Borrowers
- Capital Relief (in TK. Million)



Growth in 2012 over 2011



Quantitative Disclosures (as on December 2012)

Amount in BDT Million

Sl.	Risk Category	Solo	Consolidated
Details of Risk Weighted Assets (RWA)			
a	Credit Risk		
a.1	On- Balance sheet	80,260.70	81,065.90
a.2	Off-Balance sheet	11,840.66	11,840.66
a.3	Total Credit Risk (a1+a2)	91,851.38	92,656.51
b	Market Risk	3,719.10	3,720.70
c	Operational Risk	10,898.50	11,051.70
	Total RWA	106,719.00	107,678.90
Detail of Risk Wise Minimum Capital Requirement (MCR)			
a	Credit Risk		
a.1	On- Balance sheet	8,026.07	8,106.59
a.2	Off-Balance sheet	1,184.07	1,184.07
a.3	Total Credit Risk (a1+a2)	9,185.14	9,265.65
b	Market Risk	371.91	372.07
c	Operational Risk	1,089.85	1105.17
	Total Minimum Capital Requirement	10,671.90	10,767.89
	Total Maintained Capital	13,930.19	13,999.18
	Total Capital Surplus	3,258.29	3,231.29
Detail of Tier wise Capital of the Bank			
1	Tier-1 Capital	10,444.33	10,513.32
2	Tier-2 Capital	3,485.86	3,485.86
3	Tier-3 Capital	-	-
	Total Capital	13,930.19	13,999.18
	Total Capital Adequacy Ratio (CAR) [Total Capital/RWA]	13.05%	13.00%
	Tier 1 CAR [Tier 1 Capital / RWA]	9.79%	9.76%

4. Credit Risk:

Qualitative Disclosures

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

Definitions of past due and impaired (for accounting purposes)	<p>Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect.</p> <p>An NPA (impaired) is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or a Term Loan etc except term loan below Tk 10 lac.</p> <p>Classified loan is categorized under following 03 (three) categories:</p> <ul style="list-style-type: none"> > Sub-standard > Doubtful > Bad & Loss <p>Any continuous loan will be classified as:</p> <ol style="list-style-type: none"> i. 'Sub-standard' if it is past due/overdue for 03 (three) months or beyond but less than 06 (six) months. ii. 'Doubtful' if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months iii. 'Bad/Loss' if it is past due/overdue for 09 (nine) months or beyond.
	<p>Any Demand Loan will be classified as:</p> <ol style="list-style-type: none"> i. 'Sub-standard' if it remains past due/overdue for 03 (three) months or beyond but not over 06 (six) months from the date of expiry or claim by the bank or from the date of creation of forced loan. ii. 'Doubtful' if it remains past due/overdue for 06 (six) months or beyond but not over 09 (nine) months from the date of expiry or claim by the bank or from the date of creation of forced loan. iii. 'Bad/Loss' if it remains past due/overdue for 09 (nine) months or beyond from the date of expiry or claim by the bank or from the date of creation of forced loan. <p>Term loan will be classified as:</p> <p>(A) In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting upto Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans:</p> <ol style="list-style-type: none"> i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as 'Sub-standard'. ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Doubtful". iii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as "Bad/Loss". <p>(B) In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting more than Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans:</p> <ol style="list-style-type: none"> i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as "Sub-standard". ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Doubtful". iii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Bad/Loss".

> Description of approaches followed for specific and general allowances and statistical methods	Types of loans and advances		Provision				
			UC	SMA	SS	DF	BL
	Consumer	House building and professional	2%	5%	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%	5%	20%	50%	100%
	Short-term agri-credit and micro credit		5%	5%	5%	5%	100%
	Small and medium enterprise finance		0.25%	5%	20%	50%	100%
	Others		1%	5%	20%	50%	100%
> Discussion of the Bank's credit risk management policy	<p>The Bank has a well structured delegation and sub delegation of credit approval authority for ensuring good governance and better control in credit approval system. The Board of Directors and its Executive Committee hold the supreme authority for any credit approval in line with the credit committee consisting of the senior management of the bank. Credit proposal processing, assessment of risks and mitigates there against, placing before credit committee, seeking approval from the competent authority, assisting in completion of documentation formalities and above all maintaining relationship with the branches and customers have so long been done by Credit Risk Management (CRM). The function of CRM department has redefined by (i) Credit Assessment, (ii) Credit Monitoring, (iii) Credit Information & Policy Development for smoothly execution of the credit risk management through segregating internal units. Separate segments for Corporate, Retail, SME, Credit Cards have been formed in order to diversify the credit risk. Towards mitigating the risks, Bank Asia has developed a robust credit approval system. Under the ongoing system, the approval and disbursement of all business loans are centralized at Corporate Office. The credit proposals recommended by branches are scrutinized by CRM Department. Sanctions are conveyed to the Branches after getting approval from Credit Committee of Corporate Office or Board of Directors if needed. Limits are loaded into the system by Credit Administration Department but it is not operative until the branch complies all the terms and conditions incorporated in the sanction advice. The above arrangement ensures the segregation of duties & responsibilities and thus minimizes the credit risk.</p> <p>In the process of restructuring credit operation mechanism as per guidelines of BB, recently, a new division has been created namely "Corporate Assets & Client Origination (CACO)" to maintain a healthy credit portfolio by managing risk at the portfolio level as well as at the individual transaction level. Credit proposal format is also redefined as it is one of the key tools to maintain quality portfolio since its informs us risk, credit requirement, performance, liability position, compliance, financial position, environmental issues, effective rate of return, details of business etc. of the customer to mitigate credit risk.</p> <p>The standardized approach is applied for risk weighting of exposure as per directive of Bangladesh Bank. It requires banks to use risk assessment. The Bank is following Credit Risk Grading (CRG) manual for assessing a borrower and making decisions of disbursing loans and advances/ investments while nominating the External Credit Assessment Institutions (ECAIs) duly recognized by Bangladesh Bank to derive risk-weights of exposures under the portfolio of claims. Maximum counterparty/group exposure are limited to 15% (funded) of the bank's capital base as stipulated by BB where a higher limit is required for projects of national importance subject to prior approval of Bangladesh Bank. The single borrower exposure limit has been increasing day by day of the bank with the increase of the total capital of the bank. But the management of the bank is exercising the prudential limit to a single borrower in order to minimize concentration risk of the bank considering the security coverage, satisfactory performance, credit risk grading status, earning potentials, capital requirement, etc. against the limit.</p>						

**Quantitative Disclosures
(as on December 2012)**

Amount in BDT Million

Particular	Outstanding
a) Total gross credit risk exposures broken down by major types of credit exposure	92,328.82
i) Chief Executives & Others senior executives	81.68
ii) Consumers	30,127.85
iii) Industries	54,828.83
iv) Infrastructural	7,290.46
b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	92,328.82
Dhaka Division	57,834.15
Chittagong Division	24,869.62
Khulna Division	1,114.42
Raishahi Division	1,552.79
Barisal Division	114.17
Sylhet Division	827.40
Rural Division	6,016.27
c) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure	92,328.82
Agricultural and Jute	4,699.89
Readymade Garments	3,272.49
Textile	5,870.50
Food and allied	3,465.63
Chemical	1,083.59
Cement	1,336.11
Electronics	1,085.75
Steel	3,945.06
Paper	3,102.54
Real estate	3,145.33
Power	906.36
Telecom	1,369.68
Construction	1,164.47
Transport	3,849.95
Other	54,031.47
d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	
By major industry or counterparty type Sector wise past due loan	
Sector Name	
Agriculture	3.52
RMG	458.74
Textile	41.32
Ship Building	331.38
Ship Breaking	-
Other Manufacturing Industry	333.28
SME loans	152.57

**Quantitative Disclosures
(as on December 2012)**

Amount in BDT Million	
Particular	Outstanding
Construction	25.72
Power, Gas	7.96
Transport, Storage and Communication	346.77
Trade Service	2,491.34
Commercial real estate financing	143.03
Residential real estate financing	80.20
Consumer Credit	187.84
Capital Market (loan provided for brokerage or merchant banking, to stock dealer or any kind of cap. Mkt. activities)	-
Non-bank financial institutions	-
Others	647.81
Total	5,251.48
Specific and general provisions (Required)	
Provision on classified loans and advances / investments	2,641.11
Provision on unclassified loans and advances / investments	958.84
Provision on Off-balance sheet exposures	592.16
Total General Provision	1,551.00
Total Specific Provision	2,641.11
(f) Gross Non Performing Assets (NPAs)	5,251.48
Non Performing Assets (NPAs) to Outstanding Loans Advances	5.69%
Movement of Non Performing Assets (NPAs)	
Opening balance	2,249.96
Additions	4,557.00
Reductions	455.97
Closing balance	6,350.99
Movement of specific provisions for NPAs	
Opening balance	772.42
Interest waiver during the year	9.76
Provisions made during the period	2,075.18
Write-off	380.32
Write-back of excess provisions	183.58
Closing balance	2,641.11

5. Equities: Disclosures for Banking Book Positions

Qualitative Disclosures	
<p>Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons</p> <p>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.</p>	<p>Investment in equity is mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.</p> <p>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.</p> <p>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.</p> <p>Investments in shares by 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.</p> <p>Investment team of Bank Asia reviews status of the own portfolio investment on regular basis and follows top-down approach where they review and analyze economy outlook, Sectoral growth and specific company analysis. Company specific risk is minimized through proper diversification. To manage market risk, we follow economic research. Moreover, it has been noted that, the major source of market risk comes from the frequent change of regulation. Thus, it is important to maintain close relationship with the regulator body and keep aware if there is any upcoming regulation change.</p> <p>Our investment in shares are being monitored and controlled by the Investment Committee and 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</p>

Quantitative Disclosures

Sl.	Particular	Amnt in BDT Mil.
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 (2012)	Nil
c)	Total unrealized gains (losses)	207.7
	Total latent revaluation gains (losses)	Nil
	Any amounts of the above included in Tier 2 capital.	Nil
d)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	Nil
d.1	Specific Risk	50.22
d.2	General Market Risk	50.22
d3.	Total (d1+d2)	100.44

6. Interest Rate Risk In the Banking Book

Qualitative Disclosures

The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non maturity deposits, and frequency of IRRBB measurement

Interest rate risk is the potential that the value of the On Balance Sheet and the Off Balance Sheet position of the Bank would be negatively effected with the change in the Interest rate. The vulnerability of an institution towards the advance movement of the interest rate can be gauged by using Duration GAP under Stress Testing Analysis.

Bank has also been exercising the Strees Testing using the Duration GAP for measuring the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Capital Adequacy Ratio (CAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing Off Balance Sheet positions and or Derivatives). Under the assumption of three different interest rate changes i.e. 1%, 2% and 3%.

**Quantitative Disclosures
(as on December 2012)**

Sl.	Particular	Amount in BDT Million		
1	Market Value of Assets	137,370.50		
2	Market Value of Liabilities	124,509.10		
3	Leverage Adjusted Duration of Liabilities (DL)	0.96		
4	Weighted Average of DA	1.26		
5	Duration GAP (DA-DL)	0.40 years		
6	Yield to Maturity (YTM i.e. y)	0.13		
7	Magnitude of Interest Rate Change	1%	2%	3%
8	Fall in Market Value of Equity	(480.60)	(961.20)	(1,441.80)
Stress Testing		Minor	Moderate	Major
9	Regulatory capital (after shock)	13,464.60	12,984.00	12,503.40
10	RWA (after shock)	106,541.50	106,060.90	105,580.30
11	CAR (after shock)	12.64%	12.24%	11.84%

7. Market Risk

Qualitative Disclosures

Views of BOD on trading/ investment activities	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding last year to finance asset growth and trade related transaction.
Methods used to measure Market risk	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk'.
Market Risk Management system	The Treasury Division manage market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once in a month.
Policies and process for mitigating market risk	There are approved limits for Market risk related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The exchange rate committee of the Bank meets on a daily basis to review the prevailing market condition, exchange rate, forex position and transactions to mitigate foreign exchange risks.

**Quantitative Disclosures
(as on December 2012)**

Sl.	Particular	Amount in BDT Million
	The capital requirement for:	
1	Interest Rate Risk	252
2	Equity Position Risk	100
3	Foreign exchange	19
4	Commodity Risk	-
Total capital requirement against Market Risk		371

8. Operational Risk

Qualitative Disclosures	
Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board oversees the activities of Internal Control & Compliance Division to protect against all operational risk.
Performance gap of executives and staffs	Bank has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. BA's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.
Potential external events	No potential external event is expected to expose the Bank to significant operational risk.
Policies and processes for mitigating operational risk	Operational risk, defined as any risk that is not categorized as market or credit risk, is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. It is inherent in every business organization and covers a wide spectrum of issues. In order to mitigate this, internal control and internal audit systems are used as the primary means. The Bank Asia Limited manages this risk through a control based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the bank stays in line with industry best practice and takes account of lessons learned from publicized operational failures within the financial services industry. Bank Asia Limited has operational risk management process which explains how the bank manages its operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with central bank requirements. Operational risk management responsibility is assigned to different level of management within the business operation. Information systems are used to record the identification and assessment of operational risks and to generate appropriate regular management reporting. Risk assessment incorporates a regular review of identified risks to monitor significant changes.
	On top of that, as part of recent development, the bank is in the process of adoption of globally recognized operational risk assessment tools, e.g. Risk Control Self Assessment for assessment of all possible operational risk and adoption of Key Risk Indicator (KRI) to help the bank to set operational risk trigger parameters.
Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.

Quantitative Disclosures (as on December 2012)		
Particular	Amount in BDT Million	
	Solo	Consolidated
Capital Requirement for Operational Risk under MCR	1,089.9	1,105.17

Report on the Activities of the Audit Committee



Bank has an Audit Committee constituted by its Board of Directors. In accordance with the Bangladesh Bank's directives vide BRPD circular # 12 dated December 23, 2002, the first Audit Committee of the Bank was constituted by the Board in its 44th meeting held on 18th January 2003. The present Audit Committee was reconstituted by the Board in its 182nd meeting held on 11th July, 2010 consisting of the following members:

SL No.	Name	Status with the Board	Status with the Committee
1	Mr. Rume A Hossain	Director	Chairman
2	Mr. Mohammed Lakiotullah	Vice Chairman	Member
3	Mr. Shah Md. Nurul Alam	Director	Member

The Company Secretary acts as the Secretary of the Committee.

During the year 2012, the Audit Committee held 19 (Nineteen) meetings in which, the following issues, among others, were reviewed and discussed:

- i. External Audit Report of the Bank and the recommendations made there under.
- ii. Bangladesh Bank comprehensive inspection report and the recommendations made there under.
- iii. Audit & Inspection reports on the branches and departments of the Corporate Office issued by the Internal Control and Compliance (ICC) Department of the Bank.
- iv. Actions taken by the management as regards to the fraud and forgery and irregularities detected by the Internal Audit Team of the Bank.
- v. The corrective measures taken by the Management as regards to the internal audit reports, reports relating to deficiencies in internal control or other issues detected by internal and external auditors and inspectors of the regulatory authority.
- vi. The compliance status of the deficiencies identified and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Bank's Internal Auditors in their reports.
- vii. Management Report on Accounts of the Bank for the ended on 31.12.2011.
- viii. Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and status of compliance thereof.
- ix. The status of recovery of classified loan and providing the necessary instruction to the management.

The Audit Committee has further satisfied itself 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 of the Bank are to be duly complied with.
- Internal control and security measures are to be adequately undertaken by the Bank in facilitating Information Technology (IT) based/computerized banking including appropriate Management Information System (MIS) is present.
- The Bank's system of Internal Control and its processes are to be strengthened including ensure of right man in the right place towards creation of a compliance culture in the Bank.
- The assets of the Bank are safeguarded and the creation of liabilities and commitments are made transparent.
- The Financial Statements of the Bank has been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and contained full disclosure.

Reporting

Throughout the year the committee has taken a particular note of the fraud and forgery and irregularities detected by the Internal Audit Team and the actions taken by the management, classified loans situations, initiated measures to minimize it, instituted recovery mechanism, constituted a robust credit administration and thoroughly reviewed the internal control system and mechanism including IT operation to protect the bank from errors and omissions, fraud and forgeries and other irregularities as detected by the internal and external auditors.

The minutes of the Audit Committee Meetings with the observations and the recommendations of the Audit Committee were circulated among the members of the committee and to the Board of Directors of the Bank for their information and necessary action.



Rume A Hossain
Chairman
Audit Committee

Report of Bank Asia Shariah Supervisory Committee

During the Year 2012, Bank Asia Shariah Council (renamed as Bank Asia Shariah Supervisory Committee) met in 2 (two) meetings and its Sub Committee met in 1 (one) meeting and reviewed different operational issues, including those referred to it by the Board of Directors and the Management of the Bank, and gave opinions and decisions related to Shariah.

The duty of the Shariah Supervisory Committee is to give independent opinions and necessary guidelines by observing and reviewing the activities of the Bank and also to conduct Shariah related training for the manpower of the Bank and to make the clients aware of Shariah compliance. On the other hand, the responsibility of the bank is to ensure that the bank conducts its business under Islamic Banking operations in accordance with rules and principles of Shariah.

The Committee, after reviewing the Shariah Inspection Reports, Balance Sheet and Profit & Loss Account (Unaudited) of Islamic Banking of the Bank for the Year 2012, gives the following opinion:

1. In Bai Murabaha Muajjal Mode, buying & selling are being done by ensuring physical &/or constructive possession on the goods.
2. The agreements for investment and transactions entered into by Islamic Banking Windows during the period concerned have been made in accordance with the Principles of Shariah.
3. Income Sharing Ratio (ISR) based Profit distributed to Mudaraba Depositors was in accordance with Shariah.
4. According to Principles of Shariah, no income has been detected as doubtful.
5. Compensation amounts have been kept separate and not included in Bank's income.
6. According to Shariah inspection report, no Shariah violations and lapses in investment operations have been detected.
7. Bank management has been advised to arrange regular training & workshop for the officials to increase their professional skills and to organize awareness program for the clients regarding Shariah compliance issues.

May Allah give us tawfiq in gaining His satisfaction through implementing Shariah in every sphere of our life. Ameen.



Mufti Mawlana Abdur Rahman

Chairman

Bank Asia Shariah Supervisory Committee

Corporate Governance

Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way an organization (or company) is directed and administered. Corporate Governance also includes relationships among the stakeholders involved and achievement of the goals for which the organization is formed. The principal stakeholders of a bank are depositors, shareholders, board, management, employees and borrowers. Other stakeholders include suppliers, regulators, other banks, and the community at large.

Corporate governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the company and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal & corporate funds in the management of a company. Fairness, Transparency, Accountability and Responsibility are the minimum standards of acceptable corporate behavior.

Corporate governance is also to ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the principal-agent conflict. A related discussion of corporate governance focuses the system of economic efficiency with a strong emphasis on enhancement of shareholders' value and welfare.

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

Bank Asia's corporate governance structure encompasses the following elements:

Board of Directors:

The number of member in the Board of Bank Asia is 13 as per the Bangladesh Bank's guideline. Out of the 13 members three members are the Independent Director. Thus, the bank also complied with the Securities and Exchange Commission's corporate governance guidelines. Board members include persons of high caliber, with academic and professional qualification in the field of banking industry and other businesses. This gives the members of the Board the strength for effective discharge of duties and responsibilities. The Board approves the bank's policies; budget and business plan; and reviews those on different intervals so as to give directions as per changing economic and market environment. The Board also reviews the policies and

manuals of the various segments of businesses in order to establish effective risk management in credit and other key areas of operations.

For effective supervision the Board formed two committees with its members as per guidelines of Bangladesh Bank. The committees are Executive Committee and Audit Committee.

Executive Committee:

The Board of Bank Asia constituted the Executive Committee of the Board in January 2010 with the objectives of ensuring efficient, competent, complied and secured structure for approving credit proposals and business decisions.

The number of members of the Executive Committee is 5. The Executive Committee reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the banking industry. The Executive Committee of the Board approves the credit proposals as per approved policy of the Board. Management ensures due diligence of the proposals as per credit policy and risk management at the time of submitting the credit proposals to the committee.

Audit Committee:

The Board of Bank Asia constituted the Audit Committee in January 2003 with the objectives of establishing a structure of a complied and secured banking. The Committee takes up 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. The Committee reviews the financial reporting process, the system of internal control and management, the audit process, compliance with laws and regulations, and its own code of business conduct.

The Audit Committee also examines the status of implementation of Bangladesh Bank guidelines and bank's own policies and manuals. The Audit Cell of the Board and the Internal Audit team of the bank undertake various special audits as per advice of the Audit Committee. Audit Committee meets with the external auditors to discuss audit plan, the risk management processes and preparation of the financial statements as per BAS and IAS.

Independent Director:

As part of good governance in the organization appointment of independent director is considered as an important instrument. Independent directors in the Board exert an independent view on the policies and decisions of the Board and ensure that the policies and decisions are for the best interest of the whole bank. Bank Asia has appointed three independent directors in the Board. They are "Mr. Mohammed Lakiotullah" a renowned banker, "Mr. A M

Nurul Islam” a renowned bureaucrat, and “Mr. Shah Md. Nurul Alam”, a renowned banker. All of them are the members of the Executive Committee and Mr. Mohammed Lakiotullah and Mr. Shah Md. Nurul Alam are the members of the Audit Committee of the Board.

Retirement and Election of Directors:

According to clause 128, and 129 of the Articles of Association of the Bank, 5 (five) directors retired before the 13th Annual General Meeting (AGM) held on 31st March, 2012. All the retiring directors were eligible for re-election and were reelected as directors at the AGM.

The directors retired & re-elected were:

Sl. No.	Name of Directors	Mode of Change
1.	Mr. Romo Rouf Chowdhury	Retired & Re-elected
2.	Mr. Mir Shahajahan	Retired & Re-elected
3.	Mr. Faisal Samad	Retired & Re-elected
4.	Mr. A Rouf Chowdhury	Retired & Re-elected
5.	Mr. Mohd. Safwan Chowdhury	Retired & Re-elected

In addition, some of the directors were resigned and appointed during the year.

The directors resigned were:

Sl. No.	Name of Directors	Date of Change
1.	Mr. Romo Rouf Chowdhury	Resigned on 20.05.2012
2.	Mr. Faisal Samad	Resigned on 20.05.2012
3.	Ms. Sohana Rouf Chowdhury	Resigned on 20.05.2012
4.	Lt. Col. Fariduddin Ahmed (Retd.)	Resigned on 21.05.2012
5.	Mr. A M Nurul Islam	Resigned on 21.05.2012
6.	Mr. Anisur Rahman Sinha	Resigned on 21.05.2012
7.	Mr. Mohammed Irfan Syed	Resigned on 21.05.2012

The directors appointed were:

Sl. No.	Name of Directors	Date of Change
1.	Ms. Farhana Haq Chowdhury	Appointed on 20.05.2012
2.	Mr. Nafees Khundker	Appointed on 20.05.2012
3.	Ms. Mahrina Dia Chowdhury	Appointed on 20.05.2012
4.	Ms. Hosneara Sinha	Appointed on 21.05.2012
5.	Ms. Naheed Akhter Sinha	Appointed on 21.05.2012
6.	Mr. A M Nurul Islam	Appointed as independent Director on 10.06.2012
7.	Mr. Mohammed Irfan Syed	Appointed as alternate Director to Mr. Mir Shahajahan on 10.06.2012
8.	Ms. Sohana Rouf Chowdhury	Appointed as alternate Director to Mr. Murshed Sultan Choudhury on 10.09.2012
9.	Mr. Faisal Samad	Appointed as alternate Director to Ms. Mahrina Dia Chowdhury on 10.10.2012

Directors Attendance in Meetings

Statement of Board meetings held and the attendance of Directors from 01.01.2012 to 31.12.2012

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 Chowdhury	26	14	12	
3.	Mr. Mohammed Lakiotullah	26	23	3	
4.	Mr. A M Nurul Islam	26	26	0	
5.	Mr. Rumea A Hossain	26	24	2	
6.	Ms. Hosneara Sinha	11	0	11	From 21.05.2012
7.	Mr. Anisur Rahman Sinha	11	4	7	Up to 21.05.2012
8.	Ms. Farhana Haq Chowdhury	11	0	11	From 20.05.2012
9.	Mr. Romo Rouf Chowdhury	11	0	11	Up to 20.05.2012
10.	Mr. Mohammed Irfan Syed	25	16	9	Up to 20.05.2012 and From 27.06.2012
11.	Mr. Mashur Rahman	7	6	1	Up to 31.03.2012
12.	Mr. Mir Shahajahan	5	0	5	From 31.03.2012 to 10.06.2012
13.	Mr. Nafees Khundker	18	5	13	From 11.03.2012
14.	Ms. Naheed Akhter Sinha	11	0	11	From 21.05.2012
15.	Lt. Col. Fariduddin Ahmed (Retd.)	11	0	11	Up to 21.05.2012
16.	Ms. Mahrina Dia Chowdhury	2	0	2	From 20.05.2012 to 10.10.2012
17.	Mr. Faisal Samad	20	0	20	Up to 20.05.2012 and from 10.10.2012
18.	Ms. Sohana Rouf Chowdhury	21	12	9	Up to 20.05.2012 and From 10.09.2012
19.	Mr. Murshad Sultan Choudhury	5	0	5	From 20.05.2012 to 10.09.2012
20.	Mr. Shah Md. Nurul Alam	26	26	0	

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

Statement of Executive Committee (EC) meetings held and the attendance of Directors from 01.01.2012 to 31.12.2012.

SI No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Mohd. Safwan Choudhury	28	16	12	
2.	Mr. A M Nurul Islam	19	19	0	From 10.04.2012
3.	Mr. Mohammed Lakiotullah	28	25	3	
4.	Mr. Rume A Hossain	28	24	4	
5.	Mr. Shah Md. Nurul Alam	28	28	0	
6.	Mr. Mohammed Irfan Syed	9	7	2	Up to 10.06.2012
7.	Mr. Faisal Samad	9	1	8	Up to 20.05.2012
8.	Mr. Romo Rouf Chowdhury	6	0	6	Up to 20.05.2012

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

Statement of Audit Committee meetings held and the attendance of Directors from 01.01.2012 to 31.12.2012.

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

Position of the Chairman of the Board of Directors and the Chief Executive:

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 Board of Directors is responsible for leading the Board and oversees the entire functioning of the Bank. The success of a Board meeting is dependent almost entirely on the art of conduct of the same by its chairman. Mr. A Rouf Chowdhury is the current chairman of the Board. Through his dynamic leadership, he is leading the Board towards the success of the Bank.

The Managing Director is responsible for implementation of Board policies and overall day to day Management of the Bank. He discharges his duties under the delegation of financial, business and administrative authority given to him by the Board.

Disclosures related to Shareholding:

Share holding Structure:

At the end of the year 2012, the shareholding structure of Bank Asia Limited was as follows:

Description	No. of Shareholders as on 31-12-2012	No. of Shares	% of total holding
Sponsors & Directors	27	323,824,332	51.35
General Public	16,500	137,312,651	21.78
Foreign Investors	4	2,731,300	0.43
Investment Companies	100	23,284,460	3.70
Institutions	377	134,335,693	21.30
Non Resident Bangladeshi	153	9,086,436	1.44
Total	17,161	630,574,872	100.00

Classification of shareholders by holding

At the end of year 2012 the classification of shareholders by holding was as follows:

Holding	No. of shareholders as on 31-12-2012	% of total holdings as on 31-12-2012
less than 5000	14,793	2.27
5000 to 50000	1,954	3.99
50001 to 100000	124	1.39
100001 to 200000	74	1.63
200001 to 300000	34	1.35
300001 to 400000	29	1.57
400001 to 500000	14	1.01
500001 to 1000000	47	5.57
1000001 to 10000000	77	36.58
over 10000000	15	44.64
Total	17,161	100.00

Pattern of Shareholding:

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

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

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

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

SI No.	Name of the Directors	No. of shares held as on 31-12-2012
1	Mr. A. Rouf Chowdhury and his spouse	15,618,240
2	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	24,698,364
3	Mr. Mohammed Lakiotullah's spouse (Independent Director)	840
4	Mr. Rumea Akhtar Hossain and his spouse	33,259,912
5	Ms. Hosneara Sinha and her spouse	32,380,320
6	Ms. Farhana Haq Chowdhury and her spouse	27,562,176
7	Mr. A M Nurul Islam (Independent Director)	Nil
8	Mr. Nafees khundker and his spouse	26,102,976
9	Ms. Sohana Rouf Chowdhury (Alternate Director of Mr. Murshed Sultan Chowdhury)	19,515,156
10	Mr. Mohammed Irfan Syed (Alternate Director of Mir Shahjahan)	12,991,152
11	Ms. Naheed Akhter Sinha and her spouse	34,343,412
12	Mr. Faisal Samad (Alternate Director of Ms. Mahrina Chowdhury)	16,396,392
13	Mr. Shah Md. Nurul Alam (representing Amiran Generations Ltd.)	20,007,768
1	Chief Executive Officer	Nil
2	Company Secretary and his Spouse	16,728
3	Chief Financial Officer	Nil
4	Head of Internal Audit	Nil

- c) Executives:

1	Mr. S.M. Khorshed Alam and his Spouse	70,540
2	Mr. Mohammed Roshangir	Nil
3	Ms. Humaira Azam	Nil
4	Mr. Arfan Ali's Spouse	52
5	Mr. Md. Touhidul Alam Khan	Nil

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

Auditors:

At the 13th Annual General Meeting held on 31st March, 2012 the Shareholders re-appointed M/s. S F Ahmed & Co, Chartered Accounts as external auditors of the Bank for the year 2012 at fee of Tk.500,000. The external Auditor in their audit of 2012 covered 80% of risk weighted assets of the Bank.

Expenditures Related to Board of Directors:

For attending the Board Meeting, Audit Committee Meeting and Executive Committee the Directors receive an honorarium of Tk.5,000 each.

During 2012, the expenditures incurred related to Directors' honorarium was Tk.2,003,240 and for Directors' Traveling was Tk.156,560

Expenditures Related to AGM:

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

Status of Compliance

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

Credit Rating:

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

In an effort to keep the existing and potential investors in the financial sector fully informed about the financial health of the banking institution, and to improve the functioning of the capital market of the country, Bangladesh Bank has made credit rating for Banking industry mandatory effective from January 2006. Taking this into consideration, Bank Asia appointed CRAB (Credit Rating Agency of Bangladesh) for rating of the Bank. Bank Asia has been rated as AA2 for long term and ST1 for short term for the year 2011, which will be valid up to June, 2013. For three years in a row we were able to hold this sound financial health which we consider one of our prominent achievements. The credit rating of 2012 is under process.

AA2 rating for
long term

ST1 rating for
short term

Credit Rating Agency of Bangladesh Limited



Ref: AGL (01)/RCM/120622/2012- 547

21 June 2012

Mr. Md. Mehmood Husain
President and Managing Director
Bank Asia Limited
Corporate Office
Rangs Tower (2nd to 6th Floor)
68 Purana Paltan
Dhaka 1000

Subject: Credit Rating – Bank Asia Ltd.

Dear Sir,

We are pleased to inform you that Credit Rating Agency of Bangladesh Ltd. (CRAB) has retained the long term rating and the short term rating of Bank Asia Ltd.

Particulars	Ratings
Long Term	AA ₂
Short Term	ST-1
Outlook	Stable

The entity rating is valid up to 30 June 2013. 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 Huq
Managing Director

Sena Kalayan Bhaban, 195 Motijheel Commercial Area, Level: 16, Suite: 1601 & 1602, Dhaka: 1000, Bangladesh
Phone: (88 02) 9571497, 9571238, 7175368, 7175439, 7118615, Fax: (88 02) 9563837, Email: info@crab.com.bd, Web: www.crab.com.bd

S. F. AHMED & CO
Chartered Accountants
— Established : 1958

House 25, Road 13A
Block D, Banani
Dhaka 1213, Bangladesh

Phones: (880-2) 989-4258 & 989-4346
Fax: 882-5135
E-mails: (i) sfaco@citechco.net
(ii) sfaco@sfahmedco.org

Auditors' Certificate on the Compliance with Corporate Governance of Bank Asia Limited

We have examined the compliance with Corporate Governance by Bank Asia Limited (the Bank) for the year ended 31 December 2012 as stipulated in notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission.

