





DIRECTORS' **REPORT**

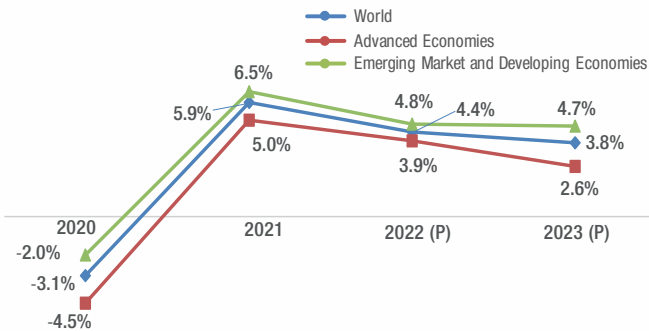
World Economy

Introduction

The global economic growth is estimated at 5.9% in 2021 from -3.10% in 2020 but now in 2022, it is expected to be 4.4% which is also expected to be slowed to 3.8% in 2023. A strong spring recovery in 2021 resulted in a rebound in GDP. Economists attribute the recent rise in consumer prices to a variety of factors, including supply chain breakdowns, labor shortages, and a sudden surge in spending following widespread lockdowns during the COVID-19 pandemic. As of December, 2021, the inflation rate has risen dramatically in advanced economies, emerging markets, and developing economies. According to the most recent Labor Department data, the CPI has climbed to 7% in 2021 which was the highest for the last 39 years in the history of U.S.A. But it has been comparatively steady in low-income countries. There had been a catastrophic hit in the labor market in 2020 which it has not recovered yet. Unemployment around the world still remains below the pre-pandemic era. Despite supply chain issues, global trade has been restored to pre-pandemic levels. Trade, capital flows, and global internet traffic have returned to, or even surpassed, pre-pandemic levels.

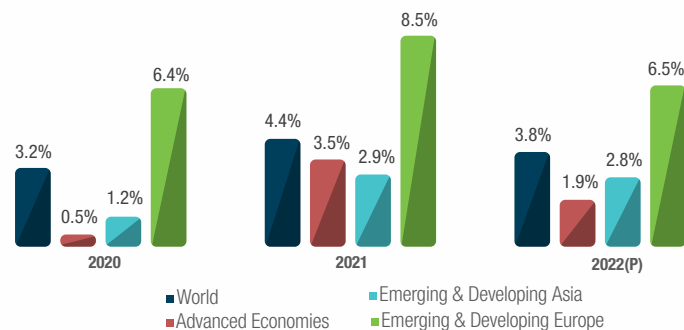
Global GDP growth:

After the downfall of 2020, GDP growth rate globally bounced back in 2021 and is expected to remain moderate in the coming years. As the pandemic hit, the growth was negative for both advanced and developing economies. But then, the world started to adopt the new normal for which, at the third quarter of 2021, world trade increased which led to bounce back the GDP for almost all the industries.



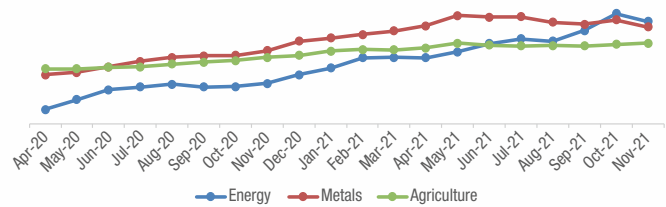
Global Inflation:

Currently, inflation is a burning issue of the world as USA is at its all-time high. On the other hand, few countries like China has controlled their inflation rate. But the bigger picture calls for high inflation rate. For emerging economies in Asia, the inflation rate reached a massive height of 8.5% in 2021 and for advanced economies it was 4.4%. These numbers are expected to moderate in the future but for Asia, the rates will still be dramatically high.



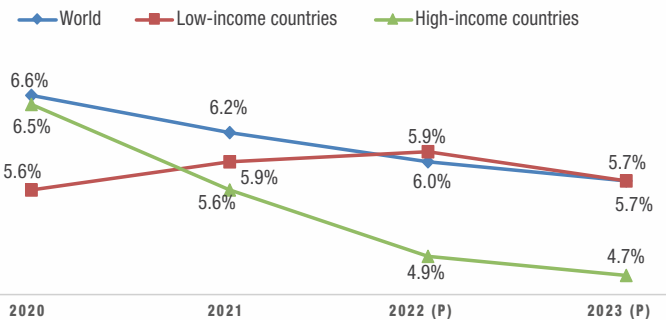
Global Commodity Markets:

As the chart shows, the commodity prices of energy, agriculture, metals, and precious metals are rising at an exponential figure. After facing a heavy decline due to the covid19 pandemic, the crude oil prices have recovered their price and now traded above \$100 per barrel which is the highest over last 14 years. Metal prices suffered decline in the beginning but later on, it recovered rapidly due to China's revolutionary industrial activity which was at its all-time high on May 2021.



Global Unemployment Rate:

The global unemployment rate in 2021 was 6.2% approximately 214 million unemployed workforces which is expected to decrease in the coming years. Although the unemployment rate is expected to increase for low-income countries in 2022 but then it will stabilize from 2023. For lower-middle-income, upper-middle income, and high-income countries, the unemployment rate is projected to be in a decreasing order in 2022 and 2023.

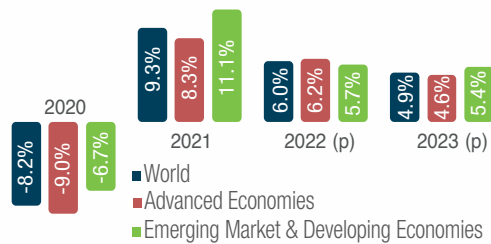


Global FDI

According to UNCTAD's World Investment Report 2021, global FDI flows are expected to bottom out in 2021 and recover some lost ground with an increase of 10% to 15%. According to the report, global FDI flows fell by 35% in 2020 to \$1 trillion, down from \$1.5 trillion the previous year. Lockdowns caused by the COVID-19 pandemic slowed existing investment projects worldwide, and the prospect of a recession prompted multinational enterprises (MNEs) to reconsider new projects. The decline was heavily skewed towards developed economies, where FDI fell by 58 percent. FDI inflows into developing economies were relatively resilient, falling by 8%. Developing economies, particularly the least developed countries (LDCs), experienced more modest recovery growth. The rebound growth rate of FDI in 2021 is likely to repeat in 2022.

Global Trade Volume:

World merchandise trade volume is estimated to grow 10.8% in 2021 before moderating in 2022 and 2023. Later on, this volume fell 0.8% in the third quarter of 2021, following four consecutive quarters of strong growth, as supply chain disruptions, shortages of production inputs, and



rising COVID-19 cases weighed on trade growth. The cross-border trade in services, particularly tourism, is expected to remain restrained.

Global Economic Outlook:

The covid-19 pandemic is not over but the world economy is now more robust. As the new omicron variant emerges, it has disrupted supply chains which interrupted the recovery of the pandemic with newer challenges. Moreover, Russia-Ukraine conflict has added new uncertainty and created pressure on supply chain which generates high inflation.

Major Challenges for upcoming days:

1. International travel is still operating below pre-pandemic levels and it is still expected to continue for a while.
2. Huge inflationary pressure across the world especially in Europe and USA due to Supply-demand mismatches. In USA Inflation rate exceeded 7% at January, 2022 which is the highest over last 39 years. Similarly, in UK Inflation rate reached to 5.4% in January, 2022 which is the highest over last 30 years.
3. Due to the Russia-Ukraine conflict there had been severe sanctions put on Russia to create a deep economic recession. But this economic fallout will be felt globally as the sharp price increase of oil and metal will increase the cost of everyday items from food to petrol.
4. Unequal access of Covid-19 vaccines is a major obstacle is reviving the global economy. Only slightly more than 7% of people in low-income countries received the vaccines,

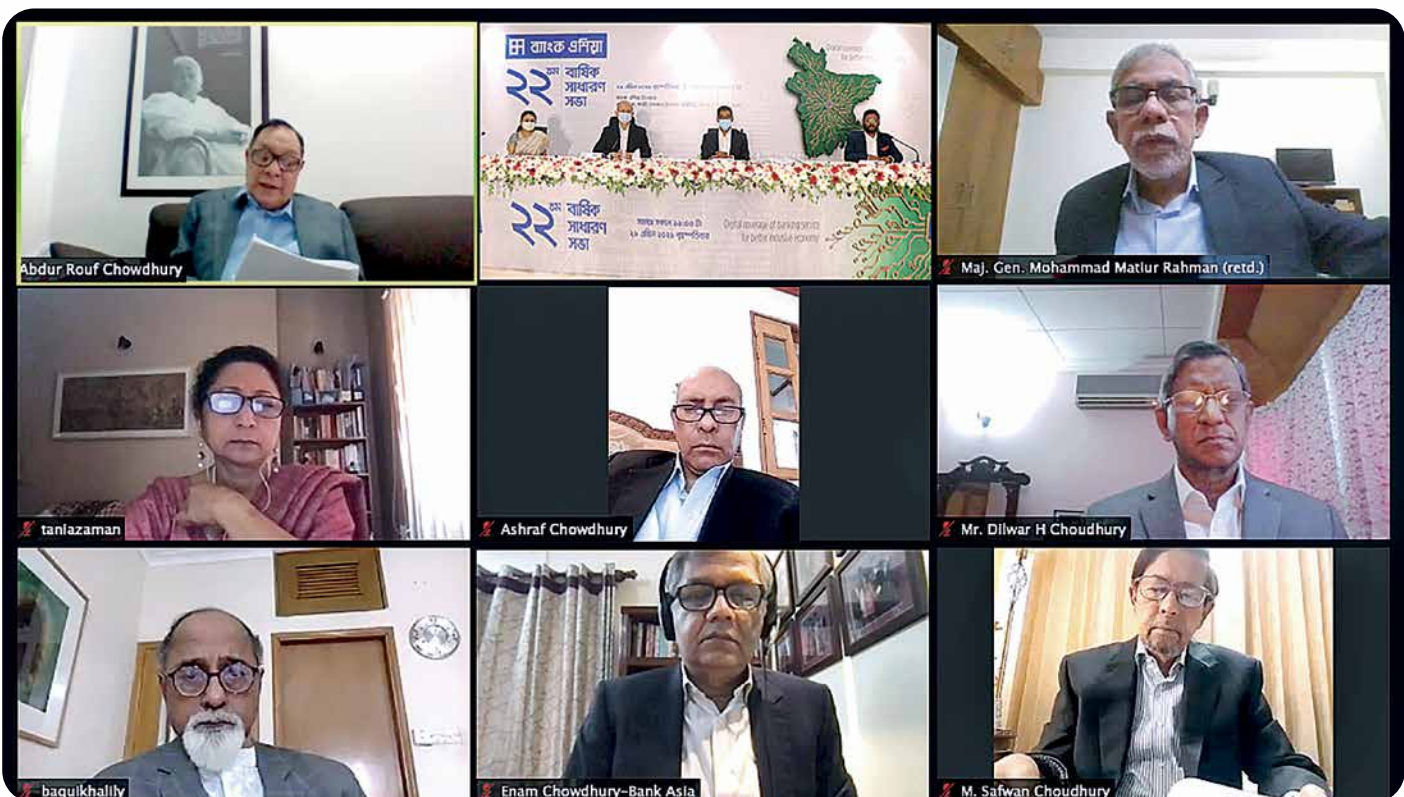
compared to more than 75% in high-income countries.

5. At least for the next two years, employment levels are expected to stay significantly below pre-pandemic levels. Labor force at United States and Europe remains at historically low levels.

Opportunities for upcoming days:

1. Commodity prices climbed to a higher rate, with metals, coal, crude oil, and natural gas all seeing significant increases. Crude oil prices increased around 80% on average to \$80 per barrel. Food prices increased by 22% in 2021, reaching their highest level in a decade which indicates business activities are increased significantly.
2. The recent inflation rise has been due to the pandemic and global supply chain disruption. But it is expected to fall to 3.8% in 2022 and will stabilize further based on the forecasts made on the second half of 2021.
3. After the shrinkage of 2.7% in 2020, the global investment grew by 7.5% in 2021 which is expected to rise further. However as public investment grows, deficit will rise leading governments to phase-out the extraordinary assistance they have been giving throughout the pandemic.
4. According to the baseline scenario of World Economic Situation and Prospect 2022, global trade in goods and services will increase by 5.7% in 2022, following an 11% increase in 2021.

Source: World Economic Outlook October, 2021 & January 2022



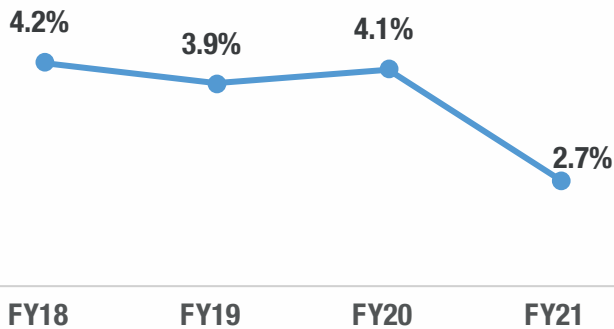
Board of Directors at 22nd AGM

Bangladesh Economy

The year 2021 started with the challenges to spread-out the pandemic situation. However Gross Domestic Product (GDP) growth rate of FY 2021 is 5.47% from 3.51% in FY20 and the expected GDP growth for FY 2022 will be 6.6% which is in satisfactory position compared with other South Asian countries. This year country did not suffer much from any severe setback. The export stood at USD44,222 million from January to December in 2021 whereas in 2020 it was USD 33,647 million indicates exports growth reached at 31.43%. In the same way the import stood at USD 67,905 million from January to December in 2021 while in 2020 it was USD 46,237 million which shows import growth is 46.86%. Foreign Remittance stood at USD 22,070 million in the year 2021 which was USD 21,739 million in 2020 indicates 1.52% growth only. Similarly, banking sector saw 10.11% growth in private sector credit growth, which is the highest than previous years. Foreign exchange reserve is also increased to 46 billion in December 2021 and per capita income rose by USD 327 in fiscal year 2020-2021 to USD 2,554 from USD 2024 in FY 2019-2020. During 2021, Dhaka Stock Exchange (DSE) posted a decade high daily turnover stood at 14.71 billion on an average in 2021 up by 127% year on year. The economy was also facing some challenges such as: inflationary pressure, non-performing loans, widening current account deficit, and a distortion in the interest.

Agriculture Sector:

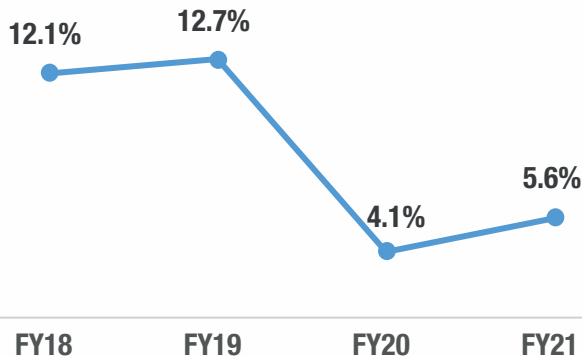
Agriculture sector contributed 9.90% of GDP and growth of this sector moderated from the base of 4.10% in FY20 to 2.65% in FY21. The growth was mainly supported by the growth of fishing, forest related



services and animal farming sub sector.

Industry Sector:

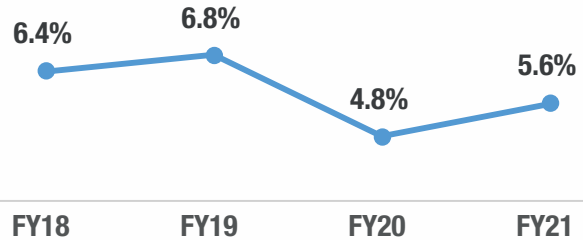
Industry sector contributed 35 percent of GDP and grew by 5.6 percent in FY21, higher from 4.10 percent in FY20. This growth was mainly supported by the growth of manufacturing and Electricity, Gas and water supply and construction sector has increased comparatively. As a result of post COVID-19 situation, both large and medium, and small scale industrial sub-sector increased by 5.17 percent from the previous fiscal



year to 6.56%.

Service Sector

The service sector contributed 52 percent and it has the largest share of GDP. In FY 2020-21, the share of broad service sector in GDP stood at 51.53 percent. Service sector grew by 5.6 percent as compared to



4.8% in previous fiscal year.

FISCAL OUTCOME

Expenditure

The total expenditure in the revised budget for FY21 amounted to Tk. 5,389.83 billion, which is 17.46 percent of GDP. Operating

BDT Billion



expenditure in revised budget for FY21 targeted at Tk. 3,23,6.88 billion (10.48% of GDP).

Revenue Collection

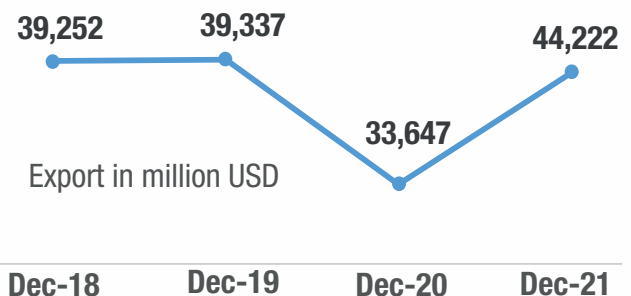
In the revised budget for FY 21, total revenue receipt targeted at BDT 3,515.32 billion, which was 11.39% of the estimated GDP. Tax revenue from non-NBR sources at 150 billion which was 0.49% of GDP and non-tax revenue at 355.32 billion which was 1.15% of GDP.

External sector

External sectors of Bangladesh economy such as export, import and remittance have always big role in the country's development activities. The position of these external sectors are delineated below:

Export

After the adverse effect of COVID-19 pandemic, foreign trade of Bangladesh has started to return to a positive trend. The export stood at USD 44,222 million from January to December in 2021 whereas in 2020 it was USD 33,647 million indicates exports growth reached at 31.43%. During this period, commodity-wise growth of export earning shows that, export earnings from almost all the products have increased

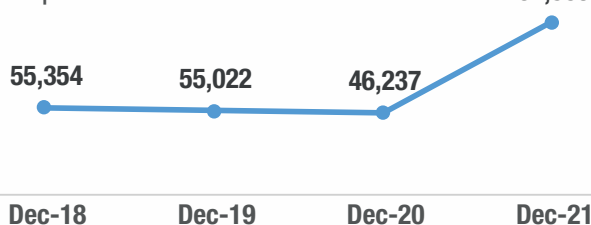


compare to the last year. The government has taken several steps as an incentive in the export sector. In order to encourage exports and export of commodities cash incentive is being provided to the exporters.

