

Auditors' Report to the Shareholders of Bank Asia Limited

We have audited the accompanying consolidated financial statements of Bank Asia Limited ("the Bank") and its subsidiaries, namely, Bank Asia Securities Limited, Bank Asia Exchange Company (UK) Limited which comprise Consolidated Balance Sheet at 31 December 2011 and Consolidated Profit and Loss Statement, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes and information.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards/Bangladesh Accounting Standards, and for such internal control as management considers necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud and error. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatements.

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

In our opinion, the financial statements referred to above which have been prepared in the format prescribed by Bangladesh Bank vide circular no. 14 dated 25 June 2003 and in accordance with relevant Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards give a true and fair view of the state of affairs of the Bank as at 31 December 2011 and results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Banking Companies Act 1991, Securities and Exchange Rules 1987, rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

We also report that :

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof and found them satisfactory;
- (ii) in our opinion, proper books of account as required by law were kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
- (iii) the Bank's financial position and Profit and Loss Statement dealt with by this report are in agreement with the books of account and returns;
- (iv) the expenditures incurred during the year were for the purposes of the business of the Bank;
- (v) the financial statements have been drawn up in conformity with the Banking Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank and the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (vi) adequate provisions have been made for loans and advances and other assets following the guidelines of Bangladesh Bank;
- (vii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

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

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



Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 15 February 2012

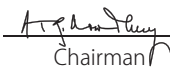



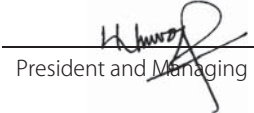
Consolidated Balance Sheet

as at 31 December 2011

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
PROPERTY AND ASSETS			
Cash	4(a)	7,027,684,197	5,878,497,950
In hand (including foreign currencies)		975,478,768	766,251,685
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		6,052,205,429	5,112,246,265
Balance with other banks and financial institutions	5(a)	1,738,544,646	580,206,294
In Bangladesh		1,234,834,514	554,576,691
Outside Bangladesh		503,710,132	25,629,603
Money at call and on short notice	6(a)	-	-
Investments	7(a)	16,107,661,266	12,575,700,932
Government		11,386,330,500	10,418,136,207
Others		4,721,330,766	2,157,564,725
Loans and advances/investments	8(a)	83,343,069,145	79,504,232,613
Loans, cash credits, overdrafts, etc/investments		75,646,924,050	70,219,189,799
Bills purchased and discounted		7,696,145,095	9,285,042,814
Fixed assets including premises, furniture and fixtures	9(a)	4,618,831,326	1,837,283,978
Other assets	10(a)	5,307,716,787	4,822,128,381
Non - banking assets		-	-
Total assets		<u>118,143,507,367</u>	<u>105,198,050,148</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, Financial Institution and agents	11(a)	1,226,743,285	5,163,774,972
Deposits and other accounts	12(a)	95,133,539,489	86,365,638,147
Current/Al-wadeeah current accounts and other accounts		12,024,446,868	11,631,173,000
Bills payable		1,102,014,310	898,703,046
Savings bank/Mudaraba savings bank deposits		9,060,930,520	7,947,958,226
Fixed deposits/Mudaraba fixed deposits		72,946,147,792	65,887,803,875
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	9,177,238,884	6,608,693,828
Total liabilities		<u>105,537,521,658</u>	<u>98,138,106,947</u>
Capital/shareholders' equity		12,605,985,709	7,059,943,201
Total shareholders' equity		<u>12,605,985,709</u>	<u>7,059,943,201</u>
Paid-up capital	14.2	5,254,790,600	3,002,737,500
Non-controlling (Minority) interest		10,000	-
Share premium		330	330
Statutory reserve	15	2,959,358,772	2,272,917,429
Revaluation reserve	16(a)	2,934,436,025	482,618,168
Exchange equalization reserve		-	-
Other reserves		8,166,144	8,166,144
Retained earnings	17(a)	1,449,223,838	1,293,503,630
Total liabilities and shareholders' equity		<u>118,143,507,367</u>	<u>105,198,050,148</u>

Balance Sheet

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	47,457,247,641	48,974,684,278
Acceptances and endorsements		17,142,018,866	10,890,899,480
Letters of guarantee		6,887,870,884	6,556,270,342
Irrevocable letters of credit		18,862,424,101	25,818,100,122
Bills for collection		4,564,933,790	5,709,414,334
Other contingent liabilities		-	-
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		47,457,247,641	48,974,684,278

 Chairman
  Director
  Director
  Director
  President and Managing Director

Auditors

 S. F. AHMED & CO
 Chartered Accountants




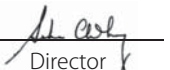
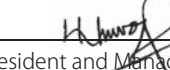
Consolidated

Profit and Loss Statement

for the year ended 31 December 2011

	Notes	Amount in Taka	
		Year ended 31 Dec 2011	Year ended 31 Dec 2010
OPERATING INCOME			
Interest income	20(a)	11,409,807,639	8,381,354,215
Interest paid on deposits and borrowings, etc	21(a)	(8,583,660,163)	(5,420,584,211)
Net interest income		2,826,147,476	2,960,770,004
Investment income	22	1,445,005,452	1,163,499,707
Commission, exchange and brokerage	23(a)	2,258,786,748	2,141,480,860
Other operating income	24(a)	300,132,035	405,248,019
		<u>4,003,924,235</u>	<u>3,710,228,586</u>
Total operating income (A)		6,830,071,711	6,670,998,590
OPERATING EXPENSES			
Salaries and allowances	25(a)	1,122,537,823	1,015,219,528
Rent, taxes, insurance, electricity, etc	26(a)	298,517,672	158,628,865
Legal expenses	27(a)	5,479,733	4,196,492
Postage, stamp, telecommunication, etc	28(a)	25,901,471	21,267,327
Stationery, printing, advertisements, etc	29(a)	80,517,950	84,019,298
Managing Director's salary and fees	30	7,368,420	6,417,200
Directors' fees	31(a)	2,289,750	1,582,000
Auditors' fees	32(a)	2,270,909	450,000
Depreciation and repairs of Bank's assets	33(a)	340,108,142	258,136,618
Other expenses	34(a)	721,255,589	872,216,458
Total operating expenses (B)		2,606,247,459	2,422,133,786
Profit before provision (C=A-B)		4,223,824,252	4,248,864,804
Provision for loans and advances/investments			
General provision		14,308,463	336,784,856
Specific provision		402,341,928	140,787,589
		416,650,391	477,572,445
Provision for off-balance sheet items		47,464,303	167,933,919
Provision for diminution in value of investments		88,837,091	23,818,658
Other provisions		56,810,639	19,040
Total provision (D)		609,762,424	669,344,062
Total profit before tax (C-D)		3,614,061,828	3,579,520,742
Provision for taxation			
Current tax	13.5.1(a)	1,570,805,277	1,498,735,610
Deferred tax	13.5.2	-	151,202,975
		1,570,805,277	1,649,938,585
Net profit after taxation		2,043,256,551	1,929,582,157
Appropriations			
Statutory reserve	15	686,441,343	715,904,148
General reserve		-	-
		686,441,343	715,904,148
Retained surplus	17 (a)	1,356,815,208	1,213,678,009
Consolidated Earnings Per Share (EPS)	37(a)	3.89	4.59

See annexed notes, For Bank Asia Limited

 Chairman
  Director
  Director
  Director
  President and Managing Director

Auditors






 S. F. AHMED & CO
 Chartered Accountants

Consolidated Cash Flow Statement

for the year ended 31 December 2011

	Notes	Amount in Taka	
		Year ended 31 Dec 2011	Year ended 31 Dec 2010
Cash flows from operating activities (A)			
Interest receipts		12,289,645,826	9,368,067,170
Interest payments		(7,536,097,277)	(5,420,584,210)
Fees and commission receipts		2,258,786,748	2,141,480,859
Cash payment to employees		(972,537,823)	(1,015,219,528)
Cash payment to suppliers		(126,187,247)	(136,883,166)
Income tax paid		(1,193,143,174)	(865,706,270)
Receipts from other operating activities	35(a)	322,581,025	601,446,122
Payments for other operating activities	36(a)	(891,321,801)	(1,084,169,695)
Operating profit before changes in operating assets & liabilities		4,151,726,277	3,588,431,282
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(3,838,836,532)	(29,236,315,174)
Other assets		955,392,137	(1,349,122,988)
Deposits from customers		9,026,153,766	28,768,445,138
Trading liabilities		(3,937,031,687)	2,985,326,398
Other liabilities		(180,696,245)	832,530,100
Net increase/(decrease) in operating liabilities		2,024,981,439	2,000,863,474
Net cash from operating activities		6,176,707,716	5,589,294,756
Cash flows from investing activities (B)			
Investment in treasury bills, bonds and others		(968,194,293)	(2,462,811,181)
Purchase of trading securities		(2,220,844,538)	(699,227,836)
Purchase of fixed assets		(666,427,774)	(1,025,202,813)
Net cash from/(used) in investing activities		(3,855,466,605)	(4,187,241,830)
Cash flows from financing activities (C)			
Payment for finance lease		(13,795,312)	(49,822,468)
Net cash from/(used) in financing activities		(13,795,312)	(49,822,468)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		2,307,445,799	1,352,230,458
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		6,460,651,444	5,108,420,986
Cash and cash equivalents at end of the year (D+E+F)		8,768,097,243	6,460,651,444
Cash and cash equivalents at end of the year:			
Cash		975,478,768	766,251,685
Balance with Bangladesh Bank and its agent bank(s)		6,052,205,429	5,112,246,265
Balance with other banks and financial institutions		1,738,544,646	580,206,294
Money at call and on short notice		-	-
Prize bonds		1,868,400	1,947,200
		8,768,097,243	6,460,651,444

See annexed notes, For Bank Asia Limited

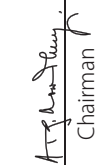
 Chairman
  Director
  Director
  Director
  President and Managing Director

Auditors

 S. F. AHMED & CO
 Chartered Accountants

Consolidated
Statement of Changes in Equity
 for the year ended 31 December 2011

Particulars	"Paid-up capital"	"Statutory reserve"	Share premium	Revaluation reserve	Other reserve	Exchange equalisation reserve	"Retained earnings"	Total
Balance as at 01 January 2010	2,144,812,500	1,557,013,281	330	306,401,681	-	3,339,553	942,577,212	4,954,144,557
Statutory reserve	-	715,904,148	-	-	-	-	(715,904,148)	-
Revaluation reserve	-	-	-	176,216,487	-	-	-	176,216,487
Issue of bonus shares	857,925,000	-	-	-	-	-	(857,925,000)	-
Exchange equalization reserve	-	-	-	-	-	(3,339,553)	3,339,553	-
Profit equalization reserve	-	-	-	-	8,166,144	-	(8,166,144)	-
Net profit for the year	-	-	-	-	-	-	1,929,582,157	1,929,582,157
Balance as at 31 December 2010	3,002,737,500	2,272,917,429	330	482,618,168	8,166,144	-	1,293,503,630	7,059,943,201
Statutory reserve	-	686,441,343	-	-	-	-	(686,441,343)	-
Minority (non-controlling) interest	10,000	-	-	-	-	-	-	10,000
Revaluation reserve	-	-	-	2,451,817,857	-	-	-	2,451,817,857
Issue of bonus shares	1,201,095,000	-	-	-	-	-	(1,201,095,000)	-
Issue of right shares	1,050,958,100	-	-	-	-	-	-	1,050,958,100
Exchange equalization reserve	-	-	-	-	-	-	-	-
Profit equalization reserve	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	2,043,256,551	2,043,256,551
Balance as at 31 December 2011	5,254,800,600	2,959,358,772	330	2,934,436,025	8,166,144	-	1,449,223,838	12,605,985,709


 Chairman


 Director


 Director


 Director


 President and Managing Director

Auditors


 S. F. AHMED & CO
 Chartered Accountants

Balance Sheet

as at 31 December 2011

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
PROPERTY AND ASSETS			
Cash	4	7,027,279,041	5,878,497,950
In hand (including foreign currencies)		975,073,612	766,251,685
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		6,052,205,429	5,112,246,265
Balance with other banks and financial institutions	5	1,635,850,212	580,206,294
In Bangladesh		1,133,769,488	554,576,691
Outside Bangladesh		502,080,724	25,629,603
Money at call and on short notice	6	-	-
Investments	7	16,430,532,266	12,575,700,932
Government		11,386,330,500	10,418,136,207
Others		5,044,201,766	2,157,564,725
Loans and advances/investments	8	82,819,973,884	79,504,232,613
Loans, cash credits, overdrafts, etc/investments		75,123,828,789	70,219,189,799
Bills purchased and discounted		7,696,145,095	9,285,042,814
Fixed assets including premises, furniture and fixtures	9	4,584,547,197	1,837,283,978
Other assets	10	5,231,225,406	4,822,128,381
Non - banking assets		-	-
Total assets		<u>117,729,408,006</u>	<u>105,198,050,148</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	1,226,743,285	5,163,774,972
Deposits and other accounts	12	95,131,098,609	86,365,638,147
Current/Al-wadeeah current accounts and other accounts		12,024,446,868	11,631,173,000
Bills payable		1,099,573,430	898,703,046
Savings bank/Mudaraba savings bank deposits		9,060,930,520	7,947,958,226
Fixed deposits/Mudaraba fixed deposits		72,946,147,792	65,887,803,875
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	8,892,632,572	6,608,693,828
Total liabilities		<u>105,250,474,466</u>	<u>98,138,106,947</u>
Capital/shareholders' equity			
Total shareholders' equity		12,478,933,539	7,059,943,201
Paid-up capital	14.2	5,254,790,600	3,002,737,500
Share premium		330	330
Statutory reserve	15	2,959,358,772	2,272,917,429
Revaluation reserve	16	2,934,436,025	482,618,168
Exchange equalisation reserve		-	-
Other reserves		8,166,144	8,166,144
Retained earnings	17	1,322,181,668	1,293,503,630
Total liabilities and shareholders' equity		<u>117,729,408,006</u>	<u>105,198,050,148</u>

Balance Sheet

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
	18		
Acceptances and endorsements		17,142,018,866	10,890,899,480
Letters of guarantee		6,887,870,884	6,556,270,342
Irrevocable letters of credit		18,862,424,101	25,818,100,122
Bills for collection		4,564,933,790	5,709,414,334
Other contingent liabilities		-	-
		47,457,247,641	48,974,684,278
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
		47,457,247,641	48,974,684,278
Total off-balance sheet items including contingent liabilities		47,457,247,641	48,974,684,278

See annexed notes, For Bank Asia Limited

 Chairman
  Director
  Director
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  President and Managing Director

Auditors




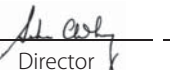
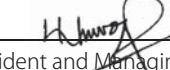
 S. F. AHMED & CO
 Chartered Accountants

Profit and Loss Statement

for the year ended 31 December 2011

	Notes	Amount in Taka	
		Year ended 31 Dec 2011	Year ended 31 Dec 2010
OPERATING INCOME			
Interest income	20	10,919,699,005	8,381,354,215
Interest paid on deposits and borrowings, etc	21	(8,202,658,439)	(5,420,584,211)
Net interest income		2,717,040,566	2,960,770,004
Investment income	22	1,445,005,452	1,163,499,707
Commission, exchange and brokerage	23	2,125,999,075	2,141,480,860
Other operating income	24	290,971,779	405,248,019
		3,861,976,306	3,710,228,586
Total operating income (A)		6,579,016,872	6,670,998,590
Salaries and allowances	25	1,096,638,636	1,015,219,528
Rent, taxes, insurance, electricity, etc	26	284,470,714	158,628,865
Legal expenses	27	4,006,480	4,196,492
Postage, stamp, telecommunication, etc	28	23,053,219	21,267,327
Stationery, printing, advertisements, etc	29	78,967,034	84,019,298
Managing Director's salary and fees	30	7,368,420	6,417,200
Directors' fees	31	2,238,000	1,582,000
Auditors' fees	32	1,152,375	450,000
Depreciation and repairs of Bank's assets	33	332,550,845	258,136,618
Other expenses	34	706,602,010	872,216,458
Total operating expenses (B)		2,537,047,733	2,422,133,786
Profit before provision (C=A-B)		4,041,969,139	4,248,864,804
Provision for loans and advances/investments			
General provision		14,308,463	336,784,856
Specific provision		402,341,928	140,787,589
		416,650,391	477,572,445
Provision for off-balance sheet items		47,464,303	167,933,919
Provision for diminution in value of investments		88,837,091	23,818,658
Other provisions		56,810,639	19,040
Total provision (D)		609,762,424	669,344,062
Total profit before tax (C-D)		3,432,206,715	3,579,520,742
Provision for taxation			
Current tax	13.5.1(a)	1,515,992,334	1,498,735,610
Deferred tax	13.5.2	-	151,202,975
		1,515,992,334	1,649,938,585
Net profit after tax		1,916,214,381	1,929,582,157
Appropriations			
Statutory reserve	15	686,441,343	715,904,148
General reserve		-	-
		686,441,343	715,904,148
Retained surplus	17	1,229,773,038	1,213,678,009
Earnings Per Share (EPS)	37	3.65	4.59

See annexed notes, For Bank Asia Limited

 Chairman
  Director
  Director
  Director
  President and Managing Director

Auditors




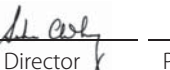

 S. F. AHMED & CO
 Chartered Accountants

Cash Flow Statement

for the year ended 31 December 2011

	Notes	Amount in Taka	
		Year ended 31 Dec 2011	Year ended 31 Dec 2010
Cash flows from operating activities (A)			
Interest receipts		11,799,537,192	9,368,067,170
Interest payments		(7,182,484,809)	(5,420,584,210)
Fees and commission receipts		2,125,999,075	2,141,480,859
Cash payment to employees		(943,138,636)	(1,015,219,528)
Cash payment to suppliers		(122,204,414)	(136,883,166)
Income tax paid		(1,193,143,174)	(865,706,270)
Receipts from other operating activities	35	313,420,769	601,446,122
Payments for other operating activities	36	(853,108,732)	(1,084,169,695)
Operating profit before changes in operating assets & liabilities		3,944,877,271	3,588,431,282
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(3,315,741,271)	(29,236,315,174)
Other assets		505,437,137	(1,349,122,988)
Deposits from customers		8,765,460,462	28,768,445,138
Trading liabilities		(3,937,031,687)	2,985,326,398
Other liabilities		77,556,179	832,530,100
Net increase/(decrease) in operating liabilities		2,095,680,820	2,000,863,474
Net cash from operating activities		6,040,558,091	5,589,294,756
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(968,194,293)	(2,462,811,181)
Purchase of trading securities		(2,209,384,914)	(699,227,836)
Purchase of fixed assets		(644,837,363)	(1,025,202,813)
Net cash from/(used) in investing activities		(3,822,416,570)	(4,187,241,830)
Cash flows from financing activities (C)			
Payment for finance lease		(13,795,312)	(49,822,468)
Net cash from/(used) in financing activities		(13,795,312)	(49,822,468)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		2,204,346,209	1,352,230,458
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		6,460,651,444	5,108,420,986
Cash and cash equivalents at end of the year (D+E+F)		8,664,997,653	6,460,651,444
Cash and cash equivalents:			
Cash		975,073,612	766,251,685
Balance with Bangladesh Bank and its agent bank(s)		6,052,205,429	5,112,246,265
Balance with other banks and financial institutions		1,635,850,212	580,206,294
Money at call and on short notice		-	-
Prize bonds		1,868,400	1,947,200
		8,664,997,653	6,460,651,444

See annexed notes, For Bank Asia Limited

 Chairman
  Director
  Director
  Director
  President and Managing Director


Auditors

 S. F. AHMED & CO
 Chartered Accountants

Statement of Changes in Equity

for the year ended 31 December 2011

Particulars	"Paid-up capital"	"Statutory reserve"	Share premium	Revaluation reserve	Other reserve	Exchange equalization reserve	"Retained earnings"	Total
Balance as at 01 January 2010	2,144,812,500	1,557,013,281	330	306,401,681	-	3,339,553	942,577,212	4,954,144,557
Statutory reserve	-	715,904,148	-	-	-	-	(715,904,148)	-
Revaluation reserve	-	-	-	176,216,487	-	-	-	176,216,487
Issue of bonus shares	857,925,000	-	-	-	-	-	(857,925,000)	-
Exchange equalisation reserve	-	-	-	-	-	(3,339,553)	3,339,553	-
Profit equalisation reserve	-	-	-	-	8,166,144	-	(8,166,144)	-
Net profit for the year	-	-	-	-	-	-	1,929,582,157	1,929,582,157
Balance as at 31 December 2010	3,002,737,500	2,272,917,429	330	482,618,168	8,166,144	-	1,293,503,630	7,059,943,201
Statutory reserve	-	686,441,343	-	-	-	-	(686,441,343)	-
Revaluation reserve	-	-	-	2,451,817,857	-	-	-	2,451,817,857
Issue of bonus shares	1,201,095,000	-	-	-	-	-	(1,201,095,000)	-
Issue of right share	1,050,958,100	-	-	-	-	-	-	1,050,958,100
Exchange equalisation reserve	-	-	-	-	-	-	-	-
Profit equalisation reserve	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	1,916,214,381	1,916,214,381
Balance as at 31 December 2011	5,254,790,600	2,959,358,772	330	2,934,436,025	8,166,144	-	1,322,181,668	12,478,933,539


Chairman


Director


Director


Director


President and Managing Director

Auditors

S. F. AHMED & CO
Chartered Accountants

Notes to the financial statements

for the year ended 31 December 2011

General

1. THE BANK AND ITS ACTIVITIES

1.1 Reporting entity

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 63 branches, 7 SME centres and 62 own ATM booths. Bank Asia Limited acquired the business of Bank of Nova Scotia (incorporated in Canada), Dhaka 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 located at Rangs Tower (2nd to 6th Floors), 68 Purana Paltan, Dhaka 1000, Bangladesh.

1.2 Principal activities

The principal activities of the Bank are to provide all kinds of commercial banking services to its customers through its branches in Bangladesh.

1.3 Bank Asia Securities Ltd

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

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

1.4 BA Exchange Company (UK) Limited

BA Exchange Company (UK) Ltd 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) Ltd launched its operation in London on 16 May 2011. BA Exchange Company (UK) Ltd attaches a fresh width to the Bank's remittance operation and expands its global presence for remittance services. Bank Asia stretched its business in U.K through its wholly owned subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home.

