annual integrated report 2016

The power of a new dream to change the world like dark matter and dark energy

Bank Asia

THE POWER OF A NEW DREAM TO CHANGE THE WORLD LIKE DARK MATTER AND DARK ENERGY

Dark is not black! What created the universe what was there even before the universe existed is all about dark matter and dark energy. The universe that will emerge into the dearth of future is from dark energy. The same goes for a new hope or a dream. The unborn immersive dream is not colorful is dark. No matter we may not be able to see it now but we can very much feel it that is real, strong and will change the world

STOCK

Credit Rating

Rating	2016	2015
Long Term	AA2	AA3
Short Term	ST2	ST2

Rated by Credit Rating Agency of Bangladesh Ltd. (CRAB) on May 5, 2016 and will remain valid up to June 30, 2017

Milestones

Date	Particulars
Sep 28, 1999	Obtained Certificate of Incorporation and Certificate of Commencement of business
Oct 6, 1999	Obtained Banking License
Nov 27,1999	Inauguration of Bank
Feb 16, 2001	Acquisition of Bangladesh operation of Nova Scotia of Canada
Jan 1, 2002	Acquisition of Bangladesh operation of Muslim Commercial Bank (MCB) of Pakistan
Apr 1, 2003	Started Online Banking Operations
Jan 6, 2004	Listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE)
Dec 24, 2008	Started Islamic Banking Operations
Jul 10, 2010	Started CTSU to facilitate Non-AD branches foreign trade operations
Apr 17, 2011	Bank Asia Securities Ltd. (BASL) started capital market operation as a subsidiary
May 16, 2011	Started operation of BA Exchange Company (UK) Ltd. in London
Jan 12, 2012	Ektee Bari Ektee Khamar (EBEK) initiated to serve the unbanked population
Oct 7, 2013	Awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting
Dec 4, 2013	Agent banking started its operation for strengthening the ongoing financial inclusion program
Feb 2, 2014	Obtained registration of Bank Asia Foundation
Jun 1, 2014	Started operation of the 2nd overseas company in USA, BA Express USA Inc. at NY, USA
Feb 19, 2015	Successfully issued of Tk. 3000 million 7 year Non-convertible Subordinated Bond
Jun 27, 2015	Country's first School Banking service started through Agent Banking outlet
Aug 5, 2016	Unveiled the plaque of construction of Bank Asia's own building
Dec 20, 2016	Inaugurates Bank Asia's own 6 storied Training Institute

Priorities we Followed in 2016

Bank Asia embraced the concept of dark energy to instigate new avenues under the changing business scenario. Gradual shifting of focus from Corporate to MSME and Retail business yielded efficient frontier

Priorities	Objectives	Progress Made
Operating efficiency through Core Business	To maintain consistency and focus on asset quality	• +29% growth in core business income • Shifting focus from Corporate to MSME and Retail business • + 12.63% Deposit | + 19.95% Advance | + 13.50% Import | + 13.30% Export • Curbing non-performing loans to 5.41% through cash recovery of Tk. 6,641 million from NPL accounts

Capital Planning and Management	To ensure adequacy of capital as per Basel III capital accord to support healthy growth of business	• Implementing Basel III capital accord as per Bangladesh Bank road map
		• Total Capital Tk. 24,775 million | CRAR 12.42%
		• Implemented liquidity tools
		  ◦ LCR (Liquidity Coverage Ratio) 142.19%
		  ◦ NSFR (Net Stable Funding Ratio) 111.94%
		  ◦ Leverage ratio 5.42%
		• All formalities completed for issuing Tk. 5,000 million 7 Year Floating Rate Non-Convertible Subordinated Bond to raise Tier 2 capital

Financial Inclusion	To reduce poverty by promoting financial inclusion	• Expanding Agent Banking in 49 districts through 1,150 agent outlets in 2016 • 1,266,930 beneficiaries of 21,816 villages under 35 districts came under EBEK program • Introduced Agricultural Card in August, 2016 to facilitate marginal farmers for getting agri loan where Tk. 15.64 million disbursed to 451 beneficiaries • Providing allowances for autism, widow or divorced women, freedom fighters etc. under social safety net programs of Government project
Technological Innovation	Removing repeated works and bringing more accountability through technological advancement	• OCAS (Online Credit Approval System) has been initiated to all branches including Tab version under Diganta project • Developed various dashboards for dynamic reporting under different business perspective
Paying back	Expanding the horizon of community services	• + 65.44% growth in CSR expenditure of Tk. 109.06 million under CSR activities • Establishment of Bank Asia Foundation for giving vibration in rendering community services (CSR)
Human Capital	Improvement of employee productivity	• 46,218 man hours of training to 2,577 employees • LFA availed by 945 employees of 14,175 days • Established 6 storied fully equipped own training institute • Initiated Future Leadership Development Program (FLDP) for career progression and building leadership quality amongst the employees
Liquidity Risk Management	To ensure smooth banking operation	• Maintained AD Ratio 85.54% • - 1.21% reduction in cost of deposit by improving deposit mix; - 4.73% high cost | + 4.10% low cost | + 0.63% no cost deposit

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Notice of the Eighteenth Annual General Meeting

Notice is hereby given to all members of Bank Asia Limited ("the Company") that the Eighteenth Annual General Meeting of the members of the Company will be held on Monday the 3rd July, 2017 at 11.00 AM at the Dhaka Ladies Club, 36 Eskaton Garden Road, 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, 2016 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, 2016.
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



(Md. Kamrul Hasan)
Company Secretary

Dated: Dhaka
April 30, 2017

Notes

a) The Record Date of the Company is May 18, 2017. 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.

f) Annual Integrated Report 2016 along with Directors Report and Audited Financial Statements of the Bank for the year ended December 31, 2016 will be available at the Bank's website www.bankasia-bd.com

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Prelude

Bank Asia has been playing the pioneering role for producing Annual Integrated Report in Bangladesh since 2013 and I am pleased to inform that last year we won second prize under Integrated Reporting category from the Institute of Chartered Accountants of Bangladesh (ICAB) for Best Presented Annual Reports in Bangladesh. This award will obviously act as catalyst for further inclusion of necessary information and analysis on financial and non-financial data in this report. Every year we select a theme that symbolizes our philosophy in business strategy. This year's theme of the report is dark matter and dark energy. We resemblance this concept to our bank as we are working hard to unearth new opportunities that will bring a radical change in the business through dynamism in business models like agent banking, micro banking, virtual banking and other alternative channels. Our ICT will be of prime driver for imparting this technology driven business models.

Bank Asia always gives more emphasis in information dissemination to the stakeholders. Our persistent endeavor is to present accurate, true and fair description of the activities of the Bank in all operational areas including futuristic approach. Disclosure on related party transactions, financial statements along with major policies and explanatory notes were elaborated to cater the information needs of stakeholders, researchers, regulatory bodies and international financiers etc. As part of integrated report a summary sustainability report has been included that exhibited bank's impacts on economic, environmental, governance and social aspects.

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



Md. Arfan Ali
President and Managing Director

2016

- Bank Asia was awarded second prize under Integrated Reporting category from the Institute of Chartered Accountants of Bangladesh (ICAB) for Best Presented Annual Reports (BPAR) in Bangladesh.
- Certificate of Merit from ICAB for Best Presented Annual Reports 2015 in the Private Sector Banks including cooperative banks.
- Bank Asia has garnered Bronze Award under Banking Companies category in 3rd ICSB National Award for Corporate Governance for its Annual Integrated Report 2015 by Institute of Chartered Secretaries of Bangladesh (ICSB).
- Bank Asia achieved Best Sustainability Report in Bangladesh in the 12th Sustainability Reporting Awards (SRA) 2016 by NCSR, Jakarta, Indonesia for Sustainability Report 2015 of Bank Asia.

2015

- Bank Asia secured 1st Runner up position in the Private Sector Banks (including co-operative Bank) from SAFA (South Asian Federation of Accountants) for Best Presented Annual Report Awards and SAARC Anniversary Award for Corporate Governance Disclosures 2014.
- Bank Asia was awarded second prize from the Institute of Chartered Accountants of Bangladesh (ICAB) for Best Presented Annual Reports (BPAR) 2014 among all the private sector banks in Bangladesh.
- Bank Asia achieved Best Sustainability Reporting Award 2015, Runner Up 1 in Overseas Category for Sustainability Report 2014 by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia.
- Bank Asia has achieved Award of Excellence on Banking Fair Bangladesh 2015 as a top performer bank for Customer service, Discipline & Branding organized by Bangladesh Bank.
- Bank Asia, the only Bank in Bangladesh was awarded as 'Best Trade Partner in South Asia' by IFC (International Finance Corporation) for 2015





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.

Bank Asia at a Glance

A Dream Comes to Reality

Bank Asia started its journey on November 27, 1999 with a view to providing the best quality technology driven services in banking sector. Since inception it has been able to cover major parts of the country by extending and expanding its network opening branches, agent banking outlets. The bank started its Islamic banking operation in 2008. It established the 1st subsidiary company 'Bank Asia Securities Limited' on March 16, 2011, then 'BA Exchange Company (UK) Limited' in London, United Kingdom on May, 2011 and 'BA Express USA Inc.' in Jamaica, New York, USA on June 01, 2014. At present Bank Asia has 105 Branches, 5 Islamic Windows, 6 SME Service Centers, 1 Off-shore Banking Unit and 3 Subsidiaries. With an aim to serve the unbanked people, Bank Asia is now operating EBEK (Ektee Bari Ektee Khamar) banking services to 35 districts having 252 upazillas and 1,266,930 beneficiaries. The Bank has implemented 1,150 agent banking outlets in 49 districts to provide banking services to geographically dispersed rural poor segment of the society.

Faithful and Efficient Workforce

Bank Asia has the right blending of talented youth and experienced senior workforce which is truly efficient and dynamic. Mr. Md. Arfan Ali who has more than 25 (twenty five) years' of multifarious experience in banking profession leads the team from the forefront as President and Managing Director. At the end of 2016, the bank has 1,970 employees including 366 executives and 1,589 officers to serve its clients across the country. Bank Asia provides a work friendly elegant environment to its employees. Its unique reward and performance appraisal system encourage employees to give their best to serve the Bank and its stakeholders.

Giving Back to the under Privileged & Concern to Ecology

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

Eagerness for High-Tech Solution

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

Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) awarded Bank Asia Limited "AA2" in the Long Term and 'ST-2' rating in the Short Term based on the financials of 2015.

Accolades & Recognition

Bank Asia was awarded several times by the reputed organizations. Bank Asia was awarded second prize under the category of Integrated Reporting from the Institute of Chartered Accountants of Bangladesh (ICAB) among all the private sector banks in Bangladesh. Bank Asia also achieved 'Certificate of Merit' in the Private Sector Banks (including co-operative Bank) from ICAB . For Annual Integrated Report 2016 (AIR16) the Bank has garnered Bronze award under Banking companies category in 3rd ICSB National Award for Corporate Governance by ICSB. Moreover, the Bank achieved Best Sustainability Report in Bangladesh in the 12th Sustainability Reporting Awards (SRA) by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia. Besides this Bank Asia have been awarded the prestigious ' Bangladesh Bank Remittance Award'

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Business Ethics

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

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

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

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

Confidentiality
Clear, honest and open communication is maintained in Bank Asia to ensure full accountability but subject to business confidentiality. The use of company confidential information before it is 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.

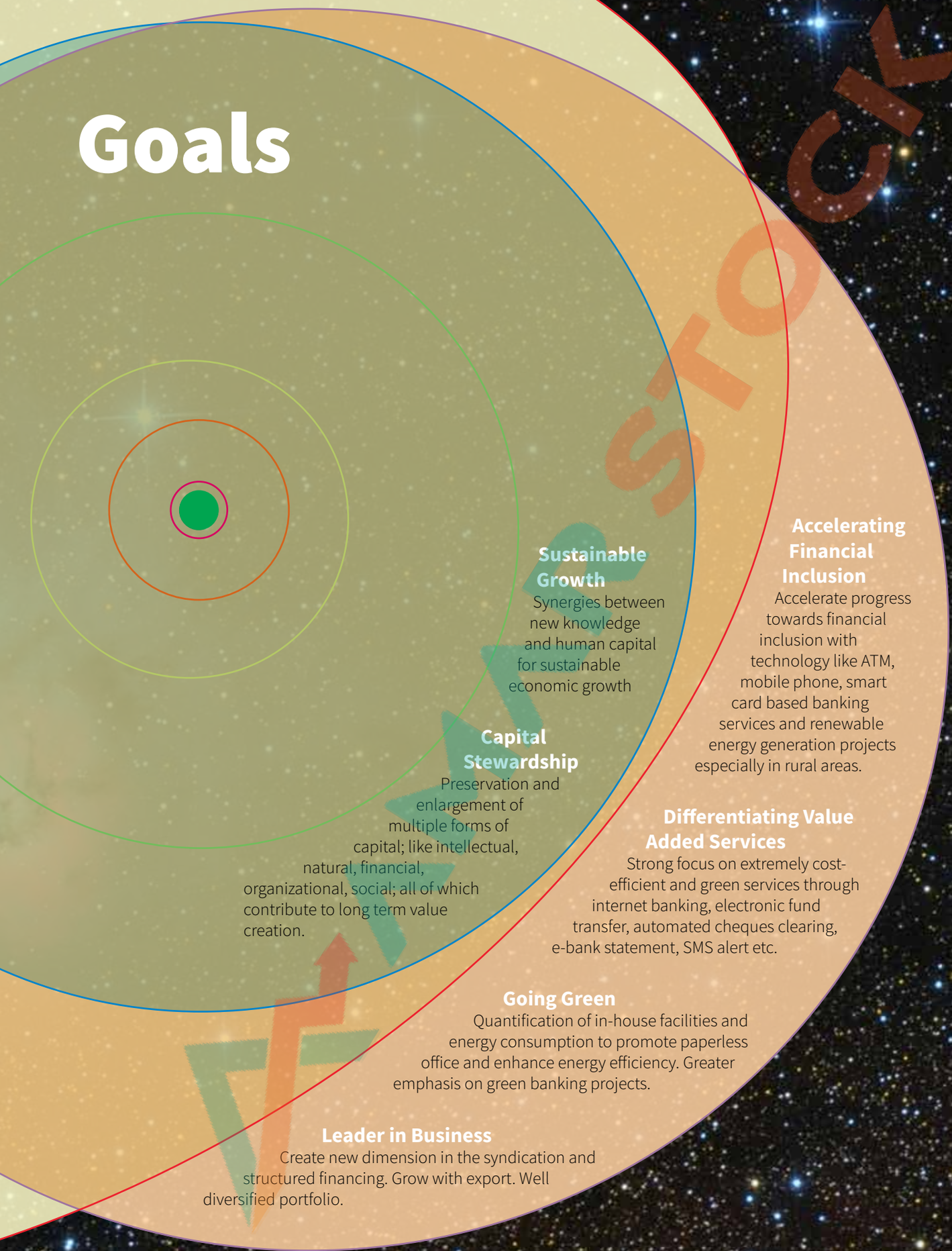
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Code of Conduct

- 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.

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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.

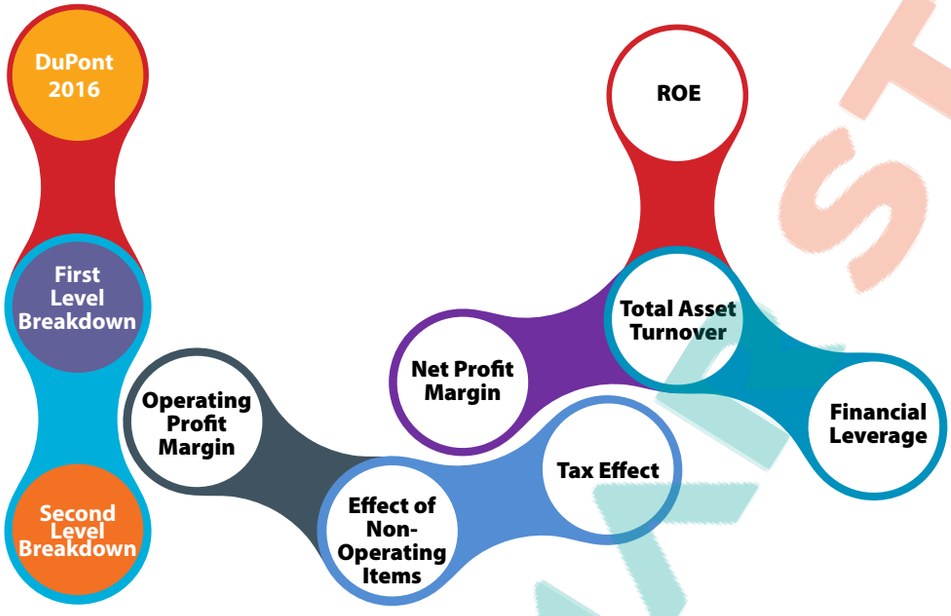
Accelerating Financial Inclusion
Accelerate progress towards financial inclusion with technology like ATM, mobile phone, smart card based banking services and renewable energy generation projects especially in rural areas.

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.

Dupont Analysis-5 Factors Model



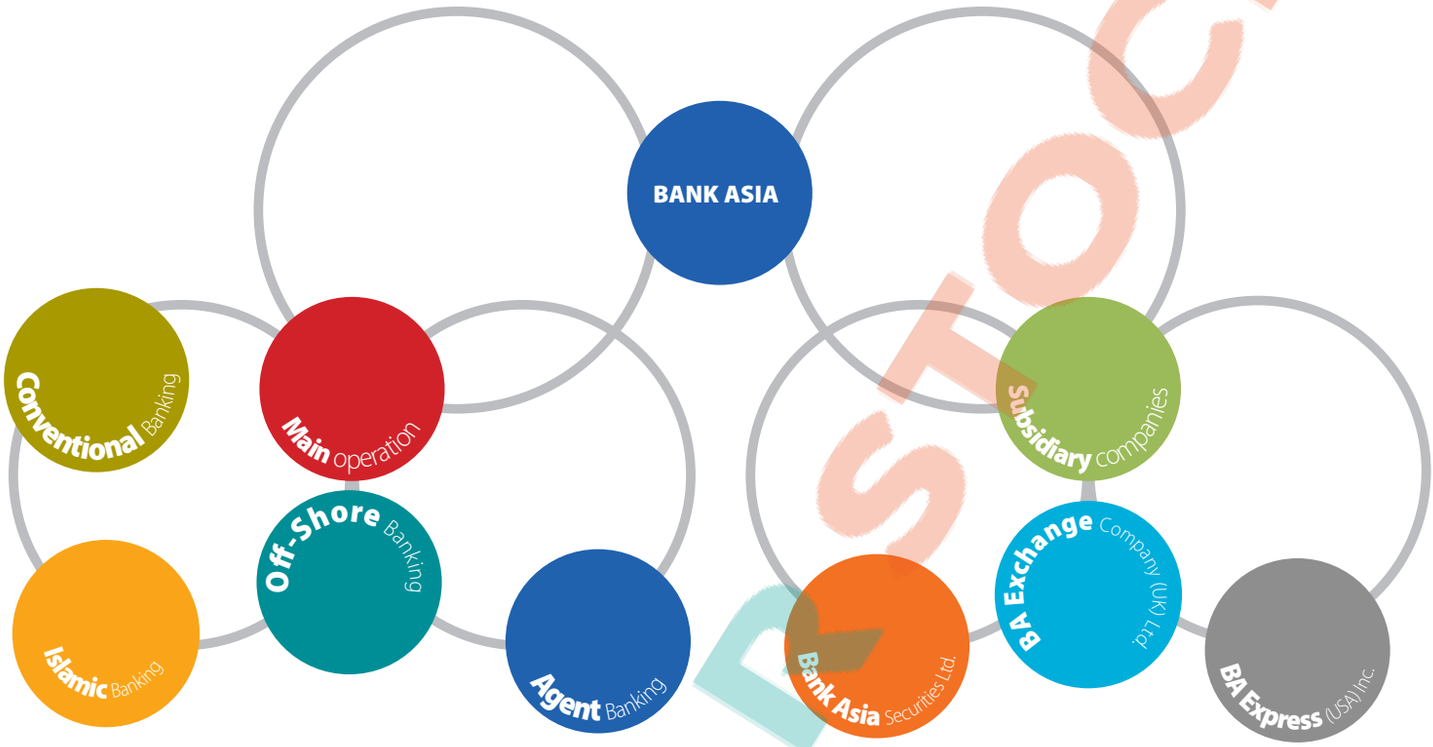
DuPont analysis is an approach to decomposing return on equity for better understanding about which factor contributed to the ROE most and which factor caused the ROE to move. For border analysis, we used 5 factors model that covers net profit margin, total asset turnover and financial leverage. Net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

Particulars	2016	2015	2014
ROE	**8.13%**	**14.36%**	**14.09%**
Net Profit Margin	7.28%	11.97%	10.88%
Total Asset Turnover	0.0890	0.1056	0.1177
Financial Leverage	12.5610	11.3570	11.0065
Operating Profit Margin	27.87%	27.94%	28.35%
Effect of Non-operating Items	0.5552	0.6867	0.7297
Tax Effect	0.4703	0.6241	0.5261

The higher the value of all components of DuPont analysis higher the positive impact on return on equity. Net profit margin consists of three important components namely operating profit margin, effects on non-operating items and tax effects as mentioned in second level break down. Operating profit margin slightly decreased to 27.87% compared to previous year's 27.94%. Effects on non-operating items include loan loss and other provision which decreased to 0.5552 from 0.6867 for the increase of Provision by 40% which resulted form higher Classified loan. Tax effect decreased to 0.4703 from 0.6241. The combined effects of these three components resulted in downward of net profit margin to 7.28% from 11.97% in 2015.

Efficiency of utilization of assets as implied by average total assets turnover was in declining trend as the growth of revenue is less proportionate to the growth of total assets. Bank Asia's financial leverage increased to 12.5610 from last year's 11.3570 mainly for the higher growth in deposit which helped to keep return on equity higher although it increases default risk as well.

Corporate Structure



Million Taka

	2016 (Consolidated)	2016(Bank)
Income Statement Matrix		
Operating Profit	6,187	5,920
Profit Before Tax	3,442	3,286
Profit After Tax	1,644	1,545
Balance Sheet Matrix		
Total Shareholders' Equity	18,863	19,038
Deposits	191,573	191,273
Loans and Advances	166,540	163,610
Investments	39,712	39,365
Fixed Assets	5,263	5,250
Total Assets	254,866	253,196
Capital Measure		
Capital to Risk Weighted Asset Ratio Basel-III	12.28%	12.42%
Share Information Matrix		
Earnings Per Share (Taka)	1.87	1.75
Net Asset Value Per Share (Taka)	21.41	21.60
Credit Quality Ratios (%)		
Classified Loans	5.31	5.41
Profitability Ratio		
Return on Equity	8.75%	8.13%
Return on Assets	0.68%	0.65%

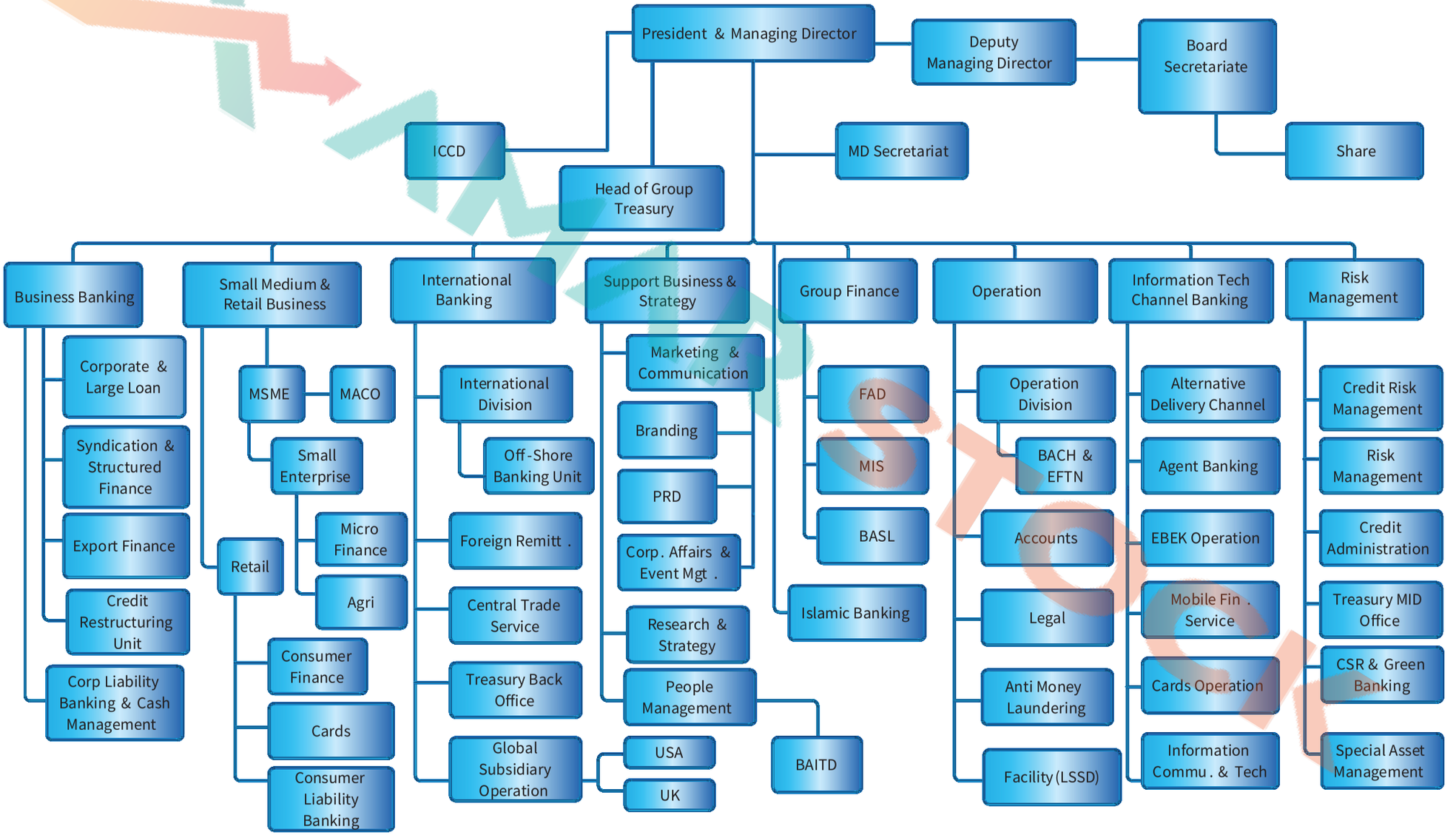
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Corporate Information

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	12
Number of branches	105
Number of SME centers	6
Number of Islamic windows	5
Auditors	*Hoda Vasi Chowdhury & Co.* *Chartered Accountants* BTMC Bhaban (7th level) 7-9, Karwan Bazar Dhaka-1215
Tax Advisors	*S.F Ahmed & Co. (SFACO)* *Chartered Accountant and tax &* Management consultants House# 51 (3rd floor) Road # 9, Block # F Banani , Dhaka-1213
Legal Retainer/ Advisors	*M. Sakhawat Hossain* Road No. 8, House No. B-107 (Ground Floor), New DOHS, Mohakhali Dhaka-1206
Registered Office	*Rangs Tower* 68 Purana Paltan Dhaka-1000 Bangladesh

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Corporate Organogram



DIRECTORS' PROFILE



A Rouf Chowdhury
Chairman

Mr. Abdur Rouf Chowdhury is the current Chairman of the Board of Directors of the Bank Asia Ltd. He is a graduate in Business management from the Massachusetts Institute of Technology (MIT), 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 33 companies were formed under his dynamic leadership. The huge success of the companies of the two groups during a short span of time is an ample proof of his dynamic leadership and progressive mind. He also has his dynamic foothold in the print media; he is the Director of renowned English daily The Daily Star and Chairman of Bengali daily The Shokaler Khabar.



Mohd. Safwan Choudhury
Vice Chairman

Mr. Mohd. Safwan Choudhury is one of the Sponsor Shareholders of Bank Asia Ltd. Mr. 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. Ahmed Tea & Lands Co. Ltd. is a 4th generation tea producing company doing business since the British India. He served as 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.



A M Nurul Islam
Vice Chairman & Chairman of the Risk Management Committee

Mr. A M Nurul Islam is one of the Independent Directors of Bank Asia Ltd. He started his career as a lecturer in 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 fund from the World Bank, International Monetary Fund, and USAID for the projects worth hundreds of millions of dollars. In recent past, he acted as President and CEO of Transcontinental ImexInc. an international trading &consulting organization and as a Director and Chairman of Audit Committee in National Bank Limited. Currently, he is the Chairman of Risk Management Committee of the Board of Bank Asia Ltd.



Rumee A Hossain
Director & Chairman of the Executive Committee

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



Hosneara Sinha
Director

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



M Irfan Syed
Director

Mr. M Irfan Syed received his Bachelor's in Commerce from University of Dhaka 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, where he served for a decade as an accountant and business head for several non-profit organizations.



Mashiur Rahman
Director & Chairman of the Audit Committee

Mr. Mashiur Rahman is one of the Independent Directors of Bank Asia Ltd. He has over four decades of working experience in nearly all areas of banking industry. He started his career in 1966 as a Trainee in the National Bank of Pakistan. After liberation he worked for Sonali Bank and then joined IFIC Bank in 1983 and retired from the Bank in 2008 as Managing Director.



M Shahjahan Bhuiyan
Director

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



Md. Nazrul Huda
Director

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



Farhana Haq Chowdhury
Director

Ms. Farhana Haq Chowdhury is one of the Director of Bank Asia Limited. She obtained her bachelor degree from University of Kent, UK and Masters in International Relations from University of Dhaka. She holds directorship in DHS Motors Limited, Rancon Motorbikes and Rancon Home Solutions Limited.



Naheed Akhter Sinha
Director

Ms. Naheed Akhter Sinha is one of the Sponsor shareholders of Bank Asia Ltd. She obtained MBA in Finance from North South University. She has been involved with different business houses and organizations from her early career. She is one of the promoter and shareholder directors of Enterprise Cluster Pte Ltd., a Singapore-based company. She is the Director of Sinha Apparels Ltd., ZMS Fashions Ltd. and BP Wears (Pvt.) Ltd.



Mir Shahjahan
Director

Mr. Mir Shahjahan is one of the Sponsor shareholders of Bank Asia Limited. He obtained Diploma in Textile from Scotland. He has huge experience as an entrepreneur in Garments Industry and also the owner of ZMS Fashions Ltd.



Md. Arfan Ali
President &Managing Director

A career banker, *Mr. Md. Arfan Ali*, is an MBA from the IBA, Dhaka University, having more than 25(twenty five) years of diverse experience in banking profession to his credit. He started his career with Arab Bangladesh Bank Limited as a Probationary Officer in 1991. Later he joined Hanil Bank in 1996 and played key roles in setting up of its Dhaka Office. He joined Bank Asia in 1999 as Assistant Vice President before it started its operation and played vital role at the preoperational stage of launching formal operations of a newly established local bank. Mr. Md. Arfan Ali pioneered and championed Agent Banking operations in Bangladesh. He had worked as part time lecturer of Institute of Business Administration (IBA), Jahangirnagar University for 10 years. He is also member of "Academic Advisory Board, School of Business", Independent University (IUB), Bangladesh and current Advisor of Bangladesh Money Market Dealers Association (BAMDA).

Key Events 2016

Date	Key Events 2016
January	
02	Handed over Higher Studies Scholarship at Munshigonj and Kolatia of Nababgonj, Dhaka
10	Hon'ble Deputy Governor of Bangladesh Bank received a token of Bank Asia's contribution of blankets among poor cold-hit people
17	Bank Asia organized School Banking & Financial Literacy Program at Chhayanaut, Dhaka
27	Inauguration of Foreign Currency Account Opening Campaign
30	Bank Asia achieved SAFA Best Presented Annual Report Award and SAARC Anniversary Awards for Corporate Governance Disclosures 2014 -1st Runner Up at Lahore, Pakistan
30	Handed over Higher Studies Scholarship at Noakhali and Laxmipur
February	
01	Handed over Higher Studies Scholarship at Mohadebpur, Naogaon
22	Handed over Higher Studies Scholarship at Tarail, Kishoregonj.
24	Opening of 103th Branch at Mirpur-1, Dhaka
25	Handed over Higher Studies Scholarship at Madhabdi, Narshingdi.
27	Bank Asia organized 'Mezban' program for employee's get together
29	Opening of 104th branch at Kazipara, Mirpur in Dhaka
March	
02	Handed over Higher Studies Scholarship at Tongi, Konabari and Hemayetpur, Gazipur
03	Opening of 105th Branch at Sadar Hospital Road, Brahmanbaria
08	CAMLCO Conference-2016 held
09	Approval of Financial Statement 2015
10	Provided 37th Foundation Training to its Officers
13	Handed over Higher Studies Scholarship at Lohagara, Chittagong
April	
03	Opening of 106th Branch at Bara Bazar, Mymensingh
06	Bank Asia, the only Bank in Bangladesh won 'Best Trade Partner in South Asia' by International Finance Corporation (IFC) for 2015
18	17th Annual General Meeting (AGM) held at Dhaka Ladies Club, Dhaka
19	Mr. A Rouf Chowdhury re-elected Chairman of Bank Asia
20	Mr. Mohd Safwan Choudhury and Mr. A M Nurul Islam re-elected as Vice Chairmen of Bank Asia
25	Bank Asia and SME Foundation exchanged agreement for financing handloom and specialized cloth production cluster in Bogra through Agent Banking
May	
04	Agreement signed between Bank Asia and DuSai Hotel & Resorts on discount facilities of platinum and gold credit card holders
08	Handed over Higher Studies Scholarship at Hajigonj, Chadpur
11	Bank Asia received the Letter of Appreciation from Bangladesh Bank for commendable contribution in agricultural credit -2015
16	Handed over financial assistance & scholarship to "Smart Junior Saver" -school banking account holders
28	Training on Customer Service Excellence to the officers
31	Islamic Banking Business Conference-2016 held
June	
02	Contributed to business faculty of Dhaka University to set up a world class virtual classroom
05	Organized of Art Competition at the Faculty of Fine Arts in the University of Dhaka
07	Bank Asia and Air Asia signed agreement for enjoying 10 % discount of credit and debit card holders of Bank Asia

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Key Events 2016

Date	Key Events 2016
20	Training on Reporting to Bangladesh Bank and Online Reporting
22	Signed MOU with `Infoladies', a sister concern of DNet, facilitating bicycle loan facility for making ladies as successful entrepreneur
27	Handed over cheque of Tk.15 million to Prime Minister's Relief Fund
July	
14	Launching Salamah Deposit Marketing Campaign-2016
16	Training on Cash Management
21	Signed agreement between Bank Asia and Swiss contact on Financial Inclusion of RMG Workers in Bangladesh
23	Half-yearly Business Review Meeting-2016
24	Provided 38th Foundation Training to its officers
August	
01	Bank Asia's Retail Loan Campaign-2016
05	Unveiled the plaque of construction work of Bank Asia's Building
08	Mr. Md. Arfan Ali has been appointed as President & Managing Director of Bank Asia
09	Handed over cheque of Tk.7.50 million to Prime Minister's Relief Fund in aid of the flood victims.
10	Bank Asia and SWAPNO signed agreement on E-payment system of Agent Banking
25	Launching of Bank Asia A-card for the first time in Bangladesh to facilitate marginalized farmers
28	Opening of 108th branch at Maijdee, Noakhali
31	Introduction of Bank Asia MasterCard Smart Card for the beneficiaries of ICVGD
October	
02	Provided Foundation Training to its officers
08	Training on Islamic Banking and Salamah Operations
14	Opening Agent Banking booth in Sreenagor, Munshigonj
24	Bank Asia and ICAB signed agreement on Online Payment System
30	Provided training on AML and CFT
November	
03	Provided 39th Foundation Training to its officers
07	Bank Asia and ICMAB signed agreement on e-payment system
19	Bank Asia accorded reception to the country's top IT exporters
22	Mr. A. Rouf Chowdhury awarded 'Business and Entrepreneur Excellence Award 2016' in UK
24	Bank Asia and CARE signed agreement on Online Payment System
27	Bank Asia celebrated 17th Anniversary at Bashundhara Convention Centre
29	Bank Asia awarded 2nd prize in 16th ICAB National Award for Annual Integrated Reporting 2015
December	
09	Handed over blankets to Prime Ministers Relief and Welfare fund
09	Handed over Higher Studies Scholarship in Munshigonj district
14	Bank Asia won 'Best Sustainability Report in Bangladesh' in 12th Sustainability Reporting Awards (SRA) 2016 by NCSR, Jakarta, Indonesia
20	Inauguration of Bank Asia's own 6 storied Training Institute
24	Bank Asia achieved Bronze Award in 3rd ICSB National Award for Corporate Governance Excellence 2015
24	Unveiled the plaque of Bank Asia-financed newly built reading room 'Akashleena' at the Girls' Hostel of Begum Badrunnesa Government Women College in Dhaka

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Financials sign- off ceremony

Two Years Comparative Analysis

Million Taka unless otherwise specified

Particulars	2016	2015
Total Asset	253,196	224,347
Deposit	191,273	169,827
Loans and Advances	163,610	136,396
Import in USD	1,824	1,607
Export in USD	1,286	1,135
Inward Remittance in USD	532	552
Operating Profit	5,921	6,006
Profit after Tax	1,546	2,574
Shareholders' Equity	19,038	18,979
Classified Loan Ratio	5.41%	4.26%
Earnings Per Share (Taka)	1.75	2.92
Net Asset Value Per Share (Taka)	21.60	21.54
Return on Equity	8.13%	14.36%
Return on Asset	0.65%	1.26%

ANNUAL REPORT

Five Years Performance

Million Taka unless otherwise specified

Particulars	2016	2015	2014	2013	2012
BALANCE SHEET MATRIX					
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	8,812.60	8,392.95	7,629.96	6,936.32	6,305.75
Reserve Fund & Surplus	10,225.88	10,586.38	9,234.47	7,681.38	6,739.42
Total Shareholders' Equity	19,038.48	18,979.33	16,864.42	14,617.70	13,045.17
Deposits	191,272.58	169,827.34	140,869.29	133,489.37	110,061.78
Loans and Advances	163,609.78	136,396.34	116,808.85	104,911.26	92,328.82
Investments	39,365.21	46,942.77	38,683.41	33,933.36	25,114.90
Fixed Assets	5,249.72	5,075.51	5,213.61	5,288.35	4,520.49
Total Assets	253,195.70	224,347.31	182,730.94	163,777.74	140,361.37
Total Off Balance Sheet Items	110,762.05	96,817.06	71,527.15	67,164.26	59,215.74
Interest Earning Assets	223,223.17	196,955.81	156,535.38	150,629.28	129,078.12
Non-Interest Earning Assets	29,972.53	27,391.50	26,195.56	13,148.46	11,283.26
INCOME STATEMENT MATRIX					
Interest income	14,569.39	13,941.18	13,914.31	14,319.42	13,296.06
Interest Expenses	10,600.94	11,170.32	10,699.77	11,139.14	9,616.35
Investment income	3,548.30	4,827.41	4,029.12	3,053.80	1,930.64
Non-Interest income	3,123.14	2,728.65	2,442.54	2,299.08	2,210.32
Non-Interest Expenses	4,719.26	4,321.26	3,907.37	3,117.39	2,768.87
Total income	21,240.83	21,497.24	20,385.97	19,672.29	17,437.02
Total Expenditure	15,320.20	15,491.57	14,607.14	14,256.53	12,385.22
Operating Profit	5,920.63	6,005.66	5,778.83	5,415.76	5,051.80
Profit Before Tax	3,286.91	4,123.92	4,216.96	3,520.59	2,723.00
Net Profit After Tax	1,545.91	2,573.92	2,218.69	1,459.82	908.00
CAPITAL MEASURES					
Risk Weighted Assets	199,490.69	183,247.39	157,574.62	140,976.92	106,719.00
Core Capital (Tier-I)	16,735.57	16,400.10	14,173.67	11,904.15	10,444.33
Supplementary Capital (Tier-II)	8,039.04	6,436.73	3,669.56	3,670.70	3,485.86
Total Capital	24,774.61	22,836.83	17,843.22	15,574.85	13,930.19
Capital Surplus/(Deficit)	4,825.54	4,512.10	2,085.76	1,477.16	3,258.29
Tier I Capital Ratio	8.39%	8.95%	8.99%	8.44%	9.79%
Tier II Capital Ratio	4.03%	3.51%	2.33%	2.61%	3.26%
Total Capital Adequacy Ratio Basel-II	-	-	11.32%	11.05%	13.05%
Capital to Risk Weighted Asset Ratio Basel-III	12.42%	12.46%	-	-	-
CREDIT QUALITY					
Classified Loans	8,847.34	5,808.87	6,200.55	5,878.79	5,251.48
Provision for Unclassified Loans	2,929.43	3,085.01	1,155.79	1,038.20	989.20
Provision for Classified Loans	4,494.29	2,911.65	3,981.26	3,074.43	2,641.11
Provision for Contingent Liabilities	1,107.62	968.17	715.27	671.64	592.16
Percentage of NPLs to total Loans and Advances	5.41%	4.26%	5.31%	5.60%	5.69%
FOREIGN EXCHANGE BUSINESS					
Import	148,724.27	129,930.43	110,192.54	110,738.08	106,746.15
Export	103,139.15	89,275.32	77,646.91	71,968.83	66,478.34
Remittance (Inward)	41,665.14	42,996.80	41,732.50	34,334.40	32,110.10

MARSTOCK

Five Years Performance

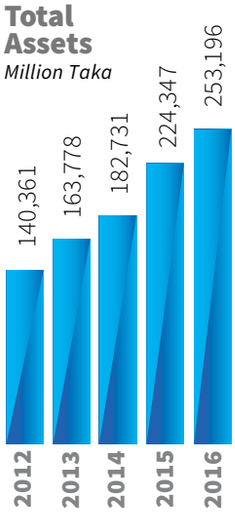
Million Taka unless otherwise specified

Particulars	2016	2015	2014	2013	2012
OPERATING PROFIT RATIOS					
Credit Deposit Ratio	85.54%	80.31%	82.92%	78.59%	83.89%
Cost of Deposit	5.66%	6.87%	7.53%	8.82%	9.22%
Cost of Deposit & Borrowing	5.71%	7.19%	7.64%	8.82%	9.78%
Administrative Cost	2.51%	2.85%	2.93%	2.66%	3.08%
Yield on Loans and Advances	9.86%	10.97%	12.77%	14.22%	14.50%
Spread	4.20%	4.10%	5.24%	5.41%	5.27%
Return on Assets	0.65%	1.26%	1.28%	0.96%	0.70%
Return on Equity	8.13%	14.36%	14.09%	10.55%	7.11%
Current Ratio	1.05	1.07	1.06	1.11	0.93
Debt Equity Ratio	12.30	10.82	9.84	10.20	9.76
PERFORMANCE RATIOS					
Profit per Employee	3.01	3.27	3.26	3.38	3.40
Operating profit as % of Working Fund	2.48%	2.95%	3.34%	3.56%	3.91%
Net Interest income as % of Working Fund	2.88%	3.16%	3.85%	3.98%	3.93%
Burden Coverage	66.18%	63.13%	62.51%	73.75%	79.83%
Burden Ratio	0.40%	0.21%	0.52%	0.42%	0.01%
Expense Coverage	79.59%	89.96%	77.15%	79.44%	99.37%
Ratio of Fees income	23.26%	20.88%	19.39%	21.11%	22.51%
Salary Exp. to total Overhead Exp.	49.84%	50.28%	46.98%	46.90%	46.74%
Salary Exp. to Fees income	95.05%	100.76%	97.75%	81.16%	73.52%
Cost to income/ Efficiency ratio	44.35%	41.84%	40.34%	36.53%	35.40%
DIVIDEND & RIGHTS ISSUE					
Cash		15%	5%		
Stock	12%	5%	10%	10%	10%
Total Dividend	12%(Proposed)	20%	15%	10%	10%
Rights Issue					
SHARES INFORMATION MATRIX					
No. of Shares Outstanding	881.26	839.30	763.00	693.63	630.57
Earnings Per Share (Taka)	1.75	2.92	2.64	1.91	1.31
Number of Shareholders	10,774	12,892	16,211	18,179	17,161
Market Value Per Share (Taka)	17.90	16.50	16.70	23.00	21.50
Price Earnings Ratio	10.23	5.65	5.74	12.04	16.41
Net Asset Value Per Share (Taka)	21.60	21.54	22.10	21.07	20.69
Dividend Coverage ratio	1.46	1.53	1.94	2.10	1.44
OTHER INFORMATION					
Number of Branches	105	98	91	86	73
Number of SME Service Centers	6	6	6	6	6
Number of Islamic Windows	5	5	5	5	5
Number of Employees	1,970	1,839	1,773	1,600	1,485
Number of Foreign Correspondents	751	663	612	761	776

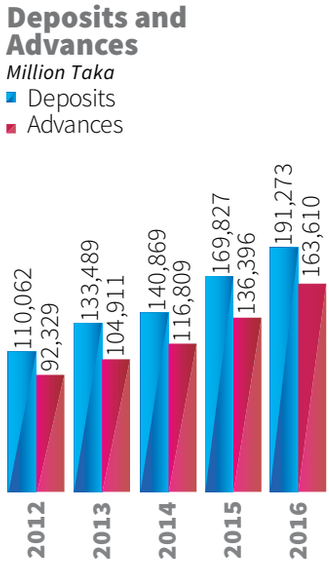
AMARSTOCK

Five Years Performance

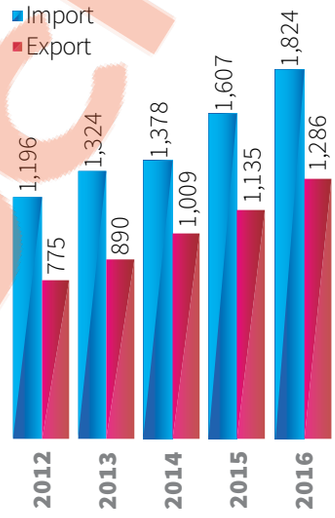
Total Assets
Million Taka



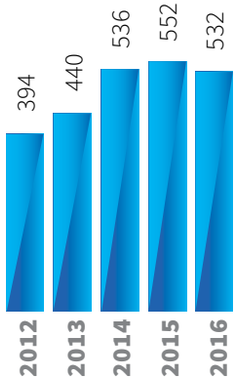
Deposits and Advances
Million Taka



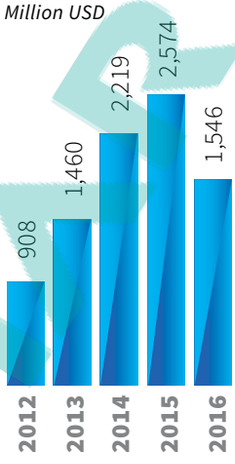
Import and Export
Million USD



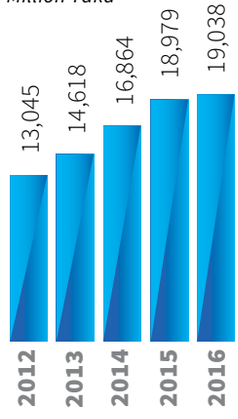
Inward Remittance
Million USD



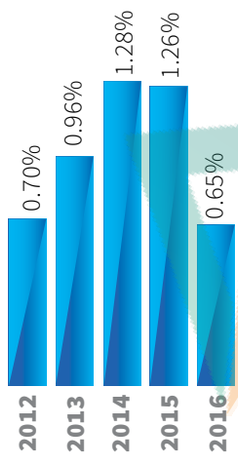
Net Profit After Tax
Million USD



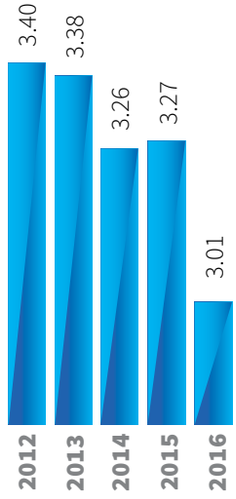
Total Shareholders' Equity
Million Taka



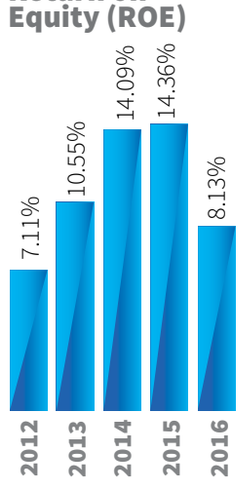
Return on Assets (ROA)



Profit per Employee
Million Taka



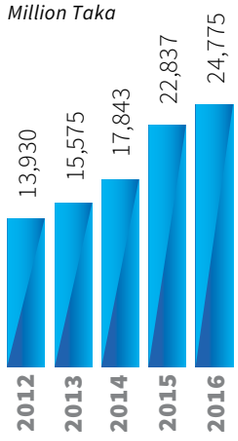
Return on Equity (ROE)



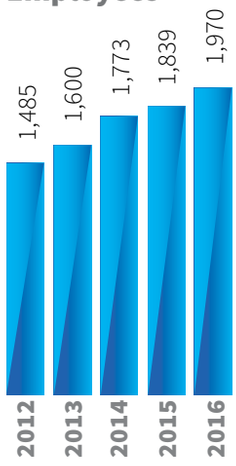
TAMIM STOCK

Five Years Performance

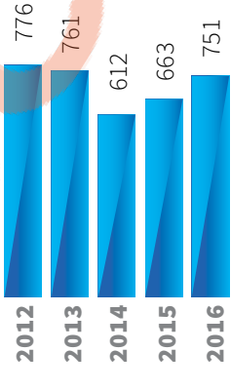
Total Capital
Million Taka



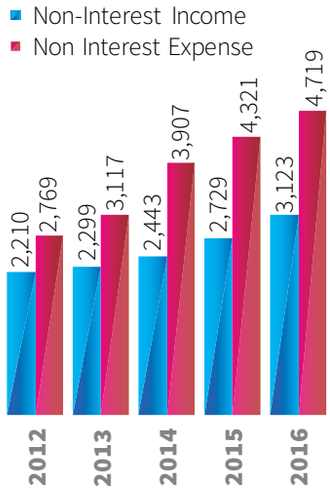
Number of Employees



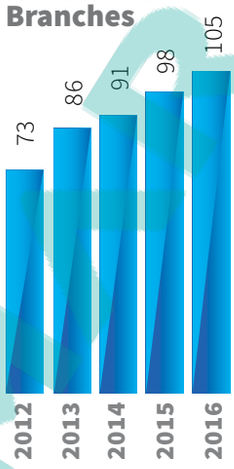
Number of Foreign Correspondents



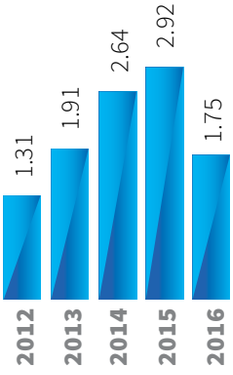
Non Interest Income & Non Interest Expense
Million USD



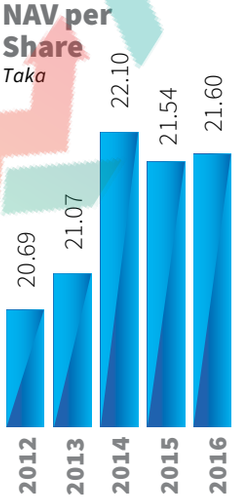
Number of Branches



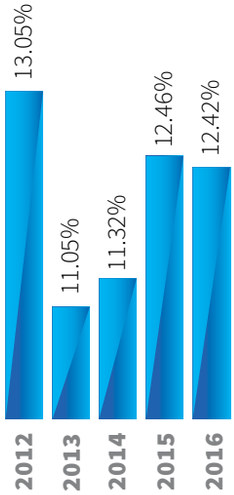
Earnings per Share
Taka



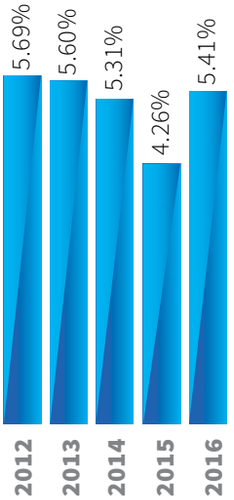
NAV per Share
Taka



Capital to Risk Weighted Asset Ratio (CRAR)



Non-Performing Loan Ratio



AMAR STOCK

Horizontal Analysis

For the last five years
Profit and Loss Statement

	2016	2015	2014	2013	2012
OPERATING INCOME					
Interest income	110%	104%	105%	108%	100%
Interest paid on deposits and borrowings, etc	110%	116%	111%	116%	100%
Net interest income	108%	74%	87%	86%	100%
Investment income	184%	253%	209%	158%	100%
Commission, exchange and brokerage	141%	122%	107%	102%	100%
Other operating income	144%	127%	125%	111%	100%
Total operating income	136%	132%	124%	109%	100%
Salaries and allowances	182%	168%	142%	113%	100%
Rent, taxes, insurance, electricity, etc	163%	157%	132%	113%	100%
Legal expenses	228%	137%	149%	126%	100%
Postage, stamp, telecommunication, etc	151%	143%	127%	120%	100%
Stationery, printing, advertisements, etc	129%	142%	108%	100%	100%
Managing Director's salary and fees	129%	137%	116%	107%	100%
Directors' fees	159%	233%	138%	86%	100%
Auditors' fees	118%	86%	65%	103%	100%
Depreciation and repairs of Bank's assets	139%	130%	130%	112%	100%
Other expenses	173%	148%	154%	112%	100%
Total operating expenses	170%	156%	141%	113%	100%
Profit before provision	117%	119%	114%	107%	100%
Provision for loans and advances/investments					
General provision	3664%	10147%	775%	323%	100%
Specific provision	88%	4%	62%	73%	100%
Provision for off-balance sheet items	107%	194%	33%	61%	100%
Provision for diminution in value of investments	110%	0%	57%	247%	100%
Other provisions	0%	127%	698%	0%	100%
Total provision	113%	81%	67%	81%	100%
Total profit before tax	121%	151%	155%	129%	100%
Provision for taxation					
Current tax	94%	86%	109%	114%	100%
Net profit after tax	170%	283%	244%	161%	100%

Horizontal Analysis (Profit and Loss Statement)
Horizontal Analysis on Income Statement refers to the analysis of growth of each component of income statement items from the base period. Here base period is considered the year 2012 giving value 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. The above table shows that total operating income, expenses and operating profit of Bank Asia are growing consistently over the periods. Total provision is showing increasing trends over the periods mainly for rising of NPL.

TMAR STOCK

Horizontal Analysis

For the last five years
Balance Sheet

	2016	2015	2014	2013	2012
PROPERTY AND ASSETS					
Cash	242%	189%	166%	147%	100%
In hand (including foreign currencies)	179%	145%	115%	139%	100%
Balance with Bangladesh Bank and its agent bank					
(including foreign currencies)	256%	198%	177%	149%	100%
Balance with other banks and financial institutions	358%	223%	20%	37%	100%
In Bangladesh	557%	393%	36%	69%	100%
Outside Bangladesh	144%	40%	3%	2%	100%
Investments	157%	187%	154%	135%	100%
Government	185%	224%	179%	156%	100%
Others	58%	58%	69%	61%	100%
Loans and advances/investments	177%	148%	127%	114%	100%
Loans, cash credits, overdrafts, etc/investments	176%	144%	123%	115%	100%
Bills purchased and discounted	203%	223%	190%	91%	100%
Fixed assets including premises, furniture and fixtures	116%	112%	115%	117%	100%
Other assets	138%	152%	127%	109%	100%
Total assets	180%	160%	130%	117%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	492%	321%	205%	51%	100%
Deposits and other accounts	174%	154%	128%	121%	100%
Current/Al-wadeeah current accounts and other accounts	233%	201%	146%	116%	100%
Bills payable	326%	262%	120%	111%	100%
Savings bank/Mudaraba savings bank deposits	262%	200%	156%	121%	100%
Fixed deposits/Mudaraba fixed deposits	149%	138%	121%	122%	100%
Other liabilities	163%	155%	130%	102%	100%
Total liabilities	184%	161%	130%	117%	100%
Capital/shareholders' equity					
Total shareholders' equity	146%	145%	129%	112%	100%
Paid-up capital	140%	133%	121%	110%	100%
Statutory reserve	186%	168%	144%	120%	100%
Revaluation reserve	86%	98%	103%	104%	100%
General reserve	100%	100%	100%	100%	100%
Retained earnings	228%	339%	235%	120%	100%
Total liabilities and shareholders' equity	180%	160%	130%	117%	100%

Horizontal Analysis (Balance Sheet)
Horizontal Analysis on Balance Sheet refers to the analysis of growth of each component of balance sheet items from the base period. Here base period is considered the year 2012 giving value 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. Here, assets, liabilities and capital components are showing consistent growth over the periods which symbolize sustainable balance sheet growth of the bank as a whole.

AMARSTOCK

Vertical Analysis

For the last five years
Profit and Loss Statement

	2016	2015	2014	2013	2012
OPERATING INCOME					
Interest income	68.59%	64.56%	68.25%	72.79%	76.25%
Interest paid on deposits and borrowings, etc	49.91%	51.96%	52.49%	56.62%	55.15%
Net interest income	18.68%	12.59%	15.77%	16.17%	21.10%
Investment income	16.71%	22.75%	19.76%	15.52%	11.07%
Commission, exchange and brokerage	11.65%	10.03%	9.21%	9.16%	10.10%
Other operating income	3.05%	2.66%	2.77%	2.53%	2.58%
Total operating income	50.09%	48.04%	47.51%	43.38%	44.85%
Salaries and allowances	11.00%	10.03%	8.93%	7.37%	7.35%
Rent, taxes, insurance, electricity, etc	2.51%	2.39%	2.11%	1.88%	1.87%
Legal expenses	0.08%	0.04%	0.05%	0.05%	0.04%
Postage, stamp, telecommunication, etc	0.38%	0.36%	0.33%	0.33%	0.31%
Stationery, printing, advertisements, etc	0.42%	0.46%	0.37%	0.35%	0.40%
Managing Director's salary and fees	0.07%	0.08%	0.07%	0.07%	0.07%
Directors' fees	0.02%	0.02%	0.01%	0.01%	0.01%
Auditors' fees	0.01%	0.00%	0.00%	0.01%	0.01%
Depreciation and repairs of Bank's assets	2.21%	2.05%	2.16%	1.93%	1.94%
Other expenses	5.52%	4.66%	5.12%	3.86%	3.87%
Total operating expenses	22.22%	20.10%	19.17%	15.85%	15.88%
Profit before provision	27.87%	27.94%	28.35%	27.53%	28.97%
Provision for loans and advances/investments					
General provision	2.62%	7.16%	0.58%	0.25%	0.09%
Specific provision	8.61%	0.37%	6.32%	7.73%	11.90%
Provision for off-balance sheet items	0.66%	1.18%	0.21%	0.40%	0.75%
Provision for diminution in value of investments	0.52%	0.00%	0.28%	1.25%	0.57%
Other provisions	0.00%	0.05%	0.27%	0.00%	0.05%
Total provision	12.40%	8.75%	7.66%	9.63%	13.36%
Total profit before tax	15.47%	19.18%	20.69%	17.90%	15.62%
Provision for taxation					
Current tax	7.90%	7.14%	9.55%	10.38%	10.26%
Deferred tax	0.30%	0.07%	0.25%	0.10%	0.15%
Net profit after tax	7.28%	11.97%	10.88%	7.42%	5.21%

Vertical Analysis (Profit and Loss Statement)

Vertical Analysis on Income Statement refers to the components of income statement items as a % of total income over the periods which would be termed as common sizing of income statement. In income side, interest income (69%) and investment income (17%) hold major portion. Interest income was in a decreasing trend but increased in 2016 and investment income was in increasing trend but decreased in 2016 for reducing yield on treasury bill/bond. Operating expense as % of income is increasing over the periods due to network expansion and establishment of new departments in line with business model/ strategies. Operating profit shows consistency and total provision is in fluctuating trend over the periods.

Vertical Analysis

For the last five years
Balance Sheet

	2016	2015	2014	2013	2012
PROPERTY AND ASSETS					
Cash	6.31%	5.56%	5.99%	5.93%	4.70%
In hand (including foreign currencies)	0.82%	0.75%	0.73%	0.99%	0.83%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	5.49%	4.80%	5.26%	4.94%	3.87%
Balance with other banks and financial institutions	5.24%	3.69%	0.41%	0.83%	2.64%
In Bangladesh	4.23%	3.37%	0.37%	0.81%	1.37%
Outside Bangladesh	1.02%	0.32%	0.03%	0.02%	1.27%
Money at call and on short notice	1.92%	1.44%	0.16%	0.00%	0.16%
Investments	15.55%	20.92%	21.17%	20.72%	17.89%
Government	14.26%	19.49%	19.07%	18.63%	13.90%
Others	1.28%	1.44%	2.10%	2.09%	3.99%
Loans and advances/investments	64.62%	60.80%	63.92%	64.06%	65.78%
Loans, cash credits, overdrafts, etc/investments	61.22%	56.60%	59.53%	61.71%	62.77%
Bills purchased and discounted	3.39%	4.19%	4.39%	2.34%	3.01%
Fixed assets including premises, furniture and fixtures	2.07%	2.26%	2.85%	3.23%	3.22%
Other assets	4.28%	5.33%	5.49%	5.23%	5.61%
Total assets	100.00%	100%	100%	100%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	4.86%	5.48%	4.29%	1.19%	2.73%
Subordinated non-convertible zero coupon bonds	1.26%	1.48%	0.25%	0.37%	0.43%
Deposits and other accounts	75.54%	75.70%	77.09%	81.51%	78.41%
Current/Al-wadeeah current accounts and other accounts	13.53%	13.20%	11.77%	10.46%	10.49%
Bills payable	1.94%	1.75%	0.99%	1.02%	1.07%
Savings bank/Mudaraba savings bank deposits	10.98%	9.44%	9.06%	7.83%	7.56%
Fixed deposits/Mudaraba fixed deposits	49.10%	51.31%	55.27%	62.20%	59.29%
Other liabilities	8.24%	8.88%	9.14%	8.01%	9.14%
Total liabilities	92.48%	91.54%	90.77%	91.07%	90.71%
Capital/shareholders' equity					
Total shareholders' equity	7.52%	8.46%	9.23%	8.93%	9.29%
Paid-up capital	3.48%	3.74%	4.18%	4.24%	4.49%
Statutory reserve	2.58%	2.62%	2.76%	2.57%	2.50%
Revaluation reserve	0.88%	1.14%	1.47%	1.65%	1.85%
General reserve	0.00%	0.00%	0.00%	0.00%	0.01%
Retained earnings	0.57%	0.96%	0.82%	0.46%	0.45%
Total liabilities and shareholders' equity	100%	100%	100%	100%	100%

Vertical Analysis (Balance Sheet)

Vertical Analysis on Balance Sheet refers to the components of balance sheet items as a % of total Assets over the periods which would be termed as common sizing of balance sheet. In asset side, Loans and advances (65%) and investment (16%) hold major portion. Investment shows mixed trend and loans and advance shows decreasing trend as % of total assets up to 2015 but increased in 2016. In liability side, deposit holds major portion (76%) and showing decreasing trend over last three years.

AMARSTOCK

Chairman's Statement

MY DEAR

Shareholders, members of the Board and members of the management team, Assalamualaikum. It is my great pleasure to welcome you all to the 18th Annual General Meeting of Bank Asia Limited.

DEAR SHAREHOLDERS

I would like to express my sincere gratitude for your confidence and trust bestowed upon us. This inspires us to go forward in the challenging banking industry and bring desired results. On behalf of the Board of Directors, it is my privilege to present before you the Annual Integrated Report of Bank Asia for the year 2016.

HONORABLE MEMBERS

Like previous years trend, the banking industry had to pass through a struggling time in the year 2016. The period could be characterized as pressure of classified loans, downward trend of interest rate on loans and advances, increase of liquidity and lower yield of treasury bills/bonds. In this backdrop, your Bank has moved cautiously to maintain sustainable business and profit. Deposit of the Bank increased to Tk. 191 billion, advance Tk.164 billion, import Tk. 149 billion, export Tk. 103 billion and inward remittance Tk. 42 billion. You will be glad to know that, the Bank has surpassed the growth of industry almost in every key aspect of business. Bank's deposit, advance, import and export growth were 12.63%, 19.95%, 14.46%, 15.53% against industry growth of 12.80%, 15.50%, 4.30%, 8.00% respectively. In the period, country as a whole as well as the Bank witnessed negative growth in respect of inward remittance.

RESPECTED SHAREHOLDERS

I know that along with the core business area, you will be more interested about the bottom line of the Bank. Bank's operating profit for the year 2016 was Tk.5.92 billion. After setting aside provisions for loans and advances, tax and other required provisions, your Bank attained net profit of Tk.1.55 billion, and after maintenance of necessary reserves, the distributable profit stands Tk.0.89 billion. Considering the position, the Board of Directors has recommended 12% stock dividend for the year 2016.

The Bank was successful in restraining its classified loans (CL) to 5.41% against industry position of 9.02%. I strongly believe that this will come down to below 3% within short time.

We want to assure you that the fundamentals of your Bank are very strong. Bank Asia's total capital reached to Tk. 24.77 billion in 2016 from Tk. 22.84 billion in 2015. We have successfully built a strong capital base to ease the future expansion of business. The Bank is maintaining capital adequacy ratio of 12.42% against regulatory requirement of 10% as of December, 2016. We are in process of further strengthening the capital base. We got approval from Bangladesh Bank for raising Tk. 5.00 billion as Tier 2 capital through issuing 7 year Non convertible subordinated bond.

Last year, I told you that we are going to strengthen our presence in SME and retail segment as a tool for exploiting huge potentiality and to diversify risk. We have successfully brought down the share of corporate segment from 70% to 66 % and

Human Capital

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

-A Rouf Chowdhury

MAY STOCK

Chairman's Statement

increased SME and retail segment share from 19% to 21%. In this current scenario of downward interest rate regime, this SME segment will act the pivotal role of increasing yield on advance. To maintain a healthy spread, cost of deposit also plays a crucial role. We have successfully reduced cost of deposit from 6.87% to 5.66% through maintaining balanced deposit mix of High, Low, and No cost deposit of 53%, 27%, 20% respectively.

HONORABLE SHAREHOLDERS

Bank Asia has been playing a pioneering role in implementing financial inclusion programs for the mass people of the country. You know that Bank Asia is the leading Bank in implementing government's "Ektee Bari Ektee Khamar (EBEK)" project which is focused on poverty eradication for the rural people. Now, Bank Asia is providing EBEK Banking services to 1,266,920 beneficiaries in 252 Upazillas under 35 districts. With the experience of implementing the EBEK Project, Bank Asia has become capable enough to provide services to other government Social Safety net Programs like senior citizen allowances, insolvent autism allowances, widows or divorced women allowance, freedom fighters allowance etc.

Bank Asia is the pioneer in introducing Agent banking in Bangladesh to reach the geographically dispersed people who are mainly far from receiving formal banking facility. You will be pleased to know that your bank has implemented 1,150 Agent outlets in 49 districts with the aim of serving geographically dispersed segment of the country. Till 2016, the bank collected Tk.1.08 billion of deposits through 132,353 accounts and disbursed Tk. 337 million as loan in those areas.

You will be glad to know that in 2016, Bank Asia has taken a great initiative for the development of agriculture sector through providing 'A-Card' (Agriculture Card) to the root level farmers. Farmers are being accustomed with the new banking technology and they will be able to buy agricultural materials on credit using the card. Till now, 451 numbers of farmers have received A-Card, and availed loan of Tk.15.64 million. In the year 2016, the Bank disbursed agricultural credit of Tk. 3.32 billion through different channels of the Bank including association with the reputable non-government organizations.

DEAR SHAREHOLDERS

As a responsible corporate citizen, the Bank always thinks beyond the business and supports to build an equitable society. Social work is embedded in the culture of this Bank. You will be glad to know that your Bank spent Tk. 109.06 million in 2016 for CSR activities having growth of 65.44% over previous year. Scholarship to poor meritorious students is one of the major CSR activities. The scholarship is given through the Bank's rural branches on the basis of SSC and HSC results and admission to a reputable University for higher study. So far, 1,342 students have been awarded the scholarship. The Bank also extended financial assistance to BSMMU for construction of nurses hostel and donated on the humanitarian relief for the cold hit peoples.

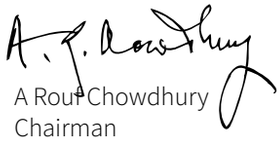
Bank Asia always values good customers for their timely payments and commitments to the Bank. Bangladesh Bank has instructed the banks to give 10% rebate on interest to good borrowers for encouraging them as well as others to be a part of sound financial system. You will be pleased to know that your Bank has made provision of Tk.71.40 million to give rebates to 675 good borrowers.

HONORABLE SHAREHOLDERS

Bank Asia sees the year 2017 as challenging and also with opportunities to explore. European Union's recent move to withdraw GSP facility for Bangladesh may hamper the international trade as 80% earnings of export comes from garments industry. However, industry experts are working with the necessary developments for the garments industry for continued growth. A stable economic as well as political outlook of the country and large infrastructural investment will also pave the way to new business opportunities. I hope the management would face the challenge warmly and work hard to utilize the opportunities to bring brighter results in the coming years.

Finally, I would like to express my gratitudes to Bangladesh Bank and other regulatory authorities for their guidance and continuous support in the year. I am grateful to the shareholders for their continuous trust, confidence and cooperation.

My best wishes to all of you.



A Rouf Chowdhury
Chairman

VANDYK STOCK

চেয়ারম্যান মহোদয়ের বক্তব্য

সম্মানিত,
শেয়ারহোল্ডারগন, পরিচালনা পর্ষদের সদস্যবৃন্দ, ব্যাংক ব্যবস্থাপনার সদস্যবৃন্দ আস্সালামু আলাইকুম। ব্যাংক এশিয়ার ১৮ তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাচ্ছি।

আমাদের উপর আপনাদের অব্যাহত বিশ্বাস ও আস্থা স্থাপন করার জন্য আপনাদের প্রতি জানাই আমার আন্তরিক কৃতজ্ঞতা। পরিচালনা পর্ষদের পক্ষ হতে আপনাদের সামনে ব্যাংক এশিয়ার ২০১৬ সালের বার্ষিক প্রতিবেদন উপস্থাপন করতে পেরে আমি অত্যন্ত আনন্দিত।

সম্মানিত শেয়ারহোল্ডারগন,

আগের বছরগুলোর ধারাবাহিকতায়, ২০১৬ সালেও ব্যাংকিং খাত একটি চ্যালেঞ্জিং সময় অতিবাহিত করেছে। উর্ধ্বমূখী শ্রেণীকৃত ঋণ, সুদের নিম্নমূখী ধারা, তারল্যের আধিক্য সব মিলিয়ে ব্যাংকিং খাতের প্রবৃদ্ধিকে চাপে রেখেছে। এই প্রেক্ষাপটে আপনাদের ব্যাংক টেকসই ব্যবসা এবং মুনাফার লক্ষে সতর্কতার সাথে এগিয়েছে। ২০১৬ সাল শেষে ব্যাংকের আমানত বেড়ে দাঁড়িয়েছে ১৯,১০০ কোটি টাকা, ঋণ ১৬,৪০০ কোটি টাকা। এ বছর ব্যাংকের আমদানি অর্থায়ন ছিল ১৪,৯০০ কোটি টাকা, রপ্তানি বানিজ্য ছিল ১০,৩০০ কোটি টাকা এবং বৈদেশিক রেমিটেন্স ছিল ৪,২০০ কোটি টাকা। আপনারা জেনে খুশি হবেন যে, আপনাদের ব্যাংক প্রায় সকল ক্ষেত্রে সামগ্রীক ব্যাংকিং ইন্ডাস্ট্রির চেয়ে ভাল করেছে। আমাদের ব্যাংকের আমানত, অগ্রিম, আমদানী, রপ্তানী এবং বৈদেশিক রেমিটেন্সের প্রবৃদ্ধির হার ছিল যথাক্রমে ১২.৬৩%, ১৯.৯৫%, ১৪.৪৬%, ১৫.৫৩%, এর বিপরীতে ব্যাংকিং ইন্ডাস্ট্রির প্রবৃদ্ধির হার ছিল যথাক্রমে ১২.৮০%, ১৫.৫০%, ৪.৩০%, ৮.০০%. ২০১৬ সালে দেশে বৈদেশিক রেমিটেন্স ঋনাত্বক প্রবৃদ্ধির মধ্য দিয়ে গেছে।

সম্মানিত শেয়ারহোল্ডারগন,

আমি জানি যে, ব্যাংক এর ঋণ ও আমানতের তথ্যের পাশাপাশি আপনারা ব্যাংকের মুনাফার বিষয়েও অত্যন্ত সচেতন। ২০১৬ সালে ব্যাংকের পরিচালনা মুনাফা হয়েছে ৫৯২ কোটি টাকা। ঋণ ও অগ্রিমের প্রভিশন, কর এবং অন্যান্য সফল প্রভিশন করার পর ব্যাংকের নীট মুনাফা দাঁড়িয়েছে ১৫৫ কোটি টাকা এবং প্রয়োজনীয় রিজার্ভ রাখার পর ব্যাংকের বন্টনযোগ্য মুনাফা দাঁড়িয়েছে ৮৯ কোটি টাকা। এই অবস্থায় ব্যাংকের পরিচালনা পর্ষদ ২০১৬ সালের জন্য ১২% লভ্যাংশ বোনাস শেয়ার হিসাবে দেওয়ার সুপারিশ করছেন।

প্রিয় শেয়ারহোল্ডারবৃন্দ,

এ বছর আমাদের শ্রেণীকৃত ঋন বেড়ে দাড়িয়েছে ৫.৪১%। শ্রেণীকৃত ঋনের এই পরিমানে আমি নিজে অত্যন্ত হতাশ। শ্রেণীকৃত ঋনের বৃদ্ধি আমাদের কারও কাম্য নয়। এ সময় সমগ্র দেশের শ্রেণীকৃত ঋনের পরিমান ছিল ৯.০২%। আমাদের নতুন ব্যবস্থাপনা শ্রেণীকৃত ঋন আদায়ের জন্য পরিশ্রম করে যাচ্ছে। আমি আশাকরি তারা অতি স্বল্প সময়ে শ্রেণীকৃত ঋনের পরিমান ৩% এর নীচে নিয়ে আসবেন।

সম্মানিত শেয়ারহোল্ডারবৃন্দ,

২০১৬ সালে ব্যাংক এশিয়ার মোট মূলধন দাড়িয়েছে ২,৪৭৭ কোটি টাকা, যা ২০১৫ সালে ছিল ২,২৮৪ কোটি টাকা। ব্যাংকের মূলধনের পর্যাপ্ততা অনুপাত ১২.৪২%, যেখানে রেগুলেটরীভাবে দরকার ১০%। আমরা এই মূলধনের ভিত্তিকে আরো শক্তিশালী করার প্রক্রিয়ায় আছি। আমরা ৭ বছর মেয়াদী নন-কনভার্টিবল সাবর্ডিনেটেড বন্ড ছেড়ে ৫০০ কোটি টাকা সংগ্রহ করার জন্য সকল প্রয়োজনীয় কার্যক্রম সম্পন্ন করেছি। অতি সত্তর এই অর্থ আমাদের মোট মূলধনে যোগ হবে।

মাননীয় শেয়ারহোল্ডারবৃন্দ,

ব্যাংকিং সেবা হতে বঞ্চিত দুরবর্তী মানুষদের মাঝে ব্যাংকিং সেবা পৌঁছে দেয়ার লক্ষ্যে ব্যাংক এশিয়া অগ্রনী ভুমিকা পালন করে আসছে। আপনারা জেনে খুশী হবেন যে, ব্যাংক এশিয়া সরকারের "একটি বাড়ী একটি খামার" প্রকল্পের পাশাপাশি সরকারের অন্যান্য সামাজিক নিরাপত্তা বেষ্টনী কর্মসূচী যেমন বয়স্ক ভাতা, অসচ্ছল অটিজম ভাতা, বিধবা তালাকপ্রাপ্ত নারী ভাতা, মুক্তিযোদ্ধা ভাতা ইত্যাদি প্রদানে ব্যাংকিং সেবা দিচ্ছে।

গ্রামীন জনগনের মাঝে আধুনিক ব্যাংকিং সুবিধা পৌঁছে দেবার জন্য ব্যাংক এশিয়া ইতিমধ্যে ৪৯ জেলায় ১১৫০টি এজেন্ট আউটলেট স্থাপন করেছে। এসব আউটলেটের মাধ্যমে ১,৩২,৩৫৩ টি হিসাবের বিপরীতে ১০৮ কোটি টাকা আমানত হিসাবে সংগৃহীত হয়েছে এবং ৩৩.৭০ কোটি টাকা টাকা এসব এলাকায় ঋণ হিসাবে বিতরণ করা হয়েছে। আপনারা জেনে আরো আনন্দিত হবেন যে, তৃনমূল পর্যায়ের কৃষকদের এ-কার্ড (কৃষি কার্ড) বিতরনের মাধ্যমে এ দেশের কৃষি উন্নয়নে ব্যাংক এশিয়া একটি নতুন উদ্যোগ গ্রহন করেছে। কৃষকরা এই কার্ডের বিপরীতে সহজ শর্তে কৃষি সামগ্রী কিনতে সমর্থ হবেন। এই সমস্ত প্রকল্পগুলো ব্যাংক এশিয়ার জন্য আগামীতে একটি মজবুত আর্থিক সাফল্য বয়ে নিয়ে আসবে বলে আমি আশা করি।

প্রিয় শেয়ারহোল্ডারবৃন্দ,

একজন দায়িত্বশীল কর্পোরেট নাগরিক হিসাবে আমাদের ব্যাংক শুধুই মুনাফার কথা চিন্তা না করে একটি সুন্দর সমাজ গড়ে তুলতে সব সময়ই দায়িত্বশীল ভূমিকা পালন করে আসছে। আপনাদের ব্যাংক ২০১৬ সালে কর্পোরেট সামাজিক দায়বদ্ধতা কর্মকান্ডে ১০.৯১ কোটি টাকা ব্যয় করেছে, যা ২০১৫ সালের তুলনায় ৬৫% বেশী। দরিদ্র ও মেধাবী শিক্ষার্থীদের উচ্চ শিক্ষার জন্য ব্যাংকের গ্রামীন শাখার মাধ্যমে বৃত্তি আমাদের সি এস আর এর একটি বড় প্রকল্প। এখন পর্যন্ত ১৩৪২ শিক্ষার্থীকে এই বৃত্তি প্রদান করা হয়েছে। এছাড়া আমরা বঙ্গবন্ধু শেখ মুজিব মেডিকেল বিশ্ববিদ্যালয় এর নার্সদের জন্য ছাত্রীবাসের নির্মানে আর্থিক সহায়তা দিয়েছি এবং দেশের দরিদ্র মানুষদের জন্য ত্রান হিসাবে বিভিন্ন সময়ে সহায়তা প্রদান করে আসছি।

প্রিয় শেয়ারহোল্ডারবৃন্দ,

২০১৭ সাল হবে ব্যাংকের জন্য চ্যালেঞ্জের পাশাপাশি সম্ভাবনাময়। সাম্প্রতিক সময়ে ইউরোপীয় ইউনিয়ন বাংলাদেশের উপর থেকে যে জিএসপি সুবিধা প্রত্যাহারের পদক্ষেপ নিয়েছে, তা আমাদের দেশের আন্তর্জাতিক বানিজ্য ব্যাহত করতে পারে, কারন পোশাক শিল্প থেকে দেশের বৈদেশিক বানিজ্যের প্রায় ৮০% আয় আসে। তবে শিল্প বিশেষজ্ঞরা পোশাক শিল্পের ধারাবাহিক প্রবৃদ্ধির অর্জনে প্রয়োজনীয় উন্নয়ন সাধনে কাজ করে যাচ্ছে। স্থিতিশীল অর্থনীতি ও রজিনৈতিক পরিস্থিতি এবং বৃহৎ অবকাঠামোগত বিনিয়োগে নতুন ব্যবসার সুযোগ তৈরী করছে। আমি আশা করি, আগামী বছরগুলোতে আমাদের ব্যবস্থাপনা এই সুযোগ গুলো কাজে লাগাবে, দক্ষ ব্যবস্থাপনার মাধ্যমে ব্যাংকের জন্য একটি সাফল্য মন্ডিত বছর রচনা করতে পারবে।

সর্বশেষে, আমি বাংলাদেশ ব্যাংক এবং অন্যান্য নিয়ন্ত্রক সংস্থাকে তাদের দিক নির্দেশনা এবং অব্যাহত সহযোগিতার জন্য ধন্যবাদ জানাই। ব্যাংকের উপর বিশ্বাস, আস্থা এবং আমাকে সহযোগিতার জন্য শেয়ারহোল্ডারদের কাছে কৃতজ্ঞতা পেশ করে এখানে শেষ করছি।

সবার প্রতি রইল আমার আন্তরিক শুভ কামনা।

(এ রউফ চৌধুরী)
চেয়ারম্যান

VAN STOCK

President and Managing Director's Review

The year 2016 ended with a positive note that Bangladesh economy continued to show macroeconomic growth by exceeding the 7% GDP target. The macro-economic development certainly boosted up our morale towards achieving our business goals as well. Banking sector remained stable in 2016 due to calm political environment although internal factors related to banking industry directed the banks to a great challenges such as increasing trend in NPL, declining lending rate, excess liquidity, lower yield on T-bill/bond, borrowers' preference for raising fund from capital market, direct foreign loan from international agencies and so on. Apart from the above following events throughout the year influenced our business strategies:

- Chinese President Xi Jinping made a landmark visit in October 2016. Two dozen deals involving $25 billion were signed between Bangladesh and China during that visit.
- Bangladesh has recently been upgraded from low income country (LIC) to lower-middle income country (LMIC) as per the World Bank's classification in May 2016.
- In the year 2016 Bangladesh witnessed lowest level of inflation. Inflation came down to 5.92% level in FY 2016, which is the lowest since 2004.
- The amount of NPLs started to increase in 2016. The NPL ratio has been elevated to 9.02% in 2016 from 8.32% in 2015. However, it is encouraging to note that Bangladesh Bank has taken initiatives to provide incentives to good borrowers and help them by providing 10 percent rebate on their interest payments against their bank loans
- Bangladesh is in the process of full implementation of Basel III from January 2020. In the transitional arrangement of Bangladesh Bank, between 2015 and 2019, the banking system had to maintain a 10.62 percent capital adequacy ratio in 2016.
- Depressed economic performance in the oil exporting countries has led to a cut in remittance flow to the country despite increase in migrant workers. This is a matter of concern since a major part of Bangladesh's foreign exchange is earned through remittances.
- The average rate of interest on lending declined below 10 per cent in November for the first time in the country's banking history.

MAJOR PRIORITIES WE FOLLOWED IN 2016

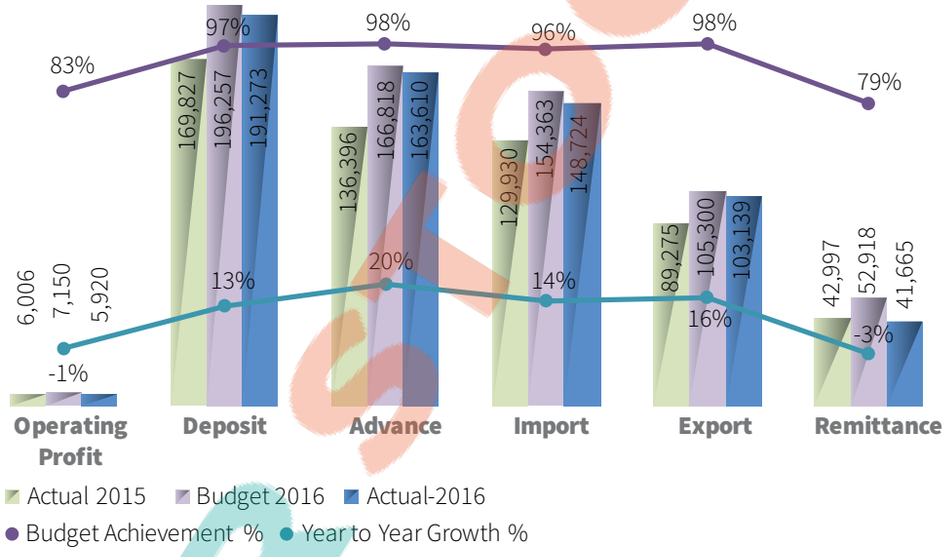
- Emphasis was given to increase MSME (Micro, Small and Medium Enterprise), Agri and Retail loan portfolio to ensure efficient distribution of capital.
- Bank's credit operation and approval functions was reviewed, modified and upgraded to cope with changing market situation and regulatory changes. Steps have been taken for separation of credit approval function from the marketing/ relationship management function.
- Human Resources development remained one of the top priorities. Future leader development program (FLDP) - a special program for developing leadership skills of the mid-level employees was initiated which is in progress.
- Payment System related services were automated and modernized further. BACH and EFT facilities were made available for the customers of Agent Banking, Islamic banking, net-banking. We were one of the few banks in the country to launch modern payment tool like RTGS (Real Time Gross Settlement).
- Bank Asia has introduced modern technology based banking app "Bank Asia SMART App" which is compatible to smart phone/tablet.

Banking sector remained stable in 2016 due to calm political environment although internal factors related to banking industry directed the banks to a great challenges such as rising NPL, sharp fall of lending rate, excess liquidity, lower yield on T-bill/bond, borrowers' preference for raising fund from capital market, direct foreign loan from international agencies and so on.

SAMPLE STOCK

President and Managing Director's Review

- Bank invested significantly to improve ICT infrastructure and process which includes, but not limited to, migration of Core Banking Database from oracle 10g to Oracle 12c with Multitenant feature, Core banking system (CBS) review, up-gradation of internet banking system etc.
- Along with the Special Asset Management Department (SAMD) and the Branches, the executives and officers from other Departments of Corporate Office also participated actively and contributed for recovery of NPL and written-off loans.
- Scope and services of Agent banking, EBEK (Ektee bari Ektee Khamar) operation, Social Safety Net payment related cooperation with government agencies and other multilateral Development Agencies expanded as part of our commitment towards financial inclusion



OPERATING PERFORMANCE

During the year 2016, the bank generated consolidated operating profit of Tk. 6,187.46 million which was Tk. 6,025.00 million in 2015 registered a 2.70% growth than the previous year. For the year 2016 on solo basis operating profit stood at Tk. 5920.63 million. It is mentionable that, Bank faced declining trend of interest rate of loans as well as increase of non-earning asset throughout the year. Though at the end of the year the concerted effort of management helped the bank to restrict CL at 5.41%. In 2016, Bank have been able to made a cash recovery of Tk. 6,641.49 million from non-performing loan accounts.

By improving deposit mix of the bank able to reduce cost of deposit. The ratio of high cost, low cost and no cost deposit stood 52%:27%:21%, which was 57%:23%:20% in the previous year. Because of such cost reduction, the bank could offer loans to demanding big corporates at highly competitive rates and also maintaining a moderate business growth.

In 2016, 7 new branches were added to the total network and 131 employees were added to human capital. Because of this new inclusion, total operating expenditure increased by 9% in 2016 over 2015 in which salary expenditure increased by 8%. Over the year 2016, we were able to reduce expenditure in stationery, printing, advertisement etc by 10% in 2016 than 2015. At the end of 2016, Bank Net Asset Value (NAV) stood at Tk. 19,038.48 million, NAV per share Tk. 21.60 and Earning per Share (EPS) Tk. 1.75.

BUSINESS

Deposits of banking operation stood at Tk. 191,272.58 million showing 12.63% growth and loans and advances stood at Tk. 163,609.78 million showing 19.95% growth. Import of the Bank was Tk. 148,724 million registering 14% growth whereas export was Tk. 103,139 million with 16% growth. During 2016, total inward remittance was Tk. 41,665 million showing a negative growth of 3%. In terms of budgetary achievement Bank performed well; deposit target was achieved by 97%, loans and advances 98%, operating profit 83%, import 96%, export 98% and inward remittance 79%.

The above graph shows comparison of core business performance.

SUBSIDIARIES BANK ASIA LIMITED

During the year 2016 through BA Express USA our expatriate sent USD 30 million remittance to Bangladesh. To enhance further flow of remittance BA Express USA also established arrangement with 34 agents across New York City. With this pace of remittance the management expects that the company will come to break-even within 2 years. The company is running near to 3.5 years and incurred cumulative operating loss of USD 0.74 million (BDT. 57.37 million). In the year 2016, BA Express USA incurred operating loss of USD 0.20 million (BDT 16.10 million). The other foreign subsidiary exchange house company named as BA Exchange Company (UK) Limited sent total GBP 8.86 million as remittance in 2016. The company is running for 5.5 years and incurred cumulative operating loss of GBP 0.48 million (BDT 49.28 million). In the year 2016, BA Express USA generated operating profit of GBP 949. The management is pursuing cost optimization strategies to improve health of those companies and turning them to breakeven. However, it is worth to mention here that the network

is certainly profitable if we value addition of these two foreign subsidiaries to the parent company e.g. Foreign Exchange float for import bill settlement and opening of deposit customers Account etc.

The sole subsidiary company in Bangladesh, Bank Asia Securities Limited showed positive growth in terms of operating performance during 2016 amidst mixed capital market with relatively low trade volume. The company made an operating profit of Tk. 282.82 million as on December 2016 whereas it was Tk. 43.89 million in 2015.

BUSINESS UNITS

Bank Asia's overall operation is concentrated to six major areas.

Conventional: Bank Asia delivers conventional banking services through 111 branches and SME service centers across the country.

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

Off Shore: One off shore banking unit in Chittagong.

Credit Card: Total 47, 995 credit cards having portfolio of Tk. 125.25 million.

Agent Banking: Provide Agent Banking services in 49 districts through 1,150 agents outlets.

Ektee Bari Ektee Khamar: 1,266,930 beneficiaries of 21,816 villages under 35 districts came under EBEK program.

CMSME BANKING & AGRI/RURAL CREDIT

The Bank continued its drive towards increasing its market share in CMSME (Cottage, Micro, Small and Medium Enterprise) and agricultural financing besides corporate and retail segments. In 2016 Bank Asia's CMSME and agricultural loan outstanding stood at Tk. 18,692 million and Tk.3,000.65 million respectively.

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 better quality of life of the society at large without compromising our ecological conditions. During the year, Bank Asia spent an amount of Tk. 109.06 million covering as CSR which covers a vast area of education, health and other under privileged sectors for overall betterment of the nation.

STRENGTHENING CAPITAL BASE

For managing the overall risk exposure of the bank, our primary focus has always been to strengthen our risk management policy with a strong internal control system. We maintained capital to total risk weighted asset (CRAR) consistently above the threshold (10% of RWA) of minimum capital requirement. Bank Asia's CRAR was 12.42% as on 31 December 2016 against required MCR of 10%. To support healthy business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap Bank Asia has already completed further issuance of Subordinated Bond of Tk. 5,000 million as Tier 2 capital in April 2017.

NON-PERFORMING LOANS (NPLS) MANAGEMENT

Bank Asia's one of the core business priorities is to curbing non-performing loans by maintaining quality assets. In this regard, Bank Asia's credit approval process has been framed to unveil and assess the unforeseen inherent risk so that assets quality will not deteriorate in the long run. Additionally, early warning system, precautionary actions were taken against vulnerable assets. Above all, proper monitoring and strong recovery drive from branch and corporate office helped to maintain quality assets of Bank Asia.

In 2016, Debt Collection Unit under SAMD (Special Asset Management Department) formed for further recovery drives of written off loans. Executives of Corporate Office got involved in recovery campaign alongside with their normal desk activities as an innovative ideas that resulted in a huge NPL recovery in 2016. The Bank ended the year with 5.41% classified loan which was amounted to Tk. 8,847.34 million.

CREDIT RATING

The credit rating for long term of the bank has been upgraded from the previous year where as short term ratings is stable for 4 years. The rating of the bank in 2016 for long term was AA2 and for short term ST – 2.

AWARDS & ACCOLADES

Our Bank was awarded 2nd position under Integrated Reporting Category and "Certificate of Merit" for best presented Annual Reports 2015 by the Institute of Chartered Accountants of Bangladesh (ICAB). Bank Asia also achieved Bronze award for Corporate Governance Disclosures 2015 by the Institute of Chartered Secretaries of Bangladesh (ICSB). For Sustainability Report 2015 Bank Asia achieved "Best Sustainability Report in Bangladesh", organized by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia in 2016.

STRATEGIC PRIORITIES FOR 2017

- Robust and proactive risk management culture will be nurtured at every level of banking operation. The role of Chief Risk Officer (CRO) has been redefined as part of this process.
- One of top priority will be recovery of NPL and written-off loan and restricting new inclusion in classification through regular monitoring. Both legal and non-legal measures will be pursued to expedite recovery process. Branch and Corporate Office employees will work in cooperation to reduce classification rate to acceptable level.

President and Managing Director's Review

- Corporate banking business will be reenergized through process reorganizing, acquisition of new customers, improved business intelligence and better customer relationship management at both branch and corporate office level.
- Along with RMG & Textile, other key target sectors for financing will be power, infrastructure & construction, steel & Iron, cement, pharmaceuticals, healthcare, food & beverage etc.
- Endeavor to expand small, medium and Retail loan portfolio will continue with objective to reach at the top position in the industry. Along with the Branches, agent Banking network will be utilized for loan processing; tab-based Online Credit Approval process (OCAS) will be used for faster delivery.
- Islamic Banking operation will go through large scale expansion. As permitted by Central Bank, online financial transactions facilities will be provided through all traditional branches as well as through Islamic Banking windows.
- New business model for cottage, micro, small and agri-loan segment will be developed.
- Loan monitoring, documentation management, business proposal tracking and other credit administration processes and MIS will go through automation.
- Network expansion will continue in the form new agent outlets, booths and branches.
- Emphasis will be provided to open more number of accounts for increasing retail deposit through all distribution channels with a view to improving deposit mix
- Our commitment towards financial inclusion will be strengthened and carried forward further. Technology driven new products and services will be catered to the marginal and unbanked people.

Bank need to manage multifaceted risk in operation, business as well as ICT. Therefore, we should be mindful and remain vigilant to unexpected events by strengthening risk management process and governance framework. Our continued focus on balanced growth, diversified markets & products and proper client selection anchored by our solid balance sheet will place us in a favorable position to capitalize new market opportunities with the aim of leading the bank to a new height.

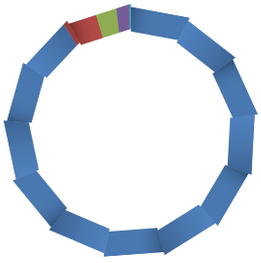


Md. Arfan Ali
President and Managing Director

AMARSTOCK

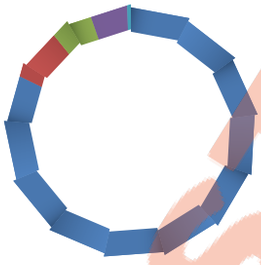
Segment Analysis

Bank Asia Consolidated



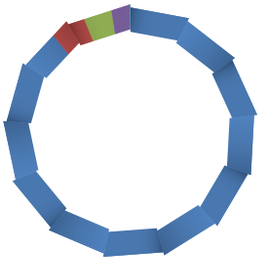
Operating Revenue
(MillionTaka)

Conventional **19,704**
Islamic **937**
OBU **600**
Local Subsidiaries **365**
Foreign Subsidiaries **41**



Profit before tax
(MillionTaka)

Conventional **2,856**
Islamic **242**
OBU **189**
Local Subsidiaries **171**
Foreign Subsidiaries **-16**



Total Assets
(MillionTaka)

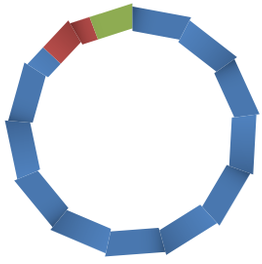
Conventional **231,520**
Islamic **11,932**
OBU **9,744**
Local Subsidiaries **6,293**
Foreign Subsidiaries **140**

Bank Asia Solo



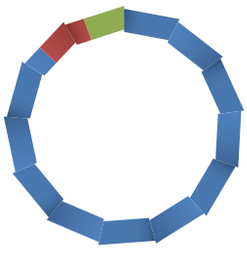
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Total Assets
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Islamic **11,932**
OBU **9,744**

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DIRECTORS' REPORT



World Economy

In the year 2016 the world economy witnessed few big affairs which have materially affected world economy delineated as below:

- This year UK has decided to leave the European Union which turned into negative in the world economy specially in money market and capital market
- Winning of Republican candidate Donald Trump in the USA President election is indicating change of world economy (e.g.10% import duty may impose and few trade agreement might cancel which may turn negatively in the world economy)
- 11 Petroleum exporter countries (Non-member of OPEC) reached in an agreement regarding the oil supply which is the first time of last 15 years
- Cancelling Indian currency note of Rs.500 & Rs.1,000 as an action against black money
- Finally cyber hacking has been turned into matter of concern for every country in the upcoming years

GLOBAL GDP GROWTH

Global GDP growth for the year of 2016 is estimated at a low of 3.1 % from 3.2% and projected to rise at 3.4 % in 2017. Across major advanced economies, growth in the United States slowed markedly, from 2.6 % in 2015 to an estimated 1.6 % in 2016. Euro Area growth slowed from 2 % in 2015 to 1.7 % in 2016, as both domestic demand and exports lost momentum. Growth in China is estimated to have slightly decelerated to 6.7 % in 2016. South Asia's growth remained steady at an estimated 6.8 % in 2016, the same pace as in 2015, buoyed by robust domestic demand. South Asia is now the fastest-growing emerging market and developing economy (EMDE) region. Since 2013 growth in India (a country that represents four-fifths of South Asia's GDP) is estimated to reach 7.2 % in financial year 2017. Bangladesh's growth is expected to ease to a still solid 6.9 % in FY2017 (ending on 30 June 2017), from the official estimate of 7.2 %.

