annual integrated report 2017



Social responsibility is
our center of gravity
and all kinds of financial activity
are cycling around the
gravitational platform

Bank Asia

Social responsibility
is our center of gravity
and all kinds of financial
activity are cycling around
the gravitational platform



Bank Asia established with the noble vision of making a poverty free Bangladesh where society will grow equitably. Like gravitational waves, Bank Asia is spreading its network encompassing the 360° horizon of business from corporate to grass-roots level under the framework of financial inclusion. Bank Asia seeks to escalate the wave effects to reach the black boxes that are still untapped.

Concept and Design Bank Asia Group Finance Team

Two Years Comparison

Million taka unless otherwise specified

	2017	2016	
Total Asset	288,997	253,196	14%
Deposit	207,041	191,273	8%
Loans and Advances	197,504	163,610	21%
Import in USD	2,156	1,824	18%
Export in USD	1,457	1,286	13%
Inward Remittance in USD	654	532	23%
Operating Profit	6,688	5,921	13%
Profit After Tax	2,048	1,546	32%
Shareholder's Equity	21,054	19,038	11%
Classified Loan Ratio	4.38%	5.41%	-1%
Earnings Per Share (Taka)	2.07	1.57	32%
Net Asset Value Per Share (Taka)	21.33	19.29	11%
Return on Equity	10.21%	8.13%	2%
Return on Asset	0.76%	0.65%	0.11%

Credit Rating

Rating	2017	2016
Long Term	AA2	AA2
Short Term	ST2	ST2

Rated by Credit Rating Agency of Bangladesh Ltd. (CRAB) on June 21, 2017 and will remain valid up to June 30, 2018

Priorities we followed in 2017

To attain a sustainable world by channeling the financial services as gravitational wave

Priorities	Objectives	Progress Made
Operating efficiency through Core Business	To maintain consistency and focus on asset quality	• +33% growth in core business income • Shifting focus from corporate to MSME and Retail business • + 8% Deposit | + 21% Advance | +18% Import | + 13% Export • Curbing non-performing loans to 4.38% from 5.41%
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. 32,914 million | CRAR 14.89% • Implemented liquidity tools •LCR (Liquid Coverage Ratio) 109.32% •NSFR (Net Stable Funding Ratio) 105.92% •Leverage ratio 5.43% • Successfully closed 7 Year Floating Rate Non-Convertible Subordinated Bond-3 of Tk. 5,000 million to raise Tier 2 capital
Financial Inclusion	To reduce poverty by promoting financial inclusion	• Expanding Agent Banking in 62 districts through 1,497 agent outlets in 2017 for most geographically dispersed poor segment • 1,629,286 beneficiaries of 21,816 villages under 35 districts came under Bank Asia's banking service network through EBEK • Tk. 22 million agri loan disbursed to 1,367 marginal farmers through A-Card
Technological Innovation	Reducing lead time by technological advances	• About 1,900 customers access to finance with Tk. 72 crore worth of loans through OCAS (Online Credit Approval System) including Tab based version under Diganta project • Deployed digital account opening platform where interested person can fill-up account opening form including uploading necessary documents from anywhere • Developed Electronic sanction archive where 14,300 sanctions archived during 2017
Paying back	Expanding the horizon of community services	• +68.56% CSR expenditure of Tk. 183.83 million under CSR activities • Bank Asia Foundation organized Medical Camp at Malikhanagar to facilitate 2,154 poor villagers • A number of initiatives like donation to old home, flood effected people, poor meritorious students etc. have been undertaken by FLDP program
Human Capital	Improvement of employee productivity	• 61,095 man hours of training to 2,611 employees • 4 training programs to 386 employees under Future Leadership Development Program (FLDP) • Launching of Debating Club to promulgate logical thinking and improve interpersonal skills • Human capital for the year 2017 stood at Tk. 16,911 million
Liquidity Risk Management	To ensure smooth banking operation	• Maintained AD Ratio 81.88% • -0.58% reduction in cost of deposit • -3.12% High Cost | +0.82% Low Cost | +2.3% No Cost

AMARSTOCK

Contents



Notice	04
Awards and Recognition	06
Vision, Mission and Core Values	08
Bank Asia at a Glance	10
Business Ethics and Codes of Conduct	11
Goals	13
DuPont Analysis	14
Corporate Structure and Corporate Information	15
Corporate Organogram	17
Directors' Profile	20
Bank Asia Foundation	26
Key Events 2017	28
Senior Management	34
Five Years Performance	38
Horizontal and Vertical Analysis	42
Chairman's Statement	47
President and Managing Director's Review	53
Segment Analysis	57
Milestone	145
Managements and Executives	386
Branches at a Glance	387

Directors' Report	
World Economy	60
Bangladesh Economy	62
Banking Industry	65
Review of Operations of Bank Asia	66

INTEGRATED REPORTING FRAMEWORK	
Our Approach to Integrated Report	97
Deposits and Advances Strategies	98
Import and Export Strategies	99
Future Orientation	100
Strategic Focus	101
Our Activities and Values	102
Capital	104
Our Business Model	175

RISK MANAGEMENT DISCLOSURES	
From Chief Risk Officer's Desk	108
Statement of Non Performing Loan (NPL) Management	110
Risk Management Report	111
Basel III Pillar 3 Market Discipline	125



SUMMARY SUSTAINABILITY REPORT	
Achievement for Sustainability Report	148
Sustainable Banking Operations	149
Message from the President and Managing Director	151
Report Parameter	152
Strategic Focus for Sustainability	153
Corporate Profile	154
Primary Brands, Products and Services	156
Stakeholders' Engagement	162
Material Aspects and Boundaries	165
Environmental Performance	166
Economic Performance	170
Sustainable HR Development	178
Bank Asia Foundation	184
Corporate Social Responsibility (CSR)	185
Customer Satisfaction Survey	188
Market Performance	190
Stakeholders Relationship/Grievance Redressal	192

CORPORATE GOVERNANCE	
Report on the Activities of the Audit Committee	198
Corporate Governance Report	202
Bank Asia Shariah Supervisory Committee	244
Report of Bank Asia Shariah Supervisory Committee	245
Chief Financial Officer's Report	246

FINANCIALS	
Auditor's Report	254
Consolidated Balance Sheet	256
Consolidated Profit and Loss Statement	258
Consolidated Cash Flow Statement	259
Consolidated Statement of Changes in Equity	260
Islamic Banking Unit	338
Off-shore Banking Unit	340
Subsidiary 1: Bank Asia Securities Limited	350
Subsidiary 2: BA Exchange Company(UK) Limited	364
Subsidiary 3: BA Express USA Inc.	378

STANDARD DISCLOSURES CHECKLIST	
Corporate Governance Disclosure Checklist in line with SAFA	196
Corporate Governance Compliance Certificate	221
Corporate Governance Compliance Checklist	222
Compliance Checklist in line with the Companies Act, 1994	231
Corporate Governance Compliance Checklist in line with Bangladesh Bank	233
Integrated Reporting Checklist	395
SAFA Standard Disclosure Checklist	396
Proxy Form & Attendance Slip	400

Notice of the Nineteenth Annual General Meeting

Notice is hereby given to all members of Bank Asia Limited ("the Company") that the Nineteenth Annual General Meeting of the members of the Company will be held at 11.00 AM on Monday the 14th May, 2018 at the Officers' Club, 26 Baily 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, 2017 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, 2017.
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 approve the appoinment of an Independent Director.

Md. Kamrul Hasan, FCS, CFA
Company Secretary

Dated: Dhaka
April 22, 2018

Notes

a) The Record Date of the Company is April 26, 2018. 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 2017 along with Directors Report and Audited Financial Statements of the Bank for the year ended December 31, 2017 will be available at the Bank's website **www.bankasia-bd.com**

AMARSTOCK

Prelude

Bank Asia is growing rapidly in course of time and has already built up an asset base of around Tk. 29 billion in 18 years of journey. Since inception, Bank Asia is working to be a growth partner of the economy that is embedded in the vision statement of the Bank "Poverty free Bangladesh". Keeping this in mind, Bank Asia has developed its business platform that offers level playing field for all segments of business from corporate to grass- roots level. The Bank has adopted unique business models of financial inclusion like EBEK and agent banking to reach every corner of the country, every individual of the society. Our experience with this segment has given us a strong belief of exploring a very potential sector which needs to nourish to come up as 'future growth engine'. Every year we select a theme that symbolizes our philosophy in business strategy. This year we denote it through gravitational waves. We opted this theme as we are moving towards inclusive banking where social responsibility is the center of gravity around which financial services is being channeled through gravitational waves.

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

BANKSTOCK

2017

- Bank Asia Limited has been awarded SAFA Best Presented Annual Report Awards 2016, First Runner Up under SAARC Anniversary Awards for Corporate Governance Disclosures category
- Bank Asia Limited was awarded Third prize in 17th ICAB National Award for Best Presented Annual Reports for its Annual Integrated Report 2016 under Corporate Governance Disclosures
- Certificate of Merit (4th position) under Integrated Reporting category from the Institute of Chartered Accountants of Bangladesh (ICAB)
- Bank Asia achieved 'Winner-Best Sustainability Report in Overseas category' in the 13th Sustainability Reporting Awards (SRA) 2017 by NCSR, Jakarta, Indonesia for Sustainability Report 2016
- Bank Asia achieved " Relationship Award -2017" by Caixa Bank, Spain

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.



SAMPLE STOCK

Mission

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

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

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

Vision

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



Core Values

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



AMARSTOCK

Bank Asia at a Glance

A Dream Comes True

Bank Asia started its journey on November 27, 1999 with a view to providing the best quality technology driven services in banking sector. Since inception it has been able to cover major parts of the country by extending and expanding its network by opening of branches, agent banking outlets etc. The Bank started its Islamic banking operation in 2008. It established the 1st subsidiary company 'Bank Asia Securities Limited' on March 16, 2011, then 'BA Exchange Company (UK) Limited' in London, United Kingdom on May, 2011 and 'BA Express USA Inc.' in Jamaica, New York, USA on June 01, 2014.
At present Bank Asia has 116 Branches, 5 Islamic Windows, 4 SME Service Centers, 1 Off-shore Banking Unit and 3 Subsidiaries. With an aim to serve the unbanked people, Bank Asia is now operating EBEK (Ektee Bari Ektee Khamar) banking services in 35 districts having 252 upazillas and 1,629,286 beneficiaries. The Bank has implemented 1,497 agent banking outlets in 62 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 26 (twenty six) years'of multifarious experience in banking profession leads the team from the forefront as President and Managing Director. At the end of 2017, the bank has 2,087 employees including 370 executives and 1,717 officers to serve its clients across the country. Bank Asia provides a work friendly elegant environment to its employees. Its unique reward and performance appraisal system encourage employees to give their best to serve the Bank and its stakeholders.

Giving Back to the under Privileged & Concern to Ecology

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

Eagerness for High-Tech Solution

Bank Asia always welcomes the innovation for the operation of the banking activities as well as reporting systems. Bank Asia has associated Islamic banking, Off-shore banking,CMSE 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 2016 will remain valid upto June 30, 2018.

Accolades & Recognition

Bank Asia was awarded several times by the national and international reputed organizations. Bank Asia has been awarded 1st Runner up position in the SAFA Best Presented Awards 2016 under SAARC Anniversary Award for Corporate Governance category. The Bank also achieved Third prize for Best Presented Annual Reports by ICAB for its Annual Integrated Report 2016 under Corporate Governance Disclosures and 'Certificate of Merit'(4th position) under Integrated Reporting Category from the Institute of Chartered Accountants of Bangladesh (ICAB). Besides, the Bank was also awarded the prestigious'Bangladesh Bank Remittance Award' for the highest volume of foreign currency drawing through this Bank in 2016. For Sustainability Report 2016, the Bank garnered Best Sustainability Report category Overseas in the 13th Sustainability Reporting Awards (SRA) by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia.

SHUTTERSTOCK

Business Ethics

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

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

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

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

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

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

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

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

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

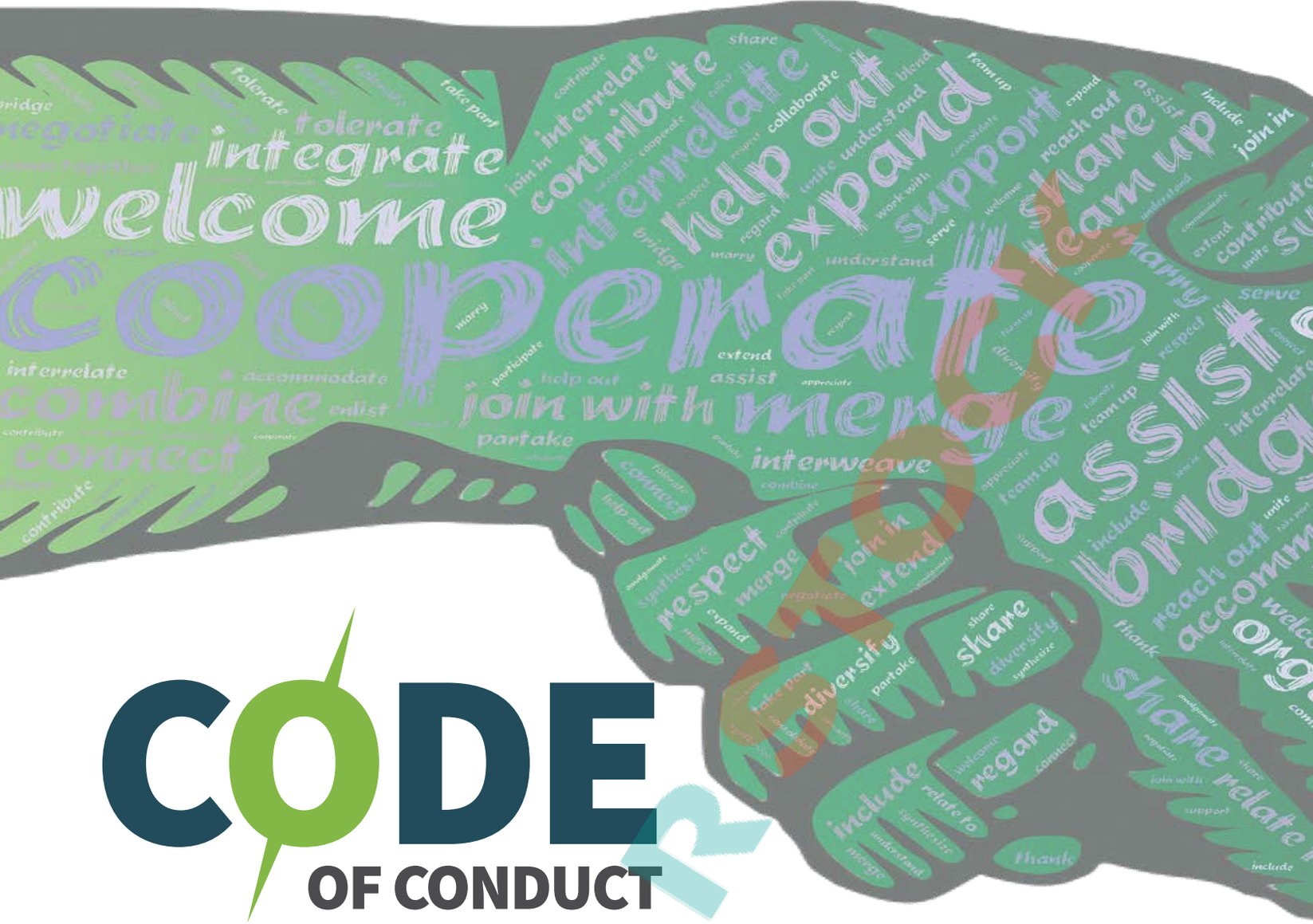
Accounting
Bank Asia has the highest regard for truth, completeness and accuracy in the recording of business transactions in full compliance with applicable Bangladesh laws & regulation, financial reporting standards, good accounting practices as well as maintaining valid authorization and ensuring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

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

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

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

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



CODE OF CONDUCT

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



GOALS

Sustainable Growth
Synergies between new knowledge and human capital for sustainable economic growth

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

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

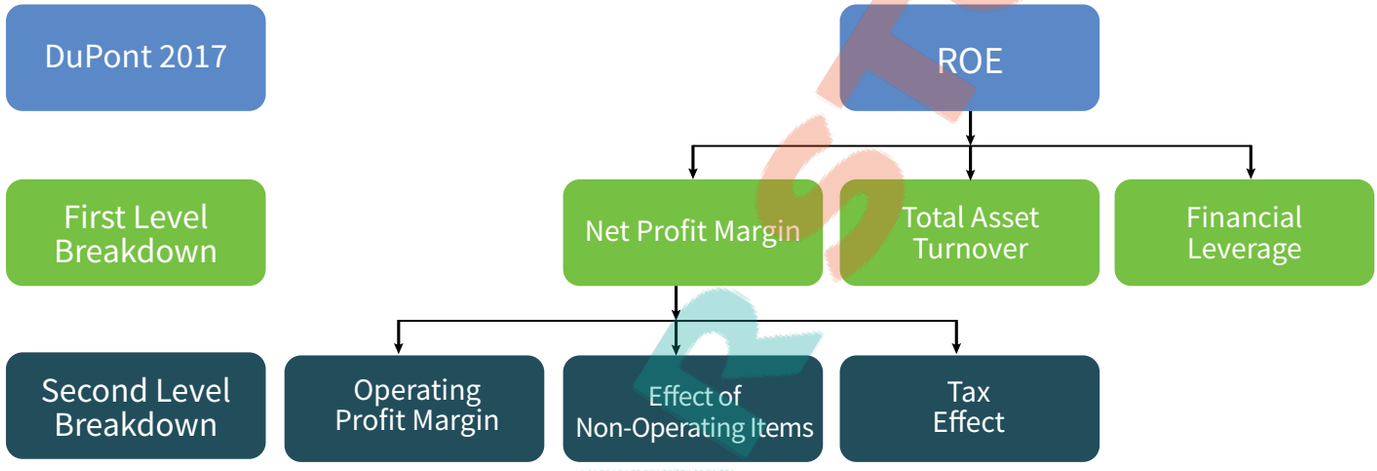
Differentiating Value Added Services
Strong focus on extremely cost-efficient and green services through internet banking, electronic fund transfer, automated cheques clearing, e-bank statement, SMS alert etc.

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

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

Dupont Analysis-5 Factors Model

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



Particulars	2017	2016	2015
ROE	**10.21%**	**8.13%**	**14.36%**
Net Profit Margin	8.98%	7.28%	11.97%
Total Asset Turnover	0.0841	0.0890	0.1056
Financial Leverage	13.5234	12.5610	11.3570
Operating Profit Margin	29.32%	27.87%	27.94%
Effect of Non-operating Items	0.6067	0.5552	0.6867
Tax Effect	0.5046	0.4703	0.6241

The higher the value of all components of DuPont analysis, the higher the positive impact on return on equity. Net profit margin consists of three important components namely operating profit margin, effects on non-operating items and tax effects as mentioned in second level break down. Operating Profit Margin of 2017 ascended to 29.32% compared to that of 27.87% in 2016 for higher growth of net interest income and non-funded income.

Effects on non-operating items include loan loss and other provision which increased to 0.6067 from 0.5552 for the decrease of Provision by 0.14% which resulted from lower classified loan. Tax effect increased to 0.5046 from 0.4703. The combined effects of these three components resulted in uplift of net profit margin to 8.98% in 2017 compared to 7.28% of last year.

Efficiency of utilization of assets as implied by average total assets turnover was a little bit lower than previous year. Bank Asia's financial leverage increased to 13.5234 from last year's 12.5610 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

	2017 (Consolidated)	2017 (Solo)
Income Statement Matrix		
Operating Profit	6,933	6,688
Profit Before Tax	4,197	4,058
Profit After Tax	2,112	2,048
Balance Sheet Matrix		
Total Shareholders' Equity	20,934	21,054
Deposits	207,284	207,041
Loans and Advances	200,328	197,504
Investments	28,145	27,546
Fixed Assets	5,344	5,330
Total Assets	290,946	288,997
Capital Measure		
Capital to Risk Weighted Asset Ratio Basel-III	14.75%	14.89%
Share Information Matrix		
Earnings Per Share (Taka)	2.14	2.07
Net Asset Value Per Share (Taka)	21.21	21.33
Credit Quality Ratios		
Classified Loans	4.31%	4.38%
Profitability Ratio		
Return on Equity	10.61%	10.21%
Return on Assets	0.77%	0.76%



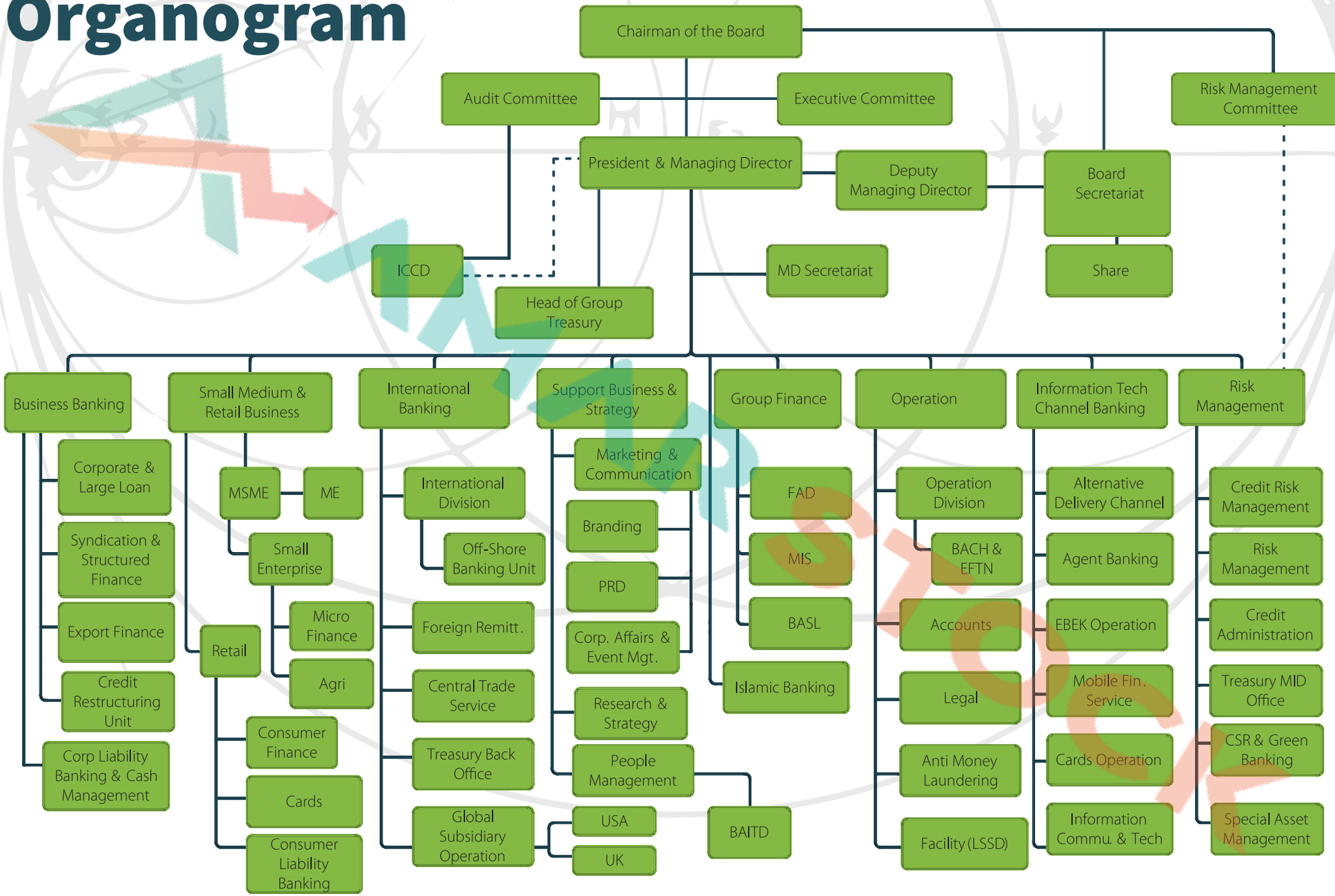
Corporate Information

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	10
Number of branches	116
Number of SME centers	4
Number of Islamic windows	5

Auditors	**ACNABIN** **Chartered Accountants** BDBL Bhaban (Level-13) 12, 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

FIRST OCK

Corporate Organogram

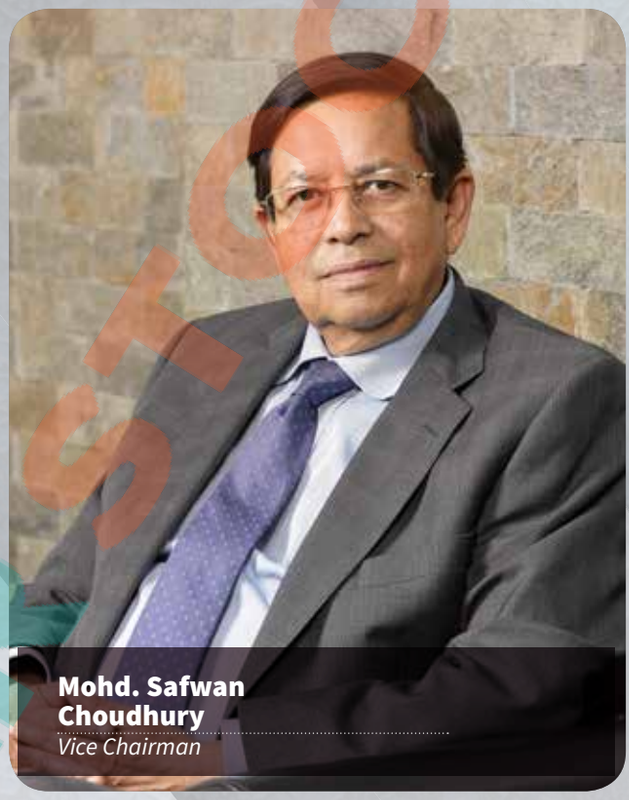


DIRECTORS' PROFILE



A Rouf Chowdhury
Chairman

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



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 former President of Sylhet Chamber of Commerce & Industry.

FMARSTOCK



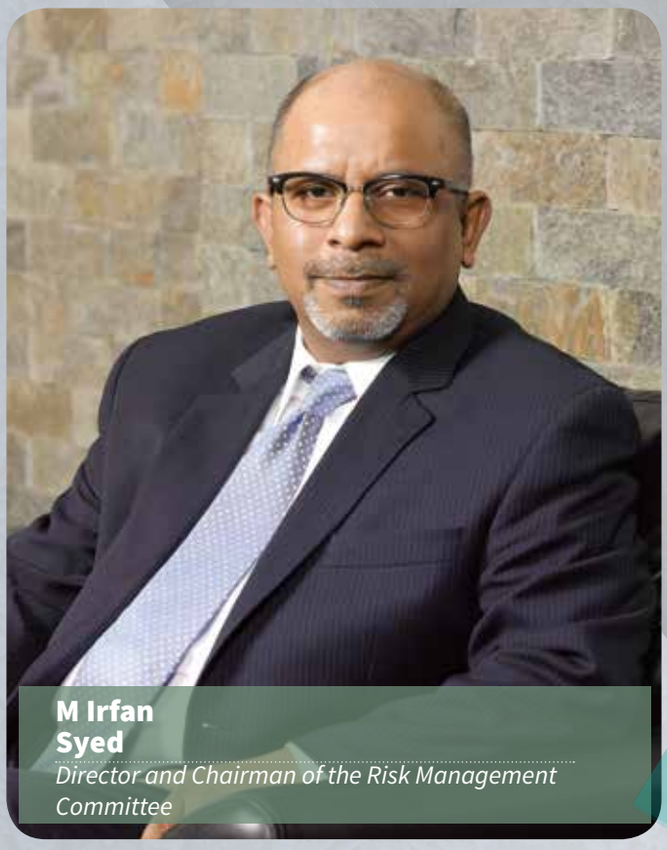
Hosneara Sinha
Director

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



Naheed Akhter Sinha
Director

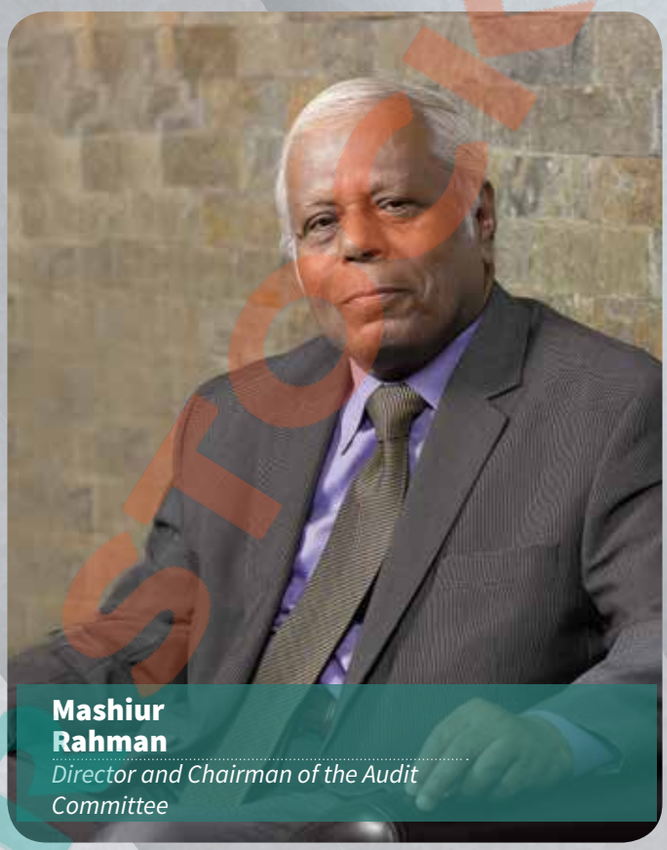
Ms. Naheed Akhter Sinha is one of the Sponsor shareholders of Bank Asia Ltd. She obtained MBA in Finance from North South University. She has been involved with different business houses and organizations from her early career. She is one of the promoters and shareholder directors of Enterprise Cluster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



M Irfan Syed

Director and Chairman of the Risk Management Committee

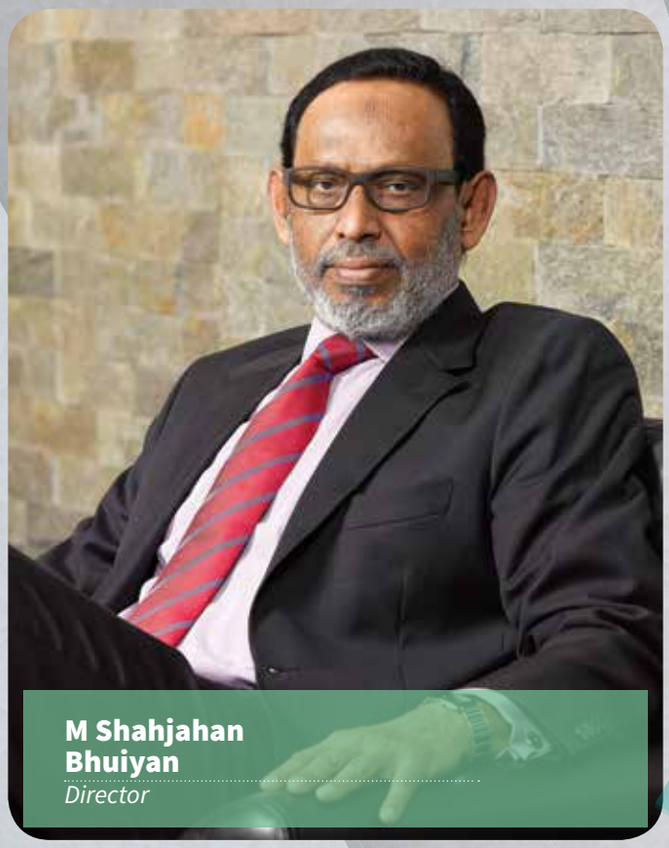
Mr. M Irfan Syed received his Bachelor's in Commerce from Dhaka University and his Master's in Business Administration from California University in USA. He also earned a Diploma in Advanced Accounting from the University of Maryland, USA. Mr. Syed started his career with Banque Indosuez, Dhaka in 1986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



Mashiur Rahman

Director and 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. 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.



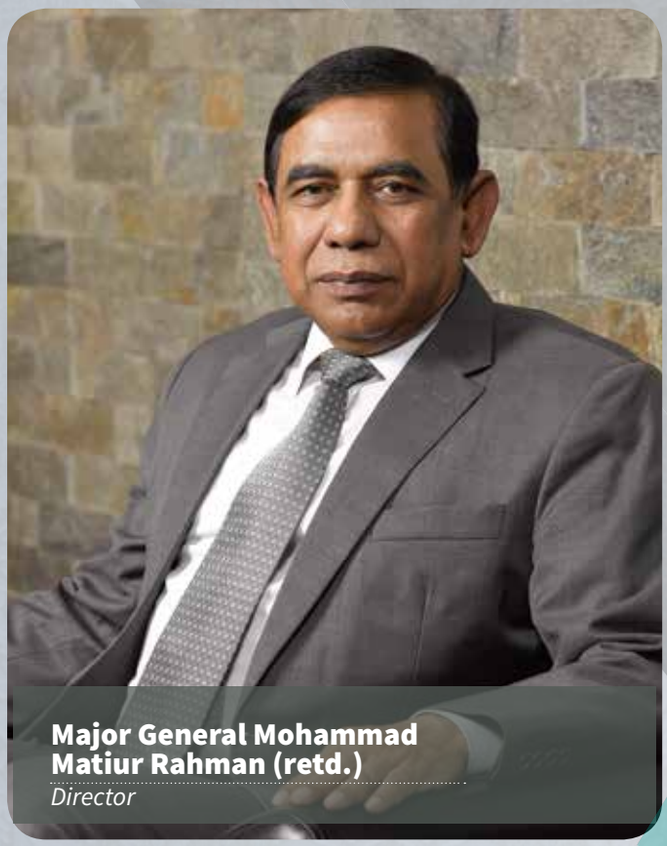
M Shahjahan Bhuiyan
Director

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 Ltd (UCBL). He is an M.Com in Accounting from the University of Rajshahi. Starting his career from 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.



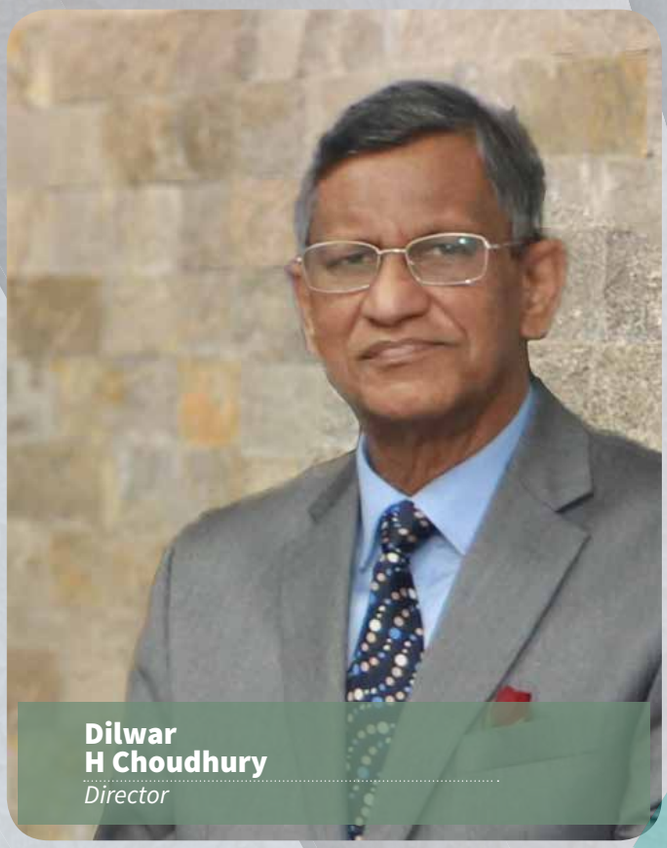
Major General Mohammad Matiur Rahman (retd.)
Director

Mr. Major General Mohammad Matiur Rahman (retd.) is one of the directors of Bank Asia Limited. He represents Sinha Fashions Ltd. He has more than 36 years of experience as a militery personnel. After retairement from his services, he joined the Sinha-Medlar group as an adviser in 2013. He obtained his Masters in defence strategics from National Defence University. He also participated in various trainings and seminiar at home and abroad.



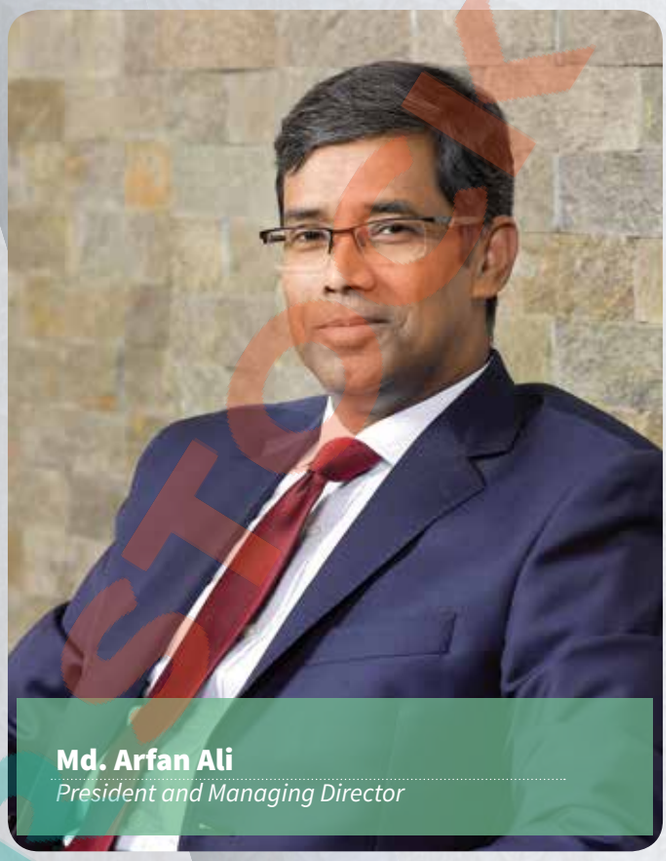
Romana Rouf Chowdhury
Director

Ms. Romana Rouf Chowdhury is one of the directors of Bank Asia Limited. Ms. Romana Rouf Chowdhury is a Bachelor of Arts major in English from Brac University. She has more than 27 years of experience as an industrialist. She is one of the successful young entrepreneurs of the country. She holds directorship of various sister concerns of Rangs Group and Sea Fishers Group such as Rangs Motors Ltd., Rangs Pharmaceuticals Limited, Sea Fishers Limited, Sea Resources Cold Storage Ltd. etc. Currently, she holds the position of Managing Director of Sea Fishers Limited.



Dilwar H Choudhury
Director

Mr. Dilwar H Choudhury is one of the Independent Directors of Bank Asia Ltd. He was a veteran banker with 35 (thirty five) years of banking experience including working in eight different countries in Asia, Africa and Europe in a multicultural situation. He was the former Managing Director (in-charge) of City Bank Ltd. He was also a Banking consultant for KPMG Dhaka during 2004-2005.



Md. Arfan Ali
President and Managing Director

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

Bank Asia Foundation Governing Body



Sitting from left

M.Irfan Sayed

Standing from left

Aminul Islam | **Md. Arfan Ali** | **Mohd. Safwan Choudhury** | **A. Rouf Chowdhury**
Chairman



FOUNDATION

Bank Asia Foundation

Md. Nazrul Huda **Mashiur Rahman**

Amanullah Chowdhury **Rumee A. Hossain** **M. Shahjahan Bhuiyan** **Romo Rouf Chowdhury**

Key Events 2017

January

Date	Key Events 2017
01	Received the Mastercard Principal Membership License from Mastercard Bangladesh
07	Bank Asia provides Higher Studies Scholarship at Chatkhil, Ramgonj, Sonaimuri of Noakhali and Chandragonj of Laxmipur district
13	Inauguration of In-House Cricket Festival-2017
17	Bank Asia celebrates 'Agent Banking Day' on 3rd anniversary of Agent Banking services in Bangladesh
19	Day-long training program on 'Prevention of Money Laundering and Combating Financing on Terrorism'
21	Business Review Meeting-2017
22	Handing over deeds of 723 decimal land with a 2-storied building at Malkhanagar of Sirajdikhan Upazila in Munshigonj district donated to Bank Asia Foundation for proposed `Bank Asia-Ma Amiran Hospital and Medical College'
26	Bank Asia opened Agent Banking outlet for farmers as a part of financial inclusion of marginalized farmers in Dinajpur
31	Bank Asia and Pran-RFL Group join hands to reach banking service to customers

February

Date	Key Events 2017
04	Bank Asia provided Higher Studies Scholarship in Dhaka and Tongi, Konabari and Hemayetpur of Gazipur district
09	Bank Asia and Bangladesh Bank exchange documents to facilitate fund for a long-term financing under the 'Green Transformation Fund for Export oriented Textile and Textile Products and Leather Manufacturing Industries'
11	Bank Asia provided Higher Studies Scholarship in Lohagara, Bhatiary, Patherhat, Lichubagan and Dohajari in Chittagong district
13	Bank Asia celebrated Basanto Utshab at the rooftop of the Corporate Office
15	Signing a participatory agreement on "Urban Building Safety Project" funded by JICA
16	Bank Asia signed agreement with SME Foundation to facilitate financing to women entrepreneurs involved in manufacturing and service sector business in rural areas, and cluster of electrical product in the suburb of Dhaka city
19	Bank Asia opened 114th branch in Bhola
19	Commerce Minister Mr. Tofail Ahmed, MP distributed A-Card among the farmers of Bhola district
22	Handing over A-Card to female farmer at Khulna Club
22	Signing of Audited Account Statement of BA Securities Ltd.
23	Bank Asia signed a tri-partite agreement with Agro-Input Retailers Network (AIRN) and NAAFCO, an agricultural input marketing company to offer credit facilities to their agri beneficiaries in southern regions of Bangladesh



Launching of A-Card at Bhola District

AMARSTOCK

March

Date	Key Events 2017
06	Launching the 3rd Revision/Phase of online banking service to the Government's poverty alleviation project "Ektee Baree Ektee Khamar (EBEK)"
08	Celebrated International Women's Day - 2017 in Bank Asia
08	Access to Information (a2i) Programme of Prime Minister's Office, Bangladesh Rural Electrification Board (BREB) and Bank Asia Limited has shacked hands to launch electronic bill payment service of BREB through Digital Centers of the country
09	Bank Asia Provided 40th Foundation Training to its Officers
09	Bank Asia awarded air tickets to eight topped credit card users under "Swipe & Fly" campaign
11	Free medical camp organized by Bank Asia Foundation at Malkhanagor in Sirajdikhan Upazila of Munshigonj district
19	Bank Asia orients its Officers on Islamic Banking and Finance
28	Bank Asia signs MoU with German Red Cross to support people facing threats of imminent extreme natural events



Painting Competition organized by Bank Asia for observing Independence Day

April

Date	Key Events 2017
02	Bank Asia opened 115th branch in Gulshan-2
04	Bank Asia signed MoU on safeguarding insurance facilities to agent banking and school banking customers
07	Inauguration of Bank Asia Agent Outlet set up inside the Daily Shopping outlet of PRAN Group
13	Bank Asia and BRAC signed MoU on financial literacy to students
16	Bank Asia approved audited Accounts 2016
22	Training on Prevention of Money Laundering & Combating Financing on Terrorism
26	Training on Islamic Banking and Finance
29	Future Leadership Development Program (FLDP)



Opening of Bank Asia's Gulshan-2 branch



An interactive assembly titled of "Future Leadership Development Program (FLDP)" at 'Town Hall Meeting'

Key Events 2017

May

Date	Key Events 2017
03	Bank Asia and The Daily Star signs deal on Knowledge Development
04	Bank Asia opened 116th branch in Gouripur
15	Handed over a cheque of Tk. 40 million to the Prime Minister for the 'Prime Minister's Education Support Trust' and `Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust' by Bank Asia Chairman at Gono Bhaban
18	Bank Asia provided 41st Foundation Training to its Officers
25	Training on Agent Banking Activities and Operational Procedures
29	Bank Asia's Agent Banking platform reached GRC grants to Hatia people before cyclone falls



Handed over a cheque to the Hon'ble Prime Minister by Bank Asia's Chairman at Gono Bhaban

July

Date	Key Events 2017
03	18th Annual General Meeting (AGM) held at Dhaka Ladies Club
03	A. Rouf Chowdhury re-elected as Chairman of Bank Asia
03	Mr. Mohd Safwan Choudhury and Mr. A M Nurul Islam Anu have been re-elected as Vice Chairmen of Bank Asia
08	Mr. Fazle Kabir, Governor of Bangladesh Bank handed over sanction of SME Entrepreneur Loan of Bank Asia to a client at DC Office Kishoregonj
09	Provided 42nd Foundation Training to its Officers
22	Half-yearly Business Review Meeting-2017
23	UNDP, Bank Asia innovate together for social safety net payments under the umbrella of the "Innovation Hub" - an alternative partnership model for Private Sector engagement launched in 2017 by UNDP and the United Nations Volunteer (UNV) Programme
29	Training on Agent Banking activities and Operational Procedures



UNDP and Bank Asia joined hands together for social safety net payments under "Innovation Hub" - an alternative partnership model for Private Sector engagement launched in 2017

August

Date	Key Events 2017
02	Bank Asia & IFC signed agreement where IFC has provided $40.00 million Working Capital Solutions (WCS) Facility under Global Trade Finance Program (GTFP)
05	Half-yearly Business Review Meeting-2017 held at Bank Asia Bhaban, Chittagong
06	Bank Asia and Western Union joins hands to reach International Remittance through Agent Banking Digital platform to grassroot people
08	Bank Asia handed over certificates to its Officers of 42nd Foundation Training
17	Meeting with Bashundhara Group for rising of fund by Bank Asia as Lead Arranger to set up the Petrochemical Complex Plant in Chittagong
20	Bank Asia Provided 43rd Foundation Training to Officers
21	Prevention of Money Laundering and Combating Financing on Terrorism as a lead Bank for officials of all commercial banks operating in Munshigonj



Bank Asia and Western Union joined hands to sent foreign Remittance to grassroot people through Agent Banking Digital platform

September

Date	Key Events 2017
21	To improve professional efficiency, Chairman of Bank Asia handed over certificates among the participants of 43rd Foundation Training Course
23	Bank Asia's Agent Banking launching Customer Acquisition campaign named 'Grow & Gain'
24	Organized a seminar on "Reporting of Foreign Direct Investment & inauguration of FDI Help Desk"
25	Provided 44th Foundation Training to its Officers



Provided 43rd Foundation Training to the officers of Bank Asia

October

Date	Key Events 2017
Oct-7	Inauguration of district level School Banking Conference-2017 led by Bank Asia held in Munshigonj
Oct-10	Handed over a cheque of Tk. 10.00 million to National Heart Foundation for setting up a post CCU in the hospital's Sylhet Unit
Oct-18	Bank Asia's Vice Chairman A M Nurul Islam Anu passed away
Oct-30	Access to Information (a2i) entered into an MOU with Mastercard and Bank Asia to strengthen Digital Financial Services to rural unbanked people of Bangladesh and make digital payment services accessible all over the country through UDCs

November

Date	Key Events 2017
Nov-1	Handed over a cheque of Tk. 6.00 million of Bank Asia to an women entrepreneur of Bank Asia Barisal Branch at a ceremony of "Bankers-SME Entrepreneurs Congregation and Open Loan Distribution Program"
Nov-5	Training on Prevention of Money Laundering and Combating Financing on Terrorism
Nov-7	Seminar on Sustainable Energy Finance jointly organized by Bank Asia and International Finance Corporation (IFC)- World Bank
Nov-26	Signing agreement between Bank Asia and Bluenumber, a US-based organization on financial inclusion of Ready-made Garment Workers and farmers in Bangladesh
Nov-26	Bank Asia signed MOU with CCRM Manager Pte Ltd., Singapore to utilize the Fin Tech platform of CCRM Manager, a global trade Fin tech company for facilitating trade finance & working capital assets
Nov-28	Signing an MoU between Bank Asia and UNDP-funded SWAPNO project to help female beneficiaries under the financial inclusion and make a tangible change in their life



Bank Asia's 18th anniversary celebration



Signing agreement between Bank Asia and Bluenumber on financial inclusion of Ready-made Garment Workers and farmers in Bangladesh

December

Date	Key Events 2017
Dec-1	Bank Asia organized a day long Blood Donation Program in a function held at the Bank Asia Corporate Office, Dhaka for celebrating 18th Anniversary of the Bank
Dec - 11	Inauguration of Agent Outlet of Bank Asia operated by Bangladesh SME Corporation Ltd.
Dec-12	Agreement on implementation of premium collection service for Pragati Life Insurance through agent outlets of Bank Asia across the country



Financials sign-off ceremony

UFS-Bank Asia Mutual Fund of Tk. 1,000 Million

BSEC (Bangladesh Securities and Exchange Commission) has approved Bank Asia's 1st Mutual Fund jointly with UFS (Universal Financial Solutions Limited) on December 28, 2017. This is an Open-End Mutual Fund and size of the fund will be Tk.1,000 million. Bank Asia, first ever in its kind, has already invested Tk.100 million in this Mutual Fund as sponsor of the fund where UFS shall act as Asset Management Company and ICB (Investment Corporation of Bangladesh) perform as Trustee & Custodian of the Fund.

We are confident that introduction of this fund will definitely enhance the bank's brand image to different segments of stakeholders as well as pave the way to a different dimension in income stream.



Signing Ceremony of Trust Deed for UFS-Bank Asia Unit Fund

Senior Management Team



Sitting from left

Mohammad Borhanuddin
DMD & COO

Md. Sazzad Hossain
DMD

Standing from left

Mohammad Ataur Rahman
Member Secretary

Mohammad Ibrahim Khalil, FCA
CFO



Md. Zahirul Alam
DMD

Md. Arfan Ali
President & Managing Director

Arequl Arefeen
Head of Treasury

Md. A.K.M. Mizanur Rahman
Head of Islamic Banking (CC)

Senior Management



Sitting from left

Md. Sazzad Hossain
DMD

Shafiuzzaman
Head of C&LL

Sarder Akhter Hamed
Head of CMSE

Md. Arfan Ali
President & Managing Director

Standing from left

Arequl Arefeen
Head of Treasury

Md. Zia Arfin
Head of ID

Md. Ariful Islam Choudhury
Head of Retail



Md. Zahirul Alam
DMD

Mohammad Borhanuddin
DMD & COO

Md. Abdul Qaium Khan
Head of ICT

Mohammad Ibrahim Khalil, FCA
CFO

Md. Kamrul Hasan, FCS, CFA
Company Secretary

K S Nazmul Hasan
Head of PMD

Md. A K M Mizanur Rahman
Head of Islamic Banking (CC)

Md. Aminul Islam Mintu
Head of ICCD(CC)

Five Years Performance

Million Taka unless otherwise specified

Particulars	2017	2016	2015	2014	2013
BALANCE SHEET MATRIX					
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	9,870.11	8,812.60	8,392.95	7,629.96	6,936.32
Reserve Fund & Surplus	11,184.38	10,225.88	10,586.38	9,234.47	7,681.38
Total Shareholders' Equity	21,054.49	19,038.48	18,979.33	16,864.42	14,617.70
Deposits	207,041.47	191,272.58	169,827.34	140,869.29	133,489.37
Loans and Advances	197,504.14	163,609.78	136,396.34	116,808.85	104,911.26
Investments	27,545.82	39,365.21	46,942.77	38,683.41	33,933.36
Fixed Assets	5,329.74	5,249.72	5,075.51	5,213.61	5,288.35
Total Assets	288,996.64	253,195.70	224,347.31	182,730.94	163,777.74
Total Off Balance Sheet Items	136,156.44	110,762.05	96,817.06	71,527.15	67,164.26
Interest Earning Assets	256,765.52	223,223.17	196,955.81	156,535.38	150,629.28
Non-Interest Earning Assets	32,231.12	29,972.53	27,391.50	26,195.56	13,148.46
INCOME STATEMENT MATRIX					
Interest income	16,411.57	14,569.39	13,941.18	13,914.31	14,319.42
Interest Expenses	10,841.56	10,600.94	11,170.32	10,699.77	11,139.14
Investment income	2,535.39	3,548.30	4,827.41	4,029.12	3,053.80
Non-Interest income	3,861.98	3,123.14	2,728.65	2,442.54	2,299.08
Non-Interest Expenses	5,279.83	4,719.26	4,321.26	3,907.37	3,117.39
Total income	22,808.95	21,240.83	21,497.24	20,385.97	19,672.29
Total Expenditure	16,121.39	15,320.20	15,491.57	14,607.14	14,256.53
Operating Profit	6,687.56	5,920.63	6,005.66	5,778.83	5,415.76
Profit Before Tax	4,057.53	3,286.91	4,123.92	4,216.96	3,520.59
Net Profit After Tax	2,047.53	1,545.91	2,573.92	2,218.69	1,459.82
CAPITAL MEASURES					
Risk Weighted Assets	221,114.65	199,490.69	183,247.39	157,574.62	140,976.92
Core Capital (Tier-I)	18,852.66	16,735.57	16,400.10	14,173.67	11,904.15
Supplementary Capital (Tier-II)	14,061.29	8,039.04	6,436.73	3,669.56	3,670.70
Total Capital	32,913.96	24,774.61	22,836.83	17,843.22	15,574.85
Capital Surplus/(Deficit)	10,802.49	4,825.54	4,512.10	2,085.76	1,477.16
Tier I Capital Ratio	8.53%	8.39%	8.95%	8.99%	8.44%
Tier II Capital Ratio	6.36%	4.03%	3.51%	2.33%	2.61%
Total Capital Adequacy Ratio Basel-II		-	-	11.32%	11.05%
Capital to Risk Weighted Asset Ratio Basel-III	14.89%	12.42%	12.46%	-	-
CREDIT QUALITY					
Classified Loans	8,642.30	8,847.34	5,808.87	6,200.55	5,878.79
Provision for Unclassified Loans	4,101.19	2,929.43	3,085.01	1,155.79	1,038.20
Provision for Classified Loans	3,740.00	4,494.29	2,911.65	3,981.26	3,074.43
Provision for Contingent Liabilities	1,331	1,107.62	968.17	715.27	671.64
Percentage of NPLs to total Loans and Advances	4.38%	5.41%	4.26%	5.31%	5.60%
FOREIGN EXCHANGE BUSINESS					
Import	181,468.00	148,724.27	129,930.43	110,192.54	110,738.08
Export	118,172.00	103,139.15	89,275.32	77,646.91	71,968.83
Remittance (Inward)	51,778.00	41,665.14	42,996.80	41,732.50	34,334.40

VMR STOCK

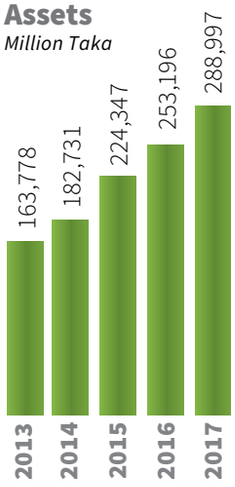
Million Taka unless otherwise specified

Particulars	2017	2016	2015	2014	2013
OPERATING PROFIT RATIOS					
Credit Deposit Ratio	81.88%	76.15%	71.50%	77.87%	75.85%
Cost of Deposit	5.08%	5.66%	6.87%	7.53%	8.82%
Cost of Deposit & Borrowing	5.23%	5.71%	7.19%	7.64%	8.82%
Administrative Cost	2.50%	2.51%	2.85%	2.93%	2.66%
Yield on Loans and Advances	9.03%	9.86%	10.97%	12.77%	14.22%
Spread	3.95%	4.20%	4.10%	5.24%	5.41%
Return on Assets	0.76%	0.65%	1.26%	1.28%	0.96%
Return on Equity	10.21%	8.13%	14.36%	14.09%	10.55%
Current Ratio	1.05	1.04	1.07	1.06	1.11
Debt Equity Ratio	12.73	12.30	10.82	9.84	10.20
PERFORMANCE RATIOS					
Profit per Employee	3.20	3.01	3.27	3.26	3.38
Operating profit as % of Working Fund	2.47%	2.48%	2.95%	3.34%	3.56%
Net Interest income as % of Working Fund	2.89%	2.88%	3.16%	3.85%	3.98%
Burden Coverage	73.15%	66.18%	63.13%	62.51%	73.75%
Burden Ratio	0.43%	0.40%	0.21%	0.52%	0.42%
Expense Coverage	78.04%	79.59%	89.96%	77.15%	79.44%
Ratio of Fees income	26.07%	23.26%	20.88%	19.39%	21.11%
Salary Exp. to total Overhead Exp.	47.99%	49.84%	50.28%	46.98%	46.90%
Salary Exp. to Fees income	81.21%	95.05%	100.76%	97.75%	81.16%
Cost to income/ Efficiency ratio	44.12%	44.35%	41.84%	40.34%	36.53%
DIVIDEND & RIGHTS ISSUE					
Cash			15%	5%	
Stock	12.50%	12%	5%	10%	10%
Total Dividend	12.50%(Proposed)	12%	20%	15%	10%
SHARES INFORMATION MATRIX					
No. of Shares Outstanding(Million)	987.01	881.26	839.30	763.00	693.63
Earnings Per Share (Taka)	2.07	1.57	2.92	2.64	1.91
Number of Shareholders	10,681	10,774	12,892	16,211	18,179
Market Value Per Share (Taka)	23.10	17.90	16.50	16.70	23.00
Price Earnings Ratio	11.14	11.40	5.65	5.74	12.04
Net Asset Value Per Share (Taka)	21.33	19.29	21.54	22.10	21.07
Dividend Coverage ratio	1.66	1.46	1.53	1.94	2.10
OTHER INFORMATION					
Number of Branches	116	105	98	91	86
Number of SME Service Centers	4	6	6	6	6
Number of Islamic Windows	5	5	5	5	5
Number of Employees	2,087	1,970	1,839	1,773	1,600
Number of Foreign Correspondents	727	751	663	612	761

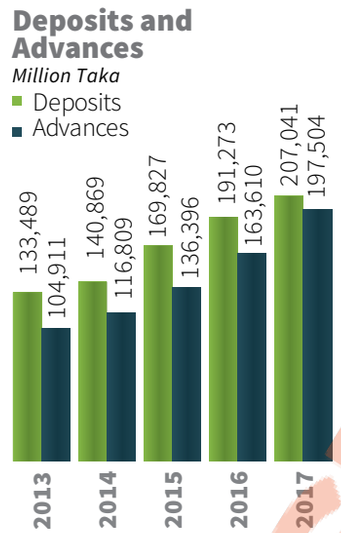
MARSTOCK

Five Years Performance

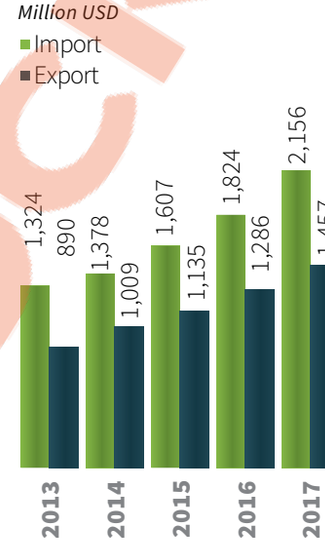
Total Assets
Million Taka



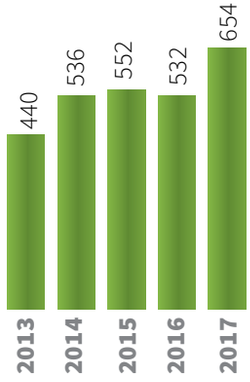
Deposits and Advances
Million Taka



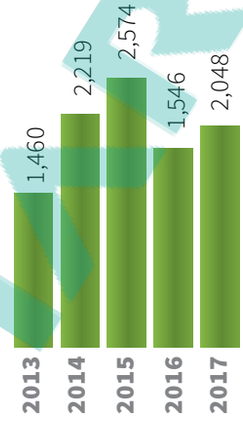
Import and Export
Million USD



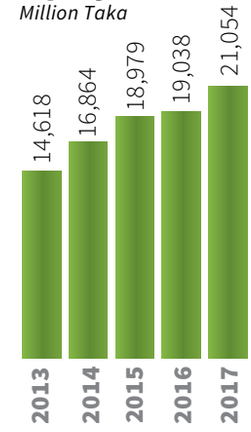
Inward Remittance
Million USD



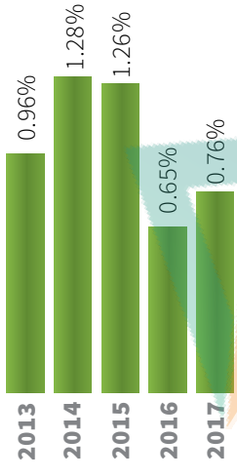
Net Profit After Tax
Million Taka



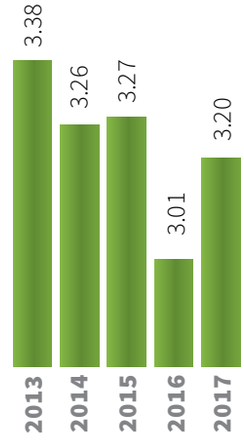
Total Shareholders' Equity
Million Taka



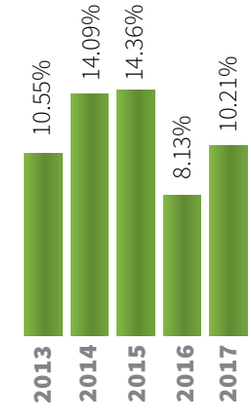
Return on Assets (ROA)



Profit per Employee
Million Taka



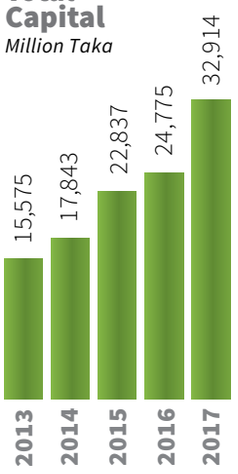
Return on Equity (ROE)



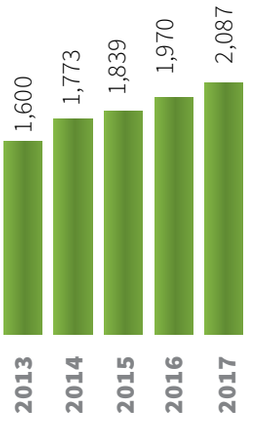
AMARSTOCK

Five Years Performance

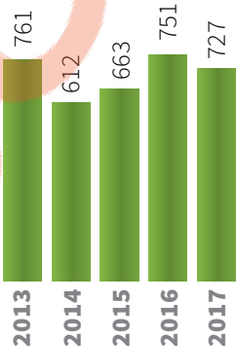
Total Capital
Million Taka



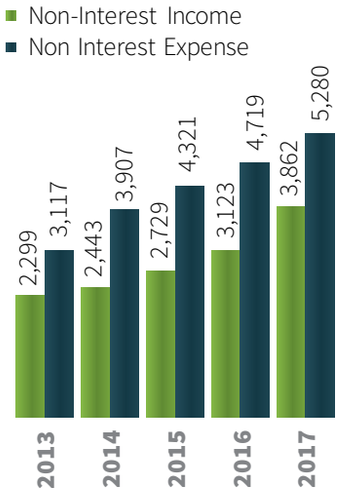
Number of Employees



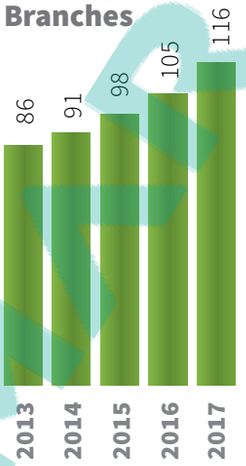
Number of Foreign Correspondents



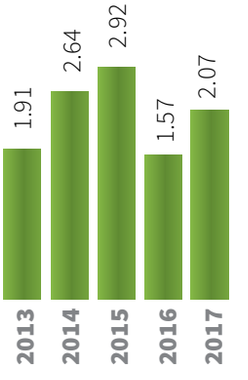
Non Interest Income & Non Interest Expense
Million Taka



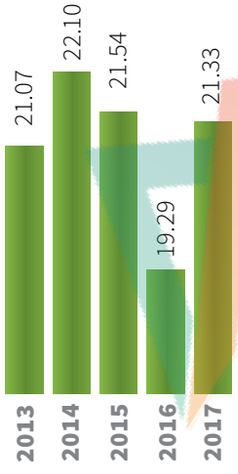
Number of Branches



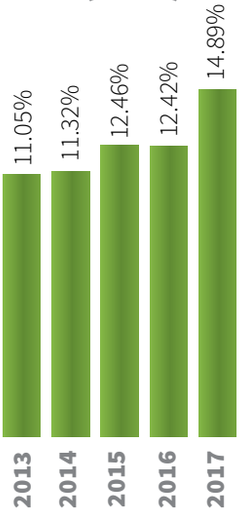
Earnings per Share
Taka



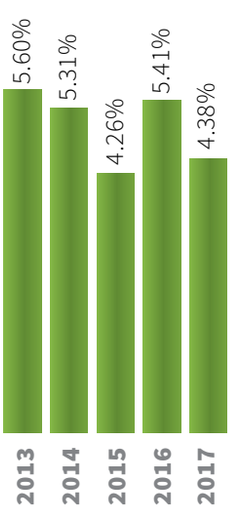
NAV per Share
Taka



Capital to Risk Weighted Asset Ratio (CRAR)



Non-Performing Loan Ratio



TRUE STOCK

Horizontal Analysis

For the last five years
Profit and Loss Statement

	2017	2016	2015	2014	2013
OPERATING INCOME					
Interest income	114.61%	101.75%	96.92%	97.17%	100.00%
Interest paid on deposits and borrowings, etc	97.33%	95.17%	100.28%	96.06%	100.00%
Net interest income	175.14%	124.78%	85.13%	101.08%	100.00%
Investment income	83.02%	116.19%	160.16%	131.94%	100.00%
Commission, exchange and brokerage	173.19%	137.39%	119.70%	104.25%	100.00%
Other operating income	149.11%	130.24%	115.03%	113.46%	100.00%
Total operating income	140.25%	124.69%	121.02%	113.51%	100.00%
Salaries and allowances	173.91%	161.26%	148.79%	125.70%	100.00%
Rent, taxes, insurance, electricity, etc	165.63%	144.11%	138.86%	116.12%	100.00%
Legal expenses	277.83%	181.56%	108.72%	118.17%	100.00%
Postage, stamp, telecommunication, etc	138.06%	125.81%	118.68%	105.23%	100.00%
Stationery, printing, advertisements, etc	139.55%	129.13%	142.75%	108.24%	100.00%
Managing Director's salary and fees	106.92%	120.69%	128.71%	108.92%	100.00%
Directors' fees	173.95%	185.58%	272.79%	161.05%	100.00%
Auditors' fees	87.35%	114.86%	83.94%	63.30%	100.00%
Depreciation and repairs of Bank's assets	121.26%	123.66%	116.31%	116.17%	100.00%
Other expenses	191.88%	154.31%	131.86%	137.39%	100.00%
Total operating expenses	169.37%	151.39%	138.62%	125.34%	100.00%
Profit before provision	123.48%	109.32%	110.89%	106.70%	100.00%
Provision for loans and advances/investments					
General provision	2391.33%	1134.27%	3141.28%	239.98%	100.00%
Specific provision	81.25%	120.31%	5.24%	84.82%	100.00%
Provision for off-balance sheet items	281.02%	175.43%	318.15%	54.89%	100.00%
Provision for diminution in value of investments	0.00%	44.56%	0.00%	22.89%	100.00%
Other provisions	-	-	-	-	-
Total provision	138.78%	138.97%	99.29%	82.41%	100.00%
Total profit before tax	115.25%	93.36%	117.14%	119.78%	100.00%
Provision for taxation					
Current tax	96.42%	82.19%	75.17%	95.38%	100.00%
Net profit after tax	140.26%	105.90%	176.32%	151.98%	100.00%

Horizontal Analysis (Profit and Loss Statement)
Horizontal Analysis on Income Statement refers to the analysis of growth of each component of income statement items from the base period. Here base period is considered the year 2013 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. Net interest income (NII) exhibited higher growth in 2017 for the growth of advance and decrease of deposit cost. Total provision is showing increasing trends over the periods mainly for rising of NPL.

Horizontal Analysis

For the last five years
Balance Sheet

	2017	2016	2015	2014	2013
PROPERTY AND ASSETS					
Cash	185%	165%	128%	113%	100%
In hand (including foreign currencies)	123%	128%	104%	82%	100%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	197%	172%	133%	119%	100%
Balance with other banks and financial institutions	2172%	974%	607%	55%	100%
In Bangladesh	2171%	808%	571%	52%	100%
Outside Bangladesh	2225%	6839%	1901%	161%	100%
Investments	81%	116%	138%	114%	100%
Government	80%	118%	143%	114%	100%
Others	91%	95%	94%	112%	100%
Loans and advances/investments	188%	156%	130%	111%	100%
Loans, cash credits, overdrafts, etc/investments	180%	153%	126%	108%	100%
Bills purchased and discounted	417%	224%	245%	209%	100%
Fixed assets including premises, furniture and fixtures	101%	99%	96%	99%	100%
Other assets	129%	127%	139%	117%	100%
Total assets	176%	155%	137%	112%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	1556%	968%	632%	403%	100%
Deposits and other accounts	155%	143%	127%	106%	100%
Current/Al-wadeeah current accounts and other accounts	245%	200%	173%	126%	100%
Bills payable	238%	294%	236%	108%	100%
Savings bank/Mudaraba savings bank deposits	269%	217%	165%	129%	100%
Fixed deposits/Mudaraba fixed deposits	124%	122%	113%	99%	100%
Other liabilities	172%	159%	152%	127%	100%
Total liabilities	180%	157%	138%	111%	100%
Capital/shareholders' equity					
Total shareholders' equity	144%	130%	130%	115%	100%
Paid-up capital	142%	127%	121%	110%	100%
Statutory reserve	175%	155%	140%	120%	100%
Revaluation reserve	80%	83%	94%	99%	100%
General reserve	100%	100%	100%	100%	100%
Retained earnings	221%	190%	283%	196%	100%
Total liabilities and shareholders' equity	176%	155%	137%	112%	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 2013 giving a value of 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. Here, assets, liabilities and shareholders' equity are showing consistent growth over the last five years which symbolize sustainable balance sheet growth of the bank as a whole. Investment shows negative growth trend as fund is shifted from investment to loans and advance.