Import

Import demand kept surging in the year 2021 underpinned by the reopening and revitalization of economic activities as vaccination continued. Country's total import payment stood at USD 67,905 million from January to December in 2021 while in 2020 it was USD 46,237 million which shows import growth is 46.86%. Among the intermediate items, import of RMG related intermediate goods witnessed 68.4

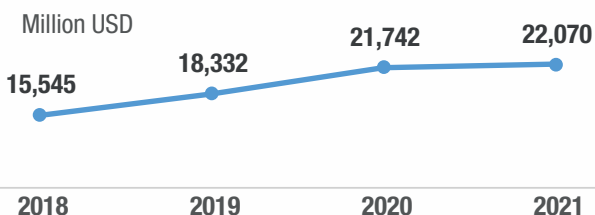
Import in Million USD



percent growth and iron, steel & other base metals grew by 74.5 percent, plastics and rubber articles thereof by 52.8 percent, chemicals by 17.2 percent, and crude petroleum by 105.6 percent in FY22.

Remittance

Foreign Remittance stood at USD 22,070 million in the year 2021 which



was USD 21,739 million in 2020 indicates 1.52% growth only. Due to COVID-19 pandemic the global labor market has harshly affected because of low skilled workers. In FY 2020-21 is the highest share of remittance remitted from KSA which was 23.56%.

Foreign Direct Investment (FDI)

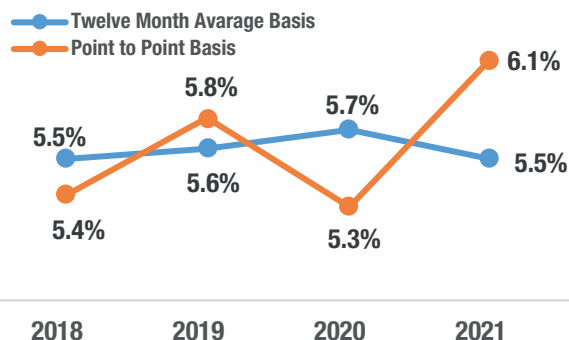
The rate of FDI inflow in Bangladesh is only around 1 percent of GDP, one of the lowest in Asia. Foreign Direct Investment in Bangladesh is expected to reach 1,550.00 USD Million by the end of 2021, according to Trading Economics global macro models and analysts' expectations.



Balance of Payment

Trade deficit widened at USUSD 12,530 million at the end of 2021 compared to USUSD 5,046 million in 2020. Trade deficit rose by 148

percent in 2021, due to the higher import payment growth than export earnings and remittance receipt. However, current account balance deficit stood at USUSD 6,186 million compared to a USUSD 3,555 million surplus in the previous year. Overall balance recorded a deficit of USUSD 2,023 million compared to USUSD 5,067 million surplus in previous year.



CPI Inflation

The twelve month average general CPI inflation was recorded 5.69 percent in December 2020 with gradually increasing by point to point basis during 2021. The CPI based average inflation declined to 5.54 percent (against the target of 5.4%) in December 2021 due to demand side pressure, policy drive.

Exchange Rate

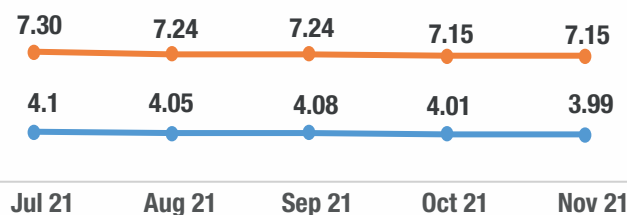
The annual average exchange rate stood at BDT 85.8 per USD at the end of 2021 against BDT 84.8 per USD at same previous year. Bangladesh observe overall 0.05% depreciation of taka against US dollar in July-April FY 2020-21 compare to that of the FY 2019-20. The weighted average inter-bank rate stood at Tk 86.20 per USD on March 27, 2022 which was Tk 84.80 per USD during same time of previous year.

Monetary Policy

Broad money (M2) increased by 10.18 percent at the end of November 2021 as compared with 13.99 percent growth of the same month of the previous year. Growth of broad money (M2) was lower while credit to the private sector was higher in November 2021 than that of the same month of the preceding year. Reserve money increased by 11.91 percent at the end of November 2021 which was 20.68 percent at the end of November 2020.

Interest rate movement:

The gap between lending and deposit interest rates (interest rate spread) viewed as measure of intermediation efficiency of banks has also been markedly narrowed. Monthly trends of weighted average lending and

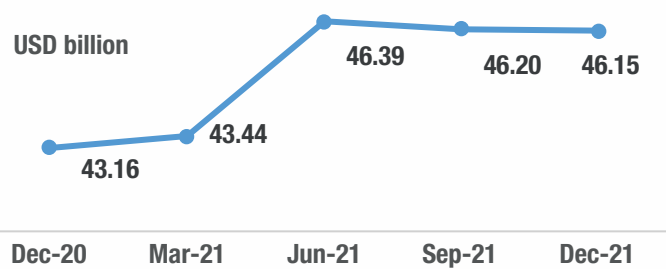


● Weighted Average Interest Rate on Deposit
● Weighted Average Interest Rate on Advances

deposit interest rates of all banks suggesting that the reduction of lending rate was much sharper than the deposit rate. Available data indicate that the weighted average lending rate remain same from December 2020 to December 2021 while the weighted average deposit has come down 3.99 percent in December 2021 from 4.01 percent in December 2020.

Foreign Exchange reserve:

Foreign Exchange Reserves is another significant part for stabilizing foreign exchange market. Foreign exchange reserves are the foreign assets held or controlled by the central banks. It is an important indicator for gauging an economies' ability to absorb external shock. Foreign exchange reserve stood at USD 46.15 billion at the end of 2021 whereas USD 46.20 billion was in 2020. The current Foreign Exchange Reserve is sufficient to pay import liability of 8.45 months.



BANGLADESH ECONOMY

Opportunities

Economic opportunities of Bangladesh's Economy are -

1. Strengthening competitive business environment.
2. The banking system was more liquated, resulting in low interest rates.
3. Sufficient foreign exchange reserve tends to create opportunity of more investment/expenditure.

Major Challenges

Bangladesh economy now facing following major economic challenges. They are -

1. A continuation of higher rate of inflation,
2. The upward trend of foreign exchange rate and
3. High non-performing loans (NPL) in banking industry.



Business Meet 2021

Banking Industry

Exploring 2021

The year 2021 also witnessed the severity of the pandemic, particularly during the first half of the year. However, like the rest of the world Bangladesh also had to adapt to the “new normal”. Bangladesh Bank provided various supportive policies such as stimulus packages, reduction of CRR to keep the market liquid as well as supportive policies on restraining classified loans. All of these initiatives made the banking industry vibrant for significant non-funded business, inward remittance, and market liquidity. The CRR levels were maintained at 4% on a bi-weekly average basis with a minimum provision of 3.5% on a daily basis, continuing from the previous year. Bangladesh Bank has continued to maintain an expansionary and accommodative policy for the fiscal 2021-2022 period, with a view to supporting economic recovery process while maintaining appropriate caution for overall price and financial stability. The trade balance on the other hand decreased by about \$5 billion to (\$23.8 billion) in 2021 vs (\$18.6 billion) in 2020, caused primarily by a large rise in import payments.

Regulation of banking industry

Bangladesh Bank Order 1972 and the company act 1991 and subsequent amendment of 2013 mainly guide the Commercial Banks of Bangladesh. Bangladesh Bank (BB), the Central Bank, exerts the supervisory controls over the banking sector. Besides, prudential guidelines for agent banking operation, loan classification and provisioning, amendment of guidelines on credit card operations of banks, foreign direct investment promotion project (FDIPP), promotion of cashless transaction and issuance of agricultural & rural credit policy & program for the FY 2020-21 were the key steps of central bank to strengthen sustainable development of the banking industry.

Monetary Aggregates

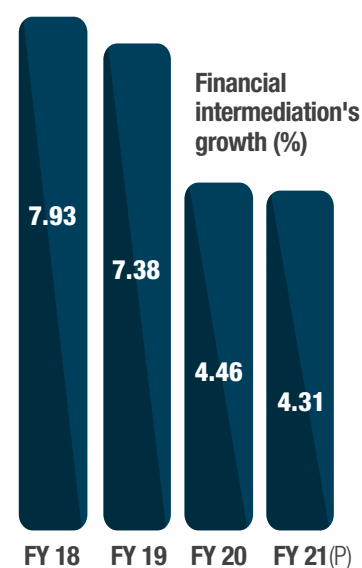
(y-o-y growth %)

Item	Actual			Program	
	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22
Net Foreign Assets	10.2	30.4	27.1	13.0	10.4
Net Domestic Assets	13.4	9.9	9.8	14.1	16.5
a) Domestic Credit	13.7	9.7	10.3	14.1	17.8
b) Credit to the Public Sector	53.4	17.2	21.2	30.6	32.6
c) Credit to the Private Sector	8.6	8.4	8.4	11.0	14.8
Broad money	12.7	14.3	14.3	13.8	15.0
Reserve money	15.7	21.3	21.3	14.0	10.0
Money multiplier	4.8	4.9	4.9	4.9	4.7

Banking Sector of Bangladesh

In December 2021, the total deposit stood at Tk. 14,093,426 million 2021, an increase of 9.21% compared to the previous year. On the other hand, the total advances stood at Tk. 12,675,607 million which is a growth of 10.71% over the last year, creating a likelihood for asset liability mismatch. Reserve money stood at USD 46,154 million at the end of December 2021 against previous year's value of USD 46,391 million at the end of December 2020. The overnight call money rate stood at an average of 2.69% in December, 2021 which was 1.80% in December, 2020. The AD Ratio is again lowest for Foreign Commercial Banks (FCBs) which was 54.0% in September 2021.

Regulatory body has also specified the boundary of AD ratio for banking industry as a pre-step to ensure the sufficient liquidity position of commercial banks. The key profitability indicators – Return on Assets (ROA) and Return on Equity (ROE) stood at 0.48% and 7.21% respectively in 2021 as compared to 0.57% and 5.32% respectively as recorded in 2020. The banking industry has maintained a provision of Tk. 661.4 billion against required provision of Tk. 723.5 billion, marking a shortfall provision of Tk. (62) billion as of September 2021. At the same period, the average CRAR (Capital to Risk Weighted Asset Ratio) for banking industry was 11.22%, the CRAR for the private commercial banks, state banks and foreign banks was 13.09%, 6.25% and 27.1%, respectively.



(In Billion)

Types of Bank	No. of Banks	CRAR% (Sep'21)	Deposit Growth % (Sep'21)	Advance Growth % (Sep'21)	AD Ratio (Sep'21)	NPL Ratio (Sep'21)	CL In Billion (Sep'21)
State owned bank (SCB)	6	6.25	21.6	14.7	54.8	20.07%	440.2
Specialized banks (DFI)	3	-34.31	22.0	10.2	70.5	11.44%	37.0
Private banks (PCB)	43	13.09	9.1	9.9	80.2	5.47%	507.4
Foreign Banks(FCB)	9	27.1	4.3	7.4	54.0	4.12%	26.9
Total	61	11.22	12.3	10.7	72.1	8.12%	1,011.50

* Bangladesh Bank Quarterly. (July-September 2021), Monetary Policy Statement(Fiscal Year 2021 -2022) P= Provisional

Review of operations of Bank Asia in 2021

The world as a whole had to suffer a lot due to the Covid-19 pandemic but the situation started to overcome from 2021 resulted from vaccination across the world. Like world economy, Bangladesh economy also witnessed rebound of economic activities. Import, export and investment gained momentum. Government has continued various supportive policies to make the economy vibrant. In 2021, Bank Asia shown remarkable performance in business parameters as well as in profitability. Operating profit of the bank increased to Tk. 9,193 million having growth of 51% over previous year. This remarkable growth is mainly attributed to reduction of cost of deposit from 4.95% to 3.94%, i.e. reduced by 101 basis points. Yield on advance of the bank decreased by 0.07% in 2021 and reached at 7.61% from 7.68% that resulted in increase of spread by 0.94% from 2.73% to 3.67%. Bank's total assets reached Tk. 438,293 million in 2021 compared to Tk. 408,961 million in 2020 with a growth of 7.17%. Deposit reached Tk. 317,782 million compared to Tk. 303,028 million with a growth of 4.87% and Loans and advances was 7.20% higher than the preceding year and stood at Tk. 262,267 million. Bank's import increased remarkably by 60% and stood at USD 2,620 million in 2021 against USD 1,632 million in 2020. Export increased by 30% and reached USD 1,642 million which was USD 1,261 million in the previous year. Inward remittance in 2021 showed

a remarkable growth of 29% and reached USD 1,509 million compared to USD 1,167 million in 2020. Net profit after tax of the bank stood at Tk. 2,707 million having growth of 33% over previous year. Policy support by Bangladesh bank for deferral payment of Covid affected clients and Bank's initiatives on loan recovery helped the Bank to restrain CL ratio to 5.14% in 2021. The Bank is standing on sound footing where strong capital base is playing a key role for smooth business growth. This strong capital base of Tk. 41,370 million helped the Bank to maintain a very satisfactory Capital to Risk Weighted Assets Ratio (CRAR) of 15.72%.

To maintain the increasing demand of customers for innovative services and a balanced distribution of network, the whole network of Bank Asia now consists of 129 branches, 7 sub-branches, 4,898 Agent outlets, 4 SME service centers, 5 Islamic windows, 198 own ATMs with more than 12,000+ shared ATMs, 1 Brokerage Company in Bangladesh and 2 exchange houses located in UK and USA. The Bank is also operating 3 branches of BA Express USA Inc. in New York. All the operations of the Bank are interconnected and integrated through state of the art networking technology.

CORPORATE & LARGE LOAN

Corporate & Large Loan (shortly as C&LL), the major strategic business division of Bank Asia Limited, has long been serving industry leading corporates of Bangladesh through satisfying their varying financing needs with versatile products/services, thus contributing towards the inclusive economic growth of the country. C&LL finances businesses/industries in the likes of power, construction/infrastructure, steel, cement, ceramics, food and beverage, pharmaceuticals, paper and packaging, trades, services etc. In principle, C&LL originates clients with fund based exposure above Tk.200 million and/or total exposure above Tk.300 million.

For functional efficiency, Corporate & Large Loan is segmented into General Corporate Finance Wing 1 and Wing 2, Syndication & Structured Finance Unit, Islamic Finance Unit and Monitoring Unit. C&LL also arranges need based supply chain finance and FCY facility (through the Bank's OBU and in collaboration with foreign partner Banks) for its corporate clients.

As of end of 2021, loans and advances of Corporate & Large Loan stood at Tk.126,603 million (around 48% of total loans and advances of the Bank). C&LL also managed to handle import business of Tk.101,070 million in 2021 registering a hefty growth of around 54% when businesses suffered due to the successive waves of COVID-19 pandemic.



Bank Asia financed pharmaceutical production facility of Opsonin Pharma Limited

Major Achievements for C&LL in 2021

- Originated 34 new customers including some industry leaders and arranged approval for aggregate fresh facility of Tk.26,180 million.
- Arranged approval for fresh/enhanced facility of Tk.38,640 million in favor of existing customers.
- Regularized classified and stressed loans amounting Tk.5,750 million.
- Strengthened customer relationship management from Corporate Office in support of the Branches.

Notable New Customers Originated by C&LL in 2021

During 2021, Corporate & Large Loan extended, among new others, working capital support of Tk.1,100 million to Opsonin Pharma Limited. and allied concerns, project loan of Tk.2,600 million to Spectra Solar Park Limited, project loan of Tk.3,550 million to Manikganj Power Generations Limited and project loan along with working capital support of Tk.1,550 million to Runner Automobiles Limited.

EXPORT FINANCE



Green Transformation Fund
Euro **4.60** Million in 2021

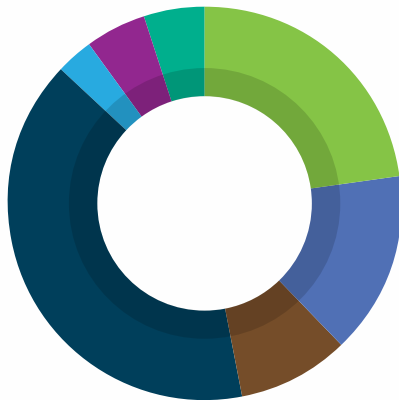
Export Finance Department of Bank Asia Limited is always playing an active role in promoting the foreign currency earners of the country and the asset growth of the Bank. Besides assisting the branches to book and nurture its business, the team also maintains centralized relationship with the customers. Experiencing a lot of uncertainties amid the ongoing Covid-19 pandemic, export sector of the country specially its RMG Wing came back well in 2021, taking the financial and policy supports of the banks and government. Bank Asia's active participation in all the financial stimulus package of the government to fight the impact of Covid-19 pandemic continued last year. Timely adjustment of extended loan and commitment was ensured to avoid creation of any distress situation.



Export Finance
BDT In Million **51,556**
Growth **13%**



Textile project under Green Transformation Fund of Bangladesh Bank.



Nature wise Export Finance

as on 31.12.2021
in million

- Knit **23%**
- Woven **15%**
- Sweater **9%**
- Textile/Spinning **40%**
- Dyeing **3%**
- Jute/Leather **5%**
- Accessories **5%**

We secured approval for refinancing of Euro 4.60 million in 2021 under Green Transformation Fund of Bangladesh Bank in favor of 02 customers in recognition of sustainable financing initiatives of Bank Asia Limited for the export oriented industries.

Total outstanding Funded Loan portfolio of Export Finance Department (including Islamic exposure) at the close of business as on 31.12.2021 was about 20% of total Loan portfolio of Bank achieving 100% of its Loan target. Total export volume of the Bank in 2021 showed 30% growth over last year in line with 32% growth of country export in 2021. With the concerted efforts, our exporters are doing better and they have already reached to the pre-pandemic level of export.

