

Auditors' Report to the Shareholders of Bank Asia Limited

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

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

We also report that :

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

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



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

Consolidated
Balance Sheet
at 31 December 2012

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

Balance Sheet

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

See annexed notes, For Bank Asia Limited

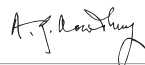
 Chairman	 Director	 Director	 Director	 President and Managing Director
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Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 28 February 2013

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

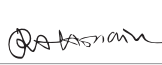
	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
OPERATING INCOME			
Interest income	20(a)	13,888,800,933	11,393,688,647
Interest paid on deposits and borrowings, etc	21(a)	(10,182,880,501)	(8,583,660,163)
Net interest income		3,705,920,432	2,810,028,484
Investment income	22(a)	1,840,646,106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

See annexed notes, For Bank Asia Limited


Chairman


Director


Director


Director


President and Managing Director


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

Consolidated
Cash Flow Statement
for the year ended 31 December 2012

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

See annexed notes, For Bank Asia Limited

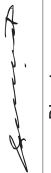
 Chairman	 Director	 Director	 Director	 President and Managing Director
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Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 28 February 2013

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

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



Chairman


Director


Director


Director


President and Managing Director


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

Balance Sheet

at 31 December 2012

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

Balance Sheet

at 31 December 2012

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

See annexed notes, For Bank Asia Limited

 Chairman
 Director
 Director
 Director
 President and Managing Director


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

Profit and Loss Statement

for the year ended 31 December 2012

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

See annexed notes, For Bank Asia Limited

 Chairman
  Director
  Director
  Director
  President and Managing Director

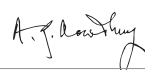

 Auditors
S. F. AHMED & CO
 Chartered Accountants
 Dated, 28 February 2013

Cash Flow Statement

for the year ended 31 December 2012

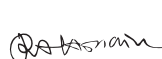
	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
Cash flows from operating activities (A)			
Interest receipts		14,058,125,618	11,799,537,192
Interest payments		(9,597,911,625)	(7,182,484,809)
Fees and commission receipts		1,760,313,609	2,125,999,075
Cash payment to employees		(1,131,947,224)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

See annexed notes, For Bank Asia Limited


Chairman


Director


Director


Director


President and Managing Director


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

Statement of Changes in Equity

for the year ended 31 December 2012

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


Chairman


Director


Director


Director


President and Managing Director


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

Liquidity Statement

(Analysis of Maturity of Assets and Liabilities)

at 31 December 2012

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


Chairman

Director


Director

Director


Director

Director


President and Managing Director

President and Managing Director


Auditors

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

Notes to financial statements

for the year ended 31 December 2012

General

1. The Bank and its activities

1.1 Bank Asia Limited

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

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

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

1.2 Principal activities

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

1.3 Bank Asia Securities Limited

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

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

1.4 BA Exchange Company (UK) Limited

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

1.5 Islamic banking unit

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

1.6 Off-shore banking unit

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

1.7 BA Express USA, Inc (Proposed)

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

2. Basis of preparation

2.1 Statement of compliance

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

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

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

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

2.4 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translation

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

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

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

2.5 Basis of consolidation

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

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

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

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

2.5.1 Subsidiary

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

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

2.6 Cash flow statement

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

2.7 Statement of changes in equity

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

2.8 Liquidity statement

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

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

2.9 Reporting period

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

2.10 Adoption of new accounting standards

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

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

3. Significant accounting policies

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

Investment in securities

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

Held to maturity

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

Held for trading

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

Revaluation

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

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

Details are shown in Note 7.

3.1.3 Investment in listed securities

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

3.1.4 Investment in unquoted securities

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

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

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

3.1.5 Investment in subsidiary

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

3.1.6 Loans and advances/investments

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

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

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

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

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

3.1.7 Impairment of Financial Assets

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

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

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

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

3.1.8 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

3.1.9 Leased assets

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

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

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

3.1.10 Impairment of fixed assets

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

3.1.11 Investment properties

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

3.1.12 Other assets

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

3.1.13 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

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

3.2.2 Deposits and other accounts

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

3.2.3 Other liabilities

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

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

3.3 Capital/shareholders' equity

Authorised capital

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

Paid-up capital

Paid up capital represents total amount of share capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of winding-up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to receive any residual proceeds of liquidation. Details are shown in Note 14.2.

Statutory reserve

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

Revaluation reserve

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

Non-controlling (minority) interest

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

3.4 Contingent liabilities

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

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

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

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

3.5 Memorandum items

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

3.6 Revenue recognition

Interest income

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

Profit on investment (Islamic Banking)

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

Investment income

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

Interest and fees receivable on credit cards

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

Fees and commission income

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

Dividend income on shares

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

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

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

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

Other operating expenses

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

3.7 Employee benefits

3.7.1 Provident Fund

Provident fund benefits are given to the staff of the Bank in accordance with the approved provident fund rules. The fund is operated by a Board of Trustees. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount of the employees' contribution to the fund.

3.7.2 Gratuity Fund

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

3.7.3 Superannuation Fund

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

3.7.4 Hospitalisation insurance

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

3.8 Provision for off-balance sheet exposures

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

3.9 Provision for nostro accounts

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

Details are shown in Note 13.7 and Annex I.

3.10 Taxation

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally

enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to unrealised surplus on revaluation of held to maturity (HTM) securities is recognised directly in revaluation reserve as a part of equity and is subsequently recognised in profit and loss statement on maturity of the security.

3.11 Leases

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

3.12 Earnings Per Share

Earnings per Share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2012 as per Bangladesh Accounting Standard (BAS) - 33 "Earnings Per Share". Details are shown in Note 37.

Basic earnings

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

Weighted average number of ordinary shares

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year.

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

Diluted earnings per share

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

3.13 Reconciliation of inter-bank/inter-branch account

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled on monthly basis and there are no material differences which may affect the financial statements significantly. Details of provision on Nostro accounts are shown in Annex I.

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

3.14 Risk Management at Bank Asia Ltd.

Being a financial institution, in the ordinary course of business, the bank is sensitive to verities of risks. The generic severity of such risk(s) is much intense in our locality due to presence of large number of banks and complex financial transactions. In such highly competitive environment to ensure a bank's consistent system and performance, the presence of strong Risk Management culture is obligatory.

The Board of Director and Senior Management of the bank need to remain positive toward adaptation of active risk management culture throughout the bank. Such awareness (risk) has helped the bank to do more than just regulatory compliance as far as risk management practice is concerned, the consequence of such initiatives has helped the bank to safeguard valuable capital and ensure consistent profitability, through avoiding excessive credit, market and operation loss and inadequate capital allocation under Basel II. Being compliant, the bank is now looking forward to take risk management practice to a different level, i.e. preventing risk before occurrence rather than a reactive manner; on a proactive basis.

As a part of regulatory and global benchmarking the bank has based upon 06 (six) core risks guidelines of Bangladesh Bank and Basel framework. Listed below are the identified risks the bank is currently managing or intends to manage in the future:

SI	Core Risk Guideline of BB	Basel Accord	Pillar
1	Credit Risk	Credit Risk	Pillar - I & II
2	Foreign Exchange Risk	Market Risk	
3	Asset Liability Risk	Operational Risk	
4	Money Laundering Risk	Residual Credit Risk	Pillar - II
5	Internal Control & Compliance Risk	Residual Risk (CRM)	Pillar –II
6	Information and Communication Technology Risk	Residual Market Risk – Equity	Pillar –II
7		Residual Market Risk - Currency	Pillar –II
8		Credit Concentration Risk	Pillar –II
9		Liquidity Risk	Pillar –II
10		Interest Rate Risk in Banking Book	Pillar –II
11		Settlement Risk	Pillar –II
12		Reputation Risk	Pillar –II
13		Strategic Risk	Pillar –II
14		Pension Obligation Risk	Pillar –II
15		Compliance Risk	Pillar –II

In view of core risk guideline the bank has established various departments to address specific risks, e.g. credit risk management, credit admin, internal control and compliance department, anti-money laundering department etc. Further to manage the overall risks of the bank in line of Basel the bank has formed a dedicated Risk Management Unit.

Accordingly the bank has various high powered committees to monitor and ensure smooth risk management activities. For example, Management Committee (MANCOM), Asset Liability Committee (ALCO), Credit Committee(CC), Audit Committee, Risk Management Committee, Supervisory Review Committee etc.

The current risk management framework of the bank is as follow:

Credit Risk Management: Credit risk can be defined as risk of failure of customer/counterparty of the bank to meet financial obligations. Another major source of credit risk could be concentration risk, which arises when a bank's credit portfolio tend to be non diversified i.e. large single borrower exposure or lending exposure to clients having similar economic factors (single sub-sector, industry, geographic region etc) that would adversely impact the repayment ability of mass obligor during any possible economic downturn.

To ensure the portfolio health, the bank has distributed the overall credit concentration among different segments/industry/trading. For example, branches are primarily responsible for sourcing of potential clients and initiate limit (credit) approval process for review of Credit Risk Management Division (CRMD), this division (CRMD) ensure the quality of credit proposal before limit approval, a separate division known as Credit Administration (CAD) monitors the documentation aspects of approved credits and finally the Legal Recovery Department manages the deteriorating accounts. It is mentionable that the bank has own credit risk management guideline.

All other remaining risk in regards to credit portfolio are addressed by the Risk Management Unit (RMU), the primary responsibility of this unit is to identify and assess the severity of risks and highlight the same to the management for strategic decision making. Below are risk wise list of few global model that RMU is currently using or intends to use in the future:

Residual Risk (e.g. wrong valuation of collateral, documentation error etc)	Capital computation under Pillar –II using the foundation Internal Rating Based (FIRB) approach
Concentration Risk	Herfindahl-Hirschman Index (HHI) index

Foreign Exchange Risk Management: The Foreign Exchange Risk arises from transaction involvement in any other national currency. Providing major foreign exchange related transactions are carried out on behalf of client thus bank has minimal exposure to the captioned risk. It is mentionable that the bank do not involve in any speculative transactions.

The treasury division independently conducts the transactions and back office is responsible for verifying the deal and passes necessary accounting entries. As advised by Bangladesh Bank on month end all foreign exchange related transactions are revalued at mark-to-market rate. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by management for settlement. It is mentionable that bank management is looking forward to establish treasury mid office to effectively perform the reconciliation activities

Similar to credit risk, RMU is in the process of implementation of Value-at-Risk (VaR) to assess the foreign exchange risk more effectively.

Asset Liability Management: The Asset Liability Risk is comprises of Balance Sheet Risk and liquidity risk. The Balance Sheet risk refers to risk of change in earning and/or devaluation of asset due to interest rate movement. The liquidity risk can be defined as the risk or chance of failure to meet up any withdrawal/disbursement request by a counterparty/client. ALCO reviews liquidity requirements of the Bank, maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The Asset Liability Committee also monitors balance sheet risk.

The RMU risk assessment tools in regards to ALM risk management are as follow:

Equity investment risk	Value-at-risk (VaR) on equity position
Liquidity Risk	Liquidity Coverage Ratio (LCR) Net Stable Funding Ratio (NSFR) Stress Testing (Duration and Sensitivity Analysis)
Interest Rate Risk	Assessment of Interest Rate Risk in Banking Book

Prevention of Money Laundering: Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has nominated a Chief Compliance Officer at Corporate Office and Branch Compliance Officers at branches, who independently review the accounting transactions to locate and verify suspicious transactions. Know Your Customer (KYC) policy and Transaction Profile (TP) format have been introduced. The regulatory requirements are being complied with and the guidelines in respect of KYC are being followed for opening of new accounts. Training is being provided continuously to all the categories of executives and officers for developing awareness and skill for identifying suspicious activities.

Ensuring Internal Control and Compliance: Operational loss arising from error and fraud due to lack of proper internal control and compliance. Internal Control & Compliance Department undertakes periodical and special audit and inspection of the branches and departments at corporate office for identifying and reviewing the operational lapses and compliance of statutory requirements as well as Bank's own guidelines. The audit Committee of the Board reviews the audit and inspection reports periodically and provides necessary instructions and recommendations for rectifications of lapses and observations identified by the audit team.

Further to above the bank is in the process of developing various globally recognized operational risk identification processes through the Risk Management Unit. For example adaptation of

Risk Control Self Assessment (RCSA) for assessing all possible operational risks based on operational process review and previous experiences before occurrence of any such event.

Using the Key Risk Indicator (KRI) approach to identify operational risk trigger points

Managing Information and munication Technology Risk : Bank Asia Limited follows the guideline stated in DFIM circular no. 6 dated 21 June 2010 regarding "Guideline on ICT Security for Banks and Financial Institutions, April 2010". IT management deals with IT policy documentation, internal IT audit, training etc. The core objective of IT management is to achieve the highest levels of technology service quality and minimize possible operational risk. Physical security involves providing environmental safeguards as well as controlling physical access to equipment and data. IT department has controls over Password, User ID maintenance, input control, network security, virus protection, internet and e-mail. Data centre has been set up and disaster recovery plan has been formulated as part of Business Continuity Planning (BCP).

All other risk management: These are risks that are not directly covered by core risk guidelines of Bangladesh Bank, more precisely additional risk under Basel II. The Risk Management Unit is primarily responsible for assessing and developing controls for managing these risks. In order to do so the RMU of the bank is performing various exercises, for example, with the help of Finance and IT division Minimum Capital Requirement (MCR) is assessed on quarterly basis, Stress Testing to assess the sensitivity of the bank against adverse scenarios is performed, additional capital (on top of MCR under Pillar –II) will be assessed using a model namely (currently in the process of development) Internal Capital Adequacy Assessment Process (ICAAP), Supervisory Review Process (SRP) is performed by the bank as per Bangladesh Bank requirement.

On top of assessment the RMU of the bank is reporting these risks to senior management (through RMU meeting, Board and Audit Committee reporting); which are ultimately aiding the bank to allocate adequate capital in line with Basel II requirement and at the same time implant active strategies to precisely manage all potential risks of the bank.

3.15 Events after Reporting Period

As per BAS -10 "Events after Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

3.16 Related party disclosures

A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

3.17 Directors' responsibilities on statement

The Board of Directors takes the responsibilities for the preparation and presentation of these financial Statements.

3.18 Segment Reporting

As per BFRS 8 "Operating Segments", an operating segment is a component of an equity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
- (c) for which discrete financial information is available.

Bank reported its segment reporting in respect of business segment and geographical segment wise. Business segment comprise Conventional Banking, Islamic Banking, Off-shore Banking, Bank Asia Securities Limited, BA Exchange Company (UK) Limited. Geographical segments report consist location wise performance of above segments.

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

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	N/A
Share Based Payment	BFRS-2	N/A
Business Combinations	BFRS-3	Complied
Insurance Contracts	BFRS-4	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	N/A
Exploration for and Evaluation of Mineral Resources	BFRS-6	N/A
Financial Instruments: Disclosures	BFRS-7	Complied
Operating Segments	BFRS-8	Complied
Presentation of Financial Statements	BAS-1	Complied
Inventories	BAS-2	Complied
Statement of Cash Flows	BAS-7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Complied
Events after the Reporting Period	BAS-10	Complied
Construction Contracts	BAS-11	Complied
Income Taxes	BAS-12	Complied
Property, Plant and Equipment	BAS-16	Complied
Leases	BAS-17	Complied
Revenue	BAS-18	Complied
Employee Benefits	BAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	N/A
The Effects of Changes in Foreign Exchange Rates	BAS-21	Complied
Borrowing Costs	BAS-23	Complied
Related Party Disclosures	BAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	N/A
Consolidated and Separate Financial Statements	BAS-27	Complied
Investments in Associates	BAS-28	Complied
Interests in Joint Ventures	BAS-31	Complied
Financial Instruments: Presentation	BAS-32	Complied
Earnings Per Share	BAS-33	Complied
Interim Financial Reporting	BAS-34	Complied
Impairment of Assets	BAS-36	Complied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Complied
Intangible Assets	BAS-38	Complied
Financial Instruments: Recognition and Measurement	BAS-39	Complied
Investment property	BAS-40	Complied
Agriculture	BAS-41	N/A

3.20 Approval of financial statements

The financial statements were approved by the board of directors on 28 February 2013.

3.21 General

- (i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- (ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- (iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
4 Cash			
4.1 In hand			
Conventional and Islamic banking:			
Local currency		1,151,790,672	965,600,912
Foreign currencies		11,475,150	9,472,700
		<u>1,163,265,822</u>	<u>975,073,612</u>
Off-shore banking unit		-	-
		<u>1,163,265,822</u>	<u>975,073,612</u>
4.1(a) Consolidated In hand			
Bank Asia Limited:		1,163,265,822	975,073,612
Bank Asia Securities Limited		78,740	12,469
BA Exchange Company (UK) Limited		1,621,142	392,687
		<u>1,164,965,704</u>	<u>975,478,768</u>
4.2 Balance with Bangladesh Bank and its agent bank			
Conventional and Islamic banking :			
Balance with Bangladesh Bank			
Local currency (statutory deposit)		5,224,908,621	5,718,160,668
Foreign currencies		121,390,059	273,376,428
		<u>5,346,298,680</u>	<u>5,991,537,096</u>
Balance with agent bank (Sonali Bank Limited)			
Local currency		84,407,343	60,668,333
Foreign currencies		-	-
		<u>84,407,343</u>	<u>60,668,333</u>
		<u>5,430,706,023</u>	<u>6,052,205,429</u>
Off-shore banking unit		-	-
		<u>5,430,706,023</u>	<u>6,052,205,429</u>
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank			
Bank Asia Limited:		5,430,706,023	6,052,205,429
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>5,430,706,023</u>	<u>6,052,205,429</u>

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

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

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

4.3.1 Cash Reserve Requirement (CRR)

Conventional

As per Bangladesh Bank MPD Circular No. 04 dated December 01, 2010, Bank has to maintain CRR @ 6% on fortnightly cumulative average basis and minimum @ 5.5% on daily basis.

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
i. Daily Bank's CRR maintenance:			
Required reserve (5.5 % on Demand and Time Liabilities)		5,573,700,000	4,918,666,253
Actual reserve maintained		6,527,678,000	5,477,534,000
Surplus		953,978,000	558,867,748
ii. Fortnightly Bank's CRR maintenance:			
Required reserve (6% of Demand and Time Liabilities)		6,080,400,000	5,365,817,730
Actual reserve maintained (average)		6,138,738,765	5,704,430,836
Surplus		58,338,765	338,613,106
Islamic Banking			
i. Daily Bank's CRR maintenance:			
Required reserve (5.5% Demand and Time Liabilities)		112,702,141	109,832,910
Actual reserve maintained		132,735,000	139,896,836
Surplus		20,032,859	30,063,926
ii. Fortnightly Bank's CRR maintenance:			
Required reserve (6% of Demand and Time Liabilities)		122,947,790	119,817,720
Actual reserve maintained (Average)		137,804,706	139,896,836
Surplus		14,856,916	20,079,116
4.3.2 Statutory Liquidity Ratio (SLR)			
Conventional Banking			
19% of Average Demand and Time Liabilities including 6% of CRR:			
Required reserve (including CRR)		19,254,527,710	16,991,756,150
Actual reserve maintained (including CRR)		25,036,754,770	17,867,248,295
Surplus		5,782,227,060	875,492,145
Islamic Banking			
11.5% of Average Demand and Time Liabilities including 6% of CRR :			
Required reserve (including CRR)		235,649,920	229,650,630
Actual reserve maintained (including CRR)		266,083,514	249,254,986
Surplus		30,433,594	19,604,356
		5,812,660,654	895,096,501
4.3.3 Held for Statutory Liquidity Ratio			
Conventional Banking			
Cash in hand		1,142,317,481	958,615,462
Balance with Bangladesh Bank		6,527,678,000	5,564,534,000
Balance with agent bank (Sonali Bank Limited)		84,378,490	60,668,333
Government securities		17,352,896,919	11,281,562,100
Other securities		3,197,100	1,868,400
		25,110,467,990	17,867,248,295
Islamic Banking			
Cash in hand		20,948,341	16,458,150
Balance with Bangladesh Bank		132,735,173	139,896,836
Balance with agent bank (Sonali Bank Limited)		-	-
Government securities		112,400,000	92,900,000
Other securities		-	-
		266,083,514	249,254,986
		25,376,551,504	18,116,503,281

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

5 Balance with other banks and financial institutions

In Bangladesh

Conventional and Islamic banking (Note 5.1.1)	1,922,508,491	1,133,769,488
Off-shore banking unit	-	-
	1,922,508,491	1,133,769,488

Outside Bangladesh

Conventional and Islamic banking (Note 5.2.1)	1,612,386,531	476,174,864
Off-shore banking unit	168,665,514	25,905,860
	1,781,052,045	502,080,724
	3,703,560,536	1,635,850,212

5.1 In Bangladesh

5.1.1 Conventional and Islamic banking

Current accounts

AB Bank Limited	41,480	4,418,043
Agrani Bank Limited	826,280	608,300
National Bank Limited	942,964	3,802,515
Sonali Bank Limited	78,833	35,621,582
Standard Chartered Bank	9,627,210	815,616
Prime Bank Limited	308	57,259
United Commercial Bank Limited	-	2,564,433
Trust Bank Limited	2,199,438	1,045,207
	13,716,513	48,932,955

Short-term deposit accounts

BRAC Bank Limited	2,578,694	6,504,186
AB Bank Limited	476,196	-
Islami Bank Bangladesh Limited	154,902	148,722
Jamuna Bank Limited	-	3,832
Janata Bank Limited	-	2,500,000
Rupali Bank Limited	3,000,000	3,000,000
Uttara Bank Limited	2,582,186	2,679,793
	8,791,978	14,836,533

Fixed deposit accounts/ MTDR

Islamic Finance and Investment Limited	30,000,000	120,000,000
Hajj Finance Company Limited	150,000,000	150,000,000
Shahjalal Islami Bank Limited	300,000,000	100,000,000
Southeast Bank Limited	200,000,000	-
The Premier Bank Limited	400,000,000	200,000,000
Social Islamic Bank Limited	400,000,000	500,000,000
Al-Arafah Islami Bank Limited	420,000,000	-
	1,900,000,000	1,070,000,000
	1,922,508,491	1,133,769,488

Notes	Amount in Taka	
	At 31 Dec 2012	At 31 Dec 2011

5.2 Outside Bangladesh

5.2.1 Conventional and Islamic banking

Current accounts

Interest bearing :

Citibank N.A., London (EURO)	455,373	436,769
Citibank N.A., London (GBP)	608,664	296,744
Citibank NA, New York (USD)	1,474,729,557	53,858,448
Habib American Bank, New York	45,396,454	123,240,546
Mashreqbank psc, New York	159,396	252,110,310
National Westminster Bank plc, London	38,914	3,343,527
Standard Chartered Bank, Mumbai	6,269,456	152,316
Standard Chartered Bank, New York	833,635	574,005
	<u>1,528,491,449</u>	<u>434,012,665</u>

Non-interest bearing :

AB Bank Limited, Mumbai	272,639	573,736
Bank of Nova Scotia, Toronto	-	-
Bhutan National Bank Limited, Thimphu	2,367,047	4,909,097
Canadian Imperial Bank of Commerce	78,962	1,664,995
Commerzbank AG, Frankfurt	4,061,850	9,939,774
Credit Suisse First Boston, Zurich	700,808	329,417
Habib Metropolitan Bank Limited, Karachi	14,061,176	6,331,735
HSBC Australia Limited, Sydney	433,319	41,384
HSBC, New York	566,725	728,391
Hypo Vereinsbank, Munich	334,924	1,409,857
ICICI Bank Limited, Kowloon	13,661,055	672,542
ICICI Bank Limited, Mumbai	320,056	129,478
Muslim Commercial Bank Limited, Colombo	6,878,066	1,845,036
Muslim Commercial Bank Limited, Karachi	2,770,887	6,978,965
Nepal Bangladesh Bank Limited, Kathmandu	3,589,373	3,295,132
UBAF, Tokyo	786,521	958,637
Sonali Bank (UK) Limited, London	1,851,521	1,932,494
Wachovia Bank N.A, New York	199,254	29,936
JP Morgan Chase Bank N.A New York, U.S.A	294,219	-
Al Rajhi Bank K.S.A	18,260,000	-
Saudi Hollandi K.S.A	5,939,857	-
Wachovia Bank, London	6,466,823	391,593
	<u>83,895,082</u>	<u>42,162,199</u>
	<u>1,612,386,531</u>	<u>476,174,864</u>

Details are shown in Annex A.

