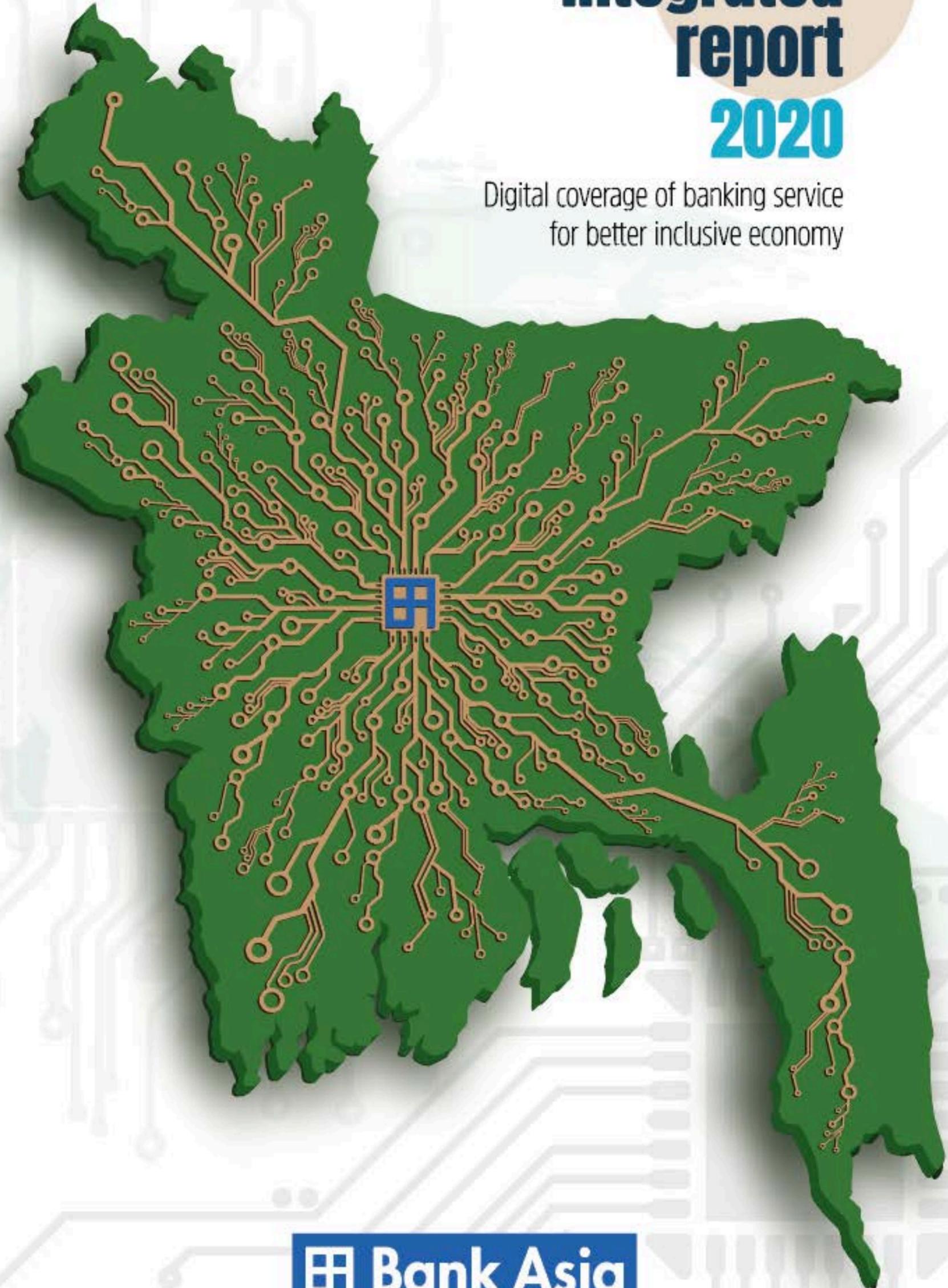


annual integrated report 2020

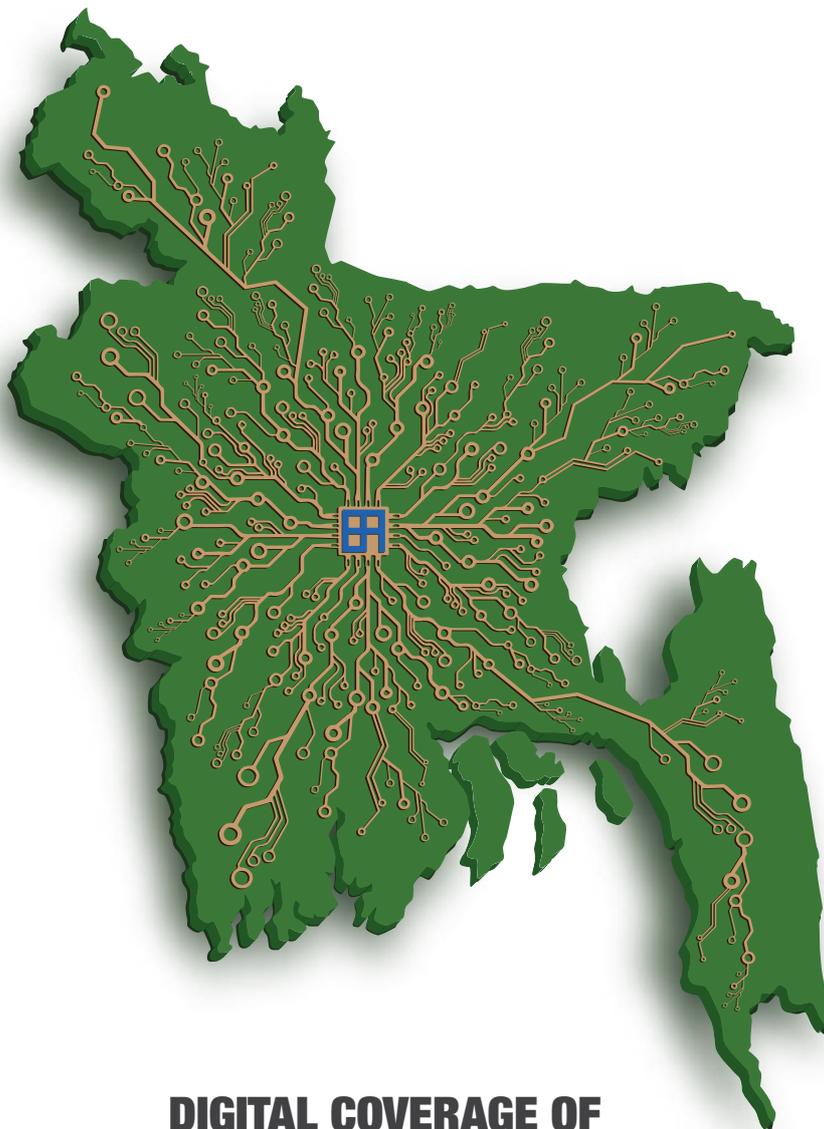
Digital coverage of banking service
for better inclusive economy



Bank Asia

annual integrated report

2020



DIGITAL COVERAGE OF BANKING SERVICE

Bangladesh has celebrated its golden jubilee of Independence in 2021. Facing numerous adversities in the last 50 years, Bangladesh has shown tremendous success in terms of GDP growth and size, per capita income, human development index and in other economic indicators. Bank Asia also had to overcome adversities and challenges during its journey of last 21 years. Bank Asia's vision is to have a "poverty free Bangladesh" by ensuring inclusive growth to every segment of people; every sector of the economy. Since its inception, Bank Asia has dedicated itself to meet the financial needs of the people through innovative customer service and diversified financial services, which in turn contributes to ensuring a sustainable economy and growth of its customers. Bank Asia is the pioneer of Agent Banking in Bangladesh. By providing technology based financial services to the marginalized people with a strong digital coverage and infrastructure facilities, Bank Asia has become a role model of financial inclusion in the country's banking industry whose core ideology is to grow together, aligned with the spirit of liberation war.

MILESTONE

over the years

Bank Asia has dedicated itself to ensure sustainable growth of the economy and its customers through innovative services and products to meet the financial needs of the current times for a better tomorrow.

2002

Acquisition of Bangladesh operation of Muslim Commercial Bank (MCB) of Pakistan

2001

Acquisition of Bangladesh operation of Nova Scotia of Canada

1999

- Obtained Certificate of incorporation and Certificate of Commencement of business
- Obtained Banking License
- Inauguration of Bank

2003

Started Online Banking Operations

2004

Listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE)

2008

Started Islamic Banking Operation

2013

- Awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting
- Agent banking started its operation for strengthening the ongoing financial inclusion program

2012

Ektee Bari Ektee Khamar (EBEK) initiated to serve the unbanked population

2011

- Started CTSU to facilitate Non-AD branches foreign trade operations
- Started operation of BA Exchange Company (UK) Ltd. In London

2010

Started CTSU to facilitate Non-AD branches foreign trade operations

2020

- 1st prize Winner among all Private Banks in South Asia for Best Presented Annual Report 2019 arranged by SAFA
- Being the pioneer of Micro Merchant Business Model, Bank Asia running a network of more than 11,510 Micro Merchant outlet throughout the country
- Successfully implemented world best scaleable technology Oracle Real Application Cluster and migrate Oracle Database 120.1.0.1 to Oracle Database 12.1.0.2 for the Bank

2019

- For the first time Bank Asia has been awarded first prize by SAFA, ICAB and ICSB for Annual Integrated Report 2018
- Certified with ISO/IEC 27001:2013 for ensuring appropriate management of IT

2018

- Bank Asia Limited launched "SHADHIN" the first ever freelancer card in Bangladesh
- Bank Asia launched the country's first-ever complete banking services "RMG Digital Banking Booth" for garment workers through the digital channel
- Awarded 1st prize for 'Best Presented Annual Report 2017' in the ICAB National Award

2016

- Unveiled the plaque of construction work of Bank Asia's own Building
- Introduced TAB based digital SME & Agri proposal processing service named DIGANTA OCAS (online credit approval system) for the first time in the banking industry
- Introduced A-Card (Agricultural Card) for first time in Bangladesh to facilitate marginal farmers to get agri-loan in card
- Inaugurates Bank Asia's own 6 storied Training Institute

2017

Issuance of Tk. 5,000 million 7 year Non-convertible Subordinated Bond-3

2015

- Successfully issued of Tk. 3,000 million 7 year Non-convertible Subordinated Bond
- Country's first School Banking service started through Agent Banking outlet

2014

- Started operation of the 2nd overseas company in USA, BA Express USA Inc. at NY, USA
- Obtained registration of Bank Asia Foundation

Contents

DIRECTORS' REPORT 66-103

Awards and Recognition	10
Vision, Mission and Core Values	12
Code of Conduct and Goals	13
Bank Asia at a Glance	14
Business Ethics	15
DuPont Analysis	16
Corporate Structure and Corporate Information	17
Corporate Organogram	19
Directors' Profile	20
Bank Asia Foundation Governing Body	22
Key Events 2020	34
Senior Management Team	44
Five Years Performance	46
Horizontal and Vertical Analysis	50
Chairman's Statement	54
Priorities we followed in 2020	59
President and Managing Director's Review	60
Segment Analysis	65
Management and Executives	414
Branches at a Glance	415
Notice to the 22 nd AGM	425

Directors' Report

World Economy	68
Bangladesh Economy	70
Banking Industry	73
Review of Operations of Bank Asia in 2020	74

RISK MANAGEMENT 122-161

INTEGRATED REPORTING FRAMEWORK

Our Approach to Integrated Report	8
Deposits and Advances Strategies	106
Import and Export Strategies	107
SWOT Analysis	108
Strategic Focus	110
Our Activities and Values	112
Capital	114
Our Business Model	120

RISK MANAGEMENT DISCLOSURES

From Chief Risk Officer's Desk	124
Risk Management Report	126
Statement on Non-Performing Loan (NPL) Management	139
Basel III Pillar 3 Market Disclosure	142

SUMMARY SUSTAINABILITY REPORT 162-209

CORPORATE GOVERNANCE 210-265

FINANCIALS 274-413

SUMMARY SUSTAINABILITY REPORT	
Achievement for Sustainability Report	164
Sustainable Banking Operations	165
Message from the President and Managing Director	166
Report Parameter	168
Strategic Focus for Sustainability	169
Corporate Profile	170
Primary Brands, Products and Services	172
Stakeholders' Engagement	178
Material Aspects and Boundaries	181
Environmental Performance	182
Economic Performance	188
Financial Inclusion at a glance	192
Sustainable HR Development	194
Bank Asia Foundation	199
Corporate Social Responsibility (CSR)	200
Customer Satisfaction Survey	204
Market Performance	206
Stakeholders Relationship/Grievance Redressal	208

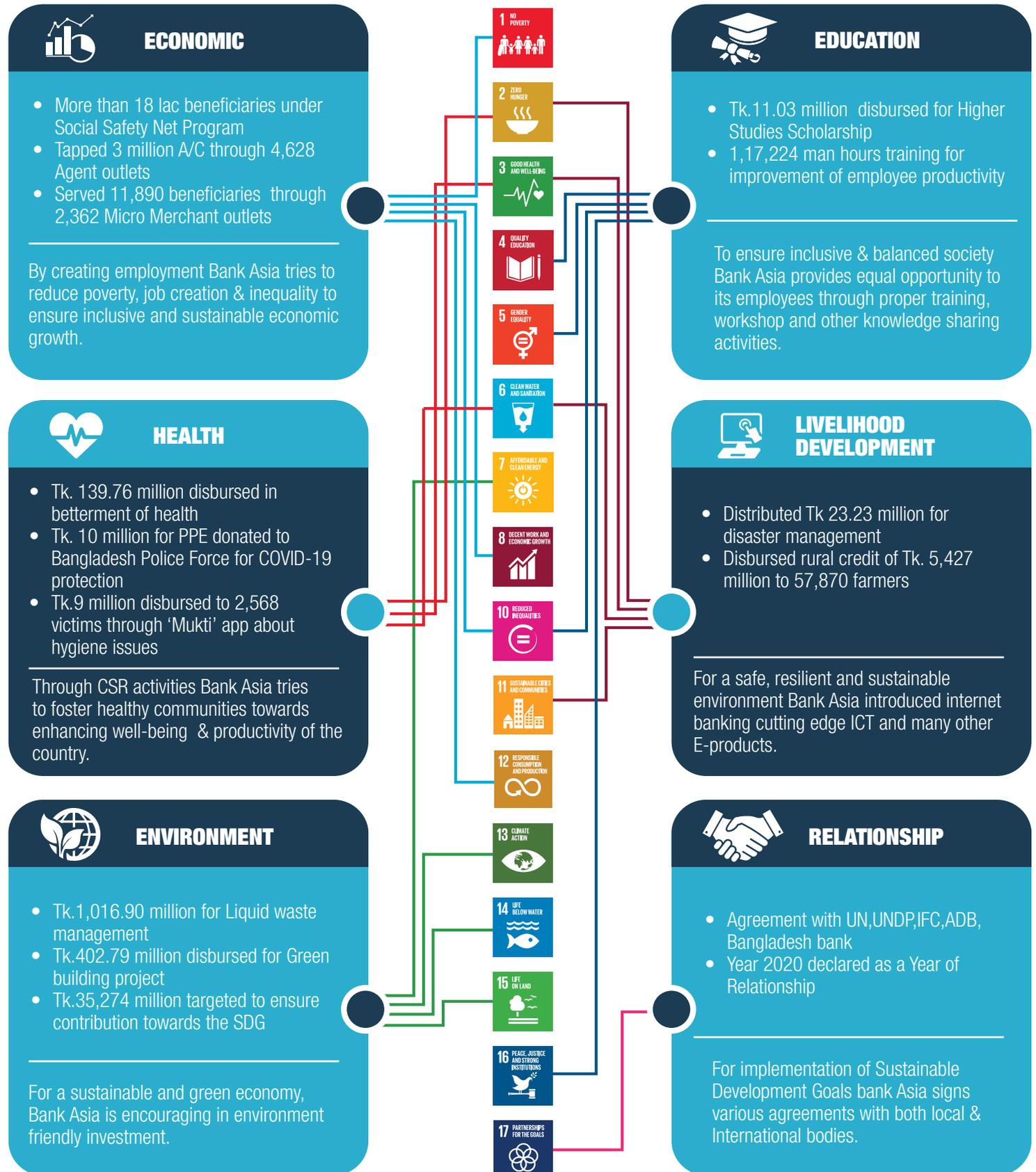
CORPORATE GOVERNANCE	
Corporate Governance Report	210
Report on the Activities of the Audit Committee	212
Bank Asia Shariah Supervisory Committee	266
Report of Bank Asia Shariah Supervisory Committee	267
Chief Financial Officer's Report	268

FINANCIALS	
Auditor's Report	276
Consolidated Balance Sheet	282
Consolidated Profit and Loss Statement	284
Consolidated Cash Flow Statement	285
Consolidated Statement of Changes in Equity	286
Islamic Banking Unit	364
Off-shore Banking Unit	368
Subsidiary 1: Bank Asia Securities Limited	378
Subsidiary 2: BA Exchange Company(UK) Limited	398
Subsidiary 3: BA Express USA Inc.	407

STANDARD DISCLOSURES CHECKLIST	
Corporate Governance Compliance Certificate	181
Corporate Governance Compliance Checklist in line with BSEC	243
Compliance Checklist in line with the Companies Act, 1994	253
Corporate Governance Compliance Checklist in line with Bangladesh Bank	255

Sustainable Development Goals & Impacts

In executing operational decisions, Bank Asia strives to align its strategies, initiatives, and targets with the Sustainable Development Goals (SDGs) to build a better planet, to help the underprivileged section of the country, to deliver excellent value to its stakeholders & to ensure sustainable growth of the company. The following table illustrates the actions taken by Bank Asia with the objective of meeting the SDG goals.



Prelude

Bank Asia is a story of success; it is a passion for infinite journey towards new horizon. Its story is not about only the financials but also the impact it wants to create. It has strong network and infrastructure, sound corporate governance, strong compliance & customer centric culture. Since inception, Bank Asia is working as a growth partner of the economy that is embedded in the vision statement of the Bank “Poverty free Bangladesh”. Keeping this in mind, Bank Asia has developed its business platform that offers level playing field for all segments of business from corporate to grassroots level. Bank Asia is the pioneer of agent banking and has become a role model for financial inclusion in the banking industry of Bangladesh. Our goal is to reach every corner of the country, every individual of the society. Our experience with this segment has given us a strong belief of exploring a very potential sector which needs to nourish to come up as ‘future growth engine’. In the meantime we have established more than 4,600 agent outlets across 526 upazilas of 64 districts. Implementation of e-KYC is going to create a new era of banking by which anyone will be able to open a bank account from anywhere at any time. Bank Asia is also aligned with the Bangladesh Government’s vision of making “Digital Bangladesh” to provide banking services at the doorsteps of the people through advanced technology with a view to create more sustainable economy and improves the livelihood. Every year we select a theme that symbolizes our philosophy and core value of doing business. This year our theme is ‘Digital Coverage of Banking Service’. Bank Asia is reaching to every corner of the country by adopting technology driven banking services which does not require physical existence of a branch. We are working with the aim that every individual will have a bank account and have access to full-fledged banking services to ensure sustainable inclusive development for all segments of the society.

Bank Asia has perpetually given priority to the dissemination of information to the stakeholders, be it positive or negative. Our persistent endeavor is to present accurate, true and fair description of the activities of the Bank in all areas of operation including futuristic approach. Disclosure on related party transactions, financial statements along with major policies and explanatory notes were elaborated to cater to the needs of stakeholders, researchers, regulatory bodies, international financiers etc. As part of the integrated report, a summary Sustainability Report has been included to portray Bank’s impacts on economic, environmental, governance and social aspects.

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



Md. Arfan Ali
President and Managing Director

Our Approach to INTEGRATED REPORT

Welcome to Bank Asia's annual integrated report 2020. We are pleased to present our eighth Integrated Report in accordance with the International Framework of the International Integrated Reporting Council (IIRC)

The aim of our Integrated Report is to cover a vast area of the business activities within the sustainability framework in a balanced and relevant manner. These enable our stakeholders & investors more informed & transparent assessment of the Bank.

We have tried to keep this report brief, consistent and complete, including all material matters, both positive and negative in a fair way. This report ensures accurate data of the bank's operation, both financial and non-financial performance according to our strategic planning & way to establishing our vision to have poverty free Bangladesh.

Scope, Boundaries & Comparability of this Report

Our IR covers the period from January 01, 2020 to December 31, 2020 by following the guidelines of Integrated Report issued by ICAB referred as the Integrated Reporting Checklist which is in congruence with the Integrated Reporting Framework prototype issued by the IIRC and concerns the operations of Bank Asia Limited and its subsidiaries. There is no significant change regarding scope, boundary and reporting basis. The data & information presented in this report is on the same basis as the 2019 in terms of measurement methods, explanation of any restatement of information, time frames and entities.

Key Pillars of Integrated Report



Forward Looking Statements

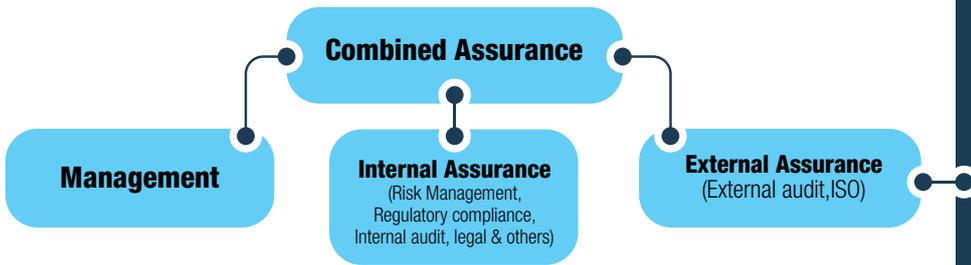
This report contains some forward looking statements which are based on external factors, future events and outcomes. These assumptions are constructed based on the expectation, judgment, aspects, and opportunities. As there are uncertainties about the occurrence of the future outcomes, these statements are valid only for the date of publication.

Availability of the Report

Prior to holding the AGM (as per notice of the AGM) copy of the Annual Integrated Report is sent to all the shareholders (soft copy whose email address is available as per CDBL record as on record date and printed copy send to regulators, Directors & Sponsors, hand delivery from share dept. and AGM venue). All the information & data may be viewed on Bank's website for extended use of the Annual Integrated Report 2020.

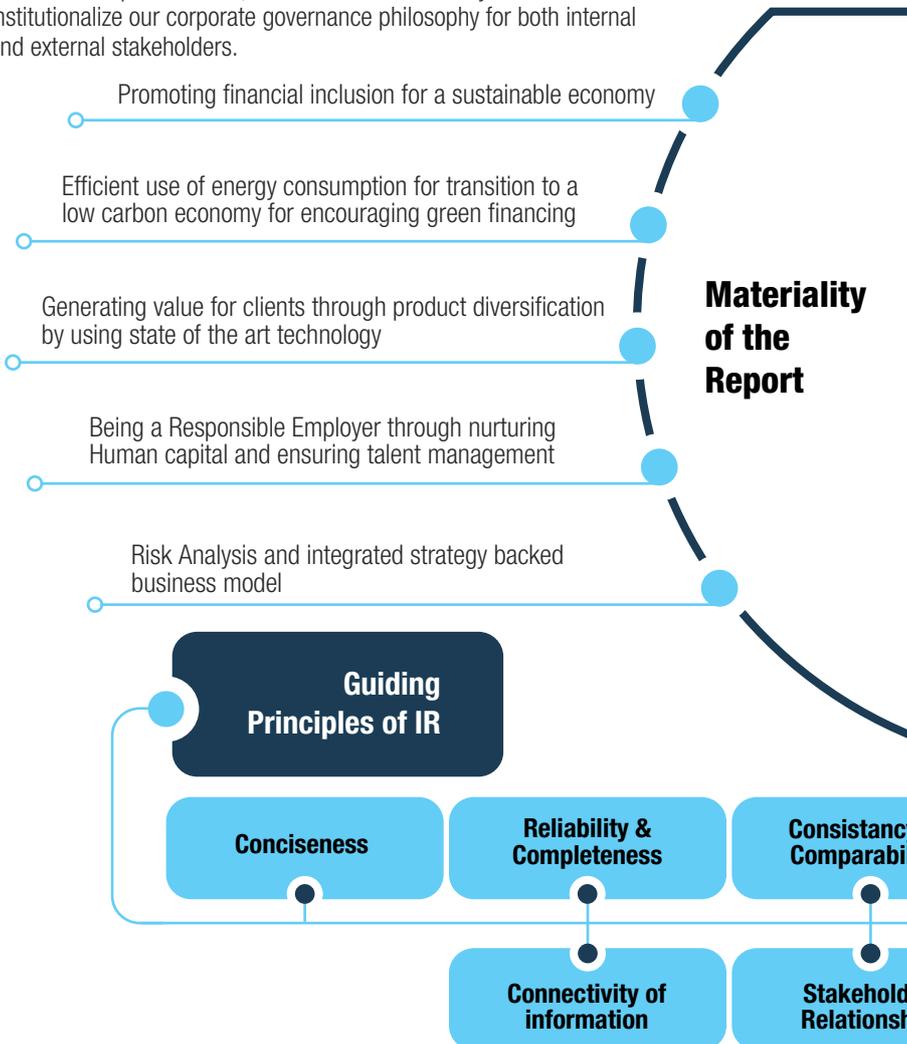
Assurance

For maintaining proper transparency Bank Asia Ltd. has always obtained **Combined Assurance** from the following perspective



Materiality of the Report

Through materiality analysis Bank Asia can identify what should be the vital priorities of the company so that it can delineate its key triple bottom line keeping the short, medium and long term goals in mind. Bank Asia has an edge by developing strategies focusing on our fundamental priorities to facilitate our operational activities, embolden our goal-oriented performance, vitalize our sustainability framework and institutionalize our corporate governance philosophy for both internal and external stakeholders.



Financial Assurance

- **Financial Statement Audit Report**
Hoda Vasi Chowdhury & Co.
- **Gratuity Fund Financial Audit**
S F Ahmed
- **Provident Fund Financial Audit**
S F Ahmed
- **Investment (Bond) Surveillance Rating-CRISL & CRAB**

- **Entity / Credit Rating** | CRAB
- **Superannuation Fund Audit**
S F Ahmed
- **Risk Management Assurance**
Bangladesh Bank
- **Benevolent Fund Audit**
S F Ahmed
- **Cash Incentive** | ACNABIN
I Howlader Unus & Co.



Corporate Governance

- **Corporate Governance Certification**
Podder & Associates



Information Technology

- **ISO Certificate**
British Standard Institute (BSI)

Responsibility over the Integrity of the Integrated Report

The Board and the management ensures that the Integrated Annual Report has been prepared pursuant to the checklist in accordance with the International Framework of the International Integrated Reporting Council (IIRC). The Board and the management also ensures that reasonable care has been taken in preparation and presentation of this Integrated Annual Report and addresses all material issues and make fair presentation on Bank's integrated performance and its overall impact.

On Behalf of the Board of Directors,

A. F. Chowdhury
A Rouf Chowdhury
Chairman
Bank Asia Limited

Awards and Recognition



Mr. Md. Arfan Ali, Honorable President and Managing Director of Bank Asia Limited received the certificate of 1st prize-Winner under Private sector banks category in South Asia for Best Presented Annual Report 2019 by South Asian Federation of Accountants (SAFA)



2020

SAFA (South Asian Federation of Accountants) awarded

- **1st Prize** for Best Presented Annual Report-2019- Private Sector Banks category
- **2nd Runner Up** for Corporate Governance Disclosures category

ICAB (Institute of Chartered Accountants of Bangladesh)

- **2nd position** under Private Sector Banks category
- **2nd position** under Corporate Governance Disclosures category
- **3rd prize** under Integrated Reporting Category

ICSB (Institute of Chartered Secretaries of Bangladesh)

- **Bronze award** for Corporate Governance Excellence

NCSR (National Centre for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Indonesia granted

- **Gold Rank** in Asia Sustainability Reporting Rating 2020 for Sustainability Report 2019

Awarded **BFP-B Excellence Award** for supporting the financial inclusion mandate by Business Finance for the Poor in Bangladesh (BFP-B), a project managed by **NATHAN** Associates London and funded by **DFID, UKAID**

2019

SAFA (South Asian Federation of Accountants) awarded

- Winner under Corporate Governance Disclosures category
- 1st Runner up under Private sector banks (including co-operative banks) category

ICAB (Institute of Chartered Accountants of Bangladesh)

- 1st prize for Best Presented Annual Reports under private sector banks category
- 2nd position under Corporate Governance Disclosures
- 3rd prize under Integrated Reporting category

ICSB (Institute of Chartered Secretaries of Bangladesh)

- **Winner** for Corporate Governance Excellence 2018

NCSR (National Centre for Sustainability Reporting) & ICSP (Institute of Certified Sustainability Practitioners) in Indonesia granted

- **Gold Rank** in Asia Sustainability Reporting Rating 2019 for Sustainability Report 2018



Mission

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

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

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

Vision

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

Core Values

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

CODE OF CONDUCT

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

GOALS

Sustainable Growth

Synergies between new knowledge and human capital for sustainable economic growth

Capital Stewardship

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

Accelerating Financial Inclusion

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

Differentiating Value Added Services

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

Going Green

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

Leader in Business

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

Bank Asia at a Glance

A Dream Comes True

Bank Asia started its journey on November 27, 1999 with a view to providing the best quality technology driven services in banking sector. Since inception it has been able to cover major parts of the country by extending and expanding its network by opening of branches, agent banking outlets etc. The Bank started its Islamic banking operation in 2008. It established the 1st subsidiary company 'Bank Asia Securities Limited' on March 16, 2011, then 'BA Exchange Company (UK) Limited' in London, United Kingdom on May, 2011 and 'BA Express USA Inc.' in Jamaica, New York, USA on June 01, 2014. At present Bank Asia has 129 Branches, 5 sub branches, 5 Islamic Windows, 4 SME Service Centers, 1 Off-shore Banking Unit and 3 Subsidiaries. With an aim to serve the unbanked people, Bank Asia is now operating ABAK (Amar Bari Amar Khamar) banking services in 31 districts having 222 upazilas and 1.2 million beneficiaries. The Bank has implemented 4,628 agent banking outlets in 64 districts to provide banking services to geographically dispersed rural poor segment of the society.

Faithful and Efficient Workforce

Bank Asia has the right blending of talented youth and experienced senior workforce which is truly efficient and dynamic. Mr. Md. Arfan Ali who has more than 28 (twenty eight) years' of multifarious experience in banking profession leads the team from the forefront as President and Managing Director. At the end of 2020, the bank has 2,463 employees including 385 executives and 2,078 officers to serve its clients across the country. Bank Asia provides a work friendly elegant environment to its employees. Its unique reward and performance appraisal system encourage employees to give their best to serve the Bank and its stakeholders.

Giving Back to the under Privileged & Concern to Ecology

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

Eagerness for High-Tech Solution

Bank Asia always welcomes the innovation for the operation of the banking activities as well as reporting systems. Bank Asia has associated Islamic banking, Offshore banking, CMSE financing, Agent Banking, ABAK & Social Safety Net program, Remittance channeling & many more specialized services with its core banking activities. To excel in this new era of technological triumph, Bank Asia has successfully introduced utility & remittance payment and fees collection through Online, cutting edge ICT, state of the art network solution, 24/7 ATM service & many other e-products.

Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) awarded Bank Asia Limited 'AA2' in the Long Term and 'ST-2' rating in the Short Term based on the financials of 2019 will remain valid upto June 30, 2021.

Accolades & Recognition

Bank Asia was awarded several times by the national and international reputed organizations. Bank Asia has been awarded 1st Prize for Best Presented Annual Report-2019-Private sector banks category & 2nd Runner Up for Corporate Governance Disclosures category by SAFA.

Besides the Bank was also awarded 1st Runner up for BPAR under Private Sector Banks category, 2nd position under Corporate Governance Disclosures category and 3rd prize under Integrated Reporting Category by ICAB. And the Bank also became Bronze award winner in the 7th ICSB National Awards for Corporate Governance Excellence, 2019.

For Sustainability Report 2019, the Bank has achieved "GOLD RANK" – Asia Sustainability Reporting Rating (ASR) 2020 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in the 16th Sustainability Reporting Awards (SRA) 2020 in Indonesia.

For supporting the financial inclusion mandate by Business Finance for the Poor in Bangladesh (BFP-B), Bank Asia awarded "BFP-B Excellence Award", a project managed by NATHAN Associates London and funded by DFID, UKAID.

Business Ethics

Business Principle

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

Human Worth

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

Human Capital

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

Health, Safety and Working Environment

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

Confidentiality

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

Protection of Personal Data

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

Intellectual Property

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

Nature and the Environment

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

Information that may affect the Share Price

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

Accounting

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

Competition

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

Corruption and Bribery

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

Money Laundering

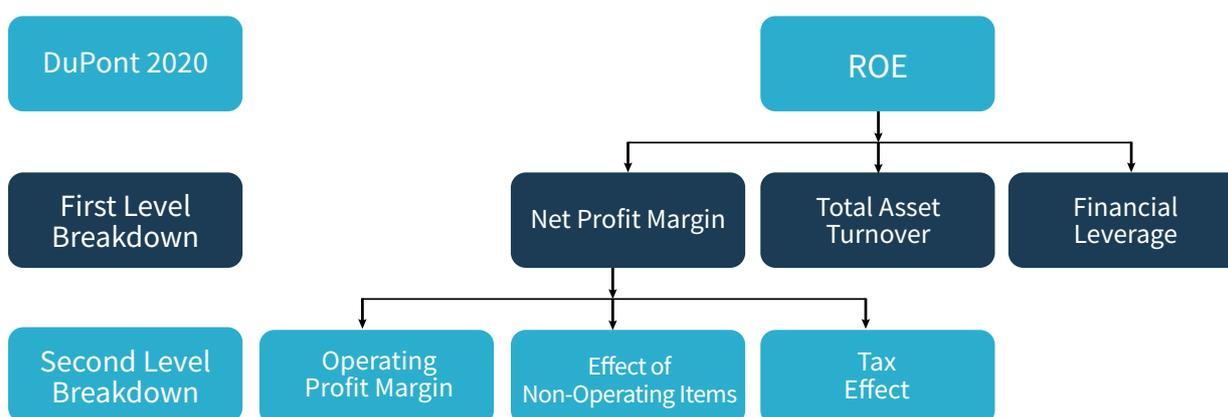
Bank Asia is firmly opposed to all forms of money laundering and shall take steps to prevent its financial transactions from being used by others to launder money.

Political Activity

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

DuPont Analysis 5 Factors Model

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



Particulars	2020	2019	2018
ROE	7.81%	8.16%	10.21%
Net Profit Margin	7.24%	6.42%	8.35%
Total Asset Turnover	0.0737	0.0924	0.0910
Financial Leverage	14.6283	13.7483	13.4315
Operating Profit Margin	21.60%	30.53%	29.71%
Effect of Non-operating Items	0.6519	0.4206	0.5727
Tax Effect	0.5144	0.5001	0.4909

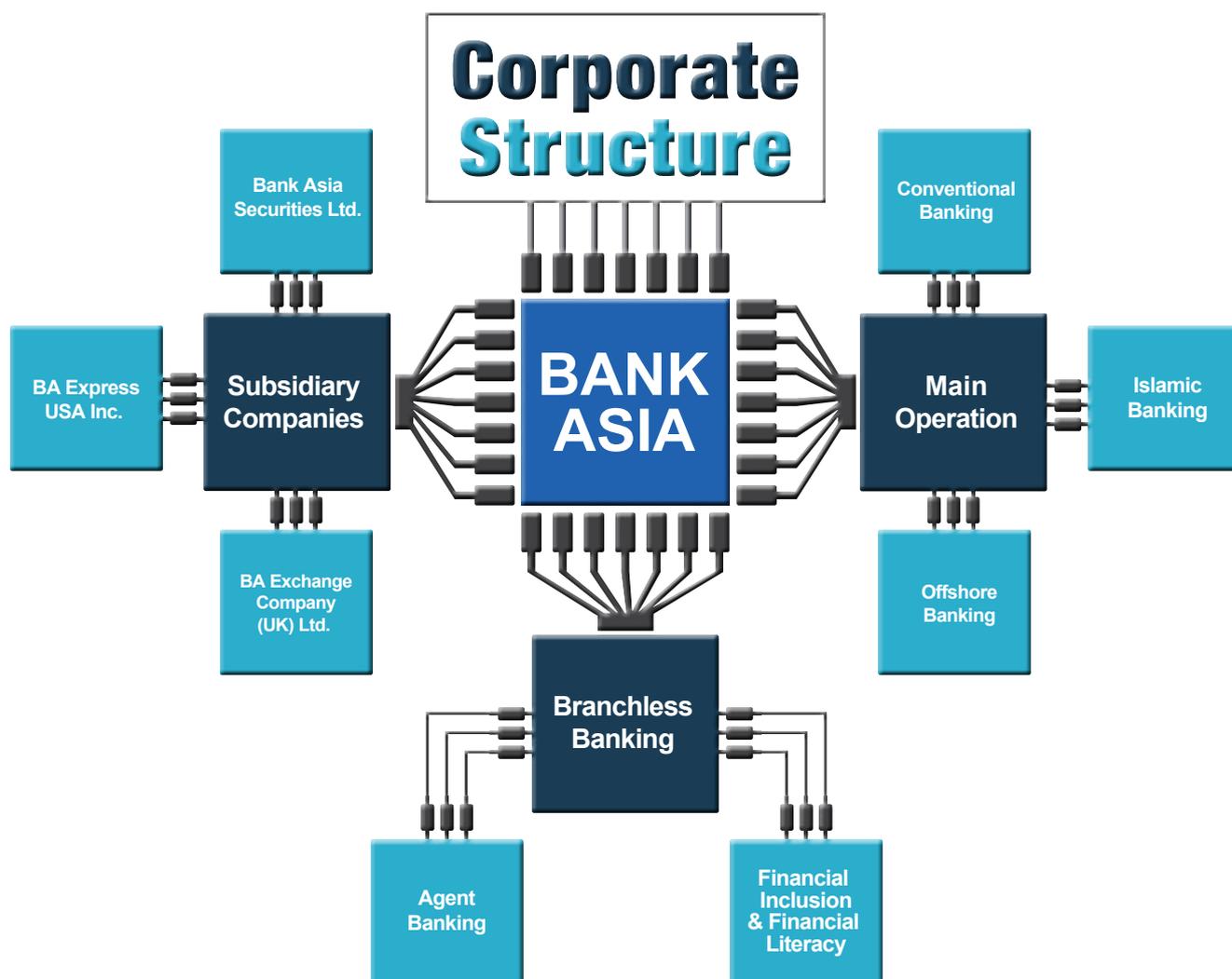
ROE measures the profitability in terms of equity. Net profit margin consists of three important components namely operating profit margin, effects on non-operating items and tax effects as mentioned in second level break down. There is a drop off of operating profit margin from 30.53% to 21.60% due to impact of COVID-19 pandemic and implementation of single digit interest rate structure.

Effect on non-operating items increased to 0.6519 as the provision amount decreased by 61%. There is also increase in tax effect from 0.5001 to 0.5144. Although operating profit margin decreased but the increase of effect of non operating

items and tax effect in combined caused to increase net profit margin from 6.42% to 7.24% eventually.

The Asset Turnover decreased from 0.0924 to 0.0737 due to capping of interest rate. Although loan and advance increased by 7.63% but interest income decreased by 20.78%. This resulted in decrease of asset turnover ratio

The financial leverage also increased to 14.6283 from 13.7483 which helped to increase return on equity.



Million Taka

	2020 (Consolidated)	2020 (Solo)
Income Statement Matrix		
Operating Profit	6,107	6,071
Profit Before Tax	3,986	3,958
Profit After Tax	2,024	2,036
Balance Sheet Matrix		
Total Shareholders' Equity	27,208	27,381
Deposits	303,494	303,028
Loans and Advances	247,332	244,642
Investments	94,907	94,251
Fixed Assets	6,814	6,709
Total Assets	410,809	408,717
Capital Measure		
Capital to Risk Weighted Asset Ratio Basel-III	16.93%	17.16%
Share Information Matrix		
Earnings Per Share (Taka)	1.74	1.75
Net Asset Value Per Share (Taka)	23.34	23.48
Credit Quality Ratios		
Classified Loans	3.21%	3.24%
Profitability Ratio		
Return on Equity	7.82%	7.81%
Return on Assets	0.57%	0.53%

Corporate Information

Letter of intent received	24/02/1999
First meeting of promoters.....	15/04/1999
Certificate of incorporation received.....	28/09/1999
Certificate of commencement of business.....	28/09/1999
First meeting of board of directors held.....	01/10/1999
Banking license received.....	06/10/1999
First branch license received.....	31/10/1999
Inauguration of Bank.....	27/11/1999
Date of publication of prospectus.....	29/06/2003
Date of IPO subscription.....	23/09/2003, 24/09/2003
Date of first Share trading in bourse.....	08/01/2004
Date of agreement with CDBL.....	20/12/2005
Date of first scripless trading.....	30/01/2006
Number of promoters.....	22
Number of directors.....	17
Number of branches.....	125
Number of SME centers.....	4
Number of Islamic windows.....	5

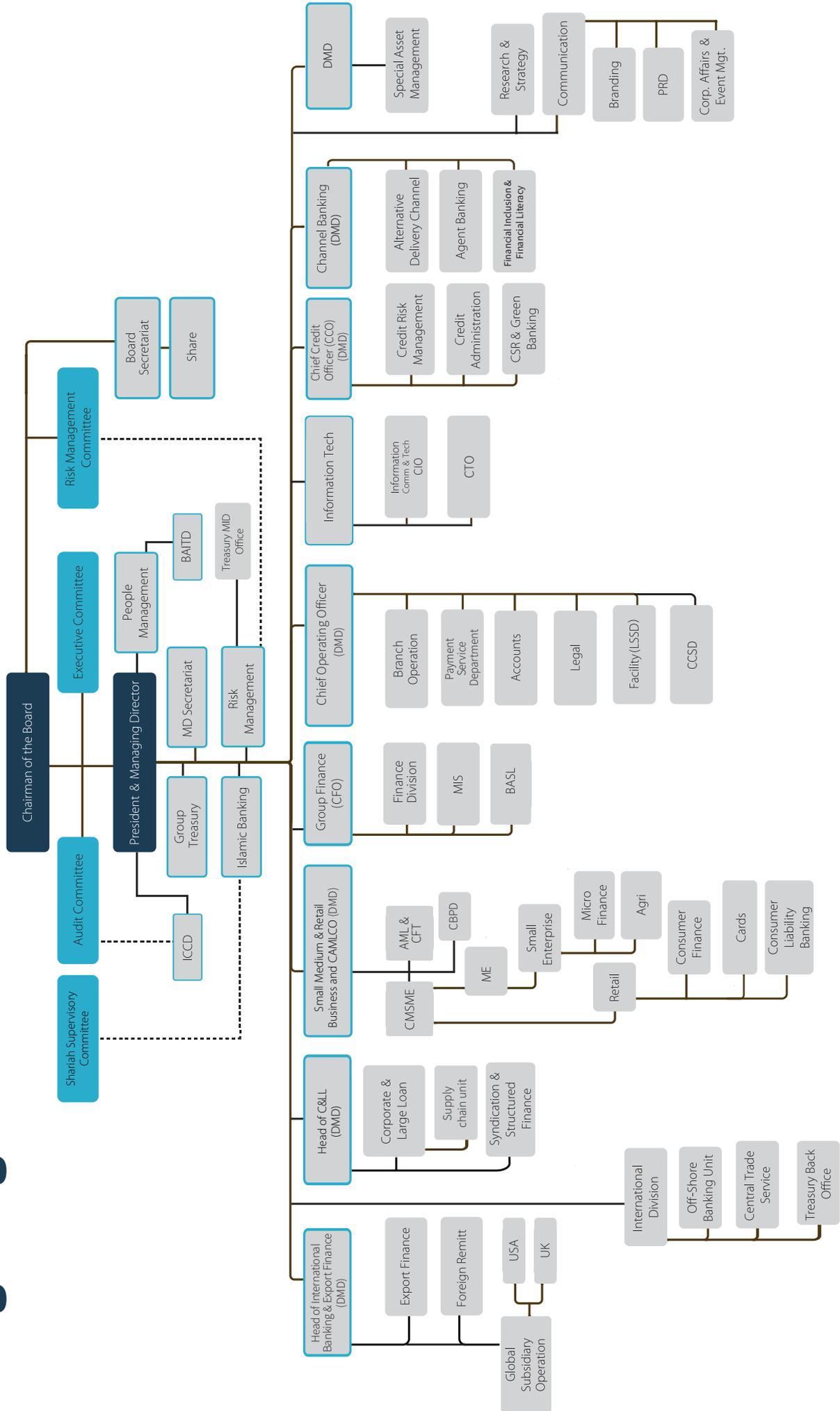
Auditors	M/s. Hoda Vasi Chowdhury & Company, Chartered Accountant BTMC Bhaban (7th floor) 7-9 Karwan Bazar, Dhaka-1215, Phone:+88(02)9140094, :+88(02)9120090,
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Tax Advisors	S.F Ahmed & Co.(SFACO) Chartered Accountant and tax & Management Consultants House#51(3 rd floor) Road # 9, Block # F Banani, Dhaka-1213
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Legal Retainer/ Advisors	M. Sakhawat Hossain Road No. 22, House No. B-138 (4 th Floor), New DOHS, Mohakhali Dhaka-1206
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Registered Office	Bank Asia Tower 32 & 34 Kazi Nazrul Islam Avenue Karwan Bazar Dhaka- 1215
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Corporate Organogram



Board of Directors



**Standing
from left**

M.A. Baqui Khalily

Major General Mohammad Matiur Rahman (retd.)

**Sitting
from left**

Dilwar H Choudhury

Romana Rouf Chowdhury

Mohd. Safwan Choudhury

PS: Some of our hon'ble Directors are not seen in the picture, their names and profile can be seen in the Director's Profile section



Enam Chowdhury

Md. Arfan Ali

Md. Abul Quasem

Helal Ahmed Chowdhury

A. Rouf Chowdhury

Rumee A Hossain

Ashrafal Haq Chowdhury

Bank Asia Foundation Governing Body



**Standing
from left**

Enam Chowdhury

M. Shahjahan Bhuiyan

**Sitting
from left**

Mashiur Rahman

Romana Rouf Chowdhury

Mohd. Safwan Choudhury



Md. Arfan Ali

Aminul Islam

A. Rouf Chowdhury

Zakia Rouf Chowdhury

Rumees A Hossain

DIRECTORS' PROFILE



A. Rouf Chowdhury

Chairman

Mr. A. Rouf Chowdhury is one of the Sponsor Shareholders of Bank Asia Limited. He is a graduate in Business Management from the Massachusetts Institute of Technology, USA. He has a wide range of experience in several industries including Automobile, Telecom, Pharmaceuticals and Petroleum. He was the Resident Manager of two American pharmaceutical companies in Bangladesh. Being in the senior management position in Jamuna Oil Company, he contributed for 15 years in the market development of petroleum products in Bangladesh. Both Rangs and Sea Resources Groups which are comprised of 35 companies were formed under his dynamic leadership. The huge success of the companies of the two groups during a short span of time substantiates his charismatic leadership and progressive mindset. Mr. Chowdhury also has his dynamic foothold in the print media; he is the Director of Mediaworld Limited, parent company of renowned English daily, The Daily Star.



Mohd. Safwan Choudhury
Vice Chairman

Mr. Mohd. Safwan Choudhury did his Masters from the University of Dhaka. He has an impressive professional experience and has business interest in tea manufacturing, textile and cold storage. His flagship company M/s. M. Ahmed Tea & Lands Co. Limited. is a 4th generation tea producing company which has been doing business since the British India. He is the former Chairman of Bangladesh Tea Association which represents 126 tea plantations belonging to both Bangladeshi and foreign companies. Mr. Choudhury is also involved in social development. He is the President of FIVDB, an NGO providing primary education to the underprivileged children. He is also the past President of Sylhet Chamber of Commerce & Industry. Mr. Choudhury is the Nominated Director of Phulbari Tea Estates Limited in the Board of Bank Asia Limited.



Romo Rouf Chowdhury
Vice Chairman

Mr. Romo Rouf Chowdhury is one of the Sponsor Shareholders of Bank Asia Limited. He is a graduate in Engineering from United Kingdom. He has more than 28 years of experience as an industrialist. He is one of the successful young entrepreneurs of the country. He holds directorship of various sister concerns of Rangs Group and Sea Fishers Group. Currently, he holds the position of Chairperson of Rancon Car Hubs Limited, Rancon Accessories Limited, Rancon Infrastructures and Engineering Limited and Rancon Hospitality Limited. He also holds the position of Managing Director of Rancon Motors Limited, Rancon Auto Industries Limited, Rancon Trucks & Buses Limited, Rancon Automobiles Limited, Rancon Agro Machineries Limited, Rangs Properties Limited, Inspace Architects Limited, Rancon Electronics Limited, Rancon Industrial Solutions Limited, Ranks ITT Limited, Ranks Telecom Limited, Softex Communication Limited and Rancon Oceana Limited.

DIRECTORS' PROFILE



Mr. Rume A Hossain is one of the Sponsor Shareholders of Bank Asia Limited. He is a graduate in Mechanical Engineering and an MBA in International Business Management. He has more than 27 years of business experience in several industries such as Electronics, Telecom, Pharmaceuticals, IT and Publishing. He is the Managing Director of Rangs Industries Limited. (Distributor of Toshiba and Samsung) and Romask Limited. Currently, he is the Chairman of Executive Committee of the Board of Bank Asia Limited.

Rume A Hossain

Director and Chairman of the Executive Committee



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

Hosneara Sinha

Director



Naheed Akhter Sinha
Director

Ms. Naheed Akhter Sinha is one of the Sponsor Shareholders of Bank Asia Limited. She obtained MBA in Finance from North South University. She has been involved with different business houses and organizations from her early career. She is one of the promoters and Managing Director of Enterprise Cluster Pte. Limited., a Singapore-based company. Currently, she is one of the directors of Cluster World Pte. Limited and Lafargeholcim Bangladesh Limited.



Romana Rouf Chowdhury
Director

Ms. Romana Rouf Chowdhury is one of the directors of Bank Asia Limited. Ms. Romana Rouf Chowdhury is a Bachelor of Arts in English. She has been working for more than 29 years as an industrialist. She is one of the successful young entrepreneurs of the country. She holds directorship of various sister concerns of Rangs Group and Sea Fishers Group. Currently, she holds the position of Chairperson of Agro food Services Limited and Sea Natural Food Limited. Ms. Chowdhury is the Nominated Director of Maya Limited in the Board of Bank Asia Limited.

DIRECTORS' PROFILE



**Major General
Mohammad Matiur Rahman (retd.)**
Director

Major General Mohammad Matiur Rahman (retd.) is one of the directors of Bank Asia Limited. He is the Nominated Director of Sinha Fashions Limited in the Board of Bank Asia Limited. He has more than 37 years of experience as a military personnel. After retirement from his service, he joined the Sinha-Medlar group as an adviser in 2013. He obtained his Masters in Defense Studies from National University. He also participated in various training and seminar both at home and abroad. Currently, he is the Managing Director of Julphar Bangladesh Limited.



Farhana Haq
Director

Ms. Farhana Haq is one of the Sponsor Shareholders of Bank Asia Limited. She obtained her Masters in International Relations from the University of Dhaka. She holds directorship of various renowned business concerns such as DHS Motors Limited, Platform Solutions Limited, Ali Estates Limited, DHS Automobiles Limited, Surja Soft Limited and FAR Limited.



Dilwar H Choudhury

Independent Director and Chairman of the Audit Committee

Mr. Dilwar H Choudhury was a veteran banker with 35 (thirty five) years of banking experience including working in eight different countries in Asia, Africa and Europe in a multicultural situation. He was the former Managing Director (in-charge) of City Bank Limited. His most significant career exposure happened while managing and operating three full-fledged banking operations as Chief Executive Officer in Turkey, Pakistan and Bangladesh. He was also a Banking consultant for KPMG Dhaka during 2004-2005. He is the partner of Latif Center, a renowned shopping Mall situated at Zindabazar in Sylhet. He is also the Nominated Director of Jubilant Golden Harvest Limited. He is currently the Managing Director of Golden Harvest Fintech Limited.