1.5 Islamic banking unit

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

1.6 Off-shore banking unit

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the "First Schedule (Section 38) of the Banking Companies Act 1991 as amended by BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other prevailing laws and rules applicable for the Bank.

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 concept with gain crediting 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 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the Bank's functional currency. Functional currency for Off-shore banking unit is US Dollar. Except as indicated, financial information have been rounded off to the nearest Taka.

2.4 Use of estimates and judgments

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

2.5 Foreign currency conversion

Transactions in foreign currencies are translated into functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2.6 Basis of consolidation

2.6.1 Subsidiary

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

Name of Subsidiary	Ownership	Date of Commercial Operation	Country of Operation	Status	Financial Year	Regulator	Consolidated Period
Bank Asia Securities Ltd	99.99%	17.04.2011	Bangladesh	Majority Owned	1st Jan to 31 Dec	SEC, Bangladesh	8.5 months
BA Exchange Company (UK) Ltd	100%	16.05.2011	UK	Wholly Owned	1st Jan to 31 Dec	FSA, UK	7.5 months

2.7 Cash flow statement

Cash flow statement has been prepared in accordance with the BRPD circular no. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

2.8 Liquidity statement

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

- Balance with other banks and financial institutions, money at call and on short notice are on the basis of their maturity terms.
 - Investments are on the basis of their maturity terms.
 - Loans and advances/investments are on the basis of their repayment schedules.
 - Fixed assets are on the basis of their useful lives.
 - Other assets are on the basis of their realisation/adjustments.
 - Borrowings from other banks, financial institutions and agents as per their maturity/ repayment terms.
 - Deposits and other accounts are on the basis of their maturity terms and behavioral past trends.
 - Other liabilities are on the basis of their payment/adjustments schedule.
- Details are shown in Annex B.

2.9 Reporting period

These financial statements cover one calendar year from 1 January to 31 December 2011.

2.10 Adoption of new accounting standards

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

- BFRS 4 : Insurance Contracts
- BFRS 7 : Financial Instruments: Disclosures
- BFRS 8 : Operating Segments
- BAS 32 : Financial Instruments: Presentation
- BAS 39 : Financial Instruments: Recognition and Measurements

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

All investment securities are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discounts are accredited.

Held to Maturity

Investments which have, 'fixed or determinable payments' and are intended to be held to maturity are classified as 'Held to Maturity'.

Held for Trading

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short term trading or if designated as such by the management.

Revaluation

As per Bangladesh Bank's DOS circular letter no. 5 dated 26 May 2008, HFT securities are revaluated each week using 'Marked to Market' concept and HTM securities are amortised once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if these are reclassified to HFT category with the Board's approval. Value of investments has been shown as under:

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

Details are shown in Note 7.

3.1.3 Investment in listed securities

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income which are reported at cost. Unrealised gains are not recognised in the profit and loss statement. But provision for diminution in value of investment is provided in the financial statements, market price of which is below their cost price as per Bangladesh Bank guidelines.

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.

3.1.5 Loans and advances/investments

- Loans and advances/investments are stated in the balance sheet on gross basis.
- Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on special mentioned account (SMA) and 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/ profit is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest Amount are kept in separate memorandum accounts.
- Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 16 of 6 December 1998, 9 of 14 May 2001, 9 and 10 of 20 August 2005, 5 of 5 June 2006, 8 of 7 August 2007, 10 of 18 September 2007, 5 of 29 April 2008 and 32 of 27 October 2010.

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

Particulars/ class of loans and advances	Rate of provision
General provision on:	
Unclassified loans and advances/investments	1%
Small and medium enterprise financing	1%

Consumer finance for house building loan and loan for professional setup	2%
Loan to BHs/MBs/SDs against shares	2%
Consumer finance other than house building loan and loan for professional setup including credit cards	5%
Special mentioned account (SMA)	5%
Specific provision on:	
Substandard loans and advances/investments	20%
Doubtful loans and advances/investments	50%
Bad/loss loans and advances/investments	100%

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

3.1.6 Impairment of Financial Assets

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

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

“- the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and”

- a reliable estimate of the loss amount can be made.

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

3.1.7 Fixed assets and depreciation

Recognition and measurement

Items of fixed assets excluding land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land is measured at cost.

Cost includes expenditures that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

Subsequent costs

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

Depreciation

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

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

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

3.1.8 Impairment of Fixed Assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss is recognised as an expense in the profit and loss statement unless the asset is carried at revalued amount in accordance with Bangladesh Accounting Standard (BAS) 16, Property, Plant and Equipment Fixed Assets, in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that Accounting Standard. No impairment loss was recognized for the year 2011 as there were no such indication existed as on Balance Sheet date.

3.1.9 Investment properties

- Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business.
- Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and accumulated impairment loss.
- Depreciation is provided on straight line a reducing basis over the estimated life of the class of assets from the date of purchase up to the date of disposal.

3.1.10 Other assets

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

3.1.11 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call and Bangladesh Bank refinance. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in Note 11.

3.2.2 Deposits and other accounts

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

3.2.3 Other liabilities

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

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance 1984 and internal policy of the Bank. Details are shown in Note 13.

3.3 Capital/shareholders' equity

Authorised capital

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

Paid up capital

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

Details are shown in Note 14.2.

Statutory reserve

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

Revaluation reserve

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

Non-controlling (minority) interest

Minority interest (non-controlling interest) in business is an accounting concept that refers to the portion of a subsidiary company's stock that is not owned by the parent company. The magnitude of the minority interest in Bank Asia Securities Ltd, a majority owned subsidiary (99.99%) of Bank Asia Ltd, 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 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 into SMA and under classification. It is then kept in interest suspense account. Interest on SMA and classified loans and advances is accounted for on a cash receipt basis.

Profit on investment (Islamic Banking)

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

Investment income

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

Interest and fees receivable on credit cards

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

Fees and commission income

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

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

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

3.6 Employee benefits

3.6.1 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.

3.6.2 Gratuity Fund

Gratuity fund benefits are given to the eligible staff of the Bank in accordance with the approved gratuity fund rules. Gratuity payable is determined on the basis of existing rules and regulations of the Bank. Actuarial valuation is not considered essential since amount payable at the date of balance sheet is recognised and accounted for as at that date based on actual rate.

3.6.3 Superannuation Fund

The Bank operates a superannuation fund for which provision is made annually covering all its eligible employees. The fund is operated by a separate Board of Trustees.

3.6.4 Hospitalisation insurance

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

3.7 Provision for off-balance sheet exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items have been disclosed under contingent liabilities. As per BRPD circular no. 10 dated 18 September 2007, the Bank is required to maintain provision @ 1% against off-balance sheet exposures. Details are shown in Note 13.3.

3.8 Provision for nostro accounts

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

Details are shown in Note 13.7 and Annex K.

3.9 Taxation

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

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

Deferred tax is recognised in respect of temporary differences between the carrying Amount of assets and liabilities for financial reporting purposes and the Amount 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.

3.10 Leases

Upon initial recognition, the leased asset is measured at the amount equal to the lower of its fair value and the present value of the minimum lease payment. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.11 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 2011 as per Bangladesh Accounting Standard (BAS) - 33 "Earnings Per Share". Details are shown in Note 37.

Basic earnings

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

Weighted average number of ordinary shares

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighted factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

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

Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.

3.12 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. Details of provision on Nostro accounts are shown in Annex K.

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

3.13 Risk management

Bangladesh Bank has identified 6 (six) core risks for management of the Banks and has provided the necessary guidelines for implementation. The six core risks are:

- Credit risk
- Foreign exchange risk
- Asset liability risks
- Money laundering risk
- Internal control and compliance risk
- Information and Communication Technology risk

The prime objective of the risk management is that the Bank takes calculated business risk to safeguard its capital, financial resources and growth of sustainable profitability. In this context, the Bank has formed a committee (MANCOM) to overview proper implementation and regular monitoring of these critical areas.

3.13.1 Credit risk

Credit risk is one of the major risks faced by the Bank. This can be described as potential loss arising from the failure of a counter party to perform with agreed terms with the Bank. To assess and to mitigate the credit risk, the management has implemented Credit Risk Manual, which is considered an important tool for retaining the quality performance of the assets. Accordingly, Bank's credit risk management functions have been designed to address all these issues including risk that arises from global changes in banking, finance and related issues.

The Bank has segregated duties of the officers/executives engaged in the credit related activities. A separate department has been formed at Corporate Office which is entrusted with the tasks of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the Credit Department. These are (i) Credit Risk Management Unit, (ii) Credit Administration Unit, and (iii) Credit Monitoring and Recovery Unit.

3.13.2 Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings arising due to unfavourable change in exchange rates. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against L/C commitments and other remittance requirements. No speculative dealing on Bank's account was conducted during the year. Treasury front office conducts deal for commercial purpose and back office of treasury keeps record and passes entries in books of account. The main risks in treasury and foreign exchange business are exchange rates risk, fund management and liquidity risk. As per Bangladesh Bank's guidelines, the Treasury Department was operationally and physically divided into front office and back office to mitigate the risk.

3.13.3 Asset liability/balance sheet risks

In banking, Asset Liability Management is the practice of managing the risk that arises due to mismatch between the asset and the liquidity of the Bank. The Bank faces several risk such as liquidity risk, interest risk, credit and operational risk. Asset Liability Management is a strategic management tool to manage interest rate and liquidity risk faced by the Bank. ALCO reviews liquidity requirements of the Bank, maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The Asset Liability Committee also monitors balance sheet risk. The balance sheet risk is defined as potential changes in earnings due to changes in rate of interest and exchange rates which are not of trading nature.

3.13.4 Money laundering risk

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.

In addition, the President & Managing Director has provided a message on Anti Money Laundering (AML) policy. The management has circulated a Customer Acceptance Policy to the members of the staff for guidance.

3.13.5 Internal control and compliance risk

Banking is a diversified and complex financial activity. Its activity involves high risk; the issue of effective internal control system, corporate governance, transparency, accountability has become significant issues to ensure smooth performance of the operations of the Bank. Internal Control is the process, affected by a company's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. Internal controls are the policies and procedures established and implemented alone, or in concert with other policies or procedure, to manage and control a particular risk or business activity or combination of risks and business activities to which the company is exposed or in which it is engaged. Internal Control & Compliance Department undertakes periodical and special audit and inspection of the branches and departments at corporate office for identifying and reviewing the operational lapse 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.

3.13.6 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 objective of IT management is to achieve the highest levels of technology service quality by minimum 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).

3.14 Compliance checklist of Bangladesh Accounting Standards (BASs)/Bangladesh Financial Reporting Standards (BFRSs)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	N/A
Share Based Payment	BFRS-2	N/A
Business Combinations	BFRS-3	N/A
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 with some departure (note 3.14.1)
Operating Segments	BFRS-8	Complied
Presentation of Financial Statements	BAS-1	Complied
Inventories	BAS-2	N/A
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	N/A
Income Taxes	BAS-12	Complied
Property, Plant and Equipment	BAS-16	Complied
Leases	BAS-17	Complied
Revenue	BAS-18	Complied
Employee Benefits	BAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	N/A
The Effects of Changes in Foreign Exchange Rates	BAS-21	Complied
Borrowing Costs	BAS-23	Complied
Related Party Disclosures	BAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	N/A
Consolidated and Separate Financial Statements	BAS-27	N/A
Investments in Associates	BAS-28	N/A
Interests in Joint Ventures	BAS-31	N/A
Financial Instruments: Presentation	BAS-32	Complied with some departure (note 3.14.1)
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	N/A
Financial Instruments: Recognition and Measurement	BAS-39	Complied with some departure (note 3.14.1)
Investment property	BAS-40	N/A
Agriculture	BAS-41	N/A

3.14.1 Departure of disclosure as per requirements of BFRSs is due to mandatory compliance of Bangladesh Bank's requirements. As such the Bank has departed from some requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank.

3.15 Approval of financial statements

The financial statements were approved by the board of directors on 15 February 2012.

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
4 CASH			
In hand (note 4.1)		975,073,612	766,251,685
Balance with Bangladesh Bank and its agent bank (note 4.2)		6,052,205,429	5,112,246,265
		<u>7,027,279,041</u>	<u>5,878,497,950</u>
4 (a) Consolidated Cash			
In hand (note 4.1)		975,478,768	766,251,685
Balance with Bangladesh Bank and its agent bank (note 4.2)		6,052,205,429	5,112,246,265
		<u>7,027,684,197</u>	<u>5,878,497,950</u>
4.1 In hand			
Conventional and Islamic banking:			
Local currency		965,600,912	752,481,945
Foreign currencies		9,472,700	13,769,740
		<u>975,073,612</u>	<u>766,251,685</u>
Off-shore banking unit		-	-
		<u>975,073,612</u>	<u>766,251,685</u>
4.1(a) In hand			
Conventional and Islamic banking:		975,073,612	766,251,685
Off-shore banking unit		-	-
Bank Asia Securities Limited		12,469	-
BA Exchange Company (UK) Limited		392,687	-
		<u>975,478,768</u>	<u>766,251,685</u>
4.2 Balance with Bangladesh Bank and its agent bank			
Conventional and Islamic banking :			
Balance with Bangladesh Bank			
Local currency (statutory deposit)		5,718,160,668	5,131,470,325
Foreign currencies		273,376,428	(125,378,088)
		<u>5,991,537,096</u>	<u>5,006,092,237</u>
Balance with agent bank (Sonali Bank Limited)			
Local currency		60,668,333	106,154,028
Foreign currencies		-	-
		<u>60,668,333</u>	<u>106,154,028</u>
		<u>6,052,205,429</u>	<u>5,112,246,265</u>
Off-shore banking unit		-	-
		<u>6,052,205,429</u>	<u>5,112,246,265</u>

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010

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

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Banking Companies Act 1991, BRPD circular nos. 11 and 12, dated 25 August 2005 and MPD 4 & 5 dated 1 December 2010.

The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6% has been calculated and maintained with Bangladesh Bank in local currency and 19% (11.5% for Islamic Banking) Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of cash in hand, balance with Bangladesh Bank and its agent bank, treasury bills, bonds and debentures. CRR and SLR maintained by the Bank are shown below:

4.3.1 Cash Reserve Requirement (CRR)

6% of Average Demand and Time Liabilities:

Required reserve	5,365,817,730	5,050,482,947
Actual reserve maintained	5,704,430,836	5,248,570,000
Surplus	338,613,106	198,087,053

4.3.2 Statutory Liquidity Ratio (SLR)

Conventional Banking

19% of Average Demand and Time Liabilities including 6% of CRR:

Required reserve (including CRR)	16,991,756,150	15,863,500,000
Actual reserve maintained (including CRR)	17,867,248,295	16,321,374,840
Surplus	875,492,145	457,874,840

Islamic Banking

11.5% of Average Demand and Time Liabilities including 6% of CRR:

Required reserve (including CRR)	229,650,630	129,696,000
Actual reserve maintained (including CRR)	249,254,986	165,055,052
Surplus	19,604,356	35,359,052
	895,096,501	493,233,892

4.3.3 Held for Statutory Liquidity Ratio

Conventional Banking

Cash in hand	958,615,462	751,363,633
Balance with Bangladesh Bank	5,564,534,000	5,098,403,000
Balance with agent bank (Sonali Bank Limited)	60,668,333	122,372,000
Government securities	11,281,562,100	9,988,889,007
Other securities	1,868,400	360,347,200
	17,867,248,295	16,321,374,840

Islamic Banking

Cash in hand	16,458,150	14,888,052
Balance with Bangladesh Bank	139,896,836	150,167,000
Balance with agent bank (Sonali Bank Limited)	-	-
Government securities	-	-
Other securities	92,900,000	-
	249,254,986	165,055,052
	18,116,503,281	16,486,429,892

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
5 Balance with other banks and financial institutions			
In Bangladesh			
Conventional and Islamic banking (Note 5.1.1)		1,133,769,488	554,576,691
Off-shore banking unit		-	-
		1,133,769,488	554,576,691
Outside Bangladesh			
Conventional and Islamic banking (Note 5.2.1)		476,174,864	(103,395,698)
Off-shore banking unit		25,905,860	129,025,301
		502,080,724	25,629,603
		1,635,850,212	580,206,294
5.1 In Bangladesh			
5.1.1 Conventional and Islamic banking			
Current accounts			
AB Bank Limited		4,418,043	245,405
Agrani Bank Limited		608,300	3,507,631
Islami Bank Bangladesh Limited		148,722	144,264
National Bank Limited		3,802,515	2,834,492
The Premier Bank Limited		200,000,000	200,000,000
Social Islamic Bank Limited		500,000,000	300,000,000
Sonali Bank Limited		35,621,582	3,949,920
Standard Chartered Bank		815,616	4,247,888
Prime Bank Limited		57,259	-
The City Bank Limited		-	3,187,114
United Commercial Bank Limited		2,564,433	6,160,570
Shahjalal Islami Bank Limited		100,000,000	-
Hajj Finance Company Limited		150,000,000	-
Islamic Finance & Investment Limited		120,000,000	-
The Trust Bank Limited		1,045,207	-
		1,119,081,677	524,277,284
Short-term deposit accounts			
BRAC Bank Limited		6,504,186	5,620,043
Dutch Bangla Bank Limited		-	2,522,496
Islami Bank Bangladesh Limited		-	6,983,630
Jamuna Bank Limited		3,832	3,003,181
Janata Bank Limited		2,500,000	7,143,161
Mercantile Bank Limited		-	17,886
Rupali Bank Limited		3,000,000	3,000,000
Uttara Bank Limited		2,679,793	2,009,010
		14,687,811	30,299,407
		1,133,769,488	554,576,691

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
5.2 Outside Bangladesh			
5.2.1 Conventional and Islamic banking			
Current accounts			
Interest bearing :			
Citibank N.A., London		436,769	1,471,052
Citibank N.A., London		296,744	8,533,312
Citibank NA, New York		53,858,448	(29,553,323)
Habib American Bank, New York		123,240,546	41,468,366
Mashreqbank psc, New York		252,110,310	1,109,789
National Westminster Bank plc, London		3,343,527	14,158,733
Standard Chartered Bank, Mumbai		152,316	3,453,806
Standard Chartered Bank, New York		574,005	59,322,507
		434,012,665	99,964,242
Non-interest bearing :			
AB Bank Limited, Mumbai		573,736	(144,940,675)
Bank of Nova Scotia, Toronto		-	-
Bhutan National Bank Limited, Thimphu		4,909,097	4,734,889
Canadian Imperial Bank of Commerce		1,664,995	590,833
Commerzbank AG, Frankfurt		9,939,774	10,953,599
Credit Suisse First Boston, Zurich		329,417	486,278
Habib Metropolitan Bank Limited, Karachi		6,331,735	37,171
HSBC Australia Limited, Sydney		41,384	52,222
HSBC, New York		728,391	15,561,253
Hypo Vereinsbank, Munich		1,409,857	192,157
ICICI Bank Limited, Kowloon		672,542	2,363,668
ICICI Bank Limited, Mumbai		129,478	(92,512,914)
Muslim Commercial Bank Limited, Colombo		1,845,036	1,879,853
Muslim Commercial Bank Limited, Karachi		6,978,965	18,324,340
Nepal Bangladesh Bank Limited, Kathmandu		3,295,132	536,754
UBAF, Tokyo		958,637	625,929
Sonali Bank (UK) Limited, London		1,932,494	-
Wachovia Bank N.A, New York		29,936	(22,369,933)
Wachovia Bank, London		391,593	124,636
		42,162,199	(203,359,940)
		476,174,864	(103,395,698)

Details are shown in Annex C.