5.3 Maturity grouping of balance with other banks and financial institutions

Up to 1 month	1,803,560,536	565,850,212
More than 1 month but not more than 3 months	250,000,000	250,000,000
More than 3 months but not more than 6 months	1,450,000,000	820,000,000
More than 6 months but not more than 1 year	200,000,000	-
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	<u>3,703,560,536</u>	<u>1,635,850,212</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
5(a) Consolidated Balance with other banks and financial institutions			
In Bangladesh			
Bank Asia Limited		1,922,508,491	1,133,769,488
Bank Asia Securities Limited		2,642,694	101,065,026
BA Exchange Company (UK) Limited		-	-
		<u>1,925,151,185</u>	<u>1,234,834,514</u>
Less: Inter-company transactions		1,058,948	5,605,409
		<u>1,924,092,237</u>	<u>1,229,229,105</u>
Outside Bangladesh			
Bank Asia Limited		1,781,052,045	502,080,724
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		5,748,428	1,629,408
		<u>1,786,800,473</u>	<u>503,710,132</u>
		<u>3,710,892,710</u>	<u>1,732,939,237</u>
6 Money at call and on short notice			
Call money			
With Banking companies (Note 6.1)		220,000,000	-
With Non-banking financial institutions		-	-
		<u>220,000,000</u>	<u>-</u>
6.1 Call Money- with Banking companies:			
South East Bank Limited		170,000,000	-
Mutual Trust Bank Limited		50,000,000	-
		<u>220,000,000</u>	<u>-</u>
6(a) Consolidated Money at call and on short notice			
Bank Asia Limited		220,000,000	-
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>220,000,000</u>	<u>-</u>
7 Investments			
Government (Note 7.1)		19,511,797,233	11,386,330,500
Others (Note 7.2)		5,603,107,281	4,564,180,689
		<u>25,114,904,514</u>	<u>15,950,511,189</u>
7.1 Government			
Conventional and Islamic banking (Note 7.1.1)		19,511,797,233	11,386,330,500
Off-shore banking unit		-	-
		<u>19,511,797,233</u>	<u>11,386,330,500</u>
7.1.1 Conventional and Islamic banking			
Treasury bills (Note 7.1.1.1)		1,360,186,216	637,955,357
Treasury bonds (Note 7.1.1.2)		18,140,913,917	10,736,506,743
Debentures of House Building Finance Corporation		7,500,000	10,000,000
Prize bonds		3,197,100	1,868,400
		<u>19,511,797,233</u>	<u>11,386,330,500</u>
7.1.1.1 Treasury bills			
91 days treasury bills		171,380,681	-
182 days treasury bills		383,870,465	-
364 days treasury bills		236,155,838	637,955,357
30 days Bangladesh Bank bills		568,779,232	-
		<u>1,360,186,216</u>	<u>637,955,357</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
7.1.1.2 Treasury bonds			
Bangladesh Bank Islamic bond		112,400,000	92,900,000
5 years Bangladesh Government treasury bonds		11,805,157,702	7,354,464,764
10 years Bangladesh Government treasury bonds		5,738,513,694	2,997,741,979
15 years Bangladesh Government treasury bonds		374,188,504	291,400,000
20 years Bangladesh Government treasury bonds		110,654,017	-
		<u>18,140,913,917</u>	<u>10,736,506,743</u>
7.2 Others			
Conventional and Islamic banking (Note 7.2.1)		5,603,107,281	4,564,180,689
		<u>5,603,107,281</u>	<u>4,564,180,689</u>
7.2.1 Conventional and Islamic banking			
Ordinary shares (Details are shown in Annexure-B)			
Quoted shares		542,966,867	519,580,128
Unquoted share		285,118,145	278,595,473
		828,085,012	798,175,601
Provision for diminution in the market value of shares		-	-
		<u>828,085,012</u>	<u>798,175,601</u>
Mutual Fund			
1st Janata Bank Mutual fund		50,000,000	50,000,000
EBL NRB 1st Mutual Fund		149,665,000	150,000,000
1st Bangladesh Fixed Income Fund		250,000,000	250,000,000
MBL 1st Mutual Fund		50,000,000	50,000,000
		499,665,000	500,000,000
Debentures			
Debentures (10 years):			
Beximco Denims Limited		10,514,422	10,514,422
Beximco Textiles Limited		8,593,828	8,593,828
ACI Zero Coupon Bonds		26,249,019	36,896,838
MTBL subordinated bond		150,000,000	150,000,000
Orascom Telecom Bangladesh Limited		240,000,000	320,000,000
Prime Bank Limited		140,000,000	140,000,000
		575,357,269	666,005,088
Placements			
With Banking companies (Note 7.2.1(a))		1,000,000,000	800,000,000
With Non-banking financial institutions (Note 7.2.1 (b))		2,700,000,000	1,800,000,000
		3,700,000,000	2,600,000,000
		<u>5,603,107,281</u>	<u>4,564,180,689</u>
7.2.1(a) Placement- with Banking companies:			
Prime Bank Limited		1,000,000,000	600,000,000
Dhaka Bank Limited		-	200,000,000
		<u>1,000,000,000</u>	<u>800,000,000</u>
7.2.1(b) Placement- with Non-banking financial institutions:			
International Leasing and Financial Services Limited		-	100,000,000
Investment Corporation of Bangladesh		2,400,000,000	1,450,000,000
Lanka Bangla Finance Limited		150,000,000	100,000,000
National Housing Finance and Investments Limited		-	100,000,000
Phoenix Finance and Investment Company Limited		-	50,000,000
Hajj Finance Co. Ltd		50,000,000	-
Union Capital Limited		100,000,000	-
		<u>2,700,000,000</u>	<u>1,800,000,000</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
7.3 Investments classified as per Bangladesh Bank circular:			
Held for trading (HFT)		9,859,031,996	2,595,655,357
Held to maturity (HTM)		9,529,668,138	8,685,906,743
Other securities		5,726,204,380	4,668,949,089
		<u>25,114,904,514</u>	<u>15,950,511,189</u>
7.4 Maturity-wise grouping			
On demand		5,321,186,236	3,121,448,528
Up to 3 months		2,390,920,628	2,296,756,080
More than 3 months but not more than 1 year		2,557,965,589	731,951,734
More than 1 year but not more than 5 years		10,328,857,704	8,229,164,544
More than 5 years		4,515,974,357	1,571,190,303
		<u>25,114,904,514</u>	<u>15,950,511,189</u>
7(a) Consolidated Investments			
Government			
Bank Asia Limited		19,511,797,233	11,386,330,500
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>19,511,797,233</u>	<u>11,386,330,500</u>
Others			
Bank Asia Limited		5,603,107,281	4,564,180,689
Bank Asia Securities Limited		153,978,168	153,119,000
BA Exchange Company (UK) Limited		-	-
		<u>5,757,085,449</u>	<u>4,717,299,689</u>
		<u>25,268,882,682</u>	<u>16,103,630,189</u>
8 Loans and advances/investments			
Loans, cash credits, overdrafts, etc/investments (Note 8.1)		88,105,182,365	75,123,828,789
Bills purchased and discounted (Note 8.2)		4,223,636,160	7,696,145,095
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.1 Loans, cash credits, overdrafts, etc/investments			
Conventional and Islamic banking			
Inside Bangladesh			
Overdrafts/ Quard against deposit		22,914,848,467	18,829,966,690
Cash credit/Bai Murabaha (Muajjal)		2,148,481,958	2,675,608,804
Loans (General)/ Musharaka		14,139,365,995	8,392,267,472
House building loans		283,864,953	566,583,219
Loan against trust receipts/ Bai Murabaha post import		16,187,903,159	22,834,596,704
Payment against documents		1,038,058,493	1,749,909,196
Consumer credit scheme		265,515,988	365,169,333
Transport loan		1,388,033,079	1,198,565,673
Term loan- industrial		5,754,457,997	3,667,190,324
Term loan- others/ Hire purchase under Shirkatul Melk		19,575,504,166	10,598,550,250
Staff Loan		605,219,890	474,796,621
Credit card		865,300,974	676,058,350
Small and medium enterprise (SME)		2,487,977,103	2,404,880,723
Credit for poverty alleviation scheme-micro credit		15,948,429	16,412,472
		<u>87,670,480,651</u>	<u>74,450,555,831</u>
Outside Bangladesh		-	-
		<u>87,670,480,651</u>	<u>74,450,555,831</u>
Off-shore banking unit		434,701,714	673,272,958
		<u>88,105,182,365</u>	<u>75,123,828,789</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
8.2 Bills purchased and discounted			
Conventional and Islamic banking		4,221,184,554	7,692,736,984
Off-shore banking unit		2,451,606	3,408,111
		<u>4,223,636,160</u>	<u>7,696,145,095</u>
8.3 Maturity-wise grouping			
Repayable on demand		12,838,600,000	16,539,240,771
Not more than 3 months		23,519,000,000	23,286,397,470
More than 3 months but not more than 1 year		39,283,600,000	22,648,489,457
More than 1 year but not more than 5 years		7,967,618,525	13,323,424,917
More than 5 years		8,720,000,000	7,022,421,269
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.4 Net loans and advances/investments			
Gross loans and advances/investments		92,328,818,525	82,819,973,884
Less: Interest suspense (Note 13.4)		461,780,702	291,160,430
Provision for loans and advances/investments		3,630,307,775	1,739,512,995
		<u>4,092,088,477</u>	<u>2,030,673,425</u>
		<u>88,236,730,048</u>	<u>80,789,300,459</u>
8.5 Loans and advances/investments under the following broad categories			
In Bangladesh:			
Loans		63,041,851,940	53,618,253,295
Cash credits		2,148,481,958	2,675,608,804
Overdrafts		22,914,848,467	18,829,966,690
Bills purchased and discounted		3,899,493,717	7,437,033,549
		<u>92,004,676,082</u>	<u>82,560,862,338</u>
Outside Bangladesh:			
Bills purchased and discounted		324,142,443	259,111,546
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.6 Significant concentration wise grouping			
a) Directors		-	-
b) Chief Executive and other senior executives			
i) Managing Director		1,164,000	1,503,093
ii) Other senior executives		80,520,000	76,639,648
		<u>81,684,000</u>	<u>78,142,741</u>
c) Consumers			
i) Commercial lending		21,950,238,000	23,300,504,000
ii) Export financing		516,192,000	375,208,941
iii) House building loan		283,864,953	566,583,219
iv) Consumer credit scheme		2,893,328,000	2,573,496,061
v) Small and medium enterprises		2,487,977,103	2,404,880,721
vi) Staff loan		523,535,890	396,653,880
vii) Credit card		865,300,974	676,058,350
viii) Non-banking financial institutions		607,411,000	508,351,000
		<u>30,127,847,920</u>	<u>30,801,736,172</u>
d) Industries			
i) Agricultural and jute		4,699,894,000	1,227,956,000
ii) Cement		1,336,111,000	683,884,000
iii) Chemical		1,083,588,000	272,578,000
iv) Electronics		1,085,749,000	215,099,000
v) Food and allied		3,465,632,000	1,735,566,000
vi) Paper		3,102,541,000	2,514,048,000
vii) Readymade garments		3,272,491,000	3,548,051,000
viii) Real estate		3,145,325,000	2,936,983,000
ix) Steel		3,945,062,000	3,712,462,000
x) Textile		5,870,497,000	5,827,714,000
xi) Other		23,821,941,605	25,498,296,971
		<u>54,828,831,605</u>	<u>48,172,637,971</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
e) Infrastructural			
i) Power		906,356,000	411,713,000
ii) Telecom		1,369,681,000	325,253,000
iii) Construction		1,164,470,000	941,905,000
iv) Transport		3,849,948,000	2,088,586,000
		7,290,455,000	3,767,457,000
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.7 Geographical location-wise grouping			
Inside Bangladesh			
Urban			
Dhaka Division		57,834,117,947	49,632,159,915
Chittagong Division		24,869,628,527	24,739,358,208
Khulna Division		1,114,425,174	818,146,158
Rajshahi Division		1,552,792,590	1,257,419,535
Barisal		114,177,357	-
Sylhet Division		827,402,971	614,620,163
		86,312,544,566	77,061,703,979
Rural			
Dhaka Division		3,946,867,857	3,368,340,646
Chittagong Division		1,737,480,754	2,082,813,520
Sylhet Division		101,109,479	125,041,514
Rajshahi Division		230,815,869	182,074,225
		6,016,273,959	5,758,269,905
Outside Bangladesh		-	-
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.8 Loans/investments including bills purchased and discounted covered by securities			
Collateral of movable/immovable assets		56,772,734,390	34,923,253,261
Local banks and financial institutions' guarantee		2,093,589,830	3,983,950,688
Foreign banks' guarantee		185,020,274	448,544,995
Export documents		2,147,637,003	2,082,746,407
Cash and quasi cash		5,905,896,151	4,124,075,038
Personal guarantee		17,302,346,638	29,988,798,497
Other securities		7,921,594,239	7,268,604,998
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
8.9 Details of large loan/investment			
As at 31 December 2012 there were sixteen (2011: ten) clients with whom amount of outstanding loans and advances exceeded 10% of the total capital of the Bank. Total capital of the Bank was Taka 13,930.18 million as at 31 December 2012 (Taka 12,447.32 million in 2011).			
Details are shown in Annex E.			
8.10 Particulars of loans and advances/investments			
i) Loans/investments considered good in respect of which the Bank is fully secured		67,104,877,648	45,562,570,389
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee		17,302,346,638	29,988,798,497
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors		7,921,594,239	7,268,604,998

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
iv) Loans/investments adversely classified; provision not maintained there against		-	-
		<u>92,328,818,525</u>	<u>82,819,973,884</u>
v) Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons		<u>605,219,890</u>	<u>474,796,621</u>
vi) Loans/investments due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members		-	-
vii) Maximum total amount of advances/investments, including temporary advances/investments made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.		<u>605,219,890</u>	<u>474,796,621</u>
viii) Maximum total amount of advances/investments, including temporary advances/investments granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members		-	-
ix) Due from banking companies		<u>4,223,636,160</u>	<u>7,696,145,095</u>
x) Classified loans/investments for which interest has not been charge:			
a) Increase of provision (specific)		1,919,022,242	309,232,000
Amount of loan written off		455,830,000	-
Amount realised against the loans previously written off		-	-
b) Provision kept against loans/investments classified as bad debts		2,475,192,242	556,170,000
c) Interest credited to interest suspense account		461,780,702	291,160,430
xi) Cumulative amount of written off loans/investments			
Opening balance		858,331,493	858,331,493
Amount written off during the year		455,830,000	-
The amount of written off loans/investments for which law suit has been filed		1,314,161,493	858,331,493

8.11 Grouping as per classification rules

Unclassified:

Standard including staff loan

 Special mentioned account

Classified:

 Sub-standard

 Doubtful

 Bad/loss

85,977,825,111	79,365,473,884
1,099,509,120	1,204,538,000
531,549,128	548,857,000
780,234,525	443,010,000
3,939,700,641	1,258,095,000
5,251,484,294	2,249,962,000
<u>92,328,818,525</u>	<u>82,819,973,884</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding at 31 Dec 2012	Base for provision	% of required provision	Required provision	
For loans and advances/Investments:					
Unclassified - general provision					
All unclassified loans (other than SME financing, house building loan and loan for professional, loan to Brokerage House (BH), consumer finance, staff loan and SMA	64,845,313,798	64,845,313,798	1%	658,826,919	622,657,360
Small and medium enterprise financing	12,735,380,949	12,735,380,949	0.25%	31,838,452	87,803,740
House building loan and loan for professional	1,993,231,067	1,993,231,067	2%	39,864,621	40,305,100
Loans to BH	4,308,863,483	4,308,863,483	2%	86,177,270	82,078,980
Consumer finance	1,657,882,495	1,657,882,495	5%	82,894,125	75,576,150
Special mentioned account	1,099,509,120	1,097,528,673	5%	54,876,434	58,835,850
				954,477,821	967,257,180
Off-shore unit					
Unclassified loans (general)	437,153,320	437,153,320	1%	4,371,533	6,766,820
Special mentioned account				-	-
				4,371,533	6,766,820
Classified - specific provision:					
Sub-standard	531,549,128	223,837,067	20% / 5%	44,399,799	60,466,000
Doubtful	780,234,525	243,439,034	50%	121,517,088	155,786,000
Bad/loss	3,939,700,640	2,475,192,242	100%	2,475,192,242	556,170,000
				2,641,109,129	772,422,000
Required provision for loans and advances				3,599,958,483	1,746,446,000
Total provision maintained					
Conventional and Islamic Banking (Note 13.2)				3,625,936,242	1,739,512,995
Off-shore Banking Unit				4,371,533	6,933,005
				3,630,307,775	1,746,446,000
Excess provision at 31 December				30,349,292	-

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
8.13 Suits filed by the Bank (Branch wise details)			
Bashundhara Branch		25,949,834	20,412,980
CDA Avenue Branch		12,983,420	12,983,420
Corporate Branch		286,700,280	8,096,339
Dhanmondi Branch		7,250,553	-
Dilkusha Branch		55,210,157	48,530,251
Gulshan Branch		101,159,943	53,119,943
Khatunganj Branch		772,417,366	10,559,241
Malkhanagar Branch		89,742,510	-
Mirpur branch		4,775,474	4,389,095
North South Road Branch		196,703,158	44,231,132
Principal Office Branch		321,791,549	316,267,766
Scotia Branch		660,525,498	448,725,404
Sheikh Mujib Road Branch		178,292,752	116,852,098
Sylhet Main Branch		13,790,574	13,790,574
Uttara Branch		590,000	590,000
Credit cards		58,705	58,705
Agrabad Branch		211,174,937	34,090,264
Mitford Branch		25,635,919	25,635,919
Rajshai Branch		547,173	547,173
Sylhet Upashahar Branch		5,557,250	5,557,250
Jatrabari SME Service Centre		644,879	644,879
Jurain SME service centre		838,651	-
		<u>2,972,340,582</u>	<u>1,165,082,433</u>
8.14 Bills purchased and discounted			
Payable in Bangladesh		3,899,493,717	7,437,033,549
Payable outside Bangladesh		324,142,443	259,111,546
		<u>4,223,636,160</u>	<u>7,696,145,095</u>
8.15 Maturity-wise grouping of bills purchased and discounted			
Payable within 1 month		1,516,600,000	1,252,196,521
More than 1 month but less than 3 months		1,844,900,000	2,955,408,840
More than 3 months but less than 6 months		419,936,160	797,340,161
More than 6 months		442,200,000	2,691,199,572
		<u>4,223,636,160</u>	<u>7,696,145,094</u>
8.(a) Consolidated Loans and advances/investments			
Loans, cash credits, overdrafts, etc/investments			
Bank Asia Limited		88,105,182,365	75,123,828,789
Bank Asia Securities Limited		4,913,963,024	4,402,311,765
BA Exchange Company (UK) Limited		-	-
		<u>93,019,145,389</u>	<u>79,526,140,554</u>
Less: Inter- companies transactions		3,832,353,679	3,879,216,504
		<u>89,186,791,710</u>	<u>75,646,924,050</u>
Bills purchased and discounted			
Bank Asia Limited		4,223,636,160	7,696,145,095
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>4,223,636,160</u>	<u>7,696,145,095</u>
		<u>93,410,427,870</u>	<u>83,343,069,145</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
9 Fixed assets including premises, furniture and fixtures			
Conventional and Islamic banking (Note 9.1)		4,520,492,208	4,584,547,197
Off-shore banking unit		-	-
		<u>4,520,492,208</u>	<u>4,584,547,197</u>
9.1 Conventional and Islamic banking			
Cost:			
Land		2,531,152,000	2,531,152,000
Building		1,731,978,115	1,716,628,217
Furniture and fixtures		709,500,939	593,180,514
Equipments		443,755,877	382,329,549
Computer and accessories		224,197,219	198,493,894
Motor vehicles		131,986,360	110,493,360
		5,772,570,510	5,532,277,534
Less: Accumulated depreciation		1,207,472,802	903,124,836
Adjustment of Assets revaluation		44,605,500	44,605,501
Written down value at the end of the year		<u>4,520,492,208</u>	<u>4,584,547,197</u>
Details are shown in Annex C			
9(a) Fixed assets including premises, furniture and fixtures			
Bank Asia Limited		4,520,492,208	4,584,547,197
Bank Asia Securities Limited		13,612,271	17,272,329
BA Exchange Company (UK) Limited		14,790,620	17,011,800
		<u>4,548,895,099</u>	<u>4,618,831,326</u>
Details are shown in Annex C.2			
10 Other assets			
Conventional and Islamic banking (Note 10.1)		7,872,670,163	5,694,771,499
Off-shore banking unit		6,956,777	16,474,984
		<u>7,879,626,940</u>	<u>5,711,246,483</u>
10.1 Conventional and Islamic banking			
Income generating other assets			
Income receivable (Note 10.2)		627,416,960	493,544,988
Investment in BA Exchange Company (UK) Limited		32,500,000	24,974,077
Investment in Bank Asia Securities Ltd		449,990,000	449,990,000
		1,109,906,960	968,509,065
Non-income generating other assets			
Stock of stamps		2,507,576	2,070,145
Stationery, printing materials, etc		17,885,868	21,389,636
Prepaid expenses		5,249,128	4,403,670
Deposits and advance rent		238,887,013	225,775,356
Due from Capital Market Division of the Bank		20,744,552	129,799,655
Branch adjustment account (Note 10.3)		53,875,462	74,790,740
Advances, prepayments and others (Note 10.4)		216,428,464	93,399,563
Advance income tax		5,575,514,163	3,960,952,259
Receivable against government		234,757,049	106,293,004
Receivable against remittance		-	3,911,097
Sundry debtors		312,592,760	37,977,390
Protested bills		56,810,639	56,810,639
Receivable from BA Exchange Company (UK) Limited		19,783,539	5,057,000
Investment in BA Express USA Inc		3,150,000	-
Excise duty recoverable		4,576,990	3,632,280
		6,762,763,203	4,726,262,434
		<u>7,872,670,163</u>	<u>5,694,771,499</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