Ashraf Haq Chowdhury

Independent Director

Mr. Ashraf Haq Chowdhury served country's largest Mobile Phone Operators like Grameen Telecom, Telekom Malaysia Bangladesh and Bharti Airtel for 21 years in the top management position. He was also the Trade Adviser for the Commonwealth Secretariat, London, & Ministry of Trade, Industry & Tourism of the Caribbean Countries in addition to serving in the Export Promotion Bureau and BIDS at the initial stage of his career. His most recent assignment was as Chief Corporate Affairs Officer (CXO) of Airtel Bangladesh-a subsidiary of Bharti Airtel the 3rd Largest Mobile Operator in the World with 303 million customers in 22 countries. Mr. Chowdhury obtained Honours & Masters degrees in Economics from Chittagong University. He then completed higher studies in International Development Economics & Business Administration from the Stockholm University, Sweden. He was also a Research Fellow at the University of Toronto, Canada. He is currently the Managing Director of Star Infrastructure Development Consortium Limited and Additional Managing Director of Star Allied Venture Limited.

DIRECTORS' PROFILE



Md. Abul Quasem
Independent Director

Mr. Md. Abul Quasem completed his B.S.S. (Hons) and M.S.S. in Economics in 1973 and 1974 respectively from University of Dhaka. He started his career with Bangladesh Bank, the Central Bank of Bangladesh, as Assistant Director in 1976 and concluded the same as Deputy Governor in 2016. During his about 40 years tenure with Bangladesh Bank, he performed responsibilities in many departments like Currency Management, Payment System, Accounts & Budgeting, Debt Management, Human Resources, SME & Special Programs, Agricultural Credit, Communications & Printing, Common Services, Investment Promotion & Financial Facility, Expenditure Management, Research, Statistics, Central Bank Strengthening Project (CBSP), Bangladesh Financial Intelligence Unit (BFIU), etc. Besides being a career central banker, Mr. Quasem held many important administrative positions like Observer in the Board of The City Bank Limited & Pubali Bank Limited, Chairman of the Executive Committee of Bangladesh Institute of Bank Management (BIBM), Director of Dhaka Stock Exchange Limited, Director of SME Foundation and Director of Security Printing Corporation (BD) Limited. While working in Bangladesh Bank, he attended many domestic/foreign training programs and seminars organized by different international organizations in various countries around the globe.



M.A. Baqui Khalily
Independent Director and Chairman of the Risk Management Committee

Mr. M. A. Baqui Khalily joined as a faculty member at the Department of Finance in the University of Dhaka in 1975 after completing his B.Com (Hons) and M.Com in Finance from University of Dhaka. He also obtained his M.Sc. and Ph.D. degrees with major in Finance and Development in 1987 and 1991 respectively from Ohio State University, USA. He became Professor in 1994. After a successful teaching career of 37 years, Professor Khalily retired from University of Dhaka in 2012. Dr. Khalily is a renowned academician of the country, an eminent economist and finance scholar of national and international repute. He has large number of publications especially on rural finance, financial inclusion, microfinance and SME development in prominent national and international journals. He also authored/co-authored of many books and research monographs. Other than having a prominent teaching career, Professor Khalily also held many important administrative positions like Executive Director of Institute of Microfinance, Acting Vice Chancellor & Pro Vice Chancellor of Presidency University, Chairman of Department of Finance, University of Dhaka, Director of Dhaka Stock Exchange Limited, only to name a few. Besides, Dr. Khalily worked as a consultant in different international organizations like The World Bank, Asian Development Bank, NORAD, USAID, IFDC, JICA, European Union, UKAID/DFID etc. During his long career, he visited many countries around the globe for professional purposes. Professor Khalily currently teaches at Department of Business Administration, University of Asia Pacific.



Helal Ahmed Chowdhury
Independent Director

Mr. Helal Ahmed Chowdhury is a seasoned banker with around four and half decades of banking experience. He started his career at Pubali Bank in 1977 as a Class-I Officer through Superior Service Examination and was promoted in course to MD & CEO (2006-2014) in the same bank which is a rare event and record. Under his dynamic leadership, Pubali bank got transformed into an institutional role model of government turned private commercial bank and won the prestigious award “Best Financial Institution” of the country given by DHL and the Daily Star in 2009. He is an M.A. and a Deplumed Associate of IBB. He participated in different training, seminar, short and long courses both at home and abroad including Oxford and Cambridge Universities of UK and UC Berkeley and Columbia University of USA. Mr. Chowdhury was an independent Director of Islami Bank Bangladesh Limited and presided over as the Chairman of Audit & Risk Management Committees of the Bank in different times. He was Supernumerary Professor of Bangladesh Institute of Bank Management (BIBM), a Board Member and Vice Chairman of Association of Bankers, Bangladesh (ABB) and a Board Member of BIBM. He is a General Body Member of PKSF, Independent Director of Baraka Power Limited, Baraka Patenga Power Limited and member of ICC Banking Commission. He is engaged with a number of Social Organizations and Trade Bodies at different capacities and working as a resource person in different training/seminars etc.



Enam Chowdhury
Director

Mr. Enam Chowdhury a graduate in Electrical and Electronic Engineering from Ohio, USA, has more than 30 years of experience in Information Technology, particularly in banking and finance industry. After working with global financial and technology firms for several years in Australia, Japan and the USA he returned to Bangladesh in 2018. His experience includes working with Deutsche Bank AG, PricewaterhouseCoopers, Compass Group and EDS Japan. He is the Managing Director of Deep Sea Fishers Limited and Fishers Shipyard Limited, and executive committee member of Bangladesh Marine Fishers Association. He is also the Chairman of IT startups, Nessbit Technologies Limited and Tiger Digital Ventures Limited. He is the Nominated Director of Zest Polymers Limited in the Board of Bank Asia Limited.

DIRECTORS' PROFILE



Tania Nusrat Zaman
Director

Ms. Tania Nusrat Zaman is the Nominated Director of Amiran Generations Limited in the Board of Bank Asia Limited. Ms. Zaman began her career in 1987 as a young professional with UNDP. After stints in policy and programming in New York, Nepal and Vietnam, she joined the International Health Policy Program, housed in The World Bank, in Washington DC. Between 2001-2020, she took on managerial and technical roles in public, private and non-profit organizations in Bangladesh and USA that included BRAC, Future Generations, HLSP Consulting Inc, the Netherlands Embassy in Dhaka, Nirapon Inc. and Plan International. Currently, she is a Director of General Advisory Services Limited and works as a management consultant on human resources, safety and youth issues. Ms. Zaman holds a Bachelor's from George Washington University and an M.Phil from Yale University. She also holds an American Management Association certificate in human resource.



Md. Arfan Ali
President and Managing Director

Mr. Md. Arfan Ali is the President & Managing Director of Bank Asia. Prior to this, he was the Additional Managing Director of Bank Asia Limited. A career banker, Mr. Md. Arfan Ali, is an MBA from the IBA, Dhaka University, having more than 26 (twenty Six) years of diverse experience in banking profession to his credit. He started his career with Arab Bangladesh Bank Limited as a Probationary Officer in 1991. Later he joined Hanil Bank in 1996 and played key roles in setting up of its Dhaka Office. He joined Bank Asia in 1999 as Assistant Vice President before it started its operation and played vital role at the preoperational stage of launching formal operations of a newly established local bank. Mr. Md. Arfan Ali pioneered and championed Agent Banking operations in Bangladesh. He had worked as part time lecturer of Institute of Business Administration (IBA), Jahangirnagar University for 11 years. He is also member of "Academic Advisory Board, School of Business", Independent University (IUB), Bangladesh and current Advisor of Bangladesh Money Market Dealers Association (BAMDA).



PEOPLE WE HAVE LOST IN 2020



M. Shamsul Alam
(1937-2020)

Mr. M. Shamsul Alam, a former Director, Vice-Chairman and Chairman of Board Audit Committee of Bank Asia Limited, passed away due to old age complication on 20 May 2020. In recognition for his outstanding contribution to the insurance sector of Bangladesh, he was awarded with “BimaPadak” by the Honorable Prime Minister of People’s Republic of Bangladesh.



Amanullah Chowdhury
(1947-2020)

Mr. Amanullah Chowdhury, one of the entrepreneur of Bank Asia Limited and Vice Chairman of RANGS GROUP, passed away due to old age complication on 30 April 2020. He was the prime mover of Rangs Pharmaceuticals. A proficient business professional, Mr. Chowdhury played a key role in the company till his last breath.



M. Azizul Huq
(1935-2020)

Mr. M. Azizul Huq joined as consultant in 2004 for launching Islamic Banking in Bank Asia Limited. He is considered as the father of Islamic Banking in Bangladesh. When Islamic Banking started in 2008, he became a member of the Bank Asia’s Shariah Council. Since 2015, he was the Chairman of the Shariah Supervisory Committee till his death on 20 November 2020.



Gias Uddin Chowdhury
Length of service in Bank Asia
(06.12.2004 - 14.06.2020)



Md. Amdadul Haque
Length of service in Bank Asia
(04.09.2011 - 10.10.2020)



Illiaus Ahamed
Length of service in Bank Asia
(12.04.2016 - 25.07.2020)



Anis Ali
Length of service in Bank Asia
(27.05.2008 - 22.12.2020)

Key Events 2020

January

Mr. A. Rouf Chowdhury, Chairman, Bank Asia Limited & Bank Asia Foundation distributed blankets among cold affected people as part of Corporate Social Responsibility (CSR)



Bank Asia contributed Tk. 10 Crore to the “Bangabandhu Sheikh Mujibur Rahman Memorial Trust” to extend support for celebrating the Birth Centenary of Bangabandhu Sheikh Mujibur Rahman



February

Bank Asia has been awarded “BFP-B Excellence Award” for going above and beyond to deliver impact and supporting the financial inclusion mandate by Business Finance for the Poor in Bangladesh (BFP-B)



March

Bank Asia provided 54th Foundation training program to the officers of the Bank



Key Events 2020

April

Bank Asia distributed free Reaper Machines to farmers as a support to overcome labor crisis due to current COVID-19 pandemic



September

Bank Asia donated 5,000 trees to "Project Oxygen", a green initiative of tree plantation in the cyclone Amphan-affected coastal areas, Koyra in Khulna



October

Bank Asia Ltd. and Bangladesh Institute for ICT Development (BIID) have signed an agreement aiming to foster entrepreneurship among women & rural youth through Business Incubation facility under B-Lab initiative



November

Bank Asia Ltd and ERA-InfoTech Ltd signed an agreement for implementation of Customer Onboarding (e-KYC) solution



Key Events 2020

November

Bank Asia Ltd. has taken initiative to plant around 20,000 sapling countrywide through its vast network of branches & agent outlets on the outset of the 21st anniversary of the Bank



A Master Facility Agreement for Supply Chain Financing is signed between Bank Asia Ltd. & PRAN-RFL Group

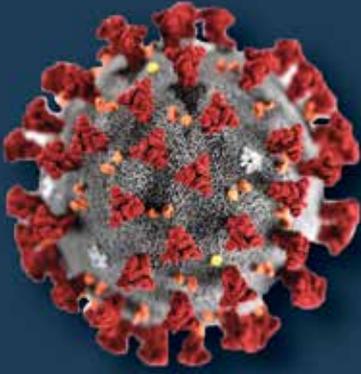


December

As part of Corporate Social Responsibility, Bank Asia Ltd took an initiative under which they distributed daily necessary consumer goods to more than 5,000 needy and helpless people who have been affected by the COVID-19 pandemic and more than 300 fire-affected families from Mohakhali Sattola slum of the capital



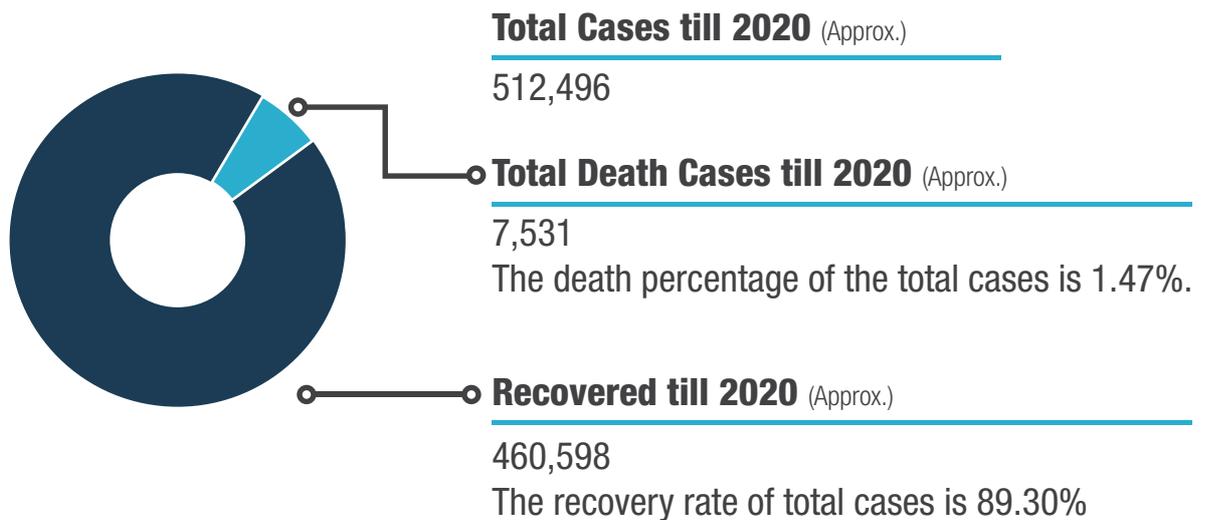
Financials sign-off ceremony



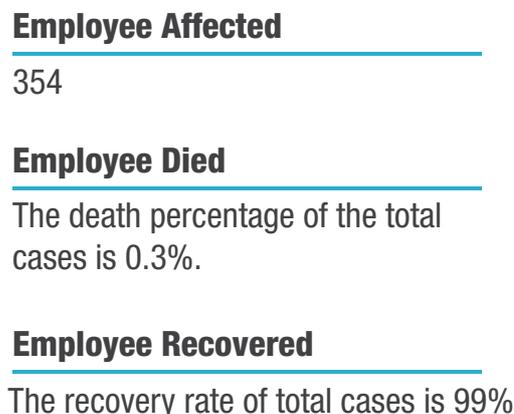
A Year Without Precedent

“ 2020 was a year like no other year, a virus that come and drives the world to go shutdown. A year with numerous challenges, accomplishments, learning and a year of grieving”

COVID-19 Pandemic in Bangladesh



COVID-19 Pandemic in Bank Asia



Bank Asia's Response to the Covid-19 Pandemic



Restructuring Health Systems

Bank Asia has restructured the health system to guard against COVID health issues by established the disinfect chamber, keeping up social distance & maintaining hygienic environment for employees and customers at large



Community Driven Development

Bank Asia is involved with many community-driven development programs. As a part of this initiatives Bank Asia distributed rice cutter machine to the farmer so that farmers can rebound from their losses due to COVID circumstance



Donation

Bank Asia donated BDT 100 million in Prime Minister's Relief & Welfare Fund for taking measures against prevention of ongoing crisis brought by COVID-19

Investment to Rebuild

Government has undertaken stimulus packages amounting to Tk. 121,353 crore to tackle the impact of pandemic. So far Bank Asia disbursed around Tk. 1,500 crore approx. under the stimulus package to bring vibration in the business



Building Equity & Inclusion

Bank Asia is promoting an equitable society. Through different project Bank Asia is providing loans to smallholders at the rural area to upgrade their livelihood in a better way during pandemic



Digitalization

Bank Asia is working on digital transformation for better customer service and operational efficiency. This enables the bank to provide banking services to mass people at their doorstep



100 years of Mujib

“ I have not seen the Himalayas” But I have seen Sheikh Mujib. In personality and in courage, this man is the Himalayas”

-Fidel Castro, Former Prime Minister of the Republic of Cuba.

The government of Bangladesh has announced the commemoration of 2020-2021 as the Mujib Year (Mujib Barsha) on the occasion of the centennial birth anniversary of the father of the nation, Sheikh Mujibur Rahman. Mujib Barsha will be celebrated from March 17, 2020 to March 26, 2021. The announcement of the year is important for all Bengalis as Sheikh Mujibur Rahman considered as the father of the nation & Bangladesh became an independent country under his uncompromising fighting leadership. The UN General Assembly, UNESCO, has also decided to jointly celebrate the Mujib Year with Bangladesh at the UNESCO 40th General assembly. Naming the years of 2020 and 2021 as Mujib Barsha or Mujib year, Hon'ble Prime Minister Sheikh Hasina had pledged to celebrate the 100th birth anniversary with people from all echelons' of society through year long programs. Bank Asia also had taken a special program marking the birth centenary of Bangabandhu Sheikh Mujibur Rahman.



Mr. Md. Arfan Ali, President & Managing Director of Bank Asia Limited, uplifted the flag to inaugurate the Mujib Borsho at Corporate Office premises



All staffs of Bank Asia were standing in line in front of the Corporate Office premises wearing t-shirts and holding placards with the “Mujib Borsho” logo



Cake cutting ceremony of “Mujib Borsho 2020”



A glimpse of Mujib Corner



Bank Asia inaugurated the Mujib Corner at Bhola Branch



Bank Asia inaugurated Mujib Corner at Bank Asia Tower Branch, Dhaka



**Standing
from left**

Alamgir Hossain
DMD, Corporate &
Large Loan

Hossain Ahmad
Chief Information
Officer

**Mohammad Ataur
Rahman**
Member Secretary

**Mohammad Ibrahim
Khalil, FCA**
CFO

**Mohammed Rashidul
Kabir Rajib**
CRO

**Sitting
from left**

Shafiuzzaman
DMD & CCO

S.M. Iqbal Hossain
DMD, International
Banking & Export Finance

Mohammad Ziaul Hasan Molla
DMD, SMR & CAMLCO

Mohammad Borhanuddin
DMD & COO

Senior Management Team



Arequul Arefeen
Head of
Group Treasury

Sarder Akhter Hamed
DMD & Head of
Channel Banking

Zia Arfin
Head of ID

Tahmidur Rashid
Head of CRM

Md. Arfan Ali
President &
Managing Director

Md. Sazzad Hossain
DMD

Adil Chowdhury
DMD

Five Years Performance

Million Taka unless otherwise specified

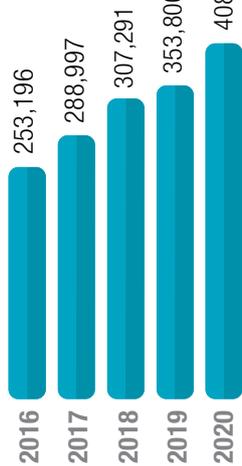
Particulars	2020	2019	2018	2017	2016
BALANCE SHEET MATRIX					
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	11,659.07	11,659.07	11,103.87	9,870.11	8,812.60
Reserve Fund & Surplus	15,721.82	13,086.05	12,236.26	11,184.38	10,225.88
Total Shareholders' Equity	27,380.90	24,745.12	23,340.13	21,054.49	19,038.48
Deposits	303,028.11	253,709.57	222,471.72	207,041.47	191,272.58
Loans and Advances	244,642.03	227,298.96	214,618.15	197,504.14	163,609.78
Investments	94,251.18	54,932.58	35,999.20	27,545.82	39,365.21
Fixed Assets	6,708.66	7,025.60	5,431.55	5,329.74	5,249.72
Total Assets	408,717.15	353,800.37	307,291.4	288,996.64	253,195.70
Total Off Balance Sheet Items	122,190.43	120,617.28	137,459.26	136,156.44	110,762.05
Interest Earning Assets	372,489.99	312,059.88	278,695.30	256,765.52	223,223.17
Non-Interest Earning Assets	36,227.16	41,740.49	28,596.10	32,231.12	29,972.53
INCOME STATEMENT MATRIX					
Interest income	18,112.00	22,863.14	20,910.68	16,411.57	14,569.39
Interest Expenses	14,926.68	14,462.38	13,007.99	10,841.56	10,600.94
Investment income	6,484.40	3,293.06	2,311.46	2,535.39	3,548.30
Non-Interest income	4,462.27	4,456.40	4,015.84	4,120.56	3,756.18
Non-Interest Expenses	7,108.05	6,751.46	6,062.19	5,279.83	4,719.26
Total income	28,105.56	30,536.30	27,130.56	22,808.95	21,240.83
Total Expenditure	22,034.72	21,213.84	19,070.18	16,121.39	15,320.20
Operating Profit	6,070.84	9,322.46	8,060.4	6,687.56	5,920.63
Profit Before Tax	3,957.71	3,920.81	4,616.3	4,057.53	3,286.91
Net Profit After Tax	2,035.71	1,960.81	2,266.28	2,047.53	1,545.91
CAPITAL MEASURES					
Risk Weighted Assets	254,905.15	238,427.23	233,085.63	221,114.65	199,490.69
Core Capital (Tier-I)	23,558.94	22,635.99	21,165.37	18,852.66	16,735.56
Supplementary Capital (Tier-II)	20,195.00	20,121.11	13,917.53	14,061.29	8,039.04
Total Capital	43,753.94	42,757.10	35,082.90	32,913.96	24,774.60
Capital Surplus/(Deficit) over Minimum Capital	18,263.42	18,914.38	11,774.34	10,802.49	4,825.54
Capital Surplus/(Deficit) over Conservation Buffer	11,890.80	12,953.70	7,403.98	8,038.56	3,578.71
Tier I Capital Ratio	9.24%	9.49%	9.08%	8.53%	8.39%
Tier II Capital Ratio	7.92%	8.44%	5.97%	6.36%	4.03%
Capital to Risk Weighted Asset Ratio Basel-III	17.16%	17.93%	15.05%	14.89%	12.42%
CREDIT QUALITY					
Classified Loans	7,930.93	10,479.99	8,809.83	8,642.30	8,847.34
Provision for Unclassified Loans	8,990	7,674.46	5,091.24	4,101.19	2,929.43
Provision for Classified Loans	4,120.20	4,604.66	3,892.76	3,740.00	4,494.29
Provision for Contingent Liabilities	1,005	961.65	1,158.03	1,331	1,107.62
Percentage of NPLs to total Loans and Advances	3.24%	4.61%	4.10%	4.38%	5.41%
FOREIGN EXCHANGE BUSINESS					
Import	141,289	158,115	165,203.00	181,468.00	148,724.27
Export	108,549	132,465	136,733.00	118,172.00	103,139.15
Remittance (Inward)	98,911	79,750	60,113.00	51,778.00	41,665.14

Million Taka unless otherwise specified

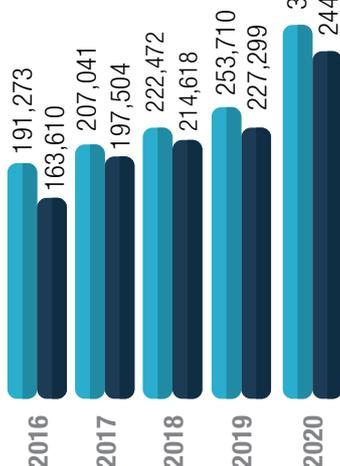
Particulars	2020	2019	2018	2017	2016
OPERATING PROFIT RATIOS					
Credit Deposit Ratio	69.42%	76.47%	81.75%	81.88%	76.15%
Cost of Deposit	4.95%	5.67%	5.65%	5.08%	5.66%
Cost of Deposit & Borrowing	4.27%	5.68%	5.65%	5.23%	5.71%
Administrative Cost	2.27%	2.59%	2.60%	2.50%	2.51%
Yield on Loans and Advances	7.68%	10.19%	9.99%	9.03%	9.86%
Spread	2.73%	4.52%	4.34%	3.95%	4.20%
Return on Assets	0.53%	0.59%	0.76%	0.76%	0.65%
Return on Equity	7.81%	8.16%	10.21%	10.21%	8.13%
Current Ratio	1.07	1.05	1.07	1.05	1.04
Debt Equity Ratio	13.93	13.30	12.17	12.73	12.30
PERFORMANCE RATIOS					
Profit per Employee	2.46	3.92	3.57	3.20	3.01
Operating profit as % of Working Fund	1.59%	2.82%	2.70%	2.47%	2.48%
Net Interest income as % of Working Fund	2.29%	3.51%	3.39%	2.89%	2.88%
Burden Coverage	49.37%	64.88%	64.47%	73.15%	66.18%
Burden Ratio	0.62%	0.67%	0.70%	0.43%	0.40%
Expense Coverage	62.77%	66.01%	66.24%	78.04%	79.59%
Ratio of Fees income	18.78%	20.91%	21.18%	26.07%	23.26%
Salary Exp. to total Overhead Exp.	50.03%	48.63%	47.77%	47.99%	49.84%
Salary Exp. to Fees income	143.68%	97.67%	96.84%	81.21%	95.05%
Cost to income/ Efficiency ratio	54%	42%	42.93%	44.12%	44.35%
DIVIDEND & RIGHTS ISSUE					
Cash	10%	10%	5%		
Stock			5%	12.50%	12%
Total Dividend	10%	10%	10%	12.50%	12%
SHARES INFORMATION MATRIX					
No. of Shares Outstanding	1,166	1,165.91	1,110.39	987.01	881.26
Earnings Per Share (Taka)	1.75	1.68	1.94	1.84	1.57
Number of Shareholders	8391	8960	10344	10,681	10,774
Market Value Per Share (Taka)	18.2	18.2	17.7	23.10	17.90
Price Earnings Ratio	10.40	10.83	8.67	11.14	11.40
Net Asset Value Per Share (Taka)	23.48	21.22	20.02	18.96	19.29
Dividend Coverage ratio	1.75	1.68	2.04	1.66	1.46
OTHER INFORMATION					
Number of Branches	129	128	127	116	105
Agent Outlet	4628	3,525	2,566	1,497	1,150
Number of SME Service Centers	4	4	4	4	6
Number of Islamic Windows	5	5	5	5	5
Number of Employees	2463	2,376	2,256	2087	1,970
Number of Foreign Correspondents	670	677	698	727	751

Five Years Performance

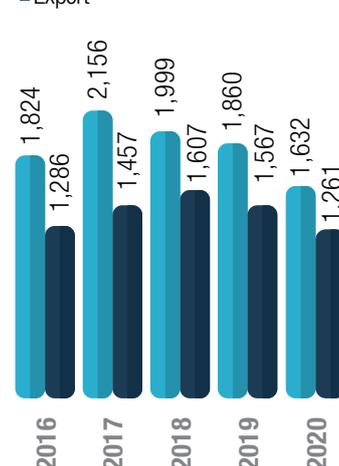
Total Assets
Million Taka



Deposits and Advances
Million Taka



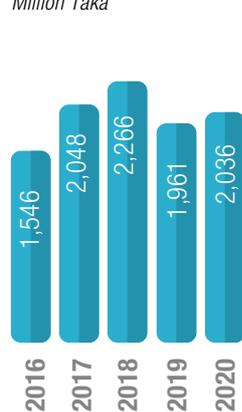
Import and Export
Million USD



Inward Remittance
Million USD



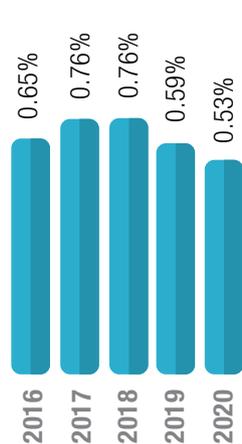
Net Profit After Tax
Million Taka



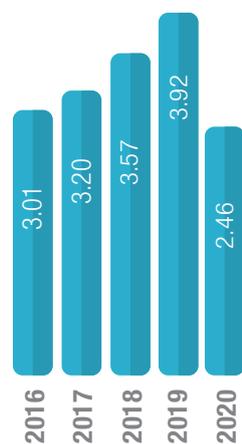
Total Shareholders' Equity
Million Taka



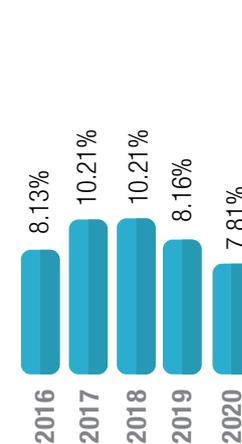
Return on Assets (ROA)



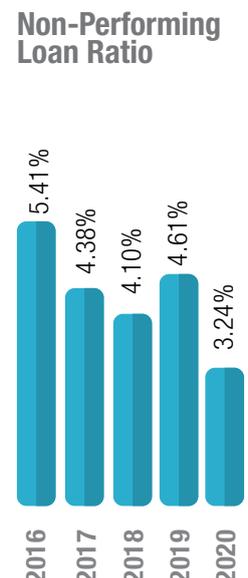
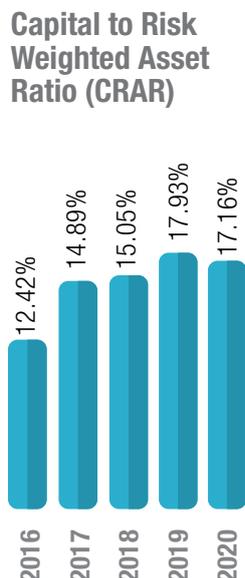
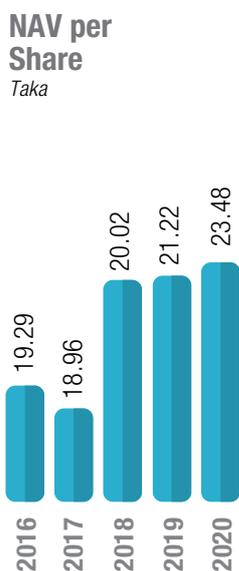
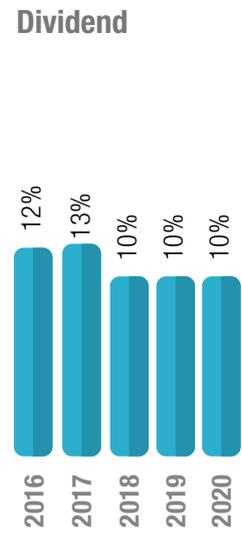
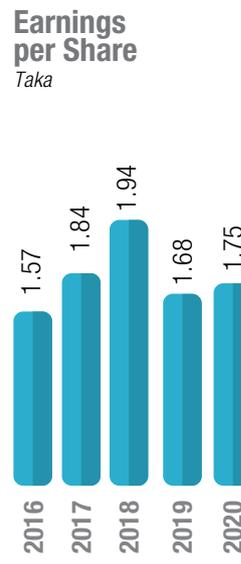
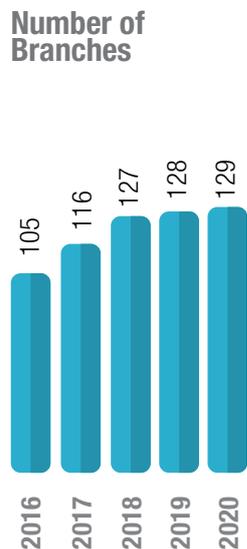
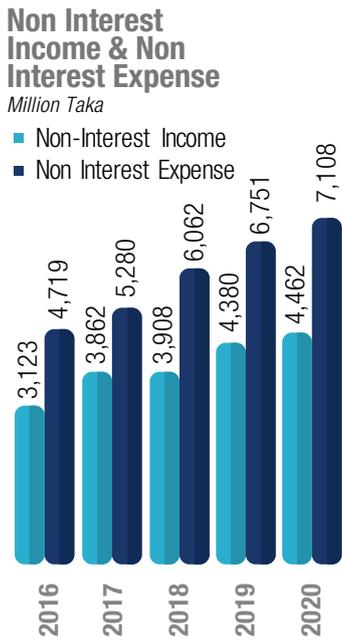
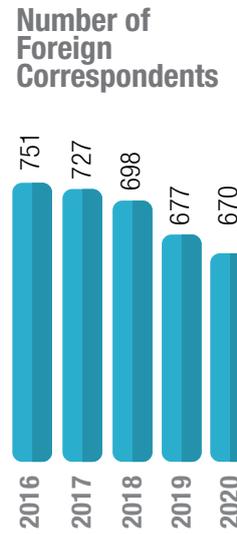
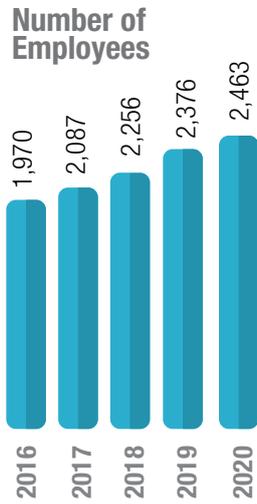
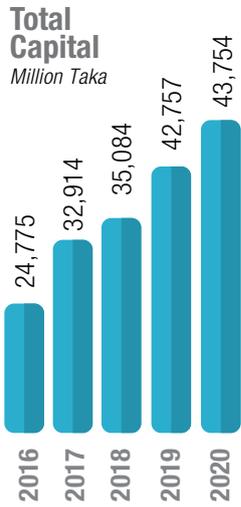
Profit per Employee
Million Taka



Return on Equity (ROE)



Five Years Performance



Horizontal Analysis

For the last five years, profit and Loss Statement

	2020	2019	2018	2017	2016
OPERATING INCOME					
Interest income	124.32%	156.93%	143.52%	112.64%	100.00%
Interest paid on deposits and borrowings, etc	140.81%	136.43%	122.71%	102.27%	100.00%
Net interest income	80.27%	211.69%	199.14%	140.36%	100.00%
Investment income	182.75%	92.81%	65.14%	71.45%	100.00%
Commission, exchange and brokerage	100.00%	135.82%	120.84%	126.06%	100.00%
Other operating income	159.51%	157.14%	141.56%	114.48%	100.00%
Total operating income	123.86%	151.07%	132.73%	112.48%	100.00%
Salaries and allowances	151.36%	139.80%	123.35%	107.84%	100.00%
Rent, taxes, insurance, electricity, etc	82.56%	82.48%	128.29%	114.93%	100.00%
Legal expenses	81.51%	127.66%	156.75%	153.03%	100.00%
Postage, stamp, telecommunication, etc	154.35%	152.54%	132.95%	109.73%	100.00%
Stationery, printing, advertisements, etc	164.33%	173.84%	148.06%	108.07%	100.00%
Managing Director's salary and fees	122.77%	105.62%	88.59%	88.59%	100.00%
Directors' fees	100.50%	107.27%	114.54%	93.73%	100.00%
Auditors' fees	68.13%	118.07%	69.93%	76.05%	100.00%
Depreciation and repairs of Bank's assets	181.17%	177.82%	101.42%	98.05%	100.00%
Other expenses	168.12%	161.05%	147.95%	124.35%	100.00%
Total operating expenses	150.62%	143.06%	128.46%	111.88%	100.00%
Profit before provision	102.54%	157.46%	136.14%	112.95%	100.00%
Provision for loans and advances/investments					
General provision	389.74%	512.40%	178.34%	210.83%	100.00%
Specific provision	-22.61%	153.41%	142.24%	67.54%	100.00%
Provision for off-balance sheet items	31.09%	-140.82%	-124.04%	160.19%	100.00%
Provision for diminution in value of investments	163.64%	-72.73%	9.09%	0.00%	100.00%
Other provisions	-	-	-	-	-
Total provision	80.23%	205.10%	130.77%	99.86%	100.00%
Total profit before tax	120.41%	119.29%	140.44%	123.45%	100.00%
Provision for taxation	-	-	-	-	-
Current tax	114.54%	116.81%	140.05%	117.31%	100.00%
Deferred tax	0.00%	0.00%	0.00%	65.87%	100.00%
Net profit after tax	131.68%	126.84%	146.60%	132.45%	100.00%

Horizontal Analysis (Profit and Loss Statement)

Horizontal Analysis on Income Statement refers to the analysis of growth of each component of income statement items from the base period. Here base period is considered the year 2016 giving a value of 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. The above table shows there is a sharp decrease in operating profit due to the impact of COVID-19 and single digit interest rate regime. Although operating profit decreased but net profit increased due to lower provision requirement against loans & advances.

Horizontal Analysis

For the last five years balance Sheet

	2020	2019	2018	2017	2016
PROPERTY AND ASSETS					
Cash	112%	150%	97%	112%	100%
In hand (including foreign currencies)	143%	156%	129%	96%	100%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	107%	149%	93%	115%	100%
Balance with other banks and financial institutions	237%	174%	195%	223%	100%
In Bangladesh	275%	182%	219%	269%	100%
Outside Bangladesh	79%	141%	92%	33%	100%
Money at call and on short notice					
Investments	239%	140%	91%	70%	100%
Government	249%	145%	92%	68%	100%
Others	129%	84%	88%	96%	100%
Loans and advances/investments	150%	139%	131%	121%	100%
Loans, cash credits, overdrafts, etc/investments	147%	134%	125%	117%	100%
Bills purchased and discounted	188%	224%	243%	186%	100%
Fixed assets including premises, furniture and fixtures	128%	134%	103%	102%	100%
Other assets	127%	118%	90%	102%	100%
Total Assets	161%	140%	121%	114%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	191%	183%	166%	161%	100%
Subordinated non-convertible zero coupon bonds	319%	369%	231%	253%	100%
Deposits and other accounts	158%	133%	116%	108%	100%
Current/Al-wadeeah current accounts and other accounts	173%	139%	138%	123%	100%
Bills payable	76%	76%	84%	81%	100%
Savings bank/Mudaraba savings bank deposits	231%	174%	142%	124%	100%
Fixed deposits/Mudaraba fixed deposits	141%	124%	106%	102%	100%
Other liabilities	154%	140%	109%	108%	100%
Total liabilities	163%	141%	121%	114%	100%
Capital/shareholders' equity					
Total shareholders' equity	144%	130%	123%	111%	100%
Paid-up capital	132%	132%	126%	112%	100%
Statutory reserve	151%	139%	127%	112%	100%
Revaluation reserve	169%	92%	95%	96%	100%
General reserve	100%	100%	100%	100%	100%
Retained earnings	145%	136%	127%	116%	100%
Total Liabilities and Shareholders' Equity	161%	140%	121%	114%	100%

Horizontal Analysis (Balance Sheet)

Horizontal Analysis on Balance Sheet refers to the analysis of growth of each component of balance sheet items from the base period. Here base period is considered the year 2016 giving a value of 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. Here, total assets, liabilities and shareholders' equity are showing consistent growth over the last five years which symbolize sustainable balance sheet growth of the bank as a whole. Investment continued the negative trend in 2017 and 2018 but gradually grew in 2019 and 2020 due to excess liquidity in the market, less demand for loans and advances and higher demand for government borrowing through T-bill & bond.

Vertical Analysis

For the last five years, profit and Loss Statement

	2020	2019	2018	2017	2016
OPERATING INCOME					
Interest income	64.44%	74.87%	77.07%	71.95%	68.59%
Interest paid on deposits and borrowings, etc	53.11%	47.36%	47.95%	47.53%	49.91%
Net interest income	11.33%	27.51%	29.13%	24.42%	18.68%
Investment income	23.07%	10.78%	8.52%	11.12%	16.71%
Commission, exchange and brokerage	8.81%	11.01%	11.02%	13.68%	11.65%
Other operating income	3.68%	3.34%	3.38%	3.25%	3.05%
Total operating income	46.89%	52.64%	52.05%	52.47%	50.09%
Salaries and allowances	12.58%	10.70%	10.62%	11.05%	11.00%
Rent, taxes, insurance, electricity, etc	1.57%	1.44%	2.52%	2.69%	2.51%
Legal expenses	0.05%	0.07%	0.09%	0.11%	0.08%
Postage, stamp, telecommunication, etc	0.45%	0.41%	0.40%	0.39%	0.38%
Stationery, printing, advertisements, etc	0.53%	0.51%	0.49%	0.43%	0.42%
Managing Director's salary and fees	0.07%	0.05%	0.05%	0.06%	0.07%
Directors' fees	0.01%	0.01%	0.01%	0.01%	0.02%
Auditors' fees	0.00%	0.00%	0.00%	0.00%	0.01%
Depreciation and repairs of Bank's assets	3.02%	2.73%	1.75%	2.02%	2.21%
Other expenses	7.01%	6.18%	6.39%	6.39%	5.52%
Total operating expenses	25.29%	22.11%	22.34%	23.15%	22.22%
Profit before provision	21.60%	30.53%	29.71%	29.32%	27.87%
Provision for loans and advances/investments					
General provision	7.71%	9.33%	3.65%	5.14%	2.62%
Specific provision	-1.47%	9.19%	9.59%	5.41%	8.61%
Provision for off-balance sheet items	0.15%	-0.64%	-0.64%	0.98%	0.66%
Provision for diminution in value of investments	0.64%	-0.26%	0.04%	0.00%	0.52%
Other provisions	0.49%	0.08%	0.06%	0.00%	0.00%
Total provision	7.52%	17.69%	12.69%	11.53%	12.40%
Total profit before tax	14.08%	12.84%	17.02%	17.79%	15.47%
Provision for taxation					
Current tax	6.84%	6.42%	8.66%	8.63%	7.90%
Deferred tax	0.00%	0.00%	0.00%	0.18%	0.30%
Net profit after tax	7.24%	6.42%	8.35%	8.98%	7.28%

Vertical Analysis (Profit and Loss Statement)

Vertical Analysis on Income Statement refers to the components of income statement items as a percentage amount of total income over the periods which would be termed as common sizing of income statement. In income side, interest income (64.44%), income from commission, exchange and brokerage (8.81%) and investment income (23.07%) hold major portion of total income. Although interest income was in decreasing trend in 2019 and 2020, increase of investment income helped the bank to offset a major portion of the adverse impact on interest income due to the pandemic as well as fixed interest rate regime (6-9). Operating expense as a percentage of revenue increased mainly for the decline of the revenue by 8%

Vertical Analysis

For the last five years balance Sheet

	2020	2019	2018	2017	2016
PROPERTY AND ASSETS					
Cash	4.38%	6.78%	5.06%	6.20%	6.31%
In hand (including foreign currencies)	0.72%	0.92%	0.87%	0.69%	0.82%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	3.65%	5.86%	4.19%	5.52%	5.49%
Balance with other banks and financial institutions	7.70%	6.53%	8.42%	10.24%	5.24%
In Bangladesh	7.21%	5.51%	7.64%	9.95%	4.23%
Outside Bangladesh	0.50%	1.02%	0.77%	0.29%	1.02%
Money at call and on short notice	0.00%	1.30%	0.03%	0.00%	1.92%
Investments	23.06%	15.53%	11.72%	9.53%	15.55%
Government	22.03%	14.75%	10.78%	8.45%	14.26%
Others	1.03%	0.77%	0.93%	1.08%	1.28%
Loans and advances/investments	59.86%	64.24%	69.84%	68.34%	64.62%
Loans, cash credits, overdrafts, etc/investments	55.90%	58.80%	63.04%	62.80%	61.22%
Bills purchased and discounted	3.96%	5.44%	6.80%	5.54%	3.39%
Fixed assets including premises, furniture and fixtures	1.64%	1.99%	1.77%	1.84%	2.07%
Other assets	3.36%	3.63%	3.16%	3.84%	4.28%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	8.80%	9.72%	10.19%	10.47%	7.43%
Subordinated non-convertible zero coupon bonds	2.50%	3.34%	2.41%	2.80%	1.26%
Deposits and other accounts	74.14%	71.71%	72.40%	71.64%	75.54%
Current/Al-wadeeah current accounts and other accounts	14.52%	13.41%	15.37%	14.53%	13.53%
Bills payable	0.92%	1.06%	1.34%	1.37%	1.94%
Savings bank/Mudaraba savings bank deposits	15.70%	13.65%	12.87%	11.94%	10.98%
Fixed deposits/Mudaraba fixed deposits	43.00%	43.59%	42.81%	43.80%	49.10%
Other liabilities	7.86%	8.24%	7.41%	7.80%	8.10%
Total liabilities	93.30%	93.01%	92.40%	92.71%	92.34%
Capital/shareholders' equity					
Total shareholders' equity	6.70%	6.99%	7.60%	7.29%	7.66%
Paid-up capital	2.85%	3.30%	3.61%	3.42%	3.48%
Statutory reserve	2.41%	2.56%	2.69%	2.54%	2.61%
Revaluation reserve	0.92%	0.58%	0.69%	0.75%	0.88%
General reserve	0.00%	0.00%	0.00%	0.00%	0.00%
Retained earnings	0.51%	0.55%	0.60%	0.58%	0.68%
Total liabilities and shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical Analysis (Balance Sheet)

Vertical Analysis on Balance Sheet refers to the components of balance sheet items as a percentage of total Assets over the periods which would be termed as common sizing of balance sheet. In asset side, Loans and advances (59.86%) and investment (23.06%) hold 83% share of balance sheet. From 2018 Investment position increased significantly due to lower demand for advances and higher demand for T-bill and bond as a mean of sourcing fund by the government. Deposit holds the major holding of liability portion which increased in 2020.



Human Capital

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

-A Rouf Chowdhury

Chairman's Statement

Assalamualaikum

It is my great pleasure to welcome you all to the 22nd Annual General Meeting of Bank Asia Limited. I am elated to present the Annual Integrated Report 2020 in this platform in a pursuit to explain briefly the Bank's overall performance, economic environment and strategic priorities.

HONORABLE MEMBERS,

COVID-19 pandemic was the most influential factor throughout the year 2020 over the economies of the world and our's is no different. This pandemic has already taken a large toll on human casualties as well as on businesses. The overall world was in lock down for a long time to protect human lives which caused business disruption and the ultimate result of declining world GDP growth and remained at negative growth of -3.50% (estimated) in 2020 from 2.80% last year. Bangladesh economy also witnessed the same but was very much successful to manage the growth. We are fortunate that our GDP growth declined but remained at positive note and ended with 5.20% in FY 2020, declined from 8.15% last year. Foreign exchange reserve reached USD 43.16 billion compared to last year's USD 32.69 billion particularly for the negative growth in import payment and remarkable growth in remittance income. Export decreased by 15% to USD 33.61 billion in 2020 which was USD 39.34 billion in 2019. Imports also fall by 17% to USD 45.77 billion from USD 55.02 billion last year. In 2020, the country received huge remittance for 2% government incentives. The remittance income has shown noteworthy growth of 19% to USD 21.74 billion in 2020 while it was USD 18.33 billion in 2019.

RESPECTED SHAREHOLDERS,

Banking industry of Bangladesh had to face unprecedented challenges in 2020. The implementation of '9-6' fixed interest rate regime along with COVID-19 pandemic made the situation worst. Profitability of the Bank declined due to the reduction of interest rate on loans and advances as well as disruption of business

because of the pandemic. But the government had responded to these issues very prudently by initiating different incentives like implementation of stimulus package, increase of liquidity, decrease of repo rate, restriction on further loan classification, deferral of installment/interest payment etc. All these incentives played a pivotal role in rebounding the economy. Private sector credit growth declined from 9.84% to 8.37% in 2020 whereas deposit grew by 13.50% which was resulted from higher remittance growth. Although banking industry has been severely struggling for non-performing loan for a long time which might be mounted high in the pandemic but declined in reality to 8.06% for the policy support by Bangladesh Bank on restriction of further loan classification up to December 2020.

DEAR SHAREHOLDERS,

In compliance with Bangladesh Bank circulars, guidelines and recommendations, we realized a portion of interest to interest income account and transfer the rest to interest suspense account. Interest income of the Bank declined by Tk. 4.75 billion or -21% over last year due to reduction of interest rate on loans and advances and adverse effect of the pandemic. Hence, operating profit of the Bank decreased by the amount of Tk. 3.25 billion or -35% over last year and stood at Tk. 6.07 billion. Although classified loan declined but based on qualitative judgment of Bangladesh Bank we kept adequate provision against loans and advances to absorb future shock. After setting aside provision for loans and advances, tax, reserve and others, the Bank attained net profit of Tk. 2.04 billion with a growth of 4% over previous year. The Board of Directors had to recommend 10% dividend in the form of cash for the year 2020. Earnings per share (EPS) of the Bank increased to 1.75 which was 1.68 last year.

Although business was almost in stagnant position, deposit growth was very impressive which helped the money market and capital market to become more liquid. Bank invested excess fund into T-bill/bond and capital market as an alternative investment to loans and advances. Deposit of the

Chairman's Statement

Bank grew by 19% against the country growth of 13.50% and stood at Taka 303 billion. Advance increased to Taka 245 billion with a growth of 8%. Bank Asia was very much successful in channeling inward remittance amounting to Taka 99 billion having growth of 24% against the country growth of 19%. This remittance growth helped the bank to mobilize huge deposit in return. On the contrary, Bank Asia's import and export registered negative growth alike the country and stood at Taka 141 billion and Taka 109 billion respectively.

The capital base of Bank Asia is fundamentally strong and is one of the highest in the banking industry. In 2020, total capital reached Taka 43.75 billion from Taka 42.76 billion in 2019. The capital adequacy ratio of the Bank was 17.16% against regulatory requirement of 12.50%. Credit rating of clients plays a pivotal role in reducing capital requirement of the Bank which also enables the same to maintain quality assets. Total Assets of the Bank increased to Taka 409 billion from Taka 354 billion with the growth of 16%.

RESPECTED SHAREHOLDERS,

Bank Asia's vision is to have a "Poverty free Bangladesh" which is also aligned with global goal of Sustainable Development Goal (SDG). Attainment of SDG is only possible when development will embrace every segment of people as well as every sector of the economy. A major portion of the country people is unbanked and deprived from access to finance. But inclusive growth in real sense will happen when they could be included in the mainstream of financial inclusion. Bank Asia is the pioneer in introducing Agent Banking and Amar Bari Amar Khamar (ABAK), a government project for the poor, ultra-poor and landless people of Bangladesh focusing on poverty eradication within 2025. I feel really proud to announce that around 3.50 million unbanked people are already included in Agent Banking platform. In 2020, we have introduced agent centric business model where unbanked people will get access to finance at a very lower rate and eventually they will get relief from paying higher interest to micro finance institution and other informal channels. Bank Asia's financial inclusion will get another momentum for building strategic relationship with Digital Post E-Center and adopting Micro Merchant Model. These initiatives will help the people to get banking services from every nook and corner of the country with ease and comfort. The Bank contributed substantial growth in financial inclusion arena by establishing 4,628 agent outlets covering 526 upazilas of 64 districts, registering 3.5 million customers, mobilizing deposit of Tk.28,199 million and disbursing loan of Tk.1,011 million through this alternative banking channel.

SME financing plays a crucial role in the economy in terms of production, employment generation as well as in the diversified economic development. Bank Asia also emphasizes on SME financing as a priority sector for encouraging financial inclusion as well as reducing loan concentration risk emanating from corporate clients and the inherent default risk. CMSME portfolio stood at Taka 35,350 million in 2020. Agricultural credit also plays a pivotal role in financial inclusion. In 2020, agricultural credit stood at Taka 5,410 million, an increase of 29% over last year and disbursed Tk.5,427 million to 57,870 rural farmers.

DEAR SHAREHOLDERS,

Bank Asia embedded the value of Corporate Social Responsibility (CSR) in its business philosophy. Since inception, the bank has been contributing to the underprivileged segment of the society so that they will be included in the mainstream. Bank Asia foundation was established with the aim of strengthening CSR program and streamlining the activities in a more systematic, structured and sustainable manner. In the meantime, Bank Asia Foundation has undertaken an initiative to set up a modern hospital with 250-beds at Malkhanagar, Sirajdikhan, Munshiganj named as "Bank Asia-Ma Amiran Medical College and Hospital". My family members and I donated 700 decimal land and a 3 storied building of 36,000 sft for the hospital and medical college. It started its operation of the OPD, diagnostic centre, pharmacy and emergency unit from 7th September, 2019. Till now, the hospital has extended its service to 19,683 patients. You will be glad to know that your Bank spent Taka 283 million for CSR activities in 2020 having growth of 143% which was Taka 116 million in 2019. Scholarship is one of our most focused CSR initiatives under which poor and meritorious students are receiving Taka 51,000 every year for their higher studies. In 2020, the Bank has provided direct scholarship to 248 students for helping these students in pursuing their studies in the educational institutions. In addition to the regular CSR activities, your Bank has donated Taka 100 million to PM's Relief & Welfare Fund for prevention of COVID-19 crisis and treatment of patients and also donated PPE to Bangladesh Police Force valued Taka 10 million for protection from COVID-19.