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
5.3 Maturity grouping of balance with other banks and financial institutions			
Up to 1 month		1,635,850,212	580,206,294
More than 1 month but not more than 3 months		-	150,000,000
More than 3 months but not more than 6 months		-	-
More than 6 months but not more than 1 year		-	300,000,000
More than 1 year but not more than 5 years		-	-
More than 5 years		-	-
		<u>1,635,850,212</u>	<u>1,030,206,294</u>
5(a) Balance with other banks and financial institutions			
In Bangladesh			
Conventional and Islamic banking (Note 5.1.1)		1,133,769,488	554,576,691
Off-shore banking unit		-	-
Bank Asia Securities Limited		101,065,026	-
BA Exchange Company (UK) Limited		-	-
		<u>1,234,834,514</u>	<u>554,576,691</u>
Outside Bangladesh			
Conventional and Islamic banking (Note 5.2.1)		476,174,864	(103,395,698)
Off-shore banking unit		25,905,860	129,025,301
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		1,629,408	-
		<u>503,710,132</u>	<u>25,629,603</u>
		<u>1,738,544,646</u>	<u>580,206,294</u>
6 Money at call and on short notice			
Banking company		-	-
Non-banking financial institutions		-	-
		<u>-</u>	<u>-</u>
7 Investments			
Government (Note 7.1)		11,386,330,500	10,418,136,207
Others (Note 7.2)		5,044,201,766	2,157,564,725
		<u>16,430,532,266</u>	<u>12,575,700,932</u>
7.1 Government			
Conventional and Islamic banking (Note 7.1.1)		11,386,330,500	10,418,136,207
Off-shore banking unit		-	-
		<u>11,386,330,500</u>	<u>10,418,136,207</u>

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
7.1.1 Conventional and Islamic banking			
Treasury bills (Note 7.1.1.1)		637,955,357	-
Treasury bonds (Note 7.1.1.2)		10,736,506,743	10,403,689,007
Debentures of House Building Finance Corporation		10,000,000	12,500,000
Prize bonds		1,868,400	1,947,200
		11,386,330,500	10,418,136,207
7.1.1.1 Treasury bills			
364 days treasury bills		637,955,357	-
		637,955,357	-
7.1.1.2 Treasury bonds			
Bangladesh Bank Islamic bond		92,900,000	56,400,000
3 years T & T digital treasury bonds		-	358,400,000
3 years T & T mobile treasury bonds		-	-
5 years Bangladesh Government treasury bonds		7,354,464,764	6,679,497,217
10 years Bangladesh Government treasury bonds		2,997,741,979	3,017,991,790
15 years Bangladesh Government treasury bonds		291,400,000	291,400,000
		10,736,506,743	10,403,689,007
7.2 Others			
Conventional and Islamic banking (Note 7.2.1)		5,044,201,766	2,157,564,725
Off-shore banking unit		-	-
		5,044,201,766	2,157,564,725
7.2.1 Conventional and Islamic banking			
Ordinary shares (Details are shown in Annexure-D)			
Quoted shares		519,580,128	393,572,105
Unquoted share		278,595,473	271,944,223
		798,175,601	665,516,328
Provision for diminution in the market value of shares		-	(23,818,658)
		798,175,601	641,697,670
Mutual Fund			
1st Janata Bank Mutual fund		50,000,000	50,000,000
EBL NRB 1st Mutual Fund		150,000,000	-
1st Bangladesh Fixed Income Fund		250,000,000	-
MBL 1st Mutual Fund		50,000,000	50,000,000
		500,000,000	100,000,000

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
Debentures			
Debentures (10 years):			
Beximco Denims Limited		10,514,422	13,143,026
Beximco Textiles Limited		8,593,828	10,742,286
ACI Zero Coupon Bonds		36,896,838	48,662,743
MTBL subordinated bond		150,000,000	150,000,000
Orascom Telecom Bangladesh Limited		320,000,000	400,000,000
Prime Bank Limited		140,000,000	140,000,000
		666,005,088	762,548,055
Placements			
Term Placement			
BA Exchange Company (UK) Limited		-	-
Bay Leasing & Investment Limited		-	-
Industrial and Infrastructure Development Finance Company Limited		-	-
International Leasing and Financial Services Limited		100,000,000	50,000,000
Investment Corporation of Bangladesh		1,450,000,000	-
Prime Bank Limited		600,000,000	-
Dhaka Bank Limited		200,000,000	-
Lanka Bangla Finance Limited		100,000,000	-
National Housing Finance and Investments Limited		100,000,000	50,000,000
BA Exchange Company (UK) Limited		5,057,000	-
Phoenix Finance and Investment Company Limited		50,000,000	300,000,000
Reliance Lease Finance		-	30,000,000
Union Capital Limited		-	70,000,000
		2,605,057,000	500,000,000
Investment in subsidiaries			
BA Exchange Company (UK) Limited		24,974,077	-
Investment in Bank Asia Securities Ltd		449,990,000	-
Membership			
Dhaka Stock Exchange Limited		-	153,319,000
		5,044,201,766	2,157,564,725
7.3 Investments classified as per Bangladesh Bank circular			
Held for trading (HFT)		2,595,655,357	8,031,190,006
Held to maturity (HTM)		8,685,906,743	2,316,100,000
Other securities		5,148,970,167	1,728,410,926
		16,430,532,267	12,075,700,932
7.4 Maturity-wise grouping			
On demand		3,121,448,528	371,700,647
Up to 3 months		2,296,756,080	165,300,000

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
More than 3 months but not more than 1 year		731,951,734	399,500,000
More than 1 year but not more than 5 years		8,229,164,544	6,929,724,900
More than 5 years		2,051,211,381	4,209,475,385
		16,430,532,267	12,075,700,932

7(a) Investments

Government (Note 7.1)	11,386,330,500	10,418,136,207
Others (Note 7.2)	5,044,201,766	2,157,564,725
Investment in Bank Asia Securities Ltd	(449,990,000)	-
Off-shore banking unit	-	-
Bank Asia Securities Limited	153,119,000	-
BA Exchange Company (UK) Limited	(26,000,000)	-
	16,107,661,266	12,575,700,932

8 Loans and advances/investments

Loans, cash credits, overdrafts, etc/investments (Note 8.1)	75,123,828,789	70,219,189,799
Bills purchased and discounted (Note 8.2)	7,696,145,095	9,285,042,814
	82,819,973,884	79,504,232,613

8.1 Loans, cash credits, overdrafts, etc/investments**Conventional and Islamic banking****Inside Bangladesh**

Overdrafts/ Quard against deposit	18,829,966,690	16,635,429,646
Cash credit/Bai Murabaha (Muajjal)	2,675,608,804	188,146,911
Loans (General)/ Musharaka	8,392,267,472	5,050,583,645
House building loans	566,583,219	485,716,557
Loan against trust receipts/ Bai Murabaha post import	22,834,596,704	24,044,744,651
Payment against documents	1,749,909,196	3,554,313,766
Consumer credit scheme	365,169,333	2,763,851,054
Transport loan	1,198,565,673	597,442,162
Term loan- industrial	3,667,190,324	3,347,939,656
Term loan- others/ Hire purchase under Shirkatul Melk	10,598,550,250	8,001,236,944
Staff Loan	474,796,621	435,974,822
Credit card	676,058,350	513,878,730
Small and medium enterprise (SME)	2,404,880,723	2,142,223,019
Credit for poverty alleviation scheme-micro credit	16,412,472	17,532,109
	74,450,555,831	67,779,013,672

Outside Bangladesh

	-	-
	74,450,555,831	67,779,013,672
Off-shore banking unit	673,272,958	2,440,176,127
	75,123,828,789	70,219,189,799

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
8.2 Bills purchased and discounted (Note 8.14)			
Conventional and Islamic banking		7,692,736,984	9,215,557,697
Off-shore banking unit		3,408,111	69,485,117
		<u>7,696,145,095</u>	<u>9,285,042,814</u>
8.3 Maturity-wise grouping			
Repayable on demand		16,539,240,771	18,245,347,851
Not more than 3 months		23,286,397,470	19,818,982,659
More than 3 months but not more than 1 year		22,648,489,457	24,748,911,281
More than 1 year but not more than 5 years		13,323,424,917	11,577,066,000
More than 5 years		7,022,421,269	5,113,924,822
		<u>82,819,973,884</u>	<u>79,504,232,613</u>
8.4 Net loans and advances/investments			
Gross loans and advances/investments		82,819,973,884	79,504,232,613
Less: Interest suspense (Note 13.4)		291,160,430	148,156,005
Provision for loans and advances/investments		1,739,512,995	1,279,003,221
		<u>2,030,673,425</u>	<u>1,427,159,226</u>
		<u>80,789,300,459</u>	<u>78,077,073,387</u>
8.5 Loans and advances/investments under the following broad categories			
In Bangladesh:			
Loans		53,618,253,295	53,395,613,242
Cash credits		2,675,608,804	188,146,911
Overdrafts		18,829,966,690	16,635,429,646
Bills purchased and discounted (Note 8.14)		7,437,033,549	8,452,852,983
		<u>82,560,862,338</u>	<u>78,672,042,782</u>
Outside Bangladesh:			
Bills purchased and discounted (Note 8.14)		259,111,546	832,189,831
		<u>82,819,973,884</u>	<u>79,504,203,613</u>
8.6 Significant concentration wise grouping			
a) Directors		-	-
b) Chief Executive and other senior executives			
i) Managing Director		1,503,093	3,940,969
ii) Other senior executives		76,639,648	59,962,462
		<u>78,142,741</u>	<u>63,903,431</u>

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
c) Consumers			
i) Commercial lending		23,300,504,000	34,092,876,456
ii) Export financing		259,111,546	832,189,831
iii) House building loan		566,583,219	485,716,557
iv) Consumer credit scheme		2,573,496,061	2,763,851,054
v) Small and medium enterprises		2,404,880,721	2,142,223,019
vi) Staff loan		396,653,880	435,974,822
vii) Credit card		676,058,350	513,878,730
viii) Non-banking financial institutions		508,351,000	547,860,000
		30,685,638,777	41,814,570,469
d) Industries			
i) Agricultural and jute		1,227,956,000	1,075,182,000
ii) Cement		683,884,000	4,113,976,000
iii) Chemical		272,578,000	5,829,136,000
iv) Electronics		215,099,000	2,326,249,000
v) Food and allied		1,735,566,000	348,725,000
vi) Paper		2,514,048,000	498,291,000
vii) Readymade garments		3,548,051,000	205,536,000
viii) Real estate		2,936,983,000	3,864,930,000
ix) Steel		3,712,462,000	1,762,976,000
x) Textile		5,827,714,000	2,330,648,000
xi) Other		25,614,394,366	11,492,874,713
		48,288,735,366	33,848,523,713
e) Infrastructural			
i) Power		411,713,000	354,810,000
ii) Telecom		325,253,000	73,458,000
iii) Construction		941,905,000	1,311,600,000
iv) Transport		2,088,586,000	2,037,367,000
		3,767,457,000	3,777,235,000
		82,819,973,884	79,504,232,613

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

Dhaka Division	49,632,159,915	47,954,885,006
Chittagong Division	24,739,358,208	23,557,134,164
Khulna Division	818,146,158	915,529,384
Rajshahi Division	1,257,419,535	1,221,522,023
Sylhet Division	614,620,163	589,719,801
	77,061,703,979	74,238,790,378

Rural

Dhaka Division	3,368,340,646	3,260,633,556
Chittagong Division	2,082,813,520	1,810,200,413
Khulna Division	-	-

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
Sylhet Division		125,041,514	52,714,075
Rajshahi Division		182,074,225	141,894,191
		5,758,269,905	5,265,442,235
Outside Bangladesh		-	-
		82,819,973,884	79,504,232,613

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

Collateral of movable/immovable assets	34,923,253,261	38,168,184,850
Local banks and financial institutions' guarantee	3,983,950,688	738,271,986
Foreign banks' guarantee	448,544,995	397,461,997
Export documents	2,082,746,407	2,384,771,986
Cash and quasi cash	4,124,075,038	8,744,163,949
Personal guarantee	29,988,798,497	19,873,099,886
Other securities	7,268,604,998	9,198,277,959
	82,819,973,884	79,504,232,613

8.9 Details of large loan/investments

As at 31 December 2011 there were ten (2010: twelve) 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 12,447.32 million as at 31 December 2011 (Taka 8,156.96 million in 2010).

Details are shown in Annex G.

8.10 Particulars of loans and advances/investments

i) Loans/investments considered good in respect of which the Bank is fully secured	45,562,570,389	50,432,854,768
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	29,988,798,497	19,873,099,886
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	7,268,604,998	9,198,277,959
iv) Loans/investments adversely classified; provision not maintained there against	-	-
	82,819,973,884	79,504,232,613
v) Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	474,796,621	435,974,822
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	-	-

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
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.		474,796,621	435,974,822
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		7,696,145,095	9,285,042,814
x) Classified loans/investments for which interest has not been charged:			
a) Decrease of provision (specific)		309,232,000	(14,447,273)
Amount of loan written off		-	380,606,136
Amount realised against the loans previously written off		-	-
b) Provision kept against loans/investments classified as bad debts		556,170,000	246,938,000
c) Interest credited to interest suspense account		291,160,430	148,156,005
xi) Cumulative amount of written off loans/investments			
Opening balance		858,331,493	477,725,357
Amount written off during the year		-	380,606,136
The amount of written off loans/investments for which law suit has been filed		858,331,493	858,331,493

8.11 Grouping as per classification rules

Unclassified		
Standard including staff loan	79,365,473,884	76,944,499,396
Special mentioned account	1,204,538,000	1,275,482,000
	80,570,011,884	78,219,981,396
Classified		
Sub-standard	548,857,000	783,169,217
Doubtful	443,010,000	146,510,000
Bad/loss	1,258,095,000	354,572,000
	2,249,962,000	1,284,251,217
	82,819,973,884	79,504,232,613

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding at 31 Dec 2011	Base for provision	% of Required provision	Required provision	
For loans and advances/Investments:					
Unclassified - general provision					
All unclassified loans (other than SME financing, house building loan and loan for professional, loan to Brokerage House (BH), consumer finance, staff loan and SMA	61,802,894,263	61,802,894,263	1%	622,657,360	615,447,610
Small and medium enterprise financing	8,780,374,000	8,780,374,000	1%	87,803,740	57,151,660
House building loan and loan for professional	2,015,255,000	2,015,255,000	2%	40,305,100	32,427,160
Loans to BH	4,103,949,000	4,103,949,000	2%	82,078,980	65,696,300
Consumer finance	1,511,523,000	1,511,523,000	5%	75,576,150	104,090,550
Special mentioned account	1,204,538,000	1,176,717,000	5%	58,835,850	49,683,250
				967,257,180	924,496,530
Off-shore unit					
Unclassified loans (general)	676,682,000	676,682,000	1%	6,766,820	22,564,360
Special mentioned account	-	-	-	-	12,612,850
				6,766,820	35,177,210
Classified - specific provision:					
Sub-standard	548,857,000	303,994,000	20%	60,466,000	57,055,400
Doubtful	443,010,000	311,633,000	50%	155,786,000	50,637,500
Bad/loss	1,258,095,000	556,170,000	100%	556,170,000	246,938,000
				772,422,000	354,630,900
Required provision for loans and advances				1,746,446,000	1,314,304,640
Total provision maintained					
Conventional and Islamic Banking (Note 13.2)				1,739,512,995	1,279,003,221
Off-shore Banking Unit				6,933,005	35,343,216
				1,746,446,000	1,314,346,437
Excess provision at 31 December				-	41,797

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
8.13 Suits filed by the Bank (Branch wise details)			
Bashundhara Branch		20,412,980	16,096,623
CDA Avenue Branch		12,983,420	12,983,420
Corporate Branch		8,096,339	23,413,542
Dhanmondi Branch		-	4,200,000
Dilkusha Branch		48,530,251	95,224,574
Gulshan Branch		53,119,943	63,610,747
Khatunganj Branch		10,559,241	70,400,556
Mirpur branch		4,389,095	1,428,412
North South Road Branch		44,231,132	46,432,468
Principal Office Branch		316,267,766	336,822,022
Scotia Branch		448,725,404	449,442,866
Sheikh Mujib Road Branch		116,852,098	116,852,098
Sylhet Main Branch		13,790,574	5,900,878
Uttara Branch		590,000	590,000
Credit cards		58,705	58,705
Agrabad Branch		34,090,264	-
Mitford Branch		25,635,919	-
Rajshai Branch		547,173	-
Sylhet Upashahar Branch		5,557,250	-
Jatrabari SME Service Centre		644,879	-
		1,165,082,433	1,243,456,911
8.14 Bills purchased and discounted			
Payable in Bangladesh		7,437,033,549	8,452,852,983
Payable outside Bangladesh		259,111,546	832,189,831
		7,696,145,095	9,285,042,814
8.15 Maturity-wise grouping of bills purchased and discounted			
Payable within 1 month		1,252,196,521	350,005,874
More than 1 month but less than 3 months		2,955,408,840	2,746,749,660
More than 3 months but less than 6 months		797,340,161	4,188,350,982
More than 6 months		2,691,199,572	1,999,936,298
		7,696,145,094	9,285,042,814
8.1(a) Consolidated loans, cash credits, overdrafts, etc/investments			
Conventional and Islamic banking		74,450,555,831	67,779,013,672
Off-shore banking unit		673,272,958	2,440,176,127
Bank Asia Securities Limited		4,402,311,765	-
		79,526,140,554	70,219,189,799
Less: Loans to Bank Asia Securities Ltd		3,879,216,504	-
BA Exchange Company (UK) Limited		-	-
		75,646,924,050	70,219,189,799
Bill Purchased & Discounted :			
Conventional and Islamic banking		7,692,736,984	9,215,557,697
Off-shore banking unit		3,408,111	69,485,117
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		7,696,145,095	9,285,042,814

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
9 Fixed assets including premises, furniture and fixtures			
Conventional and Islamic banking (Note 9.1)		4,584,547,197	1,837,283,978
Off-shore banking unit		-	-
		<u>4,584,547,197</u>	<u>1,837,283,978</u>

9.1 Conventional and Islamic banking

Cost:		
Land	2,531,152,000	734,660,017
Building	1,716,628,217	756,501,200
Furniture and fixtures	593,180,514	452,048,996
Equipments	382,329,549	310,252,345
Computer and accessories	198,493,894	176,101,278
Motor vehicles	110,493,360	67,096,285
	<u>5,532,277,534</u>	<u>2,496,660,121</u>
Less: Accumulated depreciation	903,124,836	659,376,143
Adjustment of Assets revaluation	44,605,501	-
Written down value at the end of the year	<u>4,584,547,197</u>	<u>1,837,283,978</u>

Details are shown in Annex E.

9(a) Fixed assets including premises, furniture and fixtures

Conventional and Islamic banking (Note 9.1)	4,584,547,197	1,837,283,978
Off-shore banking unit	-	-
Bank Asia Securities Limited	17,272,329	-
BA Exchange Company (UK) Limited	17,011,800	-
	<u>4,618,831,326</u>	<u>1,837,283,978</u>

Details are shown in Annex E-2

10 Other assets

Conventional and Islamic banking (Note 10.1)	5,214,750,422	4,800,358,912
Off-shore banking unit	16,474,984	21,769,469
	<u>5,231,225,406</u>	<u>4,822,128,381</u>
Less: Due from off shore banking unit	-	-
	<u>5,231,225,406</u>	<u>4,822,128,381</u>

10.1 Conventional and Islamic banking

Income generating other assets		
Income receivable (Note 10.2)	493,544,988	389,074,959
Non-income generating other assets		
Investment in shares of subsidiary company	-	449,955,000

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
Stock of stamps		2,070,145	1,892,250
Stationery, printing materials, etc		21,389,636	51,073,232
Receivable from Government in connection with Rangs Properties (Note 10.3)		-	-
Prepaid expenses		4,403,670	17,325,426
Deposits and advance rent		225,775,356	236,114,915
Due from off-shore banking unit		-	-
Due from Capital Market Division of the Bank		129,799,655	542,519,608
Branch adjustment account (Note 10.4)		74,790,740	125,011,216
Suspense account (Note 10.5)		93,399,563	118,779,404
Advance income tax		3,960,952,259	2,695,638,641
Receivable against government		106,293,004	124,277,283
Receivable against remittance		3,911,097	3,003,000
Sundry debtors		94,788,029	40,822,768
Adjustment account debit		-	-
Others non-earnings assets		-	-
Excise duty recoverable		3,632,280	4,871,210
		<u>5,214,750,422</u>	<u>4,800,358,912</u>

10.2 Income receivable

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

10.3 Receivable from Government in connection with Rangs properties

Balance at the beginning of the year	-	9,921,459
Add: addition during the year	-	-
	-	9,921,459
Less: Provision made during the year		9,921,459
Balance at the end of the year	-	-

10.4 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 2011 are given below:

	Number of unresponded entries (Debit)	Amount of unresponded entries (Taka)	Number of unresponded entries (Credit)	Amount of unresponded entries (Taka)
Up to 3 months	194	94,777,627	384	36,543,036
More than 3 months				
but within 6 months	18	3,846,658	20	1,934,501
More than 6 months				
but within 1 year	20	16,832,748	8	995,700
More than 1 year				
but within 5 years	2	115,001	2	1,308,057
Above 5 years	-	-	-	-
	<u>234</u>	<u>115,572,034</u>	<u>414</u>	<u>40,781,294</u>

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010

10.5 Suspense account

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

10(a) Other assets

Conventional and Islamic banking (Note 10.1)	5,214,750,422	4,800,358,912
Off-shore banking unit	16,474,984	21,769,469
Bank Asia Securities Limited	74,817,110	-
BA Exchange Company (UK) Limited	1,674,270	-
	<u>5,307,716,786</u>	<u>4,822,128,381</u>

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	1,226,743,285	3,800,448,571
Off-shore banking unit	-	1,363,326,401
	<u>1,226,743,285</u>	<u>5,163,774,972</u>

11.1 Conventional and Islamic banking

In Bangladesh (Note 11.1.1)	1,226,743,285	3,800,448,571
Outside Bangladesh	-	-
	<u>1,226,743,285</u>	<u>3,800,448,571</u>

11.1.1 In Bangladesh

Secured	-	-
Un secured:		
Money at call and on short notice		
Bank Al Falah Limited	-	250,000,000
Citibank, N.A.	-	30,000,000
Commercial Bank of Ceylon Limited	-	130,000,000
Dutch Bangla Bank Limited	-	600,000,000
Janata Bank Limited	100,000,000	-
Habib Bank Limited	-	-
National Bank Limited	-	-
The Premier Bank Limited	-	300,000,000
Rupali Bank Limited	-	450,000,000
Sonali Bank Limited	-	1,000,000,000
Southeast Bank limited	-	300,000,000
Standard Chartered Bank	-	50,000,000
The Hongkong and Shanghai Banking Corporation Limited	100,000,000	30,000,000
The Trust Bank Limited	-	-

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
United Commercial Bank Limited		-	550,000,000
		200,000,000	3,690,000,000
Term borrowing			
Bangladesh Bank refinance (Islamic)		900,000,000	-
Bangladesh Bank refinance		126,743,285	110,448,571
		1,026,743,285	110,448,571
		1,226,743,285	3,800,448,571

11.2 Maturity-wise grouping

Payable on demand	200,000,000	5,053,326,401
Up to 1 month	-	-
More than 1 month but within 3 months	-	6,354,286
More than 3 months but within 1 year	-	43,443,808
More than 1 year but within 5 years	-	60,650,477
More than 5 years	-	-
	200,000,000	5,163,774,972

11(a) Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	1,226,743,285	3,800,448,571
Off-shore banking unit	-	1,363,326,401
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
	1,226,743,285	5,163,774,972

12 Deposits and other accounts

Conventional and Islamic banking (Note 12.1)	94,739,930,739	86,291,091,440
Off-shore banking unit	391,167,870	74,546,707
	95,131,098,609	86,365,638,147

Deposits and other accounts

Current/AI-wadeeah current accounts and other accounts

Deposits from banks	-	-
Deposits from customers	12,024,446,868	11,631,173,000
	12,024,446,868	11,631,173,000

Bills payable

Deposits from banks	-	-
Deposits from customers	1,099,573,430	898,703,046
	1,099,573,430	898,703,046

Savings bank/Mudaraba savings bank deposits

Deposits from banks	-	500,000,000
Deposits from customers	9,060,930,520	7,447,958,226
	9,060,930,520	7,947,958,226