10.2 Income receivable

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

10.3 Branch adjustment accounts

This represents outstanding inter-branch and head office transactions (net) which are originated but not responded by the counter transaction at the balance sheet date. The unresponded entries of 31 December 2012 are given below:

	Number of unresponded entries (Debit)	Amount of unresponded entries (Taka)	Number of unresponded entries (Credit)	Amount of unresponded entries (Taka)
Up to 3 months	173	57,121,000	113	14,665,000
More than 3 months but within 6 months	44	9,950,000	69	6,539,000
More than 6 months but within 1 year	33	11,900,000	87	2,886,000
More than 1 year but within 5 years	38	9,325,000	26	2,443,000
Above 5 years	-	-	-	-
	288	88,296,000	295	26,533,000

10.4 Advances, prepayments and others

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

10(a) Consolidated Other assets

Bank Asia Limited	7,879,626,940	5,711,246,483
Bank Asia Securities Limited	110,173,218	74,817,110
BA Exchange Company (UK) Limited	2,565,940	1,674,271
	<u>7,992,366,098</u>	<u>5,787,737,864</u>
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	449,990,000	449,990,000
Investment in BA Exchange Company (UK) Limited	32,500,000	26,000,000
Receivable from BASL	15,000,000	117,397,136
Receivable from BA Exchange Company (UK) Limited	14,274,347	-
	<u>7,480,601,751</u>	<u>5,194,350,728</u>

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	3,825,000,476	1,226,743,285
Off-shore banking unit	-	-
	<u>3,825,000,476</u>	<u>1,226,743,285</u>

11.1 Conventional and Islamic banking

In Bangladesh (Note 11.1.1)	3,825,000,476	1,226,743,285
Outside Bangladesh	-	-
	<u>3,825,000,476</u>	<u>1,226,743,285</u>

11.1.1 In Bangladesh

Secured	-	-
Un secured:		
Money at call and on short notice	-	-
Trust Bank Limited	200,000,000	-
State Bank of India	150,000,000	-
Janata Bank Limited	-	100,000,000
The Hongkong and Shanghai Banking Corporation Limited	-	100,000,000
	<u>350,000,000</u>	<u>200,000,000</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
Term borrowing			
Bangladesh Bank refinance (Islamic)		1,400,000,000	900,000,000
Bangladesh Bank refinance and ALS		2,075,000,476	126,743,285
		<u>3,475,000,476</u>	<u>1,026,743,285</u>
		<u>3,825,000,476</u>	<u>1,226,743,285</u>
11.2 Maturity-wise grouping			
Payable on demand		1,914,300,000	200,000,000
Up to 1 month		-	-
More than 1 month but within 3 months		-	-
More than 3 months but within 1 year		1,910,700,476	900,000,000
More than 1 year but within 5 years		-	-
More than 5 years		-	-
		<u>3,825,000,476</u>	<u>1,100,000,000</u>
11(a) Consolidated Borrowings from other banks, financial institutions and agents			
Bank Asia Limited		3,825,000,476	1,226,743,285
Bank Asia Securities Limited		4,282,363,679	3,879,216,504
BA Exchange Company (UK) Limited		-	-
		<u>8,107,364,155</u>	<u>5,105,959,789</u>
Less: inter- companies transactions		<u>3,832,353,679</u>	<u>3,879,216,504</u>
		<u>4,275,010,476</u>	<u>1,226,743,285</u>
11(aa) Subordinated Non-Convertible Zero Coupon Bond			
A.K Khan & Company Limited		249,997,004	-
EBL NRB Mutual Fund		19,920,576	-
Popular Life 1st Mutual Fund		9,960,288	-
EXIM Bank 1st Mutual Fund		39,996,781	-
IFIC Bank 1st Mutual Fund		9,960,288	-
AB Bank 1st Mutual Fund		37,973,598	-
EBL First Mutual Fund		9,991,414	-
First Bangladesh Fixed Income Fund		209,944,195	-
Industrial and Infrastructure Development Finance Company Limited (IIDFC)		12,254,267	-
		<u>599,998,411</u>	<u>-</u>
12 Deposits and other accounts			
Conventional and Islamic banking (Note 12.1)		109,467,216,825	94,739,930,739
Off-shore banking unit		594,558,558	391,167,870
		<u>110,061,775,383</u>	<u>95,131,098,609</u>
Deposits and other accounts			
Current/AI-wadeeah current accounts and other accounts			
Deposits from banks		-	-
Deposits from customers		14,543,844,248	12,024,446,868
		<u>14,543,844,248</u>	<u>12,024,446,868</u>
Bills payable			
Deposits from banks		-	-
Deposits from customers		1,502,901,195	1,099,573,430
		<u>1,502,901,195</u>	<u>1,099,573,430</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
Savings bank/Mudaraba savings bank deposits			
Deposits from banks		-	-
Deposits from customers		10,613,363,599	9,060,930,520
		10,613,363,599	9,060,930,520
Fixed deposits/Mudaraba fixed deposits			
Deposits from banks		1,111,957,040	520,820,616
Deposits from customers		81,695,150,743	72,425,327,176
		82,807,107,783	72,946,147,792
		<u>109,467,216,825</u>	<u>95,131,098,609</u>
12.1 Conventional and Islamic banking			
Deposits from banks (Note 12.1.1)		1,111,957,040	520,820,616
Deposits from customers (Note 12.1.2)		108,355,259,785	94,219,110,123
		<u>109,467,216,825</u>	<u>94,739,930,739</u>
12.1.1 Deposits from banks			
Fixed deposit:			
AB Bank Limited		1,222,860	1,174,736
EXIM Bank Limited		5,739,640	5,566,041
Sonali Bank Limited		4,500,000	13,600,000
Social Islami Bank Limited		300,494,540	300,479,839
The Premier Bank Limited		400,000,000	200,000,000
Shajalal Islami Bank		200,000,000	-
Southeast Bank		200,000,000	-
		1,111,957,040	520,820,616
Bangladesh Bank refinance		-	-
		<u>1,111,957,040</u>	<u>520,820,616</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
12.1.2 Deposits from customers			
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)		14,543,844,248	11,911,171,392
Bills payable (Note 12.1.2b)		1,502,901,195	1,099,573,430
Savings bank/Mudaraba savings deposits		10,613,363,599	9,060,930,520
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)		81,695,150,743	72,147,434,781
		<u>108,355,259,785</u>	<u>94,219,110,123</u>
12.1.2a Current/Al-wadeeah current accounts and other accounts			
Current/Al-wadeeah current accounts		5,335,346,474	4,514,550,117
Other demand deposit - Local currency		7,025,389,232	5,406,222,756
Other demand deposit - Foreign currencies		1,427,978,931	1,187,877,992
Foreign currency deposits		755,129,611	802,520,527
Export retention quota		-	-
		<u>14,543,844,248</u>	<u>11,911,171,392</u>
12.1.2b Bills payable			
Bills payable - local currency		1,497,757,234	1,094,102,098
Bills payable - foreign currencies		5,143,961	5,471,332
Demand draft		-	-
		<u>1,502,901,195</u>	<u>1,099,573,430</u>
12.1.2c Fixed deposits/Mudaraba fixed deposits			
Fixed deposits/Mudaraba fixed deposits		58,971,370,666	56,494,004,670
Special notice deposit		9,466,715,034	6,462,740,737
Foreign currency deposits (interest bearing)		8,257,208	8,241,390
Deposit under schemes		13,248,807,835	9,182,447,984
		<u>81,695,150,743</u>	<u>72,147,434,781</u>
12.2 Payable on demand and time deposits			
a) Demand deposits			
Current/Al-wadeeah current accounts and other accounts		5,855,279,043	4,627,825,593
Savings bank/Mudaraba savings deposits		955,202,724	815,483,747
Foreign currency deposits (non interest bearing)		2,183,108,542	1,990,398,519
Sundry deposits		7,025,389,232	5,406,222,756
Bills payable		1,502,901,195	1,099,573,430
		<u>17,521,880,736</u>	<u>13,939,504,045</u>
b) Time deposits			
Savings bank/Mudaraba savings deposits		9,658,160,875	8,245,446,773
Fixed deposits/Mudaraba fixed deposits		60,157,953,695	57,292,717,681
Foreign currency deposits (interest bearing)		8,257,208	8,241,390
Special notice deposit		9,466,715,034	6,462,740,737
Security deposits		-	-
Deposits under schemes		13,248,807,835	9,182,447,984
		<u>92,539,894,647</u>	<u>81,191,594,565</u>
		<u>110,061,775,383</u>	<u>95,131,098,609</u>
12.3 Sector-wise break-up of deposits and other accounts			
Government		3,187,922,000	2,102,131,000
Deposit from banks		1,111,957,040	520,820,616
Other public		4,277,966,000	5,204,904,000
Foreign currencies		2,791,068,269	2,395,279,111
Private		98,692,862,074	84,907,963,882
		<u>110,061,775,383</u>	<u>95,131,098,609</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
12.4 Maturity-wise grouping			
Deposits from banks			
Payable on demand		-	-
Up to 1 month		6,962,500	1,174,736
Over 1 month but within 6 months		904,994,540	19,166,041
Over 6 months but within 1 year		200,000,000	300,479,839
Over 1 year but within 5 years		-	200,000,000
Over 5 years		-	-
		1,111,957,040	520,820,616
Customer deposits excluding bills payable			
Payable on demand		16,395,798,805	6,406,487,198
Up to 1 month		34,689,907,118	8,450,966,833
Over 1 month but within 6 months		20,152,205,460	29,692,891,760
Over 6 months but within 1 year		14,864,230,382	16,283,032,640
Over 1 year but within 5 years		15,675,375,383	23,494,878,147
Over 5 years		5,669,400,000	9,182,447,984
		107,446,917,148	93,510,704,563
Bills payable			
Payable on demand		170,701,195	1,099,573,430
Up to 1 month		-	-
Over 1 month but within 6 months		1,332,200,000	-
Over 6 months but within 1 year		-	-
Over 1 year but within 5 years		-	-
Over 5 years		-	-
		1,502,901,195	1,099,573,430
		<u>110,061,775,383</u>	<u>95,131,098,609</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
12(a) Consolidated Deposits and other accounts			
Current/AI-wadeeah current accounts and other accounts			
Bank Asia Limited		15,063,776,817	12,024,446,868
Bank Asia Securities Limited		114,812,145	95,826,867
BA Exchange Company (UK) Limited		-	-
		<u>15,178,588,962</u>	<u>12,120,273,735</u>
Less: Inter-company transactions		1,058,948	5,605,409
		<u>15,177,530,014</u>	<u>12,114,668,326</u>
Bills payable			
Bank Asia Limited		1,502,901,195	1,099,573,430
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>1,502,901,195</u>	<u>1,099,573,430</u>
Savings bank/Mudaraba savings bank deposits			
Bank Asia Limited		10,613,363,599	9,060,930,520
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>10,613,363,599</u>	<u>9,060,930,520</u>
Fixed deposits/Mudaraba fixed deposits			
Bank Asia Limited		82,881,733,772	72,946,147,792
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>82,881,733,772</u>	<u>72,946,147,792</u>
13 Other liabilities			
Conventional and Islamic banking (Note 13.1)		12,820,538,143	8,880,989,211
Off-shore banking unit		8,891,809	11,643,361
		<u>12,829,429,952</u>	<u>8,892,632,572</u>
13.1 Conventional and Islamic banking			
Provision for loans and advances/investments (Note 13.2)		3,625,936,242	1,739,512,995
Provision on off-balance sheet exposures (Note 13.3)		587,637,090	458,168,020
Interest suspense account (Note 13.4)		461,780,702	291,160,430
Provision for income tax including deferred tax (Note 13.5)		7,371,616,027	5,556,616,027
Provision for performance bonus		151,799,878	161,214,818
Credit card		3,582,759	2,670,666
Expenditures and other payables		72,919,937	87,809,861
Obligation under finance lease (Note 13.6)		14,757,253	53,637,685
Provision for nostro accounts (Note 13.7)		-	-
Other payable		45,406,190	31,475,923
Provision for profit equalisation		14,940,855	1,884,374
Provision for Smart Junior Saver A/c		13,375	-
Diminution in value of shares		100,000,000	112,655,749
Payable to Government		45,555,155	16,335,154
Provision for others (Note 13.8)		69,831,323	56,810,639
Unearned income for Islamic banking		217,355,521	311,036,870
Clearing adjustment account FCY		33,922,356	-
Interest payable on subordinated non-convertible zero coupon bond		3,483,480	-
		<u>12,820,538,143</u>	<u>8,880,989,211</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
13.2 Provision for loans and advances/investments			
A. General			
Balance at the beginning of the year		967,090,995	924,372,322
<u>Add:</u> Provision made during the year			
On general loans and advances/investments etc.		17,736,118	33,565,923
On special mentioned account		-	9,152,750
		17,736,118	42,718,673
<u>Less:</u> Provision no longer required		-	-
Balance at the end of the year		984,827,113	967,090,995
B. Specific			
Balance at the beginning of the year		772,422,000	354,630,899
<u>Less:</u> Interest waiver during the year		(9,757,429)	(37,973,577)
Write off during the year		(380,321,545)	-
		(390,078,974)	(37,973,577)
<u>Add/Back:</u> Recoveries of amounts previously written off		183,582,295	53,422,750
Specific provision made during the year for other accounts		2,075,183,808	402,341,928
		2,258,766,103	455,764,678
Balance at the end of the year		2,641,109,129	772,422,000
C. Total provision on loans and advances/investments (A+B)		3,625,936,242	1,739,512,995
13.3 Provision on off-balance sheet exposures			
Balance at 1 January		458,168,020	414,120,697
<u>Add:</u> Provision made during the year (Note 34.b)		129,469,070	44,047,323
		587,637,090	458,168,020
<u>Less:</u> Adjustments made during the year		-	-
Balance at 31 December		587,637,090	458,168,020
13.4 Interest suspense account			
Balance at 1 January		291,160,430	148,156,005
<u>Add:</u> Amount transferred to "interest suspense" account during the year		1,097,914,635	288,713,998
		1,389,075,065	436,870,003
<u>Less:</u> Amount of interest suspense recovered		926,698,915	138,843,904
Amount written off during the year		-	-
Interest waiver during the year		595,448	6,865,669
		927,294,363	145,709,573
Balance at 31 December		461,780,702	291,160,430
13.5 Provision for taxation			
Current tax (Note 13.5.1)		7,089,642,948	5,301,088,407
Deferred tax (Note 13.5.2)		281,973,079	255,527,620
		7,371,616,027	5,556,616,027
13.5.1 Provision for current tax			
Balance at 1 January		5,301,088,407	3,785,096,073
Provision made during the year		1,788,554,541	1,515,992,334
		7,089,642,948	5,301,088,407
Adjustments made during the year		-	-
Balance at 31 December		7,089,642,948	5,301,088,407
Corporate tax position of the Bank has been shown in Annex D.			

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
13.5.2 Provision for deferred tax			
Balance at 1 January		255,527,620	255,527,620
Provision made for deferred tax liabilities:			
Charged/(credited) to profit and loss statement		26,445,459	-
Charged/(credited) to revaluation reserve		-	-
		26,445,459	-
		281,973,079	255,527,620
Provision made for deferred tax assets		-	-
Balance at 31 December		281,973,079	255,527,620
13.5.1(a) Consolidated Provision for current tax			
Current Tax			
Bank Asia Limited		1,788,554,541	1,515,992,334
Bank Asia Securities Limited		16,070,482	54,812,943
BA Exchange Company (UK) Limited		-	-
Balance at 31 December		1,804,625,023	1,570,805,277
13.5.2(a) Consolidated provision for deferred tax			
Bank Asia Limited		281,973,079	255,527,620
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		281,973,079	255,527,620
13.6 Obligation under finance lease			
Furniture, fixtures and equipment		-	25,584,981
Computer and accessories		-	8,572,285
Motor vehicles		14,757,253	18,858,751
Building		-	621,668
		14,757,253	53,637,685
13.7 Provision for nostro accounts			
As per instructions contained in the circular letter no. FEPD (FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of nostro account as at balance sheet date. Adequate provision has been made for debit entries which are outstanding for more than 3 months. Details of unrecognized entries are shown in Annex I.			
13.8 Provision for others:			
Balance at the beginning of the year		56,810,639	-
Add: Provision made during the year		13,020,684	56,810,639
Less: Provision no longer required		-	-
Balance at the end of the year		69,831,323	56,810,639
13(a) Consolidated Other liabilities			
Bank Asia Limited		12,829,429,952	8,892,632,572
Bank Asia Securities Limited		248,672,189	181,271,683
BA Exchange Company (UK) Limited		21,841,690	9,948,642
		13,099,943,831	9,083,852,897
Less: Inter- companies transactions			
Receivable from capital operation		15,000,000	117,397,136
Receivable from BA Exchange (UK) Limited		14,274,347	-
		13,070,669,484	8,966,455,761

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
14 Share capital			
14.1 Authorized capital			
1,500,000,000 ordinary shares of Taka 10 each		<u>15,000,000,000</u>	<u>15,000,000,000</u>
14.2 Issued, subscribed and fully paid up capital			
56,372,480 ordinary shares of Taka 10 each issued for cash		563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each issued as bonus shares		3,640,107,700	3,640,107,700
Right shares issue @25% for the year 2011		1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011		<u>1,050,958,120</u>	<u>-</u>
		<u>6,305,748,720</u>	<u>5,254,790,600</u>
14.3 Initial public offer (IPO)			
Out of the total issued, subscribed and fully paid up capital of the Bank 2,000,000 ordinary shares of Taka 100 each amounting to Taka 200,000,000 was raised through public offering of shares in 2003.			
14.4 Capital adequacy ratio			
The calculation of CAR has been done as per BRPD Circular no. 10 dated 10 March 2010 and the Basel-II guidelines, December 2010 vide BRPD Circular no. 35 dated 29 December 2010.			
Core capital (Tier-I)			
Paid up capital		6,305,748,720	5,254,790,600
Share premium		330	330
Statutory reserve (Note 15)		3,503,958,171	2,959,358,772
Retained earnings (Note 17)		634,621,144	1,322,181,668
		<u>10,444,328,365</u>	<u>9,536,331,370</u>
Supplementary capital (Tier-II)			
General provision maintained against unclassified loan/investments		989,198,646	974,024,000
General provision on off-balance sheet exposure		592,157,366	461,585,000
Subordinated non convertible zero coupon bond		599,998,411	-
General reserve		8,166,144	8,166,144
Revaluation reserve of Government securities and Fixed assets		1,296,337,919	1,467,218,013
		<u>3,485,858,486</u>	<u>2,910,993,156</u>
Additional supplementary capital (Tier-III)			
A) Total capital		<u>13,930,186,851</u>	<u>12,447,324,526</u>
B) Total risk weighted assets		<u>106,719,000,000</u>	<u>83,664,200,000</u>
C) Required capital		<u>10,671,900,000</u>	<u>8,366,420,000</u>
D) (Deficit)/Surplus (A-C)		<u>3,258,286,851</u>	<u>4,080,904,526</u>
Capital adequacy ratio:			
On core capital - against standard of minimum 5%		9.79%	11.40%
On total capital - against standard of minimum 10%		13.05%	14.88%

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

14.4 (a) Consolidated Capital adequacy ratio

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

Core capital (Tier-I)

Paid up capital	6,305,748,720	5,254,790,600
Non-controlling (Minority) interest	12,191	10,000
Share premium	330	330
Statutory reserve (Note 15)	3,503,958,171	2,959,358,772
Retained earnings (Note 17a)	703,603,495	1,449,223,838
	10,513,322,907	9,663,383,540

Supplementary capital (Tier-II)

General provision maintained against unclassified loan/investments	989,198,646	974,024,000
General provision on off-balance sheet exposure	592,157,366	461,585,000
Subordinated non covertable zero coupon bond	599,998,411	-
General reserve	8,166,144	8,166,144
Revaluation reserve of Government securities and Fixed assets	1,296,337,919	1,467,218,013
	3,485,858,486	2,910,993,156

Additional supplementary capital (Tier-III)

A) Total capital	13,999,181,393	12,574,376,696
B) Total risk weighted assets	107,678,900,000	88,492,000,000
C) Required capital	10,767,890,000	8,849,200,000
D) (Deficit)/Surplus (A-C)	3,231,291,393	3,725,176,696

Capital adequacy ratio:

On core capital - against standard of minimum 5%	9.76%	10.92%
On total capital - against standard of minimum 10%	13.00%	14.21%

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2012		At 31 December 2011	
	No. of shares	%	No. of shares	%
Sponsors and Directors	323,824,332	51.35	271,197,130	51.61
General public	137,312,651	21.78	123,237,750	23.45
Institutions	134,335,693	21.30	107,457,510	20.45
Investment companies	23,284,460	3.70	13,710,740	2.61
Non-resident Bangladeshi	9,086,436	1.44	7,687,930	1.46
Foreign investors	2,731,300	0.43	2,188,000	0.42
	630,574,872	100	525,479,060	100

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2012	2011	2012	2011
Less than 5,000	14,793	14,348	2.27	2.63
5,000 to 50,000	1,954	1,869	3.99	4.47
50,001 to 100,000	124	111	1.39	1.44
100,001 to 200,000	74	77	1.63	2.12
200,001 to 300,000	34	43	1.35	2.05
300,001 to 400,000	29	20	1.57	1.37
400,001 to 500,000	14	8	1.01	0.65
500,001 to 1,000,000	47	40	5.57	5.51
1,000,001 to 10,000,000	77	73	36.58	38.59
Over 10,000,000	15	13	44.64	41.17
	17,161	16,602	100	100