Vertical Analysis

For the last five years
Profit and Loss Statement

	2017	2016	2015	2014	2013
OPERATING INCOME					
Interest income	71.95%	68.59%	64.56%	68.25%	72.79%
Interest paid on deposits and borrowings, etc	47.53%	49.91%	51.96%	52.49%	56.62%
Net interest income	24.42%	18.68%	12.59%	15.77%	16.17%
Investment income	11.12%	16.71%	22.75%	19.76%	15.52%
Commission, exchange and brokerage	13.68%	11.65%	10.03%	9.21%	9.16%
Other operating income	3.25%	3.05%	2.66%	2.77%	2.53%
Total operating income	52.47%	50.09%	48.04%	47.51%	43.38%
Salaries and allowances	11.05%	11.00%	10.03%	8.93%	7.37%
Rent, taxes, insurance, electricity, etc	2.69%	2.51%	2.39%	2.11%	1.88%
Legal expenses	0.11%	0.08%	0.04%	0.05%	0.05%
Postage, stamp, telecommunication, etc	0.39%	0.38%	0.36%	0.33%	0.33%
Stationery, printing, advertisements, etc	0.43%	0.42%	0.46%	0.37%	0.35%
Managing Director's salary and fees	0.06%	0.07%	0.08%	0.07%	0.07%
Directors' fees	0.01%	0.02%	0.02%	0.01%	0.01%
Auditors' fees	0.00%	0.01%	0.00%	0.00%	0.01%
Depreciation and repairs of Bank's assets	2.02%	2.21%	2.05%	2.16%	1.93%
Other expenses	6.39%	5.52%	4.66%	5.12%	3.86%
Total operating expenses	23.15%	22.22%	20.10%	19.17%	15.85%
Profit before provision	29.32%	27.87%	27.94%	28.35%	27.53%
Provision for loans and advances/investments					
General provision	5.14%	2.62%	7.16%	0.58%	0.25%
Specific provision	5.41%	8.61%	0.37%	6.32%	7.73%
Provision for off-balance sheet items	0.98%	0.66%	1.18%	0.21%	0.40%
Provision for diminution in value of investments	0.00%	0.52%	0.00%	0.28%	1.25%
Other provisions	0.00%	0.00%	0.05%	0.27%	0.00%
Total provision	11.53%	12.40%	8.75%	7.66%	9.63%
Total profit before tax	17.79%	15.47%	19.18%	20.69%	17.90%
Provision for taxation					
Current tax	8.63%	7.90%	7.14%	9.55%	10.38%
Deferred tax	0.18%	0.30%	0.07%	0.25%	0.10%
Net profit after tax	8.98%	7.28%	11.97%	10.88%	7.42%

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 (71.95%), income from commission, exchange and brokerage (13.68%) and investment income (11.12%) hold major portion. Interest income was in a decreasing trend but increased in 2017 for the growth of advance by 21% and income from commission, exchange and brokerage also increased for the growth of non-funded business by 16.17% in 2017. Investment income was in increasing trend but decreased in last year due to a reduction of yield on treasury bill/bond. Operating expense as a % of total income is increasing over the periods due to network expansion and establishment of new departments in line with business model/ strategies and net profit increases significantly for lower provision requirement.

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Vertical Analysis

For the last five years
Balance Sheet

	2017	2016	2015	2014	2013
PROPERTY AND ASSETS					
Cash	6.20%	6.31%	5.56%	5.99%	5.93%
In hand (including foreign currencies)	0.69%	0.82%	0.75%	0.73%	0.99%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	5.52%	5.49%	4.80%	5.26%	4.94%
Balance with other banks and financial institutions	10.24%	5.24%	3.69%	0.41%	0.83%
In Bangladesh	9.95%	4.23%	3.37%	0.37%	0.81%
Outside Bangladesh	0.29%	1.02%	0.32%	0.03%	0.02%
Money at call and on short notice	0.00%	1.92%	1.44%	0.16%	0.00%
Investments	9.53%	15.55%	20.92%	21.17%	20.72%
Government	8.45%	14.26%	19.49%	19.07%	18.63%
Others	1.08%	1.28%	1.44%	2.10%	2.09%
Loans and advances/investments	68.34%	64.62%	60.80%	63.92%	64.06%
Loans, cash credits, overdrafts, etc/investments	62.80%	61.22%	56.60%	59.53%	61.71%
Bills purchased and discounted	5.54%	3.39%	4.19%	4.39%	2.34%
Fixed assets including premises, furniture and fixtures	1.84%	2.07%	2.26%	2.85%	3.23%
Other assets	3.84%	4.28%	5.33%	5.49%	5.23%
Total assets	100%	100%	100%	100%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	10.47%	7.43%	5.48%	4.29%	1.19%
Subordinated non-convertible zero coupon bonds	2.80%	1.26%	1.48%	0.25%	0.37%
Deposits and other accounts	71.64%	75.54%	75.70%	77.09%	81.51%
Current/Al-wadeeah current accounts and other accounts	14.53%	13.53%	13.20%	11.77%	10.46%
Bills payable	1.37%	1.94%	1.75%	0.99%	1.02%
Savings bank/Mudaraba savings bank deposits	11.94%	10.98%	9.44%	9.06%	7.83%
Fixed deposits/Mudaraba fixed deposits	43.80%	49.10%	51.31%	55.27%	62.20%
Other liabilities	7.80%	8.10%	8.88%	9.14%	8.01%
Total liabilities	92.71%	92.34%	91.54%	90.77%	91.07%
Capital/shareholders' equity					
Total shareholders' equity	7.29%	7.66%	8.46%	9.23%	8.93%
Paid-up capital	3.42%	3.48%	3.74%	4.18%	4.24%
Statutory reserve	2.54%	2.61%	2.62%	2.76%	2.57%
Revaluation reserve	0.75%	0.88%	1.14%	1.47%	1.65%
General reserve	0.00%	0.00%	0.00%	0.00%	0.00%
Retained earnings	0.58%	0.68%	0.96%	0.82%	0.46%
Total liabilities and shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical Analysis (Balance Sheet)

Vertical Analysis on Balance Sheet refers to the components of balance sheet items as a % of total Assets over the periods which would be termed as common sizing of balance sheet. In asset side, Loans and advances (68.34%) and investment (9.53%) holds major portion. Investment decreased significantly because of reducing yield on government securities where Loan and advances had a consistency except the year 2015 but increased in 2017 in line with the growth of overall industry by 18.50%. In liability side, deposit holds major portion (71.64%) and shows a decreasing trend over the last five years. But in 2017 deposit decreases as overall industry deposit growth was only 10.20%.



Banking sector has witnessed a sound operating profit in 2017 despite the downward pressure of interest rate on loans and advances. The Industry has seen a rise in the deposit interest rate during the second half of 2017. From the perspective of investment, credit growth registered 18.50% which is the highest in last five years and also surpassed BB's target in monetary policy. This surge is attributed to the overall growth in economy and it created some liquidity pressure in the industry at the end of the year.

Chairman's Statement

ASSALAMUALAIKUM

It is my great pleasure to welcome you all to the 19th Annual General Meeting of Bank Asia Limited. On behalf of the Board of Directors, it is my privilege to present the Annual Integrated Report of Bank Asia for the year 2017.

HONORABLE MEMBERS

The economy of the country has shown satisfactory performance in the fiscal 2016-17 exhibiting notable GDP growth of 7.28% which was 7.11% in 2015-2016. In the period the per-capita income increased to USD1,610 from USD1,465. Foreign currency reserve crossed a record USD 33.22 billion in 2017 with which around nine months import bill of Bangladesh could be met up. Annual average inflation rate was at tolerable level of 5.7% in 2017, though little higher than 5.51% in 2016.

Banking sector has witnessed a sound operating profit in 2017 despite the downward pressure of interest rate on loans and advances. The Industry has seen a rise in the deposit interest rate during the second half of 2017. From the perspective of investment, credit growth registered 18.50% which is the highest in last five years and also surpassed BB's target in monetary policy. This surge is attributed to the overall growth in economy and it created some liquidity pressure in the industry at the end of the year. Throughout the year, the sector also faced challenges from accumulated non performing loans. In this backdrop, your bank has moved cautiously to maintain sustainability in business and profit. Deposit of the bank increased to Tk.207 billion, advance to Tk.198 billion, import financing was Tk.181 billion, export financing was Tk.118 billion and inward remittance was Tk.52 billion. The bank has surpassed the industry growths almost in every aspect of business. In the year Bank's deposit, advance, import, export and remittance growth were 8.24%, 20.72%, 18.21%, 13.36%, 23% against industry growth of 10.20%, 18.50%, 15.80%, 3.00%, -0.6% respectively. Country as a whole witnessed negative growth in remittance whereas your Bank exhibited double digit growth.

RESPECTED SHAREHOLDERS

You will be happy to know that Bank Asia has achieved a sizable growth in operating profit amounting to Tk.767 million, highest growth in last 5 years. Operating profit stood at Tk.6.69 billion in 2017. After setting aside provision for loans and advances, tax, reserve and others, the bank attained net profit of Tk. 2.05 billion. Higher growth in operating profit, less requirement of provision and efficient tax management attributed to the growth of net profit by 32%. Profitability measures like return on equity (ROE) and return on assets (ROA) stood 10.21% and 0.76% respectively in 2017 which was 8.13% and 0.65% in 2016. These figures indicated a successful year closing in 2017 in terms of operation.

However, non-performing loan was a burning issue for us and for the industry throughout the year. In 2017, total non-performing loan in banking industry increased by 19.50% and stood Tk.743 billion which was Tk.622 billion in 2016. In this challenging circumstances, Bank Asia was able to restrain its classified loans (CL) to 4.38% against industry CL of around 9%. The improvement in CL position was accomplished mostly through recovery from non-performing loan rather than adopting traditional approach of rescheduling of classified loan. Still, the current CL and some stay order loans are posing significant challenges for the Bank.

Considering the above operational performances and other financial positions, the Board of Directors recommended 12.50% stock dividend for the year 2017.

DEAR SHAREHOLDERS

We assure you that the fundamentals of your Bank are strong. Bank Asia's total capital reached to Tk. 32.91 billion in 2017 from Tk. 24.77 billion in 2016, having a growth of 32.85%. The strong capital base will ease the expansion of business in future. This year we have issued Tk. 5.00 billion worth subordinate bond. Additionally, credit rating of the clients has reduced the risk weighted assets of the Bank to a great extent. The combination of all these factors helped the Bank to close the year with strong capital base. The capital adequacy ratio of the Bank was 14.89% against regulatory requirement of 10% in 2017. This is the highest ever capital position for Bank Asia and one of the highest position in banking industry. We have a plan to raise further capital amounting to Tk. 5.00 billion through issuing another subordinated bond in 2018.

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

Chairman's Statement

HONORABLE SHAREHOLDERS

Diversification of business is essential for a sustainable balanced financial position. To diversify the advance portfolio and to increase the return, the bank followed the strategy of increasing the share of SME and retail business in the portfolio. For the last two years the share of SME & Retail credit increased by 5% and this helped the bank offset the impact of declining interest rate. Moreover, from the cost perspective, deposit mix has been maintained with balanced weight on high cost and low cost deposit that helped the bank to reduce cost of deposit significantly, from 5.66% to 5.08% in 2017, a reduction by 58 basis points.

RESPECTED SHAREHOLDERS

A huge number of people of Bangladesh is still living beyond the network of formal banking channel. Hence, financial inclusion of this segment is a must for the development of economy. It is our pride to mention that Bank Asia is the pioneer in introducing agent banking and EBEK operation, two renowned financial inclusion models in Bangladesh to spread banking services at grass root level. Bank Asia is now providing EBEK Banking services to 1,629,286 beneficiaries in 252 Upazillas under 35 districts. Agent Banking is growing very rapidly and its activities is not less than a Bank. Agent outlets increased by 347 and stood 1,497 in 2017 which was 1,150 in 2016. Currently 62 districts have been covered to provide this facility. Till 2017, the bank collected Tk.2.65 billion through 311,947 accounts as well as disbursed Tk.927 million as loan through Agent Banking.

The functional dimension of EBEK and Agent Banking is not only limited to the typical banking business rather involved with implementing many other government projects like Social Safety net Programs, senior citizen allowances, insolvent autism allowances, payments for widow or divorced women allowance, Payments of freedom fighters allowance, payment of foreign remittance etc.

You will also be glad to know that Bank Asia has superseded the target of Agri-credit set by Bangladesh Bank consecutively for the last three years and received appreciation letter from Bangladesh Bank. In 2017, total disbursement in this sector was Tk.3.59 billion and outstanding was Tk.4.08 billion having a growth of 36% over previous year.

DEAR SHAREHOLDERS

Corporate social responsibility is an integral part of our mainstream operation. We want to grow with our surroundings particularly with the people who are underprivileged and lack of proper support. Bank Asia Foundation has started its noble operation in the mean time to strengthen CSR operation. Initially, the foundation has a plan to construct a 250 bed hospital cum medical college at Malkhanagar, Munshigonj and my family members including me have donated 700 decimal land and a 3 storied building for the proposed Hospital. You will be glad to know that your Bank spent Tk.184 million in 2017 for CSR activities having growth of 69% over previous year. Scholarship is one of our most focused CSR initiatives under which poor and meritorious students are receiving Tk. 51,000 every year for their higher studies. So far, 1,547 students have been awarded the scholarship. This year we have spent Tk. 50.00 million for supporting Rohingya refugees and Tk.32.60 million for supporting to cold and flood hit people.

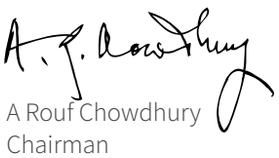
HONORABLE SHAREHOLDERS

The year 2018 will be a challenging one considering the liquidity issue, rising classified loan, increase of cost of deposit, lower yield of Treasury bill and so on. This scenario would even be more challenging due to the upcoming national election expected to be held on early 2019. Still we are not overlooking the opportunities waiting for us. Mega projects like Padma Bridge that will directly attach 21 southern districts of Bangladesh to the capital city Dhaka, metro rail and other giant infrastructural investment by government will also open up the door for augmentation of economic activities. It is our pride that Bangladesh has come out from the status of poor country and emerged as a developing country. We hope that Bangladesh will move to middle income country soon. Financial institutions will play a major role as a strategic partner of these developments.

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

I also give my gratitude to the Management and to the Board of Directors for their continuous effort and sincerity towards achieving desired goals in line with our mission and vision.

My best wishes to all of you.



A Rouf Chowdhury
Chairman

NOT FOR STOCK

চেয়ারম্যান মহোদয়ের বক্তব্য

সম্মানিত শেয়ারহোল্ডারগন,

পরিচালনা পর্ষদের সদস্যবৃন্দ, ব্যাংক ব্যবস্থাপনার সদস্যবৃন্দ আস্সালামু আলাইকুম। ব্যাংক এশিয়ার ১৯তম 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 ২০১৭ সালের বার্ষিক প্রতিবেদন উপস্থাপন করতে পেরে আমি অত্যন্ত আনন্দিত।

সম্মানিত শেয়ারহোল্ডারগন,

দেশের অর্থনীতি ২০১৬-১৭ অর্থবছরে সন্তোষজনক প্রবৃদ্ধি অর্জন করেছে। এ সময়ে জিডিপির প্রবৃদ্ধি ছিল ৭.২৮ শতাংশ যা ২০১৫-১৬ অর্থবছরে ছিল ৭.১১ শতাংশ। ২০১৭ সালে দেশের মাথাপিছু আয় ১,৪৬৫ মার্কিন ডলার থেকে বেড়ে হয়েছে ১,৬১০ মার্কিন ডলার। এ সময়ে দেশের বৈদেশিক মুদ্রার রিজার্ভ ৩৩.২২ বিলিয়ন মার্কিন ডলার অতিক্রম করেছে যা দিয়ে আমরা দেশের প্রায় নয় মাসের মোট আমদানি বিল পরিশোধ করতে পারবো।

২০১৭ সালে দেশের বার্ষিক মূল্যস্ফীতির হার সহনীয় পর্যায়েই ছিল, যদিও তা ২০১৬ সালের ৫.৫১ শতাংশ থেকে কিছুটা বেড়ে হয়েছিল ৫.৭০ শতাংশ। ঋণ সুদের নিম্নমূখী চাপ থাকা সত্বেও ২০১৭ সালে ব্যাংকিং খাতের পরিচালন মুনাফায় ভাল প্রবৃদ্ধি ছিল। ২০১৭ সালে ঋণ ও অগ্রিমের প্রবৃদ্ধি বাংলাদেশ ব্যাংক এর লক্ষ্যমাত্রাকে ছাড়িয়ে হয়েছে ১৮.৫০ শতাংশ, যা গত পাঁচ বছরের মধ্যে সর্বোচ্চ। ২০১৭ সাল শেষে ব্যাংকের আমানত বেড়ে দাঁড়িয়েছে ২০,৭০৪ কোটি টাকা, ঋণ ও অগ্রিম হয়েছে ১৯,৭৫০ কোটি টাকা। এ সময়ে ব্যাংক আমদানি অর্থায়ন করেছে ১৮,১৪৭ কোটি টাকা, রপ্তানী বাণিজ্য করেছে ১১,৮১৭ কোটি টাকা আর অভ্যন্তরীণ রেমিটেন্স বিতরণ করেছে ৫,১৭৮ কোটি টাকা। আপনারা জেনে খুশি হবেন যে, প্রায় সকল ক্ষেত্রে ব্যাংক এশিয়া সামগ্রীক ব্যাংকিং খাতের চেয়ে বেশী প্রবৃদ্ধি অর্জন করেছে। আমাদের ব্যাংক এর আমানত, ঋণ, আমদানি, রপ্তানি এবং রেমিটেন্স এর প্রবৃদ্ধি ছিল যথাক্রমে ৮.২৪%, ২০.৭২%, ১৮.২১%, ১৩.৩৬% ও ২৩.০০%।

সম্মানিত শেয়ারহোল্ডারগন,

আপনারা জেনে খুশী হবেন যে, এ বছর ব্যাংক এশিয়ার পরিচালন মুনাফা ৭৬.৬৯ কোটি টাকা বৃদ্ধি পেয়েছে যা গত পাঁচ বছরে সর্বোচ্চ। মোট পরিচালন মুনাফা ছিল ৬৬৯ কোটি টাকা। ঋণের জন্য প্রয়োজনীয় সংস্থান, কর এবং অন্যান্য প্রভিশন করার পর ব্যাংকের নীট মুনাফা হয়েছে ২০৫ কোটি টাকা। যা গত বছর থেকে ৩২ শতাংশ বেশী। অন্যদিকে, ২০১৭ সালের পুরোটা সময় জুড়ে শ্রেণীকৃত ঋণের চাপ ছিল অত্যন্ত প্রবল। দেশের সমগ্র ব্যাংকিং খাতে এ সময় শ্রেণীকৃত ঋণ বেড়ে হয়েছে ৭৪,৩০০ কোটি টাকা। মন্দঋণের এই উর্দ্ধমুখীতার মধ্যেও ব্যাংক এশিয়া তার শ্রেণীকৃত ঋণ ৪.৩৮ শতাংশের মধ্যে নামিয়ে এনেছে। মন্দঋণ গুলো থেকে প্রকৃত অর্থ আদায়ের মাধ্যমেই মুলতঃ শ্রেণীকৃত ঋণের এই হার কমানো হয়েছে। শ্রেণীকৃত ঋণের হ্রাসের পরও আদালতের স্থগিতাদেশের আড়ালে থাকা কিছু ঋণ আমাদেরকে যথেষ্ট চাপের মধ্যে রেখেছে।

ব্যাংকের নীট মুনাফা ও অন্যান্য অর্থিক নির্দেশনাগুলো বিবেচনা করে পরিচালকবৃন্দ ২০১৭ সালে শেয়ারহোল্ডারদের জন্য ১২.৫০ শতাংশ হারে বোনাস শেয়ার ঘোষণার সুপারিশ করেছেন।

সম্মানিত শেয়ারহোল্ডারবৃন্দ,

ব্যাংক এশিয়া আজ একটি শাক্তশালী ভিত্তির উপর প্রতিষ্ঠিত। ব্যাংকের মোট মুলধনের পরিমান ২০১৭ সাল শেষে হয়েছে প্রায় ৩,২৯১ কোটি টাকা, যা ব্যাংকের ঝুঁকিভারিত সম্পদের ১৪.৮৯ শতাংশ। বাংলাদেশ ব্যাংকের নির্দেশনায় যা নুন্যতম ১০.০০ শতাংশ রাখার বাধ্যবাধকতা রয়েছে। ব্যাংক এশিয়ার এই মূলধন কাঠামো দেশের গুটিকতক শক্তিশালী ব্যাংকগুলোর মধ্যে অন্যতম। এই মূলধন কাঠামো আমাদের ভবিষ্যৎ ব্যবসা সম্প্রসারনে সহযোগিতা করবে। ২০১৭ সালে আমরা ৫০০ কোটি টাকার সাবোর্ডিনেটেড বন্ড বাজারে ছেড়েছিলাম। এছাড়া ঋণগুলোর ভাল ক্রেডিট রেটিং এবং মুনাফার সঞ্চিতিগুলো এই মূলধন শক্তিশালীকরনে সাহায্য করেছে।

সম্মানিত শেয়ারহোল্ডারবৃন্দ,

দেশের সামগ্রিক অর্থনৈতিক উন্নয়নের জন্য দেশের সমগ্র জনগোষ্ঠীকে মূলধারার অর্থনীতির সাথে সম্পৃক্ত করা অত্যন্ত জরুরী। আমরা গর্বের সাথে বলতে পারি যে, ব্যাংক এশিয়া বাংলাদেশে এজেন্ট ব্যাংকিং এর পথিকৃৎ এবং এর মাধ্যমে আজ ব্যাংক এশিয়া ব্যাংকিং সেবাকে দেশের সমস্ত জনগোষ্ঠীর জন্য সহজলভ্য করেছে। ব্যাংক এশিয়া সরকারের একটি বাড়ি একটি খামার প্রকল্পকে সাফল্যের সাথে এগিয়ে নিয়ে গেছে। বর্তমানে ২৫২টি উপজেলার প্রায় ১৬ লক্ষ মানুষ সরাসরি এই প্রকল্পের আওতায় ব্যাংক এশিয়ার সেবা নিচ্ছে। ২০১৭ সাল শেষে ব্যাংক এশিয়ার মোট এজেন্ট আউটলেট দাঁড়িয়েছে ১,৪৯৭টি যা অতি দ্রুত বৃদ্ধি পাচ্ছে। আজ একটি বাড়ি একটি খামার প্রকল্প ও এজেন্ট ব্যাংকিং শুধু মাত্র টাকা আদান প্রদান নয় বরং এর সাথে মানুষের সঞ্চয়, ঋণের প্রয়োজনীয়তা, বৈদেশিক রেমিটেন্স, সরকারের সামাজিক নিরাপত্তা বেষ্টনীর ভাতাসহ সব ধরনের আর্থিক সুবিধা ও নিরাপত্তা প্রদান করছে যা দেশকে আগামীতে আরও বেশী প্রবৃদ্ধি উন্নয়নে বিশেষ ভুমিকা রাখবে।

প্রিয় শেয়ারহোল্ডারবৃন্দ,

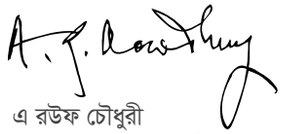
কর্পোরেট সামাজিক দায়বদ্ধতা ব্যাংক এশিয়ার মূল কার্যক্রমেরই একটি অংশ। আমরা আমাদের সমাজের সুবিধাবঞ্চিত মানুষগুলোকে সাথে নিয়েই এগিয়ে যেতে চাই। এই উদ্দেশ্যকে সামনে রেখেই আমরা প্রতিষ্ঠা করেছি ব্যাংক এশিয়া ফাউন্ডেশন। ব্যাংক এশিয়া ফাউন্ডেশন তার প্রথম কাজ হিসেবে হাতে নিয়েছে ২৫০ শয্যা বিশিষ্ট একটি মেডিকেল কলেজ হাসপাতাল প্রতিষ্ঠার মহতী উদ্যোগ। আমি, আমার পরিবারের সদস্যদের কাছে কৃতজ্ঞ যে, তারা এই মহতী কাজে প্রায় ৭০০ শতাংশ জমি দান করেছেন। অতিসত্বর হাসপাতালের কার্যক্রম শুরু হবে বলে আমি আশা প্রকাশ করছি। আপনারা জেনে খুশি হবেন যে, ২০১৭ সালে ব্যাংক সিএসআর খাতে প্রায় ১৮ কোটি টাকা ব্যায় করেছে। ব্যাংকের শিক্ষাবৃত্তির আওতায় প্রায় ১,৫৪৭ জন শিক্ষার্থী বছরে ৫১ হাজার টাকা পাচ্ছে তাদের উচ্চতর শিক্ষাকে এগিয়ে নিয়ে যাবার জন্য। এছাড়াও ব্যাংক এশিয়া রোহিঙ্গা পূর্ণবাসনে, দেশের দুর্যোগে সব সময়ই সকলের সামনে থেকে সাহায্য ও সহযোগিতা করে যাচ্ছে।

সম্মানিত শেয়ারহোল্ডার বৃন্দ,

আগামীর দিনগুলো সবসময়ই নতুন নতুন চ্যালেঞ্জ নিয়ে হাজির হয়। ব্যাংকিং খাতের জন্যও ২০১৮ একটি কঠিন সময় হবে বলে আমি মনে করি। আগামী জাতীয় নির্বাচন এই চ্যালেঞ্জগুলোকে আরও বেশী কঠিন করে তুলতে পারে। তারপরও আমি আশাবাদী, পদ্মা সেতুর বাস্তবায়ন, মেট্রো রেল ও অন্যান্য বড় বড় প্রকল্পগুলো দেশের অর্থনীতিকে আরও বেগবান করবে - এটা আমার দৃঢ় বিশ্বাস। আমরা এখন উন্নয়নশীল দেশে পরিনত হয়েছি, আর আমি মনে করি আমরা খুব দ্রুত একটি উন্নত দেশের মর্যদায় নিজেদেরকে প্রতিষ্ঠিত করতে পারব। দেশের ব্যাংকিং খাতকে এই উত্তোরনে মূল ভুমিকা পালন করতে হবে।

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

সবার প্রতি রইল আমার আন্তরিক শুভ কামনা।



এ রউফ চৌধুরী
চেয়ারম্যান, ব্যাংক এশিয়া

Our Acknowledgement to

Ex Chairmen with Present Chairman



Mr. M Syeduzzaman
(1999-2008)



Mr. Anisur Rahman Sinha
(2008-2010)

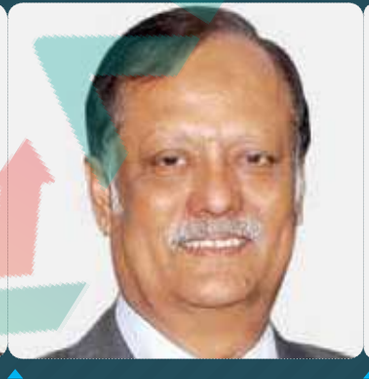


Mr. A Rouf Chowdhury
(2010 to till now)

Ex Managing Directors



Mr. Quazi Baharul Islam
(1999-2000)



Mr. Syed Anisul Huq
(2000-2008)



Mr. Erfanuddin Ahmed
(2009-2011)



Md. Mehmood Husain
(2011-2016)

SHARESTOCK



We Mourn

The Bank Asia family is deeply grieved by the sad demise of A M Nurul Islam , Vice Chairman of Bank Asia. He passed away at United Hospital Gulshan on Wednesday (October 18, 2017)

A M Nurul Islam has started his career as a teacher of Dhaka University in 1961. Later, he joined Pakistan Civil Service in 1963.He also held important assignments, including private secretary to former Prime Minister Bangabandhu Sheikh Mujibur Rahman.He also worked as an economic diplomat in Washington DC. He was a director of National Bank Ltd and acted as the Chairman of its audit committee.

AMARSTOCK



President and Managing Director's Review

Banking sector of Bangladesh faced many hurdles such as deteriorating asset quality, tighter liquidity position, moderate remittance inflow, balance of payment pressure, technology disruption etc. Against this adversaries, Bank Asia showed resilience and made good progress in terms of implementing strategy, delivering strong operating performance and cost efficiencies, as well as solid returns.

The economy of Bangladesh made an impressive progress in 2017 registering GDP growth of 7.28% where major boost of growth came from the industrial sector followed by the services sector. The stable political situation helped to build investors' confidence which was reflected in the private sector credit growth by 18.13% in 2017. The banking industry performed well in 2017 and witnessed a sound operating profit. However, banking sector of Bangladesh also faced many hurdles such as deteriorating asset quality, tighter liquidity position, moderate remittance inflow, balance of payment pressure, technology disruption etc. Against this adversaries, Bank Asia showed resilience and made good progress in terms of implementing strategy, delivering strong operating performance and cost efficiencies, as well as solid returns. Apart from the above, the following events that occurred throughout the year also influenced our business strategies:

- In April and May 2017 flash floods in the north eastern Haor regions devastated paddy fields. This was followed by an average monsoon flooding in August which washed away around 600,000 hectares of Aman Paddy fields. As a result, average general inflation edged up marginally to 5.70% in December 2017 from 5.51% in December 2016.
- Remittance maintained a sluggish growth in 2017 as remittance dropped to a six year low to USD 13.53 billion in 2017 which was USD 13.61 billion in 2016. Though making up for the despairing overseas job condition, Bangladesh has witnessed an expatriation of 1 million workers in 2017 providing a better outlook for the economy as the remittance is the mainstay for the foreign exchange and reserve for Bangladesh
- The share of nonperforming loans stood at 10.7% in September 2017 compared with the ratio of 9.23% in December 2016 mainly because of lack of good governance and increasing number of habitual default borrowers. As on 30th September 2017 the cumulative NPL's of the bank reached Tk. 803.10 billion or 10.70 % of NPL to total loan. This ratio has slightly decreased to 9.30% at the end of the 2017.
- Public sector credit registered a negative growth of 12.02% compared to Bangladesh Bank projection of positive growth of 16.10%. The government collected money through different saving instrument which increased its annual non-bank borrowing. In contrast, private sector credit growth increased significantly in 2017 due to higher trade financing for settle of import payment obligation. The growth in private sector rose to record high of 19.06% in November 2017 on a year on year basis from 18.63% in October 2017.
- The capital market of Bangladesh experienced a strong bullish trend in 2017 as prime index of the Dhaka Stock Exchange started the year with 5,036.05 points on January and ended the year with 6,244.52 points.
- Majority of the banks of Bangladesh started facing shortage of available liquid funds at the last quarter of 2017. One of the major reasons behind this liquidity crunch were rapid large import payments compared to lower export and remittance flow, thus increased private sector credit growth.
- As mentioned above export sector of Bangladesh experienced a meagre growth of 1.7% in 2017, the lowest in the last 15 years. A fall of the euro against US dollar along with uncertainty surrounding BREXIT and decline in consumption in the west were some of the major factors that contributed to a slowdown in export growth.
- In 2017 import payment stood at USD 43,491 million registering 9% growth compared to USD 39,901 million in 2016. Fresh LC openings of consumer goods, especially food items were main reason behind this growth. In addition, settlement of LC registered the highest growth in capital machinery for textile and garments sector, iron and steel scraps, machinery for motor vehicles and iron & steel product.

MAJOR PRIORITIES WE FOLLOWED IN 2017

- We set loan recovery and regularization of classified and non-performing loan (NPL) as the top most priority and engaged Corporate Office employees to assist Special Asset Management Department (SAMD) and Branches to expedite recovery process. We started the recovery initiative right at the beginning of the year and continued and intensified the drive throughout the year. Our strategy, effort

ARTSTOCK

President and Managing Director's Review

and hard work paid off and we were able to reduce loan classification both in percentage and in absolute term. We closed the year 2017 with CL rate of 4.38% which was 5.41% in 2016.

- While our goal was to achieve the profit target, at the same time we were concerned with risk management, compliance and internal control to ensure sustainability of the profit. We took necessary actions and steps for process improvement to strengthen our risk management and compliance standard. The overall outcome was positive and we made improvement in almost all core risk areas as rated by Bangladesh Bank.
- We took steps to take our corporate banking business beyond the boundaries of conventional financing. We provided Export Credit Agency (ECA) covered finance, arranged foreign currency fund for our customers under the Long Term Financial Facility (LTFF) of Financial Sector Support Project of Bangladesh Bank. We entered into agreement with Bangladesh Bank for Green Transformation Fund(GTF), Green Finance under refinance scheme, Urban Building Safety Project(JICA funded) finance to provide low cost fund to our manufacturer customers to ensure safety and compliance.
- To provide special attention and support to newly opened small and rural Branches, we formed a specialized Department named "Central Business Processing Department (CBPD)" at Corporate Office. This Department helped these new branches in marketing of both loans and deposit. In addition, the Department also helped the branches in credit proposal preparation and approval process and provided support in other areas too.
- For financing CMSE (Cottage, Micro, Small) segment, we started utilizing our Agent Banking Channel. All unsecured loan proposals channeled through Agent Banking were processed and approved on tab-based digitized platform.
- Steps were taken to improve Credit Risk Management system. The separation of Business and CRM team were ensured for all segments including the retail and CMSE credit. The Credit Committee were reconstituted and role of the CRO was redefined. Mid-level executives at CRM were allowed Business delegation for faster approval of credit facility. While granting loan, we adhered to bank's policy and standard without showing any compromise or laxity to ensure good health of our asset portfolio.
- Along with the process improvement, we also went for process automation and adoption of technology for improvement of efficiency and strengthening of risk management. Comprehensive dashboard for MIS and monitoring, Business Metrics for online tracking of credit proposal, E-sanction for online sending and preservation of credit proposal, online CIB inquiry and download, My Family App for communication, Foreign Exchange Transaction Monitoring and Reporting System, central archiving system, Bio-metric attendance for corporate office and branches etc. were introduced.
- Our Agent Banking services and network, EBEK (Ektee Bari Ektee Khamar) Project and Social Safety Net Payment expanded their reach and coverage. With acquisition of 343 numbers of individual agents in 2017, total number of Agent outlets reached 1494 throughout the country covering 61 districts and 298 Upazillas. We have formed partnership with different national and international organizations, government agencies, NGOs for providing more value added services to the marginal unbanked people of the country.
- School Banking, Internet Banking, Bank Asia Smart App(Android based Mobile App) and other Alternative Delivery Channels achieved significant growth and expansion last year. Mobile App for Agent Banking customers in Bangla, RMG digital Branch with off-site ATM network, internet banking facilities with NPSB, first ever effort in its kind with 5 other Banks to facilitate real time inter-bank Internet Banking Fund Transfer(IBTF) etc were introduced to serve the customers online with the objective to reduce time and cost.
- At Bank Asia, we have always given priority for development and nurturing of Human Resource. To groom our employees as potential leader, we continued Future Leadership Development Program and completed 01(one) year of the program in November 2017. Some 340 employees under 21 mentors have been immensely benefitted from this program. Apart from this, our Training Institute remained very active throughout the year and arranged good number of training and workshops for our employees.

OPERATING PERFORMANCE

During the year 2017, the bank generated operating profit of Tk. 6,688 million with a growth of 13% but net profit was Tk. 2,048 million with a growth of 32%. That substantial growth in net profit was possible mainly due to success in curbing non-performing loan at 4.38%. Net Interest Income was also increased by Tk. 1,602 million and registered 40.36% growth which was mainly driven by strong growth in loans and advances and thus compensated in the net interest margin.

One of the major success of the management was to reduce cost of deposit by improving its deposit mix. In 2017, the ratio of high cost to low/no cost deposit stood at 50%:50%, which was 53%:47% in the previous year. Because of such cost reduction, the bank could offer loans to customers at highly competitive rates which also helped to make a solid business growth. The Bank could also improve its ROA to 0.76% and ROE to 10.21%.

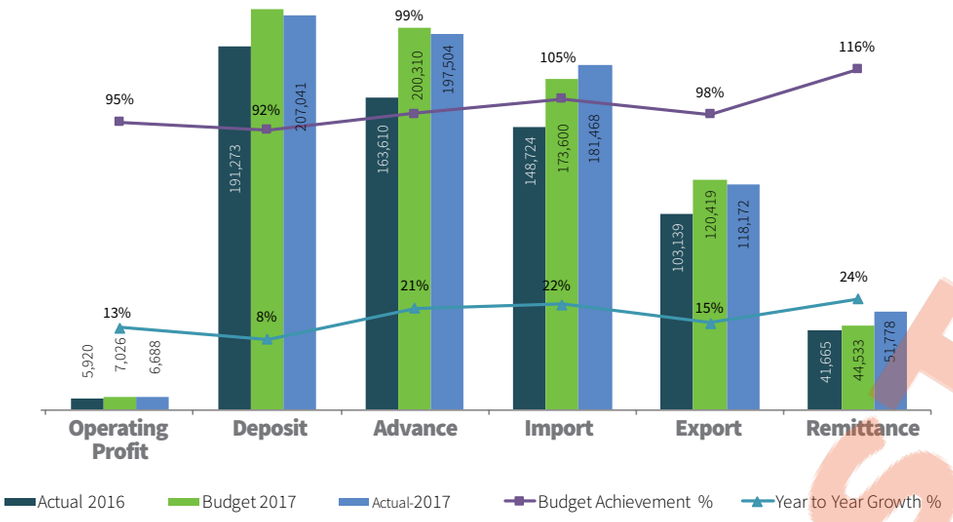
Improvement in asset quality was one of the key parameter in accelerating profitability. At the end of the year 2017 the bank was able to restrict CL at 4.38% compared to 5.41% in 2016 mainly due to the concerted management effort. Moreover, the Bank was also able to make a cash recovery of Tk. 2,540 million from classified and written off loan accounts.

In 2017, 09 new branches were added to the total branch network and 117 employees were added to human capital. The above addition impacted total operating expenditure to increase by 11.88% in 2017, out of which salary expenditure increased by 8%. At the end of 2017, the Bank's Net Asset Value per Share (NAV) stood at Tk. 21.33 and Earning per Share (EPS) at Tk. 2.07.

BUSINESS

Deposits of banking operation stood at Tk. 207,041 million showing a growth of 8.24% and loans and advances stood at Tk. 197,504 million with a growth of 20.72%. Import business of the bank was Tk. 181,468 million, registering 22.02% growth, whereas export was Tk. 118,172 million with 14.58% growth. During 2017 total inward remittance was Tk. 51,778 million, showing a positive growth of 24.27%. In terms of budgetary achievement the bank performed well; deposit by 92%, loans and advances by 99%, operating profit by 95%,

President and Managing Director's Review



import by 105%, export by 98% and inward remittance by 116%.

SUBSIDIARIES OF BANK ASIA LIMITED

Bank Asia Securities Limited, a 99.99% owned subsidiary company of the Bank made an operating profit of Tk. 255 million in 2017. Bank Asia Securities also continued to retain the position of DSE's Top-20 in terms of daily turnover throughout the year. Despite the various challenges that prevailed in the market, BASL added 916 new clients in 2017 representing a growth of 17%.

The other foreign subsidiary exchange house company, named as BA Exchange Company (UK) Limited, sent total GBP 10.60 million as remittance in 2017. The company has been running for 5.6 years and incurred a cumulative operating loss of GBP 0.21 million (BDT 21 million). In the year 2017, BA Exchange UK generated an operating profit of GBP 4,228 compared to GBP 939 in 2016. The management is pursuing cost optimization strategies to improve health of those companies and turning them to breakeven. However, it is worth mentioning here that the network is certainly profitable if we add the value of those two foreign subsidiaries to the parent company e.g. Foreign Exchange float for import bill settlement and opening of deposit customers' Accounts etc.

In 2017, our expatriate from abroad sent USD 36.26 million remittance to Bangladesh through BA EXPRESS USA. 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 1 year. The company has been running for almost 4.5 years and incurred a cumulative operating loss of USD 0.85 million (BDT. 69.70 million). In the year 2017, BA EXPRESS USA incurred an operating loss of USD 0.124 million (BDT 9.84 million).

BUSINESS UNITS

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

Conventional: Bank Asia delivers conventional banking services through 120 branches and SME service centers across the country.

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

Off Shore: One off shore banking unit in Chittagong.

Credit Card: In 2017, 11,309 number of new credit cards were issued compared with 7,165 number of new cards in 2016 registering 58% growth.

Agent Banking: Provide Agent Banking services in 62 districts through 1,497 agent outlets.

Ektee Bari Ektee Khamar: 1,629,286 beneficiaries of 21,816 villages in 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 2017 Bank Asia's CMSME and agricultural loan outstanding stood at Tk. 32,860 million and Tk.4,083 million respectively.

CSR

Bank Asia has always been 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 2017, Bank Asia spent an amount of Tk. 183.83 million on CSR which covers a vast area of education, health and other under privileged sectors for the overall betterment of the nation.

STRENGTHENING CAPITAL BASE

For managing the overall risk exposure of the Bank, our primary focus has always been to strengthen our risk management policy with a strong internal control system. 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 14.89% as on 31 December 2017 against the 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 LOAN (NPL) MANAGEMENT

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

In 2017, both Corporate Office and Branches worked hard hand in hand for loan recovery as well as for arresting new inclusion of new NPLs. Bank's strategy, effort and hard work has paid off and Bank have been able to reduce loan classification both in percentage and in absolute term. Bank ended the year 2017 with 4.38 % classified loan which amounted to Tk. 8,642 million.

VALUE STOCK

President and Managing Director's Review

CREDIT RATING

The long and short term credit rating of the bank remain stable in 2017. The rating of the bank in 2017 for long term was AA2 and for short term was ST-2.

AWARDS & ACCOLADES

Bank Asia received several awards by the national and international reputed organizations. Bank Asia has been awarded 1st Runner up position in the SAFA Best Presented Awards 2016 under SAARC Anniversary Award for Corporate Governance category. The Bank also achieved Third prize for Best Presented Annual Reports by ICAB for its Annual Integrated Report 2016 under Corporate Governance Disclosures and 'Certificate of Merit'(4th position) under Integrated Reporting Category from the Institute of Chartered Accountants of Bangladesh(ICAB). Besides these, the Bank also awarded the prestigious 'Bangladesh Bank Remittance Award' for highest volume foreign currency drawing through this Bank in 2016. For Sustainability Report 2016, the Bank garnered Best Sustainability Report category overseas in the 13th Sustainability Reporting Awards (SRA) by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia.

STRATEGIC PRIORITIES FOR 2018

- Considering the market scenario, especially against shrinking liquidity and regulatory requirement, we will take holistic approach to maintain our Balance Sheet indicators like Advance Deposit Ratio (ADR), LCR (Liquidity Coverage Ratio), NSFR (Net Stable Funding Ratio), Commitment etc. within limit through combined effort of Business, CRM and Treasury.
- We will focus on mobilizing adequate deposit, especially low cost deposit through our Corporate Office, Branch and Agent Banking Channels in a collective effort from all level of employees.
- Like previous year, loan recovery and regularization of classified and non-performing loan (NPL) will remain our top most priority. We will continue to engage our Corporate Office employees to assist Special Asset Management Department (SAMD) and Branches to expedite recovery process. Strong supervision, follow-up and monitoring of classified and NPL accounts will be ensured for recovery of loans. We will give special emphasize on recovery of our written-off loans this year. Both legal and non-legal measures will be pursued to this endeavor.
- We will focus more on improving health of our asset portfolio this year. We will emphasize on regular monitoring of existing loan to restrain deterioration to overdue and SMA. We will emphasize on strengthening relationship with existing good customers and remain vigilant and cautions while sanctioning new loan to ensure quality. For monitoring and regular visit of customers of Export and Construction sector, we will form dedicated Monitoring Team at Corporate Office.
- Along with RMG and textile, we will prioritize to finance construction & Infrastructure Project, fuel & power, steel & Iron, Cement, Healthcare sector etc.
- For CMSE segment, priority will be given to manufacturing, service enterprise, women entrepreneurs and cluster based financing. We will target to flourish in this segment through our Agent Banking Channel.
- We have already started providing Investment facilities to Islamic Banking customers through our conventional branches under "online service unit" of Islamic Banking. Along with the five Islamic Windows, our conventional Banking Branches will book Investment clients under online Islamic Banking services. We hope for significant expansion in Islamic Banking Business this year.
- From Risk Management perspective, the main focus will be on capital optimization through better risk management, digitization of Capital Assessment process, enhanced information coverage for risk analysis and adoption of advanced risk management models for liquidity, market and asset-liability management risks. We have already initiated the development process of Internal Credit Rating System (ICRS). Upon successful implementation, we will be move to Internal Rating Based Approach (IRB) for credit risk assessment.
- We will continue to improve our Alternative Delivery Channel to serve the customers with modern and Innovative banking product and services. We are working on digital account opening process, e-commerce and e-payment solution, QR code based payment system etc.
- We will continue to expand our Agent Banking Channel further across the country. We will cover more unions through Union Digital Centers (UDC), NGO offices, Post Offices and other organizations. Special focus will be given on the partnership with Mobile Telecommunication Companies.

At the end, I would like to express my sincere thanks to our customers who continue to put their trust in Bank Asia Limited. I also want to thank my colleagues for their commitment and relentless efforts. I also appreciate the guidance and strategic advices from our experienced and prudent Board of Directors. And, finally to our shareholders, I reiterate our commitment to implement our business strategy and ensure delivering sustainable earnings growth in line with our noble vision of being a part to build poverty free Bangladesh.

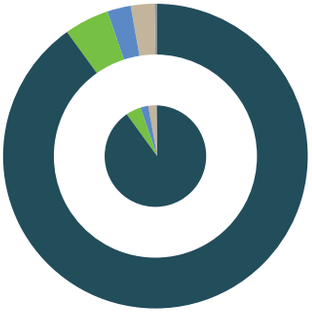


Md. Arfan Ali
President and Managing Director

AMARSTOCK

Segment Analysis

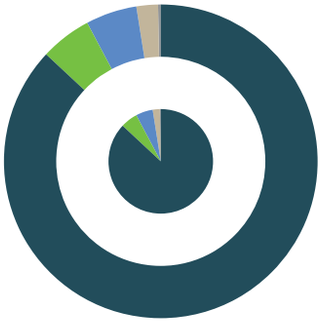
Bank Asia Consolidated



Operating Revenue
(MillionTaka)

Conventional **21,062**
Islamic **1,099**
OBU **647**
Local Subsidiaries **536**
Foreign Subsidiaries **51**





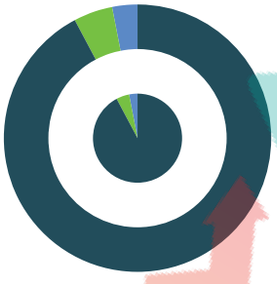
Total Assets
(MillionTaka)

Conventional **258,162**
Islamic **15,091**
OBU **15,744**
Local Subsidiaries **6,301**
Foreign Subsidiaries **264**

Profit before tax
(MillionTaka)

Conventional **3,443**
Islamic **399**
OBU **215**
Local Subsidiaries **149**
Foreign Subsidiaries **-9**

Bank Asia Solo



Operating Revenue
(MillionTaka)

Conventional **21,062**
Islamic **1,099**
OBU **647**





Total Assets
(MillionTaka)

Conventional **258,162**
Islamic **15,091**
OBU **15,744**

Profit before tax
(MillionTaka)

Conventional **3,443**
Islamic **399**
OBU **215**

ALAMY STOCK

World Economy

Economic activity of the year 2017 reveals a promising scenario as compared to the preceding year. Broad-based upward revisions of the growth outcomes in the Euro zone, Japan, emerge Asia and Russia in the first half of 2017, were better than expected and downward revisions were observed for the United States and the United Kingdom. But the recovery of the past recession is not complete while the baseline outlook is strengthening, growth remains weak in many countries and inflation is below target in most advanced economies. Commodity exporters, especially of fuel, are particularly hard hit as their adjustment to a sharp step down in foreign earnings continues. Short-term risks are broadly balanced; medium-term risks are still tilted to the downside.

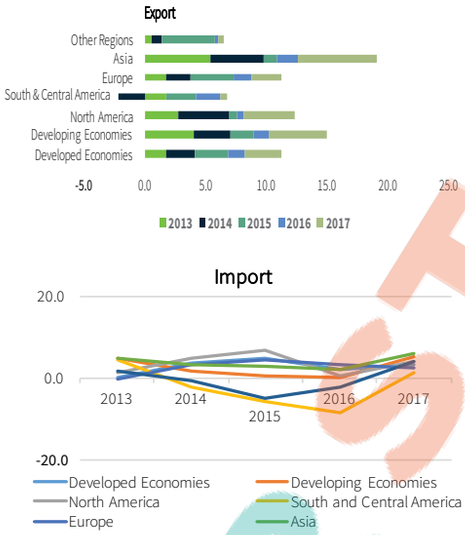
GLOBAL GDP GROWTH

According to IMF, in the year 2017, the growth in the Global Output was 3.7% in 2017 this was 0.5% point higher than in 2016. The growth was mainly due to positive growth in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 % point to 3.9%. The strength in global growth is broad-based across most advanced and emerging economies. The Chinese economy alone contributed to one-third of the global growth during the year. The advanced economies have experienced a relatively higher growth in the GDP as the growth for fiscal year (FY) 2017 stood at 2.2% from 1.7% for the previous FY. Among the advanced economies, the condition of US improved as it experienced a growth of 2.2% in FY 2017 compared to that of 1.5% in the previous FY. The growth rate for the UK slumped to 1.7% in FY 2017 due to the Brexit referendum and turbulent political conditions from 1.8%.

On the other hand, the overall GDP growth rate of South Asia plummeted to 6.6% in FY 2017 in contrast with 6.8% in FY 2016. The emerging and developing Asia witnessed a growth of 6.5% compared to that of 6.4% in FY 2016.

GLOBAL TRADE

According to WTO, volume of world merchandise trade has grown by 3.6% in 2017 and this growth is estimated to be within



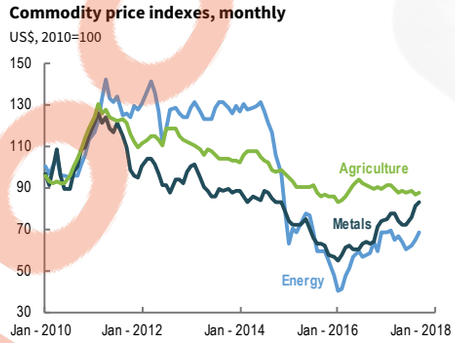
Source: World Trade Organization

3.2% in 2018. The major reasons behind the growth in World trade are due to continued growth in investment, particularly among advanced economies, increased manufacturing output in Asia-mainly in technological manufacturing. However, there is uncertainty regarding near-term economic and policy developments.

GLOBAL COMMODITY MARKETS

Industrial commodities price showed an upward trend in 2017 due to increase in demand for the same and rise in oil price, while most agricultural prices remained broadly stable throughout the year. Crude oil price reached at $53 per barrel (bbl) in 2017 which was $43/bbl in 2016 and is expected to cross $56/bbl in 2018. Natural Gas price in Europe and Liquefied Natural Gas (LNG) in Asia, which are partly linked to oil industry, were steadily upward in 2017.

Due to strong demand for metals, particularly in China's property, infrastructure and manufacturing sectors, prices have steadily



increased since January 2016 and broken the record of last two years. World Bank forecasted that, with the exception of iron ore, metals prices are expected to increase moderately in 2018.

Agricultural product prices have slightly declined during the year 2017 and showed a downward trend for the last two years.

GLOBAL INFLATION RATE

In line with the preceding year, the inflation rate has sustained its lower level at 3.2% in the FY 2017. The limitation of oil production by OPEC and Russia contributed to a spike in the inflation rate for the advanced economy but showed a declining trend for the emerging and developing countries. However, the overall impact was suitable for the global economy. Amongst the SAARC region, the war torn Afghanistan registered an inflation rate high as 7.2% when Maldives exhibited an inflation rate of only 2.1%. The advanced economy seems to sustain a 1.5% inflation rate but is expected to see a spark in FY 2018 as much as 1.9%. Amongst the developed economies, the US registered only 1.8% inflation rate compared to 2.2% in the preceding year. The situation was reverse for the UK as the inflation rate sprout to 2.8% in FY 2017 compared to 1.2% in FY



Board of Directors at 18th AGM

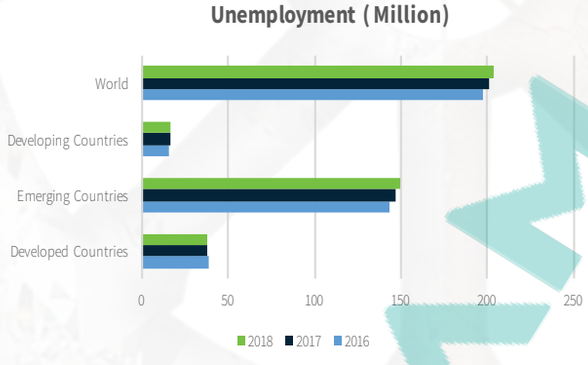
2016. The emerging market and developing economies marked a surge in the inflation rate contrasting to the preceding year by 3.5% while the Euro zone has maintained its 1.1% inflation rate.

GLOBAL FDI

In the first half of 2017, global FDI flows decreased by 3% compared to that in the second half of 2016. It stood at USD 788 billion but remained above 2013 and 2014 levels. By region, FDI flows into the OECD area decreased by 8% in the first half of 2017 compared to that in the second half of 2016 (from USD 502 billion to USD 462 billion). FDI flows into EU countries decreased even further by 46% (from USD 324 billion to USD 175 billion).
FDI inflow to G20 countries has decreased by 31% (from USD 599 billion to USD 415 billion). In the first half of 2017, the United States was the largest recipient of FDI inflows worldwide (at USD 161 billion), followed by Switzerland (USD 61 billion) and China (USD 55 billion).

GLOBAL UNEMPLOYMENT

The unemployment rate is estimated at 5.8% which is expected to be stable in 2018. The conditions in USA showed promising as the unemployment rate came down to 4.4% compared to 4.9% in the preceding year. The condition of the UK is somewhat similar to that of the US. The highest unemployment rate can be found in the Republic of South Africa which was 27.6% compared to 26.7% in the previous FY. Thailand denotes the best rate in terms of unemployment as it accounts for only 0.7% opposing to 0.8% in the previous year. Amongst the SAARC countries, Bhutan has the modest figure as it accounts for only 3.2% of the unemployment rate. China exhibited a 4% unemployment rate in both this and previous FY.



MAJOR CHALLENGES

Global economic experts assume that the global economy may confront serious challenges in the months and years ahead. Although the global economic activity is in upswing trend in FY 2017, there are few events that may hamper the overall economic growth:

a) The new foreign policy of Saudi Arabia is stimulating for engaging in fight against Yemen and blocking Qatar. This incident also hampers the OPEC relationship and increases the capital cost of Qatar with a tension of war hanging around.

b) Declaration of Jerusalem as the capital of Israel led to violent upsurge in many countries including the Euro zone which sees an overall negative impact on the world trade despite the high economic growth.

c) Catalonia's Independence Referendum threatens the peaceful coexistence in the Euro region that sees the removal of financial headquarters out of that area and an ebbing trend in the economic growth of that particular region.

d) US moving out of Trans-Asia Partnership, withdrawing from the Paris Climate Agreement and refusing to comply to Nuclear Negotiation with Iran may disrupt the world economic progress.

OUTLOOK FOR 2018

Since the recent global financial crisis, the US economy reached a new mark and the global economy exceeded expectations. The global economy has strengthened at the end of 2017 which is also expected to continue in 2018. Economic power and influence may continue to shift from west to east region. World industrial production has accelerated with a recovery in global trade that has been predominantly driven by stronger demand in East Asia. Confidence and economic sentiment indicators have also generally strengthened, especially in developed economies. Investment conditions have improved, amid stable financial markets, strong credit growth, and a more solid macroeconomic outlook. Considering the lower inflation rate and rising GDP growth rate, prospective outlooks for 2018 is predicted.

Source

World Economic Outlook, October 2017, World Bank
World Economic Situation and Prospects 2018, United Nations
Commodity Markets Outlook, October 2017, World Bank

Annual Business Conference 2017



Bangladesh Economy

The economic development of Bangladesh has shown a remarkable progress as annual GDP growth has surpassed 6.4% on an average since 2010. During the fiscal year 2016-17 (FY17), Bangladesh achieved record breaking GDP growth rate of 7.28% which is the highest ever in the history of the country due to higher private investments, exports, and remittances. As per the government plan, the country's GDP growth would reach over 8% by 2019, while it would be within 9% to 10% by 2030. Per capita income has estimated to reach USD 1,610 in FY17 from USD 1,465 in FY16. It crossed the World Bank's threshold for lower middle-income country status in FY14 and now it's folding to gain middle-income country status within 2021. The Global Economic Prospects, a flagship report of the World Bank Group, said that Bangladesh stood at 17th position out of 134 countries which have a growth rate of 6.4 percent or more in 2017-18.

GDP Growth & Size of South Asia		
Country	GDP Growth (%)	GDP Size (USD Billion)
Bangladesh	7.28	221.4
India	7.21	2,263.5
Pakistan	5.24	283.7
Sri Lanka	4.72	81.3
Source: World Bank		

Larger import and modest export made the deficit balance in the current account. With RMG constituting more than 80% of the total country's export, Bangladesh has become the world's second largest ready-made garments exporter after China. The slight fluctuation of exchange rate was concerning factor for the importers. Annual average inflation rate stood at 5.7% as of December, 2017, which is little bit higher than 5.51% as of December, 2016. Bangladesh's foreign currency reserve crossed a record USD 33.22 billion as of December, 2017 which is enough to meet the country's import bills for nine months. But rise of non-performing loans, lower capital adequacy and the overall governance issues are some challenges for the economy.

AGRICULTURE SECTOR

Bangladesh is primarily an agrarian economy in which contribution of agriculture is about 14.74% of the country's GDP (in FY17) and around 60% of the total labor force. Rice, Jute, Sugarcane, Potato, Pulses, Wheat, Tea and Tobacco are the principal crops. However, agriculture sector has seen challenges to raise its growth in FY17 due to flood in several major crops producing areas. Aus, the first crop of the fiscal year, suffered in production loss in Q1 FY18. However, in FY17, agriculture sector is in increasing growth of 2.97% compared to 2.79% in FY16, mainly due to the slight growth in animal farming, crops and horticulture sub-sectors. Government has planned to produce 361.8 Lac Metric Ton (LMT) of rice in FY 18 against production of 338.0 LMT in FY17. Among the non-rice, total cereal crops (Wheat & Maize) is projected to reach 413.8 LMT in FY18 from 386.9 LMT of previous FY.

INDUSTRY SECTOR

Industry is the second largest sector in the GDP-pie which is fueled mainly by knitwear, ready-made garments, cotton textile, pharmaceuticals, wood products, iron and steel, ceramic, cement, leather & leather products, plastic products etc. That means the economy is transforming its nature from agricultural economy into industrial one. The overall growth in industry sector slightly declined to 10.2% in FY17 from 11.1% in FY16, though the contribution from this sector has increased to 32.42% of total GDP from 31.54% of previous year. The growths of different sub-sectors of industry sector have declined except construction and small scale industry sub-sector in FY17 compared to FY16 which contributed to fall in the overall growth of industry sector.

The large & medium scale manufacturing and small scale manufacturing sub-sector contributed about 81.8% and 18.2% respectively of the total output of the manufacturing sector whereas growth of these large and medium scale industry sub-sectors declined to 11.2%, followed by manufacturing sub- sector growth (11%).

SERVICE SECTOR

The service sector, also called tertiary sector, maintained its growth momentum and contributed 52.9% of the share in overall GDP. The contribution of service sector is more than 50% of the total GDP. Moreover, it provides support for the development of industry sector and agriculture sector. In FY17, the service sector accelerated its performance and grew by 6.7%. This growth was mainly driven by wholesale and retail trade, transport, storage and communication, financial intermediations, real estate, renting, business activities, community, social and personal services sub-sectors.

Among the sub-sectors containing positive growth, financial intermediation sub-sector recorded highest growth of 9.1% in FY17 from 4.5% in FY16. Despite the positive growth, the service sector's share in GDP declined slightly to 52.9% in FY17 as compared to 53.1% of the preceding fiscal year. It is expected that rising trend of service sector would continue its contribution in the economic growth, trade and employment generation.

FISCAL OUTCOME

Expenditure

Government has estimated record breaking budget of BDT 4,002.7 billion (18% of GDP) for FY18 (budget 2017-18), which is 26.20% higher than the actual expenditure in FY17. In FY18 budget, 52% is allocated to non-development expenditure, while 40% has been allocated to development expenditure and rest for others. In terms of total allocation, growth is highest in Public Service (60.96%), Fuel and Power (45.03%) and Industrial & Economic Services (43.27%) sector.

The Annual Development Program (ADP) in the revised budget for FY18 amounted to BDT 1,533.3 billion (6.9% of GDP) which was 50.03% higher than the actual ADP in FY17. In FY18 budget, top allocation was for education & technology (16.4%), public administration (13.6%), transportation (12.5%), interest payments (10.3%), and local government (6.9%).

Revenue Collection

In the budget FY18, revenue collection target is BDT 2879.91 billion, which is 31.80% higher than that of FY17 (Revised). It is expected that ongoing reforms & automation of revenue collection likely to boost NBR revenue.

Among the total revenue target, NBR Tax Revenue target is 2,481.90 billion (86.18% of total revenue target) which is 34.16% higher than that in revised budget for FY'17). Value Added Tax (VAT) accounts for 912.54 billion (36.8%) and Taxes on Income and Profit accounts for 851.76 billion (34.3%) of total revenue collection of FY18. In this proposed budget for FY'18, most of the tax rates have been kept unchanged as that of FY'17 budget.

External Sector

External sectors in Bangladesh economy such as export, import and remittance

have always played crucial role for the development path.

Export

Export earnings increased slightly by 1.72% in FY17 to USD 34,835.1 million from USD 34,257.2 million in FY16, of which, the export from EPZ was USD 5,213.6 million and USD 5,439.3 million in FY17 and FY16 respectively. The export in first half of FY18 accounted for 17,916 million pointing out 7.2% growth over the corresponding period of the preceding year. Export target was set USD 37,500 million for FY18 of which export target for July-December FY18 was USD 17,875.00 million. Apparels (woven garments and knitwear products) continued to occupy a very large share about 81% of total export earnings and registered slight increase in receipts from USD 28,094.2 million in FY16 to USD 28,149.8 million in FY17. Knitwear products showed a growth of 3.0% in FY17 compared to FY16. Consequently, export as percentage of GDP decreased to 14.0% in FY17 from 15.5% in FY16. Among the RMG export destinations of 2017, EU market accounts for 64% and USA for 17.96% of total export.

Import

Import (fob) in FY17 stood at USD 43,491 million achieving a higher growth of 9% compared to USD 39,901 million in FY16, of which import by EPZ based import was USD 3190.7 million and USD 3286.9 in FY17 and FY16 respectively. The import in first half of FY18 stood at USD 2,5013.8 million registering 19.71% growth from corresponding period of the previous year. Import of food grain recorded a significant growth of 21.2% in FY17 mainly due to increase of wheat import. Import of others food items increased by 19.9% to 4,240.4 million in FY17 from USD 3,536 million in FY16. Except negative growth of oil seeds (19%), all other items showed positive growth. Consumer and intermediate goods increased by 4.5% to USD 2,1359.8 million in FY17 from USD 20,432.3 million in FY16. All items of capital goods and others categories recorded a high growth of 11.2% to USD 20,118.6 million in FY17 from USD 18,092.4 million in FY16. Settlement of import LCs during July-December 2017 increased by 9.17% and stood at USD 24.66 billion. On the other hand, fresh opening of import LCs during July-December 2017 increased by 74.76% and stood at USD 40.23 billion.

Remittance

Remittance is the second largest source of foreign currency earnings of Bangladesh after exports. World Bank ranked Bangladesh 5th in terms of the stock of migrants and 8th in terms of remittance earrings country in the world. The remittance inflow shows a decreasing trend since FY16. Remittance earnings decreased by 14.5% and 2.5% in FY17 and FY16 respectively. Remittances as percentage of GDP declined gradually from 8.2% in FY14 to 5.17% in FY17. Gross remittance earnings decreased to USD 12,769.6 million in FY17 from USD 14,931.1 million in FY16. However, during first six months of FY18, the manpower exports of the country increased by 103,199 persons (26.82%) compared to that of the same period of last year. The shortfall of remittance was mainly due to the decrease of oil revenues, increase of digital hundi (using apps and software) and fiscal tightening in the GCC countries.

Foreign Direct Investment (Fdi)

Foreign Direct Investment (FDI), 2nd largest component of financial account, is recognized as one of the important components of Bangladesh's foreign reserves. FDI inflows during FY17 increased by 22.52% and reached USD 2,454.81 million from USD 2,003.53 million during FY16. Moreover, FDI inflows stood at USD 507.15 million registering 3.24% growth during first quarter of FY18 compared to previous quarter.

Balance of Payments (Bop)

Bangladesh's balance of payments (BoP) recorded a surplus in FY17, despite unfavorable global economic condition. Overall balance recorded a surplus of USD 3,169 million compared to USD 5,036 million in FY16. The BoP surplus was supported mainly by financial account. Current account balance (CAB) showed a significant amount of deficit of USD 1,480 million during FY17, mainly due to deficit in trade balance by USD 9,472 million, CAB was a surplus of USD 4,262 million in FY16. The capital accounts surplus decreased to USD 314 million and the financial accounts surplus increased to USD 4,179 million respectively in FY17. The CAB of first half of FY18 has a deficit balance of USD 4,767 million, which was USD 543 million in same period of FY17. The overall balance showed USD 354 million deficit during Jul-Dec 2017, which registered USD 2,265 million surplus in same period of FY17.

CPI INFLATION

Annual average CPI inflation showed mixed trend in FY17. The headline inflation rate stood at 5.44% in June 2017, while the Bangladesh Bank Monetary Policy Statement (MPS, January-June 2017) inflation forecast ranged between 5.3-5.6%. The twelve month average general inflation edged up marginally to 5.70% in December 2017 from 5.52% of December, 2016. Rising food inflation due to flash flood related crop losses in the Northeastern haor region from the middle of FY17 mainly accounted for the increase in headline inflation. The point to point general inflation increased to 5.83% in December 2017 from 5.03% of December 2016. At the same period, non-food inflation decreased to 3.85% from 4.49% and food inflation increased to 7.13% from 5.38%.

EXCHANGE RATE

Recent exchange rate movement has been consistent with maintaining export competitiveness as well as encouraging remittance inflows. In FY17, BDT experienced a depreciation of 2.81% against US dollar compared to 0.77% depreciation in FY16 due mainly to BB's interventions in the foreign exchange market to maintain stability as well as to ensure external competitiveness.

Monetary Policy

In FY18, Bangladesh Bank implemented its monetary policy stance to achieve price stability, alongside supporting inclusive output and employment growth. The monetary program for FY18 takes into account the recent economic and financial sector developments and will target a monetary growth path aiming at keeping GDP growth at 7.4% and average inflation below 6.0%. The new monetary policy of second half of FY18 (MPS H2 FY18) has set domestic credit growth unchanged at 15.8%; whereas private sector credit growth target at 16.8% against a previous projection of 16.3%. The public sector credit growth has reduced to 8.3% from 12.0%. The monetary program framework is based on the ceilings for broad money and reserve money growth of 13.3% and 12.0% respectively.

BROAD MONEY

According to MPS H2 FY18, Broad money (M2) grew by 10.9% as of June 2017 and reached 10.7% in December 2017; this rate is targeted to grow at 13.3% in June 2018. The lower growth in broad money is driven by both net foreign asset (NFA) and net domestic asset (NDA).

INTEREST RATE

The weighted average interest rates on deposits gradually declined from a pick of 8.54% in FY13 to 4.84% in FY17 and finally increased to 4.91% in December 2017. Similarly, following the downward trend, weighted average interest rates on lending rate also gradually declined to 9.56% in FY17 from a pick of 13.75% in FY12; however, at the end of 2017, this rate is lowered to 9.35%. The intermediation spreads between lending and deposit rates were above 5% up to FY14, which has gradually narrowed to 4.72% in FY17 and 4.44% at the end of 2017.

CALL MONEY

The weighted average call money rate in the inter-bank money market increased to 3.92% in December 2017 from 3.62% in December 2016. This rate is ranged from 3.68% to 3.93% during FY17. During the year 2017, total lending volume of call money was BDT 16,684 billion, recording average volume of BDT 1,390 billion per month.

FOREIGN EXCHANGE RESERVE

The gross foreign exchange reserve of BB stood at USD 33.23 billion as of end of December 2017, registering positive growth of 3.54%, compared to USD 32.09 billion as of end of December 2016. This reserve is equivalent to import liability of around 8 months. At the beginning of FY17, foreign exchange reserves was USD 30.13 billion which grew steadily (10.89%) throughout the year and touched the mark of USD 33 billion on June 21, 2017 and reached USD 33.41 billion at the end of FY17.