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
Fixed deposits/Mudaraba fixed deposits			
Deposits from banks		520,820,616	1,550,000,000
Deposits from customers		72,425,327,176	64,337,803,875
		72,946,147,792	65,887,803,875
		95,131,098,609	86,365,638,147
12.1 Conventional and Islamic banking			
Deposits from banks (Note 12.1.1)		520,820,616	2,050,000,000
Deposits from customers (Note 12.1.2)		94,219,110,123	84,241,091,440
		94,739,930,739	86,291,091,440
12.1.1 Deposits from banks			
Fixed deposit:			
AL-Arafah Islami Bank Limited			800,000,000
Bangladesh Krishi Bank		-	-
Eastern Bank Limited		-	-
Hongkong Shanghai Banking Corporation Ltd			250,000,000
IFIC Bank Limited		-	-
National Credit and Commerce Bank Limited		-	-
AB Bank Limited		1,174,736	-
EXIM Bank Limited		5,566,041	-
Sonali Bank Limited		13,600,000	-
Social Islami Bank Limited		300,479,839	300,000,000
The City Bank Limited		-	-
The Premier Bank Limited		200,000,000	200,000,000
The Trust Bank Limited		-	-
		520,820,616	1,550,000,000
Bangladesh Bank refinance			500,000,000
		520,820,616	2,050,000,000
12.1.2 Deposits from customers			
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)		11,911,171,392	11,556,626,293
Bills payable (Note 12.1.2b)		1,099,573,430	898,703,046
Savings bank/Mudaraba savings deposits		9,060,930,520	7,447,958,226
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)		72,147,434,781	64,337,803,875
		94,219,110,123	84,241,091,440
12.1.2a Current/Al-wadeeah current accounts and other accounts			
Current/Al-wadeeah current accounts		4,514,550,117	4,396,923,035
Other demand deposit - Local currency		5,406,222,756	5,172,478,225
Other demand deposit - Foreign currencies		1,187,877,992	1,268,710,680
Foreign currency deposits (non-interest bearing)		802,520,527	533,048,720
Export retention quota			185,465,633
		11,911,171,392	11,556,626,293

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
12.1.2b Bills payable			
Bills payable - local currency		1,094,102,098	891,658,493
Bills payable - foreign currencies		5,471,332	7,044,553
Demand draft		-	-
		<u>1,099,573,430</u>	<u>898,703,046</u>
12.1.2c Fixed deposits/Mudaraba fixed deposits			
Fixed deposits/Mudaraba fixed deposits		56,494,004,670	52,184,308,072
Special notice deposit		6,462,740,737	6,574,326,494
Foreign currency deposits (interest bearing)		8,241,390	8,220,767
Deposit under schemes		9,182,447,984	5,570,948,542
		<u>72,147,434,781</u>	<u>64,337,803,875</u>
12.2 Payable on demand and time deposits			
a) Demand deposits			
Current/Al-wadeeah current accounts and other accounts		4,627,825,593	4,471,469,742
Savings bank/Mudaraba savings deposits		815,483,747	670,316,240
Foreign currency deposits (non interest bearing)		1,990,398,519	533,048,720
Sundry deposits		5,406,222,756	6,626,654,538
Bills payable		1,099,573,430	898,703,046
		<u>13,939,504,045</u>	<u>13,200,192,286</u>
b) Time deposits			
Savings bank/Mudaraba savings deposits		8,245,446,773	7,277,641,986
Fixed deposits/Mudaraba fixed deposits		57,292,717,681	53,734,308,072
Foreign currency deposits (interest bearing)		8,241,390	8,220,767
Special notice deposit		6,462,740,737	6,574,326,494
Security deposits		-	-
Deposits under schemes		9,182,447,984	5,570,948,542
		<u>81,191,594,565</u>	<u>73,165,445,861</u>
		<u>95,131,098,609</u>	<u>86,365,638,147</u>
12.3 Sector-wise break-up of deposits and other accounts			
Government		2,102,131,000	1,546,128,000
Deposit from banks		520,820,616	1,588,295,000
Other public		5,204,904,000	3,486,213,000
Foreign currencies		2,395,279,111	1,987,225,033
Private		84,907,963,882	74,993,402,335
		<u>95,131,098,609</u>	<u>83,601,263,368</u>

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
12.4 Maturity-wise grouping			
12.4.1 Deposits from banks			
Payable on demand		-	-
Up to 1 month		6,740,777	-
Over 1 month but within 6 months		13,600,000	1,850,000,000
Over 6 months but within 1 year		300,479,839	200,000,000
Over 1 year but within 5 years		200,000,000	-
Over 5 years		-	-
		520,820,616	2,050,000,000
12.4.2 Customer deposits excluding bills payable			
Payable on demand		6,406,487,198	6,924,324,747
Up to 1 month		8,450,966,833	9,815,884,993
Over 1 month but within 6 months		29,692,891,760	27,871,500,000
Over 6 months but within 1 year		16,283,032,640	19,846,303,093
Over 1 year but within 5 years		23,494,878,147	10,184,714,124
Over 5 years		9,182,447,984	6,009,833,365
		93,510,704,563	80,652,560,322
12.4.3 Bills payable			
Payable on demand		1,099,573,430	898,703,046
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		-	-
		1,099,573,430	898,703,046
		95,131,098,609	83,601,263,368
12(a) Deposits and other accounts			
Current/Al-wadeeah current accounts and other accounts			
Conventional and Islamic banking (Note 12.1)		11,911,171,392	11,631,173,000
Off-shore banking unit		113,275,476	-
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		12,024,446,868	11,631,173,000
Bills payable			
Conventional and Islamic banking (Note 12.1)		1,099,573,430	898,703,046
Off-shore banking unit		-	-
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		2,440,880	-
		1,102,014,310	898,703,046

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
Savings bank/Mudaraba savings bank deposits			
Conventional and Islamic banking (Note 12.1)		9,060,930,520	7,947,958,226
Off-shore banking unit		-	-
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		9,060,930,520	7,947,958,226
Fixed deposits/Mudaraba fixed deposits			
Conventional and Islamic banking (Note 12.1)		72,668,255,397	65,887,803,875
Off-shore banking unit		277,892,395	-
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		72,946,147,792	65,887,803,875

13 Other liabilities

Conventional and Islamic banking (Note 13.1)	8,880,989,210	6,477,839,891
Off-shore banking unit	11,643,361	130,853,937
	8,892,632,571	6,608,693,828
Less: Due from off shore banking unit	-	-
	8,892,632,571	6,608,693,828

13.1 Conventional and Islamic banking

Provision for loans and advances/investments (Note 13.2)	1,739,512,995	1,279,003,221
Provision on off-balance sheet exposures (Note 13.3)	458,168,020	414,120,697
Interest suspense account (Note 13.4)	291,160,430	148,156,005
Provision for income tax including deferred tax (Note 13.5)	5,556,616,027	4,040,623,693
Provision for performance bonus	161,214,818	188,224,647
Credit card	2,670,666	7,497,200
Expenditures and other payables	144,620,500	43,463,807
Obligation under finance lease (Note 13.6)	53,637,685	81,576,965
Provision for nostro accounts (Note 13.7)	-	19,040
Other payable	31,475,922	23,079,964
Provision for profit equalisation	1,884,374	2,285,963
Unearned income on bai murabaha muajjal	19,983,332	17,699,362
Unearned income on bai murabaha post import	291,053,538	228,504,800
Diminution in value of shares	112,655,749	-
Payable to Government	16,335,154	3,584,527
	8,880,989,210	6,477,839,891

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
13.2 Provision for loans and advances/investments			
A. General			
Balance at the beginning of the year		924,372,322	622,930,682
Add: Provision made during the year			
On general loans and advances/investments etc.		33,565,923	252,915,790
On special mentioned account		9,152,750	48,525,850
		42,718,673	301,441,640
Less: Provision no longer required		-	-
Balance at the end of the year		967,090,995	924,372,322
B. Specific			
Balance at the beginning of the year		354,630,899	355,381,065
Less: Interest waiver during the year		(37,973,577)	(52,181,236)
Write off during the year		-	(89,356,519)
		(37,973,577)	(141,537,755)
Add: Recoveries of Amount previously written off		53,422,750	-
Specific provision made during the year for other accounts		402,341,928	140,787,589
		455,764,678	140,787,589
Balance at the end of the year		772,422,000	354,630,899
C. Total provision on loans and advances/investments (A+B)		1,739,512,995	1,279,003,221

13.3 Provision on off-balance sheet exposures

Balance at 1 January	414,120,697	246,020,802
Add: Provision made during the year (Note 34.b)	44,047,323	168,099,895
	458,168,020	414,120,697
Less: Adjustments made during the year	-	-
Balance at 31 December	458,168,020	414,120,697

13.4 Interest suspense account

Balance at 1 January	148,156,005	89,353,245
Add: Amount transferred to "interest suspense" account during the year	288,713,998	344,954,931
	436,870,003	434,308,176
Less: Amount of interest suspense recovered	138,843,904	244,925,176
Amount written off during the year	-	34,114,241
Interest waiver during the year	6,865,669	7,112,754
	145,709,573	286,152,171
Balance at 31 December	291,160,430	148,156,005

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
13.5 Provision for taxation			
Current tax (Note 13.5.1)		5,301,088,407	3,785,096,073
Deferred tax (Note 13.5.2)		255,527,620	255,527,620
		<u>5,556,616,027</u>	<u>4,040,623,693</u>
13.5.1 Provision for current tax			
Balance at 1 January		3,785,096,073	2,286,358,717
Provision made during the year		1,515,992,334	1,498,735,610
		5,301,088,407	3,785,094,327
Adjustments made during the year		-	1,746
Balance at 31 December		<u>5,301,088,407</u>	<u>3,785,096,073</u>
Corporate tax position of the Bank has been shown in Annex F.			
13.5.2 Provision for deferred tax			
Balance at 1 January		255,527,620	330,795,451
Provision made for deferred tax liabilities:			
Charged/(credited) to profit and loss statement		-	164,685,104
Charged/(credited) to revaluation reserve		-	(226,470,806)
		-	(61,785,702)
		255,527,620	269,009,749
Provision made for deferred tax assets		-	(13,482,129)
Balance at 31 December		<u>255,527,620</u>	<u>255,527,620</u>
13.5.1(a) Consolidated Provision for current tax			
Current Tax			
Bank Asia Limited		1,515,992,334	1,498,735,610
Off-shore banking unit		-	-
Bank Asia Securities Limited		54,812,943	-
BA Exchange Company (UK) Limited		-	-
		1,570,805,277	1,498,735,610
Adjustments made during the year		-	1,746
Balance at 31 December		<u>1,570,805,277</u>	<u>1,498,737,356</u>
13.6 Obligation under finance lease			
Furniture, fixtures and equipment		25,584,981	56,510,059
Computer and accessories		8,572,285	23,818,827
Motor vehicles		18,858,751	1,248,079
Building		621,668	-
		<u>53,637,685</u>	<u>81,576,965</u>

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010

13.7 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPP (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 unreconciled entries are

shown in Annex K.

13(a) Other liabilities

Conventional and Islamic banking (Note 13.1)	8,880,989,210	6,477,839,891
Off-shore banking unit	11,643,361	130,853,937
Bank Asia Securities Limited	277,098,550	-
BA Exchange Company (UK) Limited	7,507,762	-
	9,177,238,884	6,608,693,828

14 Share capital

14.1 Authorized capital

1,500,000,000 ordinary shares of Taka 10 each	15,000,000,000	4,450,000,000
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14.2 Issued, subscribed and fully paid up capital

56,372,480 ordinary shares of Taka 10 each issued for cash	563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each issued as bonus shares	3,640,107,700	2,439,012,700
Right shares issue @25% for the year 2011	1,050,958,100	-
	5,254,790,600	3,002,737,500

14.3 Initial public offer (IPO)

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

14.4 Capital adequacy ratio

The calculation of CAR has been done as per BRPD Circular no. 10 dated 10 March 2010 and the Basel-II guidelines, December 2010 vide BRPD Circular no. 35 dated 29 December 2010.

Core capital (Tier-I)		
Paid up capital	5,254,790,600	3,002,737,500
Share premium	330	330
Statutory reserve (Note 15)	2,959,358,772	2,272,917,429
Retained earnings (Note 17)	1,322,181,668	1,293,503,630
	9,536,331,370	6,569,158,889

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
Supplementary capital (Tier-II)			
General provision maintained against unclassified loan/ investments		974,024,000	924,372,322
General provision on off-balance sheet exposure		461,585,000	413,954,721
Exchange equalization reserve		-	-
Other reserve		8,166,144	8,166,144
Revaluation reserve of Government securities		1,467,218,013	241,309,084
		2,910,993,156	1,587,802,271
Additional supplementary capital (Tier-III)			
		-	-
A) Total capital		12,447,324,526	8,156,961,160
B) Total risk weighted assets		83,664,200,000	100,545,900,000
C) Required capital		8,366,420,000	9,049,100,000
D) (Deficit)/Surplus (A-C)		4,080,904,526	(892,138,840)
Capital adequacy ratio:			
On core capital - against standard of minimum 5% (2010: 4.5%)		11.40%	6.53%
On total capital - against standard of minimum 10% (2010: 9%)		14.88%	8.11%

14.4 (a) Consolidated Capital adequacy ratio

The calculation of CAR has been done as per BRPD Circular no. 10 dated 10 March 2010 and the Basel-II guidelines, December 2010 vide BRPD Circular no. 35 dated 29 December 2010.

Core capital (Tier-I)			
Paid up capital		5,254,790,600	-
Non-controlling (Minority) interest		10,000	-
Share premium		330	-
Statutory reserve (Note 15)		2,959,358,772	-
Retained earnings (Note 17a)		1,449,223,838	-
		9,663,383,540	-
Supplementary capital (Tier-II)			
General provision maintained against unclassified loan/ investments		974,024,000	-
General provision on off-balance sheet exposure		461,585,000	-
Exchange equalization reserve		-	-
Other reserve		8,166,144	-
Revaluation reserve of Government securities		1,467,218,013	-
		2,910,993,156	-
Additional supplementary capital (Tier-III)			
		-	-
A) Total capital		12,574,376,696	-
B) Total risk weighted assets		88,492,000,000	-
C) Required capital		8,849,200,000	-
D) (Deficit)/Surplus (A-C)		3,725,176,696	-
Capital adequacy ratio:			
On core capital - against standard of minimum 5% (2010: 4.5%)		10.92%	-
On total capital - against standard of minimum 10% (2010: 9%)		14.21%	-

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2011	At 31 December 2011	At 31 December 2010	At 31 December 2010
	No. of shares	%	No. of shares	%
Sponsors & Directors	271,197,130	51.61	14,931,307	49.73
General public	123,237,750	23.45	7,839,246	26.11
Institutions	107,457,510	20.45	5,681,954	18.92
Investment companies	13,710,740	2.61	972,149	3.24
Non-resident Bangladeshi	7,687,930	1.46	475,719	1.58
Foreign investors	2,188,000	0.42	127,000	0.42
Total	525,479,060	100	30,027,375	100

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2011	2010	2011	2010
Less than 5000	14,348	13,052	2.63	3.59
5,000 to 50,000	1,869	1,381	4.47	5.67
50,001 to 100,000	111	77	1.44	1.89
100,001 to 200,000	77	59	2.12	2.73
200,001 to 300,000	43	23	2.05	1.94
300,001 to 400,000	20	9	1.37	1.09
400,001 to 500,000	8	12	0.65	1.78
500,001 to 1,000,000	40	25	5.51	5.89
1,000,001 to 10,000,000	73	56	38.59	52.35
Over 10,000,000	13	6	41.17	23.07
Total	16,602	14,700	100	100

14.7 Name of the Directors and their shareholdings as at 31 December 2011

SI	Name of the director	Status	" Opening position "	" Closing position "
1	Mr. A Rouf Chowdhury	Chairman	550,164	9,627,860
2	Mr. Mohd Safwan Choudhury "(Representing Phulbari Tea Estates Ltd)"	Vice Chairman	1,182,419	20,692,300
3	Mr. Mohammed Lakiotullah (Independent director)	Vice Chairman	-	-
4	Mr. Anisur Rahman Sinha	Director	172,173	3,013,020
5	Mr. Rume A Hossain	Director	1,243,001	20,402,010
6	Mr. Romo Rouf Chowdhury	Director	495,595	8,672,910
7	Mr. A M Nurul Islam	Director	-	2,526,570
8	Mr. Mashur Rahman (Alternate Director of Mr. Mir Shajahan)	Director	618,627	10,825,960
9	Mr. M Irfan Syed	Director	30,000	525,000
10	Mr. Faisal Samad	Director	140,000	2,450,000
11	Ms. Sohana Rouf Chowdhury	Director	231,000	4,042,500

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
12 Lt. Col. Fariduddin Ahmed (Reted)	Director	125,112	2,189,450
13 Mr. Shah Md. Nurul Alam "(Representing Amiran Generations Ltd)"	Director	922,395	16,673,140
14 Mr. Murshed Sultan Choudhury	Director	1,161,617	16,262,630
Total		6,872,103	117,903,350

15 Statutory reserve

Balance at 1 January	2,272,917,429	1,557,013,281
Add: Addition during the year (20% of pre-tax profit)	686,441,343	715,904,148
Balance at 31 December	2,959,358,772	2,272,917,429

16 Revaluation reserve

HTM securities (Note 16.1)	4,063,852	-
HFT securities (Note 16.2)	453,467,671	482,618,168
Fixed Assets revaluation (Note 16.3)	2,476,904,502	-
	2,934,436,025	482,618,168

16.1 Revaluation reserve on HTM securities

Balance at 1 January	-	31,174,514
Adjustment for sale/maturity of securities	-	(31,174,514)
Gain from revaluation on investments	4,063,852	-
	4,063,852	-
Deferred tax liabilities	-	-
Balance at 31 December	4,063,852	-

16.2 Revaluation reserve on HFT securities

Balance at 1 January	482,618,168	275,227,167
Gain from revaluation on investments	48,110,375	260,678,624
Adjustment for sale/maturity of securities	(77,260,872)	(53,287,623)
	453,467,671	482,618,168
Add: Deferred tax released during the year	-	-
	453,467,671	482,618,168
Less: Deferred tax liabilities	-	-
Balance at 31 December	453,467,671	482,618,168

16.3 Revaluation reserve on Fixed Assets

Balance at 1 January	-	-
Addition of Fixed Assets revaluation	2,521,510,003	-
Adjustment	(44,605,501)	-
Balance at 31 December	2,476,904,502	-

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
17 Retained earnings			
Balance at 1 January		1,293,503,630	942,577,212
Add: Retained surplus for the year		1,229,773,038	1,213,678,009
Transferred from profit and loss statement and exchange equalisation		-	3,339,553
		2,523,276,668	2,159,594,774
Less: Issue of bonus shares		1,201,095,000	857,925,000
Transferred to profit equalisation reserve		-	8,166,144
		1,201,095,000	866,091,144
Balance as at 31 December		1,322,181,668	1,293,503,630

17(a) Retained earnings

Balance at 1 January	1,293,503,630	942,577,212
Add: Retained surplus for the year	1,356,815,208	1,213,678,009
Transferred from profit and loss statement and exchange equalisation	-	3,339,553
	2,650,318,838	2,159,594,774
Less: Issue of bonus shares	1,201,095,000	857,925,000
Transferred to profit equalisation reserve	-	8,166,144
	1,201,095,000	866,091,144
Balance at 31 December	1,449,223,838	1,293,503,630

18 Contingent liabilities

Conventional and Islamic banking	47,115,549,641	48,704,206,413
Off-shore banking unit	341,698,000	270,477,865
	47,457,247,641	48,974,684,278
Acceptances and endorsements		
Conventional and Islamic banking	16,988,944,126	10,771,189,260
Off-shore banking unit	153,074,740	119,710,220
	17,142,018,866	10,890,899,480
Letters of guarantee		
Conventional and Islamic banking (Note 18.1)	6,887,870,884	6,556,270,342
Off-shore banking unit	-	-
	6,887,870,884	6,556,270,342
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.2)	18,726,960,801	25,735,341,572
Off-shore banking unit	135,463,300	82,758,550
	18,862,424,101	25,818,100,122

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
Bills for collection			
Conventional and Islamic banking (Note 18.3)		4,511,773,830	5,641,405,239
Off-shore banking unit		53,159,960	68,009,095
		4,564,933,790	5,709,414,334
Other contingent liabilities			
Conventional and Islamic banking		-	-
Off-shore banking unit		-	-
		-	-
		47,457,247,641	48,974,684,278

18.1 Letters of guarantee

Letters of guarantee (Local)	6,887,870,884	6,516,045,556
Letters of guarantee (Foreign)	-	40,224,786
	6,887,870,884	6,556,270,342
Less: Margin	218,882,234	170,316,080
	6,668,988,650	6,385,954,262
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:		
Directors or officers	-	-
Government	4,023,934,833	651,371,228
Banks and other financial institutions	1,103,613,475	278,748,364
Others	1,760,322,576	5,626,150,750
	6,887,870,884	6,556,270,342
Less: Margin	218,882,234	170,316,080
	6,668,988,650	6,385,954,262

18.2 Irrevocable letters of credit

Letters of credit (Inland)	2,819,563	1,930,851,852
Letters of credit (General)	13,764,315,775	15,986,211,652
Back to back L/C	4,959,825,463	7,818,278,068
Back to back bills	-	-
	18,726,960,801	25,735,341,572
Less: Margin	706,972,596	1,697,610,685
	18,019,988,205	24,037,730,887

18.3 Bills for collection

Outward local bills for collection	3,530,316,397	3,657,927,867
Outward foreign bills for collection	897,967,271	1,881,695,319
Inward local bills for collection	18,066,162	87,002,845
Inward foreign bills for collection	65,424,000	14,779,208
	4,511,773,830	5,641,405,239

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
18.4 Acceptances and endorsements			
Conventional and Islamic banking		16,988,944,126	10,771,189,260
Off-shore banking unit		153,074,740	119,710,220
Less: Margin		372,925,852	-
		16,769,093,014	10,890,899,480

18.5 Workers' profit participation fund (WPPF)

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

19 Income statement

Income:		
Interest, discount and similar income (Note 19.1)	12,363,131,669	9,542,268,922
Dividend income (Note 22)	1,572,788	2,585,000
Fees, commission and brokerage (Note 19.2)	950,343,010	1,242,128,185
Gains less losses arising from dealing in securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies (Note 23.1)	1,175,656,065	899,352,675
Income from non-banking assets	-	-
Other operating income (Note 24)	290,971,779	405,248,019
Profit less losses on interest rate changes	-	-
	14,781,675,311	12,091,582,801
Expenses:		
Interest paid/profit shared on deposits and borrowings, etc (Note 21)	8,202,658,439	5,420,584,211
Administrative expenses (Note 19.3)	1,554,260,698	1,344,644,579
Other expenses (Note 33)	706,602,010	872,216,458
Depreciation on banks assets (Note 32.1)	276,185,025	205,272,749
	10,739,706,172	7,842,717,997
	4,041,969,139	4,248,864,804