You will be very much happy to know that your Bank has become the winner among all banks of South Asia for SAFA Best Presented Annual Report 2019 under Private Sector Banks category. We also achieved 2nd Runner up position in Corporate Governance Disclosures category. South Asian Federation of Accountants (SAFA), an esteemed international organization has given us such recognitions. Moreover, we secured 2nd prize in the 20th

ICAB National Award for Best Presented Annual Reports 2019. Bank Asia also achieved 'Gold Rank' for Sustainability Report 2019 by National Centre for Sustainability Reporting (NCSR) and Institute of Certified Sustainability Practitioners (ICSP) in Indonesia.

HONORABLE SHAREHOLDERS,

The year 2021 would be another year of challenges and uncertainties. Each nation is confronting the economic hurdles due to wider spread of virus but vaccine gives a positive vibe to this circumstance. Bangladesh is also now going beneath vaccination program in full swing. Many big government projects are being ceased due to pandemic which is expected to revive soon. 2021 is a year of golden jubilee of Bangladesh independence and we expect that we all will work together to bring financial independence for all of us.

Eventually, I would like to thank Bangladesh Bank, Bangladesh Securities & Exchange Commission, external auditors and other regulatory authorities for their prudent guidance and assistance. I am also grateful to the Board of Directors, entire management team and all employees of the Bank for their relentless effort and being focused towards achieving desired goals.

Last but not the least, I would also like to express my sincerest gratitude to all the stakeholders who have been providing us constant and unfaltering support over the years.

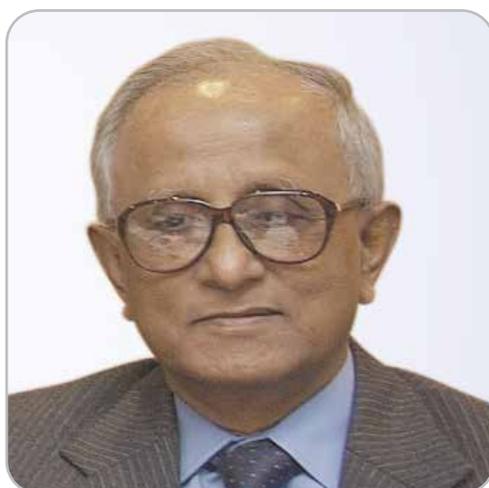
My very best wishes to all of you.



A. Rouf Chowdhury
Chairman
Bank Asia Limited

Our Acknowledgement to

Ex Chairmen with Present Chairman



▲
Mr. M Syeduzzaman
(1999-2008)



▲
Mr. Anisur Rahman Sinha
(2008-2010)

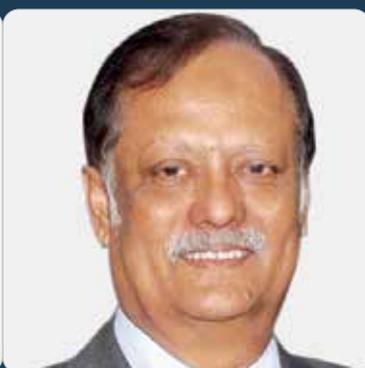


▲
Mr. A Rouf Chowdhury
(2010 to till now)

Ex Managing Directors



▲
Mr. Quazi Baharul Islam
(1999-2000)



▲
Mr. Syed Anisul Huq
(2000-2008)



▲
Mr. Erfanuddin Ahmed
(2009-2011)



▲
Md. Mehmood Husain
(2011-2016)

PRIORITIES WE FOLLOWED IN 2020

Digital coverage of banking service for better inclusive economy

	Financial Inclusion	To reduce poverty by promoting financial inclusion	<ul style="list-style-type: none"> Expanding Agent Banking in 64 districts through 4628 agent outlets by tapping into 3 million accounts. Develop Micro-merchant model for expanding digital financial inclusion where we serve 11,890 beneficiaries through 2,362 outlets.
	Operating efficiency through Core Business	To maintain consistency and focus on asset quality	<ul style="list-style-type: none"> Shifting focus from corporate to MSME and Retail business NAV per share increased to Tk. 23.48 from Tk. 21.22 Cost to income ratio improved to 54% from 42% +19.44% Deposit + 7.63% Advance -18% Export -11% import
	Technological Innovation	Reducing lead time by technological advances	<ul style="list-style-type: none"> About 5,253 number of account with 8,932 million loans processed through OCAS-Diganta project (Tab based version) For channeling remittance from abroad implemented Robotic Process Automation for real-time payments Develop Artificial Intelligence Workforce (AIW) Implemented faster and reliable operations in Agent Banking System through Oracle RAC & Apex 19.2 for Core Banking System
	Capital Planning and Management	Ensure adequacy of capital as per Basel III Capital Accord to support healthy growth of business	<ul style="list-style-type: none"> Total Capital Tk. 43,754 million CRAR 17.16% LCR 200.35% NSFR 114.45% Leverage ratio 5.39%
	Human Capital	Improvement of employee productivity	<ul style="list-style-type: none"> 1,17,224 man hours of training to 86,738 participants Human capital is Tk. 21,121 million
	Recovery of Classified Loan	Recovery of Classified Loan through proper monitoring & relationship management	<ul style="list-style-type: none"> Curbing non-performance loans to 3.24% from 4.61% Maintained provision amount is 4,120 million Cash Recovery from CL and Written of Loan is Tk. 190.15 million
	Paying back	Expanding the horizon of community services	<ul style="list-style-type: none"> Bank Asia spent Tk. 282.83 million as CSR activities Provide medical expense support to Covid19 affected patients Tk.2.40 million Ma Amiran Hospital & Medical College has provided services to 19,683 patients with 10,058 tests in 2020
	Liquidity Risk Management	To ensure smooth banking operation	<ul style="list-style-type: none"> Maintained AD Ratio around 69.42% ROA reached at 0.53% ROE reached at 7.81%



President and Managing Director's Review

2020 was recorded as one of the most difficult years that the world has faced in generations. Ironically, lives were lost and many countries are forced to shut down a significant portion of their economies to protect the lives of their citizens. The virus has affected over 129 million people and claimed over two million lives. This also led sharp increases in unemployment and worst economic downturn in export, import and many other sectors. Bangladesh was no exception in that case though registering a positive GDP growth of 5.20% compared to the previous year's GDP growth rate of 8.15%. To face these unprecedented challenges, the Government of Bangladesh provided significant support in the form of "Stimulus Packages" for individuals, businesses and communities.

Banking sector of Bangladesh has been struggling in the last couple of years regarding higher percentage of non-performing loans and other issues. And with no exception, the banking sector of Bangladesh is also facing the wrath of the pandemic. Amidst this challenging environment, bankers have been providing relentless service to keep spinning the wheels of the economy.

The major factors and other events that impacted the performance and business strategies of the bank in the year 2020, are elaborated below:

- Private Sector credit growth experience a sluggish growth as entrepreneurs and business houses were reluctant to make fresh investment due to persisting uncertainty caused by COVID-19. Between February and June 2020, private sector credit growth consistently dropped when the global pandemic was in its ominous form. The private sector credit grew by only 8.37% against the targeted growth of 14.8%.
- In 2020, Bangladesh Bank has taken policy decision to set a cap on lending rate effective from April 01, 2020. The main motive behind this changes is to boost economic growth of the country. Though profitability of the Bank was declined for the reduction of interest rate on loans and advances, it would eventually lead to efficiency, accountability and differentiate good and bad banks.
- Considering COVID -19 fallout, Bangladesh Bank declared general forbearance or moratorium facility on bank loan repayments to give entrepreneurs a fresh lifeline. Although the economic activities are picking up, the health crisis is still there and uncertainties are running deep and the support may be extended in 2021.
- The NPL issue is probably the single most important problem that the banking sector of Bangladesh is suffering from. The NPL rate in Bangladesh is the second highest in Asia. In 2020, the percentage of NPLs in the banking system was 8.06% of the total disbursed loans, according to the Bangladesh Bank. This figure was 9.31% in December 2019. Banks need to keep a good amount of fund in the form of provisioning against the default loans which erode profitability and weaken the health of the banks. The culture of impunity enjoyed by loan defaulters, external interference in approving loans and weak governance had been eroding the confidence of customers and depositors in banking sector.
- Government incentive of 2% along with different supportive policy is helping to increase the remittance inflows. Remittance increased by 19 percent to USD 21,742 million in 2020 while it was USD 18,332 million in 2019.
- During the year 2020, total export decreased by 15% to USD 33,605 million compared to USD 39,337 million in the previous year. On the other hand, the total imports was USD 45,772 million in 2020 in contrast to USD 55,022 million in 2019 resulting a negative growth of 17%.
- An important milestone is to achieve a remarkable foreign exchange reserve in this pandemic period. Foreign exchange reserve reached at USD 43.16 in billion compared to last year USD 32.69 in billion particularly for the negative growth in import payment and remarkable growth in remittance income. The current Foreign Exchange Reserves is sufficient to pay import liability of 8.80 months.

President and Managing Director's Review

- Bangladesh is associated in the world of global business by being a major competitor in ready-made garments (RMG) industry, which is the biggest export-earning sector - contributing over 84% to the country's annual export. As the pandemic hits the business badly, global clothing brands and retailers cancelled import orders mostly in European and US markets.
- Stock market of Bangladesh in bullish environment although it exposed gloomy period in the initial period of 2020 affected by pandemic situation all over the country as well as the world. The market was in bearish trend in the first half of the year of 2020, specially from COVID 19 presence. The market witnessed sharp fall in after mid-March, 2020. Following the dull situation, the stock market operation was postponed in April and May period specifically due to pandemic atmosphere. The market reopened in the last day of May, 2020 and the market recovered significantly on following months. On the back of some effective measures, taken by Bangladesh Securities Commission under new leadership, investors' confidence moved up and more institutional participation was seen from July, 2020.
- The global banking system is transforming fast by utilizing FINTECH in many core banking areas. Bangladesh banking sector has also adopted quite a few technologies but lags behind with face paced global banking system.

Major Priorities We Followed In 2020

- Strengthening of Capital base remained one of our top priority as improved Capital to Risk Weighted Asset Ratio (CRAR) helps the bank to absorb shock and financial stress. In 2020, bank is maintaining CRAR of 17.16%, which is considerably higher than the minimum requirement of 12.50% as per Basel III Accord.
- This year we aimed for success in recovery of loan. Like previous years, loan recovery and regularization of classified and nonperforming loans (NPLs) was the top priority. More emphasize was given to ensure genuine recovery from rescheduled and default loans and recovery from written-off loans.

- Analyzing the market scenario, especially against liquidity requirement and regulatory compliances, we efficiently managed and took holistic approach to maintain our Balance Sheet indicators like LCR (Liquidity Coverage Ratio), NSFR (Net Stable Funding Ratio).
- Focused on improving health of our asset portfolio this year. We emphasized on regular monitoring of existing loan to restrain deterioration to overdue and SMA. We also emphasized on strengthening relationship with existing good customers and emphasize on risk management and mitigation while sanctioning new loan to ensure quality. Kept regular communication with them to assess the impact of the corona virus pandemic on their business. We extended our support and cooperation to our distressed customers to regenerate their business.
- Under financial package declared by the government, we provided loans to our affected customers of different sectors like industries, service sector institutions, exporters and SMEs taking into consideration of relationship strength and track record with us.
- Focused more on mobilizing deposit, especially procuring more no-cost and low-cost deposits with a view to reducing cost of deposits and improving Net Interest Margin (NIM) of the Bank.
- Emphasized on enhancing fee-based and non-funded incomes which gave strategic advancement in 2020.
- Focused on Agent Banking by which Bank attracted more low-cost retail deposit and advances.
- We introduced mobile app based "Cash Out" service by the micro Merchant (Human ATM) for the marginalized and geographically dispersed people on pilot basis. This innovation has the potential to bring revolutionary changes in the mode of social safety net and other government aid payments to the poor marginalized people.
- Emphasized on improving risk management and mitigation measures while granting credit. The standard and criteria for granting credit were raised further as the focus was on improving quality of asset portfolio. Exposures on some risky large corporate

customers were reduced.

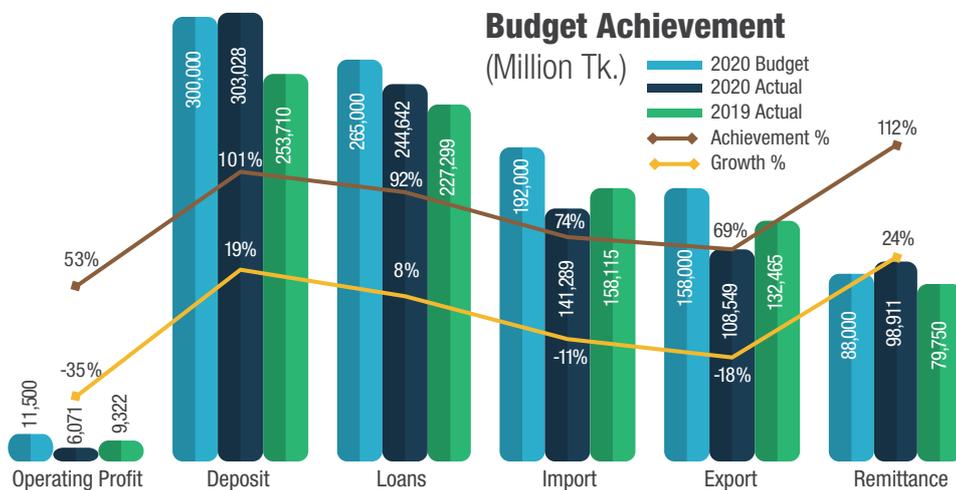
- Leveraging on our huge network of branches and agent outlets across the country to increase our remittance business.
- We continued to make good progress in terms of digitization and automation and adoption of new technology across the Bank. Introducing scalable technology was one of the milestone task in the year 2020. ICT has implement Oracle RAC (real application technology) environment to ensure maximum availability of the system. During the Covid-19 pandemic period we have developed an online loan application system "GhoreBosheRinNei". We have also implemented central day closing operation, separated report server for Agent Banking, automated NOSTRO reconciliation. We also adopted online Account Opening system and Transactional API that FinTech, different utility payment organizations and exchange houses can easily integrate with our system.
- Being the pioneer of agent banking in the country, Bank Asia established the largest agent banking network, with over 4,628 outlets opened across the country in the last five years. Bank Asia was awarded BFP-B Excellence Award for supporting the financial inclusion mandate by Business Finance for the Poor in Bangladesh (BFP-B), a project managed by NATHAN Associates London and funded by DFID, UKAID.

Performance Highlights

2020 was a challenging year for Banking Sector and like every other sector of the economy, banking sector also experienced muted growth. The coronavirus outbreak along with the single digit interest rate impacted the profitability of the Bank. In response, Bank Asia acted promptly from the very beginning efficiently in increasing the net investment margin, curbing the classified loans through strong monitoring round the year to maintain the profitability. In 2020, Bank Asia generated operating profit of Tk. 6,070.84 million and net profit of Tk. 2,035.71 million.

Net Interest Income of the bank was Tk. 3,185 million in 2020 whereas it was Tk. 8,401 million in 2019. Non-interest income (NOII) growth of 30% YoY was mainly boosted by robust trading and investment income. ROA of the bank stood at 0.53% and ROE at 7.81%. Due to Bangladesh Bank circular regarding "loan

President and Managing Director's Review



classification” the Bank was able to restrict CL to 3.24% in 2020 which is lower than the NPL ratio of 4.61% in 2019.

In 2020, 1 new branch was added to the total branch network and 154 employees were added to human capital. The above addition impacted total operating expenditure to increase by 5.28% in 2020, out of which salary expenditure increased by 8.31%. At the end of 2020, the Bank's Net Asset Value per Share (NAV) stood at Tk. 23.48.

Business

The deposits of Bank Asia stood at Tk. 303,028 million registering a moderate growth of 19% and on the other hand, loans and advances stood at Tk. 244,642 million with a growth of 8%. The import volume of the bank stood at Tk. 141,289 million, while the export volume was Tk. 108,549 million. In the year 2020, the total inward remittance was Tk. 98,911 million, posting a significant growth of 24%. In terms of budgetary achievement, the Bank performed well in deposit by 101%, loans and advances by 92%, and inward remittance by 112%. However, achievement in operating profit, import and export was 53%, 74% and 69% respectively.

Subsidiaries of Bank Asia Limited

Stock market of Bangladesh faced a challenging environment in the initial period of 2020, when not only Bangladesh, but also the world was affected by the pandemic. Bank Asia Securities Limited (BASL), a majority owned subsidiary company of the Bank made an operating profit of Tk. 48 million in 2020. Despite tumbling trends of market, BASL advanced its position to 10th of DSE's Top - 20 in terms of daily turnover throughout the year. Number of total active clients reached to 9,985 in December 2020,

which was 7,899 in December 2019.

One of the foreign subsidiary exchange house company, namely, BA Exchange Company (UK) Limited posted operating profit of GBP 5,268 in the year 2020. BA EXPRESS USA Inc., another foreign subsidiary exchange house company incurred an operating loss of USD 145,214 in 2020.

Delivery Channel

Bank Asia's overall operation is concentrated in four major areas:

- Conventional: Bank Asia delivers conventional banking services through 129 branches and 4 SME service centers across the country.
- Islamic: Banking Operation has been operated through 5 Islamic windows. All conventional branches also provide Islamic Banking services through online SALAMAH desk.
- Off Shore: 1 off shore banking unit in Chittagong. (Cluster)
- Agent Banking: Provide Agent Banking services in 64 districts through 4,628 agent outlets.

CSR

Bank Asia has always been aware of its Corporate Social Responsibility (CSR) with an aim to ensure that the bank is perceived as a bank with a conscientious and a catalyst for change. Bank Asia perpetually strives to become a socially responsible corporate entity contributing towards better quality of life of the society at large without compromising ecological conditions. During the year 2020, Bank Asia spent an amount of Tk. 282.83 million on CSR

which covered a vast area of education, health and other under privileged sectors for the overall betterment of the nation.

Strengthening Capital Base

For managing the overall risk exposure of the Bank, our primary focus has always been to strengthen our risk management policy with a strong internal control system. Bank Asia ended the year with a strong capital base maintaining Capital to Risk Weighted Ratio (CRAR) of 17.16% against the minimum BASEL III roadmap requirements of 12.5%.

Non-Performing Loan (NPL) Management

One of the core business priorities of Bank Asia is to curb non-performing loans by maintaining quality assets. With our continued efforts to ensure quality portfolio growth, we managed to contain Non-Performing Loans (NPL) to 3.24% in 2020. Bank Asia's credit approval process and policy has been framed to unveil and assess the unforeseen inherent risk so that assets quality does not deteriorate in the long run. Additionally, early warning system has been emphasized so that precautionary action can be taken against vulnerable assets. Above all, proper monitoring and strong recovery drive from branches and corporate office have been intensified to maintain the quality of the assets of Bank Asia.

Credit Rating

The credit rating of the Bank in 2020 for long term was AA2 and for short term was ST-2. For the last four consecutive years, Bank Asia has been able to maintain this satisfactory and steady credit rating.

Awards & Accolades

Bank Asia completed its 21-years momentous journey in 2020. The bank received several prestigious awards from national and international reputed organizations that marked this landmark year:

- SAFA (South Asian Federation of Accountants) award
 - 1st Prize for Best Presented Annual Report-2019- Private Sector Banks category
 - 2nd Runner Up for Corporate Governance Disclosures category
- ICAB (Institute of Chartered Accountants of Bangladesh) award
 - 2nd position under Private Sector Banks category

President and Managing Director's Review

- 2nd position under Corporate Governance Disclosures category
- 3rd prize under Integrated Reporting Category
- ICSB (Institute of Chartered Secretaries of Bangladesh) award
 - Bronze award for Corporate Governance Excellence
- NCSR (National Centre for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Indonesia granted
 - Gold Rank in Asia Sustainability Reporting Rating 2020 for Sustainability Report 2019
- Awarded BFP-B Excellence Award for supporting the financial inclusion mandate by Business Finance for the Poor in Bangladesh (BFP-B), a project managed by NATHAN Associates London and funded by DFID, UKAID

Strategic Plans for 2021

In 2021, the whole banking industry will have to navigate the economic challenges brought by existing unprecedented economic impact of COVID-19. Customers are expected to face a disruption in cash flow due to slow business demand, thus impacting growth and asset quality of the Banks. Meanwhile, with the onset of winter, the second wave of the pandemic has begun. As a result, partial lockdowns have resumed in Europe. Because of this our main export earning sector i.e. garments sector will be impacted again. Due to non-recovery of loans and reduction in interest rates on loans and advances, the profitability of the Bank may be impacted in 2021. We need to prepare now for all such challenges in the future. To achieve this year's budget, we would like to adopt the following strategies and priorities:

- We have to utilize and adopt a holistic customer - centric model for better customer relationship management. We have to nurture our relationship with the customer consistently. By doing responsible banking, we have to establish a partnership with our customers to create a mutually beneficial relationship to improve customer loyalty.
- We need to give more focus to providing the bank's core business which is the disbursement of loans and advances. In the current market scenario, we need to attract new customers by providing fast and improved customer services backed by technology and competitive pricing. We are hopeful that private sector credit growth will pick up again in 2021 and that we will have ample opportunity to disburse new loans.
- We have already reached out to different parts of the country through agent banking channels. The piloting of the "Agent Centric Asset Model" has started. In 2021, we have set a target of disbursement of Tk. 600 crore loan through agent banking model.
- Competition in the digital space has intensified with fast paced changes in technology sector. It is critical that we have to put in place relevant capabilities that enable us to swiftly adopt new business model and changes.
- Up keeping the stable Capital and Liquidity position will remain the utmost priority for the Bank. We will focus on acquiring low cost fund in the form of CASA account. Mobilizing low cost deposit by launching series of campaigns and product branding throughout the year
- We will focus more on improving health of our asset portfolio this year. We will emphasize on regular monitoring of existing loan to restrain deterioration to overdue and SMA. We will emphasize on strengthening relationship with existing good customers and remain vigilant and cautious while sanctioning new loan to ensure quality
- Efficient Capital Planning under the preview of risk return trade-off for smooth expansion of business
- Ensure genuine recovery from rescheduled and stay order loans and recovery of written off loans.
- Put rein on operating costs.

In the end, I would like to express my sincere thanks to our customers who continue to put their trust in Bank Asia Limited. I would also like to thank and appreciate our brave and hardworking colleagues who have been tirelessly providing banking services amidst Covid-19 pandemic. I also appreciate valuable guidance and strategic advices from our experienced and prudent Board of Directors. And, to our shareholders, we want to assure that our resilience will take us ahead, and we will be able to overcome the challenging economic climate and able to create value for all our stakeholders.

Finally, I am very hopeful that we will be able to achieve our desired goal in 2021 by overcoming all kinds of adversities.

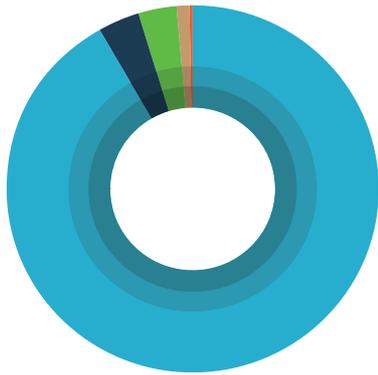


Md. Arfan Ali

President and Managing Director

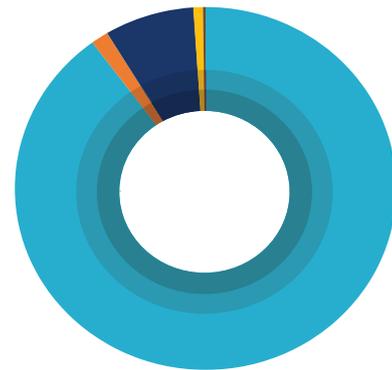
Segment Analysis

Bank Asia Consolidated



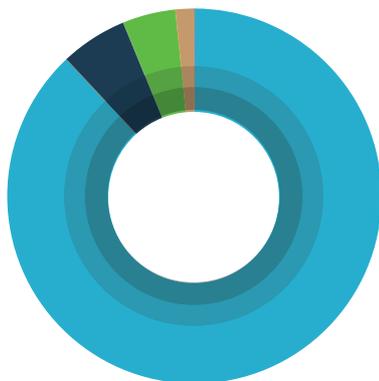
Operating Revenue (MillionTaka)

Conventional **26,134**
 Islamic **990**
 OBU **982**
 Local Subsidiaries **345**
 Foreign Subsidiaries **63**



Profit before tax (MillionTaka)

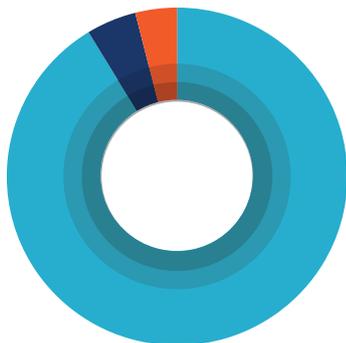
Conventional **3,752**
 Islamic **(199)**
 OBU **407**
 Local Subsidiaries **40**
 Foreign Subsidiaries **(11)**



Total Assets (MillionTaka)

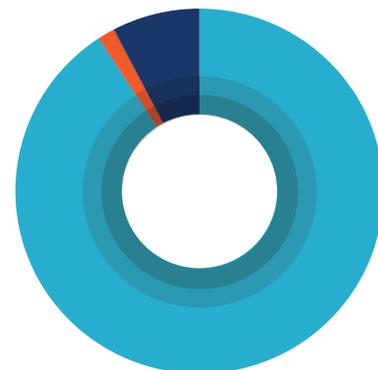
Conventional **365,722**
 Islamic **23,964**
 OBU **19,031**
 Local Subsidiaries **6,565**
 Foreign Subsidiaries **236**

Bank Asia Solo



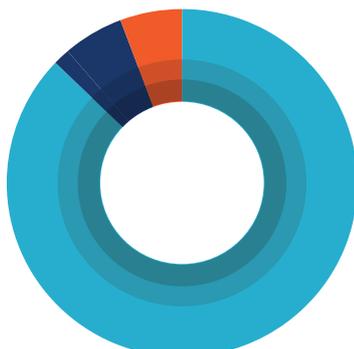
Operating Revenue (MillionTaka)

Conventional **26,134**
 Islamic **990**
 OBU **982**



Profit before tax (MillionTaka)

Conventional **3,752**
 Islamic **(199)**
 OBU **407**

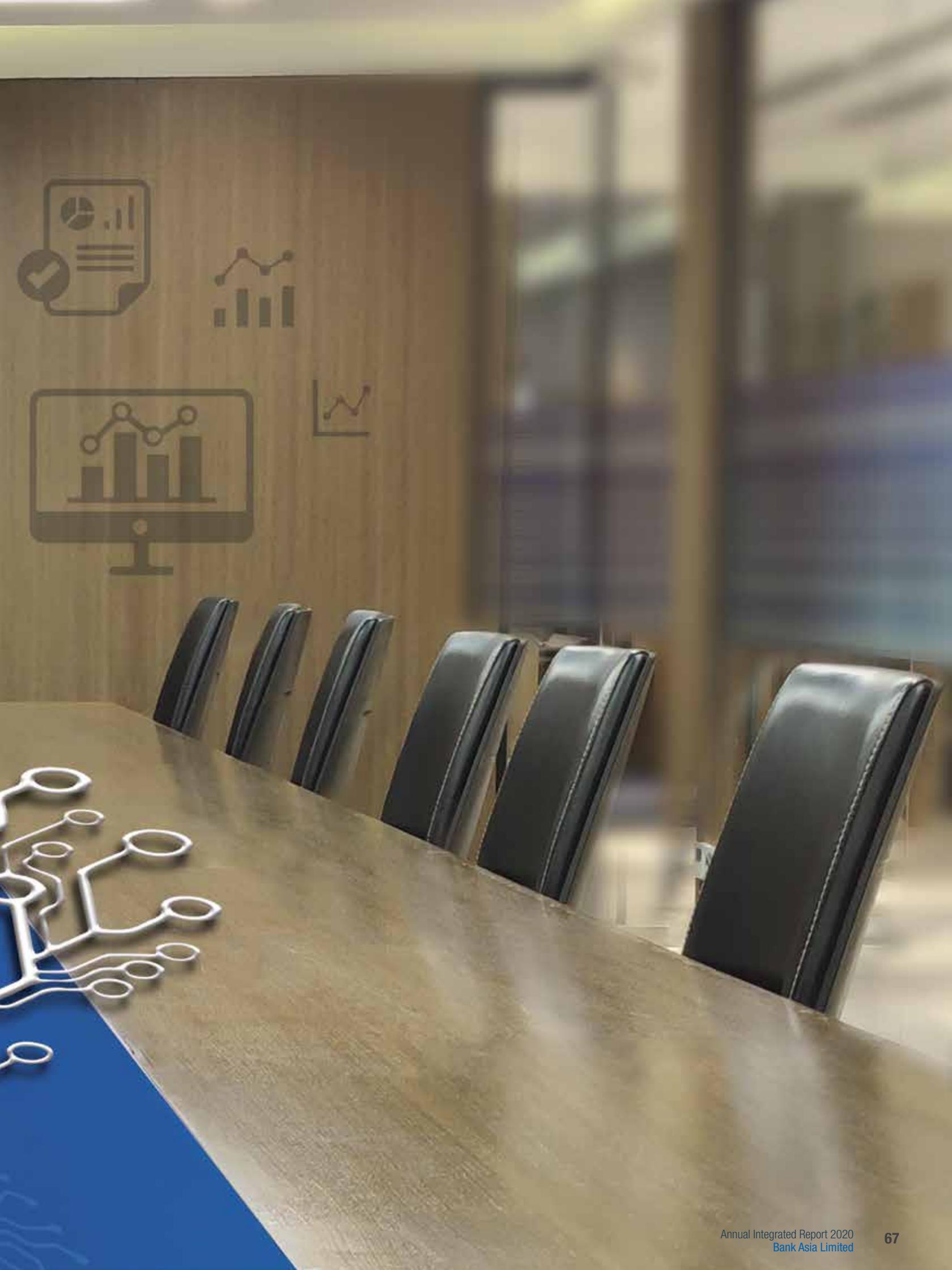


Total Assets (MillionTaka)

Conventional **365,722**
 Islamic **23,964**
 OBU **19,031**

DIRECTORS' REPORT



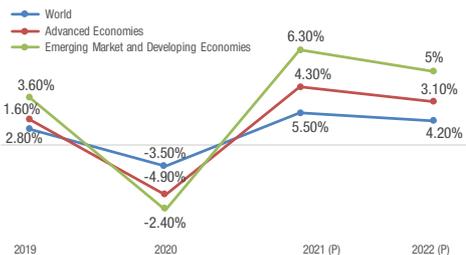


World Economy

The global growth contraction for 2020 is estimated at -3.5%, 0.9 percentage point higher than projected in the previous forecast. Amid uncertainty, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022. The 2021 forecast is revised up 0.3 percentage point relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.

GLOBAL GDP GROWTH

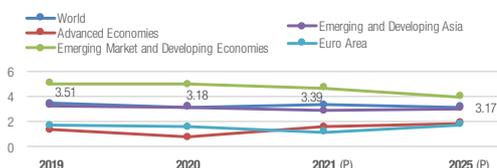
Global growth weakened considerably in 2020 as COVID-19 pandemic negatively impacted growth. Global GDP growth for 2020 was -3.50% from 2.80% in 2019. Growth rate in 2021 and 2022 are projected at the level of 5.50% & 4.20% respectively. Advanced economies fall by -4.90%



in 2020 and are expected to increase their growth at the level of 4.30% and 3.10% respective in 2021 and 2022. Growth rate of Emerging market and developing economies has been reduced at -2.40% from the previous year 3.60%. But the growth rate is projected to grow at the level of 6.30% and 5.0% in 2021 and 2022 respectively.

GLOBAL INFLATION

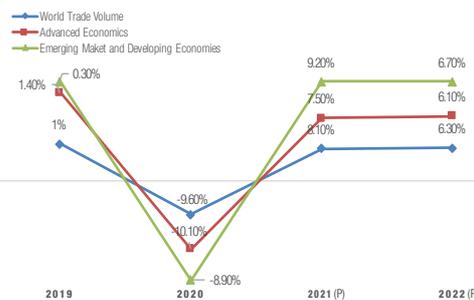
The inflation rate in 2020 has been decreased to 3.18% from 3.51% in 2019. Inflation in the advanced economy group is projected at 0.8% in 2020, rising to 1.6% in 2021. In the emerging market and developing economy group, inflation is projected at 5% this year, declining to 4.7% next year. The inflation for Asia region was 3.2% in 2020. During 2020, Maldives had the lowest



inflation rate which was 0.371% and Sri Lanka had the highest inflation rate which was 10.74%.

GLOBAL TRADE VOLUME

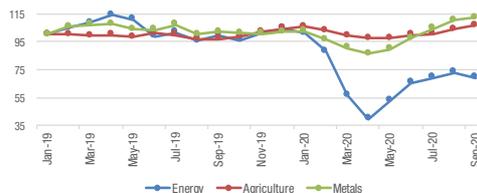
The WTO now forecasts a 9.60% decline in the volume of world merchandise trade for 2020, followed by an 8.10% rise in 2021. These estimates are subject to an unusually high degree of uncertainty since they depend on the evolution of the pandemic and government responses to it.



Strong trade performance in June and July have brought some signs of optimism for overall trade growth in 2020. The trade decline in Asia of 4.5% for exports and 4.4% for imports in 2020 will be smaller than in other regions.

GLOBAL COMMODITY MARKETS

Almost all commodity prices recovered in the third quarter of 2020 following steep declines earlier in the year due to the COVID-19 pandemic. Crude oil prices have doubled since their April low,



supported by sharp oil supply cuts by OPEC. Metal prices recovered rapidly in response to a faster-than-expected pick up in China's industrial activity. Some food prices have also risen due to production shortfalls in edible oils.

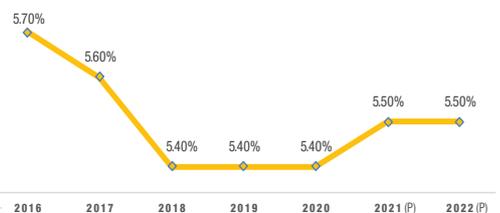
GLOBAL FDI

Global foreign direct investment (FDI) collapsed in 2020, falling by 42% to an estimated \$859 billion, from \$1.5 trillion in 2019. The decline was concentrated in developed countries, where FDI flows fell by 69% to an estimated \$229 billion. Flows to Europe dried up completely to -4 billion. A sharp decrease was also recorded in the United States (-49%) to \$134 billion. The fall in FDI flows

across developing regions was uneven, with -37% in Latin America and the Caribbean -18% in Africa and -4% in developing Asia.

GLOBAL UNEMPLOYMENT

The global unemployment rate stood at 5.4% in 2020 and is projected to increase in the next two years. Employment losses were highest in the Americas, and lowest in Europe and Central Asia,



where job retention schemes have supported the reduction in working hours, especially in Europe. In total, there were unprecedented global employment losses in 2020 of 114 million jobs relative to 2019. The latest projections indicate a persistent work deficit in 2021.

GLOBAL ECONOMIC OUTLOOK

The outbreak of COVID-19 pandemic and its massive adverse effects have pushed the global economic growth into negative zone in 2020. Governments worldwide have imposed widespread closures, lock-down, isolation and restrictions of movement of domestic and international transports in order to contain the spread of the virus. As a result, the COVID-19 pandemic has triggered the deepest global recession since World War-II and global economic activity is projected to contract sharply by 4.4% in 2020.

However, growth is anticipated to pick up to 5.2% in 2021 subject to effective implementation of monetary and fiscal stimulus packages, restoration of normal economic activities and fading of the pandemic. In advanced economies, growth declined to 1.7% in 2019 from 2.2% in 2018 and it is projected to decline to -5.8% in 2020 and increase to 3.9% in 2021. In emerging market and developing economies, growth is forecasted to decline to -3.3% in 2020 and then pick up to 6.0% in 2021.

Challenges

- The COVID-19 pandemic caused significant short-term economic disruption and job loss, compounded by falling confidence and tighter financial conditions.
- Organization for Economic Cooperation and Development (OECD) projects global output to fall by 6% in 2020, with the pre-crisis level almost regained at the end of 2021.
- Steep decline in economic activity resulting gross domestic product, the broadest measure of activity may be plunged to record lows across many economies.
- The International Monetary Fund forecast the global economy could shrink 4.4% this year, before bouncing back to 5.2% growth in 2021.

Opportunity

- Economic data released after the October 2020 WEO forecast suggest stronger-than-projected momentum on average across regions in the second half of 2020.
- Infections and restrictions will soften momentum in early 2021. Third quarter GDP as well as investment outturns mostly on the upside at Australia, euro area, India, Japan, Korea, New Zealand, Turkey, United States or were in line with expectations elsewhere (China, Mexico).

- Fiscal deficits in most countries are projected to decline in 2021 as revenues rise and expenditures decline automatically with the recovery.
- Markets remain upbeat about prospects for 2021, banking on continued policy support. Rising commodity prices. Reflecting the projected global recovery, oil prices are expected to rise in 2021 just over 20% from the low base for 2020, but will still remain well below their average for 2019.
- Non-oil commodity prices are also expected to increase with those of metals, in particular, projected to accelerate strongly in 2021.
- Consistent with recovery in global activity, global trade volumes are forecast to grow about 8% in 2021, before moderating to 6% in 2022.

Source:

World Economic Outlook, October 2020, World Bank
Commodity Markets Outlook, October 2020,
World Bank World Employment & Social Outlook, ILO

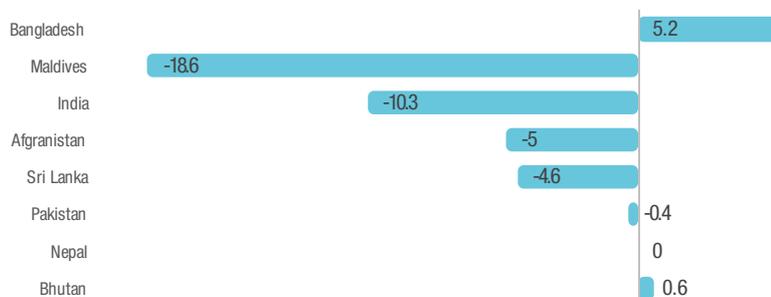


Board of Directors at 21st AGM

Bangladesh Economy

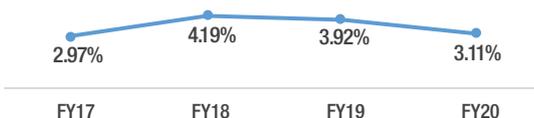
The year 2020 began with a cloud of uncertainty which remains throughout the year, the outbreak of COVID-19 pandemic during the last year 2020 affected national economy adversely which causes for a lower growth in all major sectors. Although country did not suffer from any severe setback during the year but some of the area especially export and import were slowed-down due to shrinking global economic activity. Bangladesh recorded robust growth rates during the last couple of years and the growth rate in FY20 was highest in South Asian region. Gross Domestic Product (GDP) of Bangladesh grew by 5.2 percent in FY20, while it was 8.15 percent in FY19 as per provisional estimates by BBS (Bangladesh Bureau of Statistics). Accordingly, GNI per capital income stood at \$2,064 at the end of June, 2020 which was \$1,909 during same period of previous year. The detail of the economic activities is delineated as below:

GDP GROWTH IN SOUTH ASIA REGION (%)



Agriculture Sector

Agriculture sector contributed 13.3 percent of GDP and growth of this sector moderated from a base of 3.9 percent in FY19 to 3.1 percent in FY20. This growth was mainly supported by the growth of fishing, forest related services and animal farming sub-sector.



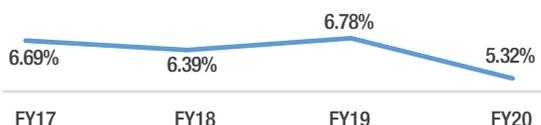
Industry Sector

Industry sector contributed 35.4 percent of GDP and grew by 6.5 percent in FY20, lower from 12.7 percent in FY19. This growth was mainly supported by the growth of manufacturing and construction. As a result of COVID-19, both large and medium, and small scale industrial sub-sector recorded lower growth of 5.5 percent and 7.8 percent respectively.



Service Sector

The services sector accounts for the largest share of GDP. In FY20, 51.3 percent of GDP came from this sector which was 51.4 percent in FY19. Service sector grew by 5.3 percent, much lower than 6.8 percent growth in FY19.



FISCAL OUTCOME

Expenditure

The total expenditure in the revised budget for FY20 amounted to BDT 5,015.8 billion (17.9 percent of GDP) which tends to be 28.1 percent higher than the actual expenditure in FY19. The operating expenditure in the revised budget for FY20 targeted at BDT 2,952.8 billion (10.5 percent of GDP) which was 24.0 percent higher than the actual operating expenditure of BDT 2,381.1 billion in FY19..



Revenue Collection

In the revised budget for FY20, total revenue receipts targeted at BDT 3,480.7 billion, which



was 7.9 percent lower than the initial target. It was 38.2 percent higher than the actual revenue receipts in FY19. The revised target for tax revenue collection constituted 89.9 percent of the total revenue receipts which was 38.6 percent higher than that of the actual tax collected in FY19. Similarly, the revised target for non-tax revenue collection for FY20 was 35.0 percent higher than the actual collection for that of FY19.

External sector

External sectors of Bangladesh economy such as export, import and remittance have always big role in the country's development activities.

Export

Due to COVID-19, export earnings drastically decreased by 16.9 percent to USD 33,674.1



million in FY20 from USD 40,535.0 million in FY19. Readymade Garments (woven garments and knitwear products) continued to occupy a major share of the total export. Woven and knitwear products, which accounts for about 83.0 percent of total export earnings, registered a decrease in receipts from USD 34,133.3 million in FY19 to USD 27,949.2 million in FY20. Total merchandise commodity export during July-December of FY21 decreased by USD 68.74 million or 0.36 percent to USD 19,233.45 million compared to USD 19,302.19 million during July-December of FY20.

Import

Due to COVID-19, imports (fob) stood at USD 50,691 million in FY20 which was 8.6 percent lower than the previous FY19. Import of food grains achieved a higher growth of 7.8 percent in FY20 mainly due to wheat import. Import for other food items increased by 13.3 percent to USD

Directors' Report



4,887.9 million in FY20 from USD 4,312.6 million in FY19. For the pandemic situation, all items of capital goods and others categories recorded at USD 8,578.3 million in FY20 which was lower than the previous fiscal year. However, import during July-December of FY21 fell by USD 1,981 million or 6.77% and stood at USD 27,269 million against USD 29,250 million during July-December of FY20.

Remittance

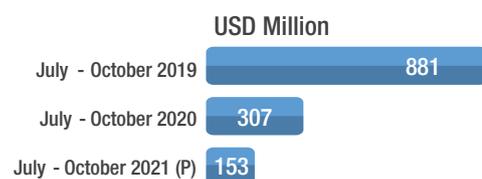
Remittance receipts increased by 10.9 percent to USD 18,205.01 million in FY20 from USD



16,419.63 million in FY19. Due to government incentive, simplification of sending remittances in formal channel and different supportive policy regarding remittances helped expatriates to increase remittance inflows again. Receipts of workers' remittances during July-December of FY21 increased by USD 3,536.82 million or 37.59 percent and stood at USD 12,944.75 million against USD 9,407.93 million of July-December of FY20.

Foreign Direct Investment (FDI)

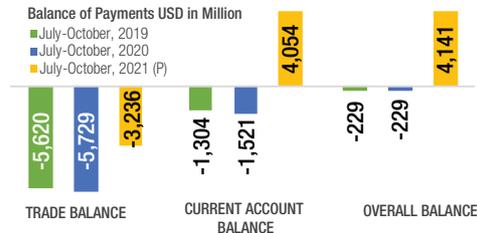
FDI has been emphasized by the Government in its 7th five year plan and has undertaken various



policies for adequate incentives in attracting foreign investors. However, net FDI inflow decreased significantly by 42.5 percent to USD 1,510 million in FY20. On the other hand, portfolio investment increased significantly by 61.4 percent to USD 276 million in FY20 compared to USD 171 of preceding year.

Balance of Payment

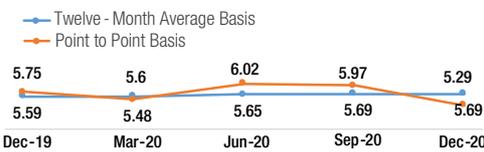
Deficit of current account declined to USD 4,849 million in FY20 which was USD 5,102 million in



FY19. The decrease in current account deficit was mainly happened due to the decline deficit in primary Income and services account and the increase in surplus in secondary income. However, secondary income significantly increased by 11.1 percent from USD 16,903 million in FY19 to USD 18,775 million in FY20 due to dramatically increase in private transfers mostly workers' remittances.

CPI Inflation

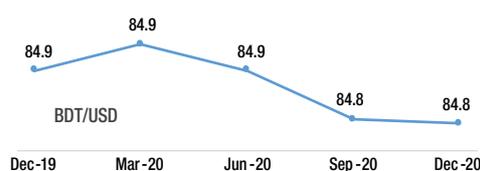
The twelve month average general CPI inflation was recorded 5.7 percent in June 2020 with



gradually increasing by 17 basis points during FY20, which exceeded the targeted ceiling of 5.5 percent. This higher general CPI inflation was the result of higher non-food inflation on the back of higher remittance inflows and disruption of supply chains due to the COVID-19 pandemic. However, the twelve month average general inflation decreased to 5.69 percent in December 2020 which was 0.29 percentage point higher than the target of 5.40 percent for FY21. Point to point general inflation decreased significantly to 5.29 percent in December 2020 which was 5.52 percent in November 2020.

Exchange Rate

The annual average exchange rate stood at BDT 84.8 per USD in June 2020 against BDT 84.0 per



USD in June 2019. Hence, the average exchange rate depreciated by 0.9 percent in FY20, which was lower than 2.3 percent depreciation in the preceding fiscal year. However, Bangladesh Taka

appreciated by 0.12 percent against the US dollar at the end of December 2020 as compared to its level of end June 2020.

Monetary Policy

BB has announced its monetary policy stance (MPS) for FY21. The stance is essentially expansionary and accommodative for all growth support needs while ensuring inflation target as well. The prime objectives of the MPS FY21 are the economic recovery from the adversity of the pandemic and rehabilitation of production capacity. Broad money (M2), reserve money and domestic credit were set to be within 13.0 percent, 12.0 percent and 17.4 percent respectively for FY20.

Interest rate movement

The gap between lending and deposit interest rates (interest rate spread), viewed as a measure



of intermediation efficiency of banks, has also been markedly narrowed since April 2020 due mainly to BB's direction of rationalization of interest rates/profits on banks' lending and investment, with effective from 01 April 2020. Following BB's liquidity enhancing monetary policy measures as well as policy direction of interest rates/ profits on banks' lending interest rate spread (the gap between deposits and lending rates) remarkably narrowed down to 2.89 percent in FY20 from 4.15 in FY19.

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 Reserves stood at USD 36.04 billion in FY20, which was USD 32.72 billion in FY19. The current Foreign Exchange Reserves is sufficient to pay import liability of 8.80 months.

Sovereign ratings

Bangladesh consecutively holding Ba3 (Moody's) and BB- (Standard and Poor's) with stable outlook for the 9th consecutive years. Satisfactory real GDP growth and good economic performance as a whole have helped Bangladesh to achieve BB- rating with stable outlook from Fitch Ratings for the fourth time. In general, a credit rating is used by sovereign wealth funds, pension funds and other investors to gauge the credit worthiness of Bangladesh, thus having a big impact on the country's borrowing costs.

Bangladesh Economic Outlook 2021: A Road to Recovery

The year 2021 will be a new beginning facing all the hindrances and bring a lot of expectations for us. The Covid-19 pandemic which affected our economic and social lives in every possible phases in 2020 is expected to be controlled since vaccinations are already started in full swing across the country. The outgoing year 2020 was very challenging as Bangladesh economy was under stress because of weak performance of a few economic indicators such as exports, imports, private sector investment, foreign direct investment, and revenue mobilization. Moreover, the banking sector was suffering high non-performing loans (NPL). However, Bangladesh has taken several measures to overcome the negative effect of the pandemic such as Government has introduced several stimulus packages to help the affected sectors and people. Presently, economic and business activities are in rising trend and maximum peoples of the country are back to the normal life. Inflow of remittance rose by 33.51% or USD 16.69 billion in eight months (July-February) of the current fiscal year 2020-21 and export-import have backed to normal trend. We would like to think of 2021 as a new beginning and will bring positive change.

Opportunities

- Institutional strengthening and reform.
- Rebuilding the economy from the fallout of the pandemic especially export and inward remittance have become the main drivers of macro-economic growth.
- Liquidity situation in the banking system has increased which led to low interest rates.
- Bangladesh Bank's Foreign Exchange Reserve stood at USD 44.03 billion which is all time high and created for opportunity of more investment / expenditure

Challenges

- The lack of export diversification
- The low flow of FDI (Foreign Direct Investment) in Bangladesh
- Bangladesh will graduate from the LDC status and will thus lose trade preferences in its major export markets
- Government stimulus measures are key imperatives to ensure the projected recovery but this growth projection is in a risk because of unemployment caused by prolonged pandemic in Bangladesh.
- High non-performing loans (NPL) in Banking Industry

Source

Bangladesh Bank Annual Report 2019-2020
Asian Development Bank Outlook 2020

Bangladesh Bank Monthly Economic Indicators, December-2020



Business Meet 2020

Banking Industry Exploring 2020

Even before coronavirus spread to the country, banks in Bangladesh were struggling with NPL problems and poor performance, now the impact of COVID-19 worsening the condition. In order to support the economy, Bangladesh Bank ordered banks to disburse all the stimulus packages. This step might have a negative impact on the asset quality also there is a chance of increasing the NPL risks for banks. Furthermore, the implementation of single digit interest rate on loans exacerbated the trouble for banks. Bangladesh Bank has unveiled a vastly expansionary policy for fiscal 2020-2021, with a view to steering the economy away from a sleep downturn. But it has turned out to excess liquidity for banks moreover, the demand for credit from business has dropped considerably. To increase the money supply in the market Bangladesh Bank has re-fixed the CRR (Cash Reserve Ratio) at 4.00 percent on a bi-weekly average basis with a provision of minimum 3.5 percent on a daily basis. Besides that, Bangladesh government is working with the World Bank to introduce a partial credit guarantee, since the banking industry is facing lack of credit guarantee which is restricting banks' ability to lend to corporates during the economic downturn. Many banks have switched to digital services in the wake of Covid-19. Customers are also gradually adapting the changes which enabled the banks to manage their financial needs in the right way as well as motivated them to move towards the digital transformation.

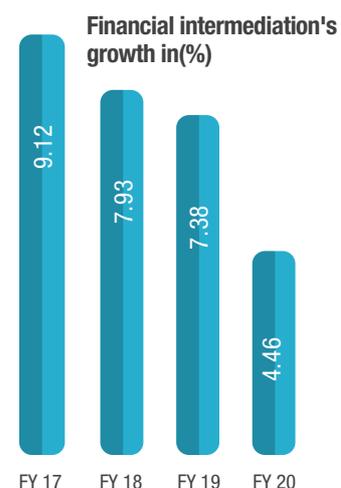
Regulation of banking Industry

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 2019-20 were the key steps of central bank to strengthen sustainable development of the banking industry.

Banking Sector of Bangladesh

In November 2020, the deposit growth increased to 13% from 12.57% in 2019 and the growth in loans was 9.9%, creating a likelihood for asset-liability mismatch. Reserve money recorded an increase of Tk. 306,337 million or 12.19% at the end of August 2020 against the increase of Taka 17017.20 crore or 7.26% at the end of August 2019. The call money rate is gradually decreasing from 5.01% in June, 2020 to 1.92% in Nov, 2020 because of banks' investment in government treasury bonds and higher demand for cash by the new banks which do not have adequate deposit. Total deposit of Tk.12,680,015million in November 2020 whereas the total advances stood at Tk. 11,015,830 million. The AD Ratio is lowest for Foreign Commercial Banks which is 53.89%.