SOVEREIGN RATINGS

Bangladesh achieves Ba3 (Moody's) and BB-(Standard and Poor's) with stable outlook for the 8th 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. In general, a credit rating is used by sovereign wealth funds, pension funds and other investors to gauge the credit worthiness of Bangladesh, thus having a big impact on the country's borrowing costs.

OUTLOOK OF 2018
THE OPPORTUNITY & CHALLENGES

The year 2018 will be a turning point for Bangladesh in many ways. Bangladesh will prepare to graduate from the least developed country status in 2018. Major economic indicators performed at satisfactory level in the outgoing year 2017. The economy is showing prospect of maintaining the steady growth pace in 2018. Private sector actual credit growth has exceeded than target level to achieve the desired growth. Although inflation is in rising trend due to food prices but this is still under control. The Executive Committee of the National Economic Council (ECNEC) approved 13 mega projects worth BDT 124.16 billion marking a prospect for investment opportunities and growth in business in FY18.

However, there are a number of challenges for the Bangladesh economy for journey in 2018. Overall balance of payments is showing negative balance, which may widen further due to heavy import growth and weaker export performances and remittance inflows. The upcoming National Election expected to be held in the early 2019 may create uncertainty on investment climate of the country. Governance issue around the banking sector is another big challenge for the economy. Moreover, influx of roughly one million Rohingya from Arakan of Myanmar is putting an upward demand for import of food and their alleged involvement in different anti-social activities over the country is also challenge for the economy.

Source

Bangladesh Bank Annual Report 2016-2017
Asian Development Outlook 2017
Scheduled Banks Statistics, Jul-Sep 2017
Bangladesh Bank Quarterly, Jul-Sep 2017

VAMP STOCK

Banking Industry Exploring 2017

Banking industry is considered as the nerve and artery of an economy. It plays a pivotal role for the development of Bangladesh economy. The banking industry has seen a strong pickup in adoption of digital offerings. Technology based services are facilitating the banking industry to reach remote customers. In line with the continued political stability in 2017, the banking industry has sustained a smooth growth through financial inclusion and business expansion. Banking sector has witnessed a sound operating profit in 2017 despite the downward pressure of loan interest rate and growing classified loan. Banking industry of Bangladesh entered into the Basel III from Basel II regime since January 2015. Now, the industry is gradually preparing to adopt the full implementation of Basel III by the year 2019. The banking sector represents moderate to higher stability despite the pressure to rationalize the AD Ratio, unpleasant competition, and growing trend of non-performing loans (NPL).

Regulation of the Banking Industry

Bank Companies Act 1991 and subsequent amendment in 2017 mainly guide the commercial banks in Bangladesh. The latest amendment allows the number of directors from two to four from a single family and the extension of the tenure from six years to nine years. The Bangladesh Bank (BB), being the central bank, exerts the supervisory controls over the banking sector. Besides, prudential guidelines for agent banking operation, loan classification and provisioning, amendment of guidelines on credit card operations of banks, foreign direct investment promotion project (FDIPP), promotion of cashless transaction and issuance of agricultural & rural credit policy & program for the FY 2017-18 were the key steps of central bank to strengthen sustainable development of the banking industry.

Banking Sector in Bangladesh

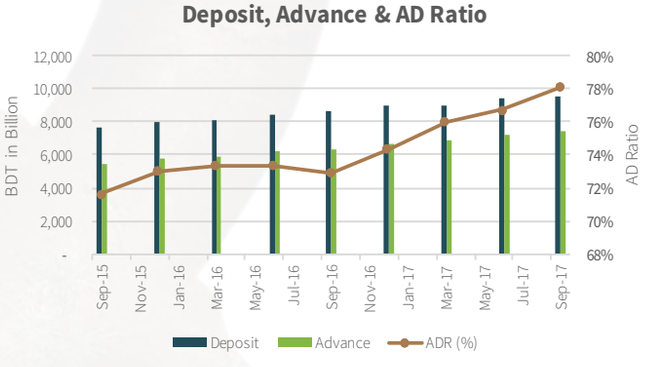
The Banking Industry has seen a rise in the deposit rate by the second half of 2017 while marking a weighted average deposit rate of 4.91% and lending rate 9.35% with a spread of 4.44% at the end of 2017. Total deposit of the banking sector in September 2017 stood at BDT 9,544.5 billion showing a point to point growth of 10.8%. Similarly total advances stood at BDT 7,458.4 billion marking a point to point growth of 18.7%. Gradual increase of AD ratio has become major concern for banking industry. Regulatory body has also specified the boundary of AD ratio for banking industry as a pre-step to ensure the sound liquidity position of commercial banks. As on 31st December 2017, banking industry has maintained BDT 2,596 billion in total liquid assets by keeping BDT 866.96 billion as excess liquidity. At the end of the year, call money rate slightly increased to 3.92% from the record low of 3.54% as the credit growth surpassed the deposit growth. The key profitability indicators - return on assets (ROA) and return on equity (ROE) stood at 0.34% and 4.66% respectively as on 30th September 2017 as compared to 0.7% and 9.9% respectively recorded in 2016.

The banking industry has maintained a provision of BDT 399.7 billion against required provision of BDT 463.1 billion, marking a shortfall provision of BDT 63.4 billion as of 30th September 2017. At the same period, the average CRAR (Capital to Risk Weighted Asset Ratio) for banking industry was 10.6% when the CRAR for the private commercial banks, state banks and foreign banks was 12.2%, 5.6% and 24.0% respectively. As of 30th September 2017, the cumulative NPLs of the banks reached BDT 803.1 billion or 10.7% of NPL to total loans. This ratio has slightly decreased to 9.3% at the end of the 2017.

MONETARY AGGREGATES

Item	Actual		Program	
	Jun–17	Dec–17	Dec-17 MPS	Jun-18 MPS
Net Foreign Assets	11.5	0.5	4.7	5.5
Net Domestic Assets	10.7	14.4	15.9	16.7
Domestic Credit	11.2	14.5	14.4	15.8
Credit to the public sector	-13	-9.3	3.8	12.1
Credit to the private sector	15.7	18.1	16.2	16.3
Broad money	10.9	10.7	12.9	13.9
Reserve money	16.3	13.3	12.8	12

Source: Monetary Policy Statement, Jan-Jun 2018



STRUCTURE OF THE BANKING SYSTEM IN BANGLADESH *(UPTO September, 2017)*

Type of Bank	No. of Banks	Number of Branches	Deposits (in Billion)	Deposit P2P growth, (%)	Advances (in Billion)	Advance P2P growth, (%)	CRAR (%)	AD Ratio (%)	ROE (%)P	ROA (%)P	NPL Ratios (%)
State Owned Banks (SCB)	06	3,714	2,619	7.8	1,353	11.4	5.6	51.7	-19.4	-0.6	29.3
Specialized Banks (DFI)	02	1,407	284	12.9	233	1.0	-33.5	81.9	-8.1	-1.6	23.8
Private Banks (PCB)	40	4,562	6,228	12.0	5,602	21.7	12.2	89.9	7.5	0.7	6.0
Foreign Banks (FCB)	09	70	413	10.5	271	13.9	24.0	65.5	10.8	2.2	7.9
Total	57	9,753	9,545	10.8	7,458	18.7	10.6	78.1	4.7	0.3	10.7

Source: Bangladesh Bank Annual Report 2016-17; Scheduled Banks Statistics, Jul- Sep 2017; P = Provisional

Review of operations of Bank Asia in 2017

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 0.83% in 2017 and came down to 9.03% from 9.86%. Bank's total assets reached Tk. 288,997 million in 2017 compared to Tk. 253,196 million in 2016 with a growth of 14.14% and total capital reached Tk. 32,914 million from Tk. 24,775 million with a growth of 33%. Deposit reached Tk. 207,041 million compared to Tk. 191,273 million with a growth of 8.24% and Loans and advances was 20.72% higher than the preceding year and stood at Tk. 197,504 million.

Bank's import increased by 18% and stood at USD 2,156 million (Tk. 181,468 million) in 2017 where in 2016 it was USD 1,824 million (Tk. 148,724) million. Export increased by 13% and reached USD 1,457 million (Tk. 118,172) million which was USD 1,286 million (Tk. 103,139 million) in the previous year. Inward remittance in 2017 showed a growth of 23% and reached USD 654 million (Tk. 51,778 million) compared to USD 532 million (Tk. 41,665 million) in 2016. Although bank's core income increased, 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. 6,688 million and Tk. 2,048 million respectively. The Bank did much better in restraining growth of classified loans and the year ended with CL ratio to 4.38% in 2017 compared to 5.41% of previous year. The Bank is standing on sound footing where strong capital base is playing a key role for smooth business growth. This strong capital base helped the Bank to maintain a very satisfactory Capital to Risk Weighted Assets Ratio (CRAR) of 14.89%.

To maintain the increasing demand of customers for innovative services and a balanced distribution of network, the Bank opened 9 new branches in 2017. The whole network of Bank Asia now consists of 116 branches, 4 SME service centers, 5 Islamic windows, 132 own ATMs and more than 7,500+ shared ATMs, 1 Brokerage Company in Bangladesh and 2 exchange houses located in UK and USA. The Bank is also operating 2 branches of BA Express USA Inc. in New York since 2014. All the operations of the Bank are interconnected and integrated through state of the art networking technology.

Corporate & Large Loan

Considering the increasing economic growth of our country, Corporate & Large Loan Division of Bank Asia Limited is providing the best possible financial products & services with expertise and dedication to attain sustainable growth and development. The Bank has financed in major corporate business sectors, which are large scale manufactures including food, beverage, RMG and textile, construction, power plants, transports, institutions, trade services, housing, utility services etc.

Corporate & Large Loan Division is the single largest business unit of the Bank. This division deals with customers having total funded limit of Tk. 200 million and above or total exposure of Tk. 300 million and above. In addition to that entire portfolio of Financial Institutions (FIs) and export oriented industries are being handled by this division.

This division comprises of three major departments/units; Export Finance Department, General Finance Unit, and Syndication & Structured Finance Unit. A snapshot of these three strategic arms of corporate business are as follows:

- **Export Finance:** Export Finance, emerged as a stand alone 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 and working capital engagement in the special forms of back to back letter of credit, packing credit, bill purchased and discounted etc.
- **General Corporate Finance:** Two wings formed for proper and smooth 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, and lease financing etc.



Bank Asia refinanced Provita Chicks Ltd. under Long Term Financial Facility (LTFF) of Financial Sector Support Project of Bangladesh Bank

ANNUAL REPORT

- **Syndication and Structured Finance:** Another department under Corporate & Large Loan which deals with arrangement of fund for large projects of corporate clients therefore spreading the risk amongst the partner FIs/Banks and also offers agency services.

Major Activities in 2017:

- As on December 31, 2017, total loan portfolio of C&LL was Tk.122,520 million which is around 62% of the total loan portfolio of the Bank.
- Clients handled by the division executed export worth Tk.106,720 million & import worth Tk.144,593.52million in 2017.
- Arranged refinance of USD 7.41 million under the Long Term Financial Facility (LTFF) of Financial Sector Support Project of Bangladesh Bank on account of Provita Chicks Ltd.
- Financed Euro 5.17 million under the Export Credit Agency (ECA) to Engreen Sharishabari Solar Plant Ltd. for establishing a 3-MWp (megawatt-peak) Grid-Tied SPV (solar photovoltaic) independent power plant on 8.23 acres of land at Sharishabari of Jamalpur. This is first of its kind power project ever established in Bangladesh which has already gone to COD in 2017.
- Signed an agreement with Bangladesh Bank to finance export oriented Textiles & Textiles Products and Leather Manufacturing Industries under Green Transformation Fund (GTF) of Bangladesh Bank.
- Entered into arrangement with Bangladesh Bank on for two step loan for Urban Building Safety Project (under JICA/Bangladesh Bank Refinancing Scheme).
- Signed agreement with Bangladesh Bank for Green Finance under its refinance scheme.

Syndication & Structured Finance

Bank Asia has been operating in the syndication loan market for than one and a half decade. Our expertise in loan syndication facilitated entrepreneurs to successfully accomplish a number of significant projects to assist the real sectors of the economy.
Since 2000, Bank Asia's Syndication & Structured Finance Unit (SSFU) C & LL has been extensively engaged in syndicate activies, acting as lead arranger and agent in 18 syndications totaling Tk. 12,015 million for various projects, some of which are import substitutes, have created substantial amount of employment opportunities, and are saving as well as earning scarce foreign currency through exporting. SSFU provides financial solutions to 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 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, investment in alternative product etc. During the year 2017, we have launched two Syndication deals worth Tk.67.10 billion in Refinery and Cement Sector. We are in the process of raising of Syndicated Term Loan of Tk. 64 billion as Lead Arranger and Agent for setting up a Petroleum Refinery project by Bashundhara Oil & Gas Company Limited. This would be the largest Syndication deal in the banking industry.

Besides, Bank Asia Ltd, is acting as Lead Arranger and Agent for Bashundhara Industrial Complex Ltd. to enhance the production capacity of the existing cement factory (Ball Mill) at Madongonj, Narayangonj. After the proposed expansion, total production capacity of the project shall be 3,000,000 MT per annum having total project cost of Tk.4,498.98 million, which will be financed by Syndicated Term Loan facility of Tk. Tk. 3,146.13 million.

We are committed that in 2018, our SSFU will continue to work on deepening existing relationships and sourcing new clients for generating new income opportunities and to offer more innovative value added services for the changing macro-economic landscape which will place more emphasis upon loan syndication to support the economy of the country.



Handover Ceremony of Feasibility Report by Bashundhara Oil & Gas Company Limited

ANNUAL STOCK

CMSME Banking & Agri/Rural Credit

MSME Division and Agriculture Division has been restructured and incorporated under Small Enterprise & Special Programs Loan, Medium Enterprises and Agriculture Department form the year 2015.

COTTAGE, MICRO & SMALL ENTERPRISE FINANCING

Small Enterprise & Special Programs Department presently deals with the Cottage, Micro & Small Enterprise business and in connection to that we are driving business by taking different initiatives to boost up financing to this sector all around the year. In 2017, we strongly focused on cottage & micro enterprise financing, cluster financing, new entrepreneurship development financing, promoting rural people as well as rural women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to the unbanked new entrepreneurs.

As we are listing down our initiatives in the year 2017, Bank Asia continued close association with different MSME activities like;

- The SE & SPL Department of the Bank has arranged launching of 3 new products titled "Nilima"-for Women Entrepreneur, "Bahon"-for Commercial Vehicle Finance and "Astha"- Special Current Deposit account for SME Entrepreneur.
- Created new partnership with SME Foundation for financing to the Women Entrepreneurs and financing to the Electrical Products Manufacturing Cluster.
- Partnered with Hishab Ltd. under the banner of "SME Digital Market Initiative" for–Using Mobile voice based financial data record keeping and utilize the data for potential financing.
- Participated in "Banker-SME Women Entrepreneur Gathering & Product Fair-2017" organized by Bangladesh Bank.
- Participated in the "Entrepreneur-Banker Match Making & Loan Disbursement program with Central Bank" held at Tarail Kishorgonj, Maijdee Noakhali, Comilla and Jessore.
- Organized 10 training season and provided training to 430 officers of the Bank on understanding SME business, aware the business need and assessment of finance of the CMSME customers and Digital SME loan application processing.
- As we are the first financial institution in the industry to introduce TAB based digital SME & Agri proposal processing, in 2017 we processed 1700 new proposals through this DIGANTA online credit approval system

Apart from the above, the Bank arranged different business meeting with the existing and potential clients throughout the year.

Cluster Financing

As a commercial bank, Bank Asia also adopted full-fledged digitized cluster-based approach for financing cottage, micro, small and medium enterprises (CMSMEs). We worked on extending banking services to recognized or unrecognized SME clusters by adopting a 4-C approach: Customer focus, Cost control, Cross sell and Containing risk. Throughout the year, we financed 330 entrepreneurs in different CMSME clusters with the disbursement amount of Tk. 175 mln. Currently the bank is actively working on developing and financing in the following clusters-

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

Financial Highlights of 2017

- The Cottage, Micro and Small Portfolio stood at Tk. 7,010 mln compared to previous year's Tk. 5,441.18 mln with a growth of 28.8%
- Medium Enterprise Portfolio stood at Tk. 25,850 mln compared to previous year's Tk. 20,826 mln with a YOY growth of 24.1%
- 4,394 no. of new CMSE borrowers were added to the CMSE portfolio in 2017 with a volume of 4,270 million
- 1,413 new customers were on boarded in Mid Segment Enterprise with a volume of Tk. 21,626 mln



Banker-SME Women Entrepreneur Gathering & Product Fair-2017



MSME Portfolio in 2017
In Million Taka
- Trade **11,422.89**
- Manufacturing **8,811.24**
- Service **9,857.08**
- WE **186.55**

Agriculture/Rural Credit

Bank Asia Ltd. has contributed greatly in Agricultural/ Rural credit sector. FY 2016-2017 was a good continuation of target achievement like every year. We have achieved 123.88% against our total disbursement target of Taka 2,100 million and distributed the credit facility to 79,767 rural farmers. Bank Asia has superseded the given target of Agri credit set by Bangladesh Bank consecutively last three years. Till to date, 500,890 number of farmers have received financial assistance from us.

Status of Agricultural/Rural Credit as on 31-12-2017 is given below:

Million Taka

Particulars	Direct Network	NGO Network	Total
Disbursement (from 01-01-2017 to 31-12-2017)	873.49	2,721.03	3,594.52
Outstanding (as on 31-12-2017)	624.17	3,458.48	4,082.65
No. of beneficiary	21,084	71,047	92,139

Besides target achievement in every sector of Agricultural credit in 2017, Bank Asia emphasized to extend credit facilities in the following contemporary form

A-Card
The Smart form of Agricultural credit was propagated into 1,367 rural farmers. Total Taka 22.00 million was used through A-card in this year.

10 Taka Account
We facilitated 2,140 borrowers by disbursing Taka48.39 million and received refinance of Taka 45.50 million from Bangladesh Bank in the year 2017. Bangladesh Bank has appreciated Bank Asia Ltd. for the contribution in this sector.

Partnership with different international Organization
With the aim of attaining international level of agricultural/rural financing, Bank Asia has cruised partnership with different international organizations like USAID AESA project, USAID AVC Project, Swiss Contact, NAFCO etc.



Appreciation letter received by Bank Asia from Bangladesh Bank for significant contribution in disbursing loan to 10 taka savings account holders



Poultry farm financed by Bank Asia

Mid-segment Enterprise Financing

Currently, most of the big loans given out by the banks are at high risk of failing. Therefore it is imperative that banks move away from big loans to maintain financial stability and reduce loan defaults. As such it is wiser to focus on small and medium enterprises. Presently our Mid-segment Enterprise (ME) is dealing with all branches' credit proposals with credit limit up to maximum Tk. 300 million as a single borrower exposure. The industry outstanding on medium enterprise loan is Tk. 814,830 million in our country.Our bank's present ME portfolio is Tk. 25,850 million as on 31.12.2017 which is holding 3.17% market share. Presently the market gap is Tk.706,731 million which denotes a significant prospect to grow up in medium segment.A robust but pragmatic budget has been set for the year 2018 and effective strategies have been formulated to meet the challenges to reach the goal of medium segment business of our bank. Bangladesh Bank encourages banks extending loans to this preferential sector for more financial inclusion. Bank Asia also echoed the same preference.

The business position of Mid-segment Enterprise (ME) as on December 2017:

million taka

Year end position 2016	Yearly Budget 2017	Actual December, 2017	Budget Vs Actual	Net Growth 2016 Vs 2017	Growth % over 2016
20,826	25,792	25,850	100.22%	5,024	24%

Credit Administration

The 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 credits centrally by systemizing the credit facilities and security documents as per terms and conditions of sanction letters, working with critical CIB operation, regulatory reporting, monitoring expired loan, deferral documents and checking copies of major security documents. As the bank is growing in terms of number and size of loans, diverse products and clients, complex process and procedures for compliance requirements, particularly in relation to reporting and maintaining prudential standards, the role of credit administration department is challenging and crucial.

Departmental Activities in 2017

i. Systemized 187,493 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 of 163,044 major documents against 12,131 borrowers

iii. Monitored 27,552 accounts (Past due loans) and reviewed 8,108 expired loans accounts for regularization

iv. Regularized 332 deferral documents out of 579 documents of all branches

v. Downloaded CIB reports of 41,804 borrower & uploaded 68,257 accounts through online system and against which we have realized Tk. 2.24 million as CIB charges

vi. Correction of CIB database against 630 borrowers from Bangladesh Bank

vii. Submitted 279 statements to Bangladesh Bank and other bodies (monthly/quarterly /half yearly/yearly) through conventional and RIT after checking

Planning for 2018

1. Implementation of collateral security database against loans & advances and separate module for updating information as per Bangladesh Bank instruction
2. Conversion of CIB ftp server to MISDB for smooth service (CIB Report) to the Branch / Agri / SME center
3. Up-gradation of core banking system for CIB information
4. Introduction of SOD request through MISDB for faster service to branch
5. Inclusion of major documents in MISDB as a part of online documentation and Deferral reporting through MISDB

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Sectoral Distribution of Credit

The Bank's loans and advances portfolio increased to Tk. 197,504.14 million achieving a growth of 21%. Sector wise distribution of loans and advances is as follows:

Million Taka

SL. No	Sectors/Sub-Sectors	2017		2016	
		Million Taka	% of Funded Loan	Million Taka	% of Funded Loan
1	**Industries**				
	Agriculture and Jute	4,074.80	2.06%	2,340.58	1.43%
	Cement	-	0.00%	517.00	0.32%
	Chemicals	1,632.80	0.83%	1,983.39	1.21%
	Electronics	3,794.80	1.92%	2,549.37	1.56%
	Food & Allied	11,966.50	6.06%	12,282.27	7.51%
	Paper	8,648.30	4.38%	7,739.05	4.73%
	Readymade Garments	22,666.40	11.48%	18,153.01	11.10%
	Real Estate	4,732.80	2.40%	11,992.02	7.33%
	Steel	6,225.20	3.15%	9,475.07	5.79%
	Textile	20,274.90	10.27%	13,617.37	8.32%
	Others	33,457.63	16.94%	13,313.31	8.14%
	Subtotal	117,474.13	59.48%	93,962.44	57.43%
2	**Infrastructure**				
	Power	2,023.40	1.02%	50.52	0.03%
	Telecom	348.50	0.18%	453.30	0.28%
	Construction	5,280.50	2.67%	5,758.25	3.52%
	Transport	2,823.90	1.43%	2,359.10	1.44%
	Sub total	10,476.30	5.30%	8,621.17	5.27%
3	**Commercial Lending**	34,740.50	17.59%	32,044.40	19.59%
4	**Export Financing**	11,620.46	5.88%	12,668.20	7.74%
5	**House Building Loan**	1,072.53	0.54%	923.36	0.56%
6	**Consumer Credit Scheme**	9,425.51	4.77%	7,076.44	4.33%
7	**Small & Medium Enterprise**	4,945.19	2.50%	3,957.23	2.42%
8	**Staff Loan**	1,323.51	0.67%	1,329.10	0.81%
9	**Credit Card**	1,600.31	0.81%	1,252.44	0.77%
10	**Non-Banking Financial Institution**	4,825.70	2.44%	1,775.00	1.08%
	Total	**197,504.14**	**100.00%**	**163,609.78**	**100.00%**

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Credit Risk Management

Policy development is regarded as an indispensable task of Credit Risk Management with a view to ensuring sustainable and performing assets development of Bank Asia Limited. It is widely known that nature of business is changing with the advancement of technology and arrival of different needs from different customers. CRM Department plays a vital role in formulating cutting-edge policy to capture new business and adjustment of existing policy for making ease to existing business.

Major Policy Update in 2017	
● Review of Policy Guidelines-Credit Risk Management of Bank Asia Ltd. ● Implementation of Bangladesh Bank's guidelines on Credit Risk Management (CRM) towards restructuring of credit operation system of Bank Asia Limited ● Policy on financing to the proprietorship concern alongwith KYC for proprietorship concern	● Review of the responsibilities of the Chief Risk Officer (CRO) and Chief Credit Officer (CCO) ● Deferral policy for security/support documents ● Guidelines for allowing LDBP facility favoring Trading Concern ● Modification of existing SOD (Earnest Money) Financing Policy ● Modification of existing Commodity Financing Policy

Risk Assessment:
Credit Risk Management Division has been on its strong footing to take calculated risk while doing sustainable business at the same time. Regimented assessment process as well as robust monitoring system has been ensured towards streamlining the portfolio.

Issuance of sanction

The department has been performing sole responsibility for issuance of sanction advice combining security details, different obligatory covenants, and general guidelines for loan disbursement.

Credit monitoring

Off-sight credit supervision has become very essential to check and understand whether the approved loan is performing up to expectation. CRM Department periodically review bank's loan portfolio which includes but not limited to corporate loan account, mid-segment loan account, and SME loan account. The department also extends support to the branches by helping them develop effective loan monitoring strategy.

Credit Rating & CRG

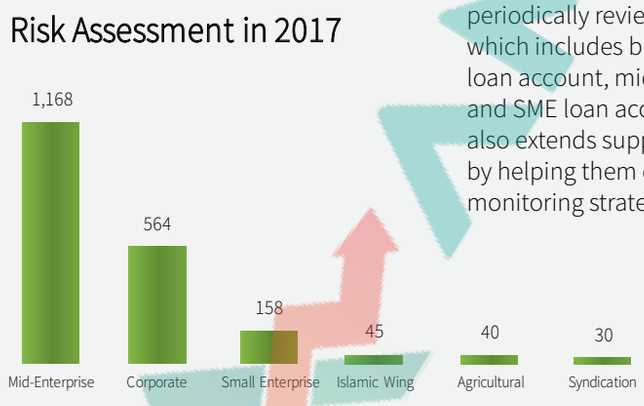
CRM Department through its rigorous persuasion and enforcement helps branches to ensure credit rating and credit risk grading of the valued customers. Credit rating and credit risk grading give the true outlook of loan applicants. These two are prerequisite for better portfolio development and the department has the glory to ensure significant loan customer having credit rating and CRG.

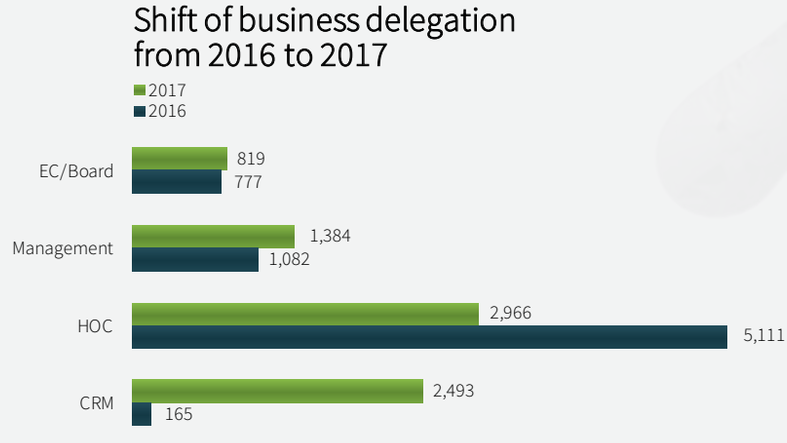
Shift of Business Delegation

To pick up the pace of the proposal processing while maintaining all due diligence, delegation of business power has been entrusted amongst some of the CRM executives by the Management for the first time in Bank Asia Ltd.

Process Automation

To get the leverage of advancement of Information Technology, CRM Department of Bank Asia Limited has taken sole responsibility of business process automation. With the revelation of effectiveness of the automation process, every department has welcomed the move, appreciated it for faster communication, gradually embraced the change and adopted it for preserving sanction for timeless period. Automated departmental activity report, account conduct analysis of borrower, ID-wise loan details of borrower, and customer performance report have already been included with a view to extending all possible support to the user of the system. However, CRM Department having proper instruction and guideline of top management is still on the move to make the service worthwhile for the bank.





Group Finance

With a view to ensuring safe, secure, stable & effective banking, Group Finance of Bank Asia is operating with utmost efficiency and professionalism. Group Finance team oversee all financial activities of it's three subsidiary comapnics. The major functions of Group Finance in the year 2017

Financial Statement
Regulatory Reports
62

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

Tax
- 1 year return submitted
- 1 year assessment finalized
- 2 years High Court writ and reference application filed
- 1 year writ application win
- 1 year Tribunal filed

Tk. 5,000 million
Issuance of 7 Year Floating Rate Non-Convertible Subordinated Bond-3 of Tk. 5,000 mln

Regulatory Reporting-ISM, FPM, & CDLC Reporting
- **40** reports to Bangladesh Bank
- Provided daily support to 116 branches for smooth reporting
- Conducted 2 trainings regarding ISS

VAT
1 year VAT audit finalized with LTU VAT

Rating
- CAMELS Rating-half yearly
- Entity Rating-Yearly
- 2 Bonds Rating- Yearly

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

Employee Fund Management
Total fund Tk. 2,080.9 mln

Bank Budget
147
Branches and Departments

Investment
- Fresh Investment Tk. **264** mln.
- Total Income Tk. **231** mln

CL Monitoring
- Identification of Regular CL
- **280** Letter distribution to respective branch for necessary action

Awards
- 3 for Annual Integrated Report 2016
- 1 for Sustainability Report 2016

Interest Rate Monitoring 28 peer banks
- Deposit and advance rate analysis
- T-bill , T-bond rate analysis
- Monitoring of Product wise deposit inclusion & exclusion

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

Payment Processed
14,387 bills

9 Publications
(annual-semiannual-quarterly)

Finance

- Budget Preparation based on commanding areas potentiality and Variance calculation
- Monitoring & control
- Financial Forecast
- Financial Analysis

Financial and Strategic Planning

- 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

Financial Reporting

- Quarterly, semi-annual and annual Financial statements (solo & consolidated)
- Monthly performance review of bank's different business units
- Regulatory reporting to Bangladesh Bank, DSE, SEC, CDBL & others

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

Publications

- AIR 2016
- Sustainability Report 2016
- Corporate Outlook 2016
- Business Review 2017
- Quarterly Financial Statement

Awards

- SAFA Award – 2nd prize for Corporate Governance
- ICAB National Award-3rd position
- Certificate of Merit-4th Position for Integrated Reporting
- Best Sustainability Report for Overseas category

MIS

MIS-Database Management

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

Financial Control

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

Tax & VAT Planning and Management

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

Financial Control Process

Employee Fund Management

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

Investment

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

Directors' Report

Islamic Banking

With the commitment of providing high standard of Shariah complied product & financial services, Bank Asia Islamic Banking was commenced in 2008. At present, Bank Asia is operating 5 Islamic Banking Windows in three divisions of the country. Up to December 2017, our deposit reached to Tk.13,863 million, investment (credit) to Tk.11,906.40 million and profit to Tk.416 million with a growth of 27%, 18% and 38% respectively compared to that in 2016.

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 the 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.

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

In November 2017, we have started our Islamic Agent Banking activities through 25 piloting outlets. Our Islamic Agent Banking is using separate software for conducting its business activities. Till December 2017, we covered 71 Agent points in 12 districts. We are going to offer our diversified deposit and investment products to the Islamic banking customers through all of our Agent points covering all districts in 2018. We hope that this would create stronger brand image of Islamic Banking throughout the country and would contribute more in the overall profitability of the Bank.



Business Review Meeting of Islamic Banking

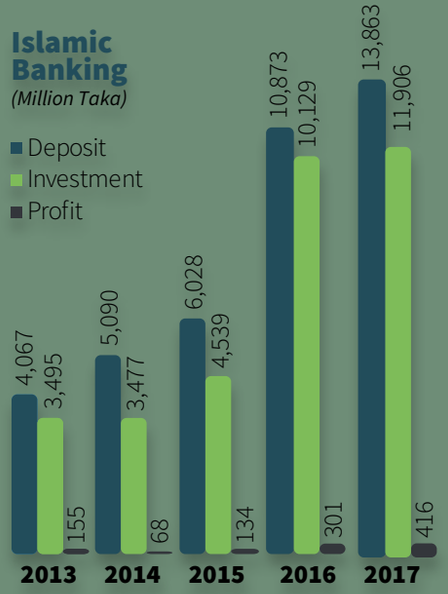


Soft Inauguration of Islamic Agent Banking

ব্যাংক এশিয়া ইসলামিক ব্যাংকিং
শুদ্ধতাই আপনার মুনাফা

Key Activities in 2017

- Islamic Banking arranged 'Islamic Deposit Campaign 2017' from all branches/Islamic Windows of the Bank.
- Conducted extensive marketing campaign in the surrounding areas of the branches, briefed Islamic Banking products, services & policies to the officials of the branches to spread out Islamic Banking all over the country which resulted in covering online customer base over 15,000 (active account only) with deposit amounting to Tk.4,500 million at the year-end of 2017.
- During last year, we have started to book Investment client from some of our conventional branches through Online under linked Islamic Windows.
- Islamic Agent banking operations have also been started during the year that opens our avenues to popularize our Islamic Banking at the root level of our economy.
- Through Hajj services operation, Islamic Banking extended their support to Hajj pilgrims in their pre- registration and final registration processes.



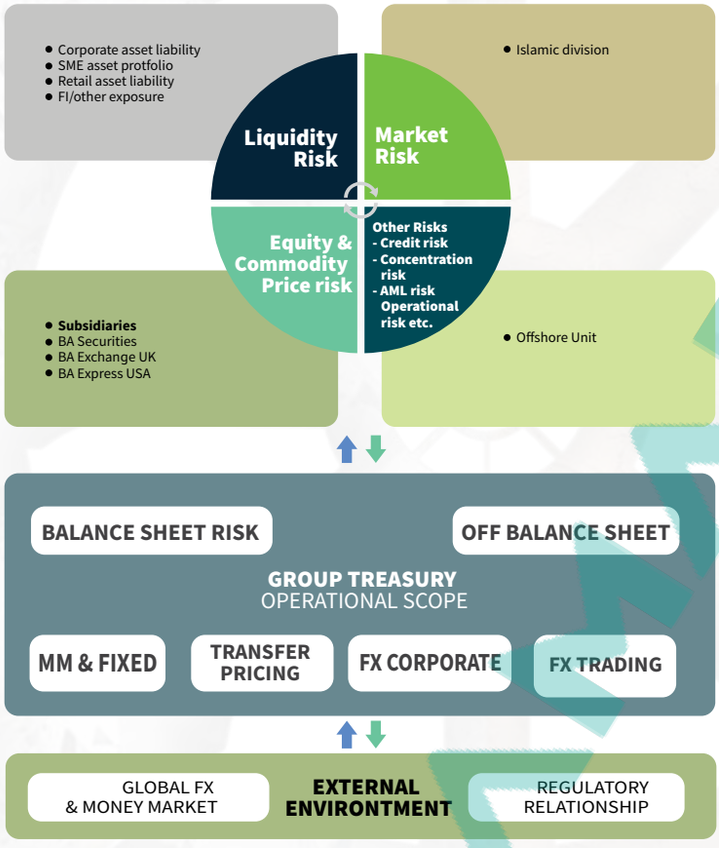
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Treasury Operations

In banking business, movement or transformation of the components in the balance sheet is an ongoing process which has a resultant effect on the profitability and overall strength of Bank. Bank Asia Treasury plays an important role by identifying and measuring those risks and minimizing or hedging those risks using various financial tools for stabilizing the balance sheet and maximizing profit for bank. Therefore, in the process, treasury operates through the integrated efforts of Money, FX, and ALM to achieve the desired goal.

MONEY MARKET & FIXED INCOME

Surplus liquidity and flat market scenario of early 2017 moved reverse path since June'17. Due to credit growth fueled by import finance in capital machinery, industrial raw materials, agricultural food items contributed in mopping up excess liquidity in the market. Our money market and fixed income desk was very active throughout the year and with the view of falling term structure, invested fresh fund in primary &secondary market of bills at laddering methods to maintain SLR and LCR at optimum level. Viewing the investment opportunity in other money market products, treasury extracts advance money from holding with some capital gain realization based on duration rather waiting for maturity. Treasury ensured optimum duration of investment and brought the investment position down and shifting the portfolio to placement with Banks due to demand for money in interbank.



ASSET LIABILITY MANAGEMENT

The year 2017 was a challenge for Treasury as in the second half, the loan growth did not match with inelastic & sticky pricing.Bank successfully maintained all ALM regulatory limits within limits. Throughout the year, changes in market liquidity and interest rates may 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.

Falling interest rate spread, popularity of FC loans amongst corporate customers were evident especially in the first half of the year.Afterwards, loans and advance started to grow in the second half but was well below ADR limit. However, IDR of islami wing increased above limit due to comparatively small portfolio; though due to active involvement in deposit procurement, it came down below the limit. At the end of 2017, Bank successfully achieved healthy deposit mix by reducing high cost deposit to 48% at year end from 51% previously. Volatile big corporate deposit is now only 5.50% of total deposit; top 10 loan account holds only10.82% of total loan. 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. Bank's Balance sheet is now in sustainably strong position and ready for an excelled take off.

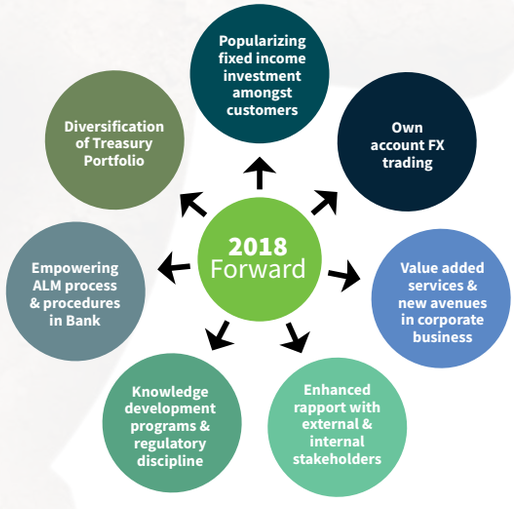
FOREIGN EXCHANGE

We know Bangladesh Bank prepared a list of top 10 import financing bank in the industry during the first half of FY 2017-18. Bank Asia is one of them. Throughout the year, import volume significantly surpassed the export and remittance business. This resulted negative current account balance and depreciation of local currency. The year started with USD/BDT Tk.78.70 and gradually moved up to USD/BDT Tk. 80.55 at May'17 end. Afterwards, the upward journey was relatively flatter before it shoot up since early Nov'17 and reached to yearend high USD/BDT Tk. 82.70. However, the effective rate was higher as fund was traded through cross currencies. 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.

Treasury portfolios holds 25% of Bank's Balance sheet

TREASURY PRIORITIES FOR 2018

In the context of current market scenario with cautious movement of regulators and narrowing market liquidity along with wider scope of openness of Bangladesh economy, Treasury is prepared for big leap forward for risk addressed expansion of it's business horizon in holistic approach through combined effort of Treasury and all business units. Accordingly the needful are sorted out to accomplish the board and management vision.



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 2017, the total Import business of the Bank was USD 2,156 million registering a growth of 18.21 % over the Import Business of 2016 (USD 1,824 million). Total export business of the Bank in 2017 was USD 1,457 million which was 13.36% higher than that of 2016 (USD 1,286 million). Bank Asia has issued guarantees against foreign counter guarantees amounting USD 126 million in 2017 favoring 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, 2017 the number of foreign correspondents stood at 727 in 165 countries of the world.

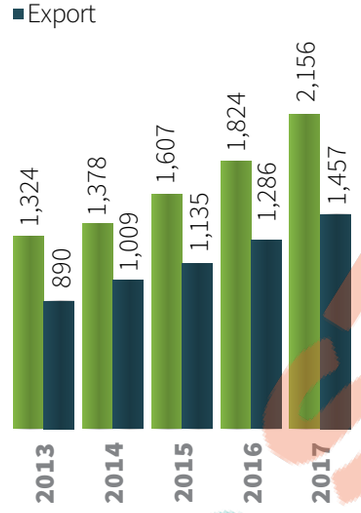
Our excellent reputation in meeting our commitment along with our strong financials have enabled us in securing credit lines (both funded and non-funded) from International Finance Corporation (IFC-private sector arm of World Bank Group), Asian Development Bank and other world renowned DFIs/Banks.

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-undEntwicklungsgesellschaft) known as "German 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.

In year 2017, Bank Asia has signed a Membership Agreement with CCR Manager, a worldwide Fintech Company to manage its credit line in efficient and completive way in order to provide more value added services to its trade clients.

Import and Export

Million USD



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 7.1.10 which enables all branches to be linked up with SWIFT uninterruptedly with more than 10,000 Live Institutions in 251 countries around the world. we have installed nSMART as Middleware Software procured from Nazdaq to facilitate Sanction Screening, Nostro Reconciliation, interfacing with SWIFT as well as different foreign exchange modules of CBS. It is noteworthy to mention that the President and Managing Director of our bank has been elected as SWIFT Chairperson in Bangladesh.

CENTRAL TRADE SERVICE UNIT (CTSU)

CTSU is working as a service centre of the Non-AD Branches of the bank for trade services, i.e. import, export, guarantee, inward and outward remittance, LC advising and transfer and trade advisory services. Day by day it has reached to almost all the Non-AD branches (currently serving 90 branches) with its quality services and became a comfort centre for the non-AD Branches.

Activities in 2017

- Processed 3,370 nos of Import LC (including 319 nos of BTB LCs) amount Tk. 21,736.76 million.
- Processed 3,701 nos of Export Bill (local/ foreign bills) amount Tk. 6,010.02 million.
- Processed remarkable nos. of inward remittance (2,780 nos.) which accounts Tk.1,318.17 million.
- Outward remittance stands 702 numbers (including advance TT for Import nos 80) and total amount Tk. 1,200.60 million.
- Advised and transferred total 4,494 nos. of Export LCs.
- Processed & issued 75 nos. of Bank Guarantee worth Tk. 5,761.13 million.
- Visited 58 Nos of Non-AD clustering Branches and their customers/factories across the country for foreign trade business encouragement purpose as per CTSU's 'Branch Visit Program-2017'.

Plans for 2018

- Boost up all the non-AD branches for grabbing more foreign trade business.
- Visit all the active clustering branches and their customers/ factories.
- Organize region-wise workshops/ seminars for the FEX Officials of Non-AD Branches.
- Adoption of technology and make our bank paperless/green banking.
- Set up dedicated desks for inward remittance and FDI.

"World's Best Trade Finance Provider -2018" in country category announced by Global Finance, a renowned financial magazine

BANGLADESH STOCK

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 OPGSPs. Through this service, freelancers can receive their earnings very quickly and easily. In 2017, we have earned remittance of USD 30.62 million through 'Payoneer' &'Payza' which is 124.41% higher than that of 2016 (USD 13.65 million).

OFFSHORE BANKING

With a view to catering the banking requirements of non-resident customers, Bank Asia has established Offshore Banking Unit (OBU) in Chittagong Export Processing Zone (CEPZ). OBU acts as a unique solution for the banks around the globe to carry out international banking business which involves foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment. . In 2017, Off-shore Banking Unit has made a cumulative profit of USD 2.47 million which is 8.50% higher than that of 2016 (US$ 2.28 million).

Major Automation Works

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

Foreign Remittance

Remittance has always been an important sector for the Bank considering the fact that makes up the 2nd largest volume of foreign exchange earnings for Bangladesh. Since its inception, Foreign Remittance Department (FRD) showed continuous growth with increased volume over the years.In 2017, FRD remittance inflow stood USD 654.48 million against budgeted USD 450 million, 23% higher from previous year's volume of USD 532.10 million. Despite negative growth of the country, FRD registered the positive growth. Round the year, FRD managed to keep the momentum of inward flow of remittance going while maintaining profit equation. By end of the year, net profit stood at Tk. 35 million, way above the budgeted figure of Tk. 5.3 million.

Bank Asia's position in terms of remittance collection among all Banks in Bangladesh

In 2017	8th
In 2016	9th

Major Accomplishments in 2017

Bangladesh Bank Remittance Award 2016
Two remitters sent highest volume of Foreign Remittance through Bank Asia in 2016. For that, they were awarded prestigious "Bangladesh Bank Remittance Award-2016" in 2017 organized by Bangladesh Bank where Bank Asia was also praised.

Tie up with Continental Exchange Solution (RIA)
Executed drawing arrangement with Continental Exchange Solution (RIA), USA,the 3rd largest Exchange Company for cross border remittance processing across the globe.

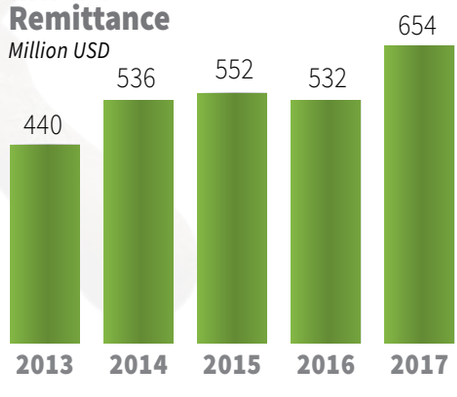
Recognition from UAE Exchange for partnership support
This year, UAE Exchange, parent concern of Xpress Money (XM), awarded Bank Asia for contributing strongly in processing volume generated by XM.

Disbursement of remittance through Agent Banking Network
This year, FRD utilized the strength of growing network of Agent Banking of Bank Asia to reach remittance to remote corners of the country.

45 Exchange Houses

$654 Remittance

Inward Remittance
Million USD



Retail Banking

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

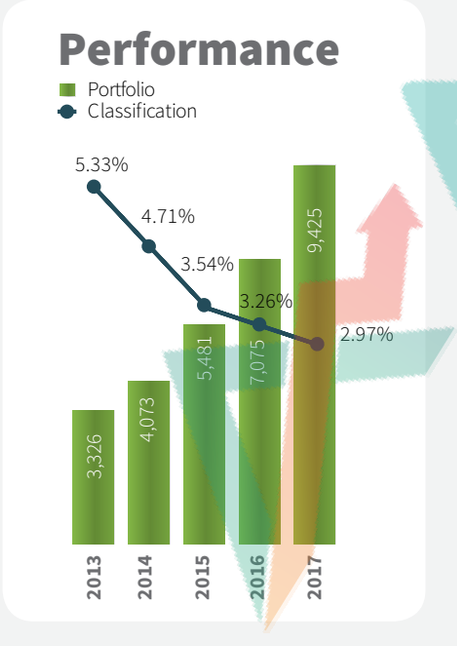
Consumer Finance

Despite stiff competition in the market, Consumer Finance under Retail Banking Division achieved a remarkable success in 2017 with positive growth of 33.21% compared to 2016. This department launched tab based solution for faster processing of loans. Like every year, Consumer Finance participated in REHAB fair 2017 for the promotion of Retail Products.

ACHIEVEMENT OF CONSUMER FINANCE IN 2017

- Loan portfolio reached BDT 9,425 million in 2017 which is 33.21% higher than 2016
- Classification rate came down to 2.97% which is lowest in last 5 years
- Personal loan was redesigned and loan limit enhanced to cope up with market
- Arranged Retail Loan campaign ''Raise the Bar'' and ''Champions Cup'' for the AROs & Branches to drive Retail loan business







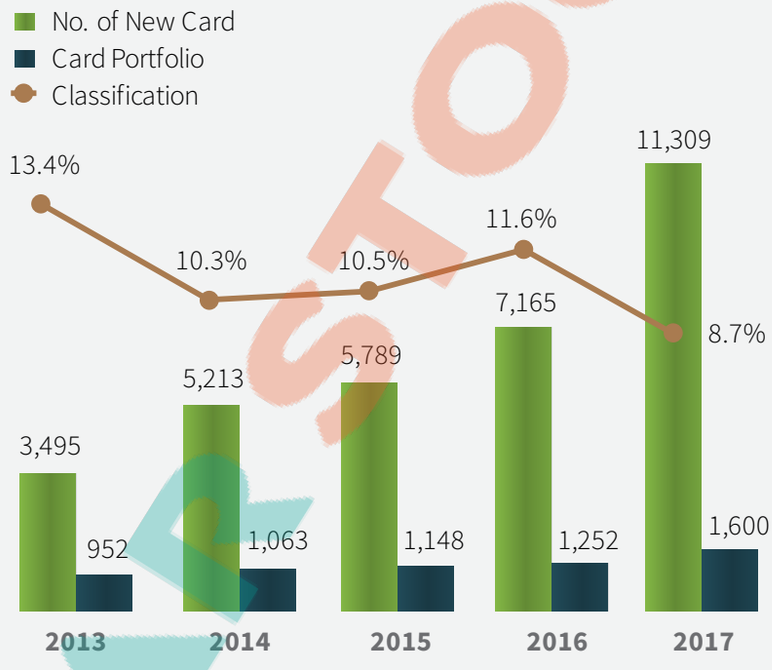
Bank Asia staff giving services at REHAB Fair 2017

Cards

Bank Asia Credit Card Department launched its commercial journey in the year 2007. Since then the department has passed couple of successful years and created a strong position in the competitive market of the country. Bank Asia Credit Card is offering various attractive value added services and diversified products for all range of customers.

HIGHLIGHTS OF 2017

- Operating profit grew by 24% from last year
- Overall portfolio outstanding grew by 28%
- New card acquisition rate increased by 58% from last year
- Classification rate came down significantly and classified amount came down in absolute term
- Cash back campaign on foreign currency transaction was launched
- Buy One Get One (BOGO) offer for Platinum credit card holders at renowned restaurants like Radisson Blu, Dhaka, Four Points by Sheraton, Dhaka Regency, Six seasons etc
- 7% special discount offer on electronic items in selected renowned brands like RANGS, TRANSCOM electronics & RAHIM AFROOZ during Eid



Internal Control & Compliance

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

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

Bank Asia Limited has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent audit mechanism in order to ensure that the Bank is managed and controlled in a sound and prudent manner. The Bank identifies its weakness through internal control system and takes appropriate measures to overcome the weaknesses. The Board of Directors of the Bank has established an Audit Committee to monitor the effectiveness of internal control system of the Bank. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the Bank and ensure that the management has taken appropriate actions as per the recommendations of the Bangladesh Bank's Inspection Team, External Auditors and the Internal Control and Compliance Division (ICCD). As per approved risk-based audit plan, the ICCD completed the audit and inspection tasks of 119 Branches, 05 Islamic Banking Windows, 30 Corporate Office Divisions/Departments including subsidiaries and 81 Agent Point Outlets in 2017. Besides, ICT/IS Audits on 14 Branches & Corporate Office Divisions/Departments and Anti-money Laundering Audits/Inspections on 21 Branches were also conducted.

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

ANNUAL STOCK

Information and Communication Technology

Technology and digital initiatives remain an integral part of the Bank's strategy with a core focus on enhancing customer experience and efficiency in processes. The Bank continues to invest in advanced technologies to provide a secure, superior, seamless and uniform service experience to customers across all channels. The year 2017 was a successful year in light of the following achievements:

Green Datacenter
IT Division has established a New Green Datacenter and IT infrastructure for adapting latest technologies and responding quickly in fast changing market scenario for providing uninterrupted services and business continuity, minimizing risks.

Oracle Multitenant Database
Bank Asia has implemented Oracle 12c Enterprise Database with Multitenant feature which helps us to easily consolidate multiple databases, without changing any applications. This architecture delivers us all the benefits of managing many databases like conventional, Islamic, Offshore and Agent Banking are brought into as one container, yet retains the isolation and resource prioritization of separate databases.

My Family App
ICT Team has undertaken a remarkable initiative by developing a Standalone Social Networking & Office Automation App "My Family" for sharing individual thoughts to make a better tomorrow together. Through this application the users will get all contact details of employees which includes mobile number, email ID and posting details. With this app, all office circulars can be uploaded to view all users. Moreover, instant messaging can also be done through this apps.

CBS Review and Vulnerability & Penetration Test
Ernst & Young (EY) has carried out CBS review and VA & PT to check the future compatibility and strength of the current CBS. Based on their recommendation we are gradually implementing the control function. In addition to this a separate review for mobile apps was also carried out by Risk Associate.

Cyber Security
The cyber security has recently become the major concern of information technology driven industries especially for financial institutes. Securing a financial transaction is very important for the sustainability of a Bank. The image of a bank may be ruined due to breach of cyber security. In order to thwart the external and internal threats, we have deployed reputed security solutions with sophisticated equipment. To buildup awareness regarding cyber security, we have launched training programs and also sent emails continuously to make everyone concerned realize about the significance of cyber security.

Islamic Banking through Agent Banking
Bank Asia is the pioneer of Agent Banking in Bangladesh. Presently we have deployed Islamic Agent Banking system to provide Islamic banking through the Agent Banking channel. Through this system, clients will receive Islamic banking products and services specially a/c opening, deposit and withdrawal. The unbanked may avail Islamic banking services from the agent point.

Central Day-end
At Present, Branch End-of-Day processes are being run centrally which bring control over the branches. Earlier the branches had the opportunity to close their branches without responding to entries originated from other branches including corporate office. Moreover, there was no time bound to close the branch but restriction is imposed as a result the branch personnel are bound to complete their function within the stipulated time frame.

OTHER PROJECTS

FLDP Application Software
Banking industry has become very challenging in recent years. Due to rapid growth of banking operations through expansion of network, there remains leadership gap that constrains success and growth of many banks. Contemporary Bank Managers must be prepared to grow business, manage loan portfolio, professionally guide subordinates and tactfully implement decisions of management by complying all requirements of regulatory authorities. Considering this, we have developed a software system to manage the leaders' databases and development information to produce point in time needs of information called "Future Leader Application Software".

Business Metrics
Business Metrics is especially a unique system among banking systems for loan tracking to streamline and automate the loan application, underwriting, approval process, and associated loan document management. Automated pipeline reports track the entire loan approval process in master credit files. The system of loan approval is fully integrated with all CBS applications, document preparation systems and other applications. This integrated loan tracking software is revolutionizing the way banks manage loan approval processes and workflows.

CRM Automation
We have developed Electronic sanction archive for 6 departments; namely: CRM, CMSE, Islamic Window, SAMD, CFC & Agricultural wing. The total number of sanction archived during 2017 is 14,300. Different credit analysis tools have been developed for credit departments for in-depth analysis of Credit performance of the customer. Some of the tools are Account conduct analysis, Id-wise loan details & customer performance report.

Foreign Exchange Business Automation
We have developed a module in the MISDB to track foreign exchange business which is helping the management for effective, monitoring of the business. With the development of new module, the time and resource have been reduced, shortening correspondence between branches which has enabled the bank for real time monitoring and supervision.

ARTSTOCK

Alternative Delivery Channel (ADC)



Alternate Delivery Channel (ADC) 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, Mobile App, SMS Banking, E-GP Service, E-commerce/E-payment solution, Exclusive Outlet to receive Government Passport Fees and Contact Center service. ADCs ensure the smooth flow of regular transactions and provide banks with higher profits with lower operational expenses and transaction costs. Through these channels bank can get faster access to the competitive market and customers can enjoy instant access to all the bank products through the following 24/7 service channels.

Online Payment System or E-Payment Solution

Bank Asia has developed the solution which verifies and processes with a verity of secured transaction instruments to Payment of Member/Student fees of different institutions, Residential & Industrial Gas Bill & different payment of renowned insurance company using their respective Bank accounts, Debit/Credit cards, EFT etc. on behalf of the Online Banking payment. We have implemented the system with KGDCL (Karnaphulí, Gas Distribution Company Limited) & MetLife Alico (American Life Insurance Company), ICMAB (Institute of Cost and Management Accountants of Bangladesh), ICAB (The Institute of Chartered Accountants of Bangladesh) for different types of payment collection. More than 1.2 million beneficiaries of MetLife Alico is getting facility to pay their different payments through our branches and Agent Outlets all over the country. Now Bank Asia facilitates to pay their payables through the internet based online service and offline payment at any Bank Asia Branches/Agent outlets as well by their Debit/Credit card.

E-commerce & Utility Bill Payment:

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



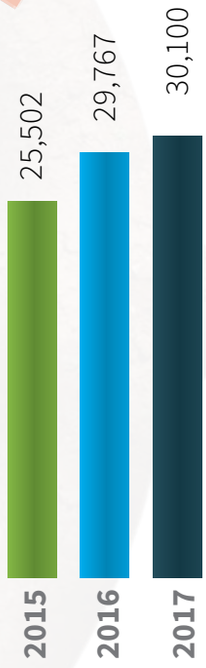
Cash Transactions

Branch Transactions **37%**

ATM Transactions **63%**

ATM Service

Through our ATM (Automated Teller Machine) customer can access withdrawal, Balance inquiry and mini statement facility as well from other bank ATM round the clock 24/7. Our total 63% of cash transactions of Bank Asia are done through its 132 own ATMs and more than 7,500+ shared ATMs all over the country. Our bank is planning to invest continuously in a bid to increase and widen its ATM network significantly.

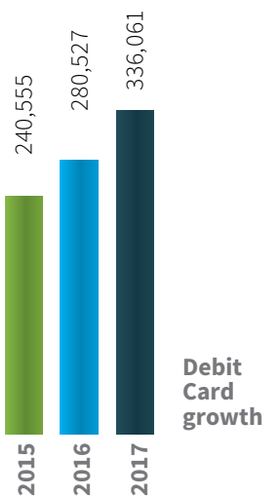


ADC Transactions
(Million Taka)

Debit Card

More than 336,061 VISA debit cards are issued against Savings and Current account to facilitate ATM, POS transactions at all ATMs (7,500+) in Bangladesh to access their account 24X7 in 365 days. Card holders are able to purchase in VISA enabled POS machines (35,000+) in various merchant locations all over Bangladesh. Our Debit Card Operation includes new issuance, replacement, activation and PIN request are automated which reduced debit card issuance time to 2-3 days from 7-9 days as well as saved 150,000 pages and 20,000 courier service delivery cost.

Directors' Report



Passport Fees Collection

The Government of the People's Republic of Bangladesh has introduced Online Banking Payment systems for MRP & MRV Project. For ensuring digitalization of the government's online MRP and MRV project, the Bank has opened 18 exclusive passport fees collection booths as per department of immigration & passport office instruction under the Ministry of Home Affairs, GOB. We received more than 3, 65,087 number of passport payments where BDT amount 144 crore (approx) from clients through all our branches/ Agent Outlet and ADC channels.

Internet Banking

Bank Asia's Internet Banking (My Banking) is user friendly & Secured. Bank Asia's internet banking module allow 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. Our clients are also able to enjoy Mobile Talk-Time recharge facilities for all Telco within Bangladesh using Internet banking. We have ensured international standard of security shields for the Internet banking to prevent any unauthorized access. Internet banking employs encryption and firewall to protect transactions and queries through internet. To make more secure, we have already introduced dual factor authentication (2FA) through OTP for all internet based transactions. Now the total Internet Banking user of Bank Asia is 65,000

Bank Asia SMART APP

Bank Asia has a strategy to serve the valued customers with modern and innovative banking products and services at affordable cost. Bank Asia has introduced modern technology based banking app "Bank Asia SMART APP" which is an integrated internet and mobile banking solution designed to enable to offer Customers the widest capabilities across the internet and mobile channels. Smart Banking offers vast banking services and manage customer's accounts, pay bills, change password, balance enquiry, view statement, fund transfer, EFTN, utility bills payment, standing instruction, stop cheque, view cheque status, mobile talk-time recharges facilities for all Telco in Bangladesh.

Till end of 2017 total Mobile App user of Bank Asia is 17,799 which is increasing day by day. It is noted that more than 1, 13,257 number of transactions where BDT amount 425 million (approx) have done through this Mobile App.

PUSH PULL (SMS) BANKING

Short Message Service (SMS) is a popular communication protocol allowing the interchange of short text message between mobile phone devices. Based on this easy and popular technology Bank Asia launched its first generation Mobile Banking facility. Customers can access their account using M-banking from all mobile phone operator in collaboration with SSL anytime from anywhere of the country. All they need to do is send a simple 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, withdrawn, utility bill payment, foreign and domestic remittance to the doorstep of maximum clients at minimum cost.

E-Procurement System

Bank Asia has been providing banking services for e-Government Procurement (e-GP) through our Branches. In the meantime, customers have received around 31,229 services from our bank with their utmost satisfaction. This online platform ensures digitalization of different Government procurement project enabling equal access to the Bidders from all over the country while ensuring efficiency, transparency, and accountability in the public procurement process of the country. Currently 56 branches have been registered in e-GP system.

NATIONAL PAYMENT SWITCH BANGLADESH (NPSB)

The Bangladesh Bank has introduced National Payment Switch Bangladesh (NPSB) IB in order to facilitate interbank electronic payments originating from different channels like Automated Teller Machines (ATM), Point of Sales (POS), Internet Banking, Branchless Banking and Agent Banking. The main objective of NPSB is to create a common electronic platform for the switches in Bangladesh. The system is meant to facilitate the expansion of the card-based payments and promote real time payment, Utility Bill payment, DPS installment, Credit Card payment, loan Payment, e-commerce/m-commerce, and Customer save cost & time. To facilitate following real time transaction from one Bank to another schedule Bank of Bangladesh.

CONTACT CENTER

Centralized Contact Center solution is also available through this number 09617016205 in addition with the existing short code 16205 used round the clock 24/7 in full fledge to address the business needs and queries. This number (09617016205) is also available from abroad and overseas customer can get our banking service queries (24/7) through this number. Contact Center systems enable to manage our resources better, serve clients with greater efficiency which is also helping us to reduce the cost as well as improve the service quality of bank.

AMARSTOCK

EBEK Operation & Social Payment

Bank Asia limited is the pioneer in digital financial inclusion in Bangladesh by implementing Ektee Bari Ektee Khamar (EBEK), a government project for the poor, ultra-poor and landless people of Bangladesh focusing on Poverty eradication and reducing poverty level to 10% within 2021. Government wants to help the poor people by encouraging savings, providing grants, engaging and monitoring their economic activities as a group (Samitee) in each village of Bangladesh. Bank Asia started online banking service support for EBEK beneficiaries from June 2012. Honorable Prime Minister of Bangladesh has inaugurated the online banking (Bank Asia Designed, Developed and Implemented) services in 2013. By operating EBEK project Bank Asia opened new window to intensively work for the rural people, especially for the hardcore, Ultra-poor and distressed people and make a strong relationship with local administration, philanthropist, Social and local leaders (UP Chairman's, Upazilla Chairman's and local elites).

Bank Asia is now operating EBEK Banking services in 35 districts encompassing 252 Upazilas and 1,629,286 people are getting the services under this project as beneficiaries. Bank Asia provides online banking services through this EBEK project to unbanked people with good reputation in Bangladesh.

It is mentionable that Bank Asia model of financial inclusion, management, financial transitions for 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.

The implementation of EBEK project gave us an on hand experience and learning which staged us with the development of Agent Banking, marking as the pioneer in Bangladesh. With the experience from EBEK operation and Agent Banking, Bank Asia has become capable enough to provide services to all government projects like Social Safety net Programs (senior citizen allowances, disable allowances, widowed or divorced women allowance, payments of freedom fighters allowance, wages of road maintenance workers, student stipends and RMG worker wages payments, food security allowances (cash payments), teachers salary etc.

Over the time we have made partnership with Social Welfare Department under Ministry of Social Welfare and providing services to Senior Citizen, Widow and Disabled beneficiaries. We will start full district coverage of Kishoreganj for Safety net payment where almost 133,500+ beneficiaries will get banking service from their own union. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and 76 unions for disbursing the daily 'woman worker wages payment' from their union. 'Cash for work' is another prestigious program for Bank Asia which is run in partnership with Ministry of Disaster Management and Relief.

Moreover, we have started World's another largest Non-Government funded mega project named SHOUHARDO III with CARE Bangladesh where 168,000 beneficiaries will be receiving banking service from 8 districts.



Account opening through Digital Systems and allowance disbursement at Ishwaripur UDC, Shyamnagar, and Satkhira

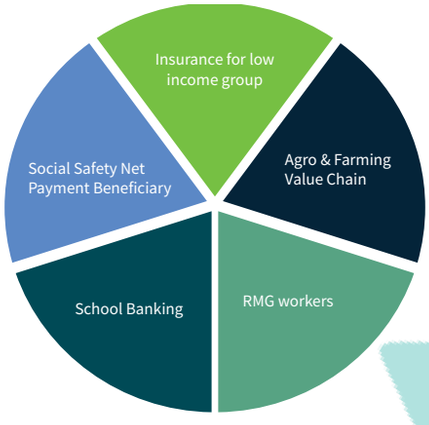


Cash disbursement among Land slide affected people in different Hill tracts district under UNDP Project by EBEK Operation team

Agent Banking

Agent banking is comparatively a new concept of financial inclusion that help the formal banking sector reach out to the marginalized people of the society. Bank Asia earned the glory of being pioneer in this field to bolster financial inclusion across the country.

Bank Asia has been investing and expanding the agent network and collaborating with NGO, and development organizations. Bank Asia has set the milestone in agent banking, through registering 300,000 accounts by securing a deposit base of Taka 2.65 billion. During the last two years, Bank Asia has conducted 4.4 million transactions worth Taka 72 billion, and these figures are giving hope to other players in the scheme to pursue a future where agents, instead of branches, will be the key service delivery point. Bank Asia has recently been concentrating on different sectors for facilitating financial inclusion which includes:



Bank Asia's Agent Banking facilitates:

- Secured banking services to the un-banked population with modernized banking approach
- Inward foreign remittance as the largest Agent Banking channel in Bangladesh
- Payment facilities for utility bill payment, passport fee payment and other collection services
- Social safety net payment by latest innovation through NFC (near field communicator) technology
- Lending facilities for rural customer at the most reasonable interest rate in agricultural, SME & Retail category
- Cheque book/Debit card/Bank POS facilities for Agent Banking customer
- E -commerce services through Agent channels in remote Areas
- School Banking facilities for the children in view to make them acquainted with the banking services and develop the habit of minimizing financial wastages.
- Financing in renewable energy sectors as a green banking initiative
- Islami Banking for the target population through Agent Outlets
- Bank Asia security services through Agent Banking channel
- Agent Banking service through Post-E-Centers, Union Digital centers, Farmer centers, NGO offices and Retail chains

Bank Asia made a unique Agent banking module with technology based banking concept ensuring appropriate 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 transactions 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 2017

Sln	Particulars	No. of Outlets	Coverage
1	Individuals	282	62 (District) 298 (Upazilla)
2	Passport	16	
3	Institution	49	
4	UDC	1,144	
5	Post Office	6	
Total Outlets		1,497	

AGENT BANKING PERFORMANCE 2017

Account & Deposit status

Sln	Account Name	No. of Accounts	Deposit Volume (Tk.)
1	Savings	251,431	1,338,359,552
2	Current	17,721	381,073,160
3	DPS Account	29,028	386,227,000
4	TDS	2,411	528,444,881
5	School Banking	7,354	16,886,551
6	10 Taka	4,002	3,069,423
Total		311,947	2,654,060,566

TRANSACTION DETAILS 2017

Sln	Transaction Type	No. of Transaction	Amount (Tk.)
1	Deposit	950,433	25,751,519,175
2	Withdrawal	641,801	14,569,057,030
3	Fund Transfer	598,752	21,905,348,356
4	Foreign Remittance	277,210	8,626,254,524
5	Palli Bidyut	1,547,699	793,000,029
6	Passport Fee	434,539	1,676,981,580
Total		4,450,434	73,322,160,694

AMARSTOCK

LOAN DETAILS 2017

Sln	Loan Type	No. of Loan Accounts	Disbursed Amount (Tk.)
1	SME	1,877	611,157,000
2	Agri	209	51,267,000
3	Retail	754	264,386,700
Total		2,840	926,810,700



Bank Asia and Pran-RFL Group joined hands to facilitate banking services by setting up agent banking outlet inside Pran-RFL's Daily Shopping and Best Buy outlets

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
• Current Account (Astha)
	Core Services
	• 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
	• Mobile Top Up
	• Insurance Product Service in life and health category
	Alternative banking facilities:
	• Debit/NFC Card
	• Agent Banking Mobile Apps (SMART Apps)
	• Cheque Book
	• Bank POS

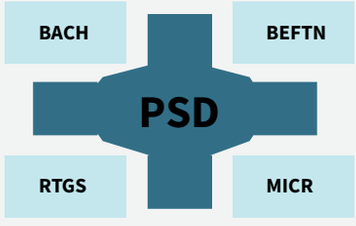
Collaboration approach for gaining capabilities throughout the year 2017

- Collaboration with UNDP to implement shared Digital Financial Inclusion project with an initial focus on Safety Net Payment.
- Collaboration with Post Office to facilitate Agent Banking Services through 6 e-post centers.
- Bank Asia Agent Banking has been promoted by JICA for introducing innovative social program in Japanese market.
- Accomplished pilot project with Swisscontact and Metlife Foundation for financial inclusion of RMG workers. According to the project 3750 numbers of RMG workers have received financial literacy and 650 numbers of accounts have been opened for RMG workers.
- Through A- card, 1,401 numbers of loans have been disbursed of amount 19.6 million.
- Bank Asia, pioneering in agent banking services in Bangladesh and Western Union, an international money transfer company, has joined hands and launched an innovative service to distribute international remittances to the grassroots people across the country through the Bank's Agent Banking digital platform.
- School Banking: In 2017, 4,815 numbers of accounts (cumulative account no 7,392) have been registered under school banking platform with a deposit of Tk. 13,808,126(cumulative deposit volume Tk. 16,836,551).
- Bank Asia signed an agreement with United Purpose funded by Coca Cola Foundation to leverage the impact of Woman Business Centre (WBC) by linking them to formal financial services and empower the woman entrepreneurs towards the sustainability.
- Access to Information (a2i), Mastercard and Bank Asia entered into a tripartite Memorandum of Understanding (MOU), in an endeavour to offer financial services to rural unbanked people of Bangladesh and make digital payment services accessible to grassroot people.
- Partnership with Bluenumber, SME Corporation limited, United purpose, PRAN-RFL group, Unnayan Shamonnoy, Pragati Life Insurance, Cloudwell for facilitating Agent Banking service through different channel.
- Piloting of Agent Banking services through the retail store" Daily Shopping" established by Pran-RFL group.
- Partnership opportunity with the largest telecom operators to facilitate Agent banking services through the service outlets of the operators.