19.1 Interest, discount and similar income

Interest income/profit on investments (Note 20)	10,919,699,005	8,381,354,215
Interest on treasury bills	32,455,984	23,547,960
Interest on treasury bonds	1,061,243,398	963,164,997
Interest on debentures	279,683,793	529,981
Income from investment in shares	-	117,870,745
Capital gain on Government securities	70,049,489	55,801,024
	12,363,131,669	9,542,268,922

Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
19.2 Fees, commission and brokerage			
Commission		950,343,010	1,242,128,185
Brokerage		-	-
		<u>950,343,010</u>	<u>1,242,128,185</u>

19.3 Administrative expenses

Salaries and allowances (Note 25)	1,096,638,636	1,015,219,528
Rent, taxes, insurance, electricity, etc (Note 26)	284,470,714	158,628,865
Legal expenses (Note 27)	4,006,480	4,196,492
Postage, stamp, telecommunication, etc (Note 28)	23,053,219	21,267,327
Stationery, printing, advertisement, etc (Note 29)	78,967,034	84,019,298
Managing Director's salary and fees (Note 30)	7,368,420	6,417,200
Directors' fees (Note 31)	2,238,000	1,582,000
Auditors' fees	1,152,375	450,000
Repair of Bank's assets (Note 32.1)	56,365,820	52,863,869
	<u>1,554,260,698</u>	<u>1,344,644,579</u>

20 Interest income/profit on investments

Conventional and Islamic banking (Note 20.1)	10,861,022,470	8,317,818,178
Off-shore banking unit	58,676,535	63,536,037
	<u>10,919,699,005</u>	<u>8,381,354,215</u>

20.1 Conventional and Islamic banking

Loans (General)/Musharaka	400,158	3,523,855
Loans against trust receipts/ Bai Murabaha post import	3,011,468,875	2,432,325,831
Packing credit	9,849,545	8,716,177
House building loan	78,332,234	43,864,541
Payment against documents	356,128,851	493,158,896
Cash credit/Bai-Muajjal	243,208,688	17,956,276
Overdraft/ Quard against deposit	417,044,570	1,737,527,090
Consumer credit scheme	64,687,073	398,159,024
Staff loan	26,984,991	25,972,775
Local bills purchased	823,433,411	661,412,962
Foreign bills purchased	157,160,734	56,093,800
Interest income from credit card	129,580,792	100,235,267
Term loan- others/ Hire purchase Shirkatul Melk	1,046,983,530	794,268,307
Term loan- industrial	455,246,087	374,616,722
Demand loan	714,575,993	515,548,996
Transport loan	190,624,900	66,997,639

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
Poverty alleviation loan		-	2,340,074
Sachsondo - SME		324,344,800	218,084,976
Upfront fee		-	2,113,650
Other loans and advances		2,553,719,905	121,975,180
Net interest on margin loan of broker house		37,298,359	113,104,715
Total interest/profit on loans and advances/investments		10,641,073,496	8,187,996,753
Interest/profit on balance with other banks and financial institutions		203,502,323	117,900,431
Interest/profit received from foreign banks		16,446,651	11,920,994
		10,861,022,470	8,317,818,178

20(a) Consolidated Interest income/profit on investments

Bank Asia limited	10,861,022,470	8,317,818,178
Off-shore Banking Unit (OBU)	58,676,535	63,536,037
Bank Asia Securities Ltd	490,108,634	-
	11,409,807,639	8,381,354,215

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

Conventional and Islamic banking (Note 21.1)	8,176,942,452	5,392,773,541
Off-shore banking unit	25,715,987	27,810,670
	8,202,658,439	5,420,584,211

21.1 Conventional and Islamic banking

Interest paid/profit shared on deposits		
Fixed deposits/ Mudaraba Fixed deposit	6,313,645,518	3,739,445,735
Sanchaya plus	70,660,992	147,822,632
Savings deposits/ Mudaraba Savings bank	449,154,806	291,443,573
Special notice deposits	398,688,219	341,760,724
Other deposits	841,162,342	436,795,851
	8,073,311,877	4,957,268,515
Interest on borrowings		
Local banks including Bangladesh Bank	103,547,792	435,505,026
Foreign banks	82,783	-
	103,630,575	435,505,026
	8,176,942,452	5,392,773,541

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
21(a) Consolidated Interest Expenses/profit paid on Deposits			
Bank Asia limited		8,176,942,452	5,392,773,541
Off-shore Banking Unit (OBU)		25,715,987	27,810,670
Bank Asia Securities Ltd.		381,001,724	-
		8,583,660,163	5,420,584,211

22 Investment income

Interest on treasury bills	32,192,740	23,547,960
Interest on treasury bonds	1,061,243,398	963,164,997
Interest on Islamic bonds	263,244	-
Capital gain from investment in shares	-	117,870,745
Dividend on shares	1,572,788	2,585,000
Interest on debentures	279,683,793	529,981
Capital gain on Government securities	70,049,489	55,801,024
	1,445,005,452	1,163,499,707

Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.

23 Commission, exchange and brokerage

Conventional and Islamic banking (Note 23.1)	2,123,743,675	2,134,970,563
Off-shore banking unit	2,255,400	6,510,297
	2,125,999,075	2,141,480,860

23.1 Conventional and Islamic Banking

Commission on L/C	319,428,197	329,107,892
Commission on back to back L/C	295,764,807	277,304,213
Fees and commission	56,592,363	53,973,637
Commission on L/G	54,483,342	64,866,156
Commission on export bills	135,293,636	54,205,858
Commission on PO, DD, TT, TC, etc	10,704,427	20,139,008
Commission on brokerage	68,797,847	429,414,894
Other commission	7,022,991	6,606,230
	948,087,610	1,235,617,888
Foreign exchange gain	1,175,656,065	899,352,675
	2,123,743,675	2,134,970,563

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
23(a) Consolidated Commission, exchange and brokerage			
Conventional and Islamic banking (Note 23.1)		2,123,743,675	2,134,970,563
Off-shore banking unit		2,255,400	6,510,297
Bank Asia Securities Ltd		128,418,373	-
BA Exchange Company (UK) Limited		4,369,300	-
		<u>2,258,786,748</u>	<u>2,141,480,860</u>
24 Other operating income			
Conventional and Islamic banking (Note 24.1)		286,415,471	400,881,747
Off-shore banking unit		4,556,308	4,366,272
		<u>290,971,779</u>	<u>405,248,019</u>
24.1 Conventional and Islamic banking			
Locker charge		5,250,775	4,401,380
Service and other charges		125,787,009	107,222,536
Master/Visa card fees and charges		76,789,638	65,184,868
Postage/telex/SWIFT/fax recoveries		33,905,980	184,151,716
Profit on sale of fixed assets		31,200	-
Non-operating income		20,159,564	15,453,671
Rebate on nostro account		22,767,175	24,467,576
Other income from brokerage		1,724,130	-
		<u>286,415,471</u>	<u>400,881,747</u>
24(a) Other operating income			
Conventional and Islamic banking (Note 24.1)		286,415,471	400,881,747
Off-shore banking unit		4,556,308	4,366,272
Bank Asia Securities Ltd		9,160,256	-
BA Exchange Company (UK) Limited		-	-
		<u>300,132,035</u>	<u>405,248,019</u>
25 Salaries and allowances			
Conventional and Islamic banking (Note 25.1)		1,096,638,636	1,015,219,528
Off-shore banking unit		-	-
		<u>1,096,638,636</u>	<u>1,015,219,528</u>
25.1 Conventional and Islamic banking			
Basic salary		391,154,556	307,282,444
Allowances		419,479,188	393,748,096
Festival bonus		67,434,042	67,380,956
Gratuity		32,997,676	29,113,794
Provident fund contribution		35,573,174	29,728,206
Performance bonus		150,000,000	187,966,032
		<u>1,096,638,636</u>	<u>1,015,219,528</u>

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
25(a) Consolidated Salaries and allowances			
Conventional and Islamic banking (Note 25.1)		1,096,638,636	1,015,219,528
Off-shore banking unit		-	-
Bank Asia Securities Ltd		21,402,877	-
BA Exchange Company (UK) Limited		4,496,310	-
		<u>1,122,537,823</u>	<u>1,015,219,528</u>
26 Rent, taxes, insurance, electricity etc.			
Conventional and Islamic banking (Note 26.1)		284,394,968	158,529,081
Off-shore banking unit		75,746	99,784
		<u>284,470,714</u>	<u>158,628,865</u>
26.1 Conventional and Islamic banking			
Rent, rate and taxes		186,187,002	85,202,660
Insurance		68,252,100	43,456,764
Power and electricity		29,955,866	29,869,657
		<u>284,394,968</u>	<u>158,529,081</u>
26(a) Rent, taxes, insurance, electricity etc.			
Conventional and Islamic banking (Note 26.1)		284,394,968	158,529,081
Off-shore banking unit		75,746	99,784
Bank Asia Securities Ltd		7,042,298	-
BA Exchange Company (UK) Limited		7,004,660	-
		<u>298,517,672</u>	<u>158,628,865</u>
27 Legal expenses			
Conventional and Islamic banking (Note 27.1)		4,006,480	4,196,492
Off-shore banking unit		-	-
		<u>4,006,480</u>	<u>4,196,492</u>
27.1 Conventional and Islamic Banking			
Legal expenses		2,644,028	2,766,422
Other professional charges		1,362,452	1,430,070
		<u>4,006,480</u>	<u>4,196,492</u>
27(a) Legal expenses			
Conventional and Islamic banking (Note 27.1)		4,006,480	4,196,492
Off-shore banking unit		-	-
Bank Asia Securities Ltd		3,343	-
BA Exchange Company (UK) Limited		1,469,910	-
		<u>5,479,733</u>	<u>4,196,492</u>

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
28 Postage, stamps, telecommunication etc.			
Conventional and Islamic banking (Note 28.1)		22,756,487	20,900,558
Off-shore banking unit		296,732	366,769
		<u>23,053,219</u>	<u>21,267,327</u>
28.1 Conventional and Islamic banking			
Courier		16,117,653	14,036,543
Master/VISA card process fee		1,816,585	1,977,273
ATM charge		1,454,776	1,827,398
Reuter charge		1,495,766	1,399,440
Internet		1,871,707	1,659,904
		<u>22,756,487</u>	<u>20,900,558</u>
28(a) Postage, stamps, telecommunication etc.			
Conventional and Islamic banking (Note 28.1)		22,756,487	20,900,558
Off-shore banking unit		296,732	366,769
Bank Asia Securities Ltd		2,485,292	-
BA Exchange Company (UK) Limited		362,960	-
		<u>25,901,471</u>	<u>21,267,327</u>
29 Stationery, printing, advertisements etc.			
Conventional and Islamic banking (Note 29.1)		78,967,034	84,019,298
Off-shore banking unit		-	-
		<u>78,967,034</u>	<u>84,019,298</u>
29.1 Conventional and Islamic banking			
Office and security stationery		43,519,755	35,416,397
Calendar, diary, souvenir, etc		6,037,695	1,081,940
ATM card		102,800	463,800
Books and periodicals		992,154	1,385,099
Publicity and advertisement		28,314,630	45,672,062
		<u>78,967,034</u>	<u>84,019,298</u>
29(a) Consolidated Stationery, printing, advertisements etc.			
Conventional and Islamic banking (Note 29.1)		78,967,034	84,019,298
Off-shore banking unit		-	-
Bank Asia Securities Ltd		110,646	-
BA Exchange Company (UK) Limited		1,440,270	-
		<u>80,517,950</u>	<u>84,019,298</u>

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
30 Managing Director's salary and fees			
Basic salary		4,668,065	3,592,000
House rent allowance		1,054,516	1,176,000
Entertainment allowances		300,806	60,000
Bonus		500,000	690,000
Utility allowance		190,323	240,000
House maintenance allowance		187,903	300,000
Provident fund		466,807	359,200
		7,368,420	6,417,200
31 Directors' fees			
Directors' fees		2,238,000	1,582,000
		2,238,000	1,582,000
31(a) Directors' fees			
Conventional and Islamic banking		2,238,000	1,582,000
Off-shore banking unit		-	-
Bank Asia Securities Ltd.		51,750	45,000
		2,289,750	1,627,000
32 Auditors fees			
Auditors fees		1,152,375	450,000
32(a) Auditors fees			
Conventional and Islamic banking		1,152,375	450,000
Off-shore banking unit		-	-
Bank Asia Securities Ltd		78,534	-
BA Exchange Company (UK) Limited		1,040,000	-
		2,270,909	450,000
33 Depreciation and repair of Bank's assets			
Conventional and Islamic banking (Note 33.1)		332,550,845	258,136,618
Off-shore banking unit		-	-
		332,550,845	258,136,618

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
33.1 Conventional and Islamic banking			
Depreciation (Details are shown in Annexure-E)			
Owened assets		212,183,337	158,000,420
Leased assets		64,001,688	47,272,329
		276,185,025	205,272,749
Repairs			
Building		15,615,973	2,678,287
Furniture and fixtures		238,282	273,843
Equipments		3,887,102	3,600,921
Maintenance		36,624,463	46,310,818
		56,365,820	52,863,869
		332,550,845	258,136,618

33(a) Depreciation and repairs of Bank's assets

Conventional and Islamic banking (Note 33.1)	332,550,845	258,136,618
Off-shore banking unit	-	-
Bank Asia Securities Ltd	5,741,977	-
BA Exchange Company (UK) Limited	1,815,320	-
	340,108,142	258,136,618

34 Other expenses

Conventional and Islamic banking (Note 34.1)	706,602,010	871,987,284
Off-shore banking unit	-	229,174
	706,602,010	872,216,458

34.1 Conventional and Islamic banking

Car expenses	100,215,737	87,240,124
Contractual service expenses	147,971,503	124,265,668
Computer expenses	95,226,266	70,797,188
Other management and administrative expenses	83,096,022	92,356,844
Entertainment	23,457,512	37,703,297
AGM/EGM expenses	16,747,335	7,905,064
Office plantation	4,795,440	4,326,297
Payment to superannuation fund	2,400,000	2,400,000
Finance charge for lease assets	13,795,312	19,633,652
Donation and subscription to institutions	30,030,588	27,317,620
Travelling expenses	7,870,429	9,353,490
Training and internship	4,868,888	4,228,866
Directors' travelling expenses	197,760	447,354

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
Provision for profit equalisation		-	-
Provision for others		-	9,910,037
Sharia council fees		350,000	-
Loss on revaluation on investment		175,579,218	132,692,254
Loan write-off		-	241,409,529
		706,602,010	871,987,284

34(a) Other expenses

Conventional and Islamic banking (Note 34.1)	706,602,010	871,987,284
Off-shore banking unit	-	229,174
Bank Asia Securities Ltd	12,673,289	-
BA Exchange Company (UK) Limited	1,980,290	-
	721,255,589	872,216,458

34(b) Provision for loans and advances/investments and off-balance sheet items

Conventional and Islamic banking	489,107,924	610,329,124
Off-shore banking unit	(24,993,230)	35,177,240
	464,114,694	645,506,364

Break up of provision for loans and advances/Investments is shown below:

General provision		
Conventional and Islamic banking	42,718,673	301,441,640
Off-shore banking unit	(28,410,210)	35,343,216
	14,308,463	336,784,856
Specific provision		
Conventional and Islamic banking	402,341,928	140,787,589
Off-shore banking unit	-	-
	402,341,928	140,787,589
Provision for off-balance sheet items		
Conventional and Islamic banking	44,047,323	168,099,895
Off-shore banking unit	3,416,980	(165,976)
	47,464,303	167,933,919
	464,114,694	645,506,364

35 Receipts from other operating activities

Conventional and Islamic banking (Note 35.1)	313,355,679	597,079,850
Off-shore banking unit	65,090	4,366,272
	313,420,769	601,446,122

	Notes	Amount in Taka	
		At 31 Dec 2011	At 31 Dec 2010
35.1 Conventional and Islamic banking			
Locker charge		5,250,775	4,401,380
Service and other charges		125,787,009	107,222,536
Master card fees and charges		76,789,638	65,184,868
Postage/telex/SWIFT/ fax recoveries		33,905,980	203,563,069
Non-operating income		71,622,277	216,707,997
		313,355,679	597,079,850
35(a) Consolidated Receipts from other operating activities			
Conventional and Islamic banking (Note 35.1)		313,355,679	597,079,850
Off-shore banking unit		65,090	4,366,272
Bank Asia Securities Ltd		9,160,256	-
BA Exchange Company (UK) Limited		-	-
		-	-
		322,581,025	601,446,122
36 Payments for other operating activities			
Conventional and Islamic banking (Note 36.1)		852,736,254	1,083,840,737
Off-shore banking unit		372,478	328,958
		853,108,732	1,084,169,695
36.1 Conventional and Islamic banking			
Rent, rates and taxes		284,394,968	158,529,081
Legal expenses		4,006,480	4,196,492
Directors' fees		2,238,000	1,582,000
Repair and maintenance		-	-
Postage, stamp, telecommunication, etc		23,053,219	40,678,680
Other expenses		531,022,792	871,987,284
Managing Director's salary		7,368,420	6,417,200
Auditors' fee		652,375	450,000
		852,736,254	1,083,840,737
36(a) Payments for other operating activities			
Conventional and Islamic banking (Note 36.1)		852,736,254	1,083,840,737
Off-shore banking unit		372,478	328,958
Bank Asia Securities Ltd		22,282,756	-
BA Exchange Company (UK) Limited		15,930,313	-
		891,321,801	1,084,169,695

37 Earnings per share (EPS)

Net profit after tax (Numerator)	1,916,214,381	1,929,582,157
Number of ordinary shares outstanding (Denominator)	525,479,060	420,383,250
Earnings per share (EPS)	3.65	4.59

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 2011, the earliest period reported. Actual EPS for 2010 was Taka 64.26.

37(a) Consolidated Earnings per share (EPS)

Net profit after tax (Numerator)	2,043,256,551	1,929,582,157
Number of ordinary shares outstanding (Denominator)	525,480,060	420,383,250
Earnings per share (EPS)	3.89	4.59

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 1,390 (2010: 1,237).

39 Audit committee

In pursuance of the directives of the Bangladesh Bank vide BRPD Circular no.12 dated 23 December 2002, the Board of Directors in its meeting held on 18 January 2003 constituted an Audit Committee. Presently, the Audit Committee members are:

Name	"Status in the Audit Committee"	Educational qualification
Mr. Rume A Hossain	Chairman	B. Sc in Mechanical Engineering, MBA
Mr. Mohammed Lakiotullah	Member	M.Sc.
Mr. Shah Md. Nurul Alam	Member	MBA (IBA), M.Sc (Applied Physics)

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

No. of meeting	Date	No. of meeting	Date
71st Meeting	January 3, 2011	84th Meeting	May 11, 2011
72nd Meeting	January 11, 2011	85th Meeting	June 7, 2011
73rd Meeting	January 25, 2011	86th Meeting	July 5, 2011
74th Meeting	February 1, 2011	87th Meeting	July 19, 2011
75th Meeting	February 8, 2011	88th Meeting	August 2, 2011
76th Meeting	February 23, 2011	89th Meeting	August 17, 2011
77th Meeting	March 1, 2011	90th Meeting	September 13, 2011
78th Meeting	March 13, 2011	91st Meeting	October 12, 2011
79th Meeting	March 23, 2011	92nd Meeting	November 1, 2011
80th Meeting	April 4, 2011	93rd Meeting	November 15, 2011
81st Meeting	April 17, 2011	94th Meeting	November 23, 2011
82nd Meeting	April 24, 2011	95th Meeting	December 2, 2011
83rd Meeting	May 4, 2011		

In the meetings amongst others the Committee discussed the following issues:

1. Audit and inspection report of the internal and external auditors and Bangladesh Bank inspection team and progress towards addressing the lapse identified in those reports to ensure internal control and for development of compliance culture in the Bank.
2. Financial report with explanation from the management, internal and external auditors, when necessary.
3. Examine the organization structure of Audit Department, its functions, efficiency, effectiveness, resources and ensure no hindrance and unjustified restrictions are made.
4. Evaluate whether the banking operations are conducted in conformity with regulations and guidelines of the regulatory authorities the Board of the Bank.
5. Operations of branches and other departments of the Bank like- Credit Administration, ICCD, CRM, Treasury, Accounts, GSD among others which are concerned with exposure to risk.

40 Related Party Transactions

During the year 2011, the Bank concluded business deals with the following organizations in which the directors had interest:

Name of director	Status with the Bank	Name of the organization	Nature of business
Mr. A. Rouf Chowdhury	Chairman	Rangs Motors Ltd.	Vehicles
		Rangs ITT Ltd.	IT connectivity/service
		Reliance Insurance Ltd.	Insurance
		Shield Security Services Ltd.	Security Service
		Rangs Industries Ltd	Generator/AC/TV
		The Daily Star	Publication of advertisement
		The Daily Shakaler Khabor	Publication of advertisement
		Rangs Properties Ltd.	Tenancy
		Enterprise Asia	Tenancy
Mr. Romo Rouf Chowdhury	Director	Rangs Motors Ltd.	Vehicles
		Rangs ITT Ltd.	IT connectivity/service
		Reliance Insurance Ltd.	Insurance
		Shield Security Services Ltd.	Security Service
		Rangs Industries Ltd	Generator/AC/TV
		Rangs Properties Ltd.	Tenancy
		Enterprise Asia	Tenancy
Ms. Sohana Rouf Chowdhury	Director	Rangs Motors Ltd.	Vehicles
Mr. Rume A Hossain	Director	Romask Ltd.	Printing
		Rangs Industries Ltd	Generator

The Bank sanctioned the following facilities in favor of the Daily Star (Media World Limited) during the year 2011.

Name of the director having interest	Nature of facility	Limit(Taka)	Outstanding balance as at 31 December 2011 (Taka)	Nature of Security
Mr. A Rouf Chowdhury	L/C	50,000,000	34,983,000	Documents of title to goods
Mr. Romo Rouf Chowdhury				
Ms. Sohana Rouf Chowdhury				

As at the balance sheet date, the Bank had no transaction with the related party(ies) as defined in the BRPD Circular No. 14 issued by the Bangladesh Bank on 25 June 2003 other than as disclosed above.

41 Coverage of external audit

The external auditor of the Bank, M/s S. F. Ahmed & Co, Chartered Accountants worked about 3,200 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

42 Share trading

The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2011 was Tk. 38.20 (2010: 383.25) at DSE and Tk. 38.30 (2010: 382.25) at CSE.

43 General

Highlights on the overall activities of the bank have been furnished in Annex A.