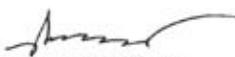
The compliance with Corporate Governance is the responsibility of the management of the Bank. Our examination was limited to the procedures and implementation thereof as adopted by the Bank for ensuring the compliance with Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above-mentioned notification.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

House 25, Road 13A, Block D
Banani, Dhaka 1213, Bangladesh
Dated, 10 March 2013




S. F. AHMED & CO
Chartered Accountants

Corporate Governance Audit

for the year ended 31 December 2012

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission Notification

No.SEC/CMRRCD/2006-158/134/Admin/44: dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance 1969:

Report under condition no. 7.00 of above referred notification

Condition no.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks if any
		Complied	Not Complied	
1.1	Board's Size: Board members shall not be less than 5 (five) and more than 20 (twenty) is an ex-officio Director with no voting rights.	✓		At present the Board of Bank Asia Ltd comprises 11 Directors except the Independent Directors as approved by Bangladesh Bank. The Managing Director
1.2(i)	Appointment of Independent Directors: at least 1/5 th	✓		
1.2 (ii) a)	Independent Director 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	✓		Total number of shares: 630,574,872.00 Shares held by Independent Directors: 840.00 Holding %: 0.000132 (less than 1%)
1.2 (ii) b)	Independent Director should not be a sponsor of the company and is not connected with the company's sponsors or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company.	✓		
1.2 (ii) c)	Independent Director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (ii) d)	Independent Director is not a member, director or officer of any Stock Exchange	✓		
1.2 (ii) e)	Independent Director is not a shareholder, director or officer of any member of Stock Exchange or an intermediary of the Capital Market	✓		
1.2 (ii) f)	Independent Director 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	✓		
1.2 (ii) g)	Independent Director shall not be an independent director in more than 3 (three) listed Companies	✓		
1.2 (ii) h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	✓		
1.2 (ii) i)	Independent Director has not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
1.2 (iii)	Post of independent director(s) can not remain vacant for more than 90 (ninety) days	✓		
1.2 (iv)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		A code of conduct for Board members of Bank Asia Ltd was adopted in the board meeting dated 13 February 2013.
1.2 (v)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	Qualification of Independent Director (ID)			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences.	✓		Name of Independent Director Qualification Mr. Mohammad Lakiotullah Former Banker Mr. A.M. Nurul Islam Former Govt. Secretary Mr. Shah Md. Nurul Alam Former Banker
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	✓		

Condition no.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks if any
		Complied	Not Complied	
1.4	Chairman of the Board and Chief Executive Officer The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		The Chairman of the Board and the Managing Director & CEO are different. There are distinct roles and responsibilities of the Chairman and the Managing Director. The Chairman is a non executive director while the Managing Director is an Executive Director.
1.5	The Directors' Report to Shareholders			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns.	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	✓		
1.5 (vii)	Utilization of proceeds from 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 Offer, Direct Listing, etc.	✓		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		
1.5 (x)	Remuneration to directors including independent directors.	✓		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	✓		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.			
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	✓		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
1.5 (xxi) a)	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);	✓		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5 (xxi) c)	Executives;	✓		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5 (xxii) a)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- A brief resume of the director;	✓		

Condition no.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks if any
		Complied	Not Complied	
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas;	✓		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS):			
2.1	Appointment The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Audit and the CS.	✓		Name of Chief Financial Officer: Mr. Imran Ahmed, FCA, CISA Name of Head of Internal Audit: (Internal Control and Compliance) Mr. Nandan Kumar Saha, FCA Name of Company Secretary: Mr. Aminul Islam
2.2	Requirement to attend the Board Meetings The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
3.	AUDIT COMMITTEE:			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		The Board has formed an Audit Committee comprising three (3) non-executive directors including two (2) independent directors as members. The Audit Committee has a written Charter. The Committee reports its activities to the Board of Directors.
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1	Constitution of the Audit Committee			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
3.1(iii)	iii) All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	✓		
3.1(iv)	(iv) When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		
3.1(v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	Chairman of the Audit Committee	✓		
3.2 (i)	(i) The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		The Board of Bank Asia reconstituted the Audit Committee selecting an independent director as Chairman in the board meeting dated 28 February 2013.
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	Role of Audit Committee	✓		
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		

Condition no.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks if any
		Complied	Not Complied	
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓		
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors	✓		
3.4.1 (ii) a)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- a) report on conflicts of interests	✓		
3.4.1 (ii) b)	suspected or presumed fraud or irregularity or material defect in the internal control system	✓		
3.4.1 (ii) c)	suspected infringement of laws, including securities related laws, rules and regulations	✓		
3.4.1 (ii) d)	any other matter which shall be disclosed to the Board of Directors immediately	✓		
3.4.2	Reporting to the Authorities If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	✓		
3.5	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
4.	EXTERNAL/STATUTORY AUDITORS:			
4(i)	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:- (i) Appraisal or valuation services or fairness opinions.	✓		
-4(ii)	Financial information systems design and implementation.	✓		
4(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4(iv)	Broker-dealer services.	✓		
4(v)	Actuarial services.	✓		
4(vi)	Internal audit services.	✓		
4(vii)	Any other service that the Audit Committee determines.	✓		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
5.	SUBSIDIARY COMPANY:	✓		
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	✓		
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	✓		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	✓		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		

Condition no.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks if any
		Complied	Not Complied	
6.	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):	✓		
6 (i) a)	The CEO and CFO shall certify to the Board that:- (i) They have reviewed financial statements for the year and that to the best of their knowledge and belief: a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
6 (i) b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct	✓		
7.	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE	✓		
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 06 dated 04.02.2010)

SI No.	Particulars	Compliance Status
1.	Responsibilities and authorities of the board of directors:	
	<p>(a) Work-planning and strategic Management:</p> <p>(i) The board 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
	<p>(b) Lending and risk management:</p> <p>(i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedulement 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, directly or indirectly, 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 at quarterly rests the compliance thereof.</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. It shall review at quarterly rests the reports submitted by its audit committee 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 and promotion to the 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 program incorporated in its annual work plan.</p>	Complied
	<p>(e) Financial management:</p> <p>(i) The annual budget and the statutory financial statements shall finally be prepared 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>	Complied

SI No.	Particulars	Compliance Status
	(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 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.	
	(f) Formation of supporting committees: For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the board other than the executive committee and the audit committee. No alternate director shall be included in these committees.	Complied
	(g) Appointment of CEO: The board shall appoint a competent CEO for the Bank with the approval of the Bangladesh Bank.	Complied
	(h) The Board shall ensure fulfilling any other responsibilities appropriately assigned by the Bangladesh Bank.	Complied
2.	Responsibilities of the chairman of the board of directors: (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 policymaking or executive authority, he shall not participate in or interfere into the administrative or operational and routine affairs of the Bank. (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. (c) The Chairman may be offered an office-room, a personal secretary/assistant, a telephone at the office and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
3.	Responsibilities of the adviser: 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.	N.A.
4.	Responsibilities and authorities of the CEO: The CEO of the Bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows: (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. (b) The CEO shall ensure compliance of the Bank Companies Act, 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank. (c) The CEO shall include clearly any violation from Bank Companies Act 1991 and/or any other related laws/regulations in the Memo presented to the meeting of the Board or any other committees engaged by the Board. (d) The CEO shall report to Bangladesh Bank of issues violative of the Bank Companies Act, 1991 or of other laws/regulations and, if required, may apprise the board post facto. (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. The board or the chairman of any committee of the board or any director shall not get involved or interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier 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.	Complied
5.	Meetings of the Board of Directors: One meeting of the Board of Directors per month can be held usually but it can be more than one upon necessity. No less than one meeting of the Board in three months to be held.	Complied
6.	Number of members of Executive Committee (EC) of the Board: Number of members of the Executive Committee can not exceed one third of the Board members. If exist then it must be reduced to one third within one month from the issuance of this circular. More than one member of the same family shall not be included in EC as per BRPD curcular no. 04, dated March 14, 2010.	Complied
7.	Training of the Directors: The Directors of the Board will acquire appropriate knowledge of the Banking laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a Director of the Bank.	Complied

Capital Strengthening

To strengthen its capital base the Bank Asia has successfully issued BDT 600 million 6 year YTM 13% Non-convertible Subordinated Zero Coupon Bond. The fund will provide the Bank additional cushion in light of risk weighted capital adequacy ratio, and will help the Bank to grow its loans and advances portfolio and open new branches. Recently Bank Asia has handed over Bond Certificates to the investors.

A.K. Khan & Company Ltd., RACE Management PCL, Industrial and Infrastructure Development Finance Company Limited (IIDFC) have subscribed the Bank Asia's Bond.



Bond Certificates Handover Ceremony

Chief Executive Officer & Chief Financial Officer's Statement of Responsibilities

(In line with the Bangladesh Securities Exchange Commission (BSEC) notification dated August 07, 2012)

The preparation and presentation of financial statements accurately and appropriately is the responsibility of the management accordingly we state that:

1. We have reviewed the balance sheet and profit and loss account (stand alone and consolidated), and all the schedules & notes to the accounts, and the Cash Flow statements for the year ended December 31, 2012 that are prepared under the historical cost convention. However, the director's report other reports include updated information that were available till the publication of the Annual Report 2012. The financial statements were prepared in accordance with the Financial Reporting Standards (BFRS) and comply with Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1997 and other applicable laws and regulations.
2. We have also reviewed director's report and other reports for accuracy and appropriateness. Best of our knowledge and information, these reports do not contain any untrue statement of a material fact.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects a true and fair view of Bank's affairs, and the financial conditions, results of operations and cash flows of the Bank as of, and for, the year under report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions enter into by the Bank during the year are fraudulent, illegal or violating business ethics and codes of conduct that ensure by external auditors and the audit committee, which estimates a high degree of judgments.
5. We along with those charge with governance, are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Bank, and we have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the Bank, including its consolidated subsidiaries, is known to us by others within those entities, particularly during the period in which this report is being prepared.
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting.
 - c) Evaluated the effectiveness of Company's disclosure, controls and procedures.
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the year under report that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting.
6. We have disclosed based on our recent evaluation, wherever applicable, to the Bank's internal and external auditors, inspection team of Bangladesh Bank and other regulatory bodies and also to the audit committee of the board.
 - a) There have no deficiencies in the design and operation of internal controls, that could adversely affect the Bank's ability to record, process, summarize and report financial data, and there have been no material weakness in internal control over financial reporting including any corrective action with regard to deficiencies.
 - b) There were no significant changes in internal controls during the year covered by the report.
 - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in notes to the financial statements.
 - d) There were no instances of fraud of which we were aware, that involves management or the employees to have a significant role in Bank's internal control system.
7. We affirm that we have not denied any personal access to the audit committee of the bank (in respect of matters involving alleged misconduct) and we have provided protection to whistle blowers from unfair termination and other unfair or prejudicial employment practices.
8. We further declared that all Board Members and senior managerial personnel have affirmed compliance with the codes of conduct for the current year.



Chief Financial Officer
(Imran Ahmed, FCA, CISA)



Chief Executive Officer
(Md. Mehmood Husain)

Chief Financial Officer's Report

– A Financial Risk Management Perspective



Safe Secure Stable
banking with Bank Asia

The Management started the year 2012 with objectives of Better Human Capital and future ready network for sustainable growth. With this view in mind the bank developed and implemented major policies e.g. Operation Policy, HR Policy, etc., diversified asset portfolio relooking into asset quality, credit risk management and earning efficiency and pursued stricter compliance as precondition of balanced growth. During the year 215 headcounts were added to our human capital to make total employees 1,485 and 9 new branches were added to make the total branches, SME service centers network size 79. Major challenges during the year 2012 were higher rate demand from bigger depositors, sliding in nonperforming loans, all time high provision requirement, pressure in money market due to persistent fall in capital market and excessive government borrowing.

Our persistence were stricter commitment to compliance, continuous guiding the Head of branches from corporate office, focus on responsibility and accountability and relentless drive, drive for deposit, drive for new business booking and drive for loan loss recovery. Such assiduous effort paid off; operating profit per employee stood at Tk. 3.40 million in 2012, which was Tk. 3.18 million in 2011, deposit per employee stood at Tk. 74.12 mln in 2012 against Tk. 74.91 million in 2011, advance per employee stood at Tk. 62.17 million in 2012 against Tk. 65.21 million in 2011. AD Ratio or Credit Deposit Ratio (CDR) was maintained around 85% throughout the year which indicates healthy **liquidity management**.

Particulars	2012	2011	Growth	2012 Target	Million Taka
					2012 Target achievement
Loans and advances	92,329	82,820	11.48%	102,975	89.66%
Deposits	110,062	95,131	15.70%	120,048	91.68%
Shareholders' equity	13,045	12,479	4.54%	-	
Reserve fund & surplus	6,739	7,224	-6.71%	-	
Capital fund	13,930	12,447	11.91%	-	
Operating expenses	2,769	2,361	17.28%	3,280	84.43%
Operating profit	5,052	4,042	24.99%	5,150	98.10%
Import	106,746	99,414	7.38%	124,268	85.90%
Export	66,478	74,795	-11.12%	97,233	68.37%
Remittance (Inward)	32,110	21,777	47.45%	28,025	114.58%

Key performance indicators (KPIs) of banking operation

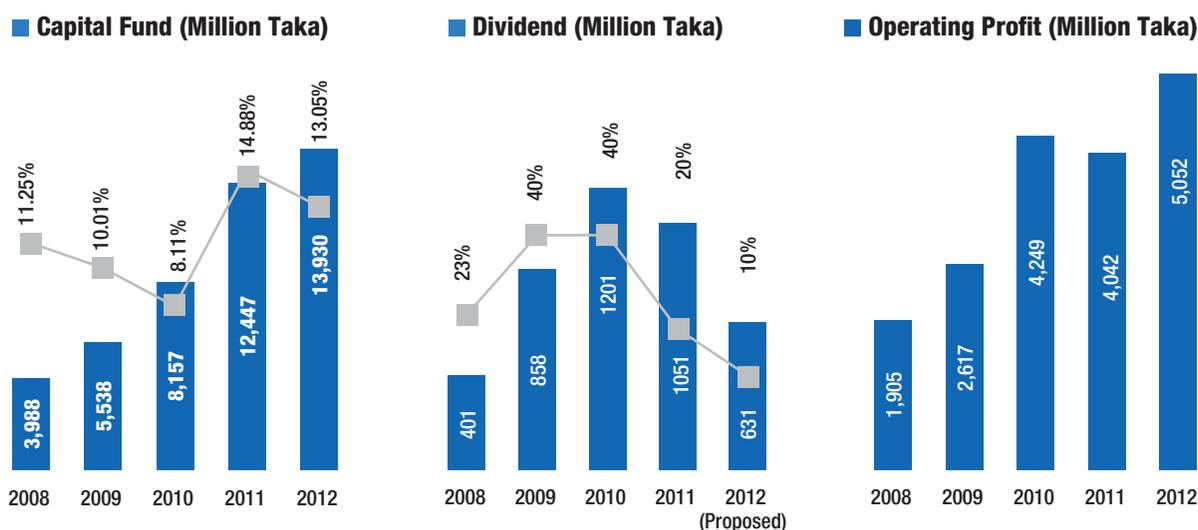
Particulars	2012	2011
Operating Performance (Statement of Comprehensive Income)		
Total Revenue	7,821	6,403
Operating Profit	5,052	4,042
Profit Before Tax	2,723	3,432
Profit After Tax	908	1,916
EPS	1.44	3.04

Statement of Financial Position (Balance Sheet)

Shareholders Fund	13,045	12,479
Property, Plant & Equipment	4,520	4,585
Current Asset	98,501	76,016
Current Liability	105,371	72,373
Net Current Asset	(6,870)	3,642
Long Term Liability	21,945	32,877
Long Term Liability to Current Liability	20.83%	45.43%

Key Performance Ratios

	Percentage (%)	
Yield on Advances	15.20	14.11
Cost of Deposits	9.49	9.09
Cost of Fund	12.31	11.97
Cost of Operation	2.82	2.88
Spread	5.71	5.02
Net Interest Margin	3.54	4.10
Burden Ratio	0.01	-0.11



Profitability and liquidity

During the year Bank Asia Limited showed stable operating profit efficiency, which was Tk. 5,051.80 million and 24.98% higher than previous year whereas operating expenses was 2,768.87 million and 17.25% higher than previous year. The Bank's return on equity was 7.11%, total value added to provider of capital Tk. 4,356 million, economic value added Tk. 519.25 million and market value added Tk. 512.36 million. In all the cases there were consistency though value additions were lower than previous year due to very high provision required to be maintained against non performing loan mainly triggered by new calculation of classified loan and enhanced provision requirement as per Bangladesh Bank circular effective from the last quarter of 2012. However, Bank's total contribution to National Exchequer was Tk. 3,181.45 million in the year 2012 which was 40.40% higher than previous year.

Net cash generated from operating activities increased to Tk. 10,680.85 million in 2012 from Tk. 6,040.56 million in 2011, i.e. 77% growth, which also indicates bank's efficient liquidity management. However, as on balance sheet date EPS stood Tk. 1.44 which was Tk. 3.04 in 2011. EPS was reduced due to significant provision requirement for loans and advances and increased shareholders' equity. It is worth noting here that total number of shares was 630,574,872 as on balance sheet date in 2012 against 525,479,060 shares in the previous year.

Dividend

In terms of dividend pay-out ratio Bank Asia always showed consistency pattern of 20% to 30% year on year and there were steady rise in terms of Taka amount as shown in the table below:

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011
Dividend	24% S	25% S	30% (20% S + 10% C)	25% S	25% S	23% S	40% S	40% S	20% S
Million Taka	144	186	279	279	349	401	858	1,201	1,051

Being inclined to general shareholders the Bank distributed 40% dividend in high growth years. In low growth year like 2011 the Bank returned to its 20% dividend distribution bracket. In the year 2012 though smart growth year the Board of Directors had no choice but to declare 10% dividend amounting to Tk. 630.57 million because of Tk. 2,328.81 million provision provided from current year profit which was only Tk. 609.76 million in the previous year, i.e. requirement increased by 281.92% during 2012.

Financial control

Our thrust over cost optimization was imbedded in our financial controlling mechanism, which was depicted by 17% growth of operating expenses due to net inclusion of 215 numbers of employees, 9 branches etc. Burden ratio of the Bank was only 0.01% in 2012 which also indicates that Bank Asia was not dependent on interest income to meet its operational expenses.

Asset quality

Classified loan ratio stood 5.69% this year than 2.72% in the previous year. Total Cumulative provision was Tk. 4,392.28 million this year which was Tk. 2,385.67 million in the last year, i.e. Tk. 2,007.61 million or 84.11% higher provision created during the year 2012. On the other hand, total provision provided from current year profit was Tk. 2,328.81 million which was only Tk. 609.76 million in the previous year, i.e. requirement increased by 281.92% during 2012 and that was the only item that distorted all other financial performance ratios of the Bank.

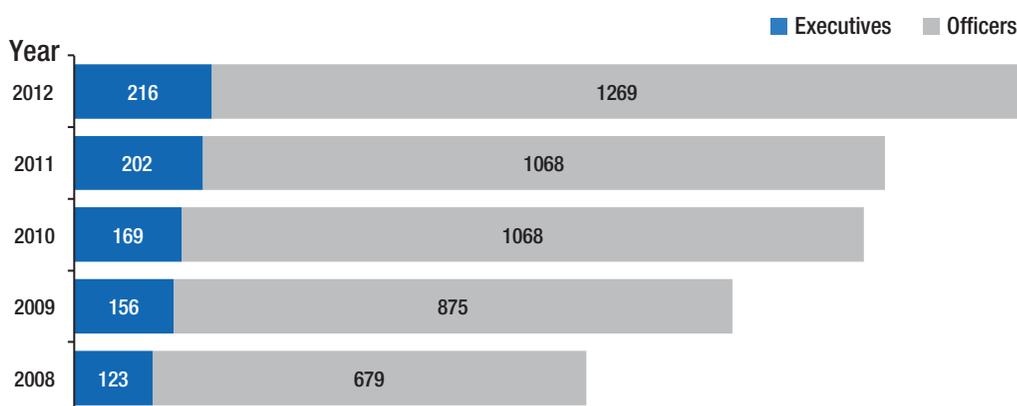
Capital

Total regulatory capital stood at Tk. 13,930.19 million segregated into Tk. 10,444.33 million or 74.98% in Tier-1 and Tk. 3,485.86 million or 25.02% in Tier-2. With this the Bank's capital adequacy ratio (CAR) stood at 13.05% against minimum capital requirement (MCR) of 10% of total risk weighted assets which demonstrate strong capital base. Tk. 1,050.96 million was added to Tier-1 capital through 20% stock dividend, Tk. 600 million was added to Tier-2 capital through issuance of 6 Year 13% YTM Nonconvertible Subordinated Zero Coupon Bond. Total number of credit rated corporate customers stood at 160, which reduced risk weighted assets and helped capital saving by Tk. 1,928.00 million.

HR accounting

Bank Asia has always been very vibrant about human capital management and cautious to set up HR applications and best practices for developing employee talent and leveraging employee skills in the organization. Bank Asia significantly considers human resources management at corporate level, professional level, social level and overall national level. In this process Bank Asia tries to identify and report investment made in human resources.

Last five years manpower strength (number) was as under:



Staff Summary as of 31st December 2012

Age group	Male	Female	Total
20-30	316	245	561
30-40	573	170	743
40-50	139	10	149
50-60	29	1	30
60+	2	0	2
Total	1059	426	1485
Percentage	71%	29%	

88% of staff members are aged below 40 years which signifies that Bank Asia is in young, dynamic and capable hands.

The total value of Human Capital has been ascertained Tk. 9,893 million in the year 2012 and Tk. 7,836 million in 2011 in present value of future earning model (Lev & Schwartz) by discounting total benefits payable to employees, which was considered minimum expected earnings from them up to retirement. Category wise break down is presented in the table below:

Category	2012			2011		
	No. of Employee	Per Capita Value	Total Value	No. of Employee	Per Capita Value	Total Value
Executives	216	16.78	3,625	202	13.80	2,788
Officers	1269	4.94	6,268	1,068	4.73	5,048
Total	1,485	21.72	9,893	1,270	18.53	7,836

Million Taka

As per model we have capitalized the total value of employees as Human Capital. 26.25% growth in the value of human capital in 2012 over 2011 was due to net addition of 215 headcounts of experienced and fresh recruitments that was required for the expansion of the business and for ensuring the better quality of the service and customer satisfaction. In this process Bank Asia increased its year to year training expenditure to excel employee performance.

Balance Sheet Including Human Capital

abridged & banking operation

	31-Dec-12	31-Dec-11
Million Taka		
Assets		
Cash	6,594	7,027
Balance with other banks	3,704	1,636
Money at call & short notice	220	-
Investment	25,115	15,951
Loans & Advances	92,329	82,820
Fixed Assets	4,520	4,585
Human Assets:		
Individuals' value	9,893	7,837
Value of investments	8	5
Other assets	7,880	5,711
Total	150,262	125,571
Capital & liabilities		
Borrowing	3,825	1,227
Subordinate bond	600	-
Deposits	110,062	95,131
Shareholders' equity	13,045	12,479
Human capital	9,901	7,842
Other liabilities	12,829	8,893
Total	150,262	125,571

Brief economic and social performance

Economic responsibility

+46%

Nos. of loans

+30%

Nos. of deposit customer

+23%

Nos. of savings customer

Shareholders responsibility

-52.61%

Profit after Tax

+4.54%

Shareholders' fund

-43.72%

Share Price

Environmental responsibility

4,679,790 kwh

Electricity consumed

Oil **41,248** ltrs

CNG **136,120** m³

Fuel consumed

96,71,058 km

Local business travel

25,404 reams

Paper used

Social responsibility

+17%

Staff strength

+17%

Benefits and emoluments

As always clarity and integrity in reporting are part of the fundamental commitment of Finance and Accounts team of Bank Asia by which we try to shape the business strategy of the Management and the Board. We are the motivated workforce and devoted in ensuring Safe Secure Stable banking with Bank Asia. We expect that the year 2013 will be better off in value creation and financial risk management.



Imran Ahmed, FCA, CISA
Chief Financial Officer

Auditors' Report to the Shareholders of Bank Asia Limited

We have audited the accompanying consolidated financial statements of Bank Asia Limited and its subsidiaries ("the Group") as well as the financial statements of Bank Asia Limited (the Bank) which comprise the consolidated and separate balance sheets as at 31 December 2012 and consolidated and separate profit and loss statements, cash flow statements, statements of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes and annexure thereto. The financial statements of one of subsidiaries, BA Exchange Company (UK) Limited as of 31 December 2012 were audited by other auditors which were relied by us.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the group and the Bank in accordance with Bangladesh Financial Reporting Standards (BFRSs)/Bangladesh Accounting Standards (BAS), the Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above which have been prepared in the format prescribed by Bangladesh Bank vide circular no. 14 dated 25 June 2003 and in accordance with relevant Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards give a true and fair view of the state of affairs of the Bank as at 31 December 2012 and results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Banking Companies Act 1991, Bangladesh Securities and Exchange Rules 1987, rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

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 purposes of our audit and made due verification thereof and found them satisfactory;
- (ii) in our opinion, proper books of account as required by law were kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
- (iii) the Bank's balance sheet and profit and loss statement dealt with by this report are in agreement with the books of account and returns;
- (iv) the expenditures incurred during the year were for the purposes of the business of the Bank;
- (v) the financial statements of the Bank have been drawn up in conformity with the Banking Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank and the financial statements conform to the prescribed standards set

- in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (vi) adequate provisions have been made for loans and advances and other assets following the guidelines of Bangladesh Bank;
 - (vii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
 - (viii) the information and explanations required by us have been received and found to be satisfactory;
 - (ix) the cash reserve requirement and statutory liquidity reserve with Bangladesh Bank have been maintained as per rules;
 - (x) the existing rules and regulations for loan sanctioning and disbursements have been followed properly as it revealed from our test checks;
 - (xi) the internal control system was found satisfactory and adequate to prevent probable frauds and forgeries as it appeared from our test checks;
 - (xii) adequate capital of Bank as required by law has been maintained during the year under audit;
 - (xiii) 80% of risk-weighted assets of the Bank have been audited;
 - (xiv) we have spent approximately 3,200 man hours for the audit of books and account of the Bank; and
 - (xv) we are not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank.



Auditors
S. F. AHMED & CO
Chartered Accountants
House 25, Road 13A, Block D
Banani, Dhaka 1213, Bangladesh
Dated, 28 February 2013

Consolidated
Balance Sheet
at 31 December 2012

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
PROPERTY AND ASSETS			
Cash		6,595,671,727	7,027,684,197
In hand (including foreign currencies)	4.1(a)	1,164,965,704	975,478,768
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	5,430,706,023	6,052,205,429
Balance with other banks and financial institutions	5(a)	3,710,892,710	1,732,939,237
In Bangladesh		1,924,092,237	1,229,229,105
Outside Bangladesh		1,786,800,473	503,710,132
Money at call and on short notice	6(a)	220,000,000	-
Investments	7(a)	25,268,882,682	16,103,630,189
Government		19,511,797,233	11,386,330,500
Others		5,757,085,449	4,717,299,689
Loans and advances/investments	8(a)	93,410,427,870	83,343,069,145
Loans, cash credits, overdrafts, etc/investments		89,186,791,710	75,646,924,050
Bills purchased and discounted		4,223,636,160	7,696,145,095
Fixed assets including premises, furniture and fixtures	9(a)	4,548,895,099	4,618,831,326
Other assets	10(a)	7,480,601,751	5,194,350,728
Non - banking assets		-	-
Total assets		<u>141,235,371,839</u>	<u>118,020,504,822</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	4,275,010,476	1,226,743,285
Subordinated non-convertible zero coupon bonds	11(aa)	599,998,411	-
Deposits and other accounts	12(a)	110,175,528,580	95,221,320,067
Current/AI-wadeeah current accounts and other accounts		15,177,530,014	12,114,668,326
Bills payable		1,502,901,195	1,099,573,430
Savings bank/Mudaraba savings bank deposits		10,613,363,599	9,060,930,520
Fixed deposits/Mudaraba fixed deposits		82,881,733,772	72,946,147,792
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	13,070,669,484	8,966,455,761
Total liabilities		<u>128,121,206,951</u>	<u>105,414,519,113</u>
Capital/shareholders' equity			
Total shareholders' equity		13,114,164,888	12,605,985,709
Paid-up capital	14.2	6,305,748,720	5,254,790,600
Share premium		330	330
Statutory reserve	15	3,503,958,171	2,959,358,772
Revaluation reserve	16(a)	2,592,675,837	2,934,436,025
General reserves		8,166,144	8,166,144
Retained earnings	17(a)	703,603,495	1,449,223,838
Non-controlling (minority) interest	17(b)	12,191	10,000
Total liabilities and shareholders' equity		<u>141,235,371,839</u>	<u>118,020,504,822</u>

Balance Sheet

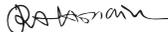
	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	59,215,736,602	47,457,247,641
Acceptances and endorsements		24,478,480,979	17,142,018,866
Letters of guarantee		9,877,524,764	6,887,870,884
Irrevocable letters of credit		16,854,877,413	18,862,424,101
Bills for collection		8,004,853,446	4,564,933,790
Other contingent liabilities		-	-
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		<u>59,215,736,602</u>	<u>47,457,247,641</u>

See annexed notes, For Bank Asia Limited


Chairman


Director


Director


Director


President and Managing Director


Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 28 February 2013

Consolidated
Profit and Loss Statement
for the year ended 31 December 2012

	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
OPERATING INCOME			
Interest income	20(a)	13,888,800,933	11,393,688,647
Interest paid on deposits and borrowings, etc	21(a)	(10,182,880,501)	(8,583,660,163)
Net interest income		3,705,920,432	2,810,028,484
Investment income	22(a)	1,840,646,106	1,285,545,226
Commission, exchange and brokerage	23(a)	1,881,617,259	2,258,786,748
Other operating income	24(a)	446,796,947	300,132,035
		4,169,060,312	3,844,464,009
Total operating income (A)		7,874,980,744	6,654,492,493
OPERATING EXPENSES			
Salaries and allowances	25(a)	1,322,836,874	1,122,537,823
Rent, taxes, insurance, electricity, etc	26(a)	346,012,541	298,517,672
Legal expenses	27(a)	7,470,346	5,479,733
Postage, stamp, telecommunication, etc	28(a)	57,517,258	25,901,471
Stationery, printing, advertisements, etc	29(a)	71,173,902	80,517,950
Managing Director's salary and fees	30	12,200,000	7,368,420
Directors' fees	31(a)	2,190,240	2,289,750
Auditors' fees	32(a)	1,930,785	2,270,909
Depreciation and repairs of Bank's assets	33(a)	347,908,531	340,108,142
Other expenses	34(a)	695,699,469	545,676,371
Total operating expenses (B)		2,864,939,946	2,430,668,241
Profit before provision (C=A-B)		5,010,040,798	4,223,824,252
Provision for loans and advances/investments			
General provision		15,174,646	14,308,463
Specific provision		2,075,183,808	402,341,928
		2,090,358,454	416,650,391
Provision for off-balance sheet items		130,572,366	47,464,303
Provision for diminution in value of investments	34(c)	100,220,768	88,837,091
Other provisions		7,877,361	56,810,639
Total provision (D)		2,329,028,949	609,762,424
Total profit before tax (C-D)		2,681,011,849	3,614,061,828
Provision for taxation			
Current tax	13.5.1(a)	1,804,625,023	1,570,805,277
Deferred tax	13.5.2	26,445,459	-
		1,831,070,482	1,570,805,277
Net profit after tax		849,941,367	2,043,256,551
Appropriations			
Statutory reserve	15	544,599,399	686,441,343
General reserve		-	-
		544,599,399	686,441,343
Retained surplus		305,341,968	1,356,815,208
Attributable to:			
Equity holders of Bank Asia Limited		305,340,939	1,356,815,208
Non-controlling (minority) interest		1,029	-
		305,341,968	1,356,815,208
Earnings Per Share (EPS)	37(a)	1.35	3.24

See annexed notes, For Bank Asia Limited

 Chairman	 Director	 Director	 Director	 President and Managing Director
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Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 28 February 2013

Consolidated
Cash Flow Statement
for the year ended 31 December 2012

	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
Cash flows from operating activities (A)			
Interest receipts		14,650,869,920	12,289,645,826
Interest payments		(10,164,442,793)	(7,536,097,277)
Fees and commission receipts		1,881,617,259	2,258,786,748
Cash payment to employees		(1,172,836,874)	(972,537,823)
Cash payment to suppliers		(134,592,764)	(126,187,247)
Income tax paid		(1,614,561,904)	(1,193,143,174)
Receipts from other operating activities	35 (a)	897,957,106	322,581,025
Payments for other operating activities	36 (a)	(1,092,167,921)	(891,321,801)
Operating profit before changes in operating assets & liabilities		3,251,842,029	4,151,726,277
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(9,979,709,207)	(3,838,836,532)
Other assets		(552,228,677)	955,392,137
Deposits from customers		14,938,972,076	9,026,153,766
Trading liabilities		3,048,267,191	(3,937,031,687)
Other liabilities		(94,131,807)	(180,696,245)
Net increase in operating liabilities		7,361,169,576	2,024,981,439
Net cash from operating activities		10,613,011,605	6,176,707,716
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(8,125,466,733)	(968,194,293)
Purchase of trading securities		(1,064,329,054)	(2,220,844,538)
Purchase of fixed assets		(244,948,397)	(666,427,774)
Net cash used in investing activities		(9,434,744,184)	(3,855,466,605)
Cash flows from financing activities (C)			
Payment for finance lease		(16,601,538)	(13,795,312)
Subordinated Non-Convertible Zero Coupon Bond		599,998,411	-
Net cash from/(used) in financing activities		583,396,873	(13,795,312)
Net increase in cash and cash equivalents (A+B+C)		1,761,664,294	2,307,445,799
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		8,768,097,243	6,460,651,444
Cash and cash equivalents at the end of the year		10,529,761,537	8,768,097,243
Cash and cash equivalents:			
Cash		1,164,965,704	975,478,768
Balance with Bangladesh Bank and its agent bank(s)		5,430,706,023	6,052,205,429
Balance with other banks and financial institutions		3,710,892,710	1,738,544,646
Money at call and on short notice		220,000,000	-
Prize bonds		3,197,100	1,868,400
		10,529,761,537	8,768,097,243

See annexed notes, For Bank Asia Limited


Chairman


Director


Director


Director


President and Managing Director


Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 28 February 2013

Consolidated
Statement of Changes in Equity
 for the year ended 31 December 2012

Particulars	Amount in Taka								
	Paid-up capital	Statutory reserve	Share premium	Revaluation reserve	General reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 01 January 2011	3,002,737,500	2,272,917,429	330	482,618,168	8,166,144	1,293,503,630	7,059,943,201	10,000	7,059,953,201
Transferred during the year	-	686,441,343	-	-	-	(686,441,343)	-	-	-
Revaluation of fixed assets and other investment	-	-	-	2,451,817,857	-	-	2,451,817,857	-	2,451,817,857
Issue of bonus shares	1,201,095,000	-	-	-	-	(1,201,095,000)	-	-	-
Issue of right shares	1,050,958,100	-	-	-	-	-	1,050,958,100	-	1,050,958,100
Non-controlling interest on retained earnings	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	2,043,256,551	2,043,256,551	-	2,043,256,551
Balance at 31 Dec 2011	5,254,790,600	2,959,358,772	330	2,934,436,025	8,166,144	1,449,223,838	12,605,975,709	10,000	12,605,985,709
Transferred during the year	-	544,599,399	-	-	-	(544,599,399)	-	-	-
Adjustment on revaluation of fixed assets and others	-	-	-	(341,760,188)	-	-	(341,760,188)	-	(341,760,188)
Issue of bonus shares	1,050,958,120	-	-	-	-	(1,050,958,120)	-	-	-
Dividend paid to Minority Interest	-	-	-	-	-	-	-	(2,000)	(2,000)
Non-controlling interest on retained earnings	-	-	-	-	-	-	-	3,162	3,162
Net profit for the year	-	-	-	-	-	849,937,176	849,937,176	1,029	849,938,205
Balance at 31 Dec 2012	6,305,748,720	3,503,958,171	330	2,592,675,837	8,166,144	703,603,495	13,114,152,697	12,191	13,114,164,888