GLOBAL UNEMPLOYMENT

Global unemployment experienced significant slowdown throughout the year of 2016 and still the situation is going to be worse in future year as International Labor Organization report has projected. In particular, rising jobless numbers in China, Brazil, Russia and elsewhere will offset improvements in the US and Europe. The U.S. unemployment rate is forecast to fall from 5.3 % in 2015 to 4.9 % this year and 4.7 % in next year next year. Unemployment in China will nudge upwards from 4.6% last year to 4.7% this year, according to the forecasts. The unemployment rate in Japan already among the lowest in the world, is forecast to fall further over the next two years, from 3.3% on average last year to 3.1% in 2017. The euro zone unemployment rate is forecast to fall from 11.6 % in 2014 to 10.9 % in 2015, 10.7 % in 2016 and 10.4 % in 2017. Responding urgently and vigorously to the scale of the global jobs challenge is key to sustainable development.

GLOBAL INFLATION

The upward trend in global inflation remained intact in December, rising from 3.3% in November to 3.7%. December's inflation marked the highest rate in more than three years. The increase stemmed mainly from higher commodity prices,



Board of Directors at 17th AGM

which caused inflation in many major economies. While low commodity prices kept inflation contained in advanced economies, economic imbalances fueled price pressures in emerging markets. This year, the Focus Economics panel projects that global inflation will rise to 4.4% in 2017. The rise is mainly due to higher energy prices in the wake of a recovery in crude oil prices.

GLOBAL FDI

Global FDI flows fell 13% in 2016, reaching an estimated USD 1.52 trillion, in a context of weak global economic growth and a lackluster increase in the volume of world trade. Equity investments at the global level were boosted by a 13% increase in the value of cross-border mergers and acquisitions (M&As). At the regional level, falling flows to Europe (29%), Developing Asia and Oceania (22%), Latin America and the Caribbean (19%) and Africa (5%) reduced the global total. In contrast, FDI flows rebounded among transition economies (38%) and more than doubled in other developed economies.

OUTLOOK 2017

Economic activity in both advanced economies and emerging market & developing economies (EMDEs) is projected to accelerate in 2017–18, with global growth projected to be 3.4% and 3.6%. Advanced economies are now projected to grow by 1.9% in 2017 and 2.0% in 2018.

U.S. GDP growth will rise to 2.3% in 2017. That's better than the 1.9% estimated for 2016 and the same as 2015's growth rate of 2.1%. The increase in Gross Domestic Product will flatten to 2.5% in 2018. The unemployment rate will drop to 4.5 % in 2017 and 2018. That's better than the 4.7% rate in 2016, and the Fed's 6.7% target.

Looking ahead, economic fundamentals are supportive of a potential rebound in FDI flows in 2017. Global economic growth is projected to accelerate in the coming year, reaching 3.4% compared to the post-crisis low of 3.1% in 2016. Growth in developed countries is expected to improve, including in the United States through fiscal stimulus. Emerging and developing economies are also forecast to rebound significantly in 2017, led by a sharp rise in growth in natural resources exporting countries as commodities prices are expected to increase, especially for crude oil. Moreover, greater economic activity will help boost world trade volumes, which are forecast to expand by 3.8% in 2017 compared to just 2.3% in 2016. In this context, investment activity may also quicken. UNCTAD (United Nations Conference on Trade and Development) projects that global FDI flows will increase by around 10% over the year.

Source
World Economic Outlook Update January 2017
World Economic Situation and Prospects 2017
World Employment Social Outlook 2016



Annual Business Conference 2016

BANKSTOCK

Bangladesh Economy

In 2016 growth in Bangladesh exceeded expectations, supported by revived exports and sustained domestic consumption. Gross Domestic Product grew 7.11% in 2016 which was higher than the projected. While larger exports and modest imports kept the current account in a better surplus. Bangladesh's per-capita income also increased to USD 1,465 from USD 1,316 in the previous year. Inflation rate was 5.9%; lower than the 2015's 6.4%. Bangladesh's foreign currency reserve crossed a record USD 32 billion; enough to meet the country's import bills for nine months. As per the Purchasing Power Parity (PPP) Bangladesh has now stood at 33rd position among the world's economies which is a clear sign of gaining gradual economic strength, But rise of non-performing loans, lower capital adequacy and the overall lack of governance are some challenges for the economy. Bangladesh would continue to drive its ambitions for becoming a higher middle income country.

AGRICULTURE SECTOR

Agriculture Sector is the single largest producing sector of economy. Bangladesh is primarily an agrarian economy considering about 15.4% of the country's GDP and employing around 60% of the total labor force. The performance of this sector has an overwhelming impact on major macroeconomic objectives like employment generation, poverty alleviation, human resources development and food security. However, in FY16, agriculture sector is in a declining growth of 2.8% compared to 3.3% in FY15, due mainly to the weaker growth in crops and horticulture sub-sector. Growth in FY17 is expected to be moderate to 2.4% as low domestic rice prices discourage farmers' expansion of crop area. Moreover, this sector's share also decreased to 15.4% of total GDP in FY16 from 16% of total GDP in FY15.

INDUSTRY SECTOR

This sector continued as a key driver for the economic growth. The growth of this sector accelerated strongly to 11.1% in FY16 from 9.7% in FY15, buoyed by power, gas and water supply, and mining and quarrying sub- sectors. In 2016, the manufacturing activity which mainly drives this sector grew by 11.7% reflecting a strong performance by large and medium scale enterprises (12.3%). Similarly, small scale manufacturing registered a higher growth of 9.1% in FY16 compared to 8.5% in FY15. The percentage share of the industry sector in GDP increased from 30.5% in FY15 to 31.5% in FY16.

SERVICE SECTOR

In FY16, service sector grew by 6.3% compared to 5.8% in FY2015. Its growth was broad-based and covered public administration and defense, education, health and social work, and transport, storage and communication sub-sectors. The new public pay scale provided a significant boost to public administration and defense sub-sector. The percentage share of the service sector in GDP reduced from 53.6% in FY15 to 53.1% in FY16.

FISCAL SECTOR

Expenditure

The total expenditure in the revised budget for FY16 amounted to Tk. 2,645.7 billion (15.3% of GDP) which was 29.5% higher than the actual expenditure in FY15. The current expenditure in the revised budget for FY16 stood at Tk. 1,503.80 billion (8.7% of GDP) which was 26.4% higher than the actual expenditure of Tk. 1,189.9 billion in FY15. The Annual Development Program (ADP) for FY16 was revised downward by 6.2% to Taka 910.0 billion. In revised budget for FY16, it is found that nearly, 43.5% of the total ADP was spent on the infrastructure sector (power, oil, gas and natural resources, transport and communication), 17.0% on the social sector (education and religious affairs and health, nutrition, population and family welfare), and 5.2% on agriculture sector.

Revenue Collection

The revised total revenue receipts in FY16 stood at Tk. 1,774.0 billion, which was 14.9% lower than initial target. It was 21.5% higher than the actual revenue receipts in FY15. The tax revenue constituted 87.6% of the total revenue receipts and was 20.7% higher than the actual tax collected in FY15. The non-tax revenue of FY16 was 28.1% higher than that of FY15. In the revised budget for FY16, total revenue receipts as percentage of GDP stood at 10.2% which was 9.6% in FY15. The total tax revenue receipts as percentage of GDP was 9.0% in FY16 which was 8.5% in the preceding fiscal year. Similarly, the total non-tax revenue receipts as percentage of GDP stood at 1.3% in FY16 which was 1.1% in FY15.

EXTERNAL SECTOR

External sectors in Bangladesh Economy such as export, import and remittance have always played crucial role in Bangladesh Economy. However, impact of these sectors has not been consistent.

Export

Export growth was 9.80% in FY16 to USD 34,257.2 million from USD 31,208.9 million in FY15. Apparels (woven garments and knitwear products) constitutes the largest share of exports about 82% of total export earnings, registered a strong growth from USD 25,491.4 million of FY15 to USD 28,094.1 million in FY16. In calendar year 2016 export stood at USD 34,956 million compared to USD 32,379 million having 7.96% growth.

Import

Total import in FY16 stood at USD 39,715.0 million registering a positive growth of 5.5% compared to USD 37,662.0 million in FY15. Import of food grain recorded significant negative growth of 29.1% in FY16 mainly due to decrease of rice import. Except negative growth of milk & cream (22.4 %) and sugar (17.4 %), all other items showed positive growth. Capital goods and others categories grew by 9.0 % to USD 17,863.4 million in FY16. In the year 2016 import stood at USD 41,167 million compared to USD 39,468 million having 4.30% growth.

WAFASTOCK

Remittance

The remittance witnessed fair earnings of USD 14,931.16 million in FY16 which is, however, 2.52% lower compared to USD 15,316.92 million in FY15. The shortfall of remittance is due mainly to the prolonged decline in oil prices and economic downturn in the GCC countries. Exchange rate is also responsible for the slower remittance inflow in formal channel as expatriates get higher prices for dollars in the carb market (Informal channel). In the year 2016 remittance stood at USD 13,611 million compared to USD 15,317 million having 11.13% negative growth.

FOREIGN DIRECT INVESTMENT (FDI)

FDI inflow increased by 9.3 %, crossing the USD 2.0 billion mark for the first time. Portfolio investment, however, decreased significantly by 67.3 % to USD 124 million in FY16, partly reflecting the lower yield in government securities. Foreign Direct Investment (FDI) is now an important driver of the financial account.

BALANCE OF PAYMENTS (BOP)

The current account improvement stemmed from strong export earnings and a pickup in income from services. During the same period, overall balance recorded a surplus of USD 5,036 million compared to USD 4,373 million in FY15.Trade Balance recorded a deficit of USD 6,274 million during FY16 as compared to the deficit of USD 6,965 million during FY15. Significant growth of gross exports along with slight import growth led to lower trade deficit. The workers' remittances recorded 3.0% decrease in FY16. The current account balance increased substantially from USD 2,875.0 million surplus in FY15 to USD 3,706.0 million in FY16.

INFLATION RATE

Annual average CPI inflation has continued its declining trend in FY16 as in FY15. The headline inflation rate stood at 5.92% in June 2016, while it was 6.40 percent in FY15. A sharp fall in food inflation resulting from sufficient food-grains supply mainly contributed to the decline of headline inflation. Point-to-point food inflation decreased to 4.23% in June 2016 from 6.32% in June 2015. Non-food inflation gradually increased to 7.47% in June 2016, which was 5.99% in June 2015.

EXCHANGE RATE

In FY16, Taka experienced a depreciation of 0.77% against US dollar compared to 0.22% depreciation in FY15 due mainly to BB's interventions in the foreign exchange market to maintain stability as well as to ensure external competitiveness. The weighted average inter-bank rate stood at Taka 78.40 per USD as of 30 June 2016 against Taka 77.80 per USD as of 30 June 2015.

MONETARY POLICY

Bangladesh Bank pursued cautious but growth-supportive, inclusive and investment friendly monetary policy stances in FY16 with a view to achieving desired economic growth and maintaining inflation at a moderate level. Monetary policy was designed to contain average inflation at 6.2% and attain output growth of 7.0% as per aspiration of FY16 national budget. Domestic credit grew by 14.4% against the targeted growth of 15.5% for FY16 and actual 10.1% growth in FY15. Growth in public sector credit stood at 3.3% against the targeted 18.7% in FY16, while public sector credit growth was negative 2.5% in FY15.

Money Supply

Broad Money (M2) grew by 16.3% in FY16 against 15.0% targeted and 12.4% actual growth in FY15. Broad money growth above the targeted level can be attributed to buoyant growth in net foreign assets (NFA). Growth in NFA stood at 22.8% against the targeted growth of 11.1% for FY16. Higher growth in NFA above the target is the outcome of higher export growth along with moderate import growth.

INTEREST RATE

The weighted average interest rates on deposits moved upward from FY11 to FY13 and then started decreasing declining from a pick of 8.54% in FY14 to 5.54% in FY16. Similarly, weighted average interest rates on lending also moved upward from FY11 to FY12 and gradually declined from a pick of 13.75% in FY12 to 10.39% in FY16. Access of foreign financing facilities at lower interest rate, the subdued policy rate coupled with stringent loan practices by Bangladesh Bank contributed to decline in interest rates both on deposits and lending. The spreads between lending and deposit rates were above 5% from FY11 to FY14 which declined to 4.87% in FY15 and further marginally declined to 4.85% in FY16.

CALL MONEY RATE

The weighted average interest rate in the call money market ranging from 3.67% to 5.71% during FY16. During the same year the average volume of transaction in the call money market increased by Tk. 43.58 billion which was 3.74% higher than that of FY15.

FOREIGN EXCHANGE RESERVE

Foreign exchange reserves grew steadily (20.55%) over FY16, which crossed the USD 30 billion mark on 27 June 2016, hitting a new record. As of 30 June FY16, reserves stood at USD 30.17 billion. BB prioritized capital preservation while increasing returns by diversifying the foreign asset portfolio in bonds (issued by sovereign, supranational and highly reputed foreign commercial banks), Treasury Bills and Treasury Notes of US Government and in short term deposits with internationally reputed foreign commercial banks. At the end of 2016 reserve reached at USD 32.09 billion.

SOVEREIGN RATINGS

Bangladesh achieves Ba3 (Moody's) and BB-(Standard and Poor's) with stable outlook for the 6th consecutive years. Stable real GDP growth and strong external balances have helped Bangladesh to achieve BB- rating with stable outlook from Fitch Ratings for the fourth time.

ARSTOCK

Directors' Report

OUTLOOK OF 2017-THE OPPORTUNITY & CHALLENGES

- Major economic indicators performed strong in the outgoing year 2016, the economy is showing prospect of maintaining the steady growth pace in 2017.
- The economy is on the edge to reach a respectable growth rate of 7.2% in the year 2017 if political stability exists.
- Reducing inflation to 5.8% during FY17 will be challenging but achievable.
- Private sector credit growth has been targeted to grow at 16.50% by 2017 to achieve the desired growth.
- Export growth in FY17 is projected to improve to 8.0%.

However, there are a number of challenges for the Bangladesh economy for journey in 2017. Sharp decline in remittance inflow poses a 'major challenge' for the country's economy in the Year 2017. Chronic slow private investment, growing bad loans and capital flights are also challenges for the New Year.

Source
Bangladesh Bank Annual Report 2015-2016
Asian Development Outlook 2016

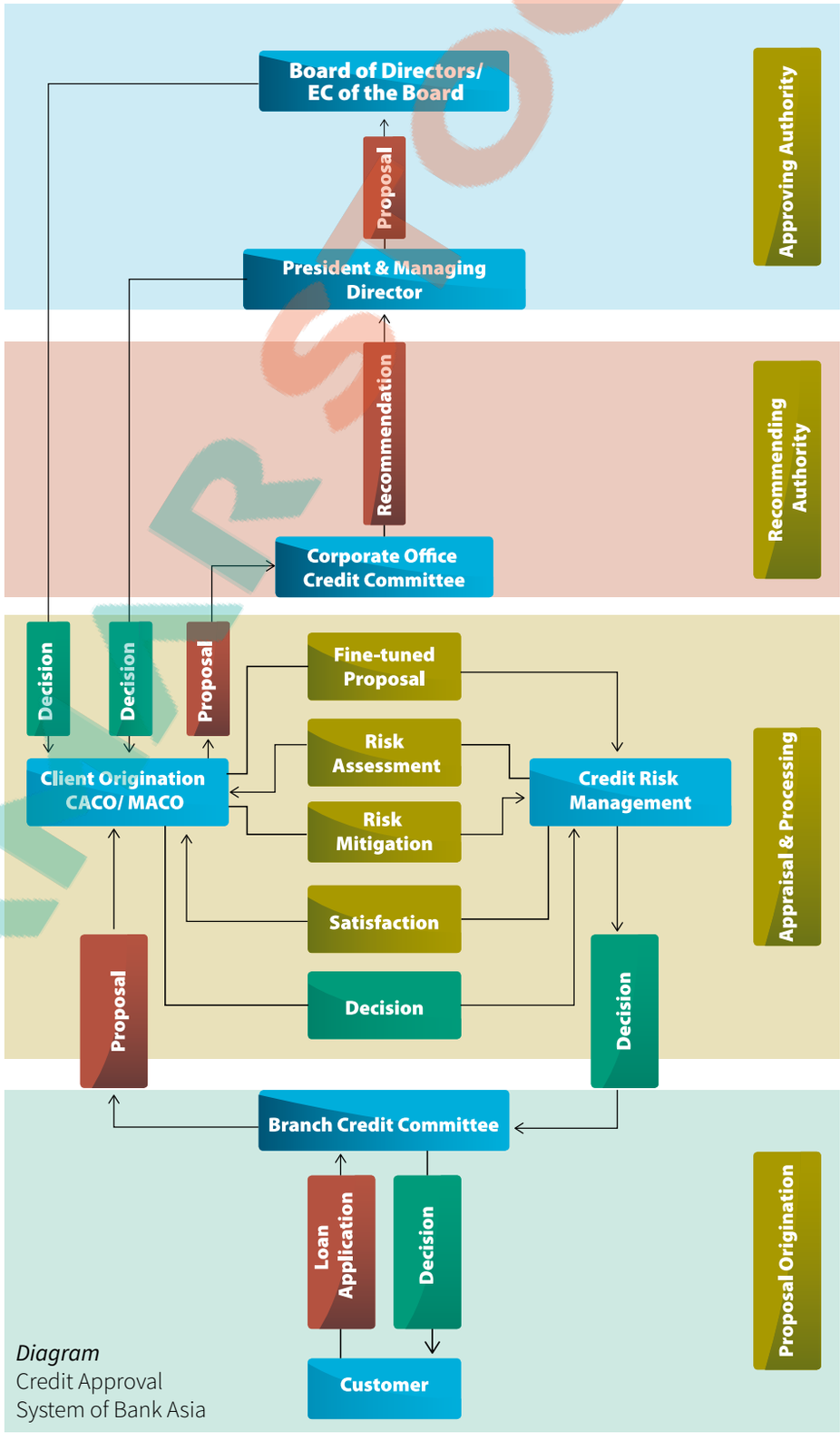


Diagram
Credit Approval System of Bank Asia

Banking Industry Exploring 2016

The year 2016 was a bit different than the previous year. Political stability has facilitated the banks for earning handsome operating profits in 2016 despite a gradually fall in lending rates and militant attack on Holey Artisan. Improved and faster services have also helped the bank for booking new clients in the just concluded year. Last year, banks succeeded in making higher profits which helped GDP growth cross 7% and credit growth increased to 16.80 % in fiscal 2016. With regard to the downsides, declining trend of remittance inflow has remained a nagging concern. Agent banking system is triggering interest for banks to launch as it is cheaper to operate than branch banking. Overall banking industry is more matured now except the bad loans issue.

REGULATION OF THE BANKING INDUSTRY

Bangladesh Bank Order 1972 and the Bank Companies Act 1991 and subsequent amendment in 2013 mainly guide the commercial banks in Bangladesh. Bangladesh Bank (BB), being the central bank exerts the supervisory controls over the banking sector. BB formulates and implements monetary policies, manages foreign exchange reserves and supervises banks and non-banks financial institutions (NBFIs).

BANKING SECTOR IN BANGLADESH

The year 2016 witnessed an intense competition among banks in terms of rates. The rate of interest on savings deposit ranges from zero to 4%; most of the banks are giving 2% to 3% interest. Total deposit of the banking sector showed a growth of 13% and stood at Tk. 840,268 crore at the end of December 2016. Similarly, total advances stood at Tk. 713,113 crore with a growth of 15% from last year. This year, the banks' average CRAR (Capital to Risk Weighted Asset Ratio) was 10.62%. The CRAR of the private commercial banks was 11.96% & that of the foreign banks 23.80%. However, the average of the state banks CRAR was 5.80%.The private banks did not have any shortfall; rather, their surplus was Tk. 8,478 crore. The foreign banks' surplus was Tk. 5,156 crore.

The call money rate has plummeted to a record low; the rate fell to 3.62% in December 2016. As of September 2016, the cumulative NPLs of the banks reached Tk. 65,731 crore or 10.10 % of the total outstanding loans. If the written-off loans are added to the NPLs, the amount will come to Tk.. 110,000 crore. The amount of provisioning shortfalls rose to Tk. 5,470 crore as on December 31 from corresponding Tk. 4,283 crore of the previous years. Internet banking transactions recorded a growth of 41% in 2016. A total of Tk. 30,752 crore was transacted through internet banking which was Tk. 217,57 crore in 2015.

MONETARY AGGREGATES *(Y-O-Y GROWTH IN %)*

Item	Actual		Program	
			Jul 16 MPS	Jan 17 MPS
	Jun16	Nov 16	Jun 17	Jun 17
Net Foreign Assets	22.8	19.6	10.6	10.1
Net Domestic Assets	14.3	11.8	17.1	17.3
Domestic Credit	14.4	12.3	16.4	16.4
Credit to the public sector	3.3	-1.3	16.1	16.1
Credit to the private sector	16.8	15.0	16.5	16.5
Broad money	16.3	13.8	15.5	15.5
Reserve money	30.1	18.5	14.0	14.0

STRUCTURE OF THE BANKING SYSTEM IN BANGLADESH *(UPTO JUNE, 2016)*

Type of Bank	No. of Banks	No of Branches	Expenditure –Income Ratio	Deposits (in Billion)	% of Deposits	CRAR (%)	Assets (in Billion)	% of industry Assets	ROE (%)	ROA (%)
State Owned Banks (SCB)	06	3,700	99.2	2,447.4	29.0	5.8	3,219.1	26.1	-9.5	-0.2
Specialized Banks (DFI)	02	1,407	132.2	247.4	2.9	-34.7	302.2	2.5	-9.5	-2.0
Private Banks (PCB)	39	4,271	73.5	5,382.3	63.8	11.9	8,254.6	67.0	9.4	0.7
Foreign Banks (FCB)	09	75	45.0	358.9	4.3	23.8	550.6	4.5	13.2	2.7
Total	56	9,453	79.8	8,436.0	100.0	10.3	12,326.4	100.0	7.1	0.4

Banks are the mechanism of developing the socioeconomic status of the country by financing in productive sectors. However, in the context of globalization, banking sector is facing enormous competition due to increasing number of banks and expanding market economy. As a result, banks are to ensure their service as efficient and effective as possible. However political stability is inevitable for sustainable economic condition.

Review of operations of Bank Asia in 2016

Stable political as well as business environment leads the economy to grow moderately but still the banking industry had to pass another challenging year in respect of excess liquidity pressure, rising non-performing loan, declining interest rate on loans and advances, lower rate on T-bill/bond and so on. Yield on advance of the bank declined by 1.11% in 2016 and reached 9.86% from 10.97%. Bank's total assets reached Tk. 253,196 million in 2016 compared to Tk. 224,347 million in 2015 with a growth of 12.85% and total capital reached Tk. 24,775 million from Tk. 22,837 million in 2015 with a growth of 8.49%. Deposit reached Tk. 191,273 million compared to Tk. 169,827 million with a growth of 12.63% and Loans and advances was 19.95% higher than the preceding year and stood at Tk. 163,610 million.

Bank's import increased by 13.50% and stood at USD 1,824 million (Tk. 148,724 million) where in 2015 it was USD 1,607 million (Tk. 129,930 million). Export increased by 13.28% and reached at USD 1,286 million (Tk. 103,139 million) which was USD 1,135 million (Tk. 89,275 million) in the previous year. Inward remittance in 2016 showed a negative growth of -3.62 % and reached USD 532 million (Tk. 41,665 million) compared to USD 552 million (Tk.42,997 million) in 2015. Although bank's core income increased but investment income exhibited negative growth for reduction of yield on treasury bill/bond. Operating profit and net profit after tax of the bank stood at Tk. 5,921 million and Tk. 1,546 million respectively. The Bank restrained classified loans (CL) ratio to 5.41% at the year end.

The Bank is standing on sound footing where strong capital base is playing a key role for smooth business growth. This strong capital base helped the Bank to maintain a very satisfactory Capital to Risk Weighted Assets Ratio (CRAR) of 12.42%.

To maintain the increasing demand of customers for our innovative services and a balanced distribution of network, the Bank opened 7 new branches in 2016. The whole network of Bank Asia now consists of 105 branches, 6 SME service centers, 5 Islamic windows, 119 own ATMs and more than 5,000 shared ATMs, 1 Brokerage Company in Bangladesh and 2 exchange houses located in UK and USA. The Bank is also operating 2 branches of BA Express USA Inc. in New York since 2014. All the operations of the Bank are interconnected and integrated through state of the art networking technology.

Corporate Banking

Like earlier years, 2016 has been no different for corporate business of the Bank while anticipating to accomplish almost the entire budget set at the very inroad of that year and to leapfrog 2015's corporate advances by a decent margin. Opening with a new style 'Corporate & Large Loan' from earlier 'Corporate Assets & Client Origination' and enduring changes in the business perspectives of the Management around the middle of the year, the Bank has manoeuvred its corporate business, the prime earning engine, exceedingly well and even beyond expectation to some extents. The Bank has by the time streamlined its exposure to major corporate business sectors, which are large scale manufactures including food, beverage, RMG and textile, construction, transports, institutions, trade services, housing and utility services etc.



Bank Asia financed 3 MWp (megawatt peak) Grid-Tied SPV (under construction) Independent Power Plant at Sharishabari, Jamalpur for EUR 5.17 million

The newly-designed five strategic arms that have been overseeing the Bank's corporate business through rendering tailor-made services are as follow:

- *General Corporate Finance:* Two wings formed for proper administration under General Corporate Finance deal with all general modes of finance spreading from short term to long term in nature in the likes of Demand Guarantee, Letter of Credit, Demand Loan, Loan against Trust Receipt, Time Loan, Term Loan, Lease Finance etc.

- *Export Finance:* Export Finance, emerged as a standalone department under Corporate & Large Loan, facilitates export oriented clients in a more resourceful and proficient manner while identifying business needs and devising a wide array of services for capital expenditure (CAPEX) and working capital engagement in the special forms of Back to Back Letter of

Credit, Packing Credit, Bill Purchased and Discounted etc.

- *Syndication and Structured Finance:* Another department under Corporate & Large Loan that also runs on standalone basis deals with arrangement of fund for large projects of corporate clients thereby spreading the risk amongst the partner FIs/Banks and it also offers agency and advisory services like merger and acquisition, securitization etc.

- *Project Finance:* Project Finance deals with assessment of viability of the projects in respects of their marketing, financial, technical and economic aspects and alongside, it facilitates corporate clients to meet their projects' financial requirement more in tune with expected cash flows.

- *Credit Restructuring:* The freshly-styled unit closely monitors performance of downgrading clients and counsels, if necessary, those clients to overcome from snags for improvement in debt service capability and to be regular in the end.

With the shifting of focus more on sustainable and inclusive growth and in the wake of business process reengineering, corporate business of the Bank is getting ready to make things positively different in the industry in the ensuing new year by aspiring growth prospects for more than twenty percent and by incorporating new arsenal in its paraphernalia for a performance like no other to edge past all in the time not so distant.

Syndication & Structured Finance

Our Syndication & Structured Finance Unit (SSFU)has developed a dedicated relationship team which provides innovative and customized solution to the leading corporate clients. The Unit specializes in product structuring, fund raising and participation under Syndication arrangement, agency functions and advisory services. They cover both offshore and onshore solutions. In addition to the Syndicated facilities, the team is providing financial support to the power sector projects.

Syndication & Structured Finance Unit (SSFU) has a diversified portfolio with emphasis on financing in infrastructure, industrial service oriented projects, power projects, refinery plant, textiles, ceramics, pulp & paper, telecom, steel, cement etc. The unit also plays a vital role to accommodate different types of large scale loans for the Bank's corporate clients- i.e. Project Term Loan (Local & Foreign Currency) including BMRE of projects, working capital financing, Short Term Loan, financing under Long Term Financing Facility (LTFF), offshore financing, bridge financing, financial instruments etc.

MAJOR ACTIVITIES 2016

- The Bank was involved in 4 new Syndication and Club-Financing deals with a participation of Tk.4,200 million. Besides, we have extended USD 22 million as Bridge Finance in the Power Sector.
- Worked as Agent of 3 Syndicated Term Loans amounting to Tk. 3,700 million where more than 20 (Twenty) Banks/ FIs are involved.
- Tk.1,604.29 million of Syndicated Loan have been adjusted.



Agency services provided as Lead arranger of the vertical roller mill from cement industry financed by Bank Asia

MYMARSTOCK

Directors' Report

CMSME Banking & Agri/Rural Credit

From the year 2015, MSME Division and Retail Division has been incorporated under Small, Medium & Retail business segment. MACO, Small Enterprise, Micro Finance Unit and Agricultural unit are reconstructed under MSME.

COTTAGE, MICRO & SMALL ENTERPRISE FINANCING

In CMSE Department, we create, direct sourcing of business and plan our product promotion as well as boost up financing through taking various initiatives/events round the year. Bank Asia is quite different from other banks in terms of selecting borrower and financing. Besides, we are strongly focused on cluster financing, grooming-up new entrepreneurship, promoting women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to underserved people. In 2016, we got huge media coverage and recognization nationally for our outstanding work/support to SME entrepreneurs, e.g., one of our customer achieved "Best Micro Entrepreneurship Award 2016" from SME Foundation and a women entrepreneur (born blind) & her enterprise "Nokshi Bangla", a boutique house, got news feed in the daily Prothom Alo. There are many examples of how Bank Asia is opening the door of prosperity to many entrepreneurs of the country.

In the year 2016, Bank Asia remained closely concomitant with different MSME activities.

Major Activities in 2016

- The CMSE Department of the Bank arranged Women Entrepreneur Gathering & Product Display Fair 2016
- Bank Asia participated in MSME Banking Fair and International Conference on Development of Micro, Small and Medium Enterprises (MSMEs) in Bangladesh
- MoU Signing with SME Foundation (SMEF) for financing in the handloom & specialized cloth production in North Bengal Region, situated at Adamdighi, Bogra
- Bank Asia's client Saju International Trading Company was awarded "Best Micro Entrepreneurship Award 2016"
- The CMSE Department arranged a Financing Ceremony of Jamdani Cluster at Moikoli, Tarabo, Rupgonj for distributing sanction advice, worth of BDT 3.05 million to 12 women led Jamdani crafting units
- The CMSE Department of the Bank arranged launching of new product titled 'Bondhon' and Financing Ceremony for the Handloom & Specialized Cloth Production Entrepreneurs in Bogra
- The Bank also participated in the '3rd SME Banking Matchmaking Fair 2016' held at 10th Int'l Women's SME Expo Bangladesh – 2016 in Chittagong



3rd SME Banking Matchmaking Fair 2016

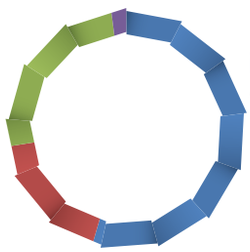
Cluster Financing

As a full-fledged commercial bank, Bank Asia also adopted a cluster-based approach for financing cottage, micro, small and medium enterprises (CMSMEs). We are achieving through extending banking services to recognize SME clusters by adopting a 4-C approach: Customer Focus, Cost Control, Cross Sell and Containing Risk. In different CMSME clusters the outstanding amount is Tk. 27.84 million. Currently the bank is involved in developing and financing in the following clusters-

Electric & electronic cluster- Jurain, Muradpur, Kadomtoli, Syampur, Dhaka.
Hosiery Cluster - Jurain, Kadomtoli, Dhaka.
Bamboo & Cane Cluster - Rajanagar, Sirajdikhan, Munshigonj.
Shitol Pati Cluster- Joynshar, Sirajdikhan, Munshigonj.
Jamdhani Cluster - Moikoli, Tarabo, Rupgonj, Narayangonj.
RMG Cluster - Dolagaon, Nimtola, Munshigonj.
Handloom Cluster - Adhamdighi, Bogra.
Pottery Cluster - Ultapara, Noihati, Kaliakoir.

Financial Highlights of 2016

- The Cottage, Micro and Small Portfolio stood at Tk. 5,441.18 million compared to previous years Tk. 3,414.66 million
- Total 2,440 no. of new CMSE borrowers were introduced into the CMSE portfolio in 2016
- Total MSME portfolio in Trading, Manufacturing, Service and Women Entrepreneurship is Tk. 18,692 million



MSME Portfolio in 2016
In Million Taka

- Trade **10,187**
- Manufacturing **3,368**
- Service **4,757**
- WE **380**

AAIBSTOCK

Agriculture/Rural Credit

Bank Asia Ltd. has been working for rural development of our country since long. Total 500,890 farmers have been benefited from the Bank till date.

Status of Agricultural/Rural Credit as on 31-12-2016 is given below:

Million Taka

Particulars	Direct Network	NGO Network	Total
Disbursement (from 01-01-2016 to 31-12-2016)	211.26	3,107.85	3,319.11
Outstanding (as on 31-12-2016)	165.90	2,834.75	3,000.65
No. of beneficiary	1,052	30,164	31,216

FINANCIAL INCLUSION

Bank Asia has been financing to account holders of 10 Taka under refinance scheme @ 9.50% interest rate.

Bank Asia with the help of USAID Agricultural Extension Support Activity introduced A-card (Agriculture card), for the first time in Bangladesh, to facilitate marginal farmers get agri-loan in card and make necessary payment for seeds and fertilizer. Tk. 15.64 million disbursed to 451 beneficiary in 2016.



BANGLADESH BANK

Ref:ACDD(SD)/101(3)/2016-1494 Date: 12 April, 2016

President and Managing Director
Bank Asia Limited
Head Office
Dhaka.

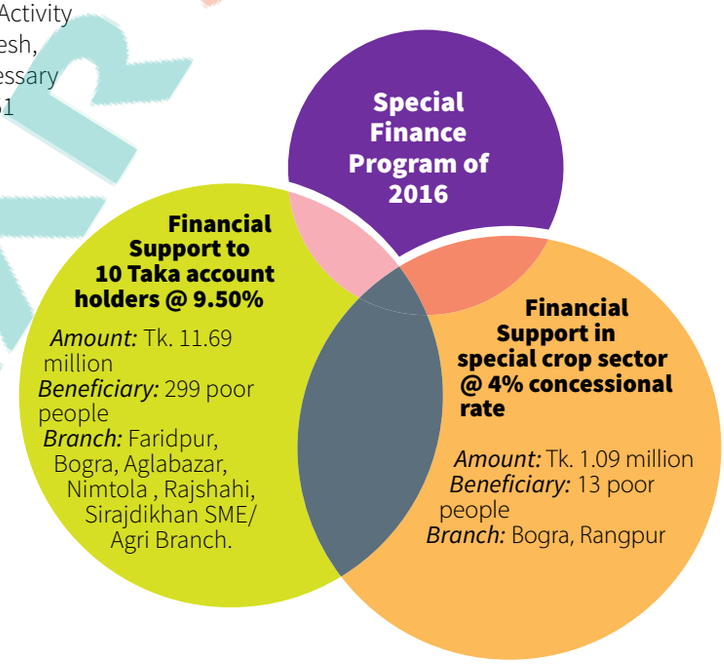
Letter of Appreciation

Bangladesh Bank is pleased to compliment you and your bank for achieving the disbursement target of Agricultural and Rural Credit for the FY 2015-16. It would be highly appreciated if you continue your wholehearted support and endeavour in facilitating Agricultural and Rural Credit Programme of Bangladesh Bank in future.

(Fazle Kabir)

CENTRAL BANK'S APPRECIATION

An appreciation letter received by Bank Asia from Bangladesh Bank for achieving 110% of the agri/rural credit disbursement target set by the central bank.





Poultry farm financed by Bank Asia

SMAR STOCK

Directors' Report

Mid-segment Enterprise Financing

For trade and industry development Small & Mid-segments are always emphasized by Bangladesh Government. These enterprises are considered as an 'employment generation vehicle' and contributed heavily in GDP and poverty alleviation. Accordingly, Bangladesh Bank encourages banks extending loans to this preferential sector for more financial inclusion. Bank Asia also echoed the same preference.

Mid-segment Enterprise (ME) has been formed with a view to handle the credit proposal of mid-market assets ranging from Tk. 10 million to Tk. 300 million. The main objective of this department is to manage the mid-market assets i.e. low- end corporate assets and emerging corporate assets and to maintain strong, effective relationship with the clients of this segment. It deals with the unique need from the different sectors' customers like Industries, Infrastructural, Commercial Lending, Real Estate finance etc. Currently it deals with almost 4,365 customers having an exposure of Tk. 20,826.07 million with the expectation of growth continuation in 2017 as well.

At the moment industry size of SME of Bangladesh is approximately of Tk. 1,620,000 million in terms of funded outstanding with all banks of our country with huge growth prospect in regard to advance, import and export.

- Direct client contact to prevent deterioration of assets quality.
- Negotiate with clients to ensure further financing, if necessary, in line with Bangladesh Bank instructions.
- Regular visit to clients for special attention as per requirement.
- Set strategies through discussion with the branch officials to pursue the alarming clients
- Initiate and review early alert report & exceptional list (client's details with irregularities) on regular basis.
- Review monthly statement of branches credit portfolio and communicate to the Credit Committee on monthly basis.

Credit Administration

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

DEPARTMENTAL ACTIVITIES IN 2016

i. Systemized 2,20,648 number of jobs including changes of limit, terms & conditions, changes of interest rate, installment size, number of installment modification, allowing of EOL / L/C, time extension of composite limit along with deferral.

ii. Checked 83,842 no. of major documents against 6,733 borrowers.

iii. Monitored 23,698 no. of accounts (Past due loans) and reviewed 9,221 no. of expired loans accounts for regularization.

iv. Monitoring deferral documents of 486 clients of all branches.

v. Downloaded CIB reports of 39,751 no. borrowers and uploaded 68,910 no. of accounts through online system and against which we have realized Tk. 2.90 million as CIB charges.

vi. Correction of CIB database against 575 borrowers.

vii. Submitted 118 no. of statements to Bangladesh Bank and other bodies (monthly/ quarterly /half yearly/yearly through conventional and RIT after checking.

DMARSTOCK

Sectoral Distribution of Credit

The Bank's loans and advances portfolio increased to Tk. 163,609.78 million achieving a growth of 19.95%. Sector wise distribution of loans and advances is as follows:

Million Taka

SL. No	Sectors/Sub-Sectors	2016		2015	
		Million Taka	% of Funded Loan	Million Taka	% of Funded Loan
1	**Industries**				
	Agriculture and Jute	2,340.58	1.43%	1,758.34	1.29%
	Cement	517.00	0.32%	491.26	0.36%
	Chemicals	1,983.39	1.21%	619.93	0.45%
	Electronics	2,549.37	1.56%	1,638.68	1.20%
	Food & Allied	12,282.27	7.51%	13,090.57	9.60%
	Paper	7,739.05	4.73%	3,633.85	2.66%
	Readymade Garments	18,153.01	11.10%	15,002.06	11.00%
	Real Estate	11,992.02	7.33%	10,443.77	7.66%
	Steel	9,475.07	5.79%	5,878.55	4.31%
	Textile	13,617.37	8.32%	9,680.05	7.10%
	Others	13,313.31	8.14%	16,065.00	11.78%
	Subtotal	93,962.44	57.43%	78,302.07	57.41%
2	**Infrastructure**				
	Power	50.52	0.03%	690.12	1.19%
	Telecom	453.30	0.28%	528.51	0.91%
	Construction	5,758.25	3.52%	4,913.52	8.46%
	Transport	2,359.10	1.44%	3,023.32	5.20%
	Sub total	8,621.17	5.27%	9,155.46	6.71%
3	**Commercial Lending**	32,044.40	19.59%	31,280.13	63.92%
4	**Export Financing**	12,668.20	7.74%	6,003.30	12.27%
5	**House Building Loan**	923.36	0.56%	363.24	0.74%
6	**Consumer Credit Scheme**	7,076.44	4.33%	5,482.24	11.20%
7	**Small & Medium Enterprise**	3,957.23	2.42%	3,414.66	6.98%
8	**Staff Loan**	1,329.10	0.81%	1,241.68	2.54%
9	**Credit Card**	1,252.44	0.77%	1,147.96	2.35%
10	**Non-Banking Financial Institution**	1,775.00	1.08%	5.6	0.01%
	Total	**163,609.78**	**100.00%**	**136,396.32**	**100.00%**

AMARSTOCK

Directors' Report

Credit Risk Management

In 2016, CRM Department developed a good number of new policies and guidelines as well as updated and revised/reviewed some existing policies and guidelines time to time to ensure appropriate credit risk environment and process. Some of these policies and guidelines have already been approved and have come into force. Some are under review of the Senior Management/Board of Directors which are awaiting for final approval.

New policies and guidelines that have been developed by the department are as follows:

- *Policy Guidelines:* Credit Risk Management which will replace bank's existing CRM manual (lastly updated in 2010)
- *Risk based pricing model (draft):* CRM in collaboration with Group Finance has developed the model for Corporate & SME customer segment
- *Industry review for 2016:* Total 27 nos. of industry outlook have been reviewed
- *Bird's Eye view of RMG Sector:* Overall RMG industry compliance issues have been addressed
- *Sector wise specific risk:* As many as 13 nos. of sector specific risk have been addressed
- *Policy on collateralization of the exposure of the proprietorship concern:* Proposed and under review of Senior Management
- *Sector Specific Working Capital Assessment:* Brick Field, Cold Storage, Cotton Mills, Jute, Pulp & Paper, Real Estate, Rice Mill, RMG, Trading & Work Order Financing

The Department also updated and revised following existing policies and guideline in response to changing business environment:

- Existing Delegation of Business Power has been reviewed twice in 2016
- Modification of SOD(Earnest Money) Financing Policy
- Sectoral Lending Cap 2016-2017 has been finalized

RISK ASSESSMENT

Apart from policy development, CRM Department has other two core functions, namely, risk assessment of credit proposal and monitoring of credit portfolio. From January to December 2016, the Department has conducted "risk assessment" of 2,161 number of credit proposals received mainly from two business units: Corporate & Large Loan (C&LL) and Medium Enterprise (ME). It is pertinent to mention here that ME has dealt with customers having exposures ranging from Tk. 5 million to Tk. 300 million and C&LL has dealt with customers having exposures above Tk. 300 million.

SANCTION REGISTER

Along with "risk assessment", the Department has also issued 'clearance' and 'feedback' on reply provided by business units i.e. C&LL and ME and other business. The Department issues "Sanction Advices" and "documentation Checklist" against credit proposal approved by the Management/EC/Board. Total size of the facility handled during the period was Tk. 386.82 billion.

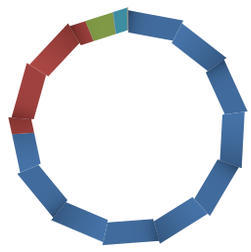
Consumer Finance

Consumer Finance under Retail Banking Division demonstrated a healthy financial performance in 2016. House Finance product was re-launched to align with the market and introduced new technology enabled solutions for faster processing of loans. Consumer Finance has managed satisfactory investment returns despite tough competition in the market.

HIGHLIGHTS OF 2016

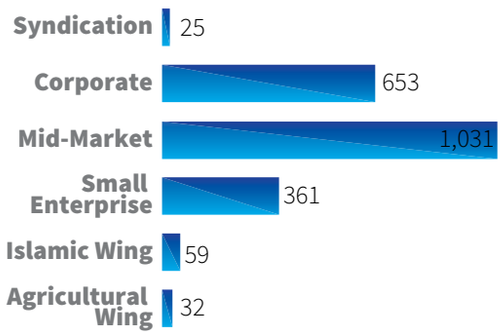
- Consumer Finance portfolio reached Tk. 7,075 million in 2016 which was 29% higher than 2015
- Non-performing loan portfolio of Retail Banking reduced to 3.26% compared to 3.45% in 2015
- Established new sales center as a separate business hub beside branches
- Provided loan to Retail customers through Agent Banking Channel
- Arranged Retail Loan campaign for branches to drive behavior among branch officials
- Successfully launched OCAS (Online Credit Approval System) & TAB banking facilities to ensure quick and technology based service to customers
- Signed MoU with strategic partners to offer value added services to loan customers
- Participated in REHAB property fair for promotion of House Finance Products

Consumer Finance (Portfolio Mix in 2016)



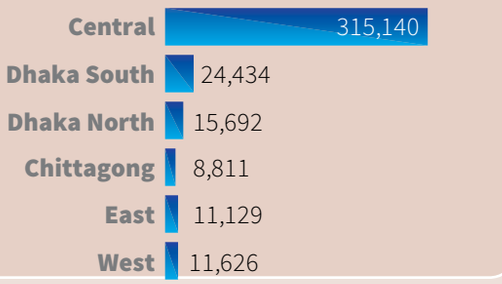
- House Finance **74%**
- Unsecured Personal Loan **20%**
- Auto Loan **4%**
- Loan For Professionals **0.06%**
- Consumer Durable Loan **2%**
- Talent Learning & Earning **0.06%**

Risk Assessment on Proposal Number



Regionwise Approval

(limit in Million Taka)

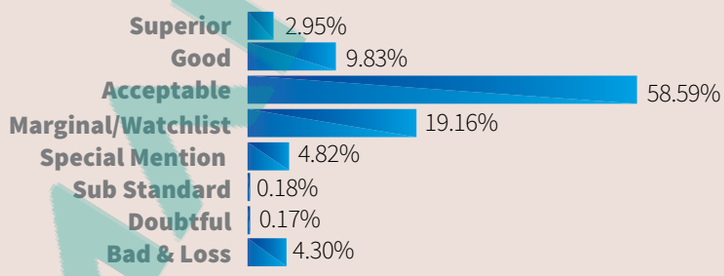


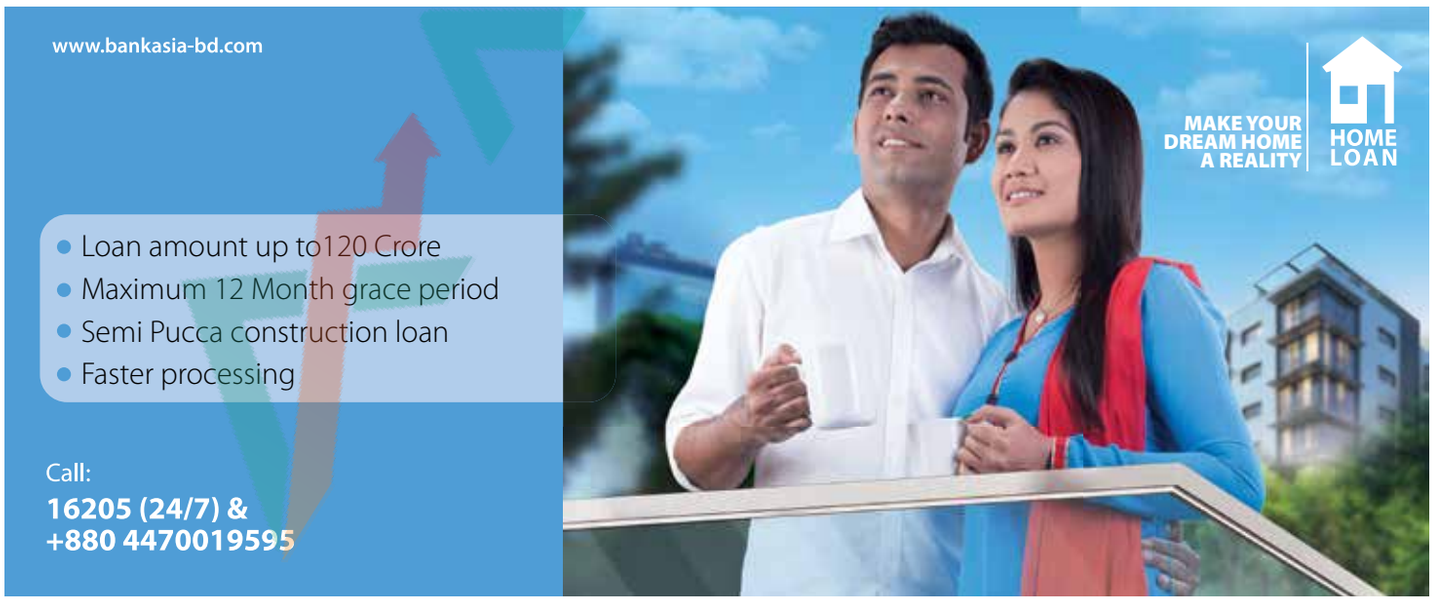
CREDIT MONITORING, CREDIT RATING & CRG

CRM department regularly monitors bank's outstanding funded loan portfolio as well as outstanding non-funded liabilities on monthly and quarterly basis to maintain healthy asset portfolio. Monitoring pattern is usually offsite in nature; however, sometime, onsite visit of the customer is also made for smooth recovery of loans. Special attention was given for recovery/regularization of overdue, SMA and SS accounts. Special effort was given for settlement of expired off-balance sheet items (Bank Guarantee and L/C).

CRM department has given special attention to conduct Credit rating by External Credit Assessment Institution of the borrower on regular basis to ensure accurate capital requirement. CRM Department also prepares CRG grading report on half yearly-basis of Bank's Loan portfolio.

Credit Portfolio position based on CRG





Directors' Report

Islamic Banking

With the commitment of providing high standard Shariah complied product & financial services, Bank Asia Islamic Banking commenced operation in 2008. At present Bank Asia is operating 5 Islamic Banking Windows in three divisions of the country. At the end of the year 2016 our deposit reached Tk. 10,873 million, investment/ asset Tk.10,129 million and profit Tk. 301 million, a growth of 80%, 90% and 132% in deposit, investment and profit respectively compared to 2015.

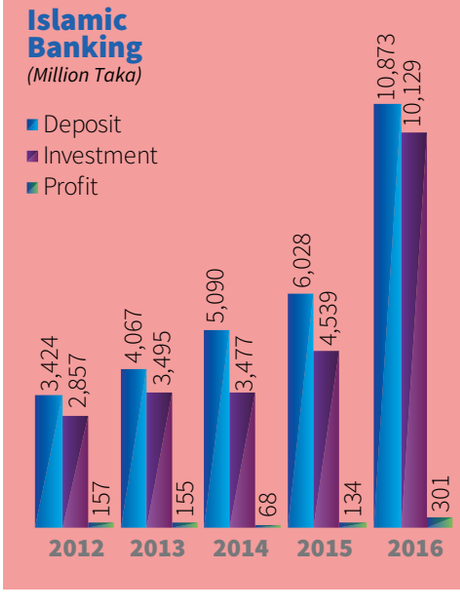
All of our Islamic Banking activities and products are strictly monitored by the Board and Management and guided by Shariah Supervisory Committee of the Bank. Our Shariah Supervisory Committee consists of 9 members including qualified Faqih (expert on Islamic law), elite Islamic scholars and professionals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

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

To provide online Islamic Banking services, we have obtained Bangladesh Bank permission in 2016 which is under development stage. We are working to offer more diversified deposit and investment products to meet the growing needs of our customers. We hope that through the expanded network, we shall be able to build stronger image in Islamic Banking arena and contribute more in the overall profitability of the Bank.

Key Activities in 2016

- Investment of Islamic Banking reached Tk. 10 billion in 2016 from Tk. 4.50 billion for booking of several corporate clients
- To develop our retail client base, Islamic Banking arranged 'Deposit marketing campaign 2016' from all branches/Islamic Windows of the Bank where Tk. 3,500 million booked as deposit
- Through Hajj Campaign, Islamic Banking extended their support to Govt. Hajjis





Training on Islamic Banking & Salamah Operations

ব্যাংক এশিয়া ইসলামিক ব্যাংকিং
শুদ্ধতাই আপনার মুনাফা



Deposit Marketing Campaign 2016

Treasury Operations

Focusing on growth of the business with across a horizon of overseas counterparts to local corporate and retail business, Bank Asia Treasury is dedicated for contribution to revenues and profitability of Bank. In this course, Treasury maintains a ceaseless collaboration and coordination with stakeholders such as, customers, business teams, regulators, technology teams, compliance desk and chases for risk adjusted business growth. In pursuit of balance sheet growth, Treasury, being active in money and foreign exchange market, manages regulatory requirements as well earns money. Balance sheet of a bank consists of various components of assets and liabilities having inherent risks of different natures. Treasury plays an important role here by identifying and measuring as well as hedging those risks using various financial tools for stabilizing the balance sheet and maximizing profit for bank. To accomplish this critical job of maneuvering the banking book and trading book of balance sheet, our treasury has well-trained officials with sound technical and soft skills to provide all kinds of treasury solutions with wide range of products and services. At Bank Asia Treasury, we have designated desks to ensure the optimum treasury services to cope with rapidly changing business and regulatory environment by means of integrated efforts of Money, ALM, and FX desks.

MONEY MARKET & FIXED INCOME

Surplus liquidity and down trend of interest rates have been the salient features of money market in year 2016. Though at mid of year, the rate stopped falling and showed upward trend, it started falling again. The year 2016 was a challenge for Treasury as the loan growth was below anticipated level. Inter-bank O/N market started with 3.90% average and ended 3.62% avg. at year end. This year, two new short tenure bills were introduced for 7 and 14 days. Like previous year, Treasury ensured optimum duration of investment to craft balance between liquidity and profitability. Major challenge in this year was the repeated cancellation of auction calendar by govt. and sheer growth of sale of national saving certificates.

ASSET LIABILITY MANAGEMENT

Changes in market liquidity and interest rates expose bank to the risk of losing money. Asset Liability Management (ALM) has therefore become a key financial and risk management discipline that manages both on/off balance sheet position to maintain a risk reward profile for creating stakeholders' value. Year 2016 was a period of credit expansion in local currency below the expectation, falling interest rate spread, popularity of FC loans amongst corporate customers. Under the circumstances, Treasury's primary objective was to mitigate the balance sheet gap in cost effective manner, maximizing NII, and managing BASEL liquidity standards of LCR, NSFR, leverage which have also become key concern of management and regulators around the world. Throughout the year, treasury took proactive approach and remained a strong hand of ALCO for asset liability position, commitment of bank, market liquidity and transfer pricing rate for profit centres. At the end of 2016, Bank successfully achieved healthy deposit mix by reducing high cost deposit to 53% at year end from 58% previously. Volatile corporate deposit is now only 9.43% of total deposit; top 10 loan account holds 9.9% of total loan. Bank's Balance sheet is now in sustainably strong position and ready for an excelled take off.

FOREIGN EXCHANGE

Over the year, treasury maintained bank's net open position and FC liquidity in a prudent manner to manage exchange rate risk involved in commercial transactions of on-shore and off-shore banking units. Meanwhile, country's FX reserve continued to grow and passed the $32 Bln mark which was $27.50 Bln at previous year end. During the period, Bangladesh Bank procured $3.93 Bln from interbank to mop up surplus FC fund. As compared with previous year, in 2016, treasury handled higher volume of import payment, inelastic market of wage earners' remittance, and export proceeds, liquidity and maintained position to handle exchange risk and earn sizeable amount of exchange gain for the bank.

FOCUS IN 2017

In 2017, Treasury will be focusing on Bank's growth with following priorities

- Popularizing fixed income investment amongst corporate, retail and individual customers
- Strengthening FX desk for own account speculative trading
- Providing value added services and new earning avenues in the field of corporate business & derivatives
- Building stronger rapport with external & internal stakeholders of Treasury.
- Knowledge and ethics development programs amongst employees, customers, and all stakeholders' in the context of regulatory discipline in banking business

WWW.INVESTOCK

Directors' Report

International Division

INTERNATIONAL TRADE

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

FOREIGN TRADE AND GUARANTEE

In 2016 the total Import business of the Bank was USD 1,824 million registering a growth of 13.49 % over the Import Business of 2015 (USD 1,607 million). Total export business of the Bank in 2016 was USD 1,286 million which was 13.28 % higher than that of 2015 (USD 1,135 million). Bank Asia has issued guarantees against foreign counter guarantees amounting USD 82.88 million in 2016 favouring different Government Authorities, Ministries, Autonomous Bodies, Corporations, Private Companies and Multi National Companies etc.

FOREIGN CORRESPONDENTS

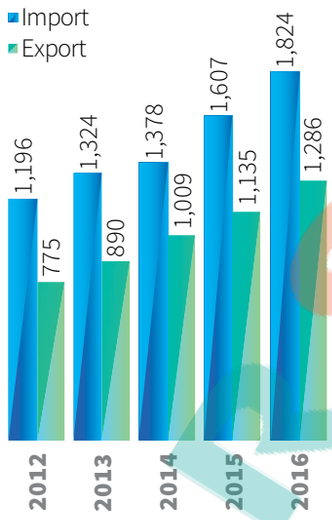
Bank Asia has continuously developed strong correspondent relationship with internationally reputed banks to facilitate its foreign trade business. As of December 31, 2016 the number of foreign correspondents stood at 751 in 97 countries of the world.

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

Bank Asia is the first bank in Bangladesh to arrange Supplier's Credit with Europe based AKA Bank. Besides, preliminary relationship building with DEG (Deutsche Investitions- und Entwicklungsgesellschaft) known as "German

Import and Export

Million USD



Investment and Development Corporation" and renowned development bank FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) known as "Netherlands Development Finance Company" has also been initiated.

NOSTRO ACCOUNTS

At present, Bank Asia is maintaining 31 nostro accounts in major international currencies viz.: US Dollar, Pound Sterling, Swiss Franc, Japanese Yen, Australian Dollar, Canadian Dollar and Euro & Dollar accounts under Asian Clearing Union (ACU), with reputed international banks, ensuring effective foreign currency management as well as timely payment of foreign currency commitments.

SWIFT OPERATIONS

Bank Asia has become a member of SWIFT in 2000 to ensure smooth, reliable and secured financial transactions for its retail and corporate customers. Over the years, our expert SWIFT team has introduced many innovative features in its existing SWIFT system. In the last quarter of 2016, our SWIFT operation unit has introduced SWIFT Alliance Message Management 7.1.21 which enables all branches to be linked up with SWIFT uninterruptedly with more than 12,000 Live Institutions in 258 countries around the world. In 2016, we have installed nSMART as Middleware Software procured from Nazdaq to facilitate Sanction Screening, Nostro Reconciliation, interfacing with SWIFT as well as different foreign exchange modules of CBS.

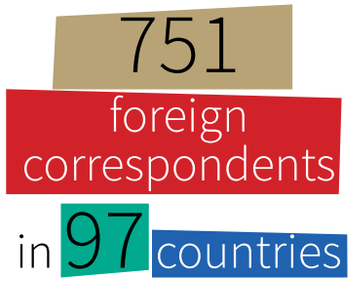
CENTRAL TRADE SERVICE UNIT (CTSU)

Central Trade Services Unit (CTSU) is an innovative milestone in the contemporary banking arenas for facilitating Non-AD branches foreign trade operations with a separate AD License issued by Bangladesh Bank for this purpose. The main objective of establishing CTSU is to facilitate all the Non-AD Branches of Bank Asia with their trade related transactions like Imports, Exports, Remittance, Bank Guarantee, LC advising and transfer. Day by day it has covered almost all the Non-AD branches with its excellent service and become a comfort zone for the non-AD branches.

During 2016 CTSU has reached almost all the Non-AD Branches and Islamic windows of Bank Asia with its services. We have a hub (Ctg-Hub) in Chittagong for the extended service delivery to the Non-AD branches of Chittagong zone. The business volume of all Non-AD Branches has been increasing remarkably over the years with the strong support of CTSU. In the year 2016, import and export reached to Tk. 16,533.92 million and Tk. 4,225.50 million respectively. The overall growth of foreign trade in 2016 was 20.13% in volume and 26.55% in transactions over the year 2015.

ONLINE PAYMENT GATEWAY SERVICES PROVIDER (OPGSP)

Freelancers earn foreign currency by exporting nonphysical forms of services such as data entry, data process, offshore IT services, Business Process Outsourcing etc. To meet the banking needs of these freelancers in Bangladesh, Bank Asia has established strategic alliance with PAYONEER Inc. USA and Payza, Canada which are among the largest



BANGLADESH STOCK

OPGSPs. Through this service, freelancers can receive their earnings very quickly and easily. In 2016, we have done 2,145 transactions with a payment of Tk. 35.42 million (USD 0.45 million) through 'Payza' and 18,682 transactions amounting Tk. 875 million (USD 11.17 million) through 'Payoneer'.

Bank Asia, a Tech savvy bank, has arranged a reception program on November 19, 2016 for the "TOP IT Service Exporter in Bangladesh awarded by the BASIS in 2015."



Award giving ceremony to the country's top young IT service exporters organized by Bank Asia

OFFSHORE BANKING

With a view to catering the banking requirements of non-resident customers, Bank Asia has established Offshore Banking Unit (OBU) in Chittagong Export Processing Zone (CEPZ). OBU acts as a unique solution for the banks around the globe to carry out international banking business which involves foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment. In 2016, Off-shore Banking Unit has made a cumulative profit of USD 2.30 million which is 23.69 % higher than that of 2015 (USD 1.84 million).

Foreign Remittance

Remittance is the second most important sources of foreign exchange earnings for Bangladesh, after readymade garments (RMG). Bangladesh ranked tenth amongst the top remittance recipient countries in 2015 according to Advance Migration and Remittance Fact Book (2016). Bangladesh's foreign exchange reserves hit a record high of USD 32 billion at the end of December 2016 which is sufficient to cover about nine months' worth of import. However, county remittance inflows slumped by about USD 2 billion in 2016 from year 2015, lower by 11% whereas our total inward remittance stood USD 532 million, lower by 3.61% from previous year 2015 of USD 552 million.

The low oil price on the global market and rising preference for hundi by expatriate Bangladeshis have been blamed for the slide in remittance. Transferring funds across countries through formal channel have become cumbersome after the recent spate of terrorist attacks in some major cities around the world. Premium for the informal market exchange rate has widened steadily since January 2015 from almost zero to nearly Tk. 5 per dollar also blamed for this slide.

In 2016 Bank Asia's position was 9th in terms of remittance collection among all Banks' in Bangladesh. At the year end the Bank's total remittance collection agent network was 43 and 2 collection agent network are under our correspondence. Our Remittance distribution agent network also increased in current year (2016: 2,812 and 2015: 1990).



Bangladesh Bank Remittance Award ceremony 2015



Major Accomplishments

1. Tie up with Multinet Trust Exchange LLC, Dubai, UAE for sending hard earn money from UK to Bangladesh
2. Cash Over the Counter Payment (COC) through 872 Agent Banking Locations
3. Remittance collection through 33 agents across NY network by BA Express USA Inc.
4. BA Exchange UK Ltd. achieved profit of £ 939 in 2016
5. Bank Asia was awarded "Bangladesh Bank Remittance Award-2015" for drawing highest volume of Foreign Remittance through Bank Asia in 2015

Directors' Report

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 to ensure smooth performance of the operations of the Bank.

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

Bank Asia Limited has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent audit mechanism in order to ensure that the Bank is managed and controlled in a sound and prudent manner. The Bank identifies its weakness through internal control system and takes appropriate measures to overcome the weaknesses. The Board of Directors of the Bank has established an Audit Committee to monitor the effectiveness of internal control system of the Bank. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the Bank and ensure that the management has taken appropriate actions as per the recommendations of the auditors and the Internal Control and Compliance Division (ICCD). As per approved audit plan, the ICCD completed the audit and inspection tasks of 111 branches, 5 Islamic windows, 80 agent points, 29 Corporate Office divisions/departments and 17 branches on anti-money laundering issues in 2016.

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

Cards

During 2016 various initiatives were launched to promote credit card business and to make customer experience more interactive and rewarding.

THE HIGHLIGHTS OF 2016 ARE GIVEN BELOW

- Bank Asia became the Principal member of VISA and MasterCard
- Launched chip based EMV (Euro Master & VISA) Credit card
- 2 (two) factor authentication system introduced
- Tip up with strategic partners like Air Asia, Novo Air, US Bangla, Dusai Resort and others to offer value added services to card holders
- 21 merchants added under EasyBuy, 0% interest installment purchase program during the year
- Cash back campaign launched jointly with VISA on cross border foreign currency transactions
- Introduced "Double Reward Point" facility for cross border credit card transactions
- New acquisition campaign and 5% cash back campaign during Ramadan was launched to increase Credit card portfolio which reached Tk. 125 crore on December 31, 2016



VIA MEDISTOCK

Group Finance

Group Finance
With a view to ensuring safe, secure, stable & effective banking, Group Finance of Bank Asia is operating with utmost efficiency and professionalism. The major functions of Group Finance in the year 2016 are shown in the following diagram:

EMPLOYEE FUND MANAGEMENT
Total fund Tk. **1,730** mln

TAX
1year return submitted
2 years assessment finalized
2 years appeal & tribunal filed

AWARD 3 for Annual Integrated Report
1 for Sustainability Report

10 PUBLICATIONS (annual semi-annual quarterly)

6 BUSINESS CONFERENCES HELD

Capital RAISED
Received BSEC consent & BB approval for issuing Tk. **5,000** mln Subordinated Tier 2 Bond.

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

ISM, FPM & CDLC REPORTING
- **40** reports to Bangladesh Bank
- Provided daily support to **105** branches
- for smooth reporting

595 REGULATORY REPORTS

BANK BUDGET
For **139** branches & departments

INVESTMENT
Fresh investment Tk. **500** mln
Total income Tk. **243** mln

PAYMENT PROCESSED
17,000 bills

SYSTEM ACCESS CONTROL
Request and query attained **# 31,680**

VAT
1 Year VAT audit finalized with LTU VAT

Finance

- Budget preparation, monitoring & control
- Financial review
- Financial analysis

Financial and Strategic Planning

Financial Reporting
- Quarterly, semi-annual and annual Financial statements (solo & consolidated)
- Monthly performance review of bank's different business units
- Regulatory reporting

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

ISM, FPM & CDLC Reporting

Capital Planning & Management
- Implementation of Basel-III capital accord and reporting to Bangladesh Bank and management
- Capital planning and capital raising
- Capital utilization/ optimization training to Branches and business units.

MIS

MIS-Database Management
- MIS database management, system development and maintenance
- Providing data for preparation of Financial Statements, major regulatory reporting, management reporting and other divisional reporting
- Sensitivity, movement and potential analysis on major business parameters along with industry growth for decision making and strategy setting

Financial Control

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

Tax & VAT Planning and Management

- 3 step payment processing
- Monthly operating expenses analysis and monitoring
- Cost optimization mechanism development

Financial Control

Employee Fund Management
- Investment and fund management
- Facilitate final settlement
- Financial statement preparation

Investment
- Feasibility analysis for fresh investment in Bonds, Debentures and Shares
- Own portfolio management
- Regular supervision of functions of Bank Asia Securities Ltd.

Directors' Report

Information and Communication Technology

Rendering Technology driven innovative services to the customer is a mission of the Bank. In this regard, the Bank has made a significant investment to improve ICT infrastructure and process in the year 2016. The year 2016 was a successful year in light of the following achievements:

DIGANTA PROJECT

Bank Asia has implemented a project named "DIGANTA" with Nathan Associates London Ltd. which is implementing a challenges fund titled "Business Finance for the poor in Bangladesh (BFP-B)" on behalf of the UK Department for International Development (DFID). Under this contract, Bank Asia will obtain a grant fund of £363,000 for development of ICT & business infrastructure to lend MSE through Agent banking channels. Under this project we have implemented Online Credit Approval System (OCAS) including TAB Version. The user can make proposals from anywhere in their territories.

CORE BANKING SYSTEM (CBS) REVIEW

Bank Asia has signed an agreement with 'Ernst & Young' an international auditor to carry out Core Banking System (CBS) review and vulnerability assessment and penetration testing (VAPT) to ensure the following:

1. To check the future compatibility and strength of the current CBS.
2. Better control and monitoring over business activities to reduce turnaround time and provide better customer service.
3. Achieving accuracy in data capturing and process for better MIS, KYC, Audit and statutory compliance.
4. Centralize and standardize back office operations through a robust and sophisticated system.
5. Ensure optimal IT infrastructure to ensure superior experience and high level of performance and availability.
6. To know the vulnerabilities of ICT infrastructure and systems.
7. To evaluate the Banks security associated with external and internal.

GREEN DATA CENTER

A green data center is an enterprise class computing facility that is entirely built, managed and operated on green computing principles. It provides the same features and capabilities of a typical data center but uses less energy and space, and its design and operation are environmentally friendly. During the year Bank Asia ICT Division has deployed Blade servers, which provide high performance with low power consumptions and occupy less space.

ORACLE DATABASE 12C WITH MULTITENANT

We have migrated Core Banking Database from oracle 10g to Oracle 12c with Multitenant feature. This new architecture delivers all the benefits of managing many databases as one yet retains the isolation and resource prioritization of separate database.

BANK ASIA DASHBOARD

By upgrading more dynamic reporting the Bank has developed various dashboards for different business perspective of business for decision making. After implementation of this system monitoring has been strengthened.

Bulk Data upload and FEX Transaction Reporting System for Bangladesh Bank:

To reduce delicacy of work and avoid human interruption we have implemented a system namely "Bulk Data Upload System". Bangladesh Bank returns related with foreign exchange transactions like Exp. Issue, Exp. Duplicate, Esp. Triplicate, LCAF, Imp etc. are also reported to Bangladesh Bank on daily basis. We have produced "Proceed Realization (PRC)" and IMP forms from the "Bulk Data Upload".

NEW SECURED INTERNET BANKING

To improve internet Banking Security and better customer server we have upgraded internet banking system from bankasia.net to mybank.bankasia-bd.com. Moreover the new system is more dynamic and user friendly. We have introduced digital statements for credit card and discontinued paper based statement. Account holder can download statement from internet banking system as and when required.

VIRTUALIZATION INFRASTRUCTURE

Bank Asia has deployed virtualized datacenter environment with Microsoft product for virtualization called "System Center Virtual Machine Manager (SCVMM)". Dynamic Datacenter is a combination of automation, control, and resource management software with a well-defined topology of virtualization, servers, storage, and networking hardware.

CYBER SECURITY

To improve IT Cyber Security awareness of all employees of the Bank ICT have circulated DO's and DON'T on regular interval to all employees. We have license for "Qualys Tool" by which we carry out vulnerability assessment on regular interval by our own ICT personnel.

MOBILE APPS

At present there are three mobile apps on live namely (1) Smart Banking which is being used for fund transfer, BEFTN, iTop-up, Utility Bill payment, etc. (2) Diganto Apps which was developed to submit proposals from the remote areas to Online Credit Approval system (OCAS). (3) Agent banking apps for Agent Banking Customers (both Bengali and English version).

SOCIAL SAFETY NET

Agents are able to pay cash against government social safety net provided that Bank Asia has arrangement with the government for the same.

AGRICULTURE CARD

Bank Asia with the help of USAID Agricultural Extension Support Activity introduced A-card (Agriculture card), for the first time in Bangladesh, to facilitate marginal farmers get agri-loan card and make necessary payment for seeds and fertilizer through this card.

CLOUD SERVICE FOR ICAB FEES COLLECTION

The Bank has made an agreement with institute of Chartered Accountant of Bangladesh (ICAB) for collection of fees through e-commerce. All students and members can pay their fees in different mode.

iP PHONE

IP Telephony System has been deployed in all new branches instead of Traditional PABX System. In this connection we have formulated an algorithm for IP phone number where the branch code and service desk are embedded, as a result the phone number need not to be memorized. Gradually we will set up IP phone to all existing branches.

VIDEO CONFERENCING

Bank Asia implemented Video Conferencing System to connect with branches for strengthening relationship and monitoring between Head Office and branches. This system has saved significant travelling time and expenses.

Alternative Delivery Channel (ADC)

Alternative Delivery Channels is a distribution channel strategy used for delivering financial services without relying on bank branches. Bank Asia has implemented many alternative delivery channels such as ATMs, POS devices, Debit Cards, Internet Banking, SMS Banking, Mobile Application, E-GP Service, E-commerce/E-payment, Exclusive Outlet to receive Government Passport Fees and Contact Center service. Through these channels the Bank gets faster access to market and customers can enjoy instant access to all bank products via 24/7 service channels.

e-COMMERCE AND UTILITY BILL PAYMENT

Bank Asia has recently incorporated 'e-Commerce' banking system for its valued customers where the Bank plays as payment partner & Bank account holder can shop online through internet banking, Debit Card or Credit Card with less expense and in faster time from anywhere. Currently Bank Asia account holders are being facilitated e-commerce transaction such as e-ticket purchasing of Bus, Train, Airways and also e-ticket purchasing of Movies, Mobile flexi-load, Hotel Booking, bill payment such as Hospital bill Payment, Advertisement bill payment, Passport bill payment, WASA, DESA, Qubee bill payment, Computer accessories & service related payment, e-Shopping etc. by debit and credit card.

ONLINE PAYMENT SYSTEM OR E-PAYMENT SYSTEM

E-payment is a subset of an e-commerce transaction to include electronic payment for buying and selling goods or services offered through the Internet. Bank Asia has developed the solution which verifies and processes with a verity of secured transaction instruments for Payment of Member/Student fees using their respective Bank accounts, debit/credit cards, EFT, etc.

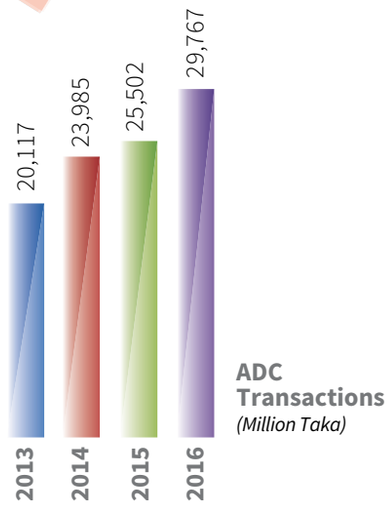
Now Bank Asia facilitates the Payee's (Students, Members, employees) to pay their payables through the internet based online service and offline payment at any Bank Asia Branches/Agent outlets as well as by using their Debit/Credit card.

e-PROCUREMENT SYSTEM

Bank Asia has been providing banking services for e-Government Procurement (e-GP) through its branches. In the meantime, customers have received around 2,000 services from our bank with their utmost satisfaction. This online platform will ensure digitalization of different government project such as Electronic Procurement system. It will ensure efficiency, transparency and accountability in the public procurement process in the country. Currently 56 branches of the Bank have been registered in e-GP system.

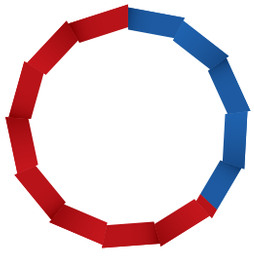
ATM

To have access to round the clock Automated Teller Machine (ATM) provides banking services to its customers 24 hours a day, 7 days a week and 365 days a year. Essential banking services like withdrawals & transfer of funds, Utility payments etc. can be accessed by customers from anywhere in Bangladesh. Total 63% of cash transactions of Bank Asia are done through its 119 own ATMs and more than 5,000+ shared ATMs all over the country. Our bank is planning to invest continuously in a bid to increase and widen its ATM network significantly.





ATM Inauguration at Bashundhara International Convention City

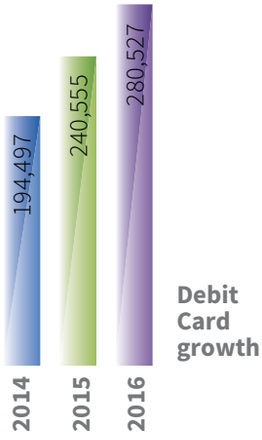


ATM & Branch Transaction Comparison

DEBIT CARD

We have issued more than 300,000 VISA debit card against Savings and Current

Directors' Report



account to facilitate ATM, POS transactions at all ATMs (6,500+) in Bangladesh to access their account 24X7 in 365 days. Card holders are able to purchase in VISA enabled POS machines (35,000+) at various merchant locations all over Bangladesh. Our debit card operations including new Issue, replacement, activation and PIN request are automated which reduced debit card issuance time to 2-3 days from 7-9 days.

PASSPORT FEES COLLECTION

For ensuring digitalization of the government's online MRP and MRV project, the Bank has opened 15 exclusive passport fees collection booths as per department of immigration & passports office instruction under the Ministry of Home Affairs, GoB. We received more than 83,000 passport payments of Tk. 34 crore (approx.) from clients through all our branches and ADC channels. Clients are now having banking facilities for 66 out of 67 RPOs over the country.

PUSH PULL (SMS) BANKING

Bank Asia launched its first generation Mobile Banking facility allowing customers to access their account using M-banking from all mobile phone operators by sending SMS to "6969" and they can instantly access their account, get their account information, make fund transfer and pay bills. Bank Asia is also providing transaction alert message on debit transactions to make them aware and to prevent fraudulent transactions. Our 2nd generation mobile banking facility will enable small savings, withdrawal, and utility bill payment, foreign and domestic remittance to the doorstep of maximum clients at minimum cost.

INTERNET BANKING

Through Internet Banking (My Bank) of Bank Asia allows clients to get a clear state of their financial position and transfer fund to any account within the bank as well as other banks anytime from anywhere in the world. Clients also able to enjoy Mobile Talk-Time recharge facilities for all Telco using net banking. Internet banking security shields the system from any unauthorized users and hackers from all around the globe. It employs encryption and firewall to protect transactions and queries through internet. We have already introduced dual factor authentication (OTP) for all internet based transactions for more security. Now the total Internet Banking user of Bank Asia is 46,957.

NATIONAL PAYMENT SWITCH BANGLADESH (NPSB)

To create a common electronic platform for the switches in Bangladesh, Bangladesh Bank has introduced National Payment Switch Bangladesh (NPSB). It is the mother switch of all other switches in the country. NPSB will facilitate the expansion of the card based payment networks substantially and promote e-commerce throughout the country. We have recently integrated Internet banking system to NPBS on first phase among the three Banks. With this connectivity our customers can transfer fund from their Account to Inter-Bank Accounts and debit & credit cards real time and vice versa.

BANK ASIA SMART APP

Bank Asia SMART Banking app is an integrated internet and mobile banking solution designed to offer customers the widest capabilities across the internet and mobile channels. Smart Banking can offer increased customer experience and manage customer's accounts, bills pay, password change, balance enquiry, statement view, fund transfer, EFTN, utility bills payment, standing instruction, stop cheque, view cheque status, mobile talk-time recharge facilities for all Telco in Bangladesh. Mobile applications are undoubtedly the next wave in the evolution of e-business. Possessing features and functions that are unique to mobile devices, such as mobility, personality, and flexibility, mobile applications are able to provide end-users' added values, including anytime, anywhere access, ability to pinpoint users' locations, and flexibility in arranging tasks.

CONTACT CENTER

Customers may avail total banking support such as details about the bank, product information, accounts related information, Interest rate and exchange rates, card information, nearest branch and ATM locations, retail and SME services, personal loan etc. through short code 16205 where dedicated employees are working relentlessly to serve round the clock 24/7 in full fledge to address the business needs and queries.



SHUTTERSTOCK

EBEK Operation & Social Payment

Bank Asia Limited is the leading Bank of implementing Ektee Bari Ektee Khamar (EBEK) a government project for the ultra-poor people of Bangladesh focusing Poverty eradication and reduce poverty level below 10% within 2021. Government wants to help the poor people by encouraging savings, providing grants, engaging and monitoring their economic activities as a group (Samitee) in each village of Bangladesh. Bank Asia started online banking service for Ektee Bari Ektee Khamar in May 2012. Honorable Prime Minister of Bangladesh has inaugurated the online banking (Bank Asia Designed, Developed and Implemented) services in 2013.

By operating this project Bank Asia opens new window to intensively work for the rural people , especially for the poor people and make a strong relationship with local administration, social and local leaders (UP Chairman and Upazilla Chairman).

Bank Asia is now operating EBEK Banking services to 35 districts having 252 Upazillas aiming to cover 1,320,600 beneficiaries. Already more than 1,266,930 beneficiaries are getting the services under this project and rest of the people will be added within next 6 months. This operation has been spread over 21,816 villages of 2,424 unions. Bank Asia provides online banking services through this EBEK project to unbanked people with good reputation.

It is mentionable that as a role model of financial inclusion EBEK obtained 1st Prize (E-Business and Financial Inclusion category) in Manthan Award in partnership with World Summit Award, Department of Information Technology, Govt. of India, and various other stakeholders like similar organizations engaged in promoting digital content inclusiveness in the whole of South Asian & Asia Pacific nation for development.

With experience to implement of EBEK Project, Bank Asia is now capable enough to provide services to other government projects like Social Safety net Programs in collaboration with Social Welfare Department under Ministry of Social Welfare. (senior citizen allowances, insolvent autism allowances, payments for widow or divorced women allowance, payments of freedom fighters allowance etc.), Moreover, we have another two prestigious projects named SHOUHARDO and EWFSAB (a Pilot Project of CARE International)

EBEK SERVICES AT A GLANCE

(Tk. in million)

Particulars	December 2016
Total Districts Covered	35
Total Upazilla Covered	252
Total Union	2,424
Total Villages	21,816
Total Agents	450
Total Samitees	21,551
Total Beneficiaries	1,266,930
Total Transactions (Tk.)	531
Government Grant Disbursement (Tk.)	8,836
Number of Loan Disbursement	1,999,671
Total Deposit (Tk.)	7,733



His Excellency Honorable Chairperson CIRDAP Executive Committee and Permanent Secretary , Govt. of Fiji Mr. Meleti Bainimarma attended a meeting at EBEK Samittee in Basail, Tangail



Beneficiaries are in queue for opening an account in Jawar Union digital Center at Kishoreganj district

IN STOCK

Directors' Report

Agent Banking

Bank Asia Limited has introduced Agent Banking services as the pioneer in Bangladesh with the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population. Despite substantial bank branch expansion and emergence of micro finance institutions (MFIs), scant access to basic financial services remains a deprivation suffered by large segment of the poorer rural and urban population in Bangladesh. Therefore financial inclusion is viewed as a high policy priority for more inclusive and more equitable economic growth.

A vast majority of Bangladeshi lives outside the full formal banking network (about half of the Adult people) and therefore deprived from unfair money lending practices. The banks have traditionally been very cautious in extending its branches to remote areas. The root causes for the uneven coverage of financial facilities are manifold:

- Long distances and low population density
- High bank cost relative to income
- Less education and illiteracy
- Poor product/channel design
- Awareness and policy support

Bank Asia's Agent Banking success depends on meeting the following objectives:

- Provide secured banking services to the unbanked people throughout the country
- Build Agent outlets all over the country and create financial service entrepreneurs
- Provide foreign inward remittance services to the families of expatriate Bangladeshis
- Provide facilities for utility bill payment
- Passport fee collection, Social safety net payment services, etc.
- Process agricultural, SME & Retail Loan from the agent outlets
- Enable e -commerce services through the agent outlets from remote Areas.
- Promote School Banking in the locality
- Financing in renewable energy sectors as a green banking initiative

Bank Asia made a unique Agent banking module with technology based banking concept ensuring appreciate security with real time banking for customers. Agent outlets are distinctly branded with Bank Asia Agent Banking logo to provide products and services of Bank Asia. Agent Banking transaction are on real time basis and integrated with banks core banking system. Customers get instant information of transaction through mobile SMS and system generated printed money receipts.

AGENT BANKING COVERAGE 2016

Sln	Particulars	No. of Outlets	Coverage
1	Individuals	109	49 (District) 222 (Upazilla)
2	Passport	13	
3	Institution	28	
4	UDC	1,000	
Total Outlets		1,150	

AGENT BANKING PERFORMANCE 2016

Account & Deposit status

Sln	Account Name	No. of Accounts	Deposit Volume (Tk.)
1	Savings	107,080	590,426,123
2	Current	8,120	129,373,560
3	DPS Account	13,506	180,402,839
4	TDS	1068	180,400,569
5	School Banking	2,579	3,656,852
Total		132,353	1,084,259,943

TRANSACTION DETAILS 2016

Sln	Transaction Type	No. of Transaction	Amount of Trans. (Tk.)
1	Deposit	406,616	9,562,975,853
2	Withdrawal	277,598	5,894,400,861
3	Fund Transfer	257,585	10,212,806,425
4	Foreign Remittance	71,795	1,694,350,611
5	Palli Bidyut	726,270	393,853,907
6	Passport Fee	175,509	675,187,163
Total		1,915,373	28,433,574,820

LOAN DETAILS 2016

Sln	Loan Type	No. of Loan	Disbursed Amount (Tk.)
1	SME	851	239,599,000
2	Agri	65	178,55,000
3	Retail	270	79,331,000
Total		1,186	336,785,000

AMARSTOCK

Products	Services

• Current Deposit Account
• Savings Bank Account
• Short Notice Deposit Account
• School Banking Solution
  ◦ Smart Junior Saver
  ◦ School Banking Account
  ◦ School Fee Collection
  ◦ Payroll Banking for Teachers
• Term Deposits
• Remote Banking (EBEK)
• 10 Tk. Accounts
	• Account Opening
	• Deposit & Withdrawal from account
	• Fund Transfer within bank and to any bank in Bangladesh
	• Inward Foreign Remittance payment
	• Utility Bill Payment
	• Balance Inquiry
	• Account Statement (mini)
	• Insurance Premium Collection
	• Passport Fee Collection
	• SME Loan Processing
	• Agricultural Loan Processing
	• Retail Loan Processing
	• Repayment of Loan Installment
	• Disbursement and Payment of Social Safety Net
	• Salary Disbursement Solution
	• A-Card for farmers
	• Debit/NFC Card Services
	• Mobile Top Up
	• Agent Banking Apps
	• Cheque Book facility for Agent Banking customer



Agreement Signing on Financial Inclusion for RMG workers in Bangladesh



Opening of Group Accounts of different associations in the hill districts of Rangamati & Bandarban under the Agent Banking Services of Bank Asia

INSTITUTIONAL AGREEMENT AND NEW INITIATIVES OF AGENT BANKING

- Agent Banking through Union Digital Centres
- Agent Banking partnership with SFDF, BURO Bangladesh
- Strategic Alliances with WFP, USAID, Good Neighbour Bangladesh , SWAPNO, E-commerce solution to be established with the Agent Banking network, CARE, Swiss contact and Metlife Foundation for Sarathi project, Padakhep Manabik Unnayan Kendra, Insurance companies, Ministry of women and children affairs for grant disbursement, USAID for introducing A-Card for farmers
- Innovative Payment platform for Social Safety Net disbursement through NFC card
- Mobile Application for Agent Banking Customer

PLAN FOR 2017

- To ensure bank account for every citizen of the country.
- Extending Agent Banking Service up to union level through a number of 2000 Agent outlets by 2017
- Collaboration with different development organization and institution.
- Establishment of an e-Commerce platform to provide financial flexibility
- Introduction of Insurance Product selling through Agent Outlet
- Service diversification through School Banking, RMG workers, smallholders' farmers, street children etc.
- Facilitation of Social Safety Net payment to cover wider range of the society

FIRSTLOOK

Directors' Report

Payment Service Department (PSD)

Changes of global financial infrastructure, automation of inter-bank payment and settlement systems are considered prime life route of economy, bringing revolution in banking arena, as well as contributing 1% automatic GDP growth in Bangladesh economy.

This department is running with four independent operational units (BACH, BEFTN & RTGS along with MICR cheque service unit). PSD works with multiple process development works and provides extended service facilities to all our valued customers through branches, Islamic windows, Agent banking, Cards Department etc. PSD executed 9,700 transactions on an average over the year Tk. 4.13 billion (approx.) per day. Apart from these, PSD has installed an advanced monitoring dash-board at the department to follow-up the operation status and reviews which is considered unique and fruitful for compliance and enhance efficiency of departmental operation.

In 2016, PSD continued its excellent performance protecting fraud forgery with zero record and enhanced the inclusive services in many areas like issuance of cherub books for Agent banking clients, online BACH EFT and RTGS service , automation of all kind of charges realized by central for BACH ,MICR and RTGS. We also strengthened our services more secured and MIS based and complied most audit observation and implicated dual authentication for account registration, user right creation, limit set and payment irrespective of value in all modules. We also made ready our RTGS system for custom duty and vat online payment to NBR for our customers as soon as Bangladesh Bank declares open in 2017.

The performance of the Payment Service Department of Bank Asia in 2016 was as follows:

PERFORMANCE OF PAYMENT SERVICE DEPARTMENT

	2015		2016		Annual
UNIT	Transaction	Tk. In Billion	Transaction	Tk. In Billion	Growth %
BACH	1,328,769	737	1,424,339	926	25.62
BEFTN	927,196	47	928,996	54	14.55
RTGS	---	---	6,046	20	---
MICR	4.22	---	4.97	---	17.77

In 2016 bank's volume of transaction raised, number of branches increased at the same time, efficiency and performance of PSD was also enhanced by means of a series of trainings and workshops..

TRAININGS AND WORKSHOPS

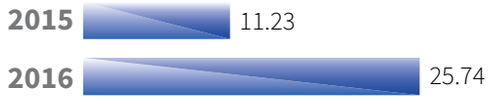
Particulars of Training/ workshop	Arranged by	2015		2016	
		No	Participants	No	Participants
Day-long training	BAITD	2	74	5	151
In house	PSD	6	22	8	17
RTGS Workshop	BAITD	2	61	1	25
Rally in Divisional Cities	BB	1	17	4	27

In 2017, we will focus i) to develop technical capacity of PSD in accordance with Bangladesh Bank future plans towards migration in upper grade, inclusion of Foreign Currency transaction, ii) expansion of RTGS services to branches and iii) launch a crush training program to build awareness about the modern services of banking among the officers and customers of bank.



Inaugurating of RTGS Dashboard screen

Revenue contribution of PSD
(Tk. in million)



ANNUAL REPORT STOCK

People Management Division (PMD)

Bank Asia Limited being a third generation private commercial bank of the country took the privilege and set an aim for the year 2017 to continue its efforts to convert its human resources into human capital. To reach the aim, bank is going to emphasize on enhancing proper knowledge and expertise of the staff with focus on customs and etiquettes with professional behavior and personality traits. Bank is also committed to ensure corporate values such as togetherness, mutual respect, integrity etc. to ensure smooth conversion. People Management Division (PMD) focuses on building capabilities using employee management and set strategies that align with organizational goals for aiming to create Bank Asia as a 'preferred employer of the choice'.

PMD encourages employees to move forward to establish corporate values in terms of customer centricity, quality, responsible citizenship, building the future.

STRATEGIC FOCUS

PMD goes further and pursues a strategic and coherent approach in managing human resources. In particular, BAHRD performs four roles: Strategic Partner, Change Agent, Administrative Expert and Employee Champion. Graphically the above four roles can be depicted as follows:

FUNCTIONS

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



EMPLOYMENT

Transparent recruitment process, recognizing and allocating sufficient time for recruitment established confidence in interviewer and interviewee as both the parties have the opportunity to



express and understand views, ideas, expectations and objective of each other. Bank Asia generally conducts two types of recruitment. One is fresh hiring and another is lateral hiring. For the fresh hiring, Bank Asia generally engages highly illustrious consultancy firms to conduct the assessment professionally. To recruit proven leaders as lateral entrants, Bank Asia sets customized committee who is responsible to identify the best among the bests.

EMPLOYEE DISTRIBUTION IN BRANCH AND CORPORATE OFFICE

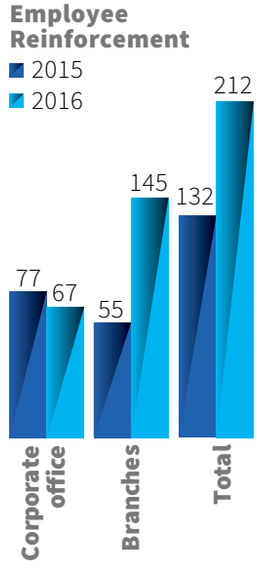
We have 7% growth in number of employees from 1,839 in 2015 to 1,970 in 2016.

BANKSTOCK

Directors' Report

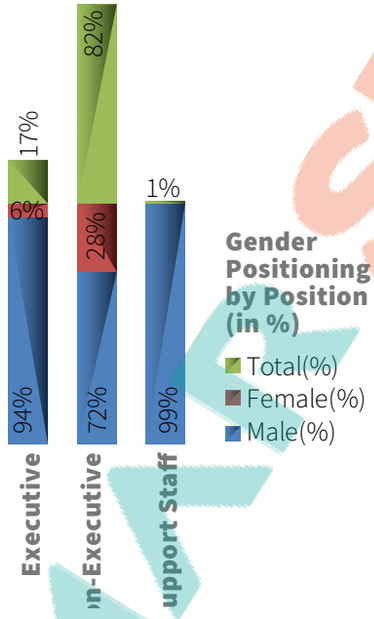
EMPLOYEE REINFORCEMENT

In the year 2016, a total of 212 employees vis-a-vis 132 in 2015 were recruited to strengthen the human capital of Bank Asia. New workforce supported the continuous expansion of the bank activities as well as reduced the domain gap.



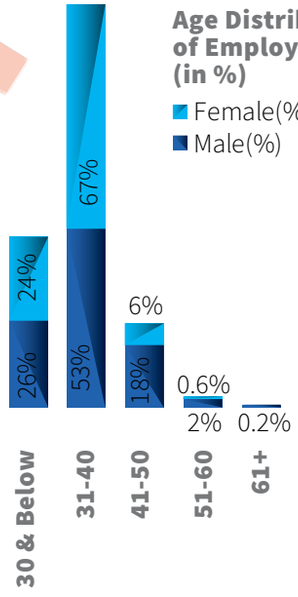
GENDER DISTRIBUTION BY POSITION

In a total of 1,970 employees, overall male female ratio stands at 77:23 where woman employees are mainly concentrated to non-executive segment.



AGE DISTRIBUTION

Bank Asia has a relatively younger segment in its overall employee pool where 57% of the employees fall in 31-40 year age bracket.



REGIONAL DISTRIBUTION OF EMPLOYEE

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



Regional Distribution of Employees (in %)

Dhaka **38%**
Chittagong **31%**
Sylhet **4%**
Rajshahi **8%**
Barisal **5%**
Khulna **12%**
Rangpur **4%**

PERFORMANCE MANAGEMENT

Bank Asia believes that performance based work culture plays a critical role in creating a sustainable workforce that values performing employees, while also supporting the company's bottom line. Bank Asia established a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-à-vis set target of a given year. Bank Asia's performance management system is designed in a way which impacts on three way benefits.

Organization's Benefits	Improved organizational performance, employee retention and loyalty, improved productivity, overcoming the barriers to communication, clear accountabilities, and cost advantages.
Manager's Benefits	Saves time and reduces conflicts, ensures efficiency and consistency in performance.
Employee's Benefits	Clarifies expectations of the employees, self-assessment opportunities clarifies the job accountabilities and contributes to improved performance, clearly defines career paths and promotes job satisfaction.

LEARNING AND DEVELOPMENT

Bank Asia believes that giving employees the ability to develop and build current skill sets is a great way to improve employee morale. It makes employee feel competent and empowered in their work both in the day-to-day basis and in the long term. Development of employee skill is a continuous process. We consider training as a planned effort to facilitate employees learning of job related competencies.

BANGLADESH STOCK

BANK ASIA TRAINING INSTITUTE FOR TRAINING & DEVELOPMENT (BAITD)

Bank Asia Limited has modernized BAITD at new venue with new facilities. It is expected that the new institute will bring change in attitude of manpower at individual, task and organizational level. BAITD is ready to organize need-based training program to cope with changes and introduction of new concept, idea and technology for achievement of business strategy of the Bank. Now BAITD is equipped with 3 classrooms with seating arrangement of 64 persons, 1dining hall, 1 library with more than thousands of collection, 1 computer lab having capacity of 24 PCs, 2 floors for residential accommodation with a capacity of 28 people, 1 gymnasium & 1 common room.