Payment Service Department (PSD)

Executing all Inter-bank payments smooth and fast, yet secured and compliant, has been the focus of Payment Service Department since inception. Decentralized Outward and Centralized Inward model in all units is the key-feature of PSD operation. Customized automation, employee-friendly modules and end-to-end dual authentication enabled PSD to keep pace with the evolving challenges of technical revolution in national banking arena in 2017. Inclusion of Agent Banking and Islamic Windows in all unit operational updates are result of continuous process development and intent to extend service to all Bank Asia customers.

FUNCTIONAL ORGANOGRAM



PSD executed on an average 11,200 transactions daily, which is 15% higher than 2016, daily average volume stands at Tk. 4.84 billion which is 17% higher than previous year.

BACH UNIT:

Majority workforce of PSD is involved in BACH operation, handling around 6,235 transactions daily, worth Tk. 432 crore. Accuracy of departmental work is reflected in PSD issued settlement claims being less than 30% against received claims from other banks. Besides operation, PSD is capably advancing towards the new era of BACH-II project of Bangladesh Bank, which will enable our clients to do FC cheque transactions through Automated Clearing.

BEFTN UNIT:

Apart from strengthening our Inward Foreign Remittance service, PSD successfully distributed bulk payments as dividend warrants and salary payments on behalf of corporate clients and enlisted companies in capital market. Individuals are also enjoying BEFTN facility through branches, net-banking and Smart App. BEFTN unit handled average 4,860 transactions daily, worth Tk. 30 crore. Upcoming Multi-session will enable us to credit beneficiary accounts with other banks within same day, while multi-currency FC transaction is also under process.

RTGS UNIT:

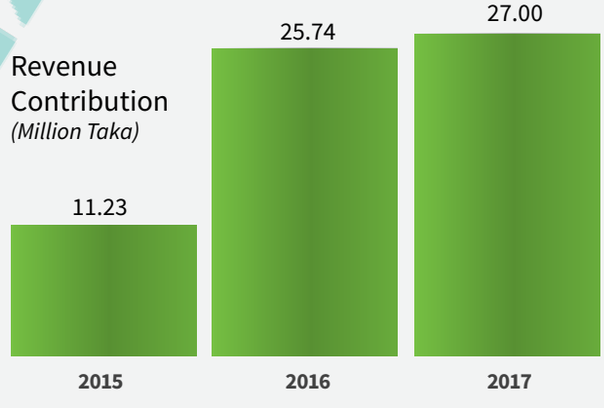
Bank Asia has the pride to execute first ever RTGS transaction in Bangladesh. Furthermore, PSD has enabled all branches, Islamic wings and Agent Banking for RTGS. This rapidly growing payment mode has seen daily average transaction over Tk. 20 crore.

PERFORMANCE OF PAYMENT SERVICE DEPARTMENT

	2016		2017		Annual
UNIT	Transaction	Tk. In Billion	Transaction	Tk. In Billion	Growth
BACH	1,424,339	926	1,546,324	1,071	16%
BEFTN	928,996	54	1,204,811	74	37%
RTGS	6,046	20	25,026	54	170%

MICR UNIT:

An array of diversified MICR instruments like SB & CD for conventional banking, MSA, AWC & MSND for Islamic Wing, three types of card cheques, Payment Order and FC Cheque for OBU unit is being delivered by PSD. Daily average of delivered instruments stand over 25,000 leaves. Also, we have plans to introduce FC Cheque and FC Demand Draft early in 2018.



ACHIEVEMENTS

(i) Expansion of RTGS service to all branches,
(ii) System (hardware, software & connectivity) readiness for BACH-II project upgrade,
(iii) Module customizations executed for man-power requirement minimization.

TRAINING & DEVELOPMENT

(i) PSD nominated 13 employees to participate 24 trainings.
(ii) PSD arranged 3 day-long trainings for 115 employees of various branches.
(iii) PSD provided hands-on training at PSD premises to 5 employees of 2 branches.

STRATEGIC PLANNING

(i) Implementation of BACH-II will be the prime focus in 2018.
(ii) Attract customers towards BEFTN & RTGS through visibility at all branches.
(iii) Arrange trainings and workshops to build awareness and enhance knowledge base.

People Management Division (PMD)

PMD of Bank Asia is working relentlessly to promote innovation, cultural diversity and a congenial working environment to stimulate organizational sustainability. The goals of 2018 that Bank Asia Limited persevers to achieve are going to be facilitated by PMD committing to ensure corporate values such as togetherness, mutual respect, integrity etc. PMD focuses on building capabilities using employee management and set strategies that align with organizational goals for aiming to create Bank Asia as a "preferred employer of the choice".

Based on the above mentioned systemic perspective, PMD provides Bank Asia Limited with complementary, diverse and innovative competencies which will be developed by stimulating sustainable individual behavior. PMD persuades employees to move forward to establish corporate values in terms of customer centricity, quality, responsible citizenship, building the leadership. PMD helps to establish the Bank Asia culture and climate in which employees have adequate competencies and commitment to serve our customers better.



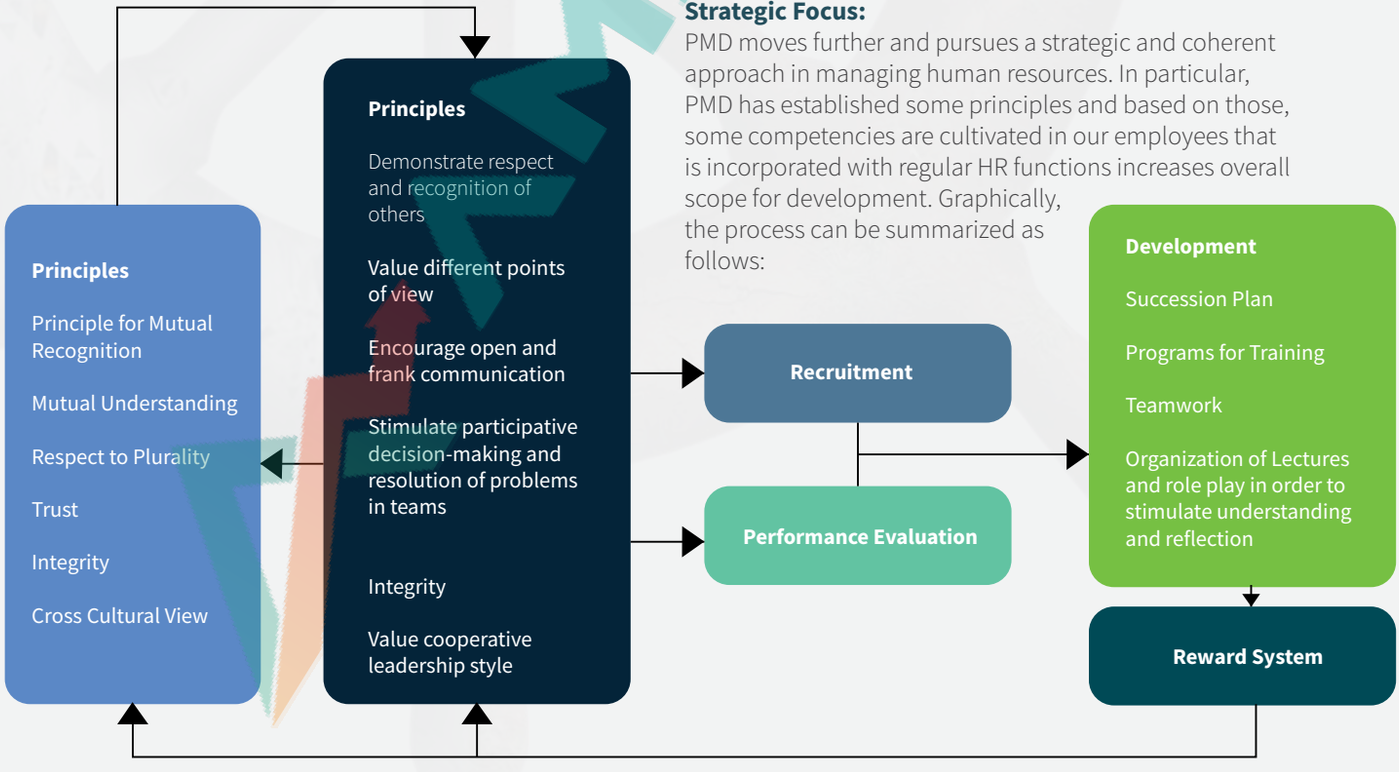
Functions:

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



Strategic Focus:

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



BANK ASIA INSTITUTE FOR TRAINING & DEVELOPMENT (BAITD)

BAITD is committed to impart training to increase knowledge, develop skill and bring change in attitude of manpower in individual, task and organizational level. BAITD organizes need-based training program to cope up with changes and introduction of new concept, idea and technology for achievement of business strategy of Bank Asia Limited. Over the year 2017, BAITD offered 78 trainings for 56,818 MH maneuvering 2,460 personnel denoting a growth of 34.48%, 38.69% and 8.51% correspondingly with its facilities of 3 Classrooms with the capacity of 64 participants, 1 dining, 1 library with more than thousands of collection, 1 computer lab having the capacity of 24 PCs, 2 floors for dormitories with a capacity of 28 people, 1 gymnasium and a common room.

BAITD envisages to offer 137 trainings for 75,456 MH to 3,711 personnel in the year 2018 only at its 75% rated capacity.

New Focus by BAITD For 2018

1. Inclusive Banking (Agent Banking)
2. The Winners' Manual
3. Enhancing Service Quality in Banks
4. Disaster Recovery Management
5. IT Security & Fraud Prevention in Banks

Employee Reinforcement

In the year 2017, a total of 239 employees vis-a-vis 212 in 2016 were recruited to strengthen the human capital of Bank Asia. New workforce supported the continuous expansion of the Bank's activities. They also supported to reduce Domain Gap.



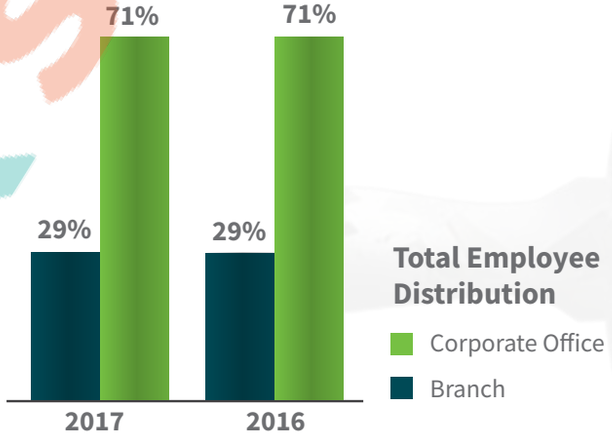
Provided 44th foundation training to the officers of Bank Asia

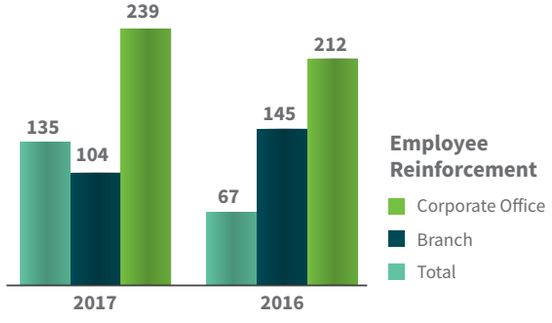
Employment

Transparent and stringent 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 institutes to conduct the assessment professionally. To recruit proven leaders as lateral entrants, Bank Asia sets customized committee which is responsible to identify the best among the bests.

Employee Distribution in Branch & Corporate Office

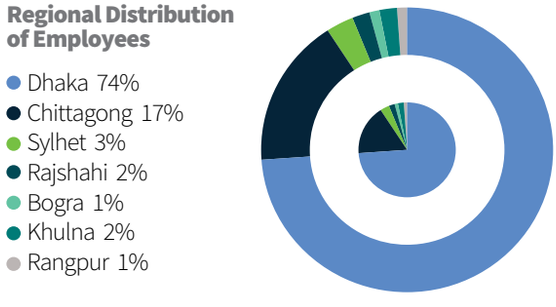
We have about 6% growth in number of employees from 1,970 in 2016 to 2,087 in 2017.





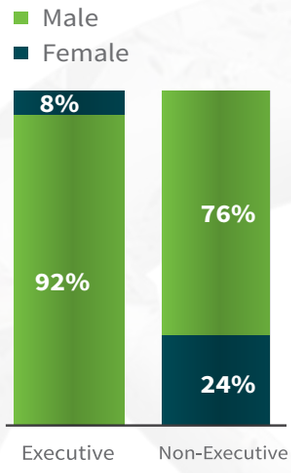
Regional Distribution of Employees

Employees of Bank Asia Limited are 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 areas since both the regions 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 need.



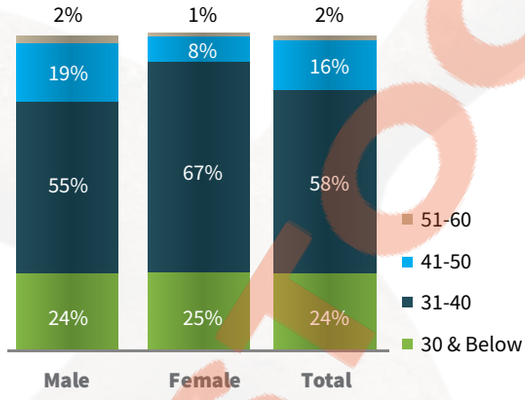
Gender Distribution by Position

In a total of 2,087 employees, overall male female ratio stands at 76:24 and non-executive segment has the highest concentration of female employees.



Age Distribution

Bank Asia has a relatively younger segment in its overall employee pool where 58% of the employees fall in 31-40 years age bracket.



Accounts

The Accounts Department of Bank Asia is entrusted with the charge of facilitating financial control, payment processing, regulatory reporting, user access control, fixed asset schedule management, continuance of reconciliation, process controlling and so on.

Pre-Audit:
Bills Processed: 14,387 nos.
Cost Correction: Tk. 26 mln

Financial Control

Reconciliation Statements Prepared:
(Bangladesh Bank Account and Account with other Banks) 12
Letters issued:
Branches/Departments: 300

Reconciliation and Suspense Control

Payment Processing and Bookkeeping:
Authorization 15,104 nos. bill
37,602 nos. of transaction
Voucher Maintenance

Payment Processing

New GL Created: 87
Rearranged/Reallocated: 4
GL reguralized: 10-12 GLs for 119 Branches each
Rectification: Tk. 151 mln

GL Monitoring and Controlling Chart of Accounts

Daily Reports: 238
Weekly Reports: 54
Monthly Reports: 87
Quarterly Reports: 17

Regulatory Reporting

ID Approved: 350 Users
Rights modified: 9,696 Users
Rights Deputed: 1,040 Users
Limit Enhanced: 660 IDs

User Access Control

Fixed Assets Schedule Preparation
Observe accounting Procedure for Addition/ Disposal/Depreciation/ Adjustment

Fixed Asset (FA) Schedule Management

Process Development for Monitrong:
GL misbalancing, TB mismatch and Branch Monitoring, Regulatory report automation, Branch-wise OPEX monitroing Department-wise cost allocation in CBS

Process Development

Month-closing Activities:
12 Circulars and corresponding accounting Checklist collection, maintain and reconcile OPEX provision

Departmental MIS

Research & Strategy

To guide Bank Asia management with an unbiased, scientific and objective view of the market, Research and Strategy Division (R&SD) was formed in October 2015 by on-boarding some of the seasoned banking industry research specialists that is involved with new avenues of business and improving existing business and modus operandi. In the year 2017, R&SD undertook twenty nine (29) research projects and produced sixty one (61) reports covering market scenario, peer banks analysis, performance diagnosis of Bank Asia vis-à-vis major competition to gain competitive edge.

MAJOR RESEARCH PROJECTS IN 2017

- **Command Area wise Key Business Performance: Bank Asia vis-à-vis Major Competition**

The objectives of this study were to identify key competitions' different business performance, gauge size of the command area in terms of different business indicators, track movement of BA branches market share in the respective command area, identify the areas of improvement and provide branch wise suggestion.

- **Market Potentiality of Branch, Agent Banking and Credit Card**

The objective of conducting market potentiality study was to explore the maximum business opportunity of the respective channels and credit card.

- **Banking Industry Analysis of Q3'17**

This analysis was mostly a secondary conclusive research focusing on top-5 banks performance vis-a-vis Bank Asia. This report highlighted scope of improvement for the bank (global level) at the same time helped to underline strategies for the upcoming years.

- **Branch Wise Market Aligned Budget**

R&SD significantly contributed to branch budget exercise for the year 2018. By combining the insights from the aforementioned three (3) studies, R&SD suggested a SMART and market aligned budget for all the branches.

- **Study on Micro Finance and Small Business Models of Competition Banks and new Business Model for the Retail, CMSME & Agri and Agent Banking**

Ban Asia is focused on financial inclusion and serving the un-served. On that note, R&SD has pointed out scope of doing business in micro, cottage and small business segment. Therefore, two (2) separate researches were conducted on different institutions to explore their modus of operandi, resources, and business performance. Utilizing these insights, R&SD prepared a business model for Bank Asia to serve these segments utilizing its existing channels (both branch and agent banking).

- **Loss Making Branch Study**

R&SD conducted a research combining both primary and secondary techniques to identify the key reasons for making loss and guide the respective branches in developing strategy to be financially viable in shortest possible time.

- **Branch/Outlet Feasibility Study**

R&SD visited twenty two (22) locations to find out business opportunities and barriers and helping the top management in taking informed decision to establish branch in most feasible areas.

- **Call Center Service Quality Assessment of Bank Asia**

To track service quality performance including areas of improvement of Bank Asia's call center, R&SD conducted a comparative research. Based on the findings several immediate, midterm and long term initiatives were taken including different types of trainings.

- **Division/Department-wise Key Performance Indicators (KPI)**

To measure each divisions performance quantitatively and further objectively, R&SD conducted a 360 degree research. While conducting the research, different local, multinational and global companies KPI measurement was scrutinized and several one to one and mini group discussions with the divisional/departmental heads were conducted to finalize the KPI of respective department.

Logistics and Support Services

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

MAJOR ACTIVITIES IN 2017

- In 2017, Bank Asia opened up 09 (nine) new branches and completed the conversion process of 02 (two) SME Service Centre to full fledge Branch, 01 (one) Collection Booth and 09 (nine) new ATM booths at different places of the country.
- Vertical extension of Dormitory (2nd floor) for Nurse's Hostel at Bangabandhu Sheikh Mujib Medical University (BSMMU) under CSR program.
- Construction work of 12 storied own Building Complex at Kawranbazar, Dhaka is going on full swing.
- Construction work of 10 storied own Building Complex at Sukrabad, Dhaka is going on full swing.

AMSTOCK

Anti Money Laundering

Money Laundering is being employed by launderers worldwide to conceal the proceeds earned from criminal activities. Money Laundering is an offence in most countries, including Bangladesh, treat as a top priority to combat. Although it is not an offence that causes death, serious injuries, or violation of freedom of an individual, it enables organized crimes to cause damages to countries' economy and security. It also hamper social, political, and cultural development of societies worldwide. To address these emerging challenges, the global community has taken various initiatives against Money Laundering and Terrorist Financing. All financial sectors today are investing more in technology and staff development to ensure a robust defense. In this connection, Central Compliance Committee (CCC), Bank Asia Ltd. has developed a software named AML Solution with the help of Era Info Tech, a sister concern of Bank Asia Ltd. Without checking United Nations Security Council Resolutions (UNSCR) lists any account cannot be opened and any transaction cannot be conducted. If found anything suspicious Branch inform to AMLD immediately.

To fulfill the recommendation of Financial Action Task Force (FATF) as well as instruction provided by BFIU, Bangladesh Bank, Bank Asia has identified, assessed and took effective action to mitigate their money laundering and terrorist financing risks. AMLD has assessed ML & TF risk considering the customers, products, delivery channels and geographical positions and also assessed some regulatory risks i.e. risk arises from non-compliance of AML & CFT measures.

The Chief Anti Money Laundering Compliance Officer (CAMLCO)and Deputy CAMLCO at Corporate Office and Branch Anti Money Laundering Compliance Officers (BAMLCOs),BAMLO(s) at Branches, who independently would make the bank compliant on AML& CFT matters. The regulatory requirements are being complied with and the guidelines are being followed for opening of new accounts, monitoring transactions, reporting of Cash Transaction Report (CTR) and Suspicious Transactions Report (STR),if any. AMLD, Corporate Office has independent audit team that conduct audit in all the Branches throughout the year to find out lapses/ irregularities. They will also help the Branches to rectify the lapses on the spot, wherein exist.

Chief Anti Money Laundering Compliance Officer (CAMLCO) of our Bank has been participating in the CAMLCO Conference every year which would be organized by the Bangladesh Bank. Mr. Mohammad Borhanuddin, Deputy Managing Director & CAMLCO and Mr. Md. Murshid-Al-Amin, SVP & DCAMLCO participated in the CAMLCO Conference 2017 at Sylhet.

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 the year 2017, Bank Asia arranged 03 (three) district level training programs as lead bank at Narayangonj, Munshigonj and Chittagong.

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 (Branch/ Corporate Office) obtained AML & CFT related training. As a result, officials become aware and conscious regarding AML & CFT matters.

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) which is commensurate with the account holder's source of fund and to build up the knowledge about AML & CFT issues/matters. Moreover, Anti Money Laundering Department has been meeting the queries of foreign banks under US Patriot Acts. The Department also responds to the account queries of Bangladesh Bank, Income Tax Office, National Board of Revenue (NBR), VAT, Central Intelligence Unit, Customs & Bonds Commissionerate Office and Anti Corruption Commission(ACC) office.



Bank Asia organized training program as a lead Bank on "Prevention of Money Laundering and Combating Financing on Terrorism" for officials of all commercial bank's operating in Chittagong District

Capital Strengthening

Bank Asia is always committed to ensure sustainability in doing business including capital adequacy to support healthy growth of business and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap. In this context, Bank Asia successfully closed its third subordinated bond of Tk.5,000 million in April 23, 2017. 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 14.89% as on December 31, 2017 against required 10% which is the highest capital base over the last 5 years.

Branch Operation

In 2017, 2 (two) new tasks have been added under Branch Operations Division – i) Monitoring of daily activities of Branches through IP Camera and ii) Monitoring of employee attendance as well as reporting to senior Management through Bio-attendance system.

Sanchaypatra related operation has been increased significantly in 2017. More than Tk. 1,879.36 million worth of different kind of Sanchaypatra have been issued through Dhaka based Branches from January 2017 to December 2017 and also realized Tk. 656.10 million from Bangladesh Bank being the encashment proceeds and earn around Tk. 6.29 million as sales commission. Issued a total number of 359 Instruction and Information Circulars on different regulatory issues as well as Bank's internal policy. During the year 2017, BOD has issued 61 PA numbers from Branch Operations unit.

From the wing of 'Central Customer Service & Complaint Management Cell (CCS & CMC)', BOD has handled 78 complaints during the period, and resolved those very sensibly & efficiently. In this regard BOD has guided the branches for the improvement of institutional & individual ethical standard, to ensure better customer service quality and to demonstrate customer awareness program.

Under Branch Expansion Program 2016 and 2017, 09 (nine) new Branches has been opened in 2017 and new 7 (seven) Branches will be opened Under Branch Expansion Program 2017 where BOD is assisting in choosing the best suitable location for new Branch premises. Besides, along with Research & Strategy Division and Retail Banking, BOD is regularly visiting prospective locations around the country to choose best premises for upcoming Branch opening.

Moreover, Branch Operations Division is monitoring CASA Account opening trend of the Bank on daily basis and as a result a number of Branches have succeeded in keeping the Low/No cost deposit ratio within 50%. BOD also monitors the performance of loss making Branches and suggests remedial measures and report to the senior Management.

Recovery

With an aim to keep our asset portfolio well performing, it is essential to ensure recovery of loans & advances within acceptable percentage as well as set timeframe. It is only possible if a proper regimented vigorous recovery drive and constant monitoring & follow up of the borrowing customers both from On-Site and Off- Site basis are ensured. It becomes very hard to run the business when the ultimate discomfort comes in the form of write-off like no collateral, partial/defective collateral, discontinuation of business, dead/terminal disease etc. adds to non recovery if the loans & advances turns into a classified (SS/DF/BL).

The major functions of Special Asset Management Division (SAMD) among others is to ensure recovery of classified (SS/DF/BL) or written off loans and filing of suits, if situation demands. So providing all possible support for recovery of such classified (SS/DF/BL) or written off loans applying all possible means including filing of suit is the prime responsibility of the Division. Through vigorous recovery initiatives taken by SAMD with the help of branch and corporate office, Bank Asia has notably reduced CL% from 5.41% to 4.38% in 2017.

million taka

Sl	Particulars	Year 2016	Year 2017
1	Cash Recovery Against Classified Loans during the year	1,860.49	2,504.96
2	Cash Recovery from Written off loan during the Year/Period	31.81	34.65
	Total	1,892.30	2,539.61

Suit Position

Million Taka

Frequency	Artha Rin Suit filed		Artha Rin Suit settled finally		Artha Rin Suit running		Decree obtained & Ex. running		Recovery from Artha Rin Suit		Recovery from N.I Act Case	Total Recover from cases
	Nos	Value	Nos.	Value	Nos	Value	Nos	Value	Running Suits	Settled Suits		
As on 31.12.2016	297	13,558.77	80	1,660.00	217	11,898.76	129	5,576.31	77.87	949.03	-	1,026.90
During 2017	65	11,215.36	21	1,106.62	-	-	20	288.78	262.90	9.61	81.89	354,40
As on 31.12.2017	362	24,774.13	101	2,766.62	261	22,007.51	135	5,158.47	340.77	958.64	81.89	1,381.30

Significantly we have achieved sound compliance position in the industry. As per last Bangladesh Bank's Comprehensive Audit report, there are no remarkable irregularities with our SAMD's end.

Directors' Report

RISK BASED CAPITAL ADEQUACY

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

CORPORATE GOVERNANCE

Corporate governance is a concept referring to the ideal mode of ensuring firm's accountability to its various stakeholders through a strict system of internal controls and procedures, guided by the hon'ble Board of Directors and alligned to related rules and regulations of various regulatory bodies. The corporate governance of Bank Asia sets top priorities in the fairness, transparency, accountability and responsibility on its top most priority. Our disclosures on status of compliance on BSEC and Bangladesh Bank guidelines demonstrate strong compliance culture of the Bank. In recognition of that Bank Asia has garnered SAFA Best Presented Annual Report Awards 2016, First Runner Up under SAARC Anniversary Awards for Corporate Governance Disclosures. Bank Asia was awarded Third prize for Best Presented Annual Reports for its Annual Integrated Report 2016 under Corporate Governance Disclosures. The details of corporate governance practice of Bank Asia are discussed in a separate segment 'Corporate Governance'.

CORPORATE SOCIAL RESPONSIBILITIES

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

Like previous years, Bank Asia spent an amount of Tk. 183.83 million for several CSR activities this year. A significant amount was given to three regular programs - Higher Study Scholarship, infrastructural development of different institutes and support to the flood and cold affected people. Other CSR programs include environment, sports, health, art & culture, disaster management. The pace of CSR contribution is expected to accelerate in the future with long term vision. In depth CSR activities of the bank are available in Corporate Social Responsibility (CSR) segment.

GREEN BANKING

Bank Asia believes in eco-friendly and socially responsible banking system which drives the whole nation towards a healthy environment. 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. Bank Asia practices responsible and careful banking system focusing on a safe and sound environment which is a must for healthy existence of human beings in the globe.

Bank Asia has effectively managed to reduce energy in its in-house management utilizing maximum natural day light, energy savings bulbs, green computing based data center and installation of solar panel in 11 branches; reduced paper use with rapid use of automated reporting systems, e-mail and e-statement, SMS Banking, e-transfer, A-card which saved Tk. 5.99 million in 2017; resource wastage reduced through careful and efficient management of internal resources. Bank Asia also contributes to CO2 omission eliminating long distance travel with the use of electronic communication technologies like e-mail, video conferencing in communicating and held meeting with the executives of 120 branches (including SME) all over the country.

External green banking activities include financing to infrastructural development of renewal energy generation and carbon omission projects like import and install of solar home systems, CNG conversion projects, bio-gas, Urban Building Safety Project, Effluent Treatment Plant (ETP) & Hybrid Hoffman Kiln (HHK) in brick fields; avoiding financing to environmentally harmful projects like tobacco related business. By principles, Bank Asia thoroughly considers the effect of its financed projects on environment. In 2017, the Bank disbursed Tk. 37.54 million to Winter Dress Ltd. which involves in treatment of liquid waste, Tk. 1,090 million funded limit and Tk. 588 non-funded limit to Triple Apparels Limited which has LEED Certificate (a certification by USGBC for environment friendly construction as well as efficient use of energy and water). Bank Asia also financed of Euro 5.17 million under the Export Credit Agency (ECA) to Engreen Sharishabari Solar Plant Ltd. for establishing a 3-MWp (megawatt-peak) Grid-Tied SPV (solar photovoltaic) independent power plant on 8.23 acres of land at Sharishabari of Jamalpur. Moreover, Bank Asia draws attention and creates awareness of its stakeholders on different environmental issues each year through its Sustainability Report. There are other green banking activities played by the bank which was covered in detailed in environmental performance segment.

Bank Asia Securities Limited (BASL)

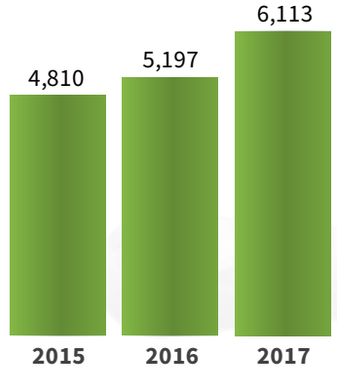
Bank Asia Securities Limited (BASL), a majority owned subsidiary company of Bank Asia Limited started it independent commercial operation from April 17, 2011 having 07 outlets across the country with a paid up capital of Tk. 2,000.00 million.

Bangladesh Capital Market witnessed a bullish trend throughout the year in 2017. The trend of the bull market revived investors' confidence and derived from strong year-end earnings, higher dividends coupled with positive economic outlook. Both institutional and individual investors were seen active in injecting fresh funds in the market because of low returns from the deposits of banks during the period. The bullish market helped investors in recovering the losses they had incurred during the market crash of 2010 and 2011 that was continued by around three years. The market surge was mainly lead by the banking stocks with an average 51% upside but the banks' poor financial health amid irregularities and growing number of default loans was well identified throughout the years. Besides, unusual price hike of 'Z' category shares, manipulative stock trading of new listed stocks and lack of enlistment of strong large capitalized and multinational companies were the major concerns of the market.

The prime index of the Dhaka Stock Exchange, DSEX started the year with 5,036.05 points on January and ended the year with 6,244.52 points with increase of 1208.4 point. Total Market capitalization of Dhaka Stock Exchange stood at Tk. 4,228.94 billion as on December 31, 2017, from Tk. 3,412.44 billion as on December 31, 2016 representing a growth of 24.1%. The daily average turnover in 2017 was Tk. 8,748.38 million against Tk. 4,944.28 million in 2016. Foreign investors' turnover on the DSE also increased by 30.48% to total at Tk. 114,476.3 million in 2017 compared with that of Tk. 87,733 million in 2016.

BASL has been continuing the position of DSE's Top-20 in terms of daily turnover throughout the year. Total Operating profit stood at Tk. 254.73 million as on December 31, 2017. Number of total active clients reached at 6,113 in December 2017, which were 5,197 in December 2016 representing a growth of 17.6%. Margin loan outstanding stood at Tk. 5,074.11 million in December 2017, which was Tk. 5,380.14 million in December 2016.

Total Active Clients



BA Exchange Company (UK) Limited

Banks in the UK have been under heavy scrutiny by regulators. Rightly or wrongly they seem to have taken a blanket approach on this and have focused on cash based businesses and Money Service Business ("MSB") where they perceive the sector in general to be poor. They have not bothered to look at individual case by case scenario unless it is a household name such as Western Union or MoneyGram. They have therefore ceased provision of services to our sector. Due to this approach the MSBs have been severely suffering to keep the channel open. However, few other bank-owned companies have become the agent of large MSBs.

BA Exchange predicted that the future of money transfer would be cashless gradually and therefore we introduced Online Remittance Module (ORM) in March 2017 so that people can send money online from anywhere within the UK from the comfort of their home or on the go and can pay by their card. Apart from that the merchant facilities are working well and we now have approx. split of 50:50 by value, between cash and merchant takings, which should help to reduce our risk.

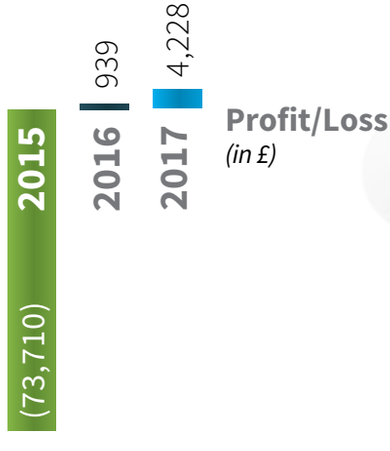
Despite the different setbacks in the whole sector in the last few years, we have managed to recover our business from the severe downfall in the year 2017. We had the best year so far since our operation in the UK having number of transaction increased by 27.42% & volume 23%.

The main challenge we face now is retaining business with competitive pricing. Brexit caused the Sterling to fall sharply against Dollar by almost 20% which is slightly recovered by the end of the year but inflation is increasing since then and will continue throughout the year ahead. So we need to be pro-active rather than reactive.

The ATM installed at BA Exchange 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.

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.

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 are also going to introduce soon our mobile apps to make the transfer even convenient. So our continuous endeavor will be deployed to improve service excellence further and convenience of our customers.



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 these 2 branches, BA Express USA Inc.serves its customers by remitting their hard earned money throughout the year. To provide easy, low-cost and convenient remittance opportunity for the Bangladeshi community residing in New York BA Express received remittance of USD. 36.26 million in volume through 73,671 number of invoices in 2017. Operating loss stood at USD (124,639) in 2017 which was USD (205,967) in 2016.

Year	Invoice	Remittance (Million USD)
2015	64,973	34.44
2016	63,944	29.49
2017	73,671	36.26

INITIATIVES IN 2017

- 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
- Introduce FinTech company based payments to accelerate transaction pace and increase overall volume

EVALUATION OF QUARTERLY REPORTS

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

ADDITIONAL STATEMENTS

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

OUR GRATITUDE AND THANKS

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

On behalf of the Board of Directors

Major Gen. Mohammad Matiur Rahman (retd.)
Director

Ms. Romana Rouf Chowdhury
Director

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 fifth 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 2017 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.

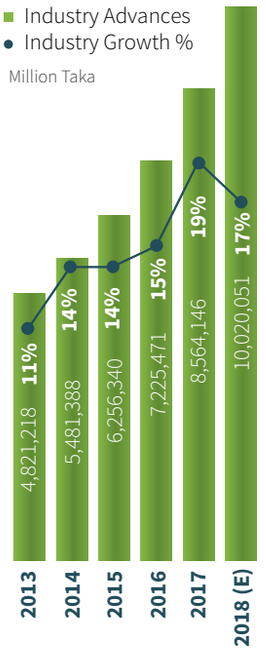
By the journey of preparation each year IR gives us new insight on how to improve the report for the stakeholders and tried to make it more informative and accessible. Here we welcome any feedback on its ideas, design, content and comments can be directed to

arteam. ba@bankasia-bd.com

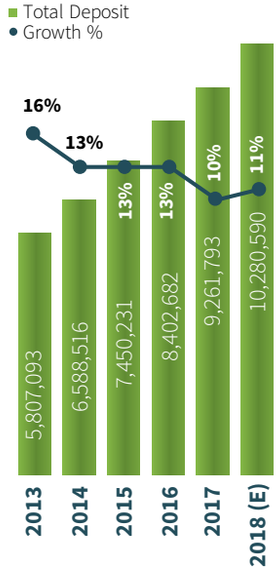
sustainability report covering economic, environmental, human resource & social aspects

Deposit and Advances Strategies

Industry Advance



Industry Deposit



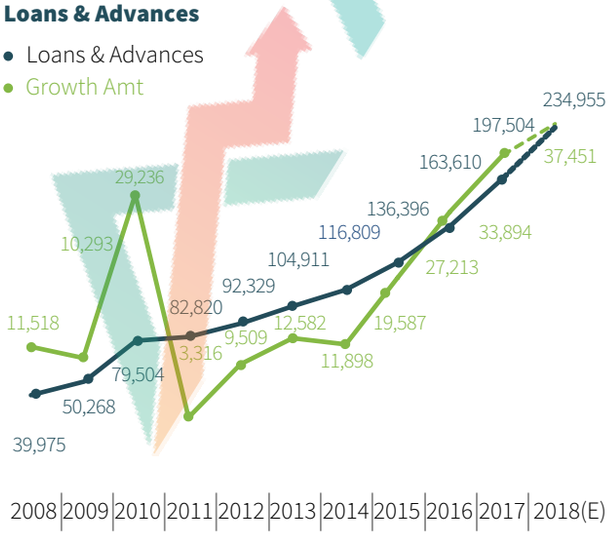
DEPOSITS STRATEGIES

- 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.

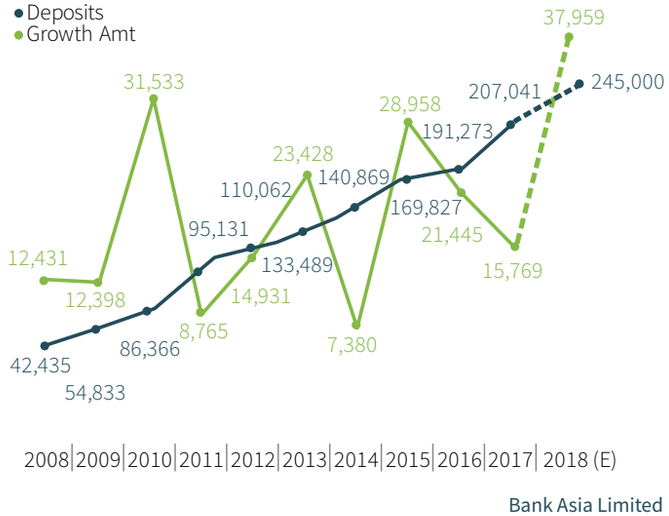
ADVANCES STRATEGIES

- 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

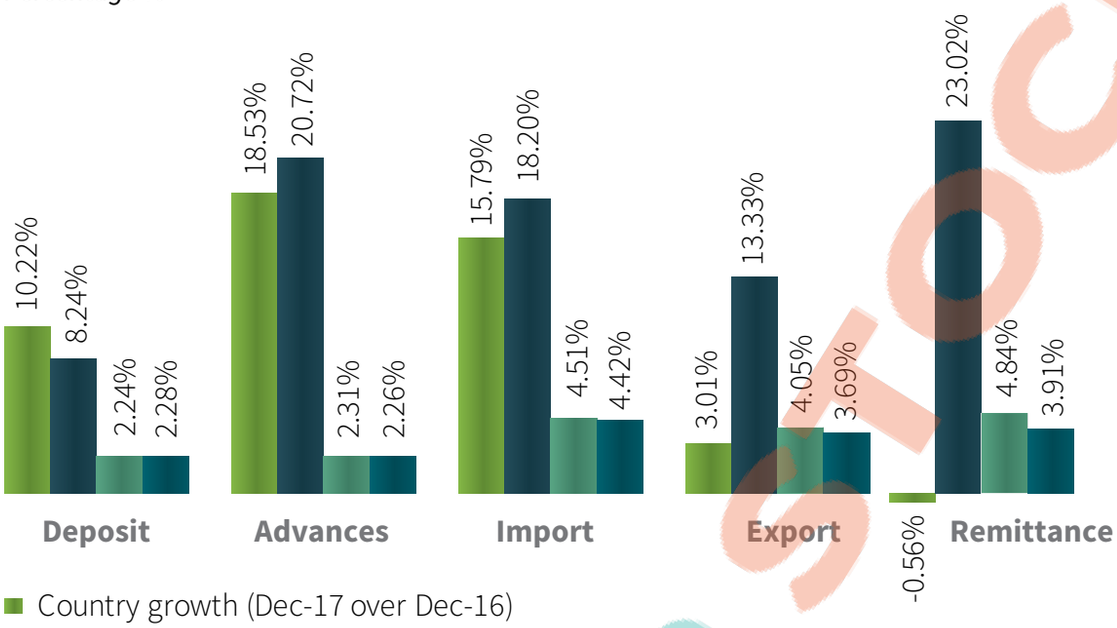


AMARSTOCK

Import and Export Strategies

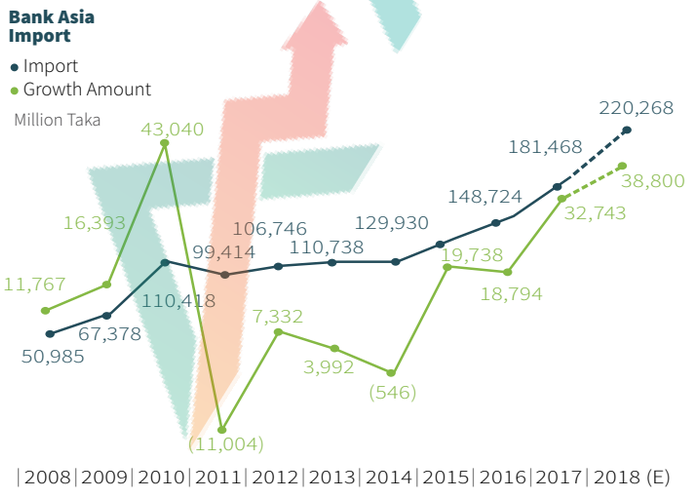
Country Position Vs Bank Asia Position

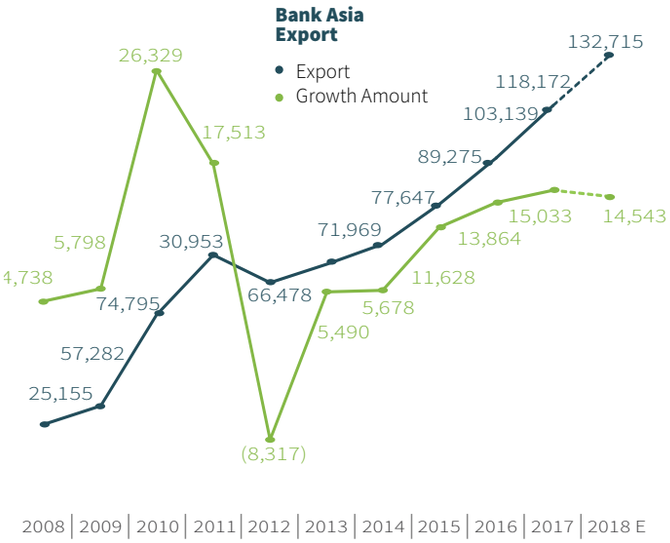
Percentage %



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.





SHARESTOCK

Future Orientation

The year 2018 would be characterized by ample opportunities and challenges ahead. Bank will set strategies to over-come the hurdles and make the best use of opportunities to be in winning position.

CHALLENGES

1. Overall spread in banking industry narrowed down to 4.72% in 2017 from 4.85% in the preceding year and this would continue in 2018 for which the profitability of the bank may reduce.
2. Bangladesh has been ranked 183rd according to 'Doing Business Report' conducted by the World Bank in 2017 compared to 177th in 2016. This indicates business environment and facilities deteriorate in Bangladesh compared to previous year that may create a negative impact on both local and foreign investors to invest in Bangladesh.
3. The upcoming National Election expected to be held on the early 2019 which may raise the risk of political unrest situation that eventually would impact the investment climate of the country.
4. Trade Deficit has been alarmingly rising in 2017 hitting USD 9.47 billion, the highest in last 5 years, putting a pressure on the foreign reserve that would cause further devaluation of local currency and thereby increase the import cost.
5. With higher demand placed for credit, demand for deposits is spiraling up indicating a dearth in the availability in supply of deposits, resulting higher borrowing rate, marking higher costs for Banks.
6. Over dependence on fuel based electricity generation might see a rise in the cost of electricity marking a pumped up cost budget that will make business environment a bit stiffened.
7. Influx of roughly one million Rohingya from Arakan of Myanmar has twisted a severe problem for Bangladesh putting an upward demand for import of foodstuffs, involvement in different anti-social activities to fulfill basic needs, disturbing social peace being spread out over the country.
8. RMG has been contributing a lot to the economy of Bangladesh for the last four decades, approximately 80% of our export. European Union (EU), a major RMG importer of Bangladesh, is continuously putting pressure on RMG manufacturers on different issues like work environment, child labor, minimum wage etc. Risk on cancelation of GSP for these reasons would hamper our export growth.
9. Inward remittance of Bangladesh saw the six-year lowest in last FY16-17 that has a little growth in running fiscal year. This sluggish flow of remittance can be an obstacle to achieve projected GDP growth 7.4% in FY17-18.
10. Incessant CRAR deficiency of State-owned Banks has made banking sector riskier, annihilates depositors' confidence, shrinks deposits and creates liquidity crisis. Government subsidiary to these banks with public revenue is a trade-off between economic development and loss compensation.
11. Growing trend of non-performing loan (NPL) in recent couple of years backed by political patronage, nepotism of internal people and board members is a big threat to the sustainability of the banking sector in Bangladesh.
12. Mammoth capital expenditure in gigantic Padma Bridge without external finance and other big projects like the Metro Rail project, Dhaka Elevated Express, Rooppur Nuclear Power Plant with partial external financing can reduce national savings and reserve fund which may lead an adverse economic situation.

OPPORTUNITIES

1. Bangladesh has registered as the 5th largest Fish producer in the world by producing 2.1 million tons of fishes in 2017 marking a remarkable growth in the production of fisheries and expansion of agricultural stance marking a promising move for investment and development.
2. The Executive Committee of the National Economic Council (ECNEC) approved 13 projects worth Taka 12,415.79 crore marking a prospect for investment opportunities and growth in business through improved communication and commutation.
3. Addition of 4,676 megawatt electricity to national grid by 2018 will see a rise in national productivity and rise in demand for credit.
4. Envisioned Padma Bridge is anticipated to be completed at the end of 2018 that will hook up 21 southern districts of Bangladesh to the capital Dhaka resulting in the lofty growth of economic activities and in so doing increased demand for investment.
5. Completion of Dhaka-Chittagong four-lane project at the mid of 2017 has abridged transportation time of export-import goods appreciably and so transportation cost and lead time which push up export-import oriented manufacturers to the extension of their businesses that calls for increased demand for financial assistance of bank.
6. Bank Asia's ongoing financial inclusion program like "EBEK'' & "Agent Banking" can create generous opportunities that present in the geographically dispersed segment of Bangladesh.
7. Agent banking has registered an outstanding growth in recent years which covers unbanked people in banking sector. Such a good sign will boost up economic activates contributed by people who remained unbanked for decades.
8. Recent outbound in communication and information technology like smartphone and availability of internet facility makes the banking sector more attractive. Bank Asia aligns with advanced technologies introducing SMART Banking, Diganto, My Family app, Online Credit Approval System (OCAS), Online CIB which will facilitate quick and uninterrupted automated customer servicing.
9. GDP of Bangladesh saw an expansion of 7.28% in FY16-17 and has been revised with a range of 7.80% to 8.0% for future years which will open up more economic opportunities in future.

BANK ASIA PROXY

Strategic Focus

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

BUSINESS KPI'S

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

BUSINESS KRI'S

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

MENTORSHIP PROGRAM FOR BRANCHES

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

CUSTOMER SATISFACTION

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

GOING GREEN IN THE FUTURE OF BANKING

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

PROMOTING FINANCIAL INCLUSION

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

GIVING BACK

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

Resource allocation area	Human Resources	Office equipment (tk.)	Floor space (sq. ft.)
Business Head	1	570,290.45	329.53
Branch Banking Services	1,480	844,029,860.29	487,712
Chairman, MD's & DMD's Secretariat	6	3,421,742.68	1,977.21
HR Planning & Manning	32	18,249,294.28	10,545.12
Operations Support	77	43,912,364.35	25,374.19
Finance Function	15	8,554,356.69	4,943.02
Treasury Function	15	8,554,356.69	4,943.02
Loan processing & supervision	250	142,572,611.54	82,383.72
International Operation	60	34,217,426.77	19,772.09
Information Systems	108	61,591,368.18	35,589.77
Board Secretariat	2	1,140,580.89	659.07
Internal Audit & Compliance	41	23,381,908.29	13,510.93
Total	2,087	1,190,196,161.10	687,739.33

FINANCIAL STORY

Our Activities and Values

EXTERNAL FACTORS

- Competitors
- Finance
- Economy
- Environment
- Social cost & benefit

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 cli-ents 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

BUSINESS ACTIVITY

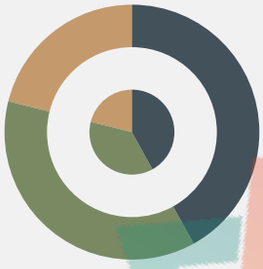
- By usingdeposited money placed by customers and other surplus entity to facilitate lending to the customers with proper utilization of existing capital by minimizing risk through approved regulatory environment
- By accelerating investment and build up capital through offering quality banking facilities 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
- Proactive
- Team Work
- Commitment to the Shareholders
- Integrity and accountability
- Highly efficient management
- Sustainable commitment to the society

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:



Growth of Employees

6% 2017
7% 2016
4% 2015

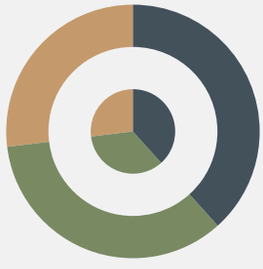
We recruit talented people and train them so that they can increase the company's value by giving their best effort and labor.



Tax Amount
(Taka in million)

4,408 2017
4,349 2016
3,901 2015

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



Reinvestment
(Taka in million)

4,678 2017
4,180 2016
3,197 2015

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

AMARSTOCK

Infrastructure

Technology

Legal

Ethical

Customer

THE VALUE WE HAVE CREATED

- 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
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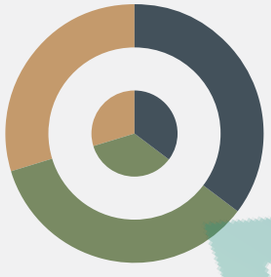
BANK ASIA'S VALUE CREATION ACTIVITIES

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 8% growth in employment creation from last year. Using the available stocks of capital, we create value through our integrity of banking infrastructure. Ultimately, the most significant outcomes of our business activities are contribution to socioeconomic development, which we are achieving through profitability and the amount of dividend and tax of Bank Asia in 2017 was 12.50% (proposed) and Tk. 4,408 million respectively. As the Basel Capital Accord (Basel) requires banks to allocate financial capital to meet capital requirements, so we facilitate allocation of capital to support economic growth and in 2017 our reinvestment amount was Tk. 4,678 million. In addition, we had Tk. 5.99 million as environmental savings and as financial inclusion we are serving 1,629,286 beneficiaries through EBEK project and 311,947 account holders with a growth of 145% through Agent banking program. To protect and enrich value creation, we build value based culture and maintain strong systems and governance frameworks.



Environmental Savings
(Taka in million)

5.99 2017
5.88 2016
5.00 2015

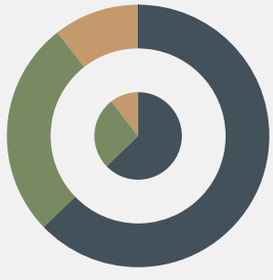
Our commitment gradually increasing over the years for maintaining eco friendly environment which is essential for our survival



Beneficiaries of EBEK

1,629,286 2017
1,266,930 2016
1,147,125 2015

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



A/c of Agent Banking

311,947 2017
132,353 2016
50,960 2015

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

AMARSTOCK

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

Capital	Input Stage
Financial Capital	Financing and funding arranged from valued depositors and shareholders in the form of deposits, equity and resinvestment that are used in making loans, advances and investment
Human Capital	People involved in planning, executing, monitoring and controlling business on whom Bank Asia has investment to build up leadership skills and competencies for the purpose of making an industry competitive and customer oriented workforce
Manufacturing Capital	Valuable resources, business processes and technologies used in providing effective, efficient and innovative services to our customers
Intellectual Capital	Aggregate value of intangible intellectual resources like brand image, enriched knowledge and competencies of employees, innovative research and development team, market reputation that offers a competitive edge to Bank Asia
Social and Relationship Capital	The relationship of Bank Asia with its stakeholders like business partners, regulators, customers, voluntary organizations which help build and maintain a strong social reputation and trust
Natural Capital	The stock of both natural and biological resources gifted by nature but preserved by ourselves like air, water, minerals, soils, fuels and living things

Value Added Stage	Performance Stage	Output Stage (For Stakeholders)
Bank Asia provides diverse forms of deposit schemes with attractive deposit rates and makes assessment in terms of risk exposure, capital adequacy, loan provision and regulators' instructions in advancing loans and making investment	• Deposit Tk. 207,041 million • Loan & advance Tk. 197,504 million • Profit earned Tk. 2,048 million	**Customers** Bank Asia always shows a positive response tworads customers and innovation in customer services and thereby loan, deposit and profit of the Bank increased in by 21%, 8% and 32% respectively compared to previous year.
Employees are motivated and supported to participate in both internal and external training on different issues throughout the year	• 2,087 employees engaged in Bank Asia • 239 new employees recruited during the year • Profit per employee Tk. 3.2 million	**Shareholders** BA tries to generate risk-adjusted return for its shareholders. BA has proposed a 12.5% dividend in 2017, NAV per share increased to Tk. 21.33 compared to Tk. 19.29, EPS increased to Tk. 2.07 compared to Tk. 1.57 from the last year
Bank Asia focuses on a skilled and competent employee force, strong internal business process platform, output based infrastructural facility in all the branches, a number of diversified products	• 116 branches • 63% of cash transactios through ATMs • NPL ratio came down to 4.38% from to 5.41%	**Employees** Total 239 new employees recruited and 61,095 manhours training with provided to both existing and new employees during the year where 260 claims of insurance received for Tk. 8.99 million
Introducing and expanding product portfolio, reducing service waiting time, conducting customer service quality survey, Bank Asia creates a market reputation	• Tk. 2,654 million agent banking deposit • 1.62 million beneficiary of EBEK project • Ever expanding Alternative Delivery Channel (ADC) • Non-interest income increased by 24% where expenses increased by only 12%	**Government & Regulators** Bank Asia complies with all the rules and regulations of regulators i.e. BB, BSEC, MoF, NBR, and relevant laws. Total 4,408 million tax and VAT paid by the Bank in 2017
Bank Asia builds relationship with customers providing smooth and innovative services, contributes to our society through CSR, helps government paying corporate tax and collecting VATs, supports regulator for financial stability.	• Spent an amount of Tk.183.83 million for the overall betterment of the nation	**Local Communities** Bank Asia always plays an active role for the growth of its community in eduaction, health, disaster management, environment, sports, art & culture. CSR activities for the year 2017 comes to Tk. 183.83 million compared to 109 million in 2016.
Bank Asia tries to create a public awareness on the preservation of natural capital, reduction of wastage and keep the environment free from pollution through its Sustainability Report which conveys a message to our stakeholders .	• Net savings from reducing energy and resource consumption for the year 2017 was Tk. 5.99 million having a positive impact on profitability of the Bank	

Risk Management Report

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

RISK MANAGEMENT FRAMEWORK
Page: 111-113

RISK MITIGATION METHODOLOGY
Page: 114-119

DISCLOSURE OF RISK REPORTING
Page: 120-125



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From Chief Risk Officer's Desk



The year 2017, can be phased as a period of economic transformation for Bangladesh. During the year the country has broken the long continued six percent economic growth trend by achieving 7.28% growth (FY 2016-17). The result was primarily driven by various achievements and challenges. Being an integral part of the economy, the banking industry also shared identical experiences. In addition to that the financial service offering of Bangladeshi Bank(s) is becoming complex to sustain in an intense competitive environment. Altogether the competitiveness along with the complexity of the banking industry is triggering various uncertainties resulted to multidimensional material risks. As such risk management practice is mounting in the highest priority list for banking operation. The tendency of risk management is further boosting due to rigorous vigilant of regulatory authorities i.e. Bangladesh Bank, Bangladesh Security and Exchange Commission and other stakeholders. Being an active part of countries' banking industry, Bank Asia Ltd., has undertaken an active approach to risk management and remained consistent in forming a best-in-class capability. The core motto of risk management practice at Bank Asia Ltd. are, well understand the materials risks of the bank and Strategy formulation for active risk mitigation.

Risk Management Framework

The risk management framework of Bank Asia Ltd., has duly articulated the approach of implementing enterprise wide risk management. The framework has duly defined the responsibilities of each stakeholders from respective position. The process related to formulating risk strategies, setting risk appetite, key performance indicator of risk management activities and overall supervision process are all part of the bank's risk management framework.

Strategy and Risk Appetite

On yearly basis the Board of Director sets the broad business/operation strategies of the bank and in line of that the Board also articulate the Risk Appetite Statement. Subsequently the entire risk management operation of the bank is derived focusing on the risk appetite statement. The aforementioned feature ultimately helped the bank to adopt such a risk management practice which by nature is practical and sensitive to trending macro-economic position.

Policies

The bank is committed toward adopting Board approved policies for managing each risk type. These policies aim to articulate responsibility for managing each risk and requirements for measurement and reporting.

Risk outlook

While many other occurrences that will have a substantial impact on risk functions over the upcoming period are unpredictable, we believe that at least key trends are powerful and certain enough to help paint a picture of the risk outlook of the banking industry during the year 2018:

Impaired Credit Portfolio

In general the NPL against bank credit tend to have positive correlation with loan growth. Considering the aforementioned scenario and prevailing industry wide credit growth ratye, the overall NPL of the banking industry is likely to be worsen. The situation might overshoot (i.e. as compared to 2017) due to expected liquidity crunch which also likely to push the overall lending rate in the upcoming year. On top of above the upcoming national election might echo the degree of credit risk.

Growing Regulatory Compliance

Recent pattern of intense competition is triggering various illegal and unethical behavior in the overall banking operation as a result the likelihood of bank collapse is mounting. In connection with the above, the demand of regulatory compliance is increasing both domestically and internationally and bank might face challenges to meet the requirement in various regulatory aspects.

Trending Client's Expectations

In the coming days, customer expectations and technology are expected to cause massive alteration in banking and give it an entirely different profile. In the international survey outcome indicates the tech-savvy younger generation will be major revenue generator to bank by 2025 which is a clear indication of shift in targeted client group. Apart from client profiling, the banking industry will be required to adopt rapid decision making practice along with individual client wise pricing for acquisition of quality client base.

Risk Management Report

Changing Technology

The technological trend will not only affect client behavior but also expected to mold the overall risk management operation. Particularly the introduction of concepts like Big Data, Block Chain, machine learning etc. is likely to change the shape of risk/data analysis and Management Information System (MIS). The clients are thriving toward technology based banking services, the vast popularity of online account opening; mobile banking and other online based banking services are direct result of the same. This shift of technology in one end enforcing the banks of this territory to seriously think about revaluation of current banking operation in view of technology, on the other hand, inviting cybercrime.

Management of Operational Risk

During the last decades the management of financial risks has advanced in the banking industry of Bangladesh but the non-financial risks resulting from various operational lapses has remained unattended. The tremendous increase in fines, damages, and legal costs related to operational and compliance risk over the past years is ultimately forcing banks to pay much more attention to these risks.

Bank's Readiness

During the upcoming year, among other areas of risk, bank will extend majority focus in addressing capital optimization, credit risk, technology risk and operational risk. In addition to that bank has already initiated the development process of Internal Credit Rating System (ICRS). Upon successful implementation the bank will be able to assess optimum level of capital requirement and take capital benefit under Basel Accord. In addition the bank will also be eligible to migrate to advance approach for credit risk assessment, which is popularly known as Internal Rating Based Approach (IRB). Apart from above, the adoption of Capital Rationing will be initiated from ensuring precise level of capital rationing.

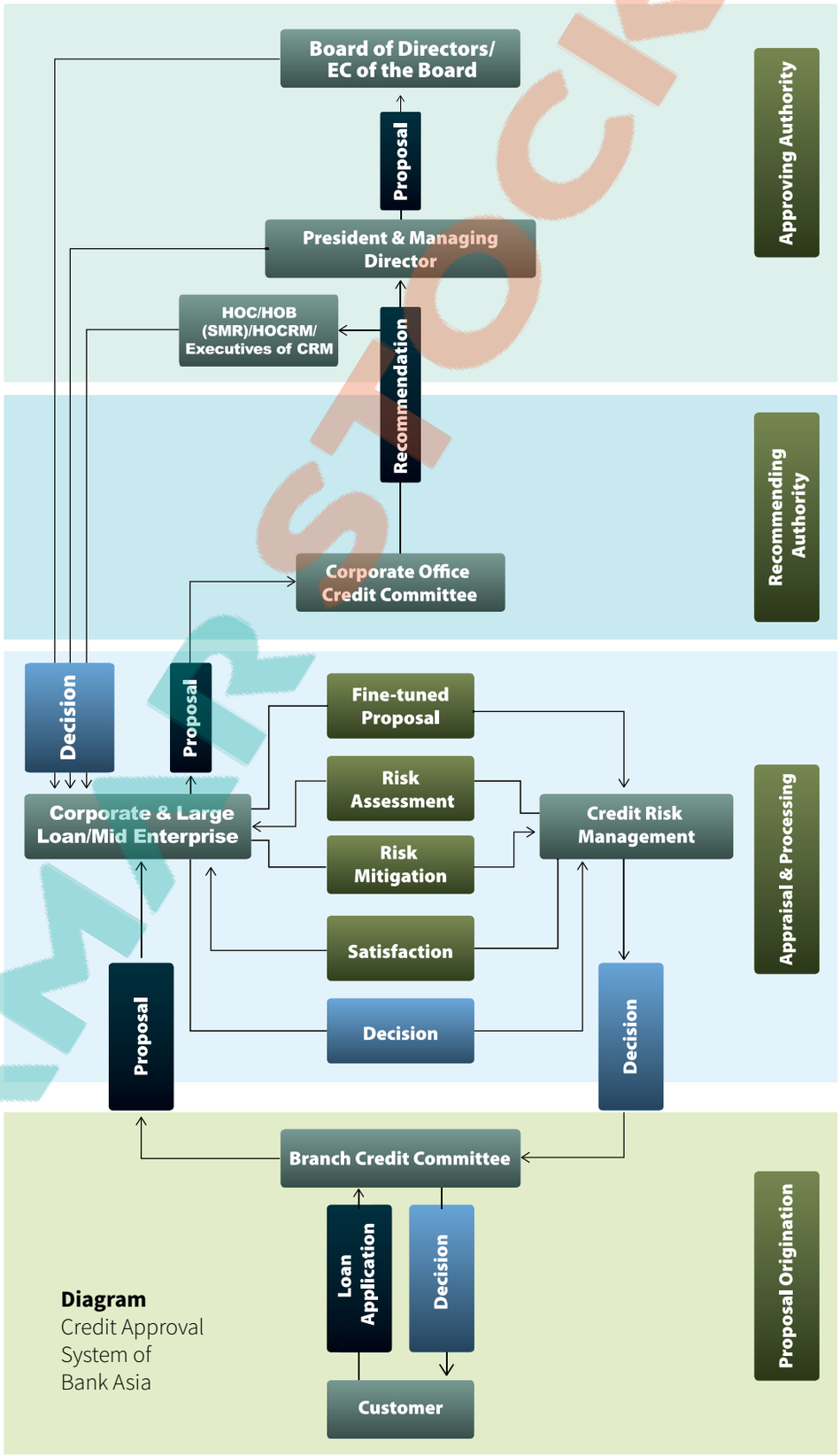


Diagram
Credit Approval System of Bank Asia

Md. Sazzad Hossain
DMD & CRO

Statement on Non-Performing Loan (NPL) Management

One of our core business priorities is to curb non-performing loans by maintaining quality assets. In this regard, Bank Asia's credit approval process has been framed to unveil and assess the unforeseen inherent risk so that assets quality will not deteriorate in the long run. Additionally, early warning system gives us alarms so that precautionary actions taken against vulnerable assets. Above all, proper monitoring and strong recovery drive from branch and corporate office help maintain quality assets of Bank Asia. From 2016 Debt Collection Unit under SAMD (Special Asset Management Division) was 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 ahuge NPL recovery in 2017.

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

TThe amount of classified loan in country increased to Tk. 803.10 billion in 2017 from Tk. 621.72 billion in 2016.So, having growth of 19% despite huge rescheduling and restructuring of loans.

TOTAL CLASSIFIED LOANS COUNTRY VS BANK ASIA

(In Billion)

	Bank Asia		Country	
	2017	2016	2017	2016
CL Amount	8.64	8.85	803.10	621.8
CL Ratio (in %)	4.38%	5.41%	10.70%	9.2%

NPL BY BANKS TYPE

(In Billion)

Types of Banks	Total Classified Loan	Required Provision	Provision Maintained	Provision Maintenance Ratio (%)
SCBs	385.20	220.90	145.30	65.80
DFIs	55.20	27.80	28.8	103.60
PCBs	339.70	197.40	208.20	105.50
FCBs	23.00	16.90	17.50	103.60
Total	803.10	463.10	399.70	

Source: Bangladesh Bank, Quarterly (July-September, 2017) Vol XV, No 1

NPL & Recovery Status of Bank Asia

- The Bank ended the year with 4.38%Non-performing loan or classified loan which was amounted to Tk. 8,642 million compared to Tk.8,847.33 million compared to 2016. We have Tk.8,581.81 million under stay order where a significant portion of classified loans came from the vacated of stay order from Honorable High Court.
- At the end of 2017, the Bank's write off loans was Tk. 7,261.47 million against 176 accounts compared to Tk. 5,122.92 million against 127 accounts in 2016. The closing balance has increased due to addition of Tk. 2,138.41 million as write off loans as well as collection of Tk. 36.38 million from written-off accounts.
- During the year 79.21% 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 20.79% of rescheduled loans that were downgraded to classified status constitutes 61.36% of total classified loans. Management has already increased recovery initiatives from those defaulted loans.
- The cash recovery against Classified Loans and Written off loan during the Year/Period was one of the highest in last couple of years which was tk. 2.79 billion in 2017 over tk. 1.89 billion in 2016 from hard core rescheduled, restructured, B & L and write off loan accounts.

In the year 2018, our strategic planning will be as follows:

1. Strong Supervision, follow up and monitoring for the NPL accounts as well as rescheduling & restructured loans to be ensured both by on-site and off-site basis
2. In every NPL prone branch, a recovery unit must be formed and a weekly feedback to be taken by SAMD
3. Proper monitoring, follow up & supervision in pre-classification stage should be ensured by C&LL, ME, CMSE, CRM and other concerned departments
4. Adequate staff in SAMD and optimum utilization of manpower in SAMD to be ensured
5. Appropriate Legal action to be initiated
6. Amicable settlement may be allowed in applicable sector
7. A separate Recovery Unit for Chittagong Zone to be formed
8. Recovery Agent may be engaged in some special cases.
9. Eligible accounts to be written-off as per Guidelines of Bangladesh Bank.

We are optimistic that by deploying our above mentioned strategies, we will be able to keep the classified loan of the bank within 3.50% at the end of the year 2018. Furthermore, with the concentrated efforts by our "Debt Collection Unit" we will also be able to recover Tk. 300.00 million from the written-off accounts of the bank by this year. Bank Asia is putting all out efforts to recover defaulted clients 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 FRAMEWORK

1. INTRODUCTION:

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

The banking sector in Bangladesh plays a vital role in the financial system as it has the capacity to supply credit and liquidity to the entire economy, providing payment services and thereby facilitating financial transactions in the economy. However, in search of growth amidst emerging risks, evolving risk function, stiff competition and the government reliance on the financial sector as a main revenue source, banks were compelled to expose themselves to a much higher level of risks where systematic management of risks become the key differentiator. Risks are created and amplified by certain events that occur and such key events took place during year 2017 driving the demand for improved risk management practices. Some developments necessitated the enhancement of risk management techniques, broadening of risk reporting and building a strong risk management culture within the banking and financial sector in Bangladesh.

1.1. A Risk Management Approach

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

1.1. B Risk Management Units of the Bank

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

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

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

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

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

2. MAJOR COMPONENT OF RISK MANAGEMENT OF BANK ASIA

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

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

2.1 Risk management framework of Bank Asia Limited

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

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

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

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

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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.

Establishment of Risk Management Division of Bank Asia Limited

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

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

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

The 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.