14.7 Name of the Directors and their shareholdings as at 31 December 2012

SI	Name of the director	Status position	Opening position	Closing position
1	Mr. A Rouf Chowdhury	Chairman	9,627,860	15,553,432
2	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd)	Vice Chairman	20,581,970	24,698,364
3	Mr. Mohammed Lakiotullah (Independent director)	Vice Chairman	-	-
4	Mr. Rume A Hossain	Director	20,402,010	24,482,412
5	Ms. Hosneara Sinha	Director	23,970,580	28,764,696
6	Ms. Farhana Haq Chowdhury	Director	14,295,570	17,154,684
7	Mr. A M Nurul Islam (Independent Director)	Director	-	-
8	Mr. Nafees Khundker	Director	17,709,980	21,251,976
9	Ms. Sohana Rouf Chowdhury (Alternate Director to Mr. Murshed Sultan Choudhury)	Director	16,262,630	19,515,156
10	Mr. M Irfan Syed (Alternate Director to Mr. Mir Shahjahan)	Director	10,825,960	12,991,152
11	Ms. Naheed Akhter Sinha	Director	25,168,600	30,202,320
12	Mr. Faisal Samad (Alternate Director to Ms. Mahrina Dia Chowdhury)	Director	13,663,660	16,396,392
13	Mr. Shah Md. Nurul Alam (Representing Amiran Generations Ltd.)	Director	16,673,140	20,007,768

15 Statutory reserve

Balance at 1 January	2,959,358,772	2,272,917,429
Add: Addition during the year (20% of pre-tax profit)	544,599,399	686,441,343
Balance at 31 December	<u>3,503,958,171</u>	<u>2,959,358,772</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
16 Revaluation reserve			
HTM securities (Note 16.1)		2,849,271	4,063,852
HFT securities (Note 16.2)		157,527,564	453,467,671
Fixed Assets revaluation (Note 16.3)		2,432,299,002	2,476,904,502
		<u>2,592,675,837</u>	<u>2,934,436,025</u>
16.1 Revaluation reserve on HTM securities			
Balance at 1 January		4,063,852	-
Adjustment for sale/maturity of securities		(4,075,435)	-
Gain from revaluation on investments		2,860,854	4,063,852
		<u>2,849,271</u>	<u>4,063,852</u>
16.2 Revaluation reserve on HFT securities			
Balance at 1 January		453,467,671	482,618,168
Gain from revaluation on investments		348,736,684	48,110,375
Adjustment for sale/maturity of securities		(644,676,791)	(77,260,872)
		<u>157,527,564</u>	<u>453,467,671</u>
16.3 Revaluation reserve on Fixed Assets			
Balance at 1 January		2,476,904,502	-
Addition of Fixed Assets revaluation		-	2,521,510,003
Depreciation charged during the period		(44,605,500)	(44,605,501)
		<u>2,432,299,002</u>	<u>2,476,904,502</u>
16 (a) Consolidated Revaluation reserve			
Bank Asia Limited		2,592,675,837	2,934,436,025
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>2,592,675,837</u>	<u>2,934,436,025</u>
17 Retained earnings			
Balance at 1 January		1,322,181,668	1,293,503,630
Add: Post - tax profit for the year		907,996,995	1,916,214,381
Less: Issue of bonus shares for the year 2011		1,050,958,120	1,201,095,000
Transfer to Statutory Reserve		544,599,399	686,441,343
		<u>634,621,144</u>	<u>1,322,181,668</u>
17(a) Consolidated Retained earnings			
Balance at 1 January		1,449,223,838	1,293,503,630
<u>Add: Post- tax profit for the year</u>		849,941,367	2,043,256,551
Less: Non controlling interest for year 2011		(3,162)	-
Less: Non controlling interest		(1,029)	-
		<u>2,299,161,014</u>	<u>3,336,760,181</u>
<u>Less: Issue of bonus shares</u>		1,050,958,120	1,201,095,000
Transferred to Statutory Reserve		544,599,399	686,441,343
		<u>1,595,557,519</u>	<u>1,887,536,343</u>
		<u>703,603,495</u>	<u>1,449,223,838</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
17(b) Non-controlling (Minority) interest			
Bank Asia Securities Limited		12,191	10,000
BA Exchange Company (UK) Limited		-	-
		<u>12,191</u>	<u>10,000</u>
18 Contingent liabilities			
Conventional and Islamic banking		58,763,709,043	47,115,549,641
Off-shore banking unit		452,027,559	341,698,000
		<u>59,215,736,602</u>	<u>47,457,247,641</u>
Acceptances and endorsements			
Conventional and Islamic banking		24,197,548,089	16,988,944,126
Off-shore banking unit		280,932,890	153,074,740
		<u>24,478,480,979</u>	<u>17,142,018,866</u>
Letters of guarantee			
Conventional and Islamic banking (Note 18.1)		9,877,524,764	6,887,870,884
Off-shore banking unit		-	-
		<u>9,877,524,764</u>	<u>6,887,870,884</u>
Irrevocable letters of credit			
Conventional and Islamic banking (Note 18.2)		16,698,993,643	18,726,960,801
Off-shore banking unit		155,883,770	135,463,300
		<u>16,854,877,413</u>	<u>18,862,424,101</u>
Bills for collection			
Conventional and Islamic banking (Note 18.3)		7,989,642,547	4,511,773,830
Off-shore banking unit		15,210,899	53,159,960
		<u>8,004,853,446</u>	<u>4,564,933,790</u>
Other contingent liabilities			
Conventional and Islamic banking		-	-
Off-shore banking unit		-	-
		<u>-</u>	<u>-</u>
		<u>59,215,736,602</u>	<u>47,457,247,641</u>
18.1 Letters of guarantee			
Letters of guarantee (Local)		9,877,524,764	6,887,870,884
Letters of guarantee (Foreign)		-	-
		<u>9,877,524,764</u>	<u>6,887,870,884</u>
<u>Less: Margin</u>		-	218,882,234
		<u>9,877,524,764</u>	<u>6,668,988,650</u>
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:			
Directors or officers		-	-
Government		20,845,575	20,845,575
Banks and other financial institutions		3,206,134,194	1,103,613,475
Others		6,650,544,995	5,763,411,834
		<u>9,877,524,764</u>	<u>6,887,870,884</u>
<u>Less: Margin</u>		-	218,882,234
		<u>9,877,524,764</u>	<u>6,668,988,650</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
18.2 Irrevocable letters of credit			
Letters of credit Back to Back (Inland)		2,197,006,448	2,819,563
Letters of credit (General)		11,798,689,064	13,764,315,775
Back to back L/C		2,703,298,131	4,959,825,463
		<u>16,698,993,643</u>	<u>18,726,960,801</u>
Less: Margin		-	706,972,596
		<u>16,698,993,643</u>	<u>18,019,988,205</u>
18.3 Bills for collection			
Local bills for collection		6,102,856,809	3,548,382,559
Foreign bills for collection		1,886,785,738	963,391,271
		<u>7,989,642,547</u>	<u>4,511,773,830</u>
18.4 Acceptances and endorsements			
Conventional and Islamic banking		24,197,548,089	16,988,944,126
Off-shore banking unit		280,932,890	153,074,740
Less: Margin		-	372,925,852
		<u>24,478,480,979</u>	<u>16,769,093,014</u>
18.5 Workers' profit participation fund (WPPF)			
As per Bangladesh Labour Act 2006 and SRO no. 336/Law/2010, all companies falling within the scope of WPPF are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. Bank obtained opinion from its legal advisor regarding this issue which stated that the Bank is not required to make provision for WPPF as it is not within the scope of WPPF. As such the Bank did not make any provision during the year for WPPF.			

	Notes	Amount in Taka	
		2012	2011

19 Income statement

Income:

Interest, discount and similar income (Note 19.1)	14,698,615,152	11,898,849,173
Dividend income (Note 22)	99,065,910	1,572,788
Fees, commission and brokerage (Note 19.2)	854,747,309	950,343,010
Interest on Orascom Telecom Bangladesh Ltd. senior bonds	38,651,507	48,978,493
Interest on ACI Convertible zero coupon bond	3,051,746	2,155,442
MTBL unsecured subordinated convertible bond	18,066,438	18,021,232
Prime Bank Ltd. unsecured non-convertible subordinated bond	16,461,575	16,118,992
Interest on others	40,796,634	50,731,091
Interest on placements	311,991,775	152,698,028
Gains less losses arising from dealing in securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies (Note 23.1)	905,566,300	1,175,656,065
Income from non-banking assets	-	-
Other operating income (Note 24)	450,010,835	290,971,779
Profit less losses on interest rate changes	-	-
	<u>17,437,025,181</u>	<u>14,606,096,093</u>

Expenses:

Interest paid/profit shared on deposits and borrowings, etc (Note 21)	9,616,349,333	8,202,658,439
Administrative expenses (Note 19.3)	1,819,332,127	1,554,260,698
Other expenses (Note 34)	675,643,443	531,022,792
Depreciation on banks assets (Note 33.1)	273,895,102	276,185,025
	<u>12,385,220,005</u>	<u>10,564,126,954</u>
	<u>5,051,805,176</u>	<u>4,041,969,139</u>

	Notes	Amount in Taka	
		2012	2011
19.1 Interest, discount and similar income			
Interest income/profit on investments		13,296,056,631	10,903,580,013
Interest on treasury bills		224,241,856	32,455,984
Interest on treasury bonds		733,826,280	885,664,180
Interest on debentures		2,398,136	7,099,507
Income from investment in shares		20,718,151	-
Capital gain on Government securities		421,374,098	70,049,489
		<u>14,698,615,152</u>	<u>11,898,849,173</u>
Figures of previous year have been rearranged, wherever considered necessary, to conform the current year's presentation.			
19.2 Fees, commission and brokerage			
Commission		854,747,309	950,343,010
Brokerage		-	-
		<u>854,747,309</u>	<u>950,343,010</u>
19.3 Administrative expenses			
Salaries and allowances (Note 25)		1,281,947,224	1,096,638,636
Rent, taxes, insurance, electricity, etc (Note 26)		326,555,893	284,470,714
Legal expenses (Note 27)		7,050,981	4,006,480
Postage, stamp, telecommunication, etc (Note 28)		53,917,490	23,053,219
Stationery, printing, advertisement, etc (Note 29)		70,023,477	78,967,034
Managing Director's salary and fees (Note 30)		12,200,000	7,368,420
Directors' fees (Note 31)		2,003,240	2,238,000
Auditors' fees		1,064,535	1,152,375
Repair of Bank's assets (Note 32.1)		64,569,287	56,365,820
		<u>1,819,332,127</u>	<u>1,554,260,698</u>
20 Interest income/profit on investments			
Conventional and Islamic banking (Note 20.1)		13,274,027,672	10,844,903,478
Off-shore banking unit		22,028,959	58,676,535
		<u>13,296,056,631</u>	<u>10,903,580,013</u>
20.1 Conventional and Islamic banking			
Loans (General)/Musharaka		4,951,084	400,158
Loans against trust receipts/ Bai Murabaha post import		3,429,243,389	3,011,468,875
Packing credit		12,873,811	9,849,545
House building loan		60,871,940	78,332,234
Payment against documents		266,499,978	356,128,851
Cash credit/Bai-Muajjal		385,365,826	243,208,688
Overdraft/ Quard against deposit		560,231,940	417,044,570
Consumer credit scheme		40,902,188	64,687,073
Staff loan		30,522,046	26,984,991
Local bills purchased		552,223,600	823,433,411
Foreign bills purchased		99,999,691	157,160,734
Interest income from credit card		151,836,155	129,580,792
Term loan-others/ Hire purchase Shirkatul Melk		1,819,465,583	1,046,983,530
Term loan-industrial		646,033,978	455,246,087
Demand loan		1,110,769,621	714,575,993
Transport loan		220,124,553	190,624,900
Sachsondo-SME		408,697,497	324,344,800
Other loans and advances		3,188,280,508	2,537,600,913
Net interest on margin loan of broker house		-	37,298,359
Total interest/profit on loans and advances/investments		<u>12,988,893,388</u>	<u>10,624,954,504</u>
Interest/profit on balance with other banks and financial institutions		282,719,683	203,502,323
Interest/profit received from foreign banks		2,414,601	16,446,651
		<u>13,274,027,672</u>	<u>10,844,903,478</u>

	Notes	Amount in Taka	
		2012	2011
20(a) Consolidated Interest income/profit on investments			
Bank Asia limited		13,296,056,631	10,903,580,013
BA Exchange Company (UK) Limited		-	-
Bank Asia Securities Ltd		592,744,302	490,108,634
		<u>13,888,800,933</u>	<u>11,393,688,647</u>
21 Interest paid/profit shared on deposits and borrowings etc.			
Conventional and Islamic banking (Note 21.1)		9,598,874,861	8,176,942,452
Off-shore banking unit		17,474,472	25,715,987
		<u>9,616,349,333</u>	<u>8,202,658,439</u>
21.1 Conventional and Islamic banking			
Interest paid/profit shared on deposits			
Fixed deposits/ Mudaraba Fixed deposit		6,839,726,632	6,313,645,518
Sanchaya plus		114,788,467	70,660,992
Savings deposits/ Mudaraba Savings bank		564,238,645	449,154,806
Special notice deposits		633,490,444	398,688,219
Other deposits		1,378,312,357	841,162,342
		<u>9,530,556,545</u>	<u>8,073,311,877</u>
Interest on borrowings			
Local banks including Bangladesh Bank		64,622,700	103,547,792
Foreign banks		212,136	82,783
Interest on subordinated non-convertible zero coupon bond		3,483,480	-
		<u>68,318,316</u>	<u>103,630,575</u>
		<u>9,598,874,861</u>	<u>8,176,942,452</u>
21(a) Consolidated Interest Expenses/profit paid on Deposits			
Bank Asia limited		9,616,349,333	8,202,658,439
Bank Asia Securities Ltd.		566,531,168	381,001,724
		<u>10,182,880,501</u>	<u>8,583,660,163</u>
22 Investment income			
Interest on treasury bills		224,241,856	32,192,740
Interest on treasury bonds		731,550,843	885,664,180
Interest on Islamic bonds		2,275,437	263,244
Prime Bank Ltd. unsecured non-convertible subordinated bond		16,461,575	16,118,992
Interest on Orascom Telecom Bangladesh Ltd. senior secured bonds		38,651,507	48,978,493
Interest on ACI Convertible zero coupon bond		3,051,746	2,155,442
MTBL unsecured subordinated convertible bond		18,066,438	18,021,232
Interest on placement		311,991,775	152,698,028
Interest on others		40,796,634	50,731,091
Capital gain from investment in shares		20,718,151	-
Dividend on shares		99,065,910	1,572,788
Interest on debentures		2,398,136	7,099,507
Capital gain on Government securities		421,374,098	70,049,489
		<u>1,930,644,106</u>	<u>1,285,545,226</u>

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

	Notes	Amount in Taka	
		2012	2011
22(a) Consolidated investment income			
Bank Asia Limited		1,930,644,106	1,285,545,226
Bank Asia Securities Limited		-	-
BA Exchange Company (UK) Limited		-	-
		<u>1,930,644,106</u>	<u>1,285,545,226</u>
Less: Inter-company transactions		89,998,000	-
		<u>1,840,646,106</u>	<u>1,285,545,226</u>
23 Commission, exchange and brokerage			
Conventional and Islamic banking (Note 23.1)		1,751,515,708	2,123,743,675
Off-shore banking unit		8,797,901	2,255,400
		<u>1,760,313,609</u>	<u>2,125,999,075</u>
23.1 Conventional and Islamic Banking			
Commission on L/C		284,268,852	319,428,197
Commission on back to back L/C		301,204,592	295,764,807
Fees and commission		50,566,402	56,592,363
Commission on L/G		64,808,899	54,483,342
Commission on export		127,803,354	135,293,636
Commission on PO, DD, TT, TC, etc		9,104,433	10,704,427
Commission on brokerage		-	68,797,847
Other commission		8,192,876	7,022,991
		<u>845,949,408</u>	<u>948,087,610</u>
Foreign exchange gain		905,566,300	1,175,656,065
		<u>1,751,515,708</u>	<u>2,123,743,675</u>
23(a) Consolidated Commission, exchange and brokerage			
Bank Asia limited		1,760,313,609	2,125,999,075
Bank Asia Securities Ltd		111,045,350	128,418,373
BA Exchange Company (UK) Limited		10,258,300	4,369,300
		<u>1,881,617,259</u>	<u>2,258,786,748</u>
24 Other operating income			
Conventional and Islamic banking (Note 24.1)		444,711,166	286,415,471
Off-shore banking unit		5,299,669	4,556,308
		<u>450,010,835</u>	<u>290,971,779</u>
24.1 Conventional and Islamic banking			
Locker charge		6,989,906	5,250,775
Service and other charges		242,090,406	125,787,009
Master/Visa card fees and charges		81,166,153	76,789,638
Postage/telex/SWIFT/fax recoveries		64,169,196	33,905,980
Profit on sale of fixed assets		-	31,200
Non-operating income		18,353,309	20,159,564
Rebate on nostro account		31,942,196	22,767,175
Other income from brokerage		-	1,724,130
		<u>444,711,166</u>	<u>286,415,471</u>
24(a) Consolidated other operating income			
Bank Asia Limited		450,010,835	290,971,779
Bank Asia Securities Ltd		(3,213,888)	9,160,256
BA Exchange Company (UK) Limited		-	-
		<u>446,796,947</u>	<u>300,132,035</u>

	Notes	Amount in Taka	
		2012	2011
25 Salaries and allowances			
Conventional and Islamic banking (Note 25.1)		1,281,947,224	1,096,638,636
Off-shore banking unit		-	-
		<u>1,281,947,224</u>	<u>1,096,638,636</u>
25.1 Conventional and Islamic banking			
Basic salary		463,552,193	391,154,556
Allowances		506,703,081	419,479,188
Festival bonus		80,157,472	67,434,042
Gratuity		39,091,096	32,997,676
Provident fund contribution		42,443,382	35,573,174
Contractual service expenses		-	-
Performance bonus		150,000,000	150,000,000
		<u>1,281,947,224</u>	<u>1,096,638,636</u>
25(a) Consolidated Salaries and allowances			
Bank Asia Limited		1,281,947,224	1,118,041,513
Bank Asia Securities Ltd		33,529,700	4,496,310
BA Exchange Company (UK) Limited		7,359,950	-
		<u>1,322,836,874</u>	<u>1,122,537,823</u>
26 Rent, taxes, insurance, electricity etc.			
Conventional and Islamic banking (Note 26.1)		326,473,987	284,394,968
Off-shore banking unit		81,906	75,746
		<u>326,555,893</u>	<u>284,470,714</u>
26.1 Conventional and Islamic banking			
Rent, rate and taxes		203,817,844	186,187,002
Insurance		82,877,932	68,252,100
Power and electricity		39,778,211	29,955,866
		<u>326,473,987</u>	<u>284,394,968</u>
26(a) Consolidated Rent, taxes, insurance, electricity etc.			
Bank Asia Limited		326,555,893	284,470,714
Bank Asia Securities Ltd		10,733,258	7,042,298
BA Exchange Company (UK) Limited		8,723,390	7,004,660
		<u>346,012,541</u>	<u>298,517,672</u>
27 Legal expenses			
Conventional and Islamic banking (Note 27.1)		7,050,981	4,006,480
Off-shore banking unit		-	-
		<u>7,050,981</u>	<u>4,006,480</u>
27.1 Conventional and Islamic Banking			
Legal expenses		7,050,981	2,644,028
Other professional charges		-	1,362,452
		<u>7,050,981</u>	<u>4,006,480</u>
27(a) Legal expenses			
Bank Asia Limited		7,050,981	4,006,480
Bank Asia Securities Ltd		357,615	3,343
BA Exchange Company (UK) Limited		61,750	1,469,910
		<u>7,470,346</u>	<u>5,479,733</u>

	Notes	Amount in Taka	
		2012	2011
28 Postage, stamps, telecommunication etc.			
Conventional and Islamic banking (Note 28.1)		53,564,392	22,756,487
Off-shore banking unit		353,098	296,732
		<u>53,917,490</u>	<u>23,053,219</u>
28.1 Conventional and Islamic banking			
Telephone, courier and postage		36,483,096	16,117,653
Master/VISA card process fee		13,604,665	1,816,585
ATM charge		887,337	1,454,776
SWIFT and Reuter charge		548,162	1,495,766
Internet		2,041,132	1,871,707
		<u>53,564,392</u>	<u>22,756,487</u>
28(a) Postage, stamps, telecommunication etc.			
Bank Asia Limited		53,917,490	23,053,219
Bank Asia Securities Ltd		2,752,298	2,485,292
BA Exchange Company (UK) Limited		847,470	362,960
		<u>57,517,258</u>	<u>25,901,471</u>
29 Stationery, printing, advertisements etc.			
Conventional and Islamic banking (Note 29.1)		70,023,477	78,967,034
Off-shore banking unit		-	-
		<u>70,023,477</u>	<u>78,967,034</u>
29.1 Conventional and Islamic banking			
Office and security stationery		39,846,233	43,519,755
Calendar, diary, souvenir, etc		6,020,000	6,037,695
ATM card		16,550	102,800
Books and periodicals		1,344,587	992,154
Publicity and advertisement		22,796,107	28,314,630
		<u>70,023,477</u>	<u>78,967,034</u>
29(a) Consolidated Stationery, printing, advertisements etc.			
Bank Asia Limited		70,023,477	78,967,034
Bank Asia Securities Ltd		488,205	110,646
BA Exchange Company (UK) Limited		662,220	1,440,270
		<u>71,173,902</u>	<u>80,517,950</u>
30 Managing Director's salary and fees			
Basic salary		6,000,000	4,668,065
House rent allowance		1,500,000	1,054,516
Entertainment allowances		600,000	300,806
Bonus		2,000,000	500,000
Utility allowance		1,200,000	190,323
House maintenance allowance		300,000	187,903
Provident fund		600,000	466,807
		<u>12,200,000</u>	<u>7,368,420</u>
31 Directors' fees			
Directors' fees		2,003,240	2,238,000
		<u>2,003,240</u>	<u>2,238,000</u>