44 Events after the reporting period

The Board of Directors in its 222th meeting held on 15 February 2012 has recommended stock dividend @ 20% subject to the approval of the shareholders at the next Annual General Meeting.

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

Highlights on
the overall activities as at
and for the year ended 31 December 2011

SI no.	Particulars		2011	2010
1	Paid-up capital	Taka	5,254,790,600	3,002,737,500
2	Total capital	Taka	12,447,324,526	8,156,961,160
3	Capital (deficit)/surplus	Taka	4,080,904,526	(892,138,840)
4	Total assets	Taka	117,729,408,006	105,198,050,148
5	Total deposits	Taka	95,131,098,609	86,365,638,147
6	Total loans and advances / investments	Taka	82,819,973,884	79,504,232,613
7	Total contingent liabilities and commitments	Taka	47,457,247,641	48,974,684,278
8	Credit deposit ratio		87.06%	92.06%
9	Percentage of classified loans / investments against total loans and advances / investments		2.72%	1.62%
10	Profit after tax and provision	Taka	1,916,214,381	1,929,582,157
11	Amount of classified loans/investments during current year	Taka	2,249,962,000	1,284,251,217
12	Provisions kept against classified loans / investments	Taka	772,422,000	354,630,899
13	Provision surplus against classified loans / investments	Taka	-	41,797
14	Cost of fund		11.97%	9.23%
15	Interest earning assets	Taka	108,423,655,375	98,949,482,217
16	Non-interest earning assets	Taka	9,305,752,631	6,248,567,931
17	Return on investment (ROI) [PAT/(Shareholders equity + Borrowing)]		13.98%	15.79%
18	Return on assets (ROA) [PAT/ Average assets]		1.72%	2.22%
19	Income from investment	Taka	1,445,005,452	1,163,499,707
20	Capital adequacy		14.88%	8.11%
21	Stock dividend		(Proposed) 20%	40%
22	Earnings per share	Taka	3.65	4.59
23	Net income per share	Taka	3.65	4.59
24	Price earning ratio	Times	10.48	8.34

Liquidity Statement

(Analysis of Maturity of Assets and Liabilities)

at 31 December 2011

Particulars	Maturity				Total
	"Up to 1 month "	"1-3 months"	"3-12 months "	" Above 5 years "	
Assets					
Cash in hand and with banks	975,073,612	-	-	6,052,205,429	- 7,027,279,041
Balance with other banks and financial institutions	1,595,256,541	40,593,671	-	-	1,635,850,212
Money at call and on short notice	-	-	-	-	-
Investments	3,121,448,528	2,296,756,080	731,951,734	8,229,164,544	2,051,211,381
Loans and advances	16,539,240,771	23,286,397,470	22,648,489,457	13,323,424,917	7,022,421,269
Fixed assets including premises, furniture and fixtures	-	-	-	518,367,813	4,066,179,384
Other assets	493,544,988	325,853,409	3,960,952,259	450,874,750	- 5,231,225,406
Non-banking assets	-	-	-	-	-
Total Assets (A)	22,724,564,440	25,949,600,630	27,341,393,450	28,574,037,453	13,139,812,033
Liabilities					
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	200,000,000	1,026,743,285	-	-	1,226,743,285
Deposits	15,963,768,238	29,706,491,760	16,583,512,479	23,694,878,147	9,182,447,984
Provision and other liabilities	517,782,474	506,012,933	7,868,837,165	-	8,892,632,571
Total Liabilities (B)	16,681,550,712	31,239,247,978	24,452,349,644	23,694,878,147	9,182,447,984
Net Liquidity Excess/(Shortage) (A-B)	6,043,013,728	(5,289,647,348)	2,889,043,805	4,879,159,306	3,957,364,049
					12,478,933,540

Balance with other banks-Outside Bangladesh (Nostro Account)

as at 31 December 2010

Name of the Bank	2011			2010				
	Account type	Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Conventional and Islamic banking:								
Interest bearing :								
Citibank N.A., London	CD	EURO	4,852.99	90.00	436,769	16,345.02	90.00	1,471,052
Citibank N.A., London	CD	GBP	2,282.65	130.00	296,745	65,640.86	130.00	8,533,312
Citibank NA, New York	CD	USD	769,406.39	70.00	53,858,447	(422,190.33)	70.00	(29,553,323)
Habib American Bank, New York	CD	USD	1,760,579.22	70.00	123,240,545	592,405.23	70.00	41,468,366
Mashreqbank psc, New York	CD	USD	3,601,575.86	70.00	252,110,310	15,854.13	70.00	1,109,789
National Westminster Bank plc, London	CD	GBP	25,719.44	130.00	3,343,527	157,319.26	90.00	14,158,733
Standard Chartered Bank, Mumbai	CD	ACU	2,175.94	70.00	152,316	49,340.09	70.00	3,453,806
Standard Chartered Bank, New York	CD	USD	8,200.08	70.00	574,006	847,464.39	70.00	59,322,507
			6,174,792.57		434,012,665			99,964,242
Non-interest bearing :								
AB Bank Ltd., Mumbai	CD	ACU	8,196.23	70.00	573,736	(2,070,581.07)	70.00	(144,940,675)
Bank of Nova Scotia, Toronto	CD	CAD	-	55.00	-	-	55.00	-
Bhutan National Bank Ltd., Thimphu	CD	USD	70,129.95	70.00	4,909,097	67,641.27	70.00	4,734,889
Canadian Imperial Bank of commerce	CD	CAD	30,272.64	55.00	1,664,995	10,742.42	55.00	590,833
Commerzbank AG, Frankfurt	CD	EURO	110,441.93	90.00	9,939,774	121,706.66	90.00	10,953,599
Credit Suisse First Boston, Zurich	CD	CHF	6,588.33	50.00	329,417	9,725.56	50.00	486,278
Habib Metropolitan Bank Ltd., Karachi	CD	ACU	90,453.36	70.00	6,331,735	531.01	70.00	37,171
HSBC Australia Ltd., Sydney	CD	AUD	827.67	50.00	41,384	1,044.44	50.00	52,222
HSBC, New York	CD	USD	10,405.58	70.00	728,391	222,303.61	70.00	15,561,253
Hypo Vereinsbank, Munich	CD	EURO	15,665.08	90.00	1,409,857	2,135.08	90.00	192,157
ICI Bank Ltd., Kowloon	CD	USD	9,607.74	70.00	672,542	33,766.69	70.00	2,363,668
ICI Bank Ltd., Mumbai	CD	ACU	1,849.69	70.00	129,478	(1,321,613.06)	70.00	(92,512,914)
Muslim Commercial Bank Ltd., Colombo	CD	ACU	26,357.66	70.00	1,845,036	26,855.04	70.00	1,879,853
Muslim Commercial Bank Ltd., Karachi	CD	ACU	99,699.50	70.00	6,978,965	261,776.29	70.00	18,324,340
Nepal Bangladesh Bank Ltd., Kathmandu	CD	ACU	47,073.32	70.00	3,295,132	7,667.91	70.00	536,754
UBAF, Tokyo	CD	JPY	1,742,976.00	0.55	958,637	1,138,052.73	0.55	625,929
Wachovia Bank N.A., New York	CD	USD	5,594.19	70.00	391,593	(319,570.47)	70.00	(22,369,933)
Wachovia Bank, London	CD	EURO	332.02	90.00	29,937	1,384.84	90.00	124,636
Sonali Bank (UK) Ltd	CD	USD	27,607.05	70.00	1,932,494			
			2,304,077.94		42,162,199			(203,359,940)
Off-shore banking unit:								
Commerzbank AG, Frankfurt	CD	EURO	918.90	94.49	86,835	1,047,955.39	90.00	94,315,985
Habib American Bank, New York	CD	USD	362,782.83	70.00	25,394,798	495,847.37	70.00	34,709,316
Sonali Bank, London	CD	GPB	3,764.21	112.70	424,227	-	-	-
					25,905,860			129,025,301
					502,080,724			25,629,603

Investment in Shares as at 31 December 2011

Annex D

Sl. no.	Name of the company	Type of shares	Face value Taka	No. of shares including bonus shares	Cost of holding Taka	Average cost Taka	Quoted rate per share as at 31.12.2010 Taka	Total market value as at 31.12.2010 Taka
	Quoted							
1	AB Bank Limited	A	10	69,000	9,720,996	140.88	68.30	4,712,700
2	Aftab Automobiles Limited	A	10	410,205	50,000,000	121.89	141.27	57,949,660
3	Advanced Chemical Ind. Ltd.	A	10	15,100	2,590,337	171.55	207.50	3,133,250
4	Dhaka Bank Limited	A	10	234,900	15,811,119	67.31	44.50	10,453,050
5	Exim Bank Limited	A	10	342,900	16,380,333	47.77	27.80	9,532,620
6	Goldenson Limited	A	10	73,700	8,586,787	116.51	61.10	4,503,070
7	HeidelbergCement Bangladesh Limited	A	10	36,600	14,723,082	402.27	255.90	9,365,940
8	IDLC Finance Limited	A	10	58,350	18,102,504	310.24	138.50	8,081,475
9	Islami Bank Bangladesh Limited	A	10	712,620	42,439,371	59.55	54.50	38,837,790
10	Khulna Power Company Limited	A	10	2,889	406,759	140.80	62.60	180,851
11	Lanka Bangla Finance Limited	A	10	103,375	36,014,816	348.39	170.20	17,594,425
12	Mercantile Bank Limited	A	10	2,431,290	99,658,577	40.99	34.80	84,608,892
13	MI Cement	A	10	43,656	3,608,921	82.67	110.50	4,823,988
14	National Housing Finance & Investment Limited	A	10	50,000	6,716,450	134.33	95.70	4,785,000
15	NCC Bank Limited	A	10	56,250	1,821,938	32.39	30.40	1,710,000
16	Ocean Containers Limited	A	10	4,556	295,945	64.96	65.90	300,240
17	Phoenix Finance and Investments Limited	A	10	88,420	15,580,842	176.21	69.60	6,154,032
18	Prime Finance & Investment Limited	A	10	43,200	12,001,824	277.82	98.40	4,250,880
19	Prime Insurance Limited	A	10	39,650	5,466,942	137.88	53.90	2,137,135
20	Pubali Bank Limited	A	10	50,085	3,358,700	67.06	50.40	2,524,284
21	Premier Bank Limited	A	10	1,968,250	66,763,040	33.92	30.80	60,622,100
22	RAK Ceramics (Bangladesh) Limited	A	10	50,069	2,184,864	43.64	78.40	3,925,410
23	Reliance Insurance Limited	A	10	45,970	6,458,279	140.49	102.10	4,693,537
24	Southeast Bank Limited	A	10	972,500	34,732,838	35.72	30.10	29,272,250
25	United Commercial Bank Limited	A	10	715,025	46,154,864	64.55	43.90	31,389,598
				519,580,128				405,542,179

Investment in Shares as at 31 December 2011

Unquoted

1	Industrial and Infrastructure Development Finance Co. Limited	100	331157	20,345,700	61.44	-
2	Central Depository Bangladesh Limited	10	512,889	3,138,890	6.12	-
3	Era-Infotech Limited	100	3,837	383,700	100.00	-
4	Nepal Bangladesh Bank Limited *	90.42	2,767,500	250,227,683	90.42	-
5	Dun and Bradstreet rating agency	100	24,995	2,499,500	100.00	-
6	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	-
			3,640,378	278,595,473		-

* The Bank purchased shares of Nepal Bangladesh Bank Limited @ NRs. 100 per share on behalf of IFIC Bank Limited. There is a buy back agreement between the bank and IFIC Bank Limited to repurchase the shares within three years.

Schedule of fixed assets including premises, furniture and fixtures as at 31 December 2011

Annex E

Particulars	Balance as at 1 January 2011		Additions during the year	Cost		Rate of dep.	Balance as at 31 December 2011		Disposal/adjustment during the year	Revaluation	Depreciation		Disposal/adjustment during the year	Balance as at 31 December 2011		Written down value as at 31 December 2011		
	Taka			Taka			Taka	%			Taka			Taka		Taka		Taka
Own assets																		
Land	734,660,017		167,092,000	1,629,399,983		0	2,531,152,000		-								2,531,152,000	
Building	740,501,200		68,017,000	858,536,930		5	1,667,055,130		40,425,933			42,926,847					1,492,732,951	
Furniture and fixtures	284,886,148		156,113,914	-		20	426,017,666	(14,982,396)	80,556,967			-	(3,615,639)				238,615,823	
Equipments	204,051,206		77,138,479	-		20	276,128,410	(5,061,275)	50,076,669			-	(640,190)				147,103,782	
Computer and accessories	103,897,178		29,614,139	-		20	126,289,794	(7,221,523)	22,872,128			-	(1,757,579)				62,399,258	
Motor vehicles	40,673,360		50,920,000	-		20	91,593,360	-	18,251,641			-	-				53,718,409	
	2,108,669,109		548,895,532	2,487,936,913			5,118,236,360	(27,265,194)	212,183,338			42,926,847	(6,013,408)				4,525,722,223	
Leased assets																		
Building	16,000,000		-	33,573,087		5	49,573,087	-	800,000			1,678,654					42,294,433	
Furniture and fixtures	167,162,848		-	-		20	167,162,848	-	25,512,830			-					167,162,848	
Equipments	106,201,139		-	-		20	106,201,139	-	21,240,228			-					1,410,541	
Computer and accessories	72,204,100		-	-		20	72,204,100	-	12,668,630			-					-	
Motor vehicles	26,422,925		18,900,000	-		20	26,422,925	(26,422,925)	3,780,000			-	(26,422,925)				15,120,000	
	387,991,012		18,900,000	33,573,087			414,041,174	(26,422,925)	64,001,688			1,678,654	(26,422,925)				58,824,974	
Total	2,496,660,121		567,795,532	2,521,510,000			5,532,277,534	(53,688,119)	276,185,026			44,605,501	(32,436,333)				4,584,547,197	

Schedule of fixed assets including premises, furniture and fixtures as at 31 December 2010

Particulars	Balance as at 1 January 2010		Additions during the year	Cost		Rate of dep.	Balance as at 31 December 2010		Disposal/adjustment during the year	Charged during the year	Depreciation		Disposal/adjustment during the year	Balance as at 31 December 2010		Written down value as at 31 December 2010
	Taka			Taka	Taka		Taka	Taka			Taka	Taka		Taka	Taka	
Own assets																
Land	182,443,587		552,216,430			0	734,660,017		-							734,660,017
Building	552,481,174		188,020,026			5	740,501,200			37,025,060					90,969,399	649,531,801
Furniture and fixtures	155,376,708		130,543,141			20	284,886,148		(1,033,701)	54,621,921			(12,498)		110,460,515	174,425,633
Equipments	99,121,256		104,929,950			20	204,051,206			37,985,275					79,588,149	124,463,057
Computer and accessories	65,929,412		37,967,766			20	103,897,178			20,300,543					42,775,987	61,121,191
Motor vehicles	29,147,860		11,525,500			20	40,673,360			8,067,621					19,623,310	21,050,050
	1,084,499,997		1,025,202,813				2,108,669,109			158,000,420					343,417,360	1,765,251,749
Leased assets																
Building	16,000,000		-			5	16,000,000			800,000					4,800,000	11,200,000
Furniture and fixtures	167,162,848		-			20	167,162,848			19,391,361					141,650,018	25,512,830
Equipments	106,201,139		-			20	106,201,139			15,281,738					83,550,370	22,650,769
Computer and accessories	72,204,100		-			20	72,204,100			8,967,630					59,535,470	12,668,630
Motor vehicles	26,422,925		-			20	26,422,925			2,831,600					26,422,925	-
	387,991,012		-				387,991,012			47,272,329					315,958,783	72,032,229
Total	1,472,491,009		1,025,202,813				2,496,660,121			205,272,749					659,376,143	1,837,283,978

Consolidated Schedule of fixed assets including premises, furniture and fixtures as at 31 December 2011

Particulars	Cost			Rate of dep.	Depreciation			Balance as at 31 December 2011	Written down value as at 31 December 2011
	Balance as at 1 January 2011	Additions during the year	Disposal/ adjustment during the year		Balance as at 1 January 2011	Charged during the year	Charged from Revaluation reserve during the year		
	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka
Own assets									
Land	734,660,017	1,796,491,983	-	0	-	-	-	-	2,531,152,000
Building	740,501,200	926,553,930	-	5	90,969,399	42,926,847	-	174,322,179	1,492,732,951
Furniture and fixtures	284,886,148	167,038,991	(14,982,396)	20	110,460,515	82,688,371	(3,615,639)	189,533,247	247,409,496
Equipments	204,051,206	84,010,664	(5,061,275)	20	79,588,149	51,421,874	(640,190)	130,369,833	152,630,762
Computer and accessories	103,897,178	35,936,862	(7,221,523)	20	42,775,987	24,136,673	(1,757,579)	65,155,081	67,457,436
Motor vehicles	40,673,360	50,920,000	-	20	19,623,310	18,251,641	-	37,874,951	53,718,409
	2,108,669,109	3,060,952,430	(27,265,194)		343,417,360	216,924,492	42,926,847	597,255,291	4,545,101,054
Leased assets									
Leasehold (BA Exchange (UK)Ltd.		15,969,961	-	5	-	1,064,664	-	1,064,664	14,905,297
Building	16,000,000	33,573,087	-	5	4,800,000	800,000	1,678,654	7,278,654	42,294,433
Furniture and fixtures	167,162,848	-	-	20	141,650,018	25,512,830	-	167,162,848	-
Equipments	106,201,139	-	-	20	83,550,370	21,240,228	-	104,790,598	1,410,541
Computer and accessories	72,204,100	-	-	20	59,535,470	12,668,630	-	72,204,100	-
Motor vehicles	26,422,925	18,900,000	(26,422,925)	20	26,422,925	3,780,000	(26,422,925)	3,780,000	15,120,000
	387,991,012	68,443,048	(26,422,925)		315,958,783	65,066,352	1,678,654	356,280,864	73,730,271
Total	2,496,660,121	3,129,395,478	(53,688,119)		659,376,143	281,990,843	44,605,501	953,536,154	4,618,831,326

Statement of tax position

as at 31 December 2011

Accounting year	Assessment year	Tax provision as per accounts	Tax demand as per assessment order	Excess/(Short) provision	Status
		Taka	Taka	Taka	
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)	Tribunal final waiting for IT 10 B from LTU
2008	2009-2010	790,000,000	715,369,681	74,630,319	Tribunal final waiting for IT 10 B from LTU
2009	2010-2011	779,000,000	-	-	Assessment under process
2010	2011-2012	1,498,735,610	-	-	Return filed

Details of Large Loan

as at 31 December 2011

	2011	2010
Number of clients	10	12
Amount of outstanding advances (Taka)	16,663.90	13,928.80
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) 2011			Outstanding (Taka) 2010		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Abdul Monem Ltd	747.30	882.50	1,629.80	705.90	111.60	817.50
2	Aftab-Navana			-	627.40	650.40	1,277.80
3	Adury Apparels Limited & Group	204.10	1,864.00	2,068.10	-	-	-
4	Abul Khair Steel Industries Ltd	836.10	1,168.30	2,004.40	-	-	-
5	B. S. R. M. Steels Ltd	532.60	831.90	1,364.50	422.20	627.90	1,050.10
6	Bashundhara Group	824.10	709.20	1,533.30	201.60	1,620.60	1,822.20
7	BRAC & BRAC Feed	409.70	1,477.00	1,886.70	179.80	1,244.60	1,424.40
8	Islam Brothers & Co	1,167.70	310.80	1,478.50			
9	Karim Spinning Mills Ltd	-	-	-	530.30	408.60	938.90
10	Kayaba Group	-	-	-	299.30	583.50	882.80
11	KDS Packaing Industries Ltd	991.30	595.70	1,587.00	710.20	410.40	1,120.60
12	Petromax Refinery Ltd.	-	-	-	-	958.30	958.30
13	Prime Ship Recycling Limited	831.80	843.10	1,674.90			
14	S.A.Oil Refinery	-	-	-	826.60	110.00	936.60
15	Sufia Cotton Mills Limited	-	-	-	660.70	718.00	1,378.70
16	Western Marine Group	627.20	809.50	1,436.70	459.00	861.90	1,320.90
	Total	7,171.90	9,492.00	16,663.90	5,623.00	8,305.80	13,928.80

Names of Directors and their interest in different entities

as at 31 December 2011

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/ managing agent/guarantor/employee/partner, etc. Rangs Ltd
1.	Mr. A Rouf Chowdhury	Chairman	Rangs Ltd Rangs Workshop Ltd Rangs Industries Ltd Rangs Motors Ltd Ranks ITT Ltd Rangs Properties Ltd Dears International Ltd Rancon Engineering Ltd Shield Security Services Ltd Reliance Insurance Ltd Media World Ltd (The Daily Star) Sea Resources Ltd Sea Fishers Ltd Deep Sea Fishers Ltd Sea Resources Cold Storage Ltd Sea Resources Agencies Ltd Fishers shipyard Ltd Semans Dockyard & Fishmeal Ltd Rangs Pharmaceuticals Ltd Rangs Telecom Ltd Mavis Ispat Ltd Yellow Lines Ltd Rancon Motors Ltd Rangs Union Ltd Rancon Sweaters Ltd Ranks Energy Ltd Rancon Services Ltd Bengal Laboratories Ltd Appollo Steel Mills Ltd Bon Kids Ltd SDIL Rancon Autos Ltd Ranks Interiors Ltd Ranks Agro Bioteq Ltd Ran-Jas Ltd
2.	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	M. Ahmed Tea & Lands Co. Phulbari Tea Estates Ltd M. Ahmed Cold Storage Ltd