5 (FIVE) OBJECTIVES TO BE ATTAINED THROUGH TRAINING

i. To impart basic knowledge and skill to new entrants
ii. To assist the employees working more effectively by exposing them to the latest concepts, information, techniques
iii. To build up a second line of competent officers
iv. To impart knowledge about customer satisfaction
v. To broaden the capacity of the senior managers by providing them opportunities to interchange their experiences with a view to widen their outlook

NEW FOCUS BY BAITD FOR 2017

1. Inclusive banking
2. Islamic banking
3. IFRS and financial statement of banks
4. Enhancing service quality in banks
5. Disaster recovery management
6. IT security and fraud prevention in banks

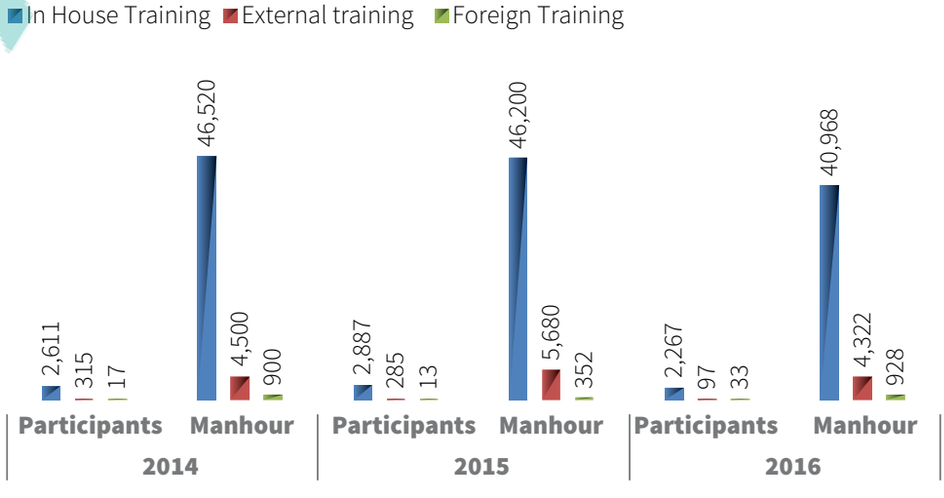
TEACHING FEATURES & TRAINING TYPES

Teaching Features	Training Types
a) LBQ method (Learning By Question)method b) KPN (Key Points Note) c) CSA (Case Study Analysis d) GDT (Group Dynamic Techniques	a) Induction courses (for newly recruited Management Trainees, Probationary Officer, Teller and other officers) b) Foundation courses (covering all the core areas of branch banking: General Banking, Credit and Foreign exchange) c) Regulatory course (Prevention of money laundering & combating financing on terrorism) d) Awareness program (Internal control system of our bank) e) Reporting courses(Integrated Supervision System-ISS reporting), RTGS operation etc. f) Motivational courses (Customer service, good etiquette etc.) g) Non-traditional courses (Inclusive financial literacy, BEFTN & RTGS)

TRAINING BY DIFFERENT INSTITUTE

Name of the Institute	Year 2016	
	Persons	Hour
BAITD	2,267	40,968
Bangladesh Bank	87	408
BIBM	110	1,880
Overseas/Foreign Training	33	928
Other Institute	80	2,034
Total Participants and Manhour	2,577	46,218

Training by Different Institution



Directors' Report

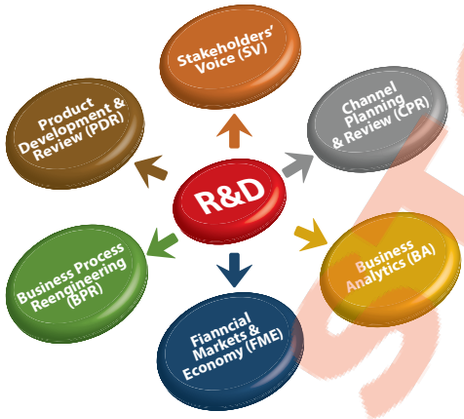
Research & Strategy

The Research & Strategy Division (R&S), a new concept in the banking industry of Bangladesh, can be seen as a bold step in materializing Bank's vision to engender a division that would provide research-based, holistic and unbiased view and act as a guiding force in attaining Bank's mission, vision and goals. Since, research and strategy are so closely interrelated, a permanent and formal link between these two in the form of a Division may enhance organizational synergy.

FUNCTIONAL ORGANOGRAM OF R&S



FUNCTIONAL ORGANOGRAM OF R&D



FUNCTIONAL ORGANOGRAM OF OSM



KEY JOB RESPONSIBILITY OF UNITS UNDER R&S

Research & Development (R&D):

- Providing unbiased, scientifically derived and 360-degree review of issues related to the bank in particular and the financial system in general to the management and the Board.

OFFICE OF STRATEGY MANAGEMENT (OSM)

- A top-line coordination and facilitation role in development and communicating Strat-Plan of the Bank.
- A leading role in review and monitoring of Strat-Plan of the Bank

MAJOR ACTIVITIES IN 2016

In the 1st year of commencement, the R & D Division has successfully completed the following strategically important projects of the Bank:

1. Concept Note on SME Banking Business Model
2. Loan Management Cycle through Agent Banking
3. Agent Banking Strategy Review
4. Concept Note on Implementing Regional Offices
5. Pan Country Business Potentiality Study
6. Branch Business Feasibility Study – An unique effort to make a footprint of the bank on a particular locality on the basis of business feasibility research
7. Identifying Key Reasons for Incurring Loss & Possible Remedies for Loss Making Branches
8. Business Budget for the Branches of Bank Asia for 2017
9. Comparison of Key Performance Indicators: Conventional vis-à-vis Islamic Banking

AMARSTOCK

Capital Strengthening

Bank Asia is always committed to ensure sustainability in doing business including capital adequacy to support healthy growth of business. In this pursuit Bank Asia successfully closed its second subordinated bond of Tk. 3,000 million in February 2015. Upon the issuance of this 7 year floating rate non-convertible subordinated bond as Tier 2 capital of the bank the CRAR (Capital to Risk weighted Asset Ratio) reached to 12.42% as on December 31, 2016 against required 10%. To support healthy business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap Bank Asia has decided to further issuance of Subordinated Bond of Tk. 5,000 million as Tier 2 capital in 2016. In this regard, Bank has already received consent from BSEC (Bangladesh Securities and Exchange Commission) on December 21, 2016 and Bangladesh Bank approval on March 29, 2017 where SCB (Standard Chartered Bank) is working as Lead Arranger.

Anti Money Laundering

Now a days Money Laundering(ML) and Terrorist Financing (TF) is a burning issue all over the world as well as our country. From the 9/11 terrorist attacks in New York and Washington, ML & TF have been considered as a bad sign on a country's economy. For the reason, Combating ML and TF is therefore key element in promoting a strong, sound and stable financial sector. Besides this, ML & TF have major impact on a country's economy as a whole, impeding the social, economic, political, and cultural development of societies worldwide. In the Banking arena Bank Asia plays a vital role from the very beginning as a front runner in prevention of ML & combating TF through executing various rules, regulations, manual on AML & CFT issues, Customer Acceptance Policy, ML & TF risk management guideline etc.

The techniques of Money Laundering (ML) and Terrorist Financing (TF) are ever evolving process. The methods and techniques used for money laundering and terrorist financing are changing in response to developing counter measures. Sophisticated techniques have been used to launder money and finance for terrorism adds to the complexity of these issues. Under the law of Financial Action Task Force (FATF), fund lying with foreign correspondence banks might be frozen, if any link is found with terrorist activities. Bank Asia's Management is always aware to mitigate the risks by taking various ladder on the regular basis through Anti Money Laundering Department (AMLD) under supervision of Chief Anti Money Laundering Compliance Officer (CAMLCO) and Deputy Chief Anti Money Laundering Compliance Officer (DCAMLCO). In the Branch level, Branch Anti Money Laundering Compliance Officer (BAMLCO) and Branch Anti Money Laundering Officer (BAMLO) are very much lively to prevent ML & TF independently and would make the Bank compliant on these issues. Assignment of two officials (BAMLCO & BAMLO) in the branches is a stronger commitment for mitigation of ML & TF matters which is different than the peers. He/she is overseeing all activities regarding AML & CFT issues from account opening to reporting suspicious transaction. From this year branch has started screen of local and foreign sanction list (US, UN, OFAC etc.) through a software called as "AML Solution"for probable/ existing/floating customers before provide any banking service to them. The regulatory requirements are being complied with and the ML & TF Risk Management Guideline, BFIU Circular-10 (Master Circular) and other manuals, policies, circulars, circular letters, Money Laundering Prevention Act, 2012 (Amendment, 2015) and Anti Terrorist Act, 2009 (Amendment, 2012 & 2013) are being followed by the Bank for opening of new accounts, monitoring transactions,up to date TP & KYC, reporting of CTR and STR. It is mentionable that Bank Asia is one of the best complaint bank on AML & CFT issues. Anti Money Laundering Department conducts Audit & Inspection independently at least once in every year for all the Branches, SME Service Centers and Islamic Windows of our Bank to identify lapses/ irregularities related to account opening, preparation and update of KYC and other related issues, preparation of accurate Transaction Profile (TP) and to build up the knowledge about AML issues/matters. AMLD is also inspecting Agent Point/Outlet of the Bank which have been operating under the umbrella of Agent Banking. Moreover, AML Department responds to queries of foreign banks under US Patriot Acts and also attends to the account queries of different competent authorities. CAMLCO and DCAMLCO of our Bank has been participating in the CAMLCO Conference every year. Bank Asia has been arranging District Level AML related training as lead bank for officials of all schedule Banks operating in the district(s). AMLD always arranges and conducts AML training/workshops to train all the employees of our Bank and maximum of the employees of both Branch and Corporate Office has already obtained AML & CFT related training/refresher training. The total number of employees of our Bank (both Corporate Office & Branches) were 1,970 as on December 31, 2016. Among them 1,906 numbers of employee obtained training regarding AML & CFT issues.

The break-up are shown in the following table:

No. of employees in Branch level	% of employees	No. of employees in CO level	% of employees
1358	98%	548	91%

In 2016, AML Department arranged and conducted 16 AML training/workshop to train the employees of the Bank including sub-agent to meet up our regulatory requirement where 678 participants were attended. As a result, officials become aware and conscious regarding AML & CFT matters.

Directors' Report

Branch Operation

The greatest achievement by the Branch Operations Division (BOD) this year is that the Bank's Operation Manual has been finalized. Under the guidance of BOD more than Tk. 2,220.00 million worth different kind of Sanchaypatra have been issued through the Branches of Dhaka based Branches during the year 2016 and also realized Tk. 467 million from Bangladesh Bank being the sales proceeds and earn around Tk. 5.40 million as sales commission. Issued a total number of 373 Instruction and Information Circulars on different regulatory issues as well as Bank's internal policy. During the year 2016 BOD has issued 41 PA numbers from Branch Operations unit.

During 2016, 'Central Customer Service & Complaint Management Cell (CCS & CMC)' ; the wing of BOD has handled 87 complaints and resolved those complaints very sensibly and efficiently. In this regard BOD has guided the branches for the improvement of institutional & individual ethical standard, to ensure better customer service quality and to demonstrate customer awareness program. All sorts of complaints/grievances received were attended and resolved professionally. BOD also assisted in choosing the best suitable location for new Branch premises.

Moreover, BOD is monitoring CASA Account opening trend of the Bank on daily basis. The division also monitors the performance of loss making branches and suggests remedial measures and report to the senior Management.

Logistics and Support Services

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. In a banking business environment, integrated logistics support services is a management function that provides planning, design and support business operation through infrastructure development, procurement, inventory, warehousing, distribution, transportation etc.

MEJOR ACTIVITIES IN 2016

- Opened 7 new branches, 1 Collection Booth and 10 new ATM booths at different places of the country.
- Six storied beautifully designed with state-of-the-art commercial building has been constructed at Bank's own land at Lalmatia, Dhaka, where Bank Asia Institute for Training and Development has been relocated.
- Vertical extension of Dormitory for Nurse's Hostel at Bangabandhu Sheikh Mujib Medical University (BSMMU) and also OPD Building of Holy Family Red Crescent Medical College Hospital, Dhaka.
- Started 12 storied own Building Complex at Kawranbazar, Dhaka.
- Started 10 storied own Building Complex at Sukrabad, Dhaka.
- Construction of Reading Room for students of Begum Badrunnessa Govt. Girls College under CSR program.

Recovery

Special Asset Management Division (SAMD) is one of the vital divisions 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 the Bank. Besides above off-site supervision cell within the SAMD are also monitoring all classified loan accounts.

In 2016, SAMD with the help of respective branches has recovered Tk. 6,641.49 million from nonperforming loan accounts as under:

Million Taka

Sl	Particulars	Year 2016
1	Cash Recovery from Old CLs (as on 31-12-2015) during the Year	483.20
2	Cash Recovery from included CL during the Year 2016	1,377.29
3	Cash Recovery from Rescheduled & Restructured UCLs during the Period	4,749.19
4	Cash Recovery from Written off loan during the Year/Period	31.81
	Total	6,641.49

Moreover, 61 nonperforming loan accounts covering outstanding of Tk. 421.25 million have been amicably settled. Apart from the above, Tk. 10,779.82 million has been regularized/rescheduled up to December 2016 by the effort of the Division.

During 2016, out of total 219 number of pending Artha Rin suits valuing Tk. 11,940.87 million, a cumulative number of 131 Suits valuing Tk. 5,618.42 million have so far been decreed in favour of the bank out of which 16 number of suits valuing Tk. 791.72 million have decreed. Apart from obtaining decree against major number of suits, cumulative recovery from suits (both finally disposed of and pending) stands at Tk.1,072.80 million out of which Tk. 280.56 million have been recovered in 2016.

RISK BASED CAPITAL ADEQUACY

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

CORPORATE GOVERNANCE

Corporate governance is a concept referring to the ideal mode of ensuring firm's accountability to its various stakeholders through a strict system of internal controls and procedures. 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 and 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 of summary sustainability report.

CORPORATE SOCIAL RESPONSIBILITIES

Bank Asia has always been enduring its efforts to look beyond short-term quantitative gains rather concentrates on issues that make the institution socially responsible. It gives all out efforts towards sustainable balanced growth. We are committed to social and environmental well being and strive to ensure sustainable balanced growth in economic, social and ecological arena.

In the year 2016, Bank Asia performed various CSR activities alongside its three major programs – Higher Study Scholarship, Construction of BSMMU and support to cold and flood hit people. The Bank's contribution in CSR was Tk. 109.06 million in 2016. CSR activities will get accelerated pace in future to unveil more deserving areas through Bank Asia foundation. Detailed CSR activities, programs are described in a separate segment of Summary Sustainability Report.

GREEN BANKING

Bank Asia believes in eco-friendly and socially responsible banking system which drives the whole nation towards a healthy environment and presents an excellent and hazardless banking. In order to protect/balance the environment, Bank Asia is spreading its wings by introducing both in-house and external Green activities towards supporting Green Economy. Energy efficient in-house Management through reduction of energy and resources 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, brick fields using Hybrid Hoffman Kiln (HHK) and tunnel Kiln Technology, CNG conversion projects, effluent treatment plant etc. are of prime focus of the Bank. For a sustainable economy Bank Asia plays crucial role in financing environment friendly projects led by green banking that believes in social responsibility. In 2016, Bank Asia approved the non funded limit of Export financing for ETP of Tk. 53.20 million to Robintex (Bangladesh) Ltd. (a sister concern of Robintex Group). Bank Asia also financed for Valmont Fashion Ltd. Tk. 10.10 million and disbursed Tk. 4.95 million for importing Fire Alarm, Fire Detection system and Fire hydrant System for compliance of the project and procuring materials/ equipments/ accessories from local sources and installation of Fire system. For better energy efficiency and lower emissions, Bank Asia also financed Tk. 97 million in 11 projects to set up Zigzag chimney. We saved Tk. 21.85 million by using e-Statement, SMS Banking SMS Alert, net Banking, E- Fund Transfer, digital attendance, E –Mail correspondence etc.

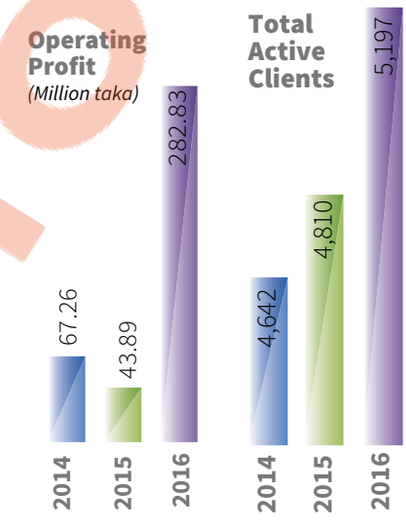
AMARSTOCK

Directors' Report

Bank Asia Securities Limited (BASL)

Bank Asia Securities Limited (BASL), a majority owned subsidiary company of Bank Asia Limited started commercial operation independently from April 17, 2011 having 07 outlets across the country with a paid up capital of Tk. 2,000 million. Bangladesh Capital Market faced a mixed trend throughout the year in 2016. It was much bearish in the 1st quarter of the year. After a substantial fall down up to April, it was in a retrieval mode up to October, whereas it was in bearish trend in 2015. Total Market capitalization of Dhaka Stock Exchange stood at Tk. 3,412.44 billion as on December 31, 2016, from Tk. 3,159.75 billion as on December 31, 2015 representing a growth of 8%.

BASL has been continuing the position of DSE's Top-20 in terms of daily turnover throughout the year. Operating profit stood at Tk. 282.82 million as on December 2016 which was Tk. 43.89 million in December 2015. Number of total active clients reached at 5,197 in 2016, which was 4,810 in the previous year, representing a growth of 8.05%. Margin loan outstanding stood Tk. 5,488.27 million in 2016, which was Tk. 5,447.80 million in 2015, representing a negative growth of 1.97%.



BA Exchange Company (UK) Limited

Since inception BA Exchange company (UK) Ltd. has turned to profit making company for the first time in 2016. The main challenge is to retain the business and the key will be competitive pricing for long run success. Brexit has caused the Sterling to fall sharply against Dollar by almost 20%. Inflation is also increasing since then and may continue throughout the year ahead. So we need to be pro-active rather than reactive.

The fall in the rate will obviously put people off from remitting but this should be back to norm once the lay people understand that the change is not a blip and the sudden fall was because the result was not anticipated and the markets simply reacted to take it to its new norm.

The ATM installed at our premises for our customers since February 2015 is bringing in a steady revenue and we are in pro-tracked talks with a third party in relation to a potential new business stream, but unfortunately this has stalled due to internal restructuring of that business. It is still in the pipe line but the likelihood is not so high but we are still pursuing this. The agreement with Western Union is working well in sending money globally and will bring in non-Bengalis and we are also attracting the sale of foreign currency, though this is very passive. The availability of funds could help to improve income from this source as there are regularly customers who are being turned away.

With the prudent directives of the board and management, hard work of our counter staff, unique marketing, improved service process making us one of the most preferred choices of remittance partner by expatriates living and studying in the UK. We carried out a survey on our services where 86% of our customers rated us excellent and rest as very good. So our continuous endeavor will be deployed to improve service excellence further and convenience of our customers.

Year	Invoice	Remittance (Million USD)
2015	13,119	8.93
2016	17,570	12.35



INITIATIVES IN 2016

- Installed an ATM at branch that yearly generates GBP 6,000
- Established agency arrangement with Western Union to send money globally

FUTURE PLANS

- Entering into collaboration with Currency Exchange (CEC) to increase BAE's presence in 30 locations in the UK without major establishment cost
- Appoint agents in the 3rd & 4th Quarter of 2017 after getting approval to act as an API
- Start L/C Advising facilities by 1st Quarter of 2017

AMARSTOCK

BA Express USA Inc.

BA Express USA Inc. was officially launched in 2014. Now it has two branches, one in New York and the other in Brooklyn. Through launching of these 2 branches in USA, it serves its customer by remitting their hard earned money through out the year. To provide easy, low-cost and convenient remittance opportunity for the Bangladeshi community living in NewYork BA Express received remittance of USD. 29.91 million in volume through 63,944 number of invoices in 2016.

Year	Invoice	Remittance (Million USD)
2015	64,973	34.44
2016	63,944	29.49

INITIATIVES IN 2016

- Established agency arrangements with 34 agents across New York
- Incorporated new agents to increase remittance volume

FUTURE PLANS

- Increase selling Volume
- Reduce operating expenditure
- Generate minimum critical volume (i.e. USD 3.41 million monthly) to reach 'no loss no income' state
- Expansion of collection and distribution channels

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

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

OUR GRATITUDE AND THANKS

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

On behalf of the Board of Directors

A.M. Nurul Islam
Vice Chairman

M Shahjahan Bhuiyan
Director

AMARSTOCK

Our Approach to **INTEGRATED REPORT**

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

Our IR gives a clear indication of our business model, strategic focus, resource allocation and future outlook to help the stakeholders evaluate the Bank's intrinsic value creation capability. In our fourth Integrated Report to the Bank's stakeholders we focused more on risk and opportunities through risk management disclosures, corporate governance, and sustainable banking initiatives with a view to highlight Bank's overall performances of 2016 and discuss the key factors that are material to its present and future value creation. We identify that we must effectively manage our resources and relationships to ensure attractive returns on our investment over the long term. We have also tried to keep this report concise, consistent and complete, including all material matters, both positive and negative in a fair way and without material inaccuracy.

Since inception, Bank Asia has been directed with the vision of making a poverty free Bangladesh. Our mission, goals are set based on the vision and continuously driving for the well being of the people. Keeping this in mind, we are expanding the base of our sustainability business frame work through contributing in building the society, strengthening governance issues, value creation for our shareholders and responsible business complying environmental issues. Stakeholders have become more concerned about the company's activities whether it is earning by doing ethical business.

By the journey of preparation each year IR gives us new insight on how to improve the report for the stakeholders and tried to make it more informative and accessible. Here we welcome any feedback on its ideas, design, content and comments can be directed to

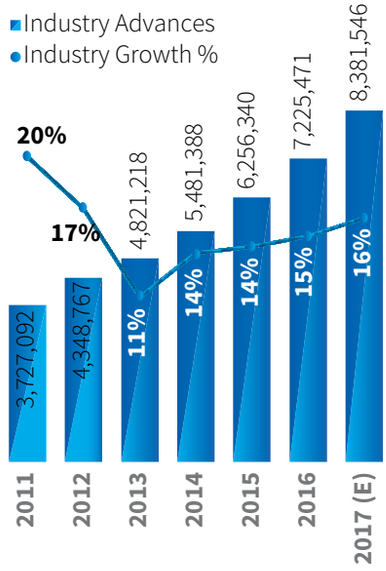
arteam. ba@bankasia-bd.com

sustainability report covering economic, environmental, human resource & social aspects

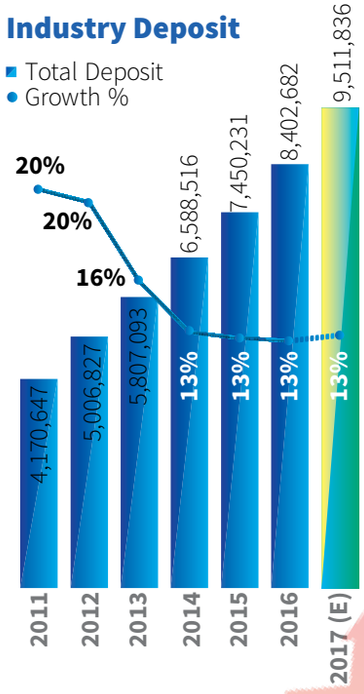
AMSTOCK

Deposit and Advances Strategies

Industry Advance



Industry Deposit



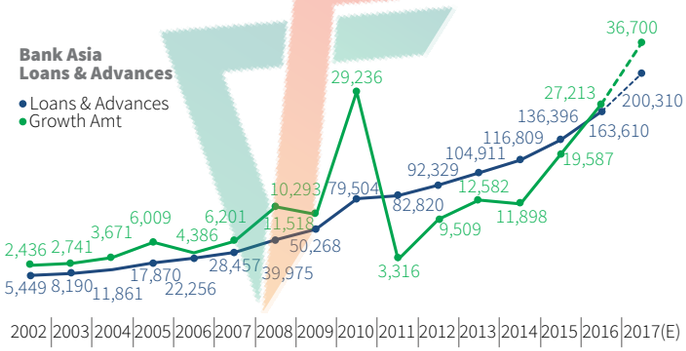
DEPOSITS STRATEGIES

- Taping different government agencies e.g. Foreign Missions, Roads & Highway, LGED, Bangladesh Bridge Authority etc, and also other different corporate houses, e.g. Foreign Air Lines, Telecom companies etc. and maintaining regular intense social interaction with different segments of the society.
- Cross Selling of different products including retail to corporate customers.
- Exploiting the growing rural deposit basket by setting- up smaller size low cost rural branches and establishment of most important channels like EBEK (Ektee Bari Ektee Khamar), Agent Banking etc.
- Offering cash management services, i.e. collection of institutional accounts and effective use of EFTN service to ensure fast & secure cash service.
- Rigorous CASA campaign, Hajj deposits campaign and so on.
- Exploit mobile banking services to tap huge low ticket domestic remittance and mobile wallet to facilitate retail shopping.

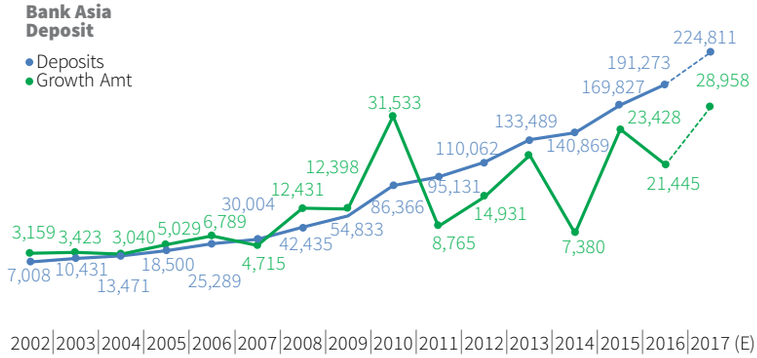
ADVANCES STRATEGIES

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

Bank Asia Loans & Advances



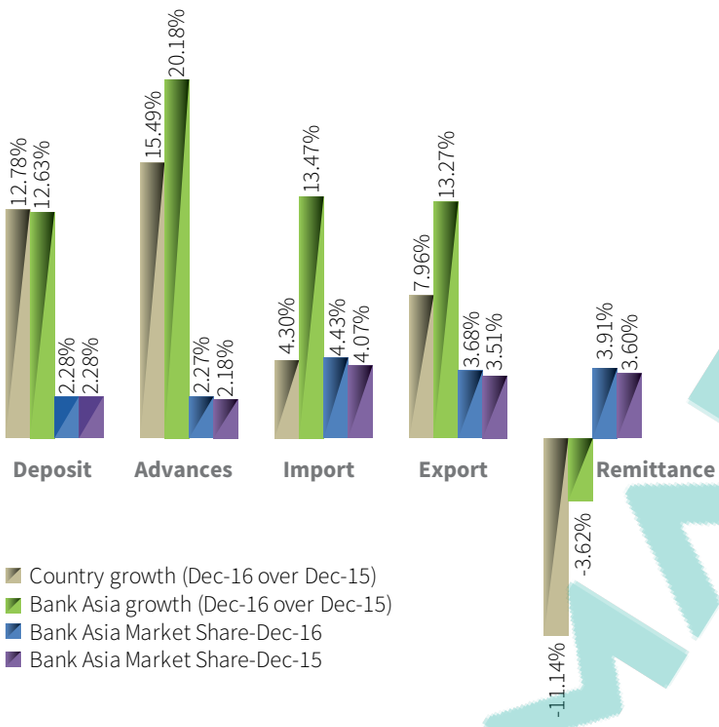
Bank Asia Deposit



Import and Export Strategies

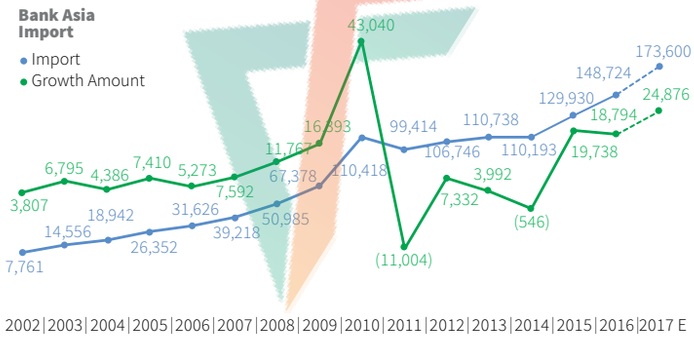
Country Position Vs Bank Asia Position

Percentage %



IMPORT & EXPORT STRATEGIES

- Arranging credit lines for foreign currency from international agencies to facilitate international trade business particularly import clients at a competitive rate and the country as a whole will get benefit of building foreign exchange reserve.
- Marketing for not only established business houses but also the potential clients having strong entrepreneurship spirit to grow.
- Garments sector will be more focused where tested and potential clients will be in the portfolio basket under the regime of calculative risk return trade-off.
- Emerging ship building and ship breaking sectors will explore new opportunities which the Bank will tap for increasing international trade.
- Industries having backward linkage will yield better opportunity and reduce risk exposure.
- Focusing on service export sectors like IT and Education.





AMAR STOCK

Future Orientation

There are some challenges for the year 2017 and we also expect some opportunities in this year. It is essential that we make an intensive effort to move forward towards achieving the goal.

CHALLENGES

1. The country's inward remittance dropped to a six-year low to $13.61 billion in the just-concluded year might hit the growth of the country's projected GDP of 7.2%.The issue should be addressed by the authorities concerned immediately to boost the inflow of remittance through banking channel.

2. Last year's cyber-attack on Bangladesh Banks reserve was an unprecedented phenomenon for the Banking sector of Bangladesh. But Bangladesh Bank is trying their best to recover the stolen fund.

3. Highly inconsistent interest rates of deposits and lending of banks in the country stand as a stumbling block to bank's investment. In some banks and financial institutions, deposit interest rates have come down to 5.0 to 6.0 %. This unrest situation is not very beneficial for banking sector rather it decreases the overall profitability of the banking sector.

4. It has been too long that falling oil price affected the overall economic condition of the world but the price setting policy of the government in this regard may not be benefited the retail consumers and the business enterprises.

5. The high rate of non-performing loan is an acute problem and as such it is really difficult to clean up. But to ensure sustainable development in banking sector a comprehensive plan should implement immediately.

6. Huge amount of reserves shows lack of growth in public and private investment, a major concern for the banking sector which will decrease banking activities

7. State owned commercial Banks are failing to maintain the minimum requirement pf CRAR. This underperformance of banking sector brought down the total share below the minimum requirement.

8. As both return on assets (ROA) & return on equity (ROE) declined in June 2016 compared to that of December 2015. The profitability and earning ability of Bangladesh's banking sector has been declining over the past few years.

9. From banks' perspective, maintaining service quality, keeping compliant with the regulator, retaining agents in the business and business continuity in case of agent-exit are also major challenges.

10. Enormous capital expenditure like the Padma Bridge and the Metro Rail project can hazardously reduce national saving and remittance reserve which may lead an adverse situation in banking sector.

OPPORTUNITIES

1. Dhaka Stock Exchange (DSE) started the year with an all-time high record of the market capitalization. The rise in turnover and index the two most important indicators of the market in general suggests that the investors' confidence in the market is coming back. So this positive movement in stock exchange may show more prospects.

2. Gradual Growth of import gives a positive signal regarding imminent investment and economic activities that may show Bank Asia more opportunities.

3. Continuous growth in agricultural, industrialand service sector as well as downward movement of inflation rate can increase the performance of banking sector.

4. Bank Asia's ongoing financial inclusion program like "EBEK'' & "Agent Banking" can create generous opportunities that present in the geographically dispersed segment of Bangladesh.

5. Globally, Bangladesh is getting more export orders since the largest apparel exporter, China is losing market share due to high production cost and shortage of skilled manpower, from which Bank Asia may grab business opportunity.

6. Agent banking has registered a 52% quarterly growth in total amount transacted in the 3rd quarter of 2016. Bank Asia is leading the path with 1200 agents among the existing 12 licensees of agent banking.

7. The Recent rise of Smartphone user and internet usage on cellular devices has created a possibility of taking banking activities more on digital platform. Launching banking application for the new generation & to make banking easier for smartphone users will inspire customer to take technological advantages.

8. Private entrepreneur's tendency to draw foreign loans declined recently. As local banks are full with credits and both term loans and working capital are available at single digit; Interest of private entrepreneurs in internal borrowing is growing gradually. Hopefully Bank Asia will grab the opportunity.

9. A good number of foreign investments and employment opportunity can be expected to generate for the mega projects like Metro Rail project, can give Bank Asia new business potentials.

VALUE STOCK

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

BUSINESS KPI'S

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

BUSINESS KRI'S

Bank Asia has chosen some forward looking key risk indicators (KRIs) to focus on emerging risk to recover, improve or maintain its performance. Bank Asia is committed to create good risk culture that includes clear guidelines,clear responsibilities and risk awareness programs to identify.

KRIs: Emerging impediments to financial performance, regulatory status, Asset growth outpacing capital growth, increase in SMA in the bank's geographic location or customer cluster, increase in approvals of credit proposal exceptions, increase in percentage of interest on loans to total loans, significant changes in funding mix period to period.

MENTORSHIP PROGRAM FOR BRANCHES

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

CUSTOMER SATISFACTION

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

GOING GREEN IN THE FUTURE OF BANKING

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

PROMOTING FINANCIAL INCLUSION

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

GIVING BACK

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

Resource allocation area	Human Resources	Office equipment (Tk.)	Floor space (sq. ft.)
Business Head	1	520,915.93	336.17
Zonal Office	4	2,083,663.73	1,344.68
Branch Banking Services	1,407	732,928,716.20	472,992
MD's Secretariat	7	3,646,411.52	2,353.19
HR Planning & Manning	33	17,190,225.75	11,093.63
Operations Support	72	37,505,947.10	24,204.29
Finance Function	16	8,334,654.91	5,378.73
Treasury Function	14	7,292,823.05	4,706.39
Loan processing & supervision	213	110,955,093.50	71,604.35
International Operation	68	35,422,283.37	22,859.61
Information Systems	87	45,319,686.08	29,246.85
Board Secretariat	9	4,688,243.39	3,025.54
Internal Audit & Compliance	39	20,315,721.34	13,110.66
Total	1,970	1,026,204,385.87	662,256.23

Our Activities and Values

EXTERNAL FACTORS

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

BUSINESS ACTIVITY

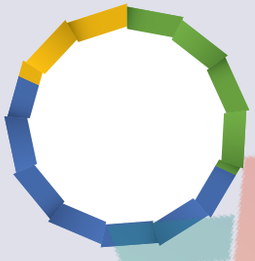
- By using deposited money placed by customers and other surplus entity to facilitate lending to the customers with proper utilization of existing capital by minimizing risk through approved regulatory environment
- By accelerating investment and build up capital through offering quality banking facilities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

VALUES THAT MAKES US STRONGER

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

VALUE CREATION ACTIVITIES

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



Growth of Employees

7% 2016
4% 2015
11% 2014

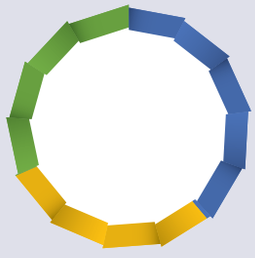
We recruit talented people and train them so that they can increase the company's value by giving their best effort and labor



Tax Amount
(Taka in million)

4,349 2016
3,901 2015
3,488 2014

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



Reinvestment
(Taka in million)

4,180 2016
3,197 2015
3,399 2014

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

AMARSTOCK

Our Activities and Values

BANK ASIA'S VALUE CREATION ACTIVITIES

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

THE VALUE WE HAVE CREATED

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

We always believe that one of our greatest strength is Human Resource and for quality and value added service to the stakeholders, we frequently arrange training and development programs to our employees. We have also made 7% growth in employment creation from last year. Using the available stocks of capital, we create value through our integrity of banking infrastructure. Ultimately, the most significant outcomes of our business activities are contribution to socioeconomic development, which we are achieving through profitability. Thus, in 2016 Bank Asia proposed 12% stock dividend and paid a tax amount of Tk. 4,349 million. As the Basel Capital Accord (Basel) requires banks to allocate financial capital to meet capital requirements, so we facilitate allocation of capital to support economic growth and in 2016 our reinvestment amount was Tk. 4,180 million. In addition, we had Tk. 21.85 million as environmental savings and as financial inclusion we are serving 1,266,930 beneficiaries through our EBEK and 132,353 account holders through with a growth of 160% agent banking program respectively. To protect and enrich value creation, we build value based culture and maintain strong systems and governance frameworks.



Environmental Savings
(Taka in million)

21.85 2016
18.14 2015
13.86 2014

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



Beneficiaries of EBEK

1,266,930 2016
1,147,125 2015
1,055,579 2014

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



Deposit of Agent Banking
(Taka in million)

1,084 2016
374 2015
343 2014

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

I AM A STOCK

Risk Management Report

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

	Risk management section
1. Risk overview	**1.1** Risk overview **1.2** Risk Management **1.3** Risk Management Principal **1.4** Risk Management Approach **1.5** Risk Management Oversight **1.6** Risk Profile **1.7** Focus areas for 2016
2. Board Responsibility	**2.1** Roles & Responsibility of the committee
3. Risk Management Framework and Capital management	**3.1** Regulatory framework **3.2** Bank Framework **3.3** Reporting frameworks **3.4** Capital management
4. Risk Appetite	**4.1** Risk constraining thresholds and use of economic capital
5. Risk management process	
6. Credit risk	**6.1** Credit risk management Procedure **6.2** Capital relief by reducing risk **6.3** Borrower's rating
7. Market risk	**7.1** Bank's exposure on Foreign Currency position **7.2** Market risk management Procedure
8. Operational risk	**8.1** Core Risk Assessment Procedure **8.2** Operational risk management
9. Liquidity risk	**9.1** Liquidity risk management
10. Other Material Risk	

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From Chief Risk Officer's Desk



We have come to the closure of another year in Bank Asia. So what did we achieve in a market in 2016 which consistently saw excess liquidity, further exposure getting converted into foreign currency directly impacting net interest margin, as well as reduction in non-funded earning stream, above all non-performing loan burden causing a shrinking profit. The bank strongly pursued the strategy to explore new avenues of earning stream through agent banking, small and micro loans, middle-market business, Islamic banking etc.- to recover from the cut-throat and uneven competition in the corporate and large loan sphere. Market scenario remained almost unchanged from 2015, rather gotten aggravated further as the avenues of investment did not open up to the extent as projected by the bank. Main reason was clearly Government borrowing through treasury bills and bonds remained very low in a market which still is a long way away from achieving maturity.

We all really need to understand that it is not always possible to compare a bank's performance with another bank as every single bank has its own unique portfolio and stated strategy which is based on a different set of risk appetite and business model. Bank Asia's performance should be judged against its own set strategy and portfolio as such. Against set strategy to be able to achieve economies of scale in small business a substantial volume needs to be generated, which is really a matter of a big workforce number or alternatively time. We did not generate the business to be able to reach our target in a shrinking profit scenario. However the assurance factor of the principal of small, micro and retail business is statistically proven to be stronger than that of the medium and large business as the probability of default in a percentage term is more manageable and much lower in the case of such businesses, which showed that the set strategy was in the right direction, though needed to be pursued in a practical manner. Also the pricing can take care of the risk represented. When the primary driving force of doing business fell short in its expectation it created pressure on the overall performance of the bank and shift in strategy did happen. In addition the small and medium businesses could not get respite from the cut-throat competition and market force ignored the basic principles of pricing and lending in this excess liquid market aggressively just like 2010.

Age old habit of "Greed" factor which has always put emphasis on short term profits overlooking the long term - has been the key driving force ignoring all previous examples for the industry. Instead of "accounting profit" economic profit needs to be followed to avoid not only unhealthy practice but also to establish "Corporate Governance" to a transparent level. With the lending pressure, it seems again money will get into unstructured enterprises where it has a previous record of getting into the property and capital markets, creating another credit crisis in the very near future.

In this backdrop it is necessary to re-emphasise here that the driving principle remained the same as far as Bank Asia is concerned - which is sustainable profit on the back of Corporate Governance.

The bank tried to further differentiate its portfolio and looked at new lines to ensure the "sustainable" stream of profit as mentioned earlier. Bank Asia's strategy of reduction in commodity trading in proprietorship concerns wasan on-going process, but the legacy portfolio continued to take its toll. The Bank's utmost endeavour was to build its own

risk culture and grow a strong and resilient portfolio which should be able to stand on its own even in a volatile and difficult market. Replacement of the bad books by taking on more export oriented business, construction, manufacturing etc. and diversification especially in small and retail loans where there are predictable cash-flows were taken on and it was expected to somewhat stabilise this portfolio. Meanwhile the ratio of less costly (low cost, no cost) deposits further improved to 47:53 over 2015's 43:47, which was an integral part of the very strategy.

The cash recovery was one of the highest in the last five years. Cash recovery was BDT 1.89 bio over 2015's BDT .92 bio from hard core rescheduled, restructured, B&L and write -off accounts. Despite BDT3.5 bio getting added to the classified portfolio due to withdrawal of "stay" the NPL percentage of 5.41% in real terms was better because if the number was added to previous year the percentage would have been much higher than 2016. We were able to amicably settle 61 numbers of accounts and keep BDT 8.84 bio worth accounts live with real cash recovery.

As the Central Bank has taken the hard course of implementing BASEL III suggested capital structure and most advanced liquidity and risk-weighted framework of the matured market we needed to push even harder to ensure not only rating of the portfolio but also strong improvement in cash and cash equivalent collateral. Additionally collateralization of the book as much as possible by fixed assets to the best of our capability continued, to create less pressure on the capital. Bank Asia persisted upon the education of its Board Risk Management Committee, as well as the overall senior members to cope with some critical factors driving the liquidity as well as capital structure of the Bank. Economic profit being the first one, collateralizing being the second, liquidity coverage ratios (LCR, NSFR) both in short as well as long term being the third. Even understanding the risk weigh tings for each product became very crucial for maintaining required capital. The entire Board's involvement in risk oversight is expected to strengthen the "risk culture" further.

As rightly foreseen Banking Industry's struggle to align with the rapid evolution that the industry itself is going through has consistently called for changes in policies and systems which is an extremely difficult task in a developing industry. As such the Regulators effort to involve Board in the risk has taught them the value of capital and its most effective use which can really bear result if inculcation of robust 'risk culture and integrity' could be rolled out in each individual working within the 'financial system'. The necessity to constantly remember risk emanating factors beyond the core risk also can impede upon the institutional framework. To reiterate 'Risk management' will continue to be the most critical and important function for Bank Asia.

Our policy of clear disclosure got further recognized by Institute of Chartered Accountants of Bangladesh (ICAB), for second best presented annual reports for the year 2015. The bank also secured 1st Runners Up position in the private sector banks for the annual accounts from 'South Asian Federation of Accountants' (SAFA). Bank Asia achieved 'Best Sustainability Report in Bangladesh' by NCSR Jakarta, Indonesia. Our total endeavour to remain transparent for our various stake holders including our regulators have been through our full disclosure of the financial. This will be the basis to build market confidence.

The unhealthy market competition leading to compressed profit margins did not deter the bank from pursuing its fundamental strategy of "sustainable measured growth", which focused on the clean-up and diversification of the portfolio, development of human resources, identification of causes behind past failures, practical policy roll outs, tightened monitoring and further systems development to ensure "minimizing risk" which is not possible to mitigate. Thus all our valued stakeholders need to exercise patience and understand that Bank Asia's position is a reflection of the overall industry situation and to be able to manage a smooth landing will decide the future of this bank.

CREDIT RISK

The largest and key risk that is "Credit Risk" which is driving the total book of a bank has been the factor throughout the centuries which has created havoc in the financial sector as well as countries. Even the advanced markets could not cope with crisis like "Sub-prime". Whilst making sure that our credit mission of active participation in the expansion of our national economy, we always need to work on the quality of portfolio which is the toughest of balance to create. To achieve sustainable measured growth, we have entered the small, retail and even micro lending through agents. We have so far tried to minimize risk through diversification of the portfolio, defining our appetite, improving collateral coverage, thorough due diligence, detailed risk assessment etc. to lessen the impact of unknown and unpredictable factors as risk mitigation is not possible.

Meantime we have further reviewed our approval process function which shall enable the bank to pro actively manage loan portfolio in an efficient way as well as to achieve business growth. Objectives of the changes in approval process are as follows:

- To make the process flow simplified, efficient and transparent.
- To set Service Level Agreement (SLA) of all concerned officials to remain competitive in the market, especially in respect to turn around time (TAT).
- To upgrade roles & responsibilities of concerned division/department/units

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Risk Management Report

in line with Bangladesh Bank CRM guidelines.

- To devise effective monitoring process to ensure healthy portfolio. In this regard monitoring process to be strengthened through IT Infrastructure.

In addition we have updated our policy and tried our best to make it as exhaustive as possible to ensure the following:

- Avoid concentration risk.
- Sector analysis for necessary guidance to the business line
- Risk Appetite based on past failure history as well as industry outlook
- Reduce risk weighted assets of the bank
- Risk based pricing Focus on non-funded business to improve non-interest income
- Due compliance of all regulatory requirements, such as capital adequacy, exposure norms, etc.
- Strengthening of the credit function to instill a sense of "credit culture"

Risk Management Division (RMD) took on major initiatives particularly related to capital management, Internal rating system, automation to minimize risk identification time, automation in different reporting to save time, awareness build up at Board level as well as Management, introduction of risk appetite based on relativity principle. In this developing function, where also the industry itself remained unpredictable, we had to keep adjusting our various risk management tools and models to align with the reality. We are now working on core rating model and expect it to be available in 2017 on a test basis. The time line will be dependent upon Regulator's approval of migration to IRB approach.

- Modification/review of existing Board approved Core Risk Management frame work in line with recent regulatory directions and trending risk pattern of the banking industry
- We were finally able to launch Customer Service Quality Assessment (CSQA) process which was developed in 2015 as per globally accepted standard.
- As far as adoption of internal credit rating system is concerned the bank has already developed in-house rating frame work for SME client, this framework will be available by end 2017.
- Risk identification capacity of the bank has significantly evolved. Primary development was made particularly in the area of various model set ups as mentioned earlier for simulation, prediction of probable loss and addressing various operational risks.
- Sector-wise lending appetite was duly developed and implemented for the year 2016 and 17 taking in account on-going adjustments.
- Finally our regulatory compliance remained at the highest level with no major risk related issues.

In a nutshell, to keep our book strong we will put highest priority on quality credit, debt collection, strict monitoring, systems and policy development to align with changes.

MARKET & LIQUIDITY RISK

Market position remained almost unchanged with a stable Taka throughout the year on the back of a stable Foreign Currency reserve (majority denominated in US Dollars) keeping the exchange risk of the portfolio (which is almost 93% USD denominated) at a minimum level. Market had become further liquid and rates came down further creating an unhealthy competition.

Continuous bilateral financing from development agencies, ECA backed financing (although low), OBU loans to top tier clients replacing taka lending and low government borrowing kept the markets even more liquid. Oil price remained low contributing to less borrowing for oil bill settlement and excess proceeds supported less borrowing by the Government. Through this in 2016 we were able to further reduce our cost of fund by 2%+ over 2015. Credit growth was approximately 20% and our deposit growth was 13%. Bank Asia managed to close the year with an AD ratio of 85.54%, which was much better compared to the industry bench mark. Our efforts were geared towards filling in the gaps identified through stress testing as usual.

We are currently using globally recognized advanced models to keep the stability in Treasury function

i) Value-at-Risk (VaR),

ii) Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR)

iii) Stress testing on regular basis (i.e. quarterly)

iv) Assessment of additional capital requirement (Pillar II, Basel III) against market risk,

OPERATIONAL RISK

Risk Management Division worked towards the formulation and adoption of different standard operational risk management models as operational risk encompasses bank's overall environment, employee competence, management strategies,systems, even external issues etc. To manage operational risk the bank has adopted the following in conjunction to early set standards;

1. Risk control self-assessment, which is proactive approach to identify operational weakness that may have the potential to trigger risk.
2. Risk incident reporting, to promote prompt risk reporting, so early action could be initiated.

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3. Risk register, a collection of risk incidents to see a pattern in operational risk behavior.
4. Key risk indicator, which acts as the operational function wise (customer service, Fx operation, marketing) circuit breaker for identification of risk against Board set guideline.

Bank Asia Limited is using Risk Control Self-Assessment and Key Risk Indicator model for the effective management of operational risks from 2015 at branch level and now it is being rolled out for all the functions. Branches Operations Division is gradually improving.

As usual RMD continued to share all risk related issues in the bank's Executive Risk Management Committee (ERMC), as well as with the Board Risk Management Committee. The bank as a whole still needs to make stronger efforts to improve operational risk environment and practice of Enterprise- wide Risk Management (ERM).

ENVIRONMENTAL & SOCIAL RISK

The ESRM Guidelines are being adapted gradually for the entire credit portfolio. Currently as per Bangladesh Bank requirement Sustainable Finance Department has been formed, mainly to focus strongly in Green financing as well as socially acceptable inclusive activities in a larger scale.

INFORMATION SECURITY RISK

Ernst & Young was finally deployed to assess our IT security system to bring in internationally acceptable level of confidence in our systems.

For the first time we involved an international auditor to review the CBS (Core Banking System) system of the bank. We migrated from Oracle 10 Gto 12C which will enhance our information security and quality of data storage. We have introduced Bank Asia Dashboard. New secured internet banking "my bank" has proved to be user friendly and more secure. With major automation of this industry the cost related to covering Cyber Crime has also further gone up and so is our effort to keep our customers safe.

Our existence is dependent on our riding the crisis with patience, continuous improvement in our way of doing business, setting the right strategy, following it up by the right policies and practice. Bank Asia Limited's Board and management's pursuit for perfection will never end. To build a "sustainable book" all our efforts will be at the highest level, so we can excel!

Yours Sincerely

Humaira Azam
Deputy Managing Director &
Chief Risk Officer

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Statement on Non-Performing Loan (NPL) Management

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

STRATEGIES FOR NPL MANAGEMENT & RECOVERY PROCESS

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

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

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

NPL STATUS OF BANKING INDUSTRY OF THE COUNTRY

The amount of classified loan in country increased to Tk. 621.72 billion in 2016 from Tk. 513.71 billion in 2015.So, having growth of 21.02% despite huge rescheduling and restructring of loans. Following table shows the growth rate of classified loans over the year of 2016.

TOTAL CLASSIFIED LOANS COUNTRY VS BANK ASIA *(In Billion)*

	Bank Asia		Country	
	2016	2015	2016	2015
CL Amount	8.85	5.81	621.72	513.71
CL Ratio (in %)	5.41%	4.26%	9.02%	8.32%

NPL BY BANKS TYPE *(In Billion)*

Types of bank	Non Performing Loan	Write-off loan	Required Provision	Provision Maintained
SCBs	300.8	220.4	69.7	114.6
DFIs	58.2	5.6	30.4	28.5
PCBs	253.2	189.4	146.2	108.1
FCBs	21.6	7.2	15.5	105.2
Total	633.7	422.6	261.8	356.4

The data of the above table is as of June, 2016 (Source: Bangladesh Bank)

NPL STATUS OF BANK ASIA

- The Bank ended the year with 5.41% Non-performing loan or classified loan which was amounted to Tk. 8,847.33 million compared to Tk.5,808.87 million at the beginning of the year where a significant portion of classified loans came from the vacated of stay order from Honorable High Court.
- At the end of 2016, the Bank's write off loans was Tk. 5,122.92 million against 127 accounts compared to Tk. 4,202.47 million against 116 accounts in 2015. The closing balance has increased due to addition of Tk. 920.46 million as write off loans as well as collection of Tk. 31.81 million from written-off accounts.
- During the year 78.92% of rescheduled loans remained standard, i.e. cash recovery and installment payments of major rescheduled / restructured borrowers were regular. It may also be noted that the remaining 21.08% of rescheduled loans that were downgraded to classified status constitutes 60.49% of total classified loans. Management has already increased recovery initiatives from those defaulted loans.

Non-performing loans affect both bank balance sheets and regulatory restrictions. In the slim spread regime bank can ensure greater profitability by way of CL monitoring and recovery than bargaining with borrowers for higher yields. A number of measures were undertaken to improve banks' NPL levels, including the appointment of observers in 14 commercial banks, as well as to improve the quality of management and raise operational efficacy. Bank Asia is putting all out efforts to recover already default loans and stop fresh inclusion of CL. For success in that front, management is further streamlining its credit appraisal process.

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Risk Management Report

Risk management is at the core of the operating structure of the bank as well as it is fundamental to the business activities of the bank. Bank Asia seek to limit adverse variations in earnings and capital by managing risk exposures within agreed level of risk appetite which have focused particularly on preserving appropriate level of liquidity and capital, and effectively managing the risk portfolios. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources. In addition, Bank Asia is always mindful of achieving this objective in line with the interests of all stakeholders. Bank Asia tried to control risk at the level of individual exposures and at portfolio level, as well as in aggregate across all businesses and risk types.

1 RISK OVERVIEW

Business and strategic risk is an integral part of any banking business. In the course of conduction business, banks need to keep into consideration that risks assumed to have the potential to wipe out expected result and may resulting to losses to the institution(s).

All entities face "Uncertainty" and the challenge for managing is to determine how much uncertainty to accept as it struggles to increase the shareholder value.

CREDIT RISK

Arises from the default of counter party. It has a negative effect on bank's financial result and capital of the bank.

Environmental risk

Environmental risk is a facilitating element of credit risk arising from environmental issues.

MARKET RISK

Arises from the potential losses in the balance sheet position of a bank due to adverse movement in the market rates like interest rate, foregin exchange rate, equity price, commodity price

Foreign Exchange Risk

Foreign exchange risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies.

LIQUIDITY RISK

Arises from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses.

Asset Liability Management /Balance Sheet Risk

Risks that arise due to mismatches between the assets and liabilities (debts and assets) of the bank.

OPERATIONAL RISK

Arises from inadequate or failed internal processes, people or systems, or from external events. It includes legal risk, but excludes strategic and reputational risk.

Internal Control and Compliance Risk

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

Money Laundering Risk

Arises due to properties acquired or earned directly or indirectly through illegal means and illegal transfer, conversion, concealment of location or assistance in the above act of the properties acquired or earned directly or indirectly through legal or illegal means.

Information and Communication Technology Risk

Arise due to malfunction of system, failure of network, lack of knowledge about the use of technology, virus attack, hacking etc.

1.2 RISK MANAGEMENT

Risk management is a "Coordinated set of activities and methods that is used to direct an organization and to control many risks that can affect its ability to achieve the objectives". It is the architecture that includes risk management principles, a risk management framework and a risk management process. The risk management is primarily consists of understanding material risks and handling those risks in a way best-suited to achieve organizational objectives.

Effective risk management is beyond the regulatory requirement. In a broad sight, risk can be divided into 02 (two) major parts: Systematic Risk and Non-systematic/Diversifiable Risk. Systematic risk refers to those risk affect the financial system or market as a whole. On the other hand, Non-systematic risk which belongs to a specific institution but not all participants in the financial market or system.

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

1.3 RISK MANAGEMENT PRINCIPAL

- Ensure that the bank operate in a safe and sound manner
- Establish a strong risk management culture throughout the bank
- Integrate risk management activities into the Bank's overall operation process
- Ensure the implementation of all policies, processes and systems effectively at the decision levels
- Review approved risk appetite and tolerance statement for all material risks that articulate the nature, types and levels of risks that the bank is willing to assume

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Risk Management Report

- Develop a clear, effective and robust governance structure with well-defined transparent and consistent line of responsibilities and will be approved by the Board of directors
- Ensure the identification and assessment of all material risks inherent in products, activities, processes and system to make sure the risks and incentives are well understood
- Ensure that there is an approved process for all new products, activities, processes and systems that fully access underlying risks
- Establish a process to regularly monitor material risk profiles and exposures to loss
- Ensure a strong control environment that utilizes polices, processes and systems; appropriate internal controls and adequate risk mitigation and/or transfer strategies
- Ensure an ability to operate on an ongoing basis and limit losses in the event of severe business disruption

1.4 RISK MANAGEMENT APPROACH

It is important not only for fulfilling regulatory requirements but also to improve financial and operational performance of the banks. Strong and integrated risk management is essential for the long-term sustainability of the bank's business. The comprehensive risk management policies and sophisticated risk management processes are required for systematic identification, measurement, monitoring and controlling of all business risks. Bank's overall financial soundness can be measured only by adopting a strong risk management process communicating concise risk management standards to all concerned officials through adequate policies, directives, operating procedures and training programs.

1.5 RISK MANAGEMENT OVERSIGHT

Bank Asia Limited's three level of structure in managing risk



1.6 RISK PROFILE

SL	Risk Category	2016		2015	
		Amount	Percentage	Amount	Percentage
A	Credit Risk	180,801.01	90.63%	163,860.34	89.24%
i	On- Balance sheet	138,406.55	69.38%	123,596.60	67.45%
ii	Off- Balance sheet	42,394.46	21.25%	40,263.74	21.97%
B	Market Risk	2,914.54	1.46%	4,676.60	2.55%
i	Interest Rate Risk	181.66	0.09%	1,407.00	0.77%
ii	Equity Position Risk	2,106.56	1.06%	1,681.40	0.92%
iii	Foreign exchange	626.32	0.31%	1,588.20	0.87%
C	Operational Risk	15,775.14	7.91%	14,710.45	8.03%
	Total Risk Weighted Assets	199,490.69	100.00%	183,247.39	100%

1.7 FOCUS AREAS FOR 2016

- *Policy Regarding Forced Demand Loan:* Risk Management Division of the bank has developed a policy regarding "Forced Demand Loan" to track the conversion of non-funded to funded. The main objective of this policy is to monitor the off-balance sheet exposure at an certain limit considering the forced conversion.
- *Internal ICAAP:* Risk Management Division of the bank has developed an assessment model for ICAAP (Internal Capital Adequacy Assessment Process). Currently all banks are following the common model which is provided from Banagladesh Bank. Central Bank has suggested that each bank should develop and practice the internal ICAAP model. The said model will be implemented within 2017

- ***Risk Appetite:*** Risk appetite is the level of risk that a bank is able and willing to accept or tolerate considering its exposures and business activities. The appetite should be in line with business objectives and obligations to stakeholders. Considering the importance and regulatory requirement, Risk Management Division of Bank Asia Ltd. has developed risk appetite and management action trigger (MAT) for the bank. During the year 2016, Bank Asia Limited has considered new areas under risk appetite statement
- ***Internal Client Rating Model:*** As part of adoption of advance approaches under credit risk, Risk Management Division has developed a model for SME Rating. The said system is under review stage.
- ***Audit Automation:*** Risk Management Division has designed an automated platform for calculating the additional capital requirement for residual risk.
- ***Committee Level Meeting(s):*** Risk Management Division is primary responsible to address different types of risk issues to Management and Board Level Committee(s). Considering the same a number of meeting have been conducted by Risk Management Division during the year 2016.
- ***VaR (Value at Risk) for Equity:*** Risk Management Division has developed an automated system for calculating the VaR for Capital market exposure. It is mentionable that an automated VaR system for Foreign Exchange has already been developed. The said system is used by Treasury Department of the bank

In addition to the above Risk Management Division of the bank has designed policy document for Early Alert System (EAS), Surveyor Enlistment Process etc.

2 BOARD RESPONSIBILITY

The Board of Directors, through the Risk Management Committee, is accountable for the overall risk supervision. This includes reviewing and approving risk management policies, risk appetite, risk exposures and limits, whilst ensuring the necessary infrastructure and resources are in place. To minimize risk while implementing the policies and business plan of the Bank, the board has formed a Risk Management Committee as per the guidelines of Bangladesh Bank. The committee supervises whether the risk arises from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity and other sources are identified, and measured and adequate systems are in place to minimize such risk. Currently 4 (four) members are working in the Risk Management Committee. This Committee consists of risk working groups to manage credit, market, liquidity, operational risks and other key risks.

2.1 ROLES & RESPONSIBILITY OF THE COMMITTEE

i. Strategy on Risk Identification and Control

The Committee is responsible for risk identification and effective strategy formulation and implementation to control such risks. The Committee sets risk management policy, evaluate and rectify such policy if required.

ii. Organizational Structure establishment

The Committee implements appropriate organizational structure to control overall risk of the Bank. The Committee form individual committee/ unit of the management to implement the direction of Credit risk, Foreign Exchange Risk, Internal Control and Compliance risk, Money Laundering risk, Information Communication Technology risk guidelines.

iii. Risk Management Policy Review and Approval

The committee review risk management policies & guidelines and proposes amendment, if required and submit to the Board of Directors for their approval. Besides, the committee also review loan limit along with other limit regularly and amended, if required.

vi. Data preservation and reporting procedure

The Committee review data keeping & reporting system developed by the bank management and ensures proper data keeping and reporting.

v. Monitoring the implementation of Risk Management Policy

The Committee monitors proper implementation of overall risk management policies. They are also monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.

iv . Miscellaneous

- Committee's decision and suggestions submits to the Board of Directors
- Comply instructions issued time to time by the Board, Bangladesh Bank
- Internal & external auditor submits respective evaluation report, if approves by the committee

3 RISK MANAGEMENT FRAMEWORK AND CAPITAL MANAGEMENT

The risk management framework is combination of different global and national rules, regulation and practice and risk management standard which are applicable for overall risk management of the bank. The risk management standard might be implanted by means of any or combination of regulatory and global standards and industry best practices into the Bank by its Board and Management.

3.1 REGULATORY FRAMEWORK

Global Framework: Apart from country specific banking regulation with regards to risk management, one of the internationally accepted framework is

Risk Management Report

Basel accord (i.e. Basel I,II & III) as issued by Basel Committee on Banking Supervision of Bank for International Settlement (BIS).The aforesaid accord provides set recommendations for ensuring sustainability of banking organization through effective risk management at the cost of capital.

Bangladesh framework: Bangladesh Bank supervised the risk management operation in Bangladesh. Other than Bank Company Act 1991 (Amendment 2013), the Central Bank issues different guidelines/ directives with regards to risk management operation. Below are the list of policy and guidelines:

i. Core Risk Guidelines: Six guideline covering credit, foreign exchange, internal control and compliance (ICC), information communication technology (ICT), asset liability management (ALM) and antimoney laundering (AML) risk. These guidelines primarily provide industry best practices with regards to aforementioned areas. These guidelines are also primary base of periodic core risk rating of Bangladesh Bank.

ii. Risk Management Guideline: The guideline is issued by Bangladesh Bank (BB) to provide a structured way of identifying and analyzing potential risks and draw strategies of risk prevention, risk transfer, impact mitigation or risk acceptance.

iii. Guideline on Risk Basel Capital Adequacy: The guideline popularly known measurement of Basel III capital accords that cover Minimum Capital Requirement under pillar I, Internal Capital Adequacy Assessment Process (ICAAP) under pillar II and Market Discipline under Pillar III.

iv. Guideline on Stress Testing: Stress testing, under Pillar II is an important risk management tool that provides an indication of how much capital might be needed to absorb losses in different stressed situations. A rigorous and comprehensive stress-testing program will measure the vulnerability or exposure to the impacts of exceptional, rare but potentially occurring events like – interest rate changes, exchange rate fluctuations, changes in credit rating, events which influence liquidity, etc.

v. Guideline on Supervisory Review Process (SRP): The underlying SRP guideline primarily defines the calculation process of assessing additional capital requirement (i.e. under Basel- Pillar II).

vi. Environmental Risk Management Guideline: Environmental risk is a facilitating element of credit risk arising from environmental issues. The mentioned guideline is issued to define the assessment process of overall environment risk grading of credit borrowers of the bank.

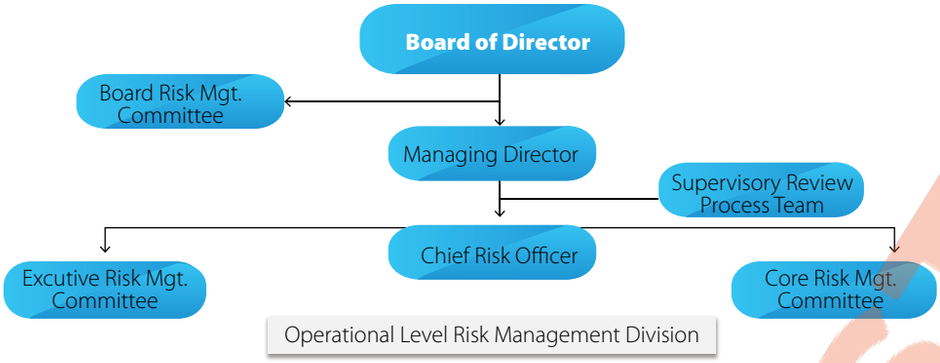
vii. BB Instructions: Bangladesh Bank issued different circulars and instruction to regulate the banking risk management operation of the country.

3.2 BANK FRAMEWORK

Risk Management Framework is set of rules, regulation, and practice and risk management standard which are practiced for overall risk management of the bank. In line with global and national level risk management framework Bank Asia Ltd. has own Risk management framework for overall risk management of the Bank.

Following are main elements of a risk management framework that apply Bank irrespective of its size and complexity of business:

- First and foremost, effective risk management framework demands active involvement of the Board of Directors (BoD) and senior management in the formulation and oversight of risk management processes. Accordingly,they should provide strategic direction and approve the overall business strategies and significant policies of the Bank, including those related to managing and taking risks, and should also ensure that senior management is fully capable of managing the activities that the Bank institutions undertake.
- Second, adequate Policies, Procedures, and Limits need to be defined by the Directors and senior management to tailor the risk management policies and procedures to the types of risks that arise from the activities of the Bank.
- Third, adequate Risk Monitoring and Management Information Systems is developed for effective risk monitoring and to identify and measure all material risk exposures. Consequently, risk monitoring activities must be supported by information systems that provide senior managers and directors with timely reports on the financial condition, operating performance, and risk exposure of the institution.
- Fourth, establishing and maintaining an effective system of controls, including the enforcement of official lines of authority and the appropriate separation of duties such as trading, custodial, and back-office is one of management's more important responsibilities. A properly structured system of internal controls promote effective operations and reliable financial and regulatory reporting, safeguards assets, and helps to ensure compliance with relevant laws, regulations, and bank policies.
- Fifth, the Risk Management Function institutionalized to supervise overall risk management at the bank. Ideally, overall risk management function is independent from those who take or accept risk on behalf of the bank.



The above diagram describes the Bank's Broad risk management structure/ hierarchy of the bank which covers Board level Risk Management Committee, Management level Committee and operational level structure

Effective risk management framework demands active involvement of the Board of Directors (BoD) and senior management in the formulation and oversight of risk management processes. The operational management structure should have adequate defined policies, procedures, sound information systems for risk identification assessment and monitoring of all material risk exposures. The bellows are the combination of Board and management level oversight along with operational level risk management structure.

ROLES AND RESPONSIBILITIES

Risk Management Committee of the Board:

The risk management committee of the Board provides oversight and advice to Board of Bank Asia Limited in relation to current and potential risk exposure of the bank and strategy, including determination of risk appetite and tolerance

The roles and responsibilities of Risk Management Committee of the Board are mentioned below:

- Design and implement Risk strategy and policy
- Review, monitor and understand risk profile of the bank
- Review and recommend bank's risk appetite, limit and tolerance level
- Review of Management level operational risk structure
- Review of various risk related report like Stress Testing, Internal Capital Adequacy Assessment Process (ICAAP), Value-at-Risk (VaR) etc.
- Performance review and recommendation
- Ensure that capital is adequately allocated against the ICAAP outcome
- Error free and timely reporting of ICAAP outcome to Strategic layer and BB

Risk Management Committee at Management Level:

With a view to effectively address the risks resulting from regular banking activities, a committee is formed comprising senior management of the bank under the due consent of the Board of Director of the bank named as "Executive Risk Management Committee". The roles and responsibilities of Executive Risk Management Committee are delineated below:

- Determining general principal for measuring, managing and reporting the bank's risk
- Oversee the development, implementation and maintenance of the bank's overall risk management framework and risk appetite, strategy, principals and policies
- To ensure bank's Risk Management practices are in line with regulatory benchmark and industry best practice
- Ensuring appropriate knowledge, experience and expertise of lower-level managers and staff involved in risk management

Supervisory Review Process (SRP) Team:

Supervisory Review Process (SRP) Team of the bank is empowered by Board of Directors of the Bank to represent the Bank in the process of dialogue between SRP Team of the bank and SREP (Supervisory Review and Evaluation Process) Team of the Central Bank and to determine the adequate capital requirement of the bank. The roles and responsibilities of SRP Team are mentioned below:

- Ensure that the bank has an internal process to indentify and assess all relevant risks of the bank
- Vetting/recommending general principal for development of ICAAP document

Core Risk Management Committee (CRMC):

Core Risk Management Committee at Executive Level is formed to facilitate the implementation of in-house core risk assessment process, review of core risk guidelines and effective adoption of subsequent changes as prescribed by Central Bank from time to time. The primary roles and responsibilities of CRMC are delineated below:

- Adoption of in-house core risk assessment methodology Perform periodic assessment of Core Risk Guidelines' implementation status
- Review and approval of core risk rating and recommendation for improvement
- Extend supervisory support for implementation of committee's resolution

3.3 REPORTING FRAMEWORKS

This risk management report addresses the disclosure requirements of Basel III pillar 3, and materials risk that effect bank's earning, capital and shareholders' value and management action plan against that risks set out by Bangladesh Bank. Banks prepared its statement regarding capital

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Risk Management Report

adequacy statement in line with pillar I of Basel III on quarterly basis and submitted to Bangladesh Bank by following month both in solo basis and consolidated basis. Solo basis included Bank's conventional banking, Islamic banking and Off- shore banking. Consolidated basis included Bank and its three subsidiary companies i.e. Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc.

Basel III approach adopted:

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

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

Operational risk Out of three approaches i.e. Basic Indicator Approach, Standardized Approach and Advanced Measurement Approach, Bangladesh Bank adopted basic indicator approach. Under that approach, Bank calculated capital charge is a fixed percentage (15%) of average positive annual gross income of the bank over the past three years i.e. 2014, 2015 and 2016.

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

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

ICAAP is aimed at ensuring that the Bank maintains an amount of capital for additional risk that was not covered in Pillar I of Basel III. SRP committee made dialogue with Bangladesh Bank SREP committee and fixed additional capital requirement. SRP-SREP dialogue stands for an exclusive meeting between the SREP team of BB and SRP team of a bank. The objective of the dialogue is to determine the adequate level of capital needed for a bank by reviewing the ICAAP and strategies of the bank. The intensity and frequency of the dialogue depends on the level of complexity and magnitude of the banks' activities as well as the difference between the capital requirements assessed by the bank and BB. Terms of reference of the dialogue are:

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

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

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

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

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

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

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

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

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

Following risk factors are considered at the time of Stress testing:	Risk of Stress testing are carried out assuming three different hypothetical scenarios:
a. Credit Risk ● Increase of NPLs (Overall) ● Increase of NPL due to default of Top large borrowers Fall in Forced sale value of mortgaged collateral ● Negative Shift of NPLs Categories ● Increase of NPLs in particular 2 Sectors b. Interest Rate Risk Simple Sensitivity Analysis Duration GAP Analysis c. Exchange Rate Risk d. Equity Price Risk e. Liquidity Risk f. Value at Risk (VaR)	*a. Minor level shocks:* These represent small shocks to the risk factors. The level for different risk factors can, however, vary. *b. Moderate level:* Shocks It envisages medium level of shocks and the level is defined in each risk factor separately. *c. Major level shocks:* It involves big shocks to all the risk factors and is also defined separately for each risk factor.

Particulars	Shocks Levels		
	Minor level	Moderate level	Major level
Interest Risk –Increase in Interest Rate	1%	2%	3%
Exchange Rate Risk –Adverse Movement in Exchange Rate	12.20	12.19	12.18
Credit Risk – Increase in NPLs	10.32	6.35	2.09
Credit Risk – Downward shift in NPLs' Categories	12.03	9.92	9.64
Credit Risk – Fall in the FSV of Mortgaged Collateral	12.09	11.96	11.69
Credit Risk – Increase in NPLs' under B/L category in 1 or 2 sectors	11.84	11.08	10.31
Credit Risk – Increase in NPLs' due to Top 10 large loan borrowers	9.67	7.92	6.70
Equity price Risk – Fall in Stock Prices	12.08	11.94	11.66
Liquidity Ratio	Stable	Stable	Stable
VaR	Incorporated		

Bank Asia prepared stress testing report on quarterly basis and submitted to Bangladesh Bank within the end of following month.

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

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

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

3.4 CAPITAL MANAGEMENT

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

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

Raising Tier II capital
Subordinated Non- Convertible Zero Coupon Bond of Tk. 599.99 million Bank issued 6 Years subordinated bond for Tk. 599.99 million on August 14 2012 for Tier II capital. Out of that Tier II capital outstanding stood at Tk. 315.44 million on December 31, 2015. The bond will be fully

Risk Management Report

redeemed on August 14, 2018.

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

To support healthy business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap Bank Asia has completed all formalities further issuance of Subordinated Bond of Tk. 5,000 million as Tier 2 capital. In this regard, Bank has already received consent from BSEC (Bangladesh Securities and Exchange Commission) on December 21, 2016 and Bangladesh Bank approval on March 29, 2017 where SCB (Standard Chartered Bank) worked as Mandated Lead Arranger.

Capital planning

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

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

i. identify risks, improve banks understanding of overall risks, set risk tolerance levels, and assess strategic choices in longer-term planning,

ii. identify vulnerabilities i.e. concentrations and assess their impact on capital,

iii. integrate business strategy, risk management, capital and liquidity planning decisions,

iv. have a forward-looking assessment of the bank's capital needs, including capital needs that may arise from rapid changes in the economic and financial environment.

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

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

4 RISK APPETITE

Bank Asia Limited has adopted its first Risk appetite during 2016. The mentioned risk appetite was approved by the Board of Directors during its 336th meeting held on March 10, 2016.

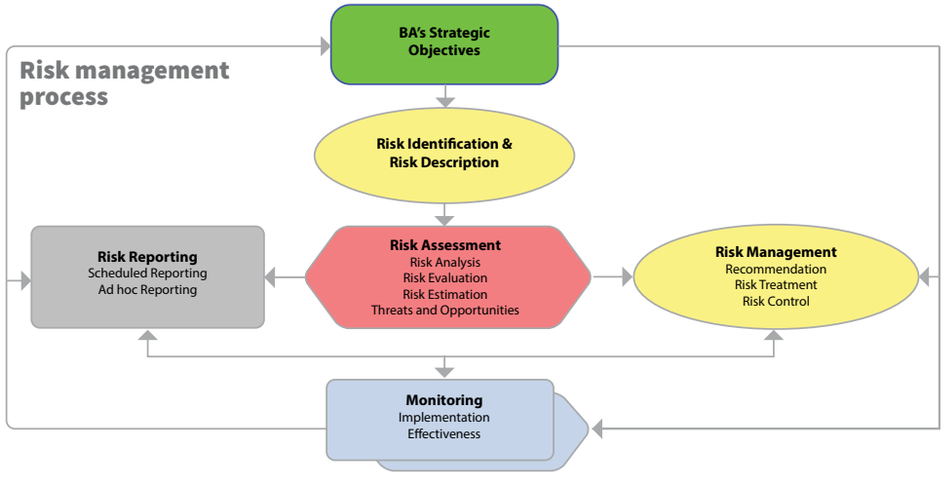
Different risk relevant parameters have been considered during preparation of Risk Appetite Statement. To set the appetite against each parameter multiple items have been considered like thresholds, trend analysis, Central Bank benchmark, International benchmark and risk perception of senior management.

Risk Appetite Statement contains the following:

- Item wise appetite and trigger level
- Management Actions Trigger (MAT) (to be initiated at trigger level)

4.1 RISK CONSTRAINING THRESHOLDS AND USE OF ECONOMIC CAPITAL

The inclusion of threshold structures into the risk frameworks is integral in driving Risk Appetite into our businesses. Effective thresholds are essential in managing aggregate risks within acceptable levels. Portfolio risk limits for the quantifiable risk types are cascaded through a top-down approach and operationalized through formal frameworks. Other significant risk aspects are guided by qualitative expression of principles. In order to ensure that the thresholds emanating from the Risk Appetite are fully risk sensitive to individual risk drivers as well as portfolio effects, we have adopted economic capital (EC) as our primary risk metric. EC is also deployed as a core component in our Internal Capital Adequacy Assessment Process (ICAAP).



5 RISK MANAGEMENT PROCESS

Bank Asia Limited has a well-recognized approach in the event of managing risk, as far as the success of banking operation largely depends on choosing the best equation between risk and return. Keeping the uncertainty factor in mind each bank need to adopt a risk management framework that should be effectively enough to manage all material uncertainties to achieve the goal of the organization. The risk management process starts with the identification of the key risk factors and ends with the evaluation of the same.

6 CREDIT RISK

Credit risk arises from our daily activities in various businesses – lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions.

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

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

A. ESTABLISHING AN APPROPRIATE CREDIT RISK ENVIRONMENT

The board of directors, Senior Management and Credit Risk Management (CRM) division is overall responsible for credit risk management as below:

Board of Directors

The board has an imperative role in granting credit as well as managing the credit risk of the bank to approve credit risk strategies and significant policies relating to credit risk that based on the overall business strategy as well as significant policies on regular basis.

- Ensure that appropriate policies, plans and procedures for credit risk management.
- Define the bank's overall risk.
- Ensure that bank's credit risk exposure is maintained at prudent levels and with the available capital.
- Review trends in portfolio quality and the adequacy of bank's provision for credit losses.
- Ensure that internal audit reviews the credit operations to assess whether or not the bank's policies and procedures are adequate and properly implemented.
- Review exposures to insiders and other related parties.
- Limit involvement in individual credit decisions to those powers specifically reserved to the Board by the bank's articles of association, by-laws, and credit risk management policy.
- Ratify exposures exceeding the level of the management authority delegated to management and be aware of exposures.
- Outline the content and frequency of management reports to the board on credit risk management.

Senior Management

The responsibility of senior management is to transform strategic directions set by the board in the shape of policies and procedures to ensure that the policies are embedded in the culture of the bank for implementing the bank's credit risk management strategies and policies and ensuring that procedures are put in place to manage and control credit risk and the quality of credit portfolio in accordance with these policies.

- Developing credit policies and credit administration procedures.
- Implementing credit risk management policies to ensure an effective credit risk management process.
- Ensuring the development and implementation of appropriate reporting system.
- Monitoring and controlling the nature and composition of the bank's credit portfolio.
- Monitoring the quality of credit portfolio and conservatively valued and probable losses are adequately provided for:
- Establishing internal controls and setting clear lines of accountability and authority.
- Timely dissemination of credit risk management policies, procedures.

Credit Risk Management

The CRM should be mainly responsible for:

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

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

B. OPERATING UNDER SOUND CREDIT GRANTING PROCEDURE

Bank followed strictly specified policies, standard for granting credit as follows:

Evaluation of borrower by way of:

- Internal credit rating assessment
- External credit rating assessment by ECAI
- Analysis of specific borrower repayment capacity- review of financial statements by way of analysis five key financial indicators- Balance Sheet, Income Statement, Net worth and Fixed Assets reconciliation, Key ratios and Cash flows statements.
- Risk based loan pricing
- Credit growth increase after ensuring optimum asset quality and without compromising bank's standard of

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excellence
- Credit facilities are allowed after consideration of absolute due diligence
- Inherent risk in credit proposal are being identified and mitigation steps are taken
- Collateral is properly valued and verified by concerned officer in periodically basis
- Risk grading is being done in line with the Bangladesh Bank guideline and bank's own policy
- Credit delegations are specified for new/ fresh limit, renewal or enhancement of limit, consumer/ retail loan, personal loan etc.

C. MAINTAINING AN APPROPRIATE CREDIT ADMINISTRATION MEASUREMENT AND MONITORING PROCESS

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

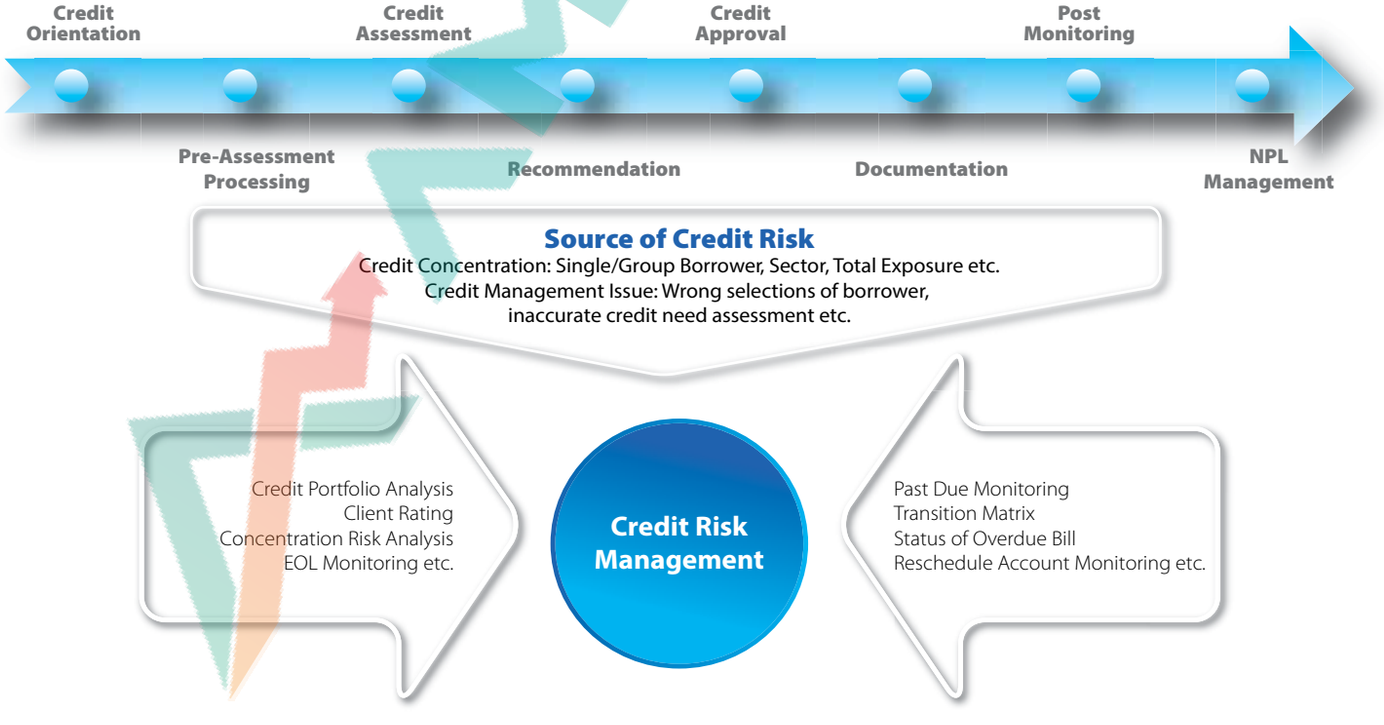
Timely identification of problem assets:
Documentation Weakness
- Failing to file collateral agreements/ security agreements with appropriate public departments
- Transferring the collateral to another country/state
- Guaranties with expired dates Changes in legal status
- Unauthorized corporate/ partner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

Extended Credit and High Use of Lines of Credit
- Borrower is at the top of line each month
- Failure to meet financial covenants in loan agreement
- Delays in payment of principal and interest Use of overdrafts/low balances in current account
- Credit inquiries from other lenders
- Change of accountants
- Other Indications of Problem Loans
- Delay in receipt of financial statements Delay in management promises or Adequate provision maintain

D. ENSURING ADEQUATE CONTROLS OVER CREDIT RISK

Bank established a system of independent, ongoing credit review and the results of such review are communicated directly to the Board of Directors and senior management. Detail on credit risk management is disclosed in CRO's report and other part of Annual report page no. 100

6.1 CREDIT MANAGEMENT PROCEDURE



6.2 CAPITAL RELIEF BY REDUCING RISK

In the year 2016, the Board of Directors and the Senior Management of the bank emphasized rigorously on corporate borrowers credit rating to lower our risk profile as well as to reduce the capital requirement of the bank. As a result of strong persuasion & drive, the number of valid rated borrowers of the bank increased significantly in the year 2016 over 2015 and capital relief (both funded & non-funded exposure) was Tk. 4,360 million from different Corporate and SME rated borrowers.

Claim Nature	BB Rating	Risk Weight	Funded Exposure		Non Funded Exposure	
			Exposure	RWA	Exposure	RWA
Claims on Corporate (excluding equity exposure)	1	0.20	13,854.39	2,770.88	5,793.53	1,158.71
	2	0.50	15,833.21	7,916.61	21,484.16	10,742.08
	3,4	1.00	41,094.13	41,094.13	3,373.39	3,373.39
	5,6	1.50	-	-	-	-
	Unrated	1.25	15,250.75	19,063.43	3,943.66	4,929.58
Claims on SME	SME 1	0.20	4.15	0.83	-	-
	SME 2	0.40	212.63	85.05	40.10	16.04
	SME 3	0.60	8,633.18	5,179.91	928.37	557.02
	SME 4	0.80	3,004.30	2,403.44	182.96	146.37
	SME 5	1.20	3.56	4.27	-	-
	SME 6	1.50	-	-	-	-
	Unrated (small enterprise & <BDT 3.00m)	0.75	2,629.20	1,971.90	1,415.74	1,061.80
	Unrated (small enterprise having ≥ BDT 3.00m & Medium Enterprise.)	1.00	6,725.20	6,725.20	20,409.47	20,409.47
Total			107,244.69	87,215.64	57,571.38	42,394.46

6.3 BORROWER'S RATING

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

With a view to effective capital management function, the management of Bank Asia Limited decided to conduct Credit rating for eligible Corporate and SME borrowers through ECAIs.

7 MARKET RISK

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

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

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

Foreign exchange risk arising mainly from our strategic investments which are denominated in currencies other than the BDT. Foreign exchange position is managed by treasury division. In the year ended 2016, Total Risk Weighted Assets for Foreign Exchange Risk is Tk. 1,588 million and capital requirement is Tk. 158.8 million.

Commodity risk is the risk of loss due to changes in spot and forward prices and the volatility of precious and base metals, and energy products. A commodity is defined as a physical product which is or can be traded on a secondary market, e.g. agricultural products, minerals (including oil) and precious metals. The price risk in commodities is often more complex and volatile than that associated with currencies and interest rates. Commodity markets may also be less liquid than those for interest rates and currencies and, as a result, changes in supply and demand can have a more dramatic effect on price and volatility. These market characteristics can make price transparency and the effective hedging of commodities risk more difficult. For spot or physical trading, the directional risk arising from a change in the spot price is the most important risk. However, banks using portfolio strategies involving forward

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and derivative contracts are exposed to a variety of additional risks, which may well be larger than the risk of a change in spot prices. In the year ended 2016, Bank has no Risk Weighted Assets for Commodity Risk.

7.1 BANK'S EXPOSURE ON FOREIGN CURRENCY POSITION

Currency wise exposure	Currency amount	*Exchange Rate	**Long (+)/ Short (-) Position in Equivalent Million USD	Taka Equivalent Crore
USD	(7,958,117)	1.0000	(7.96)	(62.63)
EURO	151,166	1.0438	0.16	1.24
GBP	280,868	1.2243	0.34	2.71
JPY	2,211,496	116.8450	0.02	0.15
CHF	9,597	1.0267	0.01	0.07
CAD	10,713	1.3542	0.01	0.06
AUD	1,533	0.7195	0.00	0.01
SAR	43,214	3.7512	0.01	0.09
Sum Net Long			0.55	4.33
Sum Net Short			7.96	62.63
Overall FX Exposure/NOP			7.96	62.63
Risk Weight				10%
Capital Charge for FX Exposure				6.26
Spot Market exchange rate is = BDT 78.7022 per USD, Source : BAFEDA				

7.2 MARKET RISK MANAGEMENT PROCEDURE

Structure of market portfolio
- Comparison of market portfolio
- Status of dealers limit
- Profit/loss against market activities
- Actual and required provision

Interest rate risk
- Structure of rate sensitive asset and liabilities
- Classification on fixed and floating rate
- Impact regarding shift of interest rate

General market risk
- VaR (Value at Risk) analysis on foreign excahnge position, equity and bond holding position

Market risk management policy
- Develop and implement separate policy on market risk management

8 OPERATIONAL RISK

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

8.1 CORE RISK ASSESSMENT PROCEDURE

With a view to establish a benchmark of banking operation quality in the country, the Central has developed 06 (six) separate core risk guidelines. These guidelines primarily provide global best practices in these areas under the context of Bangladeshi banking.

As part of adoption of standard operational process across the banking operation, Risk Management Division will be playing a vital role for adoption of these benchmark practices. The primary role of the division is to identify the gap in current operational process of the bank and as prescribed structure in respective core risk guideline, facilitation of formation and providing secretarial services to core risk management committee, facilitate recommendation and change implementation process regarding improvement in core risk areas.

8.2 OPERATIONAL RISK MANAGEMENT

Operational risk management generally encompasses the process of identifying risks to the bank, measuring exposures to those risks (where possible), ensuring that an effective capital planning and monitoring programme is in place, monitoring risk exposures and

corresponding capital needs on an ongoing basis, taking steps to control or mitigate risk exposures and reporting to senior management and the board on the bank's risk exposures and capital positions. Internal controls are typically embedded in bank's day-to-day business and are designed to ensure, to the extent possible, that bank activities are efficient and effective, information is reliable, timely and complete and the bank is compliant with applicable laws and regulation.

Sound internal governance forms the foundation of an effective operational risk management Framework. Although internal governance issues related to the management of operational risk are not unlike those encountered in the management of credit or market risk operational risk management challenges may differ from those in other risk areas.

Common international practice for sound operational risk governance often relies on three lines of defense – (i) business line management, (ii) an independent corporate operational risk management function and (iii) an independent review. Depending on the bank's nature, size and complexity, and the risk profile of a bank's activities, the degree of formality of how these three lines of defence are implemented will vary. In all cases, however, a bank's operational risk governance function is integrated into the bank's overall risk management governance structure. Bank used

Basic Indicator Approach (BIA) to determine operational risk. Under this approach, the capital charge for operational risk is a fixed percentage (denoted by alpha) of average positive annual gross income of the bank over the past three years. Figures for any year in which annual gross income is negative or zero, excluded from both the numerator and denominator when calculating the average. Bank Asia reduced the operational risk through internal operational risk control system, providing



training to the employee, increasing investment in appropriate processing technology and information security etc. The bank has also mitigated the risk by adopting risk mitigation tools such as insurance.

9 LIQUIDITY RISK

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

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

However, Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when bank is unable to fulfill its commitments in time when payment falls due. Thus, liquidity risk is two types:

a. Funding liquidity risk: risk generates when bank will be unable to meet its current and future cash flow and collateral needs without affecting its daily operations or its financial condition

b. Market liquidity risk: risk generate when bank cannot easily offset or sell a position without incurring a loss because of inadequate depth in the market.

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

Regulatory Liquidity Indicators (RLIs):

- Cash Reserve Requirement (CRR)

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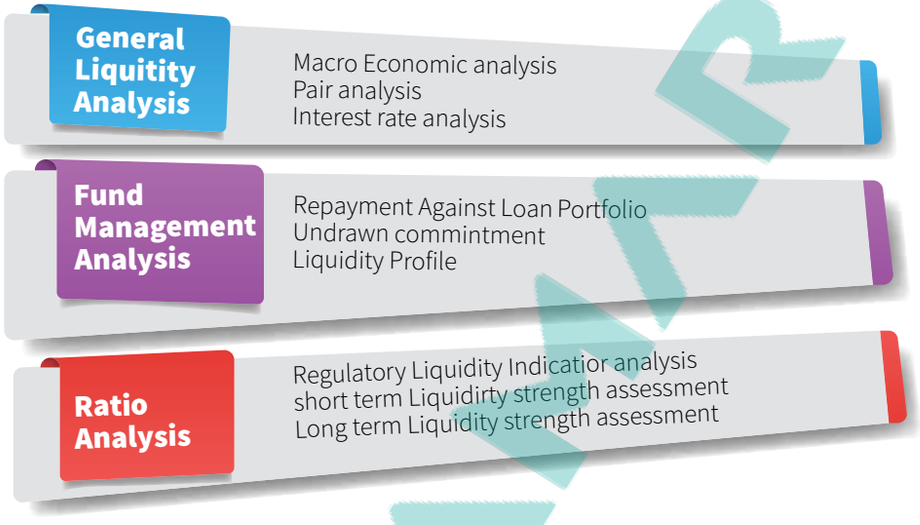
- Statutory Liquidity Ratio (SLR)
- Medium Term Funding Ratio (MTFR)
- Maximum Cumulative Outflow (MCO)
- Advance Deposit Ratio (ADR)/Investment
- Deposit Ratio (IDR)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Raito (NSFR)

Bank's own liquidity monitoring tools

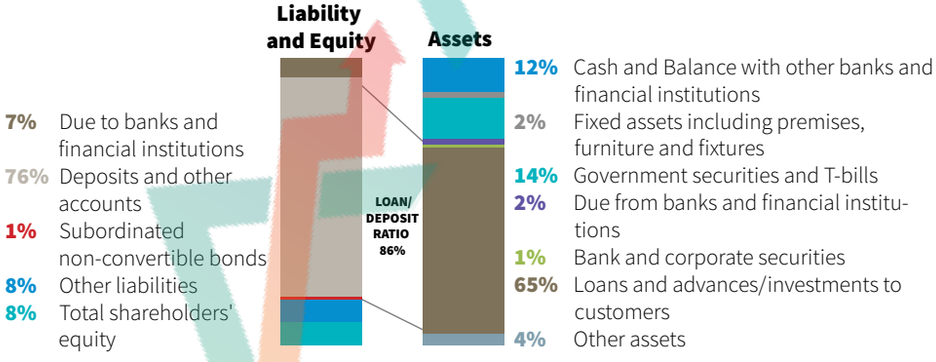
- Wholesale Borrowing and Funding Guidelines,
- Liquidity Contingency Plan,
- Management Action Trigger (MAT)

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

9.1 LIQUIDITY RISK MANAGEMENT



The diagrams below show our asset funding structure as at december 31, 2016



10 OTHER MATERIAL RISKS

STRATEGIC RISK

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

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

- CAMELS rating – optimum level upto 2 (satisfactory)
- Operating expenses as % of operating income- optimum level upto 45%
- Classified loans as % of total outstanding loans- optimum level upto 5%
- Classified loan recovery as % of total classified loans- optimum level minimum 20%
- Written-off loans as % of total classified loans- optimum level upto 15%
- Interest waiver as % of total classified loans-optimum level upto 5%

REPUTATION RISK

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

document under Pillar-2 by considering following key indicators:

- Credit Rating conducted by ECAIs
- Internal fraud
- External fraud
- Non-payment or delayed payment of

accepted bills (foreign & domestic)
- Quality of customer service

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

MONEY LAUNDERING RISK

Failure to manage these vulnerabilities exposes banks to serious reputational, operational, compliance and other risks. For mitigating the risks, the Management of Bank Asia has formed Anti Money Laundering Department.

The Bank has also nominated Chief Anti Money Laundering Compliance Officer (CAMLCO) and Deputy CAMLCO at Corporate Office and Branch Anti Money Laundering Compliance Officers (BAMLCO) at Branches, who independently would make the bank compliant on AML matters. Bank Asia has been arranging District Level AML related training as lead bank for officials of all schedule Banks operating in the district(s) selected by Bangladesh Bank since the year 2007. In 2015, AML Department arranged and conducted AML workshops in order to train all the employees of the Bank to meet up our regulatory requirement and most of the employees obtained AML and CFT (Combating Financing Terrorism) related training.

RESIDUAL RISK

Residual Risk arises mainly

i. Error in Documentation: Banks collect and preserve documents against loans and advances to have legal protection in case of adverse events like default of loan. Lack of required and duly filled up documents and erroneous or fake or forged documents will lead to the amplification of overall risk aspects of loan portfolio and the reduction in the strength of legal shield that slacks the ownership of the bank on collateral and consequently hinders the recovery of loan.

ii. Error in valuation of collateral: Banks require appropriate valuation of collateral (both physical and financial) and guarantee (bank guarantee and personal guarantee) against loans and advances for mitigation of default probability. The improper valuation or overvaluation of collateral can lead to overstated scenario of risk mitigation for collateralized loan. That will raise the default probability of the loan. To avoid duplication in capital calculation, when capital charge is imposed for error in documentation on a loan account, no capital charge is required for error in valuation of collateral on that loan account.

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

IRRBB is the current or potential risk to the interest rate sensitive assets and liabilities of a bank's balance sheet as well as the off-balance sheet items arising out of adverse or volatile movements in market interest rate. Volatile movements of market interest rate adversely affect the value of interest rate sensitive assets and liabilities that consequentially results in the loss of equity value. Although currently in Bangladesh, there is no efficient and active secondary market for any type of debt instrument (interest bearing financial instrument), the evaluation of IRRBB on the basis of hypothetical scenarios is essential for the appraisal of asset-liability management and effectiveness of the risk management framework of a bank. The susceptibility of banks to IRRBB estimated through Simple Sensitivity Analysis and Duration Gap Analysis.

	Book Value (BDT Crore)	YTM	MV (BDT Crore)	Duration	Duration GAP
Rate Sensitive Assets	25,302	11.31%	24,447	1.13	0.22
Rate Sensitive Liabilities	22,960	5.56%	22,544	1.00	
Equity	2,342		1,903		
Change of Market Value of Equity (MVE) due to change of Interest Rate:					
	1%		2%	3%	
MVE	-47.53		-95.06	-142.59	

SETTLEMENT RISK

Settlement risk arises when an executed transaction is not settled as the standard settlement system suggests or within predetermined method. The banks pose to the risk when it fulfills its contractual obligations (payment or delivery), but the counterparty fails or defaults to do the same. Non receiving or delayed receiving of receivable bills (foreign & domestic) will be evaluated to assess settlement risk. Number of such cases and the total value in taka will be examined. If total value in taka from such cases in a year (reporting year) is more than certain percentage of the total loans and advances, bank maintain additional capital for that.