	Notes	Amount in Taka	
		2012	2011
31(a) Consolidated Directors' fees			
Bank Asia Limited		2,003,240	2,238,000
Bank Asia Securities Ltd.		161,000	51,750
BA Exchange Company (UK) Limited		26,000	-
		<u>2,190,240</u>	<u>2,289,750</u>
32 Auditors fees		<u>1,064,535</u>	<u>1,152,375</u>
32(a) Consolidated Auditors fees			
Bank Asia Limited		1,064,535	1,152,375
Bank Asia Securities Ltd		86,250	78,534
BA Exchange Company (UK) Limited		780,000	1,040,000
		<u>1,930,785</u>	<u>2,270,909</u>
33 Depreciation and repair of Bank's assets			
Conventional and Islamic banking (Note 33.1)		338,464,389	332,550,845
Off-shore banking unit		-	-
		<u>338,464,389</u>	<u>332,550,845</u>
33.1 Conventional and Islamic banking			
Depreciation (Details are shown in Annexure-C)			
Owned assets		255,244,191	212,183,337
Leased assets		18,650,911	64,001,688
		273,895,102	276,185,025
Repairs			
Building		20,294,540	15,615,973
Furniture and fixtures		652,515	238,282
Equipments		5,862,363	3,887,102
Maintenance		37,759,869	36,624,463
		64,569,287	56,365,820
		<u>338,464,389</u>	<u>332,550,845</u>
33(a) Consolidated Depreciation and repairs of Bank's assets			
Bank Asia Limited		338,464,389	332,550,845
Bank Asia Securities Ltd		6,923,052	5,741,977
BA Exchange Company (UK) Limited		2,521,090	1,815,320
		<u>347,908,531</u>	<u>340,108,142</u>
34 Other expenses			
Conventional and Islamic banking (Note 34.1)		675,643,443	531,022,792
Off-shore banking unit		-	-
		<u>675,643,443</u>	<u>531,022,792</u>

	Notes	Amount in Taka	
		2012	2011
34.1 Conventional and Islamic banking			
Car expenses		135,818,032	100,215,737
Contractual service expenses		174,663,489	147,971,503
Computer expenses		103,650,811	95,226,266
Other management and administrative expenses		94,340,121	83,096,022
Entertainment		21,910,051	23,457,512
AGM/EGM expenses		17,359,645	16,747,335
Office plantation		4,523,186	4,795,440
Payment to superannuation fund		2,400,000	2,400,000
Finance charge for lease assets		16,601,538	13,795,312
Donation and subscription to institutions		76,525,251	30,030,588
Travelling expenses		19,342,117	7,870,429
Training and internship		7,852,642	4,868,888
Directors' travelling expenses		156,560	197,760
Sharia council fees		500,000	350,000
		<u>675,643,443</u>	<u>531,022,792</u>
34(a) Consolidated other expenses			
Bank Asia Limited		675,643,443	531,022,792
Bank Asia Securities Ltd		16,404,456	12,673,289
BA Exchange Company (UK) Limited		3,651,570	1,980,290
		<u>695,699,469</u>	<u>545,676,371</u>
34(b) Provision for loans and advances/investments and off-balance sheet items			
Conventional and Islamic banking		2,222,388,996	489,107,924
Off-shore banking unit		(1,458,176)	(24,993,230)
		<u>2,220,930,820</u>	<u>464,114,694</u>
Break up of provision for loans and advances/Investments is shown below:			
General provision			
Conventional and Islamic banking		17,736,118	42,718,673
Off-shore banking unit		(2,561,472)	(28,410,210)
		15,174,646	14,308,463
Specific provision			
Conventional and Islamic banking		2,075,183,808	402,341,928
Off-shore banking unit		-	-
		2,075,183,808	402,341,928
Adjust with General provision		-	-
		<u>2,075,183,808</u>	<u>402,341,928</u>
Provision for off-balance sheet items			
Conventional and Islamic banking		129,469,070	44,047,323
Off-shore banking unit		1,103,296	3,416,980
		130,572,366	47,464,303
		<u>2,220,930,820</u>	<u>464,114,694</u>

		Amount in Taka		
		Notes	2012	2011
34(c)	Consolidated Provision for diminution in value of investments			
	Bank Asia Limited		100,000,000	88,837,091
	Bank Asia Securites Limited		220,768	-
	BA Exchange Company (UK) Limited		-	-
			100,220,768	88,837,091
35	Receipts from other operating activities			
	Conventional and Islamic banking (Note 35.1)		985,869,325	313,355,679
	Off-shore banking unit		5,299,669	65,090
			991,168,994	313,420,769
35.1	Conventional and Islamic banking			
	Locker charge		6,989,906	5,250,775
	Service and other charges		242,090,406	125,787,009
	Master card fees and charges		81,166,153	76,789,638
	Postage/telex/SWIFT/ fax recoveries		64,169,196	33,905,980
	Non-operating income		591,453,664	71,622,277
			985,869,325	313,355,679
35(a)	Consolidated Receipts from other operating activities			
	Bank Asia Limited		991,168,994	313,420,769
	Bank Asia Securities Ltd		(3,213,888)	9,160,256
	BA Exchange Company (UK) Limited		-	-
			987,955,106	322,581,025
	Less: inter-companies transactions		89,998,000	-
			897,957,106	322,581,025
36	Payments for other operating activities			
	Conventional and Islamic banking (Note 36.1)		1,061,752,138	852,736,254
	Off-shore banking unit		81,906	372,478
			1,061,834,044	853,108,732
36.1	Conventional and Islamic banking			
	Rent, rates and taxes		326,473,987	284,394,968
	Legal expenses		7,050,981	4,006,480
	Directors' fees		2,003,240	2,238,000
	Repair and maintenance		-	-
	Postage, stamp, telecommunication, etc		53,917,490	23,053,219
	Other expenses		659,041,905	531,022,792
	Managing Director's salary		12,200,000	7,368,420
	Auditors' fee		1,064,535	652,375
			1,061,752,138	852,736,254
36(a)	Payments for other operating activities			
	Bank Asia Limited		1,061,834,044	853,108,732
	Bank Asia Securities Ltd		30,333,877	22,282,756
	BA Exchange Company (UK) Limited		-	15,930,313
			1,092,167,921	891,321,801

	Notes	Amount in Taka	
		2012	2011

37 Earnings per share (EPS)

Net profit after tax (Numerator)		907,996,995	1,916,214,381
Number of ordinary shares outstanding (Denominator)		630,574,872	630,574,872
Issue of bonus share		-	-
Number of ordinary shares outstanding (Denominator)		630,574,872	630,574,872
Earnings per share (EPS)		1.44	3.04

Earnings per share has been calculated in accordance with BAS 33: "Earnings Per Share (EPS)". Earnings per share for previous year has been restated since the bonus issue is an issue without consideration of cash. It is treated as if it has occurred prior to the beginning of 2012, the earliest period reported. Actual EPS for 2011 was Taka 3.65.

37(a) Consolidated Earnings per share (EPS)

Net profit after tax (Numerator)		849,940,338	2,043,256,551
Number of ordinary shares outstanding (Denominator)		630,574,872	630,574,872
Earnings per share (EPS)		1.35	3.24

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 1,485 (2011: 1390).

39 Audit committee

In pursuance of the directives of the Bangladesh Bank vide BRPD Circular no.12 dated 23 December 2002, the Board of Directors of Bank Asia in its 44th meeting held on 18 January 2003 constituted the first Audit Committee of the Bank. Present Audit Committee was reconstituted by the Board in its 182nd meeting held on 11th July 2010, consisting of the following members:

Name	Status in the Audit Committee	Educational qualification
Mr. Rumea 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
96 th Audit	17 th January, 2012	108 th Audit	8 th August, 2012
97 th Audit	6 th February, 2012	109 th Audit	29 th August, 2012
98 th Audit	13 th February, 2012	110 th Audit	7 th October, 2012
99 th Audit	11 th March, 2012	111 st Audit	12 th November, 2012
100 th Audit	25 th March, 2012	112 th Audit	22 nd November, 2012
101 st Audit	17 th April, 2012	113 th Audit	29 th November, 2012
102 nd Audit	25 th April, 2012	114 th Audit	9 th December, 2012
103 rd Audit	15 th May, 2012		
104 th Audit	13 th June, 2012		
105 th Audit	19 th June, 2012		
106 th Audit	3 rd July, 2012		
107 th Audit	18 th July, 2012		

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

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

The Audit Committee has further satisfied itself that

- * The rules and regulations of the Bangladesh Bank and all other regulatory authorities and Bank's own policy guidelines approved by the Board of Directors of the Bank are to be duly complied with.
- * Internal control and security measures are to be adequately undertaken by the Bank in facilitating Information Technology (IT) based/computerized banking including appropriate Management Information System (MIS) is present.
- * The Bank's system of Internal Control and its processes are to be strengthened including ensure of right man in the right place towards creation of a compliance culture in the bank.
- * The Assets of the Bank are safeguarded and the creation of liabilities and commitments are made transparent.
- * The Financial Statements of the Bank has been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and contained full disclosure.

40 Related Party Transactions

During the year 2012, the Bank concluded business deals with the following organizations in which the directors had interest:

Name of director	Status with the Bank	Name of the organization	Nature of business
Mr. A Rouf Chowdhury	Chairman	Rangs Motors Ltd	Vehicles
		Ranks ITT Ltd	IT connectivity/service
		Reliance Insurance Ltd	Insurance
		Shield Security Services Ltd	Security Service
		Rangs Industries Ltd	Microwave woven/AC/TV
		The Daily Star	Publication of advertisement
		The Daily Shakaler Khabor	Publication of advertisement
		Rangs Properties Ltd	Tenancy
		Enterprise Asia	Tenancy
		Ranks Telecom Ltd	Telephone facility
		Rancon Services Ltd	Maintenances
Mr. Mohammed Lakiotullah	Vice Chairman	Hajj Finance Company Ltd	Lease Finance
Ms. Farhana Haq Chowdhury	Director	Ranks Telecom Ltd	Telephone facility
Ms. Sohana Rouf Chowdhury	Director	Rangs Motors Ltd	Vehicles
		Rangs Properties Ltd	Tenancy
		Rangs Industries Ltd	Microwave woven/AC/TV
		Shield Security Services Ltd	Security Service
		Ranks ITT Ltd	IT connectivity/service
Mr. Rume A. Hossain	Director	Romask Ltd	Printing
		Rangs Industries Ltd	Microwave woven/AC/TV
		Rangs ITT Ltd	IT connectivity/service
		Ranks Telecom Ltd	Telephone facility
Mr. Nafees Khundker	Director	Ranks Telecom Ltd	Telephone facility
Mr. Shah Md. Nurul Alam	Director	Hajj Finance Company Ltd	Lease Finance

The Bank sanctioned the following facilities in favor of the Daily Star (Media World Limited) during the year 2012.

Name of the director having interest	Nature of facility	Limit (Taka)	Outstanding balance as at 31 December 2012 (Taka)	Nature of Security
Mr. A Rouf Chowdhury	L/C	50,000,000	15,623,000	Documents of title to goods
Mr. Romo Rouf Chowdhury				
Ms. Sohana Rouf Chowdhury				

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

41 Coverage of external audit

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

42 Share trading

The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2012 was Tk. 21.50 (2011: 38.20) at DSE and Tk. 21.60 (2011: 38.30) at CSE.

43 Events after the reporting period

The Board of Directors in its 248th meeting held on 28 February 2013 has recommended stock dividend @ 10% subject to the approval of the shareholders at the next Annual General Meeting.

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

Highlights on
the overall activities as at
and for the year ended 31 December 2012

SI no.	Particulars		2012	2011
1	Paid-up capital	Taka	6,305,748,720	5,254,790,600
2	Total capital	Taka	13,930,186,851	12,447,324,526
3	Capital surplus	Taka	3,258,286,851	4,080,904,526
4	Total assets	Taka	140,361,374,568	117,729,408,006
5	Total deposits	Taka	110,061,775,383	95,131,098,609
6	Total loans and advances / investments	Taka	92,328,818,525	82,819,973,884
7	Total contingent liabilities and commitments	Taka	59,215,736,602	47,457,247,641
8	Credit deposit ratio		83.89%	87.06%
9	Percentage of classified loans / investments against total loans and advances / investments		5.69%	2.72%
10	Profit after tax and provision	Taka	907,996,995	1,916,214,381
11	Amount of classified loans/investments during current year	Taka	5,251,484,294	2,249,962,000
12	Provisions kept against classified loans / investments	Taka	2,641,109,129	772,422,000
13	Provision surplus against classified loans / investments	Taka	30,349,292	-
14	Cost of fund		12.31%	11.97%
15	Interest earning assets	Taka	129,078,119,157	108,418,598,375
16	Non-interest earning assets	Taka	11,283,255,411	9,310,809,631
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]		5.20%	13.98%
18	Return on assets (ROA) [PAT/ Average assets]		0.70%	1.72%
19	Income from investment	Taka	1,930,644,106	1,285,545,226
20	Capital adequacy		13.05%	14.88%
21	Earnings per share	Taka	1.44	3.04
22	Net income per share	Taka	1.44	3.04
23	Price earning ratio	Times	14.93	10.48

Balance with other banks-Outside Bangladesh (Nostro Account) at 31 December 2012

Name of the Bank	Account type	2012				2011			
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka	
Conventional and Islamic banking:									
Interest bearing:									
Citibank N.A., London	CD	EURO	5,059.70	90.00	455,373	4,852.99	90.00	436,769	
Citibank N.A., London	CD	GBP	4,682.03	130.00	608,664	2,282.65	130.00	296,745	
Citibank NA, New York	CD	USD	21,067,565.10	70.00	1,474,729,557	769,406.39	70.00	53,858,447	
Habib American Bank, New York	CD	USD	648,520.77	70.00	45,396,454	1,760,579.22	70.00	123,240,545	
Mashreqbank psc, New York	CD	USD	2,277.08	70.00	159,396	3,601,575.86	70.00	252,110,310	
National Westminster Bank plc, London	CD	GBP	299.34	130.00	38,914	25,719.44	130.00	3,343,527	
Standard Chartered Bank, Mumbai	CD	ACU	89,563.66	70.00	6,269,456	2,175.94	70.00	152,316	
Standard Chartered Bank, New York	CD	USD	11,909.07	70.00	833,635	8,200.08	70.00	574,006	
					1,528,491,449	6,174,792.57		434,012,665	
Non-interest bearing:									
AB Bank Ltd, Mumbai	CD	ACU	3,894.85	70.00	272,640	8,196.23	70.00	573,736	
Bank of Nova Scotia, Toronto	CD	CAD	-	55.00	-	-	55.00	-	
Bhutan National Bank Ltd, Thimphu	CD	USD	33,814.95	70.00	2,367,047	70,129.95	70.00	4,909,097	
Canadian Imperial Bank of commerce	CD	CAD	1,435.67	55.00	78,962	30,272.64	55.00	1,664,995	
Commerzbank AG, Frankfurt	CD	EURO	45,131.67	90.00	4,061,850	110,441.93	90.00	9,939,774	
Credit Suisse First Boston, Zurich	CD	CHF	14,016.16	50.00	700,808	6,588.33	50.00	329,417	
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	200,873.94	70.00	14,061,176	90,453.36	70.00	6,331,735	
HSCB Australia Ltd, Sydney	CD	AUD	8,666.37	50.00	433,319	827.67	50.00	41,384	
HSCB, New York	CD	USD	8,096.07	70.00	566,725	10,405.58	70.00	728,391	
Hypo Vereinsbank, Munich	CD	EURO	3,721.38	90.00	334,924	15,665.08	90.00	1,409,857	
ICI Bank Ltd, Kowloon	CD	USD	195,157.93	70.00	13,661,055	9,607.74	70.00	672,542	
ICI Bank Ltd, Mumbai	CD	ACU	4,572.23	70.00	320,056	1,849.69	70.00	129,478	
Muslim Commercial Bank Ltd, Colombo	CD	ACU	98,258.08	70.00	6,878,066	26,357.66	70.00	1,845,036	
Muslim Commercial Bank Ltd, Karachi	CD	ACU	39,584.10	70.00	2,770,887	99,699.50	70.00	6,978,965	
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	51,276.76	70.00	3,589,373	47,073.32	70.00	3,295,132	
UBAF, Tokyo	CD	JPY	1,430,038.00	0.55	786,521	1,742,976.00	0.55	958,637	
Wells Fargo Bank N.A., New York	CD	USD	92,383.19	70.00	6,466,823	-	-	-	
Wells Fargo Bank N.A., London	CD	EURO	2,213.93	90.00	199,254	-	-	-	
Sonali Bank (UK) Ltd	CD	USD	26,450.30	70.00	1,851,521	27,607.05	70.00	1,932,494	
Al Rajhi Bank, KSA	CD	SAR	830,000.00	22.00	18,260,000	-	-	-	
Saudi Hollandi Bank, KSA	CD	SAR	269,993.50	22.00	5,939,857	-	-	-	
JP Morgan Chase Bank, New York	CD	USD	4,203.14	70.00	294,220	-	-	-	
Wachovia Bank N.A., New York	CD	USD	-	70.00	-	5,594.19	70.00	391,593	
Wachovia Bank, London	CD	EURO	-	90.00	-	332.02	90.00	29,937	
					83,895,082	2,304,077.94		42,162,199	
Off-shore banking unit:									
Commerzbank AG, Frankfurt	CD	EURO	200.30	95	18,929	94	95	86,835	
Habib American Bank, New York	CD	USD	2,409,161.47	70	168,641,302	362,783	70	25,394,798	
Sonali Bank, London	CD	GBP	46.88	113	5,283	3,762	113	424,227	
					168,665,514			25,905,860	
					1,781,052,045			502,080,724	

Investment in Shares at 31 December 2012

Sl. no.	Name of the company	Type of shares	Face value	No. of shares including bonus shares	Cost of holding	Average cost		Quoted rate per share as at 31.12.2012		Total market value as at 31.12.2012	
						Taka	Taka	Taka	Taka	Taka	Taka
	Quoted										
1	Khulna Power Company Limited	A	10	3,611	406,760	112.64	49.80	179,828			
2	Ocean Containers Limited	A	10	5,695	295,945	51.97	29.90	170,281			
3	Advanced Chemical Ind. Ltd.	A	10	30,660	5,189,922	169.27	141.20	4,329,192			
4	AB Bank Limited	A	10	82,800	9,720,720	117.40	33.70	2,790,360			
5	Dhaka Bank	A	10	305,370	15,812,059	51.78	24.80	7,573,176			
6	Exim Bank	A	10	1,397,606	38,573,926	27.60	20.80	29,070,205			
7	Goldenson Limited	A	10	73,700	8,586,787	116.51	50.70	3,736,590			
8	Heidelberg Cement Bangladesh Limited	A	10	36,600	14,723,082	402.27	264.70	9,688,020			
9	IDLC Finance Limited	A	10	193,537	31,289,127	161.67	91.90	17,786,050			
10	Islami Bank Bangladesh Limited	A	10	890,775	42,436,521	47.64	42.80	38,125,170			
11	Lanka Bangla Finance Limited	A	10	237,762	37,048,122	155.82	59.00	14,027,958			
12	Mercantile Bank Limited	A	10	2,990,486	99,672,898	33.33	19.10	57,118,283			
13	National Housing Finance & Investment Limited	A	10	170,000	12,243,400	72.02	37.50	6,375,000			
14	Phoenix Finance and Investments Limited	A	10	358,446	30,367,545	84.72	44.60	15,986,692			
15	Prime Finance and Investment Limited	A	10	60,480	12,001,651	198.44	32.80	1,983,744			
16	Prime Insurance Limited	A	10	43,615	5,467,140	125.35	38.30	1,670,455			
17	Pubali Bank Limited	A	10	6	208	34.67	33.00	198			
18	Reliance Insurance Limited	A	10	62,865	7,343,889	116.82	94.80	5,959,602			
19	Southeast Bank Limited	A	10	1,021,125	34,728,461	34.01	20.00	20,422,500			
20	United Commercial Bank Limited	A	10	822,278	46,154,464	56.13	23.60	19,405,761			
21	Premier Bank Limited	A	10	2,401,265	66,755,167	27.80	16.20	38,900,493			
22	Available balance			-	24,149,073	-	-	-			
					542,966,867			295,299,556			

Investment in Shares at 31 December 2012

Unquoted

1	Industrial and Infrastructure Development Finance Co. Limited	100	244,425	24,442,502	100.00	-	-
2	Central Depository Bangladesh Limited	10	512,889	3,138,890	6.12	-	-
3	Era-Infotech Limited	100	3,837	383,700	100.00	-	-
4	Nepal Bangladesh Bank Limited	90.42	2,767,500	250,227,683	90.42	-	-
5	Dun and Bradstreet rating agency	100	24,995	2,499,500	100.00	-	-
6	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	-	-
7	Investment in SWIFT share	303,234	8	2,425,870	303,234	-	-
				285,118,145			

Schedule of fixed assets including premises, furniture and fixtures

at 31 December 2012

Particulars	Cost				Rate of dep.	Depreciation			Written down value as at 31 December 2012		
	Balance as at 1 January 2012	Additions during the year	Revaluation	Disposal/adjustment during the year		Balance as at 31 December 2012	Charged during the year	Charged from Revaluation reserve during the year		Disposal/adjustment during the year	Balance as at 31 December 2012
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka	
Own assets											
Land	2,531,152,000	-	-	-	0	-	-	-	-	-	2,531,152,000
Building	1,667,055,130	15,349,898	-	-	5	174,322,179	41,193,426	42,926,846	-	258,442,451	1,423,962,577
Furniture and fixtures	426,017,666	118,145,425	-	(1,825,000)	20	187,401,843	99,250,309	-	(888,547)	285,763,605	256,574,486
Equipments	276,128,410	61,432,528	-	(6,200)	20	129,024,628	63,587,423	-	(3,720)	192,608,331	144,946,407
Computer and accessories	126,289,794	25,703,325	-	-	20	63,890,536	29,007,636	-	-	92,898,172	59,094,947
Motor vehicles	91,593,360	23,493,000	-	(2,000,000)	20	37,874,951	22,205,397	-	(600,000)	59,480,348	53,606,012
	5,118,236,360	244,124,176	-	(3,831,200)		592,514,137	255,244,191	42,926,846	(1,492,267)	889,192,907	4,469,336,429
Leased assets											
Building	49,573,087	-	-	-	5	7,278,654	1,600,000	1,678,654	(800,000)	9,757,308	39,815,779
Furniture and fixtures	167,162,848	-	-	-	20	167,162,848	3,136,755	-	(3,136,755)	167,162,848	-
Equipments	106,201,139	-	-	-	20	104,790,598	4,895,950	-	(3,485,409)	106,201,139	-
Computer and accessories	72,204,100	-	-	-	20	72,204,100	1,458,206	-	(1,458,206)	72,204,100	-
Motor vehicles	18,900,000	-	-	-	20	3,780,000	7,560,000	-	(3,780,000)	7,560,000	11,340,000
	414,041,174	-	-	-		355,216,200	18,650,911	1,678,654	(12,660,370)	362,885,395	51,155,779
Total	5,532,277,534	244,124,176	-	(3,831,200)		947,730,337	273,895,102	44,605,500	(14,152,637)	1,252,078,302	4,620,492,208