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/ managing agent/guarantor/employee/partner, etc. Rangs Ltd
			Premier Dyeing & Calendaring Ltd
			Anandaniketan Ltd
			Ranks Telecom Ltd
			Enterprise Asia Ltd
3.	Mr. Mohammed Lakiotullah	Vice Chairman & Independent Director	Hajj Finance Company Ltd RSL Consultancy
4.	Mr. Anisur Rahman Sinha	Director	Medlar Garments Ltd Medlar Fashions Ltd Medlar Apparels Ltd Medlar Accessories Ltd Sinha Fashions Ltd Sinha Apparels Ltd Sinha Apparels Accessories Ltd Spencer Apparels Ltd J K Fashions (Pvt.) Ltd Jaycee Fashions Ltd Sinha Rotor Spinning Ltd Sinha Garments & Textiles Ltd Sinha Dyeing and Finishing Ltd Sinha Denim Ltd Sinha Yarn Dyeing & Fabrics Ltd Sinha Home Furnishings Ltd Sinha Designerd Ltd Sinha Agro Based Industries Ltd Sinha Knitting Ltd Sinha Power Gen. Co. Ltd Sinha Washing Plant Sinha Textiles Ltd Sinha Spinning Ltd Sinha Auto Spinning Mills Ltd Sinha Rope Denim Ltd Sinha Denim wear Ltd Sinha Industries Ltd Sinha Style Wear Ltd Sinha Printing Press Sinha Sp.Denim Washing Plant Ltd Sinha Specialized Cold Storage Enterprise Asia Ltd Venture Energy Resources Ltd

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/ managing agent/guarantor/employee/partner, etc. Rangs Ltd
			Opex Apparels Ltd
			Opex Industries Ltd
			Opex Style Wear Ltd
			Opex Apparels Accessories Ltd
			Opex Fashions Ltd
			Opex Sweaters Ltd
			Opex Readywears Ltd
			Opex Washing Plant
			Opex Designers Ltd
			Opex C & F Ltd
			Pritha Apparels Ltd
			Pritha Fashions Ltd
			Ornate Garments Ltd
			Ornate Apparels Ltd
			Multi Apparels Ltd
			Mirpur Packaging Ltd
			Sinha Packaging Ltd
			Sinha Poly Industries Ltd
			Lafarge Surma Cement Ltd
			National Telecom Ltd
			Sattar Jute Mills Ltd
			Supreme Knitwear Ltd
			Supreme Smart Wear Ltd
5.	Mr. Rume A Hossain	Director	Rangs Industries Ltd
			Rangs ITT Ltd
			Romask Ltd
			Rangs Pharmaceuticals Ltd
			Rangs Telecom Ltd
			Rangs Petroleum Ltd (Representative Director)
6.	Mr. Romo Rouf Chowdhury	Director	Rangs Ltd
			Rangs Workshop Ltd
			Rangs Industries Ltd
			Rangs Motors Ltd
			Rangs Properties Ltd
			Agro Food Services Ltd
			Rangs ITT Ltd
			Rancon Engineering Ltd
			Shield Security Services Ltd

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/ managing agent/guarantor/employee/partner, etc. Rangs Ltd
			Rangs Pharmaceuticals Ltd
			Ranks Telecom Ltd
			Rancon Motors Ltd
			Ranks Union Ltd
			Rancon Services Ltd
			Bangle Industrial Trading co. Ltd
			Bengal Laboratories Ltd
			Appollo Steel Mills Ltd
			Rancon Automobiles Ltd
			Mavis Ispat Ltd
			Rancon Autos Ltd
			Bon Childs Ltd
			Rancon Autos Ltd
7.	Mr. A M Nurul Islam	Director	Nil
8.	Mr. Mashiur Rahman (Alternate Director of Mr. Mir Shahjahan)	Director	Nil
9.	Mr. M Irfan Syed	Director	VihreaCom Ltd
10.	Mr. Faisal Samad	Director	Savar Textiles Ltd
			Supasox Ltd
			Surma Garments Ltd
			Surma Dyeing Ltd
			Multi Source
			Smart Sox Ltd
11.	Ms. Sohana Rouf Chowdhury	Director	Rangs Motors
			Rangs Ltd
12.	Lt. Col. Fariduddin Ahmed (Retd)	Director	Executive Director,Opex Garments Ltd
13.	Mr. Shah Md. Nurul Alam (Representing Amiran Generations Ltd)	Director	Nil
14.	Mr. Murshed Sultan Choudhury	Director	Rangs Pharmaceuticals Ltd

Islamic Banking

Operations of Bank Asia

for the year ended 31 December 2011

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 Bank is committed to follow the accounting principles that prevent the Islamic Banking operations 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 practised by all Islamic Banking operators in the country.

Income sharing module of Bank Asia has been appreciated by different quarters, particularly by the Central Shariah Board for Islamic Banks of Bangladesh. 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.

The ISR declared on Mudaraba deposits for the year 2011

Types of Mudaraba Deposit	Distributable Investment Income Sharing Ratio (ISR)	
	Client	Bank
1. Mudaraba Term Deposit Account(MTDA) 1 month	65%	35%
2. Mudaraba Term Deposit Account(MTDA) 2 months	70%	30%
3. Mudaraba Term Deposit Account(MTDA) 3 months	78%	22%
4. Mudaraba Term Deposit Account(MTDA) 6 months	79%	21%
5. Mudaraba Term Deposit Account(MTDA) 12 months	80%	20%
6. Mudaraba Term Deposit Account(MTDA) 24 months	83%	17%
7. Mudaraba Term Deposit Account(MTDA) 36 months and above	85%	15%
8. Mudaraba Special Notice Deposit Account(MSND)	35%	65%
9. Mudaraba Savings Account (MSA)	50%	50%
10. Mudaraba Savings Account (MSA) Staff	50%	50%
11. Smart Junior Saver	70%	30%
12. Mudaraba Hajj Savings Scheme (MHSA)	90%	10%
13. Mudaraba Deposit Pension Scheme (MDPS)	85%	15%
14. Mudaraba Monthly Profit Paying Deposit (MMPPD)	85%	15%

2. Investment Operation and Return Thereon

For investment purpose our Islamic Banking follows two systems:

a. Fixed return based investment

b. Variable return based investment

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

Variable return based income is applied for our Musharaka 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 but deducting Bank's discretionary allowance (rebate) for early repayment, if any.

For Hire Purchase Shirkatul Melk (HPSM) Investment

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

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

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

For Musharaka Investment

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

4. Cost Recognition Principle

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

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

Islamic Banking Unit

Balance Sheet

as at 31 December 2011

	Amount in Taka	
	At 31 Dec 2011	At 31 Dec 2010
PROPERTY AND ASSETS		
Cash:		
Cash in hand (including foreign currencies)	16,458,150	14,888,052
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	139,896,836	93,766,667
	156,354,986	108,654,719
Balance with other banks and financial institutions		
In Bangladesh	1,070,612,465	500,389,669
Outside Bangladesh	-	-
	1,070,612,465	500,389,669
Placement with other banks and financial institutions (Bangladesh Bank Islamic Bond)	92,900,000	56,400,000
Investments:		
Investment (Loans, cash credit, overdrafts etc.)	2,789,121,907	2,608,961,771
Bills Purchased and discounted	4,302,550	-
	2,793,424,457	2,608,961,771
Fixed assets including premises, furniture and fixtures	5,452,571	3,629,586
Other assets	22,835,957	293,513,189
Non - banking assets	-	-
Total assets	4,141,580,436	3,571,548,934
LIABILITIES AND CAPITAL		
Liabilities:		
Placement from other banks, financial institutions and agents	900,000,000	-
Deposits and other Accounts :		
Al-wadeeah current and other deposits accounts, etc.	138,856,556	183,503,567
Bills payable	6,072,852	10,497,670
Mudaraba savings deposits	201,814,348	619,594,169
Mudaraba term deposits	1,756,332,899	2,482,100,619
	2,103,076,655	3,295,696,025
Other liabilities	1,138,503,781	275,852,909
Total liabilities	4,141,580,436	3,571,548,934
OFF- BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	-	-
Letters of guarantee	1,000,000	-
Irrevocable letters of credit	-	-
Bills for collection	32,232	-
Other contingent liabilities	-	-
Other commitments:	-	-
Total Off-Balance Sheet items including contingent liabilities	1,032,232	-

Islamic Banking Unit
Profit and Loss Statement
 for the year ended 31 December 2011

	Amount in Taka	
	At 31 Dec 2011	At 31 Dec 2010
Investment income	344,107,496	184,923,592
Profit paid on deposits, borrowings, etc.	(231,324,926)	(83,490,046)
Net investment income	112,782,570	101,433,546
Profit on Investment with bank and financial institutions	263,244	2,048,583
Commission, exchange and brokerage	37,130,428	30,439,489
Other operating income	1,523,960	1,132,169
Total operating income	151,700,202	135,053,787
Salaries and allowances	32,840,264	24,478,340
Rent, taxes, insurance, electricity, etc.	2,116,574	2,251,594
Legal expenses	2,613	-
Postage, stamp, telecommunication, etc.	190,928	173,248
Stationery, printing, advertisement, etc.	529,054	396,776
Depreciation and repair of Bank's assets	2,172,416	2,101,678
Other expenses	4,059,828	4,662,079
Total operating expenses	41,911,677	34,063,715
Profit before provision	109,788,525	100,990,072
Provision for investments		
General provision	29,069,500	12,134,192
Specific provision	1,764,500	1,134,963
	30,834,000	13,269,155
Provision for diminution in value of investments	-	-
Other provision	-	8,166,144
Total provision	30,834,000	21,435,299
Total profit/(loss) before taxes	78,954,525	79,554,773

Off-shore Banking Unit

Balance Sheet

as at 31 December 2011

PROPERTY AND ASSETS	Notes	Amount		
		2011		2010
		USD	Taka	Taka
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		370,084	25,905,860	129,025,301
		370,084	25,905,860	129,025,301
Loans and advances	4			
Loans, cash credits, overdrafts, etc.		9,618,185	673,272,958	2,440,176,127
Bills purchased and discounted		48,687	3,408,111	69,485,117
		9,666,872	676,681,069	2,509,661,244
Fixed assets including premises, furniture and fixtures		-	-	-
Other assets	5	235,356	16,474,974	21,769,469
Non - banking assets		-	-	-
Total assets		10,272,313	719,061,903	2,660,456,014
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	6	4,100,000	287,000,000	2,444,326,401
Deposits and other accounts	7			
Current deposits		1,618,221	113,275,476	74,546,707
Bills payable		-	-	-
Savings bank deposits		-	-	-
Fixed deposits		3,969,891	277,892,395	-
Bearer certificate of deposit		-	-	-
		5,588,112	391,167,870	74,546,707
Other liabilities	8	166,334	11,643,361	130,853,937
Total liabilities		9,854,446	689,811,231	2,649,727,045
Capital / Shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Other reserve		-	-	-
Deficit in profit and loss account/Retained earnings		417,866	29,250,676	10,728,969
Total Shareholders' equity		417,866	29,250,676	10,728,969
Total liabilities and Shareholders' equity		10,272,313	719,061,908	2,660,456,014

Off-shore Banking Unit

Off-Balance Sheet Items

for the year ended 31 December 2011

	Notes	Amount		
		2011		2010
		USD	Taka	Taka
Contingent liabilities				
Acceptances and endorsements	9	2,186,782.00	153,074,740	119,710,220
Letters of guarantee		-	-	-
Irrevocable letters of credit	10	1,935,190.00	135,463,300	82,758,550
Bills for collection		759,428.00	53,159,960	68,009,095
Other contingent liabilities		-	-	-
		4,881,400.00	341,698,000	270,477,865
Other commitments				
Documentary credits and short term trade -related transactions		-	-	-
Forward assets purchased and forward deposits placed				
Undrawn note issuance and revolving underwriting facilities		-	-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-	-
Liabilities against forward purchase and sale		-	-	-
Other commitments		-	-	-
		-	-	-
		4,881,400.00	341,698,000	270,477,865
Other memorandum items				
Value of travellers' cheques in hand		-	-	-
Value of Bangladesh Sanchayapatra in hand		-	-	-
		-	-	-
Total Off-Balance Sheet items including contingent liabilities		4,881,400.00	341,698,000	270,477,865

Off-shore Banking Unit

Profit and Loss Statement

for the year ended 31 December 2011

	Notes	Amount		
		2011		2010
		USD	Taka	Taka
Interest income	11	838,236.22	58,676,535	63,536,037
Interest paid on deposits and borrowings, etc.	12	(367,371.24)	(25,715,987)	(27,810,670)
Net interest/net profit on investments		470,864.97	32,960,548	35,725,367
Commission, exchange and brokerage	13	32,220.00	2,255,400	6,510,297
Other operating income	14	65,090.12	4,556,308	4,366,272
Total operating income (A)		568,175.09	39,772,256	46,601,936
Salaries and allowances		-	-	-
Rent, taxes, insurance, electricity, etc.		1,082.09	75,746	99,784
Postage, stamp, telecommunication, etc.		4,239.03	296,732	366,769
Stationery, printing, advertisements, etc.		-	-	-
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets		-	-	-
Other expenses		-	-	229,174
Total operating expenses (B)		5,321.11	372,478	695,727
Profit before provision (C=A-B)		562,853.98	39,399,778	45,906,209
Provision for loans and advances				
General provision		99,042.93	6,933,005	35,343,216
Specific provision			-	-
		99,042.93	6,933,005	35,343,216
Provision for off-balance sheet items		48,814.00	3,416,980	(165,976)
Provision for diminution in value of investments		-	-	-
Other provision		-	-	-
Total provision (D)		147,856.93	10,349,985	35,177,240
Total profit/(loss) (C-D)		414,997.05	29,049,793	10,728,969

Off-shore Banking Unit

Cash Flow Statement

for the year ended 31 December 2011

	Amount		
	2011		2010
	USD	Taka	Taka
A) Cash flows from operating activities			
Interest receipts	602,879.30	42,201,556	63,536,037
Interest payments	(324,218.67)	(22,695,307)	(27,810,670)
Fees and commission receipts	32,220.00	2,255,400	6,510,297
Cash payment to employees	-	-	-
Cash payment to suppliers	(4,239.03)	(296,732)	(366,769)
Income tax paid	-	-	-
Receipts from other operating activities	65,090.12	4,556,308	4,366,272
Payments for other operating activities	(1,082.09)	(75,746)	(328,958)
Cash generated from operating activities before changes in operating assets and liabilities	370,649.11	25,945,479	45,906,209
Increase/(decrease) in operating assets and liabilities:			
Loans and advances to customers	26,185,431.07	1,832,980,175	(2,137,203,889)
Other assets	-	-	(10,818,064)
Deposits from customers	4,523,159.52	316,621,163	31,325,825
Trading liabilities	(30,818,948.59)	(2,157,326,401)	2,111,826,401
Other liabilities	(1,318,429.41)	(92,290,059)	78,329,187
	(1,428,787.40)	(100,015,122)	73,459,460
Net cash generated from/(used in) operating activities	(1,058,137.77)	(74,069,647)	119,365,669
B) Cash flows from investing activities			
Investments of treasury bills and bonds	-	-	-
(Purchase)/sale of trading securities	-	-	-
Purchase of fixed assets	-	-	-
Net cash from investing activities	-	-	-
C) Cash flows from financing activities			
Transfer of profit to Head Office	(414,997.05)	(29,049,793)	1,617,324
Net cash generated from/(used in) financing activities	(414,997.05)	(29,049,793)	1,617,324
D) Net increase in cash and cash equivalents (A+ B + C)	(1,473,134.82)	(103,119,436)	120,982,993
E) Effects of exchange rate changes on cash and cash equivalents	-	-	-
F) Cash and cash equivalents at beginning of the year	1,843,218.59	129,025,301	8,042,308
G) Cash and cash equivalents at end of the year (D+E+F)	370,083.77	25,905,865	129,025,301
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	-	-	-
Balance with other banks and financial institutions	370,083.71	25,905,860	129,025,301
Money at call and on short notice	-	-	-
Prize bond	-	-	-
	370,083.71	25,905,860	129,025,301

Off-shore Banking Unit

Notes to the Financial Statements at and
for the year ended 31 December 2011**1 Status of the unit**

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

2 Significant accounting policies and basis of preparations**2.1 Basis of preparation**

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

2.2 Foreign currency

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

2.3 Loans and advances

- a) Loans and advances are stated in the balance sheet on gross basis.
- b) Interest is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 16 of 1998, 9 of 2001 and 10 of 2005 and recognised as income on realisation. Interest is not charged on bad and loss loans and advances/investments as per guidelines of Bangladesh Bank. Records of such interest Amount are kept in separate memorandum accounts.
- c) Provision for loans and advances is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 16 of 6 December 1998, 9 of 14 May 2001, 9 and 10 of 20 August 2005, 5 of 5 June 2006, 8 of 7 August 2007, 10 of 18 September 2007, 5 of 29 April 2008 and 32 of 27 October 2010.

3 Balance with other banks and financial institutions

	Amount		
	2011 USD	2011Taka	2010 Taka
In Bangladesh	-	-	-
Outside Bangladesh	370,083.71	25,905,860	129,025,301
	370,083.71	25,905,860	129,025,301

4 Loans and advances

Loans, cash credit, overdrafts etc. (Note 4.1)	9,618,185.11	673,272,958	2,440,176,127
Bills purchased and discounted (Note 4.2)	48,687.30	3,408,111	69,485,117
	9,666,872.41	676,681,069	2,509,661,244

	Amount		
	2011 USD	2011Taka	2010 Taka

4.1 Loans, cash credit, overdrafts etc.

Loan to branches	8,729,116.30	611,038,141	1,929,966,846
Loan against packing credit		-	11,043,346
Term loan industrial	105,612.88	7,392,902	19,953,056
Overdraft		-	253,225,298
Loan against trust receipts	783,455.93	54,841,915	225,987,552
Payment against documents		-	30
	9,618,185.11	673,272,958	2,440,176,128

4.2 Bills purchased and discounted

Payable in Bangladesh	-	-	-
Payable outside Bangladesh	48,687.30	3,408,111	69,485,117
	48,687.30	3,408,111	69,485,117

5 Other assets

Interest receivable	235,356.91	16,474,979	21,769,469
	235,356.91	16,474,979	21,769,469

6 Borrowings from other banks, financial institutions and agents

Borrowing from Bangladesh Bank	4,100,000.00	287,000,000	1,357,926,401
Borrowing from corporate office, Dhaka		-	1,086,400,000
	4,100,000.00	287,000,000	2,444,326,401

7 Deposits and other accounts

Bank deposits	-	-	-
Customer deposits and other accounts (Note 7.1)	5,588,112.43	391,167,870	74,546,707
	5,588,112.43	391,167,870	74,546,707

7.1 Customer deposits and other accounts

Foreign currency (Current)	1,462,275.31	102,359,272	54,097,513
Other demand deposits(Current)	155,945.77	10,916,204	20,449,194
Fixed deposit	3,969,891.35	277,892,395	
Sundry deposits	-	-	-
	5,588,112.43	391,167,870	74,546,707

8 Other liabilities

Provision for loans and advances	99,042.93	6,933,005	35,343,216
Provision for off balance sheet items	48,814.00	3,416,980	(165,976)
Due to Head Office	-	-	-
Interest payable		-	2,093,262
Branch adjustment account		-	92,363,038
Accrued expense payable		-	49,000
Interest suspense account	10,366.30	725,641	970,426
Adjustment account credit balance	8,110.50	567,735	200,971
	166,333.73	11,643,361	130,853,937

	Amount		
	2011 USD	2011Taka	2010 Taka
9 Bills for collection:			
	759,428.00	53,159,960	
10 Acceptances and endorsements			
Letters of credit (Back to Back)	2,186,782.00	153,074,740	119,710,220
Letters of credit (Acceptances)	-	-	-
	2,186,782.00	153,074,740	119,710,220
Less: Margin	-	-	-
	2,186,782.00	153,074,740	119,710,220
11 Irrevocable letters of credit			
Letters of credit (Back to Back)	1,935,190.00	135,463,300	66,199,490
Letters of credit (cash)	-	-	16,559,060
	1,935,190.00	135,463,300	82,758,550
Less: Margin	-	-	1,871,100
	1,935,190.00	135,463,300	80,887,450
12 Interest income			
Demand loan	-	-	-
Packing credit	4,570.45	319,932	1,102,413
Overdraft	155,179.16	10,862,541	10,712,687
Loan against trust receipt	165,472.71	11,583,089	10,368,063
Payment against documents	262.99	18,409	89,664
Term loan - industrial	12,881.23	901,686	1,499,986
Foreign bill purchased	499,869.68	34,990,878	39,763,224
	838,236.22	58,676,535	63,536,037
13 Interest paid on deposits and borrowings etc.			
Interest on deposit	-	-	-
Interest on borrowings :			
Local banks including Bangladesh Bank	367,371.24	25,715,987	27,810,670
Foreign banks	-	-	-
	367,371.24	25,715,987	27,810,670
14 Commission, exchange and brokerage			
Commission on remittance	3,644.83	255,138	326,582
Commission on L/C	28,575.17	2,000,262	6,183,715
	32,220.00	2,255,400	6,510,297
15 Other operating income			
Postage charge recovery	-	-	301,000
SWIFT Charge recovery	24,125.00	1,688,750	1,037,050
Other	40,965.12	2,867,558	3,028,222
	65,090.12	4,556,308	4,366,272

Auditors' Report to the Shareholders of Bank Asia Securities Limited

Statement of outstanding unreconciled entries (nostro account) as at 31 December 2011

Annex K

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	14	1,251,096	58	2,070,901	26	5,915,224	196	5,876,210
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	14	1,251,096	58	2,070,901	26	5,915,224	196	5,876,210

Reconciliation between Bangladesh Bank statement and Bank's book

The reconciling items relates to clearing of the following:

- Bangladesh Bank cheques
- Foreign currency demand drafts
- Government bonds

Local currency :	"As per Bangladesh Bank Statement" BDT	"As per Bank's General ledger " BDT	Reconciling Difference BDT
Bangladesh Bank, Dhaka	5,420,847,646	5,523,060,356	102,212,710
Bangladesh Bank, Dhaka (Al-wadeeah current account)	139,896,836	139,896,836	-
Bangladesh Bank, Chittagong	42,955,893	43,386,913	431,020
Bangladesh Bank, Sylhet	2,462,998	2,431,488	(31,510)
Bangladesh Bank, Khulna	7,128,270	7,128,464	194
Bangladesh Bank, Rajshahi	1,412,884	1,407,884	(5,000)
Bangladesh Bank, Bogra	848,720	848,727	7
Total	5,615,553,246	5,718,160,668	102,607,422

Bank credited but not debited by Bangladesh Bank			(46,199,112)
Bank debited but not credited by Bangladesh Bank			94,600,000
Bangladesh Bank credited but not debited by Bank			(150,010)
Bangladesh Bank debited but not credited by Bank			54,356,544
			102,607,422

Foreign currency:	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	4,910,063.26	3,873,259.89	271,128,193	1,036,803.37
Total	4,910,063.26	3,873,259.89	271,128,193	1,036,803.37