APPRAISAL OF CORE RISK MANAGEMENT PRACTICE

Bangladesh Bank introduced core risk management system for assessing the risk management environment and practices in banks in 2003. In that respect, BB identified 6 (six) risk areas which are termed as core risks through issuing industry best practices framework which already revised and newly issued in the year 2015 and early 2016. Those frameworks provided benchmark of the bank and suggested to develop bank's own assessment methodology for each core risks as well as to calculate own risk rating at least once a year.

Accordingly, bank made rigorous risk management framework for own assessment methodology and annual review which was be approved by Board of Directors. If rating in any of the core risks falls below a certain level, bank maintain additional capital for that/those risk/ risks.

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ENVIRONMENTAL AND CLIMATE CHANGE RISK

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

BASEL III APPROACH

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

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

In order to avoid building-up excessive on- and off-balance sheet leverage, Bank maintaining leverage ratio minimum 3%.

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

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

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

CONCLUSION

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

Principle 15 – Risk management process
Principle 16 – Capital adequacy
Principle 17 – Credit risk
Principle 18 – Problem assets, provisions and reserves
Principle 19 – Concentration risk and large exposure limits
Principle 20 – Transactions with related parties
Principle 21 – Country and transfer risks
Principle 22 – Market risks
Principle 23 – Interest rate risk in the banking book
Principle 24 – Liquidity risk
Principle 25 – Operational risk

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

Basel III Pillar 3
Market Discipline

Annual Disclosure for the year ended December 31, 2016

The public disclosure of prudential information is an important component of Basel Committee on Banking Supervision's framework of capital measurement and capital adequacy, known as Basel III. Bangladesh Bank has specified the standard of disclosure through Guidelines on Risk Based Capital Adequacy (December 2010) which revised in Basel III Guideline on December 2014 with effect from January 2015. The standard aims to enhance the transparency in Bangladeshi financial market by setting minimum requirement for the disclosure of information on the risk management practice and capital adequacy.

In line with the Bangladesh Bank BRPD Circular no. 35 of December 29, 2010 as to Guidelines on 'Risk Based Capital Adequacy for Banks' and subsequent BRPD Circular 18 dated December 21, 2014 on 'Guideline on Risk Base Capital Adequacy', following detailed qualitative and quantitative disclosures are provided in accordance with the central bank directions covering scope of capital adequacy framework, capital of the bank, risk exposure and assessment methodology, risk mitigation strategies and capital adequacy of the bank.

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

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Basel III Pillar 3 Market Discipline

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: (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)	The consolidated financial statements of the Bank include the financial statements of i) Bank Asia Limited ii) Bank Asia Securities Limited iii) BA Exchange Company (UK) Limited. and iv) BA Express USA Inc. Bank Asia holds 99.99%, 100% and 100% shares of Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc. respectively. 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. A brief description of these institutions are given below: **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 105 branches, 6 SME centres and 119 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in USA. The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong. **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. **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. **BA Express USA Inc.** BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014.

	Qualitative Disclosures
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable for the bank
d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not applicable for the bank

2. CAPITAL STRUCTURE

	Qualitative Disclosures
Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or Tier 2.	The composition of regulatory capital is different than accounting capital. In line with Basel regime the structure of regulatory capital consists of Tier 1, Tier 2 & Tier 3. However the capital structure of Bank Asia Ltd consists of only Tier 1 and Tier 2 capital. Tier 1: Capital of Bank Asia Ltd consists of Paid up capital, statutory reserve, general reserve and retained earnings, Minority Interest. Tier 2: Capital of the bank consists of 50% revaluation reserve for fixed asset & securities, subordinated debts and general provision.

Quantitative Disclosures

Amount in BDT Million

Sl	Particulars	Solo	Consolidated
a)	**Tier-I (Core Capital)**		
a.1	Paid up capital	8,813	8,813
a.2	Non-repayable share premium account	-	-
a.3	Statutory reserve	6,534	6,534
a.4	General reserve	8	8
a.5	Retained earnings	1,445	1,268
a.6	Minority interest in subsidiaries	-	-
a.7	Dividend equalization reserve	-	-
a.8	Others	-	-
a.9	Sub-Total (a.1 to a.8)	16,799	16,622
	Less: Regulatory adjustments		
a.10	Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	63	63
a.11	Common Equity Tier -1 capital (Going-Concern Capital)/ Core Capital (a.9 - a.10)	16,736	16,559
a.12	Additional Tier 1 Capital	-	
a.13	**Total Tier- 1 Capital**	16,736	16,559
b)	**Tier-II (Supplementary Capital)**		
b.1	General Provisions (provisions for unclassified loans + provision for Off-balance sheet exposure)	4,037	4,037
b.2	Asset revaluation reserves up to 50%	1,341	1,341
b.3	Subordinate debt	3,197	3,197
b.4	Other reserve	-	-

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Basel III Pillar 3 Market Discipline

Sl	Particulars	Solo	Consolidated
b.5	Sub-Total (b.1 to b.4)	8,576	8,576
	Less: Regulatory adjustments		
b.6	40 % of revaluation reserve for fixed assets, securities and equity securities	537	537
b.7	**Total Tier- 2 Capital (b.5 - b.6)**	8,039	8,039
c)	**Tier-III (Eligible for market risk only)**		
c.1	Short-term subordinated debt	-	-
c.2	Sub-Total (c.1)	-	-
d	**Total Eligible Capital (a.13+ b.7+ c.2)**	24,775	24,598

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

- Currently Bangladesh Bank prescribed Minimum Capital Adequacy Ratio (MCR) is 10%, whereas as on December 2016 the CRAR of the bank was 12.42%.
- During the same period Minimum Capital Requirement (MCR) of the bank was BDT 19,949.97 million and eligible capital was BDT 24,774.61 million; i.e. the bank hold BDT4,825.54 million surplus capital

Reduction of Capital Requirement through increasing Rated Clients:

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

To withstand these challenges, the Board of Directors & the Senior Management of the bank emphasized rigorously round the year 2016 on corporate borrowers credit rating to lower our risk profile as well as to reduce the capital requirement of the bank. Accordingly, the Risk Management Division (RMD), CRO along with the branches has taken all-out efforts to increase the number of corporate borrower's exposures rated. They are constantly taking the initiatives through guidance of the Senior Management; series of meetings, correspondence, awareness program with the allied concerns i.e. branches of the bank & ECAIs. As a result of strong persuasion & drive, significant number of rated clients increased in the year 2016 from the year 2015. A review of the capital relief (both funded & non-funded exposure) reveals that till December 31, 2016, we have achieved total capital relief of Tk. 4,360 million from the rated borrowers.

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Market Discipline

Quantitative Disclosures

Amount in BDT Million

Sl.	Risk Category	Solo	Consolidated
Details of Risk Weighted Assets (RWA)			
a	Credit Risk		
a.1	On- Balance sheet	138,407	138,923
a.2	Off-Balance sheet	42,395	42,395
a.3	Total Credit Risk (a1+a2)	180,801	181,318
b	Market Risk	2,915	2,915
c	Operational Risk	15,775	16,139
	Total RWA	199,491	200,371
Detail of Risk Wise Minimum Capital Requirement (MCR)			
a	Credit Risk		
a.1	On- Balance sheet	13,841	13,892
a.2	Off-Balance sheet	4,239	4,239
a.3	Total Credit Risk (a1+a2)	18,080	18,132
b	Market Risk	291	291
c	Operational Risk	1,578	1,614
Total Minimum Capital Requirement		19,949	20,037
Total Maintained Capital		24,775	24,598
Total Capital Surplus		4,826	4,561
Detail of Tier wise Capital of the Bank			
1	Tier-1 Capital	16,736	16,559
2	Tier-2 Capital	8,039	8,039
3	Tier-3 Capital	-	-
	Total Capital	24,775	24,598
Total Capital to Risk Weighted Asset Ratio (CRAR) [Total capital/RWA]		12.42%	12.28%
Tier 1 CRAR [Tier 1 capital / RWA]		8.39%	8.26%

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Basel III Pillar 3 Market Discipline

4. CREDIT RISK:

Qualitative Disclosures	
(a) The general qualitative disclosure requirement with respect to credit risk, including:	
Definitions of past due and impaired (for accounting purposes)	Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect. An NPA (impaired) is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or a Term Loan etc. except term loan below Tk. 10 lac. Classified loan is categorized under following 03 (three) categories: > Sub-standard > Doubtful > Bad & Loss **Any continuous loan will be classified as:** i. 'Sub-standard' if it is past due/overdue for 03 (three) months or beyond but less than 06 (six) months. ii. 'Doubtful' if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months iii. 'Bad/Loss' if it is past due/overdue for 09 (nine) months or beyond. **Any Demand Loan will be classified as:** i. 'Sub-standard' if it remains past due/overdue for 03 (three) months or beyond but not over 06 (six) months from the date of expiry or claim by the bank or from the date of creation of forced loan. ii. 'Doubtful' if it remains past due/overdue for 06 (six) months or beyond but not over 09 (nine) months from the date of expiry or claim by the bank or from the date of creation of forced loan. iii. 'Bad/Loss' if it remains past due/overdue for 09 (nine) months or beyond from the date of expiry or claim by the bank or from the date of creation of forced loan. **Term loan will be classified as:** (A) In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting upto Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans: i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as 'Sub-standard''. ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as ''Doubtful''. iii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as ''Bad/Loss''. (B) In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting more than Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans: i. If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as ''Sub-standard''. ii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as ''Doubtful''. iii. If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as ''Bad/Loss''.

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Qualitative Disclosures

> Description of approaches followed for specific and general allowances and statistical methods

Types of loans and advances		Provision				
		STD	SMA	SS	DF	BL
Consumer	House building and professional	2%	2%	20%	50%	100%
	Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
Provision for loan to broker house, merchant banks, stock dealers, etc		2%	2%	20%	50%	100%
Short-term agri-credit and micro credit		2.5%	2.5%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

> Discussion of the Bank's credit risk management policy

The Bank has a well structured delegation and sub-delegation of credit approval authority for ensuring good governance and better control in credit approval system. The Board of Directors and its Executive Committee hold the supreme authority for any credit approval in line with the credit committee consisting of the senior management of the bank. 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 smooth 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.

In the process of restructuring credit operation mechanism as per guidelines of BB, recently, a new division has been created namely "Corporate and Large Loan (C&LL)" 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.

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.

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Basel III Pillar 3 Market Discipline

Quantitative Disclosures	
	Amount in BDT Million
Particular	**Outstanding**
b) Total gross credit risk exposures broken down by major types of credit exposure	163,610
Chief Executives & Others senior executives	171
Agriculture	2,341
Industry	81,312
Constructions	5,758
Power, Gas, Water and Sanitary Services	51
Transport, Storage and Communication	2,812
Trade Services	32,044
Housing Services	12,054
Banking and Insurance	7,268
Professional and Misc. services	19,799
c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	163,610
Dhaka Division	124,470
Chittagong Division	28,470
Khulna Division	3,069
Rajshahi Division	4,533
Barisal Division	308
Sylhet Division	1,902
Rangpur Division	667
Mymensingh Division	191
d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	163,610
Agriculture	2,341
Food Manufacturing	11,509
Beverage industry	512
Tobacco industry	261
RMG industry	18,153
Textile industry	13,617
Wood cork and allied products	48
Furniture and Fixture	113
Paper and paper products	7,739
Leather and leather products	2,575
Rubber products	1,708
Chemical and chemical products	1,473
Basic metal products	8,247
Electrical machinery and apparatus	2,549
Other manufacturing industries	8,518
Ship building	2,552

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Particular	Outstanding
Ship breaking	1,228
Pharmaceutical	510
Constructions	5,758
Power, Gas, Water and Sanitary Services	51
Transport, Storage and Communication	2,812
Trade Services	32,044
Housing Services	12,054
Banking and Insurance	7,268
Professional and Misc. services	19,799
Others	171
e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	163,610
Repayable on demand	24,589
Not more than 3 months	27,536
More than 3 months but not more than 1 year	55,645
More than 1 year but not more than 5 years	38,835
More than 5 years	17,005
f) By major industry or counterparty type	
Sector wise past due loan classification categories:	
Sub- Standard	408
Doubtful	298
Bad and Loss	8,141
Total	**8,847**
Specific and general provisions	7,424
Total General Provision:	2,929
Total Specific Provision:	4,494
g) Gross Non Performing Assets (NPAs)	8,847
Non Performing Assets (NPAs) to Outstanding Loans Advances	5.41%
Movement of Non Performing Assets (NPAs)	
Opening balance	5,809
Additions	15,074
Reductions	-12,035
Closing balance	8,847
Movement of specific provisions for NPAs	
Opening balance	2,912
Less: Transferred to General Provision	-
Less: Write-off	(458)
Add: Recovery from previously written off	42
Transfer from General Provision	170
Add: Provisions made during the period	1,828
Closing balance	4,494

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Basel III Pillar 3 Market Discipline

5. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

	Qualitative Disclosures
Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons	Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.
Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	The equity markets are traditionally volatile with a high-risk, high-returns profile. As such investors in the equity market have to plan and strategize to reduce their risks and increase their returns. Equity investments must therefore go hand in hand with a good risk management plan in place. In an uncertain marketplace like the present, investor cannot afford to place all hope in only one thing. Therefore, it is very important to protect the total investment value by means of diversification. Bank Asia has been operating in the capital market of Bangladesh since 2009. The Bank invested in shares both in primary as well as secondary market. Bank Asia has been started its own portfolio operation from May 04, 2010. Since then the Bank was mainly involved in "Own Portfolio Management" activity. Investments in shares of Bank Asia are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. The Bank recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best interest of the Bank. The Management of the Bank has constituted an Investment Committee / team comprising of members from the senior executives of the Bank who have sound experiences and knowledge on Capital Market activities. Investment team of Bank Asia reviews status of the own portfolio investment on regular basis and follows top-down approach where they review and analyze economy outlook, sectoral growth and specific company analysis. Company specific risk is minimized through proper diversification. To manage market risk, we follow economic research. Moreover, it has been noted that, the major source of market risk comes from the frequent change of regulation. Thus, it is important to maintain close relationship with the regulatory body and keep aware if there is any upcoming regulation change. Our investment in shares are being monitored and controlled by the Investment Committee are reflected in accounts through proper methodologies and accounting standards of the local & international. Investments are valued on mark to mark basis on a particular period

Quantitative Disclosures		
		Amount in BDT Mln.
Sl.	**Particular**	
a)	a) Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value:	Not Applicable
b)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	Nil
c)	Total unrealized gains (losses)	Nil
	Total latent revaluation gains (losses)	Nil
	Any amounts of the above included in Tier 2 capital.	Nil
d)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	
d.1	Specific Risk	105
d.2	General Market Risk	105
d3.	**Total (d1+d2)**	210

6. INTEREST RATE RISK IN THE BANKING BOOK

Qualitative Disclosures	
The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement	Interest rate risk is the potential that the value of the On Balance Sheet and the Off Balance Sheet position of the Bank would be negatively affected with the change in the Interest rate. The vulnerability of an institution towards the advance movement of the interest rate can be gauged by using Duration GAP under Stress Testing Analysis. Bank has also been exercising the Stress Testing using the Duration GAP for measuring the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Capital Adequacy Ratio (CAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing Off Balance Sheet positions and or Derivatives). Under the assumption of three different interests rate changes i.e. 1%, 2% and 3%.

Amount in BDT Mln.

Quantitative Disclosures				
Sl.	**Particular**			
1	Market Value of Assets	244,469		
2	Market Value of Liabilities	225,439		
3	Weighted Average of Duration of Liabilities (DL)	1.00		
4	Weighted Average of Duration of Assets (DA)	1.13		
5	Duration GAP (DA-DL)	0.22 yrs		
6	Yield to Maturity (YTM -Assets)	11.31%		
	Yield to Maturity (YTM -Liability)	5.56%		
	Magnitude of Interest Rate Change	1%	2%	3%

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Basel III Pillar 3 Market Discipline

Quantitative Disclosures				
Sl.	**Particular**			
7	Fall in Market Value of Equity	(475)	(951)	(1,426)
Stress Testing		*Minor*	*Moderate*	*Major*
8	Regulatory capital (after shock)	24,299	23,824	23,349
9	RWA (after shock)	199,015	198,540	198,065
10	CRAR (after shock)	12.21%	12.00%	11.79%

7. MARKET RISK

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

Amount in BDT Million

Quantitative Disclosures	
Particular	
The capital requirement for:	
Interest Rate Risk	18
Equity Position Risk	211
Foreign exchange	63
Commodity Risk	-
Total capital requirement against Market Risk	292

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.

	Qualitative Disclosures
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.

Amount in BDT Million

Particular	Solo	Consolidated
Capital Requirement for Operational Risk under MCR	1,578	1,614

9. LIQUIDITY RATIO

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

Basel III Pillar 3
Market Discipline

	Qualitative Disclosures
Methods used to measure Liquidity Risk	In context of Pillar 3 (Supervisory Review Process) of RBCA, the necessity of proper assessment and management of liquidity risk carries pivotal role in ICAAP of banks. In the perspective of Bangladesh, identifying and monitoring the driving factors of liquidity risk is viewed from the following aspects: **Regulatory Liquidity Indicators (RLIs):** ● Cash Reserve Requirement (CRR) ● Statutory Liquidity Ratio (SLR) ● Medium Term Funding Ratio (MTFR) ● Maximum Cumulative Outflow (MCO) ● Advance Deposit Ratio (ADR)/Investment Deposit Ratio (IDR) ● Liquidity Coverage Ratio (LCR) ● Net Stable Funding Raito (NSFR) **Bank's own liquidity monitoring tools:** ● Wholesale Borrowing and Funding Guidelines ● Liquidity Contingency Plan ● Management Action Trigger (MAT) Computation of Capital Charge against Liquidity Risk: If annual average of any RLIs of any bank falls bellow Bangladesh Bank's requirement the bank will be required to maintain additional capital for that RLI (or those RLIs). As per Bangladesh Bank guideline management maintain sufficient CRR and SLR.
Liquidity Risk Management System	In December 2014, the Bangladesh Bank started to two new liquidity metrics as part of the implementation of Basel III. These are a short term liquidity stress metric, the Liquidity Coverage Ratio (LCR), and a longer term funding metric, the Net Stable Funding Ratio (NSFR). Banks have to maintain LCR and NSFR are at a minimum of 100%.
Policies and processes for mitigating liquidity risk	Bank Asia Limited Asset-Liability Management Committee (ALCO) has responsibility for monitoring liquidity measures and limits. Liquidity is maintained in excess of the maximum cumulative outflows calculated within these stress tests. Board Risk Management Committee set policies and process to mitigate all risks including Liquidity risk.

Amount in BDT Million

Particular	
Liquidity Coverage Ratio (LCR)	142.19%
Net Stable Funding Ratio (NSFR)	111.94%
Stock of High quality liquid assets	53,541
Total net cash outflows over the next 30 calendar days	37,654
Available amount of stable funding	196,596
Required amount of stable funding	175,623

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10. LEVERAGE RATIO

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

Amount in BDT Million

Particular	Solo	Consolidated
Tier-1 Capital (A)	16,736	16,559
Exposure measure :		
On balance sheet exposure	248,701	250,372
Off balance sheet exposure	60,061	57,571
Less: Regulatory adjustment made to Tier I capital	63	63
Total exposure (B)	308,699	307,880
Leverage Ratio (A/B)	5.42%	5.38%

Basel III Pillar 3 Market Discipline

11. REMUNERATION

	Qualitative Disclosures
	Name, composition and mandate of the main body overseeing remuneration:
	Managing Director, Senior Management Team (SMT) & Head of People Management Division (PMD) governs the remuneration related policies and practices in alignment with the bank's short & long term objectives. They play an independent role, operating as an overseer; and if required, make recommendation to the Board of Directors of the Bank for its consideration and final approval for any remuneration related policy. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of Senior Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance-based compensation by ensuring effective remuneration policy, procedures and practices aligned with the Bank's strategy and applied consistency for all employee levels.
	A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches:
a. Information relating to the bodies that oversee remuneration.	Remuneration Committee of Bank Asia also oversee its two foreign subsidiary i.e. BA Exchange Company (UK) Limited and BA Express USA Inc. and one local subsidiary i.e. Bank Asia Securities Limited.
	A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group:
	Risk Takers are senior employees who can take, or influence the taking of material risk for Bank Asia or for a material business unit.

Designation	No of Employee
President and Managing Director	01
Deputy Managing Director	04
Senior Executive Vice President	08
Executive Vice President	08
Senior Vice President	13

	Qualitative Disclosures
b. Information relating to the design and structure of remuneration processes.	**Key features of remuneration policy :** We target a fair human resources management by using a performance-based system. Our salary policy is the same in all branches and service points for the beginner level. In addition, to drive further development of individual skill sets and competencies, speaking foreign languages is compensated. There is no incidence of gender discrimination in terms of remuneration. Bank Asia compensation program focuses on individual short-term goals vis-a-vis long-term success and overall profitability of the Bank. Both our short-term annual incentive and long-term compensation plans promote our pay-for-performance philosophy, as well as our goal of having a meaningful amount of pay at-risk, and we believe both plans provide us a competitive advantage in the acquisition and retention of talents. **Objectives of remuneration policy :** The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance within established risk limits. Performance is judged, not only on what is achieved, but also on how it is achieved as well as alignment with the Bank's values. Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any change that was made: The remuneration committee reviewed the firm's remuneration on 2014 and revised the remuneration by conducting a survey considering the following facts: ● Oversee Bank's remuneration position and revise the structure according to the competitive market ● Align compensation strategy with business strategy ● Determine the percentage of increment at each job grade ● Get acquainted with inflation in the economy Based on the survey, Banks changes the remuneration on Compa-Ration based of its existing employees **A discussion of how the bank ensures that employees dealing with risk and its compliance are remunerated independently of the businesses they oversee :** Control function of internal control and compliance directly responds of Audit Committee of the Board and dotted report to the President and Managing Director. Credit Risk Officer reports to President and Managing Director directly.

Basel III Pillar 3 Market Discipline

	Qualitative Disclosures
c. Description of the ways in which current and future risks are taken into account in the remuneration processes.	**An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed):** A balanced scorecard approach has been adopted by the Board with real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-a-vis set target of a given year. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors. **A discussion of the ways in which these measures affect remuneration:** The way in which each individual contributes to or impacts on the key criteria differs depending on the area of the business/target activities in which they operate and nature of activities specified by the management. These differences are reflected in the expected outcomes and performance indicators developed for each individual employee/role and satisfactory performance against these indicators is required to qualify for annual increment of remuneration, performance bonus, promotion and other benefits. **A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration:** Since the implementation of real-life SMART KPI to evaluate the contribution of all individuals, no change has been taken place.
d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	**An overview of main performance metrics for bank, top-level business lines and individuals:** Bank Asia is solely depending on the contribution of its existing talents. From the year 2013, Bank Asia introduced a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-a-vis set target of a given year. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors are introduced. The benefits of using KPI are the followings: ● Reduce the number of decisions and make decisions based on objectivity and facts. ● Quantify the achievement of goals ● Focus on facts and see where individual improvement is/are needed. ● As individual initiative grows, it becomes more difficult to remain as close to the operational details as it is, in such case, KPI results can bring back to reality. ● Employees are clear about his/her obligations to deliver during the year and accordingly would be able to plan to meet the expectation. ● Last but not the least, unbiased performance evaluation at the end of the year. **A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance:** Yearly performance bonus, salary increment, staff house building loan are directly linked with employee's individual performance. **A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.** Variance performances like performance bonus, salary increment are determined by the outcome of scorecard in prescribed KPI of the individual.
e. Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.	Bank Asia provides its Employees incentive compensation delivered in the form of deferred cash awards, subject to performance based on Key Performance Indicators (KPI).

	Qualitative Disclosures
f. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.	A summary of Short-term and Long-term compensation plan are given below: Total Compensation = Fixed Pay (Salary)+Variable Pay (Bonus)+Variable Pay (Long term incentive) Form of variable remuneration offered by Bank Asia: **Cash Form:** Short-Term Incentives / Rewards 1. Yearly fixed and incentive bonus; 2. Yearly Increment; 3. Business accomplishment financial award; 4. Special Increment for especial assignments/accomplishment; 5. Car, fuel and car maintenance allowance for executives; 6. Cash Risk allowance for cashier; 7. Charge allowance for Head of Branches **Long-Term Incentives / Rewards** 1. Provident fund; 2. Gratuity; 3. Benevolent fund 4. Employee house building loan with minimum interest rate 5. Provident fund loan with minimum interest rate 6. Periodically salary review (enhancement) 7. Furniture allowance for executives 8. Yearly professional membership fees for professional certificates holder **Non-Cash Form:** Short-Term Incentives / Rewards 1. Medical insurance coverage for self, wife and two children; 2. Accelerates promotion for top talents; 3. Study leave **Long-Term Incentives / Rewards** 1. Foreign training award;

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Basel III Pillar 3
Market Discipline

Qualitative Disclosures

Particular	*Amount in BDT Million*
g. Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Meeting regarding overseeing the remuneration was held on need basis.
h. Number and total amount of guaranteed bonuses awarded made during the financial year. Number and total amount of sign-on awards made during the financial year. Number and total amount of severance payments made during the financial year	No. / Amount Nil Nil Nil
i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.	Nil Nil
j. Breakdown of amount of remuneration awards for the financial year to show: - fixed and variable	Breakdown of Remuneration is as follows(Taka in million):

Basic salary	872
Allowances	906
Festival bonus	141
Gratuity	156
Provident fund contribution	81
Performance bonus	180
Total :	2,337

- deferred and non-deferred.	Nil
- different forms used (cash, shares and share linked instruments, other forms).	All the remunerations are provided in the form of cash
k. Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:	
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil
Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil
Total amount of reductions during the financial year due to ex post implicit adjustments.	Nil

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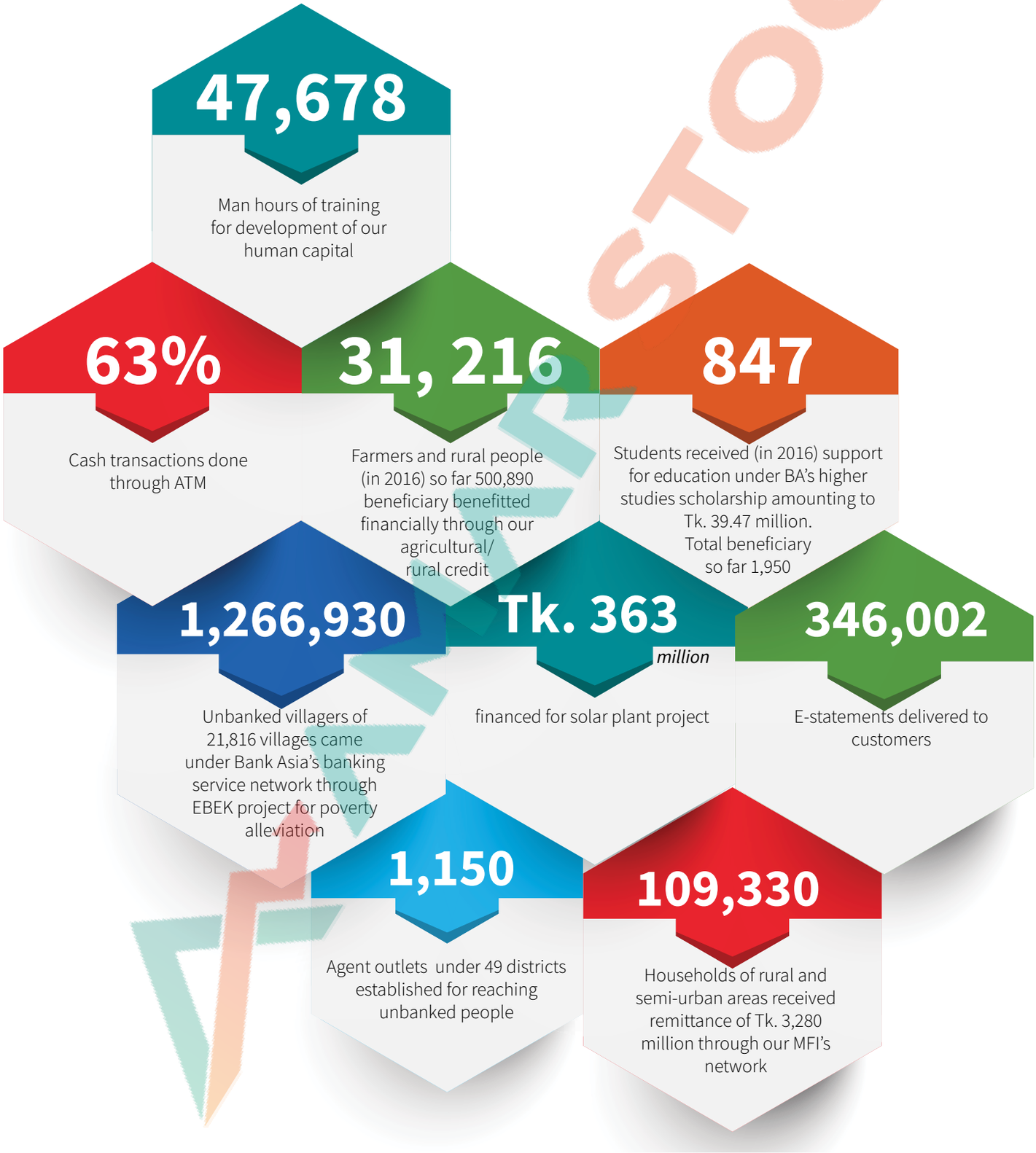


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Sustainable Banking Operations

Key Highlights 2016



The year 2016 was the first year to begin my journey in this bank as President and Managing Director. Together with my dedicated and skilled colleagues I desire to contribute more for a sustainable development not only by granting loans but also through investing depositor's money in environment friendly sectors. We are now more committed to engage with our stakeholders so that we utilize our resources effectively to meet these goals.

Bank Asia is publishing the 5th Summary Sustainability Report that is another official milestone. Our first two reports were based on G3/G3.1 guidelines. But from the year 2014, we have been preparing our report based on G4 guidelines with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social impacts including both positive and negative contribution. Our report intends to touch upon all material environmental, economic and social impacts resulting from Bank Asia's activities in the year under report.

Bank Asia has been playing the pioneer role for implementing Agent Banking operation in Bangladesh as an effective tool for financial inclusion of unbanked people at remote area. At present, Agent Banking operation has spread over 222 upazillas under 49 districts through opening 1,150 agent outlets. Bank Asia also made a unique Agent banking module backed by technology based banking facilities that ensure proper security and real time banking for customers.

We are the lead partner Bank in implementing Ektee Bari Ektee Khamar (EBEK), a government project for the ultra-poor people of our country and aiming at poverty eradication in this segment. Bank Asia is now operating EBEK Banking services to 35 districts having 252 Upazillas and more than 1,266,930 beneficiaries are getting the services under this project. This operation is spread over 21,816 villages of 2,424 unions.

We have financed in Agri/rural sector to create enormous employment opportunities in farms; especially in the fields of crops & fisheries that indirectly helps sequestration of carbon and till now 500,890 number of farmers received the benefit from our bank. Under the special finance program of CMSME, we are also providing financial support to the farmers at 4% concessional rate for cultivation. Bank Asia introduced A-card (Agriculture card), for the first time in Bangladesh, to facilitate marginal farmers get agri-loan in card and make necessary payment for seeds and fertilizer under the scheme. Bank Asia has been providing financial services to account holders of Tk. 10 under refinance scheme @ 9.50%. Currently the total disbursed amount is Tk. 11.69 million and 299 poor people are availing this service.

Bank Asia has spent Tk. 109.06 million for CSR purpose with a growth of 65.44% over the previous year. One of our key CSR priorities was education; we have been supporting poor meritorious students by providing scholarships since the inception of our CSR activities. In the year 2016, Bank Asia disbursed around Tk. 61.28 million to 847 students as the Higher Study Scholarship program to rural poor and meritorious students who will become human capital of our country. With a view to mitigate acute accommodation problem of all graduate nursing students of BSMMU, Bank Asia completed construction 'Nursing Student Hostel'. As Bangladesh is a natural disaster prone country, the Bank contributed Tk. 19.34 million for disaster management.

Bank Asia is also promoting school banking services with an aim to build savings habit of school going children. In 2016, Bank Asia has collected deposit of Tk. 3.60 million from school going children by opening 2,579 school banking accounts.

We also provide our employees with opportunities for personal development and professional advancement through extensive training and other personal development programs. In that respect, Bank Asia conducted 47,678 man hours of training involving 2,577 participants. The current gender mix is female 23% and male 77%. Our 82.54% of staff members are aged below 40 years which denotes that Bank Asia is in young, dynamic and capable hands. Bank Asia has introduced Grievance Handling Policy and Female Anti-Harassment Policy for betterment of our employees. In Bank Asia all the employees have enjoyed same opportunity - neither gender ethnicity nor any other irrelevant factor are not a barrier in recruitment, career advancement or personal development.

Bank Asia always believes in transparency in disseminating of information to the stakeholders irrespective of positive or negative event. Bank Asia achieved Best Sustainability Report in Bangladesh in the 12th Sustainability Reporting Awards (SRA) 2016 by NCSR, Jakarta, Indonesia for Sustainability Report 2015. It is our utmost pleasure to share a news that we are achieving sustainability award every year under different category by NCSR.

We look to the future with a sense of optimism and a firm belief that our sustainability commitment will be strengthen further by relying on a comprehensive strategy, the dedication of our employees and the continuous support of our stakeholders. At last, I express my sincere thanks and gratitude to all stakeholders and sincerely acknowledge their active engagement towards Bank Asia's dream to build a poverty free Bangladesh.



Md. Arfan Ali
President and Managing Director

Report Parameter

Bank Asia is the pioneer in the banking industry to publish Sustainability Report and awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting. Our prior two reports was based on GRI reporting framework G3/ G3.1 guidelines. But from the year 2014, we have prepared our sustainability report based on GRI reporting framework G4 guidelines and it is the third time we are reporting on GRI reporting framework G4 guidelines with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social aspects including both positive and negative contribution.

REPORTING SCOPE

This report intends to touch upon all significant environmental, economic and social impacts resulting from Bank Asia's activities in the financial year 2016. This is our fifth sustainability report and there is no significant changes regarding scope, boundary or measurement methods and explanation of the effect of any restatement of information comparing to the previous report. The sustainability report will be prepared once in a year describing activities and achievements through-out the year.

BOUNDARY OF THE REPORT

The report boundary of the year 2016 covers only banks operation run by corporate office, its branches, SME service centers and other direct networks in Bangladesh. Impacts of the activities of our subsidiaries, NGO networks or our suppliers in other countries are not within the scope of this report.

Bank Asia has three subsidiary companies, one in Bangladesh and others in UK and USA, but no joint venture. As owner, the Bank controls the activities of its subsidiaries. Bank Asia Securities Limited (BASL), a majority owned subsidiary is incorporated in Bangladesh and acts as a stock broker and stock dealer in capital market. The financial statements of the BASL are prepared on a going concern basis under historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRS).

BA Exchange Company (UK) Ltd. in UK and BA Express USA Inc. at NY, USA are two wholly owned subsidiaries with a primary responsibility of remittance channeling to Bangladesh from UK and USA market. Financial statements of BA Exchange Company (UK) Ltd. and BA Express USA Inc. are prepared on a going concern basis under the historical cost convention and in accordance with the Financial Reporting Standards for smaller entities.

FEEDBACK

We welcome any feedback on our sustainability reporting. For further information and comments, please contact Sustainability Reporting Team of the Bank led by Mr. Mohammad Ibrahim Khalil, FCA, Chief Financial Officer (CC), Mr. Md. Bashir Uddin Ahmed, CSRS, Assistant Vice President, Accounts Department, Mr. Md. Shamim Hasnat, First Assistant Vice President, Group Finance and Ms. Nahid Tania Khan, Senior Officer, Group Finance. They may be reached through

E-mail:
sustainability.ba@bankasia-bd.com

Triple Bottom Line

PEOPLE

Bank Asia always plays a very dynamic role in contributing to the society through its CSR program, which are thoroughly illustrated in CSR section. In the context of value creation model for its employees, the bank has made footprints by achieving: Operating profit and Net profit per employee was Tk. 3.01 million and Tk.0.78 million respectively during 2016. 47,678 man-hours training have been provided to 2,577 employees in the year 2016.

Bank Asia works with a wide range of suppliers, vendors, agents and others. Bank Asia works with them to create value through collaboration by applying its own policy and practice for selecting these suppliers and others

PLANET

As one of the strategic focuses of Bank Asia, 'going green' movement includes efficient energy consumption, paperless office, financing renewable energy etc. Bank Asia's achievements in green initiatives are detailed out in other parts of the report. As greening of mind, Bank Asia provided 3 trainings on green banking under foundation trainings course where 98 staffs participated.

PROFIT

During 2016 Bank Asia generated operating profit of Tk. 5,921 million.

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Strategic Focus for Sustainability

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, reducing green house gas emission, mapping bank's carbon foot print, efficient energy use, environment friendly projects, plant 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, 'Ektee Bari Ektee Khamar' Project, Agent Banking channels, domestic remittance distribution through bank branches and agent banking outlets.

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.

CUSTOMER SATISFACTION

Bank Asia is sincere to create higher customer satisfaction and loyalty by its brand enhancement programs & creating brand ambassadors, personalized banking, online product innovation, measure and reduce customer efforts for greater value proposition.

SMARTSTOCK

Corporate Profile

Bank Asia Limited was incorporated on September 28, 1999 as a private commercial bank with the aim of contributing for the development of the economy by bringing superior quality, technology driven banking products and services.

In 2001, Bank Asia set a milestone by acquiring the Bangladesh operations of the Bank of Nova Scotia of Canada, first in the banking history of Bangladesh. At the beginning of the year 2002, the bank again acquired the Bangladesh operations of Muslim Commercial Bank Limited of Pakistan. Bank Asia has associated Islamic banking, Off-shore banking, Agent Banking, EBEK program and many more specialized services with its core banking activities. To excel in this new era of technological triumph, Bank Asia has successfully introduced internet banking, cutting edge ICT, state of the art network solution, 24/7 ATM service and many other e-products. Bank Asia maintains an environment of strong corporate governance that helps to maintain its excellent brand image; reflected by consistent financial performance for its stakeholders. To attain sustainability, we focus more on strategic priorities measured by quantitative and qualitative determinants. Besides maintaining a steady growth, Bank Asia always prioritized in the structural and moral development of the society. From the very beginning the bank has strated its Corporate Social Responsibility (CSR) activities for the development of our country's unprivileged segments in the areas of education, health, environment, sports, arts & cultures and the likes.

NATURE OF OWNERSHIP AND LEGAL FORM

Bank Asia Limited was formed as a public limited company under the Companies Act 1994, and governed by the Banking companies Act 1991. The Bank obtained certificate of incorporation on September 28, 1999 and banking license on October 06, 1999. It went for public offering on September 23, 2003.

NUMBER OF COUNTRIES WHERE THE ORGANIZATION OPERATES

Bank Asia runs its operation only in Bangladesh. However, the Bank has two fully owned subsidiaries in overseas. Among these subsidiaries, 'BA Exchange Company (UK) Limited' and 'BA Express USA Inc.' facilitate as speedy and dependable medium for remitting the hard-earned money of expatriates backhome. 'BA Exchange Company (UK) Limited' started its operation in London on May 16, 2011. The 3rd subsidiary of Bank Asia 'BA Express USA Inc.' started its operation on June 1, 2014 in New York. It has also opened its 2 new overseas branches in Jamaica and Brooklyn for remittance channeling to Bangladesh.

BRANCH NETWORK

Currently we have 111 branches and SME service centers across the country spread over different zones that includes 101 branches, 4 SME agricultural branch and 6 SME service centers. Geographically 59 are placed in capital Dhaka, 33 in Chittagong the 2nd largest commercial hub after Dhaka, 7 in Sylhet zone one of the leading remittance flow area, 4 in Khulna zone the 2nd international port city and adjacent to world's largest mangrove forest, 4 in Rajshahi the silk city and world's finest mango production area, 2 in Rangpur famous for one of the oldest (1916) and best reputed college, Charmichael College, 1 in Barisal, the main rice producing center of Bangladesh and 1 in Mymensingh, renowned for one of the largest Agricultural University and largest residence of Garo ethnic communities of the country. All these branches and SME centers are efficiently supervised and monitored by Zonal heads who take care of their overall performance indicators on a regular basis. Every year on an average 7 new branches are added to our branch network.

SCALE OF THE REPORTING ORGANIZATION

As of the end of 2016, our Bank's operating profit is Tk. 5,921 million and total assets are Tk. 253,196 million. The Bank's Capital to Risk Weighted Assets Ratio (CRAR) is 12.42 %.

Number of employees	2,005 (1,970 of Bank and 35 of Subsidiaries)
Number of branches	111 (101 branches, 4 SME/Agri branches and 6 SME service centers)
Total operating income	Tk. 10,640 million
Total debt & equity	Tk. 234,157 million & Tk. 19,038 million
Number of ATMs	119 own ATMs and more than 5,000+ shared
Number of credit cards	47,255
Number of VISA debit cards	More than 300,000

MEMBERSHIP WITH ASSOCIATIONS

- Bangladesh Institute of Bank Management(BIBM)
- Bangladesh Associations of Banks (BAB)
- Association of Bankers Bangladesh (ABB)
- The Institute of Bankers Bangladesh (IBB)
- The American Chamber of Commerce in Bangladesh(Am Cham)
- Bangladesh Foreign Exchange Dealers Association (BAFEDA)
- Bangladesh Association of Publicly Listed Companies (BAPLC)
- Money Market Dealers'Association
- Metropolitan Chamber of Commerce and Industry
- Islamic Banks Consultative Forum (IBCF)
- Central Shariah Board for Islamic Banks of Bangladesh (CSBIB)

ISLAMIC BANKING PRODUCTS

Deposit Products

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

Investment Products

- BaiMurabahaMuajjal (both Local and Post Import)
- Hire Purchase Shirkatul Melk (HPSM)
- Musharaka
- Murabaha Import Bills
- Quard against Accepted Bills
- Quard against MTDR
- Quard against Schemes

MICRO, SMALL, MEDIUM AND AGRICULTURE BANKING PRODUCTS

Deposits

- All conventional deposit products except savings bank deposit, scheme deposits and other deposits for only individual customers.

Micro & Small Enterprise Finance

- Shomadhan - Over draft for Trading, Manufacturing, Service & Women Entrepreneur
- Utshob- Collateral free Seasonal loan
- Shubidha – Collateral free Term loan for Trading
- Sristi - Collateral free Term loan for Manufacturing
- Shofol - Collateral free Term loan for Service
- Shondhi - Term loan for Trading
- Shombridhi - Term loan for Manufacturing
- Sheba - Term loan for Service
- Subarno- Term loan for Women Entrepreneur
- Probaho – Term loan for Electric Cluster at Dhaka
- Shombhabona- Term loan for New Entrepreneur
- Bondhon- Term & seasonal loan for Handloom & Specialized cloth Cluster at Bogra

Medium Enterprise Finance

Funded Products

- Secured Over Draft (SOD)
- Cash Credit Hypo
- Over Draft A/C
- SOD (Earnest Money)
- Loan against Imported Merchandize
- Loan against Trust Receipt
- Payment against Document (PAD) Cash
- Documentary Bills Purchased - LCY
- Demand Loan (Workorder)
- Forced Demand Loan against L/C
- Term Loan Industrial
- Term Loan Others
- Loan General
- Transport Loan
- House Building Loan - General
- Lease Finance
- Time Loan



salamah
অনলাইন ইসলামিক ব্যাংকিং সার্ভিস
শুদ্ধতাই আপনার মুনাফা

শুদ্ধতায় প্রয়োজনে পাশে

ব্যাংক এশিয়া ইসলামিক ক্রেডিট কার্ড

বিস্তারিত তথ্যের জন্য কল করুন:

১৬২০৫



হ্যান্ডলুম বস্ত্র শিল্প প্রতিষ্ঠান পরিচালনা ও সম্প্রসারণের জন্য
আপনার স্থায়ী ও চলতি মূলধনের প্রয়োজন মেটাতে ব্যাংক
এশিয়া নিয়ে এলো স্বল্প সুদ ভিত্তিক ঋণ

বন্ধন

(এস্মেই ফাউন্ডেশন এর ক্রেডিট হোলসেলিং এর আওতায়
ব্যাংক এশিয়ার একটি ক্লাষ্টার অর্থায়ন কর্মসূচী)

Non Funded Products

- Letter of Guarantee
- Letter of Credit (Sight/Deferred/UPAS/ EDF)
- Back to back Letter of Credit (Local & Foreign)

Agriculture Finance

- SOD (10 Taka Savings)
- Demand Loan against 10 Taka Savings
- Short Term against 10 Taka Savings
- Cropping Demand Loan
- Dairy and Fattening Demand Loan
- Dairy and Fattening Term Loan
- Fishery Demand Loan
- Fishery Term Loan
- Equipment Term Loan
- Poultry Demand Loan
- Poultry Term Loan
- Demand Loan against NGO
- Agriculture Term Loan against NGO

CORPORATE BANKING

Cash Management Products

Bank Asia provides corporate customers a full range of cash management products and services. A wide range of solutions are offered to help them plan, monitor and manage their liquidity and meet payments, receivables, accounts and information requirements. Specific products and services are as follows:

- Day-to-day cash control
- Account Packages – Current, SND and Fixed Deposits
- Monitoring money at the bank, both active and non-active cash
- Receipts and items in the course of collection
- Payments and items in the course of being paid
- Cash Pick Up & Delivery
- Short-term investments
- Short-term borrowings
- Short-term foreign exchange positions
- Electronic payments
- Booths

Funded Products

- Secured Over Draft (SOD)
- Cash Credit Hypo
- Over Draft
- SOD (Earnest Money)
- Exporter's Cash Credit
- Documentary Bills Purchased - FCY
- Documentary Bills Purchased - LCY
- Demand Loan (Work order)
- Loan against Imported Merchandize
- Loan against Cash Incentive
- Payment against Document (PAD) Cash
- Loan against Documentary Foreign Bill
- FCY
- Forced Demand Loan against L/C
- Term Loan Industrial
- Term Loan Others
- Loan General
- Transport Loan
- Loan against Packing Credit
- Loan against Trust Receipt
- House Building Loan - General
- Lease Finance
- PAD (Export Development Fund)
- Export Development Fund (EDF) Loan (FCY)
- Time Loan
- Demand Loan (Workorder)

Non Funded Products

- Letter of Guarantee
- Letter of Credit (Sight/Deferred/UPAS/ EDF)
- Back to back Letter of Credit (Local & Foreign)

Structured Financing

- LCY syndication arrangement
- FCY term Loan and syndication
- Multilateral financing
- Advisory services
- Trustee and agency services
- Arranging Debt (Bonds/Commercial Paper)
- Customized financial solutions
- Special arrangements (IPFF/ Special fund of BB/ Agri business Loan etc.)

OFF-SHORE BANKING UNIT (OBU) PRODUCTS

- On-shore Import & Export Bill
  - Discounting
  - UPAS Loan
  - Bill Purchase
- Working Capital Finance
  - LTR
  - Packing Credit
  - Term Loan
  - Lease Finance
- Trade Finance
  - Import, Export
- Loans & Advances to wholly foreign owned entities
  - LTR
  - Term Loan
  - Demand Loan
- Term loan to local entities
- Nostro account services to other local banks

AGENT BANKING

Products

- Current Deposit Account
- Savings Bank Account
- Short Notice Deposit Account
- School Banking Solution
  - Smart Junior Saver Account
  - School Banking Account
  - School Fee Collection
  - Payroll Banking for Teachers
- Term Deposits
- Remote Banking (EBEK)
- 10 Tk. Accounts
- Account Opening
- Deposit & Withdrawal from account
- Fund Transfer within bank and to any bank in Bangladesh
- Inward Foreign Remittance payment
- Utility Bill Payment
- Balance Inquiry
- Account Statement (mini)
- Insurance Premium Collection
- Passport Fee Collection
- SME Loan Processing
- Agricultural Loan Processing
- Retail Loan Processing

ARCHIVE COPY

Products & Services

MAKE YOUR DREAM HOME A REALITY

HOME LOAN



- Repayment of Loan Installment
- Disbursement and Payment of Social Safety Net
- Salary Disbursement Solution
- A-Card for farmers
- Debit/NFC Card Services
- Mobile Top Up
- Agent Banking Apps

TREASURY PRODUCTS

Money Market, Fixed Income, & Capital Market

- Call Money
- Notice money
- LCY/FCY Term
- Fixed income & Capital market securities
- Repo
- ALS (Assured Liquidity Support)
- Reverse Repo
- Currency SWAP

Foreign Exchange

- Spot Foreign Exchange
- Forward Foreign Exchange
- Forex Swaps
- Cross Currency Swaps
- Interest Rate Swaps
- Interest Rate Cap and Collar

CAPITAL MARKET SERVICES

- Brokerage Services
- Attractive Commission Rate
- Wide Branch Network
- Margin Loan
- CDBL Services
- Research
- Daily Market Update and News Summary
- Institutional and Foreign Trade
- Panel Broking
- Portfolio and Risk Management
- Internet and Smartphone trading

Call:

16205 (24/7) &

+880 4470019595

FIRSTOCK

Stakeholders' Engagement

Bank Asia believes in the proper stakeholders' engagement in every aspect of its banking activities. We identify our stakeholders through conducting impact analyses in respect of

- *Responsibility:* Bank Asia has direct legal responsibility to regulators, tax authority etc.
- *Influence:* Decision making of the bank is influenced to reach its intended goals by shareholders and employees etc.
- *Proximity:* The local community that influence heavily our daily operation.
- *Dependency:* Those who are dependent on their operational performance, e.g. business partners, and those whom we are dependent, e.g. customers.
- *Representation:* Those who represent Bank Asia to the outside world, e.g employees, board and those whom we face for various decision making purposes. e.g. business association leaders, local community leaders .

Impact analyses from the aspects of governance, economic, environment and social influences help the bank recognize and respond to emerging risks and opportunities and meet the expectations of those who shape the operating environment. Continuous engagement with stakeholders is integral to the success of our business.

Bank Asia prioritizes stakeholders' issues based on materiality mapping determining the level of relevance and significance on economic, environmental, social and financial impacts.



Stakeholders' Engagement

Stakeholders	Ways of inclusion	Their priorities	Our response
Customers	● Customer Relationship Management ● Complaints and customer satisfaction survey ● Customer feedback Management ● Ongoing market research and product innovation ● Customer Service Enhancement Program	○ Good return from deposits ○ Fast service delivery with excellence ○ Preferential pricing, charges and commission ○ Strict Shariah compliance in Islamic products and services ○ Product varieties catering market demand ○ Online banking solutions with secured transactions, privacy and confidentiality ○ Ensuring better and uniform services to the customers	○ ALCO sits every month to decide pricing and rates based on market analyses ○ All network nodes are run by online core banking system (CBS) ○ E-products like mobile banking, internet banking, tele banking, electronic fund transfer, etc. ensures hi-tech banking needs ○ Separate online CBS for Islamic products ○ Front desks and relationship managers ensures fast and high quality service delivery following one to one relationship. ○ Proper actions are taken of customers complaints if any service goes against the customer service policy of the Bank. ○ First working day in every month has been observing as 'Customer Service Day' where Corporate Office executives met with customers in branch premises, render services to them and share advice of grievence if any
Employees	Business conferences, teleconferences, video conference etc. Training, workshops and orientation Program, Internal meeting, Group emails, intranet circulation, Physical Fitness, Future Leadership Development Program (FLDP),Safe and Clean working environment, Physical Fitness	○ Talents and performances development ○ Regular training ○ Inflation adjustment in pay package planning ○ Periodical salary review to adjust with cost of living index ○ Proper job description setting as per individual skill ○ Performance driven career progression ○ Healthy working environment and Policy formulation for safe working atmosphere ○ Ensure hygienic and congenial workplace ○ Group Health Insurance ○ Gymnasium at Corporate office and BAITD ○ Transport facilities for female employees ○ Sports Tournament ○ Correspondence program of employees regarding Future Leadership Development Program (FLDP) ○ Cleanliness Day	○ 47,678 man hours training for 2,577 human capital in 2016 ○ Salary package adjusted in line with market competitiveness and inflation ○ Yearly performance Bonus for employee motivation ○ Well set KPIs for performance and inherent quality analysis ○ Ensure continuous learning and application ground for career build-up ○ All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise ○ 278 Claims of insurance received of Tk. 8.45 million in 2016 ○ Pick and drop facilities has been provided through 14 vehicles among non-executive female employees both in Dhaka and Chittagong region ○ Formulation of 'Female anti harassment policy' and 'Grievance handling policy' to resolve complaints in a fair manner ○ Employees under different mentors are being trained as per FLDP program ○ 'First Saturday' of every alternate months has been observing as 'Cleaning Day' where all employees of the branches and Corporate Office actively participate to clean the premises including all office equipment and fixtures

Stakeholders' Engagement

Stakeholders	Ways of inclusion	Their priorities	Our response
Local Communities	Promoting financial inclusion both banked and unbanked people CSR contribution Scholarship to poor meritorious students	○ Compensation for adverse direct or indirect impact for bank's activities ○ Provide banking facility to geographically dispersed poor segment of the society through Agent Banking network ○ Benefit to the economy by poverty reduction through augmenting banking services to rural poor people by Ektee Bari Ektee Khamar (EBEK) Project ○ Support to under privileged people through Social Safety Net programs ○ Support to basic need for living ○ Contribute towards quality of life	○ Strongly consider environmental and social impact and restrain from adverse impact upon society ○ Target segment is underdeveloped and under privileged people ○ Services to old citizen, widow and disable beneficiaries ○ Significant contribution to education, health, disaster management, art & culture, environmental and sports sector
Business Partners	Procurement management, training and communication	○ Fair trade, fair enlistment, ○ Sustainable and stable growth of the bank	○ Free from any bias or coercion from influencing quarters ○ Ensure fair play and competition to award work order ○ Timely payment to vendors
Subsidiaries	● Policies formulation ● Agreed upon strategic goals	○ Goals and Strategic focuses are based on local environment analyses & regulatory purview	○ Review local market and environment before setting its strategic priorities ensuring proper representation from subsidiaries
Shareholders/ investors	Annual General Meeting (AGM), Extraordinary General Meeting (EGM), annual & semiannual report, publishing quarterly financials, credit rating and price sensitive information (PSI) in newspapers	○ Healthy return on investments and stable dividend policy ○ Growing earnings ○ Sound governance and risk management, ratings of the bank based on overall financial performances	○ Maintained attractive plough back ratio ○ Timely repayment of debt with stated return ○ Established superior risk management culture ○ Transparency and integrity in financial reporting ○ Maintained consistent ratings through financial commitments ○ Each queries of the investors meet up through our share department efficiently and fairly

AMARSTOCK

Stakeholders' Engagement

Stakeholders	Ways of inclusion	Their priorities	Our response
Board & Management	● Decisions are taken based on financial and business delegation of different levels ● Any major decisions must be placed to board for approval	○ Governance principles, policies & procedures formulation ○ Strategic focus & value creation ○ Strategic business planning	○ At least one board meeting in every month, frequent executive committee meeting, audit committee meeting ○ Board members meet management on various occasions like annual & semi- annual business conferences, bank's anniversary celebration
Government & regulatory Authority	Strict ethics & compliance with applicable laws, rules and regulations	○ Proper compliance with laws & regulations ○ Timely reporting as per requirement ○ Timely payment of income tax and VAT accurately	○ We ensure proper compliance and timely reporting to government bodies and regulators ○ Contributed Tk. 4,349.34 million to National Exchequer which significantly contributed to Government's revenue collection

Material Aspects and Boundaries

Material Aspect	Boundaries inside the organization	Boundaries outside the organization
Financial Inclusion	Client base of the organization increases with diversity, taping business opportunities, increase of revenue generation	The community including the overall economy benefitted from reduction of poverty through augmenting economic activities in the geographically dispersed areas
Energy Consumption	Efficient use of scarce resources	Sequestration of carbon emission and the national GHG inventory will be reduced
Human Capital & Talent management	Enhancement of operational level efficiency. Attaining cost savings through reducing time requirement. Customer retention rate will be higher	The clients will be benefitted from customer friendly efficient services and will be more loyal to bank
Agricultural Credit	Product diversification and attachment to mainstream of the economic activity of the country	As an agricultural country, share croppers and marginal farmers will be benefitted by lower interest rate and their poverty level will be improved
Environment friendly Investment	As a responsible corporate entity, the Bank believes in doing business without compromising with the eco system. It emphasizes conserving scarce resources for next generation	Public awareness as well as regulatory requirement enforced the organization to increase environment friendly investment gradually
Building the Community	Discharging our responsibility towards society to ensure sustainable balanced growth in economic, social and ecological arena	Overall betterment of the nation through CSR activities in different sectors like health, education, sports and culture etc.

AMARSTOCK

Environmental Performance

ENERGY

Energy Savings

Our Corporate Office as well as our branches have 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

	2016	2015
Energy Type		
Electricity	88.22	98.13
Fuel and CNG	12.17	9.98

Solar powered branches

We have already installed solar panels in our 11 branches located at Patherhat, Madhobdi, Dohajari, Hajigonj, Faridpur, Elephant Road, Lalmatia, Sonaimuri, Bashabo SME service Centre, Bank Asia Bhaban & Nimtola Branch.

Financing renewable energy and carbon offset projects

During the year 2016 we have disbursed Tk. 3, 319.11 million to 31,216 farmers which helps sequestration of carbon.

Reducing Energy & Resource Consumption

Instruments of Green Banking offered by Cards Division and Alternative Delivery Channel includes E-Statement, SMS Banking, SMS Alert, Net Banking, E Fund Transfer, and Digital Attendance and E Mail corresponding, which help reducing printing paper. In 2016, our Cards Department through its digital filing system have been archived more than 76,320 pages. Moreover new issue, replacement, activation and PIN request are automated which reduced Debit Card issuance time as well as saved paper and courier service cost. Unlike every year, the Bank has developed e-Cards for its stakeholders this year.

Million Taka

Sl	Instruments	Quantity	Cost of Conventional Practice	Cost of Green Banking Concept
1	E Statement	346,002	3.46	NIL
2	SMS Banking	387,027	3.87	0.097
3	SMS Alert	788,863	7.89	0.197
4	Net Banking	213,284	2.13	NIL
5	E-Fund Transfer	172,833	1.73	NIL
6	Digital Attendance	2,505	0.001	NIL
7	E-Mail Corresponding	306,152	3.06	NIL
8	Total amount		22.14	0.294
	Net Savings		Taka 21.85 million	

SOLAR HOME SYSTEM

Bank Asia is committed to enlighten every rural home with green electricity. At present, only about 42.49% of the rural households in Bangladesh have access to grid electricity. Life comes to almost a standstill there after sun-set for the rest of the areas. Giving priority in this sector, Bank Asia has been supporting to import and install solar home systems in the off grid area. During 2016 Bank Asia disbursed Tk. 362.56 million for Engreen Sharisha Bari Solar Plant Ltd.

WATER USAGES

Bank Asia is very much conscious about efficient use of water. As a financial institution its use of water is already very much restricted. Major consumption of water is for drinking purpose. Our bank is also none compromising about ensuring pure and safe drinking water for its employees and visitors. But normal supply water in Bangladesh is not safe for drinking. Therefore, to overcome the situation every branches and corporate office are supplied with specially procured filtered mineral water. The management of the bank takes special care so that wastage of water is minimum. Total consumption is controlled by monitoring per employee drinking water cost per month. During the year 2016, Bank Asia spent Tk. 175.87 per month for each employee to ensure safe drinking water.

WASTE MANAGEMENT

This process is involved in dealing with the waste generated from day to day banking activities, food consumption, physical wear & tear of computer and office equipment, obsolete furniture & fixture and newspapers. Being a financial institution Bank Asia does not deal with any hazardous waste.

- Both sides of papers are used and wasted papers are collected using bins after shredding
- Donate old equipment and furniture for charity or sold
- Food wastes are collected by community cleaners on daily basis
- Toner, cartridges and newspapers disposed off through community cleaners.

TALK STOCK

Environmental Performance

GREENHOUSE GAS EMISSION

Saving CO2 emission

Since 2014, Bank Asia implemented Video Conferencing System to connect with remote branches for strengthening relationship between Head Office and branches. By using the system, Management can save time and money as well as CO_2e by avoiding long distance travel in order to attend meetings. Currently, the system has been implemented in few branches.

REDUCING CARBON FOOTPRINT

Since inception Bank Asia has turned to eco-friendly banking as a way to lower carbon footprint in its' normal banking activities. As part of our commitment for our green economy we have signed a participation agreement with Bangladesh Bank under refinance scheme in 2011 for lending in solar energy, bio- gas, and effluent treatment plant (ETP) and Hybrid Hoffman Kiln (HHK) technology based brick field.

In 2016, Bank Asia approved the non funded limit of Export financing for ETP of Tk. 53.20 million to Robintex (Bangladesh) Ltd. (a sister concern of Robintex Group) one of the valued client of MCB Banani branch. The Bank Asia also financed Tk. 97 million in 11 projects to set up Zigzag chimney for better energy efficiency and lower emissions. Moreover, we approved the limit of Tk. 2,010 million (Funded Tk. 935 million and Non funded Tk. 1,061 million) to Saiham Knit Composite Ltd. having USGBC Certified LEED Certificate for environment friendly infrastructure in the construction.

In addition, our Agriculture department has been financing biogas plant projects. The outstanding amount was Tk. 1.31 million in 2016.

INITIATIVE TO REDUCE THE BANK'S ADVERSE IMPACT ON ENVIRONMENT

Bank Asia by principle always averts financing in environment hazardous business. The bank has decided not to finance any tobacco related business, and all offices of the bank are declared smoking free zone. We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess borrowers through environmental due diligence (EDD) checklists.

BANK ASIA AND GREEN BANKING

Bank Asia always believes in growing in a responsible manner maintaining eco-friendly environment which is essential for our survival. Since its inception, Bank Asia has been committed towards safe, clean and green environment. 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.

The Bank's working environment encourages usage of e-mails, relying on online instructions for communication, using natural daylight and extensive usage of energy savings bulbs. These steps show the Bank's efforts towards encountering in-house environment management as part of supporting green banking. Our Green Banking Policy Guidelines and Green Office Guide have been circulated to all our employees for creating awareness on Green Banking activities & providing instructions about conserving energy, water, saving paper, etc. Bank Asia developed its own Environmental Policies which proves our commitment to the Environment for a sustainable future. We have unified our sustainable operations under the "Green Banking Unit" equipped with permanent employees. The Audit Committee of the Board is selected as the High Powered Committee of our Green Banking Unit for reviewing the Green Banking activities.

For a sustainable economy Bank Asia plays a crucial role for financing the project that enhance the positive impact over the society. In 2016, Bank Asia financed for Valmont Fashion Ltd. of Tk. 10.10 million and disbursed Tk. 4.95 million for importing Fire Alarm, Fire Detection system and Fire hydrant system for compliance of the project and procuring materials/ equipments/ accessories from local sources and installation of fire system.

As part of green banking initiative, Bank Asia ICT Division has introduced



Bank Asia financed ETP Project

BANKSTOCK

Environmental Performance

green data center which is entirely built, managed and operated on green computing principles. It provides the same features and capabilities of a typical data center but uses less energy and space, and its design and operation are environmentally friendly. During the year Bank Asia ICT Division has deployed Blade servers, which provide high performance with low power consumptions and occupy less space. Moreover Bank Asia ICT Division has been providing email IDs to all permanent employees of Bank for communication which significantly reduced the paper based communication.

We also deployed Smart Clients instead of conventional PCs which were centrally managed, highly secured and easy to deploy but low maintenance cost solution and low power consumption. The results are of robust solutions that use the Internet as a worldwide LAN with true Desktop functionality and performance.

As greening of mind, 3 external trainings was organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, Financial inclusion, CSR and Green Banking this year. In 2016, Training Institute of Bank Asia has provided 3 trainings on Green Banking under Foundation training course to 98 employees.

In view of highlighting our Green Banking activities and creating awareness amongst our stakeholders, the articles on Green Banking, sustainability reporting were published in different newspapers which reflect our Green initiatives to our employees, our stakeholders and all subscribers of those newspapers.

This year Bank Asia arranged a Painting Competition for the children of the bank employees marking the World Environment Day. The theme of the painting competition was “Our World” where Tk. 3,34,000 (approx.) spent for this program. Moreover, to create awareness,



Bank Asia organized painting competition for observing World Environment Day 2016

Bank Asia published an advertisement in two daily newspapers on World Environment Day, 2016.

Like the previous year, the Bank has published Sustainability Report and achieved ‘Best Sustainability Report in Bangladesh’ for Sustainability Report 2015 in Sustainability Reporting Award 2016 (SRA 16) by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia.

Online Banking

Technology continues to be a strong pillar in the Bank’s idea to attract the banking experience of its customers. Bank Asia has been one of the pioneers in introducing Online Banking. In 2016, it covers 101 branches, 4 Agri/SME branches, 6 SME centers, 119 own ATMs, more than 5,000+ shared ATMs and others. Clients can also have access to their accounts through Internet & Mobile Banking via Smartphone’s apps which can be used for internet based applications for transactions. Online banking system is a great way to reduce wastage of paper.

Bank Asia has implemented most advanced solution in receiving WASA, DESCO bill payment and e-Government Procurement (e-GP) , Passport fee collection systems through a full real time online web based which enables the payment in a smooth and hassle free manner. We have recently integrated Internet banking system to NPBS on first phase among the three Banks. With this connectivity our customers can transfer fund from their account to Inter-Bank accounts.

In our banking system recently ‘e-Commerce’ has been incorporated for its valued customer where Bank plays as payment partner. Account holders can shop online through internet banking, debit card or credit card with less expense and in faster time from any time anywhere. Through SSL, clients can purchase products & services from 175+ Merchant websites.

Others

Bank Asia spent Tk. 109.06 million as CSR activities mainly to Prime Minister Relief and Welfare Fund, Higher Studies Scholarship, construction of BSMMU and HFRCMCH, different socio cultural and religious program in 2016.

COMPLIANCE

During 2016, Bank Asia has not faced any penalties for non-compliance with applicable laws and regulations concerning the impacts of its operations on communities.


World Environment Day
5th June
Save wilderness save wild
Royal Bengal Tiger the most majestic but most threatened species in the world is now increasing in numbers after centuries of decline (3,890 from 3,200 in 5 years). Bangladesh is a proud habitat of wild tigers and a wide range of wild animals, birds and fish. Our conscious and concerted efforts to save the wilderness will help saving the wild.
Let us all work together.
UNEP
WORLD ENVIRONMENT DAY
GO WILD FOR LIFE
Bank Asia

Economic Performance

VALUE ADDED STATEMENT

Value added statement shows how much value (wealth) has been created by the bank through utilization of its capacity, capital, manpower and other resources and how it is allocated among different stakeholders i.e. employees, shareholders, government etc.

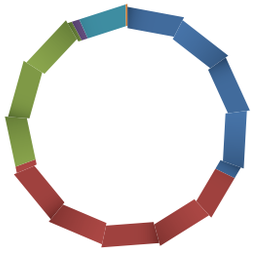
In the year 2016, bank's net value addition was Tk. 6,460 million; 36% distributed to employees as salaries, 32% to shareholders as dividend & reserve, 27% to government as income tax and rest of the amount used for business expansion and growth.

VALUE ADDED STATEMENTS

Million Taka

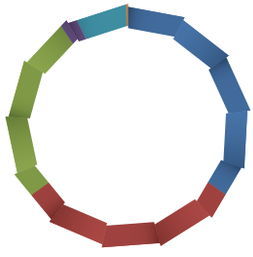
Items	2016	2015
Income from banking services	21,241	21,497
Less: Cost of services & supplies	(12,499)	(12,878)
Value added by banking service	8,742	8,619
Non-banking income		
Provision for loans & Off-balance sheet exposure & others	(2,634)	(1,562)
Total	6,108	6,738

Distribution of value addition	Year			
	2016		2015	
	Amount	%	Amount	%
To employees as salaries	2,352	39%	2,173	32%
To providers of capital as dividend & reserve	1,715	28%	2,503	37%
To Government as income tax	1,678	27%	1,535	23%
To expansion & growth				
Retained profit	(169)	-3%	71	1%
Depreciation	469	8%	441	7%
Deffered Taxation	63	1%	15	0.23%
	363		527	
Total	6,108	100%	6,738	100%



Value Added Statement 2015

32% To employees as salaies
37% To providers of capital as dividend & reserve
23% To Government as income tax
1% Retained profit
7% Depreciation
0.23% Deffered Taxation



Value Added Statement 2016

39% To employees as salaies
28% To providers of capital as dividend and reserve
27% To Government as income tax
-3% Retained profit
8% Depreciation
1% Deffered Taxation

AMARSTOCK

Economic Performance

ECONOMIC VALUE ADDITION DURING THE YEAR

Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks. Shareholders Equity providers are always conscious about their return on capital invested. As a commercial banking company we are deeply concerned about delivery of value to all of our shareholders/ equity providers.

ECONOMIC VALUE ADDITION

Million Taka

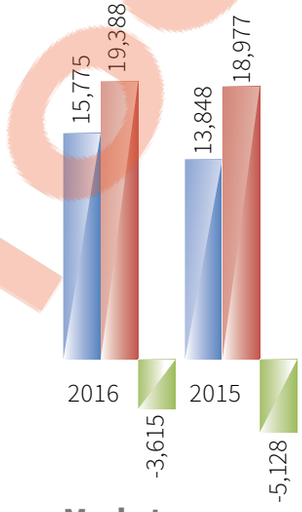
Particulars	Year		
	2,016	2,015	2014
Invested fund by shareholders			
Shareholders equity	19,038.48	18,979.33	16,864.42
Add: Cumulative Provision for loans/ investment/ off-balance sheet items, offshore banking units & others	8,938.44	7,264.26	6,312.15
Total invested fund by shareholders	27,976.92	26,243.59	23,176.57
Average invested fund by the shareholders [A]	27,110.26	24,710.08	21,447.63
Earnings for the year			
Profit after taxation	1,545.91	2,573.92	2,218.69
Add: Provision for loans/ investment, off-balance sheet items and Offshore banking units	2,633.73	1,881.74	1,561.88
Less: written off during the year	920.45	1,075.79	471.38
Earnings for the year [B]	3,259.19	3,379.87	3,309.19
Average cost of equity (based on Shanchay Patra rate issued by the Government of Bangladesh) plus 2% risk premium [C]	13%	13%	13%
Cost of average equity [D= A x C]	3,524.33	3,212.31	2,788.19
Economic Value Added [B-D]	(265.14)	167.56	521.00

MARKET VALUE ADDED STATEMENT

Market value added statement shows the difference between the market value of the bank and the capital contributed by shareholders i.e. book value of equity. During the year 2016, total market value of the bank was Tk. 15,774.55 million and total book value of equity is Tk. 19,387.72 million i.e. addition of market value was Tk. (3,615.00) million.

Million Taka

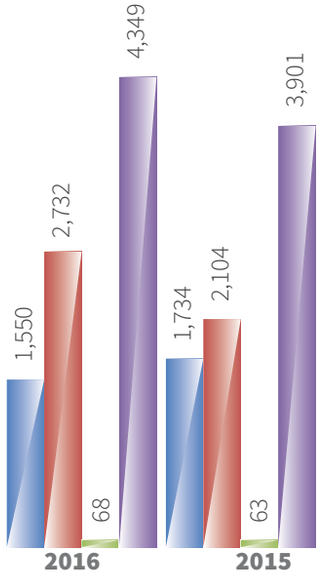
Particulars	No. of shares (in Million)	Share price (in Taka)	Taka
Market value	881.26	17.9	15774.55
Book value	881.26	22	19387.72
Market Value Added			-3,615.00



Market Value Added

Million Taka

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



Contribution to National Exchequer

Million Taka

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

FINALIST STOCK

Economic Performance

CONTRIBUTION TO NATIONAL EXCHEQUER

Bank Asia has contributed significantly to the government's effort of revenue collection. As a corporate entity, the bank pays tax and VAT on its own income according to prevailing laws of the country. Besides, the bank deducts income tax, VAT and excise duty at source from customers and suppliers and deposits the same to the national exchequer. During the year 2016, the Bank contributed Tk. 4,349.34 million to national exchequer.

Million Taka

Particulars	2016	2015
Income tax payment on bank's earnings	1,550.00	1,733.85
Income tax, VAT, and Excise duty deducted at source from various payment and services by the bank	2,731.65	2,104.05
Income tax payment by the employees	67.69	62.65
Total Payment	4,349.34	3,900.55

SUPPORTING THE ENTREPRENEURS THROUGH SME SERVICE CENTERS

Cottage Micro and Small businesses are catalyst in the socio economic development of many countries of the world. They are viewed as vehicles for the achievement of national macroeconomic objective in terms of employment generation at low investment cost and enhancement of apprenticeship training. Keeping this in mind, Bank Asia SME has stepped into the territories where no Bank or FIs have reached so far. With 6 SME Service Centers & 101 branches in urban & rural areas Bank Asia provides its services for promoting and expansion of businesses which ultimately created productive new off-farm employment.

To take the financial accessibility to the unserved / underserved population across the country, Bank Asia focused on increase of market coverage and as a part of that objective to develop the MSEs from rural level the bank opened 1,150 Agent Banking outlet throughout the year 2016. We introduced 4 fully agricultural branches to widen the access to finance and assist our agro community with the most specialized and innovative banking solution available.

Focusing on cluster financing, grooming-up new entrepreneurship development, promoting women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to underserved people Banks Asia's CMSE Department always engaged for opening the door of prosperity to many entrepreneurs of the country. Bank Asia also adopted a cluster-based approach for financing cottage, micro, small and medium enterprises (CMSMEs) as a full-fledged commercial bank.

In 2016, CMSE Department has arranged Women Entrepreneur Gathering & Product Display Fair 2016. Moreover, the CMSE Department also launching a new product titled 'Bondhon' for the Handloom & specialized Cloth Production Entrepreneurs at low interest rate in Bogra. The Bank participated in MSME Banking Fair, International Conference on Development of MSMEs in Bangladesh and"3rd SME Banking Matchmaking Fair 2016" held at 10th Int'l Women's SME Expo Bangladesh – 2016 Fair in Chittagong. Apart from the above, the Bank arranged different business meeting with the existing and potential clients throughout the year.

EMPOWER COMMUNITIES THROUGH AGRICULTURE/ RURAL CREDIT

During 2016, Bank Asia has disbursed Tk. 3,319.11 million (Tk. 211.26 million through own network and Tk. 3,107.85 million through our NGO Network) as short and long-term credit in agricultural/rural sectors. This financing helped to create enormous employment opportunities in



Tab distribution to AROs of MSME Agents



Dairy farm financed by Bank Asia

farms, especially in the fields of crops & fisheries. Total number of beneficiaries was 31,216.

FINANCIAL INCLUSION IN ECONOMICALLY DISADVANTAGED AREAS

AGENT BANKING

With the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population, Bank Asia has introduced Agent Banking services as the pioneer in Bangladesh. Our Bank made a unique Agent banking module with technology based banking concept ensuring appreciate security with real time banking for customers.The Bank has implemented 1,150 Agent outlets in 49 districts in most geographically dispersed poor segment of the society. During the year, the Bank provides Agent Banking services through Union Digital Centres, E-commerce solution to be established with the Agent Banking network, introducing A-Card for farmers to be benefited in their agricultural productions, Mobile Application for Agent Banking Customer (both in English and Bengali).

In 2016 the amount of deposits of Agent Banking was Tk. 1,084.25 million. We are determined to support Government's commitment in building 'Digital Bangladesh' as charted out in the vision 2021 by bringing rural people under the Agent Banking platform across the country through our local and international partners for developing their lives and livelihood. We remain committed, and see it as its duty to the nation to facilitate and encourage various formal and approved channels for providing convenient and accessible services, especially by bringing underprivileged sections and rural people into the fold of basic banking services.


করপোরেট থেকে তৃণমূলে দৃষ্টি ব্যাংক এশিয়ার

EBEK (EKTEE BARI EKTEE KHAMAR)

Bank Asia limited is the leading Bank of implementing Ektee Bari Ektee Khamar (EBEK) a government project for the ultra-poor people of Bangladesh focusing Poverty eradication and reduce poverty level below 10% within 2021. Government wants to help the poor people by encouraging savings, providing grants, engaging & monitoring their economic activities as a group (Samitee) in each village of Bangladesh. Bank Asia is now operating EBEK Banking services for Phase I & II to 35 districts having 252 Upazillas and 1,320,600 beneficiaries, and 3rd Revision with 1.8 million in same geographical area. This operation has spread over 21,816 villages of 2,424 unions. Bank Asia provides online banking services through this EBEK project to unbanked people with good reputation in the above districts in Bangladesh. With experience to implement of EBEK Project, Bank Asia is now became capable enough to provide services to all government projects like Social Safety net Programs. By this time we have made partnership with Social Welfare Department under Ministry of Social Welfare and providing services to Old



Launching of A-Card to marginal farmers



Bank Asia Social Safety Net officers heavily engaged for account opening purpose at Gobindapur Union of Faridganj in Chandpur

Economic Performance

Citizen, Widow and Disable beneficiaries. We have already get permission to cover new 5 (Five) districts of Social Safety Net Payment with in short time. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and they offered another 10 Districts to expand by with in shortest time. Moreover, we have another two prestigious project named SHOUHARDO and EWFSAB (a Pilot Project of CARE International) .

FOREIGN REMITTANCE

Remittance is the second most important sources of foreign exchange earnings for Bangladesh, after readymade garments (RMG).Bangladesh's foreign exchange reserves hit a record high of USD 32 billion at the end of December 2016. However, country remittance inflows slumped by about USD 2 billion in 2016 from year 2015, lower by 11%. In 2016, FRD remittance inflow stood USD 417 million, lower by 8% from previous year 2015 of USD 545 million.

Bank Asia's position was 9th in 2016 for remittance collection among all Bank's in Bangladesh where the Bank's total wage remittance inflow was USD 532 million in 2016 with 3.76% negative growth from 2015. Bank's total remittance collection agent network was 43 and 2 collection agent network are under our correspondence in 2016. Our Remittance distribution agent network also increased in 2016 by 822 with a growth of 41.31% from previous year. Mentionable that, this year Bank Asia awarded "Bangladesh Bank Remittance Award-2015" for sending highest volume of Foreign Remittance through Bank Asia in 2015.

ONLINE PAYMENT GATEWAY SERVICES (OPGS)

Bank Asia is the first Bank to set-up arrangement with OPGSPs in Bangladesh like 'Payza' and 'Payoneer' to bring hard earned money which is earned by exporting services innonphysical form e.g. data processing, off-shore IT service, software development, businessprocess outsourcing (BPO) etc. It is giving astrong competitive edge of Bank Asia over the other players in the market by catering the Banking need of an emerging sector. In 2016, we have done 2,145 transactions and paid an amount Tk. 35.42 million equivalent to USD 0.45 million through 'Payza' and 18,682 transactions amounting Tk. 874.89 million equivalent to USD 11.17 million through 'Payoneer'.

COMMUNITY INVESTMENT STRATEGY

With an aspire to ensure the Bank as a socially responsible corporate entity, Bank Asia is always conscious of its Corporate Social Responsibility (CSR) contributing towards quality of life of the society at large without compromising an ecological condition. In the year 2016, Bank Asia spent an amount of Tk. 109.06 million for the overall betterment of the nation. All the donations made under CSR program for social and environmental well-being and endeavor to ensure sustainable balanced growth in economic, social and ecological arena. Bank's stakeholders were immensely benefitted by way of its community based social programs; education support where total donation was Tk. 61.28 million, health support Tk. 3.88 million, disaster management Tk. 19.34 million, environment Tk. 0.06 million, sports Tk. 6.83 million, art & culture Tk. 1.96 million and others Tk. 15.70 million.

INDIRECT ECONOMIC IMPACTS

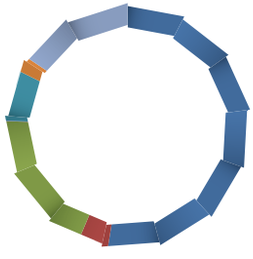
As one of the leading financial services provider in Bangladesh, Bank Asia has an extensive role in the economy and society. Bank Asia makes a positive difference to society and local, regional and national economies where we operate through our community initiatives and investments. We help foster local economic development and stimulate growth and innovation through loans, credit and other financing to organizations of all sizes. In particular, Bank Asia is a major supporter of SMEs across Bangladesh and invests in community programs, which enable youth and those less fortunate, to create brighter economic futures for them. In 2016, total volume of disbursed MSME loan is Tk. 29,839 million and total MSME deposit reached of Tk. 288.17 million.

FINANCIAL ASSISTANCE FROM GOVERNMENT

Bank Asia does not receive any financial assistance from the government and also does not contribute to any political organization. But we support all the public policy developed for the betterment of nation and we never lobby for making any policy in favor of us.

COMPLIANCE

Bank Asia is very much conscious about legal and regulatory compliances. The bank reports regularly to the central bank, the Bangladesh Securities and Exchange Commission, tax & VAT authorities on required compliance issues. During 2016, the bank has not faced any significant penalties for non-compliance with applicable laws and regulations for running its economic activities in Bangladesh.

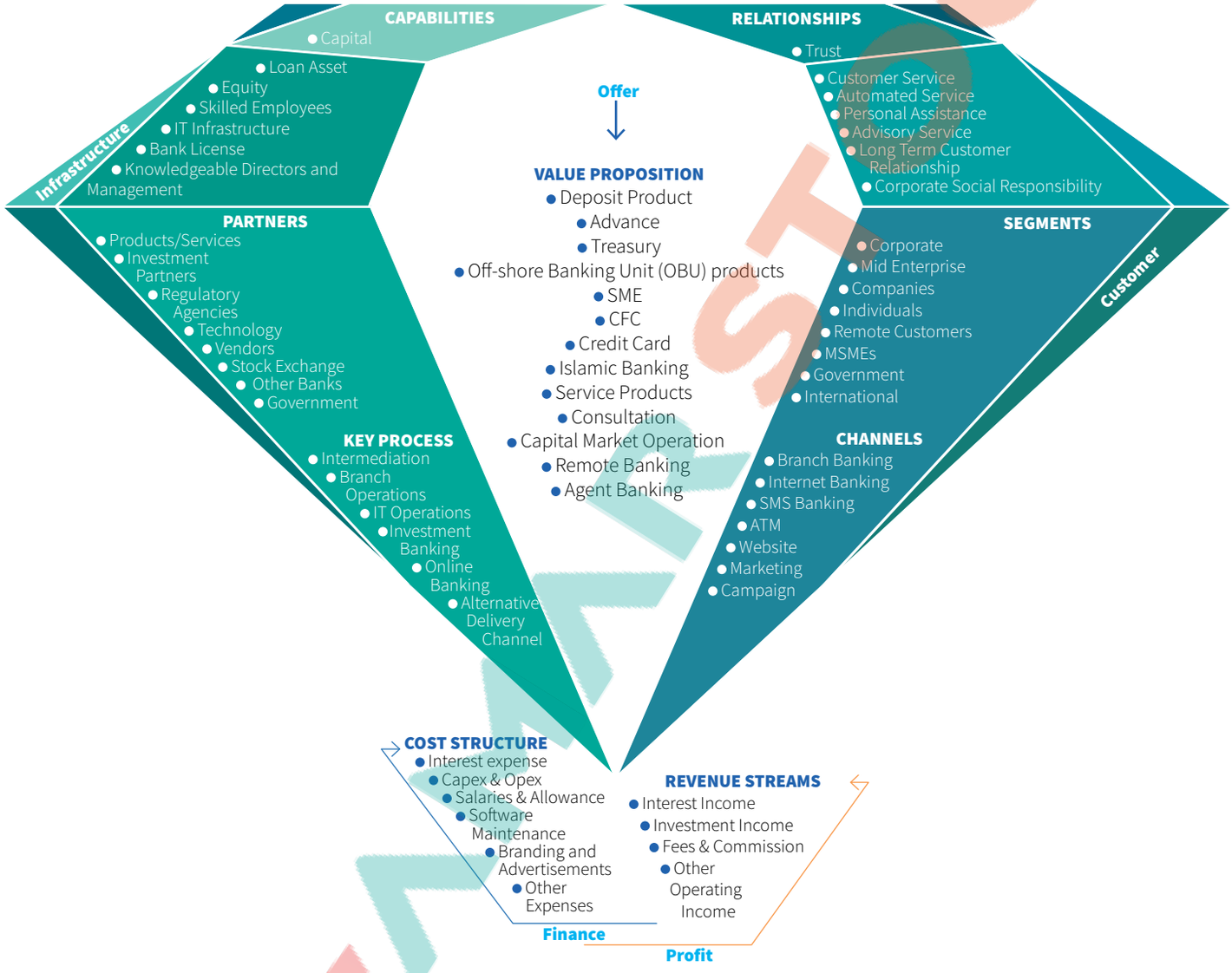


Community Investment 2016

Amount in Taka

Education 61.28million|**56%**
Health 3.88million|**4%**
Disaster Management 19.34million|**18%**
Environment 0 .06million|**0.37%**
Sports 6.83million|**6%**
Art & Culture 1.96million|**2%**
Others 15.70million|**14%**

Our Business Model



AMARSTOCK

Social Safety Net Program

With experience to implement of EBEK Project, Bank Asia is now capable enough to provide services to other government projects like Social Safety net Programs in collaboration with Social Welfare Department under Ministry of Social Welfare. The services cover under this program

- Senior Citizen allowances
- Insolvent Autism Allowances
- Payments for Widow or divorced women allowance
- Payments of Freedom Fighters allowance
- Wages of Road maintenance workers
- Student Stipends and related allowances
- Food Security allowances (Cash payments)
- Teachers Salary both Government Primary and non-Government High school Teachers, and others

At a Glance Report of Bank Asia Social Payment is given below:

Particulars	EBEK (3rd Revision)	EBEK (Phase I & II)	Social Safety net	SWAPNO	EWFSAB (RMG)	SHOUHARDO	Local Govt. Salary/ Allowance Disburse	Total
Districts	31	35	05	02	01	08	01	39
Upazillas	220	252	09	02	01	23	01	264
Union	2,200	2,424	58	06	02	115	10	2,598
Village	21,000	21,816	520	54	16	479	89	22,835
Beneficiaries	120,000*	13,20,000	65,000	218	220	**	256	3,357,418

* *Project end beneficiary will be 2 million* ** *Project end beneficiary will be 0.169 million*



Old age beneficiaries account opening on boat at Shaguna union, Sirajganj



Cash allowance disburse through Mobile apps technology at Jawar Union, Kishoreganj by Joint Secretary of Social Welfare Department, Deputy Commissioner of Kishoreganj & UNO of Tarail Upazila

JAMUNA STOCK

Sustainable HR Development

EMPLOYEE PROFILE

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

SALARY POLICY

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

BENEFITS TO EMPLOYEES

Every employee is paid salary on monthly basis, which is a combination of basic salary, fringe benefits and other benefits disbursed on 25thof each month or previous working day if 25this holiday. Bank Asia's benefit schemes are as follows:

Fringe Benefit Schemes

- House rent allowance
- Conveyance allowance
- Medical allowance
- Entertainment allowance
- House maintenance allowance
- Utilities allowance
- Car maintenance allowance

Other Benefit Schemes

- Group health insurance
- Benevolent
- Leave fare assistance
- Furniture allowance
- House building loan (HBL)
- Car loan
- Provident fund loan
- Mobile phone allowance (talk time)
- Mobile handset allowance
- Ex-gratia payment

END SERVICE BENEFIT PLANS

Bank Asia provides the following benefit plans to its employees on severance or retirement according to individuals' entitlement

- Provident fund
- Gratuity
- Superannuation
- Leave encashment

MINIMUM NOTICE PERIOD REGARDING OPERATIONAL CHANGES

Minimum notice period before switching job is 3 months for regular employees and 1 month for contractual employees. Minimum notice period before changing department is 1-30 days as per situation or demand of concern branch/department.

TOTAL EMPLOYEE

Out of total number of 1970 employees, 462 employees are female and rest 1,508 employees are male. As such, a profound commitment is reflected in the Bank's employment policy and service rules. Bank's employees are mainly concentrated on branches in terms of number and in 2016 total employees' composition in branch and corporate office was 71.42% and 28.58% respectively.

TOTAL EMPLOYEE DISTRIBUTION

Offices		2016		2015
Corporate office	563	28.58%	506	26.28%
Branches	1,407	71.42%	1,333	73.72%

NEW EMPLOYEE

212 new employees were recruited during 2016, among which 68.39% for branches as a part of network expansion of the bank and remaining 31.61% for corporate office to ensure effective and timely support to branches.

Offices		2016		2015
Corporate office	67	31.61%	77	58.33%
Branches	145	68.39%	55	41.67%

EMPLOYEES BY DIVERSITY

Bank Asia ensures equal opportunity as an employer irrespective of locality, gender or ethnicity. Local employees (99.69%) dominated in diversity composition.

Employee distribution by diversity

Officials	2016	2015
Local	1,964	1,833
Indigenous	6	6

EMPLOYEES BY REGION

Bank's employees are mainly spread over to Dhaka and Chittagong. It retains the highest number of employees in Dhaka, which was 69.89% in 2016 for corporate office and branches in Dhaka city.

Employee distribution by Region

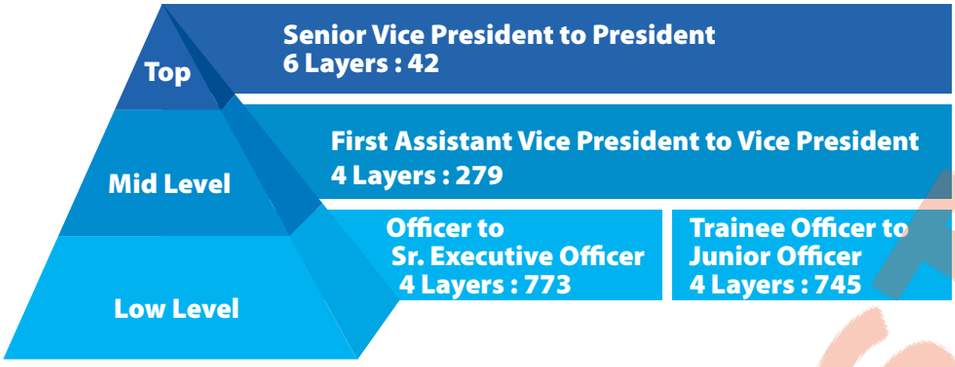
Region	2016	2015
Dhaka	1,377	1,339
Chittagong	412	324
Sylhet	65	66
Rajshahi	45	52
Barisal	10	8
Khulna	46	43
Rangpur	15	7

GENDER POSITIONING

Bank Asia has been maintaining a very balanced male and female ratio, which was not only reflected in the board of directors but also in the bank management at different levels. Among our female colleagues 1 is in top level management, 174 in mid-level and 287 in low level management.

SHUTTERSTOCK

Sustainable HR Development



Gender Positioning of Directors

Board Level	2016		2015	
	Male	Female	Male	Female
Directors	9	3	11	4

Gender Positioning of Employees

Management Tier	2016		2015	
	Male	Female	Male	Female
Top Level	39	1	40	1
Mid-Level	752	174	262	17
Low Level	717	287	1,092	427

Gender Positioning by Position

Male employees are dominating executive level which is around 93.44%. Comparatively female employees mainly belong to nonexecutive level and holds 27.56%.

Position	2016		2015	
	Male	Female	Male	Female
Executive	342	24	303	18
Non-Executive	1,151	438	1,075	427
Support Staff	15	0	16	0

Gender Positioning by Employment Level

Employment Level	2016		2015	
	Male	Female	Male	Female
Permanent	1,502	462	1,393	446

Age Distribution

82.54% of staff members are aged below 40 years which signifies that Bank Asia is in young, dynamic and capable hands.

Age Group	Male	Female	Total
30& Below	392	117	509
31-40	805	312	1,117
41-50	278	30	308
51-60	30	3	33
61+	3	0	3
Total	1,508	462	1,970
Percentage	77%	23%	100%

Employee Turnover Rate by Gender

Male and Female employees' turnover rate is almost equal in terms of percentage. Overall employee turnover rate is very low in the Bank which is around 3.86% of total employees in 2016.

Gender	2016		2015	
	No.	%	No.	%
Male	66	4.19%	49	3.39%
Female	13	2.73%	19	4.10%

Employee Turnover Rate by Region

As per demographic scenario, employees of Dhaka city left the Bank in 2016 which was 83.54% of total employees left.

Region	2016	2015
Dhaka	66	44
Chittagong	08	16
Sylhet	02	4
Rajshahi	01	1
Barisal	00	0
Khulna	01	3
Rangpur	01	0

PERFORMANCE MANAGEMENT SYSTEM

Bank Asia is solely depending on the contribution of its existing talents. From the year 2013, Bank Asia introduced a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-à-vis set target of a given year. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors are introduced. The benefits of using KPI are the followings:

- Reduce the number of decisions and make decisions based on objectivity and facts.
- Quantify the achievement of goals.
- Focus on facts and see where individual improvement is/are needed.
- As individual initiative grows, it becomes more difficult to remain as close to the operational details as it is, in such case, KPI results can bring back to reality.
- Employees are clear about his/her obligations to deliver during the year and accordingly would be able to plan to meet the expectation.
- Last but not least, unbiased performance evaluation at the end of the year

LEARNING AND DEVELOPMENT

Knowledge and skill development is a continuous process and to keep our employees abreast of all the latest developments in the banking sector, the bank continues to organize training and workshop to the officers and executives in an effort to improve their professional efficiency. The bank always lays the highest importance on training of its employees as a continuous process of human resources development. In 2016, Bank Asia established its own 6 storied Training Institute at Lalmatia which is equipped with all modern study aid and course materials.

Sustainable HR Development

Training by Gender

Position	2016		2015	
	Persons	Hours	Persons	Hours
Male	1790	38,170	2,635	41,052
Female	607	8,048	550	11,180

Training by Position

Position	2016		2015	
	Persons	Hours	Persons	Hours
Executive	762	7,838	678	6,707
Non-Executive	1,635	38,380	2,507	45,472

Training by Different Institutes Total:

Particulars	Nos.	Hours	Nos.	Hours
In House Training	2,267	40,968	2,887	46,200
Bangladesh Bank	87	1,868	40	464
BIBM	110	1,880	97	2,272
Overseas/ Foreign Training	33	928	13	352
Training by other institutes	80	2,034	148	2,944
Total	2,577	47,678	3,185	52,232

Bank has organized 4 (four) foundation training courses each 4 weeks long for entry level employees to improve knowledge base and proficiency in banking.

BANK ASIA AND GREEN BANKING

- As greening of mind, 3 external trainings was organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, Financial inclusion, CSR and Green Banking this year. In 2016, Training Institute of Bank Asia has provided 3 training on Green Banking under Foundation training course to 98 employees.
- Sustainability Report has been published since 2012 as per GRI guidelines by Bank Asia. To create awareness among the stakeholders each year the theme of Sustainability Report has been designed considering environmental issues of the world. With this consequence, the theme of Sustainability Report 2015 was 'Ozone Layer Depletion'. Moreover the articles on green banking were published in different newspapers reflects green initiatives by the Bank to our employees, stakeholders and all subscribers of those newspaper.
- This year the Bank arranged a Painting Competition for the children of the bank employees marking the World Environment Day where the theme of the painting competition has been made as "Our World". Moreover, this year Bank Asia published an Advertisement on World Environment Day, 2016 to create awareness among the people regarding the environmental issues.
- During 2016, 148 proposals deals through OCAS (Online Credit Approval System) have been developed as a part of Technological improvement of the Bank. This system will reduce lead time, ensure accuracy, strengthen security and make accessibility easier and will provide a competitive edge over other banks on online banking.

LEARNING VALUE CHAIN

LVC (learning value chain) is a value creation framework that was learning and knowledge enhancement as strategic levers. LVC framework helps focus L&D initiatives of an organization to contribute to the value chain of the same. LVC process has the following 6 stages:

- Business Needs Assessment
- Learning Needs Assessment
- Design & Development
- Delivery
- Reinforcement & Transfer of Learning
- Results & Measurement

Future Leader Development Program:

The Future Leaders Development Program (FLDP) is an initiative which has been taken with a view of targeted development that provide hands-on experience to all aspects of the banking and intensive learning both home and abroad supported by mentoring and coaching for high-performing and ambitious individuals with a will to succeed. Through this program, a pool of talents to be created from the officers of Bank Asia who will be prepared in such a way that in future, they could face any challenges that lie ahead. Applying active learning methods, this program is expected to produce a pool of skillful managers ready to easily and quickly make a real contribution to the organization. Every officers of this program receives an opportunity to be relocated to different functions periodically and into some tactical functions in the Bank to accelerate the learning process necessary for them to occupy strategic positions in the future.

A total of 386 employees from the job grade Executive Officer to Assistant Vice President of Dhaka and Chittagong region participated in the FLDP. Employees participate in the program with enthusiasm and determination which is clearly visible during various leadership



Participants of Future Leadership Development Program (FLDP) at outdoor activities with an oath of 'Ready to Fight'

development sessions. All the participants started the journey of future leader development program with an oath of 'Ready to Fight'.

MATERNITY LEAVE

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get 6 months' maternity leave with regular salary and allowances. An employee can avail this leave not more than two occasions during the entire period of service. The employee's annual KPIs (Key Performance Indicators) and thereby increment, promotion are not affected for this long term leaves.