 Chairman


 Director


 Director


 Director


 President and Managing Director


 Auditors
S. F. AHMED & CO
 Chartered Accountants
 Dated, 28 February 2013

Balance Sheet

at 31 December 2012

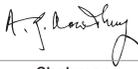
	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
PROPERTY AND ASSETS			
Cash	4	6,593,971,845	7,027,279,041
In hand (including foreign currencies)	4.1	1,163,265,822	975,073,612
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	5,430,706,023	6,052,205,429
Balance with other banks and financial institutions	5	3,703,560,536	1,635,850,212
In Bangladesh	5.1	1,922,508,491	1,133,769,488
Outside Bangladesh	5.2	1,781,052,045	502,080,724
Money at call and on short notice	6	220,000,000	-
Investments	7	25,114,904,514	15,950,511,189
Government		19,511,797,233	11,386,330,500
Others		5,603,107,281	4,564,180,689
Loans and advances/investments	8	92,328,818,525	82,819,973,884
Loans, cash credits, overdrafts, etc/investments		88,105,182,365	75,123,828,789
Bills purchased and discounted		4,223,636,160	7,696,145,095
Fixed assets including premises, furniture and fixtures	9	4,520,492,208	4,584,547,197
Other assets	10	7,879,626,940	5,711,246,483
Non - banking assets		-	-
Total assets		<u>140,361,374,568</u>	<u>117,729,408,006</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	3,825,000,476	1,226,743,285
Subordinated non-convertible zero coupon bonds	11 aa	599,998,411	-
Deposits and other accounts	12	110,061,775,383	95,131,098,609
Current/Al-wadeeah current accounts and other accounts		15,063,776,817	12,024,446,868
Bills payable		1,502,901,195	1,099,573,430
Savings bank/Mudaraba savings bank deposits		10,613,363,599	9,060,930,520
Fixed deposits/Mudaraba fixed deposits		82,881,733,772	72,946,147,792
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	12,829,429,952	8,892,632,572
Total liabilities		<u>127,316,204,222</u>	<u>105,250,474,466</u>
Capital/shareholders' equity			
Total shareholders' equity		13,045,170,346	12,478,933,539
Paid-up capital	14.2	6,305,748,720	5,254,790,600
Share premium		330	330
Statutory reserve	15	3,503,958,171	2,959,358,772
Revaluation reserve	16	2,592,675,837	2,934,436,025
General reserves		8,166,144	8,166,144
Retained earnings	17	634,621,144	1,322,181,668
Total liabilities and shareholders' equity		<u>140,361,374,568</u>	<u>117,729,408,006</u>

Balance Sheet

at 31 December 2012

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	59,215,736,602	47,457,247,641
Acceptances and endorsements		24,478,480,979	17,142,018,866
Letters of guarantee		9,877,524,764	6,887,870,884
Irrevocable letters of credit		16,854,877,413	18,862,424,101
Bills for collection		8,004,853,446	4,564,933,790
Other contingent liabilities		-	-
Other commitments		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		<u>59,215,736,602</u>	<u>47,457,247,641</u>

See annexed notes, For Bank Asia Limited

 Chairman
 Director
 Director
 Director
 President and Managing Director

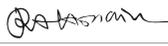

 Auditors
S. F. AHMED & CO
 Chartered Accountants
 Dated, 28 February 2013

Profit and Loss Statement

for the year ended 31 December 2012

	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
OPERATING INCOME			
Interest income	20	13,296,056,631	10,903,580,013
Interest paid on deposits and borrowings, etc	21	(9,616,349,333)	(8,202,658,439)
Net interest income		3,679,707,298	2,700,921,574
Investment income	22	1,930,644,106	1,285,545,226
Commission, exchange and brokerage	23	1,760,313,609	2,125,999,075
Other operating income	24	450,010,835	290,971,779
		<u>4,140,968,550</u>	<u>3,702,516,080</u>
Total operating income (A)		<u>7,820,675,848</u>	<u>6,403,437,654</u>
Salaries and allowances	25	1,281,947,224	1,096,638,636
Rent, taxes, insurance, electricity, etc	26	326,555,893	284,470,714
Legal expenses	27	7,050,981	4,006,480
Postage, stamp, telecommunication, etc	28	53,917,490	23,053,219
Stationery, printing, advertisements, etc	29	70,023,477	78,967,034
Managing Director's salary and fees	30	12,200,000	7,368,420
Directors' fees	31	2,003,240	2,238,000
Auditors' fees	32	1,064,535	1,152,375
Depreciation and repairs of Bank's assets	33	338,464,389	332,550,845
Other expenses	34	675,643,443	531,022,792
Total operating expenses (B)		2,768,870,672	2,361,468,515
Profit before provision (C=A-B)		5,051,805,176	4,041,969,139
Provision for loans and advances/investments			
General provision		15,174,646	14,308,463
Specific provision		2,075,183,808	402,341,928
		<u>2,090,358,454</u>	<u>416,650,391</u>
Provision for off-balance sheet items		130,572,366	47,464,303
Provision for diminution in value of investments		100,000,000	88,837,091
Other provisions		7,877,361	56,810,639
Total provision (D)		2,328,808,181	609,762,424
Total profit before tax (C-D)		2,722,996,995	3,432,206,715
Provision for taxation			
Current tax	13.5.1	1,788,554,541	1,515,992,334
Deferred tax	13.5.2	26,445,459	-
		<u>1,815,000,000</u>	<u>1,515,992,334</u>
Net profit after tax		907,996,995	1,916,214,381
Appropriations			
Statutory reserve	15	544,599,399	686,441,343
General reserve		-	-
		<u>544,599,399</u>	<u>686,441,343</u>
Retained surplus		363,397,596	1,229,773,038
Earnings Per Share (EPS)	37	<u>1.44</u>	<u>3.04</u>

See annexed notes, For Bank Asia Limited

 Chairman	 Director	 Director	 Director	 President and Managing Director
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Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 28 February 2013

Cash Flow Statement

for the year ended 31 December 2012

	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
Cash flows from operating activities (A)			
Interest receipts		14,058,125,618	11,799,537,192
Interest payments		(9,597,911,625)	(7,182,484,809)
Fees and commission receipts		1,760,313,609	2,125,999,075
Cash payment to employees		(1,131,947,224)	(943,138,636)
Cash payment to suppliers		(134,592,764)	(122,204,414)
Income tax paid		(1,614,561,904)	(1,193,143,174)
Receipts from other operating activities	35	991,168,994	313,420,769
Payments for other operating activities	36	(1,061,834,044)	(853,108,732)
Operating profit before changes in operating assets & liabilities		3,268,760,660	3,944,877,271
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(9,421,195,123)	(3,315,741,271)
Other assets		(524,875,620)	505,437,137
Deposits from customers		14,927,193,296	8,765,460,462
Trading liabilities		2,598,257,191	(3,937,031,687)
Other liabilities		(167,287,948)	77,556,179
Net increase in operating liabilities		7,412,091,796	2,095,680,820
Net cash from operating activities (A)		10,680,852,456	6,040,558,091
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(8,125,466,733)	(968,194,293)
Purchase of trading securities		(1,038,926,592)	(2,209,384,914)
Purchase of fixed assets		(244,124,176)	(644,837,363)
Net cash used in investing activities		(9,408,517,501)	(3,822,416,570)
Cash flows from financing activities (C)			
Payment for finance lease		(16,601,538)	(13,795,312)
Subordinated non-convertible zero coupon bonds		599,998,411	-
Net cash from/(used) in financing activities		583,396,873	(13,795,312)
Net increase in cash and cash equivalents (A+B+C)		1,855,731,828	2,204,346,209
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		8,664,997,653	6,460,651,444
Cash and cash equivalents at end of the year		10,520,729,481	8,664,997,653
Cash and cash equivalents:			
Cash		1,163,265,822	975,073,612
Balance with Bangladesh Bank and its agent bank(s)		5,430,706,023	6,052,205,429
Balance with other banks and financial institutions		3,703,560,536	1,635,850,212
Money at call and on short notice		220,000,000	-
Prize bonds		3,197,100	1,868,400
		10,520,729,481	8,664,997,653

See annexed notes, For Bank Asia Limited

 Chairman	 Director	 Director	 Director	 President and Managing Director
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Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 28 February 2013

Statement of Changes in Equity

for the year ended 31 December 2012

Particulars	Amount in Taka						
	Paid-up capital	Statutory reserve	Share premium	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 Jan 2011	3,002,737,500	2,272,917,429	330	482,618,168	8,166,144	1,293,503,630	7,059,943,201
Statutory reserve	-	686,441,343	-	-	-	(686,441,343)	-
Revaluation of fixed assets and other investment	-	-	-	2,451,817,857	-	-	2,451,817,857
Issue of bonus shares	1,201,095,000	-	-	-	-	(1,201,095,000)	-
Issue of right shares	1,050,958,100	-	-	-	-	-	1,050,958,100
Net profit for the year	-	-	-	-	-	1,916,214,381	1,916,214,381
Balance at 31 Dec 2011	5,254,790,600	2,959,358,772	330	2,934,436,025	8,166,144	1,322,181,668	12,478,933,539
Statutory reserve	-	544,599,399	-	-	-	(544,599,399)	-
Revaluation reserve	-	-	-	(341,760,188)	-	-	(341,760,188)
Issue of bonus shares	1,050,958,120	-	-	-	-	(1,050,958,120)	-
Issue of right shares	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	907,996,995	907,996,995
Balance at 31 Dec 2012	6,305,748,720	3,503,958,171	330	2,592,675,837	8,166,144	634,621,144	13,045,170,346


Chairman


Director


Director


Director


President and Managing Director


Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 28 February 2013

Liquidity Statement

(Analysis of Maturity of Assets and Liabilities)

at 31 December 2012

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	1,163,265,822	-	-	5,430,706,023	-	6,593,971,845
Balance with other banks and financial institutions	1,803,560,536	250,000,000	1,650,000,000	-	-	3,703,560,536
Money at call and on short notice	220,000,000	-	-	-	-	220,000,000
Investments	5,321,186,236	2,390,920,628	2,557,965,589	10,328,857,704	4,515,974,357	25,114,904,514
Loans and advances	12,838,600,000	23,519,000,000	39,283,600,000	7,967,618,525	8,720,000,000	92,328,818,525
Fixed assets including premises, furniture and fixtures	-	-	-	308,803,145	4,211,689,063	4,520,492,208
Other assets	2,774,749,047	316,691,050	4,411,826,667	376,360,176	-	7,879,626,940
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	24,121,361,641	26,476,611,678	47,903,392,256	24,412,345,573	17,447,663,420	140,361,374,568
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,914,300,000	-	1,910,700,476	-	599,998,411.00	4,424,998,887
Deposits	16,566,500,000	49,761,100,000	22,389,400,000	15,675,375,383	5,669,400,000	110,061,775,383
Provision and other liabilities	393,711,371	628,337,833	11,807,380,748	-	-	12,829,429,952
Total Liabilities (B)	18,874,511,371	50,389,437,833	36,107,481,224	15,675,375,383	6,269,398,411	127,316,204,222
Net Liquidity Excess/(Shortage) (A-B)	5,246,850,270	(23,912,826,155)	11,795,911,032	8,736,970,190	11,178,265,009	13,045,170,346


Chairman

Director



Director



Director



President and Managing Director



Auditors

S. F. AHMED & CO

Chartered Accountants

Dated, 28 February 2013

Notes to financial statements

for the year ended 31 December 2012

General

1. The Bank and its activities

1.1 Bank Asia Limited

Bank Asia Limited ("the Bank") is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994, governed by the Banking Companies Act 1991. The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 73 branches, 6 SME centres and 70 own ATM booths. The Bank has two subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh and BA Exchange Company (UK) Limited incorporated in United Kingdom. The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

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

The registered office of the Bank is situated at Rangs Tower (2nd to 6th Floors), 68 Purana Paltan, Dhaka 1000, Bangladesh.

1.2 Principal activities

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

1.3 Bank Asia Securities Limited

Bank Asia Securities Limited, a 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.

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

1.4 BA Exchange Company (UK) Limited

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

1.5 Islamic banking unit

The Bank obtained permission from Bangladesh Bank (country's central bank) to operate Islamic Banking Unit vide Bangladesh Bank's letter no. BRPD(P-3)745(53)/2008-4804 dated 17 December 2008. The Bank commenced operation of this Unit from 24 December 2008. The Islamic Banking Unit is governed under the rules and regulations of Bangladesh Bank. Distribution of profit on deposits is shown in Annex G and separate balance sheet and profit and loss statement of Islamic Banking Unit are shown in Annexes G.1 and G.2.

1.6 Off-shore banking unit

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

1.7 BA Express USA, Inc (Proposed)

The Bank is going to investment in USA for establishing a wholly owned subsidiary company named, BA Express USA, Inc. Necessary formalities and Bangladesh Bank permission is on process to start the business.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the "First Schedule (Section 38) of the Banking Companies Act 1991 as amended by BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BAS), etc. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. Banking Companies Act 1991
- ii. Companies Act 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. Bangladesh Securities and Exchange Rules 1987
- v. Bangladesh Securities and Exchange Ordinance 1969
- vi. Bangladesh Securities and Exchange Commission Act 1993
- vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2006
- viii. Income Tax Ordinance and Rules 1984
- ix. Value Added Tax Act 1991
- x. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh (CDBL) rules and regulations.

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

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

2.4 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translation

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

Assets and liabilities in foreign currencies as at 31 December 2012 have been converted into Taka currency at the notional rate determined by the Bank.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

2.5 Basis of consolidation

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

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

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Consolidated and Separate Financial Statements. The consolidated as well as separate financial statements are prepared for a common financial year ended on 31 December 2012.

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

2.5.1 Subsidiary

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

Name of Subsidiary	Ownership	Date of Commercial Operation	Country of Operation	Status	Financial Year	Regulator
Bank Asia Securities Limited	99.99%	17.04.2011	Bangladesh	Majority Owned	01 Jan to 31 Dec	SEC, Bangladesh
BA Exchange Company (UK) Limited	100%	16.05.2011	United Kingdom	Wholly Owned	01 Jan to 31 Dec	FSA, UK

2.6 Cash flow statement

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

2.7 Statement of changes in equity

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

2.8 Liquidity statement

The liquidity statement of assets and liabilities as at the reporting date has been prepared on residual maturity term as per the following basis:

Particulars	Basis used
Balance with other banks and financial institutions	Maturity term
Investments	Respective maturity terms
Loans and advances	Repayment schedule basis
Fixed assets	Useful life
Other assets	Realization/ amortization basis
Borrowing from other banks, financial institutions and agents	Maturity/ repayments terms
Deposits and others accounts	Maturity term/ Previous trend
Other liabilities	Payments/ adjustments schedule basis

2.9 Reporting period

These financial statements cover one calendar year from 1 January to 31 December 2012.

2.10 Adoption of new accounting standards

The Bank has adopted the following Bangladesh Financial Reporting Standards with effect from 1 January 2011:

- i) BFRS 4 : Insurance Contracts
- ii) BFRS 7 : Financial Instruments: Disclosures
- v) BFRS 8 : Operating Segments
- iii) BAS 32 : Financial Instruments: Presentation
- iv) BAS 39 : Financial Instruments: Recognition and Measurements

3. Significant accounting policies

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

Investment in securities

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

Held to maturity

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

Held for trading

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

Revaluation

As per Bangladesh Bank DOS circular letter no. 5 dated 28 January 2009, HFT securities are revalued each week using Marked to Market concept and HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if these are reclassified to HFT category with the Board approval. Value of investment has been shown as under:

Government treasury bills and bonds (HFT)	At present value (using marked to market concept)
Government treasury bills and bonds (HTM)	At present value (using amortisation concept)
Zero coupon bonds	At present value (using amortisation concept)
Prize bonds and other bonds	At cost
Debentures	At cost
Unquoted shares (ordinary)	At lower of cost and book value
Quoted shares (ordinary)	At lower of cost and market value at balance sheet date.

Details are shown in Note 7.

3.1.3 Investment in listed securities

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

3.1.4 Investment in unquoted securities

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

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

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

3.1.5 Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the BAS 27 "Consolidated and Separate Financial Statements" and BFRS 3 "Business Combination".

3.1.6 Loans and advances/investments

- Loans and advances/investments are stated in the balance sheet on gross basis.
- Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest/ profit is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- Commission and discounts on bills purchased and discounted are recognised at the time of realisation.

- d) Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 14 dated September 23, 2012, 16 of dated December 06, 1998, 9 of May 14, 2001, 9 and 10 of August 20, 2005, 5 of June 05, 2006, 8 of August 07, 2007, 10 of September 18, 2007, 5 of April 29, 2008 and 32 of October 27, 2010.

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

Types of loans and advances		Provision				
		UC	SMA	SS	DF	BL
Consumer	House building and professional	2%	5%	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%	5%	20%	50%	100%
Short-term agri-credit and micro credit		5%	5%	5%	5%	100%
Small and medium enterprise finance		0.25%	5%	20%	50%	100%
Others		1%	5%	20%	50%	100%

- e) Loans and advances/investments are written off as per guidelines of Bangladesh Bank. These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

3.1.7 Impairment of Financial Assets

At each balance sheet date, Bank Asia Limited assesses whether there is objective evidence that a financial asset or a group of financial assets ie, loans and advances, off balance sheet items and investments is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if -

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

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

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

3.1.8 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

- its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during that period.

Subsequent costs

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

Depreciation

No depreciation is charged on land. Depreciation is charged on straight-line method. In case of acquisition of fixed assets, depreciation is charged in the year of acquisition, whereas depreciation on disposed off fixed assets is charged up to the year prior to the year of disposal. Asset category-wise depreciation rates are as follows:

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

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

3.1.9 Leased assets

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

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

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

3.1.10 Impairment of fixed assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss is recognised as an expense in the profit and loss statement unless the asset is carried at revalued amount in accordance with Bangladesh Accounting Standard (BAS) 16, Property, Plant and Equipment Fixed Assets, in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that Accounting Standard. No impairment loss was recognized for the year 2012 as there were no such indication existed as on Balance Sheet date.

3.1.11 Investment properties

- Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business.
- Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and accumulated impairment loss.

3.1.12 Other assets

Other assets include all other financial assets and include fees and other unrealised income receivable, advance for operating and capital expenditure and stocks of stationery and stamps. Details are shown in Note 10.

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. Details are shown in Note 11.

3.2.2 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, bills payable, interest bearing on demand and special notice deposits, savings deposit and fixed deposit. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in Note 12.

3.2.3 Other liabilities

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

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, income tax laws and internal policy of the Bank. Details are shown in Note 13.

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. Details are shown in Note 14.2.

Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Banking Companies Act 1991 until such reserve equal to its paid-up capital together with the share premium.

Revaluation reserve

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

Non-controlling (minority) interest

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

3.4 Contingent liabilities

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

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

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

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

3.5 Memorandum items

Memorandum items are maintained for those items for which the Bank has only a business responsibility and no legal commitment. Stock of traveller's cheques, value of savings certificates (sanchaya patra), etc fall under the memorandum items.

3.6 Revenue recognition

Interest income

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

Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments is transferred to profit suspense account instead of income account.

Investment income

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

Interest and fees receivable on credit cards

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

Fees and commission income

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

Dividend income on shares

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

- a. It is probable that the economic benefits associated with the transaction will flow to the entity; and
- b. the amount of the revenue can be measured reliably.

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

Profit paid to mudaraba deposits is recognised on accrual basis as per provisional rate. However, the final profit is determined and are paid to the depositors as per Annex G.

Other operating expenses

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

3.7 Employee benefits

3.7.1 Provident Fund

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

3.7.2 Gratuity Fund

Gratuity fund benefits are given to the eligible staff of the Bank in accordance with the approved gratuity fund rules. Gratuity payable is determined on the basis of existing rules and regulations of the Bank. Actuarial valuation is not considered essential since amount payable at the date of balance sheet is recognised and accounted for as at that date based on actual rate.

3.7.3 Superannuation Fund

The Bank operates a superannuation fund for which provision is made annually covering all its eligible employees. The fund is operated by a separate Board of Trustees.

3.7.4 Hospitalisation insurance

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

3.8 Provision for off-balance sheet exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items have been disclosed under contingent liabilities. As per BRPD circular no. 10 dated 18 September 2007, the Bank is required to maintain provision @ 1% against off-balance sheet exposures. Details are shown in Note 13.3.

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.

Details are shown in Note 13.7 and Annex I.

3.10 Taxation

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

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

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

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

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

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

3.11 Leases

Upon initial recognition, the leased asset is measured at the amount equal to the lower of its fair value and the present value of the minimum lease payment. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.12 Earnings Per Share

Earnings per Share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2012 as per Bangladesh Accounting Standard (BAS) - 33 "Earnings Per Share". Details are shown in Note 37.

Basic earnings

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

Weighted average number of ordinary shares

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

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

Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.

3.13 Reconciliation of inter-bank/inter-branch account

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

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

3.14 Risk Management at Bank Asia Ltd.

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

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

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

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

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

Accordingly the bank has various high powered committees to monitor and ensure smooth risk management activities. For example, Management Committee (MANCOM), Asset Liability Committee (ALCO), Credit Committee(CC), Audit Committee, Risk Management Committee, Supervisory Review Committee etc.

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

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

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

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

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

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

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

Similar to credit risk, RMU is in the process of implementation of Value-at-Risk (VaR) to assess the foreign exchange risk more effectively.

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

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

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

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

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

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

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

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

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

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

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

3.15 Events after Reporting Period

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

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

3.16 Related party disclosures

A party is related to the company if:

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

3.17 Directors' responsibilities on statement

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

3.18 Segment Reporting

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

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

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

3.19 Compliance checklist of Bangladesh Accounting Standards (BASs)/Bangladesh Financial Reporting Standards (BFRSs)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	N/A
Share Based Payment	BFRS-2	N/A
Business Combinations	BFRS-3	Complied
Insurance Contracts	BFRS-4	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	N/A
Exploration for and Evaluation of Mineral Resources	BFRS-6	N/A
Financial Instruments: Disclosures	BFRS-7	Complied
Operating Segments	BFRS-8	Complied
Presentation of Financial Statements	BAS-1	Complied
Inventories	BAS-2	Complied
Statement of Cash Flows	BAS-7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Complied
Events after the Reporting Period	BAS-10	Complied
Construction Contracts	BAS-11	Complied
Income Taxes	BAS-12	Complied
Property, Plant and Equipment	BAS-16	Complied
Leases	BAS-17	Complied
Revenue	BAS-18	Complied
Employee Benefits	BAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	N/A
The Effects of Changes in Foreign Exchange Rates	BAS-21	Complied
Borrowing Costs	BAS-23	Complied
Related Party Disclosures	BAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	N/A
Consolidated and Separate Financial Statements	BAS-27	Complied
Investments in Associates	BAS-28	Complied
Interests in Joint Ventures	BAS-31	Complied
Financial Instruments: Presentation	BAS-32	Complied
Earnings Per Share	BAS-33	Complied
Interim Financial Reporting	BAS-34	Complied
Impairment of Assets	BAS-36	Complied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Complied
Intangible Assets	BAS-38	Complied
Financial Instruments: Recognition and Measurement	BAS-39	Complied
Investment property	BAS-40	Complied
Agriculture	BAS-41	N/A

3.20 Approval of financial statements

The financial statements were approved by the board of directors on 28 February 2013.

3.21 General

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

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
4 Cash			
4.1 In hand			
Conventional and Islamic banking:			
Local currency		1,151,790,672	965,600,912
Foreign currencies		11,475,150	9,472,700
		<u>1,163,265,822</u>	<u>975,073,612</u>
Off-shore banking unit		-	-
		<u>1,163,265,822</u>	<u>975,073,612</u>
4.1(a) Consolidated In hand			
Bank Asia Limited:		1,163,265,822	975,073,612
Bank Asia Securities Limited		78,740	12,469
BA Exchange Company (UK) Limited		1,621,142	392,687
		<u>1,164,965,704</u>	<u>975,478,768</u>
4.2 Balance with Bangladesh Bank and its agent bank			
Conventional and Islamic banking :			
Balance with Bangladesh Bank			
Local currency (statutory deposit)		5,224,908,621	5,718,160,668
Foreign currencies		121,390,059	273,376,428
		<u>5,346,298,680</u>	<u>5,991,537,096</u>
Balance with agent bank (Sonal Bank Limited)			
Local currency		84,407,343	60,668,333
Foreign currencies		-	-
		<u>84,407,343</u>	<u>60,668,333</u>
		<u>5,430,706,023</u>	<u>6,052,205,429</u>
Off-shore banking unit		-	-
		<u>5,430,706,023</u>	<u>6,052,205,429</u>
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank			
Bank Asia Limited:		5,430,706,023	6,052,205,429
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>5,430,706,023</u>	<u>6,052,205,429</u>

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

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Banking Companies Act 1991, BRPD circular nos. 11 and 12, dated 25 August 2005 and MPD 4 & 5 dated 1 December 2010.

The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6% has been calculated and maintained with Bangladesh Bank in local currency and 19% (11.5% for Islamic Banking) Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of cash in hand, balance with Bangladesh Bank and its agent bank, treasury bills, bonds and debentures. CRR and SLR maintained by the Bank are shown below:

4.3.1 Cash Reserve Requirement (CRR)

Conventional

As per Bangladesh Bank MPD Circular No. 04 dated December 01, 2010, Bank has to maintain CRR @ 6% on fortnightly cumulative average basis and minimum @ 5.5% on daily basis.

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
i. Daily Bank's CRR maintenance:			
Required reserve (5.5 % on Demand and Time Liabilities)		5,573,700,000	4,918,666,253
Actual reserve maintained		6,527,678,000	5,477,534,000
Surplus		953,978,000	558,867,748
ii. Fortnightly Bank's CRR maintenance:			
Required reserve (6% of Demand and Time Liabilities)		6,080,400,000	5,365,817,730
Actual reserve maintained (average)		6,138,738,765	5,704,430,836
Surplus		58,338,765	338,613,106
Islamic Banking			
i. Daily Bank's CRR maintenance:			
Required reserve (5.5% Demand and Time Liabilities)		112,702,141	109,832,910
Actual reserve maintained		132,735,000	139,896,836
Surplus		20,032,859	30,063,926
ii. Fortnightly Bank's CRR maintenance:			
Required reserve (6% of Demand and Time Liabilities)		122,947,790	119,817,720
Actual reserve maintained (Average)		137,804,706	139,896,836
Surplus		14,856,916	20,079,116
4.3.2 Statutory Liquidity Ratio (SLR)			
Conventional Banking			
19% of Average Demand and Time Liabilities including 6% of CRR:			
Required reserve (including CRR)		19,254,527,710	16,991,756,150
Actual reserve maintained (including CRR)		25,036,754,770	17,867,248,295
Surplus		5,782,227,060	875,492,145
Islamic Banking			
11.5% of Average Demand and Time Liabilities including 6% of CRR :			
Required reserve (including CRR)		235,649,920	229,650,630
Actual reserve maintained (including CRR)		266,083,514	249,254,986
Surplus		30,433,594	19,604,356
		5,812,660,654	895,096,501
4.3.3 Held for Statutory Liquidity Ratio			
Conventional Banking			
Cash in hand		1,142,317,481	958,615,462
Balance with Bangladesh Bank		6,527,678,000	5,564,534,000
Balance with agent bank (Sonal Bank Limited)		84,378,490	60,668,333
Government securities		17,352,896,919	11,281,562,100
Other securities		3,197,100	1,868,400
		25,110,467,990	17,867,248,295
Islamic Banking			
Cash in hand		20,948,341	16,458,150
Balance with Bangladesh Bank		132,735,173	139,896,836
Balance with agent bank (Sonal Bank Limited)		-	-
Government securities		112,400,000	92,900,000
Other securities		-	-
		266,083,514	249,254,986
		25,376,551,504	18,116,503,281

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

5 Balance with other banks and financial institutions

In Bangladesh

Conventional and Islamic banking (Note 5.1.1)	1,922,508,491	1,133,769,488
Off-shore banking unit	-	-
	1,922,508,491	1,133,769,488

Outside Bangladesh

Conventional and Islamic banking (Note 5.2.1)	1,612,386,531	476,174,864
Off-shore banking unit	168,665,514	25,905,860
	1,781,052,045	502,080,724
	<u>3,703,560,536</u>	<u>1,635,850,212</u>

5.1 In Bangladesh

5.1.1 Conventional and Islamic banking

Current accounts

AB Bank Limited	41,480	4,418,043
Agrani Bank Limited	826,280	608,300
National Bank Limited	942,964	3,802,515
Sonali Bank Limited	78,833	35,621,582
Standard Chartered Bank	9,627,210	815,616
Prime Bank Limited	308	57,259
United Commercial Bank Limited	-	2,564,433
Trust Bank Limited	2,199,438	1,045,207
	<u>13,716,513</u>	<u>48,932,955</u>

Short-term deposit accounts

BRAC Bank Limited	2,578,694	6,504,186
AB Bank Limited	476,196	-
Islami Bank Bangladesh Limited	154,902	148,722
Jamuna Bank Limited	-	3,832
Janata Bank Limited	-	2,500,000
Rupali Bank Limited	3,000,000	3,000,000
Uttara Bank Limited	2,582,186	2,679,793
	<u>8,791,978</u>	<u>14,836,533</u>

Fixed deposit accounts/ MTD

Islamic Finance and Investment Limited	30,000,000	120,000,000
Haji Finance Company Limited	150,000,000	150,000,000
Shahjalal Islami Bank Limited	300,000,000	100,000,000
Southeast Bank Limited	200,000,000	-
The Premier Bank Limited	400,000,000	200,000,000
Social Islamic Bank Limited	400,000,000	500,000,000
Al-Arafah Islami Bank limited	420,000,000	-
	<u>1,900,000,000</u>	<u>1,070,000,000</u>
	<u>1,922,508,491</u>	<u>1,133,769,488</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

5.2 Outside Bangladesh

5.2.1 Conventional and Islamic banking

Current accounts

Interest bearing :

Citibank N.A., London (EURO)	455,373	436,769
Citibank N.A., London (GBP)	608,664	296,744
Citibank NA, New York (USD)	1,474,729,557	53,858,448
Habib American Bank, New York	45,396,454	123,240,546
Mashreqbank psc, New York	159,396	252,110,310
National Westminster Bank plc, London	38,914	3,343,527
Standard Chartered Bank, Mumbai	6,269,456	152,316
Standard Chartered Bank, New York	833,635	574,005
	<u>1,528,491,449</u>	<u>434,012,665</u>

Non-interest bearing :

AB Bank Limited, Mumbai	272,639	573,736
Bank of Nova Scotia, Toronto	-	-
Bhutan National Bank Limited, Thimphu	2,367,047	4,909,097
Canadian Imperial Bank of Commerce	78,962	1,664,995
Commerzbank AG, Frankfurt	4,061,850	9,939,774
Credit Suisse First Boston, Zurich	700,808	329,417
Habib Metropolitan Bank Limited, Karachi	14,061,176	6,331,735
HSBC Australia Limited, Sydney	433,319	41,384
HSBC, New York	566,725	728,391
Hypo Vereinsbank, Munich	334,924	1,409,857
ICICI Bank Limited, Kowloon	13,661,055	672,542
ICICI Bank Limited, Mumbai	320,056	129,478
Muslim Commercial Bank Limited, Colombo	6,878,066	1,845,036
Muslim Commercial Bank Limited, Karachi	2,770,887	6,978,965
Nepal Bangladesh Bank Limited, Kathmandu	3,589,373	3,295,132
UBAF, Tokyo	786,521	958,637
Sonali Bank (UK) Limited, London	1,851,521	1,932,494
Wachovia Bank N.A, New York	199,254	29,936
JP Morgan Chase Bank N.A New York, U.S.A	294,219	-
Al Rajhi Bank K.S.A	18,260,000	-
Saudi Hollandi K.S.A	5,939,857	-
Wachovia Bank, London	6,466,823	391,593
	<u>83,895,082</u>	<u>42,162,199</u>
	<u>1,612,386,531</u>	<u>476,174,864</u>

Details are shown in Annex A.