Regulatory body has also specified the boundary of AD ratio for banking industry as a pre-step to ensure the sound liquidity position of commercial banks. The key profitability indicators – Return on Assets (ROA) and Return on Equity (ROE) stood at 0.57% and 5.32% respectively as in 2020 as compared to 0.4% and 6.8% respectively as recorded in 2019. The banking industry has maintained a provision of Tk. 546.6 billion against required provision of Tk. 613.2 billion, marking a shortfall provision of Tk. -66.6 billion as of June 2020. At the same period, the average CRAR (Capital to Risk Weighted Asset Ratio) for banking industry was 11.6%, when the CRAR for the private commercial banks, state banks and foreign banks was 13.3%, 6.9% and 24.4% respectively.



Monetary Aggregates

Item	Actual			Program	
	Jun-19	Dec-19	Jun-20P	Dec-20	Jun-21
Net Foreign Assets	2.1	1.9	10.2	12.5	5.8
Net Domestic Assets	12.3	15.1	13.4	14.4	18.3
a) Domestic Credit	12.4	15.0	13.7	15.0	19.3
b) Credit to the Public Sector	21.7	58.9	53.3	35.7	44.4
c) Credit to the Private Sector	11.3	9.8	8.6	11.5	14.8
Broad money	9.9	12.0	12.7	14.0	15.6
Reserve money	5.3	6.9	15.7	15.5	13.5
Money multiplier	4.97	5.17	4.84	5.11	4.93

Regulation of Banking Industry

Types of Bank	No. of Banks	CRAR% (Jun'20)	Deposit Growth % (Sep'20)	Advance Growth % (Sep'20)	AD Ratio (Sep'20)	NPL Ratio (Sep'20)	CL in Billion (Sep'20)
							(In Billion)
State owned bank (SCB)	6	8.5	10.9	8.4	59.1	22.5%	429.4
Specialized banks (DFI)	3	-33.7	8.3	11.1	77.0	15.92%	45.2
Private banks (PCB)	41	13.3	13.2	10.3	80.5	5.56%	465.9
Foreign Banks (FCB)	9	25.6	11.0	-0.2	53.9	5.86%	20.6
Newly approved	3						
Total	62	11.9	12.4	9.6	74.0	8.88%	961.1

* Bangladesh Bank Quarterly. (July-September 2020), Monetary Policy Statement (Fiscal Year 2020 -2021) P= Provisional

Review of operations of Bank Asia in 2020

The year 2020 was largely affected by Covid-19 pandemic. The world including Bangladesh economy witnessed the adversity of declining investment and international trade followed by disruption in business operation. Moreover, banking industry had to cope up with interest rate adjustment popularly known as “9-6” fixed interest rate regime. This had a negative impact on the profitability of the Bank. But the government had responded these issues very prudently by providing different incentives like implementation of stimulus package, increase of liquidity, decrease of repo rate, regulation on further loan classification, deferral of installment/payment etc. All these incentives played a pivotal role in rebounding the economy. Yield on advance of the bank decreased by 2.51% in 2020 and reached at 7.68% from 10.19% and cost of deposit decreased slightly from 5.67% to 4.95% that resulted in decreased of spread by 1.79% from 4.52 % to 2.73%. Bank's

total assets reached Tk.408,717 million in 2020 compared to Tk. 353,800 million in 2019 with a growth of 15.52%. Deposit reached Tk. 303,028 million compared to Tk.253,710 million with a growth of 19.44% and Loans and advances was 7.63% higher than the preceding year and stood at Tk. 244,642 million. Bank's import decreased by 12% and stood at USD 1,632 million in 2020 against USD 1,860 million in 2019. Export decreased by 20% and reached USD 1,261 million which was USD 1,567 million in the previous year. Inward remittance in 2020 showed a remarkable growth of 30% and reached USD 1,167 million compared to USD 897 million in 2019. Operating profit and net profit after tax of the bank stood at Tk.6,071 million and Tk.2,036 million respectively. Policy support by Bangladesh bank on restriction of further loan classification and Bank's initiatives on loan recovery helped the Bank to restrain CL ratio to 3.24% in 2020 compared to 4.61% in last

year. The Bank is standing on sound footing where strong capital base is playing a key role for smooth business growth. This strong capital base of Tk. 43,754 million helped the Bank to maintain a very satisfactory Capital to Risk Weighted Assets Ratio (CRAR) of 17.16%.

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, 5 sub-branches, 4,628 Agent outlets, 4 SME service centers, 5 Islamic windows, 187 own ATMs with more than 15,000+ shared ATMs, 1 Brokerage Company in Bangladesh and 2 exchange houses located in UK and USA. The Bank is also operating 2 branches of BA Express USA Inc. in New York since 2014. All the operations of the Bank are interconnected and integrated through state of the art networking technology.

CORPORATE & LARGE LOAN

Corporate & Large Loan (C&LL), one of the predominant strategic business divisions of Bank Asia, has long been serving major corporate business houses of the country through satisfying their financing needs with tailor-made products/services, thus contributing towards the inclusive economic growth of the nation. 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. C&LL also caters to non-bank financial institutions. C&LL principally originates clients with funded exposure above Tk.200 million and/or total exposure above Tk.300 million. Corporate & Large Loan is segregated into

General Corporate Finance Wing 1 and Wing 2, Syndication & Structure Finance Unit and the newly formed Supply Chain Finance Unit and Monitoring Unit. C&LL is also processing proposals of Islamic Banking under its Islamic Unit and arranging FCY facility for its corporate clients through OBU of the Bank.

As of end of 2020, the loan portfolio of Corporate & Large Loan stood at Tk.114,803 million (around 45% of the total loan portfolio of the Bank) registering 19% growth over 2019. C&LL also managed to handle import business of Tk.65,915 million.



Production facility of Aristopharma Ltd.



Bank Asia financed project of BRB Cable Industries Ltd.

Major Challenges for C&LL in 2020

- Single digit interest rate on loans and advances
- Devastation of COVID-19 pandemic
- Sluggish investment flow in private sector
- Declining import trend

Major Achievements for C&LL in 2020

- Achieved target for loans and advances for 2020
- Attained 19% credit growth
- Successfully arranged stimulus package for large industries and services sectors
- Initiation of Centralized Relationship Management for work order finance clients

During 2020, Corporate & Large Loan extended, among many others, working capital support of Tk.1,700 million to Aristopharma Ltd., working capital support of Tk.2,500 million to The ACME Laboratories Ltd. and working capital and project loan support of Tk.4,000 million to BRB Cable Industries Ltd.

EXPORT FINANCE



Stimulus loan Disbursement

No. of Beneficiaries
100,000 workers
No. of Clients **104**



Export Finance

BDT In Million **42,160**
Growth **14%**

Export sector of the economy affected most in 2020 due to impact of the Covid-19 Pandemic. Starting with supply side disruption from initial spread of the pandemic in China, the sector experienced severe demand contraction in 2020 due to the extended lockdown in almost all of our export destination specially Europe & America

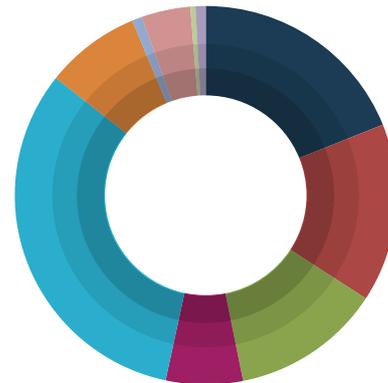
Starting its journey in 2012, Export Finance Department of Bank Asia Limited is always playing an active role in the Asset growth of the Bank. All the Export oriented customers of the Bank irrespective of nature and size of Loan portfolio are privileged as corporate customers and dealt by the Export Finance Department of Corporate Office. Besides assisting the Branches to book and nurture its customers, the team has also started centralized relationship management with the customers

Besides our regular financial supports, we actively participated in the entire financial and non financial stimulus package declared by the Govt. for our export oriented customers. More than 100,000 workers of the 104 Export oriented customers have been benefited through the disbursement of stimulus loan to our customers. For ensuring sustainable growth of the bank and the economy as a whole, Export Finance Department has continued its green initiatives through its active participation in different green products financing schemes of Bangladesh Bank and other Multinational Financing Agencies.

In 2020, total loan outstanding of export finance stood Tk. 42,160 million which is 14% higher than last year and represents 17% portfolio of the bank. Our exporters are doing better and they have already reached to the pre-pandemic level of export by the end of 2020.



Cheque handover ceremony under the project "SREUP"



Nature wise Export Finance

as on 31.12.2020 in million
Knit **7,971**
Woven **6,434**
Sweater **5,348**
Accessories **2,745**
Spinning **13,597**
Textiles **3,403**
Jute/Leather **360**
Yarn Dyeing **1,748**
Knitting & dyeing **185**
Others **369**

SYNDICATION & STRUCTURED FINANCE

Raised a Syndicated Term Loan
Tk.7,000 million

Syndication and Structured Finance Unit (SSFU) of Bank Asia Limited has been operating in the Syndication market for the last two decades. The Unit has a dedicated team which is capable of delivering innovative, comprehensive & cost

effective solution to the Bank's clients. Currently the team is providing financial support to the infrastructure sector, industrial service oriented projects, power projects, textiles, ceramics, telecom, steel, cement and development of Private Economic Zone of the country. The unit also plays important role to accommodate different types of large scale loans for the Bank's corporate clients- i.e. Project Term Loan (BDT and USD) including

BMRE of projects under Syndication Finance, Working Capital Financing, Short Term Loan, Bridge Financing, Offshore Financing, financing under Long Term Financing Facility (LTFF) and Investment Promotion Financing facility (IPFF-2).

During the year 2020, Bank Asia Ltd. as a Lead Arranger and Agent, raised a Syndicated Term Loan amount of Tk.7,000 million in Cement Sector for Bashundhara Industrial Complex Ltd.



Bank Asia as lead arranger raised syndicate term loan of Tk 7,000 million in cement sector for Bashundhara Industrial Complex Ltd.

CMSME BANKING & AGRI/RURAL CREDIT

Cottage, Micro, Small and Medium Enterprises (CMSMEs) all over the world have been playing a crucial role in promoting economic development as well as industrial production. At present Bank Asia is serving CMSME clients through Branches, SME/Agriculture Service Centers and Agent outlets around the country.

Cottage, Micro & Small Enterprise Financing (CMSE)

CMSE financing of the Bank ensures inclusive & sustainable economic growth through CMSE development with special focus on women entrepreneurship development. For this reason, cluster based financing model has been playing as a 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 and others.

Initiatives in 2020

- To tackle the situation of COVID-19 pandemic, a new product titled "CGS (SP) Surakkha" has been designed to assist CMSEs with no/insufficient collateral to obtain credit facilities under Credit Guarantee Scheme (CGS) which will facilitate stimulus package for CMSE segment.
- Participated in focus group discussion, baseline survey, workshops, awareness building and capacity development programs in different districts.

- Signed Agreement with Bangladesh Bank regarding Refinance under Stimulus Package and Credit Guarantee Scheme (CGS).
- Signed Agreement with SME Foundation in order to ensure credits to the eligible entrepreneurs of different clusters.
- Bank Asia and SME Foundation jointly organized "Banker-Entrepreneur Matchmaking Program" to facilitate credit facility to the entrepreneurs of Readymade Garment Cluster and Shyampur-Jurain-Kadamtoli Electrical Cluster.
- Participated in "Banker-SME Women Entrepreneur Gathering & Product Display Fair-2020" organized by Bangladesh Bank.
- 15,800 credit proposals amount to BDT 8,932 million through online credit approval system.
- Several training sessions were taken to the officers of the bank on Online Credit Approval System (OCAS) in order to facilitate credit approval system smoothly.

Financial Highlights of 2020

- The Cottage, Micro and Small Enterprise portfolio stood at Tk. 10,533 million compared to previous year's Tk. 8,417 million with a growth of 25.38%
- 4,045 new CMSE borrowers were added to the CMSE portfolio in 2020 with a volume of Tk. 5,630 million

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-

Electric & Electronic Cluster- Jurain, Muradpur, Kadomtoli, Syampur, Dhaka.

Handloom & Specialized Cloth Cluster - Adhamdighi, Bogra

Hosiery Cluster- Jurain, Kadomtoli, Dhaka.

Bamboo & Cane Cluster - Rajanagar, Sirajdikhan, Munshigonj.

Shitol Pati Cluster- Joynshar, Sirajdikhan, Munshigonj.

Jamdhani Cluster - Moikoli, Tarabo, Rupgonj, Narayangonj.

RMG Cluster – Dolagaon, Malkhanagar, Sirajdikhan, Munshigonj, Keranigonj, Dhaka.

Pottery Cluster - Ultapara, Nohati, Kaliakoir.

Broom Cluster- Keranigonj, Dhaka

Curd Cluster- Kaliakoir, Gazipur

Sports Ware Cluster- Bondor, Narayangonj

Cock Sheet Cluster- Staff road, Demra, Dhaka

Metallic Ornaments- Vakurta, Hemayetpur, Dhaka



Agreement between Bank Asia Ltd. and SME Foundation in order to develop cluster based entrepreneurs

AGRICULTURAL/RURAL CREDIT



Total Disbursed Amount
Tk. **5,427 Million**



Beneficiaries
57,870 farmers



Budget Achievement
104% against total target of Tk. 3750 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 2019-2020, 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 2020

<p>Improvement in livelihood of low income people</p> <p>Total Account Holders 2,170 no. of Tk. 10 A/C holders</p> <p>Distributed Amount Tk. 81.47 million</p> <p>Refinance Amount from BB Tk. 78.36 million</p>	<p>Stimulate the cultivation of special crops</p> <p>Distributed Amount Tk. 11.29 million</p> <p>Distributed among 234 farmers</p> <p>Interest rate 4%</p>	<p>Increasing direct lending through Agent Banking Channel</p> <p>Disbursed among 4,756 farmers</p> <p>Achieved 125% of target</p> <p>To cultivate special crops i.e maize, pulse, spice & oilseed</p>	<p>Carbon offsets projects</p> <p>Disbursed Tk. 870.26 million</p> <p>Disbursed among 5,150 farmers directly</p> <p>Among them Tk.279.10 million was approved to 5,150 farmers by online Credit Approval System (OCAS)</p>
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Achievement in stimulus Package



Create Awareness & skill development

We have arranged total 22 no. of training program in 2020 among 257 no. of executives, officers & AROs to create awareness on agri financing 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 Care Bangladesh & World Fish.

Status of Agricultural/rural Credit

Million Taka

Particulars	Direct Network	Indirect Network	Total
Disbursement (01.01.2020-31.12.2020)	241	2,555	2,796
Stimulus disbursement (01.01.2020-31.12.2020)	630	2,001	2,631
Outstanding (As on 31.12.2020)	853	4,558	5,410
No. of Beneficiary (As on 31.12.2020)	5,486	52,384	57,870



Crop field financed by Bank Asia Ltd.



Fishery project financed under stimulus refinancing package of Bangladesh Bank

MID-SEGMENT ENTERPRISE FINANCING



Loan & Advance
Tk. **24,817** Million
Holding **10%** portfolio



Stimulus Package
Loan Disbursed Tk. **3,374** Million
Target Achievement **112%**

Mid-segment Enterprise financing plays a crucial role in the economy in terms of production, employment generation as well as in the diversified economic development. Bank Asia also emphasizes on SME financing as a priority sector for encouraging financial inclusion as well as improving relationship management. Bank Asia has been focusing more on SME business for last couple of years with the aim of reducing loan concentration risk of corporate clients and the inherent default risk. Presently, a cluster in Sylhet and a Zone in Chittagong is working for strengthening the relationship activity and for achieving the extended geographical coverage. Few more clusters will be formed in the upcoming days.

From the very beginning of the pandemic, Bank Asia was very much vigilant on the adverse impact over SME business. For this reason, Bank Asia was very prompt in disbursement of stimulus package and achieved 112% target of stimulus package against allocated fund of Tk. 3,000 million. The achievement in funded loan outstanding as on December 30, 2020 is Tk. 24,817 million which is more than @10% of our bank's portfolio.

Our plan is to increase the portfolio through different distribution channels like-Branch, Zone/Cluster, Agent Points etc. throughout the country for achievement of the budget of Tk. 3,400 million for 2021.

CREDIT ADMINISTRATION

Credit Administration Department (CAD) is ensuring quick, smooth and safe running of the operations with the objective of supporting and controlling of all credit facilities centrally, ensuring security documents as per terms and conditions of sanction letters, working with CIB operation & regulatory reporting, monitoring of expired loan, deferral lapses of security documents and so on.

Major Activities in 2020

- Systemized 287,899 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 302,887 nos. of documents against 22,345 nos. borrowers.
- Reviewed 147,409 nos. of Past due, SMA & Expired loan accounts for regularization.
- Regularized 198 nos. of deferral documents through monitoring of all branches.

- Downloaded 83,185 nos. of CIB reports against 46,273 nos. of borrower.
- Uploaded 230,000 nos. of accounts through online system for CIB reporting purpose to Bangladesh Bank.
- Correction of CIB database of 1,375 nos. borrowers from Bangladesh Bank:
- Submitted 336 nos. of statements to Bangladesh Bank and other bodies through conventional and RIT.

Development & Automation in 2020

- Develop online module for monitoring existing collateral security against loan and advances.
- Implementation of MISDB system for online loan documentation.
- Developed separate module for implementation of Collateral/Security Information database
- Conducted 45 Online training for resource development.
- Interchangeable limit accommodation module has been developed.

Automation Planning for 2021

- Implementation of DMS- Document Management System
- 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 the statements
- Visiting 40 branches for reducing documentation lapses as well as to minimize credit related operational lapses.

SECTORAL DISTRIBUTION OF CREDIT

The Bank's loans and advances to Tk. 244,642 million achieving a growth of 7.63%. Sectorwise distribution of loans and advances is as follows:

Million Taka

SL. No	Sectors/Sub-Sectors	2020		2019	
		Million Taka	% of Loan	Million Taka	% of Loan
1	Agriculture	9,523.20	3.89%	4,776.10	2.10%
2	Industries				
	Food Manufacturing	11,149.60	4.56%	13,514.00	5.95%
	Beverage industry	467.40	0.19%	338.60	0.15%
	Tobacco industry	-	0.00%	69.60	0.03%
	RMG industry	27,559.50	11.27%	22,705.10	9.99%
	Textile industry	21,329.80	8.72%	21,335.00	9.39%
	Wood cork and allied products	40.20	0.02%	48.90	0.02%
	Furniture and Fixture	199.80	0.08%	159.10	0.07%
	Paper and paper products	6,734.30	2.75%	6,561.40	2.89%
	Leather and leather products	2,195.00	0.90%	2,298.90	1.01%
	Rubber products	2,206.50	0.90%	2,775.40	1.22%
	Chemical and chemical products	585.30	0.24%	2,178.90	0.96%
	Basic metal products	8,953.30	3.66%	8,800.20	3.87%
	Electrical machinery and apparatus	6,269.90	2.56%	3,327.00	1.46%
	Other manufacturing industries	21,787.11	8.91%	18,284.36	8.04%
	Ship building	4,614.90	1.89%	4,608.30	2.03%
	Ship breaking	1,386.60	0.57%	1,419.70	0.62%
	Pharmaceutical	2,290.20	0.94%	500.30	0.22%
	Subtotal Industries	117,769.41	48.14%	108,924.76	47.92%
3	Constructions	5,359.20	2.19%	5,704.10	2.51%
4	Power, Gas, Water and Sanitary Services	6,558.80	2.68%	7,657.10	3.37%
5	Transport, Storage and Communication	1,423.90	0.58%	1,577.50	0.69%
6	Trade Services	48,065.20	19.65%	47,112.90	20.73%
7	Housing Services	16,706.00	6.83%	15,140.40	6.66%
8	Banking and Insurance	4,427.40	1.81%	3,429.00	1.51%
9	Professional and Misc. services	34,808.92	14.23%	32,977.09	14.51%
	Total	244,642.03	100.00%	227,298.96	100.00%

CREDIT RISK MANAGEMENT DIVISION

Risk Management in banking has been transformed over the past decade but important trends are afoot that suggest risk management will experience even more sweeping change in the next decade. Credit Risk Management Division of Bank Asia has been on its strong footsteps and relentless pursuit for excellence in its underwriting practice with a view to maintain a sustainable and resilient loan portfolio. Hence, big pool of credit risk analysts has been employed in the CRM Division to proactively manage credit risks. Furthermore, in the context of widening money laundering scenario of the economy CRM also focuses on to combat Trade based Money Laundering as well as Credit Backed Money Laundering activities. Loan disbursement through Bank's Agent outlet shall be one of the top priorities in 2021. Moreover, Bank Asia aims to extend its digital platform towards disposal of Credit proposal within minimum turn-around time (TAT) and for monitoring of loan portfolio effectively.

for price verification, transaction monitoring and screening in line with the exposure to international trade. Besides, to combat Credit Backed Money laundering bank focuses on AML & CFT issue from account opening to end use of loan proceeds. Bank is working on awareness & expertise of all concerned officers/executives and relationship officer/Relationship manager as to identify & manage money laundering risk.

Key Achievements of 2020

- Agent Centric Asset Business model has been rolled out & initiated pilot phase of the model to disburse credit facility through agent outlets of the bank.
- Implemented ICRRS -Internal Credit Risk Rating System for all applicable exposures.
- Disbursed targeted Govt. declared stimulus packages for various sectors.
- Developed technology driven platform as to ensure quick disposal of credit proposals during ongoing pandemic situation.

Major challenges for 2021

- Bangladesh Bank allowed various regulatory forbearances by way of relaxing standard banking norms to counter the economic slowdown in the context of the ongoing corona virus pandemic. But the challenge remains to keep the bank's asset portfolio intact upon deregulation of regulatory forbearances.
- The pandemic would prevail for longer period and hinder the business growth and recovery
- In the backdrop of declining private sector credit growth excess liquidity may exert pressure for aggressive lending which may lead to increase NPL

Addressing Environment and Social Risk Management as integral part of credit approval



Everything that exists, does exist because of sustainability. The Bank has integrated sustainability into overall credit management by adopting Environmental & Social Risk Management policy. Financing in sustainable, eco-friendly and socially beneficial projects are always our preferred area of lending. We have set our target for sustainable finance of Tk.35,274 million for 2021 to ensure our contribution towards the Sustainable Development Goal.

Major Actions for 2021

Implementation of Agent Centric Asset Business Model across the country

Bank Asia developed Agent Centric Asset Business Model with a view to rendering lending service to the borrowers' doorsteps all over the country through innovative products & services with reduced pricing compared to that of MFIs, NGOs & other informal lending institutions.

Updating CRM policy guidelines in response to changed business environment

In the context of allowing different regulatory forbearances to borrowers' bank needs to revisit lending guidelines with response to the changed business scenario and behavioral pattern of the borrowers.

Continuing disbursement of Stimulus packages in various sectors

Pursuant to the directives of Central Bank, Bank Asia is committed to continuing disbursement of various stimulus packages to the affected sectors due to COVID-19 Pandemic.

Information on Stimulus Package	Agri	C&LL/efd	MSME
Target set by Bangladesh Bank	2,610	9,850	3,000
Loan Disbursed	2,631	9,052	3,374

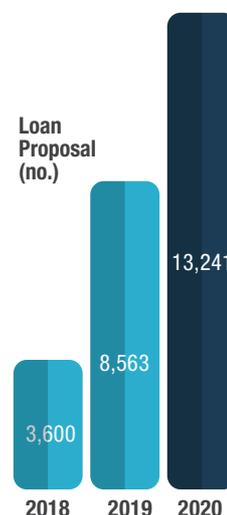
* Excess disbursed amount was approved by Bangladesh Bank subsequently

Focus to combat Trade Based & Credit Backed Money laundering

Bank Asia aims to complying Central Bank's comprehensive guidelines on Trade based Money laundering in each trade transaction. Thus Bank's focus is to develop necessary infrastructure

More Focus on expanding digital platform

Presently Bank Asia approves retail & CMSE loan upto Tk.5 million through digital platforms without involvement of any paper based activities. Now with the objective of quick disposal of credit proposals Bank Asia aims to develop infrastructure for dealing loan proposal upto Tk.10million through Digital platforms. Processing of proposal through digital platform has been increasing over the years



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 2020 are delineated below.

VAT

Effective management of VAT Audit

Tax

- 1 year return submitted
- 1 year assessment finalized

Financial Statement Regulatory Reports

62

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

Bank Budget

165

Branches and Departments

Bank Asia 1st Mutual Fund

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

Employee Fund Management

Total fund Tk. **32,627** mln

Investment

- Fresh Investment Tk. **1,700** mln
- Total Income Tk. **174.05** mln

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

Interest Rate Monitoring 40 peer banks

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

Business Conferences

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

Payment Processed

17,080

bills

4 National Awards

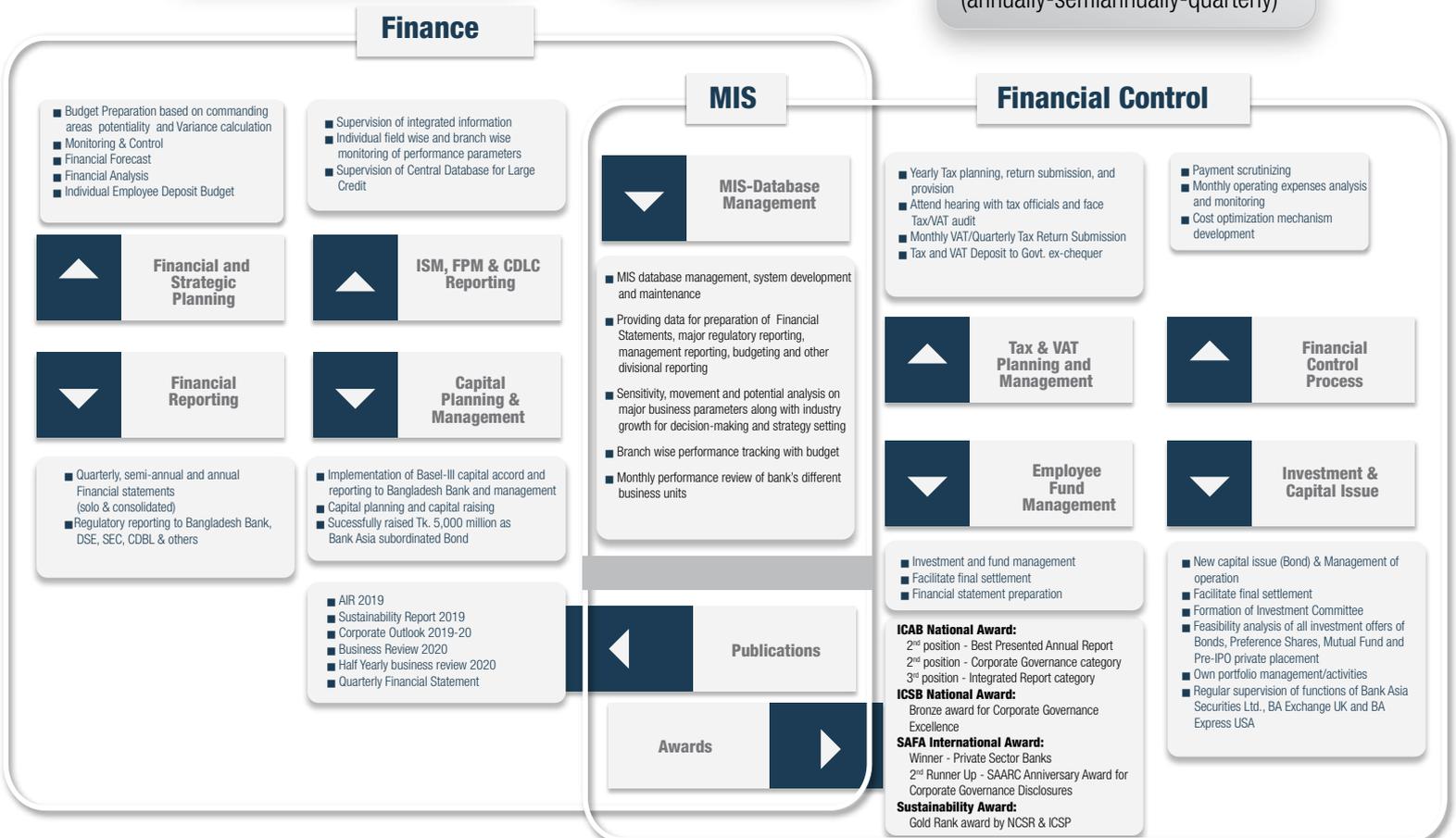
Annual Integrated Report 2019

3 International Awards

Sustainability Report 2019 Annual Integrated Report 2019

10 Publications

(annually-semiannually-quarterly)



ISLAMIC BANKING

	Deposit <i>Million Tk.</i>	Investment <i>Million Tk.</i>
2020	22,363	16,410
2019	18,566	13,305

Bank Asia launched Islamic Banking operations in 2008 with the slogan of “Purity is your dividend”. This year Islamic Banking celebrated 12th anniversary of its services. From the very beginning, Bank Asia Islamic Banking has been conducting all types of banking activities giving utmost importance on ensuring the highest level of Shariah standards. All modern services like Visa Debit Card, SMS Alert, Internet Banking and Mobile App usage are also available for Islamic customers.

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

Bank Asia has occupied a special place in the Islamic banking history of Bangladesh by introducing a very simple and most Shariah compliant profit distribution module ‘Income Sharing Ratio’ or ‘ISR’. In this module Bank offers an ISR to every individual Mudaraba depositor rather than offering a provisional or fixed rate. The actual profit is declared after calculating at the end of every month on the basis of income earned for the same period. This unique profit distribution system has already gained huge popularity among the Shariah-loving depositors. It has already been recognized as a better Shariah compliant and justified profit distribution module than that of other Islamic Banking operators in the country.

Launched with a commitment to maintain purity in Shariah compliance, Bank Asia’s Islamic banking services are available from all distribution channels of the Bank, i.e. all Branches, SME Centers, SME/Agri Branches through online services. Besides, the Islamic agent banking services has been expanded to all districts across the country under the agent banking framework from 2017. Islamic investment facilities has been started this year through the agent outlets for unbanked people to achieve the country’s goal of financial inclusion. All of these Islamic services and businesses are operated using completely separate software and accounting, investment and fund management systems.

During the year under reporting Bank Asia Islamic banking participated in the first auction of Sukuk, the Shariah-compliant investment certificate (alternative to bond) named Bangladesh Government Islamic Investment Sukuk, the first of its kind in Bangladesh. It has been introduced for raising fund for the implementation of country’s safe water supply project.

Up to December 2020, our Deposit stood at Tk. 22,363 million, Investment (Credit) at Tk. 16,409 million and operating loss of Tk. -85 million. Due to the direction of Bangladesh Bank, the necessary provision has been made against the classified investments thus the amount of operating profit has been shown a negative amount.



Key Activities in 2020

Achieved membership of Bahrain-based AAOIFI

Investment in Sukuk BDT **3,695** million

Arranged 19 day-long training programs for officials and Agent owners

Organized 50 special 2-hour night-time trainings through online

Hajj Pre-registration and Registration operations continued

Distributed gifts and certificates among bright Smart Junior Saver account holders

Investment : BDT **2,196** million apart from Islamic windows

Deposit : BDT **10,407** million with 23,476 accounts through branches excluding Islamic windows

2512 outlets covered for Islamic Agent banking

Agent Banking Deposit : BDT **2,696** million with **126,093** customers

Introduced Shariah-based financing among agent banking customers in 5 Districts

GROUP TREASURY OPERATION

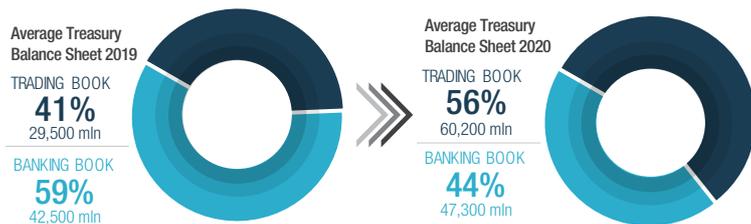
In 2020, the Covid-19 pandemic created unprecedented challenge for Bank to manage its balance sheet and earn profit from asset liability position management. Under this out of the ordinary circumstances, central bank and government enacted a wide range of policy interventions. Some measures aimed to relax money supply conditions, others focused on the flow of credit. To accomplish the critical job of maneuvering the banking book and trading book of balance sheet, our group treasury has well-trained officials with sound technical and soft skills to provide treasury solutions to its internal and external customers.

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 2020

Due to liquid interbank market and negligible expansion of commercial loan, Treasury expanded its trading book almost double of its minimum requirement. Previous year, Treasury handled balance sheet on an average size for amount Tk. 72,000 mln, however, in 2020, the average size is BDT 107,500 Mln. At year end, Treasury Balance sheet size is over BDT 130,000 mln which is almost one-3rd of Bank's balance sheet.



MONEY MARKET & FIXED INCOME

Our money market and fixed income desks were very active throughout the year and invested fresh fund in primary & secondary market. Treasury's focus was to utilize the loanable surplus fund and taking exposure in trading portfolio. In year 2020, money market and fixed income desks earned substantial amount of interest income and capital gain which has significant tax benefit.

ASSET LIABILITY MANAGEMENT

At the beginning of the year, we experienced policy prescription shift by regulators like 6% - 9% bar on deposits and loans/Investments. Then came the unprecedented global pandemic of COVID-19 that shook the economic actions and halted the international trade activities across the world. 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. Deposit mix is now at solid position with majority of fund is low and no cost and also stable and sticky in nature.

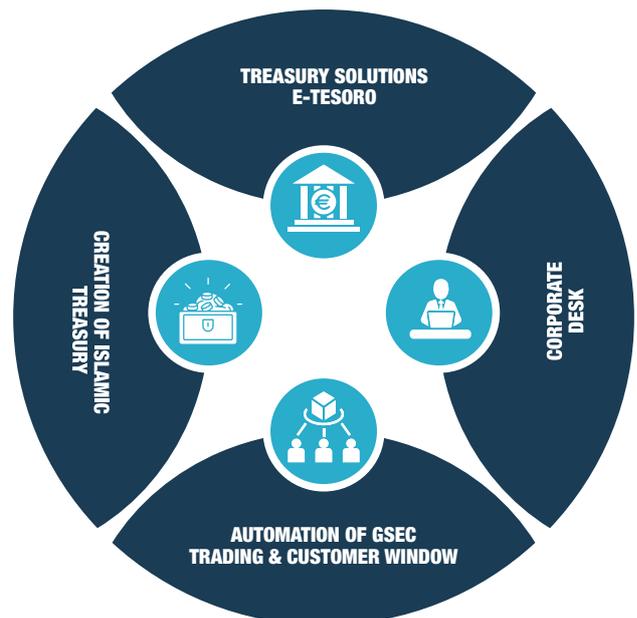
FOREIGN EXCHANGE

Treasury was significantly involved in interbank trading to manage the NOP(Net Open Position) in prudent manner. Group Treasury provided appropriate fund support to OBU and utilized the surplus FC fund in interbank to earn interest income. As compared with previous year, in 2020, treasury handled record volume of wage earners' remittance, export proceeds. In doing so, it manages inflow-outflow in a fashion to simultaneously satisfy the preferential rate demands of export, remittance, and import customers.

FOCUS OF YEAR 2021



DEVELOPMENT IN YEAR 2020



INTERNATIONAL DIVISION



Import
USD **1,632** million

Export
USD **1,261** million



Remittance
USD **141** million
(Through Payoneer)



Foreign Correspondents
670 in **87** Countries

Foreign Guarantee
USD **101** million

Nostro accounts 30

International Trade

International Trade is one of the challenging areas of Banking operations as well as yields 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 stretch and expand global network reaching every corner of the world for extending every kind of foreign exchange services to the customers.

Foreign Trade

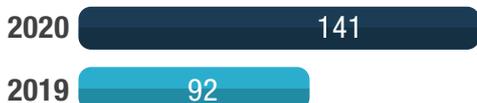
Alike the country, Bank Asia's import and export business was also adversely affected due to the pandemic. In 2020, Import business of the Bank was USD 1,632 million (equivalent to Tk. 141,289 million) having negative growth of 12.27%. Total export business of the Bank in 2020 was USD 1,261 million (equivalent to Tk. 108,549 million) with negative growth of 19.53%.

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 year 2020, we have earned remittance of USD 141 million (BDT 12,200 million) through Payoneer which is 53 % higher than that of 2019.

Remittance through Payoneer

Million USD



Guarantees

In year 2020, Bank Asia has capitalized a large amount of counter-guarantee amounting USD 101 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 year 2020 Bank Asia's correspondent relationship (RMA) stood at 668 across the

Import and Export

Million USD

■ Import ■ Export



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 2020, we have obtained additional credit funded line of US\$ 25.00 million from International Finance Corporation, now total limit of IFC is USD 105.00 million (funded & non-funded). Bank Asia is the first bank in Bangladesh to arrange Supplier's Credit with Europe based AKA Bank.

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. 2020, Bank Asia has implemented KYC Registry, Security Attestation, Universal Confirmation, RMA Evolution, Mandatory Security Up-gradation, GPI and PCS.

Some major Automation Works done by International Division

Bank Asia under umbrella of International Division with the core assistance of our ICT Division has

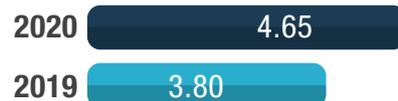
done the following automation works which has created the bank's own identity in the industry:

- 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

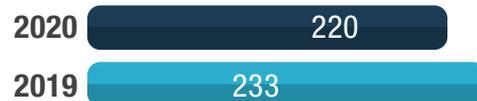
Offshore Banking Unit (OBU)

Bank Asia has a large offshore banking business with a portfolio of over USD 220 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 4.65 million which is 22.37% more than that of 2019.

Profit Million USD



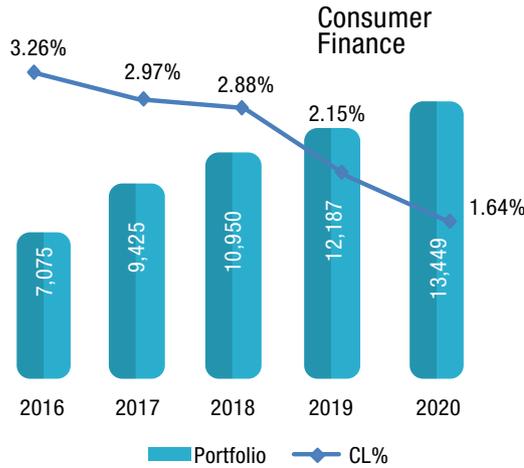
Advance Million USD



CONSUMER FINANCE

Home Loan
Tk. 11,504 Million
85.50%
UPL
Tk. 1,605 Million
12%
Auto Loan
Tk. 287 Million
2%
Others
Tk. 53 Million
0.50%

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 till December, 2020 with a growth of 10%. Outstanding of retail loan is 13,449 million with classification of 1.64%. 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 2020

- Loan portfolio reached BDT 13,449 million till December, 2020
- Classification rate remains at 1.64%
- One of the leading position regarding Home Loan portfolio among Private Commercial Banks
- Innovation of new Products: RMG Proyojon, Loan for Landlords and Wage Earners' Support
- Digitization: "GHORE BOSE RIN NIN" - a complete Online Loan Application Module, launched on Oct., 2020

FOREIGN REMITTANCE

The World Bank predicts that we will see one of the sharpest declines of remittance flows in recent history, largely due to the economic crisis caused by the COVID-19 pandemic outbreak and lockdowns. Going against the World Bank's prediction country shows 18% growth in cross-border remittances inflow. Bank's consolidated foreign exchange inflow stood at USD 1,167 million with registering 30% growth over 2019 and managed to secure 6th position among the banks.

A new feather in our cap

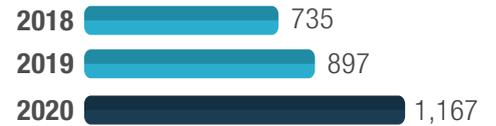
With Bank's vision "To have a poverty free Bangladesh" and to add value for shareholders, employees, and society, we are always

committed to the society we are operating in. With a view to support our huge diaspora community we continuously trying to spread out our footprint into those corridor where we still unable to reach. Keep it in mind we adding new MTOs/banks with our existing list, such as MoneyGram Payment Systems, Inc.; The National Bank of Ras Al Khaimah (P.S.C) DBA RAKBANK, UAE; NBL Money Transfer Pte Ltd.", Singapore etc.

We are also strongly corresponding with companies in the KSA, South Africa, South Korea, Maldives and Brunei so that valuable NRBs of those countries can have access to our large payment network.

Inward Remittance

Million USD



51

Exchange House

1,167

Million USD

Remittance

30% Growth



KEY ACCOMPLISHMENTS IN 2020

MoneyGram International (Global)

By using latest API technology we have started cross-border remittance operation with MoneyGram International, 2nd largest cross-border Remittance Company of the globe operate in 200 countries.

NBL Money Transfer Pte Ltd. (Singapore)

Executed drawing arrangement with the company from remittance dense markets. Those will add up our remittance collection volume greatly.

RAKBANK (UAE)

First time in banking history, Bank Asia has started cross-border remittance operation with RAKBANK, UAE also known as National Bank of Ras Al Khaimah by using latest blockchain technology powered by "Ripple".

NEC Money Transfer Limited (UK)

Started remittance operation with NEC Money Transfer helps us to channelize remittances from big remittance hub, EU market.

NBL Money Transfer Pte Ltd. (Singapore)

Executed drawing arrangement with the company from remittance dense markets. Those will add up our remittance collection volume greatly.

API Integration with IMTOs' for real time payment

Digitization of remittances helps consumers to send and receive money without needing to visit a physical money transfer location or bank, helping to mitigate the risk of catching COVID. We have integrated with some of our existing IMTO partners, like Prabhu Money Transfer, GCC Exchange etc. through API that enable bank Asia customers to receive their remittance directly to their bank account in real time, 24/7.

This year, so far we have processed almost 2 million no of remittances of USD 900 million approx. in 2020.

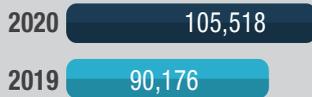
CARDS

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.

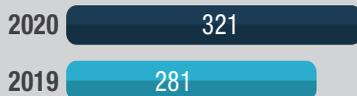


Credit Cards Performance

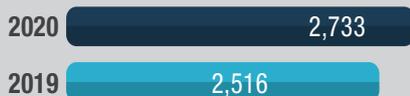
No. of Credit Cards



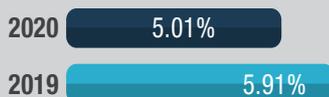
Profit *Million Taka*



Loan & Advance *Million Taka*



Classified Loan



ACTIVITIES DURING 2020

'Be My Guest' Campaign "Jungle Safari"

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.



Green PIN

Green PIN is introduced with the aim of going green with paperless PIN. This mechanism is very much convenient to the customer by avoiding delay and visit to branch for collecting generate PIN.

Eid special discount offer

7% special discount offers on electronics items for purchase from selected renowned brands like RANGS & TRANSCOM ELECTRONICS

0% Interest Easy Buy Partners

45 merchant brands tied up with Bank Asia against this facility.

Discount Partners

21 new merchants added in this year 2020.

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 like Radisson Blu Dhaka, Radisson Blu Chittagong, The Westin Dhaka, Le Meridien Dhaka, Amari Dhaka, Dhaka Regency Hotel and many other renowned hotels.

1000 Reward Point Bonus Offer

1000 reward point bonus offer was given by Credit Card against the passport endorsement for foreign transaction

9% Any POS Purchase EMI

This facility is given for any transaction with minimum amount of Tk. 25,000

5% Healthcare/ Hospitals Bill EMI

This is a noble initiative of the Bank for providing facility @ 5% with minimum transaction of Tk. 25,000.

Motorbike/ Scooty

0.75% (Flat) Monthly Interest up to 24 EMIs against minimum transaction of Tk. 25,000.



INTERNAL CONTROL & COMPLIANCE



Audit and inspection covers

128 Branches,
05 Islamic Banking Windows,
31 Corporate Department,
25 agent outlet



Shariah Audit
26 Branches



ICT/IS Audits
23 Branches and
corporate office division



**Special Audit on
Anti-money Laundering**
15 branches

Internal Control System

The primary objective of Internal Control and Compliance is to help the Bank perform better and add value through use of its resources. 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 the policies and procedures established and implemented alone, or in concert with other policies or procedure, to manage and control a particular risk or business activity or combination of risks and business activities to which the company is exposed or in which it is engaged.

Internal Control 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

By using risk-based 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 suggestions for mitigating current risks but also anticipating areas of potential risks 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 128 Branches, 05 Islamic Banking Windows, 31 Corporate Office Divisions/Departments including subsidiaries and 25 Agent Point Outlets in 2020. Besides, ICT/IS Audits on 23 Branches & Corporate Office Divisions/Departments, Shariah Audit on 26 Branches and special Audit/Inspection on Anti-money Laundering issues of 15 Branches were also conducted.

Compliance Department

The Compliance Department of the ICCD ensures timely and proper compliance (both internal & regulatory) with the relevant laws, regulatory instructions/circulars/guidelines and internal policies and procedures in banking operations. Actually, 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 2020, the Compliance Department ensured compliance of 133 Branches and 31 Corporate Office Divisions/Departments through 726 compliance reports. On the other hand this department submitted 83 compliance reports to the Bangladesh Bank against their 29 inspection reports. Besides, compliance test was conducted on all 133 Branches of the Bank.

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 of 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 the year 2020, the Monitoring Department monitored 133 Branches through 345 off-site reports. Besides, on-site monitoring was executed on 25 Branches and a total of 341 exception reports on Control Tools were communicated with the Branches for compliance. This department also prepared 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.

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 internal audit team are reported to the Audit Committee of the Board.



INFORMATION AND COMMUNICATION TECHNOLOGY

Bank Asia has been serving around 5 million customers and to ensure better customer service, introduction of scalable technology was one of the milestone tasks in the year 2020. ICT has implemented Oracle RAC (real application technology) environment to ensure maximum availability of the system to serve the customer without interruption. Agent banking software upgradation was done very successfully to provide smooth and flexible operation by the agents.

Work From Home (WFH)

ICT Division has developed remote working platform for ensuring smooth services during the COVID – 19 pandemic period. In this regard ICT Division has deployed Virtual Private Network (VPN). Moreover, to secure corporate network of the Bank ICT Division has implemented Two Factor Authentication (2FA) for user authentication.

Bank Asia Micro Merchant App

Micro Merchant is a Digital Platform where

Merchants can do banking transactions, purchase and sales goods digitally. Micro Merchant will develop a payment eco-system for streamlining the Banking Sector to a large extent. There is a plan to integrate all of our banking system with this app so that any Bank Asia account holder at any corner of the country may become a Micro Merchant for the bank.

GhoreBosheRinNei

During the Covid-19 pandemic period we have developed an online loan application system “GhoreBosheRinNei”. Through this system our customers now able to apply for their retail loans from home. System is integrated with Online Credit Approval System that as soon as the application made it executed in approval process.

Artificial Intelligence Workforce (AIW)

During the year the bank has opened a significant number of accounts for Garments Worker accounts through our bulk account opening

system. To handle such work load the bank has introduced Software Robot – AIW. The AIW is an advanced hyper automation technology that basically automates all of the mundane and repetitive processes in an organization.

RPA account opening verification process network setup for Agent Banking

Human engagement has been reduced since automation of RPA and AI has been imposed for account verification which is first ever in Bangladesh for any commercial bank.

ISO 27001:2013 Surveillance Audit

Bank Asia has obtained certificate on “Information Security Management System – ISO/IEC 27001:2013” in September 2019 where the certification authority was BSI Group, India. After completion of one year the authority has conducted mandatory surveillance audit in the year 2020. The Bank has successfully met all requirement of the surveillance audit.

Loan Monitoring System

A 360° analytic tool:

- Analysis on customer profile, site visit, transaction pattern, collateral security, write-off suit files and many more
- Geo location of the bank officials
- Preserve photographs of sites and daily notification

New Partner Network

Expanded its network with (VISA QR, Western Union, Akash DTH, Paywell Wallet, Uttara University, Veeфин)

IP Telephony

Deployed IP telephones in all branches, departments and divisions as replacement of PABX phones.

Real Application Cluster (RAC)

ICT Division has implemented Oracle RAC for Core Banking System.

Ripple xCurrent Remittance Payment System

Connected with a bank of Middle East ensuring secured and faster remittance payments for our customers

Supply Chain Finance (SCF)

Disbursements to supplier accounts are now so faster that payments credited to supplier account as soon as the approval comes from the Anchor system.

Process Re-engineering

Implemented Oracle Apex 19.2 for faster and reliable operations in Agent Banking System.

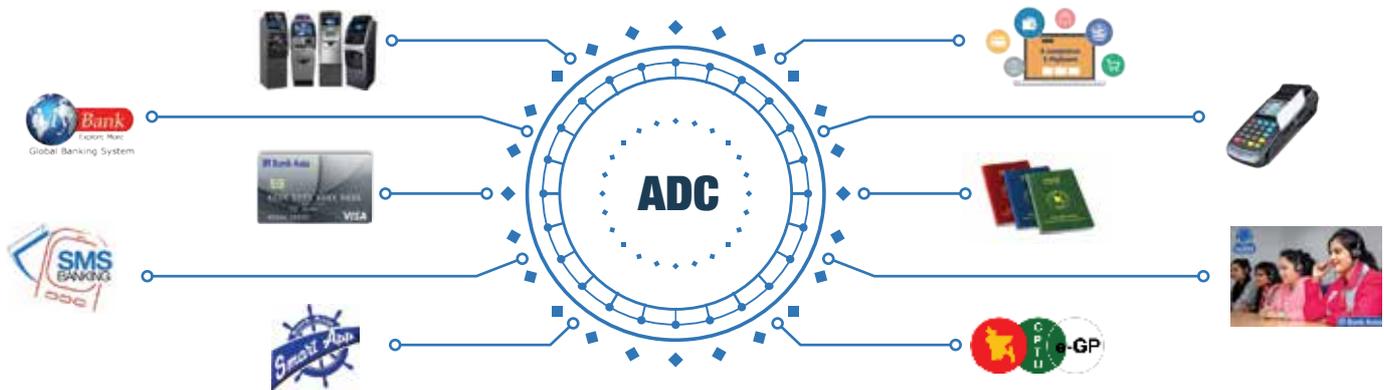
Capacity Management Planning

Appointed an international consultancy firms to assess for future need

Learning Management System (LMS)

To build a knowledgeable banker community in the country, the bank has launched eLearning Platform which was used by most the employees of the Bank for online learning and examinations.

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, POS devices, Debit cards, Internet Banking, Mobile App etc. 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
1,181,277+
BDT amount
9,884 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.

ATM Service



Total ATMs **187**
Shared ATMs **15,000+**

Through our ATM (Automated Teller Machine) customer can access withdrawal, Balance inquiry and mini statement facility. In our total 66% cash transactions of Bank Asia are done through its 187 own ATMs and more than 15,000+ shared ATMs all over the country.



Cash Transactions
ATM Transactions **66%**
Branch Transactions **34%**

e-Commerce & Utility Bill Payment



Total Number of Transaction
475,954+
BDT amount
1,223 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.

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. The combination of the chip-enabled cards and the chip-enabled terminals reduces the risk of financial fraud.

650,000+ VISA debit cards -

- Issued against Savings and Current account to facilitate ATM, POS transactions at all ATMs in Bangladesh to access their account 24X7 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 380,000 pages and 70,000 courier service delivery charge.

Debit Card

2018	405,771
2019	556,171
2020	652,728

Passport Fee Collection



Total Number of Passport Payment

272,775

BDT amount

1,124 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)

221,954

Total Transaction **952,676**

BDT Amount **6,788** 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, mobile talk-time recharge and many more.

National Payment Switch Bangladesh (NPSB)



Total Number of Transaction

170,223 +

BDT amount

3,837 Million (approx)

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

105,473 +

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 etc. 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

43,540

Total registered Branch

128

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.

Contact Center



Contact Number

09617016205

Short Code **16205**

Customer can get our banking service queries (24/7) through these numbers. 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

1,838,607 people

Amar Bari Amar Khamar (ABAK) previously EBEK 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 privilege and unbanked rural people. It is mentionable that Bank Asia model of financial inclusion, management, financial transitions for EBEK obtained 1st Prize (E-Business and Financial Inclusion category) of Manthan Award in partnership with World Summit Award. The implementation of EBEK 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.

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.