Maternity leave availing in 2016

Female employees each entitled to get 6 months as maternity leave. During 2016, 18 female availed total 2,497 days.

No. of female employees	Average leave at a stretch
18	180

Paternal Leave

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get 5 working days' paternal leave. An employee can avail this leave not more than two occasions during the entire period of service. In 2016, every entitled employee has availed paternal leave facility.

CHILD CARE CENTER FACILITIES

To improve our employees' work family balance, Bank Asia has established a combined day care center in collaboration with other private commercial banks by renting 5,666 square feet at Motijheel, Dhaka. To provide a greater peace of mind to working parents especially mothers and to encourage the inclusion of women in the job market, the child care centre has established. Equipped with a skilled staff and a child friendly environment, working mothers of Bank Asia no longer have to decide between quality care for their children and going to work. Currently the Day Care center consists of 28 babies, among them 2 are from Bank Asia's employee. There are 5 nannys, 3 teachers, 1 supervisor and 1 security guard for overall maintenance of the center. Moreover, one Bank representative also engaged in the day care center.



Employees of Bank Asia at Cleaning day

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

Board and management of Bank Asia strongly believe safe & healthy work place is a precondition for sound mentality of employees to deliver desired services to valued customers. So the bank is very careful about ensuring modern, healthy & safe workplace for its employees. All the branches, SME service centers and SME/agriculture branches and every department of corporate office are well decorated having sufficient breathing spaces and adequately equipped with fire-fighting equipment and fire drills.



A team of logistics supports and services department of the bank is specially entrusted to visit regularly to monitor cleanliness, safety measures and other amenities remains ensured in all outlets. If found any deviation, take prompt steps and thus ensuring modern, healthy and safe workplace for its employees.

Cleanliness Day

Bank Asia has built up its reputation for cleanliness and maintenance of Branch premises and Corporate Office. Preservation of vouchers, files and other office documents are also as important as cleanliness. The expensive interior decoration and costly furnishings become futile unless the premises are well maintained. The management, therefore, decided to observe 'CLEANING DAY' on the 'FIRST SATURDAY' of every alternate months where all employees of the branch and the Corporate Office actively participate. On the 'CLEANING DAY',all the employees turns up at their respective Branch/Department and engage themselves in cleaning the premises including all office equipment and fixtures.

Cultural events and amusement

Bank Asia always observing different program considering its social, moral and motivational impact to the employees. To fulfill a long cherished desire of the members of Bank Asia family for a get together, a feast in the form of traditional 'Mezban' has been arranged in 2016 where

Sustainable HR Development



Prize giving ceremony of Bank Asia Debating Club

all members of Bank Asia family, except Chittagong region were attend the event. The feast would be preceded by an in-house cultural event.

Aiming to share the values with jubilant pace, celebration of the Bank's 17 years was another colorful program titled as the 'Gala Night'. On this occasion, employees of the Bank organized a colorful cultural program where our Honorable Chairman & Directors of the Board as well the valued clients of the Bank attended the program.

Bank Asia always believes in equal opportunity and safety workplace for smooth career progression of women. Every year we celebrate 'International Women's Day' in a wonderful atmosphere.

In favor of sound health and fitness of the employee, Bank Asia has established the Banks gymnasium (GYM) at Corporate Office in 2015. In addition to this, the Bank also inaugurates another gymnasium in its own Training Institute at Lalmatia.

As a part of recreation, every year Bank Asia organized interbank sports tournament for their employees. In 2016, 26 teams of different branches and divisions/departments of Corporate office participated under 8 groups in this cricket festival.



Bank Asia Cricket Festival 2016

Bank Asia Cycling Club

With an aim to avoid the traffic situation in Dhaka City, maintain physical fitness and contribute to greener society Bank Asia formed a 'Cycling Club' in the early of 2016 with employees of Bank Asia. In every month a cycling rally has been organized along with different sports program where CEO of the Bank along with Senior Management Team also participates. It is evident that cycling is enhancing the bondage among the colleagues along with reducing the stress of life. In future, Bank Asia Cycling Club will go forward to build a Banker's community where everyone will use cycle for their day to day transportation.

Participation of the employees of the Bank in the 'Cycling Rally' organized by Bank Asia

Transport Facilities

At present 14 vehicles used for pick and drop facility specially for female employees of Bank Asia in Dhaka and Chittagong region where majority of the pool vehicles have been converted into CNG driven. Bank Asia provides full-fledged transport facilities for employees during and beyond usual working hours.



Cycling Rally of Bank Asia Cycling club

Sustainable HR Development



Gymnasium of Bank Asia at Corporate Office

HUMAN RIGHTS, CHILD LABOR AND OTHER ISSUES

Human Right issue is particularly relevant for organizations that operate in industries/ regions where the protection of human rights is of significant concern. As this is a significant concern for a business to be sustainable in long term, we integrated the human right issue in all our economic decisions. Including human right provision in all kinds of investment agreements is a part of our strategy to reduce the risks of investment. And also we do not make any investment agreements and contracts that violate human rights. Bank Asia also does not tolerate child, forced or compulsory labor. In 2016, no incident of discrimination and violation involving rights of indigenous people and forced and child labor has been recorded.

GRIEVANCE REDRESSAL POLICY

For building awareness regarding human rights among the employees in the bank, Bank Asia formulates

- Female anti-harassmentpolicy
- Grievance handling policy

Female Anti-Harassment Policy

Bank Asia follows a zero tolerance approach to harassment of any kind to any female employees as the Bank feels harassment seriously weakens the working atmosphere. The policy guides about personal measures of affected female employees in addressing a complaint, role of management, investigation procedures and disciplinary measures. The policy also guides management about its role in case of false complaint.

Grievance Handling Policy

With a view to resolve undesirable issues at the workplace in the most effective manner Bank Asia has formally promulgated Grievance Handling Policy in 2014. The policy equally applies to all permanent and contractual employees for grievances related to promotions, transfer and posting, compensation package, incentive bonus, working environment etc. Under thispolicy, complaints are resolved informally where possible, and through a formal grievance procedure where necessary.

ANTI-MONEY LAUNDERING TRAINING

Bank Asia is committed to preventing money laundering and terrorist financing. We recognize our obligations to prevent the financial channels and products from being used by money launderers and terrorist organizations for illicit purposes. Bank Asia is also against any actions of soliciting, collecting or provisioning funds that come with the intention to support terrorist acts or organizations.

Anti-Money Laundering Department (AMLD), Corporate Office always arranges and conducts AML workshops to train all the employees of our Bank and about 98% of total employees from Branch level and 91% from Corporate level obtained AML & CFT related training in 2016.

AML/CFT Training 2016

No. of employees - Branch	%	No. of employees- corporate office	%
1,358	98%	548	91%

As a result, officials become aware and conscious regarding AML & CFT matters.

POLICY, PRACTICES, AND PROPORTION OF SPENDING ON SUPPLIERS

For running day to day operations Bank Asia works with a wide range of suppliers and maintains good relationship with them. We work to create value through collaboration with them and strive for fairness in all interactions with suppliers. Our chain of suppliers consists of the following parties:

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

Selection of supplier is managed centrally by the corporate office. The bank applies its own policy and practice for selecting these suppliers. It mainly takes into account the following criteria before selection:

- Status of compliance with government rules and regulation by the suppliers.
- Our bank doesn't make any collaboration with suppliers that employs child labor, creates environmental hazards, violates human rights etc.

We fully maintain these criteria in case of selecting suppliers. Bank Asia has a number of security service providers which specialize in all aspects of building security. All security providers practice

ANNUAL STOCK

Sustainable HR Development

the highest standards of training and operation. Their training incorporates all aspects of the law including human rights and non-discrimination.

PRACTICES RELATED TO CUSTOMER SATISFACTION

Delivering high quality customer service is one of the top priorities of Bank Asia. To maintain Customer service standard of the bank, acquiring of new clients, doing more business with existing clients, maintaining high client retention rate and lower client attrition rate allare correlated. Properly constructed customer satisfaction surveys may provide the insights that are very much essential for feeling the real. In this regard, Bank Asia approved a new customer service policy in 2014.

We took initiatives to conduct customer survey on the basis of their satisfaction over the product & services that we offered to them. In 2016, we conducted an online survey on all branches seeking their views on waiver of online cash transaction charges paying due considerations to the impacts in customer satisfaction and relationship management.

Majority of the participants are in favor of charging minimum fee against Online Cash Transaction (OCT) but 40% think OCT up to Tk. 100,000 and 30% think OCT up to Tk. 50,000 should be free of charge for deposit. On the other hand, 39% think OCT up to Tk. 100,000 and 36% thinks OCT up to Tk. 50,000 should be free of charge for withdrawal. Most of the participants claim that they do not face any hindrance from customers for charging fee against OCT.

From 2016, in Bank Asia first working day in every month has been observing as 'Customer Service Day' where Corporate Office executives met with customers in branch premises, render services to them and share advice of grievence if any.

Therefore, it is mentionable that our customers can always 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. In 2016 we have arranged 3 trainings of 106 employees on different aspects of customer satisfaction consisting of 848 man-hours of training to improve our human capital.

STATEMENT ON COMPLIANCE

In the year 2016, Bank Asia has been able to comply with all the regulations of Bangladesh government regarding use of product and services, information about product and services, marketing, communications, advertising, promotion. No incidents of fines/penalties have been recorded this year concerning the above mentioned issues.

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



Observing Customer Service Day

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Corporate Social Responsibility (CSR)

Bank Asia Ltd, from the very beginning, concedes CSR activities as a part of its culture, identity and business practice. 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 Bank Asia is always aware of its Corporate Social Responsibility (CSR). During 2016, Bank Asia spent an amount of Tk. 109.06 million for the overall betterment of the nation.



Bank Asia's contribution to "Prime Minister's Relief Fund" for flood-hit people

Donation in Social projects

million Taka

Initiatives	Donation
Education	61.28
Health	3.88
Disaster Management	19.34
Environment	0.06
Sports	6.83
Art & Culture	1.96
Others	15.70
Total	109.06

EDUCATION

One of the major CSR activities of Bank Asia Ltd. is Higher Study Scholarship program for rural poor and meritorious students, who are studying in public universities. The Bank initiated the program in 2005 for those students who have merit and dream to serve society, but not the means to pursue higher studies. The scholarship is given through the Bank's rural branches on the basis of SSC and HSC results. So far, 847 students have been provided the scholarship. Each of the students gets Tk. 51,000 annually as scholarship. In the year 2016 Bank Asia spent around Tk. 61.28 million for direct scholarship and educational infrastructural development purpose.

Initiatives	Taka
BA Higher Studies Scholarship	39,474,308
Infrastructural Development of Nursing Student Hostel (BSMMU)	9,972,300
Infrastructural Development of Begum Badrunnessa Govt. Women College	7,770,000
Siajul Haque Muslim High School, Kustia	350,000
Society for Education of Intellectually Disabled (SEID)	350,000
Asiatic Society of Bangladesh	300,000
Faculty of Business Studies, University of Dhaka	3,000,000
Scholarship to Smart Junior Saver account holder	63,100
Total	61,279,708



Bank Asia's Higher Studies Scholarship program

Bank Asia supports construction of a Nurse Hostel in the BSMMU

Bank Asia as a part of corporate social responsibility is extending entire financial support for construction of an eight-storied `Nursing Student Hostel' at Bangabandhu Sheikh Mujib Medical University (BSMMU) to mitigate acute accommodation problem of graduate nursing students. In this project Bank Asia spent Tk. 9.97 million in 2016.

Corporate Social Responsibility (CSR)

HEALTH

Blood Donation program

As part of socially responsible people, the members of Bank Asia formed Bank Asia Donor Group. The objectives of the group are to donate blood when and where necessary, donate eye posthumously, promote and encourage all levels of people to come forward to this priceless donation. Already about 100 members formally joined the donor group platform and started donating blood.

Other health related donations

Bank Asia donated Tk. 3,090,500 for 7 individual patients treatment. It also supported Badhan, a voluntay blood donor organization for promoting their services. The Bank also extended support to individuals and institutions as a part of its CSR activities.

Initiatives	Taka
Curative treatment of individual patients	3,090,500
Contribution to Child Day Care Centre	400,000
Rotary Club and Badhan	158,650
Autism welfare Foundation	29,750
Bangladesh Ship Breakers Association Hospital	200,000
Total	3,878,900



Donated 25,000 pieces of blankets to Prime Ministers Relief and Welfare Fund

DISASTER MANAGEMENT

Bank Asia is committed to the welfare of the community at large. The Bank responds promptly to support the affected humanity. In 2016, the Bank distributed warm cloths among cold-hit people in different parts of the country during severe cold spell of winter to carry out its humanitarian activities smoothly and also support flood-hit people. For this purpose the Bank donated Tk. 19.34 million in 2016.

Initiatives	Taka
Support to cold-hit people	11,841,965
Support to flood-hit people	7,500,000
Total	19,341,965

ENVIRONMENT

During the year 2016, Bank Asia spent Tk. 0.06 million to protect the environment and concern people to environmental issues. The Bank published an advertisement in two national dailies to observe the World Environment Day to create awareness among our employees, stakeholders and all subscribers of those newspapers.

Initiatives	Taka
Awareness building on Environmental issues	57,500
Total	57,500



Child day care center of Bank Asia along with other private commercial Bank

SPORTS

During the year 2016 Bank Asia contributed Tk. 6.83 million to the Golf tournament and Bangladesh Volleyball Federation for Bangbandhu Asian Senior Men's Central Zone International Volleyball Championship-2016.

Initiatives	Taka
Rangs Samsung Golf Tournament	537,500
Mercedes Trophy Captains Gold Golf Tournament 2016	345,000
Sponsor to Bangladesh Volleyball Federation (platinum sponsorship)	5,950,000
Total	6,832,500

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Corporate Social Responsibility (CSR)

ART & CULTURE

Bank Asia always supports promotion of art and culture. The Bank sponsored Tk. 1.96 million for various arts and cultural program including Nattyachakra, Prangonemor, Arindam Nattya Sampradaiya, Abrittikar Oporajeyo, Kali O Kolom , loke , support to 14th Dhaka International Film Festival 2016.

Initiatives	Taka
Sponsor to different literary & little magazine	216,950
Sponsorship for different club of different school & college	253,400
Sponsor to different drama club & cultural group for cultural activities	106,500
Sponsor to different department of DU for cultural	160,650
Abrittikar (cultural group)	59,500
Oporajeyo Bangladesh	11,900
14th Dhaka International Film Festival 2016	1,075,000
Chandraboti Academy	115,00
Sponsorship for different Puja Committee & Asrom	76,150
Total	1,960,050

OTHER SOCIAL PROJECTS

Bank Asia donated/sponsored/spent Tk. 15.70 million on the occasion of social project including Bangladesh Science Fiction Society, Bangladesh International Arbitration Center, Prime Minister Relief and welfare Fund, Donate to 19th International mathematical Conference and Society of geographers & environmentalists and others. In 2016, Bank Asia donated around Tk. 15 million to the Prime Minister's Relief & Welfare Fund to help government carry out its humanitarian activities smoothly.

Initiatives	Taka
Bangladesh Science Fiction Society	100,000
Support to BDR carnage Victim family	480,000
Donate to 19th International mathematical Conference	35,700
PM Relief's and welfare fund	15,000,000
Society of geographers & environmentalists	17,850
Bangladesh International Arbitration Center	59,500
Donate to Asia Ali Foundation	11,900
Total	15,704,950



Employees spontaneous participation in the cricket festival

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Customer Satisfaction Survey

Online Cash Transaction (OCT) Charges Survey

Bank Asia introduced Online Cash Transaction Charges in August 2012. Later different branches requested several times to waive online cash transaction charges at least up to a certain limit. Accordingly, we conducted an online survey on all branches seeking their views on waiver of online cash transaction charges paying due considerations to the impacts in customer satisfaction and relationship management.

Survey Conducted in	October 2016
Survey Respondent	All HOBs and MOBs (Total 232)
Survey Conducted by	MIS, Group Finance
Report Date	October 16, 2016

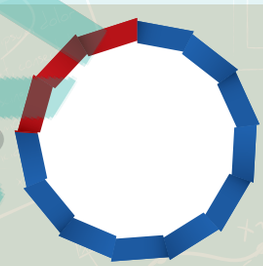


Category wise Participation

All branches (100%) including Islamic Windows participated in this survey. 90% (209 out of 232) HOB & MOB, 91% (106 out of 116) HOB and 89% (103 out of 116) MOB participated.

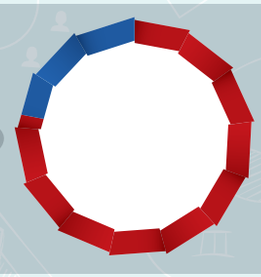
Survey Information

Do you support the concept of realizing charges against Online Cash Transaction (OCT)?



76% of the participants support realizing charges against Online Cash Transaction and 24% do not support.

Do you support waiver of charge for Online Cash Deposit?

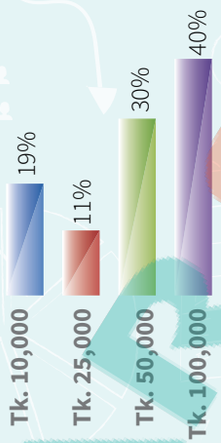


78% of the participants support waiver of charge for Online Cash Deposit and 22% do not support.

SHARESTOCK

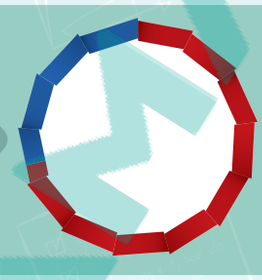
Customer Satisfaction Survey

Select the limit which we might waive full charge for Online Cash Deposit



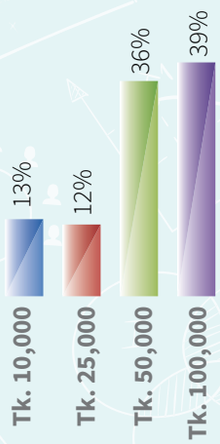
In terms of limit for waiving full charge for Online Cash Deposit 19% of the participants voted for waiver upto Tk. 10,000, 11% for Tk. 25,000, 30% for Tk. 50,000 and 40% for Tk. 1,00,000.

Do you support waiver of charge for Online Cash Withdrawal?



71% of the participants support waiver of charge for Online Cash Withdrawal and 29% do not support.

Select the limit which we might waive full charge for Online Cash Withdrawal

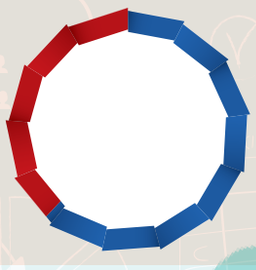


In terms of limit for waiving full charge for Online Cash Withdrawal 13% of the participants voted for waiver upto Tk. 10,000, 12% for Tk. 25,000, 36% for Tk. 50,000 and 39% for Tk. 1,00,000.

STOCK

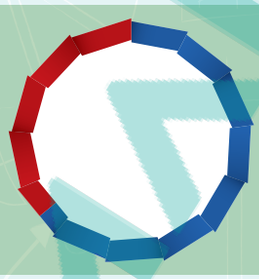
Customer Satisfaction Survey

Do you think your relationship is deteriorating with your customers due to OCT Charge?



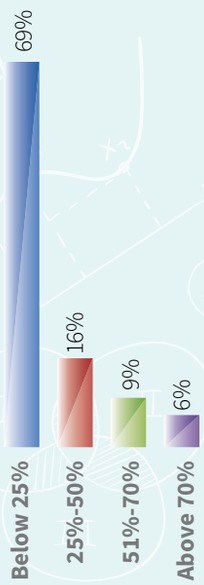
62% of the participants think that relationship with customers is not deteriorating due to OCT Charges and 38% do not think.

Do you think you are loosing a deposit base in your commanding area due to OCT Charge?



64% of the participants think that they are not loosing a deposit base in their commanding area and 36% do not think.

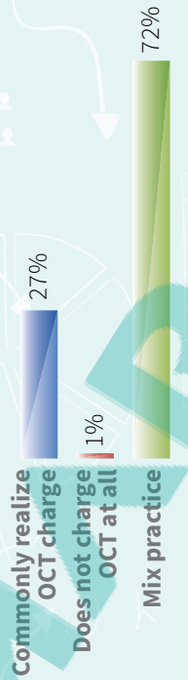
Please share with us the approximate number of unhappy customers of your branch for OCT Charge



In terms of approximate number of unhappy customers 69% of the participants voted for Below 25%, 16% for 25%-50%, 9% for 51%-70% and 6% for Above 70%.

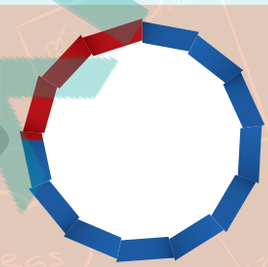
Customer Satisfaction Survey

What is the common practice of other Banks in your command area regarding OCT Charge?



In terms of common practice of other Banks in command area 27% of the participants voted for Commonly realize OCT charge, 1% for Does not charge OCT at all and 72% for Mix practice.

Does any customer impose undue pressure regarding OCT Charge?



75% of the participants claim that customers do not impose undue pressure regarding OCT Charge and 25% claim that customers impose undue pressure.

Inference

Majority of the participants are in favor of charging minimum fee against Online Cash Transaction (OCT) but 40% think OCT up to Tk. 100,000 and 30% think OCT up to Tk. 50,000 should be free of charge for deposit. On the other hand 39% think OCT up to Tk. 100,000 and 36% thinks OCT up to Tk. 50,000 should be free of charge for withdrawal. Most of the participants claim that they do not face any hindrance from customers for charging fee against OCT.

Considering the industry analysis and internal survey result the Management has decided to waive online cash transaction charges up to Tk. 50,000 both for online cash deposits and cash withdrawals effective from February 2017. The management of Bank Asia is interested to conduct different surveys in future to make their services more convenient for their clients.

STOCK

Market Performance

Financial Calendar		
Audited consolidated result for the year ended 31 Dec. 2014	Announced on	March 09, 2016
Unaudited result for the first quarter ended 31 March 2015	Announced on	April 28, 2016
Unaudited result for the second quarter and half year ended 30	Announced on	July 26, 2016
June 2015	Announced on	Oct. 30, 2016
Unaudited result for the third quarter ended 30 September 2015		

Distribution of Dividend	
(Cash%/Stock %)	5% Stock, 15% Cash
Announcement Date	March 9 , 2016
Record Date	March 31 , 2016
Distribution Date	April 28&May 10, 2016
Notice of 16th Annual General Meeting	March 24, 2016
17th Annual General Meeting	April 18, 2016

Availability of information about BANK ASIA

Annual Integrated Report 2016 and other information about Bank Asia may be viewed on Bank's Website: www.bankasia-bd.com

Corporate Office

Rangs Tower(3rd Floor)
68 Purana Paltan, Dhaka-1000
Phone: 47110278

E-mail: bankasia@bankasia-bd.com

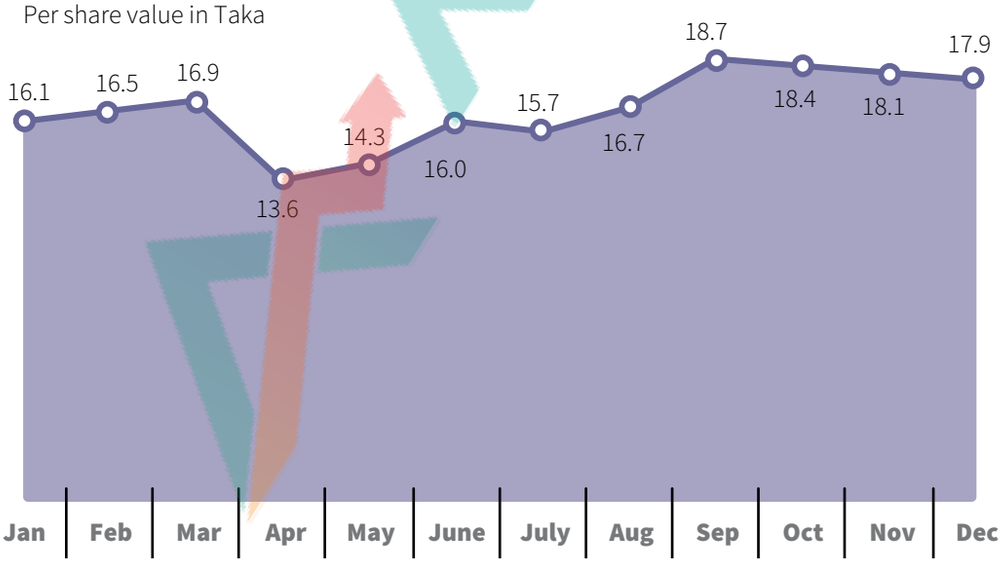
Stock Detailed

Particulars	DSE	CSE
Stock Symbol	BANKASIA	BANKASIA
Company ID	11127	22022
Listing year	2004	2004
Market Category	A	A
Electronic Share	Yes	Yes
Total Number of securities	881,259,910	881,259,910

DSE Trading Days (2016) 241
Year end closing price 17.90

Market price of Bank Asia Share-2016

Per share value in Taka



Stakeholders Relationship/ Grievance Redressal

Bank Asia strongly believes in maintaining smooth and interactive relationship with the stakeholders. We pursue high quality stakeholder's redressal policy proactively to handle all types of grievance, complaints in an effective and fair manner.

BANK'S VIEWPOINT:

Bank Asia strongly believes in equitable treatment to every shareholder. We resolve any shareholders' complaint on a priority basis and have committed to serve the appropriate mechanism to address the shareholders' grievance within the time frame stipulated by the Bank.

SHAREHOLDER'S PERSPECTIVE:

Bank Asia redressal system covers the following issues

- Receiving the complaints for non-receipt of dividend warrant, dividend intimation letter, cash dividend;
- Transfer of shares from suspense account to the shareholders BO account;
- Mitigation for non-receipt of Annual Integrated Report, half-yearly financial position;
- Clarification of any price sensitive information over telephone;
- Grievance for not receiving of Annual Integrated Report, half-yearly financial position timely;
- Concerns relating to share dematerialization (DEMAT);
- Queries about and clarification on recent or upcoming price sensitive information over telephone, etc.

Redressal point for Shareholders

Bank Asia Limited
Share Department
Corporate Office
Rangs Tower (2nd Floor)
68 Purana Paltan
Dhaka-1000
Phone: 7110062 (Ext. 301)

PROCESS • REDRESSAL • CHECKLIST

		Yes	No
queries/ complaints/ grievance lodged by shareholder	Shareholders are properly communicated for collection warrants which have been refunded for non-delivery by the courier	☑	☐
	Dividend warrants Revalidate the upon demand	☑	☐
Review all logs objectively and fairly and give solution within a short time frame	Bank account information are corrected while sending dividend through BEFTN system	☑	☐
	Dividend warrants are reissued in case of failure to send dividend through BEFTN system	☑	☐
Send intimation to concerned shareholder after redressal by share department	Issue shareholding certificate, dividend certificate as and when required	☑	☐
	e-TIN number is collected in case of cash dividend	☑	☐

Any Investors may lodge their complaint related to their investment in the company through formal letter, Bank's official e-mail ID i.e. bankasia@bankasia-bd.com and phone call to the Company Secretary and/ or Share Department. We focus in addressing those complaints within the shortest possible time.

Redressal process of Bank Asia Limited

- Complaints raised by the investors/ shareholders must be dealt with courtesy and in a timely manner
- Complaints are treated and solved efficiently and treated fairly
- Communicate to the shareholders for collection of the dividend warrants which have been refunded for non-delivery by the courier
- Revalidate the dividend warrants upon demand
- Correction of bank account information while sending dividend through BEFTN system
- Re issue of dividend warrants, in case of failure to send dividend through BEFTN system
- Issue shareholding certificate, dividend certificate as and when required
- E-mail or letter must be send to all the investor who have submitted written complaints
- Request for e-TIN number in case of cash dividend



The Chairman of Bank Asia interacting with general shareholders at 17th AGM

Redressal Statistics 2016

Requests received from shareholders	Ways of addressing mentioned requests
• Demat 50,120,57 shares; • 8,440,408 bonus shares credit among 98 shareholders from suspense account • Re-issue 2(two) dividend warrants; • Issuance of 71 shareholdings certificate for income tax purpose;	• Demat confirmed 50,120,57 shares timely; • 98 request responded; • 2 (two) duplicate dividend warrants issued; • 71 shareholdings certificate were issued;

The bank continues to have regular communication with the shareholders through periodic updates of performance and at any time when it believes it to be in the best interest of shareholders generally.

Customers' Perspective

Customers are one of the key stakeholders of the Bank. We are very much conscious about customers' demand and always ready to serve them our best as per our Customers Service Policy and Customers Acceptance Policy (CAP). Like investors we also address up our customers queries and complaints through our corresponding department, division or unit. All the complaints are centrally handled by BOD (Branch Operation Department). In 2016, the Bank received 87 complaints from customers of various branches and all the problems were solved successfully through proper investigation and remedial action. Those problems were solved within 5 days (approx.) in which some complaints were met up within 24 hours.

Employees' Perspective

Employees are the main resource of the Bank, the human capital. We are committed to provide comfortable work environment to our employees for enriching their productivity. To resolve undesirable issues in the workplace and create a conducive and gender sensitive working environment we have separate Grievance Handling Policy and Female Anti- Harassment Policy. Our Human Resources Department takes necessary measures to redress if any adverse situation arises. In 2016, we didn't receive any complaints related to our employees.

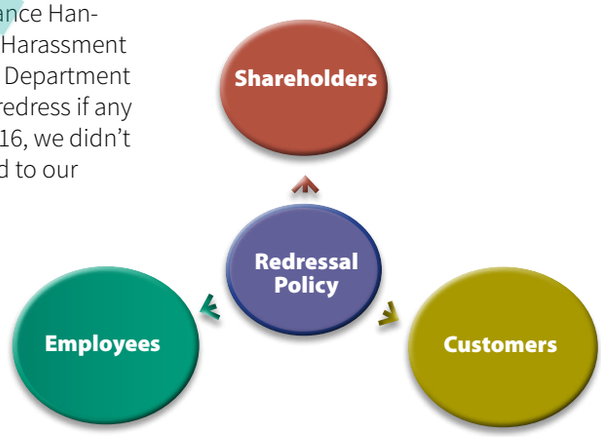
Shareholders' Comment

Mr. M. Mohammad Ali
BO # 1201520001172552

Appreciated the Chairman, Board and Management of Bank Asia for holding the AGM in a befitting manner. addressing our queries.

Mr. Md. Mobarak Hossain
Folio # 04-003584

Appreciated the accountability statement of CEO and CFO in the Annual Report-2015 which reflects the transparency of the Bank.



General Shareholders at 17th AGM



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Corporate Governance

The table below gives an overview of the locations of our Corporate Governance

	Page No
Report on the Activities of Audit Committee	196-197
Statement of Directors on adequacy on the system of internal control	198
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RISTOCK

Corporate Governance Disclosure Checklist(In line with South Asian Federation of Accountants (SAFA) Guidelines)

In line with South Asian Federation of Accountants (SAFA) Guidelines

SL	Items	Compliance Status	Ref Page No
1	**BOARD OF DIRECTORS, CHAIRMAN AND CEO**		
1.1	Company's policy on appointment of directors disclosed		203
1.2	Adequate representation of non-executive directors i.e. one third of the board, subject to a minimum of two	✓	204
1.3	At least one independent director on the board and disclosure/affirmation of the board on such director's independence	✓	20-25, 204
1.4	Chairman to be independent of CEO	✓	205
1.5	Responsibilities of the Chairman of the board appropriately defined and disclosed. Disclosure of independence of Non-Executive Directors	✓	205-206
1.6	Existence of a scheme for annual appraisal of the boards performance and disclosure of the same	✓	203
1.7	Disclosure of policy on annual evaluation of the CEO by the Board	✓	206
1.8	Disclosure of policy on training (including details of the counting training program) of directors and type and nature of training courses organized for directors during the year existence of a scheme for annual appraisal of the boards performance	✓	203
1.9	At least one director having through knowledge and expertise finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting	✓	20-25, 203
1.1	Disclosure of number of meetings of the board and participation of each directors (at least 4 meetings are required to be held)	✓	202,219
1.11	Directors issue a report on compliance with best practices on corporate governance that is reviewed by external auditors	✓	218,222-243
2	**VISION/MISSION AND STRATEGY**		
2.1	Company's vision/mission statements are approved by the board and disclosed in the annual report	✓	208
2.2	Identification of business objectives and areas of business focus disclosed	✓	208
2.3	General description of strategies to achieve the company's business objectives	✓	208
3	**AUDIT COMMITTEES**		
3.1	Appointment and Composition	✓	208
3.1.1	Whether the audit committee chairman is an independent Non-executive Director and Professionally Qualified	✓	208-209
3.1.2	Whither it has specific terms of reference and whether it is empowered to investigate/question employees and retain external counsel	✓	209
3.1.3	More than two thirds of the members are to be Non-Executive Directors	✓	208
3.1.4	All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting	✓	208
3.1.5	Head of internal audit to have direct access to audit committee	✓	209
3.1.6	The committee to meet at least 4 times a year and the number of meetings and attendance by individuals members disclosed in the annual report	✓	219
3.2	**OBJECTIVE AND ACTIVITIES**		
3.2.1	Statement of Audit Committees review to ensure that internal controls are well conceived properly administrative and satisfactorily monitored	✓	197
3.2.2	Statement to indicate audit committees role in ensuring compliance with laws, regulations and timely settlements of statutory dues	✓	197
3.2.3	Statement of Audit Committee involvement in the review of external audit function	✓	197
	v Ensure effective coordination of external audit function		
	v Ensure independence of external auditors		
	v To review the external auditors findings in order to be satisfied that appropriate action is being taken	✓	197
	v Review and approve any non audit work assigned to the external auditor and ensure that such work does not compromise the independence of external auditors		
	v Recommend external auditor for appointment/reappointment		

SL	Items	Compliance Status	Ref Page No
3.2.4	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line with applicable accounting standards and annual review	✓	197
3.2.5	Statement on Audit committee involvement in the review and recommend to the board of directors, annual and interim financial release	✓	197
3.2.6	Reliability of the management information used for such computation	✓	197
4	**INTERNAL CONTROL & RISK MANAGEMENT**		
4.1	Statement of director's responsibility to establish appropriate system of internal control	✓	198
4.2	Narrative description of key features of the internal control system and the manner in which the system is monitored by the board, audit committee or senior management	✓	210-211
4.3	Statement that the directors have reviewed the adequacy of the system of internal controls	✓	198
4.4	Disclosure of the identification of risk the company is exposed to both internally and externally	✓	105-120, 210-211
4.5	Disclosure of the strategies adopted to manage and mitigate the risks	✓	105-120, 210-211
5	**ETHICS AND COMPLIANCE**		
5.1	Disclosure of statement of ethics and values, covering basic principles such as integrity, conflict of interest, compliance with laws and regulation etc.	✓	11-12, 212-213
5.2	Dissemination/communication of the statement of ethics & business practices to all directors and employees and their acknowledgement of the same.	✓	11-12, 212-213
5.3	Board's statement on its commitment to establishing high level of ethics and compliance within the organization	✓	212-213
5.4	Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc.	✓	212-213
6	**REMUNERATION COMMITTEE**		
6.1	Disclosure of the charter (role and responsibilities) of the committee	✓	213-214
6.2	Disclosure of the composition of the committee (majority of the committee should be non-executive directors, but should also include some executive directors)	✓	213-214
6.3	Disclosure of key policies with regard to remuneration of directors, senior management and employees	✓	213-214
6.4	Disclosure of number of meetings and work performed	✓	213-214
6.5	Disclosure of remuneration of directors, chairman, chief executive and senior executives	✓	214
7	**HUMAN CAPITAL**		
7.1	Disclosure of general description of the policies and practices codified and adopted by the company with respect Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promotion and reward and motivation, training and development, grievance management and counseling	✓	214-217,249-250
7.2	Organizational Chart	✓	17
8	**COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS**		
8.1	Disclosure of the company's policy/strategy to facilitate effective communication with shareholders and other stakeholders	✓	158-161, 217-218
8.2	Disclosure of company's policy on ensuring participation of shareholders in the Annual General Meeting and providing reasonable opportunity for the shareholder participation in the AGM	✓	4, 217-218
9	**ENVIRONMENTAL AND SOCIAL OBLIGATIONS**		
9.1	Disclosure of general description of the company's policies and practices relating to social and environmental responsibility of the entity	✓	218,181-183,162-165
9.2	Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices	✓	218,181-183,162-165

WAFI STOCK

The Audit Committee of the Board of Directors of Bank Asia Limited was constituted in the 44th meeting of the Board held on January 18, 2003 in compliance with the Bangladesh Bank directives. The Audit Committee was formed with the objectives to establish a platform for a compliant and secured banking structure in the Bank. The present Audit Committee was reconstituted by the Board in the 345th meeting held on August 07, 2016 consisting of the following members:

Names	Status with the Board	Status with the Audit Committee
Mr. Mashiur Rahman	Director	Chairman
Mr. Mohd. Safwan Choudhury	Vice Chairman	Member
Mr. A. M. Nurul Islam	Vice Chairman	Member

The Company Secretary acts as Secretary of the Committee.

In the year 2016, twelve meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

i. External Audit Report of the Bank and the recommendations made there under.
ii. Bangladesh Bank comprehensive inspection report and the recommendations made there under.
iii. Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
iv. Actions taken by the management in regard to deficiencies raised in the Bangladesh Bank Inspection report and by the Internal Audit and Inspection Team of the Bank.
v. The corrective measures taken by the management in regard to the lapses pointed out on the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.
vi. The compliance status of the audit objections and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Internal Auditors in the reports.
vii. Management Report on Accounts of the Bank for the year ended on 31.12.2015.
viii. Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance thereof.
ix. The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.

THE AUDIT COMMITTEE HAS FURTHER SATISFIED THAT

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

REPORTING

The committee in the meetings has taken particular notes of lapses detected by the Internal Audit Team and the actions taken by the management towards correction, helped improving the recovery of classified loans and initiating measures for lowering the quantum of NPLs through insight monitoring. The committee as well assisted instituting recovery mechanisms, constituting a robust credit administration and, carefully reviewed the internal control system and procedures including IT operation to secure the Bank from foreseeable shocks. The process of continuous monitoring was established for avoidance of errors and omissions and, repetition of lapses as are 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 information.

Mashiur Rahman
Chairman
Audit Committee

BANGLADESH STOCK

Statements of Directors responsibility to establish appropriate System of Internal Control

Strengthening and streamlining internal control setup is of significant importance for them charged with governance to attain short-term business objectives and long-term sustainability. During the year, market liquidity was higher, interest rate was lower, investment demand was sluggish, and the challenge of ensuring effective internal audit and control system were even greater.

The board is cautious on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board review quarterly the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. They annually review on the qualification, expertise and resources, and independence of the external auditors and the effectiveness of audit process and a recommendation on re-appointment.

Directors confirm that the Board, through its committees, has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December, 2016. This process involved a confirmation that a system of internal control in accordance with best financial reporting practice was in place throughout the financial year and up to the date of the signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and bank's risk management functions and the extent to which various significant challenges are understood and are being addressed.

On Behalf of the Board of Directors,

A Rouf Chowdhury
Chairman

Statement of Directors on Adequacy of the System of Internal Control

The Board of Directors follows some definite rules and regulations as stated in the 'Banking Companies Act 1991 (amended up to 2013)'. Therefore, the directors tried their level best to maintain sound corporate governance and performed their responsibilities. Broad business strategy, significant policies for internal control system and risk management have been taken properly and risk based internal audit has been accomplished as per 'section 15 Kha & 15 Ga of the Banking Companies Act 1991 (amended up to 2013)' for ensuring that the bank is appropriately and effectively managed and controlled.

The Board has supervised the policies and various parts of businesses to construct an effective internal control system which is essential for sustainable growth maintaining efficient conduct of business. They have also reviewed the adequacy and completeness of accounting records, well preparation of financial information, and efficient management of risk, strengthening bank assets and overall internal control process.

By forming the audit committee, the Board of Directors monitors the functional and effectiveness of internal control system. All the conditions depicted in the Banking Companies Act 1991 (amended up to 2013), guideline issued by Bangladesh Bank and corporate governance guidelines issued by Bangladesh Securities and Exchange Commission have been properly maintained at the time of preparing the Audit Committee. The principal activity of the Audit committee was to review the internal control system as well as managing the core risk of the bank. The Bank process for monitoring compliances with laws and regulations and codes of business ethics have been properly reviewed by the committee.

The Audit Committee has observed the managerial arrangements for increasing the internal control features to the prevalent management information system (MIS). They have also overlooked the corrective initiatives undertaken by management corresponding to fraud-forgery and deficiencies in internal control published in last year. All the compliance reports have been properly presented before the board of directors and regulators in a timely manner and all other regulatory functions about internal control system of the bank have been executed explicitly.

On Behalf of the Board of Directors,

A Rouf Chowdhury
Chairman

Chief Executive Officer and Chief Financial Officer's Statement of Responsibilities for the year 2016

(In line with the Securities Exchange Commission (SEC) notification no.SEC/CMRRCD/2006-158/134/ Admin/44 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, 2016 that are prepared under the historical cost convention. However, the director's report and other reports include updated information that were available till the publication of the Annual Integrated Report 2016. The financial statements were prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS) and comply with Banking Companies Act 1991 (amended up to 2013), Income Tax Ordinance 1984, 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 that:
   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 to 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 person from 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 declare that all Board Members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Mohammad Ibrahim Khalil, FCA
Chief Financial Officer (CC)

Md. Arfan Ali
President and Managing Director

MAYA STOCK

Corporate Governance

PREFACE

Corporate governance entails a set of relationships between a company's management, its board, its shareholders and other stakeholders. It does also endow with the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

Effective corporate governance is indispensable to the proper functioning of the banking sector and the economy as a whole. Banks serve a crucial role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help drive economic growth. Banks' safety and soundness are key to financial stability, and the manner in which they conduct their business, therefore, is central to economic health. Governance weaknesses at banks that play a significant role in the financial system can result in the transmission of problems across the banking sector and the economy as a whole.

The Main objective of our corporate governance is to safeguard the stakeholders' interest in conformity with public interest on a sustainable basis. Among stakeholders, particularly with respect to retail banks, shareholders' interest is inferior to depositors' interest.

Sound Corporate Governance

Our supervisors have a keen interest in our sound corporate governance, as it is an essential element in the safe functioning of a bank and may adversely affect the bank's risk profile if not operating effectively. Well-governed banks contribute to the maintenance of an efficient and cost-effective supervisory process, as there is less need for supervisory intervention.

Effective implementation of sound corporate governance requires relevant legal, regulatory and institutional foundations. A variety of factors, including the system of banking business laws, both stock exchanges rules, securities exchange regulation and international accounting standards, affect market integrity and systemic stability. Such factors, however, are often outside the scope of banking supervision. Supervisors are nevertheless encouraged to be aware of legal and institutional impediments to sound corporate governance, and to take steps to foster effective foundations for corporate governance where it is within their legal authority to do so. Where it is not, supervisors may wish to consider supporting legislative or other reforms that would allow them to have a more direct role in promoting or requiring sound corporate governance.

Corporate governance determines the allocation of authority and responsibilities by which the business and affairs of a bank are carried out by its shareholders, board and senior management, including how they:

- set the bank's strategy and objectives;
- select and oversee personnel;
- operate the bank's business on a day-to-day basis;
- protect the interests of depositors, meet shareholder obligations, and take into account the interests of other recognized stakeholders;
- align corporate culture, corporate activities and behavior with the expectation that the bank will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations; and
- establish control functions.

The following sections describe the Board's primary corporate governance policies and practices with specific references to the Principles of the Code. These policies and practices are constantly reviewed as the corporate governance environment continually evolves.

This statement outlines the key aspects of the Bank's corporate governance framework. The bank is committed to ensuring that its policies and practices reflect a high standard of governance. The Board has adopted a comprehensive framework of Corporate Governance Guidelines, designed to balance properly performance and conformance.



BANKASIA STOCK

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 organizations strategy, develop directional policy, appoint and supervise senior executives and to ensure accountability of the organization to its owners and regulatory authorities. This enables the banks to undertake, in an effective manner, the prudent risk-taking activities which are the basis of its business. Bank Asia Limited, as a publicly listed company, is a highly regulated company where Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), DSE & CSE play a very significant role in establishment and adherence to norms and regulations.

Practices we admire

- Chairman leads the Board of Bank Asia Limited.
- Representation of women on the Board is encouraging.
- The Bank is being run in line with Corporate Governance Policy of the regulators.
- Shareholders vote for individual directors.
- All Board's Committees meet independent guidelines in respect of composition.
- The Board conducts an annual review of its performance and that of its Committees.
- An orientation program is in place for all new directors.
- All directors, executives/officers and employees of Bank Asia are required to acknowledge their adherence annually to Bank's guidelines for business conduct.

The following section describes the Boards primary corporate governance policies and practices with specific reference to Principles of Code. These policies and practices are constantly reviewed as corporate governance structure environment continuously evolved:

1. BOARD OF DIRECTORS, CHAIRMAN AND CEO

Principle: Board's overall responsibilities

The board has overall responsibility for the bank, including approving and overseeing management's implementation of the bank's strategic objectives, governance framework and corporate culture.

The Board has ultimate responsibility for the bank's business strategy and financial soundness, internal control and governance structure and practices, and risk management and compliance obligations. The Board may delegate some of its functions, though not its responsibilities, to board committees where appropriate.

The Board ensures that the bank's organizational structure enables the Board and senior management to carry out their own responsibilities and facilitates effective decision-making and good governance. This includes clearly laying out the key responsibilities and authorities of the Board itself, of the senior management and of those responsible for the control functions.

The Board approves the bank's budget and business plan and reviews them 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 sector of the Bank.

Work-planning and strategic management

The Board determines the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. They specially engage 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. They analyze and monitor at quarterly rests the development of implementation of the work-plans.

The Board does analytical review in the Annual Report as regard the success or failure in achieving the business and other targets as set out in its annual work-plan and apprises the shareholders of its opinions and recommendations on future plans and strategies. They set the Key Performance Indicators (KPIs) for the CEO and other senior executives and evaluate them on regular basis.

Credit and risk management

The Board approves the policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-schedule and write-off under the purview of the existing laws, rules and regulations. The Board specifically distributes the power of sanction of loan/investment among the CEO and his subordinate executives as much as possible. The Bank also ensures that no Director, can interfere directly or indirectly, into the process of loan approval.

The board outlines policies for risk management and get them complied with and monitor the compliance on quarterly basis and review the concerned report of the risk management team and compile in the minutes of the board meeting. The board also monitors the compliance of the guidelines of Bangladesh Bank regarding key risk management

ANNUAL REPORT STOCK

Corporate Governance

Internal control management

The Board is vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its services and management of loan and investment portfolio. The Board reviews at quarterly rests the reports submitted to the audit committee of the Board regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

Human resources management and development

- Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules are framed and approved by the Board. The chairman or the Directors has no way involvement or interferences 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 is included in the selection committees for recruitment and promotion at different levels except recruitment and promotion to the immediate two tiers below the CEO which, rests upon the authority of the Board.
- The Board has focus and 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, adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The Board ensures that adequate training programs for the employees are incorporated in its annual work plan.
- The board composes Code of Ethics for every tier and they followed it properly. The board promote healthy code of conducts for developing a compliance culture.

Financial management

- The annual budget and the statutory financial statements finalized by the board of directors. The Board 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.
- The Board frames the policies and procedures for bank's purchase and procurement activities and accordingly approved the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business, however, be adopted with the approval of the Board.
- The board review formation and function Asset-Liability Committee (ALCO) in line with Bangladesh Bank guidelines.

Appointment of Chief Executive Officer (CEO):

In order to strengthen the financial base of the bank and obtain confidence of the depositors, Board of directors is responsible to appoint an honest, efficient, experienced and suitable CEO or Managing Director.

Other responsibilities

- Approve and monitor the company's ethical values and their effective compliance.
- Oversee the establishment of appropriate risk management systems including defining the bank's risk appetite and establishing appropriate financial policies such as target capital and liquidity ratios.
- The board ensures that transactions with related parties (including internal group transactions) are reviewed to assess risk and are subject to appropriate restrictions (e.g. by requiring that such transactions be conducted on arm's length terms) and that corporate or business resources of the bank are not misappropriated or misapplied.

In discharging these responsibilities, the Board takes into account the legitimate interests of depositors, shareholders and other relevant stakeholders. It also ensures that the bank maintains an effective relationship with its regulators.

Delegation by the Board

The Board delegates authority and powers to Board Committees to oversee specific responsibilities without abdicating its responsibilities. These Committees report on a periodical basis to the Board and enable the Board to better carry out its stewardship and fiduciary responsibilities.

Meeting of the Board and Board Committee

The Board met 23 (twenty three) times during the financial year. The Chairman would brief the Board on the issues to be discussed during the Board meetings. The documents pertaining to important and complex issues would be circulated for the Board's review before the members meet to discuss them.

Board Induction

A formal letter of appointment setting out the director's duties and obligations is provided to every new director. Comprehensive and tailored induction will be provided to incoming directors joining the Board on the discharge of their duties,

bank's business and governance practices, amongst others. The induction program allows the director to assimilate into his or her new role as soon as possible.

Continuous Development Program

Bank Asia believes that regular training and development are essential to equip all directors with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively. On an annual basis, the Board assesses the skills that the Board collectively needs in order to discharge its responsibilities effectively and identifies steps to improve effectiveness.

Appraisal of the Boards Performance

Bank Asia limited has not set any option for annual appraisal of the board's performance. However, evaluation of the Board also performed at the AGM by the shareholders.

Principle: Board Qualification and Composition

The board members should be and remain qualified, individually and collectively, for their positions. They should understand their oversight and corporate governance role and be able to exercise sound, objective judgment about the affairs of the bank.

Bank Asia complied with relevant guidelines of Bangladesh Bank circulars, rules and regulations of the Bank Companies Act, 1991 (amended upto 2013) and guidelines of Bangladesh Securities and Exchange Commission regarding composition of its Board of Directors. While appointing new Directors Bank Asia emphasizes the mix of knowledge, skills, experience and perception. The Directors are elected by the shareholders in AGM. In case of nomination, removal, causal vacancy and alternate Directors, Bank Asia follows all relevant rules and regulations. The Bank's non-executive Directors are independent of management and free from day to day business of the bank. Directors are accountable to the shareholders for the Bank's performance and governance. Bank Asia always complies with the direction of the regulatory authorities regarding the appointment of directors. Bangladesh Bank circulars, BSEC notification, provisions of Bank Company Act and Companies Act are strictly followed. The Bank Companies Act provides that there will be maximum 20 (twenty) Directors on the Board including Managing Director and 3 (three) Independent Directors. The corporate governance notification of BSEC provides that the company will consist minimum 5 (five) and maximum 20 (twenty) directors including minimum 1/5th of Independent Directors.

The Board of Bank Asia currently comprises of 13 (thirteen) Directors as of December 31, 2016 including the President and Managing Director. The Chairman and 11 (eleven) other Directors are Non-Executive Directors from which 4 (four) are independent directors and the CEO (Managing Director) is an Executive Director. All the Directors except independent directors and the CEO were elected by the shareholders of the company and the CEO is appointed the board of directors with the approval of the Bangladesh Bank. Independent directors are appointed by the board and approved by the shareholders in the AGM. To appoint Independent Director prior approval need to be taken from SEC. All the Directors are highly-qualified, experienced professionals or successful businessmen in their own right with long experience with the banking industry and they also hold very responsible positions in public life. The details qualifications about Board of Directors can be found in Directors' profile.

Knowledge and expertise in Finance and Accounting

Bank Asia's Board of Directors comprises of members who have wide knowledge and experience in the field of finance, accounting, economics, management, marketing and business administration. By that, it is ensured that they have the ability to interpret the decision of bank's management in a prudent manner.

Principle: Board own structure and practice

The board should define appropriate governance structures and practices for its own work, and put in place the means for such practices to be followed and periodically reviewed for ongoing effectiveness.

Board Committee

To increase efficiency and allow deeper focus in specific areas, Board established three specialized Board committees i.e. Audit committee, Executive committee and Risk Management committee. The committees are created and mandated by the Board. Each committee has specified roles and responsibilities that set out in line with Bangladesh Bank, Bangladesh Securities Exchange Commission (BSEC) and other regulatory guidelines.

Executive Committee

The Executive Committee (EC) of the board of Bank Asia was first constituted in September 2010 to ensure efficient, competent, compliant and secured structure for approval of credit proposals and business decisions. The number of members in executive committee is 4(Four) nominated by the board from directors. The EC time to time reviews policies and guidelines issued by Bangladesh Bank regarding credit and other operations that are customized and adopted by the management after approval of the board of directors. EC approves credit proposals as per approved policy of the board.

Audit Committee

The Audit Committee of the Board of Bank Asia was first constituted in January 2003 with the objectives of generating a platform for a compliant and secured banking. As per the BSEC notification no SEC/CMRRC/2006-128/134/admin/44 dated 7 august 2012 audit committee

WARRISTOCK

Corporate Governance

must consists of at least 3 (three) members with 1(one) Independent director. All the members of Audit Committee should be selected from directors and the chairman must be an independent director.

Risk Management Committee

The Risk Management Committee of Bank Asia was first constituted in December 2013. To minimize risk while implementing the policies and business plan of the Bank, the Board has formed a Risk Management Committee as per the guidelines of Bangladesh Bank. The Committee supervises whether the risks arise from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity and other sources are identified, and measured and adequate systems are in place to minimize such risks. Currently 4 (four) members are in the Risk Management Committee. They set risk appetite; formulate risk identification & control policy, recommend changes to the risk management framework. They also monitor the internal capital adequacy assessment process along with the effectiveness of the risk management framework, policies and standards. The Risk Management Committee assists the Board in relation to the oversight of risk including the risk appetite and risk management strategy.

Independent director

Participation of independent opinion in the Board is considered as an important element of good governance. Independent directors exert an independent view on the policies and decisions of the Board and emphasize that the policies and decisions are for the best interest of the whole bank. Bank Asia has 4 (four) independent directors in the Board. They are: Mr. A M Nurul Islam, a renowned bureaucrat and two renowned retired bankers Mr. Mashiur Rahman, Mr. M Shahjahan Bhuiyan, and Mr. Md. Nazrul Huda, a retired central banker. This is a matter of great sorrow that, Mr. Shah Md. Nurul Alam, one of the independent director and vice chairman of the Executive Committee of the Bank was passed away on 22.10.2016. The Independent Directors are also member of the sub-committees of the Board. Three of them are the members of the Executive Committee, three are the members of the Audit Committee, and three are the members of the Risk Management Committee. One of the independent director Mr. Mashiur Rahman is the Chairman of Bank Audit Committee. In his report, page no # ……. declared regarding independent director are independent in line with necessary regulatory guideline.

Composition of the Board of Directors – Non Executive Directors and Independent Directors

All the directors of the Board are non-executive directors and one- fifth is Independent. Currently, there are four independent directors appointed by the Board and approved by the BSEC and the shareholders in the AGM.

Retirement and Re - election of Directors

According to clause 128, and 129 of the Articles of Association of the Bank, 5 (five) directors retired before the 17th Annual General Meeting (AGM) held on April 18, 2016. All the retiring directors were eligible for re-election as director and they were re-elected at the AGM. The retired and re-elected directors were:

Sl. No.	Name of Directors	Mode of Change
1.	Ms. Hosneara Sinha	Retired and Re-elected
2.	Ms. Naheed Akhter Sinha	Retired and Re-elected
3.	Mr. Mashiur Rahman	Retired and Re-elected
4.	Mr. Mohammed Lakiotullah	Retired
5.	Ms. Sohana Rouf Chowdhury	Retired

In addition, some other changes in directorship during the year were as follows:

Sl. No.	Name of Directors	Date of Change	Remarks
1.	Mr. Mohammed Lakiotullah	18.04.2016	Bangladesh Bank has declined his directorship on 01.06.2016.
2.	Ms. Sohana Rouf Chowdhury	22.06.2016	Withdrawal her nomination as a Director of the Bank on 22.06.2016.
3.	Mr. Md. Mehmood Husain	31.07.2016	Resigned from the position of President and Managing Director on 31.07.2016
4.	Mr. Md. Arfan Ali	07.08.2016	He has been appointed by Board as President & Managing Director and he has assumed his office on the 07. 08. 2016.
5.	Mr. Shah Md. Nurul Alam	22.10.2016	He passed away 22.10.2016.

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Number of Board meeting held in 2016
During 2016, a total of 23 (Twenty Three) Board meeting were held. The number of meetings of the Board and committees held during the accounting year and the attendance of the Directors at those meeting are disclosed on page no. 219

Delegation of Authority
The Board has delegated to the President and Managing Director and, through him, to other senior executives, the responsibility for the day-to-day management of the bank's business and implementation of the bank's strategies and policies. The President and Managing Director along with other senior executives operate in accordance with a comprehensive set of management delegations under the bank's Delegation of Authorities framework.

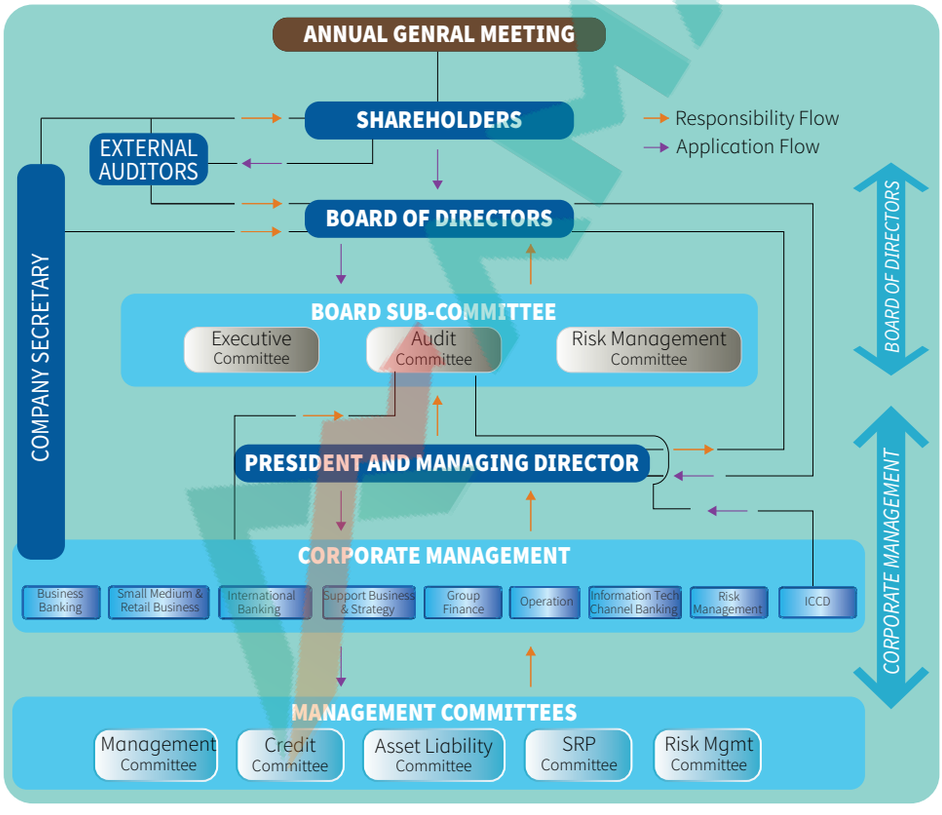
Organization and Assessment of the Board

Appraisal of the Board Performance:
The Board structure is maintained in terms of leadership, size and the use of Board committees so as to effectively carry out its oversight role and other responsibilities. This includes ensuring that the Board has the time and means to cover all necessary subjects in sufficient depth and have a robust discussion of issues.

The Board is continuously maintaining and periodically updating organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities.

To support its own performance, the Board carries out regular assessments – alone or with the assistance of external experts – of the Board as a whole, its committees and individual Board members. The Board also:

- periodically review its structure, size and composition as well as committees' structures and coordination;
- assess the ongoing suitability of each board member periodically, also taking into account his or her performance on the board;
- either separately or as part of these assessments, periodically review the effectiveness of its own governance practices and procedures, determine where improvements may be needed, and make any necessary changes; and
- use the results of these assessments as part of the ongoing improvement efforts of the board and, where required by the supervisor, share results with the supervisor.
- maintain appropriate records, i.e. meeting minutes, summaries of matters reviewed, recommendations made in its deliberations and decisions. These are available for the regulator when required.



Chairman of the Board
The Chairman of the Board of Director is responsible for leading the Board and overseeing 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.

Position of Chairman and the Chief Executive Officer
The functional responsibilities of the Chairman of the Board and of the President and Managing Director are kept separate and independent of each other.

Roles and Responsibilities of the Chairman:

The Chairman of the Board is elected to the office of Chairman by the Directors. The Chairman's primary responsibility is

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to lead the Board, to ensure a common purpose and effectiveness as a group to uphold and promote high standards of integrity, probity and corporate governance. The Chairman has the link between the Board and the Company. The major role and responsibilities of the Chairman are:

a. The Chairman of the Board does not participate in or interfere into the administrative or operational affairs of the bank since he does not personally possess the jurisdiction to apply policymaking or executive authority.

b. Sometimes the Chairman conducts on-site inspection of bank-branch or financing activities under the purview of the oversight responsibilities of the Board. He has the right to call for any information relating to bank's operation for investigation into any such affairs and thereby submit such information or investigation report to the meeting of the Board or to the executive committee and, if considered necessary, with the approval of the Board, he may adopt pragmatic initiatives with reference to the set rules through the CEO. Besides, any complaint raised against the CEO is required to be apprised to Bangladesh Bank through the Board along with the statement of the CEO.

c. For the business interest of the bank, the Chairman may be offered an office room, a personal secretary/assistant, an office telephone, a mobile phone and a car for using within the country.

Principle: Senior Management

Under the direction and oversight of the board, senior management should carry out and manage the bank's activities in a manner consistent with the business strategy.

Senior management consists of a core group of individuals responsible and accountable to the Board for the sound and prudent day-to-day management of the bank. The organization and procedures and decision making of senior management are clear and transparent and designed to promote effective management of the bank. This includes clarity on the role, authority and responsibility of the various positions within senior management, including that of the CEO and Managing Director.

Consistent with the direction given by the Board, senior management implement business strategies, risk management systems, risk culture, processes and controls for managing the risks – both financial and non-financial – to which the bank is exposed and concerning which it is responsible for complying with laws regulations and internal policies.

Chief Executive Officer

Bank's CEO is Mr. Md. Arfan Ali. The detail information of CEO is given in separate part of director's information under page no. 25

Roles and Responsibilities of the CEO:

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

The main responsibilities and authorities of the Managing Director are as follows:

- The CEO undertakes his own responsibilities when the board vests the financial, business and administrative authorities on him. He remains accountable for achievement of financial and other business targets by means of business plan, efficient implementation and prudent administrative and financial management.
- The CEO ensures compliance of the Bank Company Act, 1991 and other relevant laws and regulations in performing routine functions of the bank.
- At the time of presenting any memorandum by the management in the Board Meeting or Board Committee Meeting, the CEO points out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.
- The CEO remains accountable to report to Bangladesh Bank if any violation of the Bank Company Act, 1991 or of other laws/regulations is occurred.
- The recruitment and promotion of all staff of the bank except those in the two tiers below him rest on the CEO. He acts in such cases in accordance with the approved service rules of the Bank.
- The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, rests on him that he applies in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he nominates officers for training etc.

Appraisal and evaluation of CEO

While reappointing CEO, an evaluation report approved by the board of directors submitted to Bangladesh Bank by the chairman of the Board. Besides, key evaluation indicators for CEO as well as Management is profitability, yearly budget achievement, dividend ratio, return on equity, return on assets, earnings per share, CAMELS ratings, credit rating, classified loan ratio etc. which are reviewed by Board of Directors on periodically basis.

Mechanism to provide advice to the Board

Bank Asia maintains transparent and close communication with its shareholders. With this view we publish annual & semiannual report, publishing quarterly financials

and price sensitive information (PSI) in newspapers for shareholders, investors, capital market experts, and other equity 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 AGM, 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 to implement the recommendations of the shareholders. If the Management requires making any change in policy or practice, the Board approves those changes; otherwise if this authority of approval is beyond the power of the Board, this can be approved by the shareholders of Bank Asia Ltd at AGM through voting.

Chief Risk Officer

The name of Chief Risk Officer of the Bank is Ms. Humaira Azam. She is also Deputy Managing Director of the Bank. The CRO is key responsible for overall risk management of the Bank. The details roles and responsibility and overall risk management from CRO is separately disclosed in CRO's report in page no. 100

Chief Financial Officer

The name of Chief Financial Officer of the Bank is Mohammad Ibrahim Khalil, FCA. He is also Vice President of the Bank. Key responsibility and overall financial health of the Bank is separately disclosed in CFO's statement.

Company Secretary

The name of company secretary of the Bank is Mr. Md. Kamrul Hasan ACS, CFA, and AVP. The key roles and responsibilities of company secretary are:

The Company Secretary is accountable directly to the Board, through the Chairman, on matters to do with the proper functioning of the Board. He is also responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedure and regulations affecting the board and the Bank, as well as best practices of governance. He is also responsible for advising the directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Bank, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Principle: Governance of group structure

In a group structure, the board of the parent company has the overall responsibility for the group and for ensuring the establishment and operation of a clear governance framework appropriate to the structure, business and risks of the group and its entities. The board and senior management should know and understand the bank group's organizational structure and the risks that it poses.

Parent company boards

In group concept, Bank Asia limited is parent company with having following three subsidiary companies:

- Bank Asia Securities Limited, incorporated in Bangladesh – 99.99% owned
- BA Exchange Company (UK) Limited, incorporated in United Kingdom - 100% owned
- BA Express USA Inc., incorporated in United States of America (USA) - 100% owned

The board of the parent company is aware of the material risks and issues that might affect both the bank as a whole and its subsidiaries. It exercises adequate oversight over subsidiaries while respecting the independent legal and governance responsibilities that might apply to its subsidiary boards.

In order to fulfill its responsibilities, the board of the parent company:

- established a group structure (including the legal entity and business structure) and a governance framework with clearly defined roles and responsibilities, including those at the parent company level and those at the subsidiary level;
- define an appropriate subsidiary board and management structure to contribute to the effective oversight of businesses and subsidiaries, which takes into account the different risks to which the group, its businesses and its subsidiaries are exposed;
- assess whether the group's corporate governance framework includes adequate policies, processes and controls and addresses risks across the business and legal entity structures;
- ensure the group's corporate governance framework includes appropriate processes and controls to identify and address potential intergroup conflicts of interest, such as those arising from intergroup transactions;
- approve policies and clear strategies for establishing new structures and legal entities, and ensure that they are consistent with the policies and interests of the group;
- complied all regulatory requirement regarding monitor and review of subsidiary companies
- have sufficient resources to monitor compliance of subsidiaries with all applicable legal, regulatory and governance requirements; and
- maintain an effective relationship with regulator and, through the subsidiary

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board or direct contact, with the regulators of all subsidiaries.

The details information of parent companies Board is given in separate part of this Annual Integrated Report.

Subsidiary Boards

Bank Asia Securities Limited

A majority owned (99.99%) subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2, Dilkusha Commercial Area, Dhaka 1000 which commenced its business on the 17 April 2011. Total paid up capital of BASL is Tk. 2,000.00 million. At the end of the year 2016, BASL has following seven (07) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Anisur Rahman Sinha, Director
- Mr. M Irfan Syed, Director
- Ms. Romana Rouf Chowdhury, Director
- Mr. Nazrul Huda, Director
- Mr. Md. Arfan Ali, Director
- Mr. Md. Sazzad Hossain, Director

The Board of Directors of BASL conducted their roles and responsibility in line with the Companies Act 1994 (amended up to 2013), Bangladesh Securities and Exchange Commission rules and regulation, Dhaka Stock Exchange rules and regulation parent Board guideline, and other regulatory act or guidance.

BA Exchange Company (UK) Limited

The company was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited, BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. The paid up capital of the company is £300,000.

At the end of the year 2016, the company has following four (04) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Md. Mehmood Husain (resigned on 27 July 2016)
- Mr. Mohammad Arfan Ali (appointed 24 October 2016
- Mr. ABM Kamrul Huda Azad, CEO

The Board of Directors of BA Exchange Company (UK) Limited conducted their roles and responsibility in line with all regulatory act or guidance.

BA Express USA Inc.

BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014. The paid up capital of the company is $960,000. At the end of the year 2016, the company has following seven (07) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Rumee A Hossain, Director
- Mr. Murshed Sultan Chowdhury, Director
- Ms. Romana Rouf Chowdhury, Director
- Ms. Mahrina Chowdhury, Director
- Mr. Md. Arfan Ali, Director
- Mr. Minto Saha, CEO

The Board of Directors of BA Express USA Inc. conducted their roles and responsibility in line with all regulatory act or guidance.

2. VISION, MISSION AND STRATEGY

Vision/ mission statement approved by Board of Directors and disclosure in Annual Report

The Board of Directors defined Bank's vision, mission, strategic objectives and strictly adhere to it. Bank Asia strongly believe in the vision and mission and try to accomplish it in every business context as possible. Bank's vision, mission, strategic objective depicted on page no. 08 of this Annual Integrated Report.

Business Objectives and areas of Business Focus disclosed

The Board of Directors of Bank Asia always set business objectives as per market demand. They also set areas for focus in consistency with market. Detail business objectives and areas of business focus depicted on Page no. 13 of this Annual Integrated Report

Description of strategies to achieve the company's business objectives

Bank Asia always formulate strategies and different action plan in the beginning of the year which are clearly aligned with banks mission, vision and business objectives. Detail strategies to achieve the bank's business objectives depicted on Page no. 92-95 of this Annual Integrated Report.

3. AUDIT COMMITTEE

3.1 Appointment and Composition of Audit Committee

Bank Asia's Audit Committee consists of 3 (three) members. All of them are non-executive directors from whom 2 of them are independent directors and the company secretary of the bank is the secretary of the audit committee. Mr. Mashiur Rahman, the Chairman of the audit committee is an Independent Director and from Business administration background and all the members are financially knowledgeable and have long experience in banking industry.

Chairman of the Audit Committee – Independent Director

Mr. Mashiur Rahman, the Chairman of the

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Audit Committee is an Independent Non –Executive Director and from Business administration background and all the members are financially knowledgeable and have long experience in banking industry. He is a renowned banker and former Managing Director of IFIC Bank with having 4 decades of banking experience. More information about members of Audit Committee is available in the Director's Profile Page.

Terms of Reference of Audit Committee

Audit committee takes up the responsibilities to supervise the management and control of various risk factors coming up from banking operation, to strengthen the internal control system and to act as a connecting force between internal and external auditors in order to bring a disciplined banking operation. Audit committee reviews the financial reporting process, accounting policies & principles, hiring of external auditors, significant related party transaction, the system of internal control and management, the audit process, compliance with laws and regulations, and its own codes of business conduct. The audit committee also examines the status of implementation of Bangladesh Bank guidelines, BSEC notification/gazette, Company Act 1994 (amended up to 2013), DSE & CSE listing regulation and bank's own policies and manuals.

Bank Asia's Audit Committee comprise of two third of members who are Independent Non-Executive Director. And all member of the audit committee are suitably qualified and all of them have expert knowledge of finance and accounting.

Head of Internal Audit

The name of Head of Internal Audit of Bank Asia is Mr. Md. Sazzad Hossain, SEVP. He has direct access to the audit committee and he can raise any concern whenever required to audit committee.

3.2 Objectives and Activities of Audit Committees

Roles and Responsibilities of Audit Committee (AC)

The Audit Committee is responsible for assisting the Board in its oversight of the reliability and integrity of the accounting policies and financial reporting as well as to scrutinize the adequacy and effectiveness of the internal controls. In discharging its oversight role, the Committee is authorized and empowered to investigate any matter within its terms of reference and has full access to and cooperation of the Management. The Audit Committee, together with the Management and the external auditors, reviews the Bank's audited financial statements, the quality of the accounting principles applied, the financial statement presentations and the items that affect the financials. Through the maintaining and application of appropriate accounting and financial reporting principles and policies and internal controls and procedures, the Audit Committee determines whether the financial statements comply with the accounting standards and applicable laws and regulations.

The Audit Committee conducts an annual review of all non-audit services by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors.

The Audit Committee holds private meetings with the internal auditor and external auditor at least once a year without the presence of Management. It examines the audit findings of the external and internal auditors. It also reviews with the Internal Audit Manager on the scope, results and effectiveness of the audits and approves the internal audit plan in consultation with the Management. Any factors that may adversely affect the internal audit function's independence, objectivity or effectiveness will be reviewed by the Audit Committee.

In the year 2016, the Audit Committee activities related with appropriate accounting standards, policy and regulatory compliance included:

- Overseeing the financial reporting process;
- Reviewing significant related party transactions;
- Checking the financial statement's completeness and concreteness;
- Reviewing the financial statements prepared in accordance to existing rules, regulations and standards enforced in the country;
- Discussing with management and the external auditors regarding the financial statements before submission to the Board for approval;
- Reviewing with significant changes of accounting policies and practices;
- Reviewing the content and statements for the understandable and fair presentation of the annual report;
- Quarterly & Half yearly review of the financial statements.

Audit Committee role on External Audit function

- Review the performance of the external auditors and their audit reports.
- Examine on management consideration on the findings and recommendations made by the external auditors.
- Provide recommendations to the Board regarding the appointment of the external auditors.
- Review and report to the Board on the qualification, expertise and resources, and independence of the external auditors and the effectiveness of audit process and a recommendation on re-appointment.

Audit Committee role on establishing Internal Control

- Evaluate the management's setting and appropriate compliance culture

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by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities

- Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS)
- Evaluate internal control strategies recommended by internal and external auditors which have been implemented by the management.
- Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the Board after reviewing whether necessary corrective measures have been taken by the management.
- Review the existing risk management procedures for ensuring an effective internal control system.
- Monitor the effectiveness of internal audit and to receive its reports, findings and recommendation
- Review the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations as approved by the Board are being complied with.

Audit Committee role on Financial Reporting

- Review the annual financial statements and determine whether they are complete and consistent with the accounting standards set by the regulatory authority.
- Meet with management and the external auditors to review the financial statements before their finalization.

Audit Committee role on establishing Internal Audit

- Monitor whether internal audit is working independently from the management.
- Review the activities of the internal audit and the organizational structure to ensure that no unjustified restriction or limitation hinders the internal audit process.
- Examine the efficiency and effectiveness of internal audit function
- Examine the findings and recommendations made by the internal auditors and ensure that is duly considered by the management.

Audit Committee role on establishing External Audit

- Review the performance of the external auditors and their audit reports.
- Examine on management consideration on the findings and recommendations made by the external auditors.
- Provide recommendations to the Board regarding the appointment of the external auditors.
- Review and report to the Board on the qualification, expertise and resources, and independence of the external auditors and the effectiveness of audit process and a recommendation on re-appointment.

Audit Committee role on establishing Other Responsibilities

- Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

4. Internal Control and Risk Management

Internal Controls

To ensure good governance in the bank management it is essential to have specific internal control. A strong internal control system can ensure the achievement of banks' goals and objectives with long term profitability. It also helps to comply with rules and regulation as well as policies and to minimize the financial and reputational losses.

Boards responsibility to establish appropriate system of internal control

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. Along with Board of Directors internal control is affected by the senior management, audit committee and all level of personnel. Bank Asia follows the Bank Company Act, 1991 (amended up to 2013) the newly included Section 15 (kha) & (ga) that give the responsibility to the Board of directors for establishing policies for the bank company, for risk management, internal controls and compliance for ensuring their implementation.

Key features of Internal Control

1. Work-planning and strategic management
2. Risk identification & management
3. Information & commutation
4. Management Integrity
5. Competent personnel
6. Segregation duties
7. Records maintenance
8. Safeguards

Review of the adequacy of the system of internal controls by Director

The above controls, which are embedded within the operations of the Board, are reviewed by Bank Audit committee. In these reviews, emphasis is focused on areas of greater risk as identified by risk analysis. The Directors confirm that the Board, through its Committees, has reviewed the effectiveness of the Bank's systems of internal control for the year ended 31 December 2016. This process involved a confirmation that a system of internal control in accordance with best financial reporting practice was in place throughout the financial year and up to the date of the signing of these financial statements. It also involved

an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various Committees and Bank's risk management functions and the extent to which various significant challenges are understood and are being addressed.

Internal Control function on Money Laundering, fund & corruption

Money Laundering, fraud & corruption have become very important issues in recent years. These have a major impact on our country's economy as a whole, impeding the economic development. Bank Asia always been very effective in controlling these by establishing proper systems. To address and mitigate this Management of Bank Asia has formed Anti Money Laundering Department which seeks to prevent any misuse of the financial system for the purpose of offences that might jeopardize the asset and reputation of Bank. The Bank has also nominated Chief Anti Money Laundering Compliance Officer (CAMLCO) who attends the CAMLCO Conference every year organized by Bangladesh Bank and Deputy CAMLCO at Corporate Office and Branch Anti Money Laundering Compliance Officers (BAMLCO) at Branches, who independently would make the bank compliant on AML matters. In 2016, AML Department arranged and conducted AML workshops in order to train all the employees of the Bank to meet up our regulatory requirement and most of the employees obtained AML and CFT (Combating Financing Terrorism) related training.

Bank Asia also arranges the District Level AML related training as lead bank for officials of all schedule Banks operating in the district(s) selected by Bangladesh Bank since the year 2007. Bank Asia is always been proactive in defending fraud and corruption and always operates in such way that the Bank's whistleblowers are always reachable to the employee for reporting on any reregulation and are protected against any type of intimidation

Risk Management

Principle: banks should have an effective independent risk management function, under the direction of a chief risk officer (CRO), with sufficient stature, independence, resources and access to the board.

Banks have an effective independent risk management function, under the direction of a Chief Risk Officer (CRO), with sufficient stature, independence, resources and access to the Board and Board risk management committee.

Key activities of the risk management function include:

- identifying material individual, aggregate and emerging risks;
- assessing these risks and measuring the bank's exposure to them;
- supporting the board in its implementation, review and approval of the enterprise-wide risk governance framework which includes the bank's risk culture, risk appetite and risk limits;
- ongoing monitoring of the risk-taking activities and risk exposures to ensure they are in line with the board-approved risk appetite, risk limits and corresponding capital or liquidity needs (ie capital planning);
- establishing an early warning or trigger system for breaches of the bank's risk appetite or limits;
- influencing and, when necessary, challenging material risk decisions; and
- reporting to senior management and the board or risk committee, as appropriate, on all these items, including but not limited to proposing appropriate risk-mitigating actions.

Risk managers are work closely with individual business units, the risk management function is sufficiently independent of the business units and not be involved in revenue generation. This independence is an essential component of an effective risk management function, as is having access to all business lines that have the potential to generate material risk to the bank as well as to relevant risk-bearing subsidiaries and affiliates.

The risk management function has a sufficient number of employees who possess the requisite experience and qualifications, including market and product knowledge as well as command of risk disciplines. Staff has the ability and willingness to effectively challenge business operations regarding all aspects of risk arising from the bank's activities.

Role of the Chief Risk Officer (CRO)

Bank has the CRO with high designated position, Deputy Managing Director. The CRO is primary responsible for overseeing the development and implementation of the bank's risk management function. This includes the ongoing strengthening of staff skills and enhancements to risk management systems, policies, processes, quantitative models and reports as necessary to ensure that the bank's risk management capabilities are sufficiently robust and effective to fully support its strategic objectives and all of its risk-taking activities. The CRO is responsible for supporting the board in its engagement with and oversight of the development of the bank's risk appetite and RAS and for translating the risk appetite into a risk limits structure. The CRO, together with management, actively engaged in monitoring performance relative to risk-taking and risk limit adherence.

Details roles and responsibility of CRO and overall risk management by CRO is disclosed separately in CRO statement page no. 100 of this Annual Integrated Report.

Risk identification, monitoring and controlling

Principle: risks should be identified, monitored and controlled on an ongoing

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bank-wide and individual entity basis. The sophistication of the bank's risk management and internal control infrastructure should keep pace with changes to the bank's risk profile, to the external risk landscape and in industry practice.

The bank's risk governance framework include policies, supported by appropriate control procedures and processes, designed to ensure that the bank's risk identification, aggregation, mitigation and monitoring capabilities are commensurate with the bank's size, complexity and risk profile.

Risk identification encompasses all material risks to the bank, on- and off-balance sheet and on a group-wide, portfolio-wise and business-line level. In order to perform effective risk assessments, the board and senior management, including the CRO, regularly and on an ad hoc basis, evaluate the risks faced by the bank and its overall risk profile. The risk assessment process includes ongoing analysis of existing risks as well as the identification of new or emerging risks. Risks captured from all organizational units.

Risk identification and measurement include both quantitative and qualitative elements. Risk measurements also include qualitative, bank-wide views of risk relative to the bank's external operating environment.

Internal controls are designed, among other things, to ensure that each key risk has a policy, process or other measure, as well as a control to ensure that such policy, process or other measure is being applied and works as intended. As such, internal controls help ensure process integrity, compliance and effectiveness. Internal controls provide reasonable assurance that financial and management information is reliable, timely and complete and that the bank is in compliance with its various policies and applicable laws and regulations.

The detailed regarding risk identification, monitoring and controlling process is disclosed separately in Risk Management Report page no. 105 of this Annual Integrated Report.

Risk communication

Principle: an effective risk governance framework requires robust communication within the bank about risk, both across the organization and through reporting to the board and senior management.

A strong risk culture promote risk awareness and encourage open communication and challenge about risk-taking across the Bank as well as vertically to and from the board and senior management. Senior management actively communicate and consult with the control functions on management's major plans and activities to control functions so that they can effectively discharge their responsibilities.

Information on overall and specific risks are communicated to the board and senior management in timely, accurately and understandable way to take decisions by them to minimize such risks effectively.

Risk reporting to the management, board and regulator are made carefully so that bank-wide, individual portfolio and all other risks in a concise and meaningfully identified and reported properly. Reporting accurately communicate risk exposures and results of stress tests or scenario analyses and provoke a robust discussion of, for example, the bank's current and prospective exposures (particularly under stressed scenarios), risk/return relationships and risk appetite and limits.

Our Risk reporting systems is dynamic, comprehensive and accurate, and draws on a range of underlying assumptions in line with Basel III guideline and Bangladesh Bank guidance. We communicated Market Discipline statement under Pillar III of Basel III in our websites along with Annual Integrated Report. All other material risk that effect bank is also disclosed in separate Risk Management report of this Annual Integrated Report.

5. Ethics and Compliance

Compliance Policy Establishment

Principle: the bank's board of directors is responsible for overseeing the management of the bank's compliance risk. The board should establish a compliance function and approve the bank's policies and processes.

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

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

Avoiding conflict of interest

In Financial Institution like Bank, 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 interest groups of the bank. To avoid conflict of interest and also to make accountable the bank has already taken the following measures:

- Loan to the directors is restricted subject to full filing certain terms and conditions of regulatory guidelines.
- If there is any related party transaction, the management discloses the matter in the Annual Report and it is also approved by the general shareholders in AGM.

- Executive committee of the Board can approve loan to anyone up to a limited portion.
- Audit committee regularly reviews the financial and other related statements and gives recommendation to the management regarding any changes in policy and also presents to the Board for further evaluation.
- Board of directors' approval is needed for loan re-scheduling.

Related Party Transaction

The Company has in place policies and procedures governing related party transactions. The Board approves all related party transactions and ensures that these transactions with the Company are undertaken on an arm's length basis. The Audit Committee reviewed all material related party transactions and kept the Board informed of such transactions. During the year, the Company had collected deposits from its Directors and their related parties. No preferential treatment had been extended to the Directors and their related parties for these deposits. Disclosure of related party transactions during the year is shown on pages 90 to 91.

Code of Conduct for the Board of Directors

The Board of Directors follows a code of conduct which was adopted to provide guidance to directors to perform their duty in an honest, responsible and business-like manner and within the scope of their authority, as said for in the laws of country as well as memorandum and articles of association of the Bank.

The code of conduct states that:

i. The members act honestly in good faith and in the best interest of the stakeholders.

ii. The members do not make improper use of information required as director.

iii. The members do not take improper advantage of the position as a director.

iv. Confidential information acquired by the members in the course of exercise of directorial duties remain the property of the company.

v. Members make every effort to attend all board and committee meeting during their tenure To maximize effectiveness of the Board/ committee meetings, contribution of individual directors are monitored and appraised on an annual basis.

vi. All others code of conduct set by the Bangladesh Bank, Bangladesh Securities and Exchange Commission and other regulatory bodies are followed strictly.

The Board of directors of the Bank established high level of ethics and compliance within the organization and they are committed to and maintained it in Board level and management level.

Whistle- blowing policy

The Bank has in place a whistle-blowing policy which encourages all staff and members of public to raise genuine concerns or suspicions about possible improprieties in accounting, auditing, financial reporting or any other fraudulent activities. Procedures for handling of feedback/complaints received from customers and independent investigations to be conducted have been established. The Bank is committed to a high standard of ethical conduct and does not tolerate fraudulent practices. Bank Asia undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle blowing policy and procedures that provide employees and the public with well-defined and accessible channels within the Bank, including a direct channel to the Audit Committee for reporting suspected fraud, corruption, dishonest practices or other similar matters. The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, protected from reprisal. Bank Asia will ensure the confidentiality of the whistle blower and allow disclosures to be made anonymously. On an ongoing basis, the whistle blowing policy is covered during staff training and periodic communication to all staff as part of the bank's efforts to promote awareness of fraud control.

Accountability

The Board provides shareholders with quarterly and annual financial results. In presenting these statements, the Board aims to provide shareholders with a balanced and understandable assessment of the Bank's performance and position with a commentary at the date of announcement of the competitive conditions within the industry in which it operates. The Management provides all directors periodically with accounts and detailed reports on the Bank's financial performance and related matters prior to each Board meeting. The directors may at any time seek further information from and discuss with the Management on the Bank's operations and performance. Compliance Department with direct reporting line to the Risk Management Committee is set up to ensure compliance with legislative and regulatory requirements. The Board believes in conducting itself in ways that will deliver maximum sustainable value to all shareholders.

6. Remuneration Committee

Procedures for Developing Remuneration policies

As per Bangladesh Bank BRPD Circular no. 11 dated October 27, 2013, every bank have to form three committee in addition to the Board of Directors i.e. 1(one) executive committee, 1(one) audit committee and 1(one) risk management committee. The mentioned circular also restricted to form any other permanent, temporary or sub- committee except the above mentioned three committees. As such Bank did not form any remuneration committee or other board committee on

Corporate Governance

permanent basis. Rather the bank has a 5(five) member's special committee on policy formulation that also work as compensation/ remuneration committee. That committee mainly recommends to Board about mode of annual performance bonus disbursement, annual increment, etc.

At Management level Managing Director, Head of Human Resources Division and Chief Financial Officer are charged with governance of compensation and remuneration. Usually they make to proposition to the Board which is then reviewed and validated by special policy committee of the Board. After incorporating their recommendations the compensation / remuneration decisions are approved by the Board. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance-based compensation by ensuring effective remuneration policy; procedures and practices aligned with the Banks' strategy and applied consistency for all employee levels. Meeting regarding overseeing the remuneration related policy by the President and Managing Director, Senior Management, Head of Human Resources Division and Chief Financial Officer was held on need basis.

Disclosures of Remuneration

For attending the Board Meeting, Audit Committee Meeting, Executive Committee Meeting and Risk Management Committee Meeting, the Directors receive an honorarium of Tk. 8,000.00 each. But in management level no remuneration was given to any for any meeting regarding setting remuneration.

During 2016, the expenditures incurred related to directors were Tk.2,770,000.00 for Directors' honorarium and Tk.214,240.00 for Directors' Traveling purpose.

Expenditure related to AGM

In 2016, the Bank arranged one Annual General Meeting. For this purpose, total expenses were Tk.5,903,365.00. This cost included rent of AGM venue, Entertainment for the Shareholders and Printing of notices, minutes and Annual Report.

Remuneration of Chief Executive Officer

Total remuneration to President and Managing Director for the year 2016 is Tk. 15,689,899 and in the year 2015 was Tk. 16,732,000.

Remuneration of top five executives

Name	Designation	Gross Earnings
Ms. Humaira Azam	DMD	63,09,452.00
Mr. Md. Zahirul Alam	DMD	5,207,129.00
Mr. Mian Quamrul Hasan Chowdhury	DMD	4,315,058.00
Mr. Mohammad Borhanuddin	DMD	4,996,374.00
Mr. Md. Sazzad Hossain	SEVP	4,148,179.00

7. Human Capital

Human Resource Management:

Human resources are used to describe both the people who work for the Bank for managing resources related to employees. Each and every organization is composed of people. Acquiring their services, developing their skills, motivating them to high level of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieve organizational objectives. Getting and keeping the desirable people is the most important thing for any organization.

Human resource management involves both strategic and comprehensive approaches to managing people, as well as workplace culture and environment.

HRM Practices in Banking Industry is the potential industry where the growth of a country depends a lot. In Bangladesh banking industry is also very influential. This industry is very big in Bangladesh and holds a lot of skilled employees. So Human Resource Management (HRM) is very much applicable as well as practiced in the banks of Bangladesh.

Bank Asia considers quality and skilled Human Resources as one of the most valued assets for the bank to attain organizational objectives and goals. The bank has a special focus on converting the human resources into the human capital. Bank Asia believes that its human resources are critical in building and running the company. The bank also focuses on service excellence and cross functional skills of employees for ensuring customer delight and fitting people at any desk.

Succession planning:

Succession planning is a process for identifying and developing new leaders, who can replace old leaders when they leave, retire or die. Bank Asia's policy is to assess the leadership needs of the Bank in a way that ensures the selection of qualified leaders which matches its mission and goals.

Induction of Future Leader Program:

Bank Asia, being one of the most innovative banks in the country's banking sector, believes that employees of Bank Asia has a lot of potentials which needs to be aligned with entrepreneurial spirit and quality service in the financial sector. At Bank Asia, Management always emphasized employees' career growth. Bank Asia wants to give

priority to its own employee to take the challenge to be a leader for the future.

Through this program, a pool of talents to be created from the officers of Bank Asia who will be prepared in such a way that in future, they could face any challenges that lie ahead. Applying active learning methods, this program is expected to produce a pool of skillful managers ready to easily and quickly make a real contribution to the organization.

Workforce Diversity

Bank Asia respects all employees as unique individuals with fundamental human rights and supports the cultural and ethnic diversity of its workforce. Bank Asia beliefs that creating a work environment that enable to attract, retain and fully engage diverse talents leads to enhanced innovation and creativity in our services. Gender positioning by employment level and Age Distribution of Employees are given below:

Region Wise Manpower Distribution

Team Work

Teamwork and co-operation is an important aspect of the work ethics in Bank Asia. Bank Asia leverage on the dynamics of collective skills, knowledge and experience to achieve the best for customers. Bank Asia views its employees as its greatest asset and recognizes the pivotal role that meritocracy plays in setting rewards and penalties for safeguarding the interests of its employees. It respects the incidence of conflicts arising in the workplace and seeks amicable resolution of contentious issues in a manner that is constructive, open, honest and ultimately beneficial to all parties involved.

Healthy Work Environment

Adequate attention is always accorded to the health and safety of our employees, primarily through providing safeguards to Branches with appropriate security arrangements, i.e. employment of both physical and technical surveillance on premises to minimize possible threats to security, physical premises are under regulatory requirement to conduct periodic drills for a systematic approach both to preventing any security breaches as well as to promote a culture of security and safety awareness. Employees enjoy favorable working hours so that they can ensure a balance between professional and personal interests. Bank Asia covers medical insurance to ensure holistic medical security of its employees and also, group life insurance schemes cover the unforeseen risk of death as well. The bank has fire safety alarms, fire extinguishers and emergency exit in its all premises in order to safeguarding the lives of its employees, customers and stakeholders in the event of conflagration. To create a healthy working environment the Bank gives priority by facilitating central air-conditioning ambient lighting system, canteen facility, separate prayer rooms for both male and female, sufficient sanitary facilities etc.

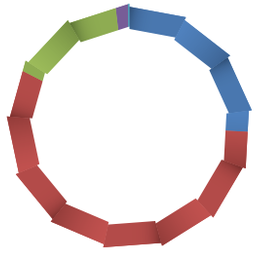
Merit based Recruitment

A career at Bank Asia Limited offers an opportunity to touch a life with growth and social status. It tries to provide a social status and feeling of self actualization with its Brand image. If you want to be part of a company whose actions reflect their ethics, whose people live their guiding principles, consider a career at Bank Asia Limited. Our highly-skilled and trained employees go out of their way to provide the best services to customers. Working at Bank Asia can offer you the opportunity of an exciting career as well as a social status/ recognition with its Brand image. As a Bank Asia employee you will be privileged to work as part of a team with good working conditions and the opportunity for continuous development and training. We constantly strive to identify and define the intangible characteristics that contribute to our unique culture and aim to reinforce them in everyday life. We want our employees to have a clear vision for the business and to foster enthusiasm to drive superior performance. Bank Asia is committed to bring first-class resources through its exclusive talent management program.

We are looking for young, energetic, proactive, enthusiastic, result oriented individuals who will be able to uphold the values of the organization by following the guiding principles of Bank Asia Limited by being creative, open, respectful, ethical, simple, passionate, owner and transparent.

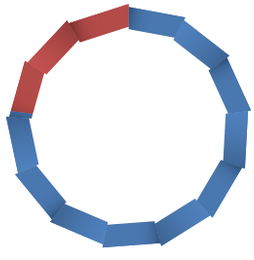
Training & Development

The goal of training is for employees to master the knowledge, skill and behaviors emphasized in training programs and to apply them to their day-to-day activities. Recently it has been acknowledged that to gain competitive advantage, training has to involve more than just basic skill development.



Age distribution of employees

30 & Below **26%**
31-40 **57%**
41-50 **16%**
51-60 **2%**
61+ **0.2%**



Gender Analysis 2016

Male **77%**
Female **23%**

Human Capital

Million Taka

Particulars	2016	2015
Individuals' value	16,772	14,357
Value of investments	12	10
Human Capital	16,784	14,367

Corporate Governance

Bank Asia always focuses great emphasis on training and development of its employees that's why Bank Asia has its own training institute with a dedicate HR people who are arranging trainings for the employees of Bank Asia. Bank Asia believes that only employees must provide better service if they are trained well. The HR department wants to ensure a dedicated team of well trained employees who can serve the customers as well as the bank by their expertise. Different types of trainings are offered to the employees according to the bank rule. Most of the trainings are regarding banking activities and the trainings are well structured.

Training by different institutes:

Particulars	2016		2015	
	Nos.	Hours	Nos.	Hours
In House Training	2,267	40,968	2,887	46,200
Bangladesh Bank	87	1,868	40	464
BIBM	110	1,880	97	2,272
Overseas/Foreign Training	33	928	13	352
Training by other institutes	80	2,034	148	2,944
Total No. of Participants & Man Hour	2,577	47,678	3,185	52,232

Learning Value Chain:

Title of the Training Courses	2016
	No. of training
Foundation Training	4
Risk based Capital Management in Banks for Top Branch Managers	16
Prevention of Money Laundering and Terrorist Financing	11
Risk awareness and mitigation in automated cheque clearing and EFT	8
Integrated Supervision System (ISS)	5
Foreign Trade	17
Good etiquette vs. good business & customer friendly services	9
Credit Management & loan documentation	16
Others (IT based course)	6

Promotion

Promotion is defined as a movement to a position in which responsibilities and prestige are increased. This is basically done based on the extraordinary performances of the employees who deserve to promote his/her current rank in a better position in the organization. Since the promotion depends upon capabilities and good performance, people will try for that if the venues for promotion exit.

Bank Asia refers that filling of a vacancy at an upper level of the organization by the internal movement of a present employee from an immediate lower level, the new position having higher pay, status and job conditions as compared with the old. Very simply promotion is a higher position at a higher level from people within the organization itself. In the year 2016, total 435 no. of employees promoted to next position.

Performance Appraisal System

Performance Appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

Performance appraisal system (PAS) of Bank Asia is the tool for measuring the performance of an individual and identifies the gaps and plan future development in order to enable a better performance between the jobs and the incumbent.

A management competency is a skill, ability or trait that predicts success to perform a job. The performance appraisal needs to be implemented as per performance appraisal system format which will be circulated by HR at the beginning of the year. The Bank Asia follows both rating and descriptive systems for the performance appraisal. Although, the appraisal system is non-participative, the employees are annually assessed by a joint consultation with their immediate supervisors and departmental heads. Rating is mainly done on the following factors:

- Knowledge of work
- Accuracy and Reliability
- Speed
- General Intelligence
- Sense of Responsibility and Duty
- Diligence
- Initiative and Self confidence
- Readiness to work for and with others.

- Indication key job responsibilities/Targets/Work plan of the employee for the year.
- Performance on the job.
- Knowledge level.
- Behavioral competence level.