SYNDICATION & STRUCTURED FINANCE



Investment in Power sector
Tk. **4,238** million

Bank Asia's Syndication & Structured Finance Unit [SSFU] provides unique and innovative financial solutions to the clients in Power, manufacturing, RMG & Textiles, Cement, Refinery, Ceramics, Pulp & Paper, Telecom, Steel, Construction, and Financing in Economic Zone, Offshore Financing, Bridge Financing, ECA covered Financing and Investment in Alternative Products etc. The Unit also provides working capital financing for sector of business and industries based on their nature of operation.

SSFU acted as the lead arranger & agent raised 23 different Syndicated deals since year 2000. The Unit is also supporting Bank's corporate customers in the form of Project Term Loan, Short Term Loan & other

facilities in establishing new projects or in BMRE Projects. SSFU also provides agency and other ancillary services to the customers in a structured way. As of December, 2021; Syndication funded exposure was of Tk. 14,242 million.

Bank in the meantime has created its brand image in the market through financing almost all the big corporate houses of the country. In the year 2021, Bank Asia Ltd. as a Lead Arranger and Agent arranged Syndicated Term Loan of Tk. 2,898.00 million for Bhairab Power Ltd. for setting up a 54.50 MW HFO based Power Plant at Bhairab, Kishorgonj having total Project Cost of Tk. 4,498 million. And, SSFU also extended project loan of Tk. 3,550.00 million under syndication for Manikganj Power Generations Ltd. for establishment of 162 MW Power Plant at Singair, Manikganj.



54.50 MW power generation facility of Bhairab Power Limited

CMSME BANKING & AGRI/RURAL CREDIT

Bank Asia achieved honorary certificate from Bangladesh Bank in recognition of outstanding performance under CMSME stimulus loan disbursement.



CMSMEs are playing a vital role for the country's accelerated industrialization and economic development, employment generation and reducing poverty. Bank Asia is serving CMSME clients through Branches, SME/Agriculture Service Centers along with Agent outlets around the country.

Cottage, Micro, Small & Medium Segment Enterprise Financing

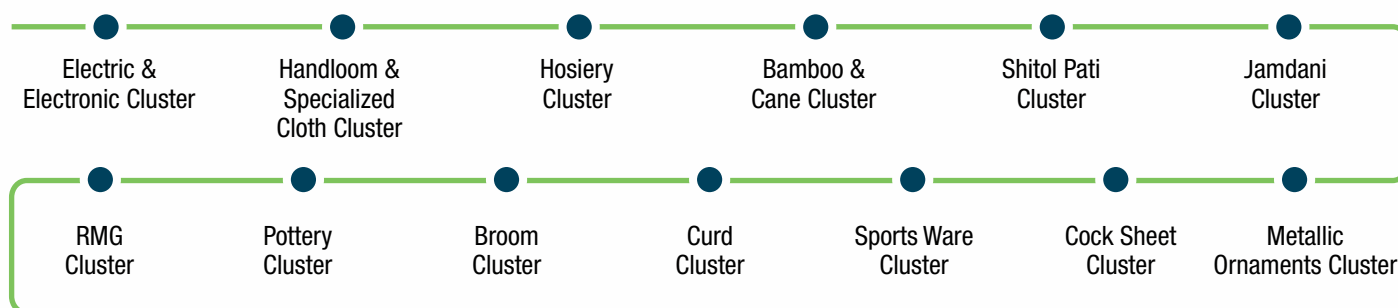
Bank Asia successfully achieved CMSMEs stimulus disbursement target, including sector wise disbursement criteria set by Bangladesh Bank in FY 2020-2021. Ensuring inclusive & sustainable economic growth through CMSE development with special focus on women entrepreneurship development we introduced cluster based financing which has been playing as a role of catalyst in the growth of cottage and micro segment in the country. Besides, we have been organizing capacity development and awareness building programs especially for women entrepreneurs in collaboration with Bangladesh Bank, SME Foundation etc. in different districts.

Initiatives in the year of 2021

- Launched 2 new products titled "Goti" - revolving demand loan to meet working capital requirement and "Nirontor" - Secured Overdraft facility against cash collateral to meet short term cash flow requirement for entrepreneurs under CMSE segment.
- Introduced Agent Centric Business Model for smooth CMSE loan disbursement through Channel Banking.
- Signed Agreement with SME Foundation regarding government's New Stimulus Package aiming to ensure credit facilities at low interest rate to the eligible and potential SME entrepreneurs affected due to COVID-19 around the country.
- Participated in Cheque distribution program among entrepreneurs of CMSMEs under New Stimulus Package of SME Foundation at Ministry of Industry.
- Organized 19 trainings for officials and entrepreneurs in 2021.

Cluster Financing

Bank Asia implemented full-fledged digitized cluster-based approach for financing to cottage, micro and small enterprises. Currently the bank is actively working on developing and financing in the following clusters.



- Participated in "9th National SME Product Fair-2021" organized by SME Foundation.

Loan Disbursement under CMSME Stimulus Package:

Bank Asia has disbursed BDT 373.14 Crore to the CMSMEs under the Stimulus Package implemented by Bangladesh Bank against target of BDT 300.00 Crore in FY 2020-2021. In this connection, Bangladesh Bank has handed over an honorary certificate to the managing director of the bank in recognition our efforts.

However, in 2021, there was another fund under Stimulus Package implemented by SME Foundation under which BDT 27 Crore was allocated for Bank Asia Limited in order to disburse among the COVID-19 affected CMSMEs i.e. SME sub sectors, clusters, groups, areas including women entrepreneurs who could not avail any credit facilities under previous stimulus package. Ensuring prompt services we have successfully disbursed the entire amount duly to the rural and marginal CMSMEs around the country.



Cheque distribution Program under Stimulus Package of SME Foundation

CMSE Loans through Online:

As first financial institution in the country, Bank Asia introduced TAB/PC based digital CMSE & Agri proposal processing. From the very beginning, we have approved 23,500 credit proposals amount to BDT 14,450 million through Diganta (OCAS, CMSE), an online credit approval system up to 31st December 2021. Moreover, several training sessions were arranged for the officers and agents of the bank on Online Credit Approval System (OCAS) in order to facilitate credit approval system smoothly throughout the year.

Financial Highlights of 2021

- The Cottage, Micro and Small Enterprise portfolio stood at Tk. 13,090 million compared to previous year's Tk. 10,533 million with a growth of 24.29%
- 5,171 new CMSE borrowers were added to the CMSE portfolio in 2021 with a volume of Tk. 3,792.78 million

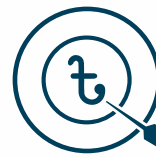
AGRICULTURAL/RURAL CREDIT



Total Disbursed Amount
Tk. **3,869** Million



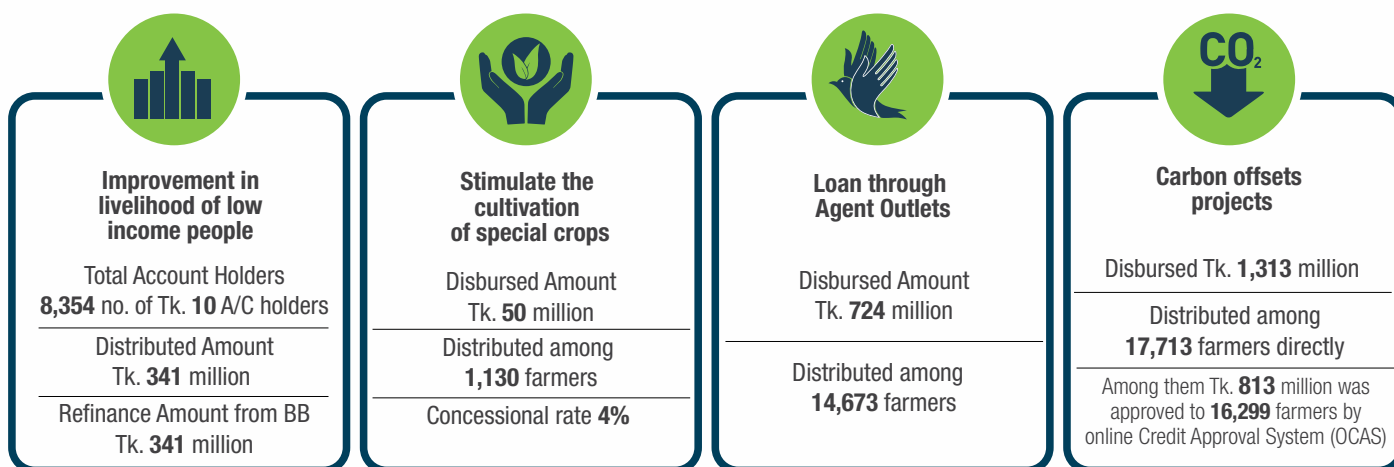
Beneficiaries
72,519 farmers



Bangladesh Bank Target Achievement
102% against total target of Tk. **3,790** Million

Bank Asia Ltd. is trying to bring the low income groups in financial inclusion by providing adequate Agricultural/ Rural credit since long and successfully contributing in this most driving sector of Bangladesh every year. In the FY 2020-2021, Bank Asia also has a good continuation in target achievement of Agri/rural credit disbursement.

Besides target achievement in Agricultural/Rural credit, Bank Asia emphasis to extend credit facilities with the following contemporary thoughts in 2021:



Status of Agricultural/rural Credit

Million Taka

Particulars	Direct Network	Indirect Network	Total
Disbursement (01.01.2021-31.12.2021)	1,313	4,740	6,053
Outstanding (As on 31.12.2021)	3,951	874	4,824
Number of Beneficiary	17,713	78,618	96,331

Create Awareness & skill development:

We have arranged total 25 no. of training program whole the year 2021 among the 500 no. of executives, Officers, AROs, Agents and CSOs to create awareness and development of their skills.

Penetrate to social outreach as financial partner

For sustainable growth and development of Agricultural & Rural sector and facilitate the same through easy and timely flow of credit by institutional sources in sustainable manners, Bank Asia's Agri/Rural credit is running with different programs through Syngenta, Heifer & World Fish.



Loan disbursement program at special rate of 4%



Crop field financed by Bank Asia Limited

MID-SEGMENT ENTERPRISE FINANCING



Loan Outstanding
Tk. **27,773** Million
Growth **12%**



New Client Origination
Tk. **4,646** Million
to **110** Clients

Mid-segment Enterprise focus mainly the medium-size corporate clients who plays vital role in our economy. This segment also includes medium size business of SME as defined by the Bangladesh Bank. This is a priority segment of Bank Asia Limited. Our bank has set its first step into centralization of relationship function through Mid-segment Enterprise. Presently a cluster in Sylhet comprising 07 nos. branches and a zone in Chittagong Zone comprising 20 nos. branches are working for strengthening the relationship functions centrally. Formation of more clusters is in the process to ensure maximum geographical coverage.

From the beginning of pandemic, Bank Asia was very much vigilant on the adverse impact of Covid on the business. Mid-segment Enterprise is showing a sustainable growth every year. The ME portfolio holds almost 11% of our bank's portfolio. We have on boarded 110 nos. of new clients comprising Tk.4, 647 million in the year 2021 in the ME portfolio. Our plan is to grow the portfolio through different distribution channel like Branches, Zones/Clusters, and Agent Points etc. throughout the country and gradually shifting concentration from large corporate business to mid-segment business in days to come.

CREDIT ADMINISTRATION

Credit Administration Department (CAD) is ensuring quick, smooth and safe running of the operations against the most critical functions of loans and advances extended to the borrowers. Its main objective is to supports and controls the extension of all credit facility centrally, ensuring security documents as per terms and conditions of sanction letters, working with critical CIB operation & regulatory reporting, monitoring of expired loan, deferral lapses security documents.

Departmental Activities in 2021:

- Systemized 426,950 numbers of jobs such as changes of limit, terms & interest rate, installment size, allowing of EOL / L/C, time extension along with deferral documents.
- Checked of 377,745 nos. of documents against 32,719 nos. borrowers.
- Visited 45 branches on Saturday for minimization documentation lapses
- Reviewed 169,521 nos. of Past due, SMA & Expired loan accounts for regularization.
- Regularized 435 nos. of deferral documents through monitoring of all branches.
- Downloaded 109,491 nos. of CIB reports against 55,172 nos. of borrower.
- Uploaded 199,148 nos. of accounts through online system for CIB reporting purpose to Bangladesh Bank.

- Correction of CIB database of 3,817 nos. borrowers from Bangladesh Bank:
- Submitted 336 nos. of statements to Bangladesh Bank and other bodies (monthly/quarterly /half yearly/yearly through conventional and RIT after checking.

Development & Automation in 2021:

- Piloting e-DMS- Document Management System project.
- Developed separate module for implementation of Collateral/Security Information database against loans and advances as required by Bangladesh Bank.
- Piloting CIB report generation automation process.
- Conducted 10 nos. of Training (Virtual) with 500+ participants and 02 nos. of workshop

Automation Planning for 2022:

- Implementation e-DMS- Document Management System
- Automation in limit setting in Core Banking System (CBS).
- Automation in CIB report generation.
- Implementation of digitalization of SOD loan management process under branch delegation.
- Develop system to input phase by phase loan disbursement to avoid full disbursement at a time.
- Digitalization of regulatory statement
- Visited 50 branches for reducing documentation lapses as well as to minimize credit related operational lapses.
- Online / offline training & workshop.

SECTORAL DISTRIBUTION OF CREDIT

The Bank's loans and advances to Tk. 262,266.31 million achieving a growth of 7.20%.
Sectorwise distribution of loans and advances is as follows :

Million Taka

SL. No	Sectors/Sub-Sectors	2021		2020	
		Million Taka	% of Loan	Million Taka	% of Loan
1	Agriculture	5,936.20	2.26%	9,523.20	3.63%
2	Industries				
	Food Manufacturing	12,275.80	4.68%	11,149.60	4.25%
	Beverage industry	227.10	0.09%	467.40	0.18%
	RMG industry	38,369.20	14.63%	27,559.50	10.51%
	Textile industry	29,541.50	11.26%	21,329.80	8.13%
	Wood cork and allied products	49.60	0.02%	40.20	0.02%
	Furniture and Fixture	383.40	0.15%	199.80	0.08%
	Paper and paper products	4,939.50	1.88%	6,734.30	2.57%
	Leather and leather products	2,036.10	0.78%	2,195.00	0.84%
	Rubber products	2,409.60	0.92%	2,206.50	0.84%
	Chemical and chemical products	1,122.40	0.43%	585.30	0.22%
	Basic metal products	8,583.40	3.27%	8,353.30	3.19%
	Electrical machinery and apparatus	3,519.80	1.34%	6,269.90	2.39%
	Other manufacturing industries	23,190.51	8.84%	21,787.10	8.31%
	Ship building	4,730.40	1.80%	4,614.90	1.76%
	Ship breaking	1,749.20	0.67%	1,386.60	0.53%
	Pharmaceutical	3,611.00	1.38%	2,290.20	0.87%
	Subtotal Industries	136,738.51	52.14%	117,169.40	48.14%
3	Constructions	9,489.20	3.62%	5,359.20	2.04%
4	Power, Gas, Water and Sanitary Services	9,459.50	3.61%	6,558.80	2.50%
5	Transport, Storage and Communication	1,964.10	0.75%	1,423.90	0.54%
6	Trade Services	46,140.10	17.59%	48,065.20	18.33%
7	Housing Services	19,312.40	7.36%	16,076.00	6.13%
8	Banking and Insurance	3,128.80	1.19%	4,427.40	1.69%
9	Professional and Misc. services	30,097.50	11.48%	34,609.40	13.20%
	Total	262,266.31	100.00%	244,642.00	100.00%

CREDIT RISK MANAGEMENT DIVISION

Understanding its pivotal role for mitigating potential credit losses, Credit Risk Management (CRM) Division always strives for excellence in its underwriting standard. With the unfolding of different business challenges such as COVID-19 pandemic, price fluctuation, widening trade deficit, pressure on currency, geo-political issues, and rising inflation etc., effective management of credit risk while securing additional business is very essential. CRM Division would focus to mitigate credit risks of the businesses which have been badly hit by pandemic. One of the top priorities would be introducing recovery plan from the borrowers whose payment has been deferred by regulatory forbearances. In 2022, CRM shall be focusing on faster disposal of credit proposals, expanding digital platforms, loan to CMSME & Agri Sector, combating money laundering, Green Financing etc. On top of that, exercise will remain continue to become one of the compliant banks in the industry.

MAJOR ACHIEVEMENTS IN 2021:

Loan disbursement through Agent Banking:

Loan disbursement through agent banking has gained momentum. As of Dec 2021, loan disbursed Tk.7,886 million thorough agent outlets and loan outstanding stood at Tk. 1,643 million. There are around five million customers receiving different services under agent outlet now

Continue disbursement of stimulus packages for various sectors:

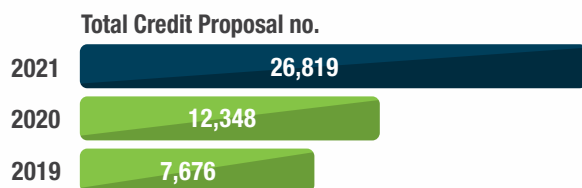
To cater government generous policy for salvaging battered businesses and employment, credit facility under stimulus packages has been rolled out for customers of different portfolio and the division helped to expedite disposal of proposals to meet customer's urgent fund requirement. Achievement against target of Stimulus Packages is below:

Million Taka	Agri	C&LL/EFD	MSME
Target set by Bangladesh Bank	2,710	9,850	4,750
Loan Disbursed	2,770	9,770	5,838

* Excess disbursed amount was approved by Bangladesh Bank subsequently

Technology driven platform for quick disposal of credit proposals:

The division adopted technology driven loan processing platform and utilizes the platform to reach highest scale every day.



Management of Environment and Social Risk

Bank Asia has been rated as one of top 10 banks as per Sustainability Rating declared by Bangladesh Bank for the first time in 2021. Understanding responsibility of the bank in societal development and sustainability of business ecosystem, green and sustainable finance is monitored from the division. In this regard, minimum financing target is set each year by following Bangladesh Bank's policy and effort is being made to achieve the budget target within stipulated time.



MAJOR CHALLENGES FOR 2022:

Stressed Asset Management:

Bank's stressed assets is hovering around 4.96% and restrain the non-performing assets down remains one of the top priorities. Efforts will continue to formulate strategies for identification of credit risks and mitigation strategies.