BANK ASIA'S RISK MANAGEMENT STRUCTURE

Board Risk Management Committee

- Design and implement Risk strategy and policy
- Review, monitor and understand risk profile of the bank
- Review and recommend bank's risk appetite, limit and tolerance level



- Review of Management level operational risk structure
- Performance review and recommendation

Executive Risk Management Committee

- 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 Committee

- 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
- Ensure that capital is adequately allocated against the ICAAP outcome
- Error free and timely reporting of ICAAP outcome to Strategic layer and BB

Core Risk Assessment Management Committee

- 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


Credit Risk
Market Risk
Interest Rate Risk
Equity risk
Foreign exchange risk
Commodity risk
Liquidity Risk
Operational Risk
Reputation Risk
Strategic Risk
Internal Control & Compliance Risk
Money Laundering Risk
Environmental And Climate Change Risk

RISK MITIGATION METHODOLOGY

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



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

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

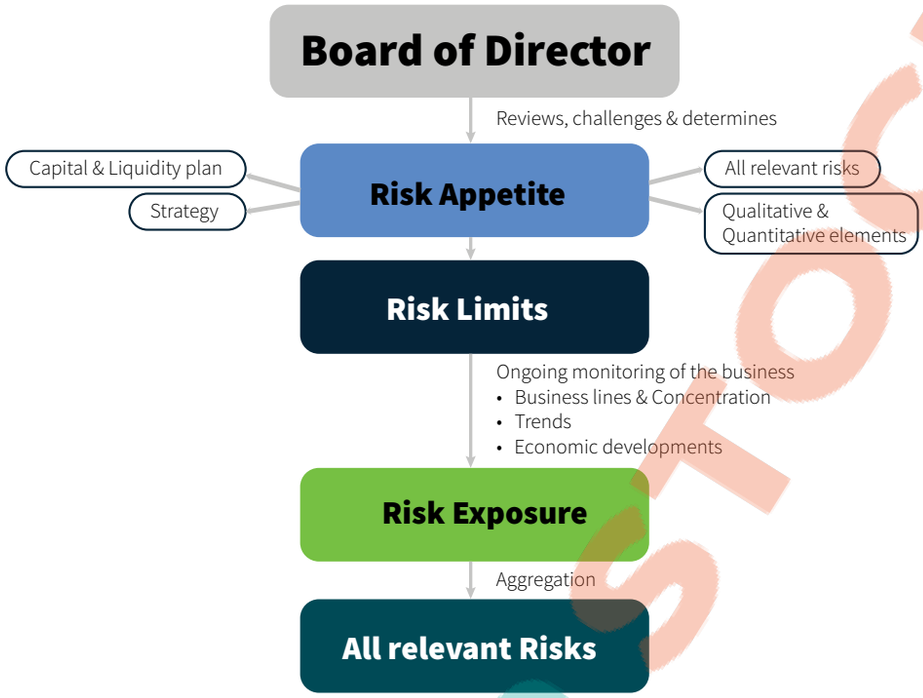
Risk analysis is concerned with developing an understanding of each risk, its consequences, and the likelihood of those consequences.

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

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

Risk Appetite

Risk Appetite refers to the broad types and amounts of risks that a bank is willing to undertake in implementing its business strategy. Setting the risk appetite is an exercise where Bank's risk capital is allocated effectively and risk limits are set within the risk strategy of the Bank. Thus, the risk appetite is set, covering overall group position of a bank ensuring main business units are in line with the business objectives set by Board of Directors. Risk appetite statement includes qualitative and quantitative measurements, which are linked with earnings, capital, liquidity and other relevant measures, as appropriate. Bank assures a balance between risk goals set and forecasts of short to long-term strategy and capital planning. Thus, preparation of risk appetite statement is based on forward looking assumptions to support achieving the Bank's overall objectives.



Setting & Monitoring Risk Appetite

1. CREDIT RISK:

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

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

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.

A. Operating Under Sound Credit Granting Procedure

Bank followed strictly specified policies, standard for granting credit by way of evaluating borrower:

- 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 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.

B. Maintaining and 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)

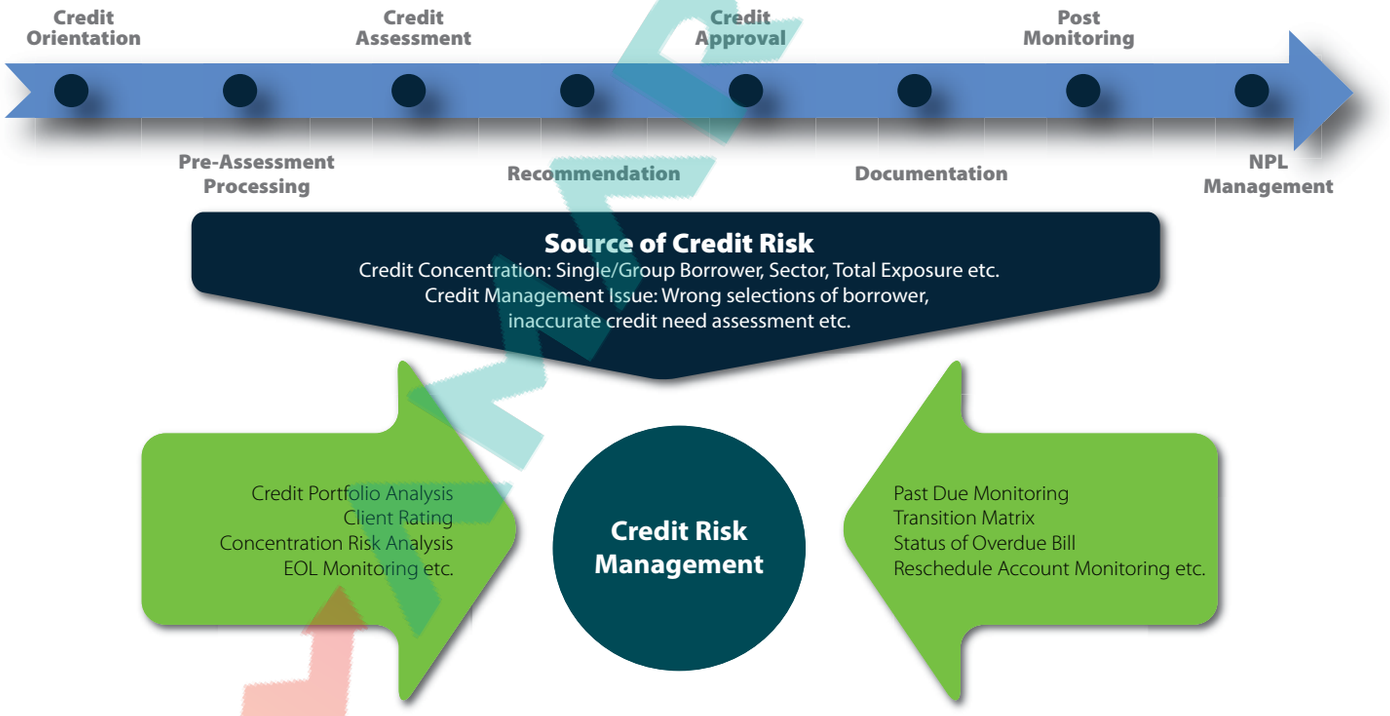
- Natural disasters
- Spoilage or mishandling of collateral.

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

C. 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 page no. 108 and other part of Annual Integrated Report 2017

Credit Management Procedure



2. MARKET RISK :

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

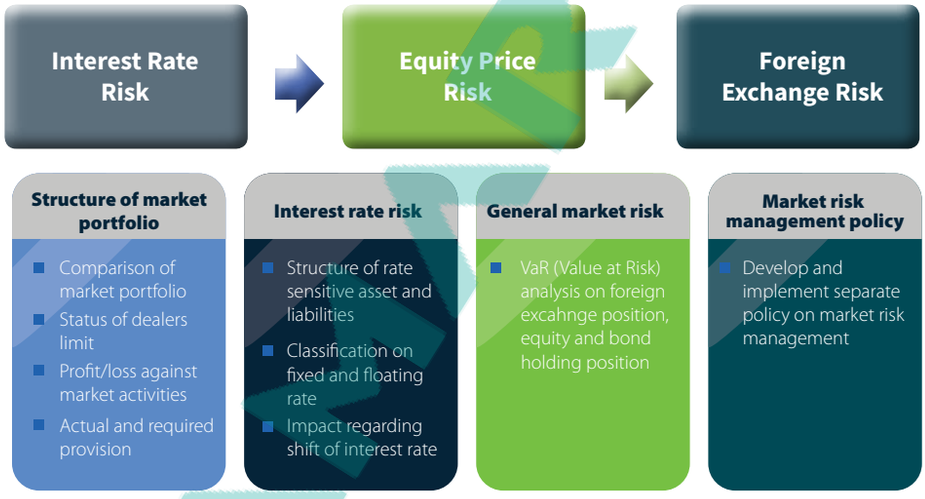
2.1 Interest Rate Risk arising from mismatches in the interest rate profile of assets, liabilities and capital instruments including basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risk and embedded optionality.

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2.2 Equity risk is defined as loses 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.

2.3 Foreign exchange risk arising mainly from our strategic investments which are denominated in currencies other than the BDT. Foreign exchange position is managed by treasury division. In the year ended 2017, Total Risk Weighted Assets for Foreign Exchange Risk is Tk. 1,136 million and capital requirement is Tk. 113.6 million.

2.4 Commodity risk is the risk of loss due to changes in spot and forward prices and the volatility of precious and base metals, and energy products. A commodity is defined as a physical product which is or can be traded on a secondary market, e.g. agricultural products, minerals (including oil) and precious metals. The price risk in commodities is often more complex and volatile than that associated with currencies and interest rates. Commodity markets may also be less liquid than those for interest rates and currencies and, as a result, changes in supply and demand can have a more dramatic effect on price and volatility. These market characteristics can make price transparency and the effective hedging of commodities risk more difficult. For spot or physical trading, the directional risk arising from a change in the spot price is the most important risk. However, banks using portfolio strategies involving forward and derivative contracts are exposed to a variety of additional risks, which may well be larger than the risk of a change in spot prices. In the year ended 2017, Bank has no Risk Weighted Assets for Commodity Risk.



3. LIQUIDITY RISK :

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

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

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:

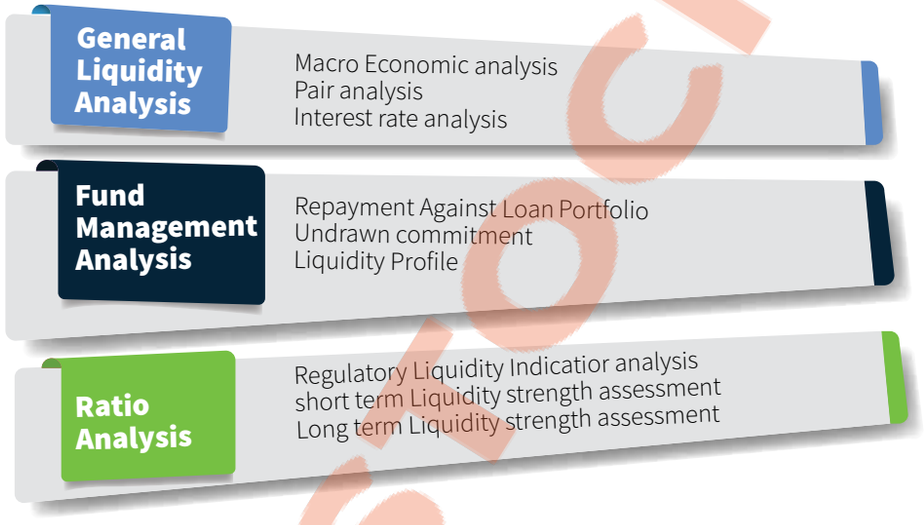
Regulatory Liquidity Indicators (RLIs):

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

Bank's own liquidity monitoring tools

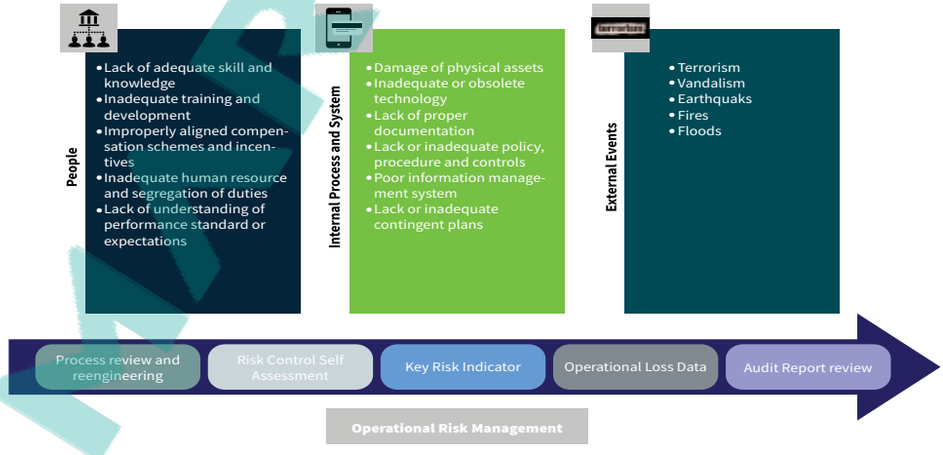
- Wholesale Borrowing and Funding Guidelines,
- Liquidity Contingency Plan,
- Management Action Trigger (MAT)

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



4. OPERATIONAL RISK:

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



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.

6. STRATEGIC RISK:

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

In this context, strategic risk possesses a significant space in the ICAAP of the banks,

following aspects is considered:

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

7. INTERNAL CONTROL & COMPLIANCE RISK:

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

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

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

8. MONEY LAUNDERING RISK:

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

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



9. ENVIRONMENTAL AND CLIMATE CHANGE RISK:

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

DISCLOSURE OF RISK REPORTING

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

1. BASEL III APPROACH ADOPTED:

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

Basel III incorporated strengthening capital framework, enhancing risk coverage, risk based capital requirement with leverage ratio, reducing 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%.

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

To ensure strong liquidity base, Bank also maintaining two liquidity standard i.e. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (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.

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. 2015, 2016 and 2017.

Sl	Risk Category	2017		2016	
		Million Tk.	%	Million Tk.	%
A	Credit Risk	200,778	91%	180,801	91%
i	On- Balance sheet	155,067	70%	138,407	69%
ii	Off- Balance sheet	45,710	21%	42,394	21%
B	Market Risk	3,519	2%	2,915	1%
i	Interest Rate Risk	-	0%	182	0%
ii	Equity Position Risk	2,382	1%	2,107	1%
iii	Foreign exchange	1,136	1%	626	0%
C	Operational Risk	16,818	8%	15,775	8%
Total Risk Weighted Assets		221,115	100%	100%	199,491

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

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

3. PILLAR-II SUPERVISORY REVIEW PROCESS UNDER ICAAP:

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

As part of Basel III accords, Bank has proactively developed a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) on yearly basis as stipulated by the

Bangladesh Bank and submits accordingly. Upon adoption of internal format, the bank will have the ability to perform risk assessment in line with the bank's own strategy.

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

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

4. CONCENTRATION RISK:

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

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

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

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

Sector wise concentration

Sector	2017		2016	
	Million Tk.	%	Million Tk.	%
Agriculture	4,075	2%	2,340	1%
Industry	96,752	49%	81,490	50%
Constructions	5,281	3%	5,760	4%
Power, Gas, Water and Sanitary Services	2,023	1%	50	0%
Transport, Storage and Communication	2,824	1%	2,810	2%
Trade Services	34,741	18%	32,040	20%
Housing Services	13,883	7%	12,050	7%
Banking and Insurance	7,179	4%	7,270	4%
Professional and Misc. services	30,748	16%	19,800	12%
Total	197,504	100%	163,610	100%

Geographical concentration

Division	2017		2016	
	Million Tk.	%	Million Tk.	%
Dhaka Division	158,640	80%	124,470	76%
Chittagong Division	28,007	14%	28,470	17%
Khulna Division	3,348	2%	3,069	2%
Rajshahi Division	3,562	2%	4,533	3%
Barisal Division	564	0%	308	0%
Sylhet Division	2,265	1%	1,902	1%
Rangpur Division	805	0%	667	0%
Mymensingh Division	314	0%	191	0%
Total	197,504	121%	163,610	100%

Single borrower wise exposure

Particulars	Million Tk.
Total Capital	32,914
A. Maximum outstanding exposure (35% of total Capital)	11,520
Maximum Funded Limit (15% of total Capital)	4,937
Maximum Non Funded Limit (20% of total Capital)	6,583
B. For Export Financing:	
Maximum outstanding exposure (50% of total Capital)	16,457
Maximum Funded Limit (15% of total Capital)	4,937
Maximum Non Funded Limit (35% of total Capital)	11,520
C. Large Loan Limit (10% of Total Capital)	3,291

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Top borrower wise exposure

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

4.2 Market Concentration Risk:

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

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

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

5. STRESS TESTING

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

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

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 NPLs 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 (two) 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.

6. MARKET DISCIPLINE

In line with Pillar III of Basel III, Bank prepared market discipline statements on yearly basis and submitted to Bangladesh Bank accordingly. Bank also disclosed market discipline in separate Annual Integrated report page no. 123 and bank's websites

7. RISK MANAGEMENT PAPER

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

8. RISK BASED AUDIT

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

9. CAPITAL MANAGEMENT OF BANK

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

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

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. 92.59 million on December 31, 2017. The bond will be fully 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 Subordinated bond on February 19, 2015 through private placement after obtaining required approvals from general shareholders, Bangladesh Securities and Exchange Commission and Bangladesh Bank.

7 Years Floating Rate Non- Convertible Subordinated Bond of Tk. 5,000 million: To support healthy business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap Bank Asia has completed all formalities further issuance of Subordinated Bond of Tk. 5,000 million as Tier 2 capital on 23 April 2017.

10. CAPITAL PLANNING

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

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

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

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

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

	2015	2016	2017	2018	2019	2020
	Implementation process					full 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%

11. CAPITAL RELIEF BY REDUCING RISK

In the year 2017, 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 2017 over 2016.

Claim Nature	BB Rating	Risk Weight	Funded Exposure		Non Funded Exposure	
			Exposure	RWA	Exposure	RWA
Claims on Corporate (excluding equity exposure)	1	0.20	17,436.43	3,487.29	8,656.75	1,731.35
	2	0.50	37,883.55	18,941.77	24,873.00	1,2436.5
	3,4	1.00	27,115.57	27,115.57	6,074.23	6,074.23
	5,6	1.50	-	-	-	-
	Unrated	1.25	25,452.11	31,815.14	18,430.73	23,038.41
Claims on SME	SME 1	0.02	-	-	-	-
	SME 2	0.40	541.58	216.63	371.82	148.73
	SME 3	0.60	9,523.96	5,714.37	884.47	530.68
	SME 4	0.80	2,043.96	1,635.17	558.92	447.14
	SME 5	1.20	-	-	-	-
	SME 6	1.50	-	-	-	-
	Unrated (Small enterprise & <BDT 3.00m)	0.75	3,686.26	2,764.69	114.37	85.77
	Unrated (Small enterprise & <BDT 3.00m	1.00	5,198.95	5,198.95	258.21	258.21
Total			128,882.37	96,889.58	60,222.50	44,751.02

12. BORROWER'S RATING

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

Key initiatives of 2017

- 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 Bangladesh Bank. Central Bank has suggested that each bank should develop and practice the internal ICAAP model. Besides an internal system based platform has already been developed for the assessment of residual risk. In present calculation of residual risk is fully automated.
- Risk Appetite: Risk Management Division of Bank Asia Ltd. has developed risk appetite and management action trigger (MAT) for the bank. During the year 2017, 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. Besides RMD has already created a system based platform for the Corporate Rating.
- Audit Automation: Risk Management Division has already taken an initiative for audit automation. A system based database has already developed in line with the calculation of residual risk of ICAAP.
- 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 2017.
- 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.
- Process Re-engineering: Risk Management Division has already developed a system based duration gap platform of Stress Testing as well as a full automated database for calculating Risk Weighted Asset part of Basel III.

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

13. CONCLUSION

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

Principle 15 – Risk management process

Principle 16 – Capital adequacy

Principle 17 – Credit risk

Principle 18 – Problem assets, provisions and reserves

Principle 19 – Concentration risk and large exposure limits

Principle 20 – Transactions with related parties

Principle 21 – Country and transfer risks

Principle 22 – Market risks

Principle 23 – Interest rate risk in the banking book

Principle 24 – Liquidity risk

Principle 25 – Operational risk

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

Basel III Pillar 3
Market Discipline

Annual Disclosure for the year ended December 31, 2017

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

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

To cope up with the international best practices and to make the bank's 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 Standards (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) where relevant to the bank. 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 116 branches, 4 SME centers and 132 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in 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.
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable for the bank
d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not applicable for the bank

Basel III Pillar 3
Market Discipline

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

Million Taka

Sl	Particulars	Solo	Consolidated
a)	**Tier-I (Core Capital)**		
a.1	Paid up capital	9,870	9,870
a.2	Non-repayable share premium account	-	-
a.3	Statutory reserve	7,345	7,345
a.4	General reserve	8	8
a.5	Retained earnings	1,677	1,554
a.6	Minority interest in subsidiaries	-	0.012
a.7	Dividend equalization account	-	-
a.8	Others	-	-
a.9	Sub-Total (a.1 to a.8)	18,900	18,778
	Less: Regulatory adjustments	-	-
a.10	Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	47	47
a.11	Common Equity Tier -1 capital (Going-Concern Capital)/ Core Capital (a.9 - a.10)	18,853	18,730
a.12	Additional Tier 1 Capital	-	-
a.13	**Total Tier- 1 Capital**	18,853	18,730
b)	**Tier-II (Supplementary Capital)**	-	-
b.1	General Provisions (provisions for unclassified loans + provision for Off-balance sheet exposure)	5,432	5,432
b.2	Asset revaluation reserves up to 50%	1,341	1,341
b.3	Subordinate debt	8,093	8,093
b.4	Other reserve	-	-
b.5	Sub-Total (b.1 to b.4)	14,866	14,866
	Less: Regulatory adjustments	-	-
b.6	60 % of revaluation reserve for fixed assets, securities and equity securities	805	805
b.7	**Total Tier- 2 Capital (b.5 - b.6)**	14,061	14,061
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)**	32,914	32,792

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Market Discipline

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 2017 the CRAR of the bank was 14.89%. ● During the same period Minimum Capital Requirement (MCR) of the bank was BDT 22,111.50 million and eligible capital was BDT 32,914 million; i.e. the bank hold BDT 10,803 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 2017 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 2017 from the year 2016.

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Basel III Pillar 3
Market Discipline

Quantitative Disclosures			
			Million Taka
Sl.	**Risk Category**	**Solo**	**Consolidated**
Details of Risk Weighted Assets (RWA)			
a	Credit Risk		
a.1	On- Balance sheet	155,067	155,803
a.2	Off-Balance sheet	45,710	45,710
a.3	Total Credit Risk (a1+a2)	200,778	201,514
b	Market Risk	3,519	3,519
c	Operational Risk	16,818	17,316
	Total RWA	221,115	222,349
Detail of Risk Wise Minimum Capital Requirement (MCR)			
a	Credit Risk		
a.1	On- Balance sheet	15,507	15,580
a.2	Off-Balance sheet	4,571	4,571
a.3	Total Credit Risk (a1+a2)	20,078	20,151
b	Market Risk	352	352
c	Operational Risk	1,682	1,732
Total Minimum Capital Requirement		22,111	22,235
Total Maintained Capital		32,914	32,792
Total Capital Surplus		10,803	10,557
Detail of Tier wise Capital of the Bank			
1	Tier-1 Capital	18,853	18,730
2	Tier-2 Capital	14,061	14,061
3	Tier-3 Capital	-	-
	Total Capital	32,914	32,792
Total Capital to Risk Weighted Asset Ratio (CRAR) [Total capital/RWA]		14.89%	14.75%
Tier 1 CRAR [Tier 1 capital / RWA]		8.53%	8.42%

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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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Basel III Pillar 3
Market Discipline

	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 finance	1%	2%	20%	50%	100%
		Loans for professionals	2%	2%	20%	50%	100%
		Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
	Provision for loan to broker house, merchant banks, stock dealers, etc		2%	2%	20%	50%	100%
	Short-term agri-credit and micro credit		1%	1%	5%	5%	100%
	Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
	Others		1%	1%	20%	50%	100%

> 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.

Quantitative Disclosures

Amount in BDT Million

Particular	Outstanding
b) Total gross credit risk exposures broken down by major types of credit exposure	197,504
Chief Executives & Others senior executives	142
Agriculture	4,075
Industry	96,610
Constructions	5,281
Power, Gas, Water and Sanitary Services	2,023
Transport, Storage and Communication	2,824
Trade Services	34,741
Housing Services	13,883
Banking and Insurance	7,179
Professional and Misc. services	30,748
c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	197,504
Dhaka Division	158,640
Chittagong Division	28,007
Khulna Division	3,348
Rajshahi Division	3,562
Barisal Division	564
Sylhet Division	2,265
Rangpur Division	805
Mymensingh Division	314
d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	197,358
Agriculture	4,075
Food Manufacturing	10,907
Beverage industry	747
Tobacco industry	312
RMG industry	22,666
Textile industry	20,275
Wood cork and allied products	42
Furniture and Fixture	156
Paper and paper products	8,648
Leather and leather products	2,073
Rubber products	2,355
Chemical and chemical products	1,633
Basic metal products	6,225
Electrical machinery and apparatus	3,795
Other manufacturing industries	13,468
Ship building	2,080
Ship breaking	760

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Particular	Outstanding
Pharmaceutical	467
Constructions	5,280
Power, Gas, Water and Sanitary Services	2,023
Transport, Storage and Communication	2,823
Trade Services	34,740
Housing Services	13,882
Banking and Insurance	7,178
Professional and Misc. services	30,748
e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	197,504
Repayable on demand	28,256
Not more than 3 months	34,402
More than 3 months but not more than 1 year	48,521
More than 1 year but not more than 5 years	57,693
More than 5 years	28,630
f) By major industry or counterparty type	
Sector wise past due loan classification categories:	
Sub- Standard	486
Doubtful	705
Bad and Loss	7,451
Total	8,642
Specific and general provisions	7,841
Total General Provision:	4,090
Total Specific Provision:	3,751
g) Gross Non Performing Assets (NPAs)	8,642
Non Performing Assets (NPAs) to Outstanding Loans Advances	4.38%
Movement of Non Performing Assets (NPAs)	
Opening balance	8,847
Additions	8,534
Reductions	(8,739)
Closing balance	8,642
Movement of specific provisions for NPAs	
Opening balance	4,494
Less: Transferred to General Provision	-
Less: Write-off	(2,023)
Add: Recovery from previously written off	34
Transfer from General Provision	-
Add: Provisions made during the period	1,234
Closing balance	3,739

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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	119
d.2	General Market Risk	119
d3.	**Total (d1+d2)**	238

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	278,900		
2	Market Value of Liabilities	251,600		
3	Weighted Average of Duration of Liabili-ties (DL) in years	1.13		
4	Weighted Average of Duration of Assets (DA) in years	1.27		
5	Duration GAP (DA-DL) in years	0.25		
6	Yield to Maturity (YTM -Assets)	11.38%		
	Yield to Maturity (YTM -Liability)	4.37%		
	Magnitude of Interest Rate Change	1%	2%	3%

Quantitative Disclosures				
Sl.	**Particular**			
7	Fall in Market Value of Equity	(630)	(1,260)	(1,900)
Stress Testing		*Minor*	*Moderate*	*Major*
8	Regulatory capital (after shock)	32,260	31,630	31,000
9	RWA (after shock)	220,551	219,930	219,290
10	CRAR (after shock)	14.63%	14.38%	14.14%

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	-
Equity Position Risk	238
Foreign exchange	114
Commodity Risk	-
Total capital requirement against Market Risk	352

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	1,682	1,730

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)	109.32%
Net Stable Funding Ratio (NSFR)	105.92%
Stock of High quality liquid assets	41,568
Total net cash outflows over the next 30 calendar days	38,024
Available amount of stable funding	220,486
Required amount of stable funding	208,155

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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. $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$ 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)	18,853	18,730
Exposure measure :		
On balance sheet exposure	285,257	287,206
Off balance sheet exposure	65,019	65,019
Less: Regulatory adjustment made to Tier I capital	47	47
Total exposure (B)	350,229	352,178
Leverage Ratio (A/B)	5.38%	5.32%

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	03
Senior Executive Vice President	07
Executive Vice President	11
Senior Vice President	08

	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.

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	Qualitative Disclosures
a. 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.
b. 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.
c. 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
d. 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*
a. 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.	
b. 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	
c. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil	
Total amount of deferred remuneration paid out in the financial year.	Nil	
d. 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	931
	Allowances	960
	Festival bonus	150
	Gratuity	152
	Provident fund contribution	87
	Performance bonus	240
	Total :	2,520
- 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	
e. 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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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 Operation
July 10, 2010	Started CTSU to facilitate Non-AD branches foreign trade operations
Apr.17,2011	Bank Asia Securities Ltd. (BASL) started capital market operation
May16, 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
October 7, 2013	Awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting
Feb19,2015	Successfully issued of Tk. 3,000 million 7 year Non-convertible Subordinated Bond
Dec.4, 2013	Agent banking started its operation for strengthening the ongoing financial inclusion program
June 1, 2014	Started operation of the 2nd overseas company in USA, BA Express USA Inc. at NY, USA
Feb 2, 2014	Obtained registration of Bank Asia Foundation
June 27,2015	Country's first School Banking service started through Agent Banking outlet
Aug 5, 2016	Unveiled the plaque of construction work of Bank Asia's own Building
Aug 14, 2016	Introduced TAB based digital SME & Agri proposal processing service named DIGANTA OCAS (online credit approval system) for the first time in the banking industry
Aug 17,2016	Introduced A-Card (Agricultural Card) for first time in Bangladesh to facilitate marginal farmers to get agri-loan in card
Dec 20, 2016	Inaugurates Bank Asia's own 6 storied Training Institute
Apr 23, 2017	Issuance of Tk. 5,000 million 7 year Non-convertible Subordinated Bond-3
Dec 27, 2017	Launching Bank Asia 1st Mutual Fund of Tk. 1,000 million



Summary Sustainability Report

E-Wastage is inviting grave danger to our environment

The content below gives an overview of the locations of Summary Sustainability Report

Achievement for Sustainability Report	**148**
Sustainable Banking Operations Key Highlights 2017	**149**
Message from President and Managing Director	**151**
Report Parameter	**152**
Triple Bottom Line	**152**
Strategic Focus for Sustainability	**153**
Corporate Profile	**154**
Primary Brands, Products & Services	**156**
Advertisements Regarding integrity	**161**
Stakeholders' Engagement	**162**
Material Aspects and Boundaries	**165**
Environmental Performance	**166**
Economic Performance	**170**
Our Business Model	**175**
Social Safety Net Programs	**176**
Sustainable HR Development	**178**
Bank Asia Foundation	**184**
Corporate Social Responsibility	**185**
Customer Satisfaction Survey	**188**
Stakeholders Relationship/Grievance Redressal	**192**

Sustainable Banking Operations

Key Highlights 2017



In today's complex business world, the financial sector is expected to play a progressive role in supporting different national and international goals to facilitate the transition to a green and low carbon economy. In line with this thought, Bank Asia highlights the performance in areas that have been able to create major economic, environmental and social impact in Annual Integrated Report 2017. Additionally, the bank is on the move to publish its 6th Sustainability Report 2017 based on upgraded G4 guidelines.

By forming a unique and flexible agent banking module patronized by advanced technologies, Bank Asia reached to remote areas with 1,497 agent outlets covering 62 districts and 298 upazillas across Bangladesh. Ektee Bari Ektee Khamar (EBEK) is a government poverty eradication project for the ultra-poor people of our country where Bank Asia has been supporting through its EBEK Windows in 35 districts and 252 upazilas for 16,29,286 beneficiaries. Bank Asia also gave special attention in school banking so that school going children can build strong savings habit, through this initiative the bank collected BDT 16.89 million from 7,354 accounts.

Bank Asia in 2017 extended agri-credit facility to total 92,139 famers that helped create enormous employment opportunities, thereby emit carbon. We are the first in Bangladesh to introduce smart agriculture card (A-card) to serve marginal farmers in getting agri-loan and making payments for agri-related equipment. Total BDT 22 million was disbursed among 1,367 farmers through A-card in 2017. Moreover, Bank Asia has a scheme to finance the ten taka account holders (2,140 nos.) and a total of BDT 48.29 million was disbursed by the bank which was appreciated by Bangladesh Bank.

Through our CSR initiatives, we have reached out and impacted many lives. In 2017, Bank Asia spent an amount of Tk. 183.83 million for several CSR activities. A significant amount was given to poor meritorious students under Higher Study Scholarship Program to build up skilled future humans, infrastructural development of different institutes including BSMMU and support to disaster management.

Bank Asia always believes that a skilled workforce is the prerequisite to operate an efficient banking operation which is also vital to boost up profitability along with sustainable finance. In this connection, a robust emphasis has been placed in personnel development as well as creation of future leaders under Future Leadership Development Program (FLDP) through advanced and latest training. In 2017 we have provided 61,095 man hours training to 2,611 participants on different aspects including sustainable financing.

Bank Asia regularly focuses on green financing like renewal energy generation, carbon emission project, solar home system, CNG conversion project, bio-gas, treatment of liquid waste, urban building safety project, effluent treatment plant (ETP) in brick fields etc. No tobacco related project is financed by the bank. With regard to green banking our bank saved roughly 150,000 page papers through rapid use of automated reporting systems, e-mail, e-statements, SMS Banking, e-fund transfer, online account opening which saved Tk. 5.99 million in 2017. Bank Asia has also adopted measures to reduce energy usage in its daily operational activities such as installed solar panel in its 11 branches, utilization of maximum natural day light, energy savings bulbs, green computing based data center etc.

The transparency and fairness in dissemination of information to the stakeholders has always been a major character for Bank Asia. Here we are glad to share with utmost pleasure that Bank Asia achieved award for Best Sustainability Report in Overseas catagory in the 13th Sustainability Reporting Awards (SRA) 2017 by NCSR, Jakarta, Indonesia for our Sustainability Report 2016. This is noteworthy that we are achieving sustainability award every year under different category by NCSR.

Together with our concerted effort, dedication of our employees and the continuous support of our stakeholders we look forward to pay back more for our sustainable commitment with a sense of optimism and firm belief. At last, I express my sincere thanks and gratitude to all stakeholders and honestly acknowledge their active engagement towards Bank Asia's vision to contribute to a poverty free Bangladesh.



Md. Arfan Ali
President and Managing Director

Report Parameter

REPORT PARAMETER

Bank Asia is the pioneer in the banking industry to publish Sustainability Report and awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting. Our prior two reports were based on GRI reporting framework G3/ G3.1 guidelines. But from the year 2014, we have prepared our sustainability report based on GRI reporting framework G4 guidelines and it is the fourth 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 2017. 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 2017 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, Mr. Md. Shamim Hasnat, First Assistant Vice President, Group Finance and Ms. Nahid Tania Khan, Executive Officer, Group Finance. They may be reached through

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

Triple Bottom Line

PEOPLE

Bank Asia always plays a very dynamic role in contributing to the society through its CSR program, which are thoroughly illustrated in CSR section. In the context of value creation model for its employees, the bank has made footprints by achieving: Operating profit and Net profit per employee was Tk.3.2 million and Tk. 0.98 million respectively during 2017. 61,095 man-hours training have been provided to 2,611 employees in the year 2017 both in home and abroad.
Bank Asia works with a wide range of suppliers, vendors, agents and others. To create value the Bank works with them through collaboration by applying its own policy and practice for selecting these suppliers and others.

PLANET

As one of the strategic focuses of Bank Asia, 'going green' movement includes efficient energy consumption, paperless office, financing renewable energy etc. Bank Asia's achievements in green initiatives are detailed out in other parts of the report. As greening of mind, 33,832 manhours of training provided to 181 staffs regarding green banking under foundation trainings course in 2017.

PROFIT

During 2017 Bank Asia generated Operating Profit of Tk. 6,688 million.

FINANCE STOCK

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.

AMARSTOCK

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 started 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 120 branches and SME service centers across the country spread over different zones that includes 116 branches, 4 SME agricultural branch and 4 SME service centers. Geographically 63 are placed in capital Dhaka, 37 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, 2 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 2017, our Bank's operating profit is Tk. 6,688 million and total assets are Tk. 288,996 million. The Bank's Capital to Risk Weighted Assets Ratio (CRAR) is 14.89 %.

Number of employees	2,121 (2,087 of Bank and 34 of Subsidiaries)
Number of branches	120 (112 branches, 4 SME/Agri branches and 4 SME service centers)
Total operating income	Tk.11,967 million
Total debt & equity	Tk. 267,942 million & Tk. 21,054 million
Number of ATMs	132 own ATMs and more than 7,500+ shared
Number of credit cards	39,084
Number of VISA debit cards	More than 3, 36,061

MEMBERSHIP WITH ASSOCIATIONS

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

AMAL STOCK

Primary Brands Products & Services

Brand has become an indispensable part of marketing efforts in current world. The most successful product in the world has some special kind of brand identity. In line with this, Bank Asia has a number of communication projects such as Corporate Communications, Product Communications, Event Management, Production, OOH Branding, etc. under its Corporate Affairs and Branding Department (CAB).

Branding of Airport, Rebranding of Islamic Banking Services, Retail Deposit and Cards products, Launching of ID products and Agent Banking, etc. are some of the significant activities. CAB has done an excellent job to establish consistent and uniform communication of the Bank. On top of that, cost perception has been redefined. Principle of budget optimization has been implemented in every single activity starting from production, event management, item purchase, etc. CAB under the Public Relations Department contributed to media innovations. It produced and distributed branded gift items for clients on the occasion of 'Bangla Nabobarsha' and 'Mahe-Ramadan' that created an impulse in brightening image. Ramadan Schedule, Engraved wooden box, Branded wooden pen, pocket diary etc. created huge appeal among general people.



OCAS-Diganta

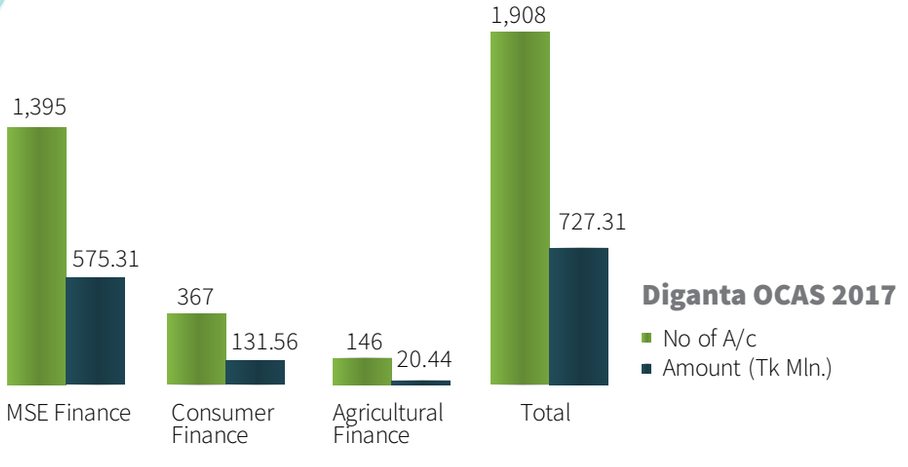
We initiated reaching the rural and semi-urban mass of the population with the objective to do inclusive banking through establishment of Agent Banking all over the country. Though the initial value of the network pinned down to financial inclusion through an account for all, but we strongly realize the gap of required financing of the entrepreneurs of those localities. As we started to process the paper base proposals, we came across the need of digitization to minimize the duration gap of an entrepreneur finance proposal from initiation to reaching the corporate office. This need driven us to prepare a digital platform under the name of "DIGANTA" whereby customers KYC, Assessment, become digital and reaches Corporate office with one click through telecommunication network.

Implementation:
Bank Asia uses its own MSE finance programme to provide Micro & Small loans to optimistic entrepreneurs in the under-developed regions of Bangladesh. Typically, Cottage, Micro & Small Enterprises (CMSEs) in various parts of the country do not have collateral or may not have a credit history to secure a traditional loan. The local Bank Asia Agent points are channeling these loan propositions under the banner of Diganta. By providing greater automation of the loan approval process, the bank is able to drastically reduce the time taken to assess and approve financing proposals. This platform was developed with the help of challange fund from BFP-B under UK Aid.

Benefits:
OCAS-Diganta is a software based financing system to facilitates the CMSEs, Agro Entrepreneurs, Retail financing through TAB & PC based digital platform. It reduces the time, papers and cost of the customers as well as bank and provides the banking service to the customer's access to finance in a better and faster manner.

Impact:
Till December 2017, about 1,900 customers got the benefit of access to finance at an affordable rate, with Tk. 72 crore worth of loans channeled through OCAS-Diganta.





Products & Services

RETAIL BANKING PRODUCTS

Deposits

Low Cost/No Cost Deposit Accounts

- Current Deposit Account
- Savings Bank Account
- Star Savings Account
- Short Notice Deposit Account
- Foreign Currency Account
- Account for Under-privileged Section (10 Taka, Street Urchin, Beneficiaries of National Service program, Cleaners, Garment Workers, Technicians of Small Industries, etc.)

Term Deposit (s)

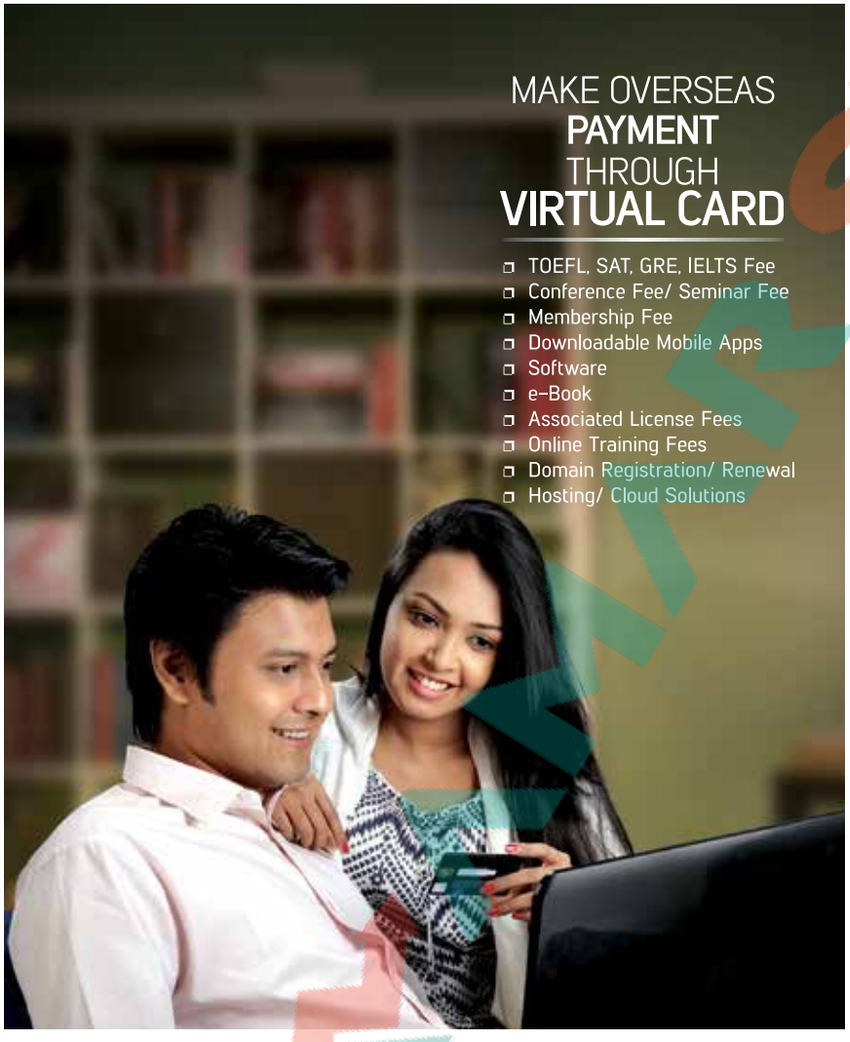
- Fixed Deposit Regular

Scheme Deposit (s)

- Monthly Benefit Plus
- Double Benefit Plus
- Triple Benefit Plus
- Bank Asia Sanchay Plus
- Deposit Pension Scheme Plus
- Shonchoy E KotiPoti

Consumer Finance

- Auto Loan
  - Shapner Bahan
- House Finance
  - Shapner Abash
  - Griha Shaj
  - Shapner Kuthir
  - Shapner Nirman
  - Nijer Bari
- Consumer Durable Loan
- Unsecured Personal Loan
  - Proyojon
  - Chuti
  - Sheba
- Loan for Professionals
  - Shabolombi
- Loan for Senior Citizens
  - Purnata
- Green Energy Loan
- Talent Learning and Earning
- Bicycle loan
- Motorcycle loan



Credit Card

- VISA Platinum Card (with Priority Pass)
- VISA Classic Local Card
- VISA Classic Dual Card
- VISA Ladies Card
- VISA Butterfly Card
- VISA Gold Local Card
- VISA Gold Dual Card
- Hajj Card
- Virtual Card
- Master Silver Card
- Master Gold Card
- SME Credit Card
- LankaBangla Card Cheque
- Gift Card

Islamic Credit Card

- Salamah Platinum Card
- Salamah Gold Card
- Salamah Silver Card

ISLAMIC BANKING PRODUCTS

Deposit Products

- Al Wadiah Current Account (AWCA)
- Mudarba Savings Account (MSA)
- Mudarba Corporate Privilege Savings Account (MCPSA)
- Smart Junior Saver (School Banking) Account
- Mudarba Special Notice Deposit Account (MSNDA)
- Mudarba Term Deposit Account (MTDA) for different tenure
- Corporate Term Deposit Account (CTDA) for different tenure
- Mudarba Monthly Profit Paying Deposit Scheme (MMPPDS)
- Mudarba Deposit Pension Scheme (MDPS)
- Mudarba Hajj Savings Scheme (MHSS)
- Cash Waqf

Investment Products

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

MRSTOCK

MICRO, SMALL, MEDIUM AND AGRICULTURE BANKING PRODUCTS

Deposits

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

Micro & Small Enterprise Finance

Asset Product

- Shomadhan - Over draft for Trading, Manufacturing, Service & Women



Entrepreneurs

- 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
- Bahon-Commercial Vehicle Finance
- Nilima-Collateral free Term Loan for Women Entrepreneur (except Dhaka & Chittagong)

Liability Product

- Astha-SME Current Account

Medium Enterprise Finance

Funded Products

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

‘Non Funded Products

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

Agriculture Finance

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

CORPORATE BANKING

Cash Management Products

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

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

Funded Products

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

FREE STOCK

Non Funded Products

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

Structured Financing

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

OFF-SHORE BANKING UNIT (OBU) PRODUCTS

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

AGENTBANKING

Products

- Current Deposit Account
- 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

Services

- Account Opening
- Deposit & Withdrawl
- 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

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

WWW.PRSTOCK

Stakeholders' Engagement

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

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

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

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



STOCK

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 apps, SMS banking, EGP service, E- commerce, E- payment solution, internet banking ◌ Separate online CBS for Islamic products ◌ Front desks and relationship managers ensure 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 is being observed as 'Customer Service Day
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	◌ Talents and performances development ◌ Regular training ◌ Inflation adjustment in pay package planning ◌ 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 by observing Cleanliness Day ◌ Group Health Insurance ◌ Gymnasium at Corporate office and BAITD ◌ Transport facilities for female employees ◌ Future Leadership Development Program & Sports Tournament	◌ 61,095 man hours training for 2,611 human capital in 2017 ◌ 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 ◌ All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise ◌ 260 Claims of insurance received of Tk. 8.99 million in 2017 ◌ Pick and drop facilities has been provided through 14 vehicles 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 is being observed as 'Cleaning Day' where employees are actively participate to clean the office premises
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

AMAR STOCK

Stakeholders' Engagement

Stakeholders	Ways of inclusion	Their priorities	Our response
Local Communities	Promoting financial inclusion both for banked and unbanked people, CSR contribution- Scholarship to poor meritorious students	◌ Provide banking facility to geographically dispersed poor segment of the society through Agent Banking network ◌ Benefit economy by poverty reduction through banking services to rural poor people by EBEK Project ◌ Support under privileged people through Social Safety Net programs	◌ Strongly consider environmental and social impact and restrain from adverse impact upon society ◌ Target segment is under developed 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 ◌ Fair play & competition to award work order ◌ Timely payment to vendors
Shareholders/ investors	AGM, EGM, annual & semiannual report, publishing quarterly financials, credit rating and 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 payment of debt with stated return ◌ Established risk management culture ◌ Transparency & integrity in financial reporting ◌ Maintained consistent ratings through financial commitments ◌ Each queries of the investors meet up through our share department efficiently and fairly
Board & Management	● Decisions based on financial and business delegation of different levels ● 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. 4,408.07 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.

Paintings by children of the employees of Bank Asia for observing Independence Day 2017









Environmental Performance

ENERGY

Energy Savings

Since the inception of our corporate Office from 2011, Bank Asia ensuring the maximum usage of natural day light to reduce the energy consumption substantially in contrast with other mainstream constructions. Moreover, energy savings bulbs consist of a third of the total lighting system here. As a result, more than 40% electricity i.e. Tk. 6,454,045 is saved using the day light in side corporate office. E-mail has been the focus of both internal and external communications with an aim to reduce the paper consumption since 2005 thereby reduce deforestation.

Energy Consumption

Million Taka

	2017	2016
Energy Type		
Electricity	93.97	88.22
Fuel and CNG	10.40	12.17

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 2017 we have disbursed Tk. 3.594.52 million to 91,139 farmers where through A- card, the Smart form of Agricultural credit was propagate into 1,367 rural farmers of Tk. 22 million which helps sequestration of carbon.

Reducing Energy & Resource Consumption

Instruments of Green Banking offered by Cards Division include E-Statement, SMS Banking, SMS Alert, Net Banking, E Fund Transfer, and Digital Attendance and E Mail corresponding, which help reducing printing paper. In 2017, our Cards Department through its digital filling system have been archived more than 88,932 pages. Moreover New Issuing, Replacement, Activation and PIN request are automated which reduced Debit Card issuance time to 2-3 days from 7-9 days as well as paper saved 1,50,000 pages and 20,000 courier service deliver 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	92,981	0.93	NIL
2	SMS Banking	98,914	0.99	0.025
3	SMS Alert	215,862	2.16	0.054
4	Net Banking	59,826	0.60	NIL
5	E-Fund Transfer	49,918	0.50	NIL
6	Digital Attendance	996	0.000536	NIL
7	E-Mail Corresponding	88,942	0.89	NIL
	Total amount		6.07	0.079
	Net Savings		Taka 5.99 million	

SOLAR HOME SYSTEM

Bank Asia is committed to enlighten every rural home with green electricity. At present, only about 40% of the rural households in Bangladesh have access to grid electricity. For the rest of the areas are not connected to the national grid, life comes to almost a standstill there after sun-set. Giving priority in this sector, Bank Asia has been supporting to import and install solar home systems in the off grid area.
Bank Asia financed of Euro 5.17 million under the Export Credit Agency (ECA) to Engreen Sharishabari Solar Plant Ltd. for establishing a 3-MWp (megawatt-peak) Grid-Tied SPV (solar photovoltaic) independent power plant on 8.23 acres of land at Sharishabari of Jamalpur. This is first of its kind power project ever established in Bangladesh which has already gone to COD in 2017.

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 as minimum as need. Total consumption is controlled by monitoring per employee drinking water cost per month.

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.

Liquid Waste Management

Bank Asia is very concern about the present situation of our environment because of wastes so the future of the people is threatened with boundless destruction. The situation is worst in both cities and villages. Environmental problems like unplanned urbanization, industrialization, disposal of hazardous wastes, rivers, lakes and roads, soil pollution, water shortage, water contamination and water logging are only a few to mention. In this situation, during 2017, Bank Asia disbursed Tk. 37.54 million for the treatment plant of liquid waste to Winter Dress Ltd.

GREENHOUSE GAS EMISSION

Saving CO_2 emission

Since 2014, Bank Asia implemented Video Conferencing System to connect with remote branches for strengthening relationship

FAIRSTOCK

Environmental Performance

between Head Office and branches. By using the system, Management can save time and money as well as CO2e by avoiding long distance travel in order to attend meetings. Currently, the system has been implemented in few branches.

REDUCING CARBON FOOTPRINT

Since inception Bank Asia has turned to eco-friendly banking as a way to lower carbon footprint in its' normal banking activities. Bangladesh Bank introduced a refinance scheme (Revolving Fund) of Tk. 200 crore to offer refinance facility against the Bank/ Financial Institution's finance to promote smooth financing in Green products/ initiatives in Bangladesh. As part of our commitment for our green economy we have signed a participation agreement with Bangladesh Bank under refinance scheme in 2011 for lending in solar energy, bio- gas, and effluent treatment plant(ETP) & hybrid Hoffman kiln (HHK). In 2017, the Bank entered into arrangement with Bangladesh Bank for two step loan for Urban Building Safety Project under JICA/Bangladesh Bank Refinancing Scheme.

In 2017, Bank Asia approved the funded limit Tk. 1,090 million and non funded limit of Tk. 588 million to Triple Apparels Limited, having USGBC Certified LEED Certificate (energy and water efficient, healthy, comfortable and environmentally friendly construction). Moreover, the Bank also financed Tk. 26.80 million in 14 projects to set up Zigzag chimney for better energy efficiency and lower emissions.

Besides this, we facilitated 2,140 no. of borrowers by disbursing TK. 48.39 million for 10 Tk. Account holders and received refinance of Tk. 45.50 million from Bangladesh Bank in 2017.

BANK ASIA AND GREEN BANKING

Bank Asia always believes in growing in a responsible manner maintaining eco-friendly environment by playing a major role to mitigate Environmental risks which is essential for our survival. Since its inception, Bank Asia has been committed towards Sustainable Development that makes environmentally, economically and socially responsible. 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 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. Besides this, Bank Asia has also introduced a new department in early 2017 named Sustainable Finance Department the same in alignment with Bangladesh Bank with its proficient Sustainable Finance Committee to monitor Sustainable Banking and Sustainable Finance.

For a sustainable economy Bank Asia plays a crucial role for financing the project that enhances the positive impact over the society. In 2017, Bank Asia further financed to Valmont Fashion Ltd. of Tk. 0.73 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 sustainable finance initiative, Bank Asia ICT Division has introduced new green data center operated on green computing principles having same features and capabilities of a typical data center but uses less energy and space, and its design and operation are environmentally friendly. The Bank's ICT Division has already deployed Blade servers to reduce space occupancy as well as power consumption. To enhance cooling efficiency we have installed cold aisle containment system which has reduced significant power consumption in 2017.Moreover Bank Asia ICT Division has been providing automation system in different department for practicing paperless reporting and other documentations. We also deployed Smart Clients instead of conventional PCs which were highly secured and easy to deploy but low maintenance cost and low power consumption.

As greening of mind, several trainings were organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, Financial inclusion, CSR and Green Banking this year. In 2017, BAITD has provided 5 trainings on Green Banking under Foundation training course to 181 employees. Moreover, our bank also organized a seminar in collaboration with IFC on 'Seminar on Sustainable Energy Financing'. Besides this, 3 of our officials participating in the workshop on 'Sustainability Reporting Practices in Banks of Bangladesh' organized by BIBM.





Bank Asia financed Triple Apparels Limited, having USGBC Certified LEED Certificate

Environmental Performance

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.

Like previous years, the Bank has published Sustainability Report and achieved 'Best Sustainability Report Category Overseas' for Sustainability Report 2016 in Sustainability Reporting Award 2017 (SRA 17) by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia.



Mr. Ashfaqul Hoque, Group Finance, Bank Asia received SRA award from Professor Mohammad Nasir, the Minister of Research, Technology and Higher Education in the Republic of Indonesia

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.
In this regard, Bank Asia signed an agreement with Bangladesh Bank to finance export oriented Textiles & Textiles Products and Leather Manufacturing Industries under Green Transformation Fund (GTF) of Bangladesh Bank.

Online Banking

Technology continues to be a strong pillar in the Bank's idea to attract the banking experience of its customers. Bank Asia has been one of the pioneers in introducing Online Banking and in 2017, it covers 112 branches, 4 Agri/SME branches, 4 SME centers, 132 own ATMs, more than 7,500 shared ATMs and others. Clients can also have access to their accounts through Internet & Mobile Banking via Smartphone's which can be used for internet based applications for transactions. Total Mobile App user of the Bank is 17,799 and more than 1,13,257 number of transaction of tk. 425 million (approx) have done through this Mobile App. Online banking system is a great way to reduce wastage of paper.

Bank Asia has implemented most advanced solution in receiving utility bill payment and e-Government Procurement (e-GP) , Passport fee collection systems through a full real time online web based which has enables for payment in a smooth and hassle free manner. Currently 56 branches have been registered in e-GP system where customers have received around 31,229 services from our bank with their utmost satisfaction through e-Government Procurement (e-GP) system. We received more than 3,65,087 number of passport payments of Tk. 144 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. Now the customers can transfer fund from their Account to Inter-Bank Accounts and Debit & Credit Cards real time by integrated Internet banking system where the Bank recently integrated Internet banking system to NPBS on first phase with other 5 NPSB Banks. Now the total Internet Banking user of Bank Asia is 65,000.

In our banking system recently 'e-Commerce' has incorporated for its valued customer where Bank plays as payment partner & account holders can shop online through internet banking, Debit Card or Credit Card with less expense & in faster time from any time anywhere. Through SSL, Bank Asia's accountholder can purchase products & services from different Merchant websites.

Others

Bank Asia spent Tk. 183.83 million to Prime Minister Relief and Welfare Fund, Higher Studies Scholarship, construction of BSMMU & proposed 'Ma Amiran hospital' in Sirajdikhan, Malkhanagar, National Heart Foundation, different socio cultural and religious program in 2017.

COMPLIANCE

During 2017, Bank Asia has not faced any penalties for non-compliance with applicable laws and regulations concerning the impacts of its operations on communities.



Bank Asia organized a seminar on sustainable energy financing in collaboration with IFC

Kunderpara Gono Unnayan Academy
Sponsored by Bank Asia Family

Bank Asia employees mobilized a fund to support reconstruction of a high school named “Kundarpara Gana Unnayan Academy” at a char in Gaibandha district torched by some miscreants in the last week of January, 2017 that touched every heart. Seeing tears of innocent students, the honorable Chairman and management of Bank Asia decided to rebuild the school so that academic activities of the poor pupils go on uninterrupted. In this backdrop, all the employees of Bank Asia donated TK 1.5 million for this noble initiative.







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 2017, bank's net value addition was Tk. 7,051 million; 36% distributed to employees as salaries, 29% to shareholders as dividend & reserve, 28% to government as income tax and rest of the amount used for business expansion and growth.

VALUE ADDED STATEMENTS

Million Taka

Items	2017	2016
Income from banking services	22,809	21,241
Less: Cost of services & supplies	(13,128)	(12,499)
Value added by banking service	9,681	8,742
Non-banking income		
Provision for loans & Off-balance sheet exposure & others	(2,630)	(2,634)
Total	7,051	6,108

Distribution of value addition	Year			
	2017		2016	
	Amount	%	Amount	%
To employees as salaries	2,534	36%	2,352	39%
To providers of capital as dividend & reserve	2,045	29%	1,715	28%
To Government as income tax	1,969	28%	1,678	27%
To expansion & growth				
Retained profit	2	.03%	(169)	-3%
Depreciation	460	7%	469	8%
Deferred Taxation	42	1%	63	1%
	504		363	
Total	7,051	100%	6,108	100%



Value Added Statement 2017

36% To employees as salaries
29% To providers of capital as dividend and reserve
28% To Government as income tax
0.03% Retained profit
7% Depreciation
1% Deferred Taxation



Value Added Statement 2016

39% To employees as salaries
28% To providers of capital as dividend & reserve
27% To Government as income tax
-3% Retained profit
8% Depreciation
1% Deferred Taxation

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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		
	2017	2016	2015
Invested fund by shareholders			
Shareholders equity	21,054.49	19,389.81	18,979.33
Add: Cumulative Provision for loans/ investment/ off-balance sheet items, offshore banking units & others	9,589.05	8,586.44	7,264.26
Total invested fund by shareholders	30,643.54	27,976.25	26,243.59
Average invested fund by the shareholders [A]	29,310.23	27,109.92	24,710.08
Earnings for the year			
Profit after taxation	2,047.53	1,897.24	2,573.92
Add: Provision for loans/ investment, off-balance sheet items and Offshore banking units	2,630.03	2,281.73	1,881.74
Less: written off during the year	2,138.55	920.45	1,075.79
Earnings for the year [B]	2,539.01	3,258.52	3,379.87
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]	3,810.33	3,524.29	3,212.31
Economic Value Added [B-D]	(1,271.32)	(265.77)	167.56

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 2017, total market value of the bank was Tk. 22,799.96 million and total book value of equity is Tk. 19,387.72 million i.e. addition of market value was Tk. 3,412.24 million.

Million Taka

Particulars	No. of shares (in Million)	Share price (in Taka)	Taka
Market value	987.01	23.10	22,799.96
Book value	881.26	22.00	19,387.72
Market Value Added			3,412.24

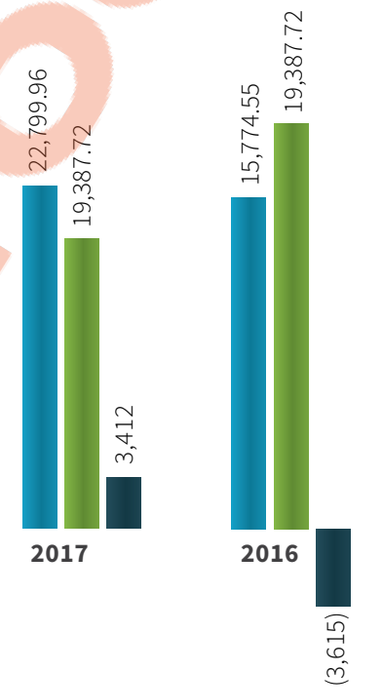
CONTRIBUTION TO NATIONAL EXCHEQUER

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 2017, the Bank contributed Tk. 4,408.07 million to national exchequer.

Market Value Added

Million Taka

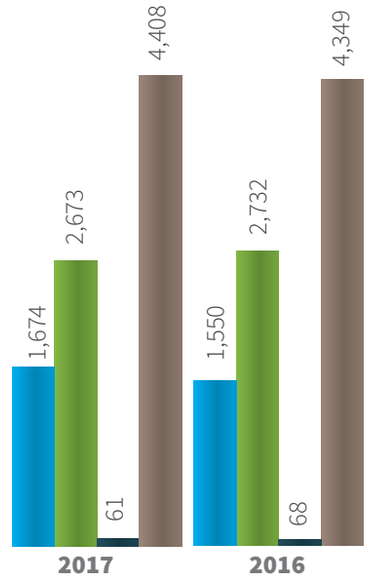
Total market value of the equity
Total book value of the equity
Market Value Added



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



ARMARSTOCK

Economic Performance

CONTRIBUTION TO NATIONAL EXCHEQUER

Million Taka

Particulars	2017	2016
Income tax payment on bank's earnings	1,674.00	1,550.00
Income tax, VAT, and Excise duty deducted at source from various payment and services by the bank	2,673.21	2,731.65
Income tax payment by the employees	60.86	67.69
Total Payment	4,408.07	4,349.34

SUPPORTING THE ENTREPRENEURS THROUGH CMSE

Cottage, Micro and Small businesses are catalyst in the socio economic development of many countries of the world. They are viewed as vehicles for the achievement of national macroeconomic objective in terms of employment generation at low investment cost and enhancement of apprenticeship training. Keeping this in mind, Bank Asia SME has stepped into the territories where no Bank or FIs have reached so far. With 4 SME Service Centers & 116 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 1,497 Agent Banking outlet throughout the year 2017. 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 (CMSEs) as a full-fledged commercial bank. Throughout the year, we financed 330 entrepreneurs in different CMSME clusters with the disbursement amount of Tk. 175 million.

The department participated in "Banker-SME Women Entrepreneur Gathering & Product Fair-2017" organized by Bangladesh Bank and also in the "Entrepreneur-Banker Match Making & Loan Disbursement program with Central Bank" held at Tarail Kishorgonj, Maijdee Noakhali, Comilla and Jessore.

In 2017, CMSE strongly focused on cottage & micro enterprise financing, cluster financing, new entrepreneurship development financing, promoting rural people as well as rural women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to the unbanked new entrepreneurs.

The SE & SPL Department of the Bank has arranged launching of 3 new products titled "Nilima"-for Women Entrepreneur, "Bahon"-for Commercial Vehicle Finance and "Astha"- Special Current Deposit account for SME Entrepreneur.

Apart from the above, the Bank arranged different business meeting with the existing and potential clients throughout the year.

EMPOWERING COMMUNITIES THROUGH AGRI/RURAL CREDIT

During 2017, Bank Asia has disbursed Tk. 3,594.52 million (Tk. 873.49 through own network and Tk. 2,721.03 million through our NGO Network) as short and long-term credit in agricultural/rural sectors. This financing helped to create enormous employment opportunities in farms, especially in the fields of crops & fisheries. Total number of beneficiaries was 92,139.

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



Banker-SME Women Entrepreneur Gathering & Product Fair-2017



Vegetable field financed by Bank Asia

MARY.STORY

Economic Performance

appreciate security with real time banking for customers. The Bank has implemented 1,497 Agent outlets in 62 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 2017 Agent Banking deposit was Tk. 2,654.06 million through 311,947 accounts. We are determined to support Government's commitment in building 'Digital Bangladesh' as charted out in the vision 2021 by bringing rural people under Agent Banking platform across the country through our local and international partners for developing their lives and livelihood. We remain committed, and see it as its duty to the nation to facilitate and 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.

EBEK (Ektee Bari Ektee Khamar)

Bank Asia 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 up to 10% within 2021. Government wants to help the poor people by encouraging savings, providing grants, engaging & monitoring their economic activities as a group (Samitee) in each village of Bangladesh. Bank Asia is now operating EBEK Banking services for Phase I, II & III to 35 districts having 252 Upazillas and 1,629,286 beneficiaries. 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 capable enough to provide services to all government projects like Social Safety net Programs. We will start full district coverage of Kishoregonj for Safety net payment where more than 133,500 beneficiaries will get banking services from their own union. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and 76 unions for disbursing the daily woman worker wages payment from their union. Cash for work is another prestigious program for Bank Asia which is runned by Ministry of Disaster.
Moreover, we have started another World's largest Non- Government funded mega project named SHOUHARDO III with CARE Bangladesh where's 168,000 beneficiaries will getting banking service from 8 districts. Already 32,748 beneficiaries are getting banking service in different remote areas.

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 33.22 billion at the end of December 2017. However, country remittance inflows reached at USD 13.53 billion in 2017, lower by 0.59% from 2016 whereas FRD remittance inflow increased by 23% (2017: USD 654 million and 2016:USD 532 million).

Bank Asia's position was 8th in 2017 for remittance collection among all Bank's in Bangladesh where the Bank's total wage remittance inflow was USD 465 million in 2017 with 11.24% growth from 2016. Bank's total remittance collection agent network was 45 and 5 collection agent network are under our correspondence in 2017. Mentionable that, this year Bank Asia awarded "Bangladesh Bank Remittance Award-2016" for sending highest volume of Foreign Remittance through Bank Asia in 2016 by two remitters.

ONLINE PAYMENT GATEWAY SERVICES (OPGS)

Bank Asia is the first Bank to set-up arrangement with OPGSPs in Bangladesh



Account opening for SHOUHARDO III project beneficiaries at Sreepur Union, Sundarganj Upazilla & Gaibandha District



Bank Asia & IFC signed agreement for providing Working Capital Solutions (WCS) Facility by IFC under Global Trade Finance Program (GTFP)

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Economic Performance

like 'Payza' and 'Payoneer' to bring hard earned money which is earned by exporting services in nonphysical form e.g. data processing, off-shore IT service, software development, business process outsourcing (BPO) etc. It is giving a strong competitive edge to Bank Asia over the other players in the market by catering the banking need of an emerging sector. In 2017, we have done 1,626 transactions and paid an amount Tk. 38.24 million equivalent to USD 0.48 million through 'Payza' and 155,063 transactions amounting Tk. 2,521.04 million equivalent to USD 31.31 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 ecological condition. In the year 2017, Bank Asia spent an amount of Tk. 183.83 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 Tk. 45.70 million, health support Tk. 13.18 million, disaster management Tk. 82.60 million, environment Tk. 0.33 million, sports Tk. 0.20 million, art & culture Tk. 0.50 million and others Tk. 41.32 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 are less fortunate, to create brighter economic futures for them. In 2017, total volume of disbursed MSME loan is Tk. 42,720.72 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 2017, the bank has not faced any significant penalties for non-compliance with applicable laws and regulations for running its economic activities in Bangladesh.