Compensation & Benefits:

Compensation has become a far more complicated issue than just deciding how much to pay the employees. In addition to salary, employers must consider many other components plans, stock options, bonuses and vacation — that have become part of compensation packages today. Employees also have greater expectations of what should be included in their compensation packages, and they may demand specific benefits that can be costly for small businesses. Costly or not, building a fair and attractive compensation packages is critical for attracting and retaining employees. Bank Asia has variety of competitive benefits schemes designed to motivate the employees. The various benefits include:

	Short-Term Incentives/Rewards	Long-Term Incentives/Rewards
Cash	1. Yearly fixed and incentive bonus; 2. Yearly increment; 3. Business accomplishment financial award; 4. Special Increment for special assignments/accomplishment; 5. Car, fuel and car maintenance allowance for executives; 6. Cash risk allowance for cashier; 7. Charge allowance for Head of Branches 8. Leave fair assistance 9. Festival allowance	1. Provident fund; 2. Gratuity; 3. Benevolent fund; 4. Employee house building loan with minimum interest rate; 5. Provident fund loan with minimum interest rate; 6. Periodically salary review (enhancement); 7. Furniture allowance for executives; 8. Yearly professional membership fees for professional certificates holder; 9. Leave encashment
Non-Cash	1. Medical insurance coverage for self, wife and two children; 2. Accelerate promotion for top talents; 3. Study leave	1. Foreign training award

Rewards and Recognition

Rewards and Recognition is one of the important elements to motivate employees for contributing their best effort to generate innovation ideas that lead to better business functionality and further improvise Bank's performance both financially and non-financially. Bank Asia also has a rewards and recognition programs for the employees to recognize their hard work, dedication, performance, efforts and behavior.

Grievance management and Counseling

Bank Asia takes all allegations of harassment seriously, including sexual, communal etc and prohibits all forms of discrimination. Employees will not suffer for raising grievance in good faith and Bank Asia does not tolerate any form of retaliation against the employee(s) for sharing grievance.

8. COMMUNICATION TO SHAREHOLDERS AND STAKE HOLDERS

While maintaining investors' relation proper communication and equitable treatment of every shareholder are given the highest priority by Bank Asia. Bank Asia always share information to the concern party and publish integrated operational and financial output and takes initiative to enrich the ability of future assessment of bank of shareholders. Bank always provides quarterly and half-annually financial statements and Annual Report to provide balanced and clear assessment of its performance. Bank Asia also provides copies of annual report to the related regulatory parties and it can also be found on Bank Asia website www.bankasia-bd.com with other related information.

Details in communications with different stakeholders is given in page no.----- and ensuring shareholders participation and providing opportunity for the shareholders participation in AGM is given in separate part of this Annual Integrated Report.

Access to Information

Prior to each Board meeting, the Bank Management provides the Board with information relevant to matters on the agenda for the Board meeting. The Management also provides adequate information in their regular reports pertaining to operational issues, financial performance and any affairs that require the attention of the Board. Such reports enable the directors to be aware of key issues pertaining to financial statements, internal controls, compliance and risk management of the Company. A risk management dashboard that summarizes the main risks and key risk indicators is presented during the board meeting to facilitate the oversight function by the Board. In respect of budgets, material variances between the projection and actual results are explained in the salient reports circulated to the Board members. Monthly and quarterly reports are provided to directors. The Board has separate

Corporate Governance

and independent access to the Senior Management and the Company Secretary at all times. Procedures are also in place for Directors and Board Committees, where necessary, to seek independent professional advice at the Company's expense.

Conduct of Shareholder meeting
The Bank strongly encourages and supports shareholder participation at its AGM. The Bank sends out the Notice of the Meeting on a timely basis to provide ample time for shareholders to receive and review the Notice and reply with their attendance. The Bank holds the AGM at a central location with convenient access to public transportation. A registered shareholder who is unable to attend may choose to appoint not more than two proxies to attend and vote on his behalf. As the authentication of shareholder identity information and the integrity of the information transmitted still remain a concern, the Bank has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Shareholder Right
The Company advocates fair and equitable treatment to all shareholders. All price-sensitive information is timely disclosed publicly. Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders and they are informed of the rules, including voting rights and procedure that governs such general meetings of shareholders. Shareholders are entitled to attend and vote at the AGM by person or proxy.

Redressal of Shareholders Complaints
Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports, and dividend timely and other share related matter is resolved lawfully in time.

9. ENVIRONMENTAL AND SOCIAL OBLIGATION

Disclosure of general description of the Bank's policies and practices relating to social and environmental responsibility of Bank Asia Limited

Bank Asia is committed to giving back to the society and advocating good environmental practices. Bank Asia carefully planned CSR activities to address the various needs of the community as well as to encourage employees to play an active role.

In response to the worldwide call for global warming reduction, Bank Asia is committed to reduce energy usage and office consumables. Reduction in paper usage is achieved by making reports available in soft copies and encouraging staff to print on both sides of the paper and print documents only when necessary. To reduce power consumption, electrical devices and equipment are switched off when not in use and lights in the buildings appropriately dimmed after office hours. Bank Asia will continue to raise the level of awareness amongst staff and step up on recycling efforts in all aspects of our operations. General description of Bnak's policies and practices relating to social and envioronmental responsibility of Bank Asia Limited are described in page no. 181-183 & 162-165.

Bank Asia's Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices
Bank Asia always been focused and active regarding banks activities for the betterment of the environment. Corporate Office of Bank Asia limited 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. Moreover, Bank Asia have already installed solar panels in 11 branches located at Patherhat, Madhobdi, Dohajari, Hajigonj, Faridpur, Elephant Road, Lalmatia, Sonaimuri, Bashabo SME service Centre, Bank Asia Bhaban & Nimtola Branch. One of the major initiative by Bank Asia is to disburse Tk. 3,319.11 million to 31,216 farmers which subsequently reduce the carbon emission. More activities are described under the page no. 181-183 & 162-165.

Certificate and compliance checklist
Certificate on compliance of Corporate Governance Certificate from professional accountant on compliance of corporate governance is governance is exhibited in page no. 222 of the annual report.

BSEC compliance for Chief Executive Officer and Chief Financial Officer's Statements of Responsibilities
Chief Executive Officers and Chief Financial Officer Statement in line with BSEC notification is given in page no. 199

Status of compliance in line Bangladesh Securities and Exchange Commission (BSEC) regulation
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 page no. 223-230

Status of compliance in line Bangladesh Bank regulation
Status of compliance in line Bangladesh Bank regulation is given in page no. 233-243.

Committee Meeting

Board meeting 2016
Statement of Board meetings held and the attendance of Directors from 01.01.2016 to 31.12.2016 (332nd Board to 354th Board): 23

Sl No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. A Rouf Chowdhury	23	21	2	
2.	Mr. Mohd. Safwan Choudhury	23	16	7	
3.	Mr. A M Nurul Islam	23	23	0	
4.	Mr. Mohammed Lakiotullah	10	10	0	Up to 18.04.2016
5.	Mr. Rumee A Hossain	23	23	0	
6.	Mr. Shah Md. Nurul Alam	18	6	12	From 01.01.16 to 22.10.16
7.	Ms. Hosneara Sinha	23	4	19	
8.	Ms. Farhana Haq Chowdhury	23	1	22	
9.	Mr. M Irfan Syed	23	13	10	
10.	Ms. Naheed Akhter Sinha	23	3	20	
11.	Mr. M Shahjahan Bhuiyan	23	22	1	
12.	Mr. Md Nazrul Huda	23	21	2	
13.	Ms. Sohana Rouf Chowdhury	10	0	10	Up to 18.04.2016
14.	Mr. Mashiur Rahman	23	21	2	
15.	Mr. Mir Shahjahan	23	0	23	

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

Executive Committee (EC) meeting 2016

Statement of Executive Committee (EC) meetings held and the attendance of Directors from 01.01.2016 to 31.12.2016 (159th EC to 202nd EC): 44

Sl No.	Name	Total EC meeting held	No. of meeting Attended	No. of meeting absent	Remarks
1.	Mr. Rumee A Hossain	44	44	0	
2.	Mr. Shah Md. Nurul Alam	34	9	25	He died on 22.10.2016
3.	Mr. A Rouf Chowdhury	30	23	7	From 18.04.2016
4.	Mr. M Shahjahan Bhuiyan	44	39	5	
5.	Mr. Md Nazrul Huda	44	43	1	
6.	Mr. M Irfan Syed	44	23	21	
7.	Ms. Farhana Haq Chowdhury	14	0	14	Up to 18.04.2016
8.	Ms. Sohana Rouf Chowdhury	14	0	14	Up to 18.04.2016

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

Audit Committee meeting 2016

Statement of Audit Committee meetings held and the attendance of Directors from 01.01.2016 to 31.12.2016 (173rd to 184th Audit): 12

Sl No.	Name	Total Audit meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Mashiur Rahman	12	12	0	
2.	Mr. A M Nurul Islam	12	11	1	
3.	Mr. Mohd. Safwan Choudhury	12	9	3	
4.	Mr. A Rouf Chowdhury	4	4	0	Up to 18.04.2016
5.	Mr. Mohammed Lakiotullah	4	4	0	Up to 18.04.2016

The Audit Committee has granted leave of absence against the absentee directors of the meeting

Corporate Governance

Risk Management Committee meeting 2016

Statement of Risk Management Committee meetings held and the attendance of Directors from 01.01.2016 to 31.12.2016 (17th to 23rd RMC): 7

SI No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. A M Nurul Islam	7	7	0	
2.	Mr. M Irfan Syed	7	3	4	
3.	Mr. Shah Md. Nurul Alam	1	0	1	Up to 18.04.2016
4.	Mr. Rumee A Hossain	7	7	0	
5.	Mr. Md. Nazrul Huda	1	1	0	Up to 18.04.2016
6.	Ms. Farhana Haq Chowdhury	6	2	4	From 18.04.2016

The Risk Management Committee has granted leave of absence against the absentee directors of the meeting

Shareholding Structure

At the end of the year 2016, the shareholding structure of Bank Asia Limited was as follows:

Category	No. of shareholders As on 31-12-2016	Total No. of shares as on 31-12-2016	% of total holdings as on 31-12-2016
Sponsor & Director	24	399,358,495	45.32
General Public	10,329	152,225,966	17.27
Foreign Investments	3	3,425,518	0.39
Investment Companies	87	32,352,949	3.67
Institutions	246	287,924,700	32.67
Non Resident Bangladeshi	85	5,972,282	0.68
Total	10,774	881,259,910	100.00



Share Holding Structure

Sponsor & Director **45.32%**
General Public **17.27%**
Foreign Investments **0.39%**
Investment Companies **3.67%**
Institutions **32.67%**
Non Resident Bangladeshi **0.68%**

Classification of shareholders by holding as on 31.12.2016

Holding	No. of shareholders As on 31-12-2016	% of total holdings as on 31-12-2016
less than 5000	8,662	1.06
5000 to 50000	1,746	2.57
50001 to 100000	116	0.90
100001 to 200000	59	0.93
200001 to 300000	24	0.66
300001 to 400000	13	0.52
400001 to 500000	11	0.55
500001 to 1000000	39	3.10
1000001 to 10000000	77	24.48
over 10000000	27	65.23
Total	10,774	100

INVESTSTOCK

Pattern of Shareholding

Breakup of shareholding pattern as per clause 1.5 (xxi) of 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, is as follows:

Sl No.	Name of the Company	Shareholding Structure
1	Bank Asia Securities Limited	99.997% owned by Bank Asia
2	BA Exchange Company (UK) Limited	100% owned by Bank Asia
3	BA Express USA inc	100% owned by Bank Asia

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

Sl. No.	Name of The Directors	No. of shares held as on 31-12-2016
1	Mr. A. Rouf Chowdhury and lis spouse	27,425,564
2	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	34,517,195
3	Mr. A M Nurul Islam (Independent Director)	NIL
4	Mr. Rumee A Hossain and his spouse	25,852,836
5	Mrs. Hosneara Sinha and her spouse	45,253,112
6	Ms. Farhana Haq Chowdhury and her spouse	41,577,816
7	Mr. Mohammed Irfan Syed (Representing Amiran Generations Limited)	30,161,853
8	Mrs. Naheed Akhter Sinha and her spouse	47,996,633
9	Mr. Mashiur Rahman (Independent Director)	NIL
10	Mr. Mir Shahjahan	18,155,783
11	Mr. M Shahjahan Bhuiyan (Independent Director)	NIL
12	Mr. Md. Nazrul Huda (Independent Director)	NIL

Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and their spouse

1	Chief Executive Officer's Spouse	71
2	Company Secretary and his Spouse	NIL
3	Chief Financial Officer	NIL
4	Head of ICCD's spouse	23,567

Executives

1	Ms. Humaira Azam	Nil
2	Mr. Md. Zahirul Alam	Nil
3	Mr. Junaid Masroor	Nil
4	Mr. Mian Quamrul Hasan Chowdhury	NIL
5	Mr. Sarder Akhter Hamed	NIL

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

Credit Rating Certificate



Credit Rating Agency of Bangladesh Limited

Ref. ACL (01)/RCM/140514/2016- 7732

12 May 2016

Mr. Md Mahmood Husain
President and Managing Director
Bank Asia Limited
Rangs Tower
68,Purana Paltan, Dhaka-1000

Subject: Credit Rating - Bank Asia Limited

Dear Sir,

We are pleased to inform you that Credit Rating Agency of Bangladesh Ltd. (CRAB) has assigned the following ratings to Bank Asia Limited:

Particulars	Ratings
Long Term	AA2
Short Term	ST-2
Outlook	Stable

The entity rating is valid up to 30 June 2017. 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 are transmitting to you the copies of the rating report.

We hope the Rating Awards will serve the intended purpose of your organization.

Yours Sincerely,

Hamidul Huq
Managing Director

Sena Kalyan Bhaban, 195 Motijheel Commercial Area, Level-16, Suite:1601 & 1602, Dhaka-1000, Bangladesh

Corporate Governance Compliance Certificate



PODDER & ASSOCIATES
Cost and Management Accountants

Compliance Certificate
On
CORPORATE GOVERNANCE
To the Shareholders of
Bank Asia Limited

We have examined the compliance to the BSEC guidelines on Corporate Governance by **Bank Asia Limited** as on 31st December 2016, these guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, as amended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance on the attached statement on the basis of evidence gathered and representation received.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines is issued by BSEC.

For Podder & Associates

Jayanta Kumar Podder
Cost and Management Accountant

Date: 7 & APR 2017
Place: Dhaka, Bangladesh

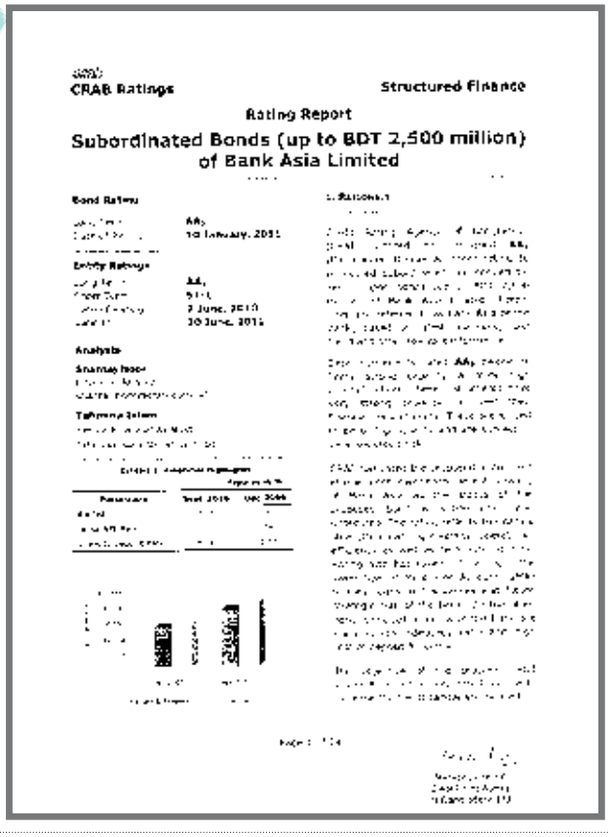
As per BSEC rules (letter SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012), all the companies listed with any stock exchange in Bangladesh shall comply with some conditions in accordance with condition no. 7. The condition requires that the directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions and prerequisite set by BSEC in their letter.



Rating Report

Subordinated Bond (up to BDT 5,000.0 million) of Bank Asia Ltd

Subordinated Bond (up to BDT 5,000.0 million) of Bank Asia Limited



CRAB Ratings

Structured Finance

Rating Report

Subordinated Bonds (up to BDT 2,500 million) of Bank Asia Limited

Bond Ratings

AA2
30 January, 2015

Entity Ratings

AA2
ST-2
3 June, 2015
30 June, 2016

Analysts

Shahnaj Yasmin

Tahmina Islam

Corporate Governance Compliance Checklist in line with Bangladesh Securities and Exchange Commission (BSEC) Regulation

For the period ended 31st December 2016

Status of compliance with the condition imposed by the Commission's Notification No. letter 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.

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1	**BOARD OF DIRECTORS**			
1.1	**Boards size**			
	The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty).	√		The Bank Asia Board is comprised of 13 Directors Including Managing Director.
1.2	**Independent Directors**			
(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		There are four Independent Directors in the Bank Asia Board.
(ii)	For the purpose of this clause 'Independent directors' means a director-			
a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
b)	Who is not a sponsor of the company and is not connected with the company's any sponsor 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 :	√		
c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies;	√		
d)	Who is not a member, director. or officer of any stock exchange;	√		
e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	√		
f)	Who is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	√		
g)	Who shall not be an independent director in more than 3 (three) listed companies;	√		
h)	Who 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);	√		
i)	Who has not been convicted for a criminal offence involving moral turpitude.	√		

WWW.RSTOCK

Corporate Governance

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
(iv)	The post of independent director(s) can not remain vacant for more than 90(ninety) days.	√		No vacancy occurred
(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
(vi)	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)**			
(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.	√		
(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, and Chartered Secretaries. The independent director must have a least 12(twelve) years of corporate management /professional experiences.	√		
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	√		No such incidene arose
1.4	**Chairman of the Board and Chief Executive Officer**			
(i)	The position 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.	√		
1.5	**Directors Report to the Shareholders**			
(i)	Industry outlook and possible future developments in the industry.	√		
(ii)	Segment-wise or product-wise performance.	√		
(iii)	Risks and concerns.	√		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	√		No such incidence arose
(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	√		

WWW.STOCK

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	√		No such matter to explain
(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IP0), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc.	√		No such incidence arose
(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		No such matter to explain
(x)	Remuneration to directors including independent directors.	√		
(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.	√		
(xii)	Proper books of account of the issuer company have been maintained.	√		
(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.	√		
(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (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.	√		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considerer to be a going concern, the fact along with reasons thereof should be disclosed.	√		
(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		No such matter to explain
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
(xix)	if the issuer company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given.	√		
(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
(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:	√		

LANKA STOCK

Corporate Governance

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
(xxi) c)	Executives;	√		
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		No such matter to explain
(xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
(xxii) a)	a brief resume of the director;	√		
(xxii) b)	nature of his/her expertise in specific functional areas;	√		
(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.0	**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,responsibilites and duties of the CFO, the Head of internal Audit and the CS.	√		
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.	√		
3.0	**AUDIT COMMITTEE**			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
(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.	√		
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall he clearly set forth in writing	√		
3.1	**Constitution of the Audit Committee**			
(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		

WWW.STOCK

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(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.	√		
(iii)	All members of the audit committee should be "financially literate" and at least I (one) member shall have accounting or related financial management experience,	√		All the existing members of the Audit Committee are "Financially literate" and they have related financial management experience as per BSEC notification.
(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.	√		There was no such situations during FY 2016-2017
(v)	The company secretary shall act as the secretary of the Committee.	√		
(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**			
(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.	√		
(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	**Role of Audit Committee**			
(i)	Oversee the financial reporting process.	√		
(ii)	Monitor choice of accounting policies and principles.	√		
(iii)	Monitor Internal Control Risk management process.	√		
(iv)	Oversee hiring and performance of external auditors.	√		
(v)	Review along with the management, the annual financial, statements before submission to the board for approval.	√		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
(vii)	Review the adequacy of internal audit function.	√		

BANK STOCK

Corporate Governance

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(viii)	Review statement of significant 'related party transactions submitted by the management.	√		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
(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.	√		No money was raised through IPO, RPO, Right issue etc. during the year.
3.4	**Reporting of Audit Committee**			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	√		
3.4.1 (ii) a)	**Report on conflicts of interests;**			There was no reportable case of conflict of interest in 2016.
b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	√		No such situation arose during the year
c)	suspected infringement of laws, including securities related laws, rules and regulations;:	√		No such situation arose during the year
d)	any other matter which shall be disclosed to the Board of Directors immediately.	√		No such situation arose during the year
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 andhas discussed with the Board of Directors and the management that anyrectification is necessary and if the Audit Committee finds that such rectificationhas been unreasonably ignored, the Audit Committee shall report such finding tothe 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.	√		No such reportable incidence arose
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.	√		

DMARSTOCK

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
4	**EXTERNAL/ STATUTORY AUDITORS**			
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.	√		
(ii)	Financial information system design and implementation	√		
(iii)	Book-keeping or other services related to the accounting records or financial statement	√		
(iv)	Broker –dealer services	√		
(v)	Actuarial services	√		
(vi)	Internal audit services	√		
(vii)	Any other services that the audit committee determines.	√		
(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.	√		The Audit firm has declared as such that none of them hold any share of the company.
(ix)	Audit/ Certifiaction services on compliance of corporate governance as required under clause (i) of condition o. &	√		
5	**SUBSIDIARY COMPANY**			
(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.	√		
(ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
(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.	√		
(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.	√		
(v)	The. Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.	√		
6	**DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER(CFO)**			
	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:	√		

ALMAS STOCK

Corporate Governance

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company diving the year which are fraudulent illegal or violation of the company's code of conduct.	√		
7	**REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE**			
(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.	√		Required certification has been obtained from ''PODDER & ASSOCIATES" Cost & Management Accountants as on 31st Dec 2016.
(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 is published with the Directors' Report as required.



Participation of Senior Management in a training of Corporate Governance

MAF STOCK

Compliance Checklist In Line With the Companies Act, 1994

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

Industry outlook and possible future developments in the industry	a	Discussed in the Directors' report
Segment-wise or product-wise performance	b	Discussed in the Directors' report
Risks and concerns	c	Discussed in a disclosure on Risk Based Capital under Pillar-3 of Basel- III, CRO's report and Risk Management Report.
A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	d	Discussed in Chief Financial Officer's report.
Discussion on continuity of any Extra-Ordinary Gain or loss	e	The Bank did not make any extra-ordinary Gain or loss in 2016.
Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	f	Given in notes to the financial statements
Utilization of proceeds from public issues, rights issues and/or through any others instruments	g	In 2016, the bank did not go for any public issues and right issues.
An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	h	The financial results of the bank was not deteriorated after the company went for Rights Offer.
If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	i	No significant variance occurred between quarterly financial performance and annual financial statements.
Remuneration to directors including independent directors	j	Discussed in the Corporate Governance Report
The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its Operations, cash flows and changes in equity	k	Discussed in Chief Executive Officer and Chief Financial Officer's statement of Responsibilities.
Proper books of account of the issuer company have been maintained.	l	Discussed in Chief Executive Officer and Chief Financial Officer's statement of responsibilities.
Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	m	Discussed in notes to the financial statements
International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed	n	Discussed in notes to the financial statements

WWW.STOCK

Corporate Governance

The system of internal control is sound in design and has been effectively implemented and monitored	o	The system of internal control is sound in design and has been effectively implemented and monitored. A detailed discussion is given under internal control and compliance part of Directors report.
There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed	p	There are no significant doubts on the Bank's ability to continue as a going concern.
Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained	q	In 2016, on consolidated basis bank's operating profit was Tk. 6,187.45 million which was increased by 2.69% than the previous year. On solo basis, the bank's operating profit was Tk. 5,920.63 million which was decreased by 1.42% than the previous year. Bank's CL ratio stood at 5.41% in 2016 from 4.26% in 2015 which caused higher requirement of additional provisions for loans and advances. In 2016, Bank need to keep total provision of Tk. 2,633.72 million which was Tk. 1,881.74 million in last year.
Key operating and financial data of at least preceding 5 (five) years shall be summarized	r	Given in separate statement.
If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given	s	The Bank has been declaring dividend every year.
The number of Board meetings held during the year and attendance by each director shall be disclosed	t	Discussed in the Corporate Governance report and notes to the financial statements
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)	u	Discussed in the Corporate Governance Report and notes to the financial statements
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	v	Discussed in notes to the financial statements and Directors' Profile.

Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD)

circular no. 11 dated 27.10.2013)

Sl No.	Particulars	Compliance Status
1	**FORMATION OF BOARD OF DIRECTORS** The newly amended Section 15 of the Bank Company Act, 1991 (Amended upto 2013) includes provisions for prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 2(two) members from a family as director; etc.	Complied
1.1	**Appointment of New directors:** Under section 15(4) of the Bank Company Act, 1991 (amended upto 2013), every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/ reappointing directors should furnish the following documents along with the application: a) Personal information of the nominated person (Appendix-ka); b) Nominated person's declaration(Appendix-kha); c) 'Declaration for confidentiality' by the nominated person(Appendix-ga); d) In case of Independent director, the approval letter from Security and Exchange commission; e) In case of Independent director, a declaration of the directors concern as Appendix-gha (he will also submit declaration under Appendix-ka, kha & ga); f) CIB report of the nominated person; g) Updated list of the directors.	Complied
1.2	**Vacation of office of Director:** a) The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated. b) If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution. c) Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company under Section 47 of BCA, 1991.	Complied
1.3	**Removal of Directors from office:** According to section 108(2) of the Companies Act, 1994, with the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.	N/A

AMAR STOCK

Corporate Governance

Sl No.	Particulars	Compliance Status
1.4	**Appointment of Alternate Director** Subject to compliance of section 101 of the Companies Act, 1994, an alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions should be followed: a) Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank. b) The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return. c) Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director. d) As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board. e) While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.	N/A
2.	**DEPOSITOR DIRECTOR** As the previous provisions regarding appointment of Depositor Directors of the Bank Company Act, 1991 has been amended; appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended upto 2013) bank can consider the tenure of existing depositor director or may appoint them as independent director.	N/A
3.	**INFORMATION REGARDING DIRECTORS** Banks are advised to take the following steps regarding director information: Every bank should keep an updated list of bank directors, a) Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director. b) Banks should display a list of directors in the website and update it on a regular basis.	Complied
4.	**RESPONSIBILITIES OF THE BOARD OF DIRECTORS**	
4.1	**Responsibilities and authorities of the board of directors:**	
	(a) Work-planning and strategic Management: i) shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans. 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.	Complied

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Sl No.	Particulars	Compliance Status
	(b) Credit and risk management i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval. ii) The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.	Complied
	(c) Internal control management The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
	(d) Human resources management and development i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion. ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan. iii) The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.	Complied
	(e) Financial management i) The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures. ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board. iii) The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.	Complied

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Corporate Governance

Sl No.	Particulars	Compliance Status
	(f) Appointment of Chief Executive Officer (CEO) In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the board of directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.	Complied
	(g) Other responsibilities of the Board The board should follow and comply with the responsibilities assigned by Bangladesh Bank.	Complied
4.2	**Meeting of Board** Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.	Complied
4.3	**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 policy making or executive authority, he/she 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, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
5.	**FORMATION OF COMMITTEES FROM THE BOARD OF DIRECTORS** The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.	Complied
5.1	**Executive committee** Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.	Complied
	a) Organizational structure: i) Members of the committee will be nominated by the board of directors from themselves; ii) The executive committee will comprise of maximum 07 (seven) members; iii) Members may be appointed for a 03 (three)-year term of office; iv) Chairman of the Board of Directors can be the chairman of executive committee; v) Company secretary of the bank will be the secretary of the executive committee.	Complied

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Sl No.	Particulars	Compliance Status
	b) Qualifications of the Members: i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; ii) Each member should be capable of making valuable and effective contributions in the functioning of the committee; iii) To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	Complied
	c) Roles and Responsibilities of the Executive Committee: i) The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations. ii) The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors. iii) All decisions taken in the executive committee should be ratified in the next board meeting.	Complied
	d) Meetings i) The executive committee can sit any time as it may deem fit. ii) The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; iii) To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; iv) All decisions/observations of the committee should be noted in minutes.	Complied
5.2	**Audit Committee** The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.	Complied
	a) Organizational structure: i) Members of the committee will be nominated by the board of directors from the directors; ii) The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director; iii) Audit committee will comprise with directors who are not executive committee members; iv) Members may be appointed for a 03 (three) year term of office; v) Company secretary of the bank will be the secretary of the audit committee.	Complied
	b) Qualifications of the Members: i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee ; ii) Each member should be capable of making valuable and effective contributions in the functioning of the committee; iii) To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. iv) Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee.	Complied

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Corporate Governance

Sl No.	Particulars	Compliance Status
	c) Roles and Responsibilities of the Audit Committee	
	(i) Internal Control: 1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities; 2. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS); 3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management; 4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.	Complied
	(ii) Financial Reporting: 1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank; 2. Discuss with management and the external auditors to review the financial statements before its finalization.	Complied
	(iii) Internal Audit: 1. Audit committee will monitor whether internal audit working independently from the management. 2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process; 3. Examine the efficiency and effectiveness of internal audit function; 4. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.	Complied
	(iv) External Audit: 1. Review the performance of the external auditors and their audit reports; 2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not. 3. Make recommendations to the board regarding the appointment of the external auditors.	Complied
	(v) Compliance with existing laws and Regulations: Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.	Complied
	(vi) Other Responsibilities: 1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities; 2. External and internal auditors will submit their related assessment report, if the committee solicit; 3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.	Complied

Sl No.	Particulars	Compliance Status
	d) Meetings 1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes.	Complied
5.3	**Risk Management Committee** To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.	Complied
	a) Organizational Structure 1. Members of the committee will be nominated by the board of directors from themselves; 2. The Risk Management Committee will comprise of maximum 05 (five) members; 3. Members may be appointed for a 03 (three) year term of office; 4. Company secretary of the bank will be the secretary of the Risk Management Committee.	Complied
	b) Qualifications of the Members 1. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; 2. Each member should be capable of making valuable and effective contributions in the functioning of the committee; 3. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	Complied
	c) Roles and Responsibilities of the Risk Management Committee	
	i) Risk identification & control policy : Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.	Complied
	ii) Construction of organizational structure: The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.	Complied
	iii) Analysis and approval of Risk Management policy: Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
	iv) Storage of data & Reporting system: Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.	Complied
	v) Monitoring the implementation of overall Risk Management Policy: Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.	Complied
	vi) Other responsibilities: 1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form; 2. Comply instructions issued time to time by the controlling body; 3. Internal & external auditor will submit respective evaluation report whenever required by the committee.	Complied
	d) Meetings 1. The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes.	Complied
6	**TRAINING FOR THE DIRECTORS** The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.	Complied
	Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 18 dated 27.10.2013)	
A.	**Rules and regulations for appointing CEO**	
1.	Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,- a) He has not been convicted by any Criminal Court of Law; b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority; c) He was not associated with any such company/organization, registration or license of which has been cancelled.	Complied
2.	Experience and Suitability: a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the chief executive of a bank. b) He must at least have a Masters degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person. c) In respect of service, the concerned person should have excellent record of performance. d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company; e) Any director of any bank or financial institution or any person who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive.	Complied

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Sl No.	Particulars	Compliance Status
3.	Transparency and Financial Integrity: Before appointment as chief executive, satisfaction should be ensured to the effects that: a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession; b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter; c) He is not a tax defaulter; d) He has never been adjudicated an insolvent.	Complied
4.	Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5.	Tenure: The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.	Complied
6.	Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank:- a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration. b) Total salary shall be comprised of direct salary covering 'Basic Pay' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal to be submitted to Bangladesh Bank. In the proposal, Basic Pay, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount. c) Without improving the bank's major economic indicator like- CAMELS annual salary increment will not be payable. d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive. e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above. f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.	Complied
7.	Incentive Bonus: Subject to the payment of incentive bonuses to all stuffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.	Complied
8.	Honorarium for Board Meeting: As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.	Complied
9.	Evaluation Report: While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.	Complied
10.	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act 1991 (Amended upto 2013). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure-ka & Annexure-kha to Bangladesh Bank.	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
11.	Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released and removed from his office without prior approval from Bangladesh Bank.	Complied
B.	**Responsibilities and authorities of the CEO** The CEO of the bank, whatever name called, shall discharge the responsibilities and affect 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 Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank. c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations. d) The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/ regulations. 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. f) The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.	Complied
Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 19 dated 27.10.2013)		
A	**Appointment of Advisor**	
1.	Experience and Suitability: For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications: a) Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities; b) Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person; c) Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/Official of any company; d) A person who is working in any bank or financial institution or who has business interest in that bank will not be considered eligible for appointment to the post of advisor; e) Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated an insolvent by the court.	N/A
2.	Responsibilities: The responsibilities or terms of reference of advisor should be specified. The Advisor can advise the Board of Directors or the Chief Executive only on those matters that are specified in the appointment letter. Routine works or general works will not be included in his term of reference. He can't exercise any kind of power or can't participate in the decision making process of financial, administrative, operational or any other activities of the bank.	N/A

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Sl No.	Particulars	Compliance Status
3.	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The nominated person has to make a declaration as per Annexure-ka. This declaration must be also submitted to Bangladesh Bank.	N/A
4.	Remuneration and other facilities: The post of advisor is not a fixed or substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with terms of reference of the advisor will not be considered as acceptable by Bangladesh Bank.	N/A
5.	Tenure: The tenure of the advisor shall be maximum 1(one) year, which is renewable. An evaluation report (by the chairman that is approved by the board of directors) of previous tenure should be submitted to Bangladesh Bank along with the re-appointment proposal.	N/A
6.	Appointment of Ex-officials: For good governance any former director, chief executive or any official will not be eligible to become an advisor in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as advisor.	N/A
B	**Appointment of Consultant**	
1.	Terms of Reference: Consultant can be appointed for specialized tasks like tax, law & legal procedures, engineering & technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.	N/A
2.	Responsibilities: The responsibilities or term of reference of consultant should be specified. He/she shouldn't be involved beyond his/her terms of references and he/she cannot exercise any kind of power in bank operation or cannot participate in the decision making process.	N/A
3.	Appointment: Consultant can be appointed with the approval of Board of Directors. After such appointment the bank shall send the consultant's complete resume, terms of reference and details of remuneration to Bangladesh Bank immediately.	N/A
4.	Tenure: The tenure of consultant should be consistent with the terms of reference, but would not exceed 2 (two) years. Generally, consultant's appointment will not be renewable, but to complete unfinished tasks, the contract can be extended up to maximum 1 year with the approval of Bangladesh Bank. An evaluation report (by the chairman that is approved by the board of directors) of previous period should be submitted to Bangladesh Bank.	N/A
5.	Remuneration/honorarium: The consultant's remuneration should be in the form of monthly or single lump-sum payment, he is not entitled to any other facilities.	N/A
6.	Appointment of Ex-officials: For ensuring good governance any former director, chief executive or any official will not be eligible to become a consultant in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as consultant.	N/A

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Bank Asia
Shariah Supervisory Committee

We, at Bank Asia Limited, always consider the Shariah compliance as the most significant and strategic priority in Islamic Banking. Our products & services are designed in conformity with the principles of Islamic Shariah. We have constituted "Bank Asia Shariah Supervisory Committee" consisting of qualified Faqihs (experts on Islamic

jurisprudence), Islamic Scholars and professionals to ensure Shariah compliance in each and every aspect of our Islamic Banking operations.

Bank Asia Shariah Supervisory Committee consists of the following members:

Name	Position in the Committee
M. Azizul Huq	Chairman
Mufti Abdul Mannan	Member
Mohammad Mofazzal Hussain Khan	Member
Dr. Md. Gazi Zahirul Islam	Member
Shah Mohammad Wali Ullah	Member
Dr. Muhammad Ismail Hussain	Member
Rumee A Hossain	Member [from the Board]
Md. Arfan Ali	Member [Ex-Officio] (President & Managing Director)
Afzalul Haq	Member [Ex-Officio] (Head of Islamic Banking)



Bank Asia Shariah Supervisory Committee Meeting

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Report of Bank Asia Shariah Supervisory Committee (BASSC)

For the year 2016

Throughout the year, Bank Asia Shariah Supervisory Committee (BASSC) reviewed and evaluated different issues of Islamic Banking operations of the Bank. The Committee also extended its direction, opinion & verdict on Shariah compliance issues. It is worth mentioning here that to ensure compliance to Shariah rules the role of the BASSC is to provide with necessary guidance & opinion independently on an ongoing basis. On the other hand, the responsibility of the Bank's Board and Management, is to ensure that their business operations under Islamic Banking have adhered to and run in accordance with guidance of the BASSC.

To reach and deliver maximum possible level of Shariah compliance, the BASSC approved the following

steps taken in the year 2016:

1. Conducting Shariah audit & inspection on quarterly basis.
2. Continuing the practice of obtaining 'Shariah Clearance' from Shariah Unit of Corporate Office before disbursing every deal of Bai Murabaha Muajjal investment, with a view to confirming real buying & selling. This practice was appreciated by the Committee as such pre-disbursement culture is the 1st of its kind in the Islamic Banking history of Bangladesh. The Committee also termed this practice as exemplary for other Islamic Banking operators.
3. Organizing four (4) training and workshops to enrich knowledge base & skill level of the Islamic Banking officials on Shariah compliance.
4. Visiting 91 conventional branches of the Bank to motivate respective officials and build awareness of Islamic Banking principle, products & services.

After reviewing and evaluating the Shariah Inspection Reports, Balance Sheet and Profit & Loss statement (Unaudited) of Islamic Banking of the Bank for the year 2016, the Committee, has expressed the following opinion:

1. Profit has been distributed to Mudaraba Depositors on the basis of pre-declared Income Sharing Ratio (ISR) in accordance with Shariah.
2. Compensation amount has been kept separate and not included in Bank's income.
3. Transactions with conventional part of the Bank have been made compliant with Shariah principle and recorded separately.
4. According to Shariah inspection reports, in investment operations, no violation of basic principles of Shariah has been identified. No doubtful transaction detected in the light of Islamic Shariah.

Alhamdulillah! The committee opined that the commitment & endeavours of the officials of Islamic Banking team of Bank Asia, to maintain Shariah compliance is appreciable. To attain higher level of

professional excellence and increase awareness of the clients on Shariah compliance in banking, the

committee advised the Management to arrange knowledge sharing programs on regular basis.

May Allah give us tawfeeq in attaining His satisfaction through implementation of Shariah in every sphere of our life. Ameen.



M Azizul Huq
Chairman
Bank Asia Shariah Supervisory Committee (BASSC)

AMAR STOCK

Chief Financial Officer's Report



The existence of moderate business growth during the last couple of years has not only yielded elevated economic growth but also given investors confidence to do better in the days to come. Oppositely excess liquidity, declining loan interest rates and rising non-performing assets still remain a threat for the banking industry. On the other hand, expansion of financial inclusion through technology driven agent banking, EBEK, mobile banking activities pose significant opportunities to expand its footprints for a sustainable economic development.

During 2016 the banking industry profit growth was driven by cost savings on deposits mainly due to reducing interest rate rather than earnings from loans and advance as interest rate slided along with rise of non-performing assets. Few banks could bucket some capital gain from their investment in government securities as normal interest income were also impacted by the fall in treasury bill/bond rate.

The scenario mentioned above influenced Bank Asia's business strategies in the following ways:

MAXIMIZING THE RETURN FROM CORE BUSINESS

In order to maximize the return from core business it is essential to have an efficient mixing of liability products for making the best use of funds and diversify loan products followed by competitive pricing to increase market share are critically vital. For this purpose the ALCO of Bank Asia continuously adjusts the deposit and loan pricing taking into consideration the fund sourcing cost as well as market dynamics movement aligning with banking industry. It is mentionable here that the bank could attain success in improving its deposit mix from high cost of 57% in 2015 to 53% in 2016 and low/no cost from 43% in 2015 to 47% in 2016. This helped the bank to increase spread from 4.10% to 4.20% in 2016.

BUDGETING

The Board as well as the Management of Bank Asia views budget with great importance. Budget is prepared based on a mixture of top down and bottom up approach where Board's requirement and branches' commitment are positioned at equilibrium point. Certainly, industry scenario, commanding area potentials, both internal and external influencing factors, capacity of the branch etc. are the underlying considerations for pragmatic budget preparation. Budgetary achievements are reviewed on monthly basis and variances are scrutinized for necessary business directions.

Chief Financial Officer's Report

The budget and achievement summary is shown below

Million Taka

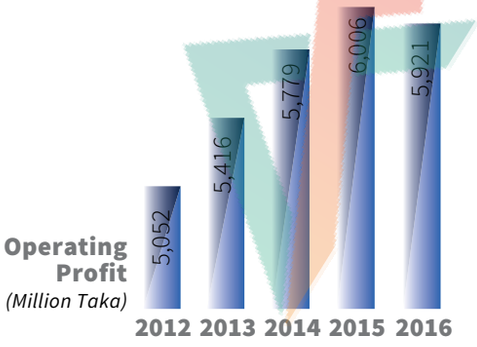
Particular	2016	2015	Growth (%)	2016 Target	2016 Target Achievement (%)
Loans and advances	163,610	136,396	19.95%	166,818	98.08%
Deposits	191,273	169,827	12.63%	196,257	97.46%
Import	148,724	129,930	14.46%	154,363	96.35%
Export	103,139	89,275	15.53%	105,300	97.95%
Remittances (inward)	41,665	42,997	-3.10%	52,918	78.74%
Operating profit	5,921	6,006	-1.42%	7,150	82.81%
Operating expenses	4,719	4,321	9.21%	5,531	85.32%
Shareholder's equity	19,038	18,979	0.31%	-	-
Capital fund	24,775	22,837	8.49%	-	-

FORECASTING BUSINESS

Every year we prepare budget and five-year strategic business plans. But the actual scenario may be deviated from the underlying assumptions for which budget variance could arise. Moreover, banking business is highly sensitive to default risk, interest rate risk, market risk etc. For this reason every month rolling forecast is made for mapping necessary action plan aiming at reducing gap between budget and actual outcome.

OPTIMIZING OPERATING COST AND BURDEN COVERAGE

For the purpose of facilitating smooth business expansion we try to optimize the fixed and variable expenses in such a way so that the purpose of business growth and shareholder's wealth enhancement can be served together. During 2016 the operating expense grew only by 9.21% which is the lowest in last five years. Factors that increased operating expenses during 2016 were opening of 7 new branches, opening of 12 new ATM booths, and net addition of 131 employees. On the other hand, burden ratio stood 0.40% which also indicates bank's ability to bear its operating expenses from non-interest income and not showing much dependence on loans interest income.



EFFICIENT TAX/VAT MANAGEMENT

We carefully make our Tax and VAT planning being highly critical for any commercial organization and smallest mistake could silently eat up a major portion of net profit. The bank has a strong team to finalize the tax assessment year to year efficiently and manage the VAT authority, NBR, CIC and Auditor General (AG) successfully.

CAPITAL MANAGEMENT AND PLANNING

The Basel Committee on Banking Supervision (BCBS) released the global regulatory framework on Basel-III capital accord in December 2010 for strengthening global capital and liquidity rules with the goal of promoting a more resilient banking sector.

For capital management we need to balance between business expansions and associated risk mitigation. It is worth to mention here that Basel III capital accord implementation has already been started from January 2015 and will be completed in January 2019 as capacity building process as per Bangladesh Bank roadmap and will be fully implemented by January 2020, where Minimum Total Capital plus Capital Conservation Buffer will be 12.50% against existing 10% depicted as follows:

2016	2017	2018	2019
10.625%	11.25%	11.875%	12.50%

In this respect, strengthening our capital base would enable us to achieve a healthy growth. As equity capital is expensive, bank should always pursue cost effective alternative source for raising capital. In recent past there was a fresh injection in the core capital in the form of Rights share for Tk. 1,050 million in 2011, again in 2012 the bank raised Tier-2 capital in the form of 6 Year 13% Yield to Maturity Non-convertible Subordinated Zero Coupon Bond for Tk. 600 million. On February 19, 2015 the bank further injected Tk. 3,000 million 7 Year Non-convertible Subordinated Bond. This year the bank again issued another subordinated Bond of 7 Year Floating Rate Non-convertible Subordinated Bond of Tk. 5,000 million through private placement. The management is also working with the Board to raise CET1 capital in 2018 as a long term capital solution.

Apart from raising core capital and supplementary capital the management also puts equal or more emphasis on capital saving or reduction of requirement by way of credit rating of eligible corporate and SME clients (detailed out in risk management report section), optimizing eligible collateral and diversification of business portfolio. With this view the bank always sets its capital and business strategies based on long term capital planning. The most recent capital planning is depicted below:

TREC STOCK

Chief Financial Officer's Report

Capital Plan (Banking Operation) 2017-2020

Million Taka

Particulars	2016	2017	2018	2019	2020
Common Equity Tier 1 (CET1) Capital					
Paid-up capital	8,813	9,694	10,663	11,730	12,903
Statutory Reserve	6,534	6,898	7,198	7,498	7,798
General Reserve	8	8	8	8	8
Retained earnings	1,444	2,130	2,480	2,780	3,080
Less: Regulatory adjustments	(63)	(70)	(77)	(84)	(93)
Total CET1	16,736	18,661	20,273	21,932	23,696
Tier 2 Capital					
General Provision	4,037	4,375	4,813	5,294	5,824
Revaluation Reserve	805	536	268	0	0
Subordinated 6 year Zero Coupon Bond	197	99	0	0	0
Subordinated 7 year Floating Rate Bond	3,000	3,000	2,400	1,800	1,200
Subordinated 7 year Floating Rate Second Bond	0	5,000	5,000	5,000	4,000
Total Tier 2 Capital	8,039	13,010	12,481	12,094	11,024
Total Capital (Tier 1 + 2)	24,775	31,671	32,754	34,026	34,720
Risk Weighted Assets (RWA)	199,491	217,852	245,052	262,227	279,359
Minimum Capital Requirement + Buffer	10.63%	11.25%	11.88%	12.50%	12.50%
Capital to Risk Weighted Assets Ratio (CRAR)	12.42%	14.54%	13.37%	12.98%	12.43%

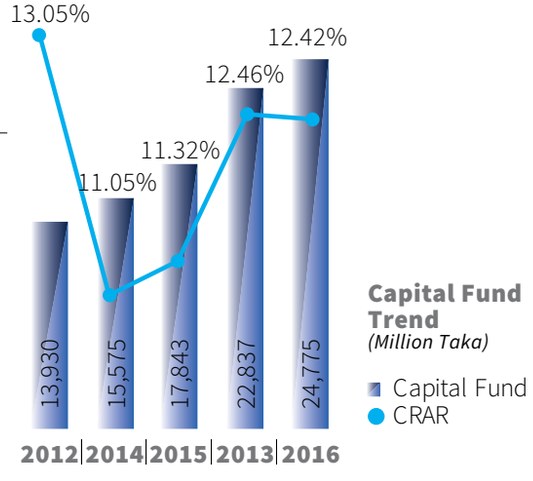
Regulatory Adjustments

* Reciprocal crossholdings in the CET1Capital of Bank Asia by other banks and financial institutions have been deducted.

** 100% of revaluation reserve for fixed assets, securities and equity securities will be adjusted from regulatory capital by 2019. So long 50% of such revaluation reserve were eligible for Tier 2 capital.

INVESTMENT

In order to ensure fixed income for the bank we had to go for investment in Govt. Treasury bill, bond, quoted shares, Pre-IPO placement investment (unquoted shares), Preference shares, Mutual Funds, different Subordinated Bonds, other Corporate Bonds and Equity participation etc. In 2016 total investment of the bank was Tk. 39,365.21 million which helped us to increase in net interest margin from core business of the bank.



Chief Financial Officer's Report

Key Performance Indicators (KPIs) of Banking Operation

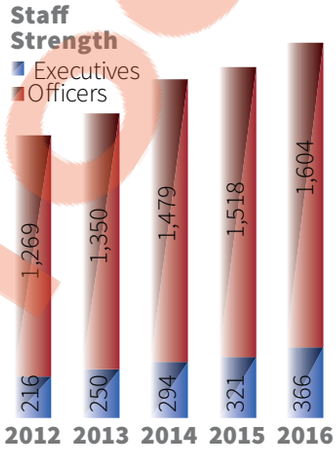
Million Taka

Particular	2016	2015
Operating performance (statement of comprehensive income)		
Total operating income	10,640	10,327
Operating profit	5,921	6,006
Profit before tax	3,287	4,124
Profit after tax	1,546	2,574
EPS	1.75	2.92
Statement of financial position (balance sheet)		
Shareholders fund	19,038	18,979
Property, plant & equipment	5,250	5,076
Current asset	147,293	161,089
Current liability	141,017	150,549
Net current asset	6,276	10,540
Long term liability	93,140	54,819
Long term liability to current liability	66.05%	36.41%
Key performance ratios (%)		
Yield on advances	9.86	10.97
Cost of deposits	5.66	6.87
Cost of deposits and borrowing	5.71	7.19
Cost of fund	8.22	10.04
Cost of operation	2.51	2.85
Spread	4.2	4.1
Net interest margin	3.64	3.03
Burden ratio	0.4	0.21

DIVIDEND

Previous years bank's dividend pay-out was through bonus share which however helped the bank to increase core capital. With the attainment of certain desired health improvement, the bank started to declare mix dividend, i.e. a combination of cash and stock dividend. For 2016 the Board of Directors has proposed 12% stock dividend amounting to Tk. 1,058 million. The following table shows dividend pay-out from 2007 to 2016:

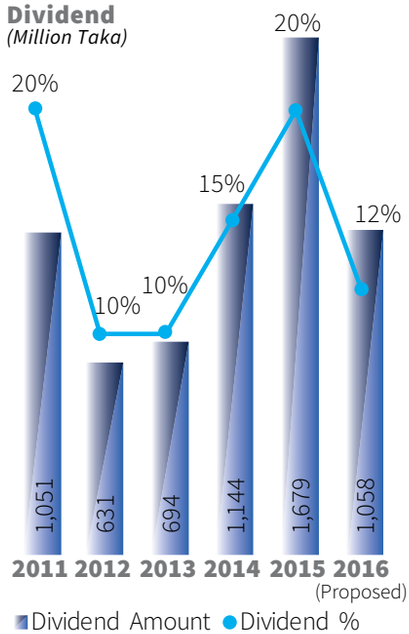
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Dividend	25%S	23%S	40%S	40%S	20%S	10%S	10%S	15% (5%C + 10%S)	20% (15%C + 5%S)	12%S (Proposed)
Million (Taka)	349	401	858	1,201	1,051	631	694	1,144	1,679	1,058



STAFF STRENGTH

Staff summary as of 31st December 2016

Age Group	Male	Female	Total
30 & Below	392	117	509
31-40	805	312	1117
41-50	278	30	308
51-60	30	3	33
61+	3	0	3
Total	1508	462	1970
Percentage	77%	23%	100%



BANGLADESH STOCK

Chief Financial Officer's Report

ASSET QUALITY

Classified loan ratio increased to 5.41% from 4.26% in the previous year. Total Cumulative provision was Tk. 8,938.44 million this year,which was Tk. 7,264.27 million in the last year.It increases the ability of the Bank to survive against unfavorable circumstances in future.On the other hand, total provision provided from current year profit was Tk. 2,633.73 million which was Tk. 1,881.74 million in the previous year, i.e. +39.96%.

HR ACCOUNTING

Human Resource accounting helps the company ascertains how much Investment it has made as its employee; it can expect from investment. HR Accounting provides valuable information to Investors interested in making long term Investment in the company. Bank Asia management is always vibrant to providing cost value information about acquiring, developing, planning, allocating and maintaining human resources including with finding depreciation or appreciation among human resources.In this connection the management is very much 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. The total value of Human Capital has been ascertained Tk. 16,784 million in the year 2016 and Tk.14,367 million in 2015 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

Million Taka

Category	2016			2015		
	No. of Employees	Per Capita Value	Total Value	No. of Employees	Per Capita Value	Total Value
Executives	358	16.39	5,868	321	15.39	4,940
Officer	1612	6.76	10,905	1,518	6.20	9,417
Total	1,970		16,772	1,839		14,357

BALANCE SHEET INCLUDING HUMAN CAPITAL

Abridged for banking operation

Million Taka

	31-Dec-16	31-Dec-15
Assets		
Cash	15,981	12,470
Balance with other banks	13,273	8,276
Money at call & short notice	4,870	3,230
Investment	39,365	46,943
Loans & Advances	163,610	136,396
Fixed Assets	5,250	5,076
Human Assets		
Individuals' value	16,772	14,357
Value of investments	12	10
Other assets	10,847	11,957
Total assets	269,980	238,714
Capital & liabilities		
Borrowing	18,822	12,296
Subordinate bond	3,197	3,315
Deposits	191,273	169,827
Shareholders' equity	19,038	18,979
Human Capital	16,784	14,367
Other liabilities	20,865	19,929
Total Capital & Liabilities	269,980	238,714

As per model we have capitalized the total value of employees as Human Capital. 16.82% growth in the value of human capital in 2016 over 2015 was due to net addition of 131 head counts 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.

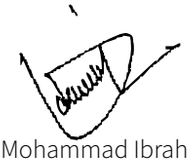
FIRST STOCK

Chief Financial Officer's Report

Brief Economic, Environmental and Social Performance

Economic responsibility	Nos. of loans	+8%
	Nos. of deposit customer	+15%
	Nos. of savings customer	+22%
Shareholders responsibility	Profit after Tax	1,546 million BDT
	Shareholders' fund	19,038 million BDT
	Share Price	17.90 BDT
Environmental responsibility	Electricity consumed	90,79,000 kwh
	Oil	64,758 ltrs
	CNG	164,671 m3
	Local business travel	83,90,000 km
	Paper used	42,633 reams
Social responsibility	Staff strength	+7%
	Benefits and emoluments	+8%

As always clarity and integrity in reporting are parts of the fundamental commitment of Group Finance 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 2017 will be better off in value creation and financial risk management ensuring asset quality.



Mohammad Ibrahim Khalil, FCA
Chief Financial Officer (CC)

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

We have audited the accompanying consolidated financial statements of Bank Asia Limited and its subsidiaries (together referred to as the "Group") as well as the separate financial statements of Bank Asia Limited (the "Bank") which comprise the consolidated and separate balance sheets as at 31 December 2016, consolidated and separate profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank.

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

OPINION

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

- internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 to the financial statements appeared to be materially adequate;
- nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

- financial statements of one of the subsidiaries of the Bank have been audited by us and and other two overseas subsidiries have been audited by other auditors and have been properly reflected in the consolidated financial statements;
- in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- the expenditure incurred was for the purpose of the Bank's business;
- the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- minimum required provision as specified by Bangladesh Bank at 31 December 2016 has been made for advances which are in our opinion, doubtful of recovery;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the information and explanations required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,750 person hours during the audit; and
- Capital to Risk Weighted Asset Ratio (CRAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Hoda Vasi Chowdhury & Co
Chartered Accountants
BTMC Bhaban (7th Level)
7-9 Karwan Bazar, Dhaka-1215

Dhaka, 16 April 2017

AMAR STOCK

Bank Asia Limited and its subsidiaries
Consolidated Balance Sheet

as at *31 December 2016*

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
PROPERTY AND ASSETS			
Cash	4(a)	15,983,718,054	12,470,996,852
In hand (including foreign currencies)	4.1(a)	2,079,897,416	1,691,680,962
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	13,903,820,638	10,779,315,890
Balance with other banks and financial institutions	5(a)	13,615,107,372	8,779,031,163
In Bangladesh		10,983,805,427	8,000,106,067
Outside Bangladesh		2,631,301,945	778,925,096
Money at call and on short notice	6(a)	4,870,000,000	3,230,000,000
Investments	7(a)	39,711,806,539	47,162,324,547
Government		36,112,473,144	43,717,224,029
Others		3,599,333,395	3,445,100,518
Loans and advances/investments	8(a)	166,539,916,390	139,004,595,335
Loans, cash credits, overdrafts, etc/investments		157,946,507,822	129,595,040,389
Bills purchased and discounted		8,593,408,568	9,409,554,946
Fixed assets including premises, furniture and fixtures	9(a)	5,263,148,467	5,092,815,069
Other assets	10(a)	8,882,423,376	9,925,844,072
Non - banking assets		-	-
Total assets		254,866,120,198	225,665,607,038
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	18,978,976,940	12,335,454,278
Subordinated non-convertible bonds	11(aa)	3,197,214,016	3,315,440,646
Deposits and other accounts	12(a)	191,573,043,588	170,145,826,321
Current/Al-wadeeah current accounts and other accounts		34,554,219,481	29,928,959,572
Bills payable		4,902,979,613	3,936,675,238
Savings bank/Mudaraba savings bank deposits		27,793,803,978	21,174,184,061
Fixed deposits/Mudaraba fixed deposits		124,322,040,516	115,106,007,450
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	22,253,446,818	21,172,640,859
Total liabilities		236,002,681,362	206,969,362,104
Capital/shareholders' equity			
Total shareholders' equity		18,863,438,836	18,696,244,934
Paid-up capital	14.2	8,812,599,100	8,392,951,530
Statutory reserve	15	6,533,632,030	5,876,250,921
Revaluation reserve	16(a)	2,239,612,377	2,549,629,842
General reserve		8,166,144	8,166,144
Retained earnings	17(a)	1,267,955,303	1,867,693,933
Foreign currency translation reserve		1,462,526	1,541,779
Non-controlling (minority) interest	17(b)	11,355	10,785
Total liabilities and shareholders' equity		254,866,120,198	225,665,607,038

AMARSTOCK

Consolidated Balance Sheet

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	110,762,047,002	94,579,682,894
Acceptances and endorsements		35,098,107,666	33,178,690,709
Letters of guarantee		35,578,341,924	29,263,667,968
Irrevocable letters of credit		29,013,641,402	23,093,149,701
Bills for collection		11,071,956,010	9,044,174,516
Other contingent liabilities		-	-
Other commitments		-	2,237,373,935
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	2,237,373,935
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		110,762,047,002	96,817,056,829

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

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 16 April 2017

AMARSTOCK

Bank Asia Limited and its subsidiaries
Consolidated Profit and Loss Statement

for the year ended *31 December 2016*

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
OPERATING INCOME			
Interest income	20(a)	14,795,577,265	14,008,232,845
Interest paid on deposits and borrowings, etc	21(a)	10,607,924,671	11,196,675,728
Net interest income		4,187,652,594	2,811,557,117
Investment income	22(a)	3,548,303,241	4,837,499,895
Commission, exchange and brokerage	23(a)	2,620,174,212	2,289,683,222
Other operating income	24(a)	683,489,936	581,780,321
		6,851,967,389	7,708,963,438
Total operating income (A)		11,039,619,983	10,520,520,555
OPERATING EXPENSES			
Salaries and allowances	25(a)	2,403,117,832	2,221,879,869
Rent, taxes, insurance, electricity, etc	26(a)	558,761,586	541,479,545
Legal expenses	27(a)	18,046,458	11,618,157
Postage, stamp, telecommunication, etc	28(a)	84,071,480	79,969,383
Stationery, printing, advertisements, etc	29(a)	91,527,800	101,396,676
Managing Director's salary and fees	30	15,689,899	16,732,000
Directors' fees	31(a)	3,422,000	4,840,350
Auditors' fees	32(a)	3,339,006	3,268,002
Depreciation and repairs of Bank's assets	33(a)	473,133,169	448,446,317
Other expenses	34(a)	1,201,053,151	1,065,743,171
Total operating expenses (B)		4,852,162,381	4,495,373,470
Profit before provision (C=A-B)		6,187,457,602	6,025,147,085
Provision for loans and advances/investments			
General provision		555,793,056	1,539,227,187
Specific provision		1,928,486,005	107,616,253
		2,484,279,061	1,646,843,440
Provision for off-balance sheet items		139,449,902	252,899,022
Provision for diminution in value of investments		121,619,793	-
Other provisions		-	10,000,000
Total provision (D)	34(C)	2,745,348,756	1,909,742,462
Total profit before tax (C-D)		3,442,108,846	4,115,404,623
Provision for taxation			
Current tax	13.5.1(a)	1,735,042,600	1,550,073,235
Deferred tax	13.4.2(a)	63,000,000	15,261,354
		1,798,042,600	1,565,334,589
Net profit after tax		1,644,066,246	2,550,070,034
Appropriations			
Statutory reserve	15	657,381,109	824,784,039
General reserve		-	-
		657,381,109	824,784,039
Retained surplus		986,685,137	1,725,285,995
Attributable to:			
Equity holders of Bank Asia Limited		986,684,566	1,725,285,991
Non-controlling (minority) interest		570	4
		986,685,137	1,725,285,995
Earnings Per Share (EPS)	37(a)	1.87	2.89

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

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 16 April 2017

AMARSTOCK

Bank Asia Limited and its subsidiaries
Consolidated Cash Flow Statement

for the year ended *31 December 2016*

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
Cash flows from operating activities (A)			
Interest receipts		17,814,401,912	17,750,745,180
Interest payments		(10,607,924,671)	(11,428,144,861)
Dividends receipts		41,515,740	19,705,266
Fees and commission receipts		2,620,174,212	2,289,683,222
Recoveries on loans previously written off		42,108,117	55,044,236
Cash payment to employees		(2,444,083,935)	(2,164,133,683)
Cash payment to suppliers		(161,747,580)	(166,750,485)
Income tax paid		(1,567,515,086)	(1,742,549,849)
Receipts from other operating activities	35 (a)	1,275,012,121	1,721,051,332
Payments for other operating activities	36 (a)	(1,884,235,223)	(1,723,145,625)
Operating profit before changes in operating assets & liabilities		5,127,705,607	4,611,504,733
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers		(27,577,429,172)	(19,153,936,230)
Other assets		(142,903,331)	(59,675,483)
Deposits from customers		21,427,217,267	29,464,709,639
Trading liabilities		6,643,522,662	3,875,538,484
Other liabilities		(114,805,041)	(66,879,611)
Net Increase/(decrease) in operating assets and liabilities		235,602,385	14,059,756,799
Net cash flows from operating activities		5,363,307,993	18,671,261,532
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		6,730,871,864	(9,122,514,394)
Sale/(Purchase) of trading securities		(154,232,877)	603,029,484
(Purchase)/disposal of fixed assets		(573,583,751)	(239,807,039)
Net cash flows from/(used in) investing activities		6,003,055,236	(8,759,291,949)
Cash flows from financing activities (C)			
Payment for finance lease		(148,357)	(808,038)
Issue of floating rate non-convertible subordinated bonds		-	3,000,000,000
Adjustment of subordinated non-convertible bond		(118,226,630)	(133,595,784)
Dividend paid (cash dividend)		(1,258,942,730)	(381,497,797)
Net cash flows from/(used in) financing activities		(1,377,317,717)	2,484,098,381
Net increase/(decrease) in cash and cash equivalents (A+B+C)		9,989,045,511	12,396,067,964
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		24,482,870,715	12,086,802,751
Cash and cash equivalents at the end of the year		34,471,916,226	24,482,870,715
Cash and cash equivalents:			
Cash		2,079,897,416	1,691,680,962
Balance with Bangladesh Bank and its agent bank(s)		13,903,820,638	10,779,315,890
Balance with other banks and financial institutions		13,615,107,372	8,779,031,163
Money at call and on short notice		4,870,000,000	3,230,000,000
Prize bonds		3,090,800	2,842,700
		34,471,916,226	24,482,870,715

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

Chairman	Director	Director	Director	President and Managing Director

MARSTOCK

Bank Asia Limited and its subsidiaries
Consolidated Statement of Changes in Equity

for the year ended *31 December 2016*

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 01 January 2015	7,629,955,940	5,051,466,882	2,682,592,433	8,166,474	661,265	1,229,245,329	16,602,088,323	10,781	16,602,099,104
Transferred during the year	-	824,784,039	-	-	-	(824,784,039)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(77,515,008)	-	-	-	(77,515,008)	-	(77,515,008)
Transferred to retained earnings	-	-	(55,447,583)	(330)	-	55,447,913	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	2,208,087	2,208,087	-	2,208,087
Foreign currency translation for the year	-	-	-	-	880,514	-	880,514	-	880,514
Issue of bonus shares	762,995,590	-	-	-	-	(762,995,590)	-	-	-
Cash dividend paid						(381,497,797)	(381,497,797)		(381,497,797)
Net profit for the year	-	-	-	-	-	2,550,070,030	2,550,070,030	4	2,550,070,034
Balance as at 31 December 2015	8,392,951,530	5,876,250,921	2,549,629,842	8,166,144	1,541,779	1,867,693,933	18,696,234,149	10,785	18,696,244,934
Transferred during the year	-	657,381,109	-	-	-	(657,381,109)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(227,816,977)	-	-	-	(227,816,977)	-	(227,816,977)
Transferred to retained earnings	-	-	(82,200,488)	-	-	82,200,488	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	9,966,616	9,966,616	-	9,966,616
Foreign currency translation for the year	-	-	-	-	(79,253)	-	(79,253)	-	(79,253)
Issue of bonus shares	419,647,570	-	-	-	-	(419,647,570)	-	-	-
Cash dividend paid	-	-	-	-	-	(1,258,942,730)	(1,258,942,730)	-	(1,258,942,730)
Net profit for the year	-	-	-	-	-	1,644,065,676	1,644,065,676	570	1,644,066,246
Balance as at 31 December 2016	8,812,599,100	6,533,632,030	2,239,612,377	8,166,144	1,462,526	1,267,955,303	18,863,427,481	11,355	18,863,438,836

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

Chairman | Director | Director | Director | President and Managing Director

ALAMRSTOCK

Bank Asia Limited
Balance Sheet

as at *31 December 2016*

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
PROPERTY AND ASSETS			
Cash	4	15,980,758,895	12,469,737,907
In hand (including foreign currencies)	4.1	2,076,938,257	1,690,422,017
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	13,903,820,638	10,779,315,890
Balance with other banks and financial institutions		13,273,233,476	8,275,831,706
In Bangladesh	5.1	10,702,481,995	7,561,200,515
Outside Bangladesh	5.2	2,570,751,481	714,631,191
Money at call and on short notice	6	4,870,000,000	3,230,000,000
Investments	7	39,365,212,025	46,942,774,876
Government		36,112,473,144	43,717,224,029
Others		3,252,738,881	3,225,550,847
Loans and advances/investments	8	163,609,782,739	136,396,335,681
Loans, cash credits, overdrafts, etc/investments		155,016,374,171	126,986,780,735
Bills purchased and discounted		8,593,408,568	9,409,554,946
Fixed assets including premises, furniture and fixtures	9	5,249,722,487	5,075,506,799
Other assets	10	10,846,991,614	11,957,122,419
Non - banking assets		-	-
Total assets		253,195,701,236	224,347,309,388
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	18,822,423,424	12,296,115,548
Subordinated non-convertible bonds	11 (aa)	3,197,214,016	3,315,440,646
Deposits and other accounts	12	191,272,582,777	169,827,340,391
Current/Al-wadeeah current accounts and other accounts		34,253,758,670	29,610,473,642
Bills payable		4,902,979,613	3,936,675,238
Savings bank/Mudaraba savings bank deposits		27,793,803,978	21,174,184,061
Fixed deposits/Mudaraba fixed deposits		124,322,040,516	115,106,007,450
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	20,865,003,294	19,929,080,918
Total liabilities		234,157,223,511	205,367,977,503
Capital/shareholders' equity			
Total shareholders' equity		19,038,477,725	18,979,331,885
Paid-up capital	14.2	8,812,599,100	8,392,951,530
Statutory reserve	15	6,533,632,030	5,876,250,921
Revaluation reserve	16	2,239,612,377	2,549,629,842
General reserve		8,166,144	8,166,144
Retained earnings	17	1,444,468,074	2,152,333,448
Total liabilities and shareholders' equity		253,195,701,236	224,347,309,388

AMARSTOCK

Balance Sheet

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	110,762,047,002	94,579,682,894
Acceptances and endorsements		35,098,107,666	33,178,690,709
Letters of guarantee		35,578,341,924	29,263,667,968
Irrevocable letters of credit		29,013,641,402	23,093,149,701
Bills for collection		11,071,956,010	9,044,174,516
Other contingent liabilities		-	-
Other commitments		-	2,237,373,935
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	2,237,373,935
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		110,762,047,002	96,817,056,829

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

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 16 April 2017

AMAR STOCK

Bank Asia Limited
Profit and Loss Statement

for the year ended *31 December 2016*

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
OPERATING INCOME			
Interest income	20	14,569,387,489	13,941,179,570
Interest paid on deposits and borrowings, etc	21	10,600,935,255	11,170,318,446
Net interest income		3,968,452,234	2,770,861,124
Investment income	22	3,548,303,241	4,827,413,103
Commission, exchange and brokerage	23	2,474,861,280	2,156,115,753
Other operating income	24	648,277,718	572,527,938
		6,671,442,239	7,556,056,794
Total operating income (A)		10,639,894,473	10,326,917,918
OPERATING EXPENSES			
Salaries and allowances	25	2,336,571,464	2,155,844,975
Rent, taxes, insurance, electricity, etc	26	533,568,147	514,123,923
Legal expenses	27	16,085,833	9,632,359
Postage, stamp, telecommunication, etc	28	81,601,730	76,977,146
Stationery, printing, advertisements, etc	29	90,134,202	99,636,353
Managing Director's salary and fees	30	15,689,899	16,732,000
Directors' fees	31	3,192,000	4,692,000
Auditors' fees	32	1,252,000	915,000
Depreciation and repairs of Bank's assets	33	469,051,286	441,174,277
Other expenses	34	1,172,113,402	1,001,527,229
Total operating expenses (B)		4,719,259,963	4,321,255,262
Profit before provision (C=A-B)		5,920,634,510	6,005,662,656
Provision for loans and advances/investments			
General provision		555,793,056	1,539,227,187
Specific provision		1,828,486,005	79,616,253
	13.2	2,384,279,061	1,618,843,440
Provision for off-balance sheet items	13.3	139,449,902	252,899,022
Provision for diminution in value of investments	13.8	110,000,000	-
Other provisions	13.9	-	10,000,000
Total provision (D)		2,633,728,963	1,881,742,462
Total profit before tax (C-D)		3,286,905,547	4,123,920,194
Provision for taxation			
Current tax	13.5.1	1,678,000,000	1,534,738,646
Deferred tax	13.5.2	63,000,000	15,261,354
		1,741,000,000	1,550,000,000
Net profit after tax		1,545,905,547	2,573,920,194
Appropriations			
Statutory reserve	15	657,381,109	824,784,039
General reserve		-	-
		657,381,109	824,784,039
Retained surplus		888,524,438	1,749,136,155
Earnings Per Share (EPS)	37	1.75	2.92

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

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 16 April 2017

AMARSTOCK

Bank Asia Limited
Cash Flow Statement

for the year ended *31 December 2016*

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
Cash flows from operating activities (A)			
Interest receipts		17,588,212,136	17,442,135,980
Interest payments		(10,600,935,255)	(11,170,318,446)
Dividends receipts		41,515,740	19,705,266
Fees and commission receipts		2,474,861,280	2,156,115,753
Recoveries on loans previously written off		42,108,117	55,044,236
Cash payment to employees		(2,377,537,567)	(2,098,098,789)
Cash payment to suppliers		(160,353,982)	(164,990,162)
Income tax paid		(1,546,814,137)	(1,725,395,113)
Receipts from other operating activities	35	1,239,799,903	1,711,798,949
Payments for other operating activities	36	(1,823,354,654)	(1,624,094,674)
Operating profit before changes in operating assets & liabilities		4,877,501,581	4,601,903,000
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers		(27,213,447,058)	(19,642,525,358)
Other assets		(72,607,861)	(42,095,074)
Deposits from customers		21,445,242,386	28,958,054,265
Trading liabilities		6,526,307,876	4,449,975,579
Other liabilities		(167,686,392)	(79,537,630)
Net Increase/(decrease) in operating assets and liabilities		517,808,951	13,643,871,782
Net cash flows from operating activities		5,395,310,532	18,245,774,782
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		6,730,871,864	(9,122,514,394)
Sale/(Purchase) of trading securities		(27,188,034)	613,471,694
Purchase of fixed assets		(573,005,787)	(239,162,591)
Net cash flows from/(used in) investing activities		6,130,678,043	(8,748,205,291)
Cash flows from financing activities (C)			
Payment for finance lease		(148,357)	(808,038)
Issue of floating rate non-convertible subordinated bonds		-	3,000,000,000
Adjustment of subordinated non-convertible bond		(118,226,630)	(133,595,784)
Dividend paid (cash dividend)		(1,258,942,730)	(381,497,797)
Net cash flows from/(used in) financing activities		(1,377,317,717)	2,484,098,381
Net increase/(decrease) in cash and cash equivalents (A+B+C)		10,148,670,858	11,981,667,872
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		23,978,412,313	11,996,744,441
Cash and cash equivalents at the end of the year		34,127,083,171	23,978,412,313
Cash and cash equivalents:			
Cash		2,076,938,257	1,690,422,017
Balance with Bangladesh Bank and its agent bank(s)		13,903,820,638	10,779,315,890
Balance with other banks and financial institutions		13,273,233,476	8,275,831,706
Money at call and on short notice		4,870,000,000	3,230,000,000
Prize bonds		3,090,800	2,842,700
		34,127,083,171	23,978,412,313

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

Chairman	Director	Director	Director	President and Managing Director

AMARSTOCK

Bank Asia Limited
Statement of Changes in Equity

for the year ended *31 December 2016*

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 January 2015	7,629,955,940	5,051,466,882	2,682,592,433	8,166,474	1,492,242,767	16,864,424,496
Transferred during the year	-	824,784,039	-	-	(824,784,039)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(77,515,008)	-	-	(77,515,008)
Transferred to retained earnings	-	-	(55,447,583)	(330)	55,447,913	-
Issue of bonus shares	762,995,590	-	-	-	(762,995,590)	-
Cash dividend paid	-	-	-	-	(381,497,797)	(381,497,797)
Net profit for the year	-	-	-	-	2,573,920,194	2,573,920,194
Balance at 31 December 2015	8,392,951,530	5,876,250,921	2,549,629,842	8,166,144	2,152,333,448	18,979,331,885
Transferred during the year	-	657,381,109	-	-	(657,381,109)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(227,816,977)	-	-	(227,816,977)
Transferred to retained earnings	-	-	(82,200,488)	-	82,200,488	-
Issue of bonus shares	419,647,570	-	-	-	(419,647,570)	-
Cash dividend paid	-	-	-	-	(1,258,942,730)	(1,258,942,730)
Net profit for the year	-	-	-	-	1,545,905,547	1,545,905,547
Balance at 31 December 2016	8,812,599,100	6,533,632,030	2,239,612,377	8,166,144	1,444,468,074	19,038,477,725

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

Chairman	Director	Director	Director	President and Managing Director

ALAMAR STOCK

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

as at *31 December 2016*

Amount in Taka

Particulars	Maturity					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
Assets						
Cash in hand and with banks	4,077,786,898	-	-	-	11,902,971,997	15,980,758,895
Balance with other banks and financial institutions	5,277,633,476	7,335,700,000	-	659,900,000	-	13,273,233,476
Money at call and on short notice	4,870,000,000	-	-	-	-	4,870,000,000
Investments	14,659,900,000	218,500,000	1,488,000,000	2,089,300,000	20,909,512,025	39,365,212,025
Loans and advances	24,589,400,000	27,536,100,000	55,644,800,000	38,834,500,000	17,004,982,739	163,609,782,739
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,249,722,487	5,249,722,487
Other assets	991,030,494	449,542,236	154,814,512	7,146,662,373	2,104,942,000	10,846,991,614
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	54,465,750,868	35,539,842,236	57,287,614,512	48,730,362,373	57,172,131,247	253,195,701,236
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	2,880,900,000	4,226,400,000	9,365,000,000	2,547,337,440	3,000,000,000	22,019,637,440
Deposits	23,230,300,000	23,187,100,000	76,511,600,000	34,098,182,777	34,245,400,000	191,272,582,777
Provision and other liabilities	257,108,008	186,976,135	1,171,629,165	541,871,863	18,707,418,123	20,865,003,294
Total Liabilities (B)	26,368,308,008	27,600,476,135	87,048,229,165	37,187,392,080	55,952,818,123	234,157,223,511
Net Liquidity Excess/(Shortage) (A-B)	28,097,442,860	7,939,366,101	(29,760,614,653)	11,542,970,293	1,219,313,124	19,038,477,725

Chairman | Director | Director | Director | President and Managing Director

AMARSTOCK

1. THE BANK AND ITS ACTIVITIES

1.1 Bank Asia Limited

Bank Asia Limited ("the Bank") is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994, governed by the Bank Company Act 1991. The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 105 branches, 6 SME service centres, 5 Islamic Windows and 119 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA). The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

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

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

1.2 Principal activities

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

1.3 Islamic banking unit

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

1.4 Off-shore banking unit

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

1.5 Bank Asia Securities Limited

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

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

1.6 BA Exchange Company (UK) Limited

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

AMARSTOCK

Notes to the financial statements

1.7 BA Express USA inc

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the "First Schedule (Section 38) of the Bank Company Act 1991 (amended upto 2013), BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BAS), etc. The Financial Reporting Act 2015 (FRA) has been enacted in 2015. Under the FRA the Financial Reporting Council (FRC) yet to be formed and they will issue financial reporting standards for public interest entities such as banks. Section 38 of the Bank Company Act 1991 (amended upto 2013) has been replaced in 2015 through BRPD Circular no. 10 dated October 04, 2015. The FRC is yet to be formed and as such no financial reporting standards have issued as per the provisions of the FRA. The Bank complied with the requirement of the following regulatory and legal authorities:

i. Bank Company Act 1991 (amended upto 2013)
ii. Companies Act 1994
iii Rules, regulations and circulars issued by the Bangladesh Bank from time to time
iv. The Securities and Exchange Ordinance 1969
v. The Securities and Exchange Rules 1987
vi Bangladesh Securities and Exchange Commission Act 1993
vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015
viii. income Tax Ordinance and Rules 1984
ix. Value Added Tax Act 1991
x. Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository Bangladesh Ltd. (CDBL) rules and regulations.

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

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

i) Presentation of financial statements

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

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (amended up to 2013) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and Securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit

and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or other comprehensive income/revaluation reserve respectively.

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

iii) Revaluation gain/loss on Government securities

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

Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However at the year-end if there is any revaluation gain for any particular held for trading T-bills/T-bonds, such gain can be used to the extent of any revaluation loss for that particular held for trading T-bills/T-bonds. T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve.

iv) Provision on loans and advances

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

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

v) Other comprehensive income

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

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

vi) Financial instruments – presentation and disclosure

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

vii) Repo transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying

Notes to the financial statements

asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

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

viii) Financial guarantees

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

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

ix) Cash and cash equivalent

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

Bangladesh Bank: As per BRPD Circular 14 dated 25 June 2003, Cash and cash-equivalents consist of cash with Bangladesh Bank, with its agent bank(s), government securities (prize bond) and deposits with other banks.

x) Non-banking asset

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

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

xi) Cash flow statement

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

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

xii) Balance with Bangladesh Bank: (CRR)

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

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

xiii) Presentation of intangible asset

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

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

xiv) Off-balance sheet items

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

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

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Foreign exchange contracts

xv) Disclosure of appropriation of profit

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

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

xvi) Loans and advance net of provision

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

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

xii) Balance with Bangladesh Bank: (CRR)

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

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

xiii) Presentation of intangible asset

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

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

xiv) Off-balance sheet items

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

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

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.

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Notes to the financial statements

Key estimates include the following:
- Provision on loans and advances
- Deferred tax assets/liabilities
- Gratuity fund

2.4 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translation

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

In preparing solo financial statements, assets and liabilities in foreign currencies as at December 31, 2016 have been converted into Taka currency at the revaluation rate determined by the Bank. For BA Exchange Company (UK) Limited and BA Express USA Inc. assets and liabilities in foreign currencies as at December 31, 2016 have been converted into Taka currency at the closing rate as on December 31, 2016 and profit and loss accounts have been converted into monthly average rate.

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

2.5 Basis of consolidation

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

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

Express USA Inc. operating in United States of America.

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Separate Financial Statements and Bangladesh Financial Reporting Standard 10: Consolidated Financial Statements. The consolidated as well as separate financial statements are prepared for a common financial year ended on December 31, 2016.

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

2.5.1 Subsidiaries of the Bank

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

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

2.6 Cash flow statement

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

2.7 Statement of changes in equity

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

Investment in securities

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

Held to maturity

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

Held for trading

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

Notes to the financial statements

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 cost (as per BRPD circular 14 dated June 25, 2003)
Quoted shares (ordinary)	At cost (provision made for any shortfall arising due to reduce market price from cost price)

3.1.3 Investment in listed securities

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

3.1.4 Investment in unquoted securities

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

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

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

3.1.5 Investment in subsidiary

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

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3.1.6 Loans and advances/investments

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

b) 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.

c) 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. 16 dated November 18, 2014, BRPD circulars no. 5 dated 29 May 2013, 14 dated 23 September 2012, 19 dated December 27, 2012, 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 5 dated 05 June 2006, 8 dated 07 August 2007, 10 dated 18 September 2007, 5 dated 29 April 2008 and 32 dated 27 October 2010.

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

Types of loans and advances		Provision				
		STD	SMA	SS	DF	BL
Consumer	House building and professional	2%	2%	20%	50%	100%
	Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
Provision for loan to broker house, merchant banks, stock dealers, etc		2%	2%	20%	50%	100%
Short-term agri-credit and micro credit		2.5%	2.5%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

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

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

f) The Bangladesh Bank under its inspection suggested to keep extra provision against stay order and other loans amounting Tk 33,364.00 Lac, out of which Tk 3,500.00 Lac has been kept in the year 2016. The rest amount Tk. 29,864.00 Lac will be kept by 2017 and 2018 on equal quarterly basis.

g) The Bank has restructured (Large loan restructure) certain loan facilities of M/s. Samannaz Super Oil Limited, S. A. Oil Refinery Limited, Abdul Monem Sugar Refinery Limited, Keya Spinning Mills Limited, Can- Am Garments (Pvt.) Limited and Shinepukur Ceramics Limited under BRPD Circular No. 04 dated 29 January 2015 for an aggregate amount of Tk. 4,330.26 million as per the terms and conditions of the said circular.

h) In stay order cases the unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk. 5,761.05 million which have not been reported under classification as at 31 December 2016 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 917.69 million has been kept as general provision against those customers.

3.1.7 Impairment of financial assets

An asset is impaired when its carrying value exceeds its recoverable amount as per BAS 36 “Impairment of Assets”. At each

Notes to the financial statements

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

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

the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and

a reliable estimate of the loss amount can be made.

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

3.1.8 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

(a) its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

Subsequent costs

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

Depreciation

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

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

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

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

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

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

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

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

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

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

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

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Notes to the financial statements

3.1.11 Investment properties

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

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

3.1.12 Other assets

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

3.1.13 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

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

3.2.2 Deposits and other accounts

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

3.2.3 Other liabilities

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

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

3.3 Capital/shareholders' equity

Authorised capital

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

Paid-up capital

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

Statutory reserve

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

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

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

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

3.4 Contingent liabilities
Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or any present obligation that arises from past events but is not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

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

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

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

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

Profit on investment (Islamic Banking)
Mark-up on investment is taken into income account proportionately from 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

Notes to the financial statements

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 according to Income Sharing Ratio (ISR).

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

3.7 Employee benefits

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

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

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

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

3.7.5 Worker's Profit Participation Fund
Consistent with the industry practice and in accordance with the Banking Companies Act, 1991, no provision has been made to WPPF

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3.8 Provision for off-balance sheet exposures

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

3.9 Provision for nostro accounts

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

3.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
A deferred tax asset is recognised for unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3.11 Earnings Per Share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2016 as per Bangladesh Accounting Standard (BAS) - 33 “Earnings Per Share”. EPS for comparative period also restated by the bonus share issued for the year 2015. Details are in note 37.

Basic earnings

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

Weighted average number of ordinary shares

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

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

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Notes to the financial statements

shares outstanding is increased without an increase in resources generating new earnings.

Diluted earnings per share

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

3.12 Reconciliation of inter-bank/inter-branch account

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

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

3.13 Risk Management at Bank Asia Ltd.

Being a financial institution, in the ordinary course of business, the bank is sensitive to 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 III. Being compliant, the bank is now looking forward to take risk management practice to a different level, i.e. preventing risk before occurrence rather than a reactive manner; on a proactive basis.

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

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

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

Accordingly the bank has various high powered committees to monitor and ensure smooth risk management activities. For example, Senior Management Team (SMT), Asset Liability Committee (ALCO), Credit Committee (CC), Audit Committee, 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 Division (RMD), 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 RMD is currently using or intends to use in the future:

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

Foreign Exchange Risk Management: The Foreign Exchange Risk arises from transaction involvement in any other national currency. Providing major foreign exchange related transactions are carried out on behalf of client thus bank has minimal exposure to the captioned risk. It is mentionable that the bank do not involve in any speculative transactions.
The treasury division independently conducts the transactions and back office is responsible for verifying the deal and passes necessary accounting entries. As advised by Bangladesh Bank on month end all foreign exchange related transactions are revalued at mark-to-market rate. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by management for settlement. It is mentionable that bank management is looking forward to establish treasury mid office to effectively perform the reconciliation activities.

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

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

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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 and Compliance Department undertakes periodical and special audit and inspection of the branches and departments at corporate office for identifying and reviewing the operational lapses and compliance of statutory requirements as well as Bank's own guidelines. The audit Committee of the Board reviews the audit and inspection reports periodically and provides necessary instructions and recommendations for rectifications of lapses and observations identified by the audit team.

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

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

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

Managing Information and communication Technology Risk : Bank Asia Limited follows the guidelines issued by Bangladesh Bank on ICT Security for Banks and Financial Institutions. IT management deals with IT policy documentation, internal IT audit, training etc. The core objective of IT management is to achieve the highest levels of technology service quality and minimize possible operational risk. Physical security involves providing environmental safeguards as well as controlling physical access to equipment and data. IT department has controls over Password, User ID maintenance, input control, network security, virus protection, internet and e-mail. Data centre has been set up and disaster recovery plan has been formulated as part of Business Continuity Planning (BCP).

All other risk management: These are risks that are not directly covered by core risk guidelines of Bangladesh Bank, more precisely additional risk under Basel III. The Risk Management Division is primarily responsible for assessing and developing controls for managing these risks. In order to do so the RMD of the bank is performing various exercises, for example, 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 RMD of the bank is reporting these risks to senior management (through RMD meeting, Board and Audit Committee reporting); which are ultimately aiding the bank to allocate adequate capital in line with Basel III requirement and at the same time implant active strategies to precisely manage all potential risks of the bank.

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3.14 Events after reporting period

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

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
(b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

3.15 Related party disclosures

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

3.16 Directors' responsibilities on statement

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

3.17 Segment Reporting

As per BFRS 8 "Operating Segments", 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 segments in respect of business segment and geographical segment. Business segments are comprised of Conventional Banking, Islamic Banking, Off-shore Banking, Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc. Geographical segments report consist of location wise performance of above segments.

3.18 Changes in Accounting Policies

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

3.19 Compliance checklist of Bangladesh Accounting Standards (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

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Name of the standards	Ref.	Status
Financial Instruments: Disclosures	BFRS-7	Complied
Operating Segments	BFRS-8	Complied
Consolidated Financial Statements	BFRS-10	Complied
Joint Arrangements	BFRS-11	N/A
Disclosure of Interests in other entities	BFRS-12	N/A
Fair Value Measurement	BFRS-13	Partially Complied
Presentation of Financial Statements	BAS-1	Complied
Inventories	BAS-2	Complied
Statement of Cash Flows	BAS-7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Complied
Events after the Reporting Period	BAS-10	Complied
Construction Contracts	BAS-11	Complied
income Taxes	BAS-12	Complied
Property, Plant and Equipment	BAS-16	Complied
Leases	BAS-17	Complied
Revenue	BAS-18	Complied
Employee Benefits	BAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	N/A
The Effects of Changes in Foreign Exchange Rates	BAS-21	Complied
Borrowing Costs	BAS-23	Complied
Related Party Disclosures	BAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	N/A
Separate Financial Statements	BAS-27	Complied
Investments in Associates and Joint Ventures	BAS-28	Complied
Financial Instruments: Presentation	BAS-32	Complied
Earnings Per Share	BAS-33	Complied
Interim Financial Reporting	BAS-34	Complied
Impairment of Assets	BAS-36	Complied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Complied
Intangible Assets	BAS-38	Complied
Financial Instruments: Recognition and Measurement	BAS-39	Complied
Investment property	BAS-40	Complied
Agriculture	BAS-41	N/A

3.20 Approval of financial statements

The financial statements were approved by the board of directors on April 16, 2017

3.21 General

(i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.

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

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

(iv) These financial statements cover one calender year from 01 January 2016 to 31 December 2016 .