5.3 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	1,803,560,536	565,850,212
More than 1 month but not more than 3 months	250,000,000	250,000,000
More than 3 months but not more than 6 months	1,450,000,000	820,000,000
More than 6 months but not more than 1 year	200,000,000	-
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	<u>3,703,560,536</u>	<u>1,635,850,212</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
5(a) Consolidated Balance with other banks and financial institutions			
In Bangladesh			
Bank Asia Limited		1,922,508,491	1,133,769,488
Bank Asia Securities Limited		2,642,694	101,065,026
BA Exchange Company (UK) Limited		-	-
		<u>1,925,151,185</u>	<u>1,234,834,514</u>
Less: Inter-company transactions		<u>1,058,948</u>	<u>5,605,409</u>
		<u>1,924,092,237</u>	<u>1,229,229,105</u>
Outside Bangladesh			
Bank Asia Limited		1,781,052,045	502,080,724
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		5,748,428	1,629,408
		<u>1,786,800,473</u>	<u>503,710,132</u>
		<u>3,710,892,710</u>	<u>1,732,939,237</u>
6 Money at call and on short notice			
Call money			
With Banking companies (Note 6.1)		220,000,000	-
With Non-banking financial institutions		-	-
		<u>220,000,000</u>	<u>-</u>
6.1 Call Money- with Banking companies:			
South East Bank Limited		170,000,000	-
Mutual Trust Bank Limited		50,000,000	-
		<u>220,000,000</u>	<u>-</u>
6(a) Consolidated Money at call and on short notice			
Bank Asia Limited		220,000,000	-
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>220,000,000</u>	<u>-</u>
7 Investments			
Government (Note 7.1)		19,511,797,233	11,386,330,500
Others (Note 7.2)		5,603,107,281	4,564,180,689
		<u>25,114,904,514</u>	<u>15,950,511,189</u>
7.1 Government			
Conventional and Islamic banking (Note 7.1.1)		19,511,797,233	11,386,330,500
Off-shore banking unit		-	-
		<u>19,511,797,233</u>	<u>11,386,330,500</u>
7.1.1 Conventional and Islamic banking			
Treasury bills (Note 7.1.1.1)		1,360,186,216	637,955,357
Treasury bonds (Note 7.1.1.2)		18,140,913,917	10,736,506,743
Debentures of House Building Finance Corporation		7,500,000	10,000,000
Prize bonds		3,197,100	1,868,400
		<u>19,511,797,233</u>	<u>11,386,330,500</u>
7.1.1.1 Treasury bills			
91 days treasury bills		171,380,681	-
182 days treasury bills		383,870,465	-
364 days treasury bills		236,155,838	637,955,357
30 days Bangladesh Bank bills		568,779,232	-
		<u>1,360,186,216</u>	<u>637,955,357</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
7.1.1.2 Treasury bonds			
Bangladesh Bank Islamic bond		112,400,000	92,900,000
5 years Bangladesh Government treasury bonds		11,805,157,702	7,354,464,764
10 years Bangladesh Government treasury bonds		5,738,513,694	2,997,741,979
15 years Bangladesh Government treasury bonds		374,188,504	291,400,000
20 years Bangladesh Government treasury bonds		110,654,017	-
		<u>18,140,913,917</u>	<u>10,736,506,743</u>
7.2 Others			
Conventional and Islamic banking (Note 7.2.1)		5,603,107,281	4,564,180,689
		<u>5,603,107,281</u>	<u>4,564,180,689</u>
7.2.1 Conventional and Islamic banking			
Ordinary shares (Details are shown in Annexure-B)			
Quoted shares		542,966,867	519,580,128
Unquoted share		285,118,145	278,595,473
		828,085,012	798,175,601
Provision for diminution in the market value of shares		-	-
		<u>828,085,012</u>	<u>798,175,601</u>
Mutual Fund			
1st Janata Bank Mutual fund		50,000,000	50,000,000
EBL NRB Ist Mutual Fund		149,665,000	150,000,000
Ist Bangladesh Fixed Income Fund		250,000,000	250,000,000
MBL 1st Mutual Fund		50,000,000	50,000,000
		499,665,000	500,000,000
Debentures			
Debentures (10 years):			
Beximco Denims Limited		10,514,422	10,514,422
Beximco Textiles Limited		8,593,828	8,593,828
ACI Zero Coupon Bonds		26,249,019	36,896,838
MTBL subordinated bond		150,000,000	150,000,000
Orascom Telecom Bangladesh Limited		240,000,000	320,000,000
Prime Bank Limited		140,000,000	140,000,000
		575,357,269	666,005,088
Placements			
With Banking companies (Note 7.2.1(a))		1,000,000,000	800,000,000
With Non-banking financial institutions (Note 7.2.1 (b))		2,700,000,000	1,800,000,000
		3,700,000,000	2,600,000,000
		<u>5,603,107,281</u>	<u>4,564,180,689</u>
7.2.1(a) Placement- with Banking companies:			
Prime Bank Limited		1,000,000,000	600,000,000
Dhaka Bank Limited		-	200,000,000
		<u>1,000,000,000</u>	<u>800,000,000</u>
7.2.1(b) Placement- with Non-banking financial institutions:			
International Leasing and Financial Services Limited		-	100,000,000
Investment Corporation of Bangladesh		2,400,000,000	1,450,000,000
Lanka Bangla Finance Limited		150,000,000	100,000,000
National Housing Finance and Investments Limited		-	100,000,000
Phoenix Finance and Investment Company Limited		-	50,000,000
Hajj Finance Co. Ltd		50,000,000	-
Union Capital Limited		100,000,000	-
		<u>2,700,000,000</u>	<u>1,800,000,000</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
7.3 Investments classified as per Bangladesh Bank circular:			
Held for trading (HFT)		9,859,031,996	2,595,655,357
Held to maturity (HTM)		9,529,668,138	8,685,906,743
Other securities		5,726,204,380	4,668,949,089
		<u>25,114,904,514</u>	<u>15,950,511,189</u>
7.4 Maturity-wise grouping			
On demand		5,321,186,236	3,121,448,528
Up to 3 months		2,390,920,628	2,296,756,080
More than 3 months but not more than 1 year		2,557,965,589	731,951,734
More than 1 year but not more than 5 years		10,328,857,704	8,229,164,544
More than 5 years		4,515,974,357	1,571,190,303
		<u>25,114,904,514</u>	<u>15,950,511,189</u>
7(a) Consolidated Investments			
Government			
Bank Asia Limited		19,511,797,233	11,386,330,500
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>19,511,797,233</u>	<u>11,386,330,500</u>
Others			
Bank Asia Limited		5,603,107,281	4,564,180,689
Bank Asia Securities Limited		153,978,168	153,119,000
BA Exchange Company (UK) Limited		-	-
		<u>5,757,085,449</u>	<u>4,717,299,689</u>
		<u>25,268,882,682</u>	<u>16,103,630,189</u>
8 Loans and advances/investments			
Loans, cash credits, overdrafts, etc/investments (Note 8.1)		88,105,182,365	75,123,828,789
Bills purchased and discounted (Note 8.2)		4,223,636,160	7,696,145,095
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.1 Loans, cash credits, overdrafts, etc/investments			
Conventional and Islamic banking			
Inside Bangladesh			
Overdrafts/ Quard against deposit		22,914,848,467	18,829,966,690
Cash credit/Bai Murabaha (Muajjal)		2,148,481,958	2,675,608,804
Loans (General)/ Musharaka		14,139,365,995	8,392,267,472
House building loans		283,864,953	566,583,219
Loan against trust receipts/ Bai Murabaha post import		16,187,903,159	22,834,596,704
Payment against documents		1,038,058,493	1,749,909,196
Consumer credit scheme		265,515,988	365,169,333
Transport loan		1,388,033,079	1,198,565,673
Term loan- industrial		5,754,457,997	3,667,190,324
Term loan- others/ Hire purchase under Shirkatul Melk		19,575,504,166	10,598,550,250
Staff Loan		605,219,890	474,796,621
Credit card		865,300,974	676,058,350
Small and medium enterprise (SME)		2,487,977,103	2,404,880,723
Credit for poverty alleviation scheme-micro credit		15,948,429	16,412,472
		<u>87,670,480,651</u>	<u>74,450,555,831</u>
Outside Bangladesh		-	-
		<u>87,670,480,651</u>	<u>74,450,555,831</u>
Off-shore banking unit		434,701,714	673,272,958
		<u>88,105,182,365</u>	<u>75,123,828,789</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
8.2 Bills purchased and discounted			
Conventional and Islamic banking		4,221,184,554	7,692,736,984
Off-shore banking unit		2,451,606	3,408,111
		<u>4,223,636,160</u>	<u>7,696,145,095</u>
8.3 Maturity-wise grouping			
Repayable on demand		12,838,600,000	16,539,240,771
Not more than 3 months		23,519,000,000	23,286,397,470
More than 3 months but not more than 1 year		39,283,600,000	22,648,489,457
More than 1 year but not more than 5 years		7,967,618,525	13,323,424,917
More than 5 years		8,720,000,000	7,022,421,269
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.4 Net loans and advances/investments			
Gross loans and advances/investments		92,328,818,525	82,819,973,884
Less: Interest suspense (Note 13.4)		461,780,702	291,160,430
Provision for loans and advances/investments		3,630,307,775	1,739,512,995
		<u>4,092,088,477</u>	<u>2,030,673,425</u>
		<u>88,236,730,048</u>	<u>80,789,300,459</u>
8.5 Loans and advances/investments under the following broad categories			
In Bangladesh:			
Loans		63,041,851,940	53,618,253,295
Cash credits		2,148,481,958	2,675,608,804
Overdrafts		22,914,848,467	18,829,966,690
Bills purchased and discounted		3,899,493,717	7,437,033,549
		<u>92,004,676,082</u>	<u>82,560,862,338</u>
Outside Bangladesh:			
Bills purchased and discounted		324,142,443	259,111,546
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.6 Significant concentration wise grouping			
a) Directors		-	-
b) Chief Executive and other senior executives			
i) Managing Director		1,164,000	1,503,093
ii) Other senior executives		80,520,000	76,639,648
		<u>81,684,000</u>	<u>78,142,741</u>
c) Consumers			
i) Commercial lending		21,950,238,000	23,300,504,000
ii) Export financing		516,192,000	375,208,941
iii) House building loan		283,864,953	566,583,219
iv) Consumer credit scheme		2,893,328,000	2,573,496,061
v) Small and medium enterprises		2,487,977,103	2,404,880,721
vi) Staff loan		523,535,890	396,653,880
vii) Credit card		865,300,974	676,058,350
viii) Non-banking financial institutions		607,411,000	508,351,000
		<u>30,127,847,920</u>	<u>30,801,736,172</u>
d) Industries			
i) Agricultural and jute		4,699,894,000	1,227,956,000
ii) Cement		1,336,111,000	683,884,000
iii) Chemical		1,083,588,000	272,578,000
iv) Electronics		1,085,749,000	215,099,000
v) Food and allied		3,465,632,000	1,735,566,000
vi) Paper		3,102,541,000	2,514,048,000
vii) Readymade garments		3,272,491,000	3,548,051,000
viii) Real estate		3,145,325,000	2,936,983,000
ix) Steel		3,945,062,000	3,712,462,000
x) Textile		5,870,497,000	5,827,714,000
xi) Other		23,821,941,605	25,498,296,971
		<u>54,828,831,605</u>	<u>48,172,637,971</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
e) Infrastructural			
i) Power		906,356,000	411,713,000
ii) Telecom		1,369,681,000	325,253,000
iii) Construction		1,164,470,000	941,905,000
iv) Transport		3,849,948,000	2,088,586,000
		7,290,455,000	3,767,457,000
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.7 Geographical location-wise grouping			
Inside Bangladesh			
Urban			
Dhaka Division		57,834,117,947	49,632,159,915
Chittagong Division		24,869,628,527	24,739,358,208
Khulna Division		1,114,425,174	818,146,158
Rajshahi Division		1,552,792,590	1,257,419,535
Barisal		114,177,357	-
Sylhet Division		827,402,971	614,620,163
		86,312,544,566	77,061,703,979
Rural			
Dhaka Division		3,946,867,857	3,368,340,646
Chittagong Division		1,737,480,754	2,082,813,520
Sylhet Division		101,109,479	125,041,514
Rajshahi Division		230,815,869	182,074,225
		6,016,273,959	5,758,269,905
Outside Bangladesh		-	-
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.8 Loans/investments including bills purchased and discounted covered by securities			
Collateral of movable/immovable assets		56,772,734,390	34,923,253,261
Local banks and financial institutions' guarantee		2,093,589,830	3,983,950,688
Foreign banks' guarantee		185,020,274	448,544,995
Export documents		2,147,637,003	2,082,746,407
Cash and quasi cash		5,905,896,151	4,124,075,038
Personal guarantee		17,302,346,638	29,988,798,497
Other securities		7,921,594,239	7,268,604,998
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.9 Details of large loan/investment			
As at 31 December 2012 there were sixteen (2011: ten) clients with whom amount of outstanding loans and advances exceeded 10% of the total capital of the Bank. Total capital of the Bank was Taka 13,930.18 million as at 31 December 2012 (Taka 12,447.32 million in 2011).			
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		67,104,877,648	45,562,570,389
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee		17,302,346,638	29,988,798,497
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors		7,921,594,239	7,268,604,998

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
iv) Loans/investments adversely classified; provision not maintained there against		-	-
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
v) Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons		<u>605,219,890</u>	<u>474,796,621</u>
vi) Loans/investments due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members		-	-
vii) Maximum total amount of advances/investments, including temporary advances/investments made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.		<u>605,219,890</u>	<u>474,796,621</u>
viii) Maximum total amount of advances/investments, including temporary advances/investments granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members		-	-
ix) Due from banking companies		<u>4,223,636,160</u>	<u>7,696,145,095</u>
x) Classified loans/investments for which interest has not been charge:			
a) Increase of provision (specific)		1,919,022,242	309,232,000
Amount of loan written off		455,830,000	-
Amount realised against the loans previously written off		-	-
b) Provision kept against loans/investments classified as bad debts		2,475,192,242	556,170,000
c) Interest credited to interest suspense account		461,780,702	291,160,430
xi) Cumulative amount of written off loans/investments			
Opening balance		858,331,493	858,331,493
Amount written off during the year		455,830,000	-
The amount of written off loans/investments for which law suit has been filed		1,314,161,493	858,331,493

8.11 Grouping as per classification rules

Unclassified:		
Standard including staff loan	85,977,825,111	79,365,473,884
Special mentioned account	1,099,509,120	1,204,538,000
Classified:		
Sub-standard	531,549,128	548,857,000
Doubtful	780,234,525	443,010,000
Bad/loss	3,939,700,641	1,258,095,000
	5,251,484,294	2,249,962,000
	<u>92,328,818,525</u>	<u>82,819,973,884</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding at 31 Dec 2012	Base for provision	% of required provision	Required provision	
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	64,845,313,798	64,845,313,798	1%	658,826,919	622,657,360
Small and medium enterprise financing	12,735,380,949	12,735,380,949	0.25%	31,838,452	87,803,740
House building loan and loan for professional	1,993,231,067	1,993,231,067	2%	39,864,621	40,305,100
Loans to BH	4,308,863,483	4,308,863,483	2%	86,177,270	82,078,980
Consumer finance	1,657,882,495	1,657,882,495	5%	82,894,125	75,576,150
Special mentioned account	1,099,509,120	1,097,528,673	5%	54,876,434	58,835,850
				954,477,821	967,257,180
Off-shore unit					
Unclassified loans (general)	437,153,320	437,153,320	1%	4,371,533	6,766,820
Special mentioned account				-	-
				4,371,533	6,766,820
Classified - specific provision:					
Sub-standard	531,549,128	223,837,067	20% / 5%	44,399,799	60,466,000
Doubtful	780,234,525	243,439,034	50%	121,517,088	155,786,000
Bad/loss	3,939,700,640	2,475,192,242	100%	2,475,192,242	556,170,000
				2,641,109,129	772,422,000
Required provision for loans and advances				3,599,958,483	1,746,446,000
Total provision maintained					
Conventional and Islamic Banking (Note 13.2)				3,625,936,242	1,739,512,995
Off-shore Banking Unit				4,371,533	6,933,005
				3,630,307,775	1,746,446,000
Excess provision at 31 December				30,349,292	-

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
8.13 Suits filed by the Bank (Branch wise details)			
Bashundhara Branch		25,949,834	20,412,980
CDA Avenue Branch		12,983,420	12,983,420
Corporate Branch		286,700,280	8,096,339
Dhanmondi Branch		7,250,553	-
Dilkusha Branch		55,210,157	48,530,251
Gulshan Branch		101,159,943	53,119,943
Khatunganj Branch		772,417,366	10,559,241
Malkhanagar Branch		89,742,510	-
Mirpur branch		4,775,474	4,389,095
North South Road Branch		196,703,158	44,231,132
Principal Office Branch		321,791,549	316,267,766
Scotia Branch		660,525,498	448,725,404
Sheikh Mujib Road Branch		178,292,752	116,852,098
Sylhet Main Branch		13,790,574	13,790,574
Uttara Branch		590,000	590,000
Credit cards		58,705	58,705
Agrabad Branch		211,174,937	34,090,264
Mitford Branch		25,635,919	25,635,919
Rajshai Branch		547,173	547,173
Sylhet Upashahar Branch		5,557,250	5,557,250
Jatrabari SME Service Centre		644,879	644,879
Jurain SME service centre		838,651	-
		<u>2,972,340,582</u>	<u>1,165,082,433</u>
8.14 Bills purchased and discounted			
Payable in Bangladesh		3,899,493,717	7,437,033,549
Payable outside Bangladesh		324,142,443	259,111,546
		<u>4,223,636,160</u>	<u>7,696,145,095</u>
8.15 Maturity-wise grouping of bills purchased and discounted			
Payable within 1 month		1,516,600,000	1,252,196,521
More than 1 month but less than 3 months		1,844,900,000	2,955,408,840
More than 3 months but less than 6 months		419,936,160	797,340,161
More than 6 months		442,200,000	2,691,199,572
		<u>4,223,636,160</u>	<u>7,696,145,094</u>
8.(a) Consolidated Loans and advances/investments			
Loans, cash credits, overdrafts, etc/investments			
Bank Asia Limited		88,105,182,365	75,123,828,789
Bank Asia Securities Limited		4,913,963,024	4,402,311,765
BA Exchange Company (UK) Limited		-	-
		<u>93,019,145,389</u>	<u>79,526,140,554</u>
Less: Inter- companies transactions		3,832,353,679	3,879,216,504
		<u>89,186,791,710</u>	<u>75,646,924,050</u>
Bills purchased and discounted			
Bank Asia Limited		4,223,636,160	7,696,145,095
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>4,223,636,160</u>	<u>7,696,145,095</u>
		<u>93,410,427,870</u>	<u>83,343,069,145</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
9 Fixed assets including premises, furniture and fixtures			
Conventional and Islamic banking (Note 9.1)		4,520,492,208	4,584,547,197
Off-shore banking unit		-	-
		<u>4,520,492,208</u>	<u>4,584,547,197</u>
9.1 Conventional and Islamic banking			
Cost:			
Land		2,531,152,000	2,531,152,000
Building		1,731,978,115	1,716,628,217
Furniture and fixtures		709,500,939	593,180,514
Equipments		443,755,877	382,329,549
Computer and accessories		224,197,219	198,493,894
Motor vehicles		131,986,360	110,493,360
		5,772,570,510	5,532,277,534
Less: Accumulated depreciation		1,207,472,802	903,124,836
Adjustment of Assets revaluation		44,605,500	44,605,501
Written down value at the end of the year		<u>4,520,492,208</u>	<u>4,584,547,197</u>
Details are shown in Annex C			
9(a) Fixed assets including premises, furniture and fixtures			
Bank Asia Limited		4,520,492,208	4,584,547,197
Bank Asia Securities Limited		13,612,271	17,272,329
BA Exchange Company (UK) Limited		14,790,620	17,011,800
		<u>4,548,895,099</u>	<u>4,618,831,326</u>
Details are shown in Annex C.2			
10 Other assets			
Conventional and Islamic banking (Note 10.1)		7,872,670,163	5,694,771,499
Off-shore banking unit		6,956,777	16,474,984
		<u>7,879,626,940</u>	<u>5,711,246,483</u>
10.1 Conventional and Islamic banking			
Income generating other assets			
Income receivable (Note 10.2)		627,416,960	493,544,988
Investment in BA Exchange Company (UK) Limited		32,500,000	24,974,077
Investment in Bank Asia Securities Ltd		449,990,000	449,990,000
		1,109,906,960	968,509,065
Non-income generating other assets			
Stock of stamps		2,507,576	2,070,145
Stationery, printing materials, etc		17,885,868	21,389,636
Prepaid expenses		5,249,128	4,403,670
Deposits and advance rent		238,887,013	225,775,356
Due from Capital Market Division of the Bank		20,744,552	129,799,655
Branch adjustment account (Note 10.3)		53,875,462	74,790,740
Advances, prepayments and others (Note 10.4)		216,428,464	93,399,563
Advance income tax		5,575,514,163	3,960,952,259
Receivable against government		234,757,049	106,293,004
Receivable against remittance		-	3,911,097
Sundry debtors		312,592,760	37,977,390
Protested bills		56,810,639	56,810,639
Receivable from BA Exchange Company (UK) Limited		19,783,539	5,057,000
Investment in BA Express USA Inc		3,150,000	-
Excise duty recoverable		4,576,990	3,632,280
		6,762,763,203	4,726,262,434
		<u>7,872,670,163</u>	<u>5,694,771,499</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

10.2 Income receivable

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

10.3 Branch adjustment accounts

This represents outstanding inter-branch and head office transactions (net) which are originated but not responded by the counter transaction at the balance sheet date. The unresponded entries of 31 December 2012 are given below:

	Number of unresponded entries (Debit)	Amount of unresponded entries (Taka)	Number of unresponded entries (Credit)	Amount of unresponded entries (Taka)
Up to 3 months	173	57,121,000	113	14,665,000
More than 3 months but within 6 months	44	9,950,000	69	6,539,000
More than 6 months but within 1 year	33	11,900,000	87	2,886,000
More than 1 year but within 5 years	38	9,325,000	26	2,443,000
Above 5 years	-	-	-	-
	<u>288</u>	<u>88,296,000</u>	<u>295</u>	<u>26,533,000</u>

10.4 Advances, prepayments and others

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

10(a) Consolidated Other assets

Bank Asia Limited	7,879,626,940	5,711,246,483
Bank Asia Securities Limited	110,173,218	74,817,110
BA Exchange Company (UK) Limited	2,565,940	1,674,271
	<u>7,992,366,098</u>	<u>5,787,737,864</u>
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	449,990,000	449,990,000
Investment in BA Exchange Company (UK) Limited	32,500,000	26,000,000
Receivable from BASL	15,000,000	117,397,136
Receivable from BA Exchange Company (UK) Limited	14,274,347	-
	<u>7,480,601,751</u>	<u>5,194,350,728</u>

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	3,825,000,476	1,226,743,285
Off-shore banking unit	-	-
	<u>3,825,000,476</u>	<u>1,226,743,285</u>

11.1 Conventional and Islamic banking

In Bangladesh (Note 11.1.1)	3,825,000,476	1,226,743,285
Outside Bangladesh	-	-
	<u>3,825,000,476</u>	<u>1,226,743,285</u>

11.1.1 In Bangladesh

Secured	-	-
Un secured:		
Money at call and on short notice	-	-
Trust Bank Limited	200,000,000	-
State Bank of India	150,000,000	-
Janata Bank Limited	-	100,000,000
The Hongkong and Shanghai Banking Corporation Limited	-	100,000,000
	<u>350,000,000</u>	<u>200,000,000</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
Term borrowing			
Bangladesh Bank refinance (Islamic)		1,400,000,000	900,000,000
Bangladesh Bank refinance and ALS		2,075,000,476	126,743,285
		<u>3,475,000,476</u>	<u>1,026,743,285</u>
		<u>3,825,000,476</u>	<u>1,226,743,285</u>
11.2 Maturity-wise grouping			
Payable on demand		1,914,300,000	200,000,000
Up to 1 month		-	-
More than 1 month but within 3 months		-	-
More than 3 months but within 1 year		1,910,700,476	900,000,000
More than 1 year but within 5 years		-	-
More than 5 years		-	-
		<u>3,825,000,476</u>	<u>1,100,000,000</u>
11(a) Consolidated Borrowings from other banks, financial institutions and agents			
Bank Asia Limited		3,825,000,476	1,226,743,285
Bank Asia Securities Limited		4,282,363,679	3,879,216,504
BA Exchange Company (UK) Limited		-	-
		<u>8,107,364,155</u>	<u>5,105,959,789</u>
Less: inter- companies transactions		<u>3,832,353,679</u>	<u>3,879,216,504</u>
		<u>4,275,010,476</u>	<u>1,226,743,285</u>
11(aa) Subordinated Non-Convertible Zero Coupon Bond			
A.K Khan & Company Limited		249,997,004	-
EBL NRB Mutual Fund		19,920,576	-
Popular Life 1st Mutual Fund		9,960,288	-
EXIM Bank 1st Mutual Fund		39,996,781	-
IFIC Bank 1st Mutual Fund		9,960,288	-
AB Bank 1st Mutual Fund		37,973,598	-
EBL First Mutual Fund		9,991,414	-
First Bangladesh Fixed Income Fund		209,944,195	-
Industrial and Infrastructure Development Finance Company Limited (IIDFC)		12,254,267	-
		<u>599,998,411</u>	<u>-</u>
12 Deposits and other accounts			
Conventional and Islamic banking (Note 12.1)		109,467,216,825	94,739,930,739
Off-shore banking unit		594,558,558	391,167,870
		<u>110,061,775,383</u>	<u>95,131,098,609</u>
Deposits and other accounts			
Current/AI-wadeeah current accounts and other accounts			
Deposits from banks		-	-
Deposits from customers		14,543,844,248	12,024,446,868
		<u>14,543,844,248</u>	<u>12,024,446,868</u>
Bills payable			
Deposits from banks		-	-
Deposits from customers		1,502,901,195	1,099,573,430
		<u>1,502,901,195</u>	<u>1,099,573,430</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
Savings bank/Mudaraba savings bank deposits			
Deposits from banks		-	-
Deposits from customers		10,613,363,599	9,060,930,520
		10,613,363,599	9,060,930,520
Fixed deposits/Mudaraba fixed deposits			
Deposits from banks		1,111,957,040	520,820,616
Deposits from customers		81,695,150,743	72,425,327,176
		82,807,107,783	72,946,147,792
		<u>109,467,216,825</u>	<u>95,131,098,609</u>
12.1 Conventional and Islamic banking			
Deposits from banks (Note 12.1.1)		1,111,957,040	520,820,616
Deposits from customers (Note 12.1.2)		108,355,259,785	94,219,110,123
		<u>109,467,216,825</u>	<u>94,739,930,739</u>
12.1.1 Deposits from banks			
Fixed deposit:			
AB Bank Limited		1,222,860	1,174,736
EXIM Bank Limited		5,739,640	5,566,041
Sonali Bank Limited		4,500,000	13,600,000
Social Islami Bank Limited		300,494,540	300,479,839
The Premier Bank Limited		400,000,000	200,000,000
Shajalal Islami Bank		200,000,000	-
Southeast Bank		200,000,000	-
		1,111,957,040	520,820,616
Bangladesh Bank refinance		-	-
		<u>1,111,957,040</u>	<u>520,820,616</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
12.1.2 Deposits from customers			
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)		14,543,844,248	11,911,171,392
Bills payable (Note 12.1.2b)		1,502,901,195	1,099,573,430
Savings bank/Mudaraba savings deposits		10,613,363,599	9,060,930,520
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)		81,695,150,743	72,147,434,781
		<u>108,355,259,785</u>	<u>94,219,110,123</u>
12.1.2a Current/Al-wadeeah current accounts and other accounts			
Current/Al-wadeeah current accounts		5,335,346,474	4,514,550,117
Other demand deposit - Local currency		7,025,389,232	5,406,222,756
Other demand deposit - Foreign currencies		1,427,978,931	1,187,877,992
Foreign currency deposits		755,129,611	802,520,527
Export retention quota		-	-
		<u>14,543,844,248</u>	<u>11,911,171,392</u>
12.1.2b Bills payable			
Bills payable - local currency		1,497,757,234	1,094,102,098
Bills payable - foreign currencies		5,143,961	5,471,332
Demand draft		-	-
		<u>1,502,901,195</u>	<u>1,099,573,430</u>
12.1.2c Fixed deposits/Mudaraba fixed deposits			
Fixed deposits/Mudaraba fixed deposits		58,971,370,666	56,494,004,670
Special notice deposit		9,466,715,034	6,462,740,737
Foreign currency deposits (interest bearing)		8,257,208	8,241,390
Deposit under schemes		13,248,807,835	9,182,447,984
		<u>81,695,150,743</u>	<u>72,147,434,781</u>
12.2 Payable on demand and time deposits			
a) Demand deposits			
Current/Al-wadeeah current accounts and other accounts		5,855,279,043	4,627,825,593
Savings bank/Mudaraba savings deposits		955,202,724	815,483,747
Foreign currency deposits (non interest bearing)		2,183,108,542	1,990,398,519
Sundry deposits		7,025,389,232	5,406,222,756
Bills payable		1,502,901,195	1,099,573,430
		<u>17,521,880,736</u>	<u>13,939,504,045</u>
b) Time deposits			
Savings bank/Mudaraba savings deposits		9,658,160,875	8,245,446,773
Fixed deposits/Mudaraba fixed deposits		60,157,953,695	57,292,717,681
Foreign currency deposits (interest bearing)		8,257,208	8,241,390
Special notice deposit		9,466,715,034	6,462,740,737
Security deposits		-	-
Deposits under schemes		13,248,807,835	9,182,447,984
		<u>92,539,894,647</u>	<u>81,191,594,565</u>
		<u>110,061,775,383</u>	<u>95,131,098,609</u>
12.3 Sector-wise break-up of deposits and other accounts			
Government		3,187,922,000	2,102,131,000
Deposit from banks		1,111,957,040	520,820,616
Other public		4,277,966,000	5,204,904,000
Foreign currencies		2,791,068,269	2,395,279,111
Private		98,692,862,074	84,907,963,882
		<u>110,061,775,383</u>	<u>95,131,098,609</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
12.4 Maturity-wise grouping			
Deposits from banks			
Payable on demand		-	-
Up to 1 month		6,962,500	1,174,736
Over 1 month but within 6 months		904,994,540	19,166,041
Over 6 months but within 1 year		200,000,000	300,479,839
Over 1 year but within 5 years		-	200,000,000
Over 5 years		-	-
		1,111,957,040	520,820,616
Customer deposits excluding bills payable			
Payable on demand		16,395,798,805	6,406,487,198
Up to 1 month		34,689,907,118	8,450,966,833
Over 1 month but within 6 months		20,152,205,460	29,692,891,760
Over 6 months but within 1 year		14,864,230,382	16,283,032,640
Over 1 year but within 5 years		15,675,375,383	23,494,878,147
Over 5 years		5,669,400,000	9,182,447,984
		107,446,917,148	93,510,704,563
Bills payable			
Payable on demand		170,701,195	1,099,573,430
Up to 1 month		-	-
Over 1 month but within 6 months		1,332,200,000	-
Over 6 months but within 1 year		-	-
Over 1 year but within 5 years		-	-
Over 5 years		-	-
		1,502,901,195	1,099,573,430
		<u>110,061,775,383</u>	<u>95,131,098,609</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
12(a) Consolidated Deposits and other accounts			
Current/AI-wadeeah current accounts and other accounts			
Bank Asia Limited		15,063,776,817	12,024,446,868
Bank Asia Securities Limited		114,812,145	95,826,867
BA Exchange Company (UK) Limited		-	-
		<u>15,178,588,962</u>	<u>12,120,273,735</u>
Less: Inter-company transactions		1,058,948	5,605,409
		<u>15,177,530,014</u>	<u>12,114,668,326</u>
Bills payable			
Bank Asia Limited		1,502,901,195	1,099,573,430
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>1,502,901,195</u>	<u>1,099,573,430</u>
Savings bank/Mudaraba savings bank deposits			
Bank Asia Limited		10,613,363,599	9,060,930,520
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>10,613,363,599</u>	<u>9,060,930,520</u>
Fixed deposits/Mudaraba fixed deposits			
Bank Asia Limited		82,881,733,772	72,946,147,792
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>82,881,733,772</u>	<u>72,946,147,792</u>
13 Other liabilities			
Conventional and Islamic banking (Note 13.1)		12,820,538,143	8,880,989,211
Off-shore banking unit		8,891,809	11,643,361
		<u>12,829,429,952</u>	<u>8,892,632,572</u>
13.1 Conventional and Islamic banking			
Provision for loans and advances/investments (Note 13.2)		3,625,936,242	1,739,512,995
Provision on off-balance sheet exposures (Note 13.3)		587,637,090	458,168,020
Interest suspense account (Note 13.4)		461,780,702	291,160,430
Provision for income tax including deferred tax (Note 13.5)		7,371,616,027	5,556,616,027
Provision for performance bonus		151,799,878	161,214,818
Credit card		3,582,759	2,670,666
Expenditures and other payables		72,919,937	87,809,861
Obligation under finance lease (Note 13.6)		14,757,253	53,637,685
Provision for nostro accounts (Note 13.7)		-	-
Other payable		45,406,190	31,475,923
Provision for profit equalisation		14,940,855	1,884,374
Provision for Smart Junior Saver A/c		13,375	-
Diminution in value of shares		100,000,000	112,655,749
Payable to Government		45,555,155	16,335,154
Provision for others (Note 13.8)		69,831,323	56,810,639
Unearned income for Islamic banking		217,355,521	311,036,870
Clearing adjustment account FCY		33,922,356	-
Interest payable on subordinated non-convertible zero coupon bond		3,483,480	-
		<u>12,820,538,143</u>	<u>8,880,989,211</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
13.2 Provision for loans and advances/investments			
A. General			
Balance at the beginning of the year		967,090,995	924,372,322
<u>Add:</u> Provision made during the year			
On general loans and advances/investments etc.		17,736,118	33,565,923
On special mentioned account		-	9,152,750
		17,736,118	42,718,673
<u>Less:</u> Provision no longer required		-	-
Balance at the end of the year		984,827,113	967,090,995
B. Specific			
Balance at the beginning of the year		772,422,000	354,630,899
<u>Less:</u> Interest waiver during the year		(9,757,429)	(37,973,577)
Write off during the year		(380,321,545)	-
		(390,078,974)	(37,973,577)
<u>Add/Back:</u> Recoveries of amounts previously written off		183,582,295	53,422,750
Specific provision made during the year for other accounts		2,075,183,808	402,341,928
		2,258,766,103	455,764,678
Balance at the end of the year		2,641,109,129	772,422,000
C. Total provision on loans and advances/investments (A+B)		3,625,936,242	1,739,512,995
13.3 Provision on off-balance sheet exposures			
Balance at 1 January		458,168,020	414,120,697
<u>Add:</u> Provision made during the year (Note 34.b)		129,469,070	44,047,323
		587,637,090	458,168,020
<u>Less:</u> Adjustments made during the year		-	-
Balance at 31 December		587,637,090	458,168,020
13.4 Interest suspense account			
Balance at 1 January		291,160,430	148,156,005
<u>Add:</u> Amount transferred to "interest suspense" account during the year		1,097,914,635	288,713,998
		1,389,075,065	436,870,003
<u>Less:</u> Amount of interest suspense recovered		926,698,915	138,843,904
Amount written off during the year		-	-
Interest waiver during the year		595,448	6,865,669
		927,294,363	145,709,573
Balance at 31 December		461,780,702	291,160,430
13.5 Provision for taxation			
Current tax (Note 13.5.1)		7,089,642,948	5,301,088,407
Deferred tax (Note 13.5.2)		281,973,079	255,527,620
		7,371,616,027	5,556,616,027
13.5.1 Provision for current tax			
Balance at 1 January		5,301,088,407	3,785,096,073
Provision made during the year		1,788,554,541	1,515,992,334
		7,089,642,948	5,301,088,407
Adjustments made during the year		-	-
Balance at 31 December		7,089,642,948	5,301,088,407
Corporate tax position of the Bank has been shown in Annex D.			