Schedule of fixed assets including premises, furniture and fixtures

at 31 December 2011

Particulars	Cost			Rate of dep.	Depreciation			Written down value as at 31 December 2011		
	Balance as at 1 January 2011	Additions during the year	Revaluation during the year		Disposal/adjustment during the year	Balance as at 31 December 2011	Charged during the year		Charged from Revaluation reserve during the year	Disposal/adjustment during the year
	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka	Taka
Own assets										
Land	734,660,017	167,092,000	1,629,399,983	0	-	-	-	-	-	2,531,152,000
Building	740,501,200	68,017,000	858,536,930	5	90,969,399	40,425,933	42,926,847	-	174,322,179	1,492,732,951
Furniture and fixtures	284,886,148	156,113,914	-	20	110,460,515	80,556,967	-	(3,615,639)	187,401,843	238,615,823
Equipments	204,051,206	77,138,479	-	20	79,588,149	50,076,669	-	(640,190)	129,024,628	147,103,782
Computer and accessories	103,897,178	29,614,139	-	20	42,775,987	22,872,128	-	(1,757,579)	63,890,536	62,399,258
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	548,895,532	2,487,936,913		343,417,360	212,183,338	42,926,847	(6,013,408)	592,514,137	4,525,722,223
Leased assets										
Building	16,000,000	-	33,573,087	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	-	20	26,422,925	3,780,000	-	(26,422,925)	3,780,000	15,120,000
	387,991,012	18,900,000	33,573,087		315,958,783	64,001,688	1,678,654	(26,422,925)	355,216,200	58,824,974
Total	2,496,660,121	567,795,532	2,521,510,000		659,376,143	276,185,026	44,605,501	(32,436,333)	947,730,337	4,584,547,197

Consolidated Schedule of fixed assets including premises, furniture and fixtures at 31 December 2012

Particulars	Cost			Rate of dep.	Depreciation			Written down value as at 31 December 2012
	Balance as at 1 January 2012	Additions during the year	Disposal/ adjustment during the year		Balance as at 31 December 2012	Charged during the year	Charged from Revaluation reserve during the year	
	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka
Own assets								
Land	2,531,152,000	-	-	0	-	-	-	-
Building	1,667,055,130	15,349,898	-	5	41,193,426	42,926,846	-	258,442,451
Furniture and fixtures	436,942,743	118,193,296	(1,825,000)	20	101,950,418	-	(888,547)	290,595,118
Equipments	283,000,595	61,808,578	(6,200)	20	64,651,118	-	(3,720)	195,017,231
Computer and accessories	132,612,517	26,103,625	-	20	30,352,241	-	-	95,507,322
Motor vehicles	91,593,360	23,493,000	(2,000,000)	20	37,874,951	22,205,397	(600,000)	59,480,348
	5,142,356,345	244,948,397	(3,831,200)		260,352,600	42,926,846	(1,492,267)	899,042,470
Leased assets								
Leasehold (BA Exchange (UK) Ltd)	15,969,961	-	-	5	-	1,597,050	-	2,661,714
Building	49,573,087	-	-	5	1,600,000	1,678,654	(800,000)	9,757,308
Furniture and fixtures	167,162,848	-	-	20	3,136,755	-	(3,136,755)	167,162,848
Equipments	106,201,139	-	-	20	4,895,950	-	(3,485,409)	106,201,139
Computer and accessories	72,204,100	-	-	20	1,458,206	-	(1,458,206)	72,204,100
Motor vehicles	18,900,000	-	-	20	3,780,000	7,560,000	(3,780,000)	7,560,000
	430,011,135	-	-		18,650,911	3,275,704	(12,660,370)	365,547,109
Total	5,572,367,480	244,948,397	(3,831,200)		279,003,511	46,202,550	(14,152,637)	1,264,589,578
								4,548,895,099

Consolidated Schedule of fixed assets including premises, furniture and fixtures

at 31 December 2011

Particulars	Cost			Rate of dep.	Depreciation			Written down value as at 31 December 2011
	Balance as at 1 January 2011	Additions during the year	Disposal/adjustment during the year		Balance as at 31 December 2011	Charged during the year	Charged from Revaluation reserve during the year	
	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka
Own assets								
Land	734,660,017	1,796,491,983	-	0	-	-	-	-
Building	740,501,200	926,553,930	-	5	40,425,933	42,926,847	-	174,322,179
Furniture and fixtures	284,886,148	167,038,991	(14,982,396)	20	82,688,371	-	(3,615,639)	189,533,247
Equipments	204,051,206	84,010,664	(5,061,275)	20	51,421,874	-	(640,190)	130,369,833
Computer and accessories	103,897,178	35,936,862	(7,221,523)	20	24,136,673	-	(1,757,579)	65,155,081
Motor vehicles	40,673,360	50,920,000	-	20	18,251,641	-	-	37,874,951
	2,108,669,109	3,060,952,430	(27,265,194)		216,924,492	42,926,847	(6,013,408)	597,255,291
								4,545,101,054
Leased assets								
Leasehold (BA Exchange (UK) Ltd	-	15,969,961	-	5	1,064,664	-	-	1,064,664
Building	16,000,000	33,573,087	-	5	800,000	1,678,654	-	7,278,654
Furniture and fixtures	167,162,848	-	-	20	25,512,830	-	-	167,162,848
Equipments	106,201,139	-	-	20	21,240,228	-	-	104,790,598
Computer and accessories	72,204,100	-	-	20	12,668,630	-	-	72,204,100
Motor vehicles	26,422,925	18,900,000	(26,422,925)	20	3,780,000	-	(26,422,925)	3,780,000
	387,991,012	68,443,048	(26,422,925)		65,066,352	1,678,654	(26,422,925)	356,280,864
Total	2,496,660,121	3,129,395,478	(53,688,119)		281,990,843	44,605,501	(32,436,333)	953,536,154
								4,618,831,326

Statement of tax position

at 31 December 2012

Accounting year	Assessment year	Tax provision as per accounts	Tax demand as per assessment order	Excess/(Short) provision	Status
		<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	
2000	2001-2002	2,000,000	7,080,931	(5,080,931)	Assessment finalized
2001	2002-2003	42,626,674	38,156,227	4,470,447	Assessment finalized
2002	2003-2004	91,950,000	83,933,056	8,016,944	Assessment finalized
2003	2004-2005	165,000,000	155,712,331	9,287,669	Assessment finalized
2004	2005-2006	166,807,728	187,552,594	(20,744,866)	Assessment finalized
2005	2006-2007	220,089,576	273,929,209	(53,839,633)	Assessment finalized
2006	2007-2008	432,447,206	433,037,008	(589,802)	Assessment finalized
2007	2008-2009	704,871,326	707,990,638	(3,119,312)	Assessment finalized
2008	2009-2010	790,000,000	715,369,681	74,630,319	Assessment finalized
2009	2010-2011	779,000,000	-	-	Tax Appellate tribunal
2010	2011-2012	1,498,735,610	-	-	Return filed
2011	2012-2013	1,515,992,334	-	-	Return filed

Details of Large Loan

at 31 December 2012

	2012	2011
Number of clients	16	10
Amount of outstanding advances (Taka)	32,381.60	16,663.90
Amount of classified advances (Taka)	NIL	NIL
Measures taken for recovery (Taka)	NIL	NIL

Client-wise break up is as follows:

Amount in million

Sl. No.	Name of clients	Outstanding (Taka) 2012			Outstanding (Taka) 2011		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Abul Khair Steel Industries Ltd	1,387.86	1,768.65	3,156.51	836.10	1,168.30	2,004.40
2	Thermax Group	1,529.57	1,148.40	2,677.97	-	-	-
3	BRAC & BRAC Feed	447.34	2,095.90	2,543.24	409.70	1,477.00	1,886.70
4	Aftab-Navana	1,798.76	482.80	2,281.56	-	-	-
5	Abdul Monem Ltd	1,050.70	1,096.93	2,147.63	747.30	882.50	1,629.80
6	Shahara Denims Ltd.	1,228.44	840.01	2,068.45	-	-	-
7	S.A.Oil Refinery	669.10	1,381.17	2,050.27	-	-	-
8	S.R. Spinings	-	2,030.40	2,030.40	-	-	-
9	Meghna Group	717.91	1,298.31	2,016.22	-	-	-
10	Echotex	378.23	1,516.44	1,894.67	-	-	-
11	Pran RFL Group	1,221.35	622.38	1,843.73	-	-	-
12	Desh Bhandu Group	407.46	1,220.92	1,628.38	-	-	-
13	Mahin Group	845.96	722.90	1,568.85	-	-	-
14	Kabir Steel Re-Rolling Mills Ltd.	161.27	1,380.64	1,541.91	-	-	-
15	Resaissance Group	580.87	910.41	1,491.28	-	-	-
16	KDS Packaing Industries Ltd	775.68	664.84	1,440.52	991.30	595.70	1,587.00
17	Bashundhara Group	-	-	-	824.10	709.20	1,533.30
18	Adury Apparels Ltd & Group	-	-	-	204.10	1,864.00	2,068.10
19	B. S. R. M. Steels Ltd	-	-	-	532.60	831.90	1,364.50
20	Islam Brothers & Co	-	-	-	1,167.70	310.80	1,478.50
21	Prime Ship Recycling Ltd	-	-	-	831.80	843.10	1,674.90
22	Western Marine Group	-	-	-	627.20	809.50	1,436.70
		13,200.50	19,181.10	32,381.60	7,171.90	9,492.00	16,663.90

Names of Directors and their interest in different entities

at 31 December 2012

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

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
3.	Mr. Mohammed Lakiotullah	Vice Chairman & Independent Director	Hajj Finance Company Ltd RSL Consultancy
4.	Ms. Hosnara Sinha	Director	Sinha Apparels 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.	Ms. Farhana Haq Chowdhury	Director	Rangs Telecom Ltd Rangs Pharmaceuticals Ltd Rancon Engineering Ltd Rancon Services Ltd Rancon Autos Ltd Rancon Automobiles Ltd Rangs Power & Renewable Energy Ltd Rancon Homes Solutions Ltd Rancon Distribution Ltd Far Ltd Rancon Development Ltd Rancon Motorbikes Ltd DHS Motors Ltd
7.	Mr. A.M.Nurul Islam	Independent Director	Nil
8.	Mr. M Irfan Syed (Alternate Director to Mr. Mir Shahjahan)	Director	VihreaCom Ltd
9.	Mr. Faisal Samad (Alternate Director to Ms. Mahrina Dia Chowdhury)	Director	Savar Textiles Ltd Supasox Ltd Surma Garments Ltd Surma Dyeing Ltd Multi Source Smart Sox Ltd
10.	Ms. Sohana Rouf Chowdhury (Alternate Director to Mr. Murshed Sultan Choudhury)	Director	Rangs Motors Rangs Ltd Rangs Properties Ltd Rangs Industries Ltd Rangs Pharmaceuticals Ltd Rangs Workshop Ltd Rancon Motors Ltd Rangs ITT Ltd Rangs Telecom Ltd Rangs Real Estate Ltd Shield Security Services Ltd Rangs Steel Ltd SASH Ltd Sea Resources Ltd
11.	Ms. Naheed Akhter Sinha	Director	Sinha Apparels Ltd SkyTel Communications Ltd
12.	Mr. Shah Md. Nurul Alam (Representing Amiran Generations Ltd)	Director	Hajj Finance Company Ltd
13.	Mr. Nafees Khundker	Director	Rangs Pharmaceuticals Ltd Rangs Telecom Ltd SASH Ltd

Islamic Banking Operations of Bank Asia

for the year ended 31 December 2012

The operation of our Islamic Banking Windows is totally different from the Bank's conventional operation as the former operate their business on the basis of Islamic Shariah. Accounting system is vital for ensuring Shariah compliance in such banking operation. Our Islamic Banking operation is committed to follow the accounting principles that refrain from interest. In a nutshell, we follow under noted principles for accounting under its Islamic Banking umbrella, run through a separate Islamic Banking software styled HIKMAH.

1. Deposit Collection and Income Sharing Ratio (ISR) based Profit Distribution

For procuring funds from depositors, our Islamic Banking follows Al-Wadiah and Mudaraba principles. In case of Al-Wadiah Account, no profit is allowed at present. But for Mudaraba depositors, Bank Asia as the first Bank in Bangladesh, follows Income Sharing technique with variable management fees for the Bank. It is different from traditional Weightage System so far practiced by all Islamic Banking operators in the country.

Income sharing module of Bank Asia has been appreciated by different quarters, particularly by the Central Shariah Board for Islamic Banks of Bangladesh and Islamic Banks Consultative Forum. Our module offers pre-defined Investment Income Sharing Ratio (ISR) for each type of depositor and the Bank. The ISR determines the portion of income for each type of depositor and the Bank. For example, the ISR of 75 : 25 would mean that 75% of distributable income is to be shared by the concerned depositors and the rest 25% to be shared by the Bank. The ISR between each type of Mudaraba depositors and the Bank (Mudarib) are duly disclosed at the time of Account opening and/or beginning of the concerned period. Profit rate is emerged at actual, as derived from the income fetched from deployment of the concerned fund. As such our rate of profit on deposit under Islamic Banking is nothing but a post facto expression of the respective agreed sharing ratios. Our profit rate is an output based on the Bank's earning on investment.

The ISR declared on Mudaraba deposits for the year 2012

Sl. no.	Types of Mudaraba Deposit	Distributable Investment Income Sharing Ratio (ISR) w.e.f. 01.01.2012	
		Client	Bank
1.	Mudaraba Term Deposit Account(MTDA) 1 month	75%	25%
2.	Mudaraba Term Deposit Account(MTDA) 2 months	80%	20%
3.	Mudaraba Term Deposit Account(MTDA) 3 months	85%	15%
4.	Mudaraba Term Deposit Account(MTDA) 6 months	85%	15%
5.	Mudaraba Term Deposit Account(MTDA) 12 months	86%	14%
6.	Mudaraba Term Deposit Account(MTDA) 24 months	85%	15%
7.	Mudaraba Term Deposit Account(MTDA) 36 months	85%	15%
8.	Mudaraba Term Deposit Account(MTDA) 60 months	85%	15%
9.	Mudaraba Special Notice Deposit Account(MSND)	35%	65%
10.	Mudaraba Savings Account (MSA)	45%	55%
11.	Smart Junior Saver	70%	30%
12.	Mudaraba Deposit Pension Scheme (MDPS) 3-10 Years	87%	13%
13.	Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 year	80%	20%
14.	Mudaraba Monthly Profit Paying Deposit (MMPPD)- 2-5 years	85%	15%
15.	Mudaraba Hajj Savings Scheme (MHSA)	90%	10%

2. Investment Operation and Return Thereon

For investment purpose our Islamic Banking follows two systems:

- a. Fixed return based investment
- b. Variable return based investment

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

Variable return based income is applied for our 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 and the Bank.

3. Income/ Revenue Recognition Principle

The bank earns income from various sources such as charges, fees, commission and investment. To recognize all sorts of income, Bank follows Shariah principle strictly. Usually charges, fees & commission etc. are recognized on actual basis. Recognition of income from investment follows principles as under:

For Bai-Murabaha Muajjal Investment

While creating each deal, in case of Bai-Murabaha Muajjal mode of investment, markup/profit is added to the bank's purchase cost with a credit to unearned income A/c. Thereafter time apportionment of profit is recognised out of the unearned income amount at the end of each month on accrual basis. Allowance (rebate) for early repayment, if any, may however be applied at Bank's discretion.

For Hire Purchase Shirkatul Melk (HPSM) Investment

In case of HPSM mode of investment Rent is charged and taken into income account at the end of each month on accrual basis. If the account has a provision of gestation period, no income is earned during the period. In this case income starts just after the end of gestation period. However Rent is chargeable in spite of gestation, if the delivery of asset is completed in usable condition such as a machine or a set of machinery or building etc.

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

For Musharaka Investment

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

4. Cost Recognition Principle

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

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

Islamic Banking Unit
Balance Sheet
 at 31 December 2012

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
PROPERTY AND ASSETS			
Cash:			
Cash in hand (including foreign currencies)		20,948,341	16,458,150
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)		132,735,174	139,896,836
		153,683,515	156,354,986
Balance with other banks and financial institutions			
In Bangladesh		1,900,631,098	1,070,612,465
Outside Bangladesh		-	-
		1,900,631,098	1,070,612,465
Placement with other banks and financial institutions (Bangladesh Bank Islamic Bond)		112,400,000	92,900,000
Investments:			
Investment (Loans, cash credit, overdrafts etc.)		2,804,777,334	2,789,121,907
Bills Purchased and discounted		51,923,119	4,302,550
		2,856,700,453	2,793,424,457
Fixed assets including premises, furniture and fixtures		3,948,706	5,452,571
Other assets		36,909,081	22,835,957
Non - banking assets		-	-
Total assets		<u>5,064,272,853</u>	<u>4,141,580,436</u>
LIABILITIES AND CAPITAL			
Liabilities:			
Placement from other banks, financial institutions and agents		1,400,000,000	900,000,000
Deposits and other Accounts:			
Al-wadeeah current and other deposits accounts, etc.		244,533,069	138,856,556
Bills payable		22,837,975	6,072,852
Mudaraba savings deposits		285,336,156	201,814,348
Mudaraba term deposits		2,870,767,694	1,756,332,899
		3,423,474,894	2,103,076,655
Other liabilities		240,797,959	1,138,503,781
Total liabilities		<u>5,064,272,853</u>	<u>4,141,580,436</u>
OFF- BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		16,191,273	-
Letters of guarantee		-	1,000,000
Irrevocable letters of credit		-	-
Bills for collection		-	32,232
Other contingent liabilities		-	-
Other commitments:		-	-
Total Off-Balance Sheet items including contingent liabilities		<u>16,191,273</u>	<u>1,032,232</u>

Islamic Banking Unit

Profit and Loss Statement for the period ended at 31 December 2012

	Amount in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Investment income	522,687,934	344,107,496
Profit paid on deposits, borrowings, etc.	(362,664,033)	(231,324,926)
Net investment income	160,023,901	112,782,570
Profit on Investment with bank and financial institutions	2,275,437	263,244
Commission, exchange and brokerage	32,699,998	37,130,428
Other operating income	11,850,002	1,523,960
Total operating income	206,849,338	151,700,202
Salaries and allowances	36,111,983	32,840,264
Rent, taxes, insurance, electricity, etc.	3,158,733	2,116,574
Legal expenses	3,135	2,613
Postage, stamp, telecommunication, etc.	287,051	190,928
Stationery, printing, advertisement, etc.	540,805	529,054
Depreciation and repair of Bank's assets	2,149,827	2,172,416
Repair and maintenance	-	-
Entertainment expenses	-	-
Travelling expenses	-	-
Other expenses	7,622,960	4,059,828
Total operating expenses	49,874,494	41,911,677
Profit before provision	156,974,844	109,788,525
Provision for investments		
General provision	133,513	29,069,500
Specific provision	1,675,400	1,764,500
	1,808,913	30,834,000
Provision for diminution in value of investments	-	-
Other provision	-	-
Total provision	1,808,913	30,834,000
Total profit/(loss) before taxes	155,165,931	78,954,525

Off-shore Banking Unit
Balance Sheet
 at 31 December 2012

	Notes	Amount 2012		2011 Taka
		USD	Taka	
PROPERTY AND ASSETS				
Cash				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-
Balance with other banks and financial institutions	3			
In Bangladesh		-	-	-
Outside Bangladesh		2,409,507	168,665,514	25,905,860
		2,409,507	168,665,514	25,905,860
Investments				
Government		-	-	-
Others		-	-	-
		-	-	-
Loans and advances	4			
Loans, cash credits, overdrafts, etc.		6,210,024	434,701,714	673,272,958
Bills purchased and discounted		35,023	2,451,606	3,408,111
		6,245,047	437,153,320	676,681,069
Fixed assets including premises, furniture and fixtures		-	-	-
Other assets	5	99,383	6,956,777	16,474,979
Non - banking assets		-	-	-
Total assets		<u>8,753,937</u>	<u>612,775,611</u>	<u>719,061,908</u>
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	6	-	-	287,000,000
Deposits and other accounts	7			
Current deposits		7,427,608	519,932,569	113,275,476
Bills payable		-	-	-
Savings bank deposits		-	-	-
Fixed deposits		1,066,086	74,625,989	277,892,395
Bearer certificate of deposit		-	-	-
		8,493,694	594,558,558	391,167,870
Other liabilities	8	127,026	8,891,809	11,643,361
Total liabilities		<u>8,620,720</u>	<u>603,450,367</u>	<u>689,811,231</u>
Capital / Shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Other reserve		-	-	-
Deficit in profit and loss account/Retained earnings		133,217	9,325,244	29,250,676
Total Shareholders' equity		<u>133,217</u>	<u>9,325,244</u>	<u>29,250,676</u>
Total liabilities and Shareholders' equity		<u>8,753,937</u>	<u>612,775,611</u>	<u>719,061,908</u>

Off-shore Banking Unit
Balance Sheet
 at 31 December 2012

	Notes	Amount 2012		2011 Taka
		USD	Taka	
OFF- BALANCE SHEET ITEMS				
Contingent liabilities				
Acceptances and endorsements	9	4,013,327	280,932,890	153,074,740
Letters of guarantee		-	-	-
Irrevocable letters of credit	10	2,226,911	155,883,770	135,463,300
Bills for collection	11	217,299	15,210,899	53,159,960
Other contingent liabilities		-	-	-
		6,457,537	452,027,559	341,698,000
Other commitments				
Documentary credits and short term trade -related transactions		-	-	-
Forward assets purchased and forward deposits placed		-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-	-
Liabilities against forward purchase and sale		-	-	-
Other commitments		-	-	-
		-	-	-
		6,457,537	452,027,559	341,698,000
Other memorandum items				
Value of travellers' cheques in hand		-	-	-
Value of Bangladesh Sanchayapatra in hand		-	-	-
		-	-	-
Total Off-Balance Sheet items including contingent liabilities		<u>6,457,537</u>	<u>452,027,559</u>	<u>341,698,000</u>

Off-shore Banking Unit
Profit and Loss Statement
 for the year ended 31 December 2012

	Notes	Amount 2012		2011
		USD	Taka	Taka
Interest income	12	314,698	22,028,959	58,676,535
Interest paid on deposits and borrowings, etc.	13	(249,635)	(17,474,472)	(25,715,987)
Net interest/net profit on investments		65,063	4,554,487	32,960,548
Commission, exchange and brokerage	14	125,683	8,797,901	2,255,400
Other operating income	15	75,710	5,299,669	4,556,308
Total operating income (A)		266,456	18,652,057	39,772,256
Salaries and allowances		-	-	-
Rent, taxes, insurance, electricity, etc.		1,170	81,906	75,746
Postage, stamp, telecommunication, etc.		5,044	353,098	296,732
Stationery, printing, advertisements, etc.		-	-	-
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets		-	-	-
Other expenses		-	-	-
Total operating expenses (B)		6,214	435,004	372,478
Profit before provision (C=A-B)		260,242	18,217,053	39,399,778
Provision for loans and advances				
General provision		62,450	4,371,533	6,933,005
Specific provision		-	-	-
		62,450	4,371,533	6,933,005
Provision for off-balance sheet items		64,575	4,520,276	3,416,980
Provision for diminution in value of investments		-	-	-
Other provision		-	-	-
Total provision (D)		127,025	8,891,809	10,349,985
Total profit/(loss) (C-D)		133,217	9,325,244	29,049,793