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Amount in Taka

	31 Dec 2016	31 Dec 2015
4 Cash		
4.1 In hand (including foreign currencies)		
Conventional and Islamic banking		
Local currency	2,059,782,311	1,684,148,099
Foreign currencies	17,155,946	6,273,918
	2,076,938,257	1,690,422,017
Off-shore banking unit	-	-
	2,076,938,257	1,690,422,017
4.1(a) Consolidated Cash in hand		
Bank Asia Limited	2,076,938,257	1,690,422,017
Bank Asia Securities Limited	8,377	11,890
BA Exchange Company (UK) Limited	2,853,603	1,149,477
BA Express USA, Inc	97,179	97,578
	2,079,897,416	1,691,680,962
4.2 Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Conventional and Islamic banking		
Balance with Bangladesh Bank		
Local currency (statutory deposit)	13,036,708,415	10,273,716,981
Foreign currencies	391,688,896	54,872,119
	13,428,397,311	10,328,589,100
Balance with agent bank (Sonali Bank Limited)		
Local currency	475,423,327	450,726,790
Foreign currencies	-	-
	475,423,327	450,726,790
	13,903,820,638	10,779,315,890
Off-shore banking unit	-	-
	13,903,820,638	10,779,315,890
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Bank Asia Limited	13,903,820,638	10,779,315,890
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	13,903,820,638	10,779,315,890

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

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

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

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
4.3.1Cash Reserve Ratio (CRR)		
Conventional Banking		
As per Bangladesh Bank DOS Circular No. 01 dated January 19, 2014 and MPD circular no. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.5% on fortnightly cumulative average basis and minimum @ 6% on daily basis.		
i. Daily Bank's CRR maintenance:		
Required reserve (6 % on Demand and Time Liabilities)	10,378,190,328	9,264,830,688
Actual reserve maintained	12,496,415,350	9,873,248,326
Surplus	2,118,225,022	608,417,638
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (6.5 % of Demand and Time Liabilities)	11,243,039,522	10,036,899,912
Actual reserve maintained (average)	11,523,860,039	10,214,093,492
Surplus	280,820,517	177,193,580
Islamic Banking		
i. Daily Bank's CRR maintenance:		
Required reserve (6% Demand and Time Liabilities)	609,168,438	339,354,804
Actual reserve maintained	668,492,000	374,427,389
Surplus	59,323,562	35,072,585
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (6.5% of Demand and Time Liabilities)	659,932,475	367,634,371
Actual reserve maintained (Average)	669,246,824	419,834,471
Surplus	9,314,349	52,200,100
4.3.2 Statutory Liquidity Ratio (SLR)		
Conventional Banking		
13% of Average Demand and Time Liabilities:		
Required reserve	22,486,079,044	20,073,799,824
Actual reserve maintained	39,252,494,000	45,523,070,000
Surplus	16,766,414,956	25,449,270,176
Islamic Banking		
5.5% of Average Demand and Time Liabilities :		
Required reserve	558,404,402	311,075,215
Actual reserve maintained	595,204,000	344,478,000
Surplus	36,799,598	33,402,785
	16,803,214,554	25,482,672,961
4.3.3 Held for Statutory Liquidity Ratio		
Conventional Banking		
Cash in hand	2,054,894,000	1,669,236,000
Excess of CRR - Balance with Bangladesh Bank	1,253,376,000	-
Balance with agent bank (Sonali Bank Limited)	396,351,000	453,110,000
Government securities	35,544,782,200	43,397,881,000
Other securities	3,090,800	2,843,000
	39,252,494,000	45,523,070,000

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Amount in Taka

	31 Dec 2016	31 Dec 2015
Islamic Banking		
Cash in hand	22,045,000	21,186,000
Balance with Bangladesh Bank	-	-
Excess of CRR - Balance with Bangladesh Bank	8,559,000	6,792,000
Government securities	564,600,000	316,500,000
Other securities	-	-
	595,204,000	344,478,000
	39,847,698,000	45,867,548,000

5. Balance with other banks and financial institutions

In Bangladesh		
Conventional and Islamic banking (Note 5.1.1 and 5.3)	10,702,481,995	7,561,200,515
Off-shore banking unit	-	-
	10,702,481,995	7,561,200,515
Outside Bangladesh		
Conventional and Islamic banking (Note 5.2.1)	1,066,474,297	667,400,444
Off-shore banking unit	1,504,277,184	47,230,747
	2,570,751,481	714,631,191
	13,273,233,476	8,275,831,706

5.1 In Bangladesh

5.1.1 Conventional and Islamic banking

Current accounts		
AB Bank Limited	41,480	41,480
Agrani Bank Limited	826,280	826,280
National Bank Limited	796,058	766,332
Sonali Bank Limited	155,332,208	176,737,352
Standard Chartered Bank	226,677	424,319
Jamuna Bank Limited	2,590	-
Trust Bank Limited	(37,600,687)	12,978,486
	119,624,606	191,774,249
Short- notice deposit accounts		
BRAC Bank Limited	730,099	3,750,038
AB Bank Limited	526,403	513,475
Islami Bank Bangladesh Limited	172,800	169,835
Uttara Bank Limited	85,784	2,155,993
	1,515,086	6,589,341
Fixed deposit accounts/ MTDR		
Islamic Finance and Investment Limited	100,000,000	100,000,000
Hajj Finance Company Limited	100,000,000	500,000,000
Social Islami Bank Limited	-	300,000,000
Bank Alfalah limited	100,842,303	836,925
Union Bank Limited	-	150,000,000
	300,842,303	1,050,836,925
	421,981,995	1,249,200,515

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
Placements		
With Banking companies	10,280,500,000	6,312,000,000
With Non-banking financial institutions	-	-
	10,280,500,000	6,312,000,000
	10,280,500,000	6,312,000,000
Placement- with Banking companies (Local Currency)		
NRB Bank Limited	200,000,000	200,000,000
NRB Global Bank	200,000,000	-
Jamuna Bank Limited	-	800,000,000
Midland Bank Limited	200,000,000	250,000,000
AB Bank Limited	-	800,000,000
BRAC Bank Limited	750,000,000	-
National Bank Limited	1,000,000,000	-
Shahjalal Bank Limited	1,500,000,000	-
One Bank Limited	1,000,000,000	-
Social Islami Bank Limited	1,000,000,000	-
Mercantile Bank Limited	1,000,000,000	-
Standard Bank Limited	1,000,000,000	800,000,000
Dhaka Bank Limited	1,000,000,000	1,000,000,000
Modhumoti Bank Limited	250,000,000	-
Meghna Bank Limited	-	200,000,000
	9,100,000,000	4,050,000,000
Placement- with Banking companies (Foreign Currencies)		
Mutual Trust Bank Limited	-	312,000,000
Eastern Bank Limited	1,180,500,000	780,000,000
Islami Bank Bangladesh Limited	-	1,170,000,000
	1,180,500,000	2,262,000,000
	10,280,500,000	6,312,000,000
	10,702,481,995	7,561,200,515
5.2 Conventional and Islamic banking Outside Bangladesh		
Current accounts		
Interest bearing		
Citibank N.A., London (EURO)	20,681,324	159,182
Citibank N.A., London (GBP)	3,827,315	82,968,317
Citibank NA, New York (USD)	792,753,215	302,610
Habib American Bank, New York	5,134,395	144,425,283
Mashreqbank psc, New York (USD)	580,871	850,164
Standard Chartered Bank, Mumbai	102,345,892	5,900,215
Standard Chartered Bank, New York	146,368	7,768,429
	925,469,379	242,374,200
Non-interest bearing		
AB Bank Limited, Mumbai	14,175	11,400,461
Al Rajhi Bank K.S.A	919,982	1,584,110
Bhutan National Bank Limited, Thimphu	897,984	3,130,597
Casisse Centrale Desjardins	621,340	139,953

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Amount in Taka

	31 Dec 2016	31 Dec 2015
Commerzbank AG, Frankfurt (EURO)	51,744,589	355,026,015
Commerzbank AG, Frankfurt (USD)	44,236,583	594,622
Habib Metropolitan Bank Limited, Karachi	7,928,216	274,569
Habib Bank UK, London	51,274	928,580
ICICI Bank Limited, Kowloon	13,614	832,673
ICICI Bank Limited, Mumbai	22,596,745	20,363,433
JP Morgan Chase Bank N.A New York, U.S.A	34,891	6,627,865
Mashreqbank psc, Mumbai (EURO)	660,420	611,632
Muslim Commercial Bank Limited, Colombo	4,200,567	6,544,592
Muslim Commercial Bank Limited, Karachi	-	5,309,756
Bank of Sydney	85,845	538,034
Nepal Bangladesh Bank Limited, Kathmandu	4,096,072	1,174,790
Sonali Bank (UK) Limited, London	38,564	5,426,143
Saudi Hollandi K.S.A	30,734	109,714
UBAF, Tokyo	48,857	1,694,244
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	158,292	772,144
Wells Fargo Bank NA, New York, (USD)	28,198	1,419,864
Wells Fargo Bank NA, London, (Euro)	354,710	214,222
Bank Of Tokyo-Mitsubishi, Tokyo (Yen)	1,467,524	-
Zurcher Kantonal Bank, Switzerland	775,743	308,231
	141,004,918	425,026,244
	1,066,474,297	667,400,444
Placement with Off-shore Banking Unit	-	2,028,000,000
Less: Inter company transaction	-	(2,028,000,000)
	1,066,474,297	667,400,444

5.3 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	5,277,633,476	4,783,831,706
More than 1 month but not more than 3 months	7,335,700,000	1,806,000,000
More than 3 months but not more than 6 months	-	1,686,000,000
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	659,900,000	-
More than 5 years	-	-
	13,273,233,476	8,275,831,706

5(a) Consolidated Balance with other banks and financial institutions

In Bangladesh

Bank Asia Limited	10,702,481,995	7,561,200,515
Bank Asia Securities Limited	317,381,382	444,415,554
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	11,019,863,377	8,005,616,069
Less: Inter-company transactions	36,057,950	5,510,002
	10,983,805,427	8,000,106,067

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
Outside Bangladesh		
Bank Asia Limited	2,570,751,481	714,631,191
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	5,879,569	11,453,875
BA Express USA, Inc	54,670,895	52,840,030
	2,631,301,945	778,925,096
	13,615,107,372	8,779,031,163

6. Money at call and on short notice

Call money		
With Banking companies (Note 6.1)	1,320,000,000	1,730,000,000
With Non-banking financial institutions (Note 6.2)	3,550,000,000	1,500,000,000
	4,870,000,000	3,230,000,000

6.1 Call Money- with Banking companies:

Trust Bank Limited	-	200,000,000
The City Bank Limited	-	550,000,000
AB Bank Limited	-	600,000,000
NRB Bank Limited	220,000,000	180,000,000
National Credit and Commerce Bank Limited	-	200,000,000
Midland Bank Limited	250,000,000	-
Modhumoti Bank Limited	250,000,000	-
Habib Bank Limited	300,000,000	-
Jamuna Bank Limited	300,000,000	-
	1,320,000,000	1,730,000,000

6.2 Call Money- with non Banking financial institutions:

Investment Corporation of Bangladesh	3,400,000,000	1,500,000,000
Delta Brac Housing	150,000,000	-
	3,550,000,000	1,500,000,000

6(a) Consolidated Money at call and on short notice

Bank Asia Limited	4,870,000,000	3,230,000,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	4,870,000,000	3,230,000,000

7. Investments

Government (Note 7.1)	36,112,473,144	43,717,224,029
Others (Note 7.2)	3,252,738,881	3,225,550,847
	39,365,212,025	46,942,774,876

7.1 Government

Conventional and Islamic banking (Note 7.1.1)	36,112,473,144	43,717,224,029
Off-shore banking unit	-	-
	36,112,473,144	43,717,224,029

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Amount in Taka

	31 Dec 2016	31 Dec 2015
7.1.1 Conventional and Islamic banking		
Treasury bills (Note 7.1.1.1)	4,020,968,205	12,398,308,492
Treasury bonds (Note 7.1.1.2)	17,311,406,196	22,826,335,573
Bangladesh Bank bills (Note 7.1.1.3)	14,777,007,943	8,489,737,264
Prize bonds	3,090,800	2,842,700
	36,112,473,144	43,717,224,029
7.1.1.1 Treasury bills		
182 days treasury bills	1,497,929,029	3,955,418,886
364 days treasury bills	2,523,039,176	8,442,889,606
	4,020,968,205	12,398,308,492
7.1.1.2 Treasury bonds		
Bangladesh Bank Islamic bond	564,600,000	316,500,000
2 years Bangladesh Government treasury bonds	-	4,423,112,974
5 years Bangladesh Government treasury bonds	4,504,174,803	4,504,469,124
10 years Bangladesh Government treasury bonds	6,351,312,016	7,982,384,397
15 years Bangladesh Government treasury bonds	5,648,584,142	5,357,143,643
20 years Bangladesh Government treasury bonds	242,735,235	242,725,435
	17,311,406,196	22,826,335,573
7.1.1.3 Bangladesh Bank bills		
14 days Bangladesh Bank bills	4,494,865,500	-
30 days Bangladesh Bank bills	10,282,142,443	8,489,737,264
	14,777,007,943	8,489,737,264
7.2 Others		
Conventional and Islamic banking (Note 7.2.1)	3,252,738,881	3,225,550,847
Off-shore banking unit	298,995,308	268,320,000
Less: Adjustment with OBU	(298,995,308)	(268,320,000)
	3,252,738,881	3,225,550,847
7.2.1 Conventional and Islamic banking		
a) Ordinary shares (Details are shown in Annexure-B)		
Quoted shares	614,055,401	575,132,992
Unquoted share	93,575,971	145,529,880
	707,631,372	720,662,872
b) Mutual Fund (Details are shown in Annexure-B)		
1st Janata Bank Mutual fund	50,000,000	50,000,000
EBL NRB Ist Mutual Fund	149,665,000	149,665,000
Ist Bangladesh Fixed Income Fund	250,000,000	250,000,000
MBL 1st Mutual Fund	50,000,000	50,000,000
EXIM Bank 1st Mutual Fund	247,705,052	248,740,000
	747,370,052	748,405,000

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
c) Debentures		
Beximco Denims Limited	9,537,605	9,537,605
Beximco Textiles Limited	6,445,370	6,445,370
	15,982,975	15,982,975
d) Bonds		
MTBL Subordinated bond	75,000,000	112,500,000
MTB Second subordinated bond	400,000,000	400,000,000
UCB Second subordinated bond	300,000,000	300,000,000
BSRM Steels Limited zero coupon bond	170,754,482	-
Premier Bank Non-convert subordinated bond	500,000,000	200,000,000
Prime Bank Limited Coupon bond	70,000,000	140,000,000
BSRML Coupon bond	66,000,000	88,000,000
SIBL subordinated Mudaraba bond	200,000,000	200,000,000
	1,781,754,482	1,440,500,000
e) Investment in commercial paper		
Investment in commercial paper	-	300,000,000
	-	300,000,000
f) Placements		
With Banking companies (Note 7.2.1(1))	-	-
With Non-banking financial institutions (Note 7.2.1(2))	-	-
	-	-
	3,252,738,881	3,225,550,847
7.2.1(1) Placement- with Banking companies		
Local currency	-	-
Foreign currencies	-	-
	-	-
7.2.1(2) Placement- with Banking companies (Local Currency):		
Placement with Off-shore Banking Unit	-	2,028,000,000
	-	2,028,000,000
Less : Adjustment with OBU	-	(2,028,000,000)
	-	-
7.3 Investments classified as per Bangladesh Bank circular		
Held for trading (HFT)	18,797,976,148	26,142,981,291
Held to maturity (HTM)	16,746,806,196	17,254,900,038
Other securities	3,820,429,681	3,544,893,547
	39,365,212,025	46,942,774,876
7.4 Maturity-wise grouping		
On demand	14,659,900,000	20,717,768,294
Up to 3 months	218,500,000	3,768,000,000
More than 3 months but not more than 1 year	1,488,000,000	2,015,931,706
More than 1 year but not more than 5 years	2,089,300,000	12,193,533,983
More than 5 years	20,909,512,025	8,247,540,893
	39,365,212,025	46,942,774,876

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Amount in Taka

	31 Dec 2016	31 Dec 2015
7(a) Consolidated Investments		
Government		
Bank Asia Limited	36,112,473,144	43,717,224,029
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	36,112,473,144	43,717,224,029
Others		
Bank Asia Limited	3,252,738,881	3,225,550,847
Bank Asia Securities Limited	346,594,514	219,549,671
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,599,333,395	3,445,100,518
	39,711,806,539	47,162,324,547
8 Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (Note 8.1)	155,016,374,171	126,986,780,735
Bills purchased and discounted (Note 8.2)	8,593,408,568	9,409,554,946
	163,609,782,739	136,396,335,681
8.1 Loans, cash credits, overdrafts, etc/investments		
Conventional and Islamic banking		
Inside Bangladesh		
Agricultural loan	2,966,056,345	1,256,936,574
Cash credit/Bai Murabaha (Muajjal)	4,059,642,677	1,240,217,716
Credit card	1,252,443,050	1,147,963,907
Credit for poverty alleviation scheme-micro credit	8,211,805	8,306,310
Consumer credit scheme	7,076,436,997	5,482,235,146
Demand loan	26,076,843,769	21,304,754,447
Export Development Fund (EDF)	10,139,413,219	6,856,433,607
House building loans	923,358,410	363,244,511
Loans (General)/ Musharaka	7,570,141,631	2,547,537,913
Loan against trust receipts/ Bai Murabaha post import	10,544,307,848	9,778,733,091
Overdrafts/ Quard against scheme	28,072,352,928	26,187,102,892
Packing credit	452,810,159	430,033,816
Payment against documents	332,742,582	83,837,021
Staff Loan	1,329,101,220	1,241,675,689
Small and medium enterprise (SME)	3,957,226,919	3,414,655,444
Transport loan	1,486,136,986	1,372,176,280
Term loan- industrial	9,207,035,041	7,089,737,174
Term loan- others/ Hire purchase under Shirkatul Melk	38,176,243,128	35,884,085,008
	153,630,504,714	125,689,666,546
Outside Bangladesh	-	-
	153,630,504,714	125,689,666,546
Off-shore banking unit	1,385,869,457	1,297,114,189
	155,016,374,171	126,986,780,735

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
8.2 Bills purchased and discounted		
Conventional and Islamic banking	2,231,598,821	9,314,667,929
Off-shore banking unit	6,361,809,747	94,887,017
	8,593,408,568	9,409,554,946
8.3 Maturity-wise grouping		
Repayable on demand	24,589,400,000	28,470,000,000
Not more than 3 months	27,536,100,000	36,890,000,000
More than 3 months but not more than 1 year	55,644,800,000	44,766,300,000
More than 1 year but not more than 5 years	38,834,500,000	17,506,465,357
More than 5 years	17,004,982,739	8,763,570,324
	163,609,782,739	136,396,335,681
8.4 Net loans and advances/investments		
Gross loans and advances/investments	163,609,782,739	136,396,335,681
Less: Interest suspense (Note 13.4)	1,584,318,032	1,329,213,289
Provision for loans and advances/investments (Note 13.2)	7,423,718,412	5,996,663,988
	9,008,036,444	7,325,877,277
	154,601,746,295	129,070,458,404
8.5 Loans and advances/investments under the following broad categories		
In Bangladesh		
Loans	122,884,378,566	99,559,460,127
Cash credits	4,059,642,677	1,240,217,716
Overdrafts	28,072,352,928	26,187,102,892
Bills purchased and discounted	7,231,191,495	8,274,990,805
	162,247,565,666	135,261,771,540
Outside Bangladesh		
Bills purchased and discounted	1,362,217,073	1,134,564,141
	163,609,782,739	136,396,335,681
8.6 Significant concentration wise grouping		
a) Directors	-	-
b) Chief Executive and other senior executives		
i) Managing Director	4,371,000	37,114,000
ii) Other senior executives	166,816,000	153,223,000
	171,187,000	190,337,000
c) Agriculture	2,340,579,534	1,758,344,878
d) Industry		
Food Manufacturing	11,509,310,595	12,589,410,605
Beverage industry	511,539,891	137,226,152
Tobacco industry	261,414,980	363,932,480
RMG industry	18,153,007,336	15,002,056,365
Textile industry	13,617,367,426	9,680,046,409
Wood cork and allied products	48,034,716	43,731,288
Furniture and Fixture	112,554,029	111,272,351

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Amount in Taka

		31 Dec 2016	31 Dec 2015
	Paper and paper products	7,739,045,521	3,633,854,545
	Leather and leather products	2,575,362,782	1,140,874,771
	Rubber products	1,707,772,471	1,466,528,781
	Chemical and chemical products	1,473,005,309	184,876,352
	Basic metal products	8,246,890,060	4,209,128,222
	Electrical machinery and apparatus	2,549,373,524	1,638,684,681
	Other manufacturing industries	8,517,637,224	11,513,566,877
	Ship building	2,551,546,959	1,508,697,227
	Ship breaking	1,228,182,040	1,669,419,773
	Pharmaceutical	510,389,603	435,057,428
		81,312,434,465	65,328,364,305
e)	Constructions	5,758,250,483	4,913,520,108
f)	Power, Gas, Water and Sanitary Services	50,520,142	690,115,603
g)	Transport, Storage and Communication	2,812,410,286	3,551,828,290
h)	Trade Services	32,044,399,772	27,009,000,921
i)	Housing Services	12,053,684,772	10,443,774,077
j)	Banking and Insurance	7,267,526,042	6,273,075,107
k)	Professional and Misc. services	19,798,790,244	16,237,975,393
		163,609,782,739	136,396,335,681

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

Dhaka Division	116,260,976,585	96,511,152,242
Chittagong Division	25,597,304,865	22,655,581,079
Khulna Division	2,333,675,088	1,687,587,832
Rajshahi Division	2,583,635,892	2,636,913,917
Barisal Division	307,935,524	320,246,771
Sylhet Division	1,512,242,118	1,174,723,244
Rangpur Division	666,726,159	128,484,180
Mymensingh Division	191,202,332	-
	149,453,698,563	125,114,689,265

Rural

Dhaka Division	8,208,892,360	6,189,526,578
Chittagong Division	2,873,176,229	2,658,659,000
Khulna Division	735,329,905	430,495,191
Sylhet Division	389,708,643	433,078,723
Rajshahi Division	1,948,977,039	1,569,886,924
	14,156,084,176	11,281,646,416
Outside Bangladesh	-	-
	163,609,782,739	136,396,335,681

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
8.8 Loans/investments including bills purchased and discounted covered by securities		
Collateral of movable/immovable assets	112,245,733,702	90,581,161,309
Local banks and financial institutions' guarantee	569,596,563	172,198,853
Foreign banks' guarantee	77,435,321	139,337,839
Export documents	9,733,410,621	11,240,162,670
Cash and quasi cash	4,924,425,933	7,820,531,705
Personal guarantee	19,993,938,141	14,760,566,031
Other securities	16,065,242,459	11,682,377,275
	163,609,782,739	136,396,335,681

8.9 Details of large loans/investments

As at 31 December 2016 there were Seventeen (2015: fifteen) clients with whom amount of outstanding and classified loans and advances exceeded 10% of the total capital of the Bank. Total capital of the Bank was Taka 24,774.61 million as at 31 December 2016 (Taka 22,836.83 million in 2015). 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	127,550,602,140	109,953,392,375
ii)	Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	19,993,938,141	14,760,566,031
iii)	Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	16,065,242,459	11,682,377,275
iv)	Loans/investments adversely classified; provision not maintained there against	-	-
		163,609,782,739	136,396,335,681
v)	Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,329,101,220	1,241,675,689
vi)	Loans/investments due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii)	Maximum total amount of advances/investments, including temporary advances/ investments made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.	1,329,101,220	1,241,675,689
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	8,593,408,568	9,409,554,946
x)	Amount of classified loans/investments on which interest has not been charged mentioned as follows:		
	a) Increase/(Decrease) of provision (specific)	1,583,696,031	(1,025,150,301)
	Amount of loan written off	920,450,690	1,075,794,018
	Amount realised against the loans previously written off	42,108,117	55,044,236
	b) Provision kept against loans/investments classified as bad debts	4,494,285,907	2,911,650,000
	c) Interest credited to interest suspense account	1,584,318,032	1,329,213,289
xi)	Cumulative amount of written off loans/investments		
	Opening balance	4,202,468,643	3,126,674,625
	Amount written off during the year	920,450,690	1,075,794,018
	The amount of written off loans/investments for which law suit has been filed	5,122,919,333	4,202,468,643

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Amount in Taka

	31 Dec 2016	31 Dec 2015
8.11 Grouping as per classification rules		
Unclassified:		
Standard including staff loan	146,653,042,739	120,546,797,905
Special mentioned account	8,109,401,000	10,040,665,935
Classified:		
Sub-standard	408,273,000	312,964,106
Doubtful	297,728,000	249,400,700
Bad/loss	8,141,338,000	5,246,507,035
	8,847,339,000	5,808,871,841
	163,609,782,739	136,396,335,681

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding at 31 Dec 2015	Base for provision	Required provison %	Required provison Amount	
For loans and advances/Investments:					
Unclassified - general provision					
All unclassified loans (other than SME financing, house building loan and loan to Brokerage					
House (BH) finance, staff loan and SMA	106,809,240,849	110,319,727,240	1% to 5%	1,949,623,681	1,435,558,124
Small and medium enterprise financing	18,691,754,212	16,569,044,122	0.25%	41,422,610	36,682,441
House building loan and loan for professional	6,452,197,739	5,845,255,429	2.00%	116,905,109	82,170,244
Loans to BH	2,669,341,253	2,669,341,253	2.00%	53,386,825	146,046,056
Consumer finance	2,953,728,262	2,689,576,202	5.00%	134,478,810	106,797,605
Staff loan	1,329,101,220	-	-	-	-
				2,295,817,035	1,807,254,469
Special mentioned account	8,109,401,000	7,636,680,428	0.25% to 90%	556,138,678	1,162,273,786
Off-shore unit					
Unclassified loans (general)	7,721,608,425	7,721,608,424	1%	63,936,443	87,220,233
Special mentioned account	26,070,779	26,070,779	0.25% to 90%	13,540,349	-
				77,476,792	87,220,233
Classified - specific provision					
Sub-standard	408,273,000	128,281,414	20% / 5%	24,923,695	48,999,356
Doubtful	297,728,000	206,680,474	50% / 5%	103,340,237	58,764,454
Bad/loss	8,141,338,000	4,366,021,975	100%	4,366,021,975	2,802,826,066
				4,494,285,907	2,910,589,876
Provision required for loans and advances				7,423,718,412	5,967,338,364
Total provision maintained (Note 13.2)					
Conventional and Islamic Banking				7,346,241,620	5,909,443,755
Off-shore Banking Unit				77,476,792	87,220,233
				7,423,718,412	5,996,663,988

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
8.13 Suits filed by the Bank (Branch wise details)		
Agrabad Branch	1,602,308,021	1,529,757,584
Anderkilla Branch	1,036,343,414	675,478,880
Ashulia Branch	23,540,241	18,425,030
Bahadderhat Branch	61,924,493	61,924,493
Bashundhara Branch	270,952,454	10,014,528
Bhatiary Branch	390,863,548	355,567,422
Bogra Branch	63,232,333	61,831,085
Cards Dept Branch	58,705	58,705
CDA Avenue Branch	461,566,884	473,956,426
ChaTk.hil Branch	17,361,013	17,361,013
Corporate Branch	312,319,067	323,039,732
Dhanmondi Branch	89,427,533	89,427,533
Donia Branch	30,922,878	-
EPZ Branch	-	5,519,100
Gulshan Branch	215,733,425	155,723,299
Jatrabari SME Centre	-	851,992
Jessore Branch	58,698,895	-
Jurain SME Centre	941,349	941,349
Kamal Bazar Branch	315,335	315,335
KEPZ Branch	5,519,100	-
Khatunganj Branch	2,014,225,997	2,014,225,997
Khulna Branch	77,394,034	77,394,034
Lohagara Branch	18,602,599	18,602,599
Malkhanagar Branch	109,650,435	124,311,455
MCB Banani Branch	54,234,479	40,300,342
MCB Dilkusha Branch	109,418,307	109,418,307
MCB Sk. Mujib Road Branch	2,721,508,241	1,725,777,188
Mirpur Branch	18,623,772	18,886,181
Mitford Branch	129,740,029	185,455,977
Moghbazar Branch	53,513,290	53,513,290
Mohakhali Branch	879,256	879,256
Narayangonj Branch	2,834,027	2,834,027
North South Road Branch	47,098,679	47,098,679
Paltan Branch	6,708,387	6,708,387
Principal Office Branch	463,612,434	405,550,329
Progoti Sarani Branch	5,988,412	5,988,412
Rajshahi Branch	2,771,665	2,752,675
Ramgonj SME/Agri Branch	13,655,636	10,032,139
Rekabi bazar SME Center	348,681	348,681
Savar Branch	18,843,802	-
Scotia Branch	433,596,615	441,397,024
Shantingar Branch	424,592,794	86,316,221
Station Road Branch	155,203,399	154,116,307
Sylhet Main Branch	23,487,548	22,160,533
Sylhet Uposhahar Branch	172,482,880	172,482,880
Sylhet Uposhahar Islamic Window Branch	17,140,393	15,253,933
Tongi Branch	3,181,896	-
Uttara Branch	157,458,561	157,458,561
	11,898,824,936	9,679,456,921

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Amount in Taka

	31 Dec 2016	31 Dec 2015
8.14 Bills purchased and discounted		
Payable in Bangladesh	7,231,191,495	8,274,990,805
Payable outside Bangladesh	1,362,217,073	1,134,564,141
	8,593,408,568	9,409,554,946
8.15 Maturity-wise grouping of bills purchased and discounted		
Payable within 1 month	2,892,870,540	4,704,777,473
More than 1 month but less than 3 months	2,543,933,436	3,387,439,781
More than 3 months but less than 6 months	2,747,039,373	1,317,337,692
More than 6 months	409,565,219	-
	8,593,408,568	9,409,554,946
8.(a) Consolidated Loans and advances/investments		
Bank Asia Limited	155,016,374,171	126,986,780,735
Bank Asia Securities Limited	5,380,138,055	5,488,271,756
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	160,396,512,226	132,475,052,491
Less: Inter- companies transactions	2,450,004,404	2,880,012,102
	157,946,507,822	129,595,040,389
Bills purchased and discounted		
Bank Asia Limited	8,593,408,568	9,409,554,946
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	8,593,408,568	9,409,554,946
	166,539,916,390	139,004,595,335
9 Fixed assets including premises, furniture and fixtures		
Conventional and Islamic banking (Note 9.1)	5,249,722,487	5,075,506,799
Off-shore banking unit	-	-
	5,249,722,487	5,075,506,799
9.1 Conventional and Islamic banking		
Cost:		
Land	2,646,764,306	2,643,839,095
Building	2,619,652,725	2,481,719,434
Furniture and fixtures	1,150,574,690	1,078,978,805
Equipments	782,810,977	667,517,646
Computer and accessories	421,798,649	326,512,576
Construction work in progress	151,787,396	27,596,071
Motor vehicles	214,506,754	197,552,984
	7,987,895,498	7,423,716,612
Less: Accumulated depreciation	2,655,972,523	2,292,762,232
Adjustment of assets revaluation	82,200,488	55,447,581
Written down value at the end of the year - Details are shown in Annex C.	5,249,722,487	5,075,506,799

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
9(a) Fixed assets including premises, furniture and fixtures		
Bank Asia Limited	5,249,722,487	5,075,506,799
Bank Asia Securities Limited	1,155,819	1,071,096
BA Exchange Company (UK) Limited	5,058,756	7,479,587
BA Express USA, Inc	7,211,405	8,757,587
	5,263,148,467	5,092,815,069
10 Other assets		
Conventional and Islamic banking (Note 10.1)	10,659,652,878	11,941,026,682
Off-shore banking unit	187,338,736	16,095,737
	10,846,991,614	11,957,122,419
10.1 Conventional and Islamic banking		
Income generating other assets		
Investment in Bank Asia Securities Ltd - incorporated in Bangladesh	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited - incorporated in UK	29,400,000	36,000,000
Investment in BA Express USA Inc - incorporated in USA	75,552,000	74,880,000
	2,104,942,000	2,110,870,000
Non-income generating other assets		
Income receivable (Note 10.2)	646,062,044	749,621,375
Stock of stamps	6,229,735	4,437,741
Stationery, printing materials, etc	28,082,022	24,225,777
Prepaid expenses	9,487,252	4,597,953
Deposits and advance rent	278,444,649	286,441,642
Due from Capital Market Division of the Bank	-	4,999,998
Advances, prepayments and others (Note 10.3)	180,570,610	78,979,432
Advance income tax (Note 10.4)	6,868,217,724	8,232,300,531
Receivable against government	126,163,566	192,578,533
Sundry debtors	127,064,677	81,128,329
Branch adjustment account (Note 10.5)	35,223,277	-
Protested bills	66,997,265	73,897,265
Receivable from BA Exchange Company (UK) Limited	45,388,625	38,788,424
Receivable from BA Express USA Inc	127,240,282	52,180,322
Excise duty recoverable	9,539,150	5,979,360
	8,554,710,878	9,830,156,682
	10,659,652,878	11,941,026,682

10.2 income receivable

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

10.3 Advances, prepayments and others

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

10.4 Advance income tax

Advance income tax was adjusted against provision for taxation for the year 2012 and 2013 as the tax assessments have been finalized for the said income years.

10.5 Branch adjustment accounts

This represents outstanding inter-branch and head office transactions (net) which are originated but not responded by the counter transaction at the balance sheet date. The unresponded entries of 31 December 2016 are given below:

Amount in Taka

	31 Dec 2016	31 Dec 2015

Periods of Reconciliation	Number of responded entries (Debit)	Amount of responded entries (Taka)	Number of responded entries (Credit)	Amount of responded entries (Taka)
Up to 3 months	61	36,098,525	104	51,524,699
More than 3 months but within 6 months	-	-	2	85
More than 6 months but within 1 year	1	40,000	5	13,537
More than 1 year but within 5 years	-	-	1	3,118
Above 5 years	-	-	1	300
	62	36,138,525	113	51,541,739

10.6 Receivable from Government in connection with Rangs Properties:

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

10 (a) Consolidated Other assets

Bank Asia Limited	10,846,991,614	11,957,122,419
Bank Asia Securities Limited	247,487,042	141,764,313
BA Exchange Company (UK) Limited	3,927,250	2,541,447
BA Express USA, Inc	60,526,377	29,742,877
	11,158,932,283	12,131,171,056
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited	28,386,000	34,248,240
Investment in BA Express USA, Inc	75,504,000	75,120,000
Receivable from BASL	-	4,999,998
Receivable from BA Exchange Company (UK) Limited	45,388,625	38,788,424
Receivable from BA Exchange USA, Inc.	127,240,282	52,180,322
Foreign currency effect for subsidiaries	-	-
	8,882,423,376	9,925,844,072

10(aa) Demutualization membership of Dhaka Stock Exchange

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

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

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	9,347,599,580	6,344,881,709
Off-shore banking unit (Note 11.2)	9,474,823,844	7,979,233,839
Less: Adjustment with Head Office	-	(2,028,000,000)
	18,822,423,424	12,296,115,548

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
11.1 Conventional and Islamic banking		
In Bangladesh (Note 11.1.1)	9,347,599,580	6,344,881,709
Outside Bangladesh	-	-
	9,347,599,580	6,344,881,709
11.1.1 In Bangladesh		
Secured:	-	-
Un secured:		
Money at call and on short notice		
State Bank of India	-	150,000,000
	-	150,000,000
Borrowings		
Bangladesh Bank refinance	103,695,498	111,663,096
SME Foundation Pre Finance	37,100,000	45,000,000
Borrowing A/C (AGRI Taka 10)	4,357,097	12,534,753
Borrowing A/C Jute refinance	-	15,000,000
Bio-Gas Plant refinance	824,999	-
Borrowing- Green finance refinance	170,000,000	-
Export development fund	9,031,629,147	6,010,683,860
Onshore export discount fund	298,988,147	268,320,000
	9,646,594,888	6,463,201,709
Less : Inter borrowings between OBU and Conventional Banking	(298,995,308)	(268,320,000)
	9,347,599,580	6,344,881,709
11.2 Borrowing at Off-shore banking unit		
Secured:	-	-
Un secured:		
Conventional Banking	-	2,034,500,000
International Finance Corporation	2,359,500,000	2,347,500,000
ICICI Bank Limited, Dubai	471,900,000	-
Standard Chartered Bank, Singapore	1,266,092,049	-
CaixaBank	1,573,000,000	-
First Gulf Bank	1,063,662,600	391,250,000
ICICI Bank Limited, Hong Kong	-	391,250,000
Mashreq, USA	-	782,500,000
National Bank of Ras Al Khaimah	1,415,700,000	694,578,770
Nepal Bangladesh Bank Limited	393,250,000	391,250,000
United Bank Limited, UAE	831,959,700	855,896,955
Commerzbank	99,759,495	-
United Bank Limited, USA	-	90,508,114
	9,474,823,844	7,979,233,839
11(a) Consolidated Borrowings from other banks, financial institutions and agents		
Bank Asia Limited	18,822,423,424	12,296,115,548
Bank Asia Securities Limited	2,606,557,920	2,919,350,832
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	21,428,981,344	15,215,466,380
Less: Inter-company transactions	2,450,004,404	2,880,012,102
	18,978,976,940	12,335,454,278

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Amount in Taka

	31 Dec 2016	31 Dec 2015
11(aa) Subordinated Non-Convertible Bonds		
Subordinated Non-Convertible Zero Coupon Bond		
A.K Khan & Company Limited	82,171,739	131,432,375
AB Bank 1st Mutual Fund	12,481,576	19,964,080
EBL First Mutual Fund	3,284,087	5,252,844
EBL NRB Mutual Fund	6,547,712	10,472,960
EXIM Bank 1st Mutual Fund	13,146,578	21,027,740
First Bangladesh Fixed Income Fund	69,006,746	110,375,180
IFIC Bank 1st Mutual Fund	3,273,856	5,236,480
Industrial and Infrastructure Development Finance Company Limited (IIDFC)	4,027,866	6,442,507
Popular Life 1st Mutual Fund	3,273,856	5,236,480
	197,214,016	315,440,646
Subordinated Non-Convertible floating rate bond		
Agrani Bank Limited	200,000,000	200,000,000
BRAC Bank Limited	100,000,000	100,000,000
Janata Bank Limited	250,000,000	250,000,000
Mercantile Bank Limited	500,000,000	500,000,000
One Bank Limited	600,000,000	600,000,000
Pubali Bank Limited	250,000,000	250,000,000
Rupali Bank Limited	600,000,000	600,000,000
Sonali Bank Limited	500,000,000	500,000,000
	3,000,000,000	3,000,000,000
	3,197,214,016	3,315,440,646
11.3 Maturity-wise grouping (Note 11 and Note 11 aa)		
Payable on demand	2,880,900,000	150,000,000
Up to 1 month	-	-
More than 1 month but within 3 months	4,226,400,000	6,150,000,000
More than 3 months but within 1 year	9,365,000,000	3,451,385,986
More than 1 year but within 5 years	2,547,337,440	4,660,170,208
More than 5 years	3,000,000,000	1,200,000,000
	22,019,637,440	15,611,556,194

11.4 Disclosure regarding REPO

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

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

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

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

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

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015

b Disclosure regarding overall transaction of REPO & Reverse REPO

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

12 Deposits and other accounts

Conventional and Islamic banking (Note 12.1)	191,006,259,140	168,779,426,028
Off-shore banking unit	266,323,637	1,047,914,363
	191,272,582,777	169,827,340,391
Deposits and other accounts		
Current/Al-wadeeah current accounts and other accounts		
Deposits from banks	-	-
Deposits from customers	34,001,328,317	28,576,124,590
Off-shore banking unit	252,430,353	1,034,349,052
	34,253,758,670	29,610,473,642
Bills payable		
Deposits from banks	-	-
Deposits from customers	4,902,979,613	3,936,675,238
	4,902,979,613	3,936,675,238
Savings bank/Mudaraba savings bank deposits		
Deposits from banks	-	-
Deposits from customers	27,793,803,978	21,174,184,061
	27,793,803,978	21,174,184,061
Fixed deposits/Mudaraba fixed deposits		
Deposits from banks	1,022,426,422	28,516,974
Deposits from customers	123,285,720,811	115,063,925,165
Off-shore banking unit	13,893,283	13,565,311
	124,322,040,516	115,106,007,450
	191,272,582,777	169,827,340,391

12.1 Conventional and Islamic banking

Deposits from banks (Note 12.1.1)	1,022,426,422	28,516,974
Deposits from customers (Note 12.1.2)	189,983,832,719	168,750,909,054
	191,006,259,141	168,779,426,028

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Amount in Taka

	31 Dec 2016	31 Dec 2015
12.1.1 Deposits from banks		
Fixed deposit/SND		
AB Bank Limited	40,068	40,218
EXIM Bank Limited	312,263	19,906,448
Islami Bank Bangladesh Limited	1,000,000,000	-
Sonali Bank Limited	20,982,824	7,500,000
Social Islami Bank Limited	544,597	534,138
Trust Bank Limited	546,670	536,170
	1,022,426,422	28,516,974
Bangladesh Bank Refinance	-	-
	1,022,426,422	28,516,974
12.1.2 Deposits from customers		
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)	34,001,328,317	28,576,124,590
Bills payable (Note 12.1.2b)	4,902,979,613	3,936,675,238
Savings bank/Mudaraba savings deposits	27,793,803,978	21,174,184,061
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)	123,285,720,811	115,063,925,165
	189,983,832,719	168,750,909,054
12.1.2a Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current accounts	12,670,982,805	11,223,610,142
Other demand deposit - Local currency	16,011,616,064	13,198,114,224
Other demand deposit - Foreign currencies	4,065,098,790	3,397,550,856
Foreign currency deposits	1,253,630,658	756,849,368
Export retention quota	-	-
	34,001,328,317	28,576,124,590
12.1.2b Bills payable		
Bills payable - local currency	4,896,424,017	3,930,474,264
Bills payable - foreign currencies	6,555,596	6,200,974
	4,902,979,613	3,936,675,238
12.1.2c Fixed deposits/Mudaraba fixed deposits		
Fixed deposits/Mudaraba fixed deposits	67,718,049,550	66,067,219,535
Special notice deposit	23,189,124,189	17,363,342,993
Foreign currency deposits (interest bearing)	3,099,967	3,132,058
Deposit under schemes	32,375,447,105	31,630,230,579
	123,285,720,811	115,063,925,165
12.2 Payable on demand and time deposits		
a) **Demand deposits**		
Current/Al-wadeeah current accounts and other accounts	12,923,413,159	12,257,959,194
Savings bank/Mudaraba savings deposits	2,501,442,358	1,905,676,565
Foreign currency deposits (non interest bearing)	5,318,729,447	4,154,400,224
Sundry deposits	16,011,616,064	13,198,114,224
Bills payable	4,902,979,613	3,936,675,238
	41,658,180,641	35,452,825,445

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
b) **Time deposits**		
Savings bank/Mudaraba savings deposits	25,292,361,620	19,268,507,496
Fixed deposits/Mudaraba fixed deposits	68,754,369,255	66,109,301,820
Foreign currency deposits (interest bearing)	3,099,967	3,132,058
Special notice deposit	23,189,124,189	17,363,342,993
Deposits under schemes	32,375,447,105	31,630,230,579
	149,614,402,136	134,374,514,946
	191,272,582,777	169,827,340,391

12.3 Sector-wise break-up of deposits and other accounts

Government	2,097,504,000	2,097,504,000
Deposit from banks	1,022,426,422	28,516,974
Other public	1,678,389,000	1,678,389,000
Foreign currencies	5,594,708,647	5,211,647,619
Private	180,879,554,708	160,811,282,798
	191,272,582,777	169,827,340,391

12.4 Maturity-wise grouping

12.4.1 Deposits from banks

Payable on demand	1,022,426,422	28,516,974
Up to 1 month	-	-
Over 1 month but within 6 months	-	-
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	1,022,426,422	28,516,974

12.4.2 Customer deposits excluding bills payable

Payable on demand	3,463,100,000	4,340,600,000
Up to 1 month	18,205,673,578	29,531,907,788
Over 1 month but within 6 months	18,823,220,387	51,636,400,000
Over 6 months but within 1 year	76,511,600,000	42,503,800,000
Over 1 year but within 5 years	34,098,182,777	16,953,015,639
Over 5 years	34,245,400,000	20,896,424,752
	185,347,176,742	165,862,148,179

12.4.3 Bills payable

Payable on demand	536,900,000	2,037,675,238
Up to 1 month	2,200,000	-
Over 1 month but within 6 months	4,363,879,613	1,899,000,000
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	4,902,979,613	3,936,675,238
	191,272,582,777	169,827,340,391

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Amount in Taka

	31 Dec 2016	31 Dec 2015
12(a) Consolidated Deposits and other accounts		
Current/Al-wadeeah current accounts and other accounts		
Bank Asia Limited	34,253,758,670	29,610,473,642
Bank Asia Securities Limited	336,518,761	323,995,932
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	34,590,277,431	29,934,469,574
Less: Inter-company transactions	36,057,950	5,510,002
	34,554,219,481	29,928,959,572
Bills payable		
Bank Asia Limited	4,902,979,613	3,936,675,238
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	4,902,979,613	3,936,675,238
Savings bank/Mudaraba savings bank deposits		
Bank Asia Limited	27,793,803,978	21,174,184,061
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	27,793,803,978	21,174,184,061
Fixed deposits/Mudaraba fixed deposits		
Bank Asia Limited	124,322,040,516	115,106,007,450
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	124,322,040,516	115,106,007,450
	191,573,043,588	170,145,826,321
13 Other liabilities		
Conventional and Islamic banking (Note 13.1)	20,862,468,284	19,901,699,382
Off-shore banking unit	2,535,010	27,381,536
	20,865,003,294	19,929,080,918
13.1 Conventional and Islamic banking		
Provision for loans and advances/investments (Note 13.2)	7,423,718,412	5,996,663,988
Provision on off-balance sheet exposures (Note 13.3)	1,107,620,470	968,170,568
Interest suspense account (Note 13.4)	1,584,318,032	1,329,213,289
Provision for income tax including deferred tax (Note 13.5)	9,017,765,672	10,199,628,405
Provision for performance and festival bonus	186,976,135	227,942,238
Master card and Visa card payables	2,408,414	852,192
Expenditures and other payables	88,460,387	69,672,602
Obligation under finance lease (Note 13.6)	-	2,137,300
Provision for nostro accounts (Note 13.7)	-	-
Other payable	71,832,181	58,670,181
Provision for profit equalisation	18,758,686	21,128,871
Provison for Smart Junior Saver A/c	135,618	101,196

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
Provision for diminution in value of shares (Note 13.8)	253,383,553	143,383,553
Payable to Government	168,647,621	61,196,920
Provision for others (Note 13.9)	134,822,336	134,822,336
Rebate payable on good borrowers	71,400,000	-
Unearned income	457,801,235	181,953,218
Clearing adjustment account	113,680,477	63,374,050
Interest payable on subordinated non-covertable zero coupon bond	160,739,055	155,988,585
Branch adjustment account credit balance	-	286,799,890
	20,862,468,284	19,901,699,382

13.2 Provision for loans and advances/investments

A.	**General provision - Conventional and Islamic**		
	Balance at the beginning of the year	2,997,793,755	1,090,135,458
	Add: Provision made during the year		
	On general loans and advances/investments etc.	565,536,497	1,517,658,297
	Transfer from Provision for diminution in value of shares	-	160,000,000
	Transfer from Specific Provision	-	230,000,000
		565,536,497	1,907,658,297
	Less: Provision no longer required		
	Specific provision	(170,000,000)	-
	Written off	(541,374,539)	-
		(711,374,539)	-
	Conventional and Islamic Balance at the end of the year	2,851,955,713	2,997,793,755
B.	**General provision - OBU**		
	Balance at the beginning of the year	87,220,233	65,651,343
	Add/(Less): Provision during the year	(9,743,441)	21,568,890
	OBU Balance at the end of the year	77,476,792	87,220,233
C.	**Total general provision on loans and advances/investments (A+B)**	2,929,432,505	3,085,013,988
D.	**Specific provision**		
	Balance at the beginning of the year	2,911,650,000	3,981,260,000
	Less: Transfer to General Provision	-	(230,000,000)
	Write off/amicable settlement during the year	(457,958,215)	(974,270,489)
		(457,958,215)	(1,204,270,489)
	Add/ Back: Recoveries of amounts previously written off	42,108,117	55,044,236
	Transfer from General Provision	170,000,000	-
	Specific provision made during the year	1,828,486,005	79,616,253
		2,040,594,122	134,660,489
	Total specific provision on loans and advances/investments	4,494,285,907	2,911,650,000
E.	**Total provision on loans and advances/investments (C+D)**	7,423,718,412	5,996,663,988

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Amount in Taka

	31 Dec 2016	31 Dec 2015
13.3 Provision on off-balance sheet exposures		
Balance at 1 January	966,878,338	713,516,428
Add: Provision made during the year	138,958,642	253,361,910
	1,105,836,980	966,878,338
Less: Adjustments made during the year	-	-
Balance at the end of the year	1,105,836,980	966,878,338
General provision maintained for OBU as at 01 January	1,292,230	1,755,118
Add: Provision made during the year	491,260	-
Less: Adjustments made during the year	-	(462,888)
	1,783,490	1,292,230
Balance at the end of the year	1,107,620,470	968,170,568
13.4 Interest suspense account		
Balance at 1 January	1,329,213,289	1,007,483,804
Add: Amount transferred to "interest suspense" account during the year	2,576,169,983	2,293,051,562
	3,905,383,272	3,300,535,366
Less: Amount of interest suspense waived/recovered	2,246,600,131	1,894,605,120
Amount written-off during the year	74,465,109	76,716,957
	2,321,065,240	1,971,322,077
Balance as at 31 December	1,584,318,032	1,329,213,289
13.5 Provision for taxation		
Current tax (Note 13.5.1)	8,587,244,307	9,832,107,040
Deferred tax (Note 13.5.2)	430,521,365	367,521,365
	9,017,765,672	10,199,628,405
13.5.1 Provision for current tax		
Balance at 1 January	9,832,107,040	8,297,368,394
Add: Provision made during the year	1,678,000,000	1,534,738,646
	11,510,107,040	9,832,107,040
Less: Adjustments made during the year	2,922,862,733	-
	8,587,244,307	9,832,107,040
13.5.2 Provision for deferred tax		
Balance at 1 January	367,521,365	352,260,011
Provision made for deferred tax liabilities:		
Charged/(credited) to profit and loss statement	63,000,000	15,261,354
Charged/(credited) to revaluation reserve	-	-
	63,000,000	15,261,354
	430,521,365	367,521,365
Provision made for deferred tax assets:	-	-
	430,521,365	367,521,365

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Amount in Taka

	31 Dec 2016	31 Dec 2015
13.5.1(a) Consolidated Provision for current tax		
Current Tax		
Bank Asia Limited	8,587,244,307	9,832,107,040
Bank Asia Securities Limited	57,042,600	15,183,964
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	150,625
	8,644,286,907	9,847,441,629
13.5.2(a) Consolidated provision for deferred tax		
Bank Asia Limited	430,521,365	367,521,365
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	430,521,365	367,521,365
13.6 Obligation under finance lease		
Motor vehicles	-	2,137,300
	-	2,137,300

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 diminution in value of shares

Balance at the beginning of the year	143,383,553	303,383,553
Less: Transfer to general provision for loans and advances/investments	-	(160,000,000)
Add: Provision made during the year	110,000,000	-
Balance at the end of the year	253,383,553	143,383,553
Provision requirement for quoted and unqouted share	55,199,929	96,659,798
Add: Provision for impairment loss of investment in subsidiaries	110,000,000	-
	165,199,929	96,659,798
Provision maintained	253,383,553	143,383,553
Surplus provison maintained	88,183,624	46,723,755

13.9 Provision for others

Balance at the beginning of the year	134,822,336	124,822,336
Add: Provision made during the year	-	10,000,000
Balance at the end of the year	134,822,336	134,822,336
Provision requirement	103,724,000	108,844,000
Provision maintained	134,822,336	134,822,336
Surplus provison maintained	31,098,336	25,978,336

(Provision for others made for legal expenses, protested bills, expenditure related unreconciled entries and other assets that classified as bad and loss as per Bangladesh Bank BRPD Circular 14 dated June 25, 2001)

Amount in Taka

	31 Dec 2016	31 Dec 2015
13(a) Consolidated Other liabilities		
Bank Asia Limited	20,865,003,294	19,929,080,918
Bank Asia Securities Limited	1,418,075,749	1,234,291,546
BA Exchange Company (UK) Limited	38,521,659	47,822,793
BA Express USA, Inc	104,475,023	57,414,346
Foreign currency effect for subsidiaries	-	-
	22,426,075,725	21,268,609,603
Less: Inter- companies transactions		
Receivable from BASL	-	4,999,998
Receivable from BA Exchange (UK) Limited	45,388,625	38,788,424
BA Express USA, Inc	127,240,282	52,180,322
	22,253,446,818	21,172,640,859
14 Share capital		
14.1 Authorized capital		
1,500,000,000 ordinary shares of Taka 10 each	15,000,000,000	15,000,000,000
14.2 Issued, subscribed and fully paid up capital		
56,372,480 ordinary shares of Taka 10 each issued for cash	563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each issued as bonus shares	3,640,107,700	3,640,107,700
Right shares issued 25% for the year 2011	1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011	1,050,958,120	1,050,958,120
Issued as bonus shares 10% for the year 2012	630,574,870	630,574,870
Issued as bonus shares 10% for the year 2013	693,632,350	693,632,350
Issued as bonus shares 10% for the year 2014	762,995,590	762,995,590
Issued as bonus shares 5% for the year 2015	419,647,570	-
	8,812,599,100	8,392,951,530

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015

14.3 Initial public offer (IPO)

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

14.4 Capital to risk-weighted asset

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

Common Equity Tier -1 capital (Going-Concern Capital)	In line of Basel III	In line of Basel III
Paid up capital	8,812,599,100	8,392,951,530
Statutory reserve (Note 15)	6,533,632,030	5,876,250,921
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	1,444,468,074	2,152,333,448
	16,798,865,348	16,429,702,043
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	63,308,180	29,600,000
Common Equity Tier -1 capital (Going-Concern Capital)	16,735,557,168	16,400,102,043
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	16,735,557,168	16,400,102,043
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	2,929,432,505	2,048,254,188
General provision on off-balance sheet exposure	1,107,620,470	-
Subordinated non-covertable zero coupon bonds	3,197,214,016	3,315,440,646
General reserve	-	-
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	8,575,563,208	6,704,991,051
Less: Regulatory adjustments		
40 % of revaluation reserve for fixed assets, securities and equity securities	536,518,486.60	268,259,243
Total Tier- 2 Capital	8,039,044,721	6,436,731,808
A) Total capital	24,774,601,889	22,836,833,850
B) Total risk weighted assets (RWA)	199,490,690,895	183,247,385,000
C) Required capital	19,949,069,090	18,324,738,500
D) Capital surplus (A-C)	4,825,532,799	4,512,095,350
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	8.39%	8.95%
Tier- 1 to RWA (minimum 5.5% under Basel II)	8.39%	8.95%
Capital to Risk Weighted Assets against minimum requirement 10%	12.42%	12.46%

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Amount in Taka

	31 Dec 2016	31 Dec 2015

14.4 (a) Consolidated capital to risk-weighted asset

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

Common Equity Tier -1 capital (Going-Concern Capital)	In line of Basel III	In line of Basel III
Paid up capital	8,812,599,100	8,392,951,530
Non-controlling (Minority) interest	11,355	10,785
Statutory reserve (Note 15)	6,533,632,030	5,876,250,921
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	1,267,955,303	1,867,693,933
	16,622,363,933	16,145,073,313
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	63,308,180	29,600,000
Common Equity Tier -1 capital (Going-Concern Capital)	16,559,055,753	16,115,473,313
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	16,559,055,753	16,115,473,313
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	2,929,432,505	2,044,930,000
General provision on off-balance sheet exposure	1,107,620,470	-
Subordinated non-covertable zero coupon bonds	3,197,214,016	3,315,440,646
General reserve	-	-
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	8,575,563,208	6,701,666,863
Less: Regulatory adjustments		
40 % of revaluation reserve for fixed assets, securities and equity securities	536,518,487	268,259,243
Total Tier- 2 Capital	8,039,044,721	6,433,407,620
A) Total capital	24,598,100,474	22,548,880,932
B) Total risk weighted assets (RWA)	200,371,026,445	182,715,722,148
C) Required capital	20,037,102,645	18,271,572,215
D) Capital surplus (A-C)	4,560,997,829	4,277,308,718
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	8.26%	8.82%
Tier- 1 to RWA (minimum 5.5% under Basel III)	8.26%	8.82%
Capital to Risk Weighted Assets against minimum requirement 10%	12.28%	12.34%

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2016 No. of shares	At 31 December 2016 %	At 31 December 2015 No. of shares	At 31 December 2015 %
Sponsors & Directors	399,358,495	45.32	389,992,062	46.47
General public	152,225,966	17.27	147,851,402	17.62
Institutions	287,924,700	32.67	259,288,145	30.89
Investment companies	32,352,949	3.67	33,672,122	4.01
Non-resident Bangladeshi	5,972,282	0.68	5,824,752	0.69
Foreign investors	3,425,518	0.39	2,666,670	0.32
	881,259,910	100.00	839,295,153	100.00

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	31 Dec 2016	31 Dec 2015

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2016	2015	2016	2015
Less than 5000	8,662	10,572	1.06	1.314
5,000 to 50,000	1,746	1,917	2.57	3.022
50,001 to 100,000	116	133	0.90	1.138
100,001 to 200,000	59	66	0.93	1.112
200,001 to 300,000	24	32	0.66	0.924
300,001 to 400,000	13	14	0.52	0.580
400,001 to 50,000	11	11	0.55	0.574
500,001 to 1,000,000	39	36	3.10	2.940
1,000,001 to 10,000,000	77	88	24.48	29.219
Over 10,000,000	27	23	65.23	59.187
	10,774	12,892	100	100

14.7 Name of the Directors and their shareholdings as at 31 December 2016

Sl	Name of the director	Status	Closing position	Opening position
1	Mr. A Rouf Chowdhury	Chairman	21,736,697	20,701,617
2	Mr. Mohd Safwan Choudhury (Representing Phulbari Tea)	Vice Chairman	34,517,195	32,873,520
3	Mr. A M Nurul Islam (Independent Director)	Vice Chairman	-	-
4	Mrs. Hosneara Sinha	Director	40,200,099	38,285,809
5	Mr. Rumee A Hossain	Director	25,537,836	22,137,321
6	Ms. Farhana Haq Chowdhury	Director	26,437,827	22,832,883
7	Mr. M Irfan Syed (Representative director of Amiran Generations Ltd.)	Director	30,161,853	26,630,337
8	Ms. Naheed Akhter Sinha	Director	42,209,251	40,199,287
9	Ms. Sohana Rouf Chowdhury	Director	-	16,785,903
10	Mr. Mashiur Rahman (Independent Director)	Director		-
11	Mr. Mir Shahjahan	Director	18,155,783	17,291,222
12	Mr. M Shahjahan Bhuiyan (Independent Director)	Director	-	-
13	Mr. Md. Nazrul Huda (Independent Director)	Director	-	-

15 Statutory reserve

Balance at the beginning of the year	5,876,250,921	5,051,466,882
Add: Addition during the year (20% of pre-tax profit)	657,381,109	824,784,039
Balance at the end of the year	6,533,632,030	5,876,250,921

16 Revaluation reserve

HTM securities (Note 16.1)	3,742,574	3,305,385
HFT securities (Note 16.2)	36,651,324	264,905,490
Fixed Assets revaluation (Note 16.3)	2,199,218,479	2,281,418,967
	2,239,612,377	2,549,629,842

16.1 Revaluation reserve on HTM securities

Balance at 1 January	3,305,385	1,502,377
Gain from revaluation on investments	1,940,195	1,808,365
Adjustment for sale/maturity of securities	(1,503,006)	(5,357)
	3,742,574	3,305,385

Amount in Taka

	31 Dec 2016	31 Dec 2015
16.2 Revaluation reserve on HFT securities		
Balance at 1 January	264,905,490	344,223,506
Gain from revaluation on investments	2,242,649,728	2,757,754,279
Adjustment for sale/maturity of securities	(2,470,903,894)	(2,837,072,295)
	36,651,324	264,905,490
16.3 Revaluation reserve on Fixed Assets		
Balance at 1 January	2,281,418,967	2,336,866,550
Depreciation charged during the year	(82,200,488)	(55,447,583)
	2,199,218,479	2,281,418,967
16 (a) Consolidated Revaluation reserve		
Bank Asia Limited	2,239,612,377	2,549,629,842
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	2,239,612,377	2,549,629,842
17 Retained earnings		
Balance at 1 January	2,152,333,448	1,492,242,767
Add: Post - tax profit fot the year	1,545,905,547	2,573,920,194
Revaluation reserve transferred to retained earnings	82,200,488	55,447,583
Transfer from share premium account	-	330
	3,780,439,483	4,121,610,874
Less: Issue of bonus shares for the year 2015	419,647,570	-
Issue of cash dividend for the year 2015	1,258,942,730	-
Issue of bonus shares for the year 2014	-	762,995,590
Issue of cash dividend for the year 2014	-	381,497,797
Transfer to statutory reserve	657,381,109	824,784,039
	2,335,971,409	1,969,277,426
	1,444,468,074	2,152,333,448
17(a) Consolidated Retained earnings		
Balance at 1 January	1,867,693,933	1,229,245,329
Add: Foreign exchange revaluation reserve for opening retained earnings	9,966,616	2,208,087
Transfer from share premium account	-	330
Revaluation reserve transferred to retained earnings	82,200,488	55,447,583
Post- tax profit for the year	1,644,066,246	2,550,070,034
Less: Non controlling interest	570	4
	3,603,926,713	3,836,971,359
Less: Issue of bonus shares for the year 2015	419,647,570	-
Issue of cash dividend for the year 2015	1,258,942,730	-
Issue of bonus shares for the year 2014	-	762,995,590
Issue of cash dividend for the year 2014	-	381,497,797
Transferred to statutory reserve	657,381,109	824,784,039
	2,335,971,409	1,969,277,426
	1,267,955,303	1,867,693,933

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	31 Dec 2016	31 Dec 2015
17(b) Non-controlling (Minority) interest		
Bank Asia Securities Limited	11,355	10,785
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	11,355	10,785
18 Contingent liabilities		
Conventional and Islamic banking	110,583,698,048	96,687,833,782
Off-shore banking unit	178,348,954	129,223,047
	110,762,047,002	96,817,056,829
Acceptances and endorsements (Note 18.1)		
Conventional and Islamic banking	35,032,505,701	33,090,944,368
Off-shore banking unit	65,601,965	87,746,341
	35,098,107,666	33,178,690,709
Letters of guarantee		
Conventional and Islamic banking (Note 18.2)	35,578,341,924	29,263,667,968
Off-shore banking unit	-	-
	35,578,341,924	29,263,667,968
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	28,939,384,004	23,063,033,545
Off-shore banking unit	74,257,398	30,116,156
	29,013,641,402	23,093,149,701
Bills for collection		
Conventional and Islamic banking (Note 18.4)	11,033,466,419	9,032,813,966
Off-shore banking unit	38,489,591	11,360,550
	11,071,956,010	9,044,174,516
Other commitments		
Conventional and Islamic banking (Note 18.5)	-	2,237,373,935
Off-shore banking unit	-	-
	-	2,237,373,935
	110,762,047,002	96,817,056,829
18.1 Acceptances and endorsements		
Conventional and Islamic banking	35,032,505,701	33,090,944,368
Off-shore banking unit	65,601,965	87,746,341
	35,098,107,666	33,178,690,709
18.2 Letters of guarantee		
Letters of guarantee (Local)	35,578,341,924	29,263,667,968
Letters of guarantee (Foreign)	-	-
	35,578,341,924	29,263,667,968
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:		
Directors or officers	434,133	434,133
Government	1,935,789,331	10,608,865,779
Banks and other financial institutions	23,938,645,612	13,678,184,163
Others	9,703,472,848	4,976,183,892
	35,578,341,924	29,263,667,968

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Amount in Taka

	31 Dec 2016	31 Dec 2015
18.3 Irrevocable letters of credit		
Letters of credit Back to Back (Inland)	2,854,011,188	2,758,335,159
Letters of credit (General)	23,688,551,522	18,156,171,640
Back to back L/C	2,396,821,294	2,148,526,746
	28,939,384,004	23,063,033,545
18.4 Bills for collection		
Local bills for collection	5,360,733,917	4,236,763,760
Foreign bills for collection	5,672,732,502	4,796,050,206
	11,033,466,419	9,032,813,966
18.5 Other commitments		
Forward Assets Purchased and Forward Deposits Placed	-	2,237,373,935
	-	2,237,373,935

18.6 Workers' profit participation fund (WPPF)

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

19 income statement

Income:		
Interest, discount and similar income (Note 19.1)	18,024,296,520	18,742,243,011
Dividend income (Note 22)	41,515,740	19,705,266
Fees, commission and brokerage (Note 19.2)	1,295,040,854	1,146,555,898
Gains/ less Losses arising from dealing securities	-	-
Gains/ less Losses arising from investment securities	51,878,470	6,644,396
Gains/ less Losses arising from dealing in foreign currencies (Note 23.1)	1,179,820,426	1,009,559,855
Income from non-banking assets	-	-
Other operating income (Note 24)	648,277,718	572,527,938
Profit/ less Losses on interest rate changes	-	-
	21,240,829,728	21,497,236,364
Expenses:		
Interest paid/profit shared on deposits and borrowings, etc (Note 21)	10,600,935,255	11,170,318,446
Administrative expenses (Note 19.3)	3,148,315,055	2,943,907,565
Other expenses (Note 34)	1,172,113,402	1,001,527,229
Depreciation on banks assets (Note 33.1)	398,831,506	375,820,468
	15,320,195,218	15,491,573,708
	5,920,634,510	6,005,662,656

19.1 Interest, discount and similar income

Interest income/profit on investments (Note 20)	14,569,387,489	13,941,179,570
Interest on treasury bills/reverse repo/bills	2,758,131,885	3,454,371,405
Interest income on corporate bonds	148,517,916	67,718,717
Interest on debentures	-	1,443,750
Income from investment in shares, bonds etc	8,615,515	144,902,954
Capital gain on Government securities and assets	539,643,715	1,132,626,615
	18,024,296,520	18,742,243,011

Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
19.2 Fees, commission and brokerage		
Commission	1,295,040,854	1,146,555,898
Brokerage	-	-
	1,295,040,854	1,146,555,898
19.3 Administrative expenses		
Salaries and allowances (Note 25)	2,336,571,464	2,155,844,975
Rent, taxes, insurance, electricity, etc (Note 26)	533,568,147	514,123,923
Legal expenses (Note 27)	16,085,833	9,632,359
Postage, stamp, telecommunication, etc (Note 28)	81,601,730	76,977,146
Stationery, printing, advertisement, etc (Note 29)	90,134,202	99,636,353
Managing Director's salary and fees (Note 30)	15,689,899	16,732,000
Directors' fees (Note 31)	3,192,000	4,692,000
Auditors' fees (Note 32)	1,252,000	915,000
Repair of Bank's assets (Note 33.1)	70,219,780	65,353,809
	3,148,315,055	2,943,907,565
20 Interest income/profit on investments		
Conventional and Islamic banking (Note 20.1)	14,104,925,081	13,573,476,824
Off-shore banking unit	573,549,958	434,159,152
	14,678,475,039	14,007,635,976
Less: inter transaction between OBU and Conventional banking	109,087,550	66,456,406
	14,569,387,489	13,941,179,570
20.1 Conventional and Islamic banking		
Agricultural loan	194,932,342	30,460,984
Cash credit/Bai Murabaha (Muajjal)	321,579,766	109,579,057
Credit card	237,215,362	223,092,300
Credit for poverty alleviation scheme-micro credit	248,495	161,942
Consumer credit scheme	793,377,762	679,317,856
Demand loan	2,538,065,578	2,538,903,828
Export Development Fund (EDF)	145,158,477	154,700,189
House building loan	77,528,143	33,707,101
Loans (General)/Musharaka	503,183,675	304,662,053
Loans against trust receipts/ Bai Murabaha post import	924,350,673	1,118,285,176
Overdrafts/ Quard against scheme	2,667,027,412	2,933,577,408
Packing credit	31,866,746	22,502,538
Payment against documents	247,158,402	215,481,273
Staff loan	57,798,893	68,071,196
Small and medium enterprise (SME)	502,336,903	439,261,776
Transport loan	160,342,632	169,065,530
Term loan- industrial	1,073,185,767	966,516,664
Term loan- others/ Hire purchase under Shirkatul Melk	3,060,423,618	3,102,573,379
Foreign bills purchased	9,670,482	10,888,273
Local bills purchased	86,662,040	133,813,390
Total interest/profit on loans and advances/investments	13,632,113,168	13,254,621,913
Interest/profit on balance with other banks and financial institutions	468,835,596	317,475,102
Interest/profit received from foreign banks	3,976,317	1,379,809
	14,104,925,081	13,573,476,824

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Amount in Taka

	31 Dec 2016	31 Dec 2015
20(a) Consolidated Interest income/profit on investments		
Bank Asia limited	14,569,387,489	13,941,179,570
Bank Asia Securities Ltd	226,189,776	298,522,408
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	14,795,577,265	14,239,701,978
Less: Inter-company transactions	-	231,469,133
	14,795,577,265	14,008,232,845
21 Interest paid/profit shared on deposits and borrowings etc.		
Conventional and Islamic banking (Note 21.1)	10,300,330,443	10,926,062,112
Off-shore banking unit	409,692,362	310,712,740
	10,710,022,805	11,236,774,852
Less: inter transaction with OBU	109,087,550	66,456,406
	10,600,935,255	11,170,318,446
21.1 Conventional and Islamic banking		
Interest paid/profit shared on deposits		
Fixed deposits/ Mudaraba Fixed deposit	3,871,048,198	5,192,174,841
Scheme deposits	4,617,163,308	3,898,871,672
Sanchaya plus	144,491,564	142,095,271
Savings deposits/ Mudaraba Savings bank	680,546,235	652,758,494
Special notice deposits	540,400,067	515,758,099
	9,853,649,372	10,401,658,377
Interest on borrowings and others		
Local banks including Bangladesh Bank	21,315,793	162,600,992
Interest on subordinated non-covertable bond	425,234,045	361,586,168
Foreign banks	131,233	216,575
	446,681,071	524,403,735
	10,300,330,443	10,926,062,112
21(a) Consolidated Interest Expenses/profit paid on Deposits		
Bank Asia limited	10,600,935,255	11,170,318,446
Bank Asia Securities Limited	-	-
Bank Asia Securities Ltd	6,989,416	257,826,415
BA Express USA, Inc	-	-
	10,607,924,671	11,428,144,861
Less: Inter-company transactions	-	231,469,133
	10,607,924,671	11,196,675,728
22 Investment income		
Conventional and Islamic banking (Note 22.1)	3,548,303,241	4,817,961,496
Off-shore banking unit	-	9,451,607
	3,548,303,241	4,827,413,103

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
22.1 Conventional and Islamic Banking		
Interest on treasury bills	648,786,664	896,633,842
Interest on treasury bonds	2,089,331,564	2,510,835,048
Interest income on corporate bonds	148,517,916	67,718,717
Interest on Islamic bonds	18,482,265	17,442,626
Capital gain from investment in shares	51,878,470	6,644,396
Dividend on shares	41,515,740	19,705,266
Interest on debentures	-	1,443,750
Capital gain on Government securities	539,643,715	1,132,626,615
Interest income on investment in commercial paper	8,615,515	135,451,347
Interest on reverse repo	1,531,392	29,459,889
	3,548,303,241	4,817,961,496
22(a) Consolidated investment income		
Bank Asia Limited	3,548,303,241	4,827,413,103
Bank Asia Securities Limited	-	10,086,792
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,548,303,241	4,837,499,895
Less: Inter-company transactions	-	-
	3,548,303,241	4,837,499,895
23 Commission, exchange and brokerage		
Conventional and Islamic banking (Note 23.1)	2,467,536,202	2,150,681,855
Off-shore banking unit	7,325,078	5,433,898
	2,474,861,280	2,156,115,753
23.1 Conventional and Islamic Banking		
Commission on L/C	189,593,412	228,341,924
Commission on back to back L/C	605,147,066	530,181,478
Fees and commission	132,769,261	81,702,987
Commission on L/G	317,622,762	263,284,019
Commission on export	8,898,115	9,564,407
Commission on PO, DD, TT, TC, etc	17,603,994	13,467,205
Other commission	16,081,166	14,579,980
	1,287,715,776	1,141,122,000
Foreign exchange gain	1,179,820,426	1,009,559,855
	2,467,536,202	2,150,681,855
23(a) Consolidated Commission, exchange and brokerage		
Bank Asia limited	2,474,861,280	2,156,115,753
Bank Asia Securities Ltd	103,998,719	94,457,230
BA Exchange Company (UK) Limited	18,112,898	12,328,911
BA Express USA, Inc	23,201,315	26,781,328
	2,620,174,212	2,289,683,222
24 Other operating income		
Conventional and Islamic banking (Note 24.1)	629,362,865	554,641,298
Off-shore banking unit	18,914,853	17,886,640
	648,277,718	572,527,938

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Amount in Taka

	31 Dec 2016	31 Dec 2015
24.1 Conventional and Islamic banking		
Locker charge	10,080,213	9,790,314
Service and other charges	322,070,208	273,226,939
Master/Visa card fees and charges	115,862,169	105,989,827
Postage/telex/SWIFT/fax recoveries	118,705,422	101,787,095
Profit on sale of fixed assets	1,952,999	2,469,486
Non-operating income	17,049,978	14,642,228
Rebate on nostro account	36,953,538	36,271,455
Other income from brokerage	6,688,338	10,463,954
	629,362,865	554,641,298
24 (a) Consolidated other operating income		
Bank Asia Limited	648,277,718	572,527,938
Bank Asia Securities Ltd	35,212,218	8,341,802
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	910,581
	683,489,936	581,780,321
25 Salaries and allowances		
Conventional and Islamic banking (Note 25.1)	2,336,571,464	2,155,844,975
Off-shore banking unit	-	-
	2,336,571,464	2,155,844,975
25.1 Conventional and Islamic banking		
Basic salary	872,437,995	768,415,684
Allowances	906,167,001	796,352,904
Festival bonus	141,276,142	122,913,433
Gratuity	155,700,000	186,568,379
Provident fund contribution	80,990,326	71,594,575
Performance bonus	180,000,000	210,000,000
	2,336,571,464	2,155,844,975
25(a) Consolidated Salaries and allowances		
Bank Asia Limited	2,336,571,464	2,155,844,975
Bank Asia Securities Ltd	42,028,331	38,896,165
BA Exchange Company (UK) Limited	6,203,962	6,347,378
BA Express USA, Inc	18,314,075	20,791,351
	2,403,117,832	2,221,879,869
26 Rent, taxes, insurance, electricity etc.		
Conventional and Islamic banking (Note 26.1)	533,426,791	513,820,868
Off-shore banking unit	141,356	303,055
	533,568,147	514,123,923

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
26.1 Conventional and Islamic banking		
Rent, rate and taxes	303,906,722	292,281,104
Insurance	138,734,550	135,184,695
Power and electricity	90,785,519	86,355,069
	533,426,791	513,820,868
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
Bank Asia Limited	533,568,147	514,123,923
Bank Asia Securities Ltd	12,342,055	11,873,361
BA Exchange Company (UK) Limited	6,491,713	8,608,629
BA Express USA, Inc	6,359,671	6,873,632
	558,761,586	541,479,545
27 Legal expenses		
Conventional and Islamic banking (Note 27.1)	16,085,833	9,632,359
Off-shore banking unit	-	-
	16,085,833	9,632,359
27.1 Conventional and Islamic Banking		
Legal expenses	16,085,833	9,632,359
Other professional charges	-	-
	16,085,833	9,632,359
27(a) Consolidated Legal expenses		
Bank Asia Limited	16,085,833	9,632,359
Bank Asia Securities Ltd	148,955	27,378
BA Exchange Company (UK) Limited	407,380	224,992
BA Express USA, Inc	1,404,290	1,733,428
	18,046,458	11,618,157
28 Postage, stamps, telecommunication etc.		
Conventional and Islamic banking (Note 28.1)	81,079,521	76,632,695
Off-shore banking unit	522,209	344,451
	81,601,730	76,977,146
28.1 Conventional and Islamic banking		
Telephone, courier and postage	35,920,787	53,844,741
Master/VISA card process fee	30,222,931	6,609,724
ATM charge	520,992	2,070,231
SWIFT and Reuter charge	12,729,911	11,806,778
Internet	1,684,900	2,301,221
	81,079,521	76,632,695
28(a) Consolidated Postage, stamps, telecommunication etc.		
Bank Asia Limited	81,601,730	76,977,146
Bank Asia Securities Ltd	1,797,714	2,144,607
BA Exchange Company (UK) Limited	356,509	460,136
BA Express USA, Inc	315,527	387,494
	84,071,480	79,969,383

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Amount in Taka

	31 Dec 2016	31 Dec 2015
29 Stationery, printing, advertisements etc.		
Conventional and Islamic banking (Note 29.1)	90,091,796	99,636,353
Off-shore banking unit	42,406	-
	90,134,202	99,636,353
29.1 Conventional and Islamic banking		
Office and security stationery	45,163,284	41,843,883
Calendar, diary, souvenir, etc	8,014,065	14,496,200
ATM card /Supplies And Stationeries	5,215,665	3,039,007
Books and periodicals	1,833,732	1,756,523
Publicity and advertisement	29,865,050	38,500,740
	90,091,796	99,636,353
29(a) Consolidated Stationery, printing, advertisements etc.		
Bank Asia Limited	90,134,202	99,636,353
Bank Asia Securities Ltd	479,644	324,261
BA Exchange Company (UK) Limited	196,039	221,607
BA Express USA, Inc	717,915	1,214,455
	91,527,800	101,396,676
30 Managing Director's salary and fees		
Basic salary	7,303,226	8,400,000
House rent allowance	1,125,806	900,000
Entertainment allowances	225,161	180,000
Incentive bonus	1,000,000	1,000,000
Festival bonus	1,200,000	1,400,000
Utility allowance and others	1,355,645	1,692,000
House maintenance allowance	485,323	420,000
Provident fund	730,323	840,000
Leave fare assistance	2,264,415	1,900,000
	15,689,899	16,732,000
31 Directors' fees		
Directors' fees	3,192,000	4,692,000
	3,192,000	4,692,000
31(a) Consolidated Directors' fees		
Bank Asia Limited	3,192,000	4,692,000
Bank Asia Securities Ltd.	230,000	148,350
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,422,000	4,840,350
32 Auditors' fees		
Audit fees	1,252,000	915,000
	1,252,000	915,000

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
32(a) Consolidated Auditors fees		
Bank Asia Limited	1,252,000	915,000
Bank Asia Securities Ltd	95,833	95,833
BA Exchange Company (UK) Limited	603,419	681,043
BA Express USA, Inc	1,387,754	1,576,126
	3,339,006	3,268,002
33 Depreciation and repair of Bank's assets		
Conventional and Islamic banking (Note 33.1)	469,051,286	440,926,534
Off-shore banking unit	-	247,743
	469,051,286	441,174,277
33.1 Conventional and Islamic banking		
Depreciation		
Owned assets	398,031,506	370,992,721
Leased assets	800,000	4,580,004
	398,831,506	375,572,725
Repairs		
Building	14,600,477	14,197,446
Furniture and fixtures	543,314	525,824
Equipments	4,443,826	3,948,877
	19,587,617	18,672,147
Maintenance	50,632,163	46,681,662
	469,051,286	440,926,534
33(a) Consolidated Depreciation and repairs of Bank's assets		
Bank Asia Limited	469,051,286	441,174,277
Bank Asia Securities Ltd	506,476	4,814,386
BA Exchange Company (UK) Limited	1,642,031	1,689,654
BA Express USA, Inc	1,933,376	768,000
	473,133,169	448,446,317
34 Other expenses		
Conventional and Islamic banking (Note 34.1)	1,162,416,294	989,974,309
Off-shore banking unit	9,697,108	11,552,920
	1,172,113,402	1,001,527,229
34.1 Conventional and Islamic banking		
Car expenses	271,517,205	242,956,324
Contractual service expenses	391,765,827	294,183,822
Computer expenses	131,235,345	142,777,486
Other management and administrative expenses	193,656,808	172,141,149
Entertainment	45,061,565	36,232,836
AGM/EGM expenses	7,146,730	12,115,155
Payment to superannuation fund	2,810,000	2,400,000
Finance charge for lease assets	148,357	808,038
Donation and subscription to institutions	73,174,683	48,138,375

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Amount in Taka

	31 Dec 2016	31 Dec 2015
Travelling expenses	33,556,396	27,495,445
Training and internship	12,250,010	10,029,089
Directors' travelling expenses	93,368	196,590
Sharia council fees	-	500,000
	1,162,416,294	989,974,309

34(a) Consolidated other expenses

Bank Asia Limited	1,172,113,402	1,001,527,229
Bank Asia Securities Ltd	17,953,106	51,367,135
BA Exchange Company (UK) Limited	2,114,756	3,288,043
BA Express USA, Inc	8,871,887	9,560,764
	1,201,053,151	1,065,743,171

34(b) Provision for loans and advances/investments and off-balance sheet items

Conventional and Islamic banking	2,642,981,144	1,850,636,460
Off-shore banking unit	(9,252,181)	21,106,002
	2,633,728,963	1,871,742,462

Break up of provision for loans and advances/Investments is shown below:

General provision		
Conventional and Islamic banking	565,536,497	1,517,658,297
Off-shore banking unit	(9,743,441)	21,568,890
	555,793,056	1,539,227,187
Specific provision		
Conventional and Islamic banking	1,828,486,005	79,616,253
Off-shore banking unit	-	-
	1,828,486,005	79,616,253
Provision for off-balance sheet items		
Conventional and Islamic banking	138,958,642	253,361,910
Off-shore banking unit	491,260	(462,888)
	139,449,902	252,899,022
Provision for diminution in value of investments	110,000,000	-
Other provisions	-	10,000,000
	2,633,728,963	1,881,742,462

34(c) Consolidated Provision charge for the year against loans and advances/investments

Bank Asia Limited	2,633,728,963	1,881,742,462
Bank Asia Securites Limited:		
Specific Provision	100,000,000	28,000,000
Provision for diminution in value of investments	11,619,793	-
Other provisions	-	-
	111,619,793	28,000,000
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	2,745,348,756	1,909,742,462

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Notes to the financial statements

Amount in Taka

	31 Dec 2016	31 Dec 2015
35 Receipts from other operating activities		
Conventional and Islamic banking (Note 35.1)	1,220,885,050	1,693,912,309
Off-shore banking unit	18,914,853	17,886,640
	1,239,799,903	1,711,798,949
35.1 Conventional and Islamic banking		
Locker charge	10,080,213	9,790,314
Service and other charges	322,070,208	273,226,939
Master card fees and charges	115,862,169	105,989,827
Postage/telex/SWIFT/ fax recoveries	118,705,422	101,787,095
Non-operating income	654,167,038	1,203,118,134
	1,220,885,050	1,693,912,309
35(a) Consolidated Receipts from other operating activities		
Bank Asia Limited	1,239,799,903	1,711,798,949
Bank Asia Securities Ltd	35,212,218	8,341,802
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	910,581
	1,275,012,121	1,721,051,332
Less: inter- companies transactions	-	-
	1,275,012,121	1,721,051,332
36 Payments for other operating activities		
Conventional and Islamic banking (Note 36.1)	1,813,516,190	1,612,238,699
Off-shore banking unit	9,838,464	11,855,975
	1,823,354,654	1,624,094,674
36.1 Conventional and Islamic banking		
Rent, rates and taxes	533,426,791	514,123,923
Legal expenses	16,085,833	9,632,359
Directors' fees	3,192,000	4,692,000
Postage, stamp, telecommunication, etc	81,601,730	76,977,146
Other expenses	1,162,267,937	989,166,271
Managing Director's salary	15,689,899	16,732,000
Auditors' fee	1,252,000	915,000
	1,813,516,190	1,612,238,699
36(a) Payments for other operating activities		
Bank Asia Limited	1,823,354,654	1,624,094,674
Bank Asia Securities Ltd	32,567,663	65,656,664
BA Exchange Company (UK) Limited	9,973,777	13,262,843
BA Express USA, Inc	18,339,129	20,131,444
	1,884,235,223	1,723,145,625
37 Earnings per share (EPS)		
Net profit after tax (Numerator)	1,545,905,547	2,573,920,194
Number of ordinary shares outstanding (Denominator)	839,295,153	839,295,153
Issue of bonus shares 5%	41,964,757	41,964,757
Number of ordinary shares outstanding (Denominator)	881,259,910	881,259,910
Earnings per share (EPS)	1.75	2.92

Earnings per share has been calculated in accordance with BAS 33: "Earnings Per Share (EPS)". Earnings per share for previous

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Amount in Taka

	31 Dec 2016	31 Dec 2015

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 2015, the earliest period reported. Actual EPS for December 2015 was Taka 3.07.

37(a) Consolidated Earnings per share (EPS)

Net profit after tax (Numerator)	1,644,066,246	2,550,070,034
Number of ordinary shares outstanding (Denominator)	881,259,910	881,259,910
Earnings per share (EPS)	1.87	2.89

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 1,970 (2015: 1,839).

39 Audit committee

The Board of Directors of Bank Asia Limited constituted the Audit Committee of the Board, in compliance with the Bangladesh Bank directives in the 44th meeting held on January 18, 2003. The Audit Committee was formed with the objectives to establishing a platform for a compliant and secured banking structure in the bank. The present Audit Committee was reconstituted the Board in the 345th meeting held on August 7, 2016 consisting of the following members:

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

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

No. of meeting	Date	No. of meeting	Date
173rd Audit	17th Jan, 2016	179th Audit	26th July, 2016
174th Audit	18th Feb, 2016	180th Audit	24th August, 2016
175th Audit	09th March, 2016	181th Audit	25th September, 2016
176th Audit	06th April, 2016	182nd Audit	30th October, 2016
177th Audit	28th April, 2016	183rd Audit	29th November, 2016
178th Audit	25th May, 2016	184th Audit	17th December, 2016

In the year 2016, twelve (12) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

1 "External Audit Report of the Bank and the recommendations made there under.
2 Bangladesh Bank comprehensive inspection report and the recommendations made there under.
3 Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
4 Actions taken by the management in regard to deficiencies raised in the Bangladesh Bank Inspection report and by the Internal Audit and Inspection Team of the Bank.
5 The corrective measures taken by the management in regard to the lapses pointed out on the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.
6 The compliance status of the audit objections and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Internal Auditors in the reports.
7 Management Report on Accounts of the Bank for the year ended on 31.12.2015.
8 Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance thereof.
9 The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.

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Notes to the financial statements

The Audit Committee has further satisfied that

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

40 RELATED PARTY TRANSACTIONS

While making any related party transactions the management always pays proper attention to economic efficiency and competitive pricing and necessary approval of Bangladesh Bank and other authorities had been obtained wherever applicable. Significant related party transactions of the Bank for the period January – December 2016 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Rangs Properties	Common Directors & Close family members Director	Office Rent	78,666,622
Agro Food Services Ltd.	-do-	Office Rent	18,093,835
Ranks Telecom	-do-	Mobile Phone	14,542,212
ZRC Engineering	Close family members Director	Transportation	14,423,442
Romask Ltd	Common Directors & Close family members Director	Printing	13,035,020
Rangs Industries Ltd.	-do-	Electronics items providers	261,230
Rangs Limited	-do-	Car providers	5,994,055
Rancon Service Ltd.	-do-	Electric equipment Maintenance	11,629,755
Rangs workshop Ltd	-do-	Car repair and Services	578,636
Ranks ITT Ltd.	-do-	Network Connectivity fees	44,638,863
DHS Motors	-do-	Car providers	10,319,035
Shield Security Service	-do-	Security Service providers	140,258,658
The Shokaler Khabor	-do-	Advertising	2,540,041
Reliance Insurance	-do-	Insurance Service	15,985,396
The Daily Star	-do-	Advertising	3,320,692
ERA Infotech	Associate Company	Software vendor	120,083,808
Total	Associate Company	Software vendor	494,371,298
Hajj Finanace	Common Directors	Lease obligation for lease Car	1,925,526
ERA Infotech Ltd	Associate	Investment in Share	383,700
Total			464,505,269

During the year 2016 Directors and their interest in different entities are given in Annexure F

The Bank sanctioned the following facilities in favor of the Phulbari Tea Estates Ltd. and M. Ahmed Tea & Lands Co. Ltd. during the year 2016.

Name of the director having interest	Nature of facility	Limit (Taka)	Outstanding balance as at 31 December 2016 (Taka)
Mr. Mohd. Safwan Chowdhury	Bank Guarantee (Secured by FDR)	434,133	434,133

41 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, Hoda Vasi Chowdhury & Co, Chartered Accountants worked about 3,750 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 2016 was Tk. 17.90 (2015: Tk.16.50) at DSE and Tk. 18.20 at CSE (2015: 16.30).

43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 360th meeting held on April 16, 2017 has recommended stock dividend @ 12% 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.

AMAR STOCK

Bank Asia Limited
Highlights on the overall activities

as at and for the year ended *31 December 2016*

Sl no.	Particulars	Amount in Taka		Amount in USD	
		2016	2015	2016	2015
1	Paid-up capital	8,812,599,100	8,392,951,530	112,048,303.88	106,712,670.44
2	Total capital	24,774,601,889	22,836,833,850	314,998,220.84	290,360,252.38
3	Capital (deficit)/surplus	4,825,532,799	4,512,095,350	61,354,621.48	57,369,298.79
4	Total assets	253,195,701,236	224,347,309,388	3,219,271,471.53	2,852,476,915.30
5	Total deposits	191,272,582,777	169,827,340,391	2,431,946,379.87	2,159,279,598.11
6	Total loans and advances / investments	163,609,782,739	136,396,335,681	2,080,226,099.67	1,734,219,144.07
7	Total contingent liabilities and commitments	110,762,047,002	96,817,056,829	1,408,290,489.54	1,202,538,879.77
8	Credit deposit ratio	85.54%	80.31%	85.54%	80.31%
9	Percentage of classified loans / investments against total loans and advances / investments	5.41%	4.26%	5.41%	4.26%
10	Profit after tax and provision	1,545,905,547	2,573,920,194	19,655,506.00	32,726,258.03
11	Amount of classified loans/investments during current year	8,847,339,000	5,808,871,841	112,490,006.36	73,857,238.92
12	Provisions kept against classified loans / investments	4,494,285,907	2,911,650,000	57,142,859.59	37,020,343.29
13	Provision surplus against classified loans / investments	-	1,060,124	-	13,479.01
14	Cost of fund	8.22%	10.04%	8.22%	10.04%
15	Interest earning assets	223,223,170,240	196,955,812,263	2,838,183,982.71	2,504,206,131.76
16	Non-interest earning assets	29,972,530,996	27,391,497,125	381,087,488.82	348,270,783.53
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	3.77%	7.44%	3.77%	7.44%
18	Return on assets (ROA) [PAT/ Average assets]	0.65%	1.26%	0.65%	1.26%
19	Income from investment	3,548,303,241	4,827,413,103	45,115,107.96	61,378,424.70
20	Capital adequacy	12.42%	12.46%	12.42%	12.46%
21	Earnings per share	1.75	2.92	0.02	0.04
22	Net income per share	1.75	2.92	0.02	0.04
23	Price earning ratio	10.23	5.65	10.20	5.65

Exchange rate used 1 USD equivalent to BDT 78.65

AMARSTOCK

Bank Asia Limited
Balance with other banks-Outside Bangladesh (Nostro Account)

as at *31 December 2016*

Name of the Bank	Account type	2016				2015		
		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	252,211	82.00	20,681,324	1,872.73	85.00	159,182
Citibank N.A., London	CD	GBP	39,054	98.00	3,827,315	691,402.64	120.00	82,968,317
Citibank NA, New York	CD	USD	10,073,103	78.70	792,753,215	3,879.62	78.00	302,610
Habib American Bank, New York	CD	USD	65,240	78.70	5,134,397	1,851,606.19	78.00	144,425,283
Mashreqbank psc, New York	CD	USD	7,381	78.70	580,871	10,899.54	78.00	850,164
Standard Chartered Bank, Mumbai	CD	ACU	1,300,456	78.70	102,345,892	75,643.78	78.00	5,900,215
Standard Chartered Bank, New York	CD	USD	1,860	78.70	146,366	99,595.25	78.00	7,768,430
					925,469,380			242,374,200
Non-interest bearing								
AB Bank Ltd, Mumbai	CD	ACU	180	78.70	14,174	146,159.75	78.00	11,400,461
Al Rajhi Bank, KSA	CD	SAR	41,817	22.00	919,982	72,005.00	22.00	1,584,110
Bank of Tokyo-Mitsubishi	CD	JPY	2,096,463	0.70	1,467,524	-	-	-
Bank of Sydney	CD	AUD	1,533	56.00	85,845	-	-	-
Bhutan National Bank Ltd, Thimphu	CD	USD	11,410	78.70	897,984	40,135.86	78.00	3,130,597
Commerzbank AG, Frankfurt	CD	USD	562,091	78.70	44,236,583	7,623.35	78.00	594,621
Caisse Centrale Desjardins	CD	CAD	10,713	58.00	621,340	2,332.54	60.00	139,952
Commerzbank AG, Frankfurt	CD	EURO	631,030	82.00	51,744,589	4,176,776.65	85.00	355,026,015
Habib Bank UK. London	CD	GBP	523	98.00	51,274	7,738.17	120.00	928,580
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	100,740	78.70	7,928,216	3,520.12	78.00	274,569
ICICI Bank Ltd, Kowloon	CD	USD	173	78.70	13,614	10,675.30	78.00	832,673
ICICI Bank Ltd, Mumbai	CD	ACU	287,125	78.70	22,596,744	261,069.65	78.00	20,363,433
JP Morgan Chase Bank, New York	CD	USD	443	78.70	34,890	84,972.63	78.00	6,627,865
Mashreqbank psc, Mumbai (EURO)	CD	EURO	8,054	82.00	660,420	7,195.67	85.00	611,632
Muslim Commercial Bank Ltd, Colombo	CD	ACU	53,374	78.70	4,200,567	83,905.02	78.00	6,544,592
Muslim Commercial Bank Ltd, Karachi	CD	ACU	-	78.70	-	68,073.80	78.00	5,309,756
National Australia Bank Limited, Melbourne	CD	AUD	-	-	-	9,782.44	55.00	538,034
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	52,047	78.70	4,096,072	15,061.41	78.00	1,174,790
Sonali Bank (UK) Ltd	CD	USD	490	78.70	38,564	69,565.93	78.00	5,426,143
Saudi Hollandi Bank, KSA	CD	SAR	1,397	22.00	30,734	4,987.00	22.00	109,714
Unicredit Bank AG Munich	CD	EURO	1,930	82.00	158,292	9,084.05	85.00	772,144
UBAF, Tokyo	CD	JPY	69,795	0.70	48,857	2,606,529.00	0.65	1,694,244
Wells Fargo Bank N.A, New York	CD	USD	358	78.70	28,198	18,203.38	78.00	1,419,864
Wells Fargo Bank N.A, London	CD	EURO	4,326	82.00	354,710	2,520.26	85.00	214,222
Zurcher Kantonal Bank, Switzerland	CD	CHF	9,697	80.00	775,743	3,852.89	80.00	308,231
					141,004,917			425,026,243
Off-shore banking unit								
Commerzbank AG, Frankfurt	CD	EURO	349	82.00	28,626	47	85.00	4,029
Habib American Bank, New York	CD	USD	19,125,851	78.65	1,504,248,145	603,531.08	78.25	47,226,307
Sonali Bank, London	CD	GBP	4	98.00	413	3	120.00	411
					1,504,277,184			47,230,747
					2,570,751,481			714,631,191

Bank Asia Limited
Investment in Shares

Annex B

as at *31 December 2016*

Provision Requirement

SL. No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Cost of Per Share	Quoted rate per share 31 Dec 2016	Total market value as at 31 Dec 2016	Unrealized profit/ (loss) as at 31 Dec 2016
	Quoted Shares							
1	Khulna Power Company	10	4,265	406,760	95.37	62.50	266,563	(140,197)
2	AB Bank Limited	10	126,144	9,720,997	77.06	22.30	2,813,011	(6,907,986)
3	Dhaka Bank Limited	10	450,047	15,811,141	35.13	17.90	8,055,841	(7,755,300)
4	Exim Bank Limited	10	1,877,123	38,582,386	20.55	11.70	21,962,339	(16,620,047)
5	GoldenSon Limited	10	119,185	8,586,791	72.05	22.70	2,705,500	(5,881,291)
6	IDLC Finance Limited	10	393,121	31,289,955	79.59	57.00	22,407,897	(8,882,058)
7	Islami Bank Banglades Limited	10	196,158	6,970,555	35.54	29.70	5,825,893	(1,144,662)
8	Lanka Bangla Finance Limited	10	672,807	55,896,335	83.08	34.80	23,413,684	(32,482,651)
9	Mercant Bank Limited	10	3,617,290	99,660,319	27.55	15.10	54,621,079	(45,039,240)
10	Phoenix Finance and Investments Limited	10	1,024,148	49,442,486	48.28	26.90	27,549,581	(21,892,905)
11	Prime Finance & Investment Limited	10	72,576	12,001,821	165.37	9.80	711,245	(11,290,576)
12	Prime Insurance Company Limited	10	60,564	5,466,943	90.27	18.30	1,108,321	(4,358,622)
13	Pubali Bank Limited	10	6	208	34.65	24.00	144	(64)
14	Reliance Insurance Limited	10	105,168	7,343,860	69.83	50.00	5,258,400	(2,085,460)
15	Southeast Bank Limited	10	1,072,181	34,732,660	32.39	18.70	20,049,785	(14,682,875)
16	United Commercial Bank Limited	10	2,272,192	63,772,931	28.07	21.30	48,397,690	(15,375,242)
17	Premier Bank Limited	10	3,515,691	66,798,135	19.00	9.80	34,453,772	(32,344,363)
18	The ACME Laboratories Limited	10	1,205,249	69,487,215	57.65	99.00	119,319,651	49,832,436
	A. Provision requirement for quoted shares			575,971,496			398,920,394	(177,051,101)
	Available cash balance			38,083,905				
				614,055,401				
	Mutual Fund							
19	1st Janata Bank Mutual Fund	10	6,416,266	50,000,000	7.79	5.90	37,855,969	(12,144,031)
20	MBL 1ST Mutual Fund	10	5,000,000	50,000,000	10.00	7.20	36,000,000	(14,000,000)
21	EBL NRB Mutual Fund	10	19,530,760	149,665,000	7.66	6.90	134,762,244	(14,902,756)
22	FBDF Income	10	34,019,755	250,000,000	7.35	6.00	204,118,530	(45,881,470)
23	EXIM BANK 1ST Mutual Fund	10	30,584,957	248,021,219	8.11	7.90	241,621,160	(6,400,059)
	Provision requirement for Mutual Fund		95,551,738	747,686,219			654,357,904	(93,328,315)
	B. Provision requirement for Mutual Fund as per BB Circular							(3,760,000)

INVESTOR

Sl. No.	Name of the company	Face value	No. of Shares including bonus	Cost of holding	Per Unit cost	Per share (NAV)	Total book value	Unrealized profit (loss)
	Unquoted Shares							
1	Industrial & Infrastructure Development Finance Co. Ltd.	10	7,329,110	29,683,820	4.05	15.64	114,656,656	84,972,836
2	Central Depository Bangladesh Limited	10	1,142,361	3,138,890	2.75	30.98	35,389,134	32,250,244
3	Era-Infotech Limited	100	3,837	383,700	100.00	6,410.82	24,598,314	24,214,614
4	Bangladesh Rating Agency Limited	100	32,015	3,201,512	100.00	7.01	224,539	(2,976,973)
5	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	10.00	2,000,000	-
6	Investment in SWIFT share	235,639	22	5,184,049	22.00	235,638.59	5,184,049	-
7	Energypac Power Generation Limited	10	1,192,800	49,984,000	41.90	31.13	37,134,452	(12,849,548)
	C. Provision of unquoted stocks			93,575,971			219,187,144	125,611,173
	D. Total Provision Requirement (A+B+C)							(55,199,929)
	E. Provision maintained							143,383,553
	F. Provision Excess / (Shortfall) for quoted and unquoted share							88,183,624

AMAR STOCK

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

Annex C-1

as at *31 December 2016*

Particulars	Cost					Rate of dep. %	Depreciation					Written down value as at 31 Dec 2016
	Balance as at 01 Jan 2016	Addition during the year	Revaluation during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2016		Balance as at 01 Jan 2016	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2016	
Own assets												
Land	2,643,839,095	2,925,211	-	-	2,646,764,306	-	-	-	-	-	-	2,646,764,306
Building	2,432,146,347	137,933,291	-	-	2,570,079,638	5	618,489,385	84,958,297	79,997,812	-	783,445,494	1,786,634,144
Furniture and fixtures	911,815,957	75,150,785	-	(3,554,900)	983,411,842	20	642,925,714	106,248,181	-	(1,643,308)	747,530,587	235,881,255
Equipments	561,316,507	115,293,331	-	-	676,609,838	20	394,312,777	66,546,078	-	-	460,858,855	215,750,983
Computer and accessories	254,308,476	95,286,073	-	-	349,594,549	20	181,160,698	36,826,453	-	-	217,987,151	131,607,398
Motor vehicles	178,652,984	24,178,770	-	(7,225,000)	195,606,754	20	125,867,362	21,252,008	-	(7,225,000)	139,894,370	55,712,384
Sub-total	6,982,079,367	450,767,461	-	(10,779,900)	7,422,066,928		1,962,755,936	315,831,018	79,997,812	(8,868,308)	2,349,716,458	5,072,350,470
Leased assets												
Building	49,573,087	-	-	-	49,573,087	5	20,985,790	800,000	2,202,676	-	23,988,466	25,584,621
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	-	18,900,000	20	18,900,000	-	-	-	18,900,000	-
Sub-total	414,041,174	-	-	-	414,041,174		385,453,877	800,000	2,202,676	-	388,456,553	25,584,621
Total	7,396,120,541	450,767,461	-	(10,779,900)	7,836,108,102		2,348,209,813	316,631,018	82,200,488	(8,868,308)	2,738,173,011	5,097,935,091
Work in progress												
Kawran bazar building*	11,476,071	76,395,443	-	-	87,871,514		-	-	-	-	-	87,871,514
Lalmatia building**	16,120,000	40,589,837	-	-	56,709,837		-	-	-	-	-	56,709,837
Sukrabad building ***	-	7,206,045	-	-	7,206,045		-	-	-	-	-	7,206,045
Total	27,596,071	124,191,325	-	-	151,787,396		-	-	-	-	-	151,787,396
Grand Total	7,423,716,612	574,958,786	-	(10,779,900)	7,987,895,498		2,348,209,813	316,631,018	82,200,488	(8,868,308)	2,738,173,011	5,249,722,487

* For construction of 12 storied commercial building with 22 storied foundation
** For construction of 6 storied building over the existing 2 storied building
*** For construction of 9 storied building

STARSTOCK

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

as at *31 December 2015*

Particulars	Cost					Rate of dep. %	Depreciation					Written down value as at 31 Dec 2015
	Balance as at 01 Jan 2015	Addition during the year	Revaluation during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2015		Balance as at 01 Jan 2015	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2015	
Own assets												
Land	2,643,839,095	-	-	-	2,643,839,095	-	-	-	-	-	-	2,643,839,095
Building	2,432,146,347	-	-	-	2,432,146,347	5	488,091,636	78,680,508	51,717,241	-	618,489,385	1,813,656,962
Furniture and fixtures	851,069,017	62,396,940	-	(1,650,000)	911,815,957	20	521,979,778	121,840,103	-	(894,167)	642,925,714	268,890,243
Equipments	476,889,285	84,427,222	-	-	561,316,507	20	330,444,904	63,867,873	-	-	394,312,777	167,003,730
Computer and accessories	218,077,263	36,231,213	-	-	254,308,476	20	152,246,405	28,914,293	-	-	181,160,698	73,147,778
Motor vehicles	150,141,839	28,511,145	-	-	178,652,984	20	102,690,472	23,176,890	-	-	125,867,362	52,785,622
Sub-total	6,772,162,847	211,566,520	-	(1,650,000)	6,982,079,367		1,595,453,195	316,479,667	51,717,241	(894,167)	1,962,755,936	5,019,323,431
Leased assets												
Building	49,573,087	-	-	-	49,573,087	5	16,455,450	800,000	3,730,340	-	20,985,790	28,587,297
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	-	18,900,000	20	15,120,000	3,780,000	-	-	18,900,000	-
Sub-total	414,041,174	-	-	-	414,041,174		377,143,537	4,580,000	3,730,340	-	385,453,877	28,587,297
Total	7,186,204,021	211,566,520	-	(1,650,000)	7,396,120,541		1,972,596,732	321,059,667	55,447,581	(894,167)	2,348,209,813	5,047,910,728
Work in progress												
Kawran bazar building*	-	11,476,071	-	-	11,476,071		-	-	-	-	-	11,476,071
Lalmatia building**	-	16,120,000	-	-	16,120,000		-	-	-	-	-	16,120,000
Total	-	27,596,071	-	-	27,596,071		-	-	-	-	-	27,596,071
Grand Total	7,186,204,021	239,162,591	-	(1,650,000)	7,423,716,612		1,972,596,732	321,059,667	55,447,581	(894,167)	2,348,209,813	5,075,506,799

* For construction of 12 storied commercial building with 22 storied foundation
** For construction of 6 storied building over the existing 2 storied building

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

Annex C-3

as at *31 December 2016*

Particulars	Cost				Rate of dep. %	Depreciation					Written down value as at 31 Dec 2016
	Balance as at 01 Jan 2016	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2016		Balance as at 01 Jan 2016	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2016	
Own assets											
Land	2,643,839,095	2,925,211	-	2,646,764,306	-	-	-	-	-	-	2,646,764,306
Building	2,432,146,347	137,933,291	-	2,570,079,638	5	619,257,385	84,958,297	79,997,812	-	784,213,494	1,785,866,144
Furniture and fixtures	923,140,145	75,390,898	(3,554,900)	994,976,143	20	652,013,239	107,504,618	-	(2,350,956)	757,166,902	238,165,289
Equipments	568,117,908	115,499,967	-	683,617,875	20	401,391,547	66,681,084	-	-	468,072,631	215,545,244
Computer and accessories	261,863,086	95,769,273	-	357,632,359	20	188,347,301	37,152,166	-	-	225,499,468	132,132,891
Motor vehicles	178,652,984	24,178,770	(7,225,000)	195,606,754	20	125,867,362	21,252,008	-	(7,225,000)	139,894,370	55,712,384
Sub-total	7,007,759,565	451,697,410	(10,779,900)	7,448,677,075		1,986,876,834	320,248,737	79,997,812	(8,868,308)	2,374,490,818	5,074,186,257
Leased assets											
Building	72,964,732	-	(1,488,881)	71,475,851	5	28,628,465	3,469,896	2,202,676	-	34,301,037	37,174,813
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	-	18,900,000	-
Sub-total	437,432,819	-	(1,488,881)	435,943,938		393,096,552	3,469,896	2,202,676	-	398,769,124	37,174,813
Total	7,445,192,384	451,697,410	(12,268,781)	7,884,621,013		2,379,973,387	319,954,375	82,200,488	(8,868,308)	2,773,259,942	5,111,361,071
Work in progress											
Kawran bazar building*	11,476,071	76,395,443	-	87,871,514		-	-	-	-	-	87,871,514
Lalmatia building**	16,120,000	40,589,837	-	56,709,837		-	-	-	-	-	56,709,837
Sukrabad building ***	-	7,206,045	-	7,206,045		-	-	-	-	-	7,206,045
Total	27,596,071	124,191,325	-	151,787,396		-	-	-	-	-	151,787,396
Grand Total	7,472,788,455	575,888,735	(12,268,781)	8,036,408,409		2,379,973,387	319,954,375	82,200,488	(8,868,308)	2,773,259,942	5,263,148,467

* For construction of 12 storied commercial building with 22 storied foundation
** For construction of 6 storied building over the existing 2 storied building
*** For construction of 9 storied building

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

as at *31 December 2015*

Particulars	Cost				Rate of dep. %	Depreciation					Written down value as at 31 Dec 2015
	Balance as at 01 Jan 2015	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2015		Balance as at 01 Jan 2015	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2015	
Own assets											
Land	2,643,839,095	-	-	2,643,839,095	-	-	-	-	-	-	2,643,839,095
Building	2,432,146,347	-	-	2,432,146,347	5	488,091,636	78,680,508	52,485,241	-	619,257,385	1,812,888,962
Furniture and fixtures	862,347,554	62,442,592	(1,650,000)	923,140,145	20	530,482,249	122,425,157	-	(894,167)	652,013,239	271,126,906
Equipments	483,477,089	84,640,819	-	568,117,908	20	334,876,224	66,515,323	-	-	401,391,547	166,726,361
Computer and accessories	225,601,486	36,261,600	-	261,863,086	20	157,851,126	30,496,175	-	-	188,347,301	73,515,785
Motor vehicles	150,141,839	28,511,145	-	178,652,984	20	102,690,472	23,176,890	-	-	125,867,362	52,785,622
Sub-total	6,797,553,410	211,856,155	(1,650,000)	7,007,759,565		1,613,991,707	321,294,053	52,485,241	(894,167)	1,986,876,834	5,020,882,731
Leased assets											
Building	72,964,732	-	-	72,964,732	5	22,664,503	2,233,622	3,730,340	-	28,628,465	44,336,267
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	15,120,000	3,780,000	-	-	18,900,000	-
Sub-total	437,432,819	-	-	437,432,819		383,352,590	6,013,622	3,730,340	-	393,096,552	44,336,267
Grand Total	7,234,986,229	211,856,155	(1,650,000)	7,445,192,384		1,997,344,298	327,307,675	56,215,581	(894,167)	2,379,973,387	5,065,218,998
Work in progress											
Kawran bazar building*	-	11,476,071	-	11,476,071		-	-	-	-	-	11,476,071
Lalmatia building**	-	16,120,000	-	16,120,000		-	-	-	-	-	16,120,000
Total	-	27,596,071	-	27,596,071.00		-	-	-	-	-	27,596,071
Grand Total	7,234,986,229	239,452,226	(1,650,000)	7,472,788,455		1,997,344,298	327,307,675	56,215,581	(894,167)	2,379,973,387	5,092,815,069

*For construction of 12 storied commercial building with 22 storied foundation
** For construction of 6 storied building over the existing 2 storied building

AZ Premium Stock

Bank Asia Limited
Statement of tax position

Annex D

as at *31 December 2016*

Accounting year	Assessment year	Tax provision as per accounts	Tax demand as per assessment order	Excess/(Short) provision	Status
2000	2001-2002	2,000,000	7,080,931	(5,080,931)	Assessment finalized
2001	2002-2003	42,626,674	38,156,227	4,470,447	Assessment finalized
2002	2003-2004	91,950,000	83,933,056	8,016,944	Assessment finalized
2003	2004-2005	165,000,000	155,712,331	9,287,669	Assessment finalized
2004	2005-2006	166,807,728	187,552,594	(20,744,866)	Assessment finalized
2005	2006-2007	220,089,576	273,929,209	(53,839,633)	Assessment finalized
2006	2007-2008	432,447,206	433,037,008	(589,802)	Assessment finalized
2007	2008-2009	704,871,326	707,990,638	(3,119,312)	Assessment finalized
2008	2009-2010	790,000,000	715,369,681	74,630,319	Assessment finalized
2009	2010-2011	779,000,000	928,407,967	(149,407,967)	Assessment finalized
2010	2011-2012	1,498,735,610	1,874,438,423	(375,702,813)	Assessment at Appellate tribunal Level
2011	2012-2013	1,515,992,334	1,738,409,929	(222,417,595)	At Honorable High Court Stage
2012	2013-2014	1,788,554,541	1,757,614,602	30,939,939	Assessment finalized
2013	2014-2015	2,041,583,693	1,598,721,337	442,862,356	Assessment finalized
2014	2015-2016	1,947,162,329	1,700,830,400	246,331,929	Assessment at DCT Level
2015	2016-2017	1,534,738,646	1,370,933,747	163,804,899	Return submitted

AMARSTOCK

Bank Asia Limited
Details of Large Loan

Annex E

as at *31 December 2016*

	2016	2015
Number of clients	17	15
Amount of outstanding advances (Taka)	57,429.58	44,569.68
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) 2016			Outstanding (Taka) 2015		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Aman Group	2,759.15	844.42	3,603.57	-	-	-
2	Renaissance Group	1,305.78	1,205.11	2,510.89	-	-	-
3	Toma Group	1,392.43	1,416.86	2,809.29	-	-	-
4	Dird Group	1,732.18	1,005.08	2,737.26	-	-	-
5	Abul Khair Steel Industries Ltd	1,157.08	3,511.78	4,668.86	662.13	2,523.83	3,185.96
6	Bank Asia Securities Ltd.	2,450.00	300.00	2,750.00	2,880.01	300.00	3,180.01
7	Basundhara Group	2,117.82	807.97	2,925.79	1,568.02	721.21	2,289.23
8	City Group	1,000.70	2,928.68	3,929.38	1,000.26	1,586.82	2,587.08
9	Echotex	659.11	2,345.92	3,005.03	819.64	1,902.40	2,722.04
10	Meghna Group	0.48	3,391.79	3,392.27	0.09	2,517.46	2,517.55
11	Partex Group	2,183.25	580.43	2,763.68	835.96	3,372.31	4,208.27
12	Pran Rfl Group	1,227.67	1,892.52	3,120.19	1,153.12	1,864.09	3,017.21
13	S.A Group	3,372.53	78.65	3,451.18	3,122.93	-	3,122.93
14	Spectra Engineers Limited	563.45	2,098.69	2,662.14	866.41	1,807.97	2,674.38
15	Summit Group	2,537.29	3,414.16	5,951.45	594.38	2,547.61	3,141.99
16	Thermax Group	1,613.60	987.43	2,601.03	1,436.11	867.06	2,303.17
17	Western Marine Group	1,561.14	2,986.42	4,547.56	1,077.70	2,422.99	3,500.69
18	BRAC				50.48	3,685.59	3,736.07
19	Apex Footwear Ind. Ltd.				1,768.11	614.99	2,383.10
	Total	27,633.67	29,795.91	57,429.58	17,835.35	26,734.33	44,569.68

MYSTOCK

Bank Asia Limited

Annex F

Names of Directors and their interest in different entities

as at *31 December 2016*

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
1.	**Mr. A Rouf Chowdhury**	Chairman	Rangs Limited Rangs Workshop Limited Rangs Industries Ltd. Rangs Properties Limited Rangs Motors Limited Rancon Engineering Limited Rangs Pharmaceuticals Limited Ranks ITT Limited Ranks Telecom Limited Ranks Petroleum Limited Ranks Interiors Limited Rancon Motors Limited Rancon Services Limited Shield Security Services Limited Ranks Agro Bioteq Limited. Rancon Autos Limited Ranks FC properties Limited Rancon Automobiles Limited. Ranks Steel Limited Ranks Real Estate Limited Ranks Motors Workshop Limited Metro Foils Limited Sea Resources Ltd. Sea Fishers Ltd. Deep Sea Fishers Ltd. Sea Resources Agencies Ltd. Fishers Shipyard Ltd. Sea Resources Cold Storage Ltd. Sea Mans Dockyard & Fish Meal Ltd. Rancon Motor Bikes Limited Zest Polymer Limited The Daily Star Daily Shokaler Khabor Publications Ltd. Bank Asia Limited
2.	**Mr. Mohd. Safwan Choudhury** (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	M. Ahmed Tea & Lands Co. Phulbari Tea Estates Ltd. M. Ahmed Cold Storage Ltd. M. Ahmed Food & Spices Ltd. Premier Dyeing & Calendaring Ltd. Anandaniketan Ltd. JVC Ltd. Bank Asia Ltd.
3.	**Mr. A.M.Nurul Islam**	Vice Chairman & Independent Director	Bank Asia Limited
4.	**Mr.Rumee A Hossain**	Director	Rangs Industries Ltd. Ranks ITT Limited Romask Ltd. Rangs Pharmaceuticals Ltd. Ranks Telecom. Ltd. Ranks Petroleum Ltd. Bank Asia Limited.