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
13.5.2 Provision for deferred tax			
Balance at 1 January		255,527,620	255,527,620
Provision made for deferred tax liabilities:			
Charged/(credited) to profit and loss statement		26,445,459	-
Charged/(credited) to revaluation reserve		-	-
		26,445,459	-
		281,973,079	255,527,620
Provision made for deferred tax assets		-	-
Balance at 31 December		281,973,079	255,527,620
13.5.1(a) Consolidated Provision for current tax			
Current Tax			
Bank Asia Limited		1,788,554,541	1,515,992,334
Bank Asia Securities Limited		16,070,482	54,812,943
BA Exchange Company (UK) Limited		-	-
Balance at 31 December		1,804,625,023	1,570,805,277
13.5.2(a) Consolidated provision for deferred tax			
Bank Asia Limited		281,973,079	255,527,620
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		281,973,079	255,527,620
13.6 Obligation under finance lease			
Furniture, fixtures and equipment		-	25,584,981
Computer and accessories		-	8,572,285
Motor vehicles		14,757,253	18,858,751
Building		-	621,668
		14,757,253	53,637,685
13.7 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.			
13.8 Provision for others:			
Balance at the beginning of the year		56,810,639	-
Add: Provision made during the year		13,020,684	56,810,639
Less: Provision no longer required		-	-
Balance at the end of the year		69,831,323	56,810,639
13(a) Consolidated Other liabilities			
Bank Asia Limited		12,829,429,952	8,892,632,572
Bank Asia Securities Limited		248,672,189	181,271,683
BA Exchange Company (UK) Limited		21,841,690	9,948,642
		13,099,943,831	9,083,852,897
Less: Inter- companies transactions			
Receivable from capital operation		15,000,000	117,397,136
Receivable from BA Exchange (UK) Limited		14,274,347	-
		13,070,669,484	8,966,455,761

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
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>
14.2 Issued, subscribed and fully paid up capital			
56,372,480 ordinary shares of Taka 10 each issued for cash		563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each issued as bonus shares		3,640,107,700	3,640,107,700
Right shares issue @25% for the year 2011		1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011		<u>1,050,958,120</u>	-
		<u>6,305,748,720</u>	<u>5,254,790,600</u>
14.3 Initial public offer (IPO)			
Out of the total issued, subscribed and fully paid up capital of the Bank 2,000,000 ordinary shares of Taka 100 each amounting to Taka 200,000,000 was raised through public offering of shares in 2003.			
14.4 Capital adequacy ratio			
The calculation of CAR has been done as per BRPD Circular no. 10 dated 10 March 2010 and the Basel-II guidelines, December 2010 vide BRPD Circular no. 35 dated 29 December 2010.			
Core capital (Tier-I)			
Paid up capital		6,305,748,720	5,254,790,600
Share premium		330	330
Statutory reserve (Note 15)		3,503,958,171	2,959,358,772
Retained earnings (Note 17)		634,621,144	1,322,181,668
		10,444,328,365	9,536,331,370
Supplementary capital (Tier-II)			
General provision maintained against unclassified loan/investments		989,198,646	974,024,000
General provision on off-balance sheet exposure		592,157,366	461,585,000
Subordinated non convertible zero coupon bond		599,998,411	-
General reserve		8,166,144	8,166,144
Revaluation reserve of Government securities and Fixed assets		1,296,337,919	1,467,218,013
		3,485,858,486	2,910,993,156
Additional supplementary capital (Tier-III)			
A) Total capital		<u>13,930,186,851</u>	<u>12,447,324,526</u>
B) Total risk weighted assets		<u>106,719,000,000</u>	<u>83,664,200,000</u>
C) Required capital		<u>10,671,900,000</u>	<u>8,366,420,000</u>
D) (Deficit)/Surplus (A-C)		<u>3,258,286,851</u>	<u>4,080,904,526</u>
Capital adequacy ratio:			
On core capital - against standard of minimum 5%		9.79%	11.40%
On total capital - against standard of minimum 10%		13.05%	14.88%

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

14.4 (a) Consolidated Capital adequacy ratio

The calculation of CAR has been done as per BRPD Circular no. 10 dated 10 March 2010 and the Basel-II guidelines, December 2010 vide BRPD Circular no. 35 dated 29 December 2010.

Core capital (Tier-I)

Paid up capital	6,305,748,720	5,254,790,600
Non-controlling (Minority) interest	12,191	10,000
Share premium	330	330
Statutory reserve (Note 15)	3,503,958,171	2,959,358,772
Retained earnings (Note 17a)	703,603,495	1,449,223,838
	10,513,322,907	9,663,383,540

Supplementary capital (Tier-II)

General provision maintained against unclassified loan/investments	989,198,646	974,024,000
General provision on off-balance sheet exposure	592,157,366	461,585,000
Subordinated non covertable zero coupon bond	599,998,411	-
General reserve	8,166,144	8,166,144
Revaluation reserve of Government securities and Fixed assets	1,296,337,919	1,467,218,013
	3,485,858,486	2,910,993,156

Additional supplementary capital (Tier-III)

A) Total capital	13,999,181,393	12,574,376,696
B) Total risk weighted assets	107,678,900,000	88,492,000,000
C) Required capital	10,767,890,000	8,849,200,000
D) (Deficit)/Surplus (A-C)	3,231,291,393	3,725,176,696

Capital adequacy ratio:

On core capital - against standard of minimum 5%	9.76%	10.92%
On total capital - against standard of minimum 10%	13.00%	14.21%

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2012		At 31 December 2011	
	No. of shares	%	No. of shares	%
Sponsors and Directors	323,824,332	51.35	271,197,130	51.61
General public	137,312,651	21.78	123,237,750	23.45
Institutions	134,335,693	21.30	107,457,510	20.45
Investment companies	23,284,460	3.70	13,710,740	2.61
Non-resident Bangladeshi	9,086,436	1.44	7,687,930	1.46
Foreign investors	2,731,300	0.43	2,188,000	0.42
	630,574,872	100	525,479,060	100

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2012	2011	2012	2011
Less than 5,000	14,793	14,348	2.27	2.63
5,000 to 50,000	1,954	1,869	3.99	4.47
50,001 to 100,000	124	111	1.39	1.44
100,001 to 200,000	74	77	1.63	2.12
200,001 to 300,000	34	43	1.35	2.05
300,001 to 400,000	29	20	1.57	1.37
400,001 to 500,000	14	8	1.01	0.65
500,001 to 1,000,000	47	40	5.57	5.51
1,000,001 to 10,000,000	77	73	36.58	38.59
Over 10,000,000	15	13	44.64	41.17
	17,161	16,602	100	100

14.7 Name of the Directors and their shareholdings as at 31 December 2012

SI	Name of the director	Status position	Opening position	Closing position
1	Mr. A Rouf Chowdhury	Chairman	9,627,860	15,553,432
2	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd)	Vice Chairman	20,581,970	24,698,364
3	Mr. Mohammed Lakiotullah (Independent director)	Vice Chairman	-	-
4	Mr. Rume A Hossain	Director	20,402,010	24,482,412
5	Ms. Hosneara Sinha	Director	23,970,580	28,764,696
6	Ms. Farhana Haq Chowdhury	Director	14,295,570	17,154,684
7	Mr. A M Nurul Islam (Independent Director)	Director	-	-
8	Mr. Nafees Khundker	Director	17,709,980	21,251,976
9	Ms. Sohana Rouf Chowdhury (Alternate Director to Mr. Murshed Sultan Choudhury)	Director	16,262,630	19,515,156
10	Mr. M Irfan Syed (Alternate Director to Mr. Mir Shahjahan)	Director	10,825,960	12,991,152
11	Ms. Naheed Akhter Sinha	Director	25,168,600	30,202,320
12	Mr. Faisal Samad (Alternate Director to Ms. Mahrina Dia Chowdhury)	Director	13,663,660	16,396,392
13	Mr. Shah Md. Nurul Alam (Representing Amiran Generations Ltd.)	Director	16,673,140	20,007,768

15 Statutory reserve

Balance at 1 January	2,959,358,772	2,272,917,429
Add: Addition during the year (20% of pre-tax profit)	544,599,399	686,441,343
Balance at 31 December	3,503,958,171	2,959,358,772

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
16 Revaluation reserve			
HTM securities (Note 16.1)		2,849,271	4,063,852
HFT securities (Note 16.2)		157,527,564	453,467,671
Fixed Assets revaluation (Note 16.3)		2,432,299,002	2,476,904,502
		<u>2,592,675,837</u>	<u>2,934,436,025</u>
16.1 Revaluation reserve on HTM securities			
Balance at 1 January		4,063,852	-
Adjustment for sale/maturity of securities		(4,075,435)	-
Gain from revaluation on investments		2,860,854	4,063,852
		<u>2,849,271</u>	<u>4,063,852</u>
16.2 Revaluation reserve on HFT securities			
Balance at 1 January		453,467,671	482,618,168
Gain from revaluation on investments		348,736,684	48,110,375
Adjustment for sale/maturity of securities		(644,676,791)	(77,260,872)
		<u>157,527,564</u>	<u>453,467,671</u>
16.3 Revaluation reserve on Fixed Assets			
Balance at 1 January		2,476,904,502	-
Addition of Fixed Assets revaluation		-	2,521,510,003
Depreciation charged during the period		(44,605,500)	(44,605,501)
		<u>2,432,299,002</u>	<u>2,476,904,502</u>
16 (a) Consolidated Revaluation reserve			
Bank Asia Limited		2,592,675,837	2,934,436,025
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>2,592,675,837</u>	<u>2,934,436,025</u>
17 Retained earnings			
Balance at 1 January		1,322,181,668	1,293,503,630
Add: Post - tax profit for the year		907,996,995	1,916,214,381
Less: Issue of bonus shares for the year 2011		1,050,958,120	1,201,095,000
Transfer to Statutory Reserve		544,599,399	686,441,343
		<u>634,621,144</u>	<u>1,322,181,668</u>
17(a) Consolidated Retained earnings			
Balance at 1 January		1,449,223,838	1,293,503,630
Add: Post- tax profit for the year		849,941,367	2,043,256,551
Less: Non controlling interest for year 2011		(3,162)	-
Less: Non controlling interest		(1,029)	-
		<u>2,299,161,014</u>	<u>3,336,760,181</u>
Less: Issue of bonus shares		1,050,958,120	1,201,095,000
Transferred to Statutory Reserve		544,599,399	686,441,343
		<u>1,595,557,519</u>	<u>1,887,536,343</u>
		<u>703,603,495</u>	<u>1,449,223,838</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
17(b) Non-controlling (Minority) interest			
Bank Asia Securities Limited		12,191	10,000
BA Exchange Company (UK) Limited		-	-
		<u>12,191</u>	<u>10,000</u>
18 Contingent liabilities			
Conventional and Islamic banking		58,763,709,043	47,115,549,641
Off-shore banking unit		452,027,559	341,698,000
		<u>59,215,736,602</u>	<u>47,457,247,641</u>
Acceptances and endorsements			
Conventional and Islamic banking		24,197,548,089	16,988,944,126
Off-shore banking unit		280,932,890	153,074,740
		<u>24,478,480,979</u>	<u>17,142,018,866</u>
Letters of guarantee			
Conventional and Islamic banking (Note 18.1)		9,877,524,764	6,887,870,884
Off-shore banking unit		-	-
		<u>9,877,524,764</u>	<u>6,887,870,884</u>
Irrevocable letters of credit			
Conventional and Islamic banking (Note 18.2)		16,698,993,643	18,726,960,801
Off-shore banking unit		155,883,770	135,463,300
		<u>16,854,877,413</u>	<u>18,862,424,101</u>
Bills for collection			
Conventional and Islamic banking (Note 18.3)		7,989,642,547	4,511,773,830
Off-shore banking unit		15,210,899	53,159,960
		<u>8,004,853,446</u>	<u>4,564,933,790</u>
Other contingent liabilities			
Conventional and Islamic banking		-	-
Off-shore banking unit		-	-
		<u>-</u>	<u>-</u>
		<u>59,215,736,602</u>	<u>47,457,247,641</u>
18.1 Letters of guarantee			
Letters of guarantee (Local)		9,877,524,764	6,887,870,884
Letters of guarantee (Foreign)		-	-
		<u>9,877,524,764</u>	<u>6,887,870,884</u>
<u>Less: Margin</u>		-	218,882,234
		<u>9,877,524,764</u>	<u>6,668,988,650</u>
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:			
Directors or officers		-	-
Government		20,845,575	20,845,575
Banks and other financial institutions		3,206,134,194	1,103,613,475
Others		6,650,544,995	5,763,411,834
		<u>9,877,524,764</u>	<u>6,887,870,884</u>
<u>Less: Margin</u>		-	218,882,234
		<u>9,877,524,764</u>	<u>6,668,988,650</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
18.2 Irrevocable letters of credit			
Letters of credit Back to Back (Inland)		2,197,006,448	2,819,563
Letters of credit (General)		11,798,689,064	13,764,315,775
Back to back L/C		2,703,298,131	4,959,825,463
		<u>16,698,993,643</u>	<u>18,726,960,801</u>
Less: Margin		-	706,972,596
		<u>16,698,993,643</u>	<u>18,019,988,205</u>
18.3 Bills for collection			
Local bills for collection		6,102,856,809	3,548,382,559
Foreign bills for collection		1,886,785,738	963,391,271
		<u>7,989,642,547</u>	<u>4,511,773,830</u>
18.4 Acceptances and endorsements			
Conventional and Islamic banking		24,197,548,089	16,988,944,126
Off-shore banking unit		280,932,890	153,074,740
Less: Margin		-	372,925,852
		<u>24,478,480,979</u>	<u>16,769,093,014</u>
18.5 Workers' profit participation fund (WPPF)			
As per Bangladesh Labour Act 2006 and SRO no. 336/Law/2010, all companies falling within the scope of WPPF are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. Bank obtained opinion from its legal advisor regarding this issue which stated that the Bank is not required to make provision for WPPF as it is not within the scope of WPPF. As such the Bank did not make any provision during the year for WPPF.			

	Notes	Amount in Taka	
		2012	2011

19 Income statement

Income:

Interest, discount and similar income (Note 19.1)	14,698,615,152	11,898,849,173
Dividend income (Note 22)	99,065,910	1,572,788
Fees, commission and brokerage (Note 19.2)	854,747,309	950,343,010
Interest on Orascom Telecom Bangladesh Ltd. senior bonds	38,651,507	48,978,493
Interest on ACI Convertible zero coupon bond	3,051,746	2,155,442
MTBL unsecured subordinated convertible bond	18,066,438	18,021,232
Prime Bank Ltd. unsecured non-convertible subordinated bond	16,461,575	16,118,992
Interest on others	40,796,634	50,731,091
Interest on placements	311,991,775	152,698,028
Gains less losses arising from dealing in securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies (Note 23.1)	905,566,300	1,175,656,065
Income from non-banking assets	-	-
Other operating income (Note 24)	450,010,835	290,971,779
Profit less losses on interest rate changes	-	-
	<u>17,437,025,181</u>	<u>14,606,096,093</u>

Expenses:

Interest paid/profit shared on deposits and borrowings, etc (Note 21)	9,616,349,333	8,202,658,439
Administrative expenses (Note 19.3)	1,819,332,127	1,554,260,698
Other expenses (Note 34)	675,643,443	531,022,792
Depreciation on banks assets (Note 33.1)	273,895,102	276,185,025
	<u>12,385,220,005</u>	<u>10,564,126,954</u>
	<u>5,051,805,176</u>	<u>4,041,969,139</u>

		Amount in Taka	
		2012	2011
		Notes	
19.1	Interest, discount and similar income		
	Interest income/profit on investments	13,296,056,631	10,903,580,013
	Interest on treasury bills	224,241,856	32,455,984
	Interest on treasury bonds	733,826,280	885,664,180
	Interest on debentures	2,398,136	7,099,507
	Income from investment in shares	20,718,151	-
	Capital gain on Government securities	421,374,098	70,049,489
		<u>14,698,615,152</u>	<u>11,898,849,173</u>
Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.			
19.2	Fees, commission and brokerage		
	Commission	854,747,309	950,343,010
	Brokerage	-	-
		<u>854,747,309</u>	<u>950,343,010</u>
19.3	Administrative expenses		
	Salaries and allowances (Note 25)	1,281,947,224	1,096,638,636
	Rent, taxes, insurance, electricity, etc (Note 26)	326,555,893	284,470,714
	Legal expenses (Note 27)	7,050,981	4,006,480
	Postage, stamp, telecommunication, etc (Note 28)	53,917,490	23,053,219
	Stationery, printing, advertisement, etc (Note 29)	70,023,477	78,967,034
	Managing Director's salary and fees (Note 30)	12,200,000	7,368,420
	Directors' fees (Note 31)	2,003,240	2,238,000
	Auditors' fees	1,064,535	1,152,375
	Repair of Bank's assets (Note 32.1)	64,569,287	56,365,820
		<u>1,819,332,127</u>	<u>1,554,260,698</u>
20	Interest income/profit on investments		
	Conventional and Islamic banking (Note 20.1)	13,274,027,672	10,844,903,478
	Off-shore banking unit	22,028,959	58,676,535
		<u>13,296,056,631</u>	<u>10,903,580,013</u>
20.1	Conventional and Islamic banking		
	Loans (General)/Musharaka	4,951,084	400,158
	Loans against trust receipts/ Bai Murabaha post import	3,429,243,389	3,011,468,875
	Packing credit	12,873,811	9,849,545
	House building loan	60,871,940	78,332,234
	Payment against documents	266,499,978	356,128,851
	Cash credit/Bai-Muajjal	385,365,826	243,208,688
	Overdraft/ Quard against deposit	560,231,940	417,044,570
	Consumer credit scheme	40,902,188	64,687,073
	Staff loan	30,522,046	26,984,991
	Local bills purchased	552,223,600	823,433,411
	Foreign bills purchased	99,999,691	157,160,734
	Interest income from credit card	151,836,155	129,580,792
	Term loan-others/ Hire purchase Shirkatul Melk	1,819,465,583	1,046,983,530
	Term loan-industrial	646,033,978	455,246,087
	Demand loan	1,110,769,621	714,575,993
	Transport loan	220,124,553	190,624,900
	Sachsondo-SME	408,697,497	324,344,800
	Other loans and advances	3,188,280,508	2,537,600,913
	Net interest on margin loan of broker house	-	37,298,359
	Total interest/profit on loans and advances/investments	<u>12,988,893,388</u>	<u>10,624,954,504</u>
	Interest/profit on balance with other banks and financial institutions	282,719,683	203,502,323
	Interest/profit received from foreign banks	2,414,601	16,446,651
		<u>13,274,027,672</u>	<u>10,844,903,478</u>

	Notes	Amount in Taka	
		2012	2011
20(a) Consolidated Interest income/profit on investments			
Bank Asia limited		13,296,056,631	10,903,580,013
BA Exchange Company (UK) Limited		-	-
Bank Asia Securities Ltd		592,744,302	490,108,634
		<u>13,888,800,933</u>	<u>11,393,688,647</u>
21 Interest paid/profit shared on deposits and borrowings etc.			
Conventional and Islamic banking (Note 21.1)		9,598,874,861	8,176,942,452
Off-shore banking unit		17,474,472	25,715,987
		<u>9,616,349,333</u>	<u>8,202,658,439</u>
21.1 Conventional and Islamic banking			
Interest paid/profit shared on deposits			
Fixed deposits/ Mudaraba Fixed deposit		6,839,726,632	6,313,645,518
Sanchaya plus		114,788,467	70,660,992
Savings deposits/ Mudaraba Savings bank		564,238,645	449,154,806
Special notice deposits		633,490,444	398,688,219
Other deposits		1,378,312,357	841,162,342
		<u>9,530,556,545</u>	<u>8,073,311,877</u>
Interest on borrowings			
Local banks including Bangladesh Bank		64,622,700	103,547,792
Foreign banks		212,136	82,783
Interest on subordinated non-convertible zero coupon bond		3,483,480	-
		<u>68,318,316</u>	<u>103,630,575</u>
		<u>9,598,874,861</u>	<u>8,176,942,452</u>
21(a) Consolidated Interest Expenses/profit paid on Deposits			
Bank Asia limited		9,616,349,333	8,202,658,439
Bank Asia Securities Ltd.		566,531,168	381,001,724
		<u>10,182,880,501</u>	<u>8,583,660,163</u>
22 Investment income			
Interest on treasury bills		224,241,856	32,192,740
Interest on treasury bonds		731,550,843	885,664,180
Interest on Islamic bonds		2,275,437	263,244
Prime Bank Ltd. unsecured non-convertible subordinated bond		16,461,575	16,118,992
Interest on Orascom Telecom Bangladesh Ltd. senior secured bonds		38,651,507	48,978,493
Interest on ACI Convertible zero coupon bond		3,051,746	2,155,442
MTBL unsecured subordinated convertible bond		18,066,438	18,021,232
Interest on placement		311,991,775	152,698,028
Interest on others		40,796,634	50,731,091
Capital gain from investment in shares		20,718,151	-
Dividend on shares		99,065,910	1,572,788
Interest on debentures		2,398,136	7,099,507
Capital gain on Government securities		421,374,098	70,049,489
		<u>1,930,644,106</u>	<u>1,285,545,226</u>

Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.

	Notes	Amount in Taka	
		2012	2011
22(a) Consolidated investment income			
Bank Asia Limited		1,930,644,106	1,285,545,226
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>1,930,644,106</u>	<u>1,285,545,226</u>
Less: Inter-company transactions		89,998,000	-
		<u>1,840,646,106</u>	<u>1,285,545,226</u>
23 Commission, exchange and brokerage			
Conventional and Islamic banking (Note 23.1)		1,751,515,708	2,123,743,675
Off-shore banking unit		8,797,901	2,255,400
		<u>1,760,313,609</u>	<u>2,125,999,075</u>
23.1 Conventional and Islamic Banking			
Commission on L/C		284,268,852	319,428,197
Commission on back to back L/C		301,204,592	295,764,807
Fees and commission		50,566,402	56,592,363
Commission on L/G		64,808,899	54,483,342
Commission on export		127,803,354	135,293,636
Commission on PO, DD, TT, TC, etc		9,104,433	10,704,427
Commission on brokerage		-	68,797,847
Other commission		8,192,876	7,022,991
		<u>845,949,408</u>	<u>948,087,610</u>
Foreign exchange gain		905,566,300	1,175,656,065
		<u>1,751,515,708</u>	<u>2,123,743,675</u>
23(a) Consolidated Commission, exchange and brokerage			
Bank Asia limited		1,760,313,609	2,125,999,075
Bank Asia Securities Ltd		111,045,350	128,418,373
BA Exchange Company (UK) Limited		10,258,300	4,369,300
		<u>1,881,617,259</u>	<u>2,258,786,748</u>
24 Other operating income			
Conventional and Islamic banking (Note 24.1)		444,711,166	286,415,471
Off-shore banking unit		5,299,669	4,556,308
		<u>450,010,835</u>	<u>290,971,779</u>
24.1 Conventional and Islamic banking			
Locker charge		6,989,906	5,250,775
Service and other charges		242,090,406	125,787,009
Master/Visa card fees and charges		81,166,153	76,789,638
Postage/telex/SWIFT/fax recoveries		64,169,196	33,905,980
Profit on sale of fixed assets		-	31,200
Non-operating income		18,353,309	20,159,564
Rebate on nostro account		31,942,196	22,767,175
Other income from brokerage		-	1,724,130
		<u>444,711,166</u>	<u>286,415,471</u>
24(a) Consolidated other operating income			
Bank Asia Limited		450,010,835	290,971,779
Bank Asia Securities Ltd		(3,213,888)	9,160,256
BA Exchange Company (UK) Limited		-	-
		<u>446,796,947</u>	<u>300,132,035</u>

	Notes	Amount in Taka	
		2012	2011
25 Salaries and allowances			
Conventional and Islamic banking (Note 25.1)		1,281,947,224	1,096,638,636
Off-shore banking unit		-	-
		<u>1,281,947,224</u>	<u>1,096,638,636</u>
25.1 Conventional and Islamic banking			
Basic salary		463,552,193	391,154,556
Allowances		506,703,081	419,479,188
Festival bonus		80,157,472	67,434,042
Gratuity		39,091,096	32,997,676
Provident fund contribution		42,443,382	35,573,174
Contractual service expenses		-	-
Performance bonus		150,000,000	150,000,000
		<u>1,281,947,224</u>	<u>1,096,638,636</u>
25(a) Consolidated Salaries and allowances			
Bank Asia Limited		1,281,947,224	1,118,041,513
Bank Asia Securities Ltd		33,529,700	4,496,310
BA Exchange Company (UK) Limited		7,359,950	-
		<u>1,322,836,874</u>	<u>1,122,537,823</u>
26 Rent, taxes, insurance, electricity etc.			
Conventional and Islamic banking (Note 26.1)		326,473,987	284,394,968
Off-shore banking unit		81,906	75,746
		<u>326,555,893</u>	<u>284,470,714</u>
26.1 Conventional and Islamic banking			
Rent, rate and taxes		203,817,844	186,187,002
Insurance		82,877,932	68,252,100
Power and electricity		39,778,211	29,955,866
		<u>326,473,987</u>	<u>284,394,968</u>
26(a) Consolidated Rent, taxes, insurance, electricity etc.			
Bank Asia Limited		326,555,893	284,470,714
Bank Asia Securities Ltd		10,733,258	7,042,298
BA Exchange Company (UK) Limited		8,723,390	7,004,660
		<u>346,012,541</u>	<u>298,517,672</u>
27 Legal expenses			
Conventional and Islamic banking (Note 27.1)		7,050,981	4,006,480
Off-shore banking unit		-	-
		<u>7,050,981</u>	<u>4,006,480</u>
27.1 Conventional and Islamic Banking			
Legal expenses		7,050,981	2,644,028
Other professional charges		-	1,362,452
		<u>7,050,981</u>	<u>4,006,480</u>
27(a) Legal expenses			
Bank Asia Limited		7,050,981	4,006,480
Bank Asia Securities Ltd		357,615	3,343
BA Exchange Company (UK) Limited		61,750	1,469,910
		<u>7,470,346</u>	<u>5,479,733</u>

	Notes	Amount in Taka	
		2012	2011
28 Postage, stamps, telecommunication etc.			
Conventional and Islamic banking (Note 28.1)		53,564,392	22,756,487
Off-shore banking unit		353,098	296,732
		<u>53,917,490</u>	<u>23,053,219</u>
28.1 Conventional and Islamic banking			
Telephone, courier and postage		36,483,096	16,117,653
Master/VISA card process fee		13,604,665	1,816,585
ATM charge		887,337	1,454,776
SWIFT and Reuter charge		548,162	1,495,766
Internet		2,041,132	1,871,707
		<u>53,564,392</u>	<u>22,756,487</u>
28(a) Postage, stamps, telecommunication etc.			
Bank Asia Limited		53,917,490	23,053,219
Bank Asia Securities Ltd		2,752,298	2,485,292
BA Exchange Company (UK) Limited		847,470	362,960
		<u>57,517,258</u>	<u>25,901,471</u>
29 Stationery, printing, advertisements etc.			
Conventional and Islamic banking (Note 29.1)		70,023,477	78,967,034
Off-shore banking unit		-	-
		<u>70,023,477</u>	<u>78,967,034</u>
29.1 Conventional and Islamic banking			
Office and security stationery		39,846,233	43,519,755
Calendar, diary, souvenir, etc		6,020,000	6,037,695
ATM card		16,550	102,800
Books and periodicals		1,344,587	992,154
Publicity and advertisement		22,796,107	28,314,630
		<u>70,023,477</u>	<u>78,967,034</u>
29(a) Consolidated Stationery, printing, advertisements etc.			
Bank Asia Limited		70,023,477	78,967,034
Bank Asia Securities Ltd		488,205	110,646
BA Exchange Company (UK) Limited		662,220	1,440,270
		<u>71,173,902</u>	<u>80,517,950</u>
30 Managing Director's salary and fees			
Basic salary		6,000,000	4,668,065
House rent allowance		1,500,000	1,054,516
Entertainment allowances		600,000	300,806
Bonus		2,000,000	500,000
Utility allowance		1,200,000	190,323
House maintenance allowance		300,000	187,903
Provident fund		600,000	466,807
		<u>12,200,000</u>	<u>7,368,420</u>
31 Directors' fees			
Directors' fees		2,003,240	2,238,000
		<u>2,003,240</u>	<u>2,238,000</u>

	Notes	Amount in Taka	
		2012	2011
31(a) Consolidated Directors' fees			
Bank Asia Limited		2,003,240	2,238,000
Bank Asia Securities Ltd.		161,000	51,750
BA Exchange Company (UK) Limited		26,000	-
		<u>2,190,240</u>	<u>2,289,750</u>
32 Auditors fees		<u>1,064,535</u>	<u>1,152,375</u>
32(a) Consolidated Auditors fees			
Bank Asia Limited		1,064,535	1,152,375
Bank Asia Securities Ltd		86,250	78,534
BA Exchange Company (UK) Limited		780,000	1,040,000
		<u>1,930,785</u>	<u>2,270,909</u>
33 Depreciation and repair of Bank's assets			
Conventional and Islamic banking (Note 33.1)		338,464,389	332,550,845
Off-shore banking unit		-	-
		<u>338,464,389</u>	<u>332,550,845</u>
33.1 Conventional and Islamic banking			
Depreciation (Details are shown in Annexure-C)			
Owned assets		255,244,191	212,183,337
Leased assets		18,650,911	64,001,688
		273,895,102	276,185,025
Repairs			
Building		20,294,540	15,615,973
Furniture and fixtures		652,515	238,282
Equipments		5,862,363	3,887,102
Maintenance		37,759,869	36,624,463
		64,569,287	56,365,820
		<u>338,464,389</u>	<u>332,550,845</u>
33(a) Consolidated Depreciation and repairs of Bank's assets			
Bank Asia Limited		338,464,389	332,550,845
Bank Asia Securities Ltd		6,923,052	5,741,977
BA Exchange Company (UK) Limited		2,521,090	1,815,320
		<u>347,908,531</u>	<u>340,108,142</u>
34 Other expenses			
Conventional and Islamic banking (Note 34.1)		675,643,443	531,022,792
Off-shore banking unit		-	-
		<u>675,643,443</u>	<u>531,022,792</u>

		Amount in Taka	
		2012	2011
		Notes	
34.1	Conventional and Islamic banking		
	Car expenses	135,818,032	100,215,737
	Contractual service expenses	174,663,489	147,971,503
	Computer expenses	103,650,811	95,226,266
	Other management and administrative expenses	94,340,121	83,096,022
	Entertainment	21,910,051	23,457,512
	AGM/EGM expenses	17,359,645	16,747,335
	Office plantation	4,523,186	4,795,440
	Payment to superannuation fund	2,400,000	2,400,000
	Finance charge for lease assets	16,601,538	13,795,312
	Donation and subscription to institutions	76,525,251	30,030,588
	Travelling expenses	19,342,117	7,870,429
	Training and internship	7,852,642	4,868,888
	Directors' travelling expenses	156,560	197,760
	Sharia council fees	500,000	350,000
		675,643,443	531,022,792
34(a)	Consolidated other expenses		
	Bank Asia Limited	675,643,443	531,022,792
	Bank Asia Securities Ltd	16,404,456	12,673,289
	BA Exchange Company (UK) Limited	3,651,570	1,980,290
		695,699,469	545,676,371
34(b)	Provision for loans and advances/investments and off-balance sheet items		
	Conventional and Islamic banking	2,222,388,996	489,107,924
	Off-shore banking unit	(1,458,176)	(24,993,230)
		2,220,930,820	464,114,694
Break up of provision for loans and advances/Investments is shown below:			
General provision			
	Conventional and Islamic banking	17,736,118	42,718,673
	Off-shore banking unit	(2,561,472)	(28,410,210)
		15,174,646	14,308,463
Specific provision			
	Conventional and Islamic banking	2,075,183,808	402,341,928
	Off-shore banking unit	-	-
		2,075,183,808	402,341,928
	Adjust with General provision	-	-
		2,075,183,808	402,341,928
Provision for off-balance sheet items			
	Conventional and Islamic banking	129,469,070	44,047,323
	Off-shore banking unit	1,103,296	3,416,980
		130,572,366	47,464,303
		2,220,930,820	464,114,694

	Notes	Amount in Taka	
		2012	2011
34(c) Consolidated Provision for diminution in value of investments			
Bank Asia Limited		100,000,000	88,837,091
Bank Asia Securites Limited		220,768	-
BA Exchange Company (UK) Limited		-	-
		<u>100,220,768</u>	<u>88,837,091</u>
35 Receipts from other operating activities			
Conventional and Islamic banking (Note 35.1)		985,869,325	313,355,679
Off-shore banking unit		5,299,669	65,090
		<u>991,168,994</u>	<u>313,420,769</u>
35.1 Conventional and Islamic banking			
Locker charge		6,989,906	5,250,775
Service and other charges		242,090,406	125,787,009
Master card fees and charges		81,166,153	76,789,638
Postage/telex/SWIFT/ fax recoveries		64,169,196	33,905,980
Non-operating income		591,453,664	71,622,277
		<u>985,869,325</u>	<u>313,355,679</u>
35(a) Consolidated Receipts from other operating activities			
Bank Asia Limited		991,168,994	313,420,769
Bank Asia Securities Ltd		(3,213,888)	9,160,256
BA Exchange Company (UK) Limited		-	-
		<u>987,955,106</u>	<u>322,581,025</u>
Less: inter-companies transactions		89,998,000	-
		<u>897,957,106</u>	<u>322,581,025</u>
36 Payments for other operating activities			
Conventional and Islamic banking (Note 36.1)		1,061,752,138	852,736,254
Off-shore banking unit		81,906	372,478
		<u>1,061,834,044</u>	<u>853,108,732</u>
36.1 Conventional and Islamic banking			
Rent, rates and taxes		326,473,987	284,394,968
Legal expenses		7,050,981	4,006,480
Directors' fees		2,003,240	2,238,000
Repair and maintenance		-	-
Postage, stamp, telecommunication, etc		53,917,490	23,053,219
Other expenses		659,041,905	531,022,792
Managing Director's salary		12,200,000	7,368,420
Auditors' fee		1,064,535	652,375
		<u>1,061,752,138</u>	<u>852,736,254</u>
36(a) Payments for other operating activities			
Bank Asia Limited		1,061,834,044	853,108,732
Bank Asia Securities Ltd		30,333,877	22,282,756
BA Exchange Company (UK) Limited		-	15,930,313
		<u>1,092,167,921</u>	<u>891,321,801</u>

	Notes	Amount in Taka	
		2012	2011

37 Earnings per share (EPS)

Net profit after tax (Numerator)		907,996,995	1,916,214,381
Number of ordinary shares outstanding (Denominator)		630,574,872	630,574,872
Issue of bonus share		-	-
Number of ordinary shares outstanding (Denominator)		630,574,872	630,574,872
Earnings per share (EPS)		1.44	3.04

Earnings per share has been calculated in accordance with BAS 33: "Earnings Per Share (EPS)". Earnings per share for previous year has been restated since the bonus issue is an issue without consideration of cash. It is treated as if it has occurred prior to the beginning of 2012, the earliest period reported. Actual EPS for 2011 was Taka 3.65.