Micro Merchant App



On-boarding
11,000+ Micro Merchant
Total Transaction **323,834**
BDT **494** 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 (Coming soon)
- Fund transfer (Coming soon)
- Account opening (Coming soon)

As of December'2020

Indicator	Digital center (Conventional)	Digital center (Islamic Window)
No. Of Digital center	3,189	1,613
No. of Account	2,582,834	56,218
Deposit in Mln BDT	10,092	770
Remittance in Mln BDT	734	-

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.

Social Safety Net (SSN)

Bangladesh Government has been undertaken Social Safety Net (SSN) programs for the poor, disadvantage, and marginal people of Bangladesh. the lack of govt. financial organizations, SSN beneficiaries were not getting the funds

As of December'2020

Indicator	VGD	SWAPNO, LGDW, UNDP, EGPP Rohingya, Maternity & Lactating, DORP, Others Payment	Social Safety Net
No. of UDC	2,362	1,854	646
No. of Account	446,134	344,840	1,047,583
Deposit Received/ payment in M BDT	815	1,379	5,757

Services covered under this program

- Senior citizen allowances.
- Insolvent autism allowances.
- Payments for widow or divorced women allowance.
- Wages of road maintenance workers.
- Food security allowances (Cash payments).
- Maternity & Lactating payment
- VGD program
- UNDP Cash Payment
- Rohingya child protection program
- EGPP program

AGENT BANKING



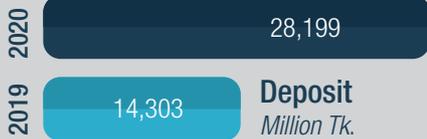
District **64**
Upazila **526**



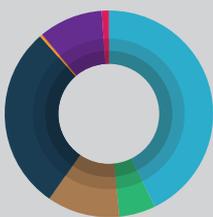
Number of outlets **4,628**
Growth **31%**



3.61 Million
Growth **88%**

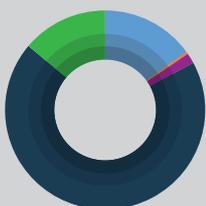


Deposit Million Tk.



Savings **12,051**
Current **1,602**
DPS Account **3,180**
TDS **8,124**
School Banking **117**
10 Taka **2,809**
SND **316**

Agent Outlets



Individuals **700**
Passport **16**
Institution **78**
UDC **3,191**
Post Office **643**

In recent years, Agent Banking in Bangladesh has gained tremendous impetus to drive financial services and accelerate financial inclusion. Bank Asia pioneering in Agent Banking service in Bangladesh, has gained significant progress within seven years. Around 3.5 million unbanked people have already been included in Agent Banking platform. Banking services through this channel started eliminating the challenge for time and distance. It is facilitating customers full-fledged banking services to their doorsteps, and making convenient channeling of remittance, depositing and withdrawal of cash and supporting small loans for cottage micro and small enterprises and also for agricultural farmers at an affordable cost. Now people from nook and corner of the country are able to enjoy banking services with ease and comfort.

Strategies to increase awareness and capacity of agents

- To encourage more lending, Bank Asia Agent Banking realigned the business model capitalizing the existing resources with a vision to drive business to a higher level by capturing more market share and making the business model for profitable.
- Apart from Union Digital Center, agent banking through Post Office has been a flock to be added with the network which gives agent banking another momentum.
- Bank Asia materialized the concept of facilitating financial transactions through micro merchant network.
- Implemented eKYC for account opening & alternative verification tool for different payments in parallel to biometric.

Agent Banking Achievements in 2020

Bank Asia developed the model of Micro-merchant as a part of expanding digital financial inclusion. Revolutionizing the landscape of Digital Payment, Micro Merchant (MM) is a digital platform where customers can do banking transactions (cash withdrawal, utility bill collection, mobile recharge,

remittance payment, a/c opening etc.), purchase and sales goods using digital payment from their shop.



On-Boarding (till Dec. 2020)
+11,000
Plan (by June 2021)
87,000

Service from Digital Post e-Centre across the country

With a vision to expand network and ensure service reach to grass root level, bank has built up a strategic relationship with the Posts and Telecommunications Division of Bangladesh Government. From now on, people will get Bank Asia's service from Digital Post e-Centre across the country.

Robotic Process Automation (RPA) solution

Bank Asia signed an agreement for Robotic Process Automation (RPA) solutions to promote financial inclusion throughout the country. The Robotic Process Automation (RPA) will save both time & cost by minimizing operational risks, transforming internal processes and bring an efficient customer experience, especially for remittance from abroad by enabling real-time payments.

Utility bill collection through Bank Asia

An agreement signed between Bank Asia Ltd. & Northern Electricity Supply Company (NESCO) Ltd. for utility bill collection through Bank Asia Agent outlets, Micro-Merchant Points and Smart App.

Credit facility to retailers

"OBIRAM" is the solution to support the retailers with credit facility to meet working capital demand and overcome the digital payment barrier. As a part of project with UN Capital Development Fund (UNCDF), Bank Asia entered into a strategic partnership with Unilever Bangladesh Limited (UBL) to provide working capital support to UBL retailers that enables them to purchase goods from supplier through digital payment.



Tk. 28,199 Million

Growth 97%



Tk. 221 Million

Growth 263%



Tk. 27,626 Million

Growth 53%

Lifecycle products

Apart from financial inclusion the broader objective is to offer lifecycle products to cover most of the segments of rural economy. Customers are now able to get Mobile Top-Up (all operators) and Polli Biddut bill payment from any Bank Asia Agent Outlets located at local market, Union Digital Center or Post e-Center. Air and Bus Ticketing will be added to this list shortly.

Agent Centric Asset Business Model

Considering business growth potential and other relevant aspects, the bank introduced Agent centric asset business model. The Model has been developed with a view to expedite the asset business growth particularly in Agriculture, Cottage Micro Small & Medium Enterprise (CMSME) and Retail segments through conventional and Islamic Banking.

Money Gram payment services

Bank Asia Ltd. incorporated Money Gram payment services, a remittance services in Bangladesh from more than 200 countries of the world as remittance partner by which from now on, the services will be available for customers at 129 branches and more than 4,000 Agent Points of Bank Asia throughout the country.

Introduction of e-KYC

Bank Asia Ltd and ERA-InfoTech Ltd signed an agreement for implementation of customer on-boarding (e-KYC) solution. Through the e-KYC solution, anyone will be able to open bank Account from anywhere at any time.

Provide traditional insurance products

Bank Asia and MetLife have signed an agreement to provide traditional insurance products of MetLife to the underserved and untapped uninsured segment of rural and semi-urban areas under Bank Asia's agent banking network.

Introduction of new app "Mukti"



Disbursed Allowance

2,568 victims

Disbursed amount

Taka 9 Million (approx)



Mr. Mustafa Jabbar, Hon'ble Minister for Posts, Telecommunications and Information Technology is announcing the inauguration of Agent Banking services of Bank Asia in Digital Post e-Centre.

Bank Asia has introduced a new app "Mukti" thinking about hygiene issues to distribute the money funded by UNDP among the disadvantaged of COVID-19. With this app, an end user can easily receive money without any kind of physical contact.

Safe Retail Banking Distribution Outlets

Bank Asia and ACDI/VOCA implemented a project to mitigate impact of COVID-19 on trading of essential agricultural inputs via Micro-Merchants and Agri-Input Retailer outlets with community farmers, by providing farmers direct/indirect credit support to tackle food security via trading with "Safe Retail Banking Distribution Outlets" in the USAID Feed the Future (FtF) zone specially (Jashore, Khulna, Shatkhira, Jenaidah & Barishal) region.

World Fish project

Disbursed amount
16.33 Million (approx)

Number of
Micro Merchant 218

Number of beneficiaries

504 fish farmers

Cluster meeting 100+
No. of Accounts 2,800+

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.

Foster entrepreneurship among women & rural youth

Bank Asia Ltd. and Bangladesh Institute for ICT Development (BIID) have signed an agreement with an aim to foster entrepreneurship among women & rural youth through Business Incubation facility under B-Lab initiative.

BFP-B Excellence Award

Bank Asia has been awarded "BFP-B Excellence Award" for going above and beyond to deliver impact and supporting the financial inclusion mandate by Business Finance for the Poor in Bangladesh (BFP-B), a project managed by NATHAN Associates, London and funded by DFID, UKAID.

PAYMENT SERVICE DEPARTMENT (PSD)



Daily Average Transactions

No. **32,362**, BDT **5.89** Billion

Growth **48%**

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 the result of our relentless efforts towards 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 service to all customers of Bank Asia including Branches, Islamic Windows, Agent Banking and Credit Card Department.

KEY ACHIEVEMENTS IN 2020



A-Challan

Successfully integration of Govt. initiated A-Challan System using Net Banking through RTGS, as one of only 6 Banks in Bangladesh.



Islami Wing RTGS

Introduction of Generating Outward RTGS transactions from all Branches for Islamic Window Accounts.



Safety Net

Successfully processed more than Half Million Inward BEFTN transactions on a single day.



TRAINING & DEVELOPMENT

- Conducted 37 Training sessions for 295 employees.
- Provided hands-on training at PSD premises to 18 employees.
- All BB & Internal Circulars made available for employees through online Archive.

STRATEGIC PLANNING FOR 2021

- 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

BACPS

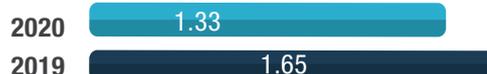
Daily Average Transactions

No. **5,369**, BDT **407** Crore

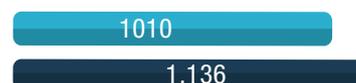
Majority workforce of PSD is involved in BACPS operation. Accuracy of departmental work is reflected in PSD issued settlement claims being less than 30% against received claims from other banks. Several updates introduced to enhance Compliance through Inward TP report, Operating Branchwise Islamic report, Compliance monitoring tool for both outward and inward report based on Frequency of transaction etc.

BACH

Transaction in million



Value in billion



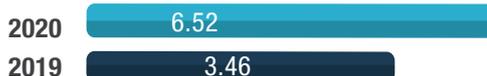
BEFTN

Daily Average Transactions

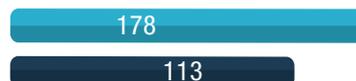
No. **26,308**, BDT **72** Crore

EFT transactions can be credited within same working day. Individuals are enjoying BEFTN facility through branches, Agent banking, Net-banking and Smart App.

Transaction in million



Value in billion



RTGS

Daily Average Transactions

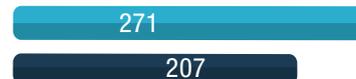
No. **585**, BDT **109** Crore

All branches, Islamic wings and Agent Banking can receive and originate RTGS. RTGS is a very rapidly growing payment mode; supporting Govt. to collect VAT, Tax etc. on same day.

Transaction in million



Value in billion

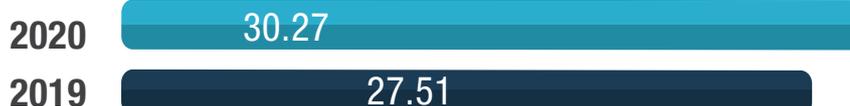


MICR

Over **29,000** leaves delivered Daily

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

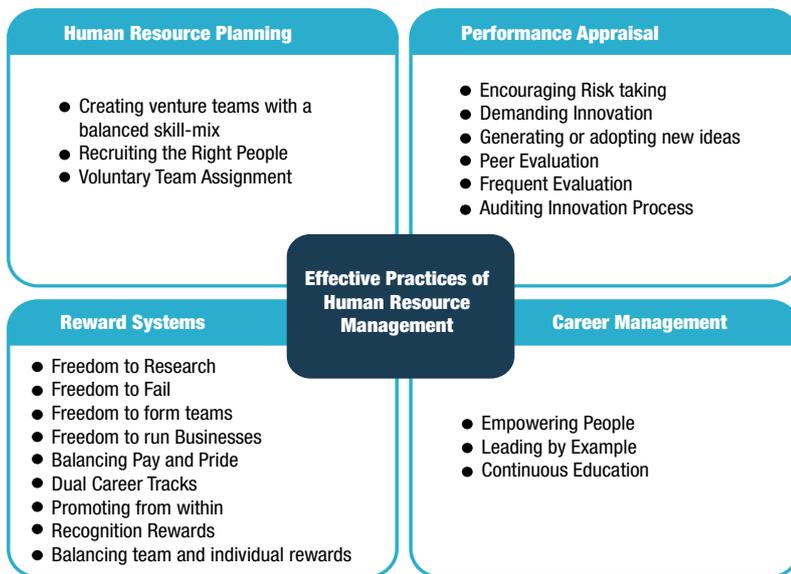
Revenue Contribution in million



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”.

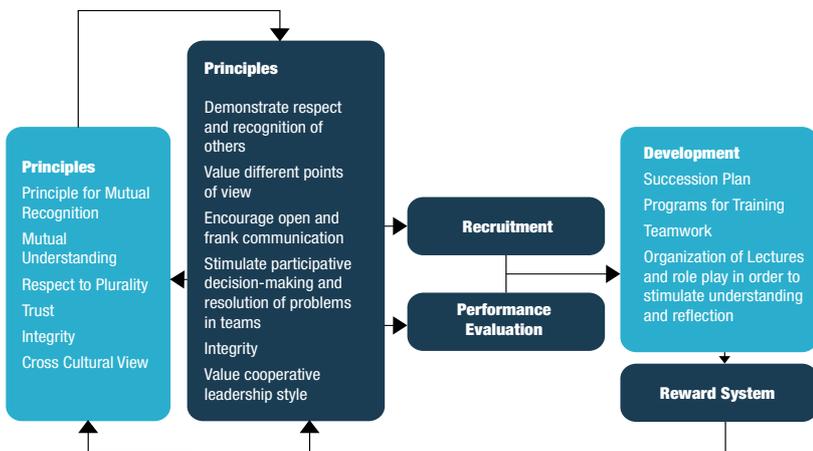


Based on mentioned systemic perspective, PMD provides Bank Asia Limited with complementary, diverse and innovative competencies which will be developed by stimulating sustainable individual behavior. PMD persuades employees to move forward to establish corporate values in terms of Customer Centricity, 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:

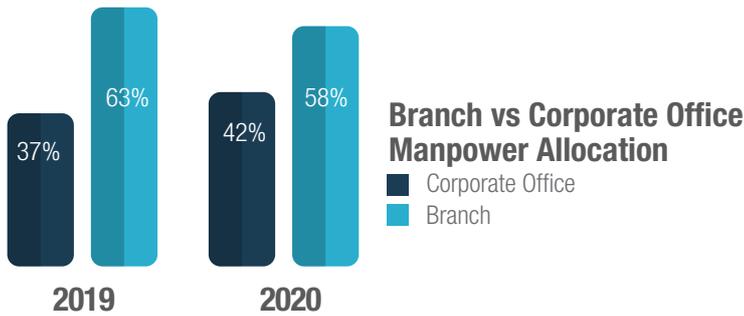
PMD goes further and pursues a strategic and coherent approach in managing human resources. In particular, PMD has established some principles and based on those, some competencies are cultivated in our employees that are incorporated with regular HR functions increasing overall scope for development.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

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.

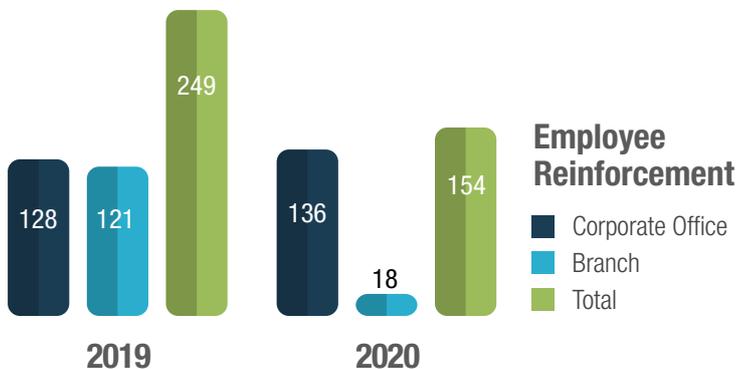
Employee Distribution in Branch & Corporate Office

We have about 3.66% growth in number of employees from 2,376 in 2019 to 2,463 in 2020.



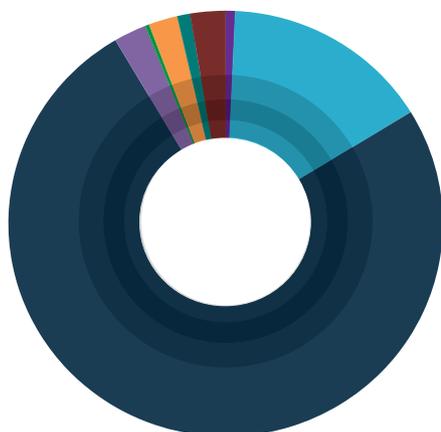
Recruitment

In the year 2020, a total of 154 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.

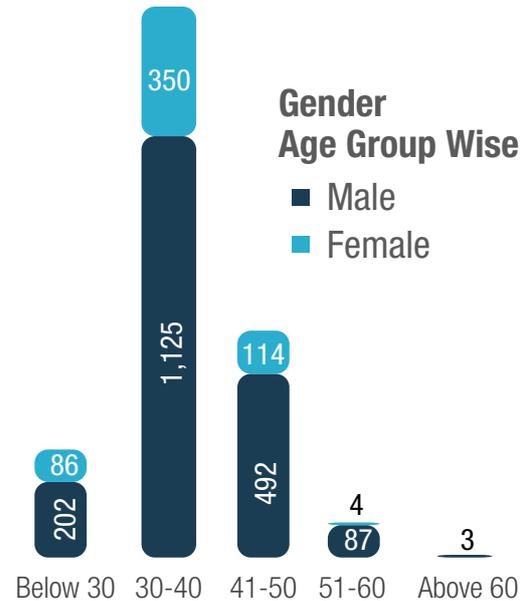


Division wise Manpower

Dhaka **75.30%**
 Chattogram **15.51%**
 Khulna **2.45%**
 Mymensingh **0.30%**
 Sylhet **2.61%**
 Rajshahi **2.15%**
 Rangpur **0.97%**
 Barishal **0.72%**

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.



Gender Distribution by Position

In a total of 2,463 employees, overall male female ratio stands at 78:22 with non-executive segment having the highest concentration of female employees.

Performance Management

To facilitate the career growth of its employees, Bank Asia emphasizes on fair evaluation of their performance and appreciation. As it is known, unbiased performance evaluation culture plays a critical role in creating a sustainable workforce while also supporting the Bank's bottom line. Bank Asia established a 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

People Management Division is always very keen to ensure employee welfare. In 2020, PMD introduced Life Insurance Policy for the employees of the Bank with MetLife. Considering the health safety of the employees due to the unprecedented outbreak of COVID-19 pandemic, PMD has amended Quarantine Leave Policy and introduced Sick Leave Policy for the employees of the Bank.

Moreover, during the pandemic period, the COVID-19 infected employees have been provided all out support. 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.

Directors' Report

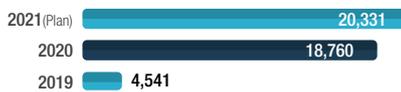
Bank Asia Institute for Training & Development

BAITD is committed to impart training to increase knowledge, develop skill and bring change in attitude of manpower at individual, task and organizational level. In addition to the regular courses, BAITD has added some new courses for year 2021 such as CBML (Credit Backed Money Laundering), TBML (Trade Based Money

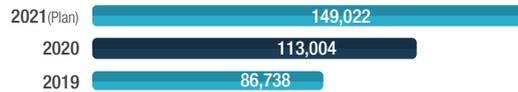
Laundering), MDPs (Management Development Programs: people management, time management, change management, crisis management, conflict management, stress management etc), Business etiquette & personal grooming, e-mail etiquette, strategic management in banks, factoring and reverse factoring, RIT, Cyber security awareness, banking under emerging tech, understanding economic indicators, international trade payment methods etc. BAITD has diversified the courses of Islamic Banking & given due weightage on the courses of Risk Management.

In 2021, BAITD will increase training programs in both quantitative & qualitative ways. BAITD has a target of conducting 700 (seven hundred) trainings comprising 550 trainings on virtual platforms using ZOOM, CiscoWebex & True Conf and 150 physical trainings (if and once the situation permits).

BAITD Training Performance No. of Participants



Man-Hour



Courses covered



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 expensed 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

Pre-Audit:

- Bills Processed: 17,080 (Nos)
- Cost Savings: BDT 8.31 mln
- Imprest Fund Management
- Branch Grading for setting Financial Delegation
- Issued VAT/Tax Deduction Certificate: 205 (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
- Depreciation Calculation

Fixed Asset Management

- Payment Disbursement and Book-keeping
- No of Bills/Vouchers Payment: 17,080 (Nos)
- No of Transactions: 56,407
- Voucher Maintenance

Payment Processing

- 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
- Developed of Scholarship Database
- Developed Automated Reconciliation Report
- Daily Email Automation for GL Monitoring

Automation & Digitization

- Guiding Proper Accounting Entry to the Branches/IWs/SME Centers
- **Design Accounting Procedure under**
- Financial Stimulus Package
- bPay Digital Wallet
- Islamic Treasury Investment
- PIN Code based Drawing Arrangement with Moneygram Payment Systems

Accounting Process Development

- Reconciliation Statements Prepared: 12 (BB LCY Accounts and 46 Accounts with other Banks)
- Letters issued to Branches/Divisions regarding different issues: 513 (Nos)
- GL Monitoring Through Email to Branches/Divisions: 250 (Nos)

Reconciliation and Suspense Control

- ID Approved: 1,056 Users
- Rights Modified: 5,236 Times
- Rights Deputized: 1,848 Users
- Limit Enhanced: 1,056 IDs
- Account Title Modified: 1,584
- Branch Rectification: 1320

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
- Opex Provisioning

Month Closing Activity

- New GL Created: 227 (Nos)
- GL Lock/Unlock: 820
- Letter Issued for OPEX monitoring: 73
- Yearly and Half Yearly Balance Confirmation
- Books of Accounts Closing Certificate
- Checking Interest Provisioning

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 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. In the year 2020, R&SD has undertaken 28 research projects and produced two hundred and sixty-one(261) reports. 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 editing, technical up-gradation to make it user friendly, resolving registration related issues and ensuring learning through arranging exams.



MAJOR RESEARCH PROJECTS IN 2020

Branch/IBW Wise Budget as Per Market Growth and Potentiality

R&SD significantly contributed to the Bank's budget exercise for the year 2021. R&SD prepared a potential budget for all branches, Islamic Banking Windows (IBW) and agent outlets using market data. It helped group finance to prepare market oriented pan-bank and outlet wise budget.

Bank Asia Credit Card Satisfaction Survey 2020

The study was conducted among 180 Bank Asia credit card users using branch interception method. The study helped the credit card division to understand customers' feedback on product and service and improve accordingly.

Branch/Outlet Feasibility Study

With the aim to expand the business network of the bank, R&SD visited eight (08) locations to find out the business opportunities & barriers to aid the top management in taking informed decisions to establish branches in the most feasible areas.

Business News Flash

Right strategy can be made only when the industry insights are readily available. To this end, Research & Strategy Division (R&SD) of Bank Asia has come up with this digital version of '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 a knowledge based organization.

Regulatory Response to Manage the Covid-19 Pandemic

This paper includes summaries of most of the important circulars from Bangladesh Bank regarding Covid-19. It includes circulars related to Government Stimulus Packages, Foreign Trade, Foreign Exchange, Money Market, Profit & Loss A/C, DPS and Other Scheme, Loan Classification and Anti Money Laundering etc.

Current and Future Prospect of 3 Sectors (e.g. RMG, Pharma and Cement)

R&SD in coordination with the Risk Management division conducted aforementioned sector/sub-sector research. Finding portrayed impact of covid-19,

recovery pattern and current situation, competition scenario, export performance, growth drivers, major risk and challenges, magnitude of different risk, future potential and bank's strategy for investment decision in the said sectors

Concept Paper on Digitizing Remittance

In coordination with foreign remittance division, agent banking division, R&SD prepared a concept paper on the captioned. Major contents of the paper involved Bank Asia vis-à-vis competition performance, growth drivers of Bank Asia remittance performance and strategy to capture the segments through new products, expanding reach, promotion and innovation. It helped the foreign remittance division to exceed the business target of the year.

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 exam 24x7 from anywhere and on any device. The system is currently enriched with more than 101 topics, 130 lectures, 3,000+ registered employees.



PLANNING FOR 2021

In the year 2021, R&SD is planning to continue its regular activities including 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.

Major Activities in 2020:

- In 2020, Bank Asia opened up 01 (one) new Branch at Payra Bandor, 05 (five) new Sub-branch, 02 (two) Collection Booths, 05 (five) City Digital Center (CDC) and 07 (seven) new ATM booths at different places of the country.
- Successfully completed interior decoration work of 12 (twelve) storied Corporate Office building at Bank's own land at 32 & 34 Kazi Nazrul Islam Avenue, Kawranbazar, Dhaka where Corporate Office started its operation.
- Successfully completed interior decoration work of 10 (ten) storied commercial building at Bank's own land at Holding #2, Shukrabad, Mirpur Road, Dhaka where Cards Department started its operation.
- Successfully completed Retrofitting work of 4th to 6th floor of Bank Asia Bhaban, 39, Agrabad C/A, Chattogram where a Training Center with Dormitory and Cafeteria will be established.
- Remodeling of Rupnagar Branch (extension, renovation and interior decoration), 1 (one) new Foreign Exchange Reporting Hub at Tejgaon Link Road Branch.
- Establishment of Central Mosque at ground floor of Bank Asia Tower, 32-34 Kazi Nazrul Islam Avenue, Kawranbazar, Dhaka.

AML & CFT



Training Program

7,000 Participants



E-learning Module

Participated **2,369** officials

Banking sector is one of the most vulnerable sectors for the Money Laundering, Terrorist Financing & Proliferation Financing among the financial sectors due to its indigenous nature of business, customer base, product type, delivery channel, external linkage and ownership. Bank can play a vital role in preventing ML, TF & PF and in this regard their roles and responsibilities are defined in MLP Act 2012 (amendment 2015), ATA, 2009 (amendment 2012 & 2013) and MLP rules, 2019 and instructions issued under this legal framework by BFIU. To prevent ML, TF & PF and to ensure the implementation of required provisions of Acts, Rules and directives of BFIU, Bank Asia has developed & maintained an effective AML, CFT & CPF compliance program. To mitigate ML, TF & PF risks AML & CFT Division ensure all out efforts in order to bring the compliance level up to Regulatory Authority's acceptable level.

Bank Asia Limited has been considering the Money Laundering & Terrorist Financing risks as one of the important factor in its risk management strategies. The Board and Senior Management set the tone from the top by openly voicing their commitment to the AML & CFT program. The bank under the legal framework and focus of the "Money Laundering Prevention Act, 2012 (amended in 2015)" and Anti-Terrorism Act, 2009 (amended in 2012 & 2013). The Bank has been implementing the policy of strict compliance to all regulatory directives and culture of good Governance. The management of Bank Asia Limited views money laundering prevention & combating financing on terrorism not simply as a stand-alone requirement that is being imposed by the legislation but it is a part of the risk management strategies. Money laundering prevention & combating financing on terrorism should not be viewed in isolation from an institution's other business systems and needs.

In order to achieve and sustain the highest level of regulatory compliance within the Banking Industry in Bangladesh on AML & CFT issues, Bank Asia Limited

is extending on-sight & off-sight supervision on AML & CFT issues. The objective of this procedure is that all of our branches can be rated as strong or satisfactory level on AML & CFT issues.

In line of the above, Bank Asia performs the following activities continuously in order to mitigate money laundering (ML) and terrorist financing (TF) risk:



ACTIVITIES

- In the COVID situation, we have arranged vigorous and intensive training program on AML & CFT issues digitally throughout the year. About 7,000 participants (100% Officials of the Bank), AROs (contractual employee), Agent owner and CSOs of Agent attended in these training programs.
- Started e-Learning Module on AML & CFT issues where 2,369 nos. of Officials attended and participated in the examination.
- As a Reporting Agency of the country for combating ML, TF and PF risks and any other related offence, all employees are watchful to detect suspicious transactions/activities and report the same as per Guidance on Reporting Suspicious Transaction. Moreover, all employees are also advised to be more cautious on adverse media news about deposit/liability & asset/credit client. If any account of any person or entity



Training on AML & CFT

related to that news is maintained with Bank Branch, must be reported as SAR/STR without any delay. Suspicious Transactions Report (STR) is a vital tool which acts as a major safety net for individuals as well as the organization.

- Considering the COVID-19 related threats AML & CFT Division of Bank Asia Ltd developed AML monitoring tools in the Core Banking System (CBS).
- Central Compliance Committee (CCC) of Bank Asia Limited installed "AML Solution" software to find out the names of black listed persons/institutions instantly at the time of opening account. The local terrorists/organizations list, United Nations Security Council Resolutions (UNSCR) and OFAC lists are also included in it. At the time of changing information, we are updating these lists regularly with the help of ICTD & Era Infotech Ltd. For monitoring the foreign trade transactions 'Nazdaq' a UK based software also installed in CBS as Bank can be stand always stable on safe position.
- To protect the bank from the imposition of penalty, we maintain utmost efforts while submission of reports & information to BFIU and other institutions like as CIC, ACC, NBR, Customs Bond Commissionrate Office and so on.
- AML & CFT Division, Bank Asia conducting spot rectification program for the Branches, SME Service Centers, Islamic Windows and agent outlet to rectify lapses/irregularities of the branches.
- Besides, Bank Asia Limited has appointed AML Compliance Officer in each Department/Division of Corporate Office to mitigate the AML & CFT risks that is difference than peers.

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 17.16% as on December 31, 2020 against required 12.50% (including buffer@2.50%). Furthermore, to keep the adequate capital base in next 5 years bank has issued three 7 year floating rate non-convertible subordinated bond of Tk.5,000 million :

7 Years Floating Rate Non- Convertible Subordinated Bond2 of Tk. 3,000 million

The bank raised successfully Tk. 3,000 million Tier-2 capital in the form 7 year floating rate Subordinated bond on February 19, 2015 through private placement after obtaining required approvals from general shareholders, Bangladesh Securities and Exchange Commission and Bangladesh Bank.

7 Years Floating Rate Non-Convertible Subordinated 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.

BRANCH OPERATION

In 2020, Central Account Opening unit under Branch Operations Division (BOD) opened 57,000 numbers of Account through online platform **ঘরে বসে হিসাব খুলুন**®, Central Account Opening and Bulk Account opening for RMG workers. Two (2) different Hubs were introduced in Chattogram and Sylhet to ensure better and timely Account opening service of that zone. As an initiative for digitization of Account Opening process, 'e-KYC' platform is under UAT and hopefully will be in operation very soon. This is a secured platform through which any Bangladeshi having NID can open his/her Account without physical

visit at Branch. From the wing of 'Central Customer Service & Complaint Management Cell (CCS & CMC)', BOD has handled 99 complaints during the period and resolved those very sensibly & efficiently. Centralized Sanchaypatra Operation is being operated under BOD and earned around Tk. 17.98 mln. as sales commission against sale of Tk. 4,982.44 mln valued Sanchaypatra.

Other Activities in 2020

- Provided approval for opening of 4,300 accounts with Photo ID other than NID.
- Issued 180 Instruction and Information Circulars on different regulatory as well as Bank's internal issues.
- Issued 21 PA numbers
- Completed 485 number of Lien/Bank Guarantee reconfirmation and 180 number of Account Statement/ Solvency Certificate verification.

RECOVERY

Special Asset Management Division (SAMD) has been entrusted with the effective and efficient management of Non-Performing Loans (NPLs) of the bank. Another crucial task of SAMD is to recover money from written-off accounts of the bank. These two components of SAMD's responsibilities have direct impact on the bank's profitability. Good performance of SAMD by keeping the NPL at a tolerable level, results in favorable CAMELS rating, which is a positive sign in the eyes of overseas financial partners. Success of SAMD depends significantly on the moral persuasive ability, adept negotiability, proper and timely legal actions and subsequent monitoring and follow up drives of its employees.

Future Plan in 2021

- Centralization of Recovery System.
- Extensive visit to the defaulter borrower.
- Application of holistic approach of recovery.
- Bailout programme with defined conditions and empowerment of the officials of SAMD to arrive at a settlement with the set rules.
- Engagement of 3rd party Recovery Agent in special cases.
- Taking support from law enforcing agencies where necessary.
- Selecting customers of high integrity, avoiding customers having dual citizenship and political affiliation.
- Direct representation in the Court from the officials of SAMD to ensure expeditious disposal of suits/cases and to reduce errors.
- To absorb law officers in contractual service of the bank for conducting of suits/cases exclusively by them to ensure better accountability as well as speedy disposal of suits/cases

Million Taka

Recovery Against Suits

As on Dec. 2020

ArthaRin Suit filed	Nos.	662
	Value	32,170.79
ArthaRin Suit disposed of finally	Nos.	159
	Value	4,040.48
ArthaRin Suit running	Nos.	503
	Value	27,695.82
Decree obtained & execution case running	Nos.	300
	Value	10,613.41
Amount recovered from ArthaRin Suit	From running & settled suits	2,663.00
Amount recovered from admiralty cases	Nos.	1
	Value	836.00
Amount recovered through auction sale of the mortgaged properties (u/s. 12)	Nos.	04.00
	Value	130.60
Amount recovered exclusively from N.I. Act cases	Value	238.20
Total Recovery from suits/cases		3,867.80

During COVID'19, Courts were closed for four months nationwide. Following which, Courts functioned virtually in limited basis only during the year 2020. Considering the limited legal time frame, Bank Asia was successfully able to manage disposal of its cases and recovery in a satisfactory level.



Cash Recovery against

Classified Loans
Tk. 1,354 Million
 Written off loan
Tk. 190 Million

CL Position

Sub-Standard

2020 **1,655**
 2019 **1,848**

Doubtful

2020 **163**
 2019 **577**

Bad & loss

2020 **6,113**
 2019 **8,055**

Directors' Report

RISK BASED CAPITAL ADEQUACY

The Bank has formed a strong capital base by way of various capital enhancement initiatives with a view to promote more integrated management of market and counter party credit risk and also operational risks. As per Pillar-3 revised RBCA (Risk Based Capital Adequacy) guidelines of Bangladesh Bank, all scheduled banks have to publish their capital adequacy disclosure framework for market participants i.e. stakeholders as a key information about the bank's Minimum Capital Requirement (MCR) under pillar I of Basel III and exposure to various risks related to capital adequacy to meet probable loss of assets. Details of required disclosures both in qualitative and quantitative form are laid out in a separate segment under page no.140-161.

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 as 2nd Runner Up in SAFA(South Asian Federation of Accountants) under Corporate Governance Disclosures category. Bank Asia also became 2nd Runner Up under Corporate Governance Disclosures category in 20th ICAB National Award. Moreover, the Bank also achieved Bronze award for Corporate Governance Excellence in 7th ICSB National Award. The details of corporate governance practice of Bank Asia are discussed in a separate segment 'Corporate Governance' under page no 208-255.

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 previous years, Bank Asia spent an amount of Tk. 282.83 million for several CSR activities this year. A significant amount was given to three regular programs – Health, Higher Study Scholarship, infrastructural development of different institutes, and support to the flood and cold affected people. Other CSR programs include sports, art & culture, disaster management.

The pace of CSR contribution is expected to accelerate in the future with long term vision. In depth CSR activities of the bank are available in Corporate Social Responsibility (CSR) segment under page no. 200-203.

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. 9.81 million in 2020. Bank Asia has invested Tk.716.16 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 2020, Tk.1,016.90 million was disbursed to financing Green Building project, which has helped sequestration of carbon and reduce adverse environmental effect.

BANK ASIA SECURITIES LIMITED (BASL)

Bank Asia Securities Limited (BASL), a majority owned subsidiary company of Bank Asia Limited started its independent commercial operation from April 17, 2011 having 8 outlets across the country with a paid-up capital of Tk. 2,000.00 million.

Stock market of Bangladesh ends in bullish environment although it exposed gloomy period in the initial period of 2020 affected by pandemic situation all over the country as well as world. The market was in bearish market in the first half of the year of 2020. The market witnessed sharp fall in mid-March and the Bangladesh Securities and Exchange Commission (BSEC) enacted Floor price immediately for each company to hinder further falling. The market reopened in the last day of May, 2020 and the market recovered significantly on following months. On the back of some effective measures taken by BSEC under new leadership, investors' confidence moved up and more institutional participation was seen from

July, 2020. The Benchmark index DSEX performed sharp bullish movement till September, 2020 and consolidation position was observed in the following months of 2020.

The benchmark index of the Dhaka Stock Exchange (DSE), DSEX started the year with 4452.9 points on January and ended the year with 5402 points advanced by 949 point or 21.31%. Total Market capitalization of Dhaka Stock Exchange stood at BDT 4,482.30 billion as on December 31, 2020, from BDT 3,395.51 billion as on December 31, 2019 representing positive growth of -32.01%. The daily average turnover in 2020 was Tk. 6,507 million against Tk. 4,803 million in 2019 increased by 35.48% and Market P/E was 14.50 compared to 11.80 last year.

Despite tumbling trends of market, BASL has advanced its position to 10th of DSE's

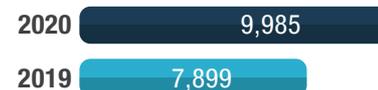
Top - 20 in terms of daily turnover throughout the year. Total Operating profit stood at Tk. 48 million in 2020.

Number of total active clients reached at 9,985 in 2020, which was 7,899 in December 2019. Margin loan outstanding stood BDT 4,810.79 million in December 2020, which was BDT 4,649.98 million in December 2019.

Operating Profit *Million Tk.*



Total Active Clients



BA EXCHANGE COMPANY (UK) LIMITED

The year 2020 is the most turbulent year like no other and we are still marching through the uncertainty. UK has been one of the worst affected countries in the world. Repeated national lockdown required 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.

Despite the turmoil situation, we have managed to control the loss in business and our remittance value was down by 27% and number

of transactions was only down by 11%. The value was affected more due to our remitter's pockets being more constrained but despite this they sent money and we managed to provide the service despite the office and country being in lockdown.

As planned last year, we launched our mobile app for iOS as well. Our focus remains to provide efficient and convenient channels to the Bangladeshi expats to send money to back home. On the other hand, our fully online money transfer service under the brand of HelloTaka.com is being popular among the users in the EU, Germany in particular. We are committed to making Hello Taka a global money transfer channel in the future.

Profit *(in £)*



BA EXPRESS USA INC.

This year BA Express USA Inc. has expanded one location in Jackson Heights, the heart of Bengali Community in New York City. Now it has three branches in New York City (Jamaica, Brooklyn and Jackson Heights). Also working through an agent-based model, BA Express USA Inc. serves its customers using a good number of agent locations placed across New York City area. The motto is to serve the NRBs residing in New York by providing easy, low cost and convenient remittance opportunity to its customers. The operating loss stood at USD (145,214) in 2020 which was USD (277,574) in 2019.



FUTURE PLANS

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

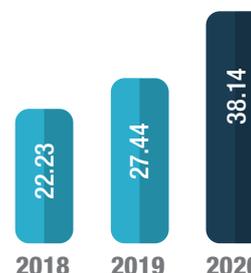


BA Express USA (Remittance)

USD **38.14** million

Growth **41%**

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. 253-254) 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

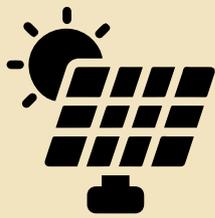
We want to continue on doing the best and ensure prolonged development in the economy, society, lifestyle and thus every sphere of our country in line with our vision. Our sustainable banking operation is attributed to our prudent Board of Directors, effective Management, enthusiastic and skillful employees 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

A. Rouf Chowdhury
Chairman
Bank Asia Limited

ESG Approach and our priorities

It is our firm belief that our success as an organisation is defined by the long-term wellbeing of the people we engage with, the places in which we operate and the planet that we leave to our future generations.



Environment

- Energy Savings
- Water Usages
- GH₂G Emission
- Waste Management
- Reducing Carbon Footprint

We endeavour to drive a paradigm change in how ESG (Environmental, Social and Governance) and its parameters are perceived in the banking sector. We are building in ESG parameters into our own business through our products and services by screening opportunities and managing risks is an attempt to drive such change.



Social

- Education
- Health
- Disaster Management
- Art & Culture





Governance

Good Governance
Integrity
Transparency & Accountability
Ethics & Compliance
Risk Management
Internal Control

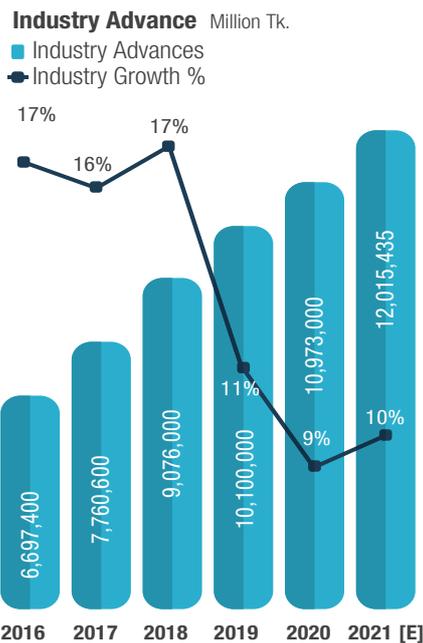
In this section we covered
Deposits and Advances Strategies
Import and Export Strategies
SWOT Analysis
Strategic Focus
Our Activities and Values
Capital
Our Business Model

Details of Environmental performance, CSR & Corporate Governance are described in pg 182, 200, 218

Deposit and Advances Strategies

DEPOSIT STRATEGIES

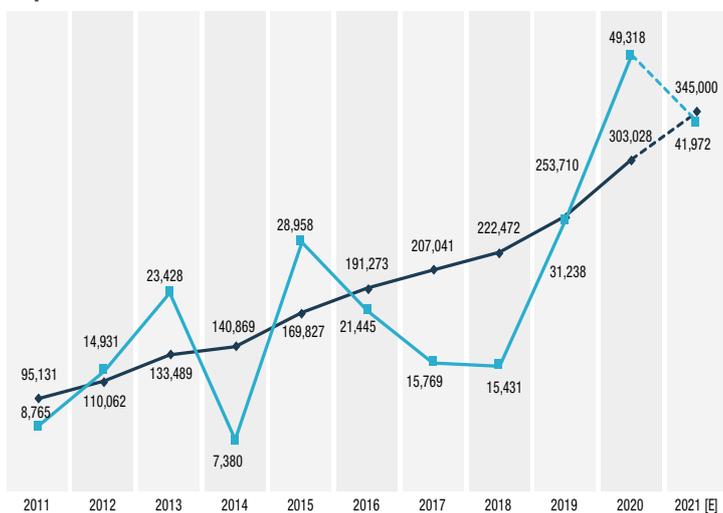
- Boost deposit mobilization through agent banking activities
- Establishing low cost sub-branches in important locations and reaching mass people through post office banking
- Reinforcing corporate liability marketing dept.
- Taping different government agencies e.g. Foreign Missions, Roads & Highway, LGED, Bangladesh Bridge Authority etc. and also other different corporate houses, e.g. Foreign Air Lines, Telecom companies etc. and maintaining regular intense social interaction with different segments of the society.
- Cross Selling of different products including retail to corporate customers.
- Strengthening important channels like ABAK (Amar Bari Amar Khamar), a govt. project to collect and distribute funds to the mass people
- Offering cash management services, i.e. collection of institutional accounts and effective use of EFTN service to ensure fast & secure cash service.
- Rigorous CASA campaign, Hajj deposits campaign and so on.
- Exploit mobile banking services to tap huge low ticket domestic remittance and mobile wallet to facilitate retail shopping.



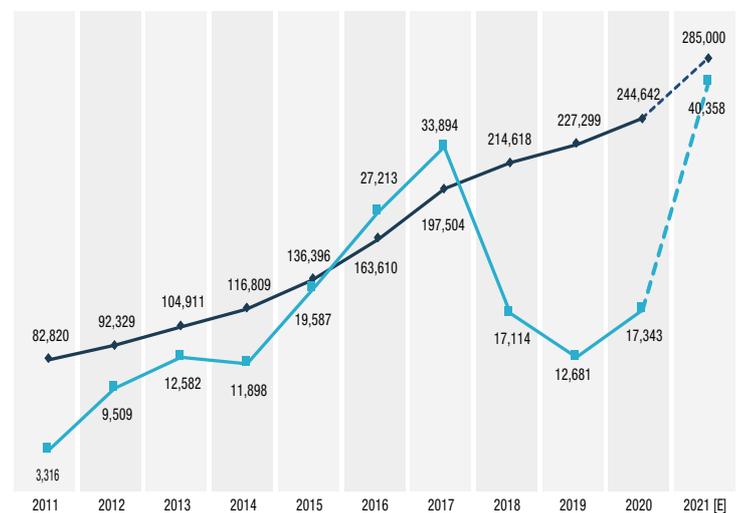
ADVANCES STRATEGIES

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

Bank Asia Deposit ◆ Deposits Growth Amt Million Tk.



Bank Asia Loans & Advances ◆ Loans & Advances Growth Amt Million Tk.



Import and Export Strategies

Country Position Vs Bank Asia Position Percentage %



IMPORT & EXPORT STRATEGIES

- Arranging credit lines from international agencies at a competitive rate to facilitate international trade business particularly for import clients, thus strengthen foreign exchange reserve for the country.
- Establishing bilateral business agreement with different European and Chinese counterpart banks to route their transactions into Bangladesh through our bank.
- Boosting Bank Guarantee business in the form of Bid Bond with local repo offices in Bangladesh of the foreign contractors offering competitive rate to facilitate mega projects like Metrorail, Padma Bridge, Six lane and eight lane high ways etc.
- Creating bilateral agreements with the renowned overseas banks and FI's to get more overseas funds since LIBOR Rate is gradually reducing, thus helping to reduce the import cost for industrial and local importers and manufacturers
- Marketing for not only established business houses but also the potential clients having strong entrepreneurship spirit to grow.
- Garments sector will be more focused where tested and potential clients will be in the portfolio basket under the regime of calculative risk return trade-off.
- Emerging ship building and ship breaking sectors will explore new opportunities which the Bank will tap for increasing international trade.
- Industries having backward linkage will yield better opportunity and reduce risk exposure.
- Focusing on service export sectors like IT and Education.

Bank Asia Import ◆ Import Growth Amt Million Tk.



Bank Asia Export ◆ Export Growth Amt Million Tk.



S

STRENGTHS

- Pioneer in ensuring financial inclusion and commitment towards financial empowerment align with the Bank's vision & mission.
- Strong Asset and Capital Base where the Bank successfully maintained CRAR of 17.16% and managed to reduce cost to income ratio to 54% from 42%
- Brand image validated by reception of 4 National awards and 3 International Awards for the publications of the Bank including 1st prize winner among all private banks in South Asia
- Significant remittance growth of the bank which is almost 22% against country growth of 18%
- Strong coverage through countrywide channeling of bank branches, Agent outlets, ATM's and also presence in international trade through foreign correspondent Banks, Exchange Houses and subsidiary companies at home & abroad.
- Enriched Human Capital through proper training & workshop of 1,17,224 man-hours to 19,051 participants in 2020
- State of the Art Banking Software ensures innovative & customer oriented products & services
- Leveraging the Online Channels through Online Banking, MyApp, Shadhin card for freelancers, OPGSP like Payoneer, OCAS for the retail and CMSE segments
- Maintaining a satisfactory & steady Credit Rating for last 5 years consecutively i.e. 'AA2' for Long Term and 'ST-2' for short term
- Certified with ISO/IEC 27001: 2013 for its compliance with International Security Management System (ISMS) and to protect Cyber threats, Fraudulence activity of Card Management Environment, the Bank decided to obtain PCI DSS (Payment Card Industry Data Security Standard) certification for maintain confidentiality, Integrity, availability.
- Strong sustainable business framework by creating value for stakeholders complying with environment issues.

W

WEAKNESSES

- Lack of integrated vision, employee awareness & behavior driven programs on technology
- Dependence on the industry culture which required further R & D to introduce new avenues of earning
- Careful evaluation & further actions to be needed for default loan management

O

OPPORTUNITIES

- To increase the money supply in the market, Bangladesh Bank lowered the Repo Rate and CRR which creates more investment opportunities
- Increase ADR and IDR to generate funds for the stimulus packages for smooth operation of the business
- Banks have the opportunity for transforming to Digitalization to meet the proper needs of the customer in the wake of Covid-19
- Financial Inclusion might be a game changer in the age of marginalized profit for banks where around 1/3 of Bangladeshi households are yet to have access to either banks or other financial institutions
- As Bank Asia have the largest Agent Banking network, it might be the opportunity to include the unbanked people to the banking channel
- Digital transformation creates huge opportunity in IT Sector
- Formulation of Governments two refinance schemes helps to flourish the Agricultural Sector

T

THREATS

- Single Digit Interest Rate may shrink the profitability of the banking sector as the Depositors may opt for government savings tools because of their higher yield and would look for avenues to invest in foreign countries
- Amount of NPL negatively impact the profitability creates challenges to maintain regulatory requirements
- Digitalization of the banking and financial sector-maintaining large stakeholders but most banks have no preparation to handle cyber-attack
- Covid-19 induced economic crisis has affected the foreign trade business of Bangladesh by large margins and negative effect over new investments as the delivery of the capital machineries from foreign country interrupted
- 6% Deposit Rates and 9% lending rates mount additional pressures on financial sectors in Bangladesh during Covid-19 pandemic in view of the cost of funds, classified loans, overhead cost, regulatory issue, etc. as procuring deposit at 6% is still challenging and subsequently banks are producing lean earning
- Since Government has to spend more to tackle the adverse impact of the pandemic; Budget Deficit may rise which imposes a serious risk to the microeconomic stability of Bangladesh
- Rising exchange rates put pressure on inflation as the price of imported goods will increase. Exchange Rate Fluctuation will create the foreign exchange market more volatile in the coming days.
- 39% decline of FDI Inflow of the country in FY20 over FY19 negatively impacted the employment generation and production capacity as well

Strategic Focus

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



BUSINESS KPI'S

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



BUSINESS KRIS

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



CLUSTER PROGRAM FOR BRANCHES

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



CUSTOMER SATISFACTION

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



GOING GREEN IN THE BANKING FUTURE

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



PROMOTING FINANCIAL INCLUSION

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



GIVING BACK

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

Resource allocation area	Human Resources	Office equipment (Tk.)	Floor space (sq. ft.)
Business Head	1	693,982	285.03
Zonal Office	8	5,551,857	2,280.22
Branch Banking Services	1,451	1,006,968,079	413,575
Chairman, MD's & DMD's Secretariat	3	2,081,946	855.08
HR Planning & Manning	40	27,759,285	11,401.10
Operations Support	87	60,376,446	24797.40195
Finance Function	20	13,879,643	5,700.55
Treasury Function	17	11,797,696	4,845.47
Loan processing & supervision	418	290,084,533	119,141.54
International Operation	91	63,152,374	25,937.51
Information Systems	75	52,048,660	21,377.07
Board Secretariat	8	5,551,857	2,280.22
Internal Audit & Compliance	38	26,371,321	10,831.05
Channel Banking	206	142,960,320	58,715.69
Total	2,463	1,709,278,000	702,023.00

Our Activities and Values



EXTERNAL FACTORS



Finance



Competitors



Social cost & benefits



Technology



Legal



Environment



Economy



Infrastructure



Ethical



Customer

KEY BUSINESS ACTIVITY

Value Input

Deposit & Borrowing

- Interest expenses
- Software maintenance
- Infrastructural development
- Other operating expense

Value Output

Loans & Advances/investment

- Interest income
- Investment income
- Commission & fees
- Other operating income



Value provider

Skilled, well trained employees

VALUE CREATION ACTIVITIES

- To support economic growth, through credit, investment capital, trade finance and infrastructure financing we facilitate allocation of capital
- Facilitate access to financial services, enabling socio-economic development and personal wealth creation, which are relevant to the markets in which we operate
- Enable financial protection and diversification through risk transfer also engage with stakeholders and responsive to their concerns
- To ensure customers have safe as well as convenient access to their savings and funds we deploy and maintain the integrity of banking infrastructure
- Focused on technologically advanced banking systems appropriate to our industry to make banking more facile & interactive for customers
- Build and maintain a good governance framework to protect and enrich value creation in line with our code of ethics and values
- Actively make progress against our strategic priorities to achieve our vision and sustainable development goals.
- Reduce our operational impacts and promote positive change
- Strengthen risk management policy with strong internal control system for managing overall risk exposure of bank

VALUE WE HAVE CREATED

OUTCOME OF VALUE CREATION

SDGs

- Being a financial institution engaging in banking activities, we are a part and parcel of economy and facilitate at a fundamental level of economic growth and social development of the economies we serve
- We always believe that one of our greatest strength is Human Resource and for quality and value added service to the stakeholders, we frequently arrange training and development programs to our employees. We have also made 3.66% growth in employment creation from last year
- Ultimately, the most significant outcomes of our business activities are contribution to socioeconomic development, which we are achieving through profitability and the amount of dividend and tax of Bank Asia in 2020 was Tk. 6,038 million.
- As the Basel Capital Accord (Basel) requires banks to allocate financial capital to meet capital requirements, so we facilitate allocation of capital to support economic growth and in 2020 our reinvestment amount was Tk. 4,149 million
- To protect and enrich value creation we had Tk. 9.8 million as environmental savings and as financial inclusion we are serving 1,232,500 beneficiaries through ABAK project and 3,606,421 account holders through Agent banking program
- In order to keep positive impacts on lives we disbursed 5,427 million agri credit to 57,870 farmers.
- About 5,253 number of account with 4,932 million loans through OCAS-Diganta including Tab based version under Diganta project

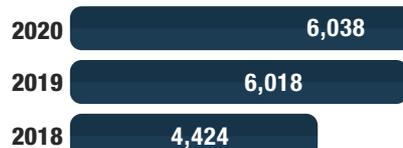
Number of Employees

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



Tax Amount (Million)

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



Environmental Savings (Million)

Our commitment gradually increasing over the years for maintaining eco friendly environment



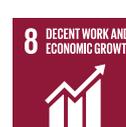
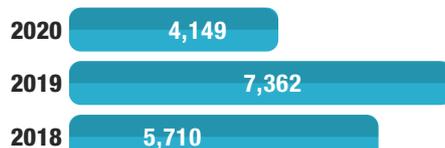
A/C of Agent Banking

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



Reinvestment (Million)

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

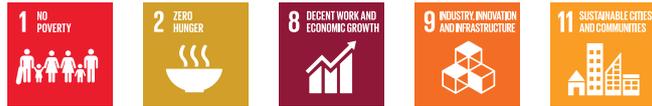


Capital



Our Financial Capital is the pool of funds which includes our monetary resources such as funds arranged from valued depositors and shareholders in the form of deposits, equity and reinvestment which is for making loans, advances and investment

Interlinkage with SDG's



Value Added Stage

Bank Asia use Financial Capital to expand business network & invest in various projects also provide diverse forms of deposit schemes through assessment in terms of risk exposure, capital adequacy, loan provision and regulators' instructions in advancing loans and making investment.