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
5.	**Ms. Hosneara Sinha**	Director	Sinha Apparels Ltd. ZMS Fashions Ltd. Sinha Auto Spinning Mills Ltd. Sattar Jute Mills Ltd. Pritha Apparels Ltd. Bank Asia Ltd.
6.	**Ms. Farhana Haq Chowdhury**	Director	Rangs Pharmaceuticals Limited Ranks Telecom Limited Rancon Automobiles Limited DHS Motors Limited Rancon Motor Bikes Limited Bank Asia Limited
7.	**Mr.Mohammed Lakiotullah**	Independent Director (up to 18.04.2016)	Bank Asia Limited
8.	**Mr. M Shahjahan Bhuiyan**	Independent Director	Bank Asia Limited
9.	**Ms. Sohana Rouf Chowdhury**	Director (up to 18.04.2016)	Rangs Limited Rangs Workshop Limited Rangs Industries Ltd. Rangs Properties Limited Rangs Motors Limited Rangs Pharmaceuticals Limited Ranks ITT Limited Ranks Telecom Limited Ranks Petroleum Limited Ranks Interiors Limited Rancon Motors Limited Rancon Services Limited Shield Security Services Limited Ranks Agro Bioteq Limited Rancon Automobiles Limited. Ranks Steel Limited Ranks Real Estate Limited Sash Limited Ranks Motors Workshop Limited Rancon Engineering Limited Rancon Autos Limited Metro Foils Limited Sea Resources Limited Sea Fishers Limited Deep Sea Fishers Limited Sea Resources Agencies Limited Fishers Shipyard Limited Sea Resources Cold Storage Limited Sea Mans Dockyard & Fish Meal Ltd. Zest Polymer Limited Agro Food Sevices Limited Bank Asia Limited
10.	**Mr. Mohammed Irfan Syed** (Representing Amiran Generations Limited)	Director	Bank Asia Limited
11.	**Ms. Naheed Akhter Sinha**	Director	Sinha Apparels Ltd. ZMS Fashions Ltd. BP Wears (Pvt.) Ltd. Bank Asia Ltd.
12.	**Mr. Shah Md. Nurul Alam** (Deceased)	Independent Director	Bank Asia Limited
13.	**Mr. Md Nazrul Huda**	Independent Director	Bank Asia Limited
14.	**Mr. Mashiur Rahman**	Independent Director	Bank Asia Limited
15.	**Mr. Mir Shahjahan**	Director	ZMS Fashions Limited Bank Asia Limited

Annex G

Bank Asia Limited
Islamic Banking Operations

as at and for the year ended *31 December 2016*

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 2016

Types of Mudaraba Deposit	Distributable Investment income Sharing Ratio (ISR) w.e.f. 01.01.2016	
	Client	Bank
1. Mudaraba Term Deposit Account (MTDA) 1 month	50%	50%
2. Mudaraba Term Deposit Account (MTDA) 2 months	50%	50%
3. Mudaraba Term Deposit Account (MTDA) 3 months	75%	25%
4. Mudaraba Term Deposit Account (MTDA) 6 months	75%	25%
5. Mudaraba Term Deposit Account (MTDA) 12 months	77%	23%
6. Mudaraba Term Deposit Account (MTDA) 24 months	78%	22%
7. Mudaraba Term Deposit Account (MTDA) 36 months	80%	20%
8. Mudaraba Term Deposit Account (MTDA) 60 months	80%	20%
9. Mudaraba Special Notice Deposit Account (MSND)	35%	65%
10. Mudaraba Savings Account (MSA)	45%	55%
11. Smart Junior Saver (School Banking) Account	70%	30%
12. Mudaraba Deposit Pension Scheme (MDPS) 3-10 Years	87%	13%
13. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 & 2 year	80%	20%
14. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 3-5 years	85%	15%
15. Mudaraba Hajj Savings Scheme (MHSA)	90%	10%
16 Cash Waqf	90%	10%

2. Investment Operation and Return Thereon

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

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

Fixed return 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 & the Bank.

3. income/ Revenue Recognition Principle

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

For Bai-Murabaha Muajjal Investment

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

For Hire Purchase Shirkatul Melk (HPSM) Investment

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

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

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

For Musharaka Investment

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

4. Cost Recognition Principle

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

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

Annex G-1

Bank Asia Limited
Islamic Banking Unit Balance Sheet

as As at *31 December 2016*

Amount in Taka

	31 Dec 2016	31 Dec 2015
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	22,044,516	21,185,850
Balance with Bangladesh Bank and its agent bank	668,492,263	374,427,389
(Including foreign currencies)	690,536,779	395,613,239
Balance with other banks and financial institutions		
In Bangladesh	301,541,506	1,051,520,235
Outside Bangladesh	-	-
	301,541,506	1,051,520,235
Placement with other banks and financial institutions	-	-
Investments in shares and securities		
Government	564,600,000	316,500,000
Others	200,000,000	200,000,000
	764,600,000	516,500,000
Investments		
General Investment	10,077,003,162	4,519,181,765
Bills purchased and discounted	51,823,671	20,022,953
	10,128,826,833	4,539,204,718
Fixed assets including premises, furniture and fixtures	12,486,618	13,170,622
Other assets	33,747,176	45,512,104
Non - banking assets	-	-
Total assets	11,931,738,912	6,361,520,918
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other banks, financial institutions and agents	-	-
Deposits and other Accounts		
Al-wadeeah current and other deposits accounts, etc.	581,709,804	408,990,067
Bills payable	22,070,893	29,902,770
Mudaraba savings deposits	977,806,566	752,390,416
Mudaraba term deposits	9,291,824,084	4,836,488,983
	10,873,411,347	6,027,772,236
Other liabilities	1,058,327,565	533,748,682
Total liabilities	11,931,738,912	6,561,520,918
OFF- BALANCE SHEET ITEMS	-	
Contingent liabilities		
Acceptances and endorsements	208,225,192	38,537,816
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	208,225,192	38,537,816

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Bank Asia Limited
Islamic Banking Unit Profit and Loss Statement

for the year ended *31 December 2016*

Amount in Taka

	31 Dec 2016	31 Dec 2015
Investment income	860,375,633	511,090,710
Profit paid on deposits, borrowings, etc.	531,649,278	350,270,903
Net investment income	328,726,355	160,819,807
Profit on Investment with bank and financial institutions	18,482,265	17,442,626
Commission, exchange and brokerage	51,120,743	32,793,719
Other operating income	7,357,858	4,328,753
Total operating income	405,687,221	215,384,905
Salaries and allowances	59,685,380	52,599,244
Rent, taxes, insurance, electricity, etc.	6,488,615	6,443,305
Legal expenses	23,450	76,073
Postage, stamp, telecommunication, etc.	673,966	599,557
Stationery, printing, advertisement, etc.	2,027,649	585,268
Depreciation and repair of Bank's assets	4,556,745	3,745,587
Other expenses	31,316,071	25,679,849
Total operating expenses	104,771,876	89,728,883
Profit before provision	300,915,345	125,656,022
Provision for investments		
General provision	59,246,759	11,047,958
Specific provision	(21,600)	(1,857,740)
	59,225,159	9,190,218
Provision for diminution in value of investments	-	-
Other provision	-	-
Total provision	59,225,159	9,190,218
Total profit before taxes	241,690,186	116,465,804

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Annex H

Bank Asia Limited
Off-shore Banking Unit Balance Sheet

as at *31 December 2016*

	Notes	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 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		19,126,220	1,504,277,184	603,588	47,230,747
		19,126,220	1,504,277,184	603,588	47,230,747
Investments					
Government		-	-	-	-
Others		3,870,151	304,387,366	3,440,000	269,180,000
		3,870,151	304,387,366	3,440,000	269,180,000
Loans and advances	4				
Loans, cash credits, overdrafts, etc.		17,620,718	1,385,869,457	16,576,539	1,297,114,189
Bills purchased and discounted		80,887,600	6,361,809,747	94,887,017	7,424,909,065
		98,508,318	7,747,679,204	111,463,556	8,722,023,254
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	5	2,381,929	187,338,736	205,696	16,095,737
Non - banking assets		-	-	-	-
Total assets		123,886,618	9,743,682,490	115,712,840	9,054,529,738
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	6	120,468,199	9,474,823,844	101,971,039	7,979,233,839
Deposits and other accounts	7				
Current deposits		3,209,540	252,430,353	13,218,518	1,034,349,052
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed deposits		176,647	13,893,283	173,359	13,565,311
Bearer certificate of deposit		-	-	-	-
		3,386,187	266,323,636	13,391,877	1,047,914,363
Other liabilities	8	32,232	2,535,010	349,924	27,381,536
Total liabilities		123,886,618	9,743,682,490	115,712,840	9,054,529,738
OFF- BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements	9	834,100	65,601,965	1,121,359	87,746,341
Letters of guarantee		-	-	-	-
Irrevocable letters of credit	10	944,150	74,257,398	384,871	30,116,156
Bills for collection	11	489,378	38,489,591	145,183	11,360,550
Other contingent liabilities		-	-	-	-
Total Off-Balance Sheet items including contingent liabilities		2,267,628	178,348,954	1,651,413	129,223,047

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Bank Asia Limited
Off-shore Banking Unit Profit and Loss Statement

for the year ended *31 December 2016*

	Notes	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
Interest income	12	7,335,962	573,549,958	5,591,952	434,159,152
Interest paid on deposits and borrowings, etc.	13	5,240,150	409,692,362	4,001,967	310,712,740
Net interest/net profit on investments		2,095,812	163,857,596	1,589,985	123,446,412
Investment Income		-	-	121,736	9,451,607
Commission, exchange and brokerage	14	93,691	7,325,078	61,442	5,433,898
Other operating income	15	241,929	18,914,853	230,379	17,886,640
Total operating income (A)		2,431,433	190,097,527	2,003,542	156,218,557
		-		-	
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity, etc.		1,808	141,356	3,903	303,055
Postage, stamp, telecommunication, etc.		6,679	522,209	4,437	344,451
Stationery, printing, advertisements, etc.		542	42,406	-	-
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		-	-	3,191	247,743
Other expenses		124,036	9,697,108	148,801	11,552,920
Total operating expenses (B)		133,060	10,403,079	160,332	12,448,169
Profit before provision (C=A-B)		2,298,373	179,694,448	1,843,210	143,770,388
Provision for loans and advances					
General provision		(124,623)	(9,743,441)	277,806	21,568,890
Specific provision		-	-	-	-
		(124,623)	(9,743,441)	277,806	21,568,890
Provision for off-balance sheet items		6,283	491,260	(5,962)	(462,888)
Provision for diminution in value of investments		-	-	-	-
Other provision		-	-	-	-
Total provision (D)		(118,340)	(9,252,181)	271,844	21,106,002
Total profit/(loss) (C-D)		2,416,712	188,946,629	1,571,366	122,664,386

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Off-shore Banking Unit (OBU)
Notes to the Financial Statements

Annex H-2

as at and for the year ended *31 December 2016*

1 Status of the unit

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

2 Significant accounting policies and basis of preparations

2.1 Basis of preparation

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

2.2 Foreign currency

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

2.3 Loans and advances

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

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

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

2.4 General

Assets and liabilities have been translated into Taka currency @USD 1 = BDT 78.65 (2015 : BDT 78.25). Income and expenses are translated at an average rate @ USD 1 = BDT 78.18 (2015 : BDT 77.64). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 78.70.

	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
3 Balance with other banks and financial institutions				
In Bangladesh	-	-	-	-
Outside Bangladesh				
Commerzbank A.G, Frankfurt	364	28,626	51	4,029
Habib American Bank, New York	19,125,851	1,504,248,145	603,531	47,226,307
Sonali Bank (UK) Limited, London	5	413	5	411
	19,126,220	1,504,277,184	603,588	47,230,747

	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)	17,778,954	1,385,869,457	16,576,539	1,297,114,189
Bills purchased and discounted (Note 4.2)	81,613,980	6,361,809,747	94,887,017	7,424,909,065
	98,508,318	7,747,679,204	111,463,556	8,722,023,254
4.1 Loans, cash credit, overdrafts etc.				
Term loan industrial	17,042,542	1,340,395,933	1,442,099	112,844,258
Term loan others	183,972	14,469,361	14,679,157	1,148,644,036
Loan against trust receipts	195,873	15,405,423	150,437	11,771,673
Packing credit	97,081	7,635,428	-	-
Demand loan	101,250	7,963,312		
Loan others	-	-	304,846	23,854,222
	17,620,718	1,385,869,457	16,576,539	1,297,114,189
4.2 Bills purchased and discounted				
Payable in Bangladesh	80,887,600	6,361,809,747	94,877,417	7,424,157,865
Payable outside Bangladesh	-	-	9,551	751,200
	80,887,600	6,361,809,747	94,887,017	7,424,909,065
5 Other assets				
Branch adjustment account	2,332,643	183,462,408	44,553	3,486,300
Prepaid expenses	49,286	3,876,328	161,143	12,609,437
	2,381,929	187,338,736	205,696	16,095,737
6 Borrowings from other banks, financial institutions and agents				
Borrwoing from other banks (Note 6.1)	90,468,199	7,115,323,844	45,971,039	3,597,233,839
Borrowing from corporate office, Dhaka	-	-	26,000,000	2,034,500,000
Borrowing from IFC	30,000,000	2,359,500,000	30,000,000	2,347,500,000
	120,468,199	9,474,823,844	101,971,039	7,979,233,839
6.1 Borrwoing from other banks				
ICICI Bank Limited, Dubai	6,000,000	471,900,000	-	-
Standard Chartered Bank, Singapore	16,097,801	1,266,092,049	-	-
CaixaBank	20,000,000	1,573,000,000	-	-
Commerzbank	1,268,398	99,759,495	-	-
First Gulf Bank	13,524,000	1,063,662,600	5,000,000	391,250,000
National Bank of Ras Al Khaimah	18,000,000	1,415,700,000	8,876,406	694,578,770
Nepal Bangladesh Bank Limited	5,000,000	393,250,000	5,000,000	391,250,000
United Bank Limited, UAE	10,578,000	831,959,700	10,937,980	855,896,955
ICICI Bank Limited, Hong Kong	-	-	5,000,000	391,250,000
Mashreq, USA	-	-	10,000,000	782,500,000
United Bank Limited, USA	-	-	1,156,653	90,508,114
	90,468,199	7,115,323,844	45,971,039	3,597,233,839
7 Deposits and other accounts				
Customer deposits and other accounts (Note 7.1)	3,386,187	266,323,636	13,391,877	1,047,914,363

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Off-shore Banking Unit (OBU)
Notes to the Financial Statements

	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
7.1 Customer deposits and other accounts				
Foreign currency (Current)	1,963,728	154,447,242	12,678,615	992,101,592
Other demand deposits(Current)	1,245,812	97,983,111	539,904	42,247,460
Fixed depost	176,647	13,893,283	173,359	13,565,311
	3,386,187	266,323,636	13,391,877	1,047,914,363
8 Other liabilities				
Provision for loans and advances	(123,884)	(9,743,441)	-	-
Provision for off balance sheet items	6,246	491,260	-	-
Due to Head Office	117,637	9,252,181	-	-
Commission payable	1,474	115,899	-	-
Accrued expense payable	30,758	2,419,111	-	-
Interest expenses payable	-	-	349,924	27,381,536
	32,232	2,535,010	349,924	27,381,536
9 Acceptances and endorsements				
Letters of credit (Back to Back)	834,100	65,601,965	352,549	27,586,959
Letters of credit (Acceptances)	-	-	768,810	60,159,382
	834,100	65,601,965	1,121,359	87,746,341
10 Irrevocable letters of credit				
Letters of credit (Back to Back)	384,652	30,252,880	190,120	14,876,890
Letters of credit (cash)	559,498	44,004,518	194,751	15,239,266
	944,150	74,257,398	384,871	30,116,156
11 Bills for collection	489,378	38,489,591	145,183	11,360,550
12 Interest income				
Demand loan	2,540.75	198,644	577	44,837
Packing credit	2,816.96	220,239	20,782	1,613,537
Loan against trust receipt	18,611.52	1,455,111	13,681	1,062,165
Payment against documents	221.68	17,332	82	6,402
Term loan -industrial	988,715.40	77,301,066	13,732	1,066,183
Term loan -others	435,376.55	34,039,190	419,707	32,586,022
Foreign bill purchased	5,876,136.68	459,415,953	5,123,390	397,780,006
Lease finance	11,542.40	902,423	-	-
	7,335,962	573,549,958	5,591,952	434,159,152
13 Interest paid on deposits and borrowings etc.				
Interest on deposit	140,946.02	11,019,630	200,646	15,578,160
Interest on borrowings	5,099,204	398,672,732	3,801,321	295,134,580
	5,240,150	409,692,362	4,001,967	310,712,740

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	31 Dec 2016 USD	31 Dec 2016 Taka	31 Dec 2015 USD	31 Dec 2015 Taka
14 Commission, exchange and brokerage				
Commission on L/C	64,528	5,045,030	65,290	5,069,106
Commission on export	6,787	530,630	8,263	641,539
Commission on PO, DD, TT, TC, etc	6,943	542,827	5,999	465,733
Foreign exchange gain and charges	15,089	1,179,696	(18,110)	(1,406,036)
Exchange gain/(loss) net off exchange gains	-	-	-	663,556
Fees and commission	344	26,895	-	-
	93,691	7,325,078	61,442	5,433,898
15 Other operating income				
SWIFT charge recovery	15,800	1,235,335	10,441	810,619
Other	226,129	17,679,518	219,938	17,076,021
	241,929	18,914,853	230,379	17,886,640

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Annex I

Bank Asia Limited
Statement of outstanding unreconciled entries (nostro account)

as at *31 December 2016*

Amount in USD

Sl. no.	Period of unreconciliation	As per local book				As per correspondents' book			
		Debit entries		Credit entries		Debit entries		Credit entries	
		No.	USD	No.	USD	No.	USD	No.	USD
1	Upto 3 months	44	18,141,145	212	11,691,454	148	1,612,492	461	13,019,153
2	More than 3 months but less than 6 months	-	-	2	328	-	-	9	29,572
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	44	18,141,145	214	11,691,782	148	1,612,492	470	13,048,724

AMR STOCK

Bank Asia Limited
Reconciliation between Bangladesh Bank statement and Bank's book

as at *31 December 2016*

The reconciling items relates to clearing of the following:

a. Bangladesh Bank cheques
b. Foreign currency demand drafts
c. Government bonds

Local currency	As per Bangladesh Bank Statement	As per Bank's General ledger	Reconciling Difference
	BDT	BDT	BDT
Bangladesh Bank, Dhaka	12,345,069,283.83	12,217,203,065.07	127,866,218.76
Bangladesh Bank, Dhaka (Al-wadeeah current account)	668,492,263.02	668,492,263.02	-
Bangladesh Bank, Chittagong	57,140,643.89	57,141,663.89	(1,020.00)
Bangladesh Bank, Sylhet	9,809,483.98	9,475,483.98	334,000.00
Bangladesh Bank, Khulna	17,963,112.20	17,963,112.20	-
Bangladesh Bank, Rajshahi	8,430,959.52	8,430,959.52	-
Bangladesh Bank, Bogra	39,834,601.63	39,834,601.63	-
Bangladesh Bank, Barishal	557,105.14	557,105.14	
Bangladesh Bank, Rangpur	17,610,160.24	17,610,160.24	-
Total	13,164,907,613.45	13,036,708,414.69	128,199,198.76
Bank credited but not debited by Bangladesh Bank			5,639,860,543.99
Bank debited but not credited by Bangladesh Bank			(6,312,790,610.81)
Bangladesh Bank credited but not debited by Bank			6,149,383,663.35
Bangladesh Bank debited but not credited by Bank			(5,348,254,397.77)
			128,199,198.76

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	27,784,585.30	4,969,611.34	390,859,931.89	22,814,973.96
Total	27,784,585.30	4,969,611.34	390,859,931.89	22,814,973.96
Bank credited but not debited by Bangladesh Bank				21,985,110.55
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				834,786.17
Bangladesh Bank debited but not credited by Bank				(4,922.76)
				22,814,973.96

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Amount in Taka

	31 Dec 2016	31 Dec 2015

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	GBP	GBP	BDT	GBP
GBP Clearing account	1,243.39	1,243.39	121,852.22	-
	1,243.39	1,243.39	121,852.22	-
Bank credited but not debited by Bangladesh Bank				-
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				-

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	EUR	EUR	BDT	EUR
EUR Clearing account	5,224.03	5,525.86	453,120.52	(301.83)
	5,224.03	5,525.86	453,120.52	(301.83)
Bank credited but not debited by Bangladesh Bank				301.83
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				301.83

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	JPY	JPY	BDT	JPY
JPY Clearing account	45,238.00	45,238.00	31,667.00	-
	45,238.00	45,238.00	31,667.00	-
Total (BDT)			13,428,174,986	

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Bank Asia Limited
Segment Reporting

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

Amount in Taka

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated
	Inside Bangladesh				Inside Bangladesh	Outside Bangladesh			
	Conventional Banking	Islamic Banking	Off-shore Banking unit	Total	Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd	BA Express USA Inc.		
Interest income	13,135,461,898	860,375,633	573,549,958	14,569,387,489	226,189,776	-	-	-	14,795,577,265
Interest paid on deposits and borrowings, etc	9,659,593,615	531,649,278	409,692,362	10,600,935,255	6,989,416	-	-	-	10,607,924,671
Net interest income	3,475,868,283	328,726,355	163,857,596	3,968,452,234	219,200,360	-	-	-	4,187,652,594
Investment income	3,529,820,976	18,482,265	-	3,548,303,241	-	-	-	-	3,548,303,241
Commission, exchange and brokerage	2,416,415,459	51,120,743	7,325,078	2,474,861,280	103,998,719	18,112,898	23,201,315	-	2,620,174,212
Other operating income	622,005,007	7,357,858	18,914,853	648,277,718	35,212,218	-	-	-	683,489,936
Total operating income (A)	10,044,109,725	405,687,221	190,097,527	10,639,894,473	358,411,297	18,112,898	23,201,315	-	6,851,967,389
									-
Salaries and allowances	2,276,886,084	59,685,380	-	2,336,571,464	42,028,331	6,203,962	18,314,075	-	2,403,117,832
Rent, taxes, insurance, electricity, etc	526,938,176	6,488,615	141,356	533,568,147	12,342,055	6,491,713	6,359,671	-	558,761,586
Legal expenses	16,062,383	23,450	-	16,085,833	148,955	407,380	1,404,290	-	18,046,458
Postage, stamp, telecommunication, etc	80,405,555	673,966	522,209	81,601,730	1,797,714	356,509	315,527	-	84,071,480
Stationery, printing, advertisements, etc	88,064,147	2,027,649	42,406	90,134,202	479,644	196,039	717,915	-	91,527,800
Managing Director's salary and fees	15,689,899	-	-	15,689,899	-	-	-	-	15,689,899
Directors' fees	3,192,000	-	-	3,192,000	230,000	-	-	-	3,422,000
Auditors' fees	1,252,000	-	-	1,252,000	95,833	603,419	1,387,754	-	3,339,006
Depreciation and repairs of Bank's assets	464,494,541	4,556,745	-	469,051,286	506,476	1,642,031	1,933,376	-	473,133,169
Other expenses	1,131,100,223	31,316,071	9,697,108	1,172,113,402	17,953,106	2,114,756	8,871,887	-	1,201,053,151
Total operating expenses (B)	4,604,085,008	104,771,876	10,403,079	4,719,259,963	75,582,114	18,015,809	39,304,495	-	4,852,162,381
Profit before provision (C=A-B)	5,440,024,717	300,915,345	179,694,448	5,920,634,510	282,829,183	97,089	(16,103,180)	-	6,187,457,602
Provision:									
Provision for loans and advances/investments				2,384,279,061	100,000,000	-	-	-	2,484,279,061
Provision for off-balance sheet items				139,449,902	-	-	-	-	139,449,902
Provision for diminution in value of investments				110,000,000	11,619,793	-	-	-	121,619,793
Profit before tax provision (C=A-B)				3,286,905,547	171,209,390	97,089	(16,103,180)	-	3,442,108,846
Provision for taxation				1,741,000,000	57,042,600	-	-	-	1,798,042,600
Profit after tax provision (C=A-B)				1,545,905,547	114,166,790	97,089	(16,103,180)	-	1,644,066,246

Bank Asia Limited
Segment Reporting

Annex K-1

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

Amount in Taka

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated
	Inside Bangladesh				In side Bangladesh	Outside Bangladesh			
	Conventional Banking	Islamic Banking	Off-shore Banking unit	Total	Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd	BA Express USA Inc.		
PROPERTY AND ASSETS									
Cash	15,290,222,116	690,536,779	-	15,980,758,895	8,377	2,853,603	97,179		15,983,718,054
Balance with other banks and financial institutions	11,467,414,786	301,541,506	1,504,277,184	13,273,233,476	317,381,382	5,879,569	54,670,895	(36,057,950)	13,615,107,372
Money at call and on short notice	4,870,000,000	-	-	4,870,000,000	-	-		-	4,870,000,000
Investments	38,296,224,659	764,600,000	304,387,366	39,365,212,025	346,594,514	-	-	-	39,711,806,539
Loans and advances/investments	145,733,276,702	10,128,826,833	7,747,679,204	163,609,782,739	5,380,138,055	-		(2,450,004,404)	166,539,916,390
Fixed assets including premises, furniture and fixtures	5,237,235,869	12,486,618	-	5,249,722,487	1,155,819	5,058,756	7,211,405	-	5,263,148,467
Other assets	10,625,905,702	33,747,176	187,338,736	10,846,991,614	247,487,042	3,927,250	60,526,377	(2,276,508,907)	8,882,423,376
Non - banking assets	-	-	-	-					-
Total assets	231,520,279,834	11,931,738,912	9,743,682,490	253,195,701,236	6,292,765,189	17,719,178	122,505,856	(4,762,571,261)	254,866,120,198
LIABILITIES AND CAPITAL									
Liabilities									
Borrowings from other banks, financial institutions and agents	9,347,599,581	-	9,474,823,844	18,822,423,424	2,606,557,920	-	-	(2,450,004,404)	18,978,976,940
Subordinated Non-Convertible Zero Coupon Bond	3,197,214,016	-	-	3,197,214,016	-	-	-	-	3,197,214,016
Deposits and other accounts	180,132,847,794	10,873,411,347	266,323,636	191,272,582,777	336,518,761	-	-	(36,057,950)	191,573,043,588
Other liabilities	20,045,830,905	1,058,327,565	2,535,010	20,865,003,294	1,418,075,749	38,521,659	104,475,023	(172,628,907)	22,253,446,818
Total liabilities	212,723,492,297	11,931,738,912	9,743,682,490	234,157,223,511	4,361,152,430	38,521,659	104,475,023	(2,658,691,261)	236,002,681,362
Total shareholders' equity	19,038,477,725	-	-	19,038,477,725	1,931,612,759	(20,802,481)	18,030,833	2,103,880,000)	18,863,438,836
Total liabilities and shareholders' equity	231,761,970,020	11,931,738,912	9,743,682,490	253,195,701,236	6,292,765,190	17,719,178	122,505,856	(4,762,571,261)	254,866,120,198

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

We have audited the accompanying financial statements of Bank Asia Securities Limited (the "Company") which comprise the Statement of Financial position as at 31 December 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor 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 present fairly, in all material respects, the Financial Position of the company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and other applicable rules & 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;
c) the company's statement of Financial Position (balance sheet) and the Statement of comprehensive income (profit and loss account) together with the annexed notes dealt with by the report are in agreement with the books of account; and
d) the expenditure incurred was for the purposes of the Company's business.

Hoda Vasi Chowdhury & Co
Chartered Accountants
BTMC Bhaban (7th Level)
7-9 Karwan Bazar, Dhaka-1215

Dhaka, 22 February 2017

AMARSTOCK

Bank Asia Securities Limited
Statement of Financial Position

as at *31 December 2016*

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
Non-Current Assets			
Property, plant and equipment	4	1,155,819	1,071,096
Membership of Dhaka Stock Exchange Ltd	5	153,119,000	153,119,000
Total non- current assets		154,274,819	154,190,096
Current Assets			
Advances, deposits and prepayments	6	5,112,264	7,078,352
Investment in shares at cost	7	193,475,514	66,430,671
Margin loans	8	5,380,138,055	5,488,271,756
Accounts receivable	9	89,006,117	2,018,249
Advance income tax	10	153,368,661	132,667,712
Cash and cash equivalents	11	317,389,759	444,427,444
Total current assets		6,138,490,369	6,140,894,183
Total assets		6,292,765,188	6,295,084,279
Equity			
Share capital	12	2,000,000,000	2,000,000,000
Retained earnings/(Accumulated losses)	13	(68,387,241)	(182,554,031)
		1,931,612,759	1,817,445,969
Current Liabilities			
Customer deposits	14	336,518,761	323,995,932
Loans and borrowings	15	2,606,557,920	2,919,350,832
Accounts payable	16	15,226,451	5,864,549
Liability for expenses	17	15,642,970	9,883,064
Interest suspense account	18	890,799,214	890,799,213
Provision for diminution in value of investments	19	18,862,805	7,243,012
Provision for client margin loan	19.1	303,494,169	203,494,169
Provision for taxation	20	174,050,139	117,007,539
Total current liabilities		4,361,152,429	4,477,638,310
Total equity and liabilities		6,292,765,188	6,295,084,279

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

Chairman | Director | Chief Executive Officer

See annexed Auditors' report to the Shareholders of date

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 22 February 2017

AMAR STOCK

Bank Asia Securities Limited
Statement of Comprehensive income

for the year ended *31 December 2016*

Amount in Taka

	Notes	31 Dec 2016	31 Dec 2015
Interest income	21	226,189,776	298,522,408
Interest expense	22	(6,989,416)	(257,826,415)
Net interest income		219,200,360	40,695,993
Brokerage commission		103,998,719	94,457,230
Other operating income/loss	23	35,212,218	13,096,967
Total operating income		358,411,297	148,250,190
Operating expenses	24	(75,582,114)	(104,359,849)
Profit before provision		282,829,183	43,890,341
Provision for diminution in value of investments	19	(11,619,793)	-
Provision for client margin loan	19.1	(100,000,000)	(28,000,000)
Profit /(Loss)before tax		171,209,390	15,890,341
Income tax expense	20	(57,042,600)	(15,183,964)
Profit/ (Loss) after tax		114,166,790	706,377
Other comprehensive income		-	-
Total comprehensive income/(loss)		114,166,790	706,377
Earnings per share		5.71	0.04

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

Chairman | Director | Chief Executive Officer

See annexed Auditors' report to the Shareholders of date

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 22 February 2017

AMARSTOCK

Bank Asia Securities Limited
Statement of Cash Flows

for the year ended *31 December 2016*

Amount in Taka

		31 Dec 2016	31 Dec 2015
A.	**Cash flows from operating activities**		
	Cash received from		
	Interest income	226,189,776	298,522,408
	Brokerage commission	103,998,719	94,457,230
	Cash payment to		
	Interest expenses	(6,989,416)	(257,826,415)
	Operating expenses	(69,315,732)	(68,186,249)
	Customers' deposits	12,522,829	213,542,870
	Income tax paid	(20,700,949)	(21,863,618)
	Net cash flows from operating activities	245,705,228	258,646,227
B.	**Cash flows from investing activities**		
	Loans and advances to customers	143,345,920	328,679,924
	Other assets	(85,021,780)	10,897,104
	Accounts Payable	9,361,902	(6,503,853)
	Investment in listed securities	(127,044,843)	(10,442,211)
	Acquisition of property, plant and equipment	(591,200)	(459,700)
	Net cash flows from/(used in) investing activities	(59,950,001)	322,171,265
C.	**Cash flows from financing activities**		
	Loans and borrowings	(312,792,912)	(445,925,434)
	Net cash (used in) from financing activities	(312,792,912)	(445,925,434)
D.	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**	(127,037,684)	134,892,058
E.	Opening cash and cash equivalents	444,427,444	309,535,386
F.	**Closing cash and cash equivalents**	317,389,759	444,427,444

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

Chairman | Director | Chief Executive Officer

See annexed Auditors' report to the Shareholders of date

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 22 February 2017

AMARSTOCK

Bank Asia Securities Limited
Statement of Changes in Equity

for the year ended *31 December 2016*

Amount in Taka

Particulars	Share capital	Share Premium	Retained earnings/ (Accumulated Losses)	Total
Year ended 31 Dec 2015				
Opening balance	2,000,000,000	-	(183,260,408)	1,816,739,592
Net profit for the year	-	-	706,377	706,377
Closing balance	2,000,000,000	-	(182,554,031)	1,817,445,969
Year ended 31 Dec 2016				
Opening balance	2,000,000,000	-	(182,554,031)	1,817,445,969
Net profit/ (loss) for the year	-	-	114,166,790	114,166,790
Closing balance	2,000,000,000	-	(68,387,241)	1,931,612,759

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

Chairman | Director | Chief Executive Officer

AMARSTOCK

Bank Asia Limited
Securities Limited
Notes to the Financial Statements

as at and for the year ended *31 December 2016*

1. Reporting entity

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

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

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentational currency

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

2.3 Use of estimates and judgments

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

3. Significant accounting policies

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

3.1 Interest income

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

3.2 income from brokerage commission

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

3.3 Statement of cash flows

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

3.4 Property, plant and equipment

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

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Subsequent costs

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

Depreciation

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

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

Details are given in Annexure-I.

3.5 Intangible assets

Computer software

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

Subsequent costs

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

Amortisation of intangible assets

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

Amount in Taka

	31 Dec 2016	31 Dec 2015
4. Property, plant and equipment		
Opening balance	1,071,096	5,425,781
Add: Addition during the period	591,200	459,700
Less: Depreciation charge for the period	506,477	4,814,386
Closing balance	1,155,819	1,071,096

Details are given in Annex I.

5. Membership of Dhaka Stock Exchange Limited

The Company has acquired the membership of Dhaka Stock Exchange for Tk. 153,119,000.

As per the scheme of Demutualization of DSE, the Company being the initial shareholders of DSE, is entitled to receive 7,215,106 shares of Tk. 10 each, totalling Tk. 72,151,060.

AMARSTOCK

Securities Limited
Notes to the Financial Statements

AMAR STOCK

Amount in Taka

	31 Dec 2016	31 Dec 2015

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

6. Advances, deposits and prepayments

Opening Balance	7,078,352	9,256,439
Advance office rent	-	-
Advance for branch offices	-	-
Less: Adjustment during the period	1,966,087	2,178,087
	5,112,264	7,078,352

The balance represents advance office rent of Hadi Mansion, Nikunjo office premises & other.

7. Investment in shares (at cost) Details are given in Annex III.

	193,475,514	66,430,671

8. Margin loans to customers

Opening balance	5,488,271,756	5,832,650,452
Add: Interest charged during the period	204,549,913	283,341,385
	5,692,821,670	6,115,991,837
Less: Repayment of Margin Loan during the period	312,683,615	627,720,081
Closing balance	5,380,138,055	5,488,271,756

The Company extends margin loan facilities to customers for trading of shares on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio during the year based on directives issued by Bangladesh Securities and Exchange Commission.

9. Accounts receivable

Receivable from Dhaka Stock Exchange Ltd	80,004,542	1,084,699
Receivable from Bank Asia Limited	7,700	362,000
Receivable Dividend (Dealer)	3,513,875	245,550
Cheques in transit	5,480,000	326,000
	89,006,117	2,018,249

10. Advance income tax

Opening balance	132,667,712	110,804,095
Tax deducted at source from brokerage commission	15,578,176	14,020,427
Tax deducted at source from dividend income	2,917,339	260,606
Advance for appeal to the high court	-	6,061,500
Tax deducted at source from bank interest	2,205,434	1,521,085
Closing balance	153,368,661	132,667,712

11. Cash and cash equivalents

Cash in hand (note 11.1)	8,377	11,890
Bank balances (note 11.2)	317,381,382	444,415,554
	317,389,759	444,427,444

Amount in Taka

	31 Dec 2016	31 Dec 2015
11.1 Cash in hand		
Head-office	8,377	11,890
11.2 Bank balances		
Bank Asia Limited	13,291,085	5,452,818
Bank Asia Limited (IPO)	22,766,865	57,184
ONE Bank Limited	2,172,998	5,049,456
ONE Bank Limited (Dealer)	2,508,691	14,240,172
NRB Bank Limited	13,554,787	419,609,187
Midland Bank Limited	263,080,795	-
Premier Bank Limited	6,158	6,733
NRB Global Bank Limited	4	3
	317,381,382	444,415,554

12. Share capital

Authorised capital :		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000
Issued, subscribed and paid up capital:		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000

The Company's shareholding position as at 31 December 2016 was as under:

Name of shareholder	Number of shares	% of holding	Value/Taka
Bank Asia Limited	19,999,900	99.99778	1,999,990,000
Mr. Anisur Rahman Sinha	100	0.002222	10,000
	20,000,000	100	2,000,000,000

13. Retained earnings/(Accumulated losses)

Opening balance	(182,554,031)	(183,260,408)
Less: Dividend	-	-
	(182,554,031)	(183,260,408)
Add: Total comprehensive income/(loss) during the period	114,166,790	706,377
Closing balance	(68,387,241)	(182,554,031)

14. Customer deposits

	336,518,761	323,995,932

Customer deposits represent uninvested funds lying with the Company's account at the reporting date.

15. Loans and borrowings

Bank Asia Limited	2,450,004,404	2,880,012,102
ICB	-	39,333,120
Prime Bank Limited	156,553,517	5,610
	2,606,557,920	2,919,350,832

Bank Asia Ltd. has temporarily suspended charging of interest on loan balance availing from Bank Asia.

16. Accounts payable

Bank Asia Limited	-	5,000,000
Payable for IPO Application Process	2,670,000	-
Dhaka Stock Exchange Ltd.	12,556,451	864,549
	15,226,451	5,864,549

AMAR STOCK

Securities Limited
Notes to the Financial Statements

MARSTOCK

Amount in Taka

	31 Dec 2016	31 Dec 2015
17. Liabilities for expenses		
The amount represents provisions against operating expenses during the period.	15,642,970	9,883,064
18. Interest suspense account		
Opening balance	890,799,214	890,799,213
Add: Interest suspense during the year	-	-
Closing Balance	890,799,214	890,799,213

The amount represents interest income from loan accounts of the clients who have negative equity with Bank Asia Securities Limited during the year. The amount will be recognised as income when client equity become positive balance.

19. Provision for diminution in value of investments		
Opening Balance	7,243,012	7,243,012
Add: Provision made during the period	11,619,793	-
Closing balance	18,862,805	7,243,012

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

19.1 Provision for Client Margin Loan		
Opening Balance	203,494,169	175,494,169
Add: Provision made during the period	100,000,000	28,000,000
Closing Balance	303,494,169	203,494,169

This represents provision made as per BSEC directive to maintain at least 20% shortfall in negative equity against unrealised loss on margin loan extended to customer.

20. Provision for corporate income tax		
Opening balance	117,007,539	101,823,575
Add: Provision made during the period	57,042,600	15,183,964
Closing balance	174,050,139	117,007,539

Provision for corporate income tax was made following applicable tax law. Income tax was withheld from the transections of traded securities @ 0.05% under section 53BBB is the final tax liability of the Company under section 82C of income Tax Ordiance 1984 and the details of year wise tax position are given in Annex II

21. Interest income		
Income from bank deposits	21,639,863	15,181,023
Income from margin loan	204,549,913	283,341,385
	226,189,776	298,522,408
22. Interest expense		
Interest on loan	6,989,416	257,826,415
23. Other operating income		
Others operating income (note 23.1)	40,172,498	18,428,594
Less: CDBL charges	4,960,280	5,331,627
	35,212,218	13,096,967

Amount in Taka

	31 Dec 2016	31 Dec 2015
23.1 Others operating income		
BO account opening fees	192,500	275,500
Margin account renewal fees	822,000	3,042,000
Income from transfer/transmission/corporate action	461,611	1,855,211
Margin account opening fees	70,000	22,000
BO account maintenance fees	2,492,500	2,437,500
Other income	459,809	709,591
Dividend Income	17,855,034	1,548,580
Capital gain from investment in shares	17,819,045	8,538,212
	40,172,498	18,428,594

24. Operating expenses

Audit fees	95,833	95,833
Bank charges	141,978	152,002
Bank guarantee commission	1,560,000	2,100,000
BO Maintenance	1,994,000	1,949,600
Business and promotional expenses	75,008	108,000
Cleaning expenses	496,424	442,535
Computer accessories	124,240	177,550
Conveyance	209,795	123,276
Depreciation	506,477	4,814,386
Directors' remuneration	230,000	148,350
Entertainment	812,742	689,339
Fuel and oil	250,015	276,560
Hawla charges	23,750	7,800
Insurance premium	125,991	49,885
Internet charges	1,148,590	1,350,637
Laga charges	7,764,826	6,952,827
License and renewal fees	550,583	563,730
Written off upon final settlement	-	28,795,741
Newspaper	83,591	69,525
Office rent	11,403,322	11,134,137
Others	41,483	57,672
Plantation	249,144	259,741
Postage and courier	33,836	32,549
Printing and stationery	479,644	324,261
Legal expenses	148,955	27,378
Repair and maintenance	508,923	408,693
Salaries and allowances	42,028,331	38,896,165
Service Charge	-	18,400.00
Telephone & Mobile Bill	615,288	761,421
Training Expenses	96,085	69,151
Transportation	-	13,100
Utilities	3,783,261	3,489,607
	75,582,114	104,359,849

25. Others

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

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

Chairman | Director | Chief Executive Officer

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Annexure-I

Bank Asia Securities Limited
Schedule of Fixed Assets

as at *31 December 2016*

Amount in Taka

Particulars	Cost				Rate (%)	Depreciation				Written down value at 31 Dec 2016
	At 01 Jan 2016	Addition during the year	Adjustment/ disposal	Total at 31 Dec 2016		At 01 Jan 2016	Charge for the period	Adjustment on disposal	Total at 31 Dec 2016	
Computer and accessories	751,500	483,200	-	1,234,700	20	446,840	158,673.33	-	605,513	629,187
Furniture and fixtures	9,500	-	-	9,500	20	1,900	1,900.00	-	3,800	5,700
Office equipment	666,026	108,000	-	774,026	20	403,830	135,005.20	-	538,836	235,190
Office renovation	219,290	-	-	219,290	20	140,810	43,858.00	-	184,668	34,622
Computer software	835,200	-	-	835,200	20	417,040	167,040.00	-	584,080	251,120
Total	2,481,516	591,200	-	3,072,716		1,410,420	506,477	-	1,916,897	1,155,819

Annexure-II

Bank Asia Securities Limited
Statement of year wise Tax Position

as at *31 December 2016*

Amount in Taka

Accounting Year	Assessment Year	Tax Provision as per accounts	Tax demand as per assessment order	Excess/(Short) Provision	Status
2011	2012-13	54,812,943	76,262,269	(21,449,326)	Appeal under High Court Division
2012	2013-14	16,070,482	-	-	Assessment under process in DCT level
2013	2014-15	14,046,161	-	-	Assessment under process in DCT level
2014	2015-16	16,893,989	-	-	Assessment under process in DCT level
2015	2016-17	14,874,248	-	-	Assessment under process in DCT level

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Bank Asia Securities Limited
Investment in shares

Annexure-III

as at *31 December 2016*

Amount in Taka

SL No	Name of the company	Nature of shares	Types of shares	Face value	Number of shares including bonus	Cost of holdings	Average cost	Quoted value per share as at 31 Dec 2016	Total market value as at 31 Dec 2016
1	BBS	Quoted	A	10.00	20,000	826,606	41.33	51.80	1,036,000
2	CVOPRL	Quoted	A	10.00	1,250	672,979	538.38	206.70	258,375
3	AFCAGRO	Quoted	A	10.00	100,000	5,931,654	59.32	51.10	5,110,000
4	TUNGHAI	Quoted	A	10.00	242,000	4,403,300	18.20	12.90	3,121,800
5	UPGDCL	Quoted	A	10.00	196,000	33,016,005	168.45	141.60	27,753,600
6	YPL	Quoted	N	10.00	1,112	10,110	9.09	30.40	33,805
7	PADMAOIL	Quoted	A	10.00	20,000	5,341,341	267.07	180.20	3,604,000
8	IFADAUTOS	Quoted	A	10.00	135,000	12,902,465	95.57	100.20	13,527,000
9	LANKABAFIN	Quoted	A	10.00	365,000	16,756,199	45.91	34.80	12,702,000
10	POPULAR1MF	Quoted	A	10.00	129,242	695,495	5.38	5.40	697,907
11	ACTIVEFINE	Quoted	A	10.00	500,000	21,466,723	42.93	43.30	21,650,000
12	BARKAPOWER	Quoted	A	10.00	25,000	707,097	28.28	30.70	767,500
13	MJLBD	Quoted	A	10.00	260,000	30,332,517	116.66	119.60	31,096,000
14	ABB1STMF	Quoted	A	10.00	128,258	780,558	6.09	5.90	756,722
15	KPCL	Quoted	A	10.00	520,000	39,634,465	76.22	62.50	32,500,000
16	Energypac Limited	Unquoted	-	10.00	477,225	19,998,000	41.90	-	19,998,000
						193,475,514			174,612,709

Provision Required	18,862,805
Provision Maintained up to 31.12.15	7,243,012
Provision 2016	11,619,793
Deficit	-

TAMPSTOCK

Amount in Taka

	31 Dec 2016	31 Dec 2015

DIRECTORS	A Rouf Chowdhury Md. Mehmood Husain (resigned 27 July 2016) Md. Arfan Ali (appointed 24 October 2016) Abm Kamrul Huda Azad
REGISTERED NUMBER	07314397
REGISTERED OFFICE	125 Whitechapel Road London E1 1DT
TRADING ADDRESS	125 Whitechapel Road London E1 1DT
INDEPENDENT AUDITORS	AGP Chartered Accountants & Registered Auditors Unit 8 Quebec Wharf 14 Thomas Road London E 14 7AF

AMAR STOCK

STRATEGIC REPORT

FOR THE YEAR ENDED *31 DECEMBER 2016*

INTRODUCTION

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

BUSINESS REVIEW

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

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

PRINCIPAL RISK AND UNCERTAINITIES

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

Economic and political risk

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

Information technology risk

Information technology risk is recognised by the Company as one of the most significant corporate risk given the technological aspect of the business. The electronic transfer of money is dependent on IT including telecommunications and consequently the emerging markets telecommunications are a critical factor also.The company has appropriate policies and procedures in place to address technology challenges that may arise for the year ended 31 December 2016.

Interest and foreign exchange risks

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

Regulatory and legal risk

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

FINANCIAL KEY PERFORMANCE INDICATORS

The results for the Company show a pre-tax profit of £939 (2015-loss £73,718)for the year and turnover of £175K (2015-£105K)

OTHER KEY PERFORMANCE INDICATORS

Gross profit	90.5%	(2015: 74.7%)
Net profit	0.5%	(2015: -69.8%)
Net Assets	£219,846	(2015: £220,785)
Gross Assets	£187,259	(2015: £198,179)

This report was approved by the board on ***Complete 'ACCOUNT COMPLETION' section*** and signed on its behalf.

Abdur Rouf Chowdhury
Director

AMAR STOCK

DIRECTORS' REPORT

FOR THE YEAR ENDED *31 DECEMBER 2016*

The directors present their report and the financial statements for the year ended 31 December 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.Under company law the directors must not approve the financial statements unless 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 for the Company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statement on the going concern basis unless it is inappropriate to presume that the Company will continue in the business.

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

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £939 (2015-loss £73,718).

The directors have not declared a dividend for the year.

The directors who served during the year were:

A Rouf Chowdhury
Md. Mehmood Husain (resigned 27 July 2016)
Md. Arfan Ali (appointed 24 October 2016)
Abm Kamrul Huda Azad

FUTURE DEVELOPMENTS

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

DISCLOSURE OF INFORMATION OF AUDITORS

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

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

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POST BALANCE SHEET EVENTS

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

AUDITORS

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

This report was approved by the board on *Complete 'ACCOUNT COMPLETION' section* and signed on its behalf.

A Rouf Chowdhury
Director

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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 31 December 2016. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 laws and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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 Strategic report and Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENT

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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-
Forhad Ahmed FCA (Senior statutory auditor)

for and on behalf of
AGP

Chartered Accountants &
Registered Auditors

Unit 8 Quebec Wharf
14 Thomas Road, London
E14 7AF

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED *31 DECEMBER 2016*

	Note	2016 £	2015 £
Turnover	4	175,180	105,649
Cost of sales		(16,704)	(26,683)
GROSS PROFIT		158,476	78,966
Administrative expenses		(157,537)	(152,676)
OPERATING PROFIT /(LOSS)	5	939	(73,710)
Interest payable and expenses	9	-	(8)
PROFIT /(LOSS) BEFORE TAX		939	(73,718)
PROFIT /(LOSS) FOR THE YEAR		939	(73,718)

There were no recognised gains or losses for 2016 or 2015 other than those included in the income statement.
There was no other comprehensive income for 2016 (2015 :£ NIL)

STATEMENT OF FINANCIAL POSITION

AS AT *31 DECEMBER 2016*

	Note		2016 £		2015 £
FIXED ASSETS					
Tangible assets	11		53,462		65,517
			53,462		65,517
CURRENT ASSETS					
Debtors: amounts falling due within one year	12	41,503		22,262	
Cash at bank and in hand	13	92,294		110,400	
		133,797		132,662	
Creditors: amounts falling due within one year	14	(407,105)		(418,964)	
NET CURRENT LIABILITIES			(273,308)		(286,302)
TOTAL ASSET LESS CURRENT LIABILITIES			(219,846)		(220,785)
NET ASSETS			(219,846)		(220,785)
CAPITAL AND RESERVES					
Called up share capital	17		300,000		300,000
Profit and loss account	16		(519,846)		(520,785)
			(219,846)		(220,785)

The financial statements were approved and authorised for issue by the broad and were signed on its behalf on *Complete 'ACCOUNTS COMPLETION' section*

A Rouf Chowdhury
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED *31 DECEMBER 2016*

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	300,000	(447,067)	(147,067)
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(73,718)	(73,718)
AT 31 DECEMBER 2015	300,000	(520,785)	(220,785)
At 1 January 2016	300,000	(520,785)	(220,785)
Profit for the year	-	939	939
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	939	939
AT 31 DECEMBER 2016	300,000	(519,846)	(219,846)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED *31 DECEMBER 2016*

1.GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The following principal accounting policies have been applied:

2.2 GOING CONCERN

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

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

Therefore the directors consider that the going concern basis is appropriate in respect of the financial statements for the year ended 31 December 2016.

2.3 REVENUE

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

Commission income

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

2.4 Tangible fixed assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.
Depreciation is provided on the following basis

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

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

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

2.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or losses on a straight line basis over the period of the lease.

2.6 Debtors

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

2.7 Cash and cash equivalents

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

2.8 Financial instrument

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instrument that are payable or receivable within one year, typically trade payable or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investment in non-convertible preference shares and in non-puttable ordinary and preference shares are measured :

i. At fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
ii. At cost less impairment for all other investments.

Financial assets that are measured at any cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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NOTES TO THE FINANCIAL STATEMENTS

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate . The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.9 Creditors

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

2.10 Foreign currency translation

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

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

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

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

2.11 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount .Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Taxation

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

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

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

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

4. ANALYSIS OF TURNOVER

100% Turnover of the company for the year ended 31 December 2016 (2015- 100%) have arisen from within the United Kingdom.

5. OPERATING PROFIT / (LOSS)

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	2016 £	2015 £
The operating profit/ (loss) is stated after charging:		
Depreciation of tangible fixed assets	12,285	12,285
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	3,000	3,000
Other operating lease rentals	42,000	42,000

6. AUDITORS' REMUNERATION

Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	3,000	3,000

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows :		
Wages and salaries	60,002	54,392
The average monthly number of employees, including the directors, during the year was as follows :		
Management (No.)	1	1
counter staff (No.)	2	2
	3	3

8. DIRECTORS' REMUNERATION

Directors' emoluments	22,000	22,000

9. INTEREST PAYABLE AND SIMILAR CHARGES

Bank interest payable	-	8

10. TAXATION

TOTAL CURRENT TAX	-	-
FACTORS AFFECTING TAX CHARGE FOR THE YEAR		
The tax assessed for the year is higher than (2015- higher than) the standard rate of corporation tax in the UK of 20% (2015- 20%). The difference are explained below :		
Profit/ (loss) on ordinary activities before tax	939	(73,718)
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015-20%)	188	(14,744)
EFFECTS OF :		
Unrelieved tax losses carried forward	(188)	14,744
TOTAL TAX CHARGE FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company has tax losses of £477,988 (2015-£ 490,982) carried forward to relieve future trading profits, no deferred tax asset has been recognised due to the uncertainty of future taxable profits for offset.

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NOTES TO THE FINANCIAL STATEMENTS

11. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures and fittings £	Total £
COST OR VALUATION			
At 1 January 2016	122,846	19,684	142,530
Additions	-	230	230
At 31 December 2016	122,846	19,914	142,760
DEPRICIATION			
At 1 January 2016	57,329	19,684	77,013
Charge owned for the period	12,285	-	12,285
At 31 December 2016	69,614	19,684	89,298
NET BOOK VALUE			
At 31 December 2016	53,232	230	53,462
At 31 December 2015	65,517	-	65,517

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

	2016 £	2015 £
Short leasehold	53,232	65,518

12. DEBTORS

Due within one year	32,852	10,500
Other debtors	8,652	11,762
Prepayments and accrued income	41,504	22,262

13. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	92,294	110,400

14. CREDITORS : Amounts falling due within one year

Trade creditors	348,892	348,187
Taxation and social security	584	-
Other creditors	47,193	61,157
Accruals and deferred income	10,436	9,620
	407,105	418,964

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	2016 £	2015 £
15. FINANCIAL INSTRUMENTS		
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	92,294	110,400
Financial assets that are debt instruments measured at amortised cost	32,851	10,500
	125,145	120,900
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(406,521)	418,964
	(406,521)	418,964

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and others debtors.
Financial liabilities measured at amortised cost comprise trade creditors, others creditors and accruals for goods and services.

16. RESERVES

Profit and loss account

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

17. SHARE CAPITAL

Alloted, called up and fully paid

300,000 Ordinary shares of £1 each	300,000	300,000

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows :

Not later than 1 year	42,000	42,000
Later than 1 year and not later than 5 years	157,932	162,132
Total	199,932	204,132

The Company's operating lease expense is disclosed in Note 4 and the annual commitments under these arrangements are disclosed above. The annual rent is due for review in 2017.

19. RELATED PARTY TRANSACTIONS

All of the Company's remittances are routed through it's parent entity Bank Asia Limited as part of the normal business cycles, these transactions are at arms length, these amounts have no transactional value and purely for settlement. All commission income is earned from the remitters. There is a position at the year end included in Trade Creditors of £348,892(2015- £348,187)

20. 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.

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DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED *31 DECEMBER 2016*

	2016 (£)	2015 (£)
Turnover	175,180	105,649
Cost of sales	(16,704)	(26,683)
GROSS PROFIT	158,476	78,966
Gross profit %	90.5%	74.7%
	158,476	78,966
LESS : OVERHEADS		
Administration expenses	(157,537)	(152,676)
OPERATING PROFIT /(LOSS)	939	(73,710)
Interest payable	-	(8)
PROFIT/ (LOSS) FOR THE YEAR	939	(73,718)

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SCHEDULE TO THE DETAILED ACCOUNT

FOR THE YEAR ENDED *31 DECEMBER 2016*

	2016 (£)	2015 (£)
Turnover		
Commission Income	132,302	105,432
Other income	6,000	5,500
F/X Gain (Loss)	36,878	(5,283)
	175,180	105,649
COST OF SALES		
Bank Charges	16,704	26,683
	16,704	26,683
ADMINISTRATION EXPENSES		
Administration Expenses		
	-	-
Directors salaries	22,000	22,000
Staff salaries	38,002	32,392
Hotel, travel and subsistence	233	208
Printing and stationary	1,235	760
Postage	177	251
Telephone and fax	3,271	3,692
Computer costs	3,355	9,404
General office expenses	3,516	1,276
Advertising and promotion	661	1,139
Legal and professional	3,940	1,928
Auditors' remuneration	3,000	3,000
Auditor's remuneration -non-audit	2,836	2,836
Rent- Operating leases	42,000	42,000
Rates	13,867	13,985
Light and heat	3,015	2,340
Insurances	548	986
Repairs and maintenance	3,596	2,194
Depreciation -leasehold property	12,285	12,285
	157,537	152,676
INTEREST PAYABLE		
Interest payable		
Bank overdraft interest payable	-	(8)
	-	(8)

AMARSTOCK



DIRECTORS	A Rouf Chowdhury Rumee A Hossain Md. Arfan Ali (Appointed by Bank Asia and in process with New State Department of Financial Service)
REGISTERED OFFICE	168-29 HILLSIDE AVE Suite 2B, JAMAICA NEW YORK 11432, USA
TRADING ADDRESS	168-29 HILLSIDE AVE Suite 2B, JAMAICA NEW YORK 11432, USA 484, Mc Donald Avenue (1st floor) Brooklyn New York 11218, USA
INDEPENDENT AUDITORS	UNITED FINANCIAL CPA P.C . Certified Public Accountants New York, NY 10168

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and
BA Express USA Inc.

We have audited the accompanying balance sheet of BA Express USA Inc. (a New York Corporation) as of December 31, 2016, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly , in all material respects, the financial position of BA Express USA Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

-Sd-
New York, New York
January 26, 2017

AMARSTOCK

BALANCE SHEET

For the Year Ended *December 31, 2016*
(See accompanying auditor's report)

Assets	2016 ($)
Current Assets:	
Cash in Bank	695,937
Accounts Receivable	717,558
Other Current Assets	6,100
Total Current Assets	1,419,595
Fixed assets, net (note F)	91,690
Organizational Costs, net (note F)	11,529
Security deposits	24,200
Total Fixed Assets	127,419
Total assets	1,547,014
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current Liabilities :	
Remittance payable to Bank Asia Beneficiary	1,313,940
Accrued Taxes and other liabilities	800
Withholding Taxes	3,435
Total Current Liabilities	1,318,175
Total Liabilities	1,318,175
Total stockholder's equity	228,839
Total Liabilities & Stockholder's Equity	1,547,014

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

STOCKHOLDER'S EQUITY

For the Year Ended *December 31, 2016*
(See accompanying auditor's report)

		2016 ($)
Paid in Capital		960,000
Retained Earnings beginning of the year	(525,194)	
Net Income / (Loss) for the twelve months ended December 31, 2016.	(205,967)	
Retained Earnings at the end of Dec. 31, 2016		(731,161)
Total Stockholder's Equity		228,839

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

AMAR STOCK

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended *December 31, 2016*
(See accompanying auditor's report)

Revenue :	**2016 ($)**
Agent Commission / Fees Income	185,745
Branch Income	26,625
Head Office Income	9,183
Interest Income	2,565
Miscellaneous Income	23,100
FX Commission/ Gain	231,002
Total revenue	478,220
Expenses	
General and Administrative expenses	
New York, office expenses	658,581
Depreciation and Amortization	25,606
Total	684,187
Operating income before taxes	(205,967)
Income Taxes	
NYS and NYC	-
Net Income (loss)	(205,967)
Retained Earnings at the beginning of the period	(525,194)
Retained Earnings at the end of the year	(731,161)

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

AMAR STOCK

STATEMENT OF CASH FLOW

For the Year Ended ***December 31, 2016***
(See accompanying auditor's report)

	2016 ($)
Cash flow from operating activities :	
Net Income	(205,967)
Adjustments to reconcile net income to net cash Provided by (used in) operating activities :	
Depreciation	19,783
Amortization	877
Other Current Liabilities	(4,200)
Receivable from Agents	(375,964)
Withholding Taxes Liabilities	340
Other Liabilities	(22,635)
Due to beneficiary	(8,704)
Remittance payable	615,440
Net cash provided by operating activities	18,970
Cash flow from investing activities :	
Fixed Assets	445
Security Deposits	-
Net Cash provided by investing activities	445
Cash flow from Financing Activities	
Paid in Capital	-
Net increase (decrease) in cash	19,415
Cash at beginning of the period	676,522
Cash at the end of the year	695,937

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

AMAR STOCK

STOCKHOLDER'S EQUITY

For the Year Ended *December 31, 2016*
(See accompanying auditor's report)

Note A. Nature of the Organization and reports
These financial statements are prepared to the best of the management's knowledge, belief and actual transactions as of December 31, 2016.

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

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

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

Related Party Transactions and Shareholders

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

The Company's principal Shareholder is :

	Owner	Related Party	Correspondent
Bank Asia Ltd	100%	Yes	Yes

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

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

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

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

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS & CONCENTRATION OF CREDIT RISK
Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, due to correspondents, customers transfer payable and debt. The carrying value of such items approximates their fair value at December 31, 2014.

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

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

NOTE D. CASH BALANCE

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

	2016
Cash at Bank	113,160
Branch Funds	68,484
Restricted CD	514,293
Total	695,937

NOTE E. Accounts Receivable

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

	2016
Account Receivable	717,558
Total	717,558

NOTE F. Property, Furniture and Equipment

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

	2016
Furniture and Fixture	12,561
Equipment	16,591
Leasehold Improvements	102,098
Total	131,250
Less Accumulated Depreciation	(39,560)
Net Book Value	91,690
Company Organizational Costs :	13,136
Amortization	(1,607)
Net Book Value	11,529

Note I. Security Deposits

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

	2016
Rent Security Deposits	24,200

Board of Directors :

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

Management & Executives

PRESIDENT AND MANAGING DIRECTOR
Mr. Md. Arfan Ali

DEPUTY MANAGING DIRECTOR
Ms. Humaira Azam
Mr. Md. Zahirul Alam
Mr. Mian Quamrul Hasan Chowdhury
Mr. Mohammad Borhanuddin

SENIOR EXECUTIVE VICE PRESIDENT
Mr. Md. Sazzad Hossain
Mr. Mohammad Ziaul Hasan Molla
Mr. Sarder Akhter Hamed
Mr. Shafiuzzaman
Mr. Md. Ariful Islam Choudhury
Mr. Junaid Masroor
Mr. S.M. Iqbal Hossain
Mr. Chowdhury Manzoor Liaquat

EXECUTIVE VICE PRESIDENT
Mr. Md. Mozaffor Hossain
Mr. Mohammad Abdul Qaium Khan
Mr. Md. Zahid Hossain
Mr. Md. Zia Arfin
Mr. Tanfiz Hossain Chowdhury
Mr. Alamgir Hossain
Mr. Sheikh Mohammad Anisuzzaman
Mr. Md. Arshad Mahmud Khan

SENIOR VICE PRESIDENT
Mr. A.K.M. Shaiful Islam Chowdhury
Mr. Md. Raja Miah
Mr. Md. Shaminoor Rahman
Mr. Md. Mostafizur Rahman
Mr. Khandker Sayeed Nazmul Hasan
Mr. Mohammed Aminul Islam Mintu
Mr. Arequl Arefeen
Mr. Md. Ekramul Hossain
Mr. Md. Murshid-Al-Amin
Mr. Tahmidur Rashid
Mr. Md. Abdul Latif
Mr. Md. Azizul Haque Khan
Mr. A.K.M. Mizanur Rahman

VICE PRESIDENT
Mr. Md. Azharul Islam
Mr. Sumon Das
Mr. Ali Tarek Parvez
Mr. Humayun Yusuf Kabir
Mr. Md. Saiful Islam Laskar
Mr. Md. Ilias Khan
Mr. Md. Shahinur Rahman
Mr. Md. Jahangir Alam
Mr. Syed Md. Ali Reza
Mr. Zahirul Haque
Mr. Golam Gaffar Imtiaz Chowdhury
Mr. Mohammad Shah Emran
Mr. Mohammed Rashidul Kabir Rajib
Mr. Md. Ahsan Ul Alam
Mr. Mohammad Ibrahim Khalil
Mr. Mohammad Burhan Uddin Khondker
Mr. Md. Anisuzzaman Molla
Mr. Mohammad Ismail Hossain
Mr. Syed Ashraful Alam

AMAR STOCK

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Corporate Branch	Noor Tower (1st floor), 110, Bir Uttam C.R. Dutta Road, Dhaka	Ph: 880-2-9674501-2 9677031, 9614061-3 Fax: 880-2-9677032	BALBBDDH002
Principal Office Branch	Tea Board Building, 111-113, Motijheel C/A. Dhaka - 1000	Ph: 880-2-9571450-1, 9563652, 9571020-1, 9571023 Fax: 880-2-9566223	BALBBDDH003
Gulshan Branch	Bay's Gallaria, 57, Gulshan Avenue (Ground Floor) Dhaka - 1212	Ph: 880-2-9889268-9, 8828103,8828387 Fax: 880-2-8816739	BALBBDDH004
Agrabad Branch	69, Agrabad C/A, Chittagong	Ph: 880-31-714665, 724876, 714703, 2517303 Fax: 880-31-714548	BALBBDDH005
Malkhanagar Branch	Union Parishad Bhaban, Taltola Bazar, Malkhanagar, Munshigonj	Ph: 01711831040 Fax: 06924-63225	
Scotia Branch	"Rangs Bhaban" Holding # 117/A, Old Airport Road, Tejgaon, Dhaka	Ph: 880-2-8142290, 9137512-5 Fax: 880-2-8155858	BALBBDDH007
MCB Dilkusha Branch	4, Dilkusha C/A, Dhaka	Ph: 880-2-9568871 - 3 Fax: 880-2-9563649	BALBBDDH008
MCB Sk. Mujib Road Branch	1269/b Sk. Mujib Road, Agrabad C/A, Chittagong	Ph: 880-31-715125 - 7 Fax: 880-31-710352	BALBBDDH009
Sylhet Main Branch	60, Niloy Darga Gate, Chowhatta, Sylhet	Ph: 880-821-724722, 712256 Fax: 880-821-722616	
Tarail Branch	Tarail Bazar, Kishoreganj	Ph: 09434-75099 Fax: 09434-75099	
MCB Banani Branch	A. R. Tower, 24, Kamal Ataturk Road, Banani, Dhaka - 1213	Ph: 880-2-9885610, 9894699, 9889104 Fax: 880-2-9882181	BALBBDDH012
Khatunganj Branch	Asia Center, 273/268 Khatunganj, Chittagong	Ph: 880-31-610036, 638013-4, 618419, 63841 Fax: 880-31-632905	BALBBDDH013
Lohagara Branch	Mostafa Centre, Lohagara , Chittagong.	Ph: 03034-56304 Fax: 03034-56305	
North South Road Branch	89, Shaheed Syed Nazrul Islam Shoroni, (16,16/1, Malitola Lane) North South Road, Dhaka- 1100	Ph: 880-2-9563768-9, 9567671 Fax: 880-2-9563223	BALBBDDH017
Uttara Branch	House # 79A, Road #07, Uttara Model Town, Dhaka	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBBDDH015
Ashulia Branch	Chowdhury Plaza (1st Floor), Zamgara Bazar, Ashulia, Savar, Dhaka	Ph: 880-2-7702447 Fax: 880-2-7790448	

AMARSTOCK

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Mitford Branch	Bismillah Tower (1st & 2nd floor), 147/148, Mitford Road, Dhaka	Ph: 880-2-7320620 - 1 Fax: 880-2-7314999	BALBBDDH014
CDA Avenue Branch	665, CDA Avenue, East Nasirabad, Panchlaish, Chittagong	Ph: 880-31-2850091-2, 2863640 Fax:880-31-612933	BALBBDDH018
Sylhet Uposhohor Branch	Sylhet Tower, Subhani Ghat, Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821-2830791	
Dhanmondi Branch	Meher Plaza, House # 13/A (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-9100	Ph: 88-041-2830136-7, 2831451, 2831361 Fax: 041-2830135	
Rajshahi Branch	Ahmed Plaza, 182, Alu Patti Mor, Rajshahi-6100	Ph: 880-721-812503-4 Fax: 880-0721-812502	
Chatkhil Branch	Khilpara Road, 3147 Chatkhil Bazar, Chatkhil, Noakhali	Ph: 03222-75179 Fax: 03222-75179, 75224	
EPZ Branch	Zone Service Complex (Ground Floor), CEPZ, Chittagong	Ph: 880-31-800340, 800406 Fax: 880-31-801391	BALBBDDH027
Mohakhali Branch	82, Mohakhali C/A, Dhaka-1212	Ph: 02-9857236, 9857420, 9857429 Fax: 8855431	BALBBDDH028
Mirpur Branch	Nishi Plaza, Plot # 1, Avenue 4, Section 6, Block C, Pallabi, Mirpur, Dhaka-1216	Ph: 9013814, 9013841, 9013844 Fax: 880-2-9012122	
Anderkilla Branch	184, J.M Sen Avenue, Anderkilla, Chittagong	Ph: 880-31-2854882-3, 2854556 Fax: 880-31-2854881	BALBBDDH030
Rohitpur Branch	Rima Plaza, Rohitpur Boarding, Keranigonj, Dhaka	Ph: 880-2-7766677 Fax: 880-2-7766600, 7766444	
Bogra Branch	Jamil Shopping Centre, Baragola, Bogra	Ph: 880-51-51642-3 Fax: 880-5178641	
Jessore Branch	Jess Tower (1st Floor), 39/M.K. Road, Jessore	Ph: 0421-67783-4, 67748 Fax: 0421-67738	

AMARSTOCK

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Bahadderhat Branch	Mamtaz Tower, 4540 Bahadderhat, Chittagong	Ph: 031-2553741-3 Fax: 88-031-2553745	BALBBDDH018
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, 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, Dhaka	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	
Narayangonj Branch	Jahan plaza (1st Floor),20, Sirajuddoula Road, Falpatty, Narayangonj	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	
Moulvibazar Branch	Shah Mostafa Garden City, M. Saifur Rahman Road (Central Road), Moulavi Bazar	Ph: 0861-63601, 63602 Fax: 0861-636000	

AMARSTOCK

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Bhairab Branch	167 Kalibari Road, East Bhairab, Bhairab Bazar, Bhairab, Kishoregonj	Ph: 09424-72328-31 Fax: 09424-72332	
Strand Road Branch	S. A. Chamber (1st Floor), Strand Road, Majhirghat, Chittagong	Ph: 031-2513611-2317 Fax: 031-2513906	
Shyamoli Branch	23/4 Khiljee Road, Block B, Shyamoli, Dhaka	Ph: 02-9103565-6 Fax: 02-9115239	
Patherhat Branch	Ibrahim Sobhar Tower (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	Shitlabari Bazar Road, Narshigndi	Ph: 880-2-9446553-4 Fax: 880-2-9446555	
Barisal Branch	Fakir Complex, 112, Birsreshtho Captain Mohiuddin Jahangir Sarak, Barisal	Ph: 0431-2177510-1 Fax: 0431-62227	
Oxygen Moor Branch	422, Oxygen Moor, Kulgaon, Bayezid Bostami, Chittagong	Ph: 031-2583701-2 Fax: 031-2583704	
Laldighirpar, Sylhet	Laldighirpar Main Road, Laldighirpar, Sylhet	Ph: 0821-719901, 719904, Fax:0821-719907	
Elephant Road Branch	64, Elephant Road, Dhaka	Ph: 9669351,9669331 Fax: 880-2-9669296	
Lalmatia Branch	Plot 4/3, Block-D, Lalmatia Housing Estate ,Dhaka	Ph: 8100067, 8100071-2 Fax: 880-2-8100070	
Dohazaria Branch	SadekTower (1st Floor), Dohajari, Chandanaish, Chittagong	Ph: 01755591572-74	
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	Mob: 01911403703, 01713920853	
Hemayetpur Branch	Molla Market (1st Floor), Hemayetpur Bus stand, Tetuljhora Union, Savar, Dhaka	Mob: 01711072110	
Dakkhinkhan Branch	KC Plaza (1st Floor), Noapara , Dakkhinkhan bazar, Uttara, Dhaka	Mob: 0119818707 Fax: 07426-75173	
Mohadevpur Branch	Saif Uddin Haider & Sons Complex, Mohadevpur, Naogaon	Ph: 01426-75194	

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Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Nimtala Branch	Hemanta Shoping Complex (1st Floor), Nimtala , Sirajdikhan, Munshiganj	Mob:01712942590	
Comilla Branch	Chowdhury Plaza 2, House-465/401, Race Course, Comilla	Mob: 01717578720, 01771425266	
Sonaimuri Branch	United Plaza, Bank Road, Sonaimuri Bazar, Noakhali	Mob:01711008820	
Feni Branch	Holding No.- 34, Ward No.- 10, S.S.K. Road, Feni	Mob:01714112681	
Satmasjid Road Branch	Plot # 78, Bir Uttam M A Rob Sarak, Zigatola, Dhanmondi, Dhaka	Phone 9634926-7	
Paragram Branch	Mamtaj Plaza, Koilail Union Parishad, Nawabgonj, Dhaka	HOB-01713378991, 04470009132	
Sonargaon Janapath Road Branch	"Circle Windflower" Plot No.-30, Sonargaon Janapath Road, Section-11, Uttara, Dhaka	HOB-01670761210; 04470009678, MOB-01819185190	
Dinajpur Branch	"Torab Uddin Complex", Road No.-01, Butibabu Road, Ward No.-3, Kotwali, Dinajpur	HOB-01712 192519	
Lichubagan Branch	"Al-Emarat Shopping Complex", Chandragona Kadamtola Union Parishad, Rangunia, Chittagong	HOB-01818 127403	
Gazipur Branch	"Akbar Trade Centre", BIDC Road, Ward No.- 26, Gazipur City Corporation, Gazipur Sadar, Gazipur	HOB-01913 494546	
Kalatiya Branch	"Kalatiya Shopping Centre", Kalatiya Union Parishad, Keranigonj, Dhaka	769182,7769183,7769184 Mob:01777-792164	
Chandragonj Branch	"Sharif Plaza", Chandragonj, Lakshmipur	HOB-01727760638	
Bank Asia Bhaban Branch	"Bank Asia Bhaban", Agrabad C/A, Sabder Ali Road, Ward No.- 28, Chittagong City Corporation, Doublemuring, Chittagong	HOB-01713106206	
Kushtia Branch	"Hira Super Market", Siraj-ud-Dowla Road, Ward No- 03, Kushtia Sadar, Kushtia	HOB-01971 733140	
Holy Family Red Crescent Medical College Hospital Branch	"OPD Building" HFRCMCH, 1 Eskaton Garden, Moghbazar Road, Ward No.- 19, Dhaka South City Corporation, Ramna, Dhaka	Cell: 01715023337	
Fatullah Branch	"Swiss Point", (opposite of Fatullah Police Station), Fatullah, Narayangonj	Cell: 01711663609	
BSMMU Branch	"Nurses Hostel Building" 1170, Paribagh, Kazi Nazrul Islam Avenue,Shahbagh, Dhaka	Cell: 01819299518	

AMARSTOCK

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Ring Road Branch	Plot No- 842, North Adabar, Ring Road, Shyamoli, Adabar, Dhaka.	Cell-04470009363, 01711969794	
Tangail Branch	Al-hajj Super Market, 279, Masjid Road, Tangail Sadar, Tangail	HOB-01712965527 MOB-01714038273	
Rangpur Branch	"Rangpur Bhaban", Plot# 4737, Station Road, Kotwali, Rangpur	Cell: 01716438242	
Muksudpur Branch	Faridmia Complex, Muksudpur, Gopalgonj	Cell: 01713462602 Ph: -7648801-4	
Nangolkot Branch	"Haji Nurul Amin Tower" Nangolkot, Comilla		
Rupsha Branch	"Ma Plaza" School Road, Rupsha, Faridgonj, Chandpur		
Brahmanbaria Branch	"Muktijoddha Complex Bhaban" (Ground & 1st floor), Sadar Hospital Road, Brahmanbaria.	Cell: 01753711966	
Mirpur-1 Branch	"VTCB Tower Shopping Complex", Holding# 3 Main Road, Section-1, Mirpur, Dhaka-1216	Cell: 01715158993	
Kazipara Branch	"Kazipara Madrasha Complex" Holding# 559, Begum Rokeya Avenue, Kazipara, Mirpur, Dhaka	Cell- 01715912454	
Mymensingh Branch	"Shabit-Sharif Bhaban", Holding# 55 & 55/A, Boro Bazar, Mymensingh	HOB- 01713109434	
Gopalgonj Branch	"Noor Hossain Complex", Holding# 70, DC Road, Gopalgonj, Gopalgonj	MOB- 01715663251	
Maijdee Court Branch	Noakhali Super Market, Ward: 03, Court Road, Maijdee, Noakhali	MOB- 01727760638	
Faridganj Branch	Talukder Plaza, 640 (1st floor), Faridgonj, Chandpur	Cell- 01712866834	
Hatirdia Branch	Hatirdia New Market, Hatirdia, Monohordi, Narshingdi	Cell- 01715627900	
Companygonj Branch	Hazi Shansul Hoque Market, Companygonj, Muradnagar, Comilla	MOB- 01724931400	
Kashba Branch	Shimanto Complex Bhaban-2, Holding # 462, Kuti-Kashba Road, Kashba, Brahmanbaria	HOB-01994437200 MOB-01749400026	
Chandpur Branch	Appollo Pal Bazar Shopping, Holding #187, 188, 189, Mizanur Rahman Road, Chandpur, Chandpur	HOB-01718480639 MOB-01716928912	
Bhola Branch	Nabaroon Centre, Holding # 337-341, Sadar Road, Bhola Sadar, Bhola	HOB-01715087055	

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Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
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, Tongibari, Munshigonj	Ph: 0693251004-5 Fax: 0693251004	
Shirajdikhan SME/ Agri Branch	Shirajdikhan Bazar, Sikder Market Shirajdikhan, Munshiganj	Ph: 06924-63364 Fax: 06924-63225	
Ramgonj SME/Agri Branch	Anupom Super Market (1st Floor) , Bypass Road, Ramgonj, Laxmipur	Ph: 03824-75080,75171 Fax: 03824-75124	
	SME CENTRES		
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		
Principal Office Branch	Tea Board Building 111-113, Motijheel C/A. Dhaka - 1000.	Ph: 880-2-9571450, 9571451 Fax: 880-2-9566223	BALBBDDH003
Uttara Branch	House # 79A, Road #07, Sector # 4, Uttara Model Town, Dhaka - 1230	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBBDDH015
Shantinagar Branch	Treasure Island 42-43, Siddeshwari Circular Road, Shantinagar, Dhaka-1217	Ph: 8333979, 8312729 Fax: 880-8333978	
Bank Asia Bhaban Branch	"Bank Asia Bhaban", Agrabad C/A, Sabder Ali Road, Ward No.-28, Chittagong City Corporation, Doublemuring, Chittagong	Mobile: 88-01755650731	
Sylhet Uposhohor Branch	Sylhet Tower Subhanighat Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821- 2830791	
Islamic Banking Division, Corporate Office	Rangs Tower ,Corporate Office, 68 Purana Paltan, Dhaka-1000	Ph: 880-2- 7110062, bankasia@bankasia-bd.com	BALBBDDH

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Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
	OFF SHORE BANKING UNIT		
EPZ Branch	Zone Service Complex (Ground floor), CEPZ, Chittagong	Ph: 031-800320 Fax: 031-801391	
	Subsidiary-1: Bank Asia Securities Limited		
Dilkusha (Head Office)	Hadi Mansion (7th Floor), 2 Dilkusha C/A, Dhaka-1000	Phone: 7124743, 7170896 Fax: 88-02-9567884 Email: cmd.bankasia@gmail.com	
Dhanmondi Branch	Meher Plaza, House # 13/A, R # 05 Dhanmondi, Dhaka	Phone: 8624874-5	
Mirpur Branch	Nishi Plaza, Plot # 01, Avenue-04 Section-06, Block-C, Mirpur	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	158-160, Ground Floor Motijheel C/A, Dhaka-1000	Phone: 7124805, 7124816	
	Subsidiary-2: BA Exchange Company (UK) Ltd.		
Office in UK	125 Whitechapel Road, London E1 1DT	Tel: 0203 005 4845-6 Fax: 0207 426 0097 Mob: 0795 081 4675	
	Subsidiary-3: BA EXPRESS USA inc		
Office in Jamaica	168/29 Hill Side Avenue, Suite 2B, Jamaica, NY-11432 New York, USA	CEO: 0019173487207	
Office in Brooklyn	484, Mc Donald Avenue (1st floor), Brooklyn, NY-11218, New York, USA	CEO: 0019173487207	

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Integrated Reporting Checklist

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SAFA Standard Disclosure Checklist

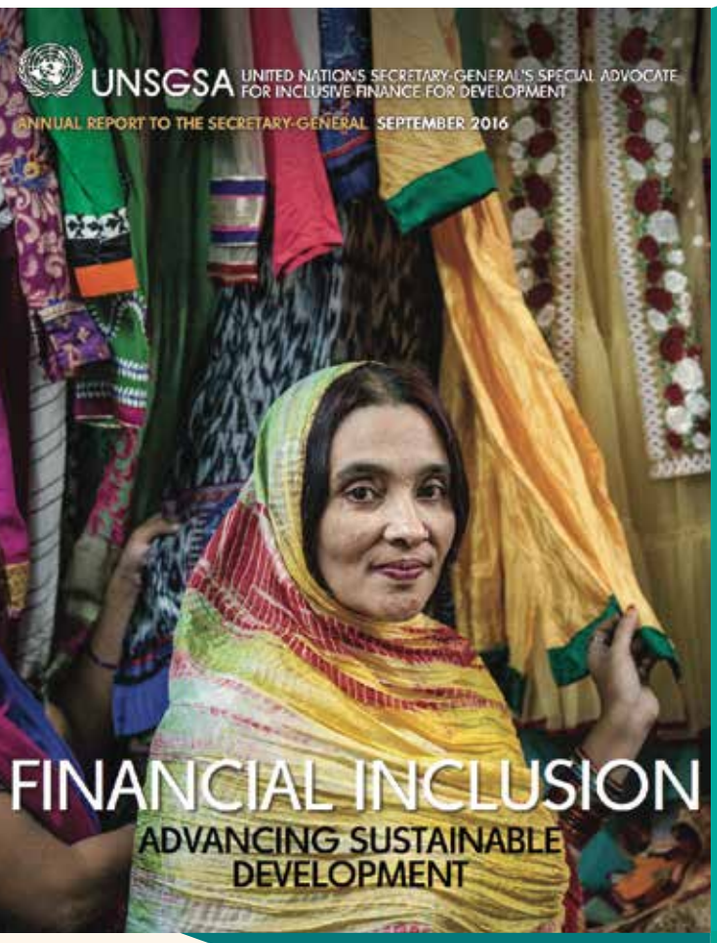
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A publication of UNSGSA covered financial inclusion in Bangladesh where Bank Asia's financial inclusion project has been portrayed



STITCHING A THREAD INTO BANGLADESH'S ECONOMY

In the village of Dohsoora, north of Dhaka, is a businesswoman named Jhorna Islam stands in her workshop before racks of clothing—deep red saris threaded in gold, pink and blue shalwar kameez, vivid green choli.

Surrounded by her eight employees, she describes the path of her success and lays out her plans for the future of Jhorna Fabrics—a story that speaks tellingly of the power of financial tools and the potential of women-owned enterprise in Bangladesh.

Garment exports are the backbone of the country's industrial sector, accounting for more than 80 percent of all exports and employing some 3 million workers, most of them women. Ms. Islam's operation is not aimed at export but she is very much a part of this world.

After training in fashion design, she began creating clothing out of her home. In 1998 she set up a tailoring business with a small microfinance loan from BRAC. After successfully repaying it, she took out two bigger loans for more equipment and hired more staff. Jhorna Fabrics now takes orders for women's and children's clothing and produces clothes for retail chains.

Steadily building a strong credit record and plowing her profits back into her growing

The power of financial tools have shaped the success of Jhorna Islam Tales on covers

enterprise over almost 20 years, Jhorna Islam has become a true small businesswoman. Her company remains a simple operation—employees work on battered foot-powered sewing machines—but she has no intention of stopping here.

Fortified by her ambition and skill, and with the ability to access the business credit she needs, she is now planning to launch her own fashion house. Into the complex fabric of the Bangladesh economy, Jhorna Islam is stitching a bright thread of her very own.



MESSAGE FROM THE UNSGSA



"A to-do list for people and planet, and a blueprint for success." In just a few words, UN Secretary-General Ban Ki-moon laid out the importance of the new Sustainable Development Goals (SDGs), which will guide development planning and action through 2030.

The SDGs also signal the global acknowledgement of financial inclusion as a catalytic tool to advance human development. Inclusive finance is referenced in seven of the 17 new goals, including those addressing poverty, hunger, gender equality, and economic growth.

The recognition of financial inclusion as a powerful engine of progress points to our challenging next steps: implementing the new goals. But in a year defined by looking to the future, it is important to reflect on the advances we have already made. Access has expanded by 700 million people in just three years, and a growing body of research demonstrates the strong links between financial inclusion and development.

I have seen the impact on the ground as well, in the lives of people like Jorna Islam (cover and page 12), whose thriving textile workshop in Dhaka demonstrates what financial inclusion can do for gender equality and women's economic empowerment. From huge data sets to individual stories, the evidence of the past and the present suggests that universal financial inclusion is within our reach.

This year's annual report reviews our recent work and looks closely at some of the most effective tools to foster financial inclusion. Using global and national commitments, data, regulation, innovative products, and consumer protection and education, the financial inclusion community is identifying needs, analyzing solutions, collaborating on action, and making notable progress.

While building on our accomplishments, our focus will need to expand and deepen. The fast-growing fintech sector, which is gaining much attention, has the potential to improve access and usage significantly and help us reach excluded populations such as women, rural residents, and the very poor. But as fintech develops, a closer dialog is needed between regulators and providers to ensure full protection of customers and the financial system.

Closer attention is also needed to expanding the effective use of financial services by offering client-centric products that reflect what customers want, need, and will really use. I'm pleased to note that many partners in my Reference Group and beyond are working hard to address this.

Ultimately, all of our work is aimed at improving the lives of low-income people. Looking forward, we must continue to strengthen the links between financial inclusion and development outcomes, digging more deeply into how we can deliver real value to the poor, expand gender equality, improve health, and much more.

In 2018, when the next round of the Global Findex is released, we will learn how much closer we have come to our own goal of universal, full financial inclusion. I look forward to working closely with partners around the globe to realize this promise as we begin to open up economic opportunity for two billion people.

H.M. Queen Máxima of the Netherlands
UN Secretary-General's Special Advocate for Inclusive Finance for Development

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