Off-shore Banking Unit
Cash Flow Statement
 for the year ended 31 December 2012

	Notes	Amount 2012		2011 Taka
		USD	Taka	
A) Cash flows from operating activities				
Interest receipts		215,317	15,072,182	42,201,556
Interest payments		(242,030)	(16,942,125)	(22,695,307)
Fees and commission receipts		125,684	8,797,901	2,255,400
Cash payment to employees		-	-	-
Cash payment to suppliers		(5,044)	(353,098)	(296,732)
Income tax paid		-	-	-
Receipts from other operating activities		75,710	5,299,669	4,556,308
Payments for other operating activities		(1,170)	(81,906)	(75,746)
Cash generated from operating activities before changes in operating assets and liabilities		168,467	11,792,623	25,945,479
Increase/(decrease) in operating assets and liabilities:				
Loans and advances to customers		3,421,825	239,527,749	1,832,980,175
Other assets		135,974	9,518,207	-
Deposits from customers		2,897,976	202,858,341	316,621,158
Trading liabilities		(4,100,000)	(287,000,000)	(2,157,326,401)
Other liabilities		(224,574)	(15,720,213)	(81,940,074)
		2,131,201	149,184,084	(89,665,142)
Net cash generated from/(used in) operating activities		2,299,667	160,976,707	(63,719,663)
B) Cash flows from investing activities				
Investments of treasury bills and bonds		-	-	-
(Purchase)/sale of trading securities		-	-	-
Purchase of fixed assets		-	-	-
Net cash from investing activities		-	-	-
C) Cash flows from financing activities				
Transfer of profit to Head Office		(260,244)	(18,217,053)	(39,399,778)
Net cash generated from/(used in) financing activities		(260,244)	(18,217,053)	(39,399,778)
D) Net increase in cash and cash equivalents (A+ B + C)		2,039,423	142,759,654	(103,119,441)
E) Effects of exchange rate changes on cash and cash equivalents		-	-	-
F) Cash and cash equivalents at beginning of the year		370,084	25,905,860	129,025,301
G) Cash and cash equivalents at end of the year (D+E+F)		2,409,507	168,665,514	25,905,860
Cash and cash equivalents at end of the year represents				
Cash in hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-
Balance with other banks and financial institutions		2,409,507	168,665,514	25,905,860
Money at call and on short notice		-	-	-
Prize bond		-	-	-
		2,409,507	168,665,514	25,905,860

Off-shore Banking Unit
Notes to the Financial Statements
for the year ended 31 December 2012

1 Status of the unit

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

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

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

2.2 Foreign currency

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

2.3 Loans and advances

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

Off-shore Banking Unit
Notes to the Financial Statements
for the year ended 31 December 2012

	Notes	Amount 2012		2011 Taka
		USD	Taka	
3 Balance with other banks and financial institutions				
In Bangladesh		-	-	-
Outside Bangladesh		2,409,507	168,665,514	25,905,860
		<u>2,409,507</u>	<u>168,665,514</u>	<u>25,905,860</u>
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)		6,210,024	434,701,714	673,272,958
Bills purchased and discounted (Note 4.2)		35,023	2,451,606	3,408,111
		<u>6,245,047</u>	<u>437,153,320</u>	<u>676,681,069</u>
4.1 Loans, cash credit, overdrafts etc.				
Loan to branches		5,070,045	354,903,164	611,038,141
Term loan industrial		-	-	7,392,902
Loan against trust receipts		799,102	55,937,157	54,841,915
Payment against documents		242,688	16,988,159	-
Loan others		98,189	6,873,234	-
		<u>6,210,024</u>	<u>434,701,714</u>	<u>673,272,958</u>
4.2 Bills purchased and discounted				
Payable in Bangladesh		-	-	-
Payable outside Bangladesh		35,023	2,451,606	3,408,111
		<u>35,023</u>	<u>2,451,606</u>	<u>3,408,111</u>
5 Other assets				
Interest receivable		98,551	6,898,599	16,474,984
Non performing assets		831	58,178	-
		<u>99,383</u>	<u>6,956,777</u>	<u>16,474,984</u>
6 Borrowings from other banks, financial institutions and agents				
Borrowing from Bangladesh Bank		-	-	287,000,000
Borrowing from corporate office, Dhaka		-	-	-
		<u>-</u>	<u>-</u>	<u>287,000,000</u>
7 Deposits and other accounts				
Bank deposits		-	-	-
Customer deposits and other accounts (Note 7.1)		8,493,694	594,558,558	391,167,870
		<u>8,493,694</u>	<u>594,558,558</u>	<u>391,167,870</u>
7.1 Customer deposits and other accounts				
Foreign currency (Current)		7,165,446	501,581,229	102,359,272
Other demand deposits(Current)		262,162	18,351,340	10,916,204
Fixed deposit		1,066,086	74,625,989	277,892,395
		<u>8,493,694</u>	<u>594,558,558</u>	<u>391,167,870</u>

Off-shore Banking Unit
Notes to the Financial Statements
for the year ended 31 December 2012

Notes	Amount 2012		2011 Taka
	USD	Taka	
8 Other liabilities			
Provision for loans and advances	62,450	4,371,533	6,933,005
Provision for off balance sheet items	64,575	4,520,276	3,416,980
Interest suspense account	-	-	725,641
Adjustment account credit balance	-	-	567,735
	<u>127,026</u>	<u>8,891,809</u>	<u>11,643,361</u>
9 Acceptances and endorsements			
Letters of credit (Back to Back)	3,010,008	210,700,560	153,074,740
Letters of credit (Acceptances)	1,003,319	70,232,330	-
	<u>4,013,327</u>	<u>280,932,890</u>	<u>153,074,740</u>
Less: Margin	-	-	-
	<u>4,013,327</u>	<u>280,932,890</u>	<u>153,074,740</u>
10 Irrevocable letters of credit			
Letters of credit (Back to Back)	1,113,227	77,925,890	135,463,300
Letters of credit (cash)	1,113,684	77,957,880	-
	<u>2,226,911</u>	<u>155,883,770</u>	<u>135,463,300</u>
Less: Margin	-	-	-
	<u>2,226,911</u>	<u>155,883,770</u>	<u>135,463,300</u>
11 Bills for collection:	<u>217,299</u>	<u>15,210,899</u>	<u>53,159,960</u>
12 Interest income			
Demand loan	94	6,632	-
Packing credit	164	11,502	319,932
Overdraft	13,226	925,820	10,862,541
Loan against trust receipt	42,888	3,002,181	11,583,089
Payment against documents	2,810	196,685	18,409
Term loan - industrial	1,631	114,183	901,686
Foreign bill purchased	253,885	17,771,956	34,990,878
	<u>314,698</u>	<u>22,028,959</u>	<u>58,676,535</u>
13 Interest paid on deposits and borrowings etc.			
Interest on deposit	-	-	-
Interest on borrowings:			
Local banks including Bangladesh Bank	9,961	697,278	25,715,987
Foreign banks	239,674	16,777,194	-
	<u>249,635</u>	<u>17,474,472</u>	<u>25,715,987</u>
14 Commission, exchange and brokerage			
Commission on remittance	-	-	255,138
Commission on L/C	119,017	8,331,190	2,000,262
Commission on export	2,834	198,380	-
Commission on PO, DD, TT, TC, etc	4,810	336,770	-
Foreign exchange gain & charges	(978)	(68,439)	-
	<u>125,683</u>	<u>8,797,901</u>	<u>2,255,400</u>
15 Other operating income			
SWIFT charge recovery	25,387	1,777,090	1,688,750
Other	50,323	3,522,579	2,867,558
	<u>75,710</u>	<u>5,299,669</u>	<u>4,556,308</u>

Statement of outstanding unreconciled entries (nostro account) at 31 December 2012

Sl. no.	Period of unreconciled	As per local book				As per correspondents' book			
		Debit entries		Credit entries		Debit entries		Credit entries	
		No.	USD	No.	USD	No.	USD	No.	USD
1	Upto 3 months	18	21,062,931	76	4,073,526	9	130,706	166	5,581,313
2	More than 3 months but less than 6 months	-	-	-	-	-	-	-	-
3	More than 6 months but less than 9 months	-	-	-	-	-	-	-	-
4	More than 9 months but less than 12 months	-	-	-	-	-	-	-	-
5	More than 12 months	-	-	-	-	-	-	-	-
	Total	18	21,062,931	76	4,073,526	9	130,706	166	5,581,313

Reconciliation between

Bangladesh Bank Statement and Bank's book

The reconciling items relates to clearing of the following:

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

Local currency :	As per Bangladesh Bank Statement BDT	As per Bank's General ledger BDT	Reconciling Difference BDT
Bangladesh Bank, Dhaka	6,462,695,192.52	5,035,067,001.31	1,427,628,191.21
Bangladesh Bank, Dhaka (Al-wadeeah current account)	132,735,173.63	132,735,173.63	-
Bangladesh Bank, Chittagong	31,838,542.39	31,823,562.39	14,980.00
Bangladesh Bank, Sylhet	139,409.42	138,909.42	500.00
Bangladesh Bank, Khulna	16,012,287.55	13,702,787.55	2,309,500.00
Bangladesh Bank, Rajshahi	4,446,099.93	4,446,099.93	-
Bangladesh Bank, Bogra	6,671,370.60	6,671,370.60	-
Bangladesh Bank, Barishal	322,636.92	323,715.67	(1,078.75)
Total	6,654,860,712.96	5,224,908,620.50	1,429,952,092.46

Bank credited but not debited by Bangladesh Bank	1,520,984,112.30
Bank debited but not credited by Bangladesh Bank	(50,000,000.00)
Bangladesh Bank credited but not debited by Bank	4,812,732.00
Bangladesh Bank debited but not credited by Bank	(45,844,751.84)
	1,429,952,092.46

Foreign currency:	As per Bangladesh Bank statement USD	As per Bank's general ledger USD	As per Bank's general ledger BDT	Reconciling difference USD
USD Clearing account	3,279,615.13	1,732,827.45	121,297,921.79	1,546,787.68
Total	3,279,615.13	1,732,827.45	121,297,922	1,546,787.68

Bank credited but not debited by Bangladesh Bank	4,266,188.13
Bank debited but not credited by Bangladesh Bank	(12,597.13)
Bangladesh Bank credited but not debited by Bank	469,162.46
Bangladesh Bank debited but not credited by Bank	(3,175,965.78)
	1,546,787.68

	As per Bangladesh Bank statement GBP	As per Bank's general ledger GBP	As per Bank's general ledger BDT	Reconciling difference GBP
GBP Clearing account	526.52	303.87	39,503.10	222.65
	526.52	303.87	39,503.10	222.65

Bank credited but not debited by Bangladesh Bank	214.14
Bank debited but not credited by Bangladesh Bank	-
Bangladesh Bank credited but not debited by Bank	8.51
Bangladesh Bank debited but not credited by Bank	-
	222.65

Reconciliation between

Bangladesh Bank Statement and Bank's book

	As per Bangladesh Bank statement EUR	As per Bank's general ledger EUR	BDT	Reconciling difference EUR
EUR Clearing account	343.19	308.37	27,753.30	34.82
	<u>343.19</u>	<u>308.37</u>	<u>27,753.30</u>	<u>34.82</u>
Bank credited but not debited by Bangladesh Bank				83.32
Bank debited but not credited by Bangladesh Bank				(48.50)
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				<u>34.82</u>

	As per Bangladesh Bank statement JPY	As per Bank's general ledger JPY	BDT	Reconciling difference JPY
JPY Clearing account	45,238	45,238	24,881	-
	<u>45,238</u>	<u>45,238</u>	<u>24,881</u>	<u>-</u>
Total (BDT)			<u>5,346,298,680</u>	

Segment Reporting

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

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Amount in Taka
	In side Bangladesh		Off-shore Banking unit	Total	In side Bangladesh Securities Ltd	BA Exchange Company (UK) Ltd	Total	
	Conventional Banking	Islamic Banking						
Interest income	12,751,339,738	522,687,934	22,028,959	13,296,056,631	592,744,302	-	13,888,800,933	
Interest paid on deposits and borrowings, etc	(9,236,210,828)	(362,664,033)	(17,474,472)	(9,616,349,333)	(566,531,168)	-	(10,182,880,501)	
Net interest income	3,515,128,910	160,023,901	4,554,487	3,679,707,298	26,213,134	-	3,705,920,432	
Investment income	1,926,368,669	2,275,437	-	1,930,644,106	-	-	1,840,646,106	
Commission, exchange and brokerage	1,718,815,710	32,699,998	8,797,901	1,760,313,609	111,045,350	10,258,300	1,881,617,259	
Other operating income	432,861,164	11,850,002	5,299,669	450,010,835	(3,213,888)	-	446,796,947	
Total operating income (A)	7,595,174,453	206,849,338	18,652,057	7,820,675,848	134,044,596	10,258,300	7,874,980,744	
Salaries and allowances	1,245,835,241	36,111,983	-	1,281,947,224	33,529,700	7,359,950	1,322,836,874	
Rent, taxes, insurance, electricity, etc	323,315,254	3,158,733	81,906	326,555,893	10,733,258	8,723,390	346,012,541	
Legal expenses	7,047,846	3,135	-	7,050,981	357,615	61,750	7,470,346	
Postage, stamp, telecommunication, etc	53,277,341	287,051	353,098	53,917,490	2,752,298	847,470	57,517,258	
Stationery, printing, advertisements, etc	69,482,672	540,805	-	70,023,477	488,205	662,220	71,173,902	
Managing Director's salary and fees	12,200,000	-	-	12,200,000	-	-	12,200,000	
Directors' fees	2,003,240	-	-	2,003,240	161,000	26,000	2,190,240	
Auditors' fees	1,064,535	-	-	1,064,535	86,250	780,000	1,930,785	
Depreciation and repairs of Bank's assets	336,314,562	2,149,827	-	338,464,389	6,923,052	2,521,090	347,908,531	
Other expenses	668,020,483	7,622,960	-	675,643,443	16,404,456	3,651,570	695,699,469	
Total operating expenses (B)	2,718,561,174	49,874,494	435,004	2,768,870,672	71,435,834	24,633,440	2,864,939,946	
Profit before provision (C=A-B)	4,876,613,279	156,974,844	18,217,053	5,051,805,176	62,608,762	(14,375,140)	5,010,040,798	
Provision:								
Provision for loans and advances/investments				2,090,358,454			2,090,358,454	
Provision for off-balance sheet items				130,572,366			130,572,366	
Provision for diminution in value of investments				100,000,000			100,220,768	
Other provisions				7,877,361			7,877,361	
Profit before tax provision (C=A-B)				2,722,996,995			2,681,011,849	
Provision for taxation				1,815,000,000			1,831,070,482	
Profit after tax provision (C=A-B)				907,996,995			849,941,367	

Segment Reporting

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

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Amount in Taka
	In side Bangladesh		Off-shore Banking unit	Total	In side Bangladesh		BA Exchange Company (UK) Ltd	
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	Company (UK) Ltd		
PROPERTY AND ASSETS								
Cash	6,440,288,330	153,683,515	-	6,593,971,845	78,740	1,621,142	6,595,671,727	
Balance with other banks and financial institutions	1,634,263,924	1,900,631,098	168,665,514	3,703,560,536	2,642,694	5,748,428	3,710,892,710	
Money at call and on short notice	220,000,000	-	-	220,000,000	-	-	220,000,000	
Investments	25,002,504,514	112,400,000	-	25,114,904,514	153,978,168	-	25,268,882,682	
Loans and advances/investments	89,034,964,752	2,856,700,453	437,153,320	92,328,818,525	4,913,963,024	-	93,410,427,870	
Fixed assets including premises, furniture and fixtures	4,516,543,502	3,948,706	-	4,520,492,208	13,612,271	14,790,620	4,548,895,099	
Other assets	7,835,761,082	36,909,081	6,956,777	7,879,626,940	110,173,218	2,565,940	7,480,601,751	
Non - banking assets	-	-	-	-	-	-	-	
Total assets	134,684,326,104	5,064,272,853	612,775,611	140,361,374,568	5,194,448,115	24,726,130	141,235,371,839	
LIABILITIES AND CAPITAL								
Liabilities								
Borrowings from other banks, financial institutions and agents	2,425,000,476	1,400,000,000	-	3,825,000,476	4,282,363,679	-	4,275,010,476	
Subordinated Non-Convertible Zero Coupon Bond	599,998,411	-	-	599,998,411	-	-	599,998,411	
Deposits and other accounts	106,043,741,931	3,423,474,894	594,558,558	110,061,775,383	114,812,145	-	110,175,528,580	
Other liabilities	12,570,414,940	240,797,959	18,217,053	12,829,429,952	248,672,189	21,841,560	13,070,669,484	
Total liabilities	121,639,155,758	5,064,272,853	612,775,611	127,316,204,222	4,645,848,013	21,841,560	128,121,206,951	
Total shareholders' equity	13,045,170,346	-	-	13,045,170,346	548,600,102	2,884,570	13,114,164,888	
Total liabilities and shareholders' equity	134,684,326,104	5,064,272,853	612,775,611	140,361,374,568	5,194,448,115	24,726,130	141,235,371,839	

Bank Asia Securities Limited

Report of the Directors

for the year ended December 31, 2012

Short Profile of the Company

Bank Asia Securities Limited (BASL) started its journey under the name & style of "Capital Market Division" of Bank Asia Limited from August 05, 2009. BASL was incorporated on August 04, 2010 as a private limited company having paid up capital of Tk.45.00 crore bearing registration No: C-86230 dated 04.08.2010 a majority owned subsidiary company of Bank Asia Ltd. The Company obtained registration from Securities & Exchange Commission for the operation of full fledged Stock Broker & Stock Dealer on March 16, 2011 bearing registration No: Reg/3.1/DSE-231/2011/463 and Reg/3.1/DSE-237/2011/464 respectively. Finally, the Company started its operation from April 17, 2011. The company is providing the following services:-

- Buy & Sale Shares/Debenture/Mutual Funds unit on behalf of the customers
- Managing own portfolio through Dealer license
- Full fledge Depository service

Dividend

The Directors recommended no dividend for the period ended 31st December, 2012

Property, plant and Equipment

Details of the movements during the period in the property, plant and equipment of the company are set out in Note - 4 to the financial statements.

Share Capital and Reserves

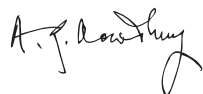
Details of the movements during the period in the share capital of the company are set out in Note-11 to the company's financial statements.

The Directors confirm the Directors' Report and the Financial Statements have been prepared in compliance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, Bangladesh Securities & Exchange Commission (BSEC) Rules, 1987, Bangladesh Securities & Exchange Commission (Stock Dealer, Stock Broker & Authorized Representatives) Rules-2000 and other applicable laws and regulations.

Meetings

As per provision of the Companies Act-1994 during the year 2012, 4 (four) meetings of the Board of Directors were held.

On behalf of the Board of Directors



A Rouf Chowdhury

Chairman

Auditors' Report to the Shareholders of Bank Asia Securities Limited

We have audited the accompanying financial statements of Bank Asia Securities Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2012, statement of comprehensive income (profit and loss statement), statement of cash flows and statement of changes in equity for the year ended 31 December 2012, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards / Bangladesh Accounting Standards, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards / Bangladesh Accounting Standards give a true and fair view of the state of the company's affairs as at 31 December 2012 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of Bangladesh Securities and Exchange Commission Regulations Act 1996 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- (c) the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss statement) dealt with by the report are in agreement with the books of account and returns.

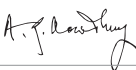


Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 10 March 2013

Statement of Financial Position
Balance Sheet
 at 31 December 2012

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
Non-Current Assets			
Property, plant and equipment	4	13,612,271	17,272,329
Membership of Dhaka Stock Exchange Ltd		153,119,000	153,119,000
Preliminary/pre-operating expenses	5	2,956,215	3,941,620
Total non-current assets		169,687,486	174,332,949
Current Assets			
Advances, deposits and prepayments		-	60,000
Investment in shares at cost	6	859,168	-
Loans and advances	7	4,913,963,024	4,402,311,765
Accounts receivable	8	27,353,057	35,261,027
Advance income tax	9	79,863,945	35,554,463
Cash and cash equivalents	10	2,721,434	101,077,495
Total current assets		5,024,760,628	4,574,264,750
Total assets		5,194,448,114	4,748,597,698
Equity			
Share capital	11	450,000,000	450,000,000
Retained earnings	12	98,600,101	142,282,590
Shareholders' equity		548,600,101	592,282,590
Current Liabilities			
Customer deposits	13	114,812,145	95,826,866
Loans and borrowings	14	4,282,363,679	3,879,216,504
Accounts payable	15	15,262,550	118,532,157
Liability for expenses	16	5,325,059	7,926,638
Interest suspense account	17	156,980,387	-
Provision for diminution in value of investments	18	220,768	-
Provision for taxation	19	70,883,425	54,812,943
Total current liabilities		4,645,848,013	4,156,315,108
Total equity and liabilities		5,194,448,114	4,748,597,698

See annexed notes, For Bank Asia Securities Limited


Chairman


Director


Director

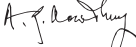

Chief Executive Officer


Auditors
S. F. AHMED & CO
 Chartered Accountants
 Dated, 10 March 2013

Statement of Comprehensive Income
Profit and Loss Statement
 for the year ended 31 December 2012

	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
Brokerage commission		111,045,350	128,418,373
Interest income	20	592,744,302	490,108,634
Interest expense	21	(566,531,168)	(381,001,724)
Net interest income		26,213,134	109,106,910
Other operating income/loss	22	(3,213,888)	9,160,256
Total operating income		134,044,596	246,685,539
Operating expenses	23	(71,435,834)	(49,590,007)
Profit before provision		62,608,762	197,095,533
Provision for diminution in value of investments	18	(220,768)	-
Profit before tax		62,387,994	197,095,533
Income tax expense	19	(16,070,482)	(54,812,943)
Profit after tax		46,317,512	142,282,590
Other comprehensive income		-	-
Total comprehensive income for the year		46,317,512	142,282,590

See annexed notes, For Bank Asia Securities Limited


 Chairman


 Director


 Director


 Chief Executive Officer

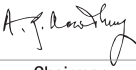

 Auditors
S. F. AHMED & CO
 Chartered Accountants
 Dated, 10 March 2013

Statement of Cash Flows

for the year ended 31 December 2012

	Notes	Amount in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
A. Cash flows from operating activities			
Net profit after tax		46,317,512	142,282,590
Adjustments to net profit for non-cash items:			
Depreciation		4,482,588	4,318,082
Preliminary expenses		985,405	985,405
Changes in working capital:			
(Increase)/decrease in current assets			
Accounts receivable		7,907,970	(35,261,027)
Advances, deposits and prepayments		60,000	(60,000)
Investment in shares at cost		(859,168)	-
Increase/(decrease) in current liabilities			
Customer deposits		18,985,279	95,826,867
Accounts and other payables		(103,269,607)	(35,645,283)
Liability for expenses		(2,601,579)	7,926,638
Income tax paid		(44,309,482)	(35,554,463)
Interest suspense account		156,980,387	-
Provision for diminution in value of investments		220,768	-
Provision for taxation		16,070,482	54,812,943
Net cash from operating activities		<u>100,970,555</u>	<u>199,631,752</u>
B. Cash flows from investing			
Acquisition of property, plant and equipment		(822,530)	(21,590,411)
Increase in preliminary/pre-operating expenses		-	(3,868,585)
Loans and advances		(511,651,259)	(4,402,311,765)
Net cash used in investing activities		<u>(512,473,789)</u>	<u>(4,427,770,761)</u>
C. Cash flows from financing activities			
Loans and borrowings		403,147,175	3,879,216,504
Dividend paid		(90,000,000)	-
Net Cash from financing activities		<u>313,147,175</u>	<u>3,879,216,504</u>
D. Net decrease in cash and cash equivalents (A+B+C)		(98,356,059)	(348,922,505)
E. Opening cash and cash equivalents		101,077,495	450,000,000
F. Closing cash and cash equivalents		<u>2,721,434</u>	<u>101,077,495</u>

See annexed notes, For Bank Asia Securities Limited


Chairman


Director


Director


Chief Executive Officer



Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 10 March 2013

Statement of Changes in Equity

for the year ended 31 December 2012

Particulars	Share Capital	Share Premium	Retained earnings	Amount in Taka Total
Year ended 31 Dec 2011				
Opening balance	-	-	-	-
Issue of shares	450,000,000	-	-	450,000,000
Net profit for the year	-	-	142,282,590	142,282,590
Closing balance	450,000,000	-	142,282,590	592,282,590
Year ended 31 Dec 2012				
Opening balance	450,000,000	-	142,282,590	592,282,590
Net profit for the year	-	-	46,317,512	46,317,512
Dividend paid during the year	-	-	(90,000,000)	(90,000,000)
Closing balance	450,000,000	-	98,600,101	548,600,101

See annexed notes, For Bank Asia Securities Limited


Chairman


Director


Director


Chief Executive Officer


Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 10 March 2013

Notes to the financial statements

for the year ended 31 December 2012

1. Reporting entity

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

The Company obtained permission from Bangladesh Securities and Exchange Commission on 16 March 2011 to operate as a full fledged stock broker and stock dealer bearing registration nos. Reg/3.1/DSE-237/2011/463 and Reg/3.1/DSE-237/2011/464 respectively.