Challenges

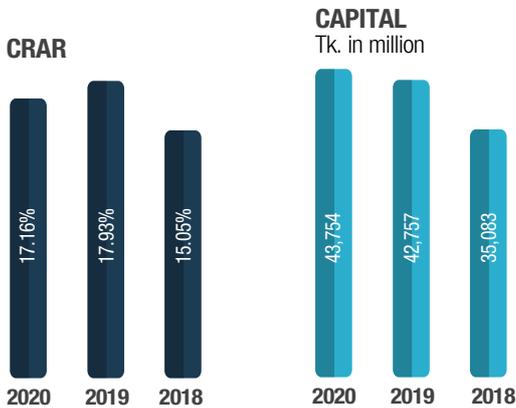
- Providing satisfactory return to shareholders
- Maintaining sustainable growth and financial stability

Initiatives

- Effective and responsible investment of shareholder's fund
- Repricing the loans to reduce the cost of fund

Outlook

- Focused on to provide loans in a selective way for keeping the existing classified loans in a tolerable state
- Emphasized on to optimize worthy collaterals and diversifying the business portfolio to ensure minimal risk with the maximum gain in return



Key Highlights

2.33% growth
Capital

7.63% growth
Loan & advance

17.16%
CRAR



Blow-Fill-Seal (BFS) facility of The ACME Laboratories Ltd financed by Bank Asia Limited



Our Human Capital refers to the skills and experience of our employees which enable Bank Asia to implement its strategies and deliver better services that create value to our stakeholders. Bank Asia focus on making industry-competitive, developing and motivated workforce.

Interlinkage with SDG's



Value Added Stage

Our investment in Human Capital reduces our Financial Capital in the short-term. However in the long-term, it adds to our Human, Financial, and Social and Relationship Capital.

Initiatives

- Acquires fresh, talented and right employees in the right place
- Provides long term training and development opportunities
- Ensures safe, healthy and equitable environment for all employee
- Provides competitive remuneration
- Rewards performance based bonus and incentives

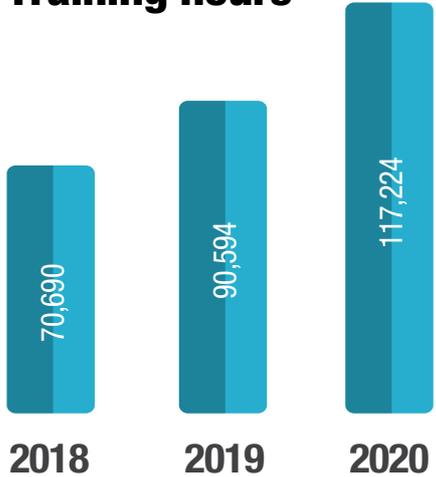
Outlook

- Established a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner
- Focus on developing a skilled and efficient human resource through need based training programs
- Create pool of talent and skillful managers by arranging development programs

Challenges

- Retaining experienced and skilled employees
- Developing human resources towards company's vision & growth
- Maintaining productivity and efficiency

Training hours



Key Highlights

Tk. 21,121 million
Total value of human capital

2,463
Employees engaged

117,224
Man hours of training



Bank Asia provided Foundation training to it's Officers



Bank Asia's Manufacturing Capital includes all infrastructure created and utilized within our integrated business model. These include our regional footprint of banking operations, business processes and technologies etc. for providing effective, efficient and innovative services to our customers.

Interlinkage with SDG's



Value Added Stage

Bank Asia focuses on strong internal business process platform with output based infrastructural facility in all of the branches by creating & implementing technological innovation.

Initiatives

- Stay updated to adapt to changes and overcome the challenges
- Involvement in strategic planning
- Spreading the geographical boundaries through opening more channels

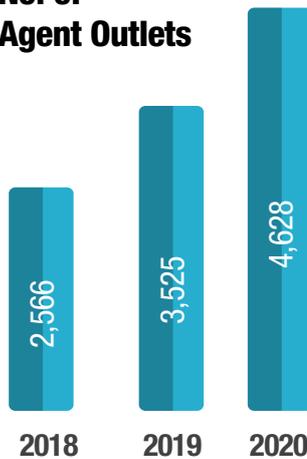
Outlook

- Build necessary infrastructure and provide essential establishment to operate the Banking operations smoothly
- Introduced mobile app based service for the marginalized and geographically dispersed people of our country

Challenges

Increasing infrastructure facility to support growth
Careful management of operation to address and protect the customer needs

No. of Agent Outlets



Key Highlights

129
Branches

4,628
Agent outlets

187
Own ATMs

15,000+
Shared ATMs



Bank Asia Agent Outlet at Kafrikhal, Rangpur



Our Intellectual Capital consists of intangible intellectual resources like brand image, knowledge based assets like skills and competencies of employees, innovative research and development team, market reputation that offers a competitive edge to Bank Asia. Structured network, qualitative database, better software, good security systems are also used in our bank. It is an important factor for achieving success and helps to survive in the competitive environment.

Interlinkage with SDG's



Value Added Stage

Bank Asia creates market reputation by introducing, expanding & diversifying product portfolio, reducing service waiting time, conducting customer service quality survey.

Initiatives

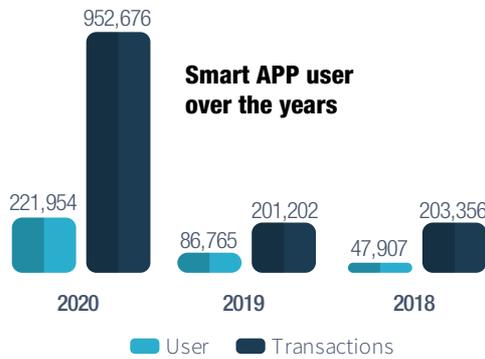
- Uses high quality and updated software, anti-virus, increased automation, and provides employee training
- Involvement in research and development and market analysis
- Offers unique products and services through innovation

Outlook

- Implement alternative delivery channels through which customers can enjoy instant access to banks products and services.
- Focus on increasing investment and build up capital through offering quality banking facilities and knowledge- based services to our customer

Challenges

- Rapid changes in technology
- IT and informational risk identification and management
- Ensure quality investment in technology infrastructure



Key Highlights

ISO/IEC 27001:2013
for ensuring appropriate management of IT

4 National & 3 International Awards
for publications

Implemented Robotic Automation for real time payments



Mr. A. Rouf Chowdhury, Chairman of the Bank received the ISO certificate from Mr. Nirupam Sen, Business Head-East Region, British Standard Institute (BSI), India



The natural resources we consume to conduct our business and seamlessly deliver our products and services constitute our natural capital. We screen all our large loans to assess them for environmental and social risks. We are practicing to use renewable energy at our offices and reducing carbon offset print for ensuring green banking system.

Interlinkage with SDG's



Value Added Stage

Bank Asia tries to create a public awareness on the preservation of natural capital, reduction of wastage and keep the environment free from pollution through its operational activities and by publishing Sustainability Report which conveys a unique message to our stakeholders each year.

Outlook

- Build necessary infrastructure and provide essential establishment to operate the Banking operations smoothly
- Introduced mobile app based service for the marginalized and geographically dispersed people of our country

Challenges

- Resource optimization to reduce energy wastage
- Maintain green and sustainable environment

Initiatives

- Introduced E-products such as SMS banking, internet banking,
- e- Commerce and payment solution
- Actively involved in green financing activities (Tk.128.86 million)
- Provide 8 trainings and seminar on green banking to spread awareness to 280 employees of 420 man hours



Tree Plantation under Project Oxygen

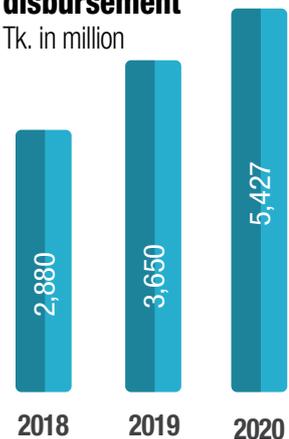
Key Highlights

Tk. 9.81 million
Net savings from environmental activities

Tk. 5,427 million
Disbursement of Agricultural credit

Agricultural credit disbursement

Tk. in million





Social & Relationship Capital

Our Social and Relationship Capital refers to the long-term relationships we have created with our stakeholders like business partners, regulators, customers, voluntary organizations which helps to build and maintain a strong social reputation and trust.

Interlinkage with SDG's



Value Added Stage

Building Social and Relationship Capital is vital importance for the sustainable value creation of Bank Asia. We take a holistic approach to sustainable value creation with our customers, trade partners and merchants or communities by nurturing our long-standing relationships. Through CSR activities we work closely with various communities to improve their lives and livelihood opportunities.

Initiatives

- Bank Asia foundation established Bank Asia-Ma Amiran Medical College and Hospital
- Focuses on SDG through various CSR activities in different sectors
- Provides support to unprivileged people through social safety net program.

Outlook

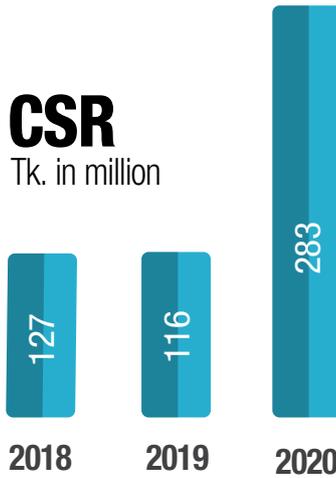
- Focus on the overall betterment of the nation through CSR activities in different sectors like health, education, sports and culture etc.
- To ensure sustainable balanced growth in economic, social and ecological arena provide donations under CSR program.

Challenges

- Empowering shareholders
- Evolving customer needs
- Addressing the shareholder's needs

CSR

Tk. in million



Key Highlights

TK. **283** million
Spending for CSR

Health **139.76** million
 Education **17.80** million
 Disaster Management
23.23 million
 Art & Culture **0.53** million
 Others **101.60** million



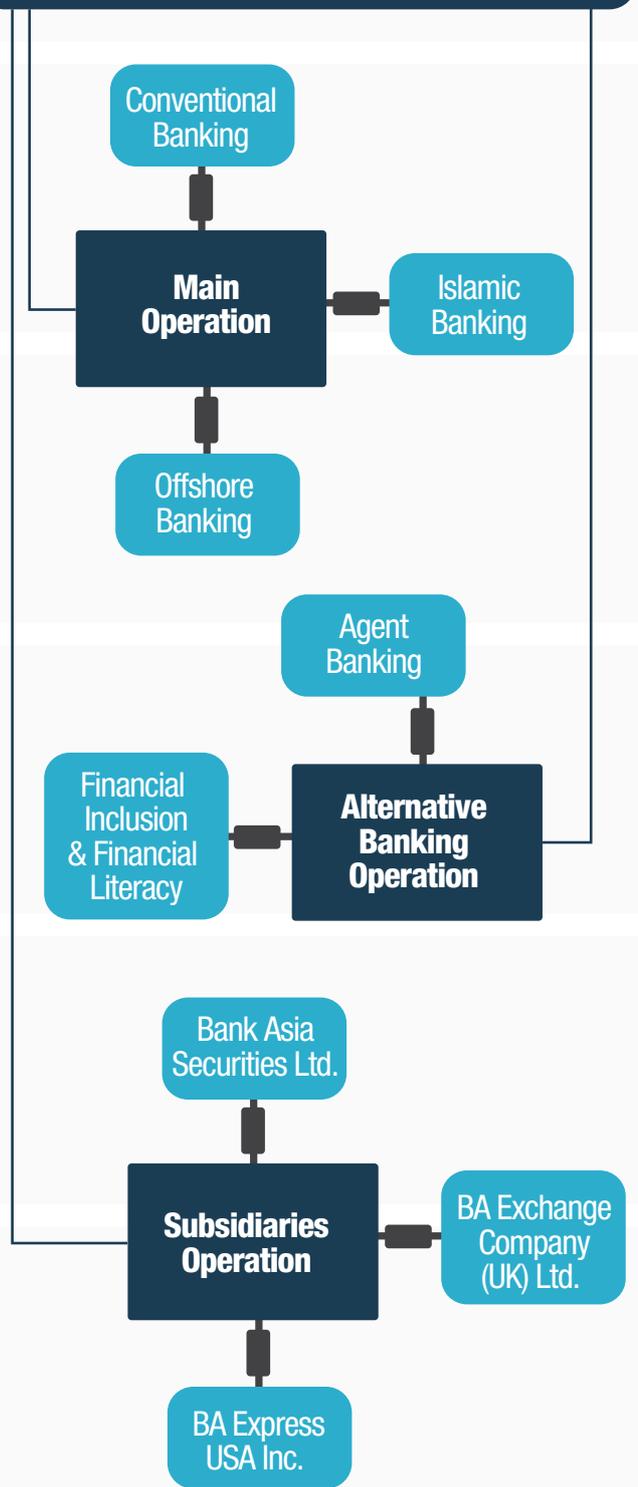
Bank Asia Ma Amiran Hospital & Medical College

Our Business Model

Inputs

 <p>Financial Capital</p>	<p>Investment on</p> <ul style="list-style-type: none"> ● Equity ● Long term Debt ● Capital Expenditure
 <p>Natural Capital</p>	<p>Investment on</p> <ul style="list-style-type: none"> ● Environmental Management ● Awareness Development
 <p>Human Capital</p>	<p>Investment on</p> <ul style="list-style-type: none"> ● Employee Skill Development ● Training & Development
 <p>Intellectual Capital</p>	<p>Investment on</p> <ul style="list-style-type: none"> ● Research & Development ● Technological Innovation
 <p>Social & Relationship Capital</p>	<p>Investment on</p> <ul style="list-style-type: none"> ● Communication Development ● Stakeholder's Engagement
 <p>Manufacturing Capital</p>	<p>Investment on</p> <ul style="list-style-type: none"> ● Infrastructural Development of Distribution channel ● Information Technology (IT)

Business Operations



Activities

Output

Outcome

- Effective and responsible investment of shareholder's fund
- Diversifying the business portfolio
- Cost reduction initiatives
- Curbing CL ratio
- Supporting the entrepreneurs through CMSE
- Use deposit money to facilitate lending
- Minimizing risk through approved regulatory environment

- Payment to the Stakeholders
- Promoting financial inclusion
- Growth in operating profit
- Timely repayment of debt with stated return
- Transparency & integrity in financial reporting

- Sustainable growth
- Financial Stability
- Satisfactory Return

- Installed solar panels in 11 branches of Bank Asia
- Introduced E-products such as SMS banking, internet banking and payment solution
- Turned into eco-friendly banking system
- Adoption of SDG's
- Providing services through Online Credit Approval(OCAS) which helps in carbon sequestration of the planet
- Prioritize financing any eco-friendly projects

- Reduction of wastage through monitoring
- Management of liquid waste efficiently
- Reduction of energy and carbon footprint

- Raised awareness regarding conservation of energy, water, saving paper, etc.
- Generate value for clients through sustainable and innovative solutions
- Biodiversity preservation

- Established a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner
- Create pool of talent and skilful managers by arranging development programs
- Ensures hygienic & congenial workplace for all employees
- Group Health Insurance for the employees
- Performance management & appraisals
- Yearly performance bonus for motivation

- Skilled and competent employee force
- Career growth and organizational development
- Talents and performances development
- Job satisfaction & career progression

- Creation of sustainable workforce
- Play a vital role in materializing the mission, vision, goals and objectives of the bank
- Increasing of profit through improved productivity & efficiency

- Involvement in research and development and market analysis
- Focus on build up capital through offering quality banking facilities and knowledge- based services
- Implemented Robotic Process Automation (RPA) for real-time payments
- Implemented Oracle Real Application Cluster and migrate Oracle Database 120.1.0.1 to Oracle Database 12.1.0.2 for the Bank
- Set-up arrangement with OPGSPs to bring the earned money by exporting service in nonphysical form

- Improved and innovative products launched
- Certified with ISO/IEC 27001:2013
- Crowned The Best Innovation Award-Financial Sector in "Bangladesh Business Innovation Award 2019"

- Expanding and diversifying product portfolio
- Quick service to the clients.
- A better prepared organization for facing disruptive business models

- Focuses on SDG through various CSR activities in different sectors
- Provides support to unprivileged people through social safety net program
- Empowering communities through Agri/Rural credit
- Established the largest agent banking network, with over 4,628 outlets opened across the country in last 6 years
- Benefit economy by poverty reduction through banking services to rural poor people by "ABAK" project
- Started world's largest non-government funded mega project "SHOUHARDO III

- Empowering Shareholders
- Better Stakeholder relationship
- Partnership with UNDP under LGED Ministry
- Increasing number of outlets lower the operational cost and increase the popularity of agent banking

- Overall betterment of the nation
- Long term customer relationship
- Enriching brand visibility and reputation

- Introduced mobile app based service
- Stay updated to adapt changes and overcome the challenges
- Total 185 owned ATM and 15000+ shared ATM providing services
- Alternative delivery channel

- Strong internal business process platform

- Expand in the geographically dispersed segment

Risk

Management Report

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

RISK MANAGEMENT FRAMEWORK

Page: 126-129

RISK MITIGATION METHODOLOGY

Page: 130-133

DISCLOSURE OF RISK REPORTING

Page: 134-138





From Chief Risk Officer's Desk



Through periodic evolution, the overall banking risk management practice had reached to a standard level where majority risk management function was mostly consists of adherence to conventional procedures and traditions, until the year 2020 when the entire financial system of the country has experienced strong momentum resulting from regular indigenous incident like change of interest and on the other hand completely new challenges from global issues like Covid19. Being a financial institute, Bank Asia Ltd., was no exception to faces challenge of these unexpected incidences. Yet the bank has actively managed its risk through proper analysis of risk parameters followed by exponential alternation or formulation of risk management strategies.

There is an old adage "NEVER WASTE A GOOD CRISIS", unlike exclusively considering risk as a vulnerable component, the bank has also address risk as a scope of opportunity. Opportunity to learn and evolve. In the light of new risk experiences, alongside of policy level chances like risk appetite, risk management framework etc., the bank has put precise attention particularly to revisit operational procedures in view of new normal environment, creating organization wide risk awareness through arranging events like risk conference and most importantly migration from practice based operation process to uniform procedure. During the year 2020 the bank secured substantial advancement in technology adoption through process reengineering and facilitating work-from-home through secure access to banking network.

Alongside of managing current risks, the bank has accordingly formulated outlook of risk and accordingly formulated risk management strategies as follow:

Trending Risk

- Behavioral transition: Prevailing regulatory embargo has significantly altered the repayment behavior of credit borrowers. The effect of the same has already been observed in the form of declined repayment during the entire period of 2020. Upon the release of regulatory embargo on classification, the overall past-due is likely to hike.

- Gray outlook: Along with behavioral transition, Covid19 has parallel affected various other economic parameters which will strongly impact the overall capacity to predict the future. As a result of above gray outlook bank may face obstacle to formulate sustainable risk management strategies.
- Changing Sectoral spectrum: The global crisis related to Covid19, has significantly altered the potentially structure of economic sector of the country. As a consequence of the crisis, various sectors which might were earlier highly promising might lose potential and vice-verse.
- Regulatory vigilance: In order to reestablish discipline in the financial system, regulatory vigilance is likely to be further strengthen. The outcome of the increasing vigilance can range from increasing supervision, introduction of new policy direction and/or revision of existing policies.
- Business pressure: Factors like declining margin and increasing liquidity is likely to intensify the business completion among the financial market during the year 2021. Major consequence could be, loss of existing client relationship, wrong selection of new client and increasing various operational risk
- Blessing v/s curse of information technology: In one hand, the Covid19 has amplified the technological advancement among banking system. That has created scope for the bank to involve in various new type of banking transaction. On the other hand banks will be exposed to cyber risk.

Risk Management Strategies

- Instead of address issues with just-in-time (JIT) basis, bank may focus on formulating long term strategies with complete flexibility to adopt changes
- To enhance the risk management coverage across the organization, the bank should establish common definition of risk and uniform management process
- To reap the maximum benefit out of constant trending economic, the bank should remain open to adopt changes
- Instead of just KYC, 2021 should be a year of Know Your Customer better
- Providing the fact, that bank's balance sheet is primarily consist of loans & advances, as such addressing habitual transition of clients will be one of the most impact agenda for 2021
- Credit rating by top rating agencies
- Valuation/revaluation by enlisted surveyor
- Prompt resolution of documentation lapses and facilitate the audit reporting automation process
- Adhere to regulatory guidelines and compliance to Bank's policy

Sustainability under stressed perspective

Stress scenarios demonstrate the capital resilience of the bank. The bank uses sensitivity analysis to assess the potential impact of conditions under stress.

Bank Asia Ltd., identifies plausible scenarios and quantities their potential impact on financial resources or capital required or both. Depending on the outcome, the bank then develops, implements and monitors appropriate actions.

The outcome of latest stress testing performed based on December 31, 2020 indicates, the resilience capacity was sufficiently robust to accommodate all shocks at minor and moderate magnitude. For the first time ever, during the period the bank was able to meet 08 scenarios out of 09 listed even at major magnitude. In term of liquidity stress the bank was also maintained sound liquidity to meet all related scenarios.



Rashidul Kabir Rajib
Chief Risk Officer

Risk Management Report

RISK MANAGEMENT FRAMEWORK

1. INTRODUCTION:

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

Forecasting the future can be both exciting and creepy. We can never truly identify what the future grips. In order to navigate those unpredicted challenges role played by risk management discipline has emerged as a key strength. Risk management has also been intensely subject to endless changes in global and domestic economic integration, technological advances, geopolitical frictions and ever changing regulation evolving from the historical experience in the sector.

The COVID-19 pandemic will excavate the challenges including a decline in exports, lower private investment, and job losses. Investment and exports are likely to continue to suffer amid uncertainty about the recovery of global demand.

Bangladesh recorded one of the fastest growth rates in the world in the past few years with a stable economic performance that has helped to reach a developing nation from a Least Developed Country (LDC). GDP growth was estimated to have reached 7.9% in 2019 and is forecast to fall to 2% in 2020 due to the outbreak of the COVID-19 and pick up to 9.5% in 2021 as per IMF forecasts. Before the pandemic Bangladesh was in a very good position, with a low risk of overall and external debt distress.

The year 2020 was the year of learning and sustain for risk management of the Bank. More precisely, during the elapsed year, in one hand risk management of the bank has consistently evolved through embracing new ideas and practices in view of pandemic, global crisis and increasing uncertainty in banking industry.

The bank manages risk taking limit by formulating risk appetite on yearly. The formulation of risk appetite primarily depends on its very own capacity to manage risk as well as on the basis of credibility of the risk to bring along opportunities. Ensuring that we have an effective risk management system in place is key to developing our business and achieving our objectives.

1.1 Principal of Risk Management

- Develop a clear, effective and robust governance structure with well-defined transparent and consistent line of responsibilities and will be approved by the Board of directors
- Ensure the identification and assessment of all material risks inherent in products, activities, processes and system to make sure the risks and incentives are well understood
- Ensure that there is an approved process for all new products, activities, processes and systems that fully access underlying risks
- Establish a process to regularly monitor material risk profiles and exposures to loss
- Ensure a strong control environment that utilizes polices, processes and systems; appropriate internal controls and adequate risk mitigation and/or transfer strategies
- Ensure an ability to operate on an ongoing basis and limit losses in the event of severe business disruption
- Ensure that the bank operate in a safe and sound manner
- Optimization of capital utilization by providing sense of strict budgeting of corporate resources (Capital)
- Minimizing the overall cost of fund by reducing amount of capital requirement
- Establish a strong risk management culture throughout the bank
- Integrate risk management activities into the Bank's overall operation process
- Ensure the implementation of all policies, processes and systems effectively at the decision levels
- Review approved risk appetite and tolerance statement for all material risks that articulate the nature, types and levels of risks that the bank is willing to assume
- Adoption of international standard in capital management practices
- Strengthening overall risk management practices and facilitates accurate capital planning

1.2 Risk Management Approach

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

Effective risk management is beyond the regulatory requirement. In a broad sight, risk can be divided into 02 (two) major parts: Systematic Risk and Non-systematic/Diversifiable Risk.

Systematic risk refers to those risk affect the financial system or market as a whole. On the other hand, Non-systematic risk which belongs to a specific institution but not all participants in the financial market or system. Effective risk management has many benefits like reduction of frequency and severity of losses, safe and sound banking practices and better returns to stakeholders due to lower losses.

The core business of a bank is to manage risk and provide a return to shareholders in line with the accepted risk profile. The default loan in the local banking industry seem to indicate that the banking sector has failed to tend to its core business. In the course of banking operations, banks are invariably faced with different types of risks that may have a potentially adverse effect on their business. Banks are obliged to establish a comprehensive and reliable risk management system, integrated in all business activities and providing for the bank risk profile to be always in line with the established risk propensity.

1.3 Risk Management Units of the Bank

Credit Risk Management and Client Rating Unit

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

Risk Management Report

management and Board Risk Management Committee.

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

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

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

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

2. MAJOR COMPONENT OF RISK MANAGEMENT OF BANK ASIA

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

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

2.1 Risk management framework and Risk Governance Structure of the Bank

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the bank's strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximize shareholders' returns. The bank's enterprise-wide risk management framework provides the foundation for achieving these goals.

This framework is subject to constant evaluation to ensure that it meets the challenges and requirements of the global markets in which the bank operates, including regulatory standards and industry best practices. The risk management programs of the bank's subsidiaries also conform in all material respects, to the bank's risk management framework, although the actual mode of execution of their programs may be different.

In line with global and national level risk management framework Bank Asia Ltd. has own Risk management framework for overall risk management of the Bank. The above framework is combination of Board level oversight, Management oversight and Operational level risk management structure.

Bank Asia Limited has three level of structure in regards to managing risk.



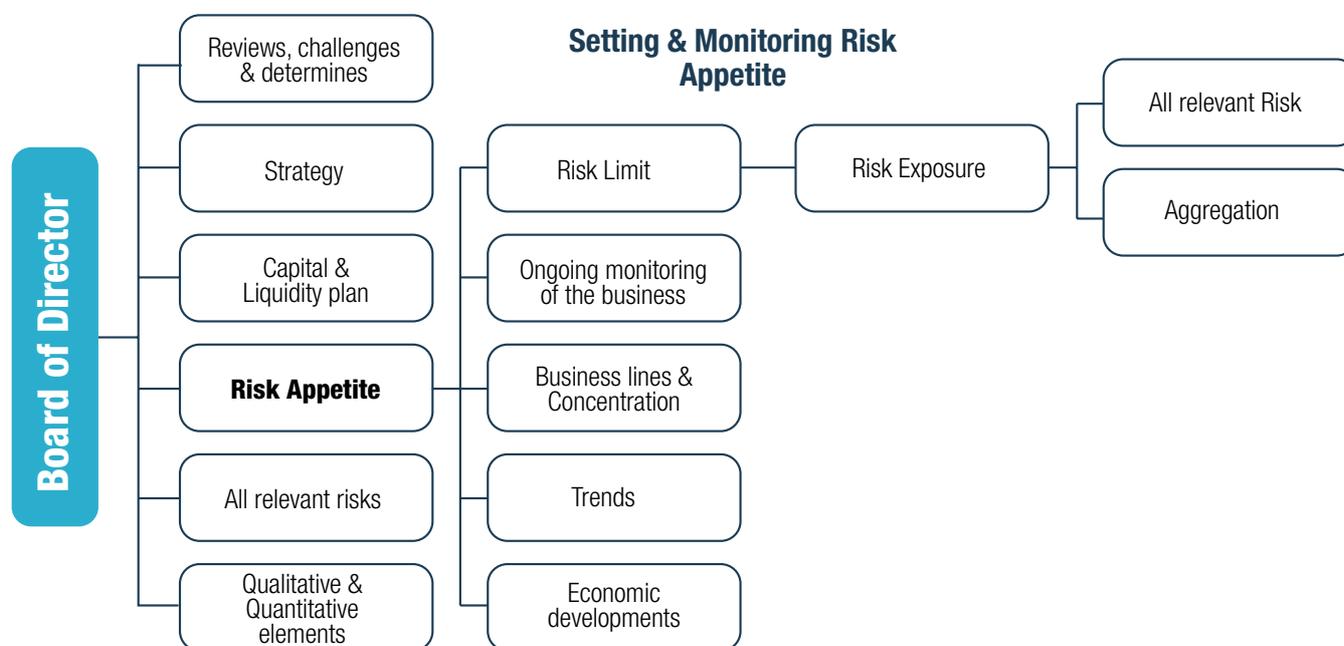
Particulars	Roles and Responsibilities
Board Risk Management Committee	<ul style="list-style-type: none"> ● Design and implement Risk strategy and policy ● Review, monitor and understand risk profile of the bank ● Review and recommend bank's risk appetite, limit and tolerance level ● Review of Management level operational risk structure ● Performance review and recommendation
Executive Risk Management Committee	<ul style="list-style-type: none"> ● Identifying, measuring and managing bank's existing and potential risks through detailed risk analysis ● Determining general principal for measuring, managing and reporting the bank's risk ● Minimizing/controlling risks through ensuring proper implementation of the decisions; ● Reviewing risks involved in new products and activities and ensuring that the risks can be measured, monitored, and controlled adequately; ● Oversee the development, implementation and maintenance of the bank's overall risk management framework and risk appetite, strategy, principals and policies ● Ensure bank's Risk Management practices are in line with regulatory benchmark and industry best practice
Supervisory Review Process Committee	<ul style="list-style-type: none"> ● Ensure that the bank has an internal process to identify and assess all relevant risks of the bank ● Vetting/recommending general principal for development of ICAAP document ● Ensure that capital is adequately allocated against the ICAAP outcome ● Error free and timely reporting of ICAAP outcome to Strategic layer and BB
Core Risk Assessment Committee	<ul style="list-style-type: none"> ● Adoption of in-house core risk assessment methodology ● Perform periodic assessment of Core Risk Guidelines' implementation status ● Review and approval of core risk rating and recommendation for improvement ● Extend supervisory support for implementation of committee's resolution
Policy Review Committee	<ul style="list-style-type: none"> ● To review the Department/Division specific SOP/Policy/PPG before approval ● To place the requirement of new policies of the bank ● To monitor the adoption of Policy of the bank

2.2 Risk Appetite

The term "Risk Appetite" refers to the broad types and amounts of risks that a bank is willing to undertake in implementing its business strategy. Setting the risk appetite is an exercise where Bank's risk capital is allocated effectively and risk limits are set within the risk strategy of the Bank. Thus, the risk appetite is set, covering overall group position of a bank ensuring main business units are in line

Risk Management Report

with the business objectives set by Board of Directors. Considering the importance and regulatory requirement, Risk Management Division of Bank Asia Limited has developed risk appetite for the year 2021. Bank Asia Limited has considered new areas under risk appetite statement. Parameter wise risk appetite was set considering historical trend, Central Bank benchmark, International Benchmark and perception of the senior management.



Risk Mitigation Plan

- Risk Appetite
- Internal Credit Rating
- Early Alert System & Overdue Management Routine
- Sectoral Lending Cap
- Risk Based Pricing
- Deferral Management Process and Documentation Review
- Policy/process review
- Operation process review and reengineering
- Capital Rationing
- Internal ICAAP

Risk Culture

Bank Asia Limited has developed risk management framework covering risk governance, which includes, risk management structure comprising different sub committees and clearly defined reporting lines ensuring risk management unit is functioning independently.

Risk Appetite

Bank Asia Limited set Parameter wise Risk Appetite considering historical trend, Central Bank benchmark, International Benchmark and perception of the senior management.

2.3 Core Risk Assessment Procedure:

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

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

Risk Culture

Risk Culture of the Bank promotes its business objectives and an environment that enables management to execute the business strategy in a more efficient and sustainable manner. The Board of Directors regularly reviews the risk profile of the Bank and its subsidiaries and makes every senior leader a responsible stakeholder in developing a strong risk culture within the Bank. Further, the Bank ensures that, every employee has a clear understanding of their responsibilities in terms of risks undertaken by them in every step they take in their regular business activities. Bank Asia Limited has developed a risk management framework covering risk governance, which includes, risk management structure comprising different sub committees and clearly defined reporting lines ensuring risk management unit is functioning independently. Risk governance of the Bank also includes setting the risk appetite statement, risk limits, risk management functions, capital planning, risk management policies, risk infrastructure and MIS and analysis to monitor Bank's risk profile.

3. RISK MANAGEMENT DIVISION OF THE BANK

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

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

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

The Risk Management Division of the bank act as the core wing for overall risk management operation of the bank. The division consists of 05 sub units and the Head of the division is Chief Risk Officer. There are 04 purely risk related committee at management level and a risk management committee at Board level.

Structure & Reporting Line of Risk Management Division

- ✓ RMD consists of 05 units
- ✓ Head of RMD reports to DMD & CRO
- ✓ Head of RMD is member of all risk related committee of the bank
- ✓ DMD & CRO is the chairman of ERMC
- ✓ President & Managing Director is the Chairman of SRP Team
- ✓ At least quarterly risk reporting to Board RMC and Board

Risk Management Report

RISK MITIGATION METHODOLOGY

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

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

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

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

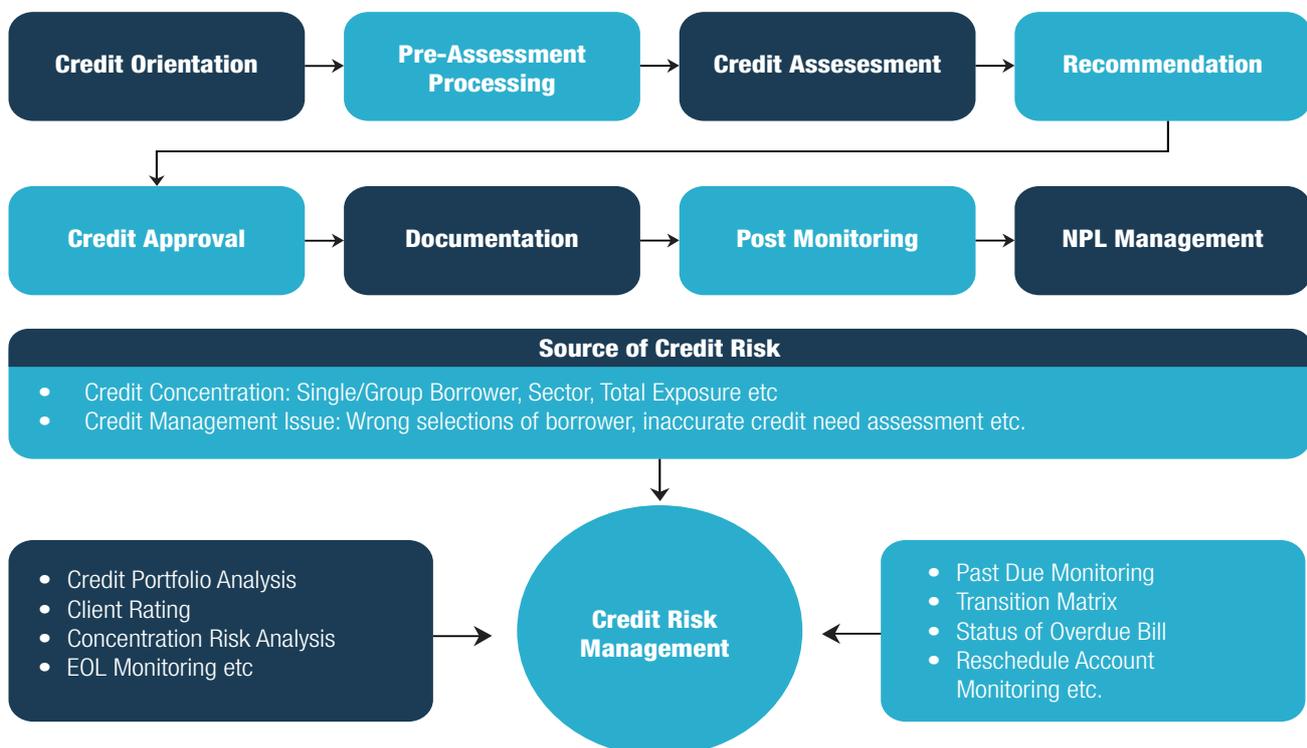
Risk evaluation involves making decision about the level of risk and the priority for attention through the application of the criteria developed when the context was established.

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

1. CREDIT RISK:

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

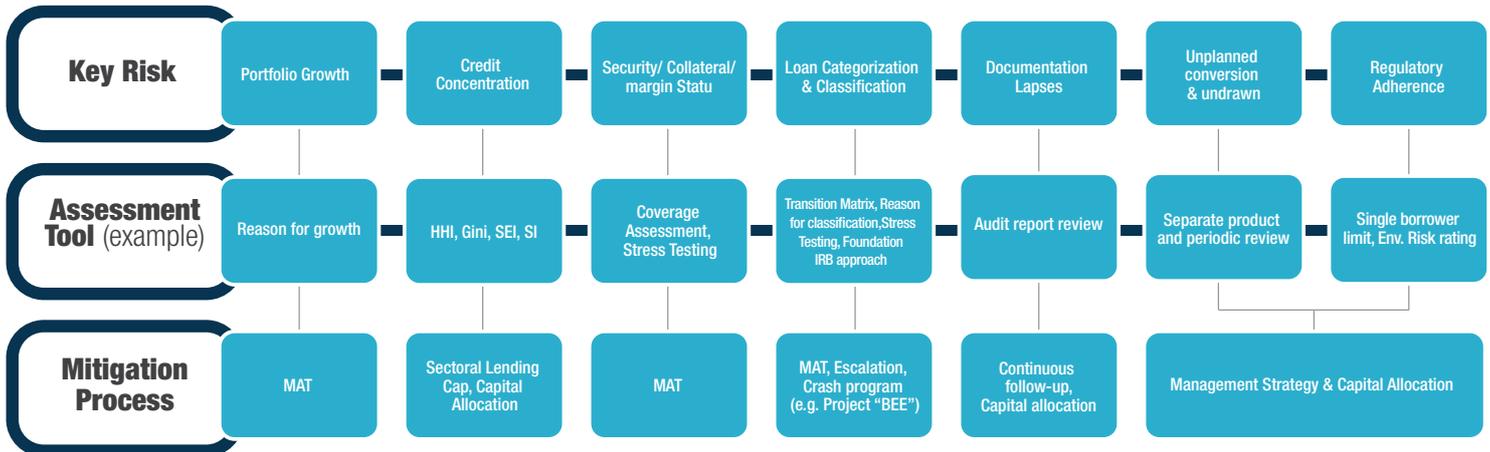
Bank's credit risk management specifically addresses the following areas:



Risk Management Report

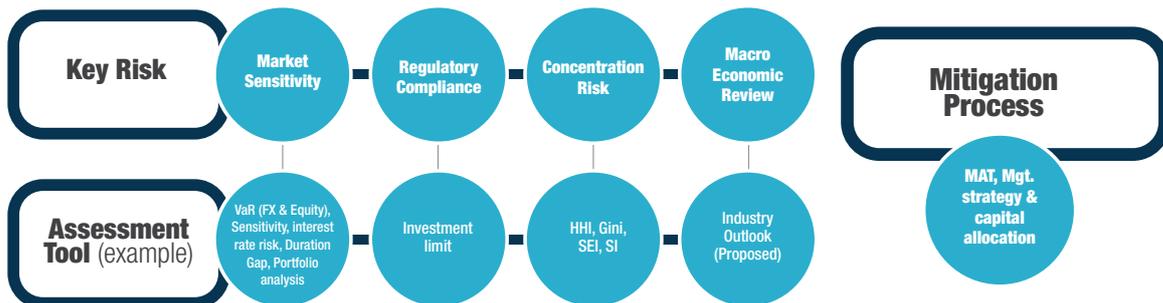
Credit Risk Concerns & Mitigation Plan

Operational Level



2. MARKET RISK :

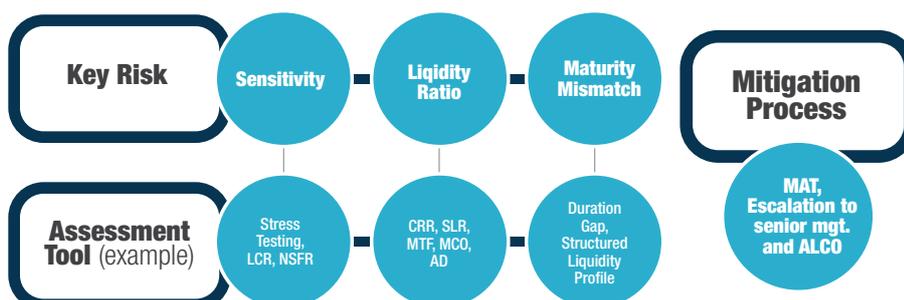
Market risk is defined as the risk of losses against expected (fair) value of financial assets, liabilities and off-balance sheet items resulting from absurd market condition (e.g. macro-economic factors). The underlying risk is also considered as non-diversifiable risk, i.e. risk that cannot be avoided.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



3. LIQUIDITY RISK :

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

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



Risk Management Report

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

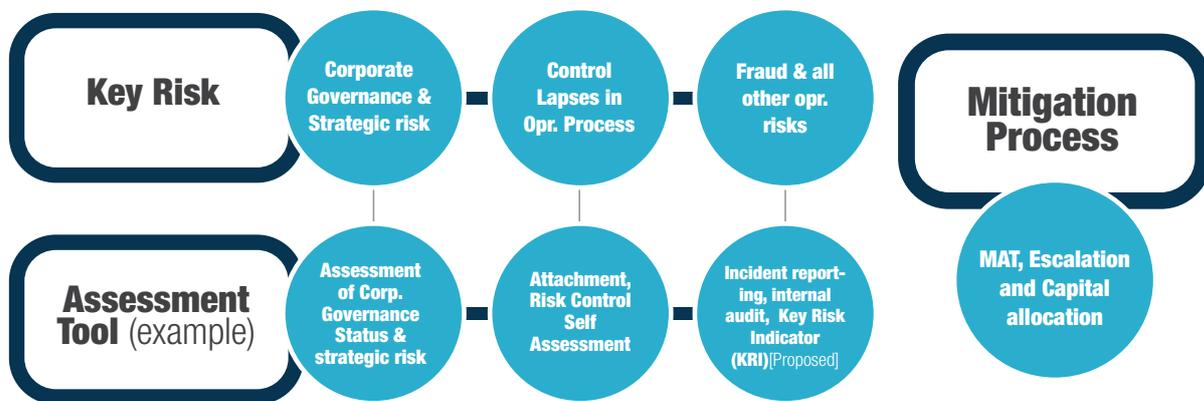
3.2 Equity risk is defined as losses due to changes in market price of equity held by the Bank. To measure and identify this risk, marks to market valuations of the equity instruments that are traded in secondary market are made. The minimum capital standard for equities is expressed in terms of two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

3.3 Foreign exchange risk arising mainly from our strategic investments which are denominated in currencies other than the BDT. Foreign exchange position is managed by treasury division. In the year ended 2020, Total Risk Weighted Assets for Foreign Exchange Risk is Tk. 427.14 million and capital requirement is Tk. 42.70 million.

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

4. OPERATIONAL RISK:

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



5. REPUTATION RISK:

Reputation risk is the current or prospective risk to earnings and capital that arise from decline in the customer base, costly litigation due to adverse perception of the stakeholders. It originates from the lack of compliance with industry service standards or regulation, failure to meet commitments, inefficient and poor quality customer service, lack of fair market practices, unreasonably high costs and inappropriate business conduct. In a nutshell, “reputation risk arises from the failure to meet stakeholders’ reasonable expectation of bank’s performance and behavior”. Reputation risk is a subset of operational risk which can adversely affect the capital base if the driving forces of the risk turn worse. Banks assess reputational risk in ICAAP document under Pillar-2 by considering following key indicators:

Risk Management Report

- Credit Rating conducted by ECAIs
- Internal fraud
- External fraud
- Non-payment or delayed payment of accepted bills (foreign & domestic)
- Quality of customer service.

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

6. STRATEGIC RISK:

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

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

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

7. INTERNAL CONTROL & COMPLIANCE RISK:

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

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

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

8. MONEY LAUNDERING RISK:

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

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

9. ENVIRONMENTAL AND CLIMATE CHANGE RISK:

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

Risk Management Report

DISCLOSURE OF RISK REPORTING

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

1. BASEL III APPROACH ADOPTED:

Bangladesh Bank vide its BRPD Circular No. 18 dated December 21, 2014 implemented revised regulatory capital framework for banks in line with Basel III in Bangladesh with effect from January 01, 2015 which was implemented from January 01, 2020.

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

Leverage ratio express 5.59% of total tier I capital (after related deduction specified by BB) to total exposure i.e. on balance sheet and off- balance sheet exposure (after related deduction specified by BB) and also submit the information to Bangladesh Bank on quarterly basis.

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

Credit Risk Out of three approaches Standardized Approach, IRB and Advanced IRB,

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

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

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

SI	Risk Category	2020		2019	
		Million Tk.	%	Million Tk.	%
A	Credit Risk	222,127	87.14%	209,741	87.97%
i	On- Balance sheet	187,436	73.53%	163,251	68.47%
ii	Off- Balance sheet	34,691	13.61%	46,490	19.50%
B	Market Risk	9,744	3.82%	7,359	3.09%
i	Interest Rate Risk	7,398	2.90%	1,795	0.75%
ii	Equity Position Risk	1,919	0.75%	1,412	0.59%
iii	Foreign exchange	427	0.17%	4,152	1.74%
C	Operational Risk	23,034	9.04%	21,327	8.94%
		254,905	100.00%	100.00%	238,427

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

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

3. PILLAR-II SUPERVISORY REVIEW PROCESS UNDER ICAAP:

It is also a part of Basel regime. Under this process banks are required to assess the additional capital requirement against risk that has not been considered under Pillar I (i.e. Minimum Capital Requirement). As per global standard each bank is required to develop necessary model for assessment of these risk, this assessment process is known as Internal Capital Adequacy Assessment Process (ICAAP). As per current practice of Bangladesh, the central bank has developed an ICAAP format and advised all banks to report the ICAAP on yearly basis. Bangladesh Bank has also advised all banks to form a committee (i.e. Supervisory Review Committee). The regular arrange a meeting with the committee each year to identify the final additional capital requirement based on the ICAAP document.

4. CONCENTRATION RISK:

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

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

Risk Management Report

4.1 Credit Concentration Risk:

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

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

4.1 Market Concentration Risk:

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

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

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

5. STRESS TESTING

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

6. MARKET DISCIPLINE

In line with Pillar III of Basel III, Bank prepared market discipline statements on yearly basis and submitted to Bangladesh Bank accordingly. Bank also disclosed market discipline in separate Annual Integrated report (page no. 141) and bank's websites

7. RISK MANAGEMENT PAPER

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

Sector wise concentration

Sector	2020		2019	
	Million Tk.	%	Million Tk.	%
Chief Executive and other senior executives	200	0.08%	178	0.08%
Agriculture	9,523	3.89%	4,776	2.10%
Industry	117,770	48.14%	108,925	47.92%
Constructions	5,359	2.19%	5,704	2.51%
Power, Gas, Water and Sanitary Services	6,559	2.68%	7,657	3.37%
Transport, Storage and Communication	1,424	0.58%	1,578	0.69%
Trade Services	48,065	19.65%	47,113	20.73%
Housing Services	16,706	6.83%	15,140	6.66%
Banking and Insurance	4,427	1.81%	3,429	1.51%
Professional and Misc. services	34,609	14.15%	32,799	14.43%
Total	244,642	100.00%	227,299	100.00%

Geographical concentration

Division	2020		2019	
	Million Tk.	%	Million Tk.	%
Dhaka Division	197,647	80.79%	164,261	72.27%
Chittagong Division	29,808	12.18%	48,752	21.45%
Khulna Division	5,519	2.26%	4,177	1.84%
Rajshahi Division	5,997	2.45%	5,150	2.27%
Barisal Division	906	0.37%	804	0.35%
Sylhet Division	2,616	1.07%	2,353	1.04%
Rangpur Division	1,579	0.65%	1,271	0.56%
Mymensingh Division	570	0.23%	531	0.23%
Total	244,642	100.00%	227,299	100.00%

Single borrower wise exposure

Particulars	Million Tk.
Total Capital	43,754
A. Maximum outstanding exposure (35% of total Capital)	15,314
Maximum Funded Limit (15% of total Capital)	6,563
Maximum Non Funded Limit (20% of total Capital)	8,751
B. For Export Financing:	
Maximum outstanding exposure (50% of total Capital)	21,877
Maximum Funded Limit (15% of total Capital)	6,563
Maximum Non Funded Limit (35% of total Capital)	15,314
C. Large Loan Limit (10% of Total Capital)	4,375

Risk Management Report

Top borrower wise exposure

Million Taka

Sl. No.	Name of clients	Outstanding (Taka) 2020			Outstanding (Taka) 2019		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Echotex Group	2,072	2,733	4,806	-	-	-
2	BRAC	6,373	11	6,383	-	-	-
3	Ahmed Group	82	5,133	5,215	-	-	-
4	Spectra Group	2,680	2,951	5,631	1,489	4,247	5,736
5	Basundhara Group	3,986	2,806	6,792	4,508	2,221	6,729
6	Saiham Group	1,449	3,436	4,885	1,951	3,032	4,983
7	Western Marine Group	-	-	-	4,204	945	5,149
8	City Group	-	-	-	1,862	4,182	6,044
9	Summit Group	-	-	-	2,049	3,413	5,461
10	Meghna Group	-	-	-	2,014	2,793	4,807
11	ACI Group	-	-	-	2,606	2,168	4,773
	Total	16,642	17,070	33,712	20,683	23,000	43,683

8. RISK BASED AUDIT

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

9. CAPITAL MANAGEMENT OF BANK

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

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

Raising Tier II capital

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 17.93% as on December 31, 2019 against required 10%. Furthermore, to keep the adequate capital base in next 5 years bank has issued further 7 year floating rate non-convertible subordinated bond of Tk.5,000 million on November 25, 2019.