Price movement:

Fluctuating price of commodities and raw materials has become very common phenomenon after the pandemic and recent geo-political issues. As a largely import based economy of industrial and public goods, cautionary approach would be taken in financing relevant business.

Focus to combat Trade Based & Credit Backed Money laundering:

With the widespread use of technology and changing nature of business, money laundering has become very prevalent. To prevent illegal money flow while helping authentic business to grow, different techniques have been adopted and responsibilities have been divided according to delegation.

ACTION PLAN FOR 2022

Revision of business delegation authority:

CRM officials working in six regions have been provided with business delegation for accelerating credit disposal and for better credit risk management. Delegation of approval authority shall be further reviewed time to time.

Full-fledged operation of Agent Centric Asset Business:

Though agent centric asset business is in operation for last couple of years, full dividend from Agent Centric loan disbursement has not been obtained yet. Therefore, asset booking through using Bank Asia's robust Agent Center's would be given priority. In addition, implementation of already developed score based loan approval for CMSE loan and automated sanction advice issuance would be ensured.

Strengthening monitoring mechanism of loan portfolio:

Regular and systematic monitoring would be strengthened for financing work order, export, projects/real estate, importers, CMSE and businesses of different commodities.

Focus on skilled manpower:

Prudent and expert employees are the core of any underwriting practice. Hiring of expert and experienced manpower is a top priority to bring desired outcome in reducing potential loan loss. Professional development of employees through training is always given additional emphasis towards excellent in underwriting practice.

Updating CRM policy guidelines:

Credit policies such as proprietorship financing eligibility criteria, credit commitment for contractor, post import financing policy, agent centric asset business, agent centric CRM policy has been developed and revision of existing policies is underway.

Regulatory compliance:

Sincere effort to comply with latest guidelines of the government such as AML & CFT issues, DVS verification for audited financials, compliance with single borrower exposure policy would be extended.

Diversification to avert concentration risk:

Averting credit concentration risk will be ensured through diversification of credit portfolio according to region, cluster, and business industry. In addition, Agent Centric Asset Booking would also help reducing credit concentration risk.

Extension of green and sustainable finance:

Target for Green and Sustainable Finance for 2022 is Tk.4,887.80 million and Tk.36,658.20 million respectively. Therefore, special focus would be provided to achieve the target.

GROUP FINANCE

With a view to ensuring safe & stable Banking, Group Finance of Bank Asia is operating with utmost efficiency and professionalism. Group finance team oversees all financial activities of its main operations as well as three subsidiary companies. The major functions of Group Finance in 2021 are delineated below.

VAT

Effective management of VAT Audit

Employee Fund Management

Total fund Tk. 4,565 mln

Tax

- 1 year return submitted
- 1 year assessment finalized

Bank Budget

165

Branches and Departments

- **3 National Awards**
Annual Integrated Report 2020
- **4 International Awards**
Sustainability Report 2020
Annual Integrated Report 2020

Business Conferences

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

Financial Statement Regulatory Reports

62

Tk. 5,000 million

Bank Asia 1st Perpetual Bond
(Bank received approval from Bangladesh Bank & BSEC)

Rating

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

CL Monitoring

- Tracking of CL movement
- Letters distribution to respective branch for necessary action

Payment Processed

17,506

 bills

MIS

- Monthly business unit wise performance tracking 1000+
- Monthly profitability analysis- 12
- Daily position -260
- Daily co-ordinator wise report -260

Regulatory Reporting-ISM, FPM, & CDLC Reporting

- **40** reports to Bangladesh Bank
- Provided daily support to branches under ISM reporting
- Conducted 2 trainings regarding ISM

Investment

- Fresh Investment Tk. **1,662.66** mln
- Total Income Tk. **490.11** mln

Interest Rate Monitoring 40 peer banks

- Market Deposit and advance rate analysis
- T-bill , T-bond rate analysis
- Monitoring of Product wise deposit inclusion –exclusion

10 Publications

(annually-semiannually-quarterly)

Finance

- Budget Preparation based on commanding areas potentiality and Variance calculation
- Monitoring & Control
- Financial Forecast
- Financial Analysis
- Individual Employee Deposit Budget

Financial and Strategic Planning

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

ISM, FPM & CDLC Reporting

Financial Reporting

- Quarterly, semi-annual and annual Financial statements (solo & consolidated)
- Regulatory reporting to Bangladesh Bank, DSE, SEC, CDBL & others

Capital Planning & Management

- Implementation of Basel-III capital accord and reporting to Bangladesh Bank and management
- Capital planning and capital raising
- Successfully raised Tk. 5,000 million as Bank Asia subordinated Bond

- AIR 2020
- Sustainability Report 2020
- Corporate Outlook 2020-21
- Business Review 2021
- Half Yearly business review 2021
- Quarterly Financial Statement

MIS

MIS-Database Management

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

Publications

Awards

Financial Control

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

Tax & VAT Planning and Management

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

Financial Control Process

Employee Fund Management

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

Investment & Capital Issue

- **ICAB National Award:**
2nd position - Best Presented Annual Report
2nd position - Corporate Governance category
3rd position - Integrated Report category

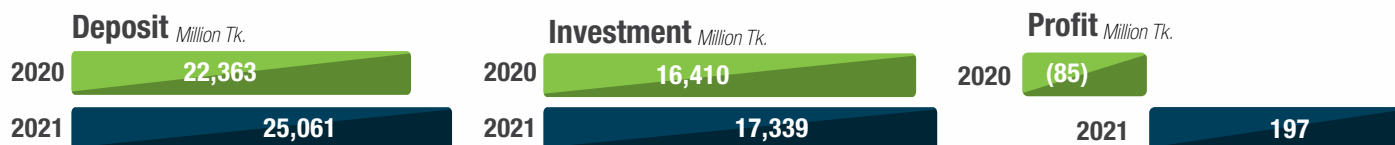
- **ICSB National Award:**
Bronze award for Corporate Governance Excellence

- **SAFA International Award:**
Winner - Private Sector Banks
2nd Runner Up - SAARC Anniversary Award for Corporate Governance Disclosures

- **Sustainability Award:**
Gold Rank award by NCSR & ICSP

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

ISLAMIC BANKING



Bank Asia launched Islamic banking operations in 2008 with the slogan “Purity is your dividend”. This year Islamic Banking has celebrated the 13th anniversary of its services.

All our Islamic banking activities and products are strictly monitored by the Board of Directors’ and the Management guided by the Shariah Supervisory Committee of the Bank. Our Shariah Supervisory Committee consists of eminent members, including distinguished jurists (Faqih-experts in Islamic jurisprudence), renowned Islamic scholars, and well-known professionals of the country having experience in Islamic banking.

Bank Asia occupies a special place in the history of Islamic banking in Bangladesh by introducing a very simple and most Shariah compliant profit sharing module ‘Income Sharing Ratio’ or ‘ISR’. In this module, the bank offers an ISR instead of giving a provisional or fixed rate to each Mudaraba depositor. The actual profit is declared after calculation at the end of each month on the basis of income earned for the same period. This unique profit-sharing system has already gained widespread popularity among Shariah-loving depositors.

With a commitment to maintain purity in Shariah compliance, Bank Asia’s Islamic banking services are now available in the all distribution channels of the bank, i.e. in all Branches, SME Centers, SME/Agri Branches through online as well as through its dedicated Islamic Windows. All modern services like Visa Debit Card, SMS Alert, Internet Banking and Mobile App usage are also available for Islamic customers.

Furthermore, since 2017, Islamic agent banking services have been extended to all districts across the country under the agent banking framework. All of these Islamic services and businesses are managed using completely different software and accounting, investment and fund management systems.

KEY ACTIVITIES IN 2021

Introduction of new products

- Approved new products for Export Finance Business
- Adopted new financing products for Agri and Poultry Sector

Training & others

- 27 training programs for officials and Agent owners (Physical & Online)
- Hajj Pre-registration operations continued

Online Islamic Banking

- Investment : BDT 2,664 million apart from Islamic windows
- Deposit : BDT 12,403 million with 28,490 accounts through branches excluding Islamic windows

Islamic Agent Banking

- 2886 outlets covered for Islamic Agent banking
- Agent Banking Deposit : BDT 3,720 million with 173,141 customers
- Financing through Islamic Agent Banking: BDT 26.19 Million

BRANCH OPERATIONS DIVISION

Branch Operations Division (BOD) played pivotal role during Covid-19 period by providing prompt decision on Branch Opening, implementing operational policies of Bangladesh Bank, recommending health and prudential measures to keep safe and regular Banking services.

New initiatives in 2021:

e-KYC

BOD with the help of ICT, has launched e-KYC platform in 2020 and formally inaugurated in 2021. This is a secured platform through which any Bangladeshi having NID can open his/her Account alone without physical visit at Branch.

School banking product

Launched school banking product namely ‘DURONTO’ under conventional banking platform.

System Modification

Processed 2,340 no. of different A/C information related modifications in I-STELER following Banking regulation.

Feedback queries on Social Media

Provide feedback on customer queries related to General Banking operation in social media.

Account opening Form

BOD finalized and sent categorized 4 types of 2 pages account opening form to all Branches as per instructions of Bangladesh Bank.

Artificially Intelligent Workforce

A robotic process, to verify NID of customers from EC server and till date verified over 50,000 customer.

Regularization of Dormant Account

Regularized more than 4,400 dormant account in 2021 under BOD’s supervision

Upcoming projects

To make process faster BOD is going to introduce web based application for:

- Account Opening Approval without NID
- Sanchaypatra operation
- Account Opening Form archive

Central Account Opening Unit	No of Account
Central Account	5,679
e-KYC	1,867
Omni channel	9,877
Bulk Account	15,411

Million Tk.

Sanchaypatra	Volume
Sanchaypatra Issue	6,270
commission earned	51
claim payment	2,786

Customers complaint handling	94
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GROUP TREASURY OPERATION

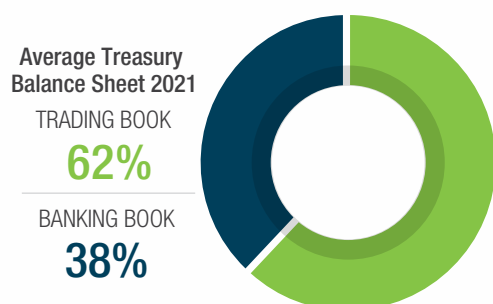
Group Treasury in 2021 contributed significantly in earning as well as risk management capacity which ultimately paved the way for a strong capital base and solid footing for further growth of the bank. Year 2021 was an exceptional year marked with recovery drive and fight back initiative by both the economic stakeholders and policy makers. Nevertheless, the fresh wave of pandemic hit again the country like previous year which ultimately obstructed various economic overhauling measures in private and public sectors. Like previous year, the central bank made a wide range of policy interventions. During the period, surplus money supply position influenced the term structure of interest rate Treasury played an important role by identifying and measuring risks and hedging balance sheet risks using various financial tools for maximizing profit for bank and at the same time upholding the strong CAMELS rating. During 2021, surplus money supply position influenced the term structure of interest rate. Ample amount of local currency fund, deferral of accepted liabilities created unprecedented challenge for Bank to manage its balance sheet risks and earn throughout the year.

MAJOR RESPONSIBILITIES OF TREASURY WINGS

MONEY MARKET	FOREIGN EXCHANGE	ASSET LIABILITY MANAGEMENT
Statutory Compliance & Market intelligence	Monitoring & Planning of Import & Export originated fund flow. NOP (Net Open Position) management.	Balance sheet gap & profitability analysis, ALM indicators management.
Investment & trading of securities	Quoting exchange rates to import, export, and remittance.	Liquidity & Market risk management of banking book. Liaison with business units for balance sheet gap management.
Short term balance sheet gap management	Interbank trading for risk management.	Deposit-Advance mix analysis for rate fixation.
Arbitrage business & earnings	Matching & funding of foreign currency transaction.	ALCO paper & different MIS paper preparation.

TREASURY BUSINESS & BALANCE SHEET SIZE IN 2021

Due to high surplus loanable fund and liquid interbank market, Treasury expanded its trading book almost double of its minimum requirement. Previous year, Treasury handled balance sheet on an average size for amount BDT 107,500 mln, however, in 2021, the average size of balance sheet is BDT 129,300 mln. At year end, Treasury Balance sheet size is BDT 148,666 mln which is one third of Bank's balance sheet.



MONEY MARKET & FIXED INCOME

To combat the challenge of excess liquidity and lower credit growth, our money market and fixed income desks were very active throughout

the year and invested fund in primary & secondary market. Investment in treasury securities was based on duration gap, according to earning potential of interest income and capital gain opportunity. Treasury's focus was to utilize the loanable surplus fund and taking exposure in trading portfolio. In year 2021, money market and fixed income desks earned substantial amount of interest income and capital gain which has significant tax benefit for the bank.

ASSET LIABILITY MANAGEMENT

High volume of liquidity and lower expansion of business made our position liquid. This was the year of Balance sheet management rather than expansion. Deposit mix is now at solid position with majority of fund is low and no cost and also stable and sticky in nature. Group Treasury acted on proactive basis under ALCO, to address the balance sheet gap and utilized the surplus fund in profitable manner at optimum risk averted fashion. Bank is now well compliant in all important ALM indicators such as ADR, LCR, NSFR, Commitment, WBG, MCO etc.

FOREIGN EXCHANGE

Over the first three quarters of the year 2021 when the market was steady and liquid, Treasury was able to maintain a steady increase in exchange gain by taking advantage of the business growth of the Bank and the overall economy. At time of volatility which we experienced from the last quarter of 2021, treasury sensibly provided liquidity support to meet up Bank's LC/Non-Funded commitment and also earned substantial exchange gain by selling to the inter-bank market. As country was getting back to normalcy, volume of foreign trade, service and remittance increased rapidly. In the context of such prompt changes, treasury adopted critical strategy and timely decision to serve the needs of both import and export customers of the bank. Treasury ensured substantial interest income from placement of fund to Inter-bank and OBU, while precisely managing NOP (Net Open Position) at the same time.

FOCUS OF YEAR 2022

- Managing FX position with optimal profitability
- Retaining High CAMELS Rating
- Enhanced bonding of Business & ALM
- Supporting Non-funded Business Growth
- Increasing Corporate Client Base
- Extending G-SEC investment window

ACHIEVEMENT IN YEAR 2021

- DEEP AND VIBRANT PRESENCE IN FX-MM MARKET
- DIRECT DEALING WITH CORPORATE CLIENTS
- DEVELOPMENT OF ISLAMIC TREASURY PORTFOLIO
- INCREASED CORPORATE & HIGH NET-WORTH CUSTOMER BASE IN G-SEC WINDOW

INTERNATIONAL DIVISION



Import
USD **2,614** million

Export
USD **1,575** million



Remittance
USD **183** million
(Through Payoneer)



Foreign Correspondents
670 in **87** Countries

Foreign Guarantee
USD **188** million

Nostro accounts 30

International Trade

International Trade is one of the challenging areas of banking operations yielding higher income for a bank. Globalization has made it very dynamic and risky to operate. With the growing number of customers and changes in the pattern of International Trade, the Bank provides one of the best quality services among the private commercial banks. Bank has a stretched and expanded global network reaching every corner of the world for extending every kind of foreign exchange services to the customers.

Foreign Trade

In 2021, Import business of the Bank was USD 2,620 million (equivalent to Tk. 225,789 million) having remarkable growth of 61%. Total export business of the Bank in 2021 was USD 1,642 million (equivalent to Tk. 141,496 million) with significant growth of 30%.

Online Payment Gateway Services Provider (OPGSP)

Bank Asia has established strategic alliance with PAYONEER Inc. USA. Through its service, freelancers can receive their earnings very quickly and easily. This is the second venture of the bank. In 2021, we have earned remittance of US \$ 182.70 million (BDT 15,700 million) through 'Payoneer' which is about 30 % higher than that of 2020

Remittance through Payoneer *Million USD*



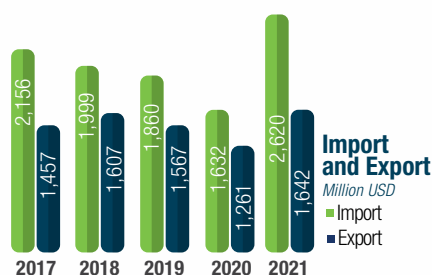
Guarantees

In 2021, Bank Asia has capitalized a large amount of counter-guarantee which is about US\$ 188.00 million against which our guarantee were issued in favor of different Government Authorities, Ministries, Autonomous Bodies, Corporations, Private Companies and Multi-National Companies etc.

Foreign Correspondents

In 2021, Bank Asia's correspondent relationship (RMA) stood at 670 across the globe. Our excellent reputation in meeting our commitment and strong financials enabled us in securing Credit lines (both funded and non-funded) from Asian Development Bank, International Finance Corporation (private sector arm of World Bank Group) and other world renowned Banks. In year 2021, we have obtained funded line of US\$ 7.50 million, from Asian Development Bank (ADB) and total limit with IFC (Funded & Non-funded) is US\$ 105.00 million and ADB (Funded & Non-funded) is US\$ 30.00 million.

In 2021, Bank Asia has launched a special products on Factoring to finance export under Open Account Transactions. Accordingly, the bank



has signed the world renowned banks and financial institutions namely Deutsche Factoring Bank of Europe and Wells Fargo Bank, USA to act as import factor.

Nostro Accounts

The Bank currently maintains 30 nostro accounts in major international currencies: US Dollar, Pound Sterling, Swiss Franc, Australian Dollar, Japanese Yen and Euro & Dollar accounts under Asian Clearing

SWIFT Operations

Bank Asia has become member of SWIFT in 2000 to ensure smooth, reliable and secured financial transactions for its retail and corporate customers. Bank Asia has implemented KYC Registry, Security Attestation, Universal Confirmation, RMA Evolution, Mandatory Security Up-gradation, GPI and PCS, SWIFT Sanction Screening etc.