Bank credited but not debited by Bangladesh Bank				13,401,489.24
Bank debited but not credited by Bangladesh Bank				(1,917.97)
Bangladesh Bank credited but not debited by Bank				1,330,784.75
Bangladesh Bank debited but not credited by Bank				(13,693,552.65)
				1,036,803.37

Foreign currency:	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	GBP	GBP	BDT	GBP
GBP Clearing account	2,398.58	2,192.09	284,972	206.49
Total	2,398.58	2,192.09	284,972	206.49
Bank credited but not debited by Bangladesh Bank				214.14
Bank debited but not credited by Bangladesh Bank				(8.62)
Bangladesh Bank credited but not debited by Bank				0.97
Bangladesh Bank debited but not credited by Bank				-
				206.49

Foreign currency:	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	EUR	EUR	BDT	EUR
EUR Clearing account	21,450.52	21,537.59	1,938,383	(87.07)
Total	21,450.52	21,537.59	1,938,383	(87.07)
Bank credited but not debited by Bangladesh Bank				-
Bank debited but not credited by Bangladesh Bank				(105.04)
Bangladesh Bank credited but not debited by Bank				17.97
Bangladesh Bank debited but not credited by Bank				-
				(87.07)

Foreign currency:	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	JPY	JPY	BDT	JPY
JPY Clearing account	45,238	45,238	24,881	-
	45,238	45,238	24,881	-
Total(BDT)			5,991,537,096	

Segment by Business

Annex M

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

Particulars	Conventional Banking	Off-shore Banking unit	Islamic Banking	BA Securities Ltd.	BA Exchange (UK)	Total
Income	6,764,777,390	39,772,256	155,468,950	246,685,539	4,369,300	7,211,073,435
Less: Inter segmental income	(381,001,724)					(381,001,724)
Total income	6,383,775,666	39,772,256	155,468,950	246,685,539	4,369,300	6,830,071,711
Operating Profit (Profit before unallocated expenses and tax)	6,383,775,666	39,772,256	155,468,950	246,685,539	4,369,300	6,830,071,711
Allocated expense	(2,494,763,577)	(372,478)	(41,911,677)	(49,590,007)	(24,548,549)	(2,611,186,288)
Provision against loans and advances	(599,412,439)	(10,349,985)	-	-	-	(609,762,424)
Profit/ (loss) before tax	3,289,599,650	29,049,793	113,557,273	197,095,533	(20,179,249)	3,609,122,999
Income tax including deferred tax	(1,515,992,334)	-	-	(54,812,943)	-	(1,570,805,277)
Net profit	1,773,607,316	29,049,793	113,557,273	142,282,590	(20,179,249)	2,038,317,722
Segment assets	112,392,775,657	719,061,913	4,141,580,436	869,381,195	20,708,165	118,143,507,366
Segment liabilities	112,392,775,657	719,061,913	4,141,580,436	869,381,195	20,708,165	118,143,507,366

Auditors' Report to the Shareholders of Bank Asia Securities Limited

We have audited the accompanying financial statements of Bank Asia Securities Limited (the Company) namely, Statement of Financial Position (Balance Sheet) as at 31 December 2011, Statement of Comprehensive Income (Profit and Loss Statement), Statement of Cash Flows, Statement of Changes in Equity and notes thereto for the period from 17 April 2011 to 31 December 2011 as prepared and produced to us by the management of the Company for our examination in due conformance with generally accepted accounting principles and procedures and Bangladesh Accounting Standards as applicable to the Company. Preparation of these financial statements including notes thereto is the responsibility of Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

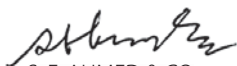
We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards required that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting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

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs at 31 December 2011 and comply with the requirements of Securities and Exchange Commission Regulations Act 1996 and other applicable laws and regulations.

We also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (ii) our examination and checking of relevant financial records, books of account, schedules and details were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the said financial statements;
- (iii) proper books of account as required by law have been kept by the management of the Company so far as it appeared from our examination of those books;
- (iv) the Company's financial statements dealt with by the report are in agreement with the books of account maintained by the Company; and
- (v) the expenditure incurred and payments made were for the purposes of the Company's business during the year.

Auditors



S. F. AHMED & CO
Chartered Accountants
House 25, Road 13A, Block D
Banani, Dhaka 1213, Bangladesh
Dated, 26 January 2012

Statement of Financial Position

Balance Sheet

as at 31 December 2011

	Notes	Amount in Taka at 31 Dec 2011
Non-Current Assets		
Property, plant and equipment	4	17,272,329
Membership of Dhaka Stock Exchange Ltd		153,119,000
Pre-operating Expenses	5	3,941,620
Total non- current assets		174,332,949
Current Assets		
Advances, deposits and prepayments		60,000
Loans and advances	6	4,402,311,765
Accounts receivable	7	35,261,027
Advance income tax	8	35,554,463
Cash and cash equivalents	9	101,077,495
Total current assets		4,574,264,750
Total assets		4,748,597,699
Equity		
Share capital	10	450,000,000
Retained earnings		142,282,590
Shareholders' equity		592,282,590
Current Liabilities		
Customer deposits	11	95,826,867
Loans and borrowings	12	3,879,216,504
Accounts payable	13	118,532,157
Liability for expenses	14	7,926,638
Provision for taxation	15	54,812,943
Total current liabilities		4,156,315,109
Total equity and liabilities		4,748,597,699

See annexed notes, for Bank Asia Securities Limited



Chairman



Director



Chief Executive Officer

Signed in terms of our report of even date annexed

Auditors



S. F. AHMED & CO
Chartered Accountants

Statement of Comprehensive Income

Profit and Loss Statement

for the period from 17 April 2011 to 31 December 2011

	Notes	Amount in Taka year ended 31 Dec 2011
Brokerage commission		128,418,373
Interest income	16	490,108,634
Interest expense	17	(381,001,724)
Net interest income		109,106,910
Other operating income	18	9,160,256
Total operating income		246,685,539
Operating expenses	19	(49,590,007)
Operating profit		197,095,533
Profit before income tax		197,095,533
Income tax expense	15	(54,812,943)
Profit after tax		142,282,590
Other comprehensive income		-
Total comprehensive income for the period		142,282,590

See annexed notes. for Bank Asia Securities Limited


Chairman


Director


Chief Executive Officer

Signed in terms of our report of even date annexed

Auditors


S. F. AHMED & CO
Chartered Accountants

Statement of Cash Flows

for the period from 17 April 2011 to 31 December 2011

		Amount in Taka year ended 31 Dec 2011
A.	Cash Flows from Operating Activities	
	Net profit before tax	197,095,533
	Adjustments to net profit for non-cash items:	-
	Depreciation	4,318,082
	Amortisation of pre-operating expenses	985,405
	Changes in working capital	-
	(Increase)/decrease in current assets	-
	Loans and advances	(4,402,311,765)
	Accounts receivable	(35,261,027)
	Advances, deposits and prepayments	(60,000)
	Increase/(decrease) in current liabilities	
	Customer deposits	95,826,867
	Loans and borrowings	3,879,216,504
	Accounts payable	118,532,157
	Liability for expenses	7,926,638
	Income tax paid	(35,554,463)
	Net Cash from Operating Activities	(169,286,069)
B.	Cash Flows from Investing Activities	
	Acquisition of property, plant and equipment	(21,590,411)
	Membership of DSE	(153,119,000)
	Increase in pre-operating expenses	(4,927,025)
	Net Cash Used in Investing Activities	(179,636,436)
C.	Cash Flows from Financing Activities	
	Increase in share capital	450,000,000
	Net Cash Used in Financing Activities	450,000,000
D.	Net increase/(decrease) in cash and cash equivalents (A+B+C)	101,077,495
E.	Opening cash and cash equivalents	-
F.	Closing cash and cash equivalents	101,077,495

for Bank Asia Securities Limited


Chairman


Director


Chief Executive Officer

Signed in terms of our report of even date annexed

Auditors


S. F. AHMED & CO
Chartered Accountants

Statement of Changes in Equity

for the period from 17 April 2011 to 31 December 2011

Particulars	" Share capital "	" Share premium "	" Retained earnings "	Amount in Taka Total
Opening balance	-	-	-	-
Issue during the period	450,000,000	-	-	450,000,000
Net profit for the period 2011	-	-	142,282,590	142,282,590
Closing balance	450,000,000	-	142,282,590	592,282,590

for Bank Asia Securities Limited


Chairman


Director


Chief Executive Officer

Signed in terms of our report of even date annexed

Auditors


S. F. AHMED & CO
Chartered Accountants

Notes to financial statements for the period from 17 April 2011 to 31 December 2011

1. Reporting entity

"Bank Asia Securities Limited (the Company), a fully owned subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion, (7th floor), 2 Dilkusha Commercial Area, Dhaka 1000 which has commenced its business on the 17 April 2011. The main objective of the company is to act as a full fledged stock broker and stock dealer to execute buy and sell order and to maintain own portfolio as well as customers portfolio under the discretion of customers. The company also performs the other activities relates to capital market as and when regulators permits the company to carry out activities as per their guidelines.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentational currency

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

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported Amount 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 Amount have been reclassified to conform with the current year's presentation.

3.1 Interest income

Interest income on STD and margin loan account is recognised when the respective banks credited on accounts.

3.2 Income from brokerage commission

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

3.3 Statement of Cash Flows

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

3.4 Property, plant and equipment

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

Subsequent costs

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

Depreciation

Depreciation on property, plant and equipment was charged applying straight-line method. Full year's depreciation is charged on items of property, plant and equipment those are acquired during the year and no depreciation is charged on the items in the year of disposal. Rates of depreciation on various items of property, plant and equipment considering the useful lives of assets are as follows:

Asset category	Rate of depreciation (%)
Computer and accessories	20
Furniture and fixtures	20
Office equipment	20
Office renovation	20
Details are in Annex 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.

4. Property, Plant and Equipment

Opening balance	-
Add: Additions	21,590,411
Less: Adjustment /Disposal	-
Less: Depreciation charge for the period	4,318,082
Closing balance	17,272,329

5. Pre-operating Expenses

These represent the following expenses which are being charged to Statement of Comprehensive Income @ 20% per annum ie, the expenses are to be amortised over 5 years equally with effect from the year 2011.

	Amount in Taka Total
Pre-operating Expenses	4,927,025
Less: Amortisation during the year	985,405
	<u>3,941,620</u>
	<u>4,402,311,765</u>

6. Margin loans to customers

The portfolio management department extends margin loan facilities to customers trading on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio during the period 1:2 based on directives issued by the Securities and Exchange Commission.

7. Accounts receivable

Receivable from Dhaka Stock Exchange Ltd	29,145,993
Receivable from clients	5,520,034
Cheques in hand	595,000
	<u>35,261,027</u>

8. Advance income tax

Paid	7,000,000
Intome tax withheld from brokerage commission	26,723,141
Income tax withheld on bank interest	1,831,322
	<u>35,554,463</u>

9. Cash and cash equivalents

Cash in hand	12,469
Bank balances with:	
Bank Asia Limited	5,605,409
One Bank Limited	10,459,617
Fixed deposits with Bank Asia Limited	85,000,000
	<u>101,077,495</u>

The interest rates applicable on such fixed deposits is @ 12% during the period.

10. Share capital

Authorised :	
20,000,000 ordinary shares of Taka 100 each	2,000,000,000
Issued, subscribed and paid up:	
4,500,000 ordinary shares of Taka 100 each	<u>450,000,000</u>

The Company's shareholding position as at 31 December date was as follows:

Name of shareholder	Number of shares	% of holding	Amount in Taka
			year ended 31 Dec 2011
			Value/Taka
Bank Asia Limited	4,499,900	99.99778	449,990,000
Anisur Rahman Sinha	100	0.002222	10,000
	4,500,000	100	450,000,000

11. Customer deposits

Deposits	95,826,867
----------	------------

Customer deposits represents un-invested funds lying in the Company's account at the reporting date.

12. Loans and borrowings

This note provides information about the Company's interest bearing loans and borrowings which are measured at amortised cost.

Bank Asia Limited	3,879,216,504
	3,879,216,504

This overdraft facility has been taken from Bank Asia Limited, Dhaka vide its facility advice letter dated 09 May 2011. Maximum limit of the facility is Taka 3885.73 million at an interest @ 13.5% to 14.5% per annum.

13. Accounts payable

Bank Asia Limited	117,397,136
Withholding VAT on supplies' payments	478,247
Withholding tax on supplies' payments	52,410
Security for server	91,750
Dhaka Stock Exchange Ltd	512,614
	118,532,157

14. Liabilities for expenses

Office rent	769,425
Telephone	39,548
Repair and maintenance	222,678
Plantation	30,000
CDBL charges	6,394,865
Utilities	45,790
Salaries and allowances	345,098
Audit fees	78,534
Others	700
	7,926,638

**Amount in Taka
year ended 31
Dec 2011**

15. Provision for Corporate Income Tax

Provision for corporate income tax was made following applicable tax laws. Income tax as withheld from the transactions of traded securities @ 0.05%/0.10% under section 53BBB is the final tax liability of the Company under section 82C(2) (k) of Income Tax Ordinance 1984.

16. Interest income

Income from fixed deposits	18,313,228
Income from bank deposits	529,313
Income from margin loan	471,266,093
	<u>490,108,634</u>

17. Interest expense

Interest on loan	376,689,578
Bank charges and commission	4,312,146
	<u>381,001,724</u>

18. Other operating income

BO account opening fees	93,000
BO account maintenance charges	1,103,000
Income from CDBL	7,917,416
Others	8,127,621
	<u>17,241,037</u>
Less: CDBL charges	8,080,781
	<u>9,160,256</u>

19. Operating expenses

Hawla charges	1,331,652
Laga charges	6,786,251
Salaries and allowances	21,402,877
Office rent	5,927,970
Entertainment	1,114,328
Utilities	1,753,658
Repair and maintenance	278,450
Postage and courier	474,215
Computer accessories	123,744
Printing and stationery	110,646

	Amount in Taka year ended 31 Dec 2011
Internet charges	1,751,077
Depreciation	4,318,082
Amortisation of pre-operating expenses	985,405
License and renewal fees	16,897
Professional fees	3,343
Conveyance	87,575
Telephone	260,000
Newspaper	12,485
Service charges	1,950,933
Plantation	123,190
Cleaning expenses	476,904
Fuel and oil	160,040
Audit fees	78,534
Directors' remuneration	51,750
Others	10,000
	<u>49,590,007</u>

20. Others

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

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


Chairman


Director


Chief Executive Officer

Signed in terms of our report of even date annexed

Auditors


S. F. AHMED & CO
Chartered Accountants

Annex I

Schedule of fixed assets including premises, furniture and fixtures

from 17 April 2011 to 31 December 2011

Particulars	Cost			Rate (%)	Depreciation			"Written down value at 31 Dec 2011"
	" At 17 Apr 2011 "	Addition during the period	Adjustment for / disposal		" Total at 31 Dec 2011 "	Charge for the period	Adjustment/ Disposal	
Computer and accessories	-	5,277,083	-	20	-	1,055,417	-	4,221,666
Furniture and fixtures	-	2,915,764	-	20	-	583,153	-	2,332,611
Office equipment	-	4,942,425	-	20	-	988,485	-	3,953,940
Office renovation	-	7,409,499	-	20	-	1,481,900	-	5,927,599
Computer software	-	1,045,640	-	20	-	209,128	-	836,512
Total at 31 Dec 2011	-	21,590,411	-		-	4,318,082	-	17,272,329

Registered number: 07314397

BA EXCHANGE COMPANY (UK) LIMITED

A Subsidiary of Bank Asia Limited

Directors' report and financial statements

for the period ended December 31, 2011

BA EXCHANGE COMPANY (UK) LIMITED

Company Information

DIRECTORS	A R Chowdhury (appointed July 14, 2010) E U Ahmed (appointed July 14, 2010 & resigned January 25, 2012) Md Mehmood Husain (appointed January 25, 2012)
COMPANY NUMBER	07314397
REGISTERED OFFICE	1339 High Road London N20 9HR
TRADING ADDRESS	125 W hitechapel Road London E1 1DT
AUDITORS	Green & Peter Chartered Accountants & Registered Auditors The Limes 1339 High Road Whetstone London N20 9HR

BA EXCHANGE COMPANY (UK) LIMITED

Directors' report
for the period ended December 31, 2011

The directors present their report and the financial statements for the period ended December 31, 2011 .

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently ;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business .

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

PRINCIPAL ACTIVITIES`

The Company 's principal activity was the provision of money remittance services and related services.

DIRECTORS

The directors who served during the period were:

A R Chowdhury (appointed July 14, 2010)

E U Ahmed (appointed July 14, 2010 & resigned January 25, 2012)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk 1

The Company's business is subject the immigration policy of the UK government, in relation to existing student and future migration policies.

Risk 2

The demand for the Company's business is subject to the conversion rate of the Bangladeshi Taka and also to the general investment platform and economy in Bangladesh which has in recent years been driving larger amounts of inward Taka remittance in addition to the funds remitted for family support.

BA EXCHANGE COMPANY (UK) LIMITED

Directors' report
for the period ended December 31, 2011

PROVISION OF INFORMATION TO AUDITORS

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

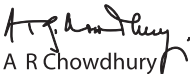
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing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

AUDITORS

Under section 487(2) of the Companies Act 2006, Green & Peter will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006 .

This report was approved by the board on March 1, 2012 and signed on its behalf.


A R Chowdhury
Director

BA EXCHANGE COMPANY (UK) LIMITED

Independent auditor's report to the shareholders of BA Exchange Company (UK) Limited

We have audited the financial statements of BA Exchange Company (UK) Limited for the period ended December 31, 2011, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards - Provisions Available for Small Entities, in the following circumstances:

- In common with many other businesses of this size and nature, the company uses our firm to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

As part of audit activities we have also been requested to carry out a review of systems and records and to advise on Anti Money Laundering rules and related compliance matters.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at December 31, 2011 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

BA EXCHANGE COMPANY (UK) LIMITED

Independent auditor's report to the shareholders of BA Exchange Company (UK) Limited

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report.



Robert Green FCA (Senior statutory auditor)

for and on behalf of
Green & Peter

Chartered Accountants
Registered Auditors

The Limes
1339 High Road
Whetstone
London
N20 9HR

March 1, 2012

BA EXCHANGE COMPANY (UK) LIMITED

Profit and loss account
for the period ended December 31, 2011

	Note	2011 £
TURNOVER	1	33,610
Cost of sales		(8,252)
GROSS PROFIT		25,358
Administrative expenses		(142,516)
OPERATING LOSS	2	(117,158)
Interest payable and similar charges		(75)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(117,233)
Tax on loss on ordinary activities	3	-
LOSS FOR THE FINANCIAL PERIOD	8	(117,233)

The notes on pages 7 to 10 form part of these financial statements .


Chairman


Director

Chief Executive Officer

Signed in terms of our report of even date annexed



Robert Green FCA (Senior statutory Auditor)
for and on behalf of Green & Peter Chartered Accountants
Registered Auditors
The Limes
1339 High Road
Whetstone
London
N20 9HR
March 1, 2012

BA EXCHANGE COMPANY (UK) LIMITED

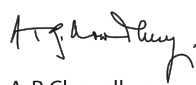
Registered number: 07314397

Balance sheet
as at December 31, 2011

	Note	£	2011 £
FIXED ASSETS			
Tangible assets	4		130,860
CURRENT ASSETS			
Debtors	5	13,131	
Cash at bank and in hand		15,555	
		<u>28,686</u>	
CREDITORS: amounts falling due within one year	6	(76,779)	
NET CURRENT LIABILITIES			<u>(48,093)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>82,767</u></u>
CAPITAL AND RESERVES			
Called up share capital	7		200,000
Profit and loss account	8		(117,233)
SHAREHOLDERS' FUNDS			<u><u>82,767</u></u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on March 1, 2012.


A R Chowdhury
Director


Director

Chief Executive Officer

The notes on pages 7 to 10 form part of these financial statements.



Robert Green FCA (Senior statutory Auditor)
for and on behalf of Green & Peter
Chartered Accountants
Registered Auditors
The Limes
1339 High Road
Whetstone
London
N20 9HR
March 1, 2012

BA EXCHANGE COMPANY (UK) LIMITED

Notes to the financial statements
for the period ended December 31, 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) .

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account .

 BA EXCHANGE COMPANY (UK) LIMITED

 Notes to the financial statements
 for the period ended December 31, 2011

2. OPERATING LOSS

The operating loss is stated after charging:

	2011 £
Depreciation of tangible fixed assets:	
- owned by the company	11,444
Auditors' remuneration	3,000
Auditors' remuneration - non-audit	5,000
	<u>19,444</u>

During the period, no director received any emoluments.

3. TAXATION

Factors that may affect future tax charges

The Company has taxable losses carried forward, no deferred tax asset has been made due to the uncertainty of future taxable profits available for offset.

4. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures and fittings £	Total £
Cost			
Additions	122,846	19,458	142,304
At December 31, 2011	<u>122,846</u>	<u>19,458</u>	<u>142,304</u>
Depreciation			
Charge for the period	8,190	3,254	11,444
At December 31, 2011	<u>8,190</u>	<u>3,254</u>	<u>11,444</u>
Net book value			
At December 31, 2011	<u>114,656</u>	<u>16,204</u>	<u>130,860</u>

5. DEBTORS

	2011 £
Prepayments	2,379
Other debtors	10,752
	<u>13,131</u>

 BA EXCHANGE COMPANY (UK) LIMITED

 Notes to the financial statements
 for the period ended December 31, 2011

 6. CREDITORS:
 Amounts falling due within one year

	2011 £
Trade creditors	18,776
Social security and other taxes	457
Accruals	14,882
Other creditors	42,664
	<u>76,779</u>

7. SHARE CAPITAL

	2011 £
Allotted, called up and fully paid 200,000 Ordinary shares of £1 each	<u>200,000</u>

During the period the Company issued 200,000 £1 Ordinary share for cash.

8. RESERVES

	Profit and loss account £
Loss for the period	(117,233)
At December 31, 2011	<u>(117,233)</u>

9. OPERATING LEASE COMMITMENTS

At December 31, 2011 the company had annual commitments under non-cancellable operating leases as follows:

	2011 £
Expiry date:	
Between 2 and 5 years	-
After more than 5 years	42,000
	<u>42,000</u>

BA EXCHANGE COMPANY (UK) LIMITED

Notes to the financial statements
for the period ended December 31, 2011

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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