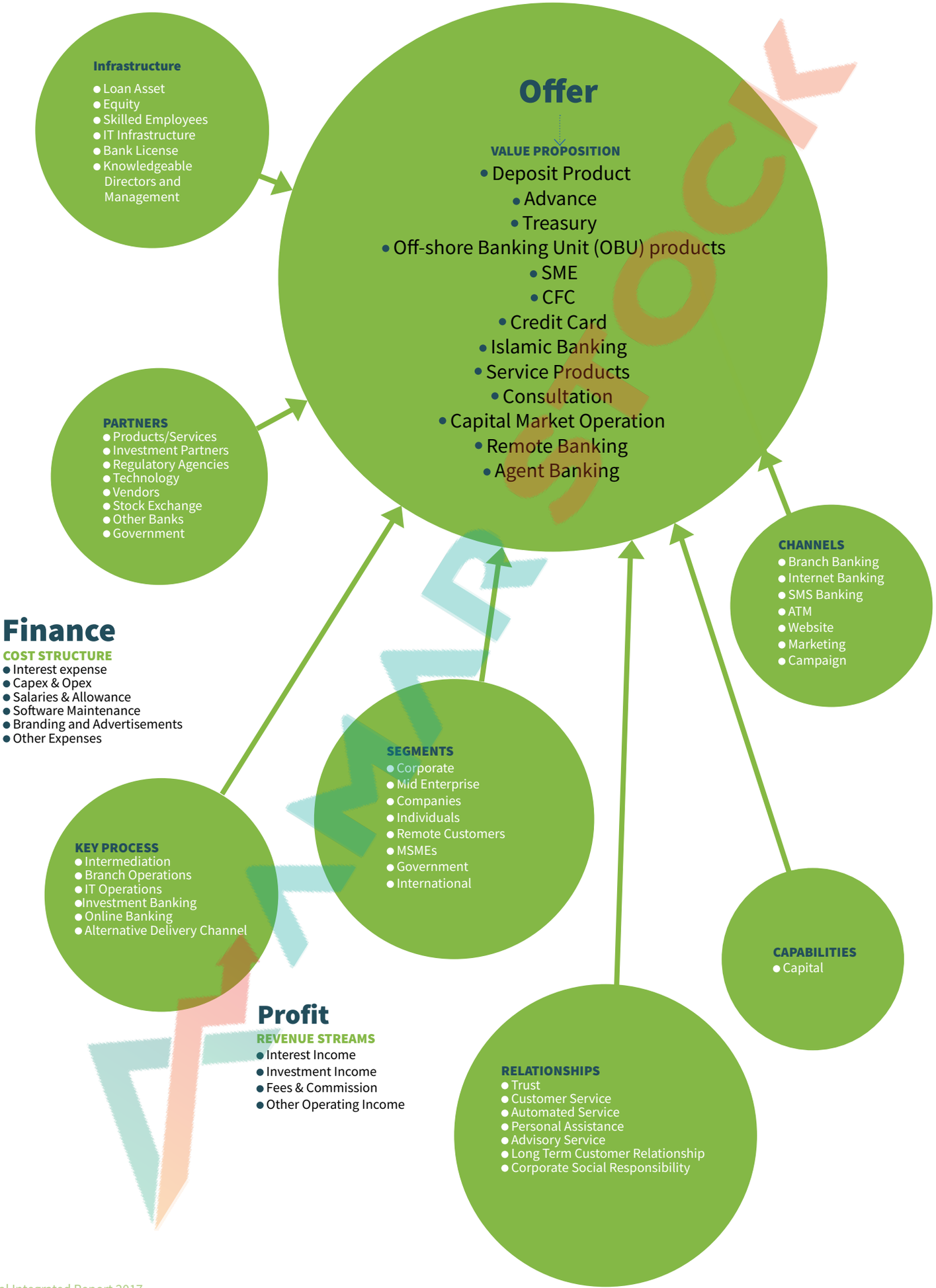


Community Investment 2017
Million Taka

Education 45.7|**25%**
Health 13.18|**7.17%**
Disaster Management 82.6|**44.93%**
Environment 0.33|**0.18%**
Sports 0.2|**0.11%**
Art & Culture 0.5|**0.27%**
Others 41.32|**22.48%**

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Our Business Model



Social Safety Net Program

With experience of implementing 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.

Services covered 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	SHOUHARDO	Local Govt. Salary/ Allowance Disburse	Total
Districts	31	35	05	02	08	01	39
Upazillas	220	252	05	14	23	01	295
Union	2,200	2,424	12	76	115	10	2,637
Village	21,000	21,816	520	160	479	89	22,835
Beneficiaries	458,599	1,170,687	12,599	2,989	32,748	271	3,173,607



Account opening is going on for SHOUHARDO III project beneficiaries at Sreepur union, Sundarganj Upazilla & Gaibandha District



Social Safety Net (Allowance for Disabled) beneficiary getting banking seavice by putting his leg thumb at Zawar UDC , Tarail Upazilla, Kishoreganj

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Bank Asia officials providing old age allowance through biometric authentication at Khshabari, Shoguna Union, Tarash, Sirajganj



Providing Social Safety Net beneficiary allowance (Widow Allowance) at Isswaripur Union Digital, Shyamnagar, Satkhira



LGD wages & honorium payment (Chairman, Member, Gram Police) in presence of UNO of Netrokona Sadar at Kailati Union, Sadar Upazilla, Netrokona



Cash disbursement (UNDP Project) among the land slide affected people at Rangamati with the help of UNDP officials & local Government

Over the time we have made partnership with Social Welfare Department under Ministry of Social Welfare and providing services to Senior Citizen, Widow and Disable beneficiaries. We will start full coverage of Kishoreganj district for Safety net payment where 133,500+ beneficiaries will get banking service from their own union. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and 76 unions for disbursing the daily woman worker wages payment from their union. Cash for work is another prestigious program for Bank Asia which is run by Ministry of Disaster.

Moreover, we have started another World's largest Non- Government funded mega project named SHOUHARDO III with CARE Bangladesh where 168,000 beneficiaries will be getting banking service from 8 districts. Already 32,748 beneficiaries are getting banking service in different remote areas.

Sustainable HR Development

EMPLOYEE PROFILE

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

SALARY POLICY

We target a fair human resources management by using a performance based system. Our salary policy is same in all branches and service points for the beginner level. In addition, to drive further development of individual skill, increment is given based on performance yardstick. There is no incident of discrimination in terms of remuneration provided to male and female employees.

BENEFITS TO EMPLOYEES

Every employee is paid salary on monthly basis, which is a combination of basic salary, fringe benefits and other benefits disbursed on 25 th of each month or previous working day if 25 th is holiday. Bank Asia's benefit schemes are as follows:

Fringe Benefit Schemes

- House rent allowance
- Conveyance allowance
- Medical allowance
- Entertainment allowance
- House maintenance allowance
- Utilities allowance
- Car maintenance allowance

Other Benefit Schemes

- Group health insurance
- Benevolent
- Leave fare assistance
- Furniture allowance
- House building loan (HBL)
- Car loan
- Provident fund loan
- Mobile phone allowance (talk time)
- Mobile handset allowance
- Ex-gratia payment

END SERVICE BENEFIT PLANS

Bank Asia provides the following benefit plans to its employees on severance or retirement according to individuals' entitlement

- Provident fund
- Gratuity
- Superannuation
- Leave encashment

MINIMUM NOTICE PERIOD REGARDING OPERATIONAL CHANGES

Minimum notice period before switching job is 3 months for regular employees and 1 month for contractual employees. Minimum notice period before changing department is 1-30 days as per situation or demand of concerned branch/department.

TOTAL EMPLOYEES

Out of total number of 2,087 employees, 496 employees are female and rest 1,591 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 2017 total employees' composition in branch and corporate office was 71% and 29% respectively.

TOTAL EMPLOYEES DISTRIBUTION

Offices	2017		2016	
Corporate office	641	29%	563	29%
Branches	1,480	71%	1,407	71%

NEW EMPLOYEES

239 new employees were recruited during 2017, among which 44% for branches as a part of network expansion of the bank and remaining 56% for corporate office to ensure effective and timely support to branches

Offices	2017		2016	
Corporate office	135	56%	67	32%
Branches	104	44%	145	68%

EMPLOYEES BY DIVERSITY

Bank Asia ensures equal opportunity as an employer irrespective of locality, gender or ethnicity. Local employees (99.7%) dominated in diversity composition.

Employee distribution by diversity

Officials	2017	2016
Local	2,081	1,964
Indigenous	6	6

EMPLOYEES BY REGION

Bank's employees are mainly spread over Dhaka and Chittagong. It retains the highest number of employees in Dhaka, which was 74% in 2017 for corporate office and branches in Dhaka city.

Employee distribution by Region

Region	2017	2016
Dhaka	1,540	1,377
Chittagong	362	412
Sylhet	73	65
Rajshahi	43	45
Barisal	15	10
Khulna	40	46
Rangpur	14	15

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, 28 in mid-level and 467 in low-level management.

Gender Positioning of Directors

Board Level	2017		2016	
	Male	Female	Male	Female
Directors	5	4	9	3

Gender Positioning of Employees

Management Tier	2017		2016	
	Male	Female	Male	Female
Top Level	32	1	39	1
Mid-Level	309	28	752	174
Low Level	1,250	467	702	287

Gender Positioning by Grade

In a total of 2,087 employees, overall male female ratio stands at 76:24 and non-executive segment has the highest concentration of female employees.

Position	2017		2016	
	Male	Female	Male	Female
Executive	341	29	342	24
Non-Executive	1,233	467	1,151	438
Support Staff	17	0	15	0

Gender Positioning by Employment Level

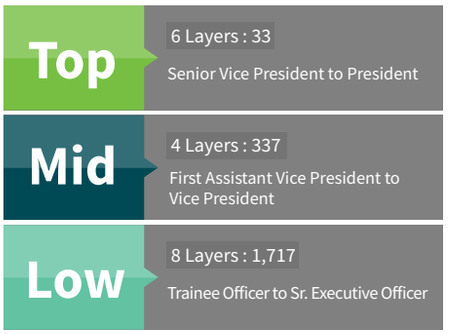
Employment Level	2017		2016	
	Male	Female	Male	Female
Permanent	1,621	497	1,502	462

Age Distribution

Bank Asia has a relatively younger segment in its overall employee pool where 58% of the employees fall in 31-40 years age bracket.

Age Group	Male	Female	Total
30 & Below	388	123	511
31-40	871	330	1,201
41-50	298	40	338
51-60	34	3	37
Total	1,591	496	2,087

Sustainable HR Development



Employees Turnover Rate by Gender

Male and female employees' turnover rate is almost equal in terms of percentage. Overall employee turnover rate is very low in the Bank which is around 8.10% of total employees in 2017.

Gender	2017		2016	
	No.	%	No.	%
Male	144	7.04	66	4.19
Female	20	0.98	13	2.73

Employees Turnover Rate by Region

As per demographic scenario, employees of Dhaka city left the Bank in 2017 which was 82.32% of total employees left.

Region	2017	2016
Dhaka	135	66
Chittagong	22	08
Sylhet	03	02
Rajshahi	01	01
Barisal	01	00
Khulna	01	01
Rangpur	01	01

PERFORMANCE MANAGEMENT SYSTEM

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

Bank Asia is solely depending on the contribution of its existing talents. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors are introduced. The benefits of using KPI are the followings:



- Reduce the number of decisions and make decisions based on objectivity and facts.
- Quantify the achievement of goals.
- Focus on facts and see where individual improvement is needed.
- As individual initiative grows, it becomes more difficult to remain as close to the operational details as it is, in such case, KPI results can bring back to reality.
- Employees are clear about his/her obligations to deliver during the year and accordingly would be able to plan to meet the expectation.
- Last but not the least, unbiased performance evaluation at the end of the year

LEARNING AND DEVELOPMENT

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 puts the highest importance on training of its employees as a continuous process of human resources development. Bank Asia Training Institute for Training & Development (BAITD) is at new venue in it's own 6 storied building at lalmatia from 2016 which is equipped with all modern study aid and course materials.

Training by Gender

Position	2017		2016	
	Persons	Hours	Persons	Hours
Male	1,946	44,946	1,790	38,170
Female	514	11,872	607	8,048

Training by Position

Position	2017		2016	
	Persons	Hours	Persons	Hours
Executive	386	8,915	762	7,838
Non-Executive	2,074	47,903	1,635	38,380

Training by Different Institutes

Particulars	2017		2016	
	Nos.	Hours	Nos.	Hours
In House Training	2,435	56,618	2,267	40,968
Bangladesh Bank	26	376	87	1,868
BIBM	54	1233	110	1,880
Overseas/ Foreign Training	26	1218	33	928
Training by other institutes	70	1650	80	2,034
Total	2,611	61,095	2,577	47,678

Bank has organized 5 (five) foundation training courses each 6 weeks long for entry level employees to improve knowledge base and proficiency in banking.

BANK ASIA AND GREEN BANKING

- As greening of mind, several trainings were organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, Financial inclusion, CSR and Green Banking this year. In 2017, BAITD has provided 5 trainings on Green Banking under Foundation training course where 181 employees attended.
- 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 2016 was 'Plastic Soup'. Moreover the articles on green banking were published in different newspapers reflectsing green initiatives by the Bank to our employees, stakeholders and all subscribers of those newspaper.

WATERSTOCK

Sustainable HR Development

- During 2017, 14,371 proposals dealt 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.

- In 2017, Electronic sanction archive system has been developed for 6 departments; namely: CRM, CMSE, Islamic Window, SAMD, CFC & Agricultural wing. Total number of sanction archived during 2017 is 14,300.

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 on L&D initiatives of an organization to contribute to the value chain of the same. LVC process has the following 6 stages:

- Business Needs Assessment
- Learning Needs Assessment
- Design & Development
- Delivery
- Reinforcement & Transfer of Learning
- Results & Measurement

Bank Asia and BRAC signs MoU on financial literacy to students

Under the agreement, Bank Asia will provide different financial services to students and teachers of schools through BRAC Gonokendro which has been set up inside school compound to facilitate library and ICT support to students. The agreed financial service include opening of individual account, collection of fee for students and management of payroll for teachers.

Bank Asia and The Daily Star signs deal on Knowledge Development

The Daily Star and Bank Asia, exchanged and signed documents of a deal at The Daily Centre in Dhaka. Under the deal titled "Spreading Knowledge", 1,000 copies of the Daily Star will be distributed among the students of Jahanagirnagar University.

Future Leader Development Program

The Future Leaders Development Program (FLDP) is an activity which has been taken with a perspective of focused improvement that gives hands-on involvement to all parts of the banking and escalated learning both at home and abroad. Through this program, a pool of talents is to be made from the officers of Bank Asia who can confront any difficulties those lie ahead. By applying dynamic learning techniques, this program strives to create a pool of skillful managers prepared to effectively and rapidly make a genuine commitment to the association. Each officer of this program gets a chance to be migrated to various capacities occasionally and into some strategic capacities in the Bank to quicken the learning procedure.

A total of 386 employees from the job grades of Executive Officer to Assistant Vice President of Dhaka and Chittagong region took part in the FLDP. Representatives take an interest in the program with eagerness and assurance which is unmistakenly obvious amid different leadership development sessions.

To facilitate FLDP more vividly Bank Asia has developed a software system named Future Leader Application Software which is useful in managing the leaders' databases and developing information that will produce as and when required. Total 208 participants from Executive Officer to Assistant Vice President are provided 1,664 man hour transformational leadership training at five phases during 2017 to boost up their leadership expertise and compatibility and to have a positive productivity impact. Continuous leadership development program rewards opportunities to grow and develop human capitals.

Each of the members began the trip of future pioneer improvement program with a pledge 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



Training program on Transformational Leadership



Bank Asia and BRAC sign MoU for providing financial literacy to students

ARTSTOCK

increment, promotion are not affected for this long term leaves.

Maternity leave availing in 2017

Female employees each entitled to get 6 months as maternity leave. During 2017, 21 female availed total 3,769 days.

No. of female employees	Average leave at a stretch
21	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 2017, 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 named "Pushpita" 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. The baby sitter and teachers are very educated. Children (2-5 years) are getting pre schooling education from the teachers. Parents who will keep their babies in the center will get the opportunity to watch their babies in their device from anywhere, any time through Live CCTV footage. The target number of Children is 60. The age limit of the babies will be 6 month to 6 years. 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.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

Board and management of Bank Asia strongly believe that 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 remain ensured in all outlets. If found any deviation, take prompt steps and thus ensuring modern, healthy and safe workplace for its employees.



Cleaning Day

Bank Asia has developed its status for tidiness and well maintenance of Branch premises and Corporate Office. Tidiness is a basic piece of our way of life. Safeguarding of vouchers, records and other office archives are additionally as essential as tidiness. The costly interior decoration and expensive furnishings end up looking plainly vain unless the premises are kept up all around. The administration, thus, chose to watch 'cleaning day' on the 'first saturday' of each alternative month where all employees of the branch and the Corporate Office work together to clean their respective desk, furniture and fixture.

Customer Service Day

Clients are considered as utmost priority in Bank Asia. Their need fulfillment is the main concern among all exercises. Constant change and dynamic method of giving customer service to satisfy clients' requirement is embraced. Bank Asia is dependably a stage ahead to change over its service into warm hospitality. In accordance with that, first day of every month has been chosen when all individuals from top management take vigorous initiative alongside all branch employees to give service to clients. Such program encourages branch employees to learn more innovative mediums of giving better customer service.

Bank Asia Cricket Festival

Like every year, Bank Asia organized intrabank cricket tournament where Branches and different Divisions and Departments of Corporate office participated in friendly matches. In 2017, 37 teams under 8 Groups participated in this cricket festival.

Bank Asia Cycling Club

With an aim to avoid the traffic situation in Dhaka city, for maintaining physical fitness and ensure greener economy for the future Bank Asia voluntarily formed a 'Cycling Club' in the early 2016 for employee of Bank Asia and city dwellers. In every month a cycling rally has been organized along with different sports program where CEO & Senior Management Team also participates. In future Bank Asia Cycling club will go forward to build a Banker's community where everyone will intend to use cycle for day to day transportation.

Bank Asia Debating Club

Bank Asia Debating Club has started its journey in 2017 in order to create a sociable atmosphere among the members of debating club within Bank Asia. The President of Debating Club is Md. Arfan Ali, President & Managing Director of Bank Asia. Aims and objectives of the club are to provide a forum for debate, to improve presentation skill, public speaking skills, negotiation skills. Also improving mutual understanding, cultural orientation, respecting others opinions, absorbing the negativity, learning from opponents, enriching self confidence, banking knowledge, implication of finance and

Sustainable HR Development



Prize giving ceremony of Bank Asia Debating Club

monetary policy in banking business and community issue .

CULTURAL EVENTS AND AMUSEMENT

Bank Asia Pitha Utshob (Rice Cake Festival)

The season of winter is always considered exceptional in our country and we celebrate it with pitha & date juice that has become our age long tradition. On the eve of New Year, Bank Asia Limited always arranges for Pitha Utshob keeping conformity with our culture and to create a common ground for all employees to come and exchange pleasantries. Bank Asia Pitha utshob is marked for a new beginning of the year with a note of positivity and festivity.

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.

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 2017, no incident of discrimination and violation involving rights of indigenous people and forced and child labor has been recorded.

GRIEVANCE REDRESSAL POLICY

For building awareness regarding human rights among the employees in the bank, Bank Asia formulates

- Female anti-harassment policy
- Grievance handling policy

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 prevent 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



Bank Asia Women's Day Celebration

AMARSTOCK

and conducts AML workshops to train all the employees of our Bank and about 98% of total employees (Branch/Corporate Office) obtained AML & CFT related training.

AML/CFT Training 2017

No. of employees	%
1,906	98

As a result, officials become aware and conscious regarding AML & CFT matters.

POLICY, PRACTICES, AND PROPORTION OF SPENDING ON SUPPLIERS

For running day to day operations Bank Asia works with a wide range of suppliers and maintains good relationship with them. We work to create value through collaboration with them and strive for fairness in all interactions with suppliers. Our chain of suppliers consists of the following parties:

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

Selection of supplier is managed centrally by the corporate office. The bank applies its own policy and practice for selecting these suppliers. It mainly takes into account the following criteria before selection:

- Status of compliance with government rules and regulation by the suppliers.
- Our bank doesn't make any collaboration with suppliers that employs child labor, creates environmental hazards, violates human rights etc.

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

PRACTICES RELATED TO CUSTOMER SATISFACTION

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 all are 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 2017, we conducted surveys on Call Center Performance in August and December respectively. 75 Calls were made and the data were recorded using the MSS method. We intended to find out to the extent we can improve our service quality to retain the customer satisfaction and enhance it further. The Survey ensued in momentous finding that aided Bank Asia in elevating its performance from 77.2 to 80.5 on a scale of 100 leveling the peer bank average and opening up bright scope to improve the customer experience and relationship management.

The Scoring Index was distributed amongst Staff Performance (SP), Communication Channel Status (CCS) and Turn Around Time (TAT) with the weightage of 60, 15 and 25 respectively.
From 48.5, Bank Asia marked an improvement to 50.7 in Staff Performance which contributed to the overall development of Bank Asia's customer oriented Call Center performance. With proper training and attention, Bank Asia marked notable improvement in Professional Conduct, Product Knowledge, and Call Closing Skill in Staff Performance. While significant enhancement was observed in eliminating noise behind the agent in CCS and Attempt to Connect with Queue Waiting Time in TAT.

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 2017 we have arranged 3 trainings of 106 employees on different aspects of customer service consisting of 848 man-hours of training to improve our human capital for serving better customer service.

STATEMENT ON COMPLIANCE

In the year 2017, 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.

Bank Asia Foundation

With a view to implementing the guidelines of Bangladesh Bank for conducting larger Corporate Social (CSR) Activity through Foundation, Bank Asia Foundation has started its journey after its registration with Registrar of Joint Stock Companies & Firms in the year 2014. Initially it took a while for planning for the implementation of the project. The foundation got momentum after appointment of its Executive Director in the year 2017. The Foundation started operations from February 2017 in limited scale. In fact, the Foundation will henceforth carry out activities which the Bank had so long been performing in systematic, structured and sustainable manner.

The Foundation has embarked upon a plan to construct a 250 bed hospital cum medical college at Malkhanagar, Munshigonj. Mr. A Rouf Chowdhury, Chairman of Bank Asia and Bank Asia Foundation and his family members have donated 700 decimal and a 3 storied building for the proposed Hospital. It is intended to extend the building by two more floors and for this, necessary engineering study was carried out and as built architectural and structural design is under process.

The Foundation has completed the detailed exercise and finalized the list of 205 students for Bank Asia Higher Studies Scholarship for the year 2017. The distribution of scholarship money has already started.

The Foundation organized a medical camp at Malkhanagar in April 2017 in collaboration with Ad-din Hospital and provided free consultation, prescription and medicine to 2,154 poor villagers of the locality. The Foundation organized a voluntary Blood Donation program at the roof-top of Bank Asia's Corporate Office in December 01, 2017.

The activities of the Foundation, amongst others, will be the following:

1. Providing treatment facilities through of hospitals, clinics, medical & eye camps;
2. Providing scholarships to poor and meritorious students;
3. Distributions of blankets and winter cloths among the poor & distressed people;
4. Providing/rendering monetary and/or other help/assistance for the relief of people affected by natural and other calamities such as food, fire, famine, cyclone, earth-quack, storm, accident, pestilence, drought, epidemic etc.;
5. Promoting educational, scientific, religious and social activities/organizations and
6. Other similar charitable activities.



Mr. A Rouf Chowdhury, Chairman of Bank Asia handed over a cheque to Mr. Aminul Islam, CEO of BA Foundation from Bank's Islamic Banking unit for social welfare and charity works through the Foundation



Blood Donation Program for observing 18th anniversary of Bank Asia

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to self-regulatory mechanism whereby a bank ensures its active compliance with the spirit of the law, ethical standards and national or international norms.

Bank Asia's social responsibility in Bangladesh runs with the aforementioned philosophies which are framed by the Board of Directors of our Bank.

Bangladesh Bank CSR Guideline is the guiding principle in designing our CSR roadmap. Bank Asia prioritizes on long-term programs rather than the short-term ones that have sustainable and lasting impact on the people and society of the country.

At Bank Asia, employees work with a greater mission. They are motivated to contribute to the bank's social initiatives like donation to build school building, warm clothes distribution and blood donation. Employees' passionate involvement in CSR adds new dimensions to the bank's CSR portfolio. During 2017, Bank Asia spent an amount of Tk.183.83 million for the overall betterment of the nation.



Bank Asia's Higher Studies Scholarship Program

Donation for Societal Improvement by CSR in matrix:

Million Taka

Initiatives	Donation (in million Taka)	Percentage with total amount
Education	45.70	24.86%
Health	13.18	7.17%
Disaster Management	82.60	44.93%
Environment	0.33	0.18%
Sports	0.20	0.11%
Art & Culture	0.50	0.27%
Others	41.32	22.48%
Total	**183.83**	**100%**

Education

Bank Asia Higher Studies Scholarship

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 have the means to pursue higher studies. The scholarship is given through the Bank's rural branches on the basis of SSC and HSC results. Bank Asia has provided the scholarship for 1,545 students. Each of the students gets Tk.51,000/- annually as scholarship. In the year 2017, Bank Asia spent around Tk.45.70 million for direct scholarship and educational infrastructural development purpose.

Initiatives	Taka
BA Higher Studies Scholarship	26,823,500
Infrastructural Development of Nursing Student Hostel (BSMMU)	5,739,950
Infrastructural Development of Begum Badrunnessa Govt. Women College	3,100,000
Holy Family Red Crescent Medical College & Hospital	2,491,970
Dr. S.K. Majumder Agriculture & Technical College	200,000
Providing The Daily Star among meritorious students all over Bangladesh	7,311,190
Total	**45,666,610**

Bank Asia supports construction of a Nurse Hostel in the BSMMU

Bank Asia is extending entire financial support for construction of an eight-storied `Nursing Student Hostel' at Bangabandhu Sheikh Mujib Medical University (BSMMU) to take the edge off acute accommodation problem of graduate nursing students. In this project Bank Asia spent Tk.57.40 million in 2017 for construction purpose.

Corporate Social Responsibility (CSR)

Sharing Knowledge as a CSR initiative

The Daily Star, the highest circulated and prestigious English daily in the country, has been organizing various activities on knowledge development aiming to make a tangible change in the society. As part of such initiatives, the national daily plans to provide newspaper copies to meritorious students in different reputed public institutions. As a part of their knowledge development activities, Bank Asia providing 1,000 copies of newspaper everyday under a joint venture initiative titled "Sharing Knowledge as a CSR initiative" and in 2017 Bank Asia provided Tk.7.32 million for the purpose.

Health

Blood Donation program

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. Every year this group arranges a blood donation program and collected blood donates to Bangladesh Red Crescent Society.

Other health related donations

National Heart Foundation

National Heart Foundation, Sylhet, a non- government, service- oriented and a nonprofit organization and also a member of the World Heart Federation where Hon'ble Prime Minister of the Government of Bangladesh is the chief Patron of the Foundation. Considering the goodwill of National Heart Foundation and there effort to serve the people, Bank Asia stands beside them by contributing Tk. 10 million for a post CCU at the hospital.



Donation to Prime Minister's Relief Fund for Rohingya refugees

Initiatives	Taka
Curative treatment of 9 individual patients	1,477,028
Contribution to Child Day Care Centre	400,000
National Heart Foundation, Sylhet	10,000,000
Proposed Hospital in Sirajdikhan, Malkhanagar	1,676,990
Total	**13,554,018**

Proposed Hospital at Makhanagar, Sirajdikhan, Munshigonj

With a view to implementing the guidelines of Bangladesh Bank for conducting larger Corporate Social (CSR) Activity through Foundation, Bank Asia Foundation has started its journey after its registration with Registrar of Joint Stock Companies & Firms in the year 2014. Mr. A Rouf Chowdhury, honorable Chairman, Bank Asia and Chairman, Governing Body, Bank Asia Foundation, has recently donated a huge quantum of land along with a three storied building at Malkhanagar, Sirajdikhan, Munshigonj for establishing a hospital, renovation and interior work of which is underway.



Child Day Care Center of Bank Asia

ANNUAL REPORT

Corporate Social Responsibility (CSR)

Disaster Management

Bank Asia is committed to the welfare of the community at large. The Bank responds promptly to support the affected humanity. In 2017, 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 and also to support flood-hit people. For this purpose the Bank donated Tk.82.6 million in 2017.

Initiatives	Taka
Support to Rohingya refugee	50,000,000
Support to flood-hit & cold- hit people	32,600,000
Total	**82,600,000**

Sports

During 2017 Bank Asia contributed Tk.0.20 million to the Bangladesh Bridge Federation as sponsorship of World Cup Bridge-2017 and also organized different encourage in house tournament for encouraging the employees of Bank Asia.



Opening ceremony of Bank Asia Cricket Festival 2017

Arts & Culture

Bank Asia always supports promotion of art and culture. The Bank distributed Tk.0.50 million among Aranyak Natyadal (Sponsorship), Gallery Shorrong Dinajpur for Organizing 4th Shishu Kishor Fine Arts Exhibition (Sponsorship), Shibgonj General Library for purchase books, and construction of Sahaba Jame Mosque.

Initiatives	Taka
Sponsorship to Aranyak Natyadal	100,000
Sponsorship for Gallery Shorrong, Dinajpur	100,000
Shibgonj general library for enrich cultural knowledge	200,000
Shahaba Jame Mosque	100,000
Total	**500,000**

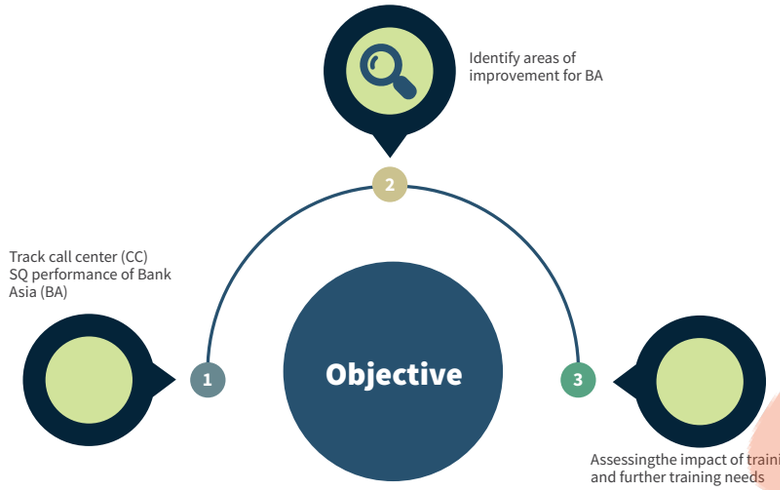
Other Social Projects

In 2017, Bank Asia donated/ sponsored/ spent Tk.40.90 million on the occasion of social project including Bangladesh Science Fiction Society, Bangladesh International Arbitration Center, Prime Minister's education assistance trust & suchona foundation, Notre dame College 3rd National English Carnival, Sir William Beveridge Foundation, BDR victim Family to help government to carry out its humanitarian activities smoothly.

Initiatives	Taka
Prime Minister's Relief Education Assistance Trust & Suchona Foundation	40,000,000
Notre Dame College 3rd National English Carnival- 2017	345,000
Financial support to Ms. Rashida Kabir Reba, widow of one of the bereaved families of martyred Army officials killed in BDR munity	480,000
Sir William Beveridge Foundation	90,000
Total	**40,915,000**

Customer Satisfaction Survey

Bank Asia puts the highest emphasis on its customers and in order to learn about the Service Quality of its call centers, the bank ran two surveys using phone calls on August and December of 2017 to have a keen follow-up on the overall improvement of Service Quality rendered by the call center.

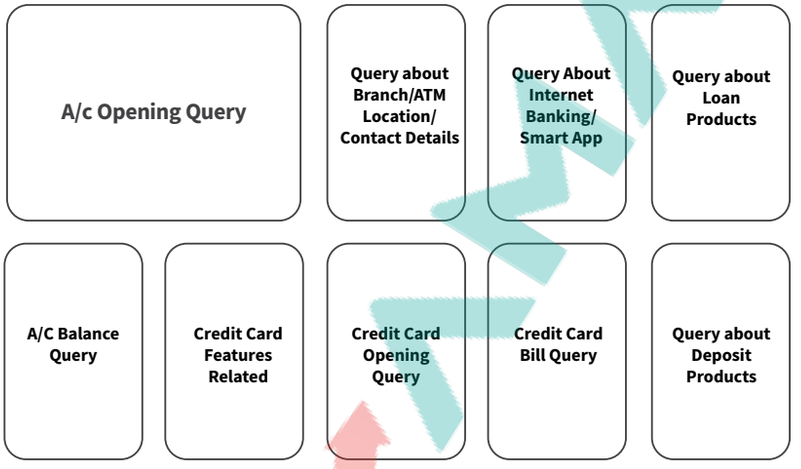


Objectives of the survey

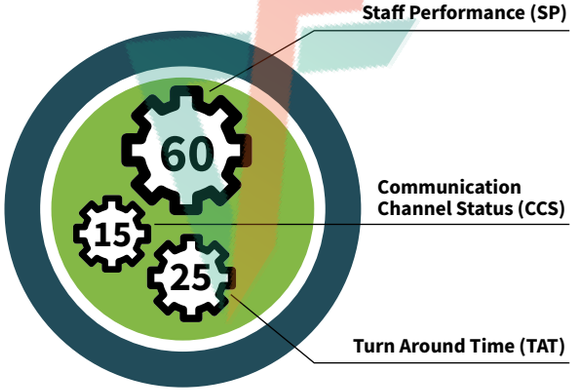
The underlying objectives for conducting the survey were:

Survey Methodologies

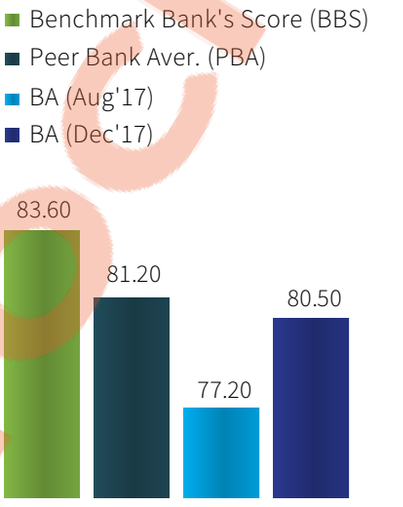
To conduct the survey, 75 calls were made during the research tenure using the MSS data collection method. One month was taken as the duration for the research which was followed by rigorous training to curb the scope for grills.
Activities that were taken into consideration for the follow-up of improvement are:



The Scoring Index was distributed amongst 3 factors with respective weights.

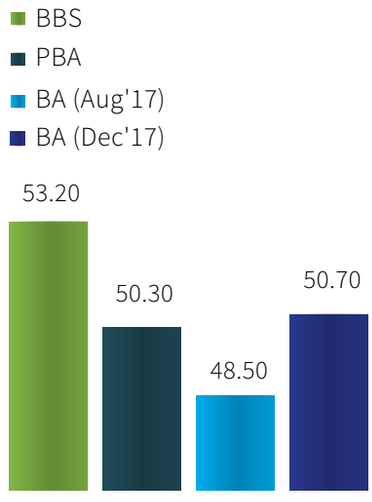


Overall SQ Score (Wgt. 100)



Out of 100 Bank Asia scored 80.5 which was marginally below than the Peer bank Average (PBA). The Overall SQ score improved in December due to recuperation in Staff Score which is higher than PBA but a little below than the Benchmark bank's Score (BBS).

Staff Score (Wgt.60)

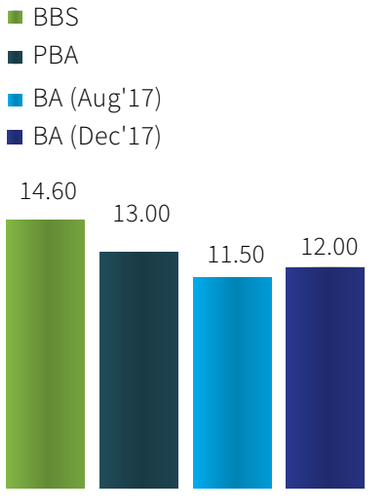


Bank Asia scored 50.7 out of 60 in Staff Index which was almost close to PBA and slightly below BBS. Staff Score improved in December'17 compared to August'17 due to different product and soft training facilities which significantly contributed towards the enhancement of product knowledge, conversion closing skill and professional conduct.

FINAR STOCK

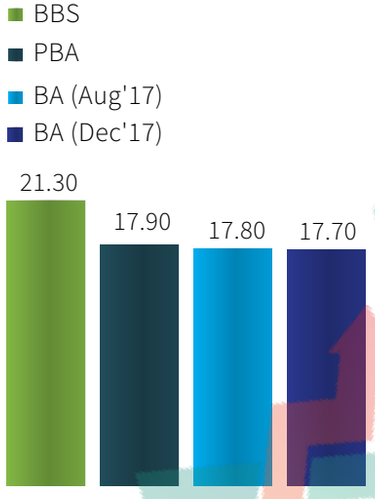
Customer Satisfaction Survey

Communication Channel Status (Wgt. 15)



Bank Asia registered below the par performance in August only to improve the condition to be next to PBA and marginally below than BBS in December 2017. CCS score improved by curbing the Noise behind the agent that contributed to lower performance in August survey. The bank still has a lot of scope to up-grade the performance by enacting more improved noise control and intensifying Voice Clarity Score.

Turn Around Time (Wgt. 25)



Bank Asia Scored 17.7 in Turn Around Time (TAT) yardstick in December 2017 which was close to PBA and below BBS. Training improves Queue Waiting Time, Attempt to Connect and Call Holding Time. There is an improvement scope in Call Connection Time and Query Management Time to revamp TAT.

Inference

Overall Score of SQ improved by 3.3 in Dec'17 compared to Aug'17 driven by mainly Staff Score in Professional Conduct, Conversion Closing Skill and Product Knowledge.

PD

- Dispute management (professional conduct)
- Right answer to queries (Product knowledge)
- Asking any help is required (Conversation closing skill)

AOL

- Proper addressing (Greeting Skill)
- Showing attentiveness (Listening skill)
- Uttering banking jargon (Speaking skill)
- Explaining reasons for making customer hold (Politeness & Courtesy)
- Requesting to call for any other banking needs (Conversation closing skill)

The Performance Drivers (PD) and Areas of Improvement (AoI) as found by the survey.

Considering the Benchmark Bank's Score and Peer Bank Average Score, Management of Bank Asia has managed a marked improvement in its call center service quality rendering planned training facilities to be a more customer friendly bank in the banking industry.

Market Performance

Availability of information about BANK ASIA
Annual Integrated Report 2017 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

Financial Calendar	Announced On
Audited Consolidated result for the year ended 31 December 2016	April 16, 2017
Unaudited Result for the first quarter ended 31 March 2017	April 27, 2017
Unaudited Result for the second quarter and half year ended 30 June 2017	July 27, 2017
Unaudited Result for the third quarter ended 30 September 2017	October 29, 2017

Distribution of Dividend	Details
(Cash% - Stock %)	12% Stock
Announcement Date	April 16, 2017
Record Date	May 18, 2017
Distribution Date	July 13, 2017
Notice of 18th Annual General Meeting	May 15, 2017
18th Annual General Meeting	July 03, 2017

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	987,011,099	987,011,099

Year End Closing Price on December 28, 2017: Tk. **23.10**
DSE Trading Days in 2017: **248**

Bangladesh Capital Market witnessed a bullish trend throughout the year in 2017. The reason for the bull market was revived investors' confidence derived from strong year-end earnings and higher dividends coupled with positive economic outlook. Moreover, institutional and individual investors were seen active for injecting fresh funds in the market because of low returns from the deposits of financial institutions during the period. The bullish market helped investors in recovering the losses they had incurred during the market crash of 2010 and 2011 which was continued over last three years. The prime index of the Dhaka Stock Exchange (DSE), DSEX started the year with 5,036.05 points from January and ended the year with 6,244.52 points with increase of 1,208.4 point or 23.99%. Total Market capitalization of Dhaka Stock Exchange stood at TK. 4,234.24 billion as on December 31, 2017 from TK. 3,412.44 billion as on December 31, 2016 representing a growth of 24.1%. The daily average turnover in 2017 was TK. 8,748.38 million against TK. 4,944.28 million in 2016. Foreign investors' turnover on the DSE also increased by 30.48% to total at TK. 114,476.3 million in 2017 compared with that of TK. 87,733.30 million in 2016.

AMARSTOCK

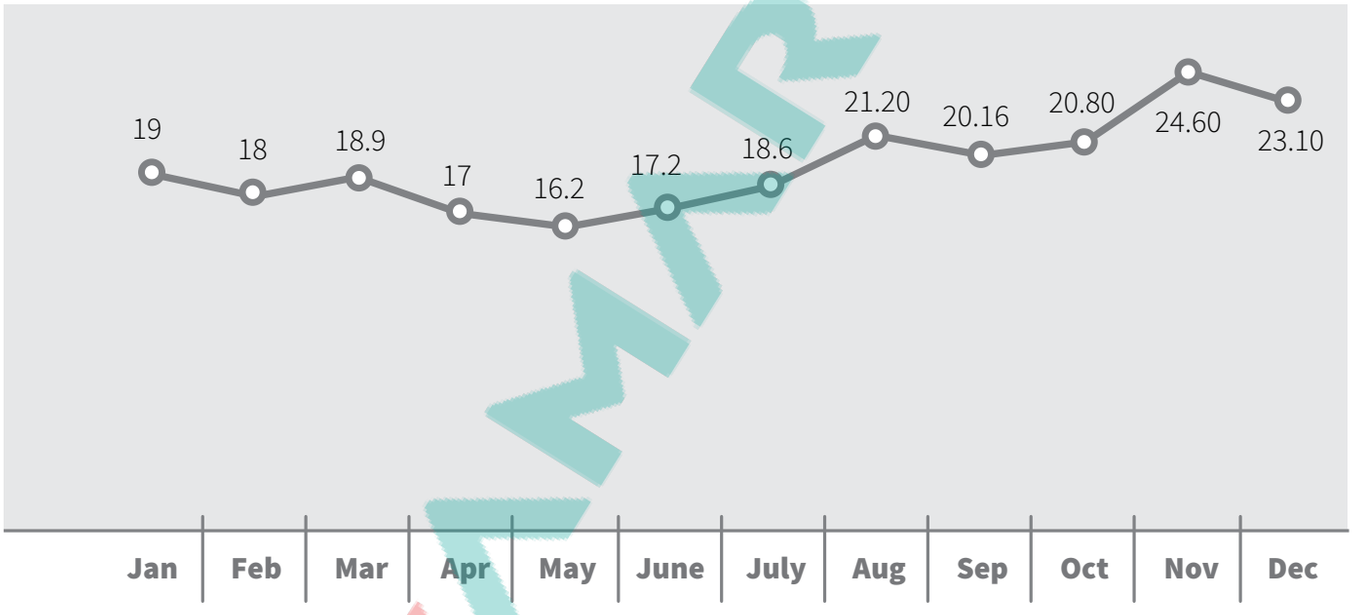
Market Capitalization

Million Taka

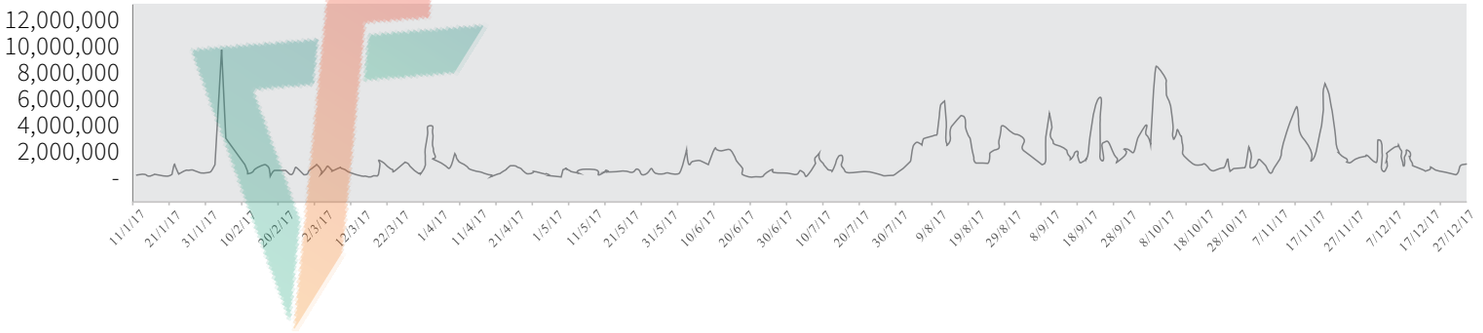


Market price of Bank Asia Share-2017

Per share value in Taka



Daily Trade Volume of Bank Asia



AMAR STOCK

Stakeholders Relationship/ Grievance Redressal

Bank Asia strongly believes in maintaining smooth and interactive relationship with the stakeholders. We pursue high quality stakeholder's redressal policy proactively to handle all types of grievance, complaints in an effective and fair manner.

Bank Asia strongly believes in equitable treatment to every shareholder. We resolve any shareholders' complaint on a priority basis and have committed to serve the appropriate mechanism to address the shareholders' grievance within the time frame stipulated by the Bank.

PROCESS • REDRESSAL • CHECKLIST

queries/ complaints/ grievance lodged by shareholder

Review all logs objectively and fairly and give solution within a short time frame

Send intimation to concerned shareholder after redressal by share department

	Yes	No
Shareholders are properly communicated for collection warrants which have been refunded for non-delivery by the courier	✓	
Dividend warrants Revalidate the upon demand	✓	
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	✓	
Issue shareholding certificate, dividend certificate as and when required	✓	
e-TIN number is collected in case of cash dividend	✓	

SHAREHOLDER'S PERSPECTIVE

Bank Asia redressal system covers the following issues

- Receiving the complaints for non-receipt of dividend warrant, dividend intimation letter, cash dividend;
- Transfer of shares from suspense account to the shareholders BO account;
- Clarification of any price sensitive information over telephone;
- Grievance for not receiving of Annual Integrated Report, half-yearly financial position timely;
- Concerns relating to share dematerialization (DEMAT);
- Queries about and clarification on recent or upcoming price sensitive information over telephone, etc.

Any Investors may lodge their complaint related to their investment in the company through formal letter, Bank's official e-mail ID i.e. bankasia@bankasia-bd.com and phone call to the Company Secretary and/or Share Department. We focus in addressing those complaints within the shortest possible time.

Redressal process of Bank Asia Limited

- Complaints raised by the investors/ shareholders must be dealt with courtesy and in a timely manner
- Complaints are treated and solved efficiently and treated fairly
- Communicate to the shareholders for collection of the dividend warrants which have been refunded for non-delivery by the courier
- Revalidate the dividend warrants upon demand
- Correction of bank account information while sending dividend through BEFTN system
- Re issue of dividend warrants, in case of failure to send dividend through BEFTN system
- Issue shareholding certificate, dividend certificate as and when required
- E-mail or letter must be send to all the investor who have submitted written complaints
- Request for e-TIN number in case of cash dividend

Redressal point for Shareholders

Bank Asia Limited
Share Department
Corporate Office
Rangs Tower (2nd Floor)
68 Purana Paltan
Dhaka-1000
Phone: 7110062 (Ext. 301)



General Shareholders at 18th AGM

Redressal Statistics 2017

Requests received from shareholders	Ways of addressing mentioned requests
● Demat 461,150 shares;	● Demat confirmed 461,150 shares timely;
● 6,108,035 bonus shares credit among 98 shareholders from suspense account	● 98 request responded;
● Re-issue 4(four) dividend warrants;	● 4 (four) duplicate dividend warrants issued;
● Issuance of 111 shareholdings certificate for income tax purpose;	● 111 shareholdings certificate were issued;

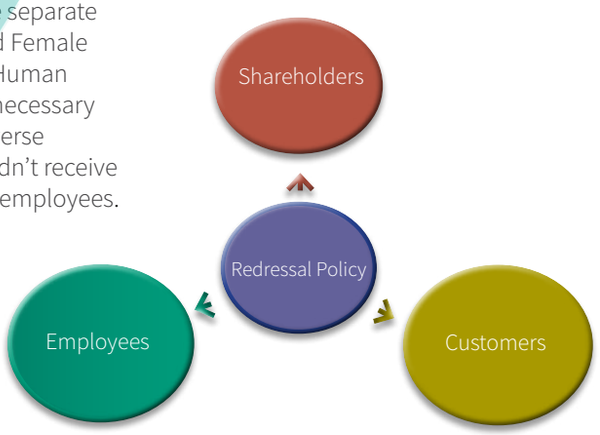
The bank continues to have regular communication with the shareholders through periodic updates of performance and at any time when it believes it to be in the best interest of shareholders generally.

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 2017, the Bank received 78 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 2017, we didn't receive any complaints related to our employees.



General Shareholders at 18th AGM

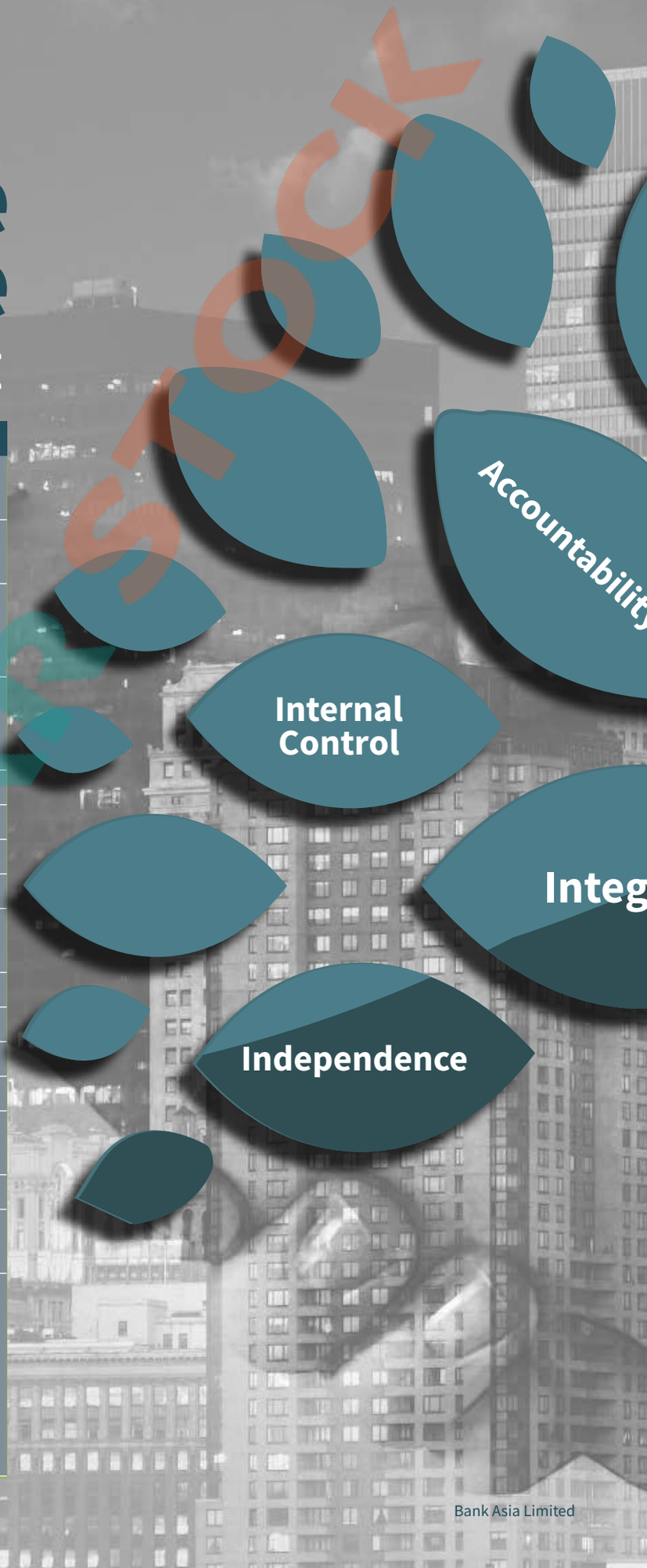


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Corporate Governance

The table below gives an overview of the locations of our Corporate Governance

	Page No
Report on the Activities of Audit Committee	198-199
Statement of Directors on adequacy on the system of internal control	200
Statement of Directors responsibility to establish appropriate system of Internal Control	200
Chief Executive Officer and Chief Financial Officer's Statement of responsibilities for the year 2016	201
Preface	202
Board of Directors Chairman and CEO	202-209
Vision, mission and strategy	209
Audit Committee	209-210
Objective and Activities of Audit Committee	209-210
Internal control & Risk management	210-211
Ethics and Compliance	211
Remuneration Committee	212
Human Capital	212-216
Communication to Shareholders and Stakeholders	216
Environmental and Social Obligations	217
Corporate Governance compliance certificate	221
Corporate Governance disclosure checklist in line with: • BSEC Notification • The Companies Act 1994 Bangladesh Bank BRPD Circular 11,18 and 19 issued on October 27, 2013	223-243



Corporate Governance Disclosure Checklist(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		20-25, 202-203
1.2	Adequate representation of non-executive directors i.e. one third of the board, subject to a minimum of two	✓	205
1.3	At least one independent director on the board and disclosure/affirmation of the board on such director's independence	✓	20-25, 199, 205
1.4	Chairman to be independent of CEO	✓	206
1.5	Responsibilities of the Chairman of the board appropriately defined and disclosed. Disclosure of independence of Non-Executive Directors	✓	206
1.6	Existence of a scheme for annual appraisal of the boards performance and disclosure of the same	✓	206
1.7	Disclosure of policy on annual evaluation of the CEO by the Board	✓	25, 207
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	✓	204
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, 204
1.10	Disclosure of number of meetings of the board and participation of each directors (at least 4 meetings are required to be held)	✓	20-25, 203, 218
1.11	Directors issue a report on compliance with best practices on corporate governance that is reviewed by external auditors	✓	217, 221-243
2	**VISION/MISSION AND STRATEGY**		
2.1	Company's vision/mission statements are approved by the board and disclosed in the annual report	✓	8-9, 209
2.2	Identification of business objectives and areas of business focus disclosed	✓	9, 209
2.3	General description of strategies to achieve the company's business objectives	✓	13, 56, 209
3	**AUDIT COMMITTEES**		
3.1	Appointment and Composition	✓	109, 209, 218
3.1.1	Whether the audit committee chairman is an independent Non-executive Director and Professionally Qualified	✓	22, 199, 209
3.1.2	Whether 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	✓	209, 218
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	✓	20-25, 209
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	✓	209, 218
3.2	**OBJECTIVE AND ACTIVITIES**		
3.2.1	Statement of Audit Committees review to ensure that internal controls are well conceived properly administered and satisfactorily monitored	✓	199, 209-210
3.2.2	Statement to indicate audit committees role in ensuring compliance with Laws, Regulations and timely settlements of statutory dues	✓	199, 209-210
3.2.3	Statement of Audit Committee involvement in the review of external audit function	✓	199, 209-210
	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 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	✓	199, 209-210
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	✓	199, 209-210

MARSTOCK

SL	Items	Compliance Status	Ref Page No
3.2.5	Statement on Audit committee involvement in the review and recommend to the board of directors, annual and interim financial releases	✓	199, 209-210
3.2.6	Reliability of the management information used for such computation	✓	199, 209-210
4	**INTERNAL CONTROL & RISK MANAGEMENT**		
4.1	Statement of director's responsibility to establish appropriate system of internal control	✓	200
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	✓	200
4.4	Disclosure of the identification of risk the company is exposed to both internally and externally	✓	113-117, 210-211
4.5	Disclosure of the strategies adopted to manage and mitigate the risks	✓	113-117, 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, 211
5.2	Dissemination/communication of the statement of ethics & business practices to all directors and employees and their acknowledgement of the same.	✓	11-12, 211
5.3	Board's statement on its commitment to establishing high level of ethics and compliance within the organization	✓	11-12, 211
5.4	Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc.	✓	11-12, 211, 161
6	**REMUNERATION COMMITTEE**		
6.1	Disclosure of the charter (role and responsibilities) of the committee	✓	212
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)	✓	212
6.3	Disclosure of key policies with regard to remuneration of directors, senior management and employees	✓	140-144, 212, 178
6.4	Disclosure of number of meetings and work performed	✓	212
6.5	Disclosure of remuneration of directors, chairman, chief executive and senior executives	✓	212
7	**HUMAN CAPITAL**		
7.1	Disclosure of general description of the policies and practices codified and adopted by the company with respect to 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	✓	87-89, 178, 212-216
7.2	Organizational Chart	✓	17, 216
8	**COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS**		
8.1	Disclosure of the company's policy/strategy to facilitate effective communication with shareholders and other stakeholders	✓	162-164, 216
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, 216
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	✓	146-155, 166-168, 185-187, 217
9.2	Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices	✓	146-155, 166-168, 185-187, 217

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 consists of the following members:

Names	Status with the Board	Status with the Audit Committee
Mr. Mashiur Rahman	Independent Director	Chairman
Mr. Mohd. Safwan Choudhury	Vice Chairman	Member
Mr. Dilwar H Choudhury	Independent Director	Member

The Company Secretary acts as Secretary of the Committee

In the year 2017, 09 (nine) 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 31.12.2016.

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 reduce 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, which has helped improving the recovery of classified loans and initiating measures for lowering the quantum of NPLs through on-site and off-site 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 observations and the recommendations were circulated among the members of the committee and to the Board of Directors of the Bank for information.



Mashiur Rahman
Chairman
Audit Committee of the Board

FAARSTOCK

Statements of Directors' responsibility to establish appropriate System of Internal Control

Strengthening and streamlining internal control system has significant importance and governance to attain short-term business objectives and long-term sustainability. During the year, market liquidity was tighter, interest rate was lower, private credit demand was high, and the challenge of ensuring effective internal audit and control system were even greater.

The board is cautious on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board review quarterly the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. They annually review the qualification, expertise and resources, and independence of the external auditors and the effectiveness of audit process and recommendation on re-appointment.

Directors confirm that the Board, through its committees, has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December, 2017. This process involved a confirmation that a system of internal control in accordance with best financial reporting practice was in place throughout the financial year and up to the date of signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and bank's risk management functions and the extent to which various significant challenges are understood and are being addressed.

On Behalf of the Board of Directors,

A Rouf Chowdhury
Chairman

Statement of Directors' on Adequacy of the System of Internal Control

The Board of Directors follows some definite rules and regulations as stated in the 'Banking Companies Act 1991 (amended up to 2018)'. Therefore, the directors tried their level best to maintain sound corporate governance and performed their responsibilities. Broad business strategy, significant policies for internal control system and risk management have been taken properly and risk based internal audit has been accomplished as per 'section 15 Kha & 15 Ga of the Banking Companies Act 1991 (amended up to 2018)' for ensuring that the bank is appropriately and effectively managed and controlled.

The Board has supervised the policies and various parts of businesses to construct an effective internal control system which is essential for sustainable growth maintaining efficient conduct of business. They have also reviewed the adequacy and completeness of accounting records, well preparation of financial information, and efficient management of risk, strengthening bank's assets and overall internal control process.

By forming the audit committee, the Board of Directors monitors the functional and effectiveness of internal control system. All the conditions depicted in the Banking Companies Act 1991 (amended up to 2018), guideline issued by Bangladesh Bank and corporate governance guidelines issued by Bangladesh Securities and Exchange Commission have been properly maintained at the time of preparing the Audit Committee. The principal activity of the Audit committee was to review the internal control system as well as managing the core risk of the bank. The process for monitoring compliances with laws and regulations and codes of business ethics have been properly reviewed by the committee.

The Audit Committee has observed the arrangements for increasing the internal control features to the prevalent management information system (MIS). They have also reviewed the corrective initiatives undertaken by management corresponding to fraud-forgery and deficiencies in internal control identified. All the compliance reports have been properly presented before the board of directors and regulators in a timely manner and all other regulatory functions about internal control system of the bank have been executed explicitly.

On Behalf of the Board of Directors,

A Rouf Chowdhury
Chairman

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Chief Executive Officer and Chief Financial Officer's Statement of Responsibilities for the year 2017

(In line with the Bangladesh Securities and 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 and 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, 2017 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 2017. The financial statements were prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS) and comply with Banking Companies Act 1991 (amended up to 2018), Income Tax Ordinance 1984, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 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

Md. Arfan Ali
President and Managing Director

Corporate Governance

PREFACE

Bank Asia is fully committed to integrity and fair dealing in all its activities, and upholds the highest standards of corporate governance. Bank Asia's main objective of corporate governance practice is to safeguard the stakeholders' interest in conformity with applicable rules and regulations on a sustainable basis.

Sound Corporate Governance

The framework described below provides an overview of the corporate governance structures, principles, policies and practices of the Board of Directors of Bank Asia Limited. The framework enables Bank Asia to meet governance expectations of the Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). To serve the interests of shareholders and other stakeholders, Bank Asia's corporate governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts governance policies and practices designed to align the interests of the Board and management with those of shareholders and other stakeholders and to promote the highest standards of ethical behavior and risk management at every level of the organization. Bank Asia's Shares are listed on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

The Board exercises its authority in accordance with the Bank Asia's Code of Conduct, its By-laws and the Bank policies, as well as other applicable laws and regulations, including those imposed by the regulators.

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.



Mr. Mohammad Ibrahim Khalil FCA, CFO of Bank Asia Limited received SAFA Best Presented Annual Report Awards 2016 (2nd position) in Corporate Governance Disclosures category from Mr. Shankar Prasad Adhikari, Finance Secretary of Nepal.

The following section describes the Board's primary corporate governance policies and practices with specific reference to Principles of Code. These policies and practices are constantly reviewed as corporate governance environment structure continuously evolves.

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."

Policy on Appointment of Directors

Bank Asia complied with relevant guidelines of Bangladesh Bank circulars, rules and regulations of the Companies Act 1994, Bank Companies Act 1991 (amended up to 2018),



Corporate Governance

Bangladesh Securities and Exchange Commission (BSEC) Notifications and Memorandum & Articles of Association of the Bank.

While appointing new Directors Bank Asia emphasizes the mix of knowledge, skills, experience and perception. The Directors are elected by the shareholders in AGM and all appointment of the Board is made subject to approval of Bangladesh Bank. 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. 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 Board will consist minimum 5 (five) and maximum 20 (twenty) directors including minimum 1/5th of Independent Directors. For appointment of an Independent Director, the approval of BSEC is obtained to comply the requirement.

Roles and Responsibilities of Board of Directors

The Board is elected by the shareholders to supervise the management of the business and affairs of the Bank. The prime stewardship responsibility of the Board is to ensure the viability of the Bank and to ensure that it is managed in the best interests of the shareholders as a whole while taking into account the interests of other stakeholders. The responsibilities of the Board include the following:

- reviewing and approving overall business strategy as well as organization structure, as developed and recommended by management;
- ensuring that decisions and investments are consistent with long-term strategic goals;
- ensuring that the Bank operates in such a way as to preserve its financial integrity and in accordance with policies approved by the Board;
- overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls and, through the Risk Management Committee, the quality of the risk management processes and systems;
- reviewing management performance and ensuring that management formulates policies and processes to promote fair practice and high standards of business conduct by staff;
- providing a balanced and understandable assessment of the Bank's performance, position and prospects including interim and other price sensitive public reports as well as reports to regulators;
- considering sustainability issue i.e. environmental and social factors, as part of strategy formulation.

Selection and Nomination process for Directors

Bank Asia has put in place a formal and transparent process for the appointment and re-appointment of Directors of the Board. Bank Asia recognizes the importance of having an appropriate balance of industry knowledge, skills, background, experience, professional qualifications, gender in building an effective and cohesive Board. The directors are selected by the shareholders in the Annual General meeting. The Board fills casual vacancy, if any in accordance with condition mentioned in related laws and regulations.

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 bank'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 carry out its stewardship and fiduciary responsibilities in an efficient manner.

Meeting of the Board and Board Committee

The Board met 21 (twenty one) times during the financial year. The Chairman briefed the Board on the issues to be discussed during the Board meetings. The documents pertaining to decisions are circulated for the Board's review before the member's meeting.

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 is performed at the AGM by the shareholders.

Non-Executive Directors
The Managing Director is the only Executive Director in the Board of Directors of the Bank. All other Directors including the Chairman are Non –Executive Directors.

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."

Board Size
The Board of Bank Asia currently comprises of 12 (twelve) Directors including the ex-officio Managing Director. The Chairman and 10 (ten) 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 by 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. 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 of Board of Directors are incorporated 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 decisions of bank's management in a prudent manner.

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, has 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 Bank.

V. Members make every effort to attend all board and committee meeting during their tenure.

VI. All other codes 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 maintain it in Board level and management level.

Update market information to Directors
Each and every Directors are expected to make important contributions based on industry knowledge, understanding of the Business model of the Bank and the key challenges faced by the Bank as a whole. The Board is always kept updated on any development and changes in the business environment, risk and industry outlook.

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."

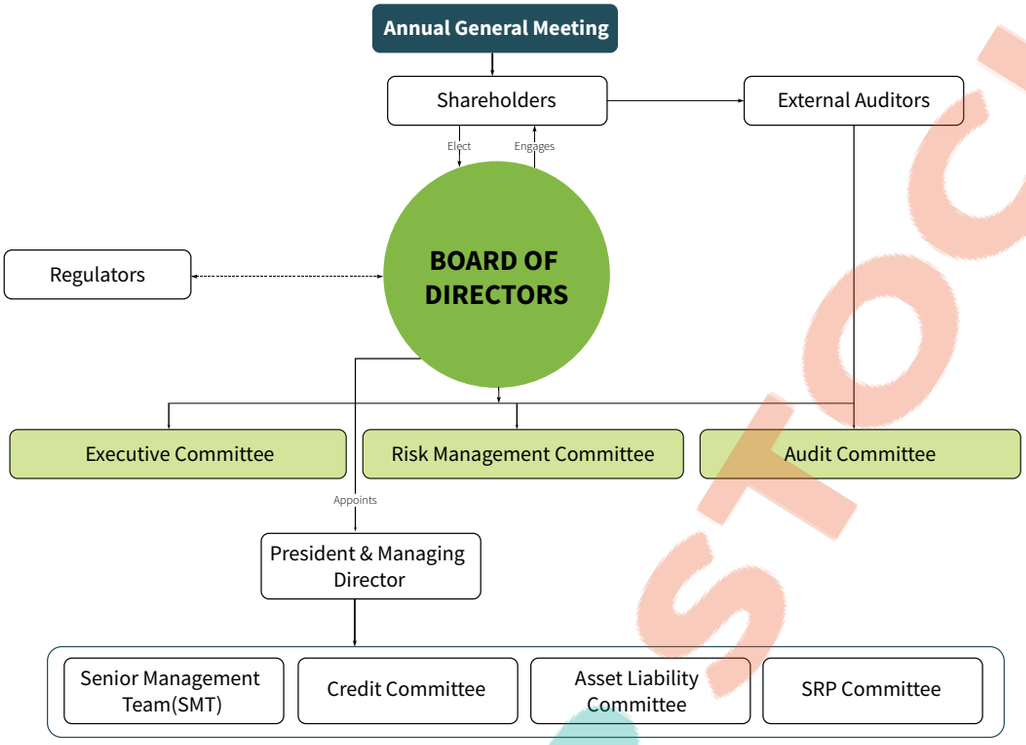
Board Committee
To increase efficiency and allow deeper focus in specific areas, Board established three specialized Board committees i.e. Audit committee, Executive committee and Risk Management committee. The committees are created and mandated by the Board. Each committee has specified roles and responsibilities that set out in line with Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and other regulatory guidelines.

Executive Committee
The Executive Committee (EC) of the board of Bank Asia was first constituted in January 2010 to ensure efficient, competent, compliant and secured structure for approval of credit proposals and business decisions. The number of members in executive committee is 5 (five) nominated by the Board of 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 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. Currently, 3 (three) members are in the Audit Committee.

AMAR STOCK

Corporate Governance



Risk Management Committee

To minimize risk while implementing the policies and business plan of the Bank, the Board has formed a Risk Management Committee as per the guidelines of Bangladesh Bank. The Committee supervises whether the risks arise from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity and other sources are identified, measured and adequate systems are in place to minimize such risks. Currently 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: Three renowned retired bankers Mr. Mashiur Rahman, Mr. M Shahjahan Bhuiyan, Mr. Dilwar H Choudhury and Mr. Md. Nazrul Huda, a retired central banker. This is a matter of great sorrow that, Mr. A M Nurul Islam, a renowned bureaucrat, one of the independent directors and vice chairman of the Bank was passed away on 18.10.2017. The Independent Directors are also member of the sub-committees of the Board. Two of them are the members of the Executive Committee, two are the members of the Audit Committee, and one is the member of the Risk Management Committee.

Composition of the Board of Directors – Non Executive Directors and Independent Directors

All the directors of the Board are non-executive directors and more than one- fifth are Independent. Currently, there are four independent directors appointed by the Board and approved by the BSEC and the shareholders in the AGM.

Independence of Independent Director

Independent Directors do not have any material or pecuniary relationship with the Bank apart from receiving director's remuneration. Bank Asia also follows existing rules and regulation while appointing Independent Director which ensure the independence of Independent Director.

Retirement and Re - election of Directors

According to clause 128, and 129 of the Articles of Association of the Bank, 4 (four) directors retired before the 18th Annual General Meeting (AGM) held on July 03, 2017 and one of the retiring directors was eligible for re-election as director and 2 (two) new directors were elected as directors at the AGM.

AMAR STOCK

Sl. No.	Name of Directors	Mode of Change
1.	Mr. Rumee A Hossain	Retired
2.	Ms. Farhana Haq Chowdhury	Retired
3.	Mr. Mir Shahjahan	Retired
4.	Mr. M Shahjahan Bhuiyan	Retired and Re-elected
5.	Major General Mohammad Matiur Rahman (retd.)	Elected
6.	Ms. Romana Rouf Chowdhury	Elected

In addition, some other changes in directorship during the year were as follows:

Sl. No.	Name of Directors	Date of Change	Remarks
1.	Mr. A M Nurul Islam	18.10.2017	He passed away on 18.10.2017.

Number of Board meeting held in 2017

During 2017, a total of 21 (Twenty One) 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. 218

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

Directors Report to Shareholders

The Directors' Report of the Bank includes all statement regarding section 1.5 of Bangladesh Securities and Exchange Commission notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 in directors' report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994).

Independence of Non-Executive Directors

All the members of the Board of Directors, except the Managing Director, are non –executive directors and they are independent in expressing their views and opinions. The directors are also independent from management and other relationships of the Bank that could materially affect the activities of the Bank. They also adhere to the corporate governance practices and guidelines.

Organization and Assessment of the Board:

Board's Performance

The Board of Directors always makes assessment to determine whether the Board and Board committees are performing effectively and identifies steps for improvement. The attendance of the Directors are registered for every Board Meeting. In Every Board meeting each Director participated actively, giving honest feedback on issues such as Board composition, succession planning and the quality of information provided to the Board.

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. The Chairman of the Bank is elected by the directors of the Bank and the CEO is being appointed by the Board of Directors subject to receiving permission from Bangladesh Bank.

Roles and Responsibilities of the Chairman:

The Chairman of the Board is elected by the Bord of Directors. The responsibilities of the Chairman are defined in the BRPD Circular No. 11 dated 27 October, 2013. The Chairman's primary responsibility is 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 Bank. 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.

Corporate Governance

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, risk appetite, remuneration and other policies approved by the board."