7 Years Floating Rate Non- Convertible Subordinated Bond 2 of Tk. 3,000 million

The bank raised successfully Tk. 3,000 million Tier-2 capital in the form 7 year floating rate Subordinated bond on February 19, 2015 through private placement after obtaining required approvals from general shareholders, Bangladesh Securities and Exchange Commission and Bangladesh Bank.

7 Years Floating Rate Non-Convertible Subordinated Bond 3 and Bond 4 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 all formalities further issuance of two Subordinated Bonds each of Tk. 5,000 million as Tier-2 capital. In this regard, Bank has already completed further issuance of two Subordinated Bonds each of Tk. 5,000 million as Tier-2 Capital in April 2017 and November, 2019.

10. CAPITAL PLANNING

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

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

- identify risks, improve banks understanding of overall risks, set risk tolerance levels, and assess strategic choices in longer-term planning,
- identify vulnerabilities i.e. concentrations and assess their impact on capital,
- integrate business strategy, risk management, capital and liquidity planning decisions, have a forward-looking assessment of the bank's capital needs, including capital needs that may arise from rapid changes in the economic and financial environment.

Risk Management Report

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

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

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

11. CAPITAL RELIEF BY REDUCING RISK

In the year 2020, the Board of Directors and the Senior Management of the bank emphasized rigorously on corporate borrowers credit rating to lower our risk profile as well as to reduce the capital requirement of the bank. As a result of strong persuasion & drive, the number of valid rated borrowers of the bank increased significantly in the year 2020 over 2019.

12. BORROWER'S RATING

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

Key initiatives of 2020 - taken by Risk Management Division

During the year 2020, Risk Management Division of Bank Asia Limited has taken different initiatives to strengthen the overall risk management function of the bank. Followings are the major initiatives for the year 2020:

- Sectoral Lending Cap: Sectoral Lending Cap is the sector wise strategic business planning and broad guideline for branch(s), business wings for a given year. It is a regulatory requirement that each bank should specify its own sector specific lending limit. Furthermore, balanced credit portfolio is one of key requirement for strengthening overall risk management as well as ensuring sustainability of the bank. Bank Asia Limited has adopted its sectoral lending cap 2021 based on economic outlook, sector specific development, perception of respective business wings etc. To ensure strategic objectives in the sectoral lending cap for 2021, RMD has considered overall loan growth in the appetite, sector wise NPL and appetite limit for NPL and capital adequacy etc. RMD has also synchronized the sector wise existing capital requirement and targeted capital adequacy for 2021. As part of projection model RMD has used the "Solver Tool" in MS Excel for determining sector wise combination of targeted loan growth to achieve targeted capital adequacy. Furthermore, RMD has also duly considered the prospect and the negative news during the lending cap preparation.

The lending cap will be applicable for all the business wings, branches and any other related department/division/unit of Bank Asia limited for the next year business decision and following aspects.

- Risk assessment benchmark to avoid concentration.
- Each credit proposal will have approved lending cap and actual exposure against the respective sector during that time.
- Risk Appetite: Risk appetite is the level of risk that a bank is able and willing to accept or tolerate considering its exposures and business activities. The appetite should be in line with business objectives and obligations to stakeholders. Considering the importance and regulatory requirement, Risk Management Division of Bank Asia Limited has developed risk appetite for the year 2021. Bank Asia Limited has considered new areas under risk appetite statement. Parameter wise risk appetite was set considering historical trend, Central Bank benchmark, International Benchmark and perception of the senior management. In the year 2020, most of risk appetite parameter was within the appetite limit.
- Documentation Lapses Monitoring: On a yearly basis, bank is performing its additional capital requirement for documentation lapses for funded credit portfolio. For a time being, strong monitoring process helps the bank to reduce the capital charge against the documentation lapses under residual risk. Risk Management Division of the bank has developed web based software for capital calculation of documentation lapses under ICAAP.
- Stress Testing: On a quarterly basis each bank performs "Sensitivity Analysis". Through the year 2020, bank was able to maintain its Capital Adequacy after minor shock in all events. Risk Management Division has already developed some projection events on Stress Testing (i.e. change in eligible security value, change in exposure of Top Borrowers etc.) based on MS Excel Tool "Solver".
- Minimum Capital Requirement Calculation: To meet the regulatory requirement, bank performs MCR calculation on quarterly basis

Risk Management Report

which is generated from automated software. The said software is capable to calculate how much capital is required for each 100 Tk. lending (branch specific and mode of lending i.e. funded and non-funded). At the end of 2020, bank was able to maintain the highest CRAR of 17.16%.

- Review of Top 20 Borrowers Concentration: Top 20 clients' portfolio is very crucial for all banks in terms of profit generation and overall assets quality of the bank. Reviewing the overall top 20 client portfolio on the bank it was found that, all the risk aspect of the top 20 portfolio was within regulatory limit as well as the board approved risk appetite limit.
- Internal Credit Risk Rating (ICRR) System Review: As part of implementing uniform credit risk assessment process in the banking industry, Bangladesh Bank has issued guidelines on Internal Credit Risk Rating (ICRR) System for Banks (Ref: BRPD Circular No. 16 dated October 30, 2018). As the Chief Risk Officer is the approval authority of ICRR, Risk Management Division regularly reviews the ICRR as submitted by different branch for CRO approval.

According to the ICRR guideline RMD analyze a borrower's repayment ability based on client's financial, business management and other related information. The client related information covers liquidity, cash flow, profitability, debt profile, market indicators, industry and operational background, management capabilities etc. In this regard RMD has developed own web based system ICRR submission, review and approval which is already in operation.

- Internal Credit Rating System: In addition to ICRR review RMD has also develop own internal rating system for bank for both corporate and SME clients. In To adopt the above advanced approach of credit risk assessment, SME rating system is already in operation. Hopefully corporate rating system will be ready very shortly.

The above rating system will also initiate the first steps of adopting advanced approach for assessing credit risk of the Bank which popularly known as Internal Rating Based Approach. The above framework will facilitate to identify the degree of inherent risk of the client's credit exposures as well as provide useful snapshot of the overall quality of bank's credit portfolio.

- Internal data warehouse for RMD: Strengthening the overall risk assessment of the bank, Risk Management Division (RMD) has develop own information data warehouse related to credit portfolio, account wise minimum capital requirement, client rating and other risk related information. RMD regularly use the aforesaid information for data
- Vintage Curve Analysis: To identify the basic reason and overall monitoring for bad portfolio (portfolio at risk) in a particular time horizon, a new tool has been introduced named "Vintage Curve Analysis".

CONCLUSION

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

Principle 15 – Risk management process

Principle 16 – Capital adequacy

Principle 17 – Credit risk

Principle 18 – Problem assets, provisions and reserves

Principle 19 – Concentration risk and large exposure limits

Principle 20 – Transactions with related parties

Principle 21 – Country and transfer risks

Principle 22 – Market risks

Principle 23 – Interest rate risk in the banking book

Principle 24 – Liquidity risk

Principle 25 – Operational risk

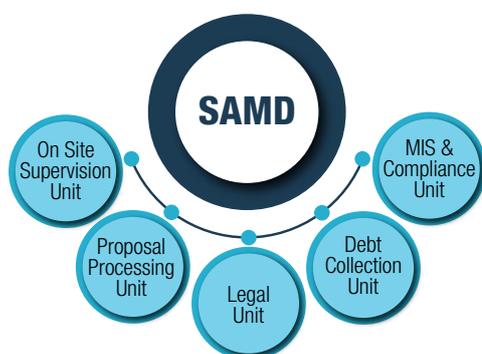
The global economy continues to be volatile and under stress, and our continued commitment to sound risk management has proved to be effective as reflected in our strong capital and liquidity position. We recognize that maintaining and continually enhancing our risk management capabilities will be critical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

Statement on Non-Performing Loan (NPL) Management

One of our core business priorities is to curb non-performing loans by maintaining quality assets. In this regard, Bank Asia's credit approval process has been framed to unveil and assess the unforeseen, inherent risk so that assets quality will not deteriorate in the long run. Proper monitoring and strong recovery drive from branch and corporate office help in maintaining quality assets of Bank Asia. From 2016 Debt Collection Unit under SAMD (Special Asset Management Division) was formed for further recovery drives of written off loans. Like the previous year, executives of Corporate Office got involved in recovery campaign alongside with their normal desk activities as an innovative idea that resulted in a huge NPL recovery in 2020.

STRATEGIES FOR NPL MANAGEMENT & RECOVERY PROCESS

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



NPL STATUS OF BANKING INDUSTRY OF THE COUNTRY

The amount of classified loan in country decreased to Tk. 934.31 billion in December 2020 from Tk. 1,162.88 billion in 2019.

NPL & Recovery Status of Bank Asia

The Bank ended the year 2020 with Non-performing loan (NPL) of Tk. 7,931 million which is 3.24% of the total loans. We have now Tk. 5,362 million under stay order in the year 2020.

- At the end of 2020, the Bank's total write off loans was Tk. 13,165.47 million against 710 accounts. The closing balance has increased due to addition of Tk. 300.08 million as newly write off loans.
- During the year 2020, 81.23% of rescheduled loans remained unclassified (UC) i.e. cash recovery and installment payments of major rescheduled/ restructured borrowers were regular. It may also be noted that the remaining

18.76% of rescheduled loans that were downgraded to classified status constitutes 41.65% of total classified loans. Management has already increased recovery initiatives from those defaulted loans

- Cash recovery Written off loan during the Year/Period was highest from inception which was Tk. 190.15 million in 2020 and write-off outstanding amount was Tk.12,252.37 million.

TOTAL CLASSIFIED LOANS COUNTRY VS BANK ASIA

(In Billion)

	Bank Asia		Country	
	2020	2019	2020	2019
CL Amount	7.93	10	944.40	1,162.90
CL Ratio (in %)	3.24%	4.61%	9.89%	12%

NPL BY BANKS TYPE (upto september 2020)

(In Billion)

Types of Banks	Total CL	Required Provision	Provision Maintained	EXCESS(+)/ SHORTFALL(-)
SCBs	428.7	262.7	202.1	-60.6
SBs	40.5	21.1	22.5	1.4
PCBs	435.1	305.2	326.3	21.1
FCBs	20.8	16	17.9	1.9
TOTAL	925.1	604.9	568.8	-36.2

Strategic Planning for 2021

Strong Supervision, follow up and monitoring for the NPL accounts as well as rescheduling & restructured loans to be ensured both by on-site and off-site basis

Recovery unit must be formed for NPL prone branch & weekly feedback to be taken by SAMD

Proper monitoring, follow up & supervision in pre-classification stage should be ensured by C&LL, ME, CMSE, CRM and other concerned departments

Adequate staff in SAMD and optimum utilization of manpower in SAMD to be ensured

Appropriate Legal action to be initiated

Amicable settlement may be allowed in applicable sector

A separate Recovery Unit for Chittagong Zone to be formed

Recovery Agent may be engaged in some special cases.

Eligible accounts to be written-off as per Guidelines of Bangladesh Bank

We are optimistic that by deploying our above mentioned strategies, we will be able to keep the classified loan of the bank within 3.00% at the end of the year 2021.

Be the most compliant banks in the industry Bank Asia is putting all out efforts to recover money from defaulted clients and stop fresh inclusion of CL. For success in that front, management is further streamlining its credit appraisal process, adept negotiability, proper and timely legal actions and subsequent monitoring and follow up drives of its employees.



Basel III Pillar 3 Market Disclosure



Basel III Pillar 3 Market Disclosure

Annual Disclosure for the year ended December 31, 2020

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

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

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

Basel III Pillar 3 Market Disclosure

1. SCOPE OF APPLICATION:

Qualitative Disclosures

- a) The name of top corporate entity in the group to which this guidelines applies

BANK ASIA LIMITED

The consolidated financial statements of the Bank include the financial statements of i) Bank Asia Limited ii) Bank Asia Securities Limited iii) BA Exchange Company (UK) Limited. and iv) BA Express USA Inc.

Bank Asia holds 99.99%, 100% and 100% shares of Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc. respectively.

The bank has an approved disclosure policy to observe the disclosure requirements set out by the Bangladesh Bank and International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) where relevant to the bank.

A brief description of these institutions are given below:

Bank Asia Limited

Bank Asia Limited (“the Bank”) is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994, governed by the Banking Companies Act 1991. The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 129 branches (121 branches, 4 SME/Agri branches and 4 SME service centers). Moreover, it has 187 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in USA. The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

- b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group:

- (i) that are fully consolidated
- (ii) that are given a deduction treatment; and
- (iii) that are neither consolidated nor deducted (e.g. where the investment is risk - weighted)

Bank Asia Securities Limited

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

BA Exchange Company (UK) Limited

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

BA Express USA Inc.

BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014.

- c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group

Not applicable for the bank

Quantitative Disclosures

- d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.

Not applicable for the bank

Basel III Pillar 3 Market Disclosure

2. CAPITAL STRUCTURE

Qualitative Disclosures

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or Tier 2.

The composition of regulatory capital is different than accounting capital. In line with Basel regime the structure of regulatory capital consists of Tier 1, Tier 2 & Tier 3. However the capital structure of Bank Asia Ltd consists of only Tier 1 and Tier 2 capital.

Tier 1: Capital of Bank Asia Ltd consists of Paid up capital, statutory reserve, general reserve and retained earnings, Minority Interest.

Tier 2: Capital of the bank consists of 50% revaluation reserve for fixed asset & securities, subordinated debts and general provision.

Quantitative Disclosures

Million Taka

SI	Particulars	Solo	Consolidated
a)	Tier-I (Core Capital)		
a.1	Paid up capital	11,659	11,659
a.2	Statutory reserve	9,844	9,844
a.3	General reserve	8	8
a.4	Retained earnings	2,092	1,918
a.5	Minority interest in subsidiaries	-	0.010
a.6	Dividend equalization account	-	-
a.7	Others	-	-
a.8	Sub-Total (a.1 to a.7)	23,603	23,430
	Less: Regulatory adjustments		
a.9	Reciprocal Crossholdings in the CET - 1 Capital of Banking, Financial and Insurance Entities	44	44
a.10	Others if any	-	-
a.11	Common Equity Tier -1 capital (Going-Concern Capital)/ Core Capital (a.8 – a.9)	23,559	23,386
a.12	Additional Tier 1 Capital	-	-
a.13	Total Tier- 1 Capital	23,559	23,386
b)	Tier-II (Supplementary Capital)		
b.1	General Provisions for unclassified loans	8,990	8,990
b.2	General Provisions for Off-balance sheet exposure	1,005	1,005
b.3	Asset revaluation reserves up to 50%	-	-
b.4	Subordinate debt	10,200	10,200
b.5	Other reserve	-	-
b.6	Sub-Total (b.1 to b.5)	20,195	20,195
	Less: Regulatory adjustments		
b.7	100 % of revaluation reserve for fixed assets, securities and equity securities	-	-
b.8	Total Tier-2 Capital Available	20,195	20,195
b.9	Maximum Limit Tier-2 Capital Available(Tier-2 capital can be maximum up to 4.0% of the total RWA or 88.89% of CET-1, whichever is higher)	20,942	20,787
b.10	Excess Amount over Maximum Limit T-2	-	-
b.11	Total Tier- 2 Capital	20,195	20,195
c)	Tier-III (Eligible for market risk only)		
c.1	Short-term subordinated debt	-	-
c.2	Sub-Total (c.1)	-	-
d	Total Eligible Capital (a.13+ b.8+ c.2)	43,754	43,581

Basel III Pillar 3 Market Disclosure

3. CAPITAL ADEQUACY

Qualitative Disclosures

Capital Calculation Approach

With regard to regulatory capital computation approaches (Minimum Capital Requirement) the bank is following the prescribed approach of Bangladesh Bank. Below are risk wise capital computation approaches that the bank is currently applying:

- *Credit Risk* - Standardized Approach (SA)
- *Market Risk* - Standardized Approach (SA)
- *Operational Risk* – Basic Indicator Approach (BIA)

Capital of the Bank

In parallel to business growth, the bank effectively manages its capital to meet regulatory requirement considering the risk profile. Below are few highlights:

- Currently Bangladesh Bank prescribed Minimum Capital Adequacy Ratio (MCR) is 10%, whereas as on December 2020 the CRAR of the bank was 17.16%.
- During the same period Minimum Capital Requirement (MCR) of the bank was Tk. 25,491 million and eligible capital was Tk. 43,754 million; i.e. the bank hold TK. 18,263 million surplus capital.

Reduction of Capital Requirement through increasing Rated Clients

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

To withstand these challenges, the Board of Directors & the Senior Management of the bank emphasized rigorously round the year 2020 on corporate borrowers credit rating to lower our risk profile as well as to reduce the capital requirement of the bank. Accordingly, the Risk Management Division (RMD), CRO along with the branches has taken all-out efforts to increase the number of corporate borrower's exposures rated. They are constantly taking the initiatives through guidance of the Senior Management; series of meetings, correspondence, awareness program with the allied concerns i.e. branches of the bank & ECAIs.

A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures

Million Taka

Sl.	Risk Category	Solo	Consolidated
Details of Risk Weighted Assets (RWA)			
a	Credit Risk		
a.1	On- Balance sheet	187,436	188,961
a.2	Off- Balance sheet	34,692	34,692
a.3	Total Credit Risk (a.1+a.2)	222,128	223,652
b	Market Risk	9,744	10,348
c	Operational Risk	23,034	23,404
	Total RWA (a.3+b+c)	254,905	257,404
Details of Risk wise Minimum Capital Requirement (MCR)			
a	Credit Risk		
a.1	On- Balance sheet	18,744	18,896
a.2	Off- Balanced sheet	3,469	3,469
a.3	Total Credit Risk (a.1+a.2)	22,213	22,365
b	Market Risk	974	1,035
c	Operational Risk	2,303	2,340
	Total Minimum Capital Requirement	25,491	25,740
	Total Maintained Capital	43,754	43,581
	Total Capital Surplus	18,263	17,840
Details of Tier wise Capital of the Bank			
1	Tier- 1 Capital	23,559	23,386
2	Tier- 2 Capital	20,195	20,195
3	Tier- 3 Capital	-	-
	Total Capital	43,754	43,581
	Total Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital / RWA)	17.16%	16.93%
	Tier 1 CRAR (Tier 1 Capital / RWA)	9.24%	9.09%
	Tier 2 CRAR (Tier 2 Capital / RWA)	7.92%	7.85%
	Capital Conservation Buffer (2.5% of RWA)	3.24%	3.09%

Basel III Pillar 3 Market Disclosure

4. CREDIT RISK

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk, including:

Definitions of past due and impaired (for accounting purposes)	<p>Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in reference to BRPD Circular No.14 dated September 23, 2012, BRPD Circular No. 19 dated December 27, 2012 and BRPD Circular No.08 dated August 02, 2015 on the captioned subject.</p> <p>1. Any Continuous Loan or Demand Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Whereas, In case of any instalment (s) or part of instalment (s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid instalment (s) will be treated as past due/overdue after six months of the expiry date.</p> <p>2. A Continuous Loan, Demand Loan, Fixed Term Loan or any instalment(s)/part of instalment(s) of a Fixed Term Loan which will remain past due/overdue for a period of:</p> <p style="margin-left: 20px;">a. 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard (SS)".</p> <p style="margin-left: 20px;">b. 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful (DF)".</p> <p style="margin-left: 20px;">c. 12 (twelve) months or beyond, the entire loan will be put into the "Bad/Loss (B/L)".</p> <p>3. Loans have to be treated as defaulted loan as per section 5(GaGa) of the Banking Companies Act, 1991 and to be reported accordingly as per formats given in BRPD Circular No.08 dated August 02, 2015. In this regard, a portion of the "Sub-standard (SS)" loans will be reported as defaulted loan.</p> <p>We kept all other instructions of BRPD Circular No.14 dated September 23, 2012 and its subsequent modifications unchanged.</p>
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Types of loans and advances	Provision					
	STD	SMA	SS	DF	BL	
Consumer	House finance	1%	2%	20%	50%	100%
	Loans for professionals	2%	2%	20%	50%	100%
	Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
Provision for loan to broker house, merchant banks, stock dealers, etc		2%	2%	20%	50%	100%
Short-term agri-credit and micro credit		1%	1%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

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

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

The Bank has structured delegation and sub-delegation of credit approval authority for ensuring good governance and better control in credit approval system. The Board of Directors and its Executive Committee hold the supreme authority for credit approval in line with the recommendation from credit committee consisting of the senior management of the bank. Credit proposal processing, assessment of risks and mitigates there against, placing before credit committee, seeking approval from the competent authority, policy formulation & implementation, green finance, issuance & sanction advice are the major activities of CRM division. Separate segments for Corporate, Retail, SME, Credit Cards have been formed under CRM division in order to diversify the credit risk. Moreover, towards mitigating the risks and to reduce turnaround time, Bank Asia has developed a robust credit approval system in which all the loans based on their size are approved and disbursed through newly established clusters and also through Corporate Office in centralized system. The credit proposals recommended by branches are scrutinized by CRM division. Sanctions are conveyed to the Branches after getting approval from various dedicated authority, Head of Credit, President & Managing Director and Board of Directors if needed. Limits are loaded into the system by Credit Administration Department but it is not operative until the branch complies all the terms and conditions incorporated in the sanction advice. The above arrangement ensures the segregation of duties & responsibilities and thus minimizes the credit risk.

To stream line the overall credit portfolio, the bank has taken various initiative, for example, complete separation of business and risk, supervision of fresh credit proposal from branch through business wings at corporate office, empowerment of CRM and other risk management wings, digitization of loan documentation management process etc. Further to the above credit proposal format is also redefined as it is one of the key tools to maintain quality portfolio since it informs us risk, credit requirement, performance, liability position, compliance, financial position, environmental issues, effective rate of return, details of business etc. of the customer to mitigate credit risk.

Discussion of the Bank's credit risk management policy

The standardized approach is applied for risk weighting of exposure as per directive of Bangladesh Bank. It requires banks to use risk assessment. The Bank is following Credit Risk Grading (CRG) manual for assessing a borrower and making decisions of disbursing loans and advances/ investments while nominating the External Credit Assessment Institutions (ECAIs) duly recognized by Bangladesh Bank to derive risk-weights of exposures under the portfolio of claims. Maximum counterparty/group exposure are limited to 15% (funded) of the bank's capital base as stipulated by BB where a higher limit is required for projects of national importance subject to prior approval of Bangladesh Bank. The single borrower exposure limit has been increasing day by day of the bank with the increase of the total capital of the bank. But the management of the bank is exercising the prudential limit to a single borrower in order to minimize concentration risk of the bank considering the security coverage, satisfactory performance, credit risk grading status, earning potentials, capital requirement, etc. against the limit.

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures

Particular	Outstanding
b) Total gross credit risk exposures	244,642
Chief Executives & Others senior executives	200
Agriculture	9,523
Industry	117,769
Constructions	5,359
Power, Gas, Water and Sanitary Services	6,559
Transport, Storage and Communication	1,424
Trade Services	48,065
Housing Services	16,706
Banking and Insurance	4,427
Professional and Misc. services	34,609
c) Geographical distribution of exposures	244,642
Dhaka Division	197,647
Chattogram Division	29,808
Khulna Division	5,519
Rajshahi Division	5,997
Barishal Division	906
Sylhet Division	2,616
Rangpur Division	1,579
Mymensingh Division	570
d) Industry or counterparty type distribution of exposures	244,642
Chief Executive & other senior Executives	200
Agriculture	9,523
Food Manufacturing	11,150
Beverage industry	467
Tobacco industry	-
RMG industry	27,560
Textile industry	21,330
Wood cork and allied products	40
Furniture and Fixture	200
Paper and paper products	6,734
Leather and leather products	2,195
Rubber products	2,207
Chemical and chemical products	585
Basic metal products	8,953
Electrical machinery and apparatus	6,270
Other manufacturing industries	21,787
Ship building	4,615
Ship breaking	1,387
Pharmaceutical	2,290

Million Taka

Particular	Outstanding
Constructions	5,359
Power, Gas, Water and Sanitary Services	6,559
Transport, Storage and Communication	1,424
Trade Services	48,065
Housing Services	16,706
Banking and Insurance	4,427
Professional and Misc. services	34,609
Others	-
e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	244,642
Repayable on demand	48,573
Not more than 3 months	35,240
More than 3 months but not more than 1 year	65,016
More than 1 year but not more than 5 years	77,937
More than 5 years	17,876
f) By major industry or counterparty type	
Sector wise past due loan classification categories:	
Sub- Standard	1,655
Doubtful	163
Bad and Loss	6,113
Total	7,931
Specific and general provisions	13,110
Total General Provision:	8,990
Total Specific Provision:	4,120
g) Gross Non Performing Assets (NPAs)	7,931
Non Performing Assets (NPAs) to Outstanding Loans Advances	3.24%
Movement of Non Performing Assets (NPAs)	
Opening balance	10,480
Additions	-
Reductions	2,550
Closing balance	7,930
Movement of specific provisions for NPAs	
Opening balance	4,603
Less: Transferred to General Provision	(906)
Less: Write-off	(240)
Add: Recovery from previously written off	190
Transfer from General Provision	-
Add: Provisions made during the period	-
Closing balance	3,647

Basel III Pillar 3 Market Disclosure

5. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons

Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

The equity markets are traditionally volatile with a high-risk, high-returns profile. As such investors in the equity market have to plan and strategize to reduce their risks and increase their returns. Equity investments must therefore go hand in hand with a good risk management plan in place. In an uncertain marketplace like the present, investor cannot afford to place all hope in only one thing. Therefore, it is very important to protect the total investment value by means of diversification.

Bank Asia has been operating in the capital market of Bangladesh since 2009. The Bank invested in shares both in primary as well as secondary market. Bank Asia has been started its own portfolio operation from May 04, 2010. Since then the Bank was mainly involved in "Own Portfolio Management" activity.

Investments in shares of Bank Asia are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. The Bank recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best interest of the Bank.

The Management of the Bank has constituted an Investment Committee / team comprising of members from the senior executives of the Bank who have sound experiences and knowledge on Capital Market activities.

Investment team of Bank Asia reviews status of the own portfolio investment on regular basis and follows top-down approach where they review and analyze economy outlook, sectoral growth and specific company analysis. Company specific risk is minimized through proper diversification. To manage market risk, we follow economic research. Moreover, it has been noted that, the major source of market risk comes from the frequent change of regulation. Thus, it is important to maintain close relationship with the regulatory body and keep aware if there is any upcoming regulation change.

Our investment in shares are being monitored and controlled by the Investment Committee are reflected in accounts through proper methodologies and accounting standards of the local & international. Investments are valued on mark to mark basis on a particular period.

Quantitative Disclosures

Million Taka

Sl.	Particular	Amount
a)	a) Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value:	Not Applicable
b)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	Nil

Basel III Pillar 3 Market Disclosure

c)	Total unrealized gains (losses)	Nil
	Total latent revaluation gains (losses)	Nil
	Any amounts of the above included in Tier 2 capital.	Nil
d)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	
d.1	Specific Risk	960
d.2	General Market Risk	960
d3.	Total (d1+d2)	1,919

6. INTEREST RATE RISK IN THE BANKING BOOK

Qualitative Disclosures

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

Million Taka

Sl.	Particular	Amount		
1	Market Value of Assets	406,718		
2	Market Value of Liabilities	372,751		
3	Weighted Average of Duration of Liabilities (DL) in years	1.12		
4	Weighted Average of Duration of Assets (DA) in years	1.72		
5	Duration GAP (DA-DL) in years	0.70		
6	Yield to Maturity (YTM -Assets)	7.41%		
	Yield to Maturity (YTM -Liability)	3.18%		
	Magnitude of Interest Rate Change	1%	2%	3%
7	Fall in Market Value of Equity	(2,638.31)	(5,276.62)	(7,914.93)
	Stress Testing	Minor	Moderate	Major
8	Regulatory capital (after shock)	42,444	39,806	37,167
9	RWA (after shock)	244,652	242,014	239,375
10	CRAR (after shock)	17.35%	16.45%	15.53%

Basel III Pillar 3 Market Disclosure

7. MARKET RISK

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

Quantitative Disclosures	
	<i>Million Taka</i>
Particular	Amount
The capital requirement for:	
Interest Rate Risk	739.72
Equity Position Risk	191.94
Foreign exchange	42.71
Commodity Risk	-
Total capital requirement against Market Risk	974.38

8. OPERATIONAL RISK

Qualitative Disclosures	
Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board oversees the activities of Internal Control & Compliance Division to protect against all operational risk.
Performance gap of executives and staffs	Bank has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. BA's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.
Potential external vulnerable events	Considering the increasing complexity of banking operation resulted from various trending macro economic scenario and excessive competitive environment, it is unlikely to completely avoid potential external vulnerable events. However, through effective risk management operation the impact from potential external vulnerable events are quite minimum.

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

Policies and processes for mitigating operational risk

Operational risk, defined as any risk that is not categorized as market or credit risk, is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. It is inherent in every business organization and covers a wide spectrum of issues. In order to mitigate this, internal control and internal audit systems are used as the primary means. The Bank Asia Limited manages this risk through a control based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the bank stays in line with industry best practice and takes account of lessons learned from publicized operational failures within the financial services industry. Bank Asia Limited has operational risk management process which explains how the bank manages its operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with central bank requirements. Operational risk management responsibility is assigned to different level of management within the business operation. Information systems are used to record the identification and assessment of operational risks and to generate appropriate regular management reporting. Risk assessment incorporates a regular review of identified risks to monitor significant changes.

On top of that, as part of recent development, the bank is in the process of adoption of globally recognized operational risk assessment tools, e.g. Risk Control Self Assessment for assessment of all possible operational risk and adoption of Key Risk Indicator (KRI) to help the bank to set operational risk trigger parameters.

Approach for calculating capital charge for operational risk

Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.

Quantitative Disclosures

Million Taka

Particular	Solo	Consolidated
Capital Requirement for Operational Risk under MCR	2,303	2,340

9. LIQUIDITY RATIO

Qualitative Disclosures

Views of BOD on system to reduce liquidity Risk

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

- Funding liquidity risk: The risk that a firm will be unable to meet its current and future cash flow and collateral needs without affecting its daily operations or its financial condition
- Market liquidity risk: The risk that a firm cannot easily offset or sell a position without incurring a loss because of inadequate depth in the market

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

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

In the perspective of Bangladesh, identifying and monitoring the driving factors of liquidity risk is viewed from the following aspects:

Regulatory Liquidity Indicators (RLIs):

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

Methods used to measure Liquidity Risk

Bank's own liquidity monitoring tools:

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

Computation of Capital Charge against Liquidity Risk: If annual average of any RLIs of any bank falls below Bangladesh Bank's requirement the bank will be required to maintain additional capital for that RLI (or those RLIs).

As per Bangladesh Bank guideline management maintain sufficient CRR and SLR.

Liquidity Risk Management System

In December 2014, the Bangladesh Bank started to two new liquidity metrics as part of the implementation of Basel III. These are a short term liquidity stress metric, the Liquidity Coverage Ratio (LCR), and a longer term funding metric, the Net Stable Funding Ratio (NSFR). Banks have to maintain LCR and NSFR are at a minimum of 100%.

Policies and processes for mitigating Liquidity Risk

Bank Asia Limited Asset-Liability Management Committee (ALCO) has responsibility for monitoring liquidity measures and limits. Liquidity is maintained in excess of the maximum cumulative outflows calculated within these stress tests. Board Risk Management Committee set policies and process to mitigate all risks including Liquidity risk.

Quantitative Disclosures

Million Taka

Particular	Amount
Liquidity Coverage Ratio (LCR)	200.35%
Net Stable Funding Ratio (NSFR)	114.45%
Stock of High quality liquid assets	100,199
Total net cash outflows over the next 30 calendar days	50,012
Available amount of stable funding	327,289
Required amount of stable funding	285,972

Basel III Pillar 3 Market Disclosure

10. LEVERAGE RATIO

Qualitative Disclosures	
Views of BOD on system to reduce excessive leverage	<p>In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by Bangladesh Bank. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives:</p> <p>a) constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy.</p> <p>b) reinforce the risk based requirements with an easy to understand and a non-risk based measure.</p> <p>The policy for Leverage Ratio including on and off balance sheet exposure and capital related policy. The Bank has a well structured delegation and sub-delegation of credit approval authority for ensuring good governance and better control in credit approval system. The Board of Directors and its Executive Committee hold the supreme authority for any credit approval in line with the credit committee consisting of the senior management of the bank.</p>
Policies and processes for managing excessive on and off balance sheet leverage	<p>There are approved limits for instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against such risk.</p>
Approach for calculating exposure	<p>Calculation of Leverage Ratio</p> <p>A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.</p> $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$ <p>The exposure measure for the leverage ratio will generally follow the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following will be applied by the bank:</p> <ol style="list-style-type: none"> On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments (e.g. surplus/ deficit on available for sale (AFS)/ Held-for-trading (HFT) positions). Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure. Netting of loans and deposits is not allowed.

Quantitative Disclosures		
Particular	Million Taka	
	Solo	Consolidated
Tier-1 Capital (A)	23,559	23,386
Exposure measure :		
On balance sheet exposure	404,923	406,127
Off balance sheet exposure	53,779	53,779
Less: Regulatory adjustment made to Tier I capital	44.01	44.01
Total exposure (B)	458,658	459,861
Leverage Ratio (A/B)	5.14%	5.09%

Basel III Pillar 3 Market Disclosure

11. REMUNERATION

Qualitative Disclosures

Name, composition and mandate of the main body overseeing remuneration:

Managing Director, Senior Management Team (SMT) & Head of People Management Division (PMD) governs the remuneration related policies and practices in alignment with the bank’s short & long term objectives. They play an independent role, operating as an overseer; and if required, make recommendation to the Board of Directors of the Bank for its consideration and final approval for any remuneration related policy. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of Senior Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance-based compensation by ensuring effective remuneration policy, procedures and practices aligned with the Bank’s strategy and applied consistency for all employee levels.

A description of the scope of the bank’s remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches:

a. Information relating to the bodies that oversee remuneration.

Remuneration Committee of Bank Asia also oversee its two foreign subsidiary i.e. BA Exchange Company (UK) Limited and BA Express USA Inc. and one local subsidiary i.e. Bank Asia Securities Limited.

A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group:

Risk Takers are senior employees who can take, or influence the taking of material risk for Bank Asia or for a material business unit.

Designation	No of Employee
President and Managing Director	01
Deputy Managing Director	08
Senior Executive Vice President	04
Executive Vice President	13
Senior Vice President	17

Qualitative Disclosures

Key features of remuneration policy :

We target a fair human resources management by using a performance-based system. Our salary policy is the same in all branches and service points for the beginner level. In addition, to drive further development of individual skill sets and competencies, speaking foreign languages is compensated. There is no incidence of gender discrimination in terms of remuneration.

Bank Asia compensation program focuses on individual short-term goals vis-a-vis long-term success and overall profitability of the Bank. Both our short-term annual incentive and long-term compensation plans promote our pay-for-performance philosophy, as well as our goal of having a meaningful amount of pay at-risk, and we believe both plans provide us a competitive advantage in the acquisition and retention of talents.

Objectives of remuneration policy :

The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance within established risk limits. Performance is judged, not only on what is achieved, but also on how it is achieved as well as alignment with the Bank's values.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any change that was made:

The remuneration committee reviewed the firm's remuneration on 2018 and revised the remuneration by conducting a survey considering the following facts:

- Oversee Bank's remuneration position and revise the structure according to the competitive market
- Align compensation strategy with business strategy
- Determine the percentage of increment at each job grade
- Get acquainted with inflation in the economy

Based on the survey, Banks changes the remuneration on Compa-Ration based of its existing employees

A discussion of how the bank ensures that employees dealing with risk and its compliance are remunerated independently of the businesses they oversee :

Control function of internal control and compliance directly responds of Audit Committee of the Board and dotted report to the President and Managing Director. Credit Risk Officer reports to President and Managing Director directly.

b. Information relating to the design and structure of remuneration processes.

Qualitative Disclosures

<p>c. Description of the ways in which current and future risks are taken into account in the remuneration processes.</p>	<p>An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed):</p> <p>A balanced scorecard approach has been adopted by the Board with real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-a-vis set target of a given year. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors.</p> <p>A discussion of the ways in which these measures affect remuneration:</p> <p>The way in which each individual contributes to or impacts on the key criteria differs depending on the area of the business/target activities in which they operate and nature of activities specified by the management. These differences are reflected in the expected outcomes and performance indicators developed for each individual employee/role and satisfactory performance against these indicators is required to qualify for annual increment of remuneration, performance bonus, promotion and other benefits.</p> <p>A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration:</p> <p>Since the implementation of real-life SMART KPI to evaluate the contribution of all individuals, no change has been taken place.</p>
<p>d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</p>	<p>An overview of main performance metrics for bank, top-level business lines and individuals:</p> <p>Bank Asia is solely depending on the contribution of its existing talents. From the year 2013, Bank Asia introduced a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-a-vis set target of a given year. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors are introduced. The benefits of using KPI are the followings:</p> <ul style="list-style-type: none"> ● Reduce the number of decisions and make decisions based on objectivity and facts. ● Quantify the achievement of goals ● Focus on facts and see where individual improvement is/are needed. ● As individual initiative grows, it becomes more difficult to remain as close to the operational details as it is, in such case, KPI results can bring back to reality. ● Employees are clear about his/her obligations to deliver during the year and accordingly would be able to plan to meet the expectation. ● Last but not the least, unbiased performance evaluation at the end of the year. <p>A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance:</p> <p>Yearly performance bonus, salary increment, staff house building loan are directly linked with employee's individual performance.</p> <p>A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.</p> <p>Variance performances like performance bonus, salary increment are determined by the outcome of scorecard in prescribed KPI of the individual.</p>
<p>e. Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.</p>	<p>Bank Asia provides its Employees incentive compensation delivered in the form of deferred cash awards, subject to performance based on Key Performance Indicators (KPI).</p>

Basel III Pillar 3 Market Disclosure

Qualitative Disclosures

A summary of Short-term and Long-term compensation plan are given below:

Total Compensation = Fixed Pay (Salary)+Variable Pay (Bonus)+Variable Pay (Long term incentive)

Form of variable remuneration offered by Bank Asia:

Cash Form:

Short-Term Incentives / Rewards

1. Yearly fixed and incentive bonus;
2. Yearly Increment;
3. Business accomplishment financial award;
4. Special Increment for special assignments/accomplishment;
5. Car, fuel and car maintenance allowance for executives;
6. Cash Risk allowance for cashier;
7. Charge allowance for Head of Branches

Long-Term Incentives / Rewards

1. Provident fund;
2. Gratuity;
3. Benevolent fund
4. Employee house building loan with minimum interest rate
5. Provident fund loan with minimum interest rate
6. Periodically salary review (enhancement)
7. Furniture allowance for executives
8. Yearly professional membership fees for professional certificates holder

Non-Cash Form:

Short-Term Incentives / Rewards

1. Medical insurance coverage for self, wife and two children;
2. Accelerates promotion for top talents;
3. Study leave

Long-Term Incentives / Rewards

1. Foreign training award;

- f. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures

Particular	<i>Million Taka</i>
g. Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Meeting regarding overseeing the remuneration was held on need basis.
h. Number and total amount of guaranteed bonuses awarded made during the financial year. Number and total amount of sign-on awards made during the financial year. Number and total amount of severance payments made during the financial year	No.
	Amount
	Nil
	Nil
	Nil
i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil
Total amount of deferred remuneration paid out in the financial year.	Nil

Basel III Pillar 3 Market Disclosure

Quantitative Disclosures

j. Breakdown of amount of remuneration awards for the financial year to show:

- fixed and variable

Breakdown of Remuneration is as follows
(Taka in million):

Particular	Amount
Basic salary	1,261.50
Allowances	1,464.54
Festival bonus	210.56
Gratuity	267.40
Provident fund contribution	122.71
Performance bonus	210.00
Total	3,536.71

- deferred and non-deferred.

Nil

- different forms used (cash, shares and share linked instruments, other forms).

All the remunerations are provided in the form of cash

k. Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:

Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.

Nil

Total amount of reductions during the financial year due to ex post explicit adjustments.

Nil

Total amount of reductions during the financial year due to ex post implicit adjustments.

Nil

Summary Sustainability Report

Chemical pollution have deleterious effects on health and environment

WHAT'S INSIDE

Achievement for Sustainability Report	164
Sustainable Banking Operations Key Highlights 2020	165
Message from President and Managing Director	166
Report Parameter	168
Triple Bottom Line	168
Strategic Focus for Sustainability	169
Corporate Profile	170
Primary Brands, Products & Services	172
Stakeholders' Engagement	178
Material Aspects and Boundaries	181
Environmental Performance	182
Economic Performance	188
Our Business Model	120
Financial Inclusion at a glance	192
Sustainable HR Development	194
Bank Asia Foundation	199
Corporate Social Responsibility	200
Customer Satisfaction Survey	204
Stakeholders Relationship/Grievance Redressal	208



Achievement for Sustainability Report



Bank Asia produces separate full scale *Sustainability Report* every year following GRI Guidelines including GRI Content Index and page reference. For more details visit : www.bankasia-bd.com

Bank Asia achieved Asia Sustainability Reporting Rating (ASRR) by NCSR and ICSP, Jakarta, Indonesia

- Bank Asia has been granted 'Gold Rank' in Asia Sustainability Reporting Rating 2020 by NCSR (National Centre for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Indonesia for Sustainability Report 2019
- Bank Asia has been granted 'Gold Rank' in ASRR 2019 by NCSR and ICSP for Sustainability Report 2018
- Gold Rank- Best Sustainability Report in ASRR 2018 - 14th SRA 2018 for Sustainability Report 2017 by NCSR and ICSP
- 'Winner-Best Sustainability Report in Overseas category' - 13th SRA 2017 for Sustainability Report 2016
- Best Sustainability Report in Bangladesh - 12th SRA 2016 for Sustainability Report 2015
- Best Sustainability Reporting Award 2015, Runner up 1 in Overseas Category for Sustainability Report 2014
- Sustainability Reporting Award 2014 (SRA 14) for Most Impressive Report 2013 for Sustainability Report 2013
- Sustainability Reporting Award 2013 (SRA 13) for Most Progressive Report 2012 for Sustainability Report 2012
- Commendation for the first time - 9th SRA for Sustainability Report 2012

Sustainable Banking Operations

Key Highlights 2020

Tk.
11.03
million

Provided to students for supporting their education under BA's Higher Studies Scholarship

1,232,500
unbanked villagers

Came under Bank Asia's banking service network by ABAK project for poverty alleviation

1,743,219
Households

Received remittance from rural and semi-urban areas of Tk. 75,363 million through our MFIs network business

57,870
Rural Farmers

Benefitted financially through our agricultural/rural credit

1,17,224
Man-hours

Training for development of Human Capital

1,109,110
numbers

E-Statements delivered to customer

68%
ATM

Cash Transactions done through ATM

952,676
transactions

Worth Tk 6,788 million done through bank Asia SMART APP

4,628
agent outlets

Covering whole country (64 districts) for expanding Agent Banking in most geographically dispersed poor segment

Tk.
403
million

Disbursed for financing Green Building Project



Message from the President and Managing Director

The year 2020 was a completely different year for the global economy as the entire world experienced an unorthodox version of lifestyle due to the life threatening pandemic of COVID-19 that left affected all the sectors. Like every nation, this pandemic has caused colossal impacts on the sustainable development of Bangladesh's economy, our GDP had a sharp decline from 8.15% to 5.20%. To minimize the impact on our economy, the Govt. rapidly announced massive stimulus package for the affected sectors and also for financial sectors.

Despite the pandemic driven changing global scenario, Bank Asia strongly believes that with its stronger capital base and business ethics, it is contributing towards reaching a sustainable economy. In line with this thought, on behalf of Bank Asia, I am honored to present Bank Asia Sustainability Report 2020 which focused on "Chemical Pollution" that described how it is creating harmful effects on human health and environment. Besides, I would like to share some initiatives taken by Bank Asia to build a sustainable future:

Continuing banking during Covid-19 situation

Offering smooth banking services during COVID-19 pandemic in all our outlets by adequately maintaining health safety issues for both our employees and valued clients was a big challenge. Bank Asia addressed this issue by setting up disinfecting entrance chamber in corporate office premises, used adequate sanitization for incoming customers and maintained social distance while giving services. Time to time, the bank management raised awareness among the employees through various circulars. Moreover, it formed a separate cell to address the pandemic issues promptly.

Green Banking – For a Better Future

Bank Asia aims to build a better future by growing responsibly and sustainably followed by eco-friendly measures across the organization. The bank circulated Green Banking Policy guidelines to raise awareness and conserve energy and water as well as saving paper and fundamental resources. To step into paperless banking, we highly encourage customers to use E-Statement, SMS banking, SMS Alert, Net Banking, E-fund Transfer and E-mail Correspondences. More than 952,676

transactions worth of Tk. 6,788 million was done through Bank Asia SMART APP which is an integrated internet and mobile banking solution.

Bank Asia always put top priority whenever it finds any green financing opportunities such as renewable energy generation, carbon emission project, solar home system, CNG conversion project, biogas, managing different waste, treatment of liquid waste, urban building safety project, effluent treatment plant in brickfields etc. The bank is actively involved in green financing activities worth Tk. 128.86 million and during 2020, the bank disbursed Tk. 402.79 million as green finance favoring Well Group, a customer of our Agrabad Branch and Tk. 2,944 million for setting up of Spectra Solar Park, a client of Bank Asia Limited, MCB Banani Branch. This will highly reduce the operating cost of the business through using huge solar power without any adverse effect on the environment. The bank also provided 8 trainings and seminars on green banking to spread awareness to 280 employees.

Corporate Social Responsibility – Promoting Equitable Society

To contribute to the social, economic and environmental development, Bank Asia spent Tk. 282.83 million in several CSR activities such as donated Tk. 100 million for the prevention of the COVID-19 crisis to Prime Minister's Relief & Welfare Fund, Tk. 23.23 million worth of warm clothes among cold-hit people in different parts of the country, supported poor meritorious students by providing Higher Study Scholarship worth of Tk. 11.03 million.

Financial Inclusion across the nations- Banking beyond Banks

Bank Asia, the pioneer of Agent Banking operations, with the aid of advanced technologies and flexible Agent Banking module, has covered 64 districts with its 4,628 agent outlets ensuring compatible security for the customers even in the most geographically dispersed poor segment. The bank has received Bangladesh Business Innovation Award for "Agent Banking Business Model" by Bangladesh Brand Forum.

Focusing Agri-Economy – To build a strong agricultural nation

In the financial year of 2020, Bank Asia disbursed loans and advances of Tk. 5,427

million to 57,870 rural farmers to enhance sustainable growth through the agricultural sector. In the fiscal year (July-June), the bank achieved 103% against the target of Tk. 3,750 million as set by Bangladesh Bank. The bank distributed Tk. 81.47 million to 2,170 number of Tk. 10 A/c holders to improve their livelihood where they participated in income-generating activities for which the bank received refinance of Tk. 78.36 million from Bangladesh Bank. Moreover, the bank assisted the rural farmers with rice cutter machine to rebound from the pandemic losses.

Optimizing People Asset

In a service based organization, the human resource is considered as the major asset, so we provide our employees ample opportunities for personal growth through comprehensive training and other development programs. In 2020, Bank Asia provided 117,224 Man hours of training on different operational and behavioral aspects for the development of human capital.

Award and Recognition

Bank Asia believes in transparency in disclosing information to the stakeholders irrespective of different events. We are privileged to share that, Bank Asia has been granted 'Gold Rank' in Asia Sustainability Reporting Rating 2020 by NCSR (National Centre for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Indonesia for Sustainability Report 2019. This is noteworthy that we are achieving sustainability award every year under different category by NCSR.

On that note, I would like to conclude by extending my profound gratitude and appreciation to all our valuable stakeholders for their enthusiastic and impactful engagement towards Bank Asia's vision to build a sustainable future for Bangladesh.



Md. Arfan Ali
President and Managing Director

Report Parameter

Bank Asia is the pioneer in the banking industry to publish Sustainability Report and awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting. Our prior two reports were based on GRI reporting framework G3/ G3.1 guidelines. But from the year 2014 to 2017 we have prepared our sustainability report based on GRI reporting framework G4 guidelines. From 2018 we are reporting on GRI reporting framework GRI standard with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social aspects including both positive and negative contribution.

Reporting Scope

This report intends to touch upon all significant environmental, economic and social impacts resulting from Bank Asia's activities in the financial year 2020. This is our eighth Sustainability Report and there is no significant changes regarding scope, boundary or measurement methods and explanation of the effect of any restatement of information comparing to the previous report. The Sustainability Report will be prepared once in a year describing activities and achievements through-out the year.

Boundary of the Report

The report boundary of the year 2020 covers only banks operation run by corporate office, its branches, SME service centers and other direct networks in Bangladesh. Impacts of the activities of our subsidiaries, NGO networks or our suppliers in other countries are not within the scope of this report. Bank Asia has three subsidiary companies, one in Bangladesh and others in UK and USA, but no joint venture. As owner, the Bank controls the activities of its subsidiaries. Bank Asia Securities Limited (BASL), a majority owned subsidiary is incorporated in Bangladesh and acts as a stock broker and stock dealer in capital market. The financial statements of the BASL are prepared on a going concern basis under historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRS). BA Exchange Company (UK) Ltd. in UK and BA Express USA Inc. at NY, USA are two wholly owned subsidiaries with a primary responsibility of remittance channeling to Bangladesh from UK and USA market. Financial statements of BA Exchange Company (UK) Ltd. and BA Express USA Inc. are prepared on a going concern basis under the historical cost convention and in accordance with the Financial Reporting Standards for smaller entities.

Feedback

We welcome any feedback on our sustainability reporting. For further information and comments, please contact Sustainability Reporting Team of the Bank led by Mr. Mohammad Ibrahim Khalil, FCA, Chief Financial Officer, Mr. Md. Shamim Hasnat, CSRS, Assistant Vice President, Group Finance; Mr. Mahbub-Ul Anam Khan, CSRS, CEO, Group Finance and Ms. Nahid Tania Khan, CSRS, Executive Officer, Group Finance. They may be reached through

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

Triple Bottom Line



PEOPLE

Bank Asia always plays a very dynamic role in contributing to the society through its CSR program, which are thoroughly illustrated in CSR section. In the context of value creation model for its employees, the bank has made footprints by achieving: Operating profit and Net profit per employee was Tk. 2.47 million and Tk. 0.83 million respectively during 2020. 1,17,224 man-hours training (both physically & virtually) have been provided to 19,051 employees in 2020 in home and abroad.

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



PLANET

As one of the strategic focuses of Bank Asia, 'going green' movement includes efficient energy consumption, paperless office, financing renewable energy etc. Bank Asia's achievements in green initiatives are detailed out in other parts of the report. As greening of mind, 384 man hours of training provided to 256 staffs regarding green banking under foundation and other trainings course in 2020.



PROFIT

During 2020, Bank Asia generated operating profit of Tk. 6,071 million.

Strategic Focus for Sustainability

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

GOING GREEN IN THE FUTURE OF BANKING

One of the strategic priorities of Bank Asia is to promote financial inclusion for combating poverty which the Bank firmly believes to achieve by its deposit services, agricultural credit program, small enterprise financing for productive new off farm employment of 'missing middle', Solar home system projects with NGO-MFI partners, foreign remittance of poor migrant workers channeling through partner MFIs, Amar Bari Amar Khamar (ABAK) Project, Agent Banking channels, domestic remittance distribution through bank branches and agent banking outlets.

PROMOTING FINANCIAL INCLUSION

GIVING BACK

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

CUSTOMER SATISFACTION

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

Corporate Profile

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

In 2001, Bank Asia set a milestone by acquiring the Bangladesh operations of the Bank of Nova Scotia of Canada, first in the banking history of Bangladesh. At the beginning of the year 2002, the bank again acquired the Bangladesh operations of Muslim Commercial Bank Limited of Pakistan. Bank Asia has associated Islamic banking, Off-shore banking, Agent Banking, ABAK (Renamed EBK), Rural Finance, Digital banking program and many more specialized services with its core banking activities.