37(a) Consolidated Earnings per share (EPS)

Net profit after tax (Numerator)		849,940,338	2,043,256,551
Number of ordinary shares outstanding (Denominator)		630,574,872	630,574,872
Earnings per share (EPS)		1.35	3.24

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 1,485 (2011: 1390).

39 Audit committee

In pursuance of the directives of the Bangladesh Bank vide BRPD Circular no.12 dated 23 December 2002, the Board of Directors of Bank Asia in its 44th meeting held on 18 January 2003 constituted the first Audit Committee of the Bank. Present Audit Committee was reconstituted by the Board in its 182nd meeting held on 11th July 2010, consisting of the following members:

<u>Name</u>	<u>Status in the Audit Committee</u>	<u>Educational qualification</u>
Mr. Rume A Hossain	Chairman	B. Sc in Mechanical Engineering, MBA
Mr. Mohammed Lakiotullah	Member	M.Sc
Mr. Shah Md. Nurul Alam	Member	MBA (IBA), M.Sc (Applied Physics)

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

<u>No. of meeting</u>	<u>Date</u>	<u>No. of meeting</u>	<u>Date</u>
96 th Audit	17 th January, 2012	108 th Audit	8 th August, 2012
97 th Audit	6 th February, 2012	109 th Audit	29 th August, 2012
98 th Audit	13 th February, 2012	110 th Audit	7 th October, 2012
99 th Audit	11 th March, 2012	111 st Audit	12 th November, 2012
100 th Audit	25 th March, 2012	112 th Audit	22 nd November, 2012
101 st Audit	17 th April, 2012	113 th Audit	29 th November, 2012
102 nd Audit	25 th April, 2012	114 th Audit	9 th December, 2012
103 rd Audit	15 th May, 2012		
104 th Audit	13 th June, 2012		
105 th Audit	19 th June, 2012		
106 th Audit	3 rd July, 2012		
107 th Audit	18 th July, 2012		

In the meetings amongst others the Committee discussed the following issues:

- 1 External Audit Report of the Bank and the recommendations made there under
- 2 Bangladesh Bank comprehensive inspection report and the recommendations made there under
- 3 Audit & Inspection reports on the branches and departments of the Corporate Office issued by the Internal Control and Compliance (ICC) Department of the Bank.
- 4 Actions taken by the management as regards to the fraud and forgery and irregularities detected by the Internal Audit Team of the Bank.
- 5 The corrective measures taken by the Management as regards to the internal audit reports, reports relating to deficiencies in internal control or other issues detected by internal and external auditors and inspectors of the regulatory authority.
- 6 The compliance status of the deficiencies identified and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Bank's Internal Auditors in their reports.
- 7 Management Report on Accounts of the Bank for the ended on 31.12.2011
- 8 Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and status of compliance thereof.
- 9 The status of recovery of classified loan and providing the necessary instruction to the management

The Audit Committee has further satisfied itself 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 of the Bank are to be duly complied with.
- * Internal control and security measures are to be adequately undertaken by the Bank in facilitating Information Technology (IT) based/computerized banking including appropriate Management Information System (MIS) is present.
- * The Bank's system of Internal Control and its processes are to be strengthened including ensure of right man in the right place towards creation of a compliance culture in the bank.
- * The Assets of the Bank are safeguarded and the creation of liabilities and commitments are made transparent.
- * The Financial Statements of the Bank has been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and contained full disclosure.

40 Related Party Transactions

During the year 2012, the Bank concluded business deals with the following organizations in which the directors had interest:

Name of director	Status with the Bank	Name of the organization	Nature of business
Mr. A Rouf Chowdhury	Chairman	Rangs Motors Ltd Rangs ITT Ltd Reliance Insurance Ltd Shield Security Services Ltd Rangs Industries Ltd The Daily Star The Daily Shakaler Khabor Rangs Properties Ltd Enterprise Asia Rangs Telecom Ltd Rancon Services Ltd	Vehicles IT connectivity/service Insurance Security Service Microwave woven/AC/TV Publication of advertisement Publication of advertisement Tenancy Tenancy Telephone facility Maintenances
Mr. Mohammed Lakiotullah	Vice Chairman	Hajj Finance Company Ltd	Lease Finance
Ms. Farhana Haq Chowdhury	Director	Rangs Telecom Ltd	Telephone facility
Ms. Sohana Rouf Chowdhury	Director	Rangs Motors Ltd Rangs Properties Ltd Rangs Industries Ltd Shield Security Services Ltd Rangs ITT Ltd	Vehicles Tenancy Microwave woven/AC/TV Security Service IT connectivity/service
Mr. Rumea A. Hossain	Director	Romask Ltd Rangs Industries Ltd Rangs ITT Ltd Rangs Telecom Ltd	Printing Microwave woven/AC/TV IT connectivity/service Telephone facility
Mr. Nafees Khundker	Director	Rangs Telecom Ltd	Telephone facility
Mr. Shah Md. Nurul Alam	Director	Hajj Finance Company Ltd	Lease Finance

The Bank sanctioned the following facilities in favor of the Daily Star (Media World Limited) during the year 2012.

Name of the director having interest	Nature of facility	Limit (Taka)	Outstanding balance as at 31 December 2012 (Taka)	Nature of Security
Mr. A Rouf Chowdhury	L/C	50,000,000	15,623,000	Documents of title to goods
Mr. Romo Rouf Chowdhury				
Ms. Sohana Rouf Chowdhury				

As at the balance sheet date, the Bank had no transaction with the related party (ies) as defined in the BRPD Circular No. 14 issued by the Bangladesh Bank on 25 June 2003 other than as disclosed above.

41 Coverage of external audit

The external auditor of the Bank, M/s S. F. Ahmed & Co, Chartered Accountants worked about 3,200 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

42 Share trading

The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2012 was Tk. 21.50 (2011: 38.20) at DSE and Tk. 21.60 (2011: 38.30) at CSE.

43 Events after the reporting period

The Board of Directors in its 248th meeting held on 28 February 2013 has recommended stock dividend @ 10% subject to the approval of the shareholders at the next Annual General Meeting.

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

Highlights on
the overall activities as at
and for the year ended 31 December 2012

SI no.	Particulars		2012	2011
1	Paid-up capital	Taka	6,305,748,720	5,254,790,600
2	Total capital	Taka	13,930,186,851	12,447,324,526
3	Capital surplus	Taka	3,258,286,851	4,080,904,526
4	Total assets	Taka	140,361,374,568	117,729,408,006
5	Total deposits	Taka	110,061,775,383	95,131,098,609
6	Total loans and advances / investments	Taka	92,328,818,525	82,819,973,884
7	Total contingent liabilities and commitments	Taka	59,215,736,602	47,457,247,641
8	Credit deposit ratio		83.89%	87.06%
9	Percentage of classified loans / investments against total loans and advances / investments		5.69%	2.72%
10	Profit after tax and provision	Taka	907,996,995	1,916,214,381
11	Amount of classified loans/investments during current year	Taka	5,251,484,294	2,249,962,000
12	Provisions kept against classified loans / investments	Taka	2,641,109,129	772,422,000
13	Provision surplus against classified loans / investments	Taka	30,349,292	-
14	Cost of fund		12.31%	11.97%
15	Interest earning assets	Taka	129,078,119,157	108,418,598,375
16	Non-interest earning assets	Taka	11,283,255,411	9,310,809,631
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]		5.20%	13.98%
18	Return on assets (ROA) [PAT/ Average assets]		0.70%	1.72%
19	Income from investment	Taka	1,930,644,106	1,285,545,226
20	Capital adequacy		13.05%	14.88%
21	Earnings per share	Taka	1.44	3.04
22	Net income per share	Taka	1.44	3.04
23	Price earning ratio	Times	14.93	10.48

Balance with other banks-Outside Bangladesh (Nostro Account) at 31 December 2012

Name of the Bank	Account type	2012				2011			
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka	
Conventional and Islamic banking:									
Interest bearing:									
Citibank N.A., London	CD	EURO	5,059.70	90.00	455,373	4,852.99	90.00	436,769	
Citibank N.A., London	CD	GBP	4,682.03	130.00	608,664	2,282.65	130.00	296,745	
Citibank NA, New York	CD	USD	21,067,565.10	70.00	1,474,729,557	769,406.39	70.00	53,858,447	
Habib American Bank, New York	CD	USD	648,520.77	70.00	45,396,454	1,760,579.22	70.00	123,240,545	
Mashreqbank psc, New York	CD	USD	2,277.08	70.00	159,396	3,601,575.86	70.00	252,110,310	
National Westminster Bank plc, London	CD	GBP	299.34	130.00	38,914	25,719.44	130.00	3,343,527	
Standard Chartered Bank, Mumbai	CD	ACU	89,563.66	70.00	6,269,456	2,175.94	70.00	152,316	
Standard Chartered Bank, New York	CD	USD	11,909.07	70.00	833,635	8,200.08	70.00	574,006	
					1,528,491,449	6,174,792.57		434,012,665	
Non-interest bearing:									
AB Bank Ltd, Mumbai	CD	ACU	3,894.85	70.00	272,640	8,196.23	70.00	573,736	
Bank of Nova Scotia, Toronto	CD	CAD	-	55.00	-	-	55.00	-	
Bhutan National Bank Ltd, Thimphu	CD	USD	33,814.95	70.00	2,367,047	70,129.95	70.00	4,909,097	
Canadian Imperial Bank of commerce	CD	CAD	1,435.67	55.00	78,962	30,272.64	55.00	1,664,995	
Commerzbank AG, Frankfurt	CD	EURO	45,131.67	90.00	4,061,850	110,441.93	90.00	9,939,774	
Credit Suisse First Boston, Zurich	CD	CHF	14,016.16	50.00	700,808	6,588.33	50.00	329,417	
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	200,873.94	70.00	14,061,176	90,453.36	70.00	6,331,735	
HSBC Australia Ltd, Sydney	CD	AUD	8,666.37	50.00	433,319	827.67	50.00	41,384	
HSBC, New York	CD	USD	8,096.07	70.00	566,725	10,405.58	70.00	728,391	
Hypo Vereinsbank, Munich	CD	EURO	3,721.38	90.00	334,924	15,665.08	90.00	1,409,857	
ICICI Bank Ltd, Kowloon	CD	USD	195,157.93	70.00	13,661,055	9,607.74	70.00	672,542	
ICICI Bank Ltd, Mumbai	CD	ACU	4,572.23	70.00	320,056	1,849.69	70.00	129,478	
Muslim Commercial Bank Ltd, Colombo	CD	ACU	98,258.08	70.00	6,878,066	26,357.66	70.00	1,845,036	
Muslim Commercial Bank Ltd, Karachi	CD	ACU	39,584.10	70.00	2,770,887	99,699.50	70.00	6,978,965	
Nepal Bangladesh Bank Ltd, Katimandu	CD	ACU	51,276.76	70.00	3,589,373	47,073.32	70.00	3,295,132	
UBAF Tokyo	CD	JPY	1,430,038.00	0.55	786,521	1,742,976.00	0.55	958,637	
Wells Fargo Bank N.A, New York	CD	USD	92,383.19	70.00	6,466,823	-	-	-	
Wells Fargo Bank N.A, London	CD	EURO	2,213.93	90.00	199,254	-	-	-	
Sonali Bank (UK) Ltd	CD	USD	26,450.30	70.00	1,851,521	27,607.05	70.00	1,932,494	
Al Rajhi Bank, KSA	CD	SAR	830,000.00	22.00	18,260,000	-	-	-	
Saudi Hollandi Bank, KSA	CD	SAR	269,993.50	22.00	5,939,857	-	-	-	
JP Morgan Chase Bank, New York	CD	USD	4,203.14	70.00	294,220	-	-	-	
Wachovia Bank N.A, New York	CD	USD	-	70.00	-	5,594.19	70.00	391,593	
Wachovia Bank, London	CD	EURO	-	90.00	-	332.02	90.00	29,937	
					83,895,082	2,304,077.94		42,162,199	
Off-shore banking unit:									
Commerzbank AG, Frankfurt	CD	EURO	200.30	95	18,929	94	95	86,835	
Habib American Bank, New York	CD	USD	2,409,161.47	70	168,641,302	362,783	70	25,394,798	
Sonali Bank, London	CD	GBP	46.88	113	5,283	3,762	113	424,227	
					168,665,514			25,905,860	
					1,781,052,045			502,080,724	

Investment in Shares at 31 December 2012

Sl. no.	Name of the company	Type of shares	Face value	No. of shares including bonus shares	Cost of holding	Average cost	Quoted rate per share as at 31.12.2012	Total market value as at 31.12.2012
	Quoted							
1	Khulna Power Company Limited	A	10	3,611	406,760	112.64	49.80	179,828
2	Ocean Containers Limited	A	10	5,695	295,945	51.97	29.90	170,281
3	Advanced Chemical Ind. Ltd.	A	10	30,660	5,189,922	169.27	141.20	4,329,192
4	AB Bank Limited	A	10	82,800	9,720,720	117.40	33.70	2,790,360
5	Dhaka Bank	A	10	305,370	15,812,059	51.78	24.80	7,573,176
6	Exim Bank	A	10	1,397,606	38,573,926	27.60	20.80	29,070,205
7	Goldenson Limited	A	10	73,700	8,586,787	116.51	50.70	3,736,590
8	Heidelberg Cement Bangladesh Limited	A	10	36,600	14,723,082	402.27	264.70	9,688,020
9	IDLC Finance Limited	A	10	193,537	31,289,127	161.67	91.90	17,786,050
10	Islami Bank Bangladesh Limited	A	10	890,775	42,436,521	47.64	42.80	38,125,170
11	Lanka Bangla Finance Limited	A	10	237,762	37,048,122	155.82	59.00	14,027,958
12	Mercantile Bank Limited	A	10	2,990,486	99,672,898	33.33	19.10	57,118,283
13	National Housing Finance & Investment Limited	A	10	170,000	12,243,400	72.02	37.50	6,375,000
14	Phoenix Finance and Investments Limited	A	10	358,446	30,367,545	84.72	44.60	15,986,692
15	Prime Finance and Investment Limited	A	10	60,480	12,001,651	198.44	32.80	1,983,744
16	Prime Insurance Limited	A	10	43,615	5,467,140	125.35	38.30	1,670,455
17	Pubali Bank Limited	A	10	6	208	34.67	33.00	198
18	Reliance Insurance Limited	A	10	62,865	7,343,889	116.82	94.80	5,959,602
19	Southeast Bank Limited	A	10	1,021,125	34,728,461	34.01	20.00	20,422,500
20	United Commercial Bank Limited	A	10	822,278	46,154,464	56.13	23.60	19,405,761
21	Premier Bank Limited	A	10	2,401,265	66,755,167	27.80	16.20	38,900,493
22	Available balance			-	24,149,073	-	-	-
					542,966,867			295,299,556

Investment in Shares at 31 December 2012

Unquoted									
1	Industrial and Infrastructure Development Finance Co. Limited	100	244,425	24,442,502	100.00	-	-	-	-
2	Central Depository Bangladesh Limited	10	512,889	3,138,890	6.12	-	-	-	-
3	Era-Infotech Limited	100	3,837	383,700	100.00	-	-	-	-
4	Nepal Bangladesh Bank Limited	90.42	2,767,500	250,227,683	90.42	-	-	-	-
5	Dun and Bradstreet rating agency	100	24,995	2,499,500	100.00	-	-	-	-
6	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	-	-	-	-
7	Investment in SWIFT share	303,234	8	2,425,870	303,234	-	-	-	-
				285,118,145					

Schedule of fixed assets including premises, furniture and fixtures

at 31 December 2012

Particulars	Cost			Rate of dep.	Depreciation			Written down value as at 31 December 2012		
	Balance as at 1 January 2012	Additions during the year	Revaluation		Disposal/adjustment during the year	Balance as at 31 December 2012	Charged during the year		Charged from Revaluation reserve during the year	Disposal/adjustment during the year
	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka	Taka
Own assets										
Land	2,531,152,000	-	-	0	-	-	-	-	-	2,531,152,000
Building	1,667,055,130	15,349,898	-	5	1,682,405,028	41,193,426	42,926,846	-	258,442,451	1,423,962,577
Furniture and fixtures	426,017,666	118,145,425	-	20	542,338,091	99,250,309	-	(888,547)	285,763,605	256,574,486
Equipments	276,128,410	61,432,528	-	20	337,554,738	63,587,423	-	(3,720)	192,608,331	144,946,407
Computer and accessories	126,289,794	25,703,325	-	20	151,993,119	29,007,636	-	-	92,898,172	59,094,947
Motor vehicles	91,593,360	23,493,000	-	20	113,086,360	22,205,397	-	(600,000)	59,480,348	53,606,012
	5,118,236,360	244,124,176	-		5,358,529,336	255,244,191	42,926,846	(1,492,267)	889,192,907	4,469,336,429
Leased assets										
Building	49,573,087	-	-	5	49,573,087	1,600,000	1,678,654	(800,000)	9,757,308	39,815,779
Furniture and fixtures	167,162,848	-	-	20	167,162,848	3,136,755	-	(3,136,755)	167,162,848	-
Equipments	106,201,139	-	-	20	106,201,139	4,895,950	-	(3,485,409)	106,201,139	-
Computer and accessories	72,204,100	-	-	20	72,204,100	1,458,206	-	(1,458,206)	72,204,100	-
Motor vehicles	18,900,000	-	-	20	18,900,000	7,560,000	-	(3,780,000)	7,560,000	11,340,000
	414,041,174	-	-		414,041,174	18,650,911	1,678,654	(12,660,370)	362,885,395	51,155,779
Total	5,532,277,534	244,124,176	-		5,772,570,510	273,895,102	44,605,500	(14,152,637)	1,252,078,302	4,520,492,208

Schedule of fixed assets including premises, furniture and fixtures

at 31 December 2011

Particulars	Balance as at 1 January 2011		Additions during the year		Cost		Rate of dep.	Balance as at 31 December 2011	Depreciation			Balance as at 31 December 2011	Written down value as at 31 December 2011
	Taka	Taka	Taka	Taka	Revaluation	Disposal/adjustment during the year			Charged during the year	Charged from Revaluation reserve during the year	Disposal/adjustment during the year		
Own assets													
Land	734,660,017	167,092,000	1,629,399,983	-	2,531,152,000	0	-	-	-	-	-	-	2,531,152,000
Building	740,501,200	68,017,000	858,536,930	-	1,667,055,130	5	90,969,399	40,425,933	42,926,847	-	-	174,322,179	1,492,732,951
Furniture and fixtures	284,886,148	156,113,914	-	(14,982,396)	426,017,666	20	110,460,515	80,556,967	-	(3,615,639)	-	187,401,843	238,615,823
Equipments	204,051,206	77,138,479	-	(5,061,275)	276,128,410	20	79,588,149	50,076,669	-	(640,190)	-	129,024,628	147,103,782
Computer and accessories	103,897,178	29,614,139	-	(7,221,523)	126,289,794	20	42,775,987	22,872,128	-	(1,757,579)	-	63,890,536	62,399,258
Motor vehicles	40,673,360	50,920,000	-	-	91,593,360	20	19,623,310	18,251,641	-	-	-	37,874,951	53,718,409
	2,108,669,109	548,895,532	2,487,936,913	(27,265,194)	5,118,236,360		343,417,360	212,183,338	42,926,847	(6,013,408)	-	592,514,137	4,525,722,223
Leased assets													
Building	16,000,000	-	33,573,087	-	49,573,087	5	4,800,000	800,000	1,678,654	-	-	7,278,654	42,294,433
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	141,650,018	25,512,830	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	-	106,201,139	20	83,550,370	21,240,228	-	-	-	104,790,598	1,410,541
Computer and accessories	72,204,100	-	-	-	72,204,100	20	59,535,470	12,668,630	-	-	-	72,204,100	-
Motor vehicles	26,422,925	18,900,000	-	(26,422,925)	18,900,000	20	26,422,925	3,780,000	-	(26,422,925)	-	3,780,000	15,120,000
	387,991,012	18,900,000	33,573,087	(26,422,925)	414,041,174		315,958,783	64,001,688	1,678,654	(26,422,925)	-	355,216,200	58,824,974
Total	2,496,660,121	567,795,532	2,521,510,000	(53,688,119)	5,532,277,534		659,376,143	276,185,026	44,605,501	(32,436,333)	-	947,730,337	4,584,547,197

Consolidated Schedule of fixed assets including premises, furniture and fixtures at 31 December 2012

Particulars	Cost			Rate of dep. %	Depreciation			Written down value as at 31 December 2012 Taka	
	Balance as at 1 January 2012 Taka	Additions during the year Taka	Disposal/ adjustment during the year Taka		Balance as at 31 December 2012 Taka	Charged during the year Taka	Charged from Revaluation reserve during the year Taka		Disposal/ adjustment during the year Taka
Own assets									
Land	2,531,152,000	-	-	0	-	-	-	-	2,531,152,000
Building	1,667,055,130	15,349,898	-	5	174,322,179	41,193,426	42,926,846	258,442,451	1,423,962,577
Furniture and fixtures	436,942,743	118,193,296	(1,825,000)	20	189,533,247	101,950,418	-	290,595,118	262,715,921
Equipments	283,000,595	61,808,578	(6,200)	20	130,369,833	64,651,118	-	195,017,231	149,785,742
Computer and accessories	132,612,517	26,103,625	-	20	65,155,081	30,352,241	-	95,507,322	63,208,820
Motor vehicles	91,593,360	23,493,000	(2,000,000)	20	37,874,951	22,205,397	-	59,480,348	53,606,012
	5,142,356,345	244,948,397	(3,831,200)		597,255,291	260,352,600	42,926,846	899,042,470	4,484,431,072
Leased assets									
Leasehold (BA Exchange (UK) Ltd	15,969,961	-	-	5	1,064,663.60	-	1,597,050	2,661,714	13,308,247
Building	49,573,087	-	-	5	7,278,654	1,600,000	1,678,654	9,757,308	39,815,779
Furniture and fixtures	167,162,848	-	-	20	167,162,848	3,136,755	-	167,162,848	-
Equipments	106,201,139	-	-	20	104,790,598	4,895,950	-	106,201,139	-
Computer and accessories	72,204,100	-	-	20	72,204,100	1,458,206	-	72,204,100	-
Motor vehicles	18,900,000	-	-	20	3,780,000	7,560,000	-	7,560,000	11,340,000
	430,011,135	-	-		356,280,864	18,650,911	3,275,704	365,547,109	64,464,026
Total	5,572,367,480	244,948,397	(3,831,200)		953,536,154	279,003,511	46,202,550	1,264,589,578	4,548,895,099

Consolidated Schedule of fixed assets including premises, furniture and fixtures

at 31 December 2011

Particulars	Cost			Rate of dep.	Depreciation			Written down value as at 31 December 2011	
	Balance as at 1 January 2011	Additions during the year	Disposal/adjustment during the year		Balance as at 31 December 2011	Charged during the year	Charged from Revaluation reserve during the year		Disposal/adjustment during the year
	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka
Own assets									
Land	734,660,017	1,796,491,983	-	0	-	-	-	-	2,531,152,000
Building	740,501,200	926,553,930	-	5	40,425,933	42,926,847	-	174,322,179	1,492,732,951
Furniture and fixtures	284,886,148	167,038,991	(14,982,396)	20	82,688,371	-	(3,615,639)	189,533,247	247,409,496
Equipments	204,051,206	84,010,664	(5,061,275)	20	51,421,874	-	(640,190)	130,369,833	152,630,762
Computer and accessories	103,897,178	35,936,862	(7,221,523)	20	24,136,673	-	(1,757,579)	65,155,081	67,457,436
Motor vehicles	40,673,360	50,920,000	-	20	18,251,641	-	-	37,874,951	53,718,409
	2,108,669,109	3,060,952,430	(27,265,194)		216,924,492	42,926,847	(6,013,408)	597,255,291	4,545,101,054
Leased assets									
Leasehold (BA Exchange (UK) Ltd	-	15,969,961	-	5	1,064,664	-	-	1,064,664	14,905,297
Building	16,000,000	33,573,087	-	5	800,000	1,678,654	-	7,278,654	42,294,433
Furniture and fixtures	167,162,848	-	-	20	25,512,830	-	-	167,162,848	-
Equipments	106,201,139	-	-	20	21,240,228	-	-	104,790,598	1,410,541
Computer and accessories	72,204,100	-	-	20	12,668,630	-	-	72,204,100	-
Motor vehicles	26,422,925	18,900,000	(26,422,925)	20	3,780,000	-	(26,422,925)	3,780,000	15,120,000
	387,991,012	68,443,048	(26,422,925)		65,066,352	1,678,654	(26,422,925)	356,280,864	73,730,271
Total	2,496,660,121	3,129,395,478	(53,688,119)		281,990,843	44,605,501	(32,436,333)	953,536,154	4,618,831,326

Statement of tax position

at 31 December 2012

Accounting year	Assessment year	Tax provision as per accounts	Tax demand as per assessment order	Excess/(Short) provision	Status
		<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	
2000	2001-2002	2,000,000	7,080,931	(5,080,931)	Assessment finalized
2001	2002-2003	42,626,674	38,156,227	4,470,447	Assessment finalized
2002	2003-2004	91,950,000	83,933,056	8,016,944	Assessment finalized
2003	2004-2005	165,000,000	155,712,331	9,287,669	Assessment finalized
2004	2005-2006	166,807,728	187,552,594	(20,744,866)	Assessment finalized
2005	2006-2007	220,089,576	273,929,209	(53,839,633)	Assessment finalized
2006	2007-2008	432,447,206	433,037,008	(589,802)	Assessment finalized
2007	2008-2009	704,871,326	707,990,638	(3,119,312)	Assessment finalized
2008	2009-2010	790,000,000	715,369,681	74,630,319	Assessment finalized
2009	2010-2011	779,000,000	-	-	Tax Appellate tribunal
2010	2011-2012	1,498,735,610	-	-	Return filed
2011	2012-2013	1,515,992,334	-	-	Return filed

Details of Large Loan

at 31 December 2012

	2012	2011
Number of clients	16	10
Amount of outstanding advances (Taka)	32,381.60	16,663.90
Amount of classified advances (Taka)	NIL	NIL
Measures taken for recovery (Taka)	NIL	NIL

Client-wise break up is as follows:

Amount in million

Sl. No.	Name of clients	Outstanding (Taka) 2012			Outstanding (Taka) 2011		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Abul Khair Steel Industries Ltd	1,387.86	1,768.65	3,156.51	836.10	1,168.30	2,004.40
2	Thermax Group	1,529.57	1,148.40	2,677.97	-	-	-
3	BRAC & BRAC Feed	447.34	2,095.90	2,543.24	409.70	1,477.00	1,886.70
4	Aftab-Navana	1,798.76	482.80	2,281.56	-	-	-
5	Abdul Monem Ltd	1,050.70	1,096.93	2,147.63	747.30	882.50	1,629.80
6	Shahara Denims Ltd.	1,228.44	840.01	2,068.45	-	-	-
7	S.A.Oil Refinery	669.10	1,381.17	2,050.27	-	-	-
8	S.R. Spinings	-	2,030.40	2,030.40	-	-	-
9	Meghna Group	717.91	1,298.31	2,016.22	-	-	-
10	Echotex	378.23	1,516.44	1,894.67	-	-	-
11	Pran RFL Group	1,221.35	622.38	1,843.73	-	-	-
12	Desh Bhandu Group	407.46	1,220.92	1,628.38	-	-	-
13	Mahin Group	845.96	722.90	1,568.85	-	-	-
14	Kabir Steel Re-Rolling Mills Ltd.	161.27	1,380.64	1,541.91	-	-	-
15	Resaissance Group	580.87	910.41	1,491.28	-	-	-
16	KDS Packaing Industries Ltd	775.68	664.84	1,440.52	991.30	595.70	1,587.00
17	Bashundhara Group	-	-	-	824.10	709.20	1,533.30
18	Adury Apparels Ltd & Group	-	-	-	204.10	1,864.00	2,068.10
19	B. S. R. M. Steels Ltd	-	-	-	532.60	831.90	1,364.50
20	Islam Brothers & Co	-	-	-	1,167.70	310.80	1,478.50
21	Prime Ship Recycling Ltd	-	-	-	831.80	843.10	1,674.90
22	Western Marine Group	-	-	-	627.20	809.50	1,436.70
		13,200.50	19,181.10	32,381.60	7,171.90	9,492.00	16,663.90

Names of Directors and their interest in different entities

at 31 December 2012

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 Ltd Rangs Workshop Ltd Rangs Industries Ltd Rangs Motors Ltd Ranks ITT Ltd Rangs Properties Ltd Dears International Ltd Rancon Engineering Ltd Shield Security Services Ltd Rancon Motors Ltd Media World Ltd (The Daily Star) Sea Resources Ltd Sea Fishers Ltd Deep Sea Fishers Ltd Sea Resources Cold Storage Ltd Sea Resources Agencies Ltd Fishers shipyard Ltd Semans Dockyard & Fishmeal Ltd Rangs Pharmaceuticals Ltd Ranks Telecom Ltd Ranks Steel Ltd Yellow Lines Ltd Rancon Motors Ltd Rangs Union Ltd Rancon Sweaters Ltd Ranks Energy Ltd Rancon Services Ltd Bengal Laboratories Ltd Appollo Steel Mills Ltd Bon Kids Ltd SDIL Rancon Autos Ltd Ranks Interiors Ltd Ranks Agro Bioteq Ltd Ran-Jas Ltd
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 Premier Dyeing & Calendaring Ltd Anandaniketan Ltd Ranks Telecom Ltd Enterprise Asia Ltd

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
3.	Mr. Mohammed Lakiotullah	Vice Chairman & Independent Director	Hajj Finance Company Ltd RSL Consultancy
4.	Ms. Hosneara Sinha	Director	Sinha Apparels Ltd
5.	Mr. Rumea A Hossain	Director	Rangs Industries Ltd Ranks ITT Ltd Romask Ltd Rangs Pharmaceuticals Ltd Ranks Telecom Ltd Rangs Petroleum Ltd (Representative Director)
6.	Ms. Farhana Haq Chowdhury	Director	Ranks Telecom Ltd Rangs Pharmaceuticals Ltd Rancon Engineering Ltd Rancon Services Ltd Rancon Autos Ltd Rancon Automobiles Ltd Rangs Power & Renewable Energy Ltd Rancon Homes Solutions Ltd Rancon Distribution Ltd Far Ltd Rancon Development Ltd Rancon Motorbikes Ltd DHS Motors Ltd
7.	Mr. A.M.Nurul Islam	Independent Director	Nil
8.	Mr. M Irfan Syed (Alternate Director to Mr. Mir Shahjahan)	Director	VihreaCom Ltd
9.	Mr. Faisal Samad (Alternate Director to Ms. Mahrina Dia Chowdhury)	Director	Savar Textiles Ltd Supasox Ltd Surma Garments Ltd Surma Dyeing Ltd Multi Source Smart Sox Ltd
10.	Ms. Sohana Rouf Chowdhury (Alternate Director to Mr. Murshed Sultan Choudhury)	Director	Rangs Motors Rangs Ltd Rangs Properties Ltd Rangs Industries Ltd Rangs Pharmaceuticals Ltd Rangs Workshop Ltd Rancon Motors Ltd Ranks ITT Ltd Ranks Telecom Ltd Ranks Real Estate Ltd Shield Security Services Ltd Ranks Steel Ltd SASH Ltd Sea Resources Ltd
11.	Ms. Naheed Akhter Sinha	Director	Sinha Apparels Ltd SkyTel Communications Ltd
12.	Mr. Shah Md. Nurul Alam (Representing Amiran Generations Ltd)	Director	Hajj Finance Company Ltd
13.	Mr. Nafees Khundker	Director	Rangs Pharmaceuticals Ltd Ranks Telecom Ltd SASH Ltd

Islamic Banking Operations of Bank Asia

for the year ended 31 December 2012

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

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

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

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

The ISR declared on Mudaraba deposits for the year 2012

Sl. no.	Types of Mudaraba Deposit	Distributable Investment Income Sharing Ratio (ISR) w.e.f. 01.01.2012	
		Client	Bank
1.	Mudaraba Term Deposit Account(MTDA) 1 month	75%	25%
2.	Mudaraba Term Deposit Account(MTDA) 2 months	80%	20%
3.	Mudaraba Term Deposit Account(MTDA) 3 months	85%	15%
4.	Mudaraba Term Deposit Account(MTDA) 6 months	85%	15%
5.	Mudaraba Term Deposit Account(MTDA) 12 months	86%	14%
6.	Mudaraba Term Deposit Account(MTDA) 24 months	85%	15%
7.	Mudaraba Term Deposit Account(MTDA) 36 months	85%	15%
8.	Mudaraba Term Deposit Account(MTDA) 60 months	85%	15%
9.	Mudaraba Special Notice Deposit Account(MSND)	35%	65%
10.	Mudaraba Savings Account (MSA)	45%	55%
11.	Smart Junior Saver	70%	30%
12.	Mudaraba Deposit Pension Scheme (MDPS) 3-10 Years	87%	13%
13.	Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 year	80%	20%
14.	Mudaraba Monthly Profit Paying Deposit (MMPPD)- 2-5 years	85%	15%
15.	Mudaraba Hajj Savings Scheme (MHSA)	90%	10%

2. Investment Operation and Return Thereon

For investment purpose our Islamic Banking follows two systems:

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

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

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

3. Income/ Revenue Recognition Principle

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

For Bai-Murabaha Muajjal Investment

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

For Hire Purchase Shirkatul Melk (HPSM) Investment

In case of HPSM mode of investment Rent is charged and taken into income account at the end of each month on accrual basis. If the account has a provision of gestation period, no income is earned during the period. In this case income starts just after the end of gestation period. However Rent is chargeable in spite of gestation, if the delivery of asset is completed in usable condition such as a machine or a set of machinery or building etc.