The main objective of the Company is to act as a full fledged stock broker and stock dealer to execute buy and sell order and to maintain own portfolio as well as customers portfolio under the discretion of customers. The Company also performs the other activities relates to capital market as and when regulators permits the company to carry out activities as per their guidelines.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentational currency

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

2.3 Use of estimates and judgments

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

3.1 Interest income

Income from margin loan is recognised on accrual basis. Such income is calculated considering daily margin loan balance of the respective parties.

3.2 Income from brokerage commission

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

3.3 Statement of cash flows

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

3.4 Property, plant and equipment

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

Subsequent costs

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

Depreciation

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

Asset category	depreciation (%)
Computer and accessories	20
Furniture and fixtures	20
Office equipment	20
Office renovation	20

Details are given in Annex L-7.

3.5 Intangible assets

Computer software

Computer software acquired by the Company which have finite useful lives are measured at cost less accumulated amortisation.

Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss.

Amortisation of intangible assets

Computer software are amortised @ 20% per annum in a straight-line method.

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011

4. Property, plant and equipment

Opening balance		17,272,329	-
Add: Addition during the year		822,530	21,590,411
Less: Depreciation charge for the year		4,482,588	4,318,082
Closing balance		<u>13,612,271</u>	<u>17,272,329</u>

Details are given in Annex L-7.

5. Preliminary/pre-operating expenses

These represent the following expenses which are being charged to statement of comprehensive income @ 20% per annum ie, the expenses are to be written-off over 5 years equally with effect from the year 2011.

Total expenses		3,941,620	4,927,025
Less: Amortised during the year		985,405	985,405
Net book value		<u>2,956,215</u>	<u>3,941,620</u>

6. Investment in shares (at cost)

	859,168	-
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This represents investment made in 28,000 shares at a cost of Taka 30.68 per share of ONE Bank Ltd, a listed company, market value of which is Taka 22.80 per share as of date of balance sheet.

7. Margin loans to customers

Opening	4,402,311,765	4,115,318,550
Add: Interest accrued during the year	745,183,356	471,266,093
	5,147,495,121	4,586,584,643
Less: Adjusted margin loan	233,532,097	184,272,878
Closing balance	<u>4,913,963,024</u>	<u>4,402,311,765</u>

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

8. Accounts receivable

Receivable from Dhaka Stock Exchange Ltd	25,446,807	29,145,993
Receivable from clients	-	5,520,034
Receivable from Bank Asia Limited	7,700	-
Cheques in transit	1,898,550	595,000
	<u>27,353,057</u>	<u>35,261,027</u>

9. Advance income tax

Opening balance	35,554,463	-
Advance income tax deposited during the year	28,239,000	7,000,000
Tax deducted at source from brokerage commission	15,703,915	26,723,141
Tax deducted at source from bank interest	366,567	1,831,322
	44,309,482	35,554,463
Closing balance	<u>79,863,945</u>	<u>35,554,463</u>

10. Cash and cash equivalents

Cash in hand (note 10.1)	78,740	12,469
Bank balance (note 10.2)	2,642,694	101,065,026
	<u>2,721,434</u>	<u>101,077,495</u>

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
10.1 Cash in hand			
Head-office		8,740	12,469
Branch-office		70,000	-
		<u>78,740</u>	<u>12,469</u>
10.2 Bank balance			
Bank Asia Limited		1,058,948	5,605,409
ONE Bank Limited		1,574,517	10,459,617
Prime Bank Limited		9,229	85,000,000
		<u>2,642,694</u>	<u>101,065,026</u>
11. Share capital			
Authorised :			
20,000,000 ordinary shares of Taka 100 each		<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid up:			
4,500,000 ordinary shares of Taka 100 each		<u>450,000,000</u>	<u>450,000,000</u>
The Company's shareholding position as at 31 December was as under:			
<u>Name of shareholder</u>	<u>Number of shares</u>	<u>% of holding</u>	<u>Value/Taka</u>
Bank Asia Limited	4,499,900	99.99778	449,990,000
Anisur Rahman Sinha	100	0.002222	10,000
	<u>4,500,000</u>	<u>100</u>	<u>450,000,000</u>
12. Retained Earnings			
Opening balance		142,282,590	-
Less: Dividend paid @ 20% per share		90,000,000	-
		52,282,590	-
Add: Total comprehensive income during the year		46,317,512	142,282,590
Closing balance		<u>98,600,101</u>	<u>142,282,590</u>
13. Customer deposits		<u>114,812,145</u>	<u>95,826,866</u>
Customer deposits represent uninvested funds lying with the Company's account at the reporting date.			
14. Loans and borrowings			
Bank Asia Limited		3,832,353,679	3,879,216,504
Prime Bank Limited		450,010,000	-
		<u>4,282,363,679</u>	<u>3,879,216,504</u>
15. Accounts payable			
Bank Asia Limited		15,000,000	117,397,136
Withholding VAT on supplies' payments		148,935	478,247
Withholding tax on supplies' payments		33,626	52,410
Security for server		16,960	91,750
Dhaka Stock Exchange Ltd		63,029	512,614
		<u>15,262,550</u>	<u>118,532,157</u>
16. Liabilities for expenses		<u>5,325,059</u>	<u>7,926,638</u>
The amount represents provisions against operating expenses during the year.			

	Notes	Amount in Taka	
		At 31 Dec 2012	At 31 Dec 2011
17. Interest suspense account			
Interest accrued during the year (note 7)		745,183,356	-
Less: Amount taken to interest income (note 20)		588,202,969	-
		<u>156,980,387</u>	<u>-</u>

The amount represents interest income from loan accounts of the clients who have negative balance with Bank Asia Securities Limited during the year. The amount will be recognised as income on realisation basis.

18. Provision for diminution in value of investments

Investment in shares at cost		859,168	-
Less: Market value of shares at 31 December 2012 (28,000 @ Taka 22.80)		638,400	-
		<u>220,768</u>	<u>-</u>

19. Provision for corporate income tax

Opening balance		54,812,943	-
Add: Provision made during the year		16,070,482	54,812,943
Closing balance		<u>70,883,425</u>	<u>54,812,943</u>

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

	Notes	Amount in Taka	
		2012	2011
20. Interest income			
Income from fixed deposits		3,457,006	18,313,228
Income from bank deposits		1,084,327	529,313
Income from margin loan		588,202,969	471,266,093
		<u>592,744,302</u>	<u>490,108,634</u>
21. Interest expense			
Interest on loan		566,531,168	376,689,578
Bank charges and commission		-	4,312,146
		<u>566,531,168</u>	<u>381,001,724</u>
22. Other operating income			
Operating income (note 22.1)		6,566,458	17,241,037
Less: CDBL charges		9,780,346	8,080,781
		<u>(3,213,888)</u>	<u>9,160,256</u>
22.1 Operating income			
BO account opening fees		147,500	93,000
Margin account renewal fees		2,610,000	1,103,000
Income from transfer/transmission/corporate action		1,377,220	7,917,416
Margin account opening fees		43,500	-
BO account maintenance fees		2,388,238	8,127,621
		<u>6,566,458</u>	<u>17,241,037</u>

	Notes	Amount in Taka	
		2012	2011

23. Operating expenses


Salaries and allowances		33,529,700	21,402,877
Laga charges		6,281,566	6,786,251
Office rent		9,646,382	5,927,970
Depreciation		4,482,588	4,318,082
Bank guarantee commission		3,120,674	1,950,933
Utilities		3,685,604	1,753,658
Internet charges		2,495,310	1,751,077
Hawla charges		1,443,764	1,331,652
Entertainment		1,086,876	1,114,328
Amortisation of pre-operating expenses		985,405	985,405
Cleaning expenses		431,017	476,904
Postage and courier		52,256	474,215
Repair and maintenance		817,307	278,450
Bank charges		107,527	-
Telephone		204,732	260,000
Fuel and oil		637,752	160,040
Computer accessories		327,550	123,744
Plantation		319,864	123,190
Printing and stationery		488,205	110,646
Conveyance		188,614	87,575
Business and promotional expenses		24,945	-
Audit fees		86,250	78,534
Directors' remuneration		161,000	51,750
License and renewal fees		322,029	16,897
Newspaper		36,800	12,485
Professional fees		357,615	3,343
Others		114,502	10,000
		<u>71,435,834</u>	<u>49,590,007</u>

24. Others

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

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


For Bank Asia Securities Limited


Chairman


Director


Director


Chief Executive Officer


Auditors
S. F. AHMED & CO
Chartered Accountants
Dated, 10 March 2013

Details of property, plant and equipment

for the year ended 31 December 2012

Particulars	Cost			Depreciation				Written down value at 31 Dec 2012		
	At 01 January 2012	Addition during the year	Adjustment/disposal	Total at 31 Dec 2012	Rate (%)	At 01 January 2012	Charge for the year		Adjustment on disposal	Total at 31 Dec 2012
Computer and accessories	5,277,083	300	-	5,277,383	20	1,055,417	1,055,477	-	2,110,893	3,166,490
Furniture and fixtures	2,915,764	-	-	2,915,764	20	583,153	583,153	-	1,166,306	1,749,458
Office equipment	4,942,425	376,050	-	5,318,475	20	988,485	1,063,695	-	2,052,180	3,266,295
Office renovation	7,409,499	46,180	-	7,455,679	20	1,481,900	1,491,136	-	2,973,036	4,482,643
Computer software	1,045,640	400,000	-	1,445,640	20	209,128	289,128	-	498,256	947,384
Total at 31 Dec 2012	21,590,411	822,530	-	22,412,941		4,318,082	4,482,588	-	8,800,670	13,612,271
Total at 31 Dec 2011	-	21,590,411	-	21,590,411		-	4,318,082	-	4,318,082	17,272,329

Registered number: 07314397

BA EXCHANGE COMPANY (UK) LIMITED

**Directors' report and financial statements
for the year ended December 31, 2012**

BA EXCHANGE COMPANY (UK) LIMITED

Company Information

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

BA EXCHANGE COMPANY (UK) LIMITED
Directors' Report
for the year ended December 31, 2012

The directors present their report and the financial statements for the year ended December 31, 2012.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

PRINCIPAL ACTIVITIES

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

RESULTS

The loss for the year, after taxation, amounted to £110,580 (2011 - loss £117,233).

DIRECTORS

The directors who served during the year were:

A Rouf Chowdhury

E U Ahmed (resigned January 25, 2012)

Md Mehmood Husain (appointed January 25, 2012)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk 1

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

BA EXCHANGE COMPANY (UK) LIMITED

Directors' Report

for the year ended December 31, 2012

Risk 2

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

PROVISION OF INFORMATION TO AUDITORS

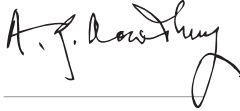
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

AUDITORS

The auditors, Green & Peter, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on Complete 'ACCOUNTS COMPLETION' section and signed on its behalf.



A Rouf Chowdhury
Director

BA EXCHANGE COMPANY (UK) LIMITED

Independent Auditors' Report

to the shareholders of BA Exchange Company (UK) Limited

We have audited the financial statements of BA Exchange Company (UK) Limited for the year ended December 31, 2012, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at December 31, 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

BA EXCHANGE COMPANY (UK) LIMITED

Independent Auditors' Report

to the shareholders of BA Exchange Company (UK) Limited

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

-sd-

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

BA EXCHANGE COMPANY (UK) LIMITED

Profit and loss account

for the year ended December 31, 2012

	Notes	2012 £	2011 £
TURNOVER	1,2	78,910	33,610
Cost of sales		<u>(25,243)</u>	<u>(8,252)</u>
GROSS PROFIT		53,667	25,358
Administrative expenses		<u>(164,029)</u>	<u>(142,516)</u>
OPERATING LOSS	3	(110,362)	(117,158)
Interest payable and similar charges	7	<u>(218)</u>	<u>(75)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(110,580)	(117,233)
Tax on loss on ordinary activities	8	-	-
LOSS FOR THE FINANCIAL YEAR	13	<u>(110,580)</u>	<u>(117,233)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account.

The notes on pages 7 to 12 form part of these financial statements.

-sd-
Chairman

-sd-
Director

-sd-
Chief Executive Officer

-sd-
Robert Green FCA (Senior statutory auditor)
for and on behalf of
Green & Peter
Chartered Accountants
Registered Auditors
The Limes
1339 High Road
Whetstone
London
N20 9HR

BA EXCHANGE COMPANY (UK) LIMITED

Balance sheet

as at December 31, 2012

	Notes	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	9		113,773		130,860
CURRENT ASSETS					
Debtors	10	19,738		13,131	
Cash at bank and in hand		56,689		15,555	
		<u>76,427</u>		<u>28,686</u>	
CREDITORS: amounts falling due within one year	11	<u>(168,013)</u>		<u>(76,779)</u>	
NET CURRENT LIABILITIES			(91,586)		(48,093)
NET ASSETS			<u>22,187</u>		<u>82,767</u>
CAPITAL AND RESERVES					
Called up share capital	12		250,000		200,000
Profit and loss account	13		(227,813)		(117,233)
SHAREHOLDERS' FUNDS	14		<u>22,187</u>		<u>82,767</u>

The notes on pages 7 to 12 form part of these financial statements.

-sd-
Chairman

-sd-
Director

-sd-
Chief Executive Officer

-sd-
Robert Green FCA (Senior statutory auditor)
for and on behalf of
Green & Peter
Chartered Accountants
Registered Auditors
The Limes
1339 High Road
Whetstone
London
N20 9HR

Notes to the financial statements

for the year ended December 31, 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

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

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

1.4 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 Deferred taxation

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

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

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

Deferred tax assets and liabilities are discounted.

1.6 Foreign currencies

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

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

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

1.7 Going Concern

The Company reported a loss during the period as it was within the initial years of trading and the customer base has not yet been fully established. Overheads were higher as expected in relation to the launch of a new venture in relation to expected income. The results are in line with expectations.

The directors consider that the Company will be able to rely upon sufficient additional support from the parent undertaking for at least the next 12 months, to be able to meet all its commitments as they fall due.

Therefore the directors consider that the going concern basis is appropriate in respect of the financial statements for the year ended 31 December 2012.

BA EXCHANGE COMPANY (UK) LIMITED

Notes to the financial statements

for the year ended December 31, 2012

2. TURNOVER

The whole of the turnover is attributable to the provision of money remittance and related services to the parent entity Bank Asia Limited and for providing admin support for the parent entity in respect of its customer base who are resident in the UK.

All turnover arose within the United Kingdom.

3. OPERATING LOSS

The operating loss is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	17,099	11,444
Operating lease rentals:		
- other operating leases	42,000	36,448
	<u>42,000</u>	<u>36,448</u>

4. AUDITORS' REMUNERATION

Fees payable to the company's auditor for the audit of the company's annual accounts

3,000	3,000
<u>3,000</u>	<u>3,000</u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

Wages and salaries	56,815	34,587
	<u>56,815</u>	<u>34,587</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2012 No.	2011 No.
Management	1	1
Counter staff	2	2
	<u>3</u>	<u>3</u>

6. DIRECTORS' REMUNERATION

Emoluments

200	-
<u>200</u>	<u>-</u>

7. INTEREST PAYABLE

On bank loans and overdrafts

218	75
<u>218</u>	<u>75</u>

8. TAXATION

Factors affecting tax charge for the year/period

	2012 £	2011 £
Loss on ordinary activities before tax	(110,580)	(117,233)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20%)	(22,116)	(23,447)
Effects of:		
Unrelieved tax losses carried forward	22,116	23,447
Current tax charge for the year/period (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

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

Notes to the financial statements

for the year ended December 31, 2012

9. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures and fittings £	Total £
Cost			
At January 1, 2012	122,846	19,458	142,304
Additions	-	12	12
At December 31, 2012	<u>122,846</u>	<u>19,470</u>	<u>142,316</u>
Depreciation			
At January 1, 2012	8,190	3,254	11,444
Charge for the year	12,285	4,814	17,099
At December 31, 2012	<u>20,475</u>	<u>8,068</u>	<u>28,543</u>
Net book value			
At December 31, 2012	<u>102,371</u>	<u>11,402</u>	<u>113,773</u>
At December 31, 2011	<u>114,656</u>	<u>16,204</u>	<u>130,860</u>

Notes to the financial statements

for the year ended December 31, 2012

	2012 £	2011 £
10. DEBTORS		
Prepayments	8,238	2,379
Other debtors	3,262	8,373
Prepayments and accrued income	8,238	2,379
	<u>19,738</u>	<u>13,131</u>
11. CREDITORS		
Amounts falling due within one year		
Trade creditors	109,382	18,776
Social security and other taxes	-	457
Accruals	15,387	14,882
Other creditors	27,857	27,782
Accruals and deferred income	15,387	14,882
	<u>168,013</u>	<u>76,779</u>
12. SHARE CAPITAL		
Allotted, called up and fully paid		
250,000 (2011 - 200,000) Ordinary shares of £1 each	<u>250,000</u>	<u>200,000</u>
During the period the Company issued 50,000 (2011- 200,000) £1 Ordinary share for cash.		
13. RESERVES		
		Profit and loss account £
At January 1, 2012		(117,233)
Loss for the year		(110,580)
At December 31, 2012		<u>(227,813)</u>
14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Opening shareholders' funds	82,767	-
Loss for the year/period	(110,580)	(117,233)
Shares issued during the year/period	50,000	200,000
Closing shareholders' funds	<u>22,187</u>	<u>82,767</u>
15. OPERATING LEASE COMMITMENTS		
At December 31, 2012 the company had annual commitments under non-cancellable operating leases as follows:		
	Land and buildings	
	2012	2011
	£	£
Expiry date		
Between 2 and 5 years	-	42,000
After more than 5 years	-	-
	<u>-</u>	<u>-</u>
16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY		
The Company's ultimate parent undertaking is Bank Asia Limited, a company incorporated in Bangladesh. The accounts for this entity may be obtained from Head Office Bank Asia Corporate Office, Rangs Tower (2nd - 6th Floor), 68 Purana Paltan, Dhaka 1000, Bangladesh or on their website www.bankasia-bd.com .		

BA EXCHANGE COMPANY (UK) LIMITED

Detailed trading and profit and loss account

for the year ended December 31, 2012

	2012 £	2011 £
TURNOVER	78,910	33,610
Cost of sales	<u>(25,243)</u>	<u>(8,252)</u>
GROSS PROFIT	53,667	25,358
Gross profit	68.0%	75.4%
LESS: OVERHEADS		
Administration expenses	<u>(164,029)</u>	<u>(142,516)</u>
OPERATING LOSS	(110,362)	(117,158)
Interest payable	(218)	(75)
LOSS FOR THE YEAR	<u>(110,580)</u>	<u>(117,233)</u>

BA EXCHANGE COMPANY (UK) LIMITED

Schedule to the detailed accounts

for the year ended December 31, 2012

	2012 £	2011 £
TURNOVER		
Commission Income	74,669	26,492
F/X Gain	4,241	7,118
	<u>78,910</u>	<u>33,610</u>
COST OF SALES		
Bank Charges	<u>25,243</u>	<u>8,252</u>
ADMINISTRATION EXPENSES		
Directors fees	200	-
Staff salaries	56,615	34,587
Staff training	-	452
Entertainment	-	2,737
Hotels, travel and subsistence	1,263	1,839
Printing and stationery	2,287	2,051
Postage	2,262	426
Telephone and fax	4,257	2,366
Computer costs	10,207	6,181
General office expenses	1,367	1,878
Advertising and promotion	2,807	9,028
Legal and professional	475	11,307
Auditors' remuneration	3,000	3,000
Auditors' remuneration - non-audit	3,000	5,000
Rent - operating leases	42,000	36,448
Rates	13,407	8,014
Light and heat	200	1,600
Insurances	1,289	1,639
Repairs and maintenance	2,294	2,519
Depreciation - plant and machinery	4,814	3,254
Depreciation - leasehold property	12,285	8,190
	<u>164,029</u>	<u>142,516</u>
INTEREST PAYABLE		
Bank overdraft interest payable	<u>218</u>	<u>75</u>