Some major Automation Works done by International Division

Bank Asia under umbrella of International Division with the core assistance of our ICT Division has done the following automation works which has created the bank's own identity in the industry:

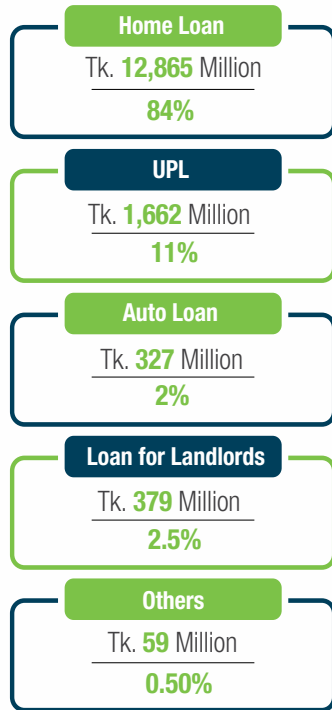
- Bulk Data Process for Bangladesh Bank Online and regulatory monthly reporting.
- Automation of Nostro A/c Reconciliation
- Automation of FEX Business Monitoring
- PRC Automation
- EDF Module up gradation
- Automation of Export Bill Discounting of OBU operations
- Implementation of New Bangladesh Customs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

Offshore Banking Unit (OBU)

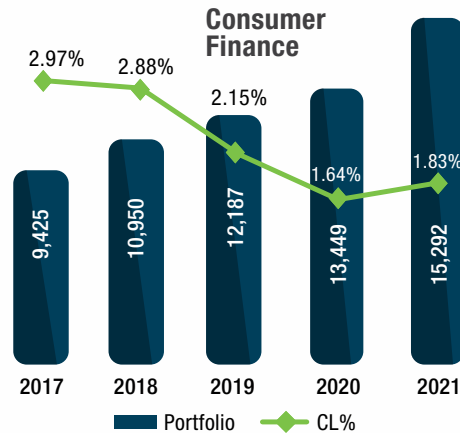
Bank Asia has a large offshore banking business with a portfolio of over USD 348 million to meet clients' financing requirements in FCY (Foreign Currency) satisfactorily. The Offshore Banking Unit (OBU) is a separate business unit of the Bank. It provides financing facilities (on and off-balance sheet exposures) as well as takes deposits in freely convertible foreign currencies to and from person/institutions not resident in Bangladesh. Offshore Banking Unit has made a profit of USD 4.71 million in 2021.



CONSUMER FINANCE



Consumer Finance deals with retail customers and offers Home Loan, Auto Loan, Personal Loan etc. Consumer Finance plays a vital role in overall portfolio of the Bank. Despite pandemic and stiff competition in the market, Consumer Finance has achieved a notable progress in 2021. Portfolio of retail loan is Tk. 15,292 million with classification of 1.83%. Consumer Finance strives to serve the nation through financial inclusion and to achieve sustainable growth with a vision to become one of the market leader in near future.



Achievements in 2021

- Loan portfolio reached Tk. 15,292 million in 2021.
- Classification rate remains at 1.83%
- One of the leading position regarding Home Loan portfolio among Private Commercial Banks.
- Launching of new Product: Student Support Loan.
- 3,915 number of new clients originated in 2021.

FOREIGN REMITTANCE

In 2021, we have disbursed 2,337,340 no (approx.) of remittance for USD 1.51 million out of which 928,993 no of transactions done by freelancer for USD 166.89 million. Bank Asia specially focused on digital payment system. Low-income households, individual & corporate freelancers across urban and rural area of the country are benefited greatly from digital payment solution such as API and mobile apps based real time payment solution, mobile money, fintech services, and online banking.

Despite the COVID-19 pandemic, the progress of bank's cross-border remittance business has been boosted manifold and register 29% growth over the last year and ranked 5th position among the banks of the country and contribute 7% of the country wage remittance inflow. The economy of Bangladesh has been achieving more than 6% real GDP growth on average for more than a decade. Access to finance for the poor and rural people is the secret to promote inclusive economic growth and to eradicate poverty in the country. Bank Asia is the pioneer and prominent in financial inclusion through introducing Agent Banking model that help us to grow in cross-border remittance business.

Inward Remittance

Million USD



52

Exchange House

1,509

Million USD

Remittance

29% Growth



KEY ACCOMPLISHMENTS IN 2021

Onboarding Inpay A/S (Eurogiro): By using latest API technology we have connected with Inpay A/S (Eurogiro), world number one postal payment network incorporated in Denmark, for collecting cross-border remittances from worldwide. "Inpay A/S (Eurogiro)" will connect us with postal organizations, Global Banks, Financial Services providers & Payment ecosystems over 70 plus countries. The product is worldwide commonly known as "PostalPay".

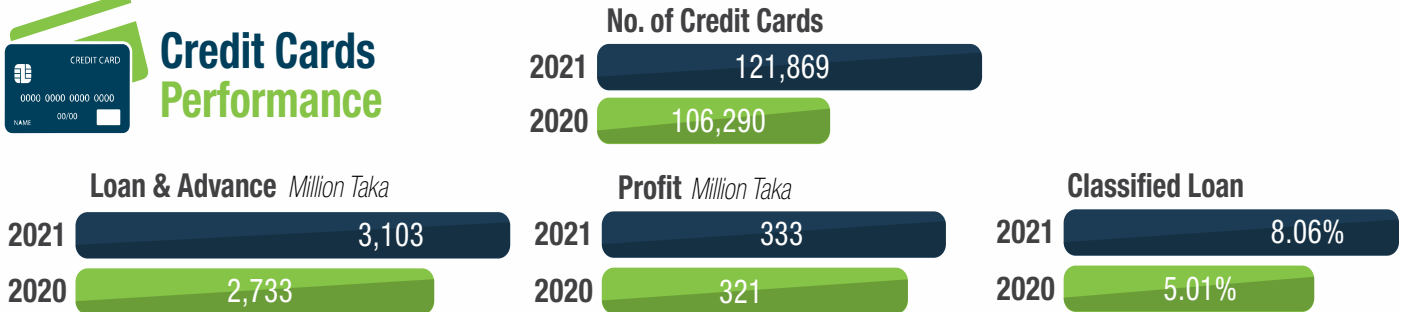
API Integration with IMTOs' for real time payment: Digitization of remittances payment system helps consumers to send and receive money without physically visiting money transfer location or bank, helping to mitigate the risk of catching COVID. We have integrated with some major existing partners, like Prabhu Money Transfer, MoneyGram International, Continental Exchange Solution DBA RIA Financial Services, Instant Cash FZE, National Bank of Ras Al-Khaimah (RAK bank), GCC Exchange UAE etc. through API that enable bank Asia customers to receive their remittance directly to their bank account in real time, 24/7.

CARDS

Bank Asia Credit Card Department launched its commercial journey in the year 2006. Since then the department has passed couple of years with success and created a strong position in the competitive market of the country. Bank Asia Credit Card is offering various attractive value added services and diversified products for all range of customers. In recent years, Bank Asia Credit Card Department has become a major revenue generating hub.



Credit Cards Performance



ACTIVITIES DURING 2021

'Be My Guest' Campaign "Jungle Safari Return "

The most successful campaign of this year is "Be My Guest" sales campaign for all branches of Bank Asia where the remarkable number of branches and employees participated to make credit card portfolio large

Eid Special Discount Offer

For making the Eid season more joyous Bank Asia offers 7% special discount offers on electronics items is given in selected renowned brands RANGS & TRANSCOM ELECTRONICS

Inauguration of Visa/ Bangla QR Payment

Cards Department has introduced the latest technology of payment system "QR" based payment both for Visa Debit & Credit card. Quick Response (QR) payment will ensure convenient and secure payment by using your Visa/ Bangla Bank Asia QR through your phone. You can do any transaction scanning by Bank Asia Smart App instead of swapping your card in the POS. As it is a push transaction it will reduce the dispute and fraudulent risk of cardholder.

0% Interest Easy Buy Partners

To facilitate the customers for purchasing product and payment through installment with 0% interest rate by credit card, Easy buy offer is playing magnificent role for enhancement of the usage of credit card day by day. This 2021, tie up brands with Bank Asia for Easy Buy offer is more than 26 merchant brands.

Buy One Get One Free (BOGO) Offer

Buy One Get One Free (BOGO) Offer: To dine with Bank Asia Signature, Platinum & Titanium credit card, Buy One get One free (BOGO) offer is introducing customers at renowned restaurants: Radisson Blu Dhaka, Radisson Blu Chittagong, The Westin Dhaka, Le Meridien Dhaka, Amari Dhaka, Dhaka Regency Hotel, Six Seasons Hotel, Long Beach Suites etc. 04 new merchants added in this year 2021.

**ভাষা দিয়ে
বাংলা কিউআর
নিয়ে এলো
ব্যাংক এশিয়া**

এখন যাবতীয় কেনাকাটার পেমেট হবে সহজ ও নিরাপদে
আপনার ব্যাংক এশিয়া ভিসা কার্ডে বাংলা কিউআর এর মাধ্যমে

বিস্তারিত জানতে কল করুনঃ ১৬২০৬ (২৪/৭)

VISA | **Bank Asia**

REWARD DISTRIBUTION CEREMONY 2021

Bank Asia

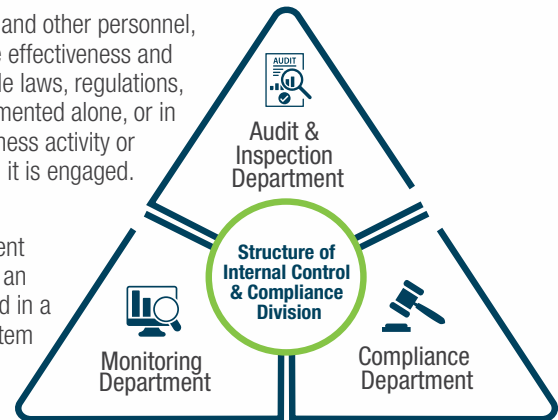
INTERNAL CONTROL & COMPLIANCE

Internal Control System

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

Internal Control Environment

Bank Asia Limited has established an appropriate and effective internal control environment through the Board of Directors, Management, organizational and procedural controls and an independent audit mechanism in order to ensure that the Bank is managed and controlled in a sound and prudent manner. The bank identifies its weakness through internal control system and takes appropriate measures to overcome the weaknesses. The Board of Directors of the bank has established an Audit Committee to monitor the effectiveness of internal control system of the bank. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the Bank and ensure that the management has taken appropriate actions as per the recommendations of the Bangladesh Bank's Inspection Team, External Auditors and the Internal Control and Compliance Division (ICCD).



Audit & Inspection Department

Audit & Inspection Department performs its audit functions using risk-based internal audit methodology. The audit focus of the bank shifted from the full-scale transaction testing to risk identification, prioritization of audit areas and allocation of audit resources in accordance with the risk assessment. While focusing on effective risk management and controls, risk-based internal audit of Bank Asia Limited is not only offering suggestion for mitigating current risks but also anticipating areas of potential risk and playing an important role in protecting the bank from various risks.

As per approved Risk-based Audit Plan, the Audit & Inspection Department completed the audit and inspection tasks of 129 Branches, 05 Islamic Banking Windows, and 23 Corporate Office Divisions/Departments including subsidiaries and 70 Agent Point Outlets in 2021. Besides, ICT/IS Audits on 24 Branches & Corporate Office Divisions/Departments, Shariah Audit on 22 Branches and special Audit/Inspection on Anti-money Laundering issues of 16 Branches were also conducted.

Compliance Department


The Compliance Department of the ICCD ensures timely and proper compliance (both internal and regulatory) with the relevant laws, regulatory instructions/circulars/guidelines and internal policies and procedures in banking operations. Actually, the Compliance Department is entrusted to ensure that Bank complies with all regulatory requirements while conducting its business. This Department also ensures adequate and effective oversight on evolving changes in business climate and increased requirement of regulators. In the year 2021, the Compliance Department ensured compliance of 129 branches, 05 Islamic Banking Windows, and 23 Corporate Office Divisions/Departments. On the other hand this department submitted 121 compliance reports to the Bangladesh Bank against their 28 inspection reports. Furthermore, compliance tests were conducted on all 129 branches and 05 Islamic Banking Windows.

Monitoring Department

The Monitoring Department of this division monitors effectiveness of the Bank's internal control system on an ongoing basis through off-site supervision, follow-up on compliances and regularization of deficiencies that are detected through different off-site reports, on-site monitoring, scrutinizing QOR, LDCL, DCFCL, Half-yearly Self-Assessment of Anti-Fraud Internal Controls, Self-Assessment of AML etc. In 2021, the Monitoring Department monitored 129 branches and 05 Islamic Banking Windows through 319 off-site reports. Besides, on-site monitoring was conducted on 16 Branches and a total of 412 exception reports on Control Tools were communicated with the Branches for compliance. This department also prepared the Bank's Annual Integrated Health Report. All monitoring functions are adequately documented and reported on a timely basis to the appropriate level of Management and the Audit Committee of the Board based on the gravity of the issues.

Evaluation of Effectiveness of Internal Control

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



Audit and inspection covers

129 Branches,
05 Islamic Banking Windows,

23 Corporate Office Departments,
70 agent outlets



Shariah Audit
22 Branches



ICT/IS Audits
24 Branches and
corporate office
division/departments



Monitoring
319 offsite reports
412 exception reports

Compliance Test
129 branches
05 IBWs



INFORMATION AND COMMUNICATION TECHNOLOGY

Bank Asia is always striving to deploy best technologies towards customer satisfaction and at present positioned as one of the leading tech savvy banks in the industry. Bank Asia aims to be a fully customer focused bank by rendering technology driven innovative products and services. The bank has taken various techno- initiatives in order to achieve the envisaged growth.

Full Functional Active DR Site

Bank has established a Tier-3 standard Disaster Recovery (DR) site which is fully functional since August, 2021. We have successfully completed drill test on November 27, 2021 for network, Storage, Database and Application connectivity in different combinations to ensure Business continuity for branch banking operation (CBS only) through Disaster Recovery Site.

Hyper Convergence Infrastructure (HCI):

ICT Division has successfully Implement HCI (Hyper Convergence Infrastructure) solutions on November, 2021 for Visualization Application Platform to implement different Application and API to ensure Business continuity for branch banking operation at DC (Data Center) and DR(Disaster Recovery) Site.

Network Infrastructure development:

Bank Asia has deployed configured Routers, Firewalls, WAF, and Switches etc. to make DDR-Distance Disaster Recovery site operational and established VPN connectivity with all branches, booths, and departments. As a result, branches, booths and departments now connected with DDR and during any disaster at DC site, bank can run operation from DDR site using this network like DC. We have tested DDR

network drill test by running all branches operations using DDR network on November 28 to November 29, 2021.

Next Generation Firewalls (NGFW) deployed at DC site that increased the capacity by 50%.

Deployed Web Application Firewall (WAF) deployed that protects web related applications by filtering, monitoring and blocking any malicious HTTP(S) traffic traveling to the web application, and prevents any unauthorized data from leaving the app.

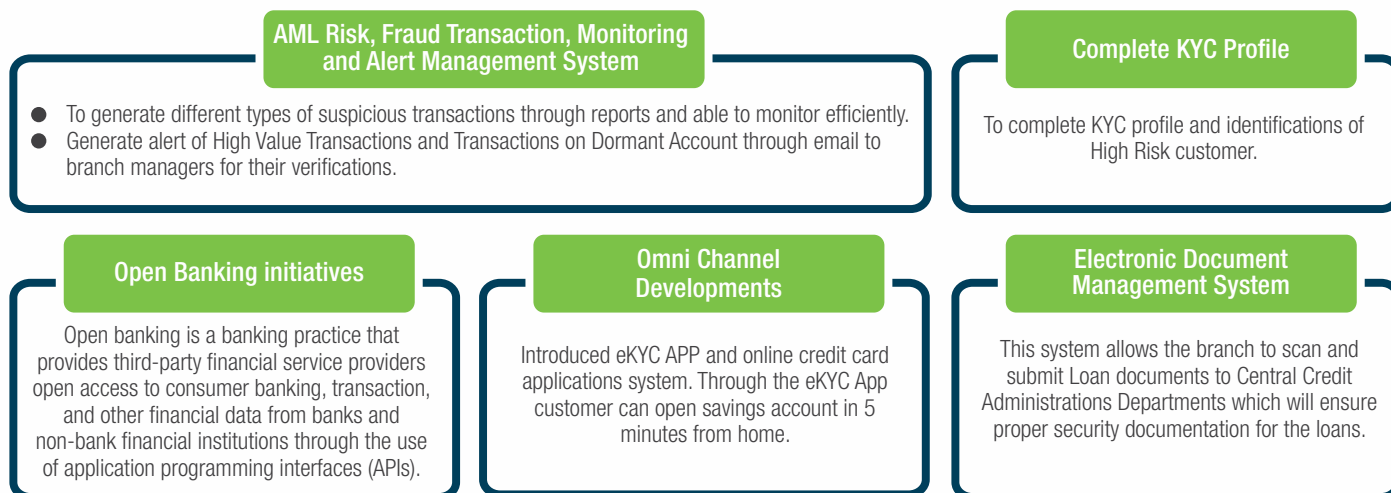
Cyber Security Management

Bank Asia ICT Security team conducted training on the ISO27001:2013 Lead Auditor program, and 22 personnel achieved certification, which is one of the highest in the banking arena and also ISO 27001:2013 surveillance audit has been accomplished. This year we achieved 12th position on Cyber Drill 2021 for financial institutions conducted by BGD e-Gov CIRT. The Cyber Security Management team conducted an ICT Security Awareness program for the entire employee and visited 26 branches to review the in-place practices.

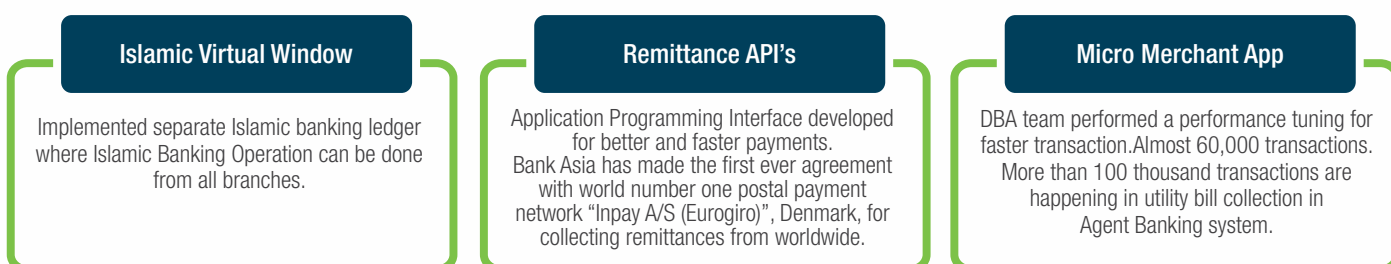
Database Management System

DBA Team have installed and configured high availability Oracle Data Guard for Non CBS and Utility Database. DBA Team has configured Agent Banking report server in DC with T-1 data which was so much appreciated by Channel Banking business as it has reduced load of production system as well as and transactions are occurring smoothly. Performance tuning in MICR/BEFTN/RTGS Database helped to execute 700k Social Safety Net transactions and 20k remittance disbursement in a single day trough Agent Banking channel.