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(amended up to 2018) and other relevant laws and regulations in performing routine functions of the bank.
- At the time of presenting any memorandum by the management in the Board Meeting or Board Committee Meeting, the CEO points out if there is any deviation from the Bank Company Act, 1991 (amended up to 2018) and other relevant laws and regulations.
- The CEO remains accountable to report to Bangladesh Bank if any violation of the Bank Company Act, 1991(amended up to 2018) or of other laws/regulations is occurred.
- The recruitment and promotion of all staff of the bank except those in the two tiers below him rest on the CEO. He acts in such cases in accordance with the approved service rules of the Bank.
- The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, rests on him that he applies in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he nominates officers for training etc.

Annual Appraisal and evaluation of CEO's performance by the Board
While reappointing CEO, an evaluation report approved by the Board of Directors submitted to Bangladesh Bank by the chairman of the Board. Besides, The Board of Bank Asia Limited annually evaluate key performance indicators (KPIs) of CEO i.e. profitability, yearly budget achievement, dividend ratio, return on equity, return on assets, earnings per share, CAMELS ratings, credit rating, classified loan ratio, risk management etc. The performance of the CEO is also evaluated by the Board based on Bank's operational results mainly in the achievement of operational budgets.

Mechanism to provide advice to the Board
Bank Asia maintains transparent and close communication with its shareholders. With this view Bank publish annual & semiannual reports, publish 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. 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 Mr. Md. Sazzad Hossain. He is also Deputy Managing Director of the Bank. The CRO is key responsible for overall risk management of the Bank. The details roles and responsibilities and overall risk management from CRO is separately disclosed in CRO's report in page no 108

Chief Financial Officer
The name of Chief Financial Officer of the Bank is Mohammad Ibrahim Khalil, FCA. Key responsibility and overall financial health of the Bank is separately disclosed in CFO's report in page no. 246

Company Secretary
The name of company secretary of the Bank is Mr. Md. Kamrul Hasan FCS, CFA.

MARKET STORY

Corporate Governance

The role of the company secretary is defined. He attends all board meetings and ensures that board procedures and applicable regulations are complied with. Under the direction of the Chairman, he ensures good information flows within the Board and its committees and between senior management and non-executive Directors, as well as facilitates orientation of new Directors and professional development of Directors, as required. The appointment and removal of the company secretary is considered to be a matter for the Board as a whole.

Attendance of CEO, CFO, CS in Board Meeting

The CEO, CS, CFO of the Bank attend the meetings of Board of Directors. It is also provided that they are not attending the meeting which involve consideration of an agenda item relating to their personal matters. In addition, they are not entitle for any remuneration for attending such meetings of the Board of Directors.

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 board or direct contact, with the regulators of all subsidiaries.

The details information of parent companies Board is given in separate part of this Annual Integrated Report.

Bank Asia Securities Limited

A majority owned (99.99%) subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2, Dilkusha Commercial Area, Dhaka 1000 which commenced its business on the 17 April 2011. Total paid up capital of BASL is Tk. 2,000.00 million. Currently, BASL has following seven (07) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Anisur Rahman Sinha, Director
- Mr. Md. Nazrul Huda, Director
- Ms. Romana Rouf Chowdhury, Director
- Mr. Md. Arfan Ali, Director
- Mr. Md. Sazzad Hossain, Director
- Mr. Dilwar H. Choudhury, Director
- Mr. Mohammad Ibrahim Khalil, FCA, Director

The Board of Directors of BASL conducted their roles and responsibility in line with the Companies Act 1994, Bangladesh Securities and Exchange Commission rules and regulation, Dhaka Stock Exchange rules and regulation, parent Board guidelines, 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 2017, the company has following three (03) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Mohammad Arfan Ali
- Mr. ABM Kamrul Huda Azad, CEO

The Board of Directors of BA Exchange Company (UK) Limited conducted their roles and responsibility in line with all relevant regulatory act or guidance.

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)

AMARSTOCK

in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014. The paid up capital of the company is USD 960,000. At the end of the year 2017, the company has following three (03) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Rumee A Hossain, Director
- Mr. Md. Arfan Ali, Director

The Board of Directors of BA Express USA Inc. conducted their roles and responsibility in line with all relevant regulatory act or guidance.

2. VISION, MISSION AND STRATEGY

Vision/ mission statements are approved by Board of Directors and are disclosed in Annual Report.

The Board of Directors defined Bank's vision, mission, and strategic objectives and strictly adhere to it. Bank Asia strongly believes 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

The Board of Directors of Bank Asia always set business objectives as per market demand. They also set areas for focus in consistent with market. Detail business objectives and areas of business focus depicted on page no.09 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.56 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 Audit Committee is an Independent Non –Executive Director. He is a renowned banker and former Managing Director of IFIC Bank with having 4 decades of banking experience. More information about him 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. The committee work 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, 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.

Audit Committee Comprises of Non-Executive Director

All the members of the Audit Committee are Non-Executive Directors. No executive of Bank Asia is eligible to become a member of Audit Committee.

All members are suitably qualified and expertise in Finance and Accounting

All member of the audit committee are suitably qualified and all of them have expert knowledge of finance and accounting. All memebers of Audit Committee are very competent and come from a variety of educational backgrounds which brings a diversity and uniqueness in the committee.

Access of Head of Audit to the Audit Committee

The name of Head of ICCD (Internal Control and Compliance Division) of Bank Asia is Mr. Md. Aminul Islam Mintu, FCCA. He has direct access to the audit committee and he can raise any concern whenever required to audit committee.

Review and Evaluation of Quarterly Performance Report

The Audit Committee reviews and evaluates the quarterly performance including the financial reports and refer the same to the Board.

Meeting of Audit Committee

The Audit Committee conducted 9 (Nine) meetings during the year 2017. The attendance status of the meeting is given in the report.

3.2 Objectives and Activities of Audit Committee

Roles and Responsibilities of Audit Committee

Management of Bank Asia is responsible for the preparation, presentation and integrity of the financial statements and for maintaining appropriate accounting and financial reporting principles, policies, internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The external auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the annual financial statements and an audit of internal control over financial reporting. The external auditor also reviews the quarterly financial

information. The Audit Committee's roles is to review the adequacy and effectiveness of these activities and to assist the Board in its oversight of:

- Oversee the financial reporting process.
- Selection of appropriate accounting policies and principles.
- Review and recommended Annual and Interim Financial Statements
- Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report.
- Monitor Internal Control Risk Management process.
- Review all the related party transactions of the company. Review regulatory compliances with all applicable laws including tax, labor, environment, etc.
- Review the audit plan and methodology submitted by the external auditor(s) to carry out the audit.
- Ensure independence of External Auditors and review external auditor's findings on that point.
- Meeting with the management or auditors for review of the quarterly financial statements before submission to the board for approval or adoption.
- Meeting with the external or statutory auditors for review of the annual financial statements before submission to the board for approval/ adoption.
- Review Management Letter including effectiveness of Internal Control and Compliance issued by statutory auditors and management response thereon.
- Review the Management's Discussion and Analysis (MD&A) before disclosing in the Annual Report;
- Oversee nomination, determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors
- Discharge committee's fiduciary responsibilities to consider the major findings for internal investigations and management's response;
- Attend at the Annual General meeting of the Bank.

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 2018) Section 15 (kha) & (ga) that gives the responsibility to the Board of Directors for establishing policies for the bank company, for risk management, internal controls and compliance for ensuring their implementation.

Key features of Internal Control

1. Work-planning and strategic management
2. Risk identification and management
3. Information and communication
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 2017. 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, fraud & 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.

It is also true that, the system of internal controls provides reasonable but not absolute assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence any fraud or other irregularities.

Risk Management

"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."

Bank Asia has 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.

VARNISTCX

Identification of Risk faced by Bank Asia both internally and externally

The ability to manage risk well is a core competency at Bank Asia, and is supported by our strong risk conduct and culture, and an effective risk management approach. We define risk as the potential for loss or an undesirable outcome with respect to volatility of actual earnings in relation to expected earnings, capital adequacy or liquidity. Bank Asia manages both internal and external risk by ensuring that business activities and transactions provide an appropriate balance of return for the risks assumed and remain within our risk appetite.

Strategies adopted by Bank Asia to manage and mitigate the risks

As a Financial institution, Bank Asia's major risk categories include credit, market, liquidity, insurance, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive, and systemic risks. In order to avoid excessive concentration of risks, Bank Asia strives to diversify business lines, products and sector exposures.

5. ETHICS AND COMPLIANCE

Compliance Policy Establishment

"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."

The establishment and maintenance of ethical culture is very important for any organization. It is more important for organization like banks where maintaining and look after of public trust is of critical importance. To uphold the public confidence Bank always have to practice ethical culture throughout the organization.

Statement of Ethics and Communication of statement of ethics and business practices to all directors and employees

Bank Asia'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 always encouraged management to ensure that everyone maintains a high ethical standard within the Bank.

Board statement on commitment to establishing high level of ethics and compliance within the organization

The Board of Directors of the Bank has always been committed to establishing a high level of ethics and compliance among all employees of the organization. Board of Directors always encouraged management so that every employee maintains a high ethical standard.

Whistle- blowing policy

The Bank has in place a whistle-blowing policy which encourages all staff and members to raise genuine concerns or suspicions about possible improprieties in accounting, auditing, financial reporting or any other fraudulent activities. Procedures for handling of feedback/complaints received from customers and conduction of independent investigations have been established.

Establishment of effective anti-fraud program and controls

The anti-fraud program helps bank to support its commitment to protect revenue, reputation and other assets. Bank Asia established anti-fraud and anti-corruption program for the employee by conducting different trainings.

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.

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 fullfiling 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 reviews all material related party transactions and keeps 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. Statement of related party transaction are described in the page no.323

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 permanent basis.

Management of Bank Asia forms adhoc committee on need basis. That committee mainly recommends to Board about mode of annual performance bonus disbursement, annual increment, etc.

Key policies with regard to remuneration

At Management level Managing Director, Head of Human Resources Division and Chief Financial Officer are charged with governance of compensation and remuneration. Usually they place proposition to the Board which is then reviewed and validated by 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 2017, the expenditures incurred related to directors were Tk. 2,992,000.00 for Directors' honorarium and Tk. 1,221,413.00 for Directors Travelling purpose.

Expenditure related to AGM

In 2017, the Bank arranged one Annual General Meeting. For this purpose, total expenses were Tk. 2,348,470.00. 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 2017 is Tk. 13,900,000 and in the year 2016 it was Tk. 15,689,899.

Remuneration of top five executives

Name	Designation	Gross Earnings
Mr. Md. Zahirul Alam	DMD	5,258,448.00
Mr. Mohammad Borhanuddin	DMD	4,493,388.00
Mr. Md. Sazzad Hossain	DMD	3,801,660.00
Mr. S.M. Iqbal Hossain	SEVP	4,119,804.00
Mr. Mohammad Ziaul Hasan Molla	SEVP	3,822,408.00

7. HUMAN CAPITAL

Human Resource Management:

Human resources are used to describe both the people who work for the Bank and 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 performances 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 always believes any expenditure in training, development, health and support is an investment, not just an expense. Being a value driven organization, Bank Asia considers its employees as the most precious capital that play the vital role in materializing the mission, vision, goals and objectives of the bank.

HR Accounting

Human resource accounting is the process of recognizing the value of a company's investments to its employees and reporting the investments in the balance sheet which is currently accounted as a simple operational expense in the traditional accounting practices that deals with only physical asset creation. Unlike this traditional concept, in HR accounting the investments made in human resources are viewed as a capital expenditure because of the benefits that can be enjoyed for a long period of time and measured in

monetary terms. HR accounting provides valuable information to the investors who are interested to make long term investment in the company.

Bank Asia reported the total value of Human Capital to be Tk 16,896 million in the year 2017 compared to Tk. 16,772 million in 2016 using Present Value of Future Earning Model (Lev &Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings from the year mentioned up to respective retirement.

Balance Sheet including human capital

Abridged for banking operation

Million Taka

	31-Dec-17	31-Dec-16
Assets		
Total Asset (Conventional)	288,997	253,196
Human Asset (Individuals' value)	16,896	16,772
Value of investments	15	12
Total Asset including Human Asset	305,908	269,980
Capital & liabilities		
Total Liabilities (Conventional)	288,997	253,195
Human Capital	**16,911**	**16,784**
Total Capital & Liabilities including Human capital	305,908	269,980

According to the model, the total value of employees was regarded as Human Capital which saw a 1% growth in the value of human capital in 2017 over 2016 due to net addition of 151 head counts of veteran and fresh recruitments meeting the necessity for expanding the business as well as improvement of service quality and customer satisfaction experience. Bank Asia, therefore, proliferates training expenditures on annual basis to aid in excelling employee performances.

Human Resources Development

Human Resource Development (HRD) is the framework for helping employees to develop their personal and organizational skills, knowledge, and abilities. This approach is an outline for helping the employees to develop their personal as well as organizational knowledge, skills and abilities by means of extensive improvement process covering employee training, performance management and development, succession planning, coaching and counselling.

Succession planning

Succession planning is a process for identifying and developing new leaders, who can replace old leaders when they leave, retire or expire. 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.

Future Leader Development Program (FLDP)

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.
To groom the employees as potential leader, the bank continued Future Leadership Development Program and completed 01(one) year of the program in November 2017. Some 340 employees under 21 mentors have been immensely benefitted from this program.

Merit Based Hiring

Bank Asia always give high priorities on hiring young, energetic, proactive, enthusiastic, result oriented individuals who will be able to uphold the values of the organization. Bank Asia not only give importance on developing a talent pool but also making plan for next key successor position in the bank. Bank Asia provides equal employment opportunities to all applicants without any bias to race, religion, gender, age, disability or any other criteria permissible by the statutory laws of the country. Recruitment and selection is based solely on job-related criteria. The recruitment and selection process is consistently applied and promotes fairness, diversity and transparency.

Corporate Governance

Performance Appraisal System

Bank Asia follows a well –structured performance appraisal system (commonly known as KPI's – Key Performance Indicator) for evaluating the performance of the employees. Bank Asia has already started online KPI's system so that management evaluate employee's performance in a transparent way and ensure fair performance evaluation.

Promotion

In every year, Bank Asia awards promotion to the eligible employees keeping in view the quality of their respective job delivery and performance.

Training and 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.

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. In 2017, Bank Asia Institute of Training and Development (BAITD) remained very active throughout the year and arranged good number of training and workshop.

Training by Different Institutes:

Particulars	2017		2016	
	Nos.	Hours	Nos.	Hours
In House Training	2,435	56,618	2,267	40,968
Bangladesh Bank	26	376	87	1,868
BIBM	54	1,233	110	1,880
Overseas/Foreign Training	26	1,218	33	928
Training by other institutes	70	1,650	80	2,034
Total No. of Participants & Man Hour	2,611	61,095	2,577	47,678

Learning Value Chain:

Title of the Training Courses	2017
	No. of training
Foundation Training	5
Core Competency Course (GB+Forex+Credit)	33
Orientation Program	4
Islamic Banking	6
Leadership Program	4
Soft Skill Development Program	14
ICT & i-stelar Operations	4
Risk Management Course	3
Agent Banking	3
Seminar (Sustainable Energy Financing)	1

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 all applicants without any bias to race, religion, gender, age, disability or any other criteria permissible by the statutory laws of the country.

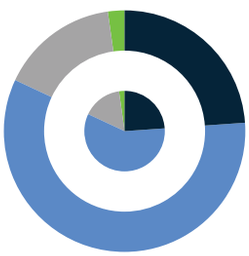
Gender	2017		2016	
	No. of Employees	%	No. of Employees	%
Male	1,591	76%	1508	77%
Female	496	24%	462	23%
Total	2,087	100%	1970	100%

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Gender Analysis

Male 76%
Female 24%





Age distribution of employees
30 & Below **24%**
31-40 **58%**
41-50 **16%**
51-60 **2%**
61+ **-**

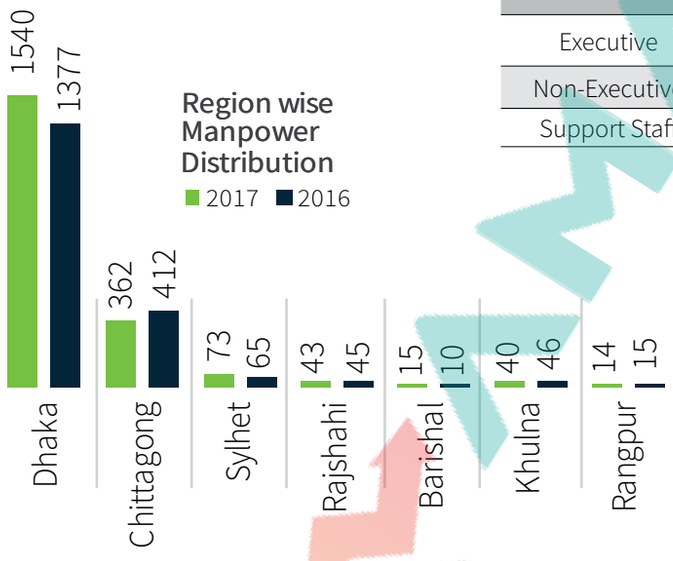
Age Group	Total
30 & Below	511
31-40	1,201
41-50	338
51-60	37
61+	-
Total	2,087

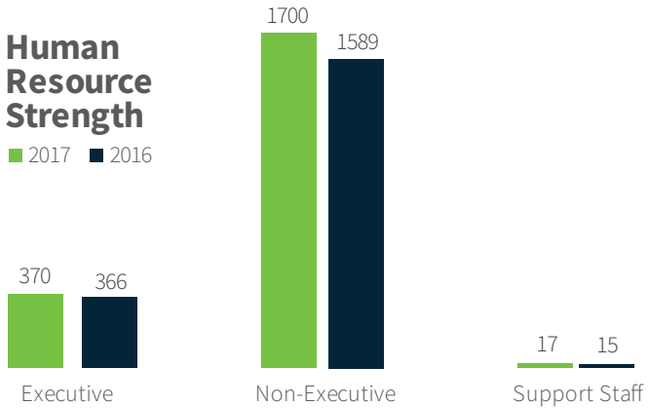
Region wise Manpower Distribution

Region	2017	2016
Dhaka	1,540	1,377
Chittagong	362	412
Sylhet	73	65
Rajshahi	43	45
Barishal	15	10
Khulna	40	46
Rangpur	14	15

Human Resource Strength

Region	2017	2016
Executive	370	366
Non-Executive	1700	1589
Support Staff	17	15





Healthy Work environment
Bank Asia always think about the health and safety of the employees, primarily through providing safeguards to Branches with appropriate security arrangements. 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 gym facility, canteen facility, separate prayer rooms for both male and female, sufficient sanitary facilities, pure drinking water, ambient lighting system, transport facility for female employees etc. 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

Compensation & Benefits
To maintain the market competitiveness, the compensation and benefits of Bank Asia are regularly reviewed through market and peer group study. All employees are paid competitive remuneration package. The remuneration policy of the Bank does not allow

AMARSTOCK

any discrimination between male and female employees. In addition, employees are paid bonus based on yearly business performance. In addition to monthly competitive base pay and a good number of allowances (e.g., House Rent allowance, Medical allowance, Conveyance allowance etc.), Bank Asia has variety of market competitive Benefits schemes designed to motivate the employees. The various cash and non-cash benefits include:

Rewards and Recognition

Bank Asia has a well-designed 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.

Organizational Chart

Organizational chart of Bank Asia limited are presented in the page no .17

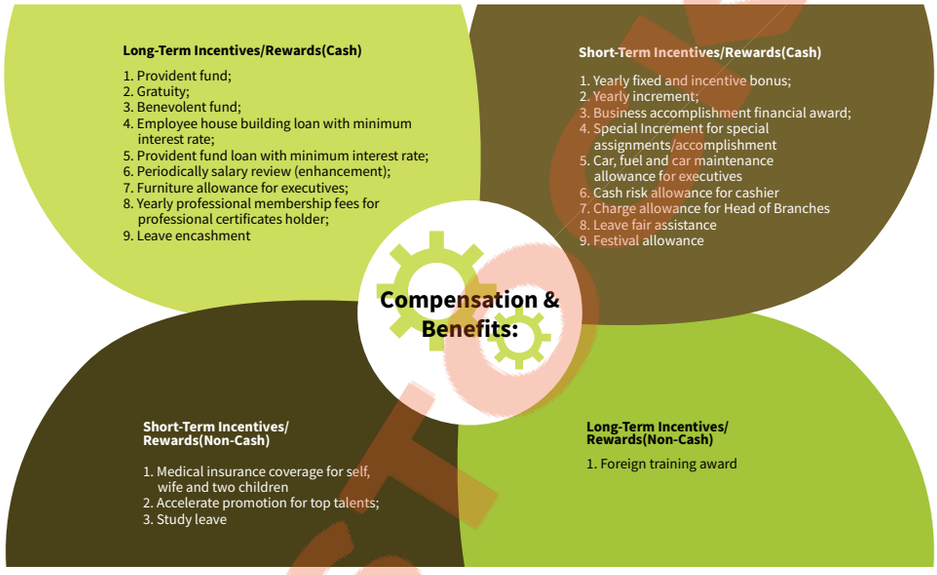
8. COMMUNICATION TO SHAREHOLDERS AND STAKE HOLDERS

Policy to facilitate effective communication with share holders & other stakeholders

While maintaining investors' relation proper communication and equitable treatment of every shareholders are given the highest priority by Bank Asia. Bank Asia always share information to the concerned party and publish integrated operational and financial information and takes initiative to enrich the ability of future assessment of the bank by the 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. 162-164

Bank Asia always ensures shareholders participation and providing opportunity for the shareholders participation in AGM which 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 projections 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 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.

Policy on ensuring participation of Shareholders at AGM

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. Any registered shareholder who is unable to attend may choose one proxy to attend and vote on his behalf. As the authentication of shareholder identity information and the integrity of the information transmitted still remain a concern, the Bank has decided, for the time being, not to implement voting in absentia by mail, email or fax. Shareholders are allowed to speak in the AGM freely to give their valuable suggestions.

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

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 staffs and step up on recycling efforts in all aspects of our operations. General description of Bank's policies and practices relating to social and environmental responsibility of Bank Asia Limited are described in page no.166-168, 185-187

Sustainability Reporting

Bank Asia is the first Bank in Bangladesh which has the pride to publish GRI Certified Sustainability Report. Since 2012 Bank Asia has been publishing Sustainability Report as per GRI standard control index. Sustainability Report discloses how business impacts the social, environmental and economic aspect of the surroundings. It also includes the aspect of Corporate Governance with importance.

Bank Asia's Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices

Bank Asia as a socially committed organization has taken several initiatives related with social and environmental responsibilities which are described in page no.166-168, 185-187

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.221 of the Annual Integrated Report 2017.

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.201

Status of compliance in line with Bangladesh Securities and Exchange Commission (BSEC) regulation

Status of compliance with the conditions imposed by the Commission's Notification No 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 with Bangladesh Bank regulation

Status of compliance in line with Bangladesh Bank regulation is given in page no.233-243

ANNUAL STOCK

Corporate Governance

Committee Meeting

Board meeting held in 2017

Statement of Board meetings held and the attendance of Directors from 01.01.2017 to 31.12.2017 (355th Board to 375th Board) : 21

Sl No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. A Rouf Chowdhury	21	20	1	
2.	Mr. Mohd. Safwan Choudhury	21	15	6	
3.	Mr. A M Nurul Islam	16	16	0	Up to 18.10.2017
4.	Mr. Rumee A Hossain	9	9	0	Up to 03.07.2017
5.	Ms. Hosneara Sinha	21	0	21	
6.	Ms. Farhana Haq Chowdhury	9	1	8	Up to 03.07.2017
7.	Mr. M Irfan Syed	21	12	9	
8.	Ms. Naheed Akhter Sinha	21	0	21	
9.	Mr. M Shahjahan Bhuiyan	21	17	4	
10.	Mr. Md Nazrul Huda	21	20	1	
11.	Mr. Mashiur Rahman	21	18	3	
12.	Mr. Mir Shahjahan	9	0	9	Up to 03.07.2017
13.	Major General Mohammad Matiur Rahman, ndu, psc (retd.)	11	10	1	From 03.07.2017
14.	Ms. Romana Rouf Chowdhury	11	10	1	From 03.07.2017

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

Executive Committee (EC) meeting held in 2017

Statement of Executive Committee (EC) meetings held and the attendance of Directors from 01.01.2017 to 31.12.2017 (203rd EC to 250th EC): 48

Sl No.	Name	Total EC meeting held	No. of meeting Attended	No. of meeting absent	Remarks
1.	Mr. A Rouf Chowdhury	48	44	4	
2.	Mr. M Shahjahan Bhuiyan	48	40	8	
3.	Mr. Md Nazrul Huda	48	45	3	
4.	Mr. M Irfan Syed	48	26	22	
5.	Ms. Romana Rouf Chowdhury	22	20	2	From 03.07.2017
6.	Mr. Rumee A Hossain	26	26	0	Up to 03.07.2017

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

Audit Committee (AC) meeting held in 2017

Statement of Audit Committee meetings held and the attendance of Directors from 01.01.2017 to 31.12.2017 (185th to 193rd Audit): 9

Sl No.	Name	Total Audit meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Mashiur Rahman	9	9	0	
2.	Mr. A M Nurul Islam	8	8	0	Up to 18.10.2017
3.	Mr. Mohd. Safwan Choudhury	9	5	4	

The Audit Committee has granted leave of absence against the absentee directors of the meeting

STOCK

Risk Management Committee meeting held in 2017

Statement of Risk Management Committee meetings held and the attendance of Directors from 01.01.2017 to 31.12.2017 (24th to 29th RMC): 6

SI No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. M Irfan Syed	6	4	2	
2.	Mr. A M Nurul Islam	4	4	0	Up to 18.10.2017
3.	Mr. A Rouf Chowdhury	4	3	1	From 03.07.2017
4.	Mr. Md. Nazrul Huda	4	4	0	From 03.07.2017
5.	Ms. Romana Rouf Chowdhury	4	4	0	From 03.07.2017
6.	Ms. Farhana Haq Chowdhury	2	0	2	Up to 03.07.2017
7.	Mr. Rumee A Hossain	2	2	0	Up to 03.07.2017

The Risk Management Committee has granted leave of absence against the absentee directors of the meeting

Shareholding Structure

At the end of the year 2017, the shareholding structure of Bank Asia Limited was as follows:

Category	No. of shareholders As on 31-12-2017	Total No. of shares as on 31-12-2017	% of total holdings as on 31-12-2017
Sponsor & Director	27	509,909,013	51.66
General Public	10,219	159,542,368	16.17
Foreign Investments	3	6,382,997	0.65
Investment Companies	75	64,773,405	6.56
Institutions	281	239,465,916	24.26
Non Resident Bangladeshi	76	6,937,400	0.70
Total	**10,681**	**987,011,099**	**100.00**



Share Holding Structure

Sponsor & Director **51.66%**
General Public **16.17%**
Foreign Investments **0.65%**
Investment Companies **6.56%**
Institutions **24.26%**
Non Resident Bangladeshi **0.70%**

Classification of shareholders by holding as on 31.12.2017

Holding	No. of shareholders as on 31-12-2017	% of total holdings as on 31-12-2017	Shares
less than 5000	8,227	1.07	10,512,591
5000 to 50000	2,037	2.86	28,199,353
50001 to 100000	135	0.99	9,744,512
100001 to 200000	88	1.26	12,399,939
200001 to 300000	38	0.94	9,309,388
300001 to 400000	10	0.35	3,500,434
400001 to 500000	15	0.70	6,934,342
500001 to 1000000	29	2.20	21,736,763
1000001 to 10000000	76	25.59	252,593,106
over 10000000	26	64.04	632,080,671
TOTAL	**10,681**	**100.00**	**987,011,099**

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:

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

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

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

Sl. No.	Name of The Directors	No. of shares held as on 31-12-2017
1	Mr. A. Rouf Chowdhury and his spouse	31,129,536
2	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	38,659,258
3	Ms. Hosneara Sinha and her Spouse	51,383,484
4	Major General Mohammad Matiur Rahman (retd.) (Representing Sinha Fashions Limited.)	19,810,739
5	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	35,283,976
6	Mr. Mohammed Irfan Syed (Representing Amiran Generations Limited)	40,261,275
7	Ms. Naheed Akhter Sinha and her Spouse	53,756,228
8	Mr. Mashiur Rahman (Independent Director	Nil
9	Mr. M Shahjahan Bhuiyan (Independent Director)	Nil
10	Mr. Md. Nazrul Huda (Independent Director)	Nil
	Total	**270,284,496**

Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and their spouse

1	Chief Executive Officer's Spouse	79
2	Company Secretary	2300
3	Chief Financial Officer	Nil
4	Head of ICCD	Nil

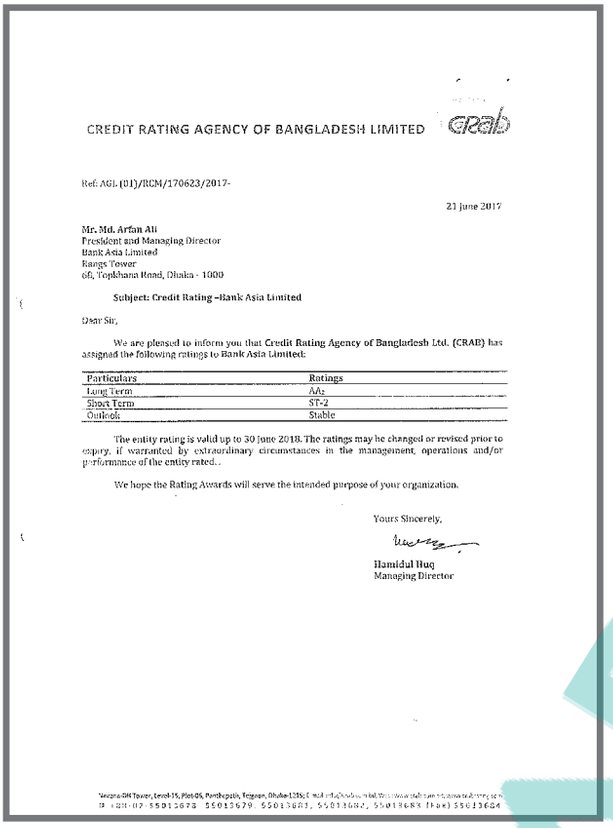
c) Executives

1	Mr. Md. Zahirul Alam	Nil
2	Mr. Mohammad Borhanuddin	Nil
3	Mr. Md. Sazzad Hossain	Nil
4	Mr. Sarder Akhter Hamed	Nil
5	Mr. Md. Ariful Islam Choudhury	Nil

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

AMAR STOCK

Credit Rating Certificate



CREDIT RATING AGENCY OF BANGLADESH LIMITED

Ref: AGL (01)/RCM/170623/2017-

21 June 2017

Mr. Md. Arfan Ali
President and Managing Director
Bank Asia Limited
Rangs Tower
68, Topkhana Road, 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 2018. The ratings may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated..

We hope the Rating Awards will serve the intended purpose of your organization.

Yours Sincerely,

Hamidul Huq
Managing Director

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** for the financial year ended on 31st December 2017, 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, subject to the remarks and observations as reported in the attached Compliance Statement, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC. We also state that such compliance is neither an assurance with which the Management has conducted the affairs of the Company.

For Podder & Associates

Jayanta Kumar Podder
Cost and Management Accountant

Date: 10 APR 2018

Place: Dhaka, Bangladesh



Rating Report

Subordinated Bond (up to BDT 5,000.0 million) of Bank Asia Ltd



CRISL

Credit Rating Report

CREDIT RATING REPORT
On
TK. 3,000 MILLION 7 YEAR NON-CONVERTIBLE SUBORDINATED BOND

REPORT: RR/16543/17

1.0 ISSUE FEATURE: SUBORDINATED DEBT (Tier II Bond)

2.0 ISSUE RATING RATIONALE

3.0 ISSUER SUMMARY-BANK ASIA LIMITED

Page 1 of 12

Corporate Governance Compliance Checklist in line with Bangladesh Securities and Exchange Commission (BSEC) Regulation

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 11 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.	√		
(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;	√		The Independent Director have declared their compliance
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.	√		

TRUE STOCK

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.	√		
(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.	√		Not Applicable
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.	√		Different persons hold the position with specific responsibilities set by the Board
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.	√		Not Applicable
(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.	√		Not Applicable
(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc.	√		No such matter to explain
(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 considered 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:	√		

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;	√		Not Applicable
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		Not Applicable
(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.	√		The Company has appointed CFO, CS and Head of Internal Audit. There are clearly defined roles, responsibilities and duties which have been approved by Board as per requirement of BSEC notification.
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.	√		In Practice
3.0	**AUDIT COMMITTEE**			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		Already In Practice
(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.	√		In Practice

MAARSTOCK

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	√		In Practice
3.1	**Constitution of the Audit Committee**			
(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
(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.	√		No such incidence arose
(v)	The company secretary shall act as the secretary of the Committee.	√		In Practice
(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		In Practice
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.	√		

WRAY STOCK

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.	√		There was no IPO/ RPO/Rights issue in 2017
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;**			No such incidence arose
b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	√		No such incidence arose
c)	suspected infringement of laws, including securities related laws, rules and regulations;	√		No such incidence arose
d)	any other matter which shall be disclosed to the Board of Directors immediately.	√		No such incidence arose
3.4.2 Reporting to the Authorities	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	√		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.	√		

ARMARSTOCK

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.	√		
(ix)	Audit/ Certifiaction services on compliance of corporate governance as required under clause (i) of condition no. 7	√		
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:	√		

ARYSTOCK

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.	√		In Practice
(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or in violation of the company's code of conduct.	√		In Practice
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 for the year ended 31st Dec 2017.
(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.	√		

AMI 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 2017, 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

VALUE STOCK

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 2017, on consolidated basis banks operating profit was Tk. 6,933 million which was increased by 12.04% than the previous year. On solo basis, the bank's operating profit was 6,688 million which was also increased by 13% than the previous year. Net Profit increased by 32% that resulted from increase of operating profit by 13%, lower requirement of provision (decreased by 0.14%) and effective tax management. Bank's CL ratio stood at 4.38% in 2017 from 5.41% in 2016. In 2017 Bank need to keep total provision of Tk. 2,630.02 million which was Tk. 2,633.72 million in last year resulted decrease of provision by 0.14% due to lower classified loan.
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.

INVESTOCK

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

AMARSTOCK

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

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

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

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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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

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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

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

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

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
Md. Arfan Ali	Member [Ex-Officio] (President & Managing Director)
A.K.M. Mizanur Rahman	Member [Ex-Officio] (Head of Islamic Banking CC)



Bank Asia Shariah Supervisory Committee meeting

Report of Bank Asia Shariah Supervisory Committee (BASSC)

For the year 2017

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 2017:

1. Conducting Shariah audit & inspection in all Islamic Banking Windows 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 53 conventional branches of the Bank to motivate respective officials and build awareness of Islamic Banking principle, products & services.
5. Some Investment products as well as Deposit prodict approved including policies in view of Islamic Shariah.

After reviewing and evaluating the Shariah Inspection Reports, Balance Sheet and Profit & Loss statement (Unaudited) of Islamic Banking of the Bank for the year 2017, the Committee, has expressed the following opinion:

1. Profit has been distributed to Mudaraba Depositors on the basis of pre-declared Income Sharing Ratio (ISR) in accordance with Shariah.
2. Compensation amount has been kept separate and not included in Bank's income.
3. Transactions with conventional part of the Bank have been made compliant with Shariah principle and recorded separately.
4. According to Shariah inspection reports, in investment operations, no violation of basic principles of Shariah has been identified. No doubtful transaction detected in the light of Islamic Shariah.
5. As per direction of Chapter 8 of 'Guidelines on Internal Control & Compliance in Banks' issued by Bangladesh Bank titled 'Shariah Audit', operations of all of 5 Islamic Banking Windows of Bank Asia rated as 'low' in Shariah risk; i.e. highly Shariah complied, the committee expressed full satisfaction in this regard.

Alhamdulillah! The committee opined that the commitment & endeavours of the officials of Islamic Banking team of Bank Asia, to maintain Shariah compliance is appreciable. 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)

Chief Financial Officer's Report



Political stability coupled with moderate inflation has relatively gained investors' confidence in the recent economic progression, on the other hand sudden liquidity crunch followed by rising NPL and lower remittance flow put challenging environment for banks to operate; fortunately technology driven financial inclusion programs like agent banking, EBEK, social safety net, mobile banking offers some degree of relief.

Sustained political stability, relatively consistent inflation rate, amplified research and innovation in different sectors of the economy in recent years have seen private sector businesses grow considerably with opening up of scopes for investors to have confidence for an exalted economy. Oppositely, rising non-performing loans followed by stagnancy in loan recovery, pressure on bank liquidity to expand business and comply regulations, maintaining spread from the core business, upward trend of US$ rate ensuing higher import costs as well as widening trade deficit marking diminution of foreign reserve, flow of lower remittance due to foreign governmental embargo on jobs and political strife pose significant challenges to the robustness of the banking industry. Fortunately, the adoption of technology driven financial inclusion program such as agent banking, mobile banking, government undertaking new projects including development of LPG terminal and addition of electricity to national grid unveil a greater window for expanding financial inclusion than ever and pave the way for sustainable economic and social development.

Bank Asia marked its yearend with classified loan gliding down to 4.38%, ROE of 10.21% and a total contribution of Tk 4,408 million to National exchequer denoting 1.35% growth than 2016.

The scenario mentioned above influenced Bank Asia's business strategies in the following ways:

OPTIMIZING REVENUE

One of the major ways to optimize revenue from the core business is to have efficient mixing of liability products and making the best use of funds by diversifying loan products with competitive benefits, pricing to escalate the market share pie. Accordingly, Bank Asia ALCO continuously adjusts the deposit and loan products pricing with market dynamics movement in the banking industry to maximize income. It is noteworthy that Bank Asia has marked significant improvement in its deposit mix by driving high cost deposit to 50% in 2017 from 53% in 2016 that resulted cost of deposit to improve to 5.08% in 2017 from that of 5.66% in 2016.

BUDGETING

A budget is one of the guiding tools where the Board expectations and Management aptitudes are blended to produce some goals to strive for. In the process of preparing

Chief Financial Officer's Report

a budget, a balanced assortment is taken that consists of top down and bottom up approach taking into account industry scenario, commanding area potentials, intrinsic and extrinsic factors, capacity of the branches and human resources etc. All these factors play a pivotal role in shaping up a pragmatic budget which gets reviewed on monthly basis and strategies are being realigned to get close to the target.

The budget and achievement summary is shown below

Million Taka

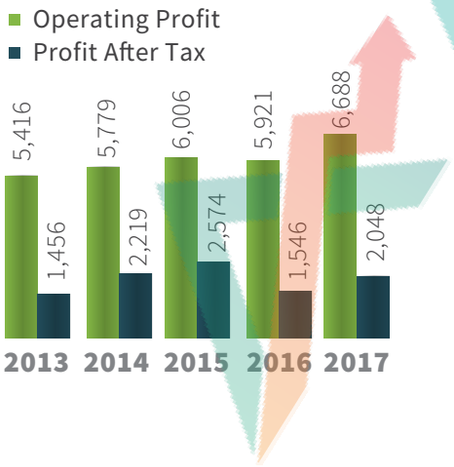
Particular	2017	2016	Growth (%)	2017 Target	2017 Target Achieve-ment (%)
Loans and advances	197,504	163,610	20.72%	200,310	98.60%
Deposits	207,041	191,273	8.24%	224,811	92.10%
Import	181,468	148,724	22.02%	173,600	104.53%
Export	118,172	103,139	14.58%	120,419	98.13%
Remittances (inward)	51,778	41,665	24.27%	44,533	116.27%
Operating profit	6,688	5,921	12.95%	7,026	95.19%
Operating expenses	5,280	4,719	11.89%	5,200	101.54%
Shareholder's equity	21,054	19,038	10.59%	-	-
Capital fund	32,914	24,775	32.85%	-	-

FORECASTING BUSINESS AND REALIGNING STRATEGIES

We prepare budget and five year strategic business plans annually to set our midterm and long term vision. Since banking business is highly sensitive due to default risk, interest rate risk, market risk etc. monthly rolling forecast on expected business as well as outcome paves the way for necessary adjustment with the required action plan formulation and implementation.

OPERATING COST AND BURDEN COVERAGE

We put our best effort to optimize the fixed and variable expenses in such a fashion that the business grows smoothly ensuing in shareholder's wealth enhancement. During 2017, the operating expense grew only by 11.88% as a result of opening up 9 new branches, installing 13 new ATM booths and adding 117 employees to the portfolio etc. The burden ratio of 0.44% indicates the Bank's strength to bear its expense from non-interest income thus exhibiting lesser dependence on loans' interest income.



TAX/VAT MANAGEMENT

Tax and Vat Planning is posited at the pinnacle of our concern as a little drift may consume a major portion of the net profit. Bank Asia maintains a strong team to efficiently finalize the tax assessment on annual basis and manage the VAT authority, NBR, CIC and Auditor General (AG) commendably.

CAPITAL MANAGEMENT AND PLANNING

In order to make the banking sector more resilient the Basel Committee on Banking Supervision (BCBS) released a global regulatory framework on Basel-III capital accord in December 2010 by refurbishing the global capital and liquidity rules.

A balance need to exist between business expansions and associated risk mitigation for efficient capital management. It is to be mentioned that the Basel III capital accord implementation has already begun since January 2015 and will see completion by January 2020 as per the Bangladesh bank roadmap. The accord will be fully implemented by January 2020, where the Minimum Total Capital plus Capital Conservation Buffer will be 12.50% against existing 10% depicted as follows:

2016	2017	2018	2019
10.625%	11.25%	11.875%	12.50%

A strong capital base is the mainstay for healthy growth but equity capital is the most expensive source of fund which needs to be check mated with cheaper alternative sources and with this in retrospect, Bank Asia injected TK. 1,050 million to the core capital in 2011 by issuing Rights share accompanied by raising of Tier-2 capital in the form of 6 Year - 13% Yield to Maturity, Non-convertible Subordinated Zero Coupon Bond for Tk. 600 million. Continuing the stride, Bank Asia further injected Tk. 3,000 million 7 Year Non-convertible Subordinated Bond on 2015 followed by issuance of another subordinated Bond of 7 Year Floating Rate Non-convertible Subordinated Bond of Tk. 5,000 million through private placement in 2017. The vision of raising CET1 capital by 2018 as a long term capital solution is plausible due to the dedicated endeavor put by both the Board and the Management.

Apart from raising core capital and supplementary capital, Bank Asia relegates equivalent emphasis on capital saving or reduction of capital requirement in the form of credit rating of appropriate Corporate and SME clients (detailed out in risk management report section), optimizing worthy collaterals and diversifying the business portfolio to ensure minimal risk with the maximum gain in return. Keeping this in mind, Bank Asia always formulates its capital and business strategies based upon a 5 year encompassing capital planning.

ANNUAL REPORT

Chief Financial Officer's Report

Capital Plan (Banking Operation) 2017-2021

Million Taka

Particulars	2017	2018	2019	2020	2021
Common Equity Tier 1 (CET1) Capital					
Paid-up capital	9,870	10,660	11,726	12,898	14,188
Statutory Reserve	7,345	8,530	9,894	11,475	13,295
General Reserve	8	8	8	8	8
Retained earnings	1,677	2,493	2,776	3,221	3,968
Less: Regulatory adjustments	(47)	(47)	(47)	(47)	(47)
Total CET1	18,853	21,643	24,357	27,556	31,412
Tier 2 Capital					
General Provision	5,432	6,286	7,416	8,661	10,011
Revaluation Reserve	537	268	0	0	0
Subordinated 6 year Zero Coupon Bond	93	0	0	0	0
Subordinated 7 year Floating Rate Bond2	3,000	2,400	1,800	1,200	600
Subordinated 7 year Floating Rate Second Bond3	5,000	5,000	5,000	4,000	3,000
Subordinated 7 year Floating Rate Second Bond4 (Proposed)	0	5,000	5,000	5,000	4,000
Total Tier 2 Capital	14,061	18,954	19,216	18,861	17,611
Total Capital (Tier 1 + 2)	32,914	40,597	43,573	46,417	49,023
Risk Weighted Assets (RWA)	221,115	263,150	305,710	350,510	372,703
Minimum Capital Requirement + Buffer	11.25%	11.88%	12.50%	12.50%	12.50%
Capital to Risk Weighted Assets Ratio (CRAR)	14.89%	15.43%	14.25%	13.24%	13.15%

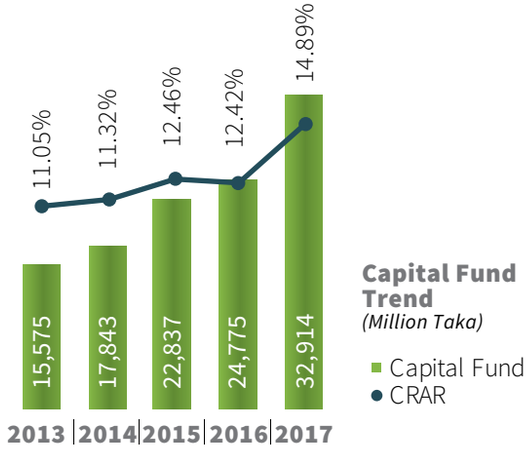
Regulatory Adjustments

* 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 as much as fixed income for sustainable growth of the company as well as to comply with the regulations, the Bank invested 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 2017, the total investment of the bank stood at Tk. 27,545.81 million.



AMAR STOCK

Chief Financial Officer's Report

Key Performance Indicators (KPIs) of Banking Operation

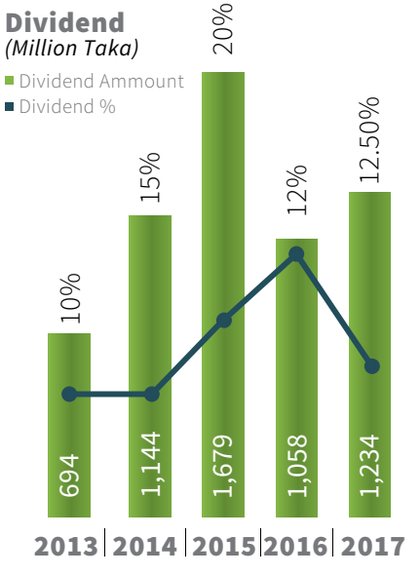
Million Taka

Particular	2017	2016
Operating performance (statement of comprehensive income)		
Total operating income	11,967	10,640
Operating profit	6,688	5,921
Profit before tax	4,058	3,287
Profit after tax	2,048	1,546
EPS	2.07	1.57
Statement of financial position (balance sheet)		
Shareholders fund	21,054	19,038
Property, plant & equipment	5,330	5,250
Current asset	159,832	147,293
Current liability	151,962	141,017
Net current asset	7,870	6,276
Long term liability	115,980	93,140
Long term liability to current liability	76.32%	66.05%
Key performance ratios (%)		
Yield on advances	9.03	9.86
Cost of deposits	5.08	5.66
Cost of deposits and borrowing	5.23	5.71
Cost of fund	7.73	8.22
Cost of operation	2.5	2.51
Spread	3.95	4.2
Net interest margin	3.63	3.64
Burden ratio	0.43	0.4

DIVIDEND

We know that dividend is paid out either in cash or in stock. Issuing stock dividend helps bank to raise core capital and after getting desired capital it becomes obvious to issue cash dividend to keep up shareholders confidence in the company as well as maintain consistency in pay-out ratio. Accordingly, the bank issued stock dividend in the earlier years of its operation and in 2014 and 2015 it issued a combination of both cash and stock dividend. Again in 2016 stock dividend was given. For 2017 the Board of Directors has proposed 12.50% stock dividend amounting to Tk. 1,234 million. The following table shows dividend pay-out from 2008 to 2017:

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dividend	23%S	40%S	40%S	20%S	10%S	10%S	15% (5%C + 10%S)	20% (15%C + 5%S)	12%S	12.50%S (Proposed)
Million (Taka)	401	858	1,201	1,051	631	694	1,144	1,679	1,058	1,234



AMARSTOCK

Chief Financial Officer's Report

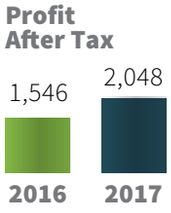
KEY PERFORMANCE TARGETS AND ACHIEVEMENTS

The prudent and capable management of the Bank as well as the motivated employees are putting their concerted efforts that are reflected over the key performance indicators. Below comparative analysis shows the bank's operational efficacy through its drive for efficient cost management, effective risk management and value generation for the shareholders.

1. Maximize Revenue

Target: Maintain balanced growth

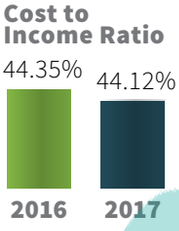
Outcome: 32% growth in Profit after Tax signifies efficient balance sheet management



2. Controlling Expenses

Target: Enhancing scopes for investment and growth by employing cost effective measures and driving cost to income ratio below 40%.

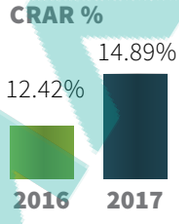
Outcome: Improving the cost to income ratio by 0.23% marking sound strategic cost management efforts. Savings reinvested in headcount and new capabilities including digital initiatives



3. Capital Management

Target: Keeping CRAR @14% which is well above the present regulatory requirements including buffer and adequate for future contingencies.

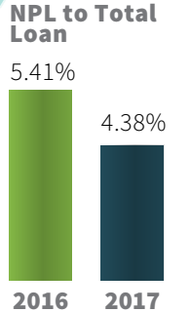
Outcome: Increased capital through bond issuance, rated corporate clients and kept CRAR @14.89%.



4. Curbing NPL

Target: Bring down the NPL to below 2% and sustain the efficacy of loan recovery as well as eliminate implausible financing sources.

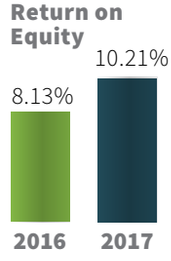
Outcome: Brought down NPL to total loan ratio to 4.38% from 5.41% marking a progress by 1.03% from last year



5. Improving Returns

Target: ROE 12% or better in a normalized interest rate environment

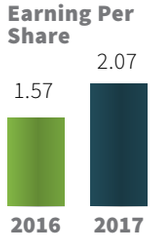
Outcome: ROE rises to 10.21% from 8.13% in a challenging operating environment.



6. EPS

Target: Maintain the moderate growth rate of EPS to cater maximum return to the shareholders.

Outcome: 32.44% growth registered in the EPS due to higher profit earning and rigorous cost management



Staff Strength

Staff summary as of 31st December 2017

Age Group	Male	Female	Total
30 & below	388	123	511
31-40	871	330	1,201
41-50	298	40	338
51-60	34	3	37
Total	1,591	496	2,087
Percentage	76%	24%	100%



AMARSTOCK

Chief Financial Officer's Report

Human Resource Accounting

Human resource accounting helps the company ascertain how much investment is made on its employee and how much return it can expect from this Investment. Bank Asia reported the total value of human capital to be Tk. 16,896 million in the year 2017 compared to Tk. 16,772 million in 2016 The detailed discussion on Bank's HR Accounting has been presented at Page no 212-213 of this Annual Intregated Report.

Category wise Break down is presented in the table below

Million Taka

Category	2017			2016		
	No. of Employees	Per Capita Value	Total Value	No. of Employees	Per Capita Value	Total Value
Executives	370	16.11	5,961	358	16.39	5,868
Officer	1,717	6.37	10,935	1612	6.76	10,905
Total	2,087		16,896	1,970		16,772

Brief Economic, Environmental and Social Performance

Economic responsibility	No of loans accounts	**+25%**
	Deposit customer accounts	**+24%**
	Savings customer accounts	**+34%**
Shareholders responsibility	Profit after Tax	**2,048 million BDT**
	Shareholders' fund	**21,054 million BDT**
	Share Price	**23.10 BDT**
Environmental responsibility	Electricity consumed	**95,34,000 kwh**
	Oil	**80,337 ltrs**
	CNG	**204,286 m3**
	Local business travel	**88,62,500 km**
	Paper used	**81,811 reams**
Social responsibility	Staff strength	**+6%**
	Benefits and emoluments	**+8%**

Clarity and Integrity in reporting have always been the essence of Group Finance of Bank Asia through which we try to assist in shaping the Business Strategy of the Management and the Board. We motivate ourselves with the devotion to ensure Safe, Secure and Stable Banking with Bank Asia and it is expected that the year 2018 will be astounding in terms of value creation and financial risk management.



Mohammad Ibrahim Khalil, FCA
Chief Financial Officer

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) To the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

- Internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note # 2 to the financial statements appeared to be materially adequate;
- Nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities.

c) The financial statements of the Bank's subsidiaries named Bank Asia Securities Limited audited by us, but other two overseas subsidiaries BA Exchange Company (UK) Limited and BA Express USA Inc. was not audited by us. The financial statements of BA Exchange Company (UK) Limited for the year ended 31 December 2017 have been audited by AGP Consulting Chartered Accountants and Statutory Auditors, UK and expressed an unmodified opinion. The financial statements of BA Express USA Inc. for the year ended 31 December 2017 have been audited by United Financial CPA PC, USA and expressed an unmodified opinion. These accounts have been properly reflected in the consolidated in the consolidated financial statements.

d) In our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

e) The expenditure incurred was for the purposes of the Bank's business.

f) The consolidated balance sheet and consolidated profit & loss account of the Group and the separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account;

g) The consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as explained in Note # 2.1 as well as with related meeting amongst Inspection Team of Bangladesh Bank, External Auditor and the Management of Bank Asia Limited held on 18 March 2018 and subsequent letter # DBI-1/120/2018/74 dated 03 April 2018 issued by Bangladesh Bank;

h) Provisions have been made as of 31 December 2017 for loan and advances, other assets and off balance sheet items which are, in our opinion, doubtful of recovery;

i) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

j) The information and explanations required by us have been received and focused satisfactory;

k) We have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 5,250 persons working hours during the audit; and

l) Capital to Risk Weighted Assets Ratio (CRAR) is required by the Bangladesh Bank has been maintained adequately during the year.

Other Matter

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

Dhaka, Dated
April 08, 2018

ACNABIN
Chartered Accountants

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Bank Asia Limited and its subsidiaries
Consolidated Balance Sheet

as at *31 December 2017*

Amount in Taka

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

AMARSTOCK

Consolidated Balance Sheet

Amount in Taka

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

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

Chairman	Director	Director	Director	President and Managing Director

Report of the auditor's to the shareholders:
This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
08 April 2018

ACNABIN
Chartered Accountants

AMAR STOCK

Bank Asia Limited and its subsidiaries
Consolidated Profit and Loss Statement

for the year ended *31 December 2017*

Amount in Taka

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

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

Chairman	Director	Director	Director	President and Managing Director

Report of the auditor's to the shareholders:
This is the statement of Consolidated Profit and Loss statement referred to our report of even date.

Dhaka, Dated
08 April 2018

ACNABIN
Chartered Accountants

AMARSTOCK

Bank Asia Limited and its subsidiaries
Consolidated Cash Flow Statement

for the year ended *31 December 2017*

Amount in Taka

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

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

Chairman	Director	Director	Director	President and Managing Director

AMARSTOCK

Bank Asia Limited and its subsidiaries
Consolidated Statement of Changes in Equity

for the year ended *31 December 2017*

Amount in Taka

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

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

Chairman | Director | Director | Director | President and Managing Director

AMARSTOCK

Bank Asia Limited
Balance Sheet

as at *31 December 2017*

Amount in Taka

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

AMARSTOCK

Balance Sheet

Amount in Taka

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

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

Chairman	Director	Director	Director	President and Managing Director

Report of the auditor's to the shareholders:
This is the statement of Balance Sheet referred to our report of even date.

Dhaka, Dated
08 April 2018

ACNABIN
Chartered Accountants

AMAR STOCK

Bank Asia Limited
Profit and Loss Statement

for the year ended *31 December 2017*

Amount in Taka

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

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

Chairman	Director	Director	Director	President and Managing Director

Report of the auditor's to the shareholders:
This is the statement of Profit and Loss Statement referred to our report of even date.

Dhaka, Dated
08 April 2018

ACNABIN
Chartered Accountants

AMARSTOCK

Bank Asia Limited
Cash Flow Statement

for the year ended *31 December 2017*

Amount in Taka

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

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

Chairman	Director	Director	Director	President and Managing Director

AMARSTOCK

Bank Asia Limited
Statement of Changes in Equity

for the year ended *31 December 2017*

Amount in Taka

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

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

Chairman	Director	Director	Director	President and Managing Director

ALAMAR STOCK

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

as at *31 December 2017*

Amount in Taka

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

Chairman | Director | Director | Director | President and Managing Director

AMARSTOCK

Bank Asia Limited
Notes to the financial statements

as at and for the year ended *31 December 2017*

1. THE BANK AND ITS ACTIVITIES

1.1 Bank Asia Limited

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

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

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

1.2 Principal activities

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

1.3 Islamic banking unit

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

1.4 Off-shore banking unit

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

1.5 Bank Asia Securities Limited

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

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

1.6 BA Exchange Company (UK) Limited

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

1.7 BA Express USA inc

BA Express USA inc is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (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.

AMAR STOCK

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

i) **Presentation of financial statements**

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

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

ii) **Investment in shares and Securities**

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

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

iii) **Revaluation gain/loss on Government securities**

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

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

AMARSTOCK

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

iv) **Provision on loans and advances**

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

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

v) **Other comprehensive income**

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

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

vi) **Financial instruments – presentation and disclosure**

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

vii) **Repo transactions**

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

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

viii) **Financial guarantees**

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

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

ix) **Cash and cash equivalent**

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

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

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

x) **Non-banking asset**

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

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

xi) **Cash flow statement**

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

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

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

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

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

xiii) **Presentation of intangible asset**

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

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

xiv) **Off-balance sheet items**

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

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

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

xv) **Disclosure of appropriation of profit**

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

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

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

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

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

xvii) **Recognition of Interest in Suspense**

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

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

xviii) **Uniform Accounting Policy**

In several cases Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BFRS 10. As such some disclosure, presentation and measurement requirements of BFRS 10 cannot be made in financial statements.
(Also refer to note 3.19 Compliance of BFRSs)

AMARSTOCK

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

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

Key estimates include the following:
- Provision on loans and advances
- Deferred tax assets/liabilities
- Gratuity fund

2.4 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translation

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

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

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

2.5 Basis of consolidation

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

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

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

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

2.5.1 Subsidiaries of the Bank

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

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

2.6 Cash flow statement

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

2.7 Statement of changes in equity

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

Investment in securities

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

Held to maturity

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

Held for trading

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

Revaluation

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

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”.

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/letters no. 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 8 dated 07 August 2007, 10 dated 18 September 2007, 14 dated 23 September 2012, 19 dated 27 December 2012, 5 dated 29 May 2013, 16 dated 18 November 2014, 8 dated 02 August 2015, 12 dated 20 August 2017, 15 dated 27 September 2017, 01 dated 03 January 2018, 01 dated 20 February 2018.

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

AMAR STOCK

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

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

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

f) The Bangladesh Bank under its inspection based on 31 December 2017 suggested to keep extra provision against stay order and other loans amounting Tk. 19,205.17 Lac, out of which Tk. 3,205.00 Lac has been kept in the year 2017, rest of the amount along with carrying from 2016 will be kept Tk. 15,501.17 lac in 2018, Tk. 7000.00 lac in 2019 and Tk. 7000.00 lac in 2020.

g) The Bank has restructured (Large loan restructure) certain loan facilities of M/s. Samannaz Super Oil Limited, S. A. Oil Refinery Limited, Abdul Monem Sugar Refinery Limited and Shinepukur Ceramics Limited under BRPD Circular No. 04 dated 29 January 2015 for an aggregate amount of Tk. 4,243.02 million as per the terms and conditions of the said circular.

h) In stay order cases the unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk. 8,581.80 million which have not been reported under classification as at 31 December 2017 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 2,349.00 million has been kept as general provision against those customers.

3.1.7 Impairment of financial assets

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

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

the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and

a reliable estimate of the loss amount can be made.

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

3.1.8 Property, plant and equipment

Recognition and measurement

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

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

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

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

The cost of an items of property, plant and 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.

3.1.11 Investment properties

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

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

3.1.12 Other assets

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

3.1.13 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

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

3.2.2 Deposits and other accounts

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

3.2.3 Other liabilities

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

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

3.3 Capital/shareholders’ equity

Authorised capital

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

Paid-up capital

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

Statutory reserve

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

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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 Unearned Income account. Income/compensation on classified investments is transferred to profit/rent/compensation/suspense account instead of income account.

Investment income

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

Interest and fees receivable on credit cards

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

Fees and commission income

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

Dividend income on shares

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

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

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

Interest paid on borrowing and other deposits (conventional banking)
Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

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

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

3.7 Employee benefits

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

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

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

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

3.7.5 Worker's Profit Participation Fund
Consistent with the industry practice and in accordance with the Banking Companies Act, 1991, no provision has been made to WPPF

3.8 Provision for off-balance sheet exposures

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

3.9 Provision for nostro accounts

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

3.10 Taxation

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

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

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

offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
A deferred tax asset is recognised for unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3.11 Earnings Per Share

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

Basic earnings

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

Weighted average number of ordinary shares

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

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

Diluted earnings per share

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

3.12 Reconciliation of inter-bank/inter-branch account

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

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

3.13 Risk Management at Bank Asia Ltd.

Being a financial institution, in the ordinary course of business, the bank is sensitive to 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:

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

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

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

Credit Risk Management: Credit risk can be defined as risk of failure of customer/counterparty of the bank to meet financial obligations. Another major source of credit risk could be concentration risk, which arises when a bank's credit portfolio tend to be non diversified i.e. large single borrower exposure or lending exposure to clients having similar economic factors (single sub-sector, industry, geographic region etc) that would adversely impact the repayment ability of mass obligor during any possible economic downturn.
To ensure the portfolio health, the bank has distributed the overall credit concentration among different segments/industry/trading. For example, branches are primarily responsible for sourcing of potential clients and initiate limit (credit) approval process for review of Credit Risk Management Division (CRMD), this division (CRMD) ensure the quality of credit proposal before limit approval, a separate division known as Credit Administration (CAD) monitors the documentation aspects of approved credits and finally the Legal Recovery Department manages the deteriorating accounts. It is mentionable that the bank has own credit risk management guideline.
All other remaining risk in regards to credit portfolio are addressed by the Risk Management Division (RMD), the primary responsibility of this Division is to identify and assess the severity of risks and highlight the same to the management for strategic decision making. Below are risk wise list of few global model that RMD is currently using or intends to use in the future:

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

Foreign Exchange Risk Management: The Foreign Exchange Risk arises from transaction involvement in any other national currency. Providing major foreign exchange related transactions are carried out on behalf of client thus bank has minimal exposure to the captioned risk. It is mentionable that the bank do not involve in any speculative transactions.
The treasury division independently conducts the transactions and back office is responsible for verifying the deal and passes necessary accounting entries. As advised by Bangladesh Bank on month end all foreign exchange related transactions are revalued at mark-to-market rate. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by management for settlement. It is mentionable that bank management is looking forward to establish treasury mid office to effectively perform the reconciliation activities.

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

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

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

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

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

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

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

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

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

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

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

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

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

3.14 Events after reporting period

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

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

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

3.15 Related party disclosures

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

3.16 Directors' responsibilities on statement

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

3.17 Segment Reporting

As per BFRS 8 "Operating Segments", is a component of an equity:
(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
(c) for which discrete financial information is available.

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

3.18 Changes in Accounting Policies

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

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

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

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

3.20 Approval of financial statements

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

3.21 General

(i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.

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

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

(iv) These financial statements cover one calender year from 01 January 2017 to 31 December 2017 .

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Amount in Taka

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

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

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

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

4.3.1Cash 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.

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Amount in Taka

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

AMARSTOCK

Amount in Taka

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

AMAR STOCK

Amount in Taka

	31 Dec 2017	31 Dec 2016
Modhumoti Bank Limited	300,000,000	250,000,000
NRB Bank Limited	250,000,000	200,000,000
NRB Global Bank Limited	-	200,000,000
BRAC Bank Limited	-	750,000,000
Mercantile Bank Limited	-	1,000,000,000
Dhaka Bank Limited	-	1,000,000,000
	24,800,000,000	9,100,000,000
Less: Inter-company transactions with Bank Asia Islamic Window	(1,400,000,000)	-
	23,400,000,000	9,100,000,000
Details of Placement- with Banking companies (Foreign Currencies)		
Mutual Trust Bank Limited	1,116,450,000	-
Eastern Bank Limited	-	1,180,500,000
AB Bank Limited	827,000,000	-
Mercantile Bank Limited	827,000,000	-
Commercial Bank of Ceylon	413,500,000	-
	3,183,950,000	1,180,500,000
	26,583,950,000	10,280,500,000
Details of Placement with Non-banking financial institutions		
Delta Brac Housing	600,000,000	-
National House Finance and Investment Limited	200,000,000	-
IPDC Finance Limited	500,000,000	-
United Leasing Company	200,000,000	-
Union Capital Limited	500,000,000	-
	2,000,000,000	-

5.2 Conventional and Islamic banking- Outside Bangladesh

Current accounts

Interest bearing

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

Non-interest bearing

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

AMAR STOCK

Amount in Taka

	31 Dec 2017	31 Dec 2016
Bank of Sydney	784,152	85,845
Nepal Bangladesh Bank Limited, Kathmandu	13,763,471	4,096,072
Sonali Bank (UK) Limited, London	-	38,564
Saudi Hollandi K.S.A	5,427,400	30,734
UBAF, Tokyo	18,235,632	48,857
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	672,514	158,292
Wells Fargo Bank NA, New York, (USD)	53,519,499	28,198
Wells Fargo Bank NA, London, (Euro)	64,571	354,710
Bank Of Tokyo-Mitsubishi , Tokyo (Yen)	-	1,467,524
Zurcher Kantonal Bank, Switzerland	819,264	775,743
	295,502,374	141,004,918
	802,548,570	1,066,474,297
Placement with Off-shore Banking Unit	504,470,000	-
Less: Inter company transaction	(504,470,000)	-
	802,548,570	1,066,474,297

5.3 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	14,741,061,389	5,277,633,476
More than 1 month but not more than 3 months	14,203,150,000	7,335,700,000
More than 3 months but not more than 6 months	658,800,000	-
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	-	659,900,000
More than 5 years	-	-
	29,603,011,389	13,273,233,476

5(a) Consolidated Balance with other banks and financial institutions

In Bangladesh

Bank Asia Limited	28,766,652,560	10,702,481,995
Bank Asia Securities Limited	336,215,384	317,381,382
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	29,102,867,944	11,019,863,377
Less: Inter-company transactions	15,047,104	36,057,950
	29,087,820,840	10,983,805,427

Outside Bangladesh

Bank Asia Limited	836,358,829	2,570,751,481
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	54,274,321	5,879,569
BA Express USA, Inc	99,426,462	54,670,895
	990,059,612	2,631,301,945
	30,077,880,452	13,615,107,372

6. Money at call and on short notice

Call money		
With Banking companies (Note 6.1)	-	1,320,000,000
With Non-banking financial institutions (Note 6.2)	-	3,550,000,000
	-	4,870,000,000

AMARSTOCK

Amount in Taka

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

AMAR STOCK

Amount in Taka

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

AMAR STOCK

Amount in Taka

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

AMARSTOCK

Amount in Taka

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

AMAR STOCK

Amount in Taka

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

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

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

Rural

Dhaka Division	9,555,052,582	8,208,892,360
Chittagong Division	4,151,016,922	2,873,176,229
Sylhet Division	368,262,505	389,708,643
Rajshahi Division	1,789,511,068	1,948,977,039
	15,863,843,077	13,420,754,271
Outside Bangladesh	-	-
	197,504,138,756	163,609,782,739

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

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

8.9 Details of large loans/investments

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

AMAR STOCK

Amount in Taka

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

8.11 Grouping as per classification rules

Unclassified:

Standard including staff loan	179,810,129,754	146,653,042,739
Special mentioned account	9,051,706,000	8,109,401,000
	188,861,835,754	154,762,443,739

Classified:

Sub-standard	486,181,000	408,273,000
Doubtful	705,227,000	297,728,000
Bad/loss	7,450,895,000	8,141,338,000
	8,642,303,000	8,847,339,000
	197,504,138,754	163,609,782,739

AMARSTOCK

Amount in Taka

	31 Dec 2017	31 Dec 2016

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding at 31 Dec 2017	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 for professional, loan to Brokerage House (BH), consumer finance, staff loan and SMA)	123,031,770,989	109,237,505,452	1% to 5%	2,989,078,387	1,949,623,681
Small and medium enterprise financing	27,128,564,000	27,128,564,000	0.25%	67,821,410	41,422,610
House building loan and loan for professional	7,374,203,000	7,374,203,000	1 to 2%	73,742,030	116,905,109
Loans to BH	2,365,270,000	2,365,270,000	2.00%	47,305,400	53,386,825
Consumer finance	3,437,541,000	3,437,541,000	2% to 5%	129,901,000	134,478,810
Staff loan	1,317,439,517	-	-	-	-
				3,307,848,227	2,295,817,035
Special mentioned account	9,051,706,000	9,051,706,000	0.25% to 90%	630,604,361	556,138,678
Off-shore unit					
Unclassified loans (general)	15,155,341,248	15,155,341,248	1%	151,553,412	63,936,443
Special mentioned account	-	-	0.25% to 90%	-	13,540,349
				151,553,412	77,476,792
Classified - specific provision					
Sub-standard	486,181,000	343,863,000	20% / 5%	67,277,000	24,923,695
Doubtful	705,227,000	594,694,000	50% / 5%	296,561,000	103,340,237
Bad/loss	7,450,895,000	3,576,479,453	100%	3,368,851,000	4,366,021,975
				3,732,689,000	4,494,285,907
Provision required for loans and advances				7,822,695,000	7,423,718,412
Total provision maintained (Note 13.2)					
Conventional and Islamic Banking				7,689,632,728	7,346,241,620
Off-shore Banking Unit				151,553,412	77,476,792
				7,841,186,140	7,423,718,412

8.13 Suits filed by the Bank (Branch wise details)

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

AMARSTOCK

Amount in Taka

	31 Dec 2017	31 Dec 2016
Jessore Branch	89,881,449	58,698,895
Jurain SME Centre	5,565,685	941,349
Kamal Bazar Branch	315,335	315,335
KEPZ Branch	5,519,100	5,519,100
Khatunganj Branch	2,033,775,121	2,014,225,997
Khulna Branch	77,394,034	77,394,034
Lohagara Branch	15,123,119	18,602,599
Malkhanagar Branch	103,830,164	109,650,435
MCB Banani Branch	54,234,479	54,234,479
MCB Dilkusha Branch	1,282,815,521	109,418,307
MCB Sk. Mujib Road Branch	2,056,385,324	2,721,508,241
Mirpur Branch	23,409,708	18,623,772
Mitford Branch	300,047,766	129,740,029
Moghbazar Branch	53,513,290	53,513,290
Mohakhali Branch	36,824,325	879,256
Narayangonj Branch	79,008,104	2,834,027
North South Road Branch	1,302,969,283	47,098,679
Oxygen Moor Branch	5,874,497	-
Paltan Branch	10,831,306	6,708,387
Principal Office Branch	799,141,632	463,612,434
Progoti Sarani Branch	35,201,218	5,988,412
Rajshahi Branch	4,856,245	2,771,665
Ramgonj SME/Agri Branch	13,655,636	13,655,636
Rekabi bazar SME Center	348,681	348,681
Rupnagar Branch	870,417	-
Savar Branch	18,843,802	18,843,802
Scotia Branch	620,245,034	433,596,615
Shantingar Branch	923,082,989	424,592,794
Station Road Branch	156,316,446	155,203,399
Strand Road Branch	4,941,664	-
Sylhet Main Branch	31,102,359	23,487,548
Sylhet Uposhahar Branch	183,201,041	172,482,880
Sylhet Uposhahar Islamic Window Branch	17,140,393	17,140,393
Tongi Branch	2,174,613	3,181,896
Uttara Branch	157,458,561	157,458,561
	22,007,082,045	11,898,824,936

8.14 Bills purchased and discounted

Payable in Bangladesh	14,033,700,796	7,231,191,495
Payable outside Bangladesh	1,972,401,477	1,362,217,073
	16,006,102,273	8,593,408,568

8.15 Maturity-wise grouping of bills purchased and discounted

Payable within 1 month	3,290,362,273	2,892,870,540
More than 1 month but less than 3 months	4,151,658,549	2,543,933,436
More than 3 months but less than 6 months	4,971,661,780	2,747,039,373
More than 6 months	3,592,419,671	409,565,219
	16,006,102,273	8,593,408,568

AMAR STOCK

Amount in Taka

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

AMARSTOCK

Amount in Taka

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

10.2 income receivable

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

10.3 Advances, prepayments and others

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

10.4 Advance income tax

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

10.5 Branch adjustment accounts

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

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

10.6 Receivable from Government in connection with Rangs Properties:

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

10 (a) Consolidated Other assets

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

Amount in Taka

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

10(aa) Demutualization membership of Dhaka Stock Exchange

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

The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily 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)	15,349,703,961	9,347,599,580
Off-shore banking unit (Note 11.2)	15,423,078,092	9,474,823,844
Less: Adjustment with Head Office	(504,470,000)	-
	30,268,312,053	18,822,423,424

11.1 Conventional and Islamic banking

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

11.1.1 In Bangladesh

Secured:	-	-
Un secured:		
Money at call and on short notice		
Sonali Bank	1,500,000,000	-
Janata Bank	1,000,000,000	-
	2,500,000,000	-
Borrowings		
Bangladesh Bank refinance	81,913,942	103,695,498
SME Foundation Pre Finance	74,630,000	37,100,000
Borrowing A/C (AGRI Taka 10)	28,272,774	4,357,097
Bio-Gas Plant refinance	733,332	824,999
Borrowing- Green finance refinance	140,000,000	170,000,000
Export development fund	12,524,153,913	9,031,629,147
Onshore export discount fund	514,046,529	298,988,147
	13,363,750,490	9,646,594,888
Less : Inter borrowings between OBU and Conventional Banking	(514,046,529)	(298,995,308)
	15,349,703,961	9,347,599,580

Amount in Taka

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

MARSTOCK

Amount in Taka

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

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

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

11.4 Disclosure regarding REPO

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

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

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

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

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

b Disclosure regarding overall transaction of REPO & Reverse REPO

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

AMARSTOCK

Amount in Taka

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

AMARSTOCK

Amount in Taka

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

Amount in Taka

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

AMARSTOCK

Amount in Taka

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

AMARSTOCK

Amount in Taka

	31 Dec 2017	31 Dec 2016
Add/ Back: Recoveries of amounts previously written off	34,250,512	42,108,117
Transfer from General Provision	-	170,000,000
Specific provision made during the year	1,234,895,000	1,828,486,005
	1,269,145,513	2,040,594,122
Total specific provision on loans and advances/investments	3,739,999,617	4,494,285,907
E. **Total provision on loans and advances/investments (C+D)**	7,841,186,140	7,423,718,412

13.3 Provision on off-balance sheet exposures

Balance at 1 January	1,105,836,980	966,878,338
Add: Provision made during the year	224,575,935	138,958,642
	1,330,412,915	1,105,836,980
Less: Adjustments made during the year	-	-
Balance at the end of the year	1,330,412,915	1,105,836,980
General provision maintained for OBU as at 01 January	1,783,490	1,292,230
Add: Provision made during the year	-	491,260
Less: Adjustments made during the year	(1,196,935)	-
	586,555	1,783,490
Balance at the end of the year	1,330,999,470	1,107,620,470

As per BRPD circular letter no. 01 dated 03 Jan 2018, Letter of Credit for fast-track projects from Bangladesh Power Development Board are exempted from 1% off-balance sheet provision charging.