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

For Musharaka Investment

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

4. Cost Recognition Principle

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

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

Islamic Banking Unit
Balance Sheet
 at 31 December 2012

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
PROPERTY AND ASSETS			
Cash:			
Cash in hand (including foreign currencies)		20,948,341	16,458,150
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)		132,735,174	139,896,836
		153,683,515	156,354,986
Balance with other banks and financial institutions			
In Bangladesh		1,900,631,098	1,070,612,465
Outside Bangladesh		-	-
		1,900,631,098	1,070,612,465
Placement with other banks and financial institutions (Bangladesh Bank Islamic Bond)		112,400,000	92,900,000
Investments:			
Investment (Loans, cash credit, overdrafts etc.)		2,804,777,334	2,789,121,907
Bills Purchased and discounted		51,923,119	4,302,550
		2,856,700,453	2,793,424,457
Fixed assets including premises, furniture and fixtures		3,948,706	5,452,571
Other assets		36,909,081	22,835,957
Non - banking assets		-	-
Total assets		<u>5,064,272,853</u>	<u>4,141,580,436</u>
LIABILITIES AND CAPITAL			
Liabilities:			
Placement from other banks, financial institutions and agents		1,400,000,000	900,000,000
Deposits and other Accounts:			
Al-wadeeah current and other deposits accounts, etc.		244,533,069	138,856,556
Bills payable		22,837,975	6,072,852
Mudaraba savings deposits		285,336,156	201,814,348
Mudaraba term deposits		2,870,767,694	1,756,332,899
		3,423,474,894	2,103,076,655
Other liabilities		240,797,959	1,138,503,781
Total liabilities		<u>5,064,272,853</u>	<u>4,141,580,436</u>
OFF- BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		16,191,273	-
Letters of guarantee		-	1,000,000
Irrevocable letters of credit		-	-
Bills for collection		-	32,232
Other contingent liabilities		-	-
Other commitments:		-	-
Total Off-Balance Sheet items including contingent liabilities		<u>16,191,273</u>	<u>1,032,232</u>

Islamic Banking Unit

Profit and Loss Statement for the period ended at 31 December 2012

	Amount in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Investment income	522,687,934	344,107,496
Profit paid on deposits, borrowings, etc.	(362,664,033)	(231,324,926)
Net investment income	160,023,901	112,782,570
Profit on Investment with bank and financial institutions	2,275,437	263,244
Commission, exchange and brokerage	32,699,998	37,130,428
Other operating income	11,850,002	1,523,960
Total operating income	206,849,338	151,700,202
Salaries and allowances	36,111,983	32,840,264
Rent, taxes, insurance, electricity, etc.	3,158,733	2,116,574
Legal expenses	3,135	2,613
Postage, stamp, telecommunication, etc.	287,051	190,928
Stationery, printing, advertisement, etc.	540,805	529,054
Depreciation and repair of Bank's assets	2,149,827	2,172,416
Repair and maintenance	-	-
Entertainment expenses	-	-
Travelling expenses	-	-
Other expenses	7,622,960	4,059,828
Total operating expenses	49,874,494	41,911,677
Profit before provision	156,974,844	109,788,525
Provision for investments		
General provision	133,513	29,069,500
Specific provision	1,675,400	1,764,500
	1,808,913	30,834,000
Provision for diminution in value of investments	-	-
Other provision	-	-
Total provision	1,808,913	30,834,000
Total profit/(loss) before taxes	155,165,931	78,954,525

Off-shore Banking Unit
Balance Sheet
 at 31 December 2012

	Notes	Amount 2012		2011 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		2,409,507	168,665,514	25,905,860
		2,409,507	168,665,514	25,905,860
Investments				
Government		-	-	-
Others		-	-	-
		-	-	-
Loans and advances				
Loans, cash credits, overdrafts, etc.	4	6,210,024	434,701,714	673,272,958
Bills purchased and discounted		35,023	2,451,606	3,408,111
		6,245,047	437,153,320	676,681,069
Fixed assets including premises, furniture and fixtures				
Other assets	5	99,383	6,956,777	16,474,979
Non - banking assets		-	-	-
Total assets		<u>8,753,937</u>	<u>612,775,611</u>	<u>719,061,908</u>
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	6	-	-	287,000,000
Deposits and other accounts	7			
Current deposits		7,427,608	519,932,569	113,275,476
Bills payable		-	-	-
Savings bank deposits		-	-	-
Fixed deposits		1,066,086	74,625,989	277,892,395
Bearer certificate of deposit		-	-	-
		8,493,694	594,558,558	391,167,870
Other liabilities	8	127,026	8,891,809	11,643,361
Total liabilities		<u>8,620,720</u>	<u>603,450,367</u>	<u>689,811,231</u>
Capital / Shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Other reserve		-	-	-
Deficit in profit and loss account/Retained earnings		133,217	9,325,244	29,250,676
Total Shareholders' equity		<u>133,217</u>	<u>9,325,244</u>	<u>29,250,676</u>
Total liabilities and Shareholders' equity		<u>8,753,937</u>	<u>612,775,611</u>	<u>719,061,908</u>

Off-shore Banking Unit
Balance Sheet
 at 31 December 2012

	Notes	Amount 2012		2011
		USD	Taka	Taka
OFF- BALANCE SHEET ITEMS				
Contingent liabilities				
Acceptances and endorsements	9	4,013,327	280,932,890	153,074,740
Letters of guarantee		-	-	-
Irrevocable letters of credit	10	2,226,911	155,883,770	135,463,300
Bills for collection	11	217,299	15,210,899	53,159,960
Other contingent liabilities		-	-	-
		6,457,537	452,027,559	341,698,000
Other commitments				
Documentary credits and short term trade -related transactions		-	-	-
Forward assets purchased and forward deposits placed		-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-	-
Liabilities against forward purchase and sale		-	-	-
Other commitments		-	-	-
		-	-	-
		6,457,537	452,027,559	341,698,000
Other memorandum items				
Value of travellers' cheques in hand		-	-	-
Value of Bangladesh Sanchayapatra in hand		-	-	-
		-	-	-
Total Off-Balance Sheet items including contingent liabilities		6,457,537	452,027,559	341,698,000

Off-shore Banking Unit
Profit and Loss Statement
 for the year ended 31 December 2012

	Notes	Amount 2012		2011
		USD	Taka	Taka
Interest income	12	314,698	22,028,959	58,676,535
Interest paid on deposits and borrowings, etc.	13	(249,635)	(17,474,472)	(25,715,987)
Net interest/net profit on investments		65,063	4,554,487	32,960,548
Commission, exchange and brokerage	14	125,683	8,797,901	2,255,400
Other operating income	15	75,710	5,299,669	4,556,308
Total operating income (A)		266,456	18,652,057	39,772,256
Salaries and allowances		-	-	-
Rent, taxes, insurance, electricity, etc.		1,170	81,906	75,746
Postage, stamp, telecommunication, etc.		5,044	353,098	296,732
Stationery, printing, advertisements, etc.		-	-	-
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets		-	-	-
Other expenses		-	-	-
Total operating expenses (B)		6,214	435,004	372,478
Profit before provision (C=A-B)		260,242	18,217,053	39,399,778
Provision for loans and advances				
General provision		62,450	4,371,533	6,933,005
Specific provision		-	-	-
		62,450	4,371,533	6,933,005
Provision for off-balance sheet items		64,575	4,520,276	3,416,980
Provision for diminution in value of investments		-	-	-
Other provision		-	-	-
Total provision (D)		127,025	8,891,809	10,349,985
Total profit/(loss) (C-D)		133,217	9,325,244	29,049,793

Off-shore Banking Unit
Cash Flow Statement
 for the year ended 31 December 2012

	Notes	Amount 2012		2011 Taka
		USD	Taka	
A) Cash flows from operating activities				
Interest receipts		215,317	15,072,182	42,201,556
Interest payments		(242,030)	(16,942,125)	(22,695,307)
Fees and commission receipts		125,684	8,797,901	2,255,400
Cash payment to employees		-	-	-
Cash payment to suppliers		(5,044)	(353,098)	(296,732)
Income tax paid		-	-	-
Receipts from other operating activities		75,710	5,299,669	4,556,308
Payments for other operating activities		(1,170)	(81,906)	(75,746)
Cash generated from operating activities before changes in operating assets and liabilities		168,467	11,792,623	25,945,479
Increase/(decrease) in operating assets and liabilities:				
Loans and advances to customers		3,421,825	239,527,749	1,832,980,175
Other assets		135,974	9,518,207	-
Deposits from customers		2,897,976	202,858,341	316,621,158
Trading liabilities		(4,100,000)	(287,000,000)	(2,157,326,401)
Other liabilities		(224,574)	(15,720,213)	(81,940,074)
		2,131,201	149,184,084	(89,665,142)
Net cash generated from/(used in) operating activities		2,299,667	160,976,707	(63,719,663)
B) Cash flows from investing activities				
Investments of treasury bills and bonds		-	-	-
(Purchase)/sale of trading securities		-	-	-
Purchase of fixed assets		-	-	-
Net cash from investing activities		-	-	-
C) Cash flows from financing activities				
Transfer of profit to Head Office		(260,244)	(18,217,053)	(39,399,778)
Net cash generated from/(used in) financing activities		(260,244)	(18,217,053)	(39,399,778)
D) Net increase in cash and cash equivalents (A+ B + C)		2,039,423	142,759,654	(103,119,441)
E) Effects of exchange rate changes on cash and cash equivalents		-	-	-
F) Cash and cash equivalents at beginning of the year		370,084	25,905,860	129,025,301
G) Cash and cash equivalents at end of the year (D+E+F)		2,409,507	168,665,514	25,905,860
Cash and cash equivalents at end of the year represents				
Cash in hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-
Balance with other banks and financial institutions		2,409,507	168,665,514	25,905,860
Money at call and on short notice		-	-	-
Prize bond		-	-	-
		2,409,507	168,665,514	25,905,860

Off-shore Banking Unit
Notes to the Financial Statements
for the year ended 31 December 2012

1 Status of the unit

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

2 Significant accounting policies and basis of preparations**2.1 Basis of preparation**

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

2.2 Foreign currency

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

2.3 Loans and advances

- 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) Provision for loans and advances is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 16 of 6 December 1998, 9 of 14 May 2001, 9 and 10 of 20 August 2005, 5 of 5 June 2006, 8 of 7 August 2007, 10 of 18 September 2007, 5 of 29 April 2008 and 32 of 27 October 2010.

Off-shore Banking Unit
Notes to the Financial Statements
for the year ended 31 December 2012

	Notes	Amount 2012		2011 Taka
		USD	Taka	
3 Balance with other banks and financial institutions				
In Bangladesh		-	-	-
Outside Bangladesh		2,409,507	168,665,514	25,905,860
		<u>2,409,507</u>	<u>168,665,514</u>	<u>25,905,860</u>
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)		6,210,024	434,701,714	673,272,958
Bills purchased and discounted (Note 4.2)		35,023	2,451,606	3,408,111
		<u>6,245,047</u>	<u>437,153,320</u>	<u>676,681,069</u>
4.1 Loans, cash credit, overdrafts etc.				
Loan to branches		5,070,045	354,903,164	611,038,141
Term loan industrial		-	-	7,392,902
Loan against trust receipts		799,102	55,937,157	54,841,915
Payment against documents		242,688	16,988,159	-
Loan others		98,189	6,873,234	-
		<u>6,210,024</u>	<u>434,701,714</u>	<u>673,272,958</u>
4.2 Bills purchased and discounted				
Payable in Bangladesh		-	-	-
Payable outside Bangladesh		35,023	2,451,606	3,408,111
		<u>35,023</u>	<u>2,451,606</u>	<u>3,408,111</u>
5 Other assets				
Interest receivable		98,551	6,898,599	16,474,984
Non performing assets		831	58,178	-
		<u>99,383</u>	<u>6,956,777</u>	<u>16,474,984</u>
6 Borrowings from other banks, financial institutions and agents				
Borrowing from Bangladesh Bank		-	-	287,000,000
Borrowing from corporate office, Dhaka		-	-	-
		<u>-</u>	<u>-</u>	<u>287,000,000</u>
7 Deposits and other accounts				
Bank deposits		-	-	-
Customer deposits and other accounts (Note 7.1)		8,493,694	594,558,558	391,167,870
		<u>8,493,694</u>	<u>594,558,558</u>	<u>391,167,870</u>
7.1 Customer deposits and other accounts				
Foreign currency (Current)		7,165,446	501,581,229	102,359,272
Other demand deposits(Current)		262,162	18,351,340	10,916,204
Fixed deposit		1,066,086	74,625,989	277,892,395
		<u>8,493,694</u>	<u>594,558,558</u>	<u>391,167,870</u>

Off-shore Banking Unit
Notes to the Financial Statements
for the year ended 31 December 2012

Notes	Amount 2012		2011 Taka
	USD	Taka	
8 Other liabilities			
Provision for loans and advances	62,450	4,371,533	6,933,005
Provision for off balance sheet items	64,575	4,520,276	3,416,980
Interest suspense account	-	-	725,641
Adjustment account credit balance	-	-	567,735
	<u>127,026</u>	<u>8,891,809</u>	<u>11,643,361</u>
9 Acceptances and endorsements			
Letters of credit (Back to Back)	3,010,008	210,700,560	153,074,740
Letters of credit (Acceptances)	1,003,319	70,232,330	-
	<u>4,013,327</u>	<u>280,932,890</u>	<u>153,074,740</u>
Less: Margin	-	-	-
	<u>4,013,327</u>	<u>280,932,890</u>	<u>153,074,740</u>
10 Irrevocable letters of credit			
Letters of credit (Back to Back)	1,113,227	77,925,890	135,463,300
Letters of credit (cash)	1,113,684	77,957,880	-
	<u>2,226,911</u>	<u>155,883,770</u>	<u>135,463,300</u>
Less: Margin	-	-	-
	<u>2,226,911</u>	<u>155,883,770</u>	<u>135,463,300</u>
11 Bills for collection:	<u>217,299</u>	<u>15,210,899</u>	<u>53,159,960</u>
12 Interest income			
Demand loan	94	6,632	-
Packing credit	164	11,502	319,932
Overdraft	13,226	925,820	10,862,541
Loan against trust receipt	42,888	3,002,181	11,583,089
Payment against documents	2,810	196,685	18,409
Term loan - industrial	1,631	114,183	901,686
Foreign bill purchased	253,885	17,771,956	34,990,878
	<u>314,698</u>	<u>22,028,959</u>	<u>58,676,535</u>
13 Interest paid on deposits and borrowings etc.			
Interest on deposit	-	-	-
Interest on borrowings:			
Local banks including Bangladesh Bank	9,961	697,278	25,715,987
Foreign banks	239,674	16,777,194	-
	<u>249,635</u>	<u>17,474,472</u>	<u>25,715,987</u>
14 Commission, exchange and brokerage			
Commission on remittance	-	-	255,138
Commission on L/C	119,017	8,331,190	2,000,262
Commission on export	2,834	198,380	-
Commission on PO, DD, TT, TC, etc	4,810	336,770	-
Foreign exchange gain & charges	(978)	(68,439)	-
	<u>125,683</u>	<u>8,797,901</u>	<u>2,255,400</u>
15 Other operating income			
SWIFT charge recovery	25,387	1,777,090	1,688,750
Other	50,323	3,522,579	2,867,558
	<u>75,710</u>	<u>5,299,669</u>	<u>4,556,308</u>

Statement of outstanding unreconciled entries (nostro account)

at 31 December 2012

Sl. no.	Period of unreconciled	As per local book				As per correspondents' book			
		Debit entries		Credit entries		Debit entries		Credit entries	
		No.	USD	No.	USD	No.	USD	No.	USD
1	Upto 3 months	18	21,062,931	76	4,073,526	9	130,706	166	5,581,313
2	More than 3 months but less than 6 months	-	-	-	-	-	-	-	-
3	More than 6 months but less than 9 months	-	-	-	-	-	-	-	-
4	More than 9 months but less than 12 months	-	-	-	-	-	-	-	-
5	More than 12 months	-	-	-	-	-	-	-	-
	Total	18	21,062,931	76	4,073,526	9	130,706	166	5,581,313

Reconciliation between

Bangladesh Bank Statement and Bank's book

The reconciling items relates to clearing of the following:

- Bangladesh Bank cheques
- Foreign currency demand drafts
- Government bonds

Local currency :	As per Bangladesh Bank Statement BDT	As per Bank's General ledger BDT	Reconciling Difference BDT
Bangladesh Bank, Dhaka	6,462,695,192.52	5,035,067,001.31	1,427,628,191.21
Bangladesh Bank, Dhaka (AI-wadeeah current account)	132,735,173.63	132,735,173.63	-
Bangladesh Bank, Chittagong	31,838,542.39	31,823,562.39	14,980.00
Bangladesh Bank, Sylhet	139,409.42	138,909.42	500.00
Bangladesh Bank, Khulna	16,012,287.55	13,702,787.55	2,309,500.00
Bangladesh Bank, Rajshahi	4,446,099.93	4,446,099.93	-
Bangladesh Bank, Bogra	6,671,370.60	6,671,370.60	-
Bangladesh Bank, Barishal	322,636.92	323,715.67	(1,078.75)
Total	6,654,860,712.96	5,224,908,620.50	1,429,952,092.46

Bank credited but not debited by Bangladesh Bank	1,520,984,112.30
Bank debited but not credited by Bangladesh Bank	(50,000,000.00)
Bangladesh Bank credited but not debited by Bank	4,812,732.00
Bangladesh Bank debited but not credited by Bank	(45,844,751.84)
	1,429,952,092.46

Foreign currency:	As per Bangladesh Bank statement USD	As per Bank's general ledger USD	As per Bank's general ledger BDT	Reconciling difference USD
USD Clearing account	3,279,615.13	1,732,827.45	121,297,921.79	1,546,787.68
Total	3,279,615.13	1,732,827.45	121,297,922	1,546,787.68

Bank credited but not debited by Bangladesh Bank	4,266,188.13
Bank debited but not credited by Bangladesh Bank	(12,597.13)
Bangladesh Bank credited but not debited by Bank	469,162.46
Bangladesh Bank debited but not credited by Bank	(3,175,965.78)
	1,546,787.68

	As per Bangladesh Bank statement GBP	As per Bank's general ledger GBP	As per Bank's general ledger BDT	Reconciling difference GBP
GBP Clearing account	526.52	303.87	39,503.10	222.65
	526.52	303.87	39,503.10	222.65

Bank credited but not debited by Bangladesh Bank	214.14
Bank debited but not credited by Bangladesh Bank	-
Bangladesh Bank credited but not debited by Bank	8.51
Bangladesh Bank debited but not credited by Bank	-
	222.65

Reconciliation between

Bangladesh Bank Statement and Bank's book

	As per Bangladesh Bank statement EUR	As per Bank's general ledger EUR	BDT	Reconciling difference EUR
EUR Clearing account	343.19	308.37	27,753.30	34.82
	<u>343.19</u>	<u>308.37</u>	<u>27,753.30</u>	<u>34.82</u>
Bank credited but not debited by Bangladesh Bank				83.32
Bank debited but not credited by Bangladesh Bank				(48.50)
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				<u>34.82</u>

	As per Bangladesh Bank statement JPY	As per Bank's general ledger JPY	BDT	Reconciling difference JPY
JPY Clearing account	45,238	45,238	24,881	-
	<u>45,238</u>	<u>45,238</u>	<u>24,881</u>	<u>-</u>
Total (BDT)			<u>5,346,298,680</u>	

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			Amount in Taka
	In side Bangladesh		Off-shore Banking unit	Total	In side Bangladesh		BA Exchange Company (UK) Ltd	
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	Total		
Interest income	12,751,339,738	522,687,934	22,028,959	13,296,056,631	592,744,302	-	13,888,800,933	
Interest paid on deposits and borrowings, etc	(9,236,210,828)	(362,664,033)	(17,474,472)	(9,616,349,333)	(566,531,168)	-	(10,182,880,501)	
Net interest income	3,515,128,910	160,023,901	4,554,487	3,679,707,298	26,213,134	-	3,705,920,432	
Investment income	1,926,388,669	2,275,437	-	1,930,664,106	-	-	1,840,646,106	
Commission, exchange and brokerage	1,718,815,710	32,699,998	8,797,901	1,760,313,609	111,045,350	10,258,300	1,881,617,259	
Other operating income	432,861,164	11,850,002	5,299,669	450,010,835	(3,213,888)	-	446,796,947	
Total operating income (A)	7,595,174,453	206,849,338	18,652,057	7,820,675,848	134,044,596	10,258,300	7,874,980,744	
Salaries and allowances	1,245,835,241	36,111,983	-	1,281,947,224	33,529,700	7,359,950	1,322,836,874	
Rent, taxes, insurance, electricity, etc	323,315,254	3,158,733	81,906	326,555,893	10,733,258	8,723,390	346,012,541	
Legal expenses	7,047,846	3,135	-	7,050,981	357,615	61,750	7,470,346	
Postage, stamp, telecommunication, etc	53,277,341	287,051	353,098	53,917,490	2,752,298	847,470	57,517,258	
Stationery, printing, advertisements, etc	69,482,672	540,805	-	70,023,477	488,205	662,220	71,173,902	
Managing Director's salary and fees	12,200,000	-	-	12,200,000	-	-	12,200,000	
Directors' fees	2,003,240	-	-	2,003,240	161,000	26,000	2,190,240	
Auditors' fees	1,064,535	-	-	1,064,535	86,250	780,000	1,930,785	
Depreciation and repairs of Bank's assets	336,314,562	2,149,827	-	338,464,389	6,923,052	2,521,090	347,908,531	
Other expenses	668,020,483	7,622,960	-	675,643,443	16,404,456	3,651,570	695,699,469	
Total operating expenses (B)	2,718,561,174	49,874,494	435,004	2,768,870,672	71,435,834	24,633,440	2,864,939,946	
Profit before provision (C=A-B)	4,876,613,279	156,974,844	18,217,053	5,051,805,176	62,608,762	(14,375,140)	5,010,040,798	
Povision:								
Provision for loans and advances/investments				2,090,358,454			2,090,358,454	
Provision for off-balance sheet items				130,572,366			130,572,366	
Provision for diminution in value of investments				100,000,000			100,220,768	
Other provisions				7,877,361			7,877,361	
Profit before tax provision (C=A-B)				2,722,996,995			2,681,011,849	
Provision for taxation				1,815,000,000			1,831,070,482	
Profit after tax provision (C=A-B)				907,996,995			849,941,367	

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			Amount in Taka
	In side Bangladesh		Off-shore Banking unit	Total	In side Bangladesh Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd	Total	
	Conventional Banking	Islamic Banking						
PROPERTY AND ASSETS								
Cash	6,440,288,330	153,683,515	-	6,593,971,845	78,740	1,621,142	6,595,671,727	
Balance with other banks and financial institutions	1,634,263,924	1,900,631,098	168,665,514	3,703,560,536	2,642,694	5,748,428	3,710,892,710	
Money at call and on short notice	220,000,000	-	-	220,000,000	-	-	220,000,000	
Investments	25,002,504,514	112,400,000	-	25,114,904,514	153,978,168	-	25,268,882,682	
Loans and advances/investments	89,034,964,752	2,856,700,453	437,153,320	92,328,818,525	4,913,963,024	-	93,410,427,870	
Fixed assets including premises, furniture and fixtures	4,516,543,502	3,948,706	-	4,520,492,208	13,612,271	14,790,620	4,548,895,099	
Other assets	7,835,761,082	36,909,081	6,956,777	7,879,626,940	110,173,218	2,565,940	7,480,601,751	
Non - banking assets	-	-	-	-	-	-	-	
Total assets	134,684,326,104	5,064,272,853	612,775,611	140,361,374,568	5,194,448,115	24,726,130	141,235,371,839	
LIABILITIES AND CAPITAL								
Liabilities								
Borrowings from other banks, financial institutions and agents	2,425,000,476	1,400,000,000	-	3,825,000,476	4,282,363,679	-	4,275,010,476	
Subordinated Non-Convertible Zero Coupon Bond	599,998,411	-	-	599,998,411	-	-	599,998,411	
Deposits and other accounts	106,043,741,931	3,423,474,894	594,558,558	110,061,775,383	114,812,145	-	110,175,528,580	
Other liabilities	12,570,414,940	240,797,959	18,217,053	12,829,429,952	248,672,189	21,841,560	13,070,669,484	
Total liabilities	121,639,155,758	5,064,272,853	612,775,611	127,316,204,222	4,645,848,013	21,841,560	128,121,206,951	
Total shareholders' equity	13,045,170,346	-	-	13,045,170,346	548,600,102	2,884,570	13,114,164,888	
Total liabilities and shareholders' equity	134,684,326,104	5,064,272,853	612,775,611	140,361,374,568	5,194,448,115	24,726,130	141,235,371,839	

Bank Asia Securities Limited

Report of the Directors

for the year ended December 31, 2012

Short Profile of the Company

Bank Asia Securities Limited (BASL) started its journey under the name & style of “Capital Market Division” of Bank Asia Limited from August 05, 2009. BASL was incorporated on August 04, 2010 as a private limited company having paid up capital of Tk.45.00 crore bearing registration No: C-86230 dated 04.08.2010 a majority owned subsidiary company of Bank Asia Ltd. The Company obtained registration from Securities & Exchange Commission for the operation of full fledged Stock Broker & Stock Dealer on March 16, 2011 bearing registration No: Reg/3.1/DSE-231/2011/463 and Reg/3.1/DSE-237/2011/464 respectively. Finally, the Company started its operation from April 17, 2011. The company is providing the following services:-

- Buy & Sale Shares/Debenture/Mutual Funds unit on behalf of the customers
- Managing own portfolio through Dealer license
- Full fledge Depository service

Dividend

The Directors recommended no dividend for the period ended 31st December, 2012

Property, plant and Equipment

Details of the movements during the period in the property, plant and equipment of the company are set out in Note - 4 to the financial statements.

Share Capital and Reserves

Details of the movements during the period in the share capital of the company are set out in Note-11 to the company's financial statements.

The Directors confirm the Directors' Report and the Financial Statements have been prepared in compliance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, Bangladesh Securities & Exchange Commission (BSEC) Rules, 1987, Bangladesh Securities & Exchange Commission (Stock Dealer, Stock Broker & Authorized Representatives) Rules-2000 and other applicable laws and regulations.

Meetings

As per provision of the Companies Act-1994 during the year 2012, 4 (four) meetings of the Board of Directors were held.

On behalf of the Board of Directors



A Rouf Chowdhury

Chairman

Auditors' Report to the Shareholders of Bank Asia Securities Limited

We have audited the accompanying financial statements of Bank Asia Securities Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2012, statement of comprehensive income (profit and loss statement), statement of cash flows and statement of changes in equity for the year ended 31 December 2012, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards / Bangladesh Accounting Standards, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards / Bangladesh Accounting Standards give a true and fair view of the state of the company's affairs as at 31 December 2012 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of Bangladesh Securities and Exchange Commission Regulations Act 1996 and other applicable laws and regulations.

We also report that:

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

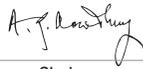


Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 10 March 2013

Statement of Financial Position
Balance Sheet
 at 31 December 2012

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
Non-Current Assets			
Property, plant and equipment	4	13,612,271	17,272,329
Membership of Dhaka Stock Exchange Ltd		153,119,000	153,119,000
Preliminary/pre-operating expenses	5	2,956,215	3,941,620
Total non-current assets		169,687,486	174,332,949
Current Assets			
Advances, deposits and prepayments		-	60,000
Investment in shares at cost	6	859,168	-
Loans and advances	7	4,913,963,024	4,402,311,765
Accounts receivable	8	27,353,057	35,261,027
Advance income tax	9	79,863,945	35,554,463
Cash and cash equivalents	10	2,721,434	101,077,495
Total current assets		5,024,760,628	4,574,264,750
Total assets		5,194,448,114	4,748,597,698
Equity			
		Share capital	11
450,000,000	450,000,000		
Retained earnings	12	98,600,101	142,282,590
Shareholders' equity		548,600,101	592,282,590
Current Liabilities			
			Customer deposits
13	114,812,145	95,826,866	
Loans and borrowings	14	4,282,363,679	3,879,216,504
Accounts payable	15	15,262,550	118,532,157
Liability for expenses	16	5,325,059	7,926,638
Interest suspense account	17	156,980,387	-
Provision for diminution in value of investments	18	220,768	-
Provision for taxation	19	70,883,425	54,812,943
Total current liabilities		4,645,848,013	4,156,315,108
Total equity and liabilities		5,194,448,114	4,748,597,698

See annexed notes, For Bank Asia Securities Limited


Chairman


Director


Director


Chief Executive Officer


Auditors
S. F. AHMED & CO
 Chartered Accountants
 Dated, 10 March 2013

Statement of Comprehensive Income
Profit and Loss Statement
 for the year ended 31 December 2012

	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
Brokerage commission		111,045,350	128,418,373
Interest income	20	592,744,302	490,108,634
Interest expense	21	(566,531,168)	(381,001,724)
Net interest income		26,213,134	109,106,910
Other operating income/loss	22	(3,213,888)	9,160,256
Total operating income		134,044,596	246,685,539
Operating expenses	23	(71,435,834)	(49,590,007)
Profit before provision		62,608,762	197,095,533
Provision for diminution in value of investments	18	(220,768)	-
Profit before tax		62,387,994	197,095,533
Income tax expense	19	(16,070,482)	(54,812,943)
Profit after tax		46,317,512	142,282,590
Other comprehensive income		-	-
Total comprehensive income for the year		46,317,512	142,282,590

See annexed notes, For Bank Asia Securities Limited


 Chairman


 Director


 Director


 Chief Executive Officer



Auditors
S. F. AHMED & CO
 Chartered Accountants
 Dated, 10 March 2013

Statement of Cash Flows

for the year ended 31 December 2012

	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
A. Cash flows from operating activities			
Net profit after tax		46,317,512	142,282,590
Adjustments to net profit for non-cash items:			
Depreciation		4,482,588	4,318,082
Preliminary expenses		985,405	985,405
Changes in working capital:			
(Increase)/decrease in current assets			
Accounts receivable		7,907,970	(35,261,027)
Advances, deposits and prepayments		60,000	(60,000)
Investment in shares at cost		(859,168)	-
Increase/(decrease) in current liabilities			
Customer deposits		18,985,279	95,826,867
Accounts and other payables		(103,269,607)	(35,645,283)
Liability for expenses		(2,601,579)	7,926,638
Income tax paid		(44,309,482)	(35,554,463)
Interest suspense account		156,980,387	-
Provision for diminution in value of investments		220,768	-
Provision for taxation		16,070,482	54,812,943
Net cash from operating activities		<u>100,970,555</u>	<u>199,631,752</u>
B. Cash flows from investing			
Acquisition of property, plant and equipment		(822,530)	(21,590,411)
Increase in preliminary/pre-operating expenses		-	(3,868,585)
Loans and advances		(511,651,259)	(4,402,311,765)
Net cash used in investing activities		<u>(512,473,789)</u>	<u>(4,427,770,761)</u>
C. Cash flows from financing activities			
Loans and borrowings		403,147,175	3,879,216,504
Dividend paid		(90,000,000)	-
Net Cash from financing activities		<u>313,147,175</u>	<u>3,879,216,504</u>
D. Net decrease in cash and cash equivalents (A+B+C)		(98,356,059)	(348,922,505)
E. Opening cash and cash equivalents		<u>101,077,495</u>	<u>450,000,000</u>
F. Closing cash and cash equivalents		<u>2,721,434</u>	<u>101,077,495</u>

See annexed notes, For Bank Asia Securities Limited


Chairman


Director


Director


Chief Executive Officer


Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 10 March 2013

Statement of Changes in Equity

for the year ended 31 December 2012

Particulars	Share Capital	Share Premium	Retained earnings	Amount in Taka Total
Year ended 31 Dec 2011				
Opening balance	-	-	-	-
Issue of shares	450,000,000	-	-	450,000,000
Net profit for the year	-	-	142,282,590	142,282,590
Closing balance	450,000,000	-	142,282,590	592,282,590
Year ended 31 Dec 2012				
Opening balance	450,000,000	-	142,282,590	592,282,590
Net profit for the year	-	-	46,317,512	46,317,512
Dividend paid during the year	-	-	(90,000,000)	(90,000,000)
Closing balance	450,000,000	-	98,600,101	548,600,101

See annexed notes, For Bank Asia Securities Limited



Chairman



Director



Director



Chief Executive Officer



Auditors
S. F. AHMED & CO
 Chartered Accountants
 Dated, 10 March 2013

Notes to the financial statements

for the year ended 31 December 2012

1. Reporting entity

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

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

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentational currency

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

2.3 Use of estimates and judgments

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

3. Significant accounting policies

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

3.1 Interest income

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

3.2 Income from brokerage commission

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

3.3 Statement of cash flows

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

3.4 Property, plant and equipment

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

Subsequent costs

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

Depreciation

Depreciation on property, plant and equipment was charged applying straight-line method. Full year's depreciation is charged on items of property, plant and equipment those are acquired during the year and no depreciation is charged on the items in the year of disposal. Rates of depreciation on various items of property, plant and equipment considering the useful lives of assets are as follows:

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

Details are given in Annex L-7.