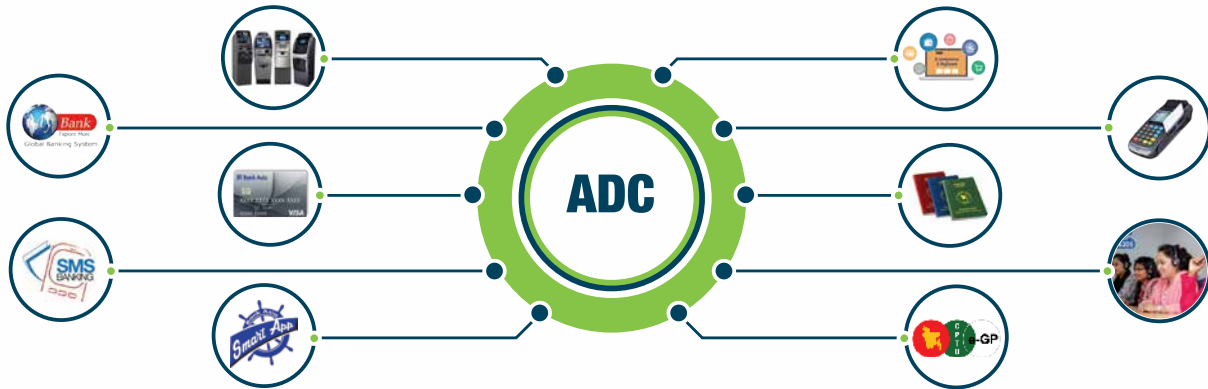
Digitalization & Digital Transformations



Process Re-engineering



ALTERNATIVE DELIVERY CHANNEL (ADC)



This channel allows the customers to get all their banking services without relying on bank branches. In this regard, Bank Asia has implemented some alternative channels such as ATMs, CDMs, CRM, POS devices, Debit cards, Internet Banking, Mobile App, SMS banking, A-Challan, E-GP Service, E-commerce/E-payment solution and Contact Center Service. ADCs ensure the smooth flow of regular transactions and provide banks with higher profits with lower operational expenses and transaction costs. Through ADC channels, bank can get faster access to the competitive market and customers can enjoy instant access to bank's products and services anytime anywhere (24/7).

Online Payment System or E-Payment Solution



Total Number of Transaction
1,536,564
BDT Amount
10,042 Million (approx.)

Bank Asia has developed the solution which verifies and processes with a verity of secured transaction instruments for Payment of Member/ Student fees of different institutions, Residential & Industrial Gas Bill & different payment of renowned insurance company using their respective Bank accounts, Over the Counter(OTC), Debit/Credit cards, EFT, etc. on behalf of the Online Banking payment.

E-Commerce & Utility Bill Payment



Total Number of Transaction
834,030
BDT Amount
11,736 Million (approx.)

Bank Asia has taken more initiative to expedite 'e-Commerce' facility for its valued customer where Bank plays as payment partner and Bank account holder can shop/purchase online through internet banking, Debit Card or Credit Card with low cost anytime from anywhere.

ATM, CDM & CRM Service



Total ATMs
198
Shared ATMs
12000+

To have access banking services round the clock, ATM, CDM & CRM are excellent channel. Automated Teller Machine (ATM) & CRM provides banking services to its customers 24X7 in 365 days a year. Through our ATM (Automated Teller Machine) customer can access withdrawal, Balance inquiry and mini statement facility. In our total 68% cash transactions of Bank Asia are done through its 198 own ATMs, 25 CDMs & 2 CRM's and more than 12,000+ shared ATMs all over the country.

Debit Card

Bank Asia have introduced EMV chip card as a replacement of magnetic stripe (Magstripe) payment cards to minimize payment card-related fraud and to secure customer financial sensitive data. We have introduced MasterCard Platinum Duel Currency Debit Card which is a personal card provided to the customers by the Bank.

828,000+ VISA debit cards –

- Issued against Savings and Current account to facilitate ATM, POS transactions at all ATMs in Bangladesh to access their account 24/7 in 365 days.
- Card holders are able to purchase in VISA enabled POS machines (60,000+) in various merchant locations all over Bangladesh.
- Activation and PIN request are automated which reduced debit card issuance time to 2-3 days from 7-9 days
- Saved 500,000 pages and 90,000 courier service delivery charge.



Cash Transactions
ATM Transactions **68%**
Branch Transactions **32%**

Debit Card

2019	556,171
2020	652,728
2021	828,445

Directors' Report

Passport Fee Collection



Total Number of Passport Payment

340,178

BDT Amount
1,709 Million (approx.)

Bank Asia has opened some exclusive passport fees collection booths as per Department of Immigration & Passport (DIP) office instruction under the Ministry of Home Affairs.

Bank Asia SMART APP



Total Mobile App User (Bank Asia)

282,593

Total Transaction
1,333,826

BDT Amount
10,543 Million (approx.)

“Bank Asia SMART APP” is an integrated internet and mobile banking solution designed to enable to offer customers the widest capabilities across the internet and mobile channels. Smart Banking offers vast banking services such as fund transfer, EFTN, NPSB, utility bills payment, standing instruction, stop & view cheque status mobile talk-time recharge and many more.

National Payment Switch Bangladesh (NPSB)



Total Number of Transaction

332,215

BDT Amount
9,700 Million

The main objective of NPSB is to create a common electronic platform for the switches in Bangladesh. The system is meant to facilitate the expansion of the card-based payments and promote real time payment, Utility Bill payment, DPS installment, The main objective of IBFT service is to create a common electronic fund transfer platform for different types of payments for our valued retail and corporate customers to facilitate the expansion of real time fund transfer/payment from one bank to another bank. The daily transaction for a customer will be five times and a total of Tk 5,00,000 (five lac) each transaction will be maximum limit for Tk. 100,000 (one lac). Banks will ensure two factor authentications for internet banking to maintain security as appropriate.

Internet Banking



Total Number of Internet Banking User

229,526

Bank Asia's internet banking module allow clients to get a clear state of their financial position and offers a vast banking services like pay bills, change password, balance enquiry, view statement, fund transfer, EFTN, NPSB, utility bills payment, standing instruction, stop & view cheque status and mobile talk-time recharge facilities for all Telco in Bangladesh. Internet banking employs encryption and firewall to protect transactions and queries through internet. To make more secure, we already introduced dual factor authentication (2FA) through OTP for all internet based transactions.

E-Procurement System



Total Number of Customer

33,623

Total Registered Branch
129

Bank Asia has been providing banking services for e-Government Procurement (e-GP) through our Branches.

POS Operation of Bangladesh Post Office (BPO)



Total Number of POS Terminals

17,000+

Bank Asia has signed an MoU with BPO (Bangladesh Post Office) to expedite its business partnership and the main objective is “Strengthen the E-Post office product & different financial services for mass people through POS as part of financial inclusion” and to facilitate POS services as a micro ATM with an affordable cost by Bank Asia. Post E-center for Rural Community Conversion of 500 Upazila Post Offices and 8,000 Rural Post Offices. To rollout the massive number of POS terminals and make those full functional, Bank Asia will configure those POS terminals to serve different types of financial services for the mass community as well as BPO customers.

Contact Center



Contact Number
09617016205

Short Code
16205

Customer can get our banking service queries (24/7) through these numbers it is also available from abroad and overseas customer. Contact Center systems enable to manage our resources in better way and serve clients with greater efficiency which is also helping us to reduce the cost as well as improve the service quality of bank.

FINANCIAL INCLUSION & FINANCIAL LITERACY DEPARTMENT



Services Reached

31 district
222 Upazillas



Beneficiaries

2,612,392 people

As of December'2021

Amar Bari Amar Khamar (ABAK) previously EBK is the largest government project to eradicate poverty by 2025. By operating ABAK project Bank Asia opened new avenue to intensively work for the under privileged and unbanked rural people. It is mentionable that Bank Asia model of financial inclusion, management, financial transitions for EBK obtained 1st Prize (E-Business and Financial Inclusion category) of Manthan Award in partnership with World Summit Award. The implementation of EBK project gave Bank Asia an on-hand experience and learning which staged us with the development of Agent Banking, marking as the pioneer in Bangladesh.

Digital Center Agent Banking

Digital Center (UDC/PDC/CDC/ ZDC/Upazila DC) based Agent Banking is powerful and wide-ranged initiative in the journey of Financial Inclusion in Bangladesh. In this span of a few years, this service spreads in multi-dimensional ways, reduces gap of time and space and becomes attractive to rural mass people. Now marginal farmers, small entrepreneurs and general people enjoy loan facilities in easier and faster manner through this platform. Performance of digital center is mentioned below:

Indicator	2021	2020
No. Of Digital center	3,224	3,189
No. of Account	3,554,892	2,582,834
Deposit in Mln BDT	12,355	10,092
Remittance in Mln BDT	9,019	734

Social Safety Net (SSN)

Bangladesh Government has been undertaken Social Safety Net (SSN) programs for the poor, disadvantaged, and marginal people of Bangladesh. the lack of govt. financial organizations, SSN beneficiaries were not getting the funds properly/smoothly. For getting the SSN funds, the beneficiary had to come to the Upazila level or in some cases, they had to come Zila level govt office. So that they had to travel more than 20-50 km for receive the SSN funds. To reduce the sufferings of SSN beneficiaries, Bangladesh Government planned to disburse the funds through digital platform like banks. In the year 2015, Bank Asia Limited shake hand with the Bangladesh government to disburse the SSN funds through the Bank Asia channel. In the year 2016, Bank Asia Limited has disbursed the first SSN funds through Bank Asia Agent outlet.

Indicator	VGD	SWAPNO, LGDW, UNDP, EGPP Rohingya, Maternity & Lactating, DORP, Others Payment	Social Safety Net
No. of UDC	2,264	3,095	653
No. of Account	765,224	444,096	1,403,072
Deposit Received/ payment in M BDT	281.5	974.52	1,929

Services covered under this program

- Senior citizen allowances.
- Disable allowances
- Widow allowance
- Maternity & Lactating mother allowance
- Wages of road maintenance workers
- VGD allowances
- Food security allowances (cash payments)
- UNDP safety net Payment
- Rohingya caregiver payment
- National payment service with Ministry of Youth
- Disable Education stipend allowance

Micro Merchant App



On-boarding
51,000+ Micro Merchant
Total Transaction **323** Million
BDT **5,006** Million

Financial inclusion can be done in two ways, the opening of bank branches/agent outlets through using of financial technologies. Opening bank branches/agent outlets can be very expensive and it is a very time-consuming process. Using financial technology is the right solution for bring unbanked population into the banking services. So to reach the marginal unbanked people of Bangladesh through a sustainable financial channel, Bank Asia Limited has come up with a Mobile App based banking solution called "Micro Merchant", where retailer, FMCG distributors can serve banking customer using mobile phone on behalf of Bank Asia.

Micro merchant can provide the following banking services:

- Balance inquiry
- Cash withdrawal
- Social Safety Net Payments (SSNP)
- Purchase payment
- Utility bill collection service
- Foreign remittance payment
- Fund transfer
- Account opening
- QR Code Payment

AGENT BANKING



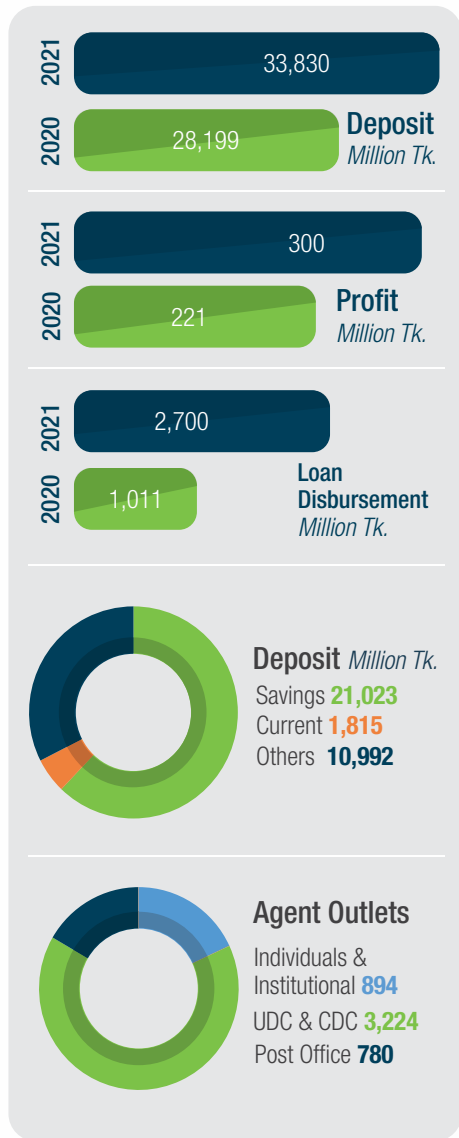
District **64**
Upazila/ Thana **530**



Number of outlets
4,898
Growth **6%**



4.92 Million
Growth **36%**



Agent Banking is now a name of pride for financial inclusion in Bangladesh under the directives and support from Bangladesh Bank. Bank Asia is the pioneer in introducing Agent Banking service in Bangladesh. Bank Asia made a unique tech-based Agent Banking model ensuring appropriate security with real-time banking for its customers. Within a span of only eight years of inception, we noticed a substantial headway in this specialized banking service in terms of the number of agents, accounts and deposits. Around 5 million unbanked people have already been included in Agent Banking network of 4,898 agent outlets in 64 districts. The bank already disbursed total loan of more than BDT 789 crore (USD 92 million) to rural customers through Agent Banking. Bank Asia, alone represents more than 47% of total female customers in Agent Banking. It serves more than 2.6 million social safety net (SSN) beneficiaries through its Agent Banking. Bank Asia partnered with a2i(Aspire to Innovate) to expand its agent network through Union Digital Centre (UDC) and with Bangladesh Post Office (BPO) to expand the channel through post e-centers across the country.



On-Boarding till Dec. 2021
51,000+

It is providing customers with full-fledged banking services to their doorstep, and making convenient channeling of remittance, depositing and withdrawing of cash and supporting small loans for cottage, micro and small enterprises and also for agricultural farmers at an affordable cost. Receiving of social safety net payments is no longer the troublesome experience for the beneficiaries and turning it into a convenient experience through maximum availability of transaction points as more than 51,000 micro-merchants, even 167,000+ school students are availing financial services. We facilitated financial literacy for smallholder farmers, school children, social safety net beneficiaries and the RMG workers which is the way to make them financially literate aimed at enabling them to manage their finance adeptly and making their decisions judiciously.

Bank Asia's competitive edge and key determinants of success



Bank Asia's performance in the industry

- Represents 27% of total agent banking outlets across the country
- Disbursed more than 18% of total lending in Agent Banking.
- Owns more than 47% of total industry female customers in Agent Banking.

Agent Banking Achievement in 2021:

Bank Asia has been crowned as Honorable Mention in Bangladesh Innovation Award 2021:

Bank Asia had been crowned the Honorable Mention in the competition of 'Bangladesh Innovation Award 2021' organized by Bangladesh Brand Forum, recognizing the bank's outstanding contribution for business model innovation to accelerate financial inclusion in Bangladesh. Bank Asia Participated in the competition with its new innovation Bank Asia Digital Payment Channel (Micro Merchant).





Tk. **33,830** Million

Growth **20%**



Tk. **300** Million

Growth **36%**



Tk. **30,975** Million

Growth **66%**

Agent Banking Empowering Women

For women living in rural areas, a number of barriers may hinder them from accessing services at financial institutions: the distance from the bank, having insufficient documents to open a bank account, family or work responsibilities, or the mindset and certain attitudes towards financial institutions. As such Agent Banking of Bank Asia brought more than 5 million people across the country under its banking network where 63% of the customer is women. Around 32% female has contributed into the entire deposit of Bank Asia Agent Banking and 9.65% of the lending volume has been provided to female customers under agent banking platform. By developing a network of women agents, Bank Asia hopes to grow Agent Banking reach to the female segment where they feel comfortable to avail the financial service. Around 10.5% of the total agents are female who have been performing well nationally. This specialized banking platform has facilitated opportunity for rural women to motivate women entrepreneurship by



offering loan facilities which can help grow their respective business in agriculture or SME sector. Cluster based financing for women entrepreneurs have also been catered through this banking channels. Bill & Melinda Gates Foundation selects Bank Asia to strengthen women empowerment through a 2-year digital financial inclusion project.

The key aspect of this project is to reduce the gender gap within Financial Inclusion space by onboarding female agents and female clients in agent banking and build a comprehensive digital banking ecosystem for women. Also we partnered with Swisscontact, WorldFish, Metlife Foundation, Microsave, i-social, BIID in different scale to strengthen women empowerment in Bangladesh through ensuring financial services. Thus Agent Banking is playing a significant role in empowering women by unveiling untapped potentials of this apparently excluded segment and thus ensure their economic emancipation.

Disbursed 500 Agri loan in a day

Bank Asia Agent Banking set an example by disbursing more than 500 Agriculture loan from an Agent Outlet in a day. The loan amounting BDT 2.57 crore was disbursed among smallholder maize cultivators of Hatibandha Upazila in Lalmonirhat district amid organizing a program at the premise of Ranigonj Model High School by Bank Asia Barakhata Agent Outlet on 17 December, 2021.

It is mentionable that the cultivators received the loan in only 4% annual interest under the stimulus loan program of Bangladesh Bank for cultivation of crops like dal, oil, spice and maize.



Financial Inclusion of Aquaculture farmer in collaboration with WorldFish Bangladesh

Bank Asia has been providing inclusive digital finance to smallholder fish farmers towards their development and working on building market eco-system to help farmer increasing fish production and maximizing income from farming.