13.4 Interest suspense account

Balance at 1 January	1,584,318,032	1,329,213,289
Add: Amount transferred to "interest suspense" account during the year	2,010,554,525	2,576,169,983
	3,594,872,557	3,905,383,272
Less: Amount of interest suspense recovered	1,796,263,488	2,246,600,131
Interest waiver during the year	89,180,000	74,465,109
	1,885,443,488	2,321,065,240
Balance as at 31 December	1,709,429,069	1,584,318,032

13.5 Provision for taxation

Current tax (Note 13.5.1)	8,805,454,026	8,587,244,307
Deferred tax (Note 13.5.2)	472,021,365	430,521,365
	9,277,475,391	9,017,765,672

13.5.1 Provision for current tax

Balance at 1 January	8,587,244,307	9,832,107,040
Add: Provision made during the year	1,968,500,000	1,678,000,000
	10,555,744,307	11,510,107,040
Less: Adjustments made during the year	1,750,290,281	2,922,862,733
	8,805,454,026	8,587,244,307

13.5.2 Provision for deferred tax

Balance at 1 January	430,521,365	367,521,365
Provision made for deferred tax liabilities:		
Charged/(credited) to profit and loss statement	41,500,000	63,000,000
	472,021,365	430,521,365

AMARSTOCK

Amount in Taka

	31 Dec 2017	31 Dec 2016
13.5.1(a) Consolidated Provision for current tax		
Bank Asia Limited	8,805,454,026	8,587,244,307
Bank Asia Securities Limited	74,671,957	57,042,600
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	8,880,125,983	8,644,286,907
13.5.2(a) Consolidated provision for deferred tax		
Bank Asia Limited	472,021,365	430,521,365
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	472,021,365	430,521,365

13.6 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPD (FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of nostro account as at balance sheet date. Adequate provision has been made for debit entries which are outstanding for more than 3 months. Details of unrecognized entries are shown in Annex I.

13.7 Provision for diminution in value of shares

Balance at the beginning of the year	253,383,553	143,383,553
Less: Transfer to general provision for loans and advances/investments	-	-
Add: Provision made during the year	-	110,000,000
Balance at the end of the year	253,383,553	253,383,553
Provision requirement for quoted and unqouted share including subsidiaries	18,725,277	165,199,929
	18,725,277	165,199,929
Provision maintained	253,383,553	253,383,553
	234,658,276	88,183,624

13.8 Provision for others

Balance at the beginning of the year	134,822,336	134,822,336
Adjustment	(103,581)	-
Add: Provision made during the year	-	-
Balance at the end of the year	134,718,755	134,822,336
Provision requirement	121,595,000	103,724,000
Provision maintained	134,718,755	134,822,336
Surplus provison maintained	13,123,755	31,098,336

(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)

13(a) Consolidated Other liabilities

Bank Asia Limited	22,539,776,869	20,865,003,294
Bank Asia Securities Limited	1,590,527,614	1,418,075,749
BA Exchange Company (UK) Limited	90,837,514	38,521,659
BA Express USA, Inc	188,485,773	104,475,024
Foreign currency effect for subsidiaries	-	-
	24,409,627,770	22,426,075,726

AMARSTOCK

Amount in Taka

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

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	419,647,570
Issued as bonus shares 12% for the year 2016	1,057,511,890	-
	9,870,110,990	8,812,599,100

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

AMARSTOCK

Amount in Taka

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

14.4 (a) Consolidated capital to risk-weighted asset

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

Common Equity Tier -1 capital (Going-Concern Capital)	In line of Basel III	In line of Basel III
Paid up capital	9,870,110,990	8,812,599,100
Non-controlling (Minority) interest	11,723	11,355
Statutory reserve (Note 15)	7,345,137,782	6,533,632,030
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	1,554,316,722	1,267,955,303
	18,777,743,362	16,622,363,933
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	47,446,270	63,308,180
Common Equity Tier -1 capital (Going-Concern Capital)	18,730,297,092	16,559,055,753
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	18,730,297,092	16,559,055,753
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	4,101,186,523	2,929,432,505
General provision on off-balance sheet exposure	1,330,999,470	1,107,620,470
Subordinated non-covertable zero coupon bonds	8,092,588,885	3,197,214,016
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	14,866,071,095	8,575,563,208
Less: Regulatory adjustments		
60 % of revaluation reserve for fixed assets, securities and equity securities	804,777,730	536,518,487
Total Tier- 2 Capital	14,061,293,365	8,039,044,721
A) Total capital	32,791,590,456	24,598,100,474
B) Total risk weighted assets (RWA)	222,348,618,058	200,371,026,445
C) Required capital	22,234,861,806	20,037,102,645
D) Capital surplus (A-C)	10,556,728,650	4,560,997,829
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	8.42%	8.26%
Tier- 1 to RWA (minimum 5.5% under Basel III)	8.42%	8.26%
Capital to Risk Weighted Assets against minimum requirement 10%	14.75%	12.28%

14.5 Percentage of shareholdings at the closing date

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

AMARSTOCK

Amount in Taka

	31 Dec 2017	31 Dec 2016

14.6 Classification of shareholders by holding

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

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

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

15 Statutory reserve

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

16 Revaluation reserve

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

16.1 Revaluation reserve on HTM securities

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

16.2 Revaluation reserve on HFT securities

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

AMARSTOCK

Amount in Taka

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

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Amount in Taka

	31 Dec 2017	31 Dec 2016
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	37,871,899,346	28,939,384,004
Off-shore banking unit	19,337,568	74,257,398
	37,891,236,914	29,013,641,402
Bills for collection		
Conventional and Islamic banking (Note 18.4)	14,462,463,349	11,033,466,419
Off-shore banking unit	6,223,986	38,489,591
	14,468,687,335	11,071,956,010
Other commitments		
Conventional and Islamic banking (Note 18.5)	317,134,285	-
Off-shore banking unit	-	-
	317,134,285	-
	136,156,444,076	110,762,047,002

18.1 Acceptances and endorsements

Conventional and Islamic banking	42,833,057,095	35,032,505,701
Off-shore banking unit	31,293,906	65,601,965
	42,864,351,001	35,098,107,666

18.2 Letters of guarantee

Letters of guarantee (Local)	23,826,990,859	23,003,634,987
Letters of guarantee (Foreign)	16,788,043,682	12,574,706,937
	40,615,034,541	35,578,341,924

Balance for which the Bank is contingently liable in respect of guarantees issued favouring:

Directors or officers	434,133	434,133
Government	28,262,076,560	23,938,645,612
Banks and other financial institutions	2,384,902,218	1,935,789,331
Others	9,967,621,630	9,703,472,848
	40,615,034,541	35,578,341,924

18.3 Irrevocable letters of credit

Letters of credit Back to Back (Inland)	3,369,890,633	2,854,011,188
Letters of credit (General)	30,801,387,262	23,688,551,522
Back to back L/C	3,700,621,451	2,396,821,294
	37,871,899,346	28,939,384,004

18.4 Bills for collection

Local bills for collection	8,467,036,961	5,360,733,917
Foreign bills for collection	5,995,426,388	5,672,732,502
	14,462,463,349	11,033,466,419

18.5 Other commitments

Forward Assets Purchased and Forward Deposits Placed	317,134,285	-

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.

AMARSTOCK

Amount in Taka

	31 Dec 2017	31 Dec 2016
19 Income statement		
Income:		
Interest, discount and similar income (Note 19.1)	18,868,865,547	18,024,296,520
Dividend income (Note 22)	53,427,973	41,515,740
Fees, commission and brokerage (Note 19.2)	1,459,687,245	1,295,040,854
Gains/ less Losses arising from dealing securities	-	-
Gains/ less Losses arising from investment securities	24,672,598	51,878,470
Gains/ less Losses arising from dealing in foreign currencies (Note 23.1)	1,660,129,043	1,179,820,426
Income from non-banking assets	-	-
Other operating income (Note 24)	742,166,065	648,277,718
Profit/ less Losses on interest rate changes	-	-
	22,808,948,471	21,240,829,728
Expenses:		
Interest paid/profit shared on deposits and borrowings, etc (Note 21)	10,841,556,834	10,600,935,255
Administrative expenses (Note 19.3)	3,429,054,851	3,148,315,055
Other expenses (Note 34)	1,457,470,719	1,172,113,402
Depreciation on banks assets (Note 33.1)	393,309,290	398,831,506
	16,121,391,694	15,320,195,218
	6,687,556,777	5,920,634,510
19.1 Interest, discount and similar income		
Interest income/profit on investments (Note 20)	16,411,574,859	14,569,387,489
Interest on treasury bills/reverse repo/bills	2,123,698,883	2,758,131,885
Interest income on corporate bonds	153,115,193	148,517,916
Interest on debentures	-	-
Income from investment in shares, bonds etc	-	8,615,515
Capital gain on Government securities and assets	180,476,612	539,643,715
	18,868,865,547	18,024,296,520

Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.

19.2 Fees, commission and brokerage		
Commission	1,459,687,245	1,295,040,854
Brokerage	-	-
	1,459,687,245	1,295,040,854
19.3 Administrative expenses		
Salaries and allowances (Note 25)	2,519,793,179	2,336,571,464
Rent, taxes, insurance, electricity, etc (Note 26)	613,241,644	533,568,147
Legal expenses (Note 27)	24,615,519	16,085,833
Postage, stamp, telecommunication, etc (Note 28)	89,544,014	81,601,730
Stationery, printing, advertisement, etc (Note 29)	97,405,242	90,134,202
Managing Director's salary and fees (Note 30)	13,900,000	15,689,899
Directors' fees (Note 31)	2,992,000	3,192,000
Auditors' fees (Note 32)	952,100	1,252,000
Repair of Bank's assets (Note 33.1)	66,611,153	70,219,780
	3,429,054,851	3,148,315,055
20 Interest income/profit on investments		
Conventional and Islamic banking (Note 20.1)	15,863,103,471	14,104,925,081
Off-shore banking unit	610,079,291	573,549,958

AMARSTOCK

Amount in Taka

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

20.1 Conventional and Islamic banking

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

20(a) Consolidated Interest income/profit on investments

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

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

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

21.1 Conventional and Islamic banking

Interest paid/profit shared on deposits

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

AMARSTOCK

Amount in Taka

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

AMARSTOCK

Amount in Taka

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

AMARSTOCK

Amount in Taka

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

AMAR STOCK

Amount in Taka

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

AMAR STOCK

Amount in Taka

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

AMAR STOCK

Amount in Taka

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

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Amount in Taka

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

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

AMAR STOCK

Amount in Taka

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

38 Number of employees

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

39 Audit committee

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

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

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

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

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

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

The Audit Committee has further satisfied that

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

Amount in Taka

	31 Dec 2017	31 Dec 2016

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

40 RELATED PARTY TRANSACTIONS

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

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

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

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

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

41 COVERAGE OF EXTERNAL AUDIT

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

42 SHARE TRADING

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

43 EVENTS AFTER THE REPORTING PERIOD

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

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

Bank Asia Limited
Highlights on the overall activities

as at and for the year ended *31 December 2017*

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

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

Bank Asia Limited

Balance with other banks-Outside Bangladesh (Nostro Account)

as at *31 December 2017*

Name of the Bank	Account type	Currency type	2017			2016		
			FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Conventional and Islamic banking:								
Interest bearing								
Citibank N.A., London	CD	EURO	248,923	98.16	24,434,287	252,211	82.00	20,681,324
Citibank N.A., London	CD	GBP	81,828	110.56	9,046,861	39,054	98.00	3,827,315
Citibank NA, New York	CD	USD	2,951,258	82.70	244,077,093	10,073,103	78.70	792,753,215
Habib American Bank, New York	CD	USD	1,823,502	82.70	150,820,201	65,240	78.70	5,134,397
Mashreqbank psc, New York	CD	USD	221,387	82.70	18,315,806	7,381	78.70	580,871
Standard Chartered Bank, Mumbai	CD	ACU	49,956	82.70	4,131,323	1,300,456	78.70	102,345,892
Standard Chartered Bank, New York	CD	USD	679,854	82.70	56,220,625	1,860	78.70	146,366
					507,046,196			925,469,380
Non-interest bearing :								
AB Bank Ltd, Mumbai	CD	ACU	467,006	82.70	38,621,372	180	78.70	14,174
Al Rajhi Bank, KSA	CD	SAR	817	22.00	17,982	41,817	22.00	919,982
Bank of Tokyo-Mitsubishi	CD	JPY	24,642,746	0.74	18,235,632	2,096,463	0.70	1,467,524
Bank of Sydney	CD	AUD	12,287	63.82	784,152	1,533	56.00	85,845
Bhutan National Bank Ltd, Thimphu	CD	USD	28,934	82.70	2,392,802	11,410	78.70	897,984
Commerzbank AG, Frankfurt	CD	USD	11,412	82.70	943,737	562,091	78.70	44,236,583
Caisse Centrale Desjardins	CD	CAD	-	-	-	10,713	58.00	621,340
Commerzbank AG, Frankfurt	CD	EURO	1,354,581	98.16	132,965,792	631,030	82.00	51,744,589
Habib Bank UK. London	CD	GBP	-	-	-	523	98.00	51,274
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	117,898	82.70	9,754,377	100,740	78.70	7,928,216
ICICI Bank Ltd, Hongkong	CD	USD	4,389	82.70	362,987	173	78.70	13,614
ICICI Bank Ltd, Mumbai	CD	ACU	12,162	82.70	1,023,138	287,125	78.70	22,596,744
JP Morgan Chase Bank, New York	CD	USD	165,829	82.70	13,714,038	443	78.70	34,890
Mashreqbank psc, Mumbai (EURO)	CD	EURO	8,054	98.16	790,571	8,054	82.00	660,420
Muslim Commercial Bank Ltd, Colombo	CD	ACU	19,699	82.70	1,629,075	53,374	78.70	4,200,567
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	166,426	82.70	13,763,471	52,047	78.70	4,096,072
Sonali Bank, USD	CD	USD	-	-	-	490	78.70	38,564
Saudi Hollandi Bank, KSA	CD	SAR	246,700	22.00	5,427,400	1,397	22.00	30,734
Unicredit Bank AG Munich	CD	EURO	6,851	98.16	672,514	1,930	82.00	158,292
UBAF, Tokyo	CD	JPY	-	-	-	69,795	0.70	48,857
Wells Fargo Bank N.A, New York	CD	USD	647,152	82.70	53,519,499	358	78.70	28,198
Wells Fargo Bank N.A, London	CD	EURO	658	98.16	64,571	4,326	82.00	354,710
Zurcher Kantonal Bank, Switzerland	CD	CHF	9,776	83.80	819,264	9,697	80.00	775,743
					295,502,374			141,004,917
Off-shore banking unit:								
Commerzbank AG, Frankfurt	CD	EURO	30,083	98.16	2,466,829	349	82.00	28,626
Habib American Bank, New York	CD	USD	382,232	82.70	31,342,999	19,125,851	78.65	1,504,248,145
Sonali Bank, London	CD	GBP	5	110.56	431	4	98.00	413
					33,810,259			1,504,277,184
					836,358,829			**2,570,751,481**

Bank Asia Limited
Investment in Shares

Annex B

as at *31 December 2017*

Provision Requirement

SL. No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Cost Per Share	Quoted rate per share 31 Dec 2017	Total market value as at 31 Dec 2017	Unrealized profit/ (loss) as at 31 Dec 2017
	Quoted Shares							
1	Khulna Power Company	10	4,265	406,760	95.37	58.50	249,503	(157,257)
2	AB Bank Limited	10	141,912	9,720,972	68.50	22.10	3,136,255	(6,584,717)
3	Dhaka Bank Limited	10	472,549	15,811,490	33.46	22.00	10,396,078	(5,415,412)
4	Exim Bank Limited	10	1,877,123	38,582,386	20.55	17.20	32,286,516	(6,295,871)
5	Golden Son Limited	10	119,185	8,586,791	72.05	12.80	1,525,568	(7,061,223)
6	Lanka Bangla Finance Limited	10	1,160,592	59,762,751	51.49	47.80	55,476,298	(4,286,453)
7	Mercant Bank Limited	10	400,000	10,496,000	26.24	26.40	10,560,000	64,000
8	Phoenix Finance and Investments Limited	10	1,024,148	49,442,486	48.28	37.70	38,610,380	(10,832,106)
9	Prime Finance & Investment Limited	10	72,576	12,001,821	165.37	12.20	885,427	(11,116,393)
10	Prime Insurance Company Limited	10	60,564	5,466,943	90.27	19.20	1,162,829	(4,304,114)
11	Pubali Bank Limited	10	6	208	34.65	30.40	182	(25)
12	Reliance Insurance Limited	10	115,684	7,343,620	63.48	54.70	6,327,915	(1,015,706)
13	Southeast Bank Limited	10	1,072,181	34,732,660	32.39	22.20	23,802,418	(10,930,242)
14	United Commercial Bank Limited	10	2,272,192	63,772,931	28.07	23.60	53,623,731	(10,149,200)
15	Premier Bank Limited	10	3,586,004	66,807,255	18.63	15.70	56,300,263	(10,506,992)
16	The ACME Laboratories Limited	10	1,000,000	57,650,000	57.65	114.00	114,000,000	56,350,000
	A. Provision requirement for quoted shares			**440,585,072**			**408,343,362**	**(32,241,710)**
	Available cash balance			38,068,506				
				478,653,578				
	Mutual Fund							
17	1st Janata Bank Mutual Fund	10	6,886,582	50,000,000	7.26	6.40	44,074,125	-
18	MBL 1st Mutual Fund	10	5,000,000	50,000,000	10.00	9.10	45,500,000	-
19	EBL NRB Mutual Fund	10	21,099,495	149,665,000	7.09	6.60	139,256,667	-
20	First Bangladesh Fixed Income Fund	10	36,673,402	250,000,000	6.82	5.70	209,038,391	-
21	EXIM Bank 1st Mutual Fund	10	32,204,147	242,235,820	7.52	7.00	225,429,029	-
22	UFS-Bank Asia Unit Fund		10,000,000	100,000,000	10.00	10.00	100,000,000	-
	Provision requirement for Mutual Fund		**111,863,626**	**841,900,820**			**763,298,212**	-
	B. Provision requirement for Mutual Fund as per BB Circular							-

Provision Requirement

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

AMARSTOCK

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 2017*

Particulars	Cost					Rate of dep. %	Depreciation					Written down value as at 31 Dec 2017
	Balance as at 01 Jan 2017	Addition during the year	Revaluation during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017		Balance as at 01 Jan 2017	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017	
Own assets												
Land	2,646,764,306	-	-	-	2,646,764,306	-	-	-	-	-	-	2,646,764,306
Building	2,570,079,638	132,832,766	-	-	2,702,912,404	5	783,445,494	87,629,472	51,317,184	-	922,392,150	1,780,520,254
Furniture and fixtures	983,411,842	116,550,628	-	(2,647,000)	1,097,315,470	20	747,530,588	105,712,914	-	(1,512,007)	851,731,495	245,583,975
Equipments	676,609,838	110,740,593	-	(2,198,927)	785,151,504	20	460,858,855	79,489,438	-	(2,156,255)	538,192,038	246,959,466
Computer and accessories	349,594,549	55,656,318	-	(292,300)	404,958,567	20	217,987,151	46,567,977	-	(165,712)	264,389,416	140,569,151
Motor vehicles	195,606,754	8,087,846	-	(8,962,000)	194,732,600	20	139,894,370	19,394,225	-	(8,962,000)	150,326,595	44,406,005
Sub-total	7,422,066,928	423,868,151	-	(14,100,227)	7,831,834,852		2,349,716,458	338,794,026	51,317,184	(12,795,974)	2,727,031,694	5,104,803,158
Leased assets												
Building	49,573,087	-	-	-	49,573,087	5	23,988,466	800,000	2,398,080	-	27,186,546	22,386,541
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		388,456,553	800,000	2,398,080	-	391,654,633	22,386,541
Total	7,836,108,102	423,868,151	-	(14,100,227)	8,245,876,026		2,738,173,011	339,594,026	53,715,264	(12,795,974)	3,118,686,327	5,127,189,699
Work in progress -building												
Kawran bazar *	52,065,908	111,251,220	-	-	163,317,128		-	-	-	-	-	163,317,128
Lalmatia**	92,515,444	34,412,036	-	(126,927,480)	-		-	-	-	-	-	-
Sukrabad ***	7,206,045	32,027,627	-	-	39,233,671		-	-	-	-	-	39,233,671
Total	151,787,396	177,690,882	-	(126,927,480)	202,550,799		-	-	-	-	-	202,550,799
Grand Total	7,987,895,498	601,559,033	-	(141,027,707)	8,448,426,824		2,738,173,011	339,594,026	53,715,264	(12,795,974)	3,118,686,327	5,329,740,498

* For construction of 12 storied commercial building with 22 storied foundation
** For construction of 6 storied building over the existing 2 storied building
*** For construction of 9 storied building

Bank Asia Limited

Conventional and Islamic banking

Schedule of fixed assets including premises, furniture and fixtures

Annex C-2

as at *31 December 2016*

Particulars	Cost					Rate of dep. %	Depreciation					Written down value as at 31 Dec 2016
	Balance as at 01 Jan 2016	Addition during the year	Reval-uation 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 acces-sories	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 -building												
Kawran bazar*	11,476,071	40,589,837	-	-	52,065,908		-	-	-	-	-	52,065,908
Lalmatia**	16,120,000	76,395,443	-	-	92,515,443		-	-	-	-	-	92,515,443
Sukrabad***	-	7,206,045	-	-	7,206,045		-	-	-	-	-	7,206,045
Total	27,596,071	124,191,325	-	-	151,787,396		-	-	-	-	-	151,787,396
Grand Total	7,423,716,612	574,958,786	-	(10,779,900)	7,987,895,498		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

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

Annex C-3

as at *31 December 2017*

Particulars	Cost				Rate of dep. %	Depreciation					Written down value as at 31 Dec 2017
	Balance as at 01 Jan 2017	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017		Balance as at 01 Jan 2017	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2017	
Own assets											
Land	2,646,764,306	-	-	2,646,764,306	0	-	-	-	-	-	2,646,764,306
Building	2,570,079,638	132,832,766	-	2,702,912,404	5	784,213,494	87,629,472	51,317,184	(768,000)	922,392,150	1,780,520,254
Furniture and fixtures	994,976,143	116,622,870	911,951	1,112,510,964	20	756,810,854	105,911,801	-	2,402,503	865,125,158	247,385,806
Equipments	683,617,875	111,392,643	(3,490,513)	791,520,005	20	468,072,631	79,645,106	-	(3,888,770)	543,828,967	247,691,038
Computer and accessories	357,632,359	58,695,668	62,512	416,390,539	20	225,499,467	47,197,971	-	(165,712)	272,531,726	143,858,813
Motor vehicles	195,606,754	8,087,846	(8,962,000)	194,732,600	20	139,894,370	19,394,225	-	(8,962,000)	150,326,595	44,406,005
Sub-total	7,448,677,075	427,631,793	(11,478,049)	7,864,830,819		2,374,490,816	339,778,575	51,317,184	(11,381,979)	2,754,204,596	5,110,626,222
Leased assets											
Building	71,475,851	-	(91,204)	71,384,647	5	34,301,037	3,611,933	2,398,080	19,712	40,330,762	31,053,886
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	-	18,900,000	-
Sub-total	435,943,938	-	(91,204)	435,852,734		398,769,124	3,611,933	2,398,080	19,712	404,798,849	31,053,886
Total	7,884,621,013	427,631,793	(11,569,253)	8,300,683,553		2,773,259,941	343,390,508	53,715,264	(11,362,267)	3,159,003,445	5,141,680,108
Work in progress - building											
Kawran bazar*	52,065,908	111,251,220	-	163,317,128		-	-	-	-	-	163,317,128
Lalmatia**	92,515,444	34,412,036	(126,927,480)	-		-	-	-	-	-	-
Sukrabad***	7,206,045	32,027,627	-	39,233,672		-	-	-	-	-	39,233,672
Total	151,787,397	177,690,882	(126,927,480)	202,550,799		-	-	-	-	-	202,550,799
Grand Total	8,036,408,410	605,322,675	(138,496,732)	8,503,234,352	-	2,773,259,941	343,390,508	53,715,264	(11,362,267)	3,159,003,445	5,344,230,907

* For construction of 12 storied commercial building with 22 storied foundation
** For construction of 6 storied building over the existing 2 storied building
*** For construction of 9 storied building

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

Annex C-4

as at *31 December 2016*

Particulars	Cost				Rate of dep. %	Depreciation					Written down value as at 31 Dec 2016
	Balance as at 01 Jan 2016	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2016		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	0	-	-	-	-	-	2,646,764,306
Building	2,432,146,347	137,933,291	-	2,570,079,638	5	619,257,385	84,958,297	79,997,812	-	784,213,494	1,785,866,144
Furniture and fixtures	923,140,145	75,390,898	(3,554,900)	994,976,143	20	652,013,239	107,148,571	-	(2,350,956)	756,810,854	238,165,289
Equipments	568,117,908	115,499,967	-	683,617,875	20	401,391,547	66,681,084	-	-	468,072,631	215,545,244
Computer and accessories	261,863,086	95,769,273	-	357,632,359	20	188,347,301	37,152,166	-	-	225,499,467	132,132,892
Motor vehicles	178,652,984	24,178,770	(7,225,000)	195,606,754	20	125,867,362	21,252,008	-	(7,225,000)	139,894,370	55,712,384
Sub-total	7,007,759,565	451,697,410	(10,779,900)	7,448,677,075		1,986,876,834	317,192,126	79,997,812	(9,575,956)	2,374,490,816	5,074,186,257
Leased assets											
Building	72,964,732	-	(1,488,881)	71,475,851	5	28,628,465	3,469,896	2,202,676	-	34,301,037	37,174,814
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	18,900,000	-	-	-	18,900,000	-
Sub-total	437,432,819	-	(1,488,881)	435,943,938		393,096,552	3,469,896	2,202,676	-	398,769,124	37,174,814
Total	7,445,192,384	451,697,410	(12,268,781)	7,884,621,013		2,379,973,387	320,662,022	82,200,488	(9,575,956)	2,773,259,941	5,111,361,071
Work in progress - building											
Kawran bazar*	11,476,071	40,589,837	-	52,065,908		-	-	-	-	-	52,065,908
Lalmatia**	16,120,000	76,395,443	-	92,515,443		-	-	-	-	-	92,515,443
Sukrabad***	-	7,206,045	-	7,206,045		-	-	-	-	-	7,206,045
Total	27,596,071	124,191,325	-	151,787,396		-	-	-	-	-	151,787,396
Grand Total	7,472,788,455	575,888,735	(12,268,781)	8,036,408,409	-	2,379,973,387	320,662,022	82,200,488	(9,575,956)	2,773,259,941	5,263,148,467

* For construction of 12 storied commercial building with 22 storied foundation
** For construction of 6 storied building over the existing 2 storied building
*** For construction of 9 storied building

Bank Asia Limited
Statement of tax position

as at *31 December 2017*

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

AMARSTOCK

Bank Asia Limited
Details of Large Loan

as at *31 December 2017*

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

Client-wise break up is as follows

Amount in million

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

AMARSTOCK

Bank Asia Limited
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 Rangs Pharmaceuticals Limited Ranks ITT Limited Ranks Telecom Limited Ranks Petroleum Limited Ranks Interiors Limited Rancon Motors Limited Rancon Engineering Limited Rancon Services Limited Shield Security Services Limited Rancon Autos Limited Rancon Automobiles Limited Rancon Motor Bikes Limited Ranks Steel Limited Ranks Real Estate Limited Ranks Motors Workshop Limited Ranks Agro Bioteq Limited. Zest Polymer Limited Metro Foils Limited Sea Resources Ltd. Sea Fishers Ltd. Deep Sea Fishers Ltd. Sea Resources Agencies Ltd. Fishers Shipyard Ltd. Sea Resources Cold Storage Ltd. Seamans Dockyard & Fish Meal Ltd. The Daily Star Bank Asia Limited
2.	**Mr. Mohd. Safwan Choudhury** (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	M. Ahmed Tea & Lands Co. Phulbari Tea Estates Ltd. M. Ahmed Cold Storage Ltd. M. Ahmed Food & Spices Ltd. M.Ahmad Real Estates Ltd. FIVDB Premier Dyeing & Calendaring Ltd. Anandaniketan Ltd. JVS Ltd. Bank Asia Limited
3.	**Ms. Hosneara Sinha**	Director	Sinha Apparels Ltd. ZMS Fashions Ltd. Pritha Apparels Ltd. Sinha Auto Spinning Mills Ltd. Sattar Jute Mills Ltd. Bank Asia Limited
4.	**Major General Mohammad Matiur Rahman, ndu, psc (retd.) (Representing Sinha Fashions Ltd.)**	Director	Bank Asia Limited

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

Bank Asia Limited
Islamic Banking Operations

as at and for the year ended *31 December 2017*

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

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

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

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

The ISR declared on Mudaraba deposits for the year 2017

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

2. Investment Operation and Return Thereon

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

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

Fixed return 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 including post import basis. Hire Purchase Shirkatul Melk (HPSM) is also a fixed return based investment mode. In this case rate of rent is fixed but amount of rent becomes variable on the basis of diminishing balance method.

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

3. Income/ Revenue Recognition Principle

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

For Bai-Murabaha Muajjal Investment

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

For Hire Purchase Shirkatul Melk (HPSM) Investment

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

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

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

For Musharaka Investment

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

4. Cost Recognition Principle

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

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

Bank Asia Limited
Islamic Banking Unit Balance Sheet

as at *31 December 2017*

Amount in Taka

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

AMAR STOCK

Bank Asia Limited
Islamic Banking Unit Profit and Loss Statement

for the year ended *31 December 2017*

Amount in Taka

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

AMAR STOCK

Bank Asia Limited
Off-shore Banking Unit Balance Sheet

as at *31 December 2017*

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

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Bank Asia Limited
Off-shore Banking Unit Profit and Loss Statement

for the year ended *31 December 2017*

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

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Off-shore Banking Unit (OBU)
Notes to the Financial Statements

as at and for the year ended *31 December 2017*

1 Status of the unit

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

2 Significant accounting policies and basis of preparations

2.1 Basis of preparation

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

2.2 Foreign currency

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

2.3 Loans and advances

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

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

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

2.4 General

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

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

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

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

Bank Asia Limited

Statement of outstanding unreconciled entries (nostro account)

Annex I

as at *31 December 2017*

Amount in USD

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

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Bank Asia Limited
Reconciliation between Bangladesh Bank statement and Bank's book

as at *31 December 2017*

The reconciling items relates to clearing of the following:

a. Bangladesh Bank cheques
b. Foreign currency demand drafts
c. Government bonds, Sanchayapatra, etc

Local currency	As per Bangladesh Bank Statement	As per Bank's General ledger	Reconciling Difference
	BDT	BDT	BDT
Bangladesh Bank, Dhaka	14,086,690,768.51	14,449,038,172.17	(362,347,403.66)
Bangladesh Bank, Dhaka (Al-wadeeah current account)	657,449,340.79	657,449,340.79	-
Bangladesh Bank, Chittagong	61,890,758.52	61,893,378.52	(2,620.00)
Bangladesh Bank, Sylhet	4,741,757.11	6,866,664.61	(2,124,907.50)
Bangladesh Bank, Khulna	25,576,182.80	25,568,082.80	8,100.00
Bangladesh Bank, Rajshahi	6,017,029.25	6,017,029.25	-
Bangladesh Bank, Bogra	10,167,979.15	10,167,979.15	-
Bangladesh Bank, Barishal	4,501,097.73	4,501,097.73	-
Bangladesh Bank, Rangpur	7,979,564.94	7,979,564.94	-
Total	14,865,014,478.80	15,229,481,309.96	(364,466,831.16)
Bank credited but not debited by Bangladesh Bank			2,512,286,491.11
Bank debited but not credited by Bangladesh Bank			(5,924,129,825.41)
Bangladesh Bank credited but not debited by Bank			5,406,301,528.60
Bangladesh Bank debited but not credited by Bank			(2,358,925,025.46)
			(364,466,831.16)

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	3,358,679.26	1,295,693.56	101,906,298.49	2,062,985.70
Total	3,358,679.26	1,295,693.56	101,906,298.49	2,062,985.70
Bank credited but not debited by Bangladesh Bank				5,830,209.85
Bank debited but not credited by Bangladesh Bank				(1,682,124.36)
Bangladesh Bank credited but not debited by Bank				305,540.00
Bangladesh Bank debited but not credited by Bank				(2,390,639.79)
				2,062,985.70

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

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

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

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

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

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

Dated, Dhaka
11 March 2018

ACNABIN
Chartered Accountants

AMARSTOCK

Bank Asia Securities Limited

Statement of Financial Position

as at *31 December 2017*

Amount in Taka

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

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

Chairman | Director | Chief Executive Officer

Dated, Dhaka
11 March 2018

ACNABIN
Chartered Accountants

AMARSTOCK

Bank Asia Securities Limited
Statement of Comprehensive Income

for the year ended *31 December 2017*

Amount in Taka

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

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

Chairman | Director | Chief Executive Officer

Dated, Dhaka
11 March 2018

ACNABIN
Chartered Accountants

AMAR STOCK

Bank Asia Securities Limited
Statement of Cash Flows

for the year ended *31 December 2017*

Amount in Taka

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

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

Chairman | Director | Chief Executive Officer

Dated, Dhaka
11 March 2018

ACNABIN
Chartered Accountants

AMAR STOCK

Bank Asia Securities Limited
Statement of Changes in Equity

for the year ended *31 December 2017*

Amount in Taka

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

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

Chairman | Director | Chief Executive Officer

Dated, Dhaka
11 March 2018

ACNABIN
Chartered Accountants

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Bank Asia Securities Limited
Notes to the Financial Statements

as at and for the year ended *31 December 2017*

1. Reporting entity

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

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

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentational currency

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

2.3 Use of estimates and judgments

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

3. Significant accounting policies

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

3.1 Interest income

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

3.2 income from brokerage commission

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

3.3 Statement of cash flows

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

3.4 Property, plant and equipment

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

AMARSTOCK

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 2017	31 Dec 2016
4. Property, plant and equipment		
Opening balance	1,155,819	1,071,096
Add: Addition during the period	3,691,400	591,200
Less: Depreciation charge for the period	822,184	506,477
Closing balance	4,025,035	1,155,819

Details are given in Annex I.

5. Demutualization membership of DSE

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

The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily 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.

	31 Dec 2017	31 Dec 2016
6. Advances, deposits and prepayments		
Advance for Office Rent	3,965,848	4,142,174
Advance for DSE Nikunjo Office	850,000	850,000
Advance for Branch Office	607,780	120,090
Advance for Software	780,000	-
	6,203,628	5,112,264
7. Investment in shares (at cost) Details are given in Annex II.	446,412,872	193,475,514
8. Margin loans to customers		
Opening balance	5,380,138,055	5,488,271,756
Add: Interest charged during the period	281,039,739	204,549,913
	5,661,177,793	5,692,821,670
Less: Repayment of Margin Loan during the period	587,071,578	312,683,615
Closing balance	5,074,106,215	5,380,138,055

The Company extends margin loan facilities to customers for trading of shares on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio during the year based on directives issued by Bangladesh Securities and Exchange Commission.

9. Accounts receivable		
Receivable from Dhaka Stock Exchange Ltd	35,450,823	80,004,542
Receivable from Bank Asia Limited	7,700	7,700
Receivable Dividend (Dealer)	6,142,962	3,513,875
Cheques in transit	-	5,480,000
	41,601,485	89,006,117
10. Advance income tax		
Opening balance	153,368,661	132,667,712
Tax deducted at source from brokerage commission	26,807,013	15,578,176
Tax deducted at source from dividend income	3,297,041	2,917,339
Advance Tax as per Section 64	54,000,000	-
Tax deducted at source from bank interest	1,714,525	2,205,434
	85,818,580	20,700,949
Closing balance	239,187,240	153,368,661
11. Cash and cash equivalents		
Cash in hand (note 11.1)	5,742	8,377
Bank balances (note 11.2)	336,215,384	317,381,382
	336,221,126	317,389,759
11.1 Cash in hand		
Head-office	5,742	8,377
11.2 Bank balances		
Bank Asia Limited (Consolidated Customer A/C)	13,629,526	13,165,020
Bank Asia Limited	1,210,395	126,065
Bank Asia Limited (IPO)	207,183	22,766,865
ONE Bank Limited (Consolidated Customer A/C)	2,645,788	2,172,998
ONE Bank Limited (Dealer)	623,996	2,508,691
NRB Bank Limited (Consolidated Customer A/C)	7,883	13,554,787
Midland Bank Limited (Consolidated Customer A/C)	317,890,609	263,080,795
Premier Bank Limited	-	6,158
NRB Global Bank Limited	4.03	4.03
	336,215,384	317,381,382

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	31 Dec 2017	31 Dec 2016
12. Share capital		
Authorised capital :		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000
Issued, subscribed and paid up capital:		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000

The Company's shareholding position as at 31 December 2017 was as under:

Name of shareholder	Number of shares	% of holding	Value/Taka
Bank Asia Limited	19,999,900	99.99778	1,999,990,000
Mr. Anisur Rahman Sinha	100	0.002222	10,000
	20,000,000	100	2,000,000,000

13. Retained earnings/(Accumulated losses)		
Opening balance	(68,387,241)	(182,554,031)
Less: Dividend	-	-
	(68,387,241)	(182,554,031)
Add: Total comprehensive income/(loss) during the period	74,147,485	114,166,790
Closing balance	5,760,244	(68,387,241)
14. Customer deposits	257,521,411	336,518,761
Customer deposits represent uninvested funds lying with the Company's account at the reporting date.		
15. Loans and borrowings		
Bank Asia Limited	2,249,821,140	2,450,004,404
Prime Bank Limited	197,246,194	156,553,517
	2,447,067,334	2,606,557,920
16. Accounts payable		
Payable for IPO Application Process	15,000	2,670,000
Dhaka Stock Exchange Ltd.	1,528,954	12,556,451
	1,543,954	15,226,451
17. Liabilities for expenses		
The amount represents provisions against operating expenses during the period.	21,199,321	15,642,970
18. Interest suspense account		
Opening balance	890,799,214	890,799,214
Add: Interest suspense during the year	-	-
Closing Balance	890,799,214	890,799,214

The amount represents interest income from loan accounts of the clients who have negative equity with Bank Asia Securities Limited during the year. The amount will be recognised as income when client equity become positive balance.

19. Provision for diminution in value of investments		
Opening Balance	18,862,805	7,243,012
Add: Provision made during the year	906,056	11,619,793
Closing balance	19,768,861	18,862,805

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

AMARSTOCK

	31 Dec 2017	31 Dec 2016
19.1 Provision for Client Margin Loan		
Opening Balance	303,494,169	203,494,169
Add: Provision made during the year	105,000,000	100,000,000
Closing Balance	408,494,169	303,494,169

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	174,050,139	117,007,539
Add: Provision made during the period	74,671,957	57,042,600
Closing balance	248,722,096	174,050,139

21. Interest income

Income from bank deposits	17,076,035	21,639,863
Income from margin loan	281,039,739	204,549,913
	298,115,773	226,189,776

22. Interest expense

Interest on loan	184,387,803	6,989,416

23. Other operating income

Others operating income (note 23.1)	68,768,400	40,172,498
Less: CDBL charges	7,431,050	4,960,280
	61,337,350	35,212,218

23.1 Others operating income

BO account opening fees	537,500	192,500
Margin account renewal fees	650,000	822,000
Income from transfer/transmission/corporate action	636,334	461,611
Margin account opening fees	104,000	70,000
BO account maintenance fees	2,272,500	2,492,500
Other income	736,408	459,809
Dividend Income	19,239,328	17,855,034
Capital gain from investment in shares	44,592,330	17,819,045
	68,768,400	40,172,498

AMAR STOCK

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

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.

AMARSTOCK

Bank Asia Securities Limited Schedule of Fixed Assets

as at *31 December 2017*

Annexure-I

Amount in Taka

Particulars	Cost				Rate (%)	Depreciation				Written down value at 31 Dec 2017
	At 01 Jan 2017	Addition during the year	Adjustment/ disposal	Total at 31 Dec 2017		At 01 Jan 2017	Charge for the period	Adjustment on disposal	Total at 31 Dec 2017	
Computer and accessories	6,511,782	3,039,350	-	9,551,132	20	5,882,596	542,954	-	6,425,550	3,125,582
Furniture and fixtures	2,925,265	-	-	2,925,265	20	2,919,564	1,900	-	2,921,464	3,801
Office equipment	5,716,451	652,050	-	6,368,501	20	5,481,261	155,668	-	5,636,928	731,573
Office renovation	7,628,789	-	-	7,628,789	20	7,594,167	34,622	-	7,628,789	-
Computer software	1,880,840	-	-	1,880,840	20	1,629,720	87,040	-	1,716,760	164,080
Total	24,663,127	3,691,400	-	28,354,527		23,507,308	822,184	-	24,329,492	4,025,035

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Bank Asia Securities Limited Investment in shares

as at *31 December 2017*

Amount in Taka

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

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

STRATEGIC REPORT

FOR THE YEAR ENDED *31 DECEMBER 2017*

INTRODUCTION

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

BUSINESS REVIEW

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

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

PRINCIPAL RISK AND 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 2017.

Interest and foreign exchange risks

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

Regulatory and legal risk

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

FINANCIAL KEY PERFORMANCE INDICATORS

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

OTHER KEY PERFORMANCE INDICATORS

Gross profit	88.8%	(2016: 90.5%)
Net profit	2.0%	(2016: 0.5%)

Net Assets	£215,618	(2016: £219,846)
Gross Assets	£614,696	(2016: £187,259)

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

-sd-
A Rouf Chowdhury
Director

DIRECTORS' REPORT

FOR THE YEAR ENDED *31 DECEMBER 2017*

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,228 (2016 - £939).
The directors have not declared a dividend for the year.
The directors who served during the year were:

A Rouf Chowdhury
Md. Arfan Ali
Abm Kamrul Huda Azad

FUTURE DEVELOPMENTS

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

POST BALANCE SHEET EVENTS

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

AUDITORS

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

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

-sd-
A Rouf Chowdhury
Director

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

OPINION

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

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

-sd-
AGP Consulting

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

26 March 2018

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

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED *31 DECEMBER 2017*

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

There were no recognised gain or losses for 2017 or 2016 other than those included in the statement of comprehensive income.
There was no other comprehensive income for 2017 (2016 :£ NIL)

STATEMENT OF FINANCIAL POSITION

AS AT *31 DECEMBER 2017*

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED *31 DECEMBER 2017*

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

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

-sd-
A Rouf Chowdhury
Director

MARSTOCK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED *31 DECEMBER 2017*

1.GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting 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 2017.

2.3 REVENUE

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

Commission income

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

2.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis

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

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

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

2.5 Operating leases: Lessee

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

2.6 Debtors

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

2.7 Cash and cash equivalents

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

2.8 Financial instrument

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

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

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

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

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

2.9 Creditors

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

2.10 Foreign currency translation

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

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

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

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

2.11 Taxation

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

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

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

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

4. TURNOVER

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

	2017 (£)	2016 (£)
5. OPERATING PROFIT / (LOSS)		
The operating profit/ (loss) is stated after charging:		
Depreciation of tangible fixed assets	12,359	12,285
Fees payable to the Company's auditor and its associates for the audit of		
the company's annual financial statements	3,000	3,000
Other operating lease rentals	42,000	42,000
6. AUDITORS' REMUNERATION		
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	3,000	3,000
All other services	3,000	2,836
7. EMPLOYEES		
Staff costs, including directors' remuneration, were as follows :		
Wages and salaries	69,718	60,002
The average monthly number of employees, including the directors, during the year was as follows :		
Management	1	1
counter staff	5	3
	6	4
8. DIRECTORS' REMUNERATION		
Directors' emoluments	26,575	22,000
9. TAXATION		
FACTORS AFFECTING TAX CHARGE FOR THE YEAR		
The tax assessed for the year is lower than (2016- lower than) the standard rate of corporation tax in the UK of 19.25% (2016- 20%). The difference are explained below :		
Profit/ (loss) on ordinary activities before tax	4,228	939
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016-20%)	814	188
EFFECTS OF :		
Unrelieved tax losses carried forward	(814)	(188)
TOTAL TAX CHARGE FOR THE YEAR	-	-

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	2017 (£)	2016 (£)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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

10. TANGIBLE FIXED ASSETS

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

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

Short leasehold	40,949	53,232

	2017 £	2016 £
11. DEBTORS		
Other debtors	51,835	32,852
Prepayments and accrued income	721	8,652
	52,556	41,504
12. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	521,037	92,294
13. CREDITORS : Amounts falling due within one year		
Trade creditors	764,009	348,892
Other taxation and social security	1,065	584
Other creditors	35,836	47,193
Accruals and deferred income	29,404	10,436
	830,314	407,105
14. FINANCIAL INSTRUMENTS		
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	572,872	125,145
FINANCIAL LIABILITIES		

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

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and others debtors.
Financial liabilities measured at amortised cost comprise trade creditors, others creditors and accruals for goods and services.

15. RESERVES

Profit and loss account

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

16. SHARE CAPITAL

Alloted, called up and fully paid

300,000 Ordinary shares of £1 each	300,000	300,000

17. COMMITMENTS UNDER OPERATING LEASES

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

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

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

18. 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 amountshave no transactional value and purely for settlement. All commission income is earned from the remitters. There is a position at the year end included in Trade Creditors of £764,009 (2016- £348,892)

19. CONTROLLING PARTY

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

ANNUAL STOCK

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED *31 DECEMBER 2017*

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

AMAR STOCK

SCHEDULE TO THE DETAILED ACCOUNT

FOR THE YEAR ENDED *31 DECEMBER 2017*

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

AMAR STOCK



DIRECTORS	A Rouf Chowdhury, Chairman Rumee A Hossain Md. Arfan Ali
REGISTERED OFFICE	168-29 HILLSIDE AVE Suite 2B, JAMAICA NEW YORK 11432, USA
TRADING ADDRESS	168-29 HILLSIDE AVE Suite 2B, JAMAICA NEW YORK 11432, USA 484, Mc Donald Avenue (1st floor) Brooklyn NY 11218, New York, USA
INDEPENDENT AUDITORS	UNITED FINANCIAL CPA P.C. Certified Public Accountants 122 East 42nd Street, Suite #2100 New York, NY 10168 Tel: (212)661-2315 Fax: (212)983-5276

STAR STOCK

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and
BA Express USA Inc.

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

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

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

-sd-
New York, New York
February 22, 2018

United Financial CPA PC
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New York, NY 10168
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BALANCE SHEET

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

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

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

-sd-
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STOCKHOLDER'S EQUITY

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

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

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

STATEMENT OF INCOME AND RETAINED EARNINGS

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

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

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

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STATEMENT OF CASH FLOW

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

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

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

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NOTES TO FINANCIAL STATEMENTS

For the Year Ended *December 31, 2017*

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

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

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

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

Related Party Transactions and Shareholders

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

The Company's principal Shareholder is :

	Owner	Related Party	Correspon-dent
Bank Asia Ltd	100%	Yes	Yes

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

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

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

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

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS & CONCENTRATION OF CREDIT RISK
Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, due to correspondents, customers transfer payable and debt. The carrying value of such items approximates their fair value at December 31, 2014.

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

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

NOTE D. CASH BALANCE

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

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

NOTE E. Accounts Receivable

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

	2017
Account Receivable	1,060,507
Total	1,060,507

NOTE F. Property, Furniture and Equipment

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

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

Note I. Security Deposits

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

	2017
Rent Security Deposits	24,200

Board of Directors :

Mr. Abdur Rouf Chowdhury , Chairman
Md. Arfan Ali, Director
Mr. Rumee A Hossain, Director

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AMARSTOCK

Management & Executives

President and Managing Director
- Mr. Md. Arfan Ali

Deputy Managing Director
- Mr. Md. Zahirul Alam
- Mr. Mohammad Borhanuddin
- Nr. Md. Sazzad Hossain

Senior Executive Vice President
- Mr. Mohammad Ziaul Hasan Molla
- Mr. Sarder Akhter Hamed
- Mr. Shafiuzzaman
- Mr. Md. Ariful Islam Choudhury
- Mr. S.M. Iqbal Hossain
- Mr. Md. Zahid Hossain
- Mr. Alamgir Hossain

Executive Vice President
- Mr. Mohammad Abdul Qaium Khan
- Mr. Md. Zia Arfin
- Mr. Tanfiz Hossain Chowdhury
- Mr. Sheikh Mohammad Anisuzzaman
- Mr. Md. Arshad Mahmud Khan
- Mr. A.K.M. Shaiful Islam Chowdhury
- Mr. Md. Shaminoor Rahman
- Mr. Md. Mostafizur Rahman
- Mr. Arequl Arefeen
- Mr. Tahmidur Rashid
- Mr. Md. Abdul Latif

Senior Vice President
- Mr. Khandker Sayeed Nazmul Hasan
- Mr. Mohammed Aminul Islam Mintu
- Mr. Md. Ekramul Hossain
- Mr. Md. Murshid-Al-Amin
- Mr. Md. Azizul Haque Khan
- Mr. A.K.M.Mizanur Rahman
- Mr. Humayun Yusuf Kabir
- Mr. Md. Jahangir Alam

Vice President
- Mr. Md. Azharul Islam
- Mr. Sumon Das
- Mr. Ali Tarek Parvez
- Mr. Md. Saiful Islam Laskar
- Mr. Md. Ilias Khan
- Mr. Md. Shahinur Rahman
- Mr. Zahirul Haque
- Mr. Golam Gaffar Imtiaz Chowdhury
- Mr. Mohammed Rashidul Kabir Rajib
- Mr. Md. Ahsan Ul Alam
- Mr. Mohammad Ibrahim Khalil, FCA
- Mr. Mohammad Burhan Uddin Khondker
- Mr. Md. Anisuzzaman Molla
- Mr. Mohammad Ismail Hossain
- Mr. Syed Ashraful Alam
- Mr. Saiful Islam
- Mr. Mehbub Hasan
- Mr. M.R. Chowdhury Rashed
- Mr. A.K.M. Mohsin Uddin
- Mr. Mohammad Mainul Islam
- Mr. Md. Mazibur Rahman
- Mr. Mohd. Hosnezzaman
- Mr. Syed Humayun Kabir
- Mr. Hasan A. Saimoom
- Mr. M.M. Shariful Islam
- Ms. Suraiya Afroz

AMARSTOCK

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	

AMAR STOCK

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	

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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	

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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	

JAMAR STOCK

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	

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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	
Boro Bazar Branch	28 Sir Iqbal Road, Khulna Metropolitan City, Khulna	Ph: 041-731208-9 Fax: 041-723306	
Chaktai Branch	1676/G/1 River City Market (1st floor), Shah Amanat Bridge Connecting Road, Chittagong	Ph: 031-2866395-6 Fax: 031-2866398	
Gulshan-2 Branch	"Gulshan Peledium", Holding No- 01, Road No. 95, Block-CEN(C), Ward No. 19, DNCC, Gulshan, Dhaka	Ph: 9617115100	

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Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Gouripur Branch	Priyota Plaza; Nayagaon, Gouripur, Daudkandi, Comilla	HOB - 01713378987	
Kaliakair Branch	Ahmed Ali Plaza, College Road, Tengla Bari, Kaliakair, Gazipur	Cell: 01843036958 01626372729 HOB - 01715327113	
Aganagar Branch	Haji Anowar Hossain Complex, Shahid Delwar Hossain Road, Aganagar, Keranigonj, Dhaka	HOB - 01712205067	
Pangsha Branch	Mahmood Plaza, Pangsa Bazaar, Narayanpur, PO & PS: Pangsa, Rajbari	HOB - 01713462602	
Banani-11 Branch	Nur Empori, House#77, Road#11, Block-M, Banani, P.S.-Gulshan, Dhaka-1223	Ph: 9885610,9889104, 9822326	
Panchagar Branch	Chowdhury Complex,526, Tetulia highway, Panchagar		
	SME/Agri Branches		
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	
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	

AMAR STOCK

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Islamic Banking Division, Corporate Office	Rangs Tower ,Corporate Office, 68 Purana Paltan, Dhaka-1000	Ph: 880-2- 7110062, bankasia@bankasia-bd.com	BALBBDDH

Branch Name	Address	Phone/Fax Number	Swift Code
	OFF SHORE BANKING UNIT		
EPZ Branch	Zone Service Complex (Ground floor), CEPZ, Chittagong	Ph: 031-800320 Fax: 031-801391	
	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	
Banani Branch	"Nur Empori" (1st floor), House # 77, Road# 11, Block-M, Banani, Dhaka-1213,	Ph: 9885610,9889104, 9822326 Fax: 9822376	
Extension Office	158-160, Ground Floor Motijheel C/A, Dhaka-1000	Phone: 7124805, 7124816	
	Subsidiary-2: BA Exchange Company (UK) Ltd.		
Office in UK	125 Whitechapel Road, London E1 1DT	Tel: 0203 005 4845-6 Fax: 0207 426 0097 Mob: 0795 081 4675	
	Subsidiary-3: BA EXPRESS USA inc		
Office in Jamaica	168/29 Hill Side Avenue, Suite 2B, Jamaica, NY-11432 New York, USA	CEO: 0019173487207	
Office in Brooklyn	484, Mc Donald Avenue (1st floor), Brooklyn, NY-11218, New York, USA	CEO: 0019173487207	

Integrated Reporting Checklist

Summary checklist for Integrated Reporting

SL	Areas of Reporting	Pg Ref
1	Elements of an Integrated Reporting	
1.1	**Organizational overview and external environment**	
	Mission and vision	8
	Core values	9
	Business ethics	11
	Code of conduct	12
	Corporate structure	15
	Bangladesh economy	62-64
	Banking Industry exploring	65
	Overview of Bank Asia's operation	66-95
	Sectoral distribution of credit	71
	Strategic focus for sustainability	153
	Corporate profile	154
	Environmental performance	166-168
	Sustainable HR development	178-183
	The Bank and its activities	102-103
1.2	**Governance**	
	Segment report	57
	Corporate Governance	93,194-243
1.3	**Stakeholder Identification/relationships**	
	Notice of the 19th AGM	4
	Capital adequacy	128-129
	Stakeholders' engagement	162-163
	Sustainability HR development	178-183
	Capitals	104-105
	Corporate Social Responsibility	185-187
	Stakeholders relationship	162-164
	Communication to shareholders and stakeholders	162-164
	Structure, classification and pattern of shareholdings	219-220
	Capital plan and investment	247-248
	Balance sheet including human capital	213
1.4	**Business model**	
	Corporate organogram	17
	CMSME banking & Agri/Rural credit	68-69
	Sectoral distribution of credit	71
	Our activities and values	102-103
	Primary brands and products	156-160
	Value added statements	170
	Business model	175
	Corporate social responsibility	184-187
	Customer satisfaction survey	188-189
	Market performance	190-191
	CFO reports	246-251

SL	Areas of Reporting	Pg Ref
1.5	**Performance**	
	Five years performance	38-41
	Horizontal and vertical analysis	42-45
	President and MD's review	52-56
	Review of operations & Directors' report	66-95
1.6	**Risks, opportunities and internal controls**	
	Chief Risk Officer's Desk	108-109
	Risk management report	111-124
1.7	**Strategy and resource allocation**	
	Mission and vision	8
	Core values	9
	Deposit and advances strategies	98
	Import and export strategies	99
	Strategic focus	101
	Strategic focus for sustainability	153
	Stakeholders' engagement	162-164
1.8	**Outlook**	
	Outlook 2018	61
	Outlook of 2018-the opportunities and challenges	64
	Deposit and advances strategies	98
	Future orientation (opportunities & challenges)	100
	Strategic focus for sustainability	153
1.9	**Basis of preparation and presentation**	
	Basis of preparation	268-272
2	**Responsibility for an integrated report**	
	Bank Asia' integrated reporting framework	96-105
3	Other Qualitative Characteristics of an Integrated Report	Pg Ref
3.1-3.6	**Conciseness, Reliability and completeness, Consistency and comparability, Connectivity of information, Materiality, Assurance on the Report**	
	Awards and recognition	6-7
	Code of conduct	12
	Five years performance	38-41
	Horizontal and vertical analysis	42-45
	Bank Asia' integrated reporting framework	96-97
	Deposit and advances strategies	98
	Import and export strategies	99
	Statement on non-performing loan (NPL)	110
	Stakeholders' engagement	162-164
	Material aspects and boundaries	165

VALUARSTOCK

SAFA Standard Disclosure Checklist

Items	Page No
Corporate Objectives, Values & Structure Clarity and presentation:	
Vision and Mission	8
Overall strategic objectives	56, 101, , 153
Core values and code of conduct/ethical principles	9, 12, 211
Profile of the Company	10, 15, 16, 154
Director's profiles and their representation on Board of other companies &Organization Chart	18-27, 310
Management Report/ Commentary and analysis including Director's Report / Chairman's Review/CEO's Review etc.	
A general review of the performance of the company	15, 38-45, 66
Description of the performance of the various activities / products / segments of the company and its group companies during the period under review. (Weightage to be given for pictorial / graphical / tabular presentations used for this purpose)	15, 68-93, 250-251
A brief summary of the Business and other Risks facing the organization and steps taken to effectively manage such risks	108-109, 279-281
A general review of the future prospects/outlook.	60-64
Information on how the company contributed to its responsibilities towards the staff (including health & safety)	140-144, 178-179, 215-216
Information on company's contribution to the national exchequer & to the economy	171
Sustainability Reporting	
Social Responsibility Initiatives (CSR)	184-187, 169,176, 320, 176, 169
Environment related Initiatives	93, 97, 148, 151, 165, 166
Environmental & Social Obligations	166-169, 174
Integrated Reporting	96-98, 152, 100-105, 175
Appropriateness of Disclosure of Accounting policies and General Disclosure	
Disclosure of adequate and property worded accounting policies relevant to assets, liabilities, income and expenditure in line with best reporting standards.	267-283, 336-367, 342
Any Specific accounting policies	272-283
Impairment of Assets	274-277
Changes in accounting policies/Changes in accounting estimates	272-283
Accounting policy on subsidiaries(if there is no any subsidiary, full marks should be granted)	356-357, 371-372, 384
Segment Information	
Comprehensive segment related information bifurcating Segment revenue, segment results and segment capital employed	
Availability of information regarding different segments and units of the entity as well as non-segmental entities/units	
Segment analysis of	15, 66-95, 352-353, 348-349
• Segment Revenue	
• Segment Results	
• Turnover	
• Operating profit	
• Carrying amount of Net Segment assets	
Financial Statements (including Formats)	
Disclosures of all contingencies and commitments	257, 271, 277
Comprehensive related party disclosures	282, 323, 334-335
Disclosures of Remuneration & Facilities provided to Directors & CEO	212, 318

AMARSTOCK

SAFA Standard Disclosure Checklist

Items		Page No
	Statement of Financial Position / Balance Sheet and relevant schedules	256-257, 261-262, 284-312
	income Statement / Profit and Loss Account and relevant schedules	258, 263, 313-322
	Statement of Changes in Equity / Reserves & Surplus Schedule	260, 265
	Disclosure of Types of Share Capital	127, 276-277, 308-310
	Statement of Cash Flow	259, 264,
	Consolidated Financial Statement (CFS)	256-260
	Extent of compliance with the core IAS/IFRS or equivalent National Standards	282-283
	Disclosures / Contents of Notes to Accounts	267-325
Information about Corporate Governance		
	Board Of Directors, Chairman And CEO	18-27, 202-209
	Vision / Mission And Strategy	8, 98, 99
	Audit Committee (Composition, role, meetings, attendance, etc) Internal Control & Risk Management	199-200, 209-210, 218-219
	Ethics And Compliance	11-12, 211
	Remuneration and other Committees of Board	212
	Human Capital	178-183, 213, 249, 104-105
	Communication To Shareholders & Stakeholders	4, 162-164, 216
	Management Review And Responsibility	53-56, 108-109, 201, 207-211, 246-251
	Disclosure by Board of Directors or Audit Committee on Evaluation of quarterly reports	200
	Any other investor friendly information	14, 38-41
Risk Management & Control Environment		
	Description of the Risk Management Framework	111-113, 279-281
	Risk Mitigation Methodology	114-119, 130-144
	Disclosure of Risk Reporting	120-124
Stakeholders Information		
	Distribution of shareholding (Number of shares as well as category wise, e.g Promoter group, Fil etc)	219-220
	Shares held by Directors/ Executives and relatives of Directors/ Executive	220, 309-310
	Redressal of investors complaints	192-193
Graphical/ Pictorial Data		
	Earnings per Share	41
	Net Assets	41
	Stock Performance	190-191
	Shareholders' Funds	40

AMAR STOCK

SAFA Standard Disclosure Checklist

Items	Page No
Return on Shareholders Fund	40
Horizontal/Vertical Analysis including followings	
Operating Performance (Income Statement)	42-45
Total Revenue	
Operating profit	
Profit Before Tax	
Profit after Tax	
EPS	
Statement of Financial Position (Balance Sheet)	
Shareholders Fund	42-45, 249
Property Plant & Equipment	
Net Current Assets	
Long Term Liabilities/Current Liabilities	
Profitability/Dividends/ Performance and Liquidity Ratios	
Gross Profit Ratio	38-41, 284-285
Earning before Interest, Depreciation and Tax	
Price earning ratio	
Current Ratios	
Return on Capital Employed	
Debt Equity Ratio	
Statement of Value Added and Its Distribution	
Government as Taxes	170-171
Shareholders as dividend	170
Employees as bonus/ remuneration	170
Retained by the entity	170
Market share information of the Company's product/ services	65, 156-160
Economic value added	171
Presentation of Financial Statements	
Quality of the Report/ Layout of Contents	
Cover and printing including the theme on the cover page	
Appropriateness and effectiveness of photographs and their relevance	
Effectiveness of Charts and Graphs	
Clarity, simplicity and lucidity in presentation of Financial Statements	
Timeliness in issuing Financial Statements and holding AGMs	
3 months' time to produce the Annual Report and hold AGM are considered reasonable for full marks	May 14, 2018
Delay after the initial period of 3 months - deduction of 2 marks is to be made for each month	
Additional Disclosures	
Any other good additional Disclosure (GRI, GNV)	6-7, 14, 148-149
Human Resource Accounting	212-213
Specific Areas for Banking Sector	
Disclosure of Ratings given by various rating agencies for Instruments issued by /of Bank. For eg. FD, CD, Tier I perpetual Bonds	221
Details of Advances portfolio Classification wise as per the direction issued by the central bank of the respective countries	273-296

MARSTOCK

SAFA Standard Disclosure Checklist

Items		Page No
	Disclosure for Non Performing assets	110, 133
	Movements in NPA	133
	Sector-wise breakup of NPA	133
	Movement of Provisions made against NPA	133, 305-306
	Details of accounts restructured as per regulatory guidelines	293-294
	Maturity Pattern of Key Assets and Liabilities (ALM)	266
	Classification and valuation of investments as per regulatory guidelines/Accounting Standards	272-273, 289-291
Business Ratio/ Information		
	Statutory Liquidity Reserve (Ratio)	
	Net interest income as a percentage of working funds / Operating cost	
	Efficiency ratio	
	Return on Average Asset	
	Cost / income ratio	
	Net Asset Value Per Share	38-41, 284-285, 308-309, 326
	Profit per employee	
	Capital to Risk Weighted Asset ratio	
	Operating profit as a percentage of working funds	
	Cash Reserve Ratio / Liquid Asset ratio	
	Dividend Cover ratio	
	Gross Non-Performing assets to gross advances /Non- Performing Loans (Assets) to Total Loans (Assets	
	Details of credit concentration / Sector Wise exposures	71, 293, 333
	The break-up of 'Provisions and contingencies' included in the Profit and Loss Account	258, 263, 320
	Disclosure under regulatory guidelines	125-144, 223-243
	Details of Non-Statutory investment portfolio	289-291, 326-327
	Disclosure in respect of assets given on operating & finance lease	275, 328-329
	Disclosures for derivative investments	272-274, 289-291
	Bank's Network : List of Centers or Branches	387-394

AMIR STOCK