3.5 Intangible assets

Computer software

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

Subsequent costs

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

Amortisation of intangible assets

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

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
4. Property, plant and equipment			
Opening balance		17,272,329	-
Add: Addition during the year		822,530	21,590,411
Less: Depreciation charge for the year		4,482,588	4,318,082
Closing balance		<u>13,612,271</u>	<u>17,272,329</u>
Details are given in Annex L-7.			
5. Preliminary/pre-operating expenses			
These represent the following expenses which are being charged to statement of comprehensive income @ 20% per annum ie, the expenses are to be written-off over 5 years equally with effect from the year 2011.			
Total expenses		3,941,620	4,927,025
Less: Amortised during the year		985,405	985,405
Net book value		<u>2,956,215</u>	<u>3,941,620</u>
6. Investment in shares (at cost)			
		<u>859,168</u>	<u>-</u>
This represents investment made in 28,000 shares at a cost of Taka 30.68 per share of ONE Bank Ltd, a listed company, market value of which is Taka 22.80 per share as of date of balance sheet.			
7. Margin loans to customers			
Opening		4,402,311,765	4,115,318,550
Add: Interest accrued during the year		745,183,356	471,266,093
		5,147,495,121	4,586,584,643
Less: Adjusted margin loan		233,532,097	184,272,878
Closing balance		<u>4,913,963,024</u>	<u>4,402,311,765</u>
The portfolio management department extends margin loan facilities to customers trading on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio during the year was 1:2 based on directives issued by Bangladesh Securities and Exchange Commission.			
8. Accounts receivable			
Receivable from Dhaka Stock Exchange Ltd		25,446,807	29,145,993
Receivable from clients		-	5,520,034
Receivable from Bank Asia Limited		7,700	-
Cheques in transit		1,898,550	595,000
		<u>27,353,057</u>	<u>35,261,027</u>
9. Advance income tax			
Opening balance		35,554,463	-
Advance income tax deposited during the year		28,239,000	7,000,000
Tax deducted at source from brokerage commission		15,703,915	26,723,141
Tax deducted at source from bank interest		366,567	1,831,322
		44,309,482	35,554,463
Closing balance		<u>79,863,945</u>	<u>35,554,463</u>
10. Cash and cash equivalents			
Cash in hand (note 10.1)		78,740	12,469
Bank balance (note 10.2)		2,642,694	101,065,026
		<u>2,721,434</u>	<u>101,077,495</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
10.1 Cash in hand			
Head-office		8,740	12,469
Branch-office		70,000	-
		<u>78,740</u>	<u>12,469</u>
10.2 Bank balance			
Bank Asia Limited		1,058,948	5,605,409
ONE Bank Limited		1,574,517	10,459,617
Prime Bank Limited		9,229	85,000,000
		<u>2,642,694</u>	<u>101,065,026</u>
11. Share capital			
Authorised :			
20,000,000 ordinary shares of Taka 100 each		<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid up:			
4,500,000 ordinary shares of Taka 100 each		<u>450,000,000</u>	<u>450,000,000</u>
The Company's shareholding position as at 31 December was as under:			
	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>% of holding</u>
	Bank Asia Limited	4,499,900	99.99778
	Anisur Rahman Sinha	100	0.002222
		<u>4,500,000</u>	<u>100</u>
			<u>Value/Taka</u>
			449,990,000
			10,000
			<u>450,000,000</u>
12. Retained Earnings			
Opening balance		142,282,590	-
Less: Dividend paid @ 20% per share		90,000,000	-
		52,282,590	-
Add: Total comprehensive income during the year		46,317,512	142,282,590
Closing balance		<u>98,600,101</u>	<u>142,282,590</u>
13. Customer deposits		<u>114,812,145</u>	<u>95,826,866</u>
Customer deposits represent uninvested funds lying with the Company's account at the reporting date.			
14. Loans and borrowings			
Bank Asia Limited		3,832,353,679	3,879,216,504
Prime Bank Limited		450,010,000	-
		<u>4,282,363,679</u>	<u>3,879,216,504</u>
15. Accounts payable			
Bank Asia Limited		15,000,000	117,397,136
Withholding VAT on supplies' payments		148,935	478,247
Withholding tax on supplies' payments		33,626	52,410
Security for server		16,960	91,750
Dhaka Stock Exchange Ltd		63,029	512,614
		<u>15,262,550</u>	<u>118,532,157</u>
16. Liabilities for expenses		<u>5,325,059</u>	<u>7,926,638</u>
The amount represents provisions against operating expenses during the year.			

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
17. Interest suspense account			
Interest accrued during the year (note 7)		745,183,356	-
Less: Amount taken to interest income (note 20)		588,202,969	-
		<u>156,980,387</u>	<u>-</u>

The amount represents interest income from loan accounts of the clients who have negative balance with Bank Asia Securities Limited during the year. The amount will be recognised as income on realisation basis.

18. Provision for diminution in value of investments

Investment in shares at cost		859,168	-
Less: Market value of shares at 31 December 2012 (28,000 @ Taka 22.80)		638,400	-
		<u>220,768</u>	<u>-</u>

19. Provision for corporate income tax

Opening balance		54,812,943	-
Add: Provision made during the year		16,070,482	54,812,943
Closing balance		<u>70,883,425</u>	<u>54,812,943</u>

Provision for corporate income tax was made following applicable tax laws. Income tax as withheld from the transactions of traded securities @ 0.05%/0.10% under section 53BBB is the final tax liability of the Company under section 82C(2) (k) of Income Tax Ordinance 1984.

	Notes	Amount in Taka	
		2012	2011

20. Interest income

Income from fixed deposits		3,457,006	18,313,228
Income from bank deposits		1,084,327	529,313
Income from margin loan		588,202,969	471,266,093
		<u>592,744,302</u>	<u>490,108,634</u>

21. Interest expense

Interest on loan		566,531,168	376,689,578
Bank charges and commission		-	4,312,146
		<u>566,531,168</u>	<u>381,001,724</u>

22. Other operating income

Operating income (note 22.1)		6,566,458	17,241,037
Less: CDBL charges		9,780,346	8,080,781
		<u>(3,213,888)</u>	<u>9,160,256</u>

22.1 Operating income

BO account opening fees		147,500	93,000
Margin account renewal fees		2,610,000	1,103,000
Income from transfer/transmission/corporate action		1,377,220	7,917,416
Margin account opening fees		43,500	-
BO account maintenance fees		2,388,238	8,127,621
		<u>6,566,458</u>	<u>17,241,037</u>

	Notes	Amount in Taka	
		2012	2011

23. Operating expenses

Salaries and allowances	33,529,700	21,402,877
Laga charges	6,281,566	6,786,251
Office rent	9,646,382	5,927,970
Depreciation	4,482,588	4,318,082
Bank guarantee commission	3,120,674	1,950,933
Utilities	3,685,604	1,753,658
Internet charges	2,495,310	1,751,077
Hawla charges	1,443,764	1,331,652
Entertainment	1,086,876	1,114,328
Amortisation of pre-operating expenses	985,405	985,405
Cleaning expenses	431,017	476,904
Postage and courier	52,256	474,215
Repair and maintenance	817,307	278,450
Bank charges	107,527	-
Telephone	204,732	260,000
Fuel and oil	637,752	160,040
Computer accessories	327,550	123,744
Plantation	319,864	123,190
Printing and stationery	488,205	110,646
Conveyance	188,614	87,575
Business and promotional expenses	24,945	-
Audit fees	86,250	78,534
Directors' remuneration	161,000	51,750
License and renewal fees	322,029	16,897
Newspaper	36,800	12,485
Professional fees	357,615	3,343
Others	114,502	10,000
	<u>71,435,834</u>	<u>49,590,007</u>

24. Others

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

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

For Bank Asia Securities Limited


Chairman


Director


Director


Chief Executive Officer



Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 10 March 2013

Details of property, plant and equipment

for the year ended 31 December 2012

Particulars	Cost			Depreciation				Written down value at 31 Dec 2012		
	At 01 January 2012	Addition during the year	Adjustment/disposal	Total at 31 Dec 2012	Rate (%)	At 01 January 2012	Charge for the year		Adjustment on disposal	Total at 31 Dec 2012
Computer and accessories	5,277,083	300	-	5,277,383	20	1,055,417	1,055,477	-	2,110,893	3,166,490
Furniture and fixtures	2,915,764	-	-	2,915,764	20	583,153	583,153	-	1,166,306	1,749,458
Office equipment	4,942,425	376,050	-	5,318,475	20	988,485	1,063,695	-	2,052,180	3,266,295
Office renovation	7,409,499	46,180	-	7,455,679	20	1,481,900	1,491,136	-	2,973,036	4,482,643
Computer software	1,045,640	400,000	-	1,445,640	20	209,128	289,128	-	498,256	947,384
Total at 31 Dec 2012	21,590,411	822,530	-	22,412,941		4,318,082	4,482,588	-	8,800,670	13,612,271
Total at 31 Dec 2011	-	21,590,411	-	21,590,411		-	4,318,082	-	4,318,082	17,272,329

Registered number: 07314397

BA EXCHANGE COMPANY (UK) LIMITED

**Directors' report and financial statements
for the year ended December 31, 2012**

BA EXCHANGE COMPANY (UK) LIMITED

Company Information

DIRECTORS	A Rouf Chowdhury E U Ahmed (resigned January 25, 2012) Md Mehmood Husain (appointed January 25, 2012)
COMPANY NUMBER	07314397
REGISTERED OFFICE	1339 High Road London N20 9HR
TRADING ADDRESS	125 Whitechapel Road London E1 1DT
AUDITORS	Green & Peter Chartered Accountants & Registered Auditors The Limes 1339 High Road Whetstone London N20 9HR

BA EXCHANGE COMPANY (UK) LIMITED
Directors' Report
for the year ended December 31, 2012

The directors present their report and the financial statements for the year ended December 31, 2012.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

PRINCIPAL ACTIVITIES

The Company's principal activity was the provision of money remittance services and related services.

RESULTS

The loss for the year, after taxation, amounted to £110,580 (2011 - loss £117,233).

DIRECTORS

The directors who served during the year were:

A Rouf Chowdhury

E U Ahmed (resigned January 25, 2012)

Md Mehmood Husain (appointed January 25, 2012)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk 1

The Company's business is subject the immigration policy of the UK government, in relation to existing student and future migration policies.

BA EXCHANGE COMPANY (UK) LIMITED

Directors' Report

for the year ended December 31, 2012

Risk 2

The demand for the Company's business is subject to the conversion rate of the Bangladeshi Taka and also to the general investment platform and economy in Bangladesh which has in recent years been driving larger amounts of inward Taka remittance in addition to the funds remitted for family support.

PROVISION OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, Green & Peter, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on Complete 'ACCOUNTS COMPLETION' section and signed on its behalf.



A Rouf Chowdhury
Director

BA EXCHANGE COMPANY (UK) LIMITED

Independent Auditors' Report

to the shareholders of BA Exchange Company (UK) Limited

We have audited the financial statements of BA Exchange Company (UK) Limited for the year ended December 31, 2012, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards - Provisions Available for Small Entities, in the following circumstances:

- In common with many other businesses of this size and nature, the company uses our firm to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

As part of audit activities we have also been requested to carry out a review of systems and records and to advise on Anti Money Laundering rules and related compliance matters.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at December 31, 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BA EXCHANGE COMPANY (UK) LIMITED

Independent Auditors' Report

to the shareholders of BA Exchange Company (UK) Limited

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

-sd-

Robert Green FCA (Senior statutory auditor)

for and on behalf of

Green & Peter

Chartered Accountants

Registered Auditors

The Limes

1339 High Road

Whetstone

London

N20 9HR

BA EXCHANGE COMPANY (UK) LIMITED

Profit and loss account

for the year ended December 31, 2012

	Notes	2012 £	2011 £
TURNOVER	1,2	78,910	33,610
Cost of sales		<u>(25,243)</u>	<u>(8,252)</u>
GROSS PROFIT		53,667	25,358
Administrative expenses		<u>(164,029)</u>	<u>(142,516)</u>
OPERATING LOSS	3	(110,362)	(117,158)
Interest payable and similar charges	7	<u>(218)</u>	<u>(75)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(110,580)	(117,233)
Tax on loss on ordinary activities	8	-	-
LOSS FOR THE FINANCIAL YEAR	13	<u>(110,580)</u>	<u>(117,233)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account.

The notes on pages 7 to 12 form part of these financial statements.

-sd-
Chairman

-sd-
Director

-sd-
Chief Executive Officer

-sd-
Robert Green FCA (Senior statutory auditor)
for and on behalf of
Green & Peter
Chartered Accountants
Registered Auditors
The Limes
1339 High Road
Whetstone
London
N20 9HR

BA EXCHANGE COMPANY (UK) LIMITED

Balance sheet

as at December 31, 2012

	Notes	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	9		113,773		130,860
CURRENT ASSETS					
Debtors	10	19,738		13,131	
Cash at bank and in hand		56,689		15,555	
		<u>76,427</u>		<u>28,686</u>	
CREDITORS: amounts falling due within one year	11	<u>(168,013)</u>		<u>(76,779)</u>	
NET CURRENT LIABILITIES			(91,586)		(48,093)
NET ASSETS			<u>22,187</u>		<u>82,767</u>
CAPITAL AND RESERVES					
Called up share capital	12		250,000		200,000
Profit and loss account	13		(227,813)		(117,233)
SHAREHOLDERS' FUNDS	14		<u>22,187</u>		<u>82,767</u>

The notes on pages 7 to 12 form part of these financial statements.

-sd-
Chairman

-sd-
Director

-sd-
Chief Executive Officer

-sd-
Robert Green FCA (Senior statutory auditor)
for and on behalf of
Green & Peter
Chartered Accountants
Registered Auditors
The Limes
1339 High Road
Whetstone
London
N20 9HR

Notes to the financial statements

for the year ended December 31, 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

1.4 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.7 Going Concern

The Company reported a loss during the period as it was within the initial years of trading and the customer base has not yet been fully established. Overheads were higher as expected in relation to the launch of a new venture in relation to expected income. The results are in line with expectations.

The directors consider that the Company will be able to rely upon sufficient additional support from the parent undertaking for at least the next 12 months, 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 2012.

BA EXCHANGE COMPANY (UK) LIMITED

Notes to the financial statements

for the year ended December 31, 2012

2. TURNOVER

The whole of the turnover is attributable to the provision of money remittance and related services to the parent entity Bank Asia Limited and for providing admin support for the parent entity in respect of its customer base who are resident in the UK.

All turnover arose within the United Kingdom.

3. OPERATING LOSS

The operating loss is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	17,099	11,444
Operating lease rentals:		
- other operating leases	42,000	36,448
	<u>42,000</u>	<u>36,448</u>

4. AUDITORS' REMUNERATION

Fees payable to the company's auditor for the audit of the company's annual accounts

3,000	3,000
<u>3,000</u>	<u>3,000</u>

5. STAFF COSTS

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

Wages and salaries	56,815	34,587
	<u>56,815</u>	<u>34,587</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2012 No.	2011 No.
Management	1	1
Counter staff	2	2
	<u>3</u>	<u>3</u>

6. DIRECTORS' REMUNERATION

Emoluments

200	-
<u>200</u>	<u>-</u>

7. INTEREST PAYABLE

On bank loans and overdrafts

218	75
<u>218</u>	<u>75</u>

8. TAXATION

Factors affecting tax charge for the year/period

	2012 £	2011 £
Loss on ordinary activities before tax	(110,580)	(117,233)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	(22,116)	(23,447)
Effects of:		
Unrelieved tax losses carried forward	22,116	23,447
Current tax charge for the year/period (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The Company has taxable losses carried forward, no deferred tax asset has been made due to the uncertainty of future taxable profits available for offset.

BA EXCHANGE COMPANY (UK) LIMITED

Notes to the financial statements

for the year ended December 31, 2012

9. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures and fittings £	Total £
Cost			
At January 1, 2012	122,846	19,458	142,304
Additions	-	12	12
At December 31, 2012	<u>122,846</u>	<u>19,470</u>	<u>142,316</u>
Depreciation			
At January 1, 2012	8,190	3,254	11,444
Charge for the year	12,285	4,814	17,099
At December 31, 2012	<u>20,475</u>	<u>8,068</u>	<u>28,543</u>
Net book value			
At December 31, 2012	<u>102,371</u>	<u>11,402</u>	<u>113,773</u>
At December 31, 2011	<u>114,656</u>	<u>16,204</u>	<u>130,860</u>

Notes to the financial statements

for the year ended December 31, 2012

	2012 £	2011 £
10. DEBTORS		
Prepayments	8,238	2,379
Other debtors	3,262	8,373
Prepayments and accrued income	8,238	2,379
	<u>19,738</u>	<u>13,131</u>
11. CREDITORS		
Amounts falling due within one year		
Trade creditors	109,382	18,776
Social security and other taxes	-	457
Accruals	15,387	14,882
Other creditors	27,857	27,782
Accruals and deferred income	15,387	14,882
	<u>168,013</u>	<u>76,779</u>
12. SHARE CAPITAL		
Allotted, called up and fully paid		
250,000 (2011 - 200,000) Ordinary shares of £1 each	<u>250,000</u>	<u>200,000</u>
During the period the Company issued 50,000 (2011 - 200,000) £1 Ordinary share for cash.		
13. RESERVES		
		Profit and loss account £
At January 1, 2012		(117,233)
Loss for the year		(110,580)
At December 31, 2012		<u>(227,813)</u>
14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Opening shareholders' funds	82,767	-
Loss for the year/period	(110,580)	(117,233)
Shares issued during the year/period	50,000	200,000
Closing shareholders' funds	<u>22,187</u>	<u>82,767</u>
15. OPERATING LEASE COMMITMENTS		
At December 31, 2012 the company had annual commitments under non-cancellable operating leases as follows:		
	Land and buildings	
	2012	2011
	£	£
Expiry date		
Between 2 and 5 years	-	42,000
After more than 5 years	-	-
	<u> </u>	<u> </u>
16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY		
The Company's ultimate parent undertaking is Bank Asia Limited, a company incorporated in Bangladesh. The accounts for this entity may be obtained from Head Office Bank Asia Corporate Office, Rangs Tower (2nd - 6th Floor), 68 Purana Paltan, Dhaka 1000, Bangladesh or on their website www.bankasia-bd.com .		

BA EXCHANGE COMPANY (UK) LIMITED

Detailed trading and profit and loss account

for the year ended December 31, 2012

	2012 £	2011 £
TURNOVER	78,910	33,610
Cost of sales	<u>(25,243)</u>	<u>(8,252)</u>
GROSS PROFIT	53,667	25,358
Gross profit	68.0%	75.4%
LESS: OVERHEADS		
Administration expenses	<u>(164,029)</u>	<u>(142,516)</u>
OPERATING LOSS	(110,362)	(117,158)
Interest payable	(218)	(75)
LOSS FOR THE YEAR	<u>(110,580)</u>	<u>(117,233)</u>

BA EXCHANGE COMPANY (UK) LIMITED

Schedule to the detailed accounts

for the year ended December 31, 2012

	2012 £	2011 £
TURNOVER		
Commission Income	74,669	26,492
F/X Gain	4,241	7,118
	<u>78,910</u>	<u>33,610</u>
COST OF SALES		
Bank Charges	<u>25,243</u>	<u>8,252</u>
ADMINISTRATION EXPENSES		
Directors fees	200	-
Staff salaries	56,615	34,587
Staff training	-	452
Entertainment	-	2,737
Hotels, travel and subsistence	1,263	1,839
Printing and stationery	2,287	2,051
Postage	2,262	426
Telephone and fax	4,257	2,366
Computer costs	10,207	6,181
General office expenses	1,367	1,878
Advertising and promotion	2,807	9,028
Legal and professional	475	11,307
Auditors' remuneration	3,000	3,000
Auditors' remuneration - non-audit	3,000	5,000
Rent - operating leases	42,000	36,448
Rates	13,407	8,014
Light and heat	200	1,600
Insurances	1,289	1,639
Repairs and maintenance	2,294	2,519
Depreciation - plant and machinery	4,814	3,254
Depreciation - leasehold property	12,285	8,190
	<u>164,029</u>	<u>142,516</u>
INTEREST PAYABLE		
Bank overdraft interest payable	<u>218</u>	<u>75</u>

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Corporate Branch	Noor Tower (1st floor) 73, Sonargaon Road (1/F Free School Street) Dhaka-1205, Bangladesh	Ph: 880-2-9674501-2, 9677031, 9614061-3 Fax: 880-2-9677032	BALBDDH002
Principal Office Branch	111-113, Motijheel C/A. Dhaka - 1000	Ph: 880-2-9571450-1, 9563652, 9571020-1, 9571023 Fax: 880-2-9566223	BALBDDH003
Gulshan Branch	Bay's Galleria 57, Gulshan Avenue (Ground Floor) Dhaka - 1212	Ph: 880-2-9889268-9, 8828103, 8828387 Fax: 880-2-8816739	BALBDDH004
Agrabad Branch	69, Agrabad C/A, Chittagong	Ph: 880-31-714665, 724876, 714703, 2517303 Fax: 880-31-714548	BALBDDH005
Malkhanagar Branch	Union Parishad Bhaban Taltola Bazar, Malkhanagar Munshigonj	Ph: 01913511287 Fax: 06924-63225	
Scotia Branch	32, Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka	Ph: 880-2-8110161, 8125011-2, 9137512-5, 9136049 Fax: 880-2-9123077, 9122359	BALBDDH007
MCB Dilkusha Branch	4 Dilkusha C/A, Dhaka	Ph: 880-2-9568871 - 3 Fax: 880-2-9563649	BALBDDH008
MCB Sk. Mujib Road Branch	1269/b Sk. Mujib Road Agrabad C/A, Chittagong	Ph: 880-31-715125 - 7 Fax: 880-31-710352	BALBDDH009
Sylhet Main Branch	60, Niloy Darga Gate, Airport Road, 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	BALBDDH012
Khatunganj Branch	273/268, Khatunganj, Asia Centre, Chittagong	Ph: 880-31-610036, 638013-4, 618419, 63841 Fax: 880-31-632905	BALBDDH013
Lohagara Branch	Mostafa Tower, Lohagara, Chittagong.	Ph: 03034-56304 Fax: 03034-56305	
North South Road Branch	89 Shaheed Syed Nazrul Islam Shoroni North South Road, Dhaka	Ph: 880-2-9563768-9, 9567671 Fax: 880-2-9563223	BALBDDH017
Uttara Branch	House # 79A, Road #07 Uttara Model Town, Dhaka	Ph: 880-2-8957427 - 9 Fax: 880-2-8957431	BALBDDH015
Ashulia Branch	Chowdhury Plaza (1st 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 147/148, Mitford Road Dhaka - 1100	Ph: 880-2-7320620 - 1 Fax: 880-2-7314999	BALBBDDH014
CDA Avenue Branch	665/564, CDA Avenue, East Nasirabad, Panchlaish, Chittagong	Ph: 880-31-2850091-2, 2863640 Fax: 880-31-612933	BALBBDDH018
Sylhet Uposhohor Branch	Rahim Tower, Subhani Ghat, Bishwa Road, Sylhet.	Ph: 880-821-2833448-9 Fax: 880-821-2830791	
Dhanmondi Branch	Meher Plaza, House # 13/A (2nd Floor), Road # 5. Dhaka-1205	Ph: 880-2-9668361, 8624872-5, 9675918 Fax: 880-2-9664640	
Station Road Branch	Mohiuddin Market, (1st 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	Ph: 88-041-2830136-7, 2831451, 2831361 Fax: 041-2830135	
Rajshahi Branch	Ahmed Plaza, 182, Alu Patti Mor, Rajshahi	Ph: 880-721-812503-4 Fax: 880-0721-812502	
Chatkhil Branch	Holding No. 3147 Khilpara Road 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 No: 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 (1st 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 Holding no-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 (1st 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 Progoti Shoroni Kha 199/2-199/4, Pragati Shoroni Badda, Dhaka	Ph: 8824653, 8824467, 8824687 Fax: 8825368	
Ishwardi Branch	Central jame masjid market (1st floor), Station road, Ishwardi, Pabna.	Ph: 0732664463-5 Fax: 0732664462	
Savar Branch	B-70/1 Bazar Road Savar	Ph: 88-02-7744857, 7744889, 7744890 Fax: 7744891	
Beani Bazar Branch	Tajma shopping Center 1st floor, Beani Bazar, Sylhet.	Ph: 08223-56103-4 Fax: 08223-56105	
Donia Branch	Hossain tower (1st & 2nd Floor) 1050 Donia, Dhaka Ctg high way Shampur, Dhaka	Ph: 880-2-7540055, 7540095 Fax: 880-2-7551188	
Moghbazar Branch	Tropical M.L. Point (1st 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 (1st 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	
Narayanganj Branch	Jahan plaza (1st Floor) 20 Sirajuddoula Road, Folpotti, Narayanganj	Ph: 88-02-7648801-5 Fax: 88-02-7648805	
Paltan Branch	Rangs Tower (1st 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	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Moulvibazar Branch	Shah Mostafa Garden City, M. Saifur Rahman Road (Central Road) Moulavi Bazar	Ph: 0861-63601, 63602 Fax: 0861-63600	
Bhairab Branch	Kalibari Road, Bhairab Bazar, Kishoregonj	Ph: 09424-72328-31 Fax: 09424-72332	
Strand Road Branch	S. A. Chamber (1st Floor) 317 Strand Road Majhiirghat, Chittagong	Ph: 031-2513611-2 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 (1st 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(1st 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	Shittlabari 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, Chittagong	Ph: 031-2583701-2 Fax: 031-2583704	
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	SadekTower(1stFloor) Dohajari, Chandranish, Chittagong	Ph: 01755591572-74 Fax:	
Haziganj Branch	Munshi Plaza(1st 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	Ph: Fax:	
Hemayetpur Branch	Molla Market (1st Floor) Hemayetpur Bus stand Tetuljhora Union, Savar, Dhaka-1340	Ph: Fax:	
Dakkhinkhan Branch	KC Plaza (1st Floor), Noapara PO & PS- Dakkhinkhan bazar, Dhaka	Ph: Fax:	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Mohadevpur Branch	Soyef Uddin Haider & Sons complex Mohadevpur, Naogaon	Ph: 01426-75194 Fax:	
Ashulia SME/Agri Branch	Tanvir Super Market (1st 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, Baligaon Tongibari Munshigonj	Ph: 0693251004-5 Fax: 0693251004	
Shirajdikhan SME/Agri Branch	Shirajdikhan Bazar, Sikder Market Shirajdikhan, Munshiganj	Ph: 06924-63364 Fax: 06924-63225	
Ramganj SME/Agri Branch	Anupom Super Market (1st Floor) Bypass Road, Ramganj, Laxmipur	Ph: 03824-75080,75171 Fax: 03824-75124	

SME Service Centres

Branch Name	Address	Phone/Fax Number	Swift Code
Jatrabari SME Service Center	Noor Tower, 76/Ga Bibir Bagicha North Jatrabari, Dhaka	Ph: 88-02-7554861-2 Fax: 7554863	
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	
Khulna SME Service Center	28, Sir Iqbal Road Khulna	Ph: 041-731208-9 Fax: 041-723306	
Chaktai SME Service Center	1676/G/1 River City Market New Chaktai, Bakolia Chittagong	Ph: 031-2866395-6 Fax: 031-2866398	
Bashabo SME Service Center	87, East Bashabo, Dhaka	Ph: 88-02-7218462-3 Fax: 88-02-7218460	

Islamic Windows

Window Name	Address	Phone/Fax Number	Swift Code
Principal Office Branch	Tea Board Building 111-113, Motijheel C/A. Dhaka - 1000.	Ph: 880-2-9571450, 9571451 Fax: 880-2-9566223 Telex: 632513 BAPO BJ	BALBDDH003
Uttara Branch	House # 79A, Road #07, Sector # 4, Uttara Model Town, Dhaka - 1230	Ph: 880-2-8957427 - 9 Fax: 880-2-8957431	BALBDDH015
Shantinagar Branch	Treasure Island 42-43, Siddeshwari Circular Road Shantinagar, Dhaka-1217	Ph: 8333979, 8312729 Fax: 880-8333978	
Lohagara Branch	Mostafa Center Lohagara, Chittagong	Ph: 88-03034-56641 Mobile: 88-01930-530722 Fax: 88-03034-56305	

Islamic Windows

Branch Name	Address	Phone/Fax Number	Swift Code
Sylhet Uposhohor Branch	Sylhet Tower Subhanighat Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821- 2830791	
Islamic Banking Department Corporate Office	Rangs Tower (2nd to 6th floor) 68 Purana Paltan Dhaka-1000	Ph: 880-2- 7110042, 7110062, 7110147 7110173, 7110218, 7110247, 7110278 7110468, 7113867, 7115813, 7115881 7118667, 7118828 E-mail: bankasia@bankasia.com.bd Web: www.bankasia-bd.com	BALBBDDH

Off-shore Banking Unit

Branch Name	Address	Phone/Fax Number	Swift Code
EPZ Branch	Zone Service, Complex (1st Floor) CEPZ, Chittagong	Ph: 031-800320 Fax: 031-801391	

Subsidiaries

Subsidiary-1: Bank Asia Securities Limited

Branch Name	Address	Phone/Fax Number	Swift Code
Dilkusha (Head Office)	Hadi Mansion (7th Floor) 2 Dilkusha C/A, Dhaka-1000	Phone: 7124743, 7170896 Fax: 88-02-9567884 Email: cmd@bankasia.com.bd	
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	Phone: 9013814, 9013841	
Khulna Branch	28, Sir Iqbal Road (1st Floor), Khulna	Phone: 041-2830136-7	
Jurain Branch	Anaz Plaza (2nd Floor) 495, East Jurain Kadamtali, Dhaka	Phone: 7453414	
Uttara Branch	H # 79/A, (4th Floor), R# 07, Sector # 04 Uttara Model Town, Dhaka-1000	Phone: 8958371	
Extension Office	Moon Mansion(5th Floor) 12, Dilkusha C/A, Dhaka-1000	Phone: 7126173, 7126261	
Extension Office	158-160, Ground Floor Motijheel, C/A Dhaka-1000	Phone: 7124805, 7124816	

Subsidiary-2: BA Exchange Company (UK) Ltd.

Office	Address	Phone/Fax Number	Swift Code
Office in UK	125 Whitechapel Road London E1 1DT	Tel: 0203 005 4845-6 Fax: 0207 426 0097 Mob: 0795 081 4675	



Corporate Office (Registered Office)

Rangs Tower (2nd to 6th floor)
68 Purana Paltan, Dhaka-1000
Tell : 02-7110042, 7110062, 7110147, 7110173, 7110177, 71100218
Fax : 00-02-7175524
E-mail : bankasia@bankasia.com.bd
Web : www.bankasia-bd.com, https://www.bankasia.net

PROXY FORM

I/we,.....of
.....
a Member of **BANK ASIA LIMITED** do hereby appoint Mr./Ms.....of
.....,or failing him/her Mr./Ms.of
..... as my/our proxy to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Members of the Company to be held on the 31st March,2013 (Sunday) and at any adjournment thereof.

In witness my hand this day of 2013.

		Signature of the Member :
Witnesses:	Revenue Stamp	Name :
1.		Folio No.
2.		BO ID : <input type="text"/>
		Signature of the Proxy :
		Folio No :
		BO ID : <input type="text"/>

Shareholder's Attendance Slip



Corporate Office (Registered Office)

Rangs Tower (2nd to 6th floor)
68 Purana Paltan, Dhaka-1000
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Fax : 00-02-7175524
E-mail : bankasia@bankasia.com.bd
Web : www.bankasia-bd.com, https://www.bankasia.net

I hereby record my presence at the Fourteenth Annual General Meeting of Bank Asia Limited held today the 31st March, 2013 at 10.00 am at Officers' Club, 26 Baily Road, Ramna, Dhaka-1000.

I give my particulars and put my signature below.

Name :
Folio No.
BO ID : <input type="text"/>
Signature

(Please complete this slip and deposit at the registration counter on the day of the meeting)

田 Bank Asia
LIMITED

Corporate Office: Rangs Tower (2nd-6th Floor), 68 Purana Paltan, Dhaka-1000
Tel: +88-02-7110042, 7110173, 7110177, 7110218, Fax: +88-02-7175524
Web: www.bankasia-bd.com