Disbursed amount
49.31 Million (approx)

6,963
Aquaculture farmer onboarded

Number of
Micro Merchant **145**

Financial Literacy Event
341

Agent Banking Wanes the suffering of availing loan

The initiative will clearly benefit the rural mass over the high interest rate as offered by informal lending channel while Bank Asia has formed a structured channel for direct financing to end mile customers. In parallel, Bank Asia has also been facilitating financial literacy to aware target group about the lending documentation and awareness to ensure the success of this model.

Leveraging used cases, a separate credit team has been dedicated for asset business decisions apart from 'brick and mortar ideas' to minimize the TAT (turn around time) for operation. Unlike existing asset operation, the model would have no dependencies on branch resources which would ultimately result in better accountability and transparency. Till the end of 2021, Bank Asia Agent Banking disbursed BDT 136 crore Agri loan to 26,000+ farmers and BDT 386 crore MSME loan to 10,000 entrepreneurs.

Micro loan to farmers

Bank Asia has created value chain and promoted microloan to smallholder farmers and SME loan to retailers across the country to bring them under digital financial network in partnership with Syngenta Bangladesh.

PAYMENT SERVICE DEPARTMENT (PSD)



Daily Average Transactions

No. **49,371**, BDT **7.37** Billion
Growth **52%**

Bank Asia takes pride being one of the few banks in Bangladesh that can offer all Digital Payment Services: BACPS, BEFTN and RTGS, from any of its branches, or even Agent Locations, from the day of inauguration. This is result of our relentless efforts towards further automation in execution of all inter-bank payments smooth and fast, yet secured and compliant.

Decentralized Outward and Centralized Inward model in all units is a key-feature of PSD operation. PSD extends services to all customers of Bank Asia including Branches, Sub-branches, Islamic Windows, Agent Banking and Credit Card Department.

KEY ACHIEVEMENTS IN 2021



Custom Payment

Custom payment report added in RTGS module for better monitoring.



Safety Net

Successfully processed more than half million Inward EFT transactions in a single day.



TP report

RTGS inward TP report introduced.



TRAINING & DEVELOPMENT

- Conducted 9 Training sessions for 177 employees.
- All Bangladesh Bank & Internal Circulars made available for employees through online archive.

STRATEGIC PLANNING FOR 2022

- Attract customers towards BEFTN & RTGS through increased visibility at branches.
- Continue arranging trainings & workshops to build awareness and enhance knowledge base.
- Enhance Compliance through Automation.

PSD unit Transactions

BACH

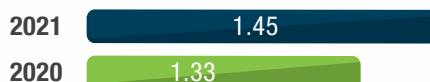
Daily Average Transactions

No. **6,026**, BDT **450** Crore

Majority workforce of PSD is involved in BACPS operation. Accuracy of departmental work is reflected in PSD issued settlement claims being less than 25% against received claims from other banks. Several updates introduced to enhance compliance through Inward TP report, operating branch wise Islamic report, compliance monitoring tool for both outward and inward report based on frequency of transaction etc.

BACH

Transaction in million



Value in billion



BEFTN

Daily Average Transactions

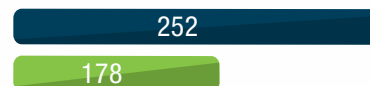
No. **42,158**, BDT **104** Crore

EFT transactions can be credited within same working day. Individuals are enjoying BEFTN facility through branches, Agent banking, Net-banking and Smart App. PSD handled 21 thousand Foreign Remittance, 13 thousand Dividends & warrants, 6.88 lac+ Safety net payments on a single day.

Transaction in million



Value in billion



RTGS

Daily Average Transactions

No. **1,186**, BDT **182** Crore

All branches, Islamic wings and Agent Banking can receive and originate RTGS. Despite ensuring security through dual authentication, PSD executes Inward RTGS payments in matter of minutes only. RTGS is a very rapidly growing payment mode, supporting Govt. to collect VAT, Tax, and Customs Payment etc. on same day.

Transaction in million



Value in billion



MICR

Over **38,590** leaves delivered Daily

An array of diversified MICR instruments Introduced. Issued instruments are SB & CD cheques, MSA, AWC & MSND for Islamic Wings, SB & CD cheques for Agent banking, Payment Orders, three types of card cheques. FC DD and FC Cheque for AD branches and OBU unit is being delivered by PSD.

Revenue Contribution in million



PEOPLE MANAGEMENT DIVISION (PMD)

People Management Division (PMD) plays the role of nucleus of Bank Asia Limited. Being the strategic partner of the Bank the scope of work of PMD is not just to manage the administrative functions but also to work effectively considering the interest of the employees of the Bank. It builds the bridge between employer expectations and employee needs. PMD always works to improve the quality of work life by creating and implementing new programs and policies which affect all aspects of the business positively. As we support employees and employees are the most important resource of our organization.

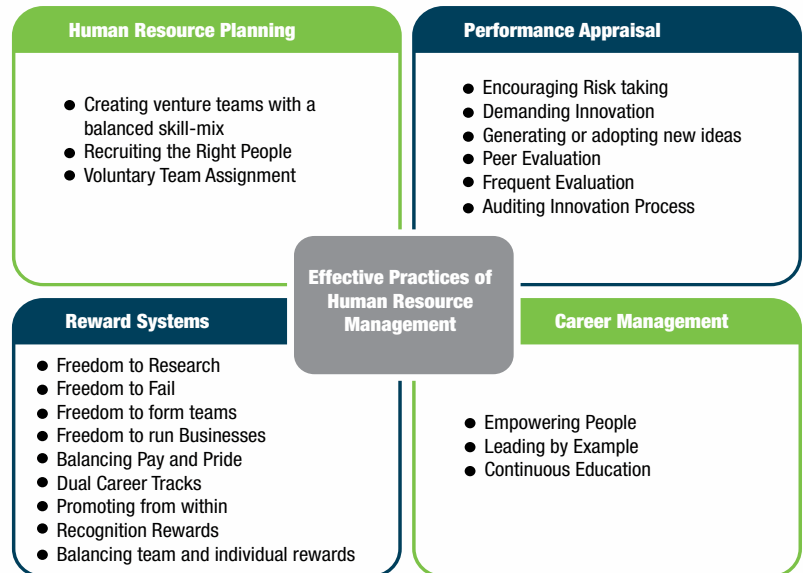
PMD of Bank Asia is working relentlessly to promote innovation, cultural diversity and a congenial working environment to stimulate organizational sustainability. PMD is committed to ensure corporate values such as togetherness, mutual respect, integrity etc. in order to ensure the best possible environment for all of its employees for their career growth and organizational development. PMD focuses on building capabilities using employee management and set strategies in alignment with organizational goals for aiming to create Bank Asia as a “preferred employer of the choice”.

Based on mentioned systemic perspective, PMD provides Bank Asia Limited with complementary, diverse and innovative competencies which will be developed by stimulating sustainable individual behavior. PMD persuades employees to move forward to establish corporate values in terms of Customer Centricity, Quality, Responsible Citizenship, Building the Leadership. PMD is committed in creating a conducive working environment with equitable and competitive terms and conditions of service and required resources. The Bank promotes a culture of trust, development and best use of our human talent and resource.

Bank Asia firmly believes that long term profit and sustainable growth can only be ensured with the proper induction and retention of the talents. In this context, PMD ensures, “Right Person in Right Position in Right Time in Right Number” so that the tagline of Bank Asia Limited “For a Better Tomorrow” can be achieved.

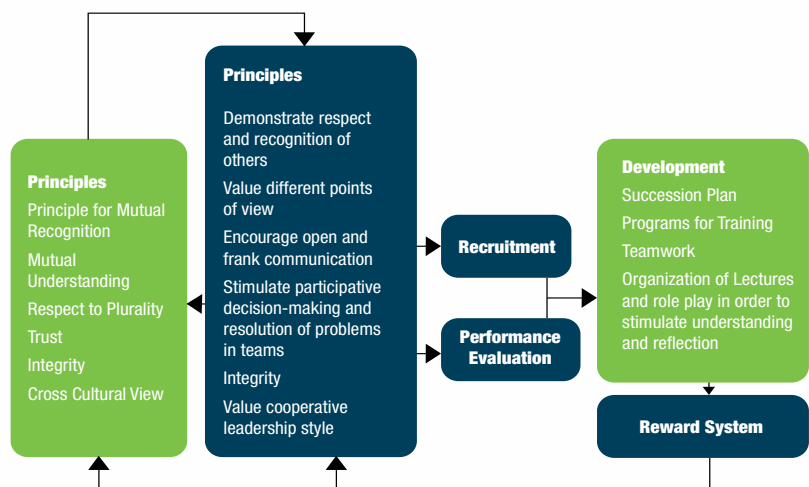
Functions:

PMD follows an employee oriented approach in its day to day operations in align with corporate mission and vision of the Bank. The key functional areas of the Division are depicted in the following diagram:



Strategic Focus:

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



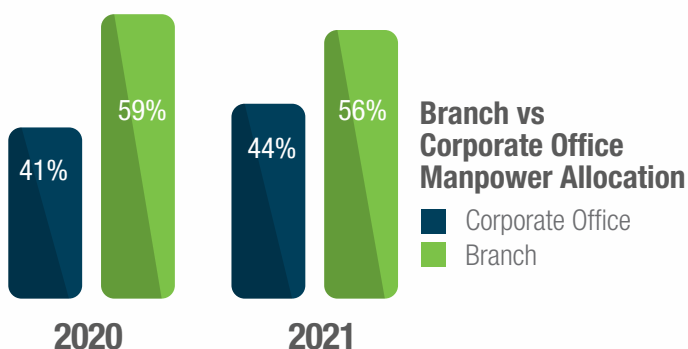
Directors' Report

Employment:

PMD is responsible for facilitating the overall goals of the organization through effective administration of human capital — focusing on employees as the company's most important asset. Recruitment is the first step in building an organization's human capital. At a high level, the goals are to locate and hire the best candidates, on time and on budget. Bank Asia generally conducts two types of recruitment. One is fresh recruitment and another is lateral/experienced recruitment. For the fresh hiring, Bank Asia generally engages highly illustrious consultancy firms/institutions to conduct the assessment professionally. To recruit proven bankers as lateral entrants, Bank Asia sets customized committee to identify the potential candidate for the Bank.

Employee distribution in Branch & Corporate Office

We have about 3.4% growth in number of employees from 2,463 in 2020 to 2,547 in 2021.

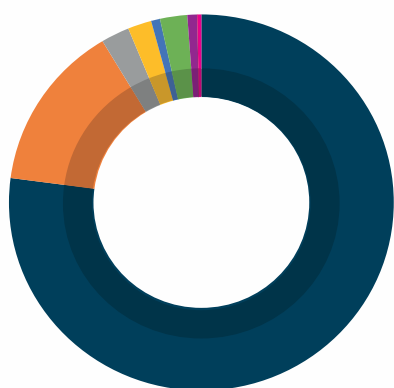


Recruitment

In the year 2021, a total of 155 employees were recruited to strengthen the human capital of Bank Asia. New workforce supported the continuous expansion of the Bank's activities creating continuous competitive working strength.

Regional distribution of Employees

Employees of Bank Asia Limited is deployed all over the country depending on the business potentiality as well as banking service scarcity. High concentration has been given to Dhaka and Chattogram districts as both the regions are considered as major business areas where the services are still not fully available. Other regions were also given due importance and new workforces were deployed based on needs.



Division wise Manpower

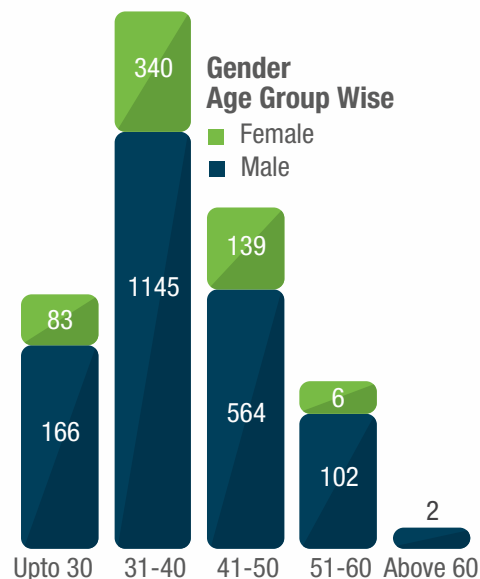
Dhaka **77.07%**
 Chattogram **14.33%**
 Sylhet **2.39%**
 Rajshahi **2%**
 Barishal **0.75%**
 Khulna **2.28%**
 Rangpur **0.82%**
 Mymensigh **0.35%**

Gender Distribution by position

In a total of 2,547 employees, overall male female ratio stands at 78:22 with non-executive segment having the highest concentration of female employees.

Age Distribution

Bank Asia has a relatively younger segment in its overall employee pool where 60% of the employees fall in 30-40 years age bracket.



Performance Management

To facilitate the career growth of its employees, Bank Asia emphasizes on fair evaluation of their performance and endeavors. As it is known, unbiased performance evaluation culture plays a critical role in creating a sustainable workforce while also supporting Bank's HR hierarchy. Bank Asia has established a SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-à-vis setting a target for the given year.

Employee Welfare

The global COVID-19 pandemic has been an unprecedented crisis for all of humanity. It has been as much a test of our healthcare systems, as it has been of our economic systems. The existential threat to people and communities, especially exacerbated by the second wave of the pandemic, and the disruptions in supply chain, trade and commerce have exposed the vulnerabilities of modern times. The pandemic has thus heralded the critical need for businesses and governments, in particular, to design and implement strategies that will future proof our ecosystems and communities against various environmental, ecological, economic and social risks.

People Management Division is always very keen to ensure employee welfare. During the year, our priority was to safeguard the employees of the Bank. As such, an Isolation Center was established to provide dedicated services to the COVID effected employees. The emergency support team of the Bank took care of the infected employees by providing proper doctor's advice, foods, emergency medicine, oxygen and ambulance facilities. Moreover, counselling sessions were given to the employees for boosting their moral and confidence.

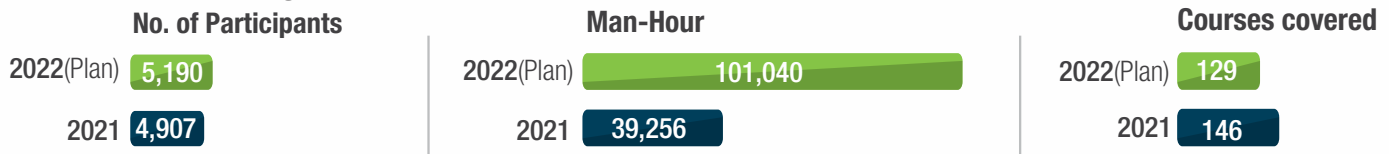
Bank Asia Institute for Training & Development

BITD has been contributing to the bank by developing a skilled, devoted, ethical and motivated human resource through training. Apart that, BAITD is committed to facilitate all the employee's learning job related competencies. In 2021, BAITD has conducted 4,907 training (physical & virtual). For the

year 2022, BITD is planning to conduct almost 129 physical training program where 60% employees of Bank Asia will be facilitated throughout these courses. BAITD also diversified the courses of Post Office Banking and Agent Banking and gave due weightage on the courses of Risk Management.

In 2022, BAITD will enhance training program in both quantitative & qualitative ways. BAITD will conduct 129 physical training programs which will assist the employees to function more effectively in their present position by exposing them to the latest concept, information, techniques & imparting in the skills in their required field.

BAITD Training Performance



ACCOUNTS

Accounts Department carries out the responsibility of ensuring accountability, transparency and effectiveness of every penny of the Bank through automated and compliant accounting service.

Accounts Department ensures:

- Proper accounting and reconciliation of every transaction of the Bank.
- Three Es (Effectiveness, Efficiency and Economy) in every amount expended by the Bank.
- Accounting services with accuracy
- Delivery services at minimum Turnaround Time (TAT)
- Meticulous compliance with all Regulatory and Internal policies/ procedures
- Digitalization and automation of service

Key Highlights

- Payment Disbursement and Book-keeping
- No of Bills/Vouchers Payment: 17,506 (Nos)
- No of Transactions: 61,151
- Voucher Maintenance

Payment Processing

- Reconciliation Statements Prepared: 12 (BB LCY Accounts and 41 Accounts with other Banks)
- Letters issued to Branches/Divisions regarding different issues: 491 (Nos)
- GL Monitoring Through Email to Branches/Divisions: 1,300 (Nos)

Reconciliation and Suspense Control

- ID Approved: 480 Users
- Rights Modified: 8,840 Times
- Rights Deputized: 1,548 Users
- Limit Enhanced: 1,720 IDs
- Account Title Modified: 2,080
- Branch Rectification: 14,680

User Access Control

Month-Closing Activities:

- Issued Instruction Circulars and Checklist for Month Closing
- Issued Year Closing Preparation Circular
- Issued Instruction Circular for fixed Asset Physical Counting
- Provided closing related support to the Branches

Month Closing Activity

- Pre-Audit:**
- Bills Processed: 17,506 (Nos)
 - Cost Savings: BDT 10.65 mln
 - Imprest Fund Management
 - Branch Grading for setting Financial Delegation
 - Issued VAT/Tax Deduction Certificate: 408 (Nos)

Financial Control

- Quarterly/Half Yearly/ Yearly Fixed Asset Schedule Management
- Update Fixed Assets Module for Corporate Office
- Review and Reconciliation of Fixed Assets Module
- Monitoring Branch wise Physical Verification of FA & Tagging

Fixed Asset Management

- Weekly Reports: 54 (Nos)
 - Monthly Reports: 104 (Nos)
 - Quarterly/Yearly Reports: 28 (Nos)
- Internal Report:**
- Department wise OPEX
 - Monthly OPEX Report
 - Month and Annual Profit Forecast
 - Monthly Profit Movement Reconciliation

Regulatory Reporting & MIS

- Process Automation and Digitization
- Automated Regulatory Reports
- Updated of Scholarship Database
- Developed Automated Reconciliation Report
- Daily Email Automation for Reverse GL Balance
- Paperless Payment Processing System

Automation & Digitization

- Guiding Proper Accounting Entry to the Branches/Ws/SME Centers
- Accounting Procedure for:**
- Capitalization of ATMs acquired under lease agreement in line with IFRS-16
 - FC Term Loan and BB refinance under Green Transformation Fund (GTF)
 - API based Merchant bill payment system through internet banking
 - Bangla QR Payment through MM & Cash Deposit Machine (CRM)
 - IBFT transactions through NPSB Channel & Western Union Outbound services

Accounting Process Development

- New GL Created: 227 (Nos)
 - GL Lock/Unlock: 1,560 (Nos)
- OPEX monitoring:**
- Yearly and Half Yearly Balance Confirmation
 - Books of Accounts Closing Certificate

GL Monitoring and Controlling Chart of Accounts

RESEARCH & STRATEGY

Research and Strategy Division (R&SD) was formed in October 2015, to aid management in informed decision making and strategy formulation through analyzing business environment, industry's dynamics and market forecast. Through scientific methods, R&SD provided reliable, accurate and valid information on business, economy, financial market, service quality and other contemporary issues. R&SD not only acquired business insights but also converted those insights to actionable strategies. Besides, R&SD manages the knowledge hub of Bank Asia (<http://etraining.bankasia-bd.com/web>) through content development and edit, technical up-gradation to make it user friendly, resolving registration related issues and ensuring learning through arranging exams.

Branch/IBW Wise Potentiality

In order to facilitate Group finance to prepare market oriented and outlet wise budget, R&SD has conducted potentiality study using market and secondary data.

Branch Experience Survey

To identify current service quality scenarios and areas of improvement, R&SD has conducted the aforementioned research using branch interception methods. The study was done on 13 branches of the Central Region and from each branch total 100 samples were interviewed.

Agent Centric Asset Business Model Evaluation Study

Bank Asia piloted the Agent Centric business model in six districts. To measure its effectiveness and to identify further room for improvement, R&SD has conducted a qualitative study where all related stakeholders were interviewed.

Business News Flash

'Business News Flash' – a compilation of important news and insights from different secondary sources to support bank's strategy formulation process. At the same time, it will act as an endeavor to create knowledge based organization.

Regional Office Framework

Bank Asia's distribution channel is growing faster. Besides branch, sub-branch, agent outlet, digital post office, micro merchant has helped Bank Asia to reach at union level. In order to ensure better risk management and communication & business efficacy, R&SD has prepared regional framework considering the best market practices.

Digital Banking: Need Gap Analysis of Generation Z

To understand young generations' banking behavior, their expectation and bottleneck, R&SD has carried out a digital qualitative survey using one to one and paired interview method on public and private university students.

Bank Asia E-learning

Bank Asia Limited, with a vision to become a knowledge organization, has developed an online based eLearning platform that allows all the staff (Permanent + Contractual) to study and participate in exams 24x7 from anywhere and on any device. The system is currently enriched with more than 162 topics, 203 lectures, 3,000+ registered employees.



PLANNING FOR 2022

In the year 2022, R&SD is planning to continue its regular activities including corporate organogram, district office framework and manpower allocation based on business/outlet, industry/sector analysis report, branch/sub-branch feasibility study, service quality assessment surveys, banking industry analysis and other ad-hoc research works.

LOGISTICS AND SUPPORT SERVICES

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

In 2021, the LSSD team successfully accomplished few big challenges of which important ones are highlighted below:

- Bank Asia opened 01 (one) new Sub-branch and 07 (seven) new ATM booths at different places of the country.
- Implementation of Automation software for "Procurement, Supply Chain and Fixed Assets Management System".
- Remodeling of Corporate Branch (extension, renovation and interior decoration).
- Successfully completed interior decoration and fit-out work of Agent Banking operation Hub at Jashore.
- Successfully completed interior decoration and fit-out work of Cluster Hub of East Region Branches and Agent Outlets at 2nd Floor, Chowdhury Plaza-2, Jhawtala, Cumilla.
- Establishment of "20 beds Isolation Center" for COVID-19 patients of Bank Asia family at 2nd floor of 64 Elephant Road, Dhaka.

AML & CFT



Training Program

3,000 Participants



E-learning Module

Participated **2,688** officials

The COVID-19 pandemic has reshaped the world nearly every aspect of modern society. In this situation, the financial world moved largely online as well. This digital shift was a blessing for banking industries and their customers who were limited in their ability to have face-to-face interactions, but it also piqued the interest of fraudsters, money launderers and other cybercriminals looking to take advantage of the digital influx. Banks are instituting anti-money laundering (AML) and know your customer (KYC) procedures in response, but the financial market's rapidly changing nature means that what works today may not work tomorrow. The pandemic augmented fraudsters' abilities to stage money laundering schemes and subsequently banks are devoting immense resources to meet pandemic-induced AML/KYC challenges.

In order to refrain and getting the highest level of regulatory compliance within the Banking Industry in Bangladesh on AML & CFT issues, the Board of Directors and Senior Management set the tone from the top regarding the AML & CFT program in this new normal situation.

Bank Asia Limited is extending their off-site supervision on AML & CFT issues. The goal of this activities is that our bank can be rated at highest level on AML & CFT issues. In line of the above, Bank Asia Limited included the following activities with the existing to mitigate Money Laundering, Terrorist Financing and Proliferation Financing:



Lead Bank Training with BFIU & 60 Banks at Dinajpur District on AML & CFT issues

Centralized Transaction Profile (TP) approval

AML & CFT Division are supporting the branches for approval of TP with proper justification of source of fund of the customer.

Implementation of adverse media report services

Adverse media service implemented in Bank Asia to monitor the activities of the customers for identifying the suspicious activities/transactions.

Alert Management of High value & Dormant Account transaction

High value and Dormant Account transaction alert implemented in the core banking system for monitoring the suspicious transactions of the customers.

Training & Development

AML & CFT Division arranged vigorous & intensive training program on AML & CFT issues physically/digitally throughout the year.

Knowledge framework

AML & CFT Division welcomed the discussion of the new Strategic Framework for Knowledge, which strives to better integrate knowledge into solutions for all the employees and also the customers.

Improvement of AML rating

AML & CFT Division enhances their monitoring activities over the branches, SME Service centers and Islamic Windows for getting AML rating at the highest level. The reflection of the monitoring system is the improvement of AML rating in the year of 2021 in compare to the year of 2020.

Improvement of Transaction Monitoring

AML & CFT Division enhances their transaction monitoring system through introduction of RM based model. Enhancement of STR/SAR submission is one of the reflection of transaction monitoring.

Regulatory Requirement

Bank Asia Limited maintains utmost efforts while meet up & submission of the requirement of BFIU and other regulatory bodies like as CIC, ACC, NBR, and Customs Bond Commissionerate Office and so on.

CAPITAL STRENGTHENING

Bank Asia is always keen to maintain sufficient capital base against doing business to support healthy growth of business and ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap. Bank's CRAR (Capital to Risk weighted Asset Ratio) reached to 15.72% as on December 31, 2021 against required 12.50% (including buffer@2.50%). Furthermore, to keep the adequate capital base in last 5 years bank has issued two 7 year floating rate non-convertible subordinated bond of Tk.5,000 million.

7 Years Floating Rate Non-Convertible Subordinated Bond3 and Bond4 of each Tk. 5,000 million

To support healthy business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank Roadmap Bank

Asia has completed another two Subordinated Bonds each of Tk. 5,000 million as Tier-2 capital in April 2017 and November, 2019.

Coupon Bearing Conditional Convertible Perpetual Bond of Tk. 5,000.00 million of Bank Asia

To bring the good business growth and ensure compliance with the Basel III capital accord in line with Bangladesh Bank Roadmap Bank Asia has also taken decision for issuing Tk. 5,000 million out of which Tk. 4,500 million under private placement and Tk. 500 million under public offer. In this regard, Bank Asia received consent from both Bangladesh Bank & Bangladesh Securities and Exchange Commission (BSEC). This capital will be added to bank's Tier-1 capital.

RECOVERY

Special Asset Management Division (SAMD) has been entrusted with the effective and efficient management of Non-Performing Loans (NPLs) of the bank. SAMD is also tasked with recovering money from written-off portfolio of the bank. Bank's profitability is positively correlated with the success of these two components of SAMD's responsibilities. Due to the pandemic scenario in 2021, it was a tremendous challenge for SAMD to keep the NPL at a manageable level while also achieving the cash recovery target for the year. Despite all the obstacles, SAMD has performed remarkably well with total cash recovery of Tk.1,871.77 million in 2021. Out of which recovery of Tk. 1,073.94 million from CL, Tk. 328.86 million from write-off and Tk. 468.97 million from stressed portfolio. Among the above, recovery of Tk. 328.86 million from write-off loans is 22 years' record for the bank. This recovery has contributed positively to the bank's profitability.



Major activities in 2021

- Physical visits covering 90 branches and 425 accounts.
- Dividing 90 Branches in Eight Zones and creating monitoring teams for effective recovery.
- SAMD has published month-wise newsletters focusing on current hurdles, strategies and achievements of the division.
- Effective time and people management through conducting 2,340 virtual meetings with 90 branches.
- Prompt and prudent decision by the SAMD Division during customer meetings/negotiations.
- Re-established correspondence with defaulters & their guarantors resulting in successful settlement.
- "Out of Court" auction (80% auction of 2021) during pendency of suits.
- Filed NI Act cases in different districts to create extra pressure on defaulters.
- Placed foreign trip embargo for defaulters.
- Cross training development & empowerment of Branch and SAMD team members.
- Accountability of SAMD staff performance (KPI).



Cash Recovery against

Classified Loans Tk. **1,074** Million

Written off Loan Tk. **329** Million

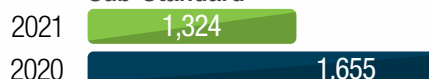
Stressed Loan Tk. **469** Million

Million Tk.

Performance of Legal Unit in 2021	No	Value
Total Artha Rin Suit as on 31.12.2020	465	27,695.82
Artha Rin Suit filed in 2021	25	1,397.83
Artha Rin Suit finally disposed of in 2021	05	89.95
Total Artha Rin Suit as on 31.12.2021	485	29,003.70
Decree Obtained in 2021	19	2,666.39
Sale of mortgaged Properties in 2021	22	367.43
Solemnity submitted before the Court in 2021	06	504.80
Execution of Warrant of Arrest in 2021	09	972.14
Total N.I. Act Case as on 31.12.2020	411	10,725.00
N.I. Act Case filed in 2021	61	843.73
N.I. Act Case disposed of in 2021	47	796.35
Total N.I. Act Case as on 31.12.2021	425	10,772.38
Cash Recovery through Legal Process in 2021	168	804.21

CL Position

Sub-Standard



Doubtful



Bad & loss



RISK BASED CAPITAL ADEQUACY

The Bank has formed a strong capital base by way of various capital enhancement initiatives with a view to promote more integrated management of market and counter party credit risk and also operational risks. As per Pillar-3 revised RBCA (Risk Based Capital Adequacy) guidelines of Bangladesh Bank, all scheduled banks have to publish their capital adequacy disclosure framework for market participants i.e. stakeholders as a key information about the bank's Minimum Capital Requirement (MCR) under pillar I of Basel III and exposure to various risks related to capital adequacy to meet probable loss of assets. Details of required disclosures both in qualitative and quantitative form are laid out in a separate segment under [page no 170-189](#)

CORPORATE GOVERNANCE

Corporate governance is a concept referring to the ideal mode of ensuring firm's accountability to its various stakeholders through a strict system of internal controls and procedures, guided by the hon'ble Board of Directors and aligned to related rules and regulations of various regulatory bodies. The corporate governance of Bank Asia sets top priorities in the fairness, transparency, accountability and responsibility on its top most priority. Our disclosures on status of compliance on BSEC and Bangladesh Bank guidelines demonstrate strong compliance culture of the Bank. In recognition of that Bank Asia has been awarded 1st prize under Corporate Governance Disclosures category by SAFA (South Asian Federation of Accountants). In addition to this, Bank Asia also achieved 1st position under Corporate Governance Disclosures category by ICAB (Institute of Chartered Accountants of Bangladesh). The details of corporate governance practice of Bank Asia are discussed in a separate segment 'Corporate Governance' under [page no 237-291](#)

CORPORATE SOCIAL RESPONSIBILITIES

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

Like in the past, Bank Asia spent an amount of Tk. 247.45 million for several CSR activities this year as well. A significant amount was given to three regular programs – Health, Higher Study Scholarship, infrastructural development of different institutes, and support to covid inflicted and cold affected people. Other CSR programs include sports, art & culture, and disaster management.

The pace of CSR contribution is expected to accelerate in the future with long term vision. In depth CSR activities of the bank are available in Corporate Social Responsibility (CSR) segment under [page no. 225-228](#).

GREEN BANKING

Green banking or Sustainable finance refers to any form of financial service integrating environmental, social and governance criteria into the business or investment decisions for the lasting benefit of both clients and society at large. We recognize that the policies and practices we adopt today will shape not only our lives but also those of future generations. We therefore have an opportunity to make a positive contribution to environmental and social concerns by enacting policies designed so that our business operations do not degrade the environment or cause social harm. Such policies not only indicate positive environmental responsibility, but also present business opportunities such as innovative financial products and investments in sustainable forestry and renewable energy. This will help us better manage our risks, develop expertise and provide clients with solutions to evolving exposures. During day to day business Bank Asia heavily contributes towards the carbon emission in terms of use of paper, electricity, stationary, lighting, air conditioning, electronic equipment etc. even though this is moderate compared to other carbon sensitive industries like steel, oil and gas etc. In the case of banks, the direct interface with the environment has considerably increased due to rapid growth of the banking industry. Energy consumption is the only way to describe our living, but excessive use is called waste. Prime focus of Bank Asia is utilization of solar power, Reduction of Energy & Resource Consumption; control the consumption of water, waste management, emission of greenhouse gas etc. As step of utilization of solar energy we have already installed solar panels in our 11 branches. We managed to secure Net profit from environmental savings worth Tk. 9.95 million in 2021. Bank Asia has disbursed Tk. 278.37 million for Liquid waste management. Bank Asia has an agreement with Bangladesh Bank as a participant in the refinance scheme for Green Product / Initiatives and in 2021, Tk.1,505.42 million was disbursed to financing Green Building project, which has helped sequestration of carbon and reduce adverse environmental effect.

BANK ASIA SECURITIES LIMITED (BASL)

Stock Market Review and BASL Performance

Bangladesh capital market reached to new height in one half years with the leadership of a new commission which was formed in 2020. The participation of buoyant investors was on rise day by day considering favorable market environment. Despite the deterioration of the pandemic, institutional investors' funds have continued to flow to the stock market. People has become now optimistic about the stock market because of some prudent measures initiated by BSEC. Besides, the low interest rate in the banking sector, additional liquidity injection by the central bank, and the government's proactive role, favorable economic condition drew extra mileage.

The Market in 2021 witnessed some records in a row. The benchmark index- DSEX created new peak to 7,410 on October 10, 2021 since its inauguration of this DSEX in 2013. This year market return was 25.08%. Considering the bottom in the last year, DSEX was at 3,603 on March 18, 2020, the market index surged by 88% to 6,757. The turnover in current year the daily turnover reached to new records to about Tk. 30,000 million after 2010. The daily avg. turnover in 2021 was Tk. 14,749 million, it is 162% higher than 2020. The market cap reached the highest mark to Tk. 5,863,190 million. The market cap increased by 31% to Tk. 5,421,964 million from Tk. 4,482,301 million. The turnover of the stock market has increased

consistently along with the market capitalization. Market P/E was 16.29 compared to 16.53 last year.

Along with the bull trends of market, BASL has advanced its position to 10th of DSE's Top - 20 in terms of daily turnover throughout the year.

Total Operating profit stood at BDT 353.78 million, grew by 648%, in 2021 against BDT 47.59 million in 2020.

Number of total active clients reached at 11,626 in the end of 2021, which was 9,985 in December 2020. Margin loan outstanding stood at Tk. 4,244.36 million in December 2021, which was Tk. 4,810.79 million in December 2020.

Operating Profit

Million Tk.



Total Active Clients



BA EXCHANGE COMPANY (UK) LIMITED

We have marched through another year of severe adversity due to Covid-19 and UK has been one of the worst affected countries in the world. The half of 2021 was under mandatory national lockdown as a measure of protection which severely impacted economic activity.

When many of the Bangladeshi-Bank owned companies were shut during the lockdown period, we have been able to serve customers through our Online Remittance Module (ORM) and we have experienced a significant increase of online usage among our customers and not only that many new customers joined in to use our services conveniently without the need to visit our office physically.

At the same time, we have seen the emergence of many more online remittance companies that made the already competitive sector even more fierce.

Despite the turmoil situation, we have almost managed to maintain the growth from the previous year. The value was affected more due to our remitters pockets being more constrained. Despite this, they sent money and we managed to provide the service to the office and country being in lockdown.

The significant event for BA Exchange this year is to launch the new payment method through offering open banking platform. We are the first among the competitors to offer cardless payment option for our customers which is faster, more convenient and safer. It will help us to receive funds from customers instantly and the cost is also lower than card payments through merchant acquirer.

Currently almost 100% of our transactions are taking place online and we will continue exploring innovations in online remittance space.



BA EXPRESS USA INC.

This year, BA Express USA Inc. earned profit for the first time since its inception. Last year, BA Express USA INC. had expanded one location in Jackson Heights, the heart of Bengali community in New York City, enabled to have three branches (Jamaica, Brooklyn, and Jackson Heights). Now it's planning to expand two more branches in Ozone Park and Bronx, other two hubs of Bangladeshi concentrated area. Also working through Agent-based module, BA Express serves its customers using numerous numbers of agent locations across New York. The motto is to serve the NRBs residing in New York City by providing easy, low cost and convenient remittance opportunity to its customers. The volume of remittance stood at \$89.45 million and operating profit stood at \$107,382 as of December 31, 2021.



FUTURE PLANS

- Increase volume of remittance
- Work towards reaching ultimately making profit
- Expansion of collection and distribution channels



BA Express USA (Remittance)

USD **89** million

Growth **234%**

Total Remittance USD Million



EVALUATION OF QUARTERLY REPORTS

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

ADDITIONAL STATEMENTS

Additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (amended up to 2020) (Act No. XVIII of 1994) is described in a separate segment (page no. 279-280) where different issues such as detailed discussion on related party transactions, explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements, remuneration paid to the directors including independent directors, statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, explanation of significant deviations from the last year's operating results (if any), 5 (five) years summarized performance etc. are discussed.

OUR GRATITUDE AND THANKS

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

On behalf of the Board of Directors

Dilwar H Choudhury
Independent Director and
Chairman of the Audit Committee

Enam Chowdhury
Director

Tania Nusrat Zaman
Director