To excel in this new era of technological triumph, Bank Asia has successfully introduced internet banking, cutting edge ICT, state of the art network solution, 24/7ATM service and many other e-products. Bank Asia maintains an environment of strong corporate governance that helps to maintain its excellent brand image; reflected by consistent financial performance for its stakeholders. To attain sustainability, we focus more on strategic priorities measured by quantitative and qualitative determinants. Besides maintaining a steady growth, Bank Asia always prioritized in the structural and moral development of the society. From the very beginning the bank has started its Corporate Social Responsibility (CSR) activities for the development of our country's unprivileged segments in the areas of education, health, environment, sports, arts & cultures and the likes.

Nature of Ownership and Legal Form

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

Number of countries where the organization operates

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

Banking Channel

Currently we have 129 branches and SME service centers across the country spread over different zones that includes 121 branches, 4 SME agricultural branch and 4 SME service centers. Geographically 66 are placed in capital Dhaka, 39 in Chattogram, 7 in Sylhet zone, 6 in Khulna zone, 5 in Rajshahi, 3 in Rangpur, 2 in Barisal, and 1 in Mymensingh. All these branches and SME centers are efficiently supervised and monitored by Zonal heads who take care of their overall performance indicators on a regular basis. Due to the low operational cost as well as increasing

popularity of agent banking operations, Bank Asia is emphasizing on adding new agent outlets. There are total 4,628 agent outlets in 64 districts. Agent banking network outreaches the customers through individuals, passport, institutions, UDC, Post office. Bank Asia has Automated Teller Machine (ATM) that provides banking services to its customers 24 hours a day, 7 days a week and 365 days a year. In our total 68% cash transactions of Bank Asia are done through its 187 own ATMs and more than 15,000+ shared ATMs all over the country. In terms of Internet banking, currently we have more than 105,473 active users.

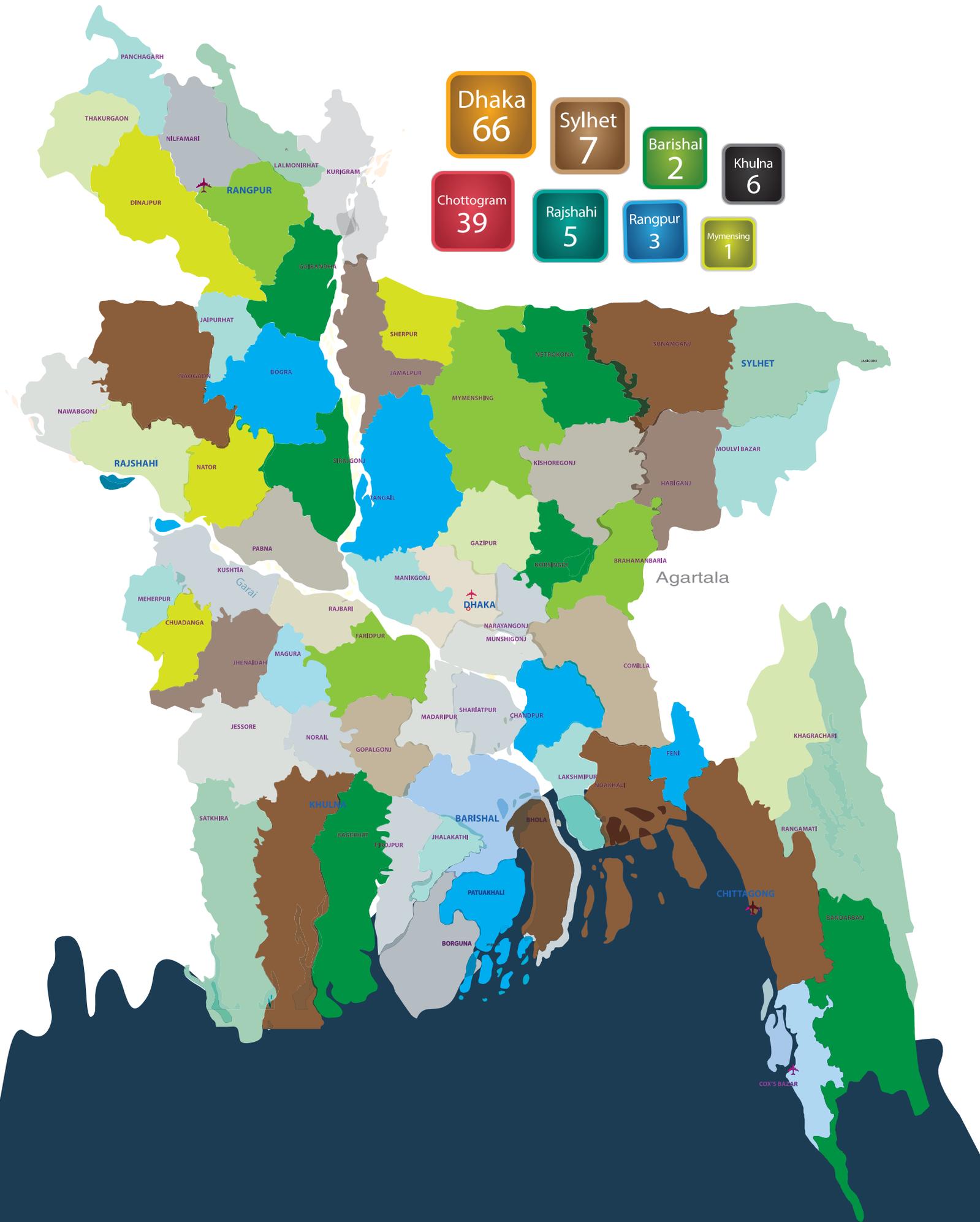
MEMBERSHIP WITH ASSOCIATIONS

- Bangladesh Institute of Bank Management (BIBM)
- Bangladesh Associations of Banks (BAB)
- Association of Bankers Bangladesh (ABB)
- The Institute of Bankers Bangladesh (IBB)
- The American Chamber of Commerce in Bangladesh (AMCHAM)
- Bangladesh Foreign Exchange Dealers Association (BAFEDA)
- Bangladesh Association of Publicly Listed Companies (BAPLC)
- Money Market Dealers Association
- Metropolitan Chamber of Commerce and Industry
- Baridhara Cosmopolitan Club
- Islamic Banks Consultative Forum (IBCF)
- Central Shariah Board for Islamic Banks of Bangladesh (CSBIB)
- The Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain

SCALE OF THE REPORTING ORGANIZATION

As of the end of 2020, our Bank's operating profit is Tk. 6,071 million and total assets are Tk. 408,717 million. The Bank's Capital to Risk Weighted Assets Ratio (CRAR) is 17.16%.

Number of employees	2,492 (2,463 of Bank & 29 of Subsidiaries)
Number of branches	129 (121 branches, 4 SME/Agri branches and 4 SME service centers)
Total operating income	Tk. 13,179 million
Total debt & equity	Tk. 381,336 million & Tk. 27,381 million
Number of ATMs	187 own ATMs and more than 15,000+ shared
Number of credit cards	105,518
Number of VISA debit cards	More than 6,52,728



Primary Brands Products & Services

Since its inception, Bank Asia Limited has been able to maintain a very sound corporate brand image amongst its peer group of new generation private commercial banks in Bangladesh. Over the years, the corporate brand identity was strengthened mainly due to the superior excellency in customer relationship management and also innovating various technology driven unique banking services that catered the need of people from all socio-economic background.

The brand identity of Bank Asia Ltd emerged from an outstanding corporate banking establishment and escalated towards a broad extended sphere of audiences ranging from semi-urban to deep rural, to the remotest possible landscapes where people need banking, to achieve the noble goal of financial inclusion. Bank Asia Limited has pioneered the idea of financial inclusion by providing banking to the un-banked with an intention of eradicating poverty by ensuring access to finance for all, which matches our brand slogan, “For A Better Tomorrow”.

With this frame of mind, Bank Asia has championed brands like Agent Banking, Post-Office Banking, Micro Merchant etc. These strategic business units (SBU) are providing banking products and services almost identical with its corporate brand, however to an extended group of consumers who were completely untapped by the goodness of modern banking. To achieve both financial inclusion and customer satisfaction, the products & services portfolio of the bank consists of all of the banking needs of an individual, despite of their geographic, demographic or socio-economic class.

Duronto

Agent Banking & Islamic Banking Division of our bank have already implemented ‘School Banking Account’ & it is being operated successfully. In 2020, we launched a new product named “Duronto” for the children aged from 0 (zero) to 18 years.

The account will encourage a child the habit of saving & it will open boundless opportunity for the bank for financial inclusion, including the child’s parents & relatives through proper marketing. As a minor account, the operating guardian would operate the account on behalf of the child up to the age of 18.

“After becoming 18 years old, this account will be automatically converted to general savings account bearing the same account number and will be operated by the account holder. This will not only ensure customer booking at early age but will also ensure customer retention and carry years of personal financial records. ”.

বাংক এশিয়া



ব্যাংকের ঋণ
সহজেই নিন

৯%

বাৎসরিক সুদে

যে সব খাতে ঋণ পাওয়া যাবে

- কৃষি ঋণ
- ক্ষুদ্র ও মাঝারী ঋণ
- ভোক্তা বা রিটেইল ঋণ

যে কোন প্রয়োজনে
কল করুন

১৬২০৫

ব্যাংক এশিয়া লিমিটেড
র্যাংগুস টাওয়ার
৬৮, পুরানা পল্টন, ঢাকা-১০০০
www.bankasia-bd.com



এজেন্ট
ব্যাংকিং
আপনার দোরগোড়ায়

Products & Services

RETAIL BANKING PRODUCTS



Deposits

Low Cost/No Cost Deposit Accounts

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

Term Deposit (s)

Fixed Deposit Regular

Scheme Deposit (s)

Monthly Benefit Plus	Bhromon(Travellers)	Bank Asia Sanchay Plus
Anchol(Women)	Double Benefit Plus	Deposit Pension Scheme Plus
Nirvabona(Senior Citizens)	Triple Benefit Plus	Shonchoy E KotiPoti

Consumer Finance

Auto Loan <ul style="list-style-type: none"> Shapner Bahan 	Consumer Durable Loan	Loan for Professionals <ul style="list-style-type: none"> Shabolombi
House Finance <ul style="list-style-type: none"> Shapner Abash GrihaShaj Shapner Kuthir Shapner Nirman Nijer Bari 	Unsecured Personal Loan <ul style="list-style-type: none"> Proyojon RMG-Proyojon Chuti Sheba 	Loan for Senior Citizens <ul style="list-style-type: none"> Purnata
Green Energy Loan	Bicycle loan	Water Supply and Sanitary loan (WSS)
Talent Learning and Earning	Motorcycle loan	



Credit Card

VISA Credit Platinum Card (with Priority Pass)	VISA Credit Classic Card	Visa Signatire Credit Card
VISA Classic Local Card	VISA Credit Butterfly Card	Hajj Card
VISA Classic Dual Card	VISA Gold Local Card	Virtual Card
VISA Ladies Card	VISA Gold Dual Card	Master Silver Card
VISA Credit Gold Card	VISA Prepaid Hajj Card	Master Gold Card
Master Credit Titanium Card (with Lounge Key)	LankaBangla Card Cheque	Shadhinfox card
SME Credit Card	Gift Card	Prepaid Travel Card

Islamic Credit Card

Salamah Platinum Card	Salamah Gold Card	Salamah Silver Card
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Islamic Banking Products



Deposits

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



Investment Products

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

Islamic SME Financing Products

SALAMAH Srishti	SALAMAH Somhridhhi	SALAMAH Bahon
SALAMAH Subidha	SALAMAH Sondhi	SALAMAH Suborno
SALAMAH Sofol	SALAMAH Seba	

MICRO , SMALL , MEDIUM & AGRICULTURE BANKING PRODUCTS

Deposits

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

Micro & Small Enterprise Finance

Asset Product

Shomadhan - Over draft for Trading, Manufacturing, Service & Women Entrepreneur	Utshob -Collateral free Seasonal loan	Shubidha -Collateral free Term loan for Trading
Shubidha -Collateral free Term loan for Trading	Sristi -Collateral free Term loan for Manufacturing	Shofol - Collateral free Term loan for Service
Shondhi -Term loan for Trading	Shombridhi -Term loan for Manufacturing	Sheba -Term loan for Service
Subarno -Term loan for Women Entrepreneur	Probaho -Term loan for Electric Cluster	Shombhabona -Term loan for New Entrepreneur
Bondhon - For Handloom & Specialized cloth Cluster at Bogura	Bahon -Commercial Vehicle Finance	Nilima -Collateral free Term Loan for Women Entrepreneur (except Dhaka & Chittagong)
Shopner Khamar - For dairy sector value chain entrepreneurs (through selected Agent outlets)	Uttaran - For existing excellent CMSE loan borrowers.	Shofol GP -For Retailers of Grameen Phone
Obiram -For Micro merchants		

Liability Product

Astha-SME Current Account

Medium Enterprise Finance

Funded Products

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

Non Funded Products

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

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

New product-“CGS (SP) Surakkha”- no/insufficient collateral under Credit Guarantee Scheme (CGS) to facilitate stimulus package for CMSE segment


CORPORATE BANKING
Cash Management Products

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

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

Funded Products

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

Non-Funded Products

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

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


OFF-SHORE BANKING UNIT (OBU) PRODUCTS
On-Shore Import & Export Bill Discounting

UPAS Loan	Bill Purchase
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Working Capital Finance

LTR	Packing Credit	Term Loan	Lease Finance
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Trade Finance

Import / Export

Loans & Advances to wholly foreign owned entities

LTR	Demand Loan	Term loan
-----	-------------	-----------

Term loan to local entities
 ECA loan to local entities
 Nostro account services to other local banks


AGENT BANKING
Products

Current Deposit Account	Term Deposit Scheme (TDS)	SME Loan
Savings Bank Account	Remote Banking (ABAK)	Retail Loan
Short Notice Deposit Account	10 Tk. Account	Islamic Loan
School Banking Solution <ul style="list-style-type: none"> • Smart Junior Saver • School Banking Account • School Fee Collection • Payroll Banking for Teachers 	Current Account (Astha)	Debit Card
Deposit Pension Scheme (DPS)	Agri Loan	Near Field Communicator Card

Services

Account Opening	Passport Fee Collection	E-Commerce Service
Deposit and Withdrawal from Account	SME Loan Processing	E-Ticketing Service
Fund Transfer within bank and to any bank in Bangladesh	Agriculture Loan Processing	Digital Health Care Service
Inward Foreign Remittance Payment	Retail Loan Processing	Insurance Product Service in life and health category
Utility Bill Payment	Repayment of Loan Installment	Micro-Merchant Digital Payment Apps
Balance Inquiry	Disbursement and Payment of Social Safety Net	Cheque Book
Account Statement (Mini)	Salary Disbursement Solution	Micro-Merchant Digital Payment Apps
Insurance Premium Collection	A-Card for Farmers	Bank POS


TREASURY PRODUCTS
Money Market, Fixed Income & Capital Market

Call Money	Repo/ALS(Assured Liquidity Support)	Interest Rate Cap and Collar
Notice money	Reverse Repo	
LCY/FCY Term	Spot Foreign Exchange	
LCY/FCY Swap	Forward Foreign Exchange	
Fixed Income & Capital Market investment	Cross Currency Swaps	
Investment (GSEC) service for customers	Interest Rate Swaps	

Foreign Exchange

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


CAPITAL MARKET SERVICES
Money Market, Fixed Income & Capital Market

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

Stakeholders' Engagement

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

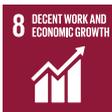
- Responsibility: Bank Asia has direct legal responsibility to regulators, tax authority etc.
- Influence: Decision making of the bank is influenced to reach its intended goals by shareholders and employees etc.
- Proximity: The local community that influence heavily our daily operation.
- Dependency: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

As a value driven financial brand Bank Asia try to maintain transparency in providing both financial and non-financial data activities of the bank. Bank Asia prioritizes stakeholders' issues based on materiality mapping determining the level of relevance and significance on economic, environmental, social and financial impacts.



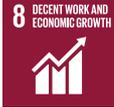
Stakeholders' Engagement

Aligned with SDG

Stakeholders	Ways of inclusion	Their priorities	Our response
Customers  	<ul style="list-style-type: none"> ● Market research and product innovation ● Customer Service Enhancement Program ● Customer Relationship Management ● Direct Customer feedback ● Different channels, Branches, Agent outlets, Call Centre, Priority Centre, ATM Booth, Internet Banking & others 	<ul style="list-style-type: none"> ○ Quality service delivery ○ Good returns from deposits ○ Preferential pricing, charges and commission ○ Privacy and Information ○ Security Dispute Resolution ○ Product Information, Affordability and Convenience ○ Product variation according to market demand ○ Strict Shariah compliance in Islamic products and services 	<ul style="list-style-type: none"> ○ Proper actions are taken of customers complaints if any service goes against the customer service policy of the Bank ○ Front desks and relationship managers ensure fast and high quality service delivery following one to one relationship ○ E-products like internet banking, mobile apps, SMS banking, EGP service, E-commerce, E-payment solution, ALCO sits every month to decide pricing and rates based on market analyses ○ All network nodes are run by online core banking system (CBS) ○ First day in every month is being observed as 'Customer Service Day' where Corporate Office executives met with customers in branch premises ○ Encourage clients to use cards as contactless modality in Covid19 pandemic
Employees    	<ul style="list-style-type: none"> ● Business conferences, teleconferences, video conference etc. ● Training, workshops and orientation program, Internal meeting, Group emails, Intranet circulation, ● Team building through cross-cutting working groups 	<ul style="list-style-type: none"> ○ Regular training & Performance development ○ Periodical salary review to adjust with cost of living index ○ Proper job description setting as per individual skill ○ Performance driven career progression ○ Ensure hygienic and congenial workplace ○ Group Health Insurance ○ Quarantine Leave Policy ○ Sick Leave Policy ○ Transport facilities for female employees ○ Sports Tournament ○ Cleaning Day ○ Proper safety for women worker 	<ul style="list-style-type: none"> ○ 1,17,224 man hours of training to 19,051 participants in 2020 also Virtual training with employees to raise their awareness on Covid-19 and prevention measures ○ Amount of insurance received Tk. 11.44 million during 2020 ○ Salary package adjusted in line with market competitiveness and inflation ○ Yearly performance Bonus and festival bonus for employee motivation ○ All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise ○ Well set KPIs for performance and inherent quality analysis ○ Pick and drop facilities has been provided through 10 vehicles ○ Formulation of 'Female anti-harassment policy' and 'Grievance handling policy' to resolve complaints in a fair manner ○ Social distancing with ropes or signs on the floor of bank to maintain safe distances & sanitizer dispensers in place ○ 'First Saturday' of every alternate months has been observing as 'Cleaning Day' where all employees of the branches & Corporate Office actively participate to clean the premises . ○ Facilities employees work from home for safety concern in Covid 19 situation. ○ Healthcare center and GYM in corporate office and Child Care Center facilities
Subsidiaries  	<ul style="list-style-type: none"> ● Policies formulation ● Agreed upon strategic goals 	<ul style="list-style-type: none"> ○ Goals and Strategic focuses are based on local environment analysis & regulatory purview 	<ul style="list-style-type: none"> ○ Review local market and environment before setting its strategic priorities ensuring proper representation from subsidiaries

Stakeholders' Engagement

Aligned with SDG

Stakeholders	Ways of inclusion	Their priorities	Our response
Shareholders/ investors  	<ul style="list-style-type: none"> ● AGM, EGM, Annual & Semi annual report ● Corporate disclosures ● Price Sensitive Information (PSI) ● Quarterly financial report 	<ul style="list-style-type: none"> ○ Healthy return on investments and stable dividend policy ○ Sustainable growth ○ Sound governance and risk management performances ○ Business ethics ○ Assets quality 	<ul style="list-style-type: none"> ○ Maintained attractive plough back ratio ○ Timely repayment of debt with stated return ○ Each queries of the investors meet up through our share department efficiently and fairly ○ Established risk management culture ○ Transparency & integrity in financial reporting
Board and Management 	<ul style="list-style-type: none"> ● Decisions based on financial and business delegation of different levels ● Major decisions must be placed to board for approval 	<ul style="list-style-type: none"> ○ Governance principles, policies & procedures formulation ○ Strategic focus & value creation ○ Strategic business planning 	<ul style="list-style-type: none"> ○ At least one board meeting in every month, frequent executive committee meeting, audit committee meeting ○ Board members meet management on various occasions like annual & semi- annual business conferences, different remarkable day celebration
Government & regulatory Authority  	<ul style="list-style-type: none"> ● Surveillance by Bangladesh Bank ● Meetings ● Directives and circulars 	<ul style="list-style-type: none"> ○ Proper compliance with laws & regulations ○ Timely reporting as per requirement ○ Timely payment of right amount income tax and VAT 	<ul style="list-style-type: none"> ○ We ensure proper compliance and timely reporting to government bodies and regulators as per requirement ○ Contributed Tk. 6,038 million to National Exchequer which significantly contributed to Government's revenue collection ○ Regularly reports to the Central Bank, BSEC, tax and VAT authorities
Local Communities          	<ul style="list-style-type: none"> ● Promoting financial inclusion both banked and unbanked people ● CSR contribution on Scholarship, Health, Disaster Management, Sports etc. ● Financing in environmental friendly projects 	<ul style="list-style-type: none"> ○ Provide banking facility to geographically dispersed poor segment of the society ○ Benefit economy by poverty reduction through banking services to rural poor people by ABAK Project ○ Compensation for adverse direct or indirect impact for bank's activities ○ Support to under privileged people through Social Safety Net Program ○ Bank Asia Foundation (BAF) formation 	<ul style="list-style-type: none"> ○ Strongly consider environmental and social impact and restrain from adverse impact upon society ○ Disbursed Tk.402.79 million on the green finance this year ○ Conducted larger scale CSR activities through the Foundations operation ○ Significant contribution to education, health, disaster management, Art & culture, environmental and Sports sector ○ Provide Medical financial support to Covid19 patients Tk. 2.40 million and donate PPE of Tk. 10 million to Bangladesh Police
Business Partners  	<p>Procurement management, training and communication</p>	<ul style="list-style-type: none"> ○ Fair trade, fair enlistment ○ Sustainable and stable growth of the bank 	<ul style="list-style-type: none"> ○ Free from any bias or coercion from influencing quarters ○ Ensure fair play and competition to award work order ○ Timely payment to vendors

Material Aspects and Boundaries

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

Regulatory compliance Certificate

CREDIT RATING AGENCY OF BANGLADESH LIMITED 

Ref: AGL/911/RCM/200617/2020- 30 June 2020

Mr. Md. Arfan Ali
President & Managing Director
Corporate Office
Rangs Tower
68 Topkhana Road
Dhaka 1000.

Subject: Credit Rating - Bank Asia Ltd.

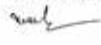
Dear Sir,

We are pleased to inform you that Credit Rating Agency of Bangladesh Ltd. (CRAB) has assigned the following ratings to Bank Asia Limited:

Particulars	Ratings
Long Term	AA-
Short Term	ST-2
Outlook	Stable

The entity rating is valid up to 30 June 2021. The ratings may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We hope the Rating Awards will serve the intended purpose of your organization.

Yours Sincerely,

Hamidul Haq
Managing Director

Nasirah Off Tower, Level-15, Plot-06, Parkazath, Tejgaon, Dhaka-1215. E-mail: info@crab.com.bd, Web: www.crab.com.bd, www.credrating.com
☎ +88-02-36013679, 36013679, 36013691, 33013682, 33013683 (Fax) 36013684

 **PODDER & ASSOCIATES**
Cost and Management Accountants

Report to the Shareholders of Bank Asia Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Bank Asia Limited for the year ended on 31st December 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/90, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except conditions number 1(7)(a), 1(7)(b) & 6;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The governance of the company is satisfactory.

Place: Dhaka
Dated: 1st April 2021


Podder & Associates
Cost & Management Accountants

Environmental Performance

SDGs Impacted



Bank Asia's Corporate Office designed to utilize maximum usage of natural lights which reduces energy consumption substantially compared to other conventional building



For a sustainable & green economy, Bank Asia's involvement in environment friendly investment



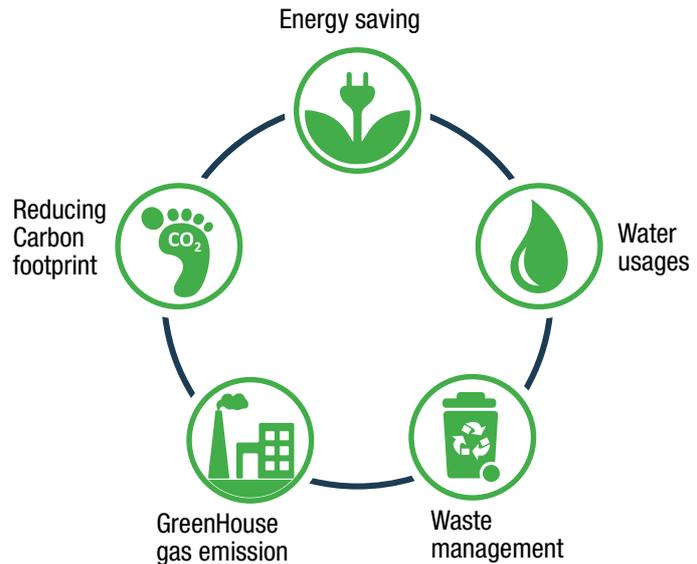
Bank Asia's investment for liquid waste management project and waste water processing plant



Conducting larger scale of CSR activities contributing towards quality of life of the society at large without compromising an ecological condition



**Achievement of Gold Rank-
Best Sustainability Report in
Asia Sustainability Reporting Rating 2020
by NCSR & ICSP**



Energy Savings

To achieve long-term sustainable development, Bank Asia plays an active role for making 'low carbon economy'. Since 2011, Bank Asia has worked toward more energy efficient operations throughout its network of banking centers, reducing costs by millions of dollars and drastically reducing its emissions, consumption, and waste in the process.

- More than 40% electricity is saved every year using the day light inside corporate office;
- Energy savings bulbs being used in the office
- E-mail has been focused of both internal and external communications with an aim to reduce the paper consumption thereby reducing deforestation

Green banking practices

(inhouse) Taka per employee in million

■ 2019 ■ 2020



Carbon offset projects

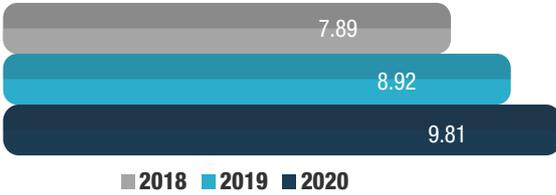
We disbursed Tk. 870.26 million to 5,486 farmers where approving Tk. 279.10 million to 5,150 farmers through online Credit Approval System (OCAS).

Reducing Energy & Resource Consumption

- New Issuing, Replacement, Activation and PIN request are automated which reduced Debit Card issuance time to 2-3 days from 7-9 days as well as paper saved 250,000 pages of paper and Tk. 40,000 as courier service cost
- Instruments of Green Banking offered by Cards Division includes E-Statement, SMS Banking, SMS Alert, Net Banking, E Fund Transfer, Digital Attendance and E Mail corresponding which helps to increase in net savings by practicing green banking instruments

Environmental Performance

Net Savings million Taka



Spectra Solar Park financed by Bank Asia Limited

Financing Renewable Energy

In 2020, we have financed an amount of Tk. 2,944 million for setting up of Spectra Solar Park, a client of Bank Asia Limited, MCB Banani Branch. This will highly reduce operating cost of the business through using huge solar power without any adverse effect on the environment.



WATER USAGES

Bank Asia is very much conscious about efficient use of water. As a financial institution its use of water is already very much restricted. Major consumption of water is for drinking purpose. Our bank is also non-compromising about ensuring pure and safe drinking water for its employees and visitors. But normal supply water in Bangladesh is not safe for drinking. Therefore, to overcome the situation every branches and corporate office are supplied with specially procured filtered mineral water. The management of the bank takes special care so that wastage of water is minimum. Total consumption is controlled by monitoring per employee drinking water cost per month.



WASTE MANAGEMENT

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

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

Financing Liquid Waste Management

- In 2020, we have financed an amount of Tk. 2,944 million for setting up of Spectra Solar Park, a client of Bank Asia Limited, MCB Banani Branch. This will highly reduce operating cost of the business through using huge solar power without any adverse effect on the environment.
- Solar panels already installed in 11 branches located at Patherhat, Madhobdi, Dohajari, Hajigonj, Faridpur, Elephant Road, Lalmatia, Sonaimuri, Bashabo SME Service Centre, Bank Asia Bhaban & Nimtola Branch.



Spectra Solar Park financed by Bank Asia Limited



GREENHOUSE GAS EMISSION

Saving CO₂ emission

For saving money, time & CO₂ Bank Asia implemented Video Conferencing System between Head Office and branches in order to attend meetings. BAITD (Bank Asia Institute of Training & Development) also provide 657 virtual training to the employees using ZOOM, Cisco Webex & True Conf. platforms to raise their awareness on Covid-19 and prevention measures.

Environmental Performance



REDUCING CARBON FOOTPRINT

As part of our commitment for our green economy Bank Asia have signed a participation agreement with Bangladesh Bank under refinance scheme in 2011 for lending in solar energy, bio- gas, and effluent treatment plant(ETP) & hybrid hoffman kiln (HHK). The total outstanding amount of different liquid waste management project for financing Biological & Chemical Technology Combined ETP, Biological ETP, Chemical ETP and Waste Water Processing Plant were as follow:

Financing waste management project million Taka



Refinance Scheme

Bank Asia has participated an agreement with Regulatory Bank as a participant in the refinance scheme for Green Product / Initiatives practicing with these appreciated initiatives in Bio- Gas and Green Industries projects.

Initiative to Reduce The Bank'S Adverse Impact on Environment

Bank Asia has decided not to finance any tobacco related business, weapons & munitions, Gambling, casinos, pornography (goods/stores/web-based), alcoholic beverage and all offices of the bank are declared smoking free zone. We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess borrowers through Environmental & Social Due Diligence (ESDD) checklists.

Sustainable Finance Unit and its initiatives

On view of making Bank Asia more green, Sustainable Finance Unit has restructured and included more members to promote green initiatives within the bank.

Initiatives to Green banking

In 2020, Bank Asia approves retail & CMSE loan upto Tk.5 million through digital platforms without involvement of any paper based activities. Besides, Training Institute of Bank Asia has provided 6 trainings on Green Banking under Foundation training course & other training related to Green banking to 256 employees of 384 man-hours. All of the trainings are held online for cost efficiency and COVID-19 purpose.

REINFORCING AND STRENGTHENING ESRM GUIDELINE

Bank Asia has been taking initiative to strengthen and fortify the current ESRM guideline and implement the proposed ESRM guideline of Bangladesh Bank. The Bank has integrated sustainability into overall credit management by adopting Environmental & Social Risk Management policy. Financing in sustainable, eco-friendly and socially beneficial projects are always our preferred area of lending. We have set our target for sustainable finance of Tk.35,274 million for 2021 to ensure our contribution towards the Sustainable Development Goal.

SUSTAINABILITY REPORT

- Three employees from Bank Asia Ltd. attended training on GRI Standards- Certified Training on Sustainability Reporting at KualaLumpur, Malaysia from February 4-6, 2020
- Since 2012, Bank Asia has published Sustainability Report and achieved Sustainability Reporting Award. In 2020, Bank Asia achieved Gold Rank- Best Sustainability Report in Asia Sustainability Reporting Rating 2020 in 14th SRA 2020 by NCSR (National Center for Sustainability Reporting) & ICSP (Institute of Certified Sustainability Practitioners)

ONLINE BANKING

- Online banking system is a great way to reduce wastage of paper.
- Bank Asia account holder is facilitating e-commerce transaction such as e-ticket purchasing of bus, train, airways, cinemas & movies, mobile flexi-load, hotel booking, bill payment such as hospital bill payment, advertisement bill payment, passport fees payment, WASA, DESA, qubee bill payment, computer accessories & service related payment, e-shopping etc. by the debit/ credit card of Bank Asia with less expense & in faster time from any time anywhere.
- We have also integrated Internet banking system to NPBS on first phase and through this connectivity our customers can transfer fund from their Account to Inter-Bank Accounts and Debit & Credit Cards real time and vice versa.
- In our banking system recently 'e-Commerce' has incorporated for its valued customer where Bank plays as payment partner & account holders can shop online through internet banking.

COMPLIANCE

During 2020, Bank Asia has not faced any penalties for non-compliance with applicable laws and regulations concerning the impacts of its operations on communities.

news & views

Q1

2020 - EN

A Publication named **News & Views** by WSBI & ESG where an article was published on **Bank Asia's Agent Banking services in Bangladesh**



resilience locally

Stay at home (see page 3)

Now more than ever: Savings and retail banks help people weather coronavirus storm (see page 10)

Analysis of Scale2Save youth research (see page 26)

Bank Asia's agent banking services in Bangladesh

Agent banking is a win-win-win for all parties involved. It plays an important role for financial inclusion too. Acting as "proxy banks", agents provide a cost-effective way to serve individuals and small businesses needed to stimulate local development and economic growth, especially in remote areas.

Proven successful in Latin America, Africa, India and the Far East, agent banking has taken hold in Bangladesh. There, WSBi member Bank Asia launched in 2014 its agent banking network when the central bank allowed agent banking in the rural areas where banks have no branches.

News & Views explores BankAsia's success in agent banking.

Bangladesh, a South Asian nation well-known as the birthplace of microcredit has appeared gradually as the role model for innovative agent banking services. During last six years, this supplementary channel has helped "reach the unreached" and take banking services to the marginalised and excluded rural masses.

Agent banking means providing banking services to the "last mile" customers through engaging entrepreneurs under a valid agency agreement. Bank Asia introduced Agent Banking in 2014 with the objective of ensuring greater financial inclusion and increasing the outreach of the services to unbanked population. This technology-driven banking concept also aimed at ensuring appropriate security and providing real-time services to the customers. In span of only six years this specialised banking service witnessed a substantial headway in terms of the number of agents, accounts and deposits. The single initiative impacting seven sustainable development goals (SDGs) to build a better Bangladesh.

AGENT BANKING: SERVICES RANGE FROM DEPOSITS, WITHDRAWAL, BUSINESS SERVICES AND BEYOND

Bank Asia Agent Banking provides a wide range of banking services to the doorstep of customers which include deposit and withdrawal of cash, open different types of accounts for savings and business transactions, transfer of funds, payment of remittance and utility bills, support small loans for cottage micro and small enterprises and agricultural farmers at an affordable cost. People in any corner of the country are able to receive this structured banking facility with safety, comfort and ease. Owing to the convenience this banking service is expanding rapidly across the country. Bank Asia has taken agent banking services to the doorsteps of grassroots people through individual outlet Union Digital Center (UDC), institutional outlet Digital Post Office and Micro-Merchant points.

Incorporation of various technological innovations contributed to make this digital service popular to the general public and turned digital financial inclusion efforts tuned into what the people want.

The innovations are:

- Usage of a bio-metric device in banking transaction instead of physical signature
- NFC-enabled A-card (Agriculture card) for farmers' credit transaction management
- Online Credit Approval System (OCAS)
- Agent Banking SMART App for online transactions
- Micro Merchant model for smallholder entrepreneurs to serve and mile customers
- Partnership model in banking system
- Digital banking booth



MD. ARIFUR RAHMAN, PRESIDENT AND MANAGING DIRECTOR BANK ASIA

These innovations expedited registrations of around 2 million unbanked and under-banked people with Bank Asia Agent Banking network where 82% of them are rural masses and 60% female. The "droplets" of money deposits from customers amassed reached BDT 14.72 billion (US\$ 174 million) in the bank's agent banking channel.

During the last six years, mainly from 2016, more than 9,500 agent outlets have been established across the country, registering around 3.9 million customers who deposited BDT 62 billion (US\$ 612 million) in this channel in 2016-2019 fiscal according to the Bangladesh central bank. The journey of agent banking in Bangladesh contributes towards women empowerment. More than 250 agent outlets are operated by female entrepreneurs and contributing to adding female customers, thus minimising a gender gap at grassroots level. It also created job opportunities for 25,000 unemployed youths in the country where Bank Asia itself generated more than 15,000 jobs in the entire operation process from grassroots outlets to back office.

Highlights of agent banking in Bangladesh

	Industry status	Bank Asia status
Geographical coverage	All 64 districts	64 districts
Agent points	8600+	3825
Registered customers	4.0 million	1.9 million
Rural customer %	80%	82%
Female customer %	37%	60%
Deposit	BDT 52.00 billion / US\$ 812 million	BDT 14.72 billion / US\$ 174 million
Loan disbursed	BDT 3,000 million / US\$ 35.30 million	BDT 2,690 million / US\$ 30.00 million
Employment generation	25,000+ youths	15,000+ youths
Number of banks in AB	23 received and 19 in operation	

*Data up to December 31, 2019
BDT/₹ = US\$ 1

To make this effort work, Bank Asia has built strategic relationship with 65 government and non-government organizations and development partners that include the government's Access to Information (a2i) project, UNDP, UNICEF, SwissContact, USAID, UKAID, WorldFish Bangladesh, ACD/VOCA, Nathan Association London, VSO, German Red Cross, CARE Bangladesh, Dhaka Arjuna Mission, BRAC, Grameenphone, Robi.Axata Ltd and Madia Alca and thus scaled up this service in a faster manner and reach to unreached.



AN ELDERLY WOMAN IS BEING ORIENTED SOCIAL SAFETY-NET PAYMENT BY A BANK ASIA STAFF AT THE HOME OF HER REMOTE VILLAGE HOME

Apart from regular banking support, Bank Asia disburses the government's Social Safety-net Payment, insolvent and autistic people's allowances, widow or divorced women allowance, freedom fighters' allowance, wages of road maintenance workers, student stipends, food security allowances, salary both government primary and non-government high school teachers through agent network, especially with help of Union Digital Centers (UDCs). For salary payment and to cater the financial needs of Ready-Made Garment (RMG) workers, Bank Asia has set up of digital banking booth inside RMG factories. Introduced for the first time in Bangladesh, this initiative has facilitated banking services to workers, employees and owners inside the factory compound along enhanced training of usage of financial products and services which in the long run reduce time, cost, and thus increase their household income.

Agent banking operations at Bank Asia also established strategic and collaborative partnership with technology companies for e-commerce, which offers access to online marketplace for micro/small entrepreneurs and buyers. This collaboration opens a scope of sustainability for SME clients.

Development entities like non-government organizations and micro-finance institutions (MFIs) are working to link clients with agent banking to provide better financial services.

ELIMINATING TIME AND SPACE, BUILDING 'DIGITAL BANGLADESH'

Already this banking system started eliminating difference of time and space to reach banking service to the customers. Bank Asia is committed to support the Bangladesh government's goal for building 'Digital Bangladesh' as charted out in the vision 2021 by bringing rural people under its agent banking platform. The bank is working with the vision to expand its networks to each and every village of the country within the next couple of years.

It is expected that the sustainable business model that comprises agent banking is heading towards a journey that takes along entrepreneurs, aggregators, remittance providers, development partners and government to speed up the drive of broader financial inclusion and thus a thriving economy in Bangladesh.

 Bank Asia

Economic Performance

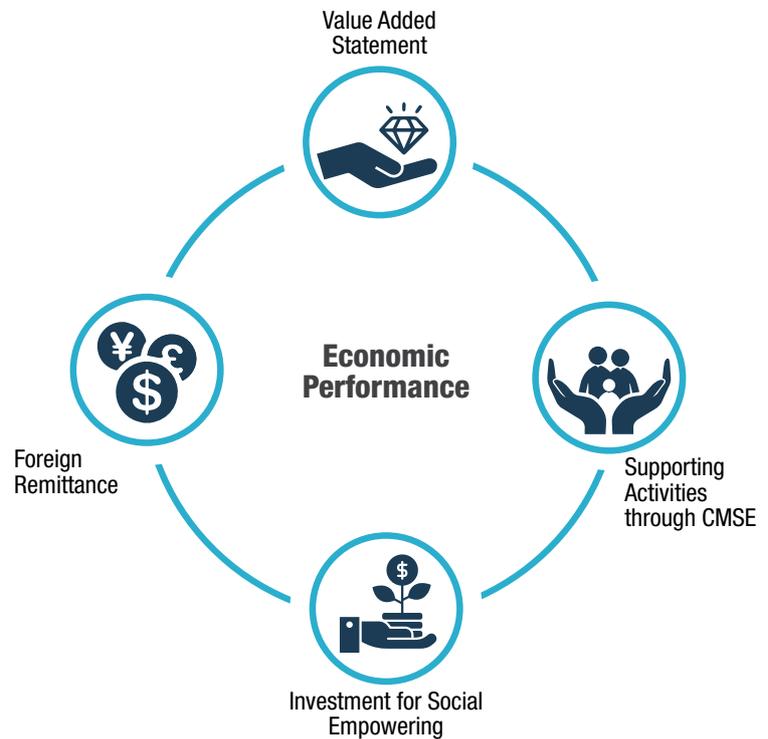
SDGs Impacted



By creating employment, Social Safety Net Program, Agent banking & other supporting activities for rural credit empowerment Bank Asia tries to reduce poverty & inequalities for ensuring sustainable economic growth



Income Tax paid
Tk. **6,038** million
in 2020



VALUE ADDED STATEMENT

Value Added Statement shows the depicts wealth created by an organization & how is that wealth distributed among different stakeholders. In the year 2020 bank's net value addition was Tk. 8,363 million; 43% distribute to employees as salaries, 23% to shareholders as dividend & reserve, 23% to government as income tax and rest of the amount used for business expansion and growth.

Million Taka

Items	2020	2019
Income from banking services	28,105	30,536
Less: Cost of services & supplies	(17,629)	(17,393)
Value added by banking service	10,476	13,143
Non-banking income		
Provision for loans & Off-balance sheet exposure & others	(2,113)	(5,401)
Total	8,363	7,742

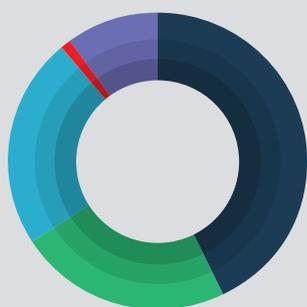
Million Taka

Distribution of value addition	2020		2019	
	Amount	%	Amount	%
To employees as salaries	3,556	43%	3,283	42%
To providers of capital as dividend & reserve	1,957	23%	1,436	19%
To Government as income tax	1,922	23%	1,960	25%
To expansion & growth				
Retained profit	78	1%	229	3.00%
Depreciation	850	10%	834	11%
	928		1,063	
Total Value Addition	8,363	100%	7,742	100%

Economic Value Addition During The Year

Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks. As a commercial banking company we are deeply concerned about delivery of value to all of our shareholders/equity providers.

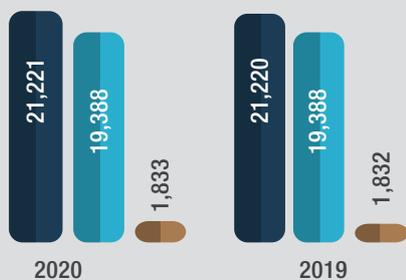
Value Added Statement 2020



To employees as salaries **43%**
 To Government as Income Tax **23%**
 To providers of capital **23%**
 Retained profit **1%**
 Depreciation **10%**

Market Value Added

■ Market Value of Equity
 ■ Book Value of Equity
 ■ Market Value Added



Contribution to National Exchequer

■ Income tax payment on bank's earnings
 ■ Income tax, Vat, Excise duty deducted at source from various payment & services by the bank
 ■ Income tax payment by the employees
 ■ Total payemnt



ECONOMIC VALUE ADDITION DURING THE YEAR

Million Taka

Particulars	2020	2019	2018
Invested fund by shareholders			
Shareholders equity	27,381	24,745	23,340
Add: Cumulative Provision for loans/ investment/ off-balance sheet items, offshore banking units & others	14,790	13,616	10,577
Total invested fund by shareholders	42,171	38,361	33,917
Average invested fund by the shareholders [A]	40,266	36,139	32,280
Earnings for the year			
Profit after taxation	2,036	1,961	2,266
Add: Provision for loans/ investment, off-balance sheet items and Offshore banking units	2,113	5,402	3,444
Less: written off during the year	301	2,716	2,890
Earnings for the year [B]	3,848	4,646	2,820
Average cost of equity (based on Shanchay Patra rate issued by the Government of Bangladesh) plus 2% risk premium [C]	13%	13%	13%
Cost of average equity [D= A x C]	5,235	4,698	4,196
Economic Value Added [B-D]	(1,387)	(52)	(1,376)

Market Value Added Statement

Market value added statement shows the difference between the market value of the bank and the capital contributed by shareholders. During the year 2020, total market value of the bank was Tk. 21,221 million & total book value of equity is Tk. 19,388 million i.e. addition of market value was Tk. 1,833 million.

Million Taka

Particulars	No. of shares (in Million)	Share price (in Taka)	Taka
Market Value	1,166	18.2	21,221
Book Value	881	22	19,388
Market Value Added			1,833

Contribution to National Exchequer

As a corporate entity, Bank Asia pays tax and VAT on its own income according to prevailing laws of the country. Besides, the bank deducts income tax, VAT and excise duty at source from customers and suppliers and deposits the same to the national exchequer. During the year 2020, the Bank contributed Tk. 6,038 million to national exchequer.

Million Taka

Particulars	2020	2019
Income tax payment on bank's earnings	2,366	2,037
Income tax, VAT, and Excise duty deducted at source from various payment and services by the bank	3,575	3,888
Income tax payment by the employees	97	93
Total Payment	6,038	6,018

Economic Performance



SUPPORTING ACTIVITIES THROUGH CMSE

Bank Asia SME has stepped into the territories where no Bank or FIs of Bangladesh have reached so far. In 2020, with 4 SME Service Centers & 129 branches in urban & rural areas Bank Asia strongly focused on cottage & micro enterprise financing, cluster financing, grooming-up new entrepreneurship development, promoting women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to underserved people. 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 in order to increase the loan portfolio and get more people under the reach of credit in manufacturing industries, service oriented business. This year, CMSME disbursement amount was Tk. 23,092.40 million & portfolio stood at Tk. 10,533 million compared to previous year's Tk. 9,119 million with a growth of 25.38%

Initiatives in the year of 2020

- To tackle the situation due to outbreak of COVID-19 pandemic, we have launched "CGS (SP) Surakkha"- which has been designed to assist CMSEs with no/insufficient collateral to obtain credit facilities under Credit Guarantee Scheme (CGS)
- Bank Asia and SME Foundation jointly organized "Banker-Entrepreneur Matchmaking Program" in order to facilitate credit facility to the entrepreneurs of Readymade Garment Cluster and Electrical Cluster.
- Participated in "Banker-SME Women Entrepreneur Gathering & Product Display Fair-2020" organized by Bangladesh Bank also signed an agreement with Bangladesh Bank regarding Refinance under Stimulus Package and Credit Guarantee Scheme (CGS).



Electric cluster financed by CMSE of Bank Asia Ltd.



INVESTMENT FOR SOCIAL EMPOWERING

Empowering communities through AGRI/Rural credit

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 2020, Bank Asia disbursed Tk. 5,427 million to 57,870 rural farmers and achieved 103% against our total target of Tk. 3,750.00 million.

Agent Banking

Bank Asia pioneering in Agent Banking service in Bangladesh has gained significant progress within seven years of inception in terms of number of agents, accounts and deposits. Around 3.5 million unbanked people have already been included in Agent Banking platform. The Bank has implemented 4,628 Agent outlets in 64 districts in most geographically dispersed poor segment of the society. But the year 2020 offered both the challenges and opportunity for agent banking industry. Agents

faced declining of business, liquidity crisis, less customer footfall but by early June; 100% of bank agents went back to regular operations while about 50% agents were operational in April 2020. By this time the bank have adopted few strategies to increase awareness and capacity of agents to mitigate risks and enhance their coping mechanism such as established online communication tool for business meeting, implemented eKYC for account opening & alternative verification tool for different payments in parallel to bio-metric, virtual training & outlet inauguration virtually, arrange meeting & interview session with partners and so on. In 2020, Agent Banking deposit was Tk. 28,199 million through 3,606,421 accounts with a growth of 88%. With a vision to expand network and ensure service reach to grass root level bank has built up a strategic relationship with the Posts and Telecommunications Division of Bangladesh Government. From now on people will get Bank Asia service from Digital Post e-Centre across the country. Bank Asia has been awarded "BFP-B Excellence Award" for going above and beyond to deliver impact and supporting the financial inclusion mandate by Business Finance for the Poor in Bangladesh (BFP-B).

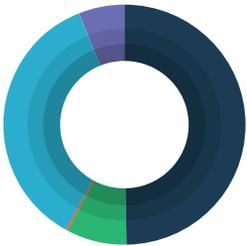
ABAK (Amar Bari Amar Khamar) & Social Safety Net Program

Bank Asia limited is the pioneer in digital financial inclusion in Bangladesh by implementing "Amar Bari Amar Khamar" (ABAK) a government project for the poor, ultra-poor and landless people of Bangladesh focusing on Poverty eradication and reducing poverty level to 10% within 2021. Bank Asia is now operating ABAK Banking services for Phase III to 31 districts having 222 Upazillas and 1,232,500 beneficiaries where the operation has spread over 2,200 unions. We have completed full district coverage of Kishoreganj and Chapai Nowabganj for Safety Net payment where almost 1,838,607 beneficiaries will get banking service from their own union. Micro Merchant is another forward milestone for Financial Inclusion of Bank Asia where we have been spreading our services to all villages of 9 districts. At present we have 11,890 number of beneficiaries & 2,362 Micro-Merchant outlet. Moreover, we have another put point of Employment Generation Program for the Poorest (EGPP) for Bangladesh is to provide the short term employment to the hardcore poor in 8 district and 57 unions.

Economic Performance

Community Investment 2020

Million Taka



Education **17.8** | **6.29%**
 Health **139.76** | **49.40%**
 Disaster Management **23.23** | **8.20%**
 Art & Culture **0.53** | **0.19%**
 Others **101.6** | **35.92%**



With the help of ABAK project people achieve financial stability

Community Supportive Investment

Bank Asia is always conscious of its Corporate Social Responsibility (CSR) contributing towards quality of life of the society at large without compromising an ecological condition. In the year 2020, Bank Asia spent an amount of Tk. 282.83 million for the overall betterment of the nation. Bank's stakeholders were immensely benefitted by way of its community based social programs; education support where total donation was Tk.17.80 million (6.29%), health support Tk.139.76 million (49.40%), disaster management Tk.23.23 million (8.20%), art & culture Tk. 0.53 million (0.19%) and others Tk.101.60 million (35.92%).



FOREIGN REMITTANCE

In 2020, the wage remittance inflow for the year ended at USD 1,167 million, 30% growth against country growth 18% & 11.36% higher from previous year.

For last 2 decades, Bangladesh ADP was set up based on the foreign remittance along with the export of Garments. Going against the World Bank prediction country shows 18% growth in cross-border remittances inflow. Bank's consolidated forex inflow stood at US\$ 1,167 million with registering 30% growth over 2019. This year, we have processed almost 2 million no of remittances of USD 900 million(approx.).

Online Payment Gateway Services(OPGS)

Bank Asia is the first Bank to set-up arrangement with OPGSPs in Bangladesh like 'Payza' and 'Payoneer' to bring hard earned money which is earned by exporting services in nonphysical form e.g. data processing, off-shore IT service, software development, business process outsourcing (BPO) etc. In 2020, we have done 4,86,945 transactions of Tk.141 million through Payoneer.

Indirect Economic Impacts

Bank Asia makes a positive difference to society and local, regional and national economies where we operate through our community initiatives and investments. We help foster local economic development and stimulate growth and innovation through loans, credit and other financing to organizations of all sizes. In particular, Bank Asia is a major supporter of CMSEs across Bangladesh and invests in community programs, which enable youth and those less fortunate, to create brighter economic futures for them

Financial Assistance from Government

Bank Asia does not receive any financial assistance from the government and also does not contribute to any political organization. But we support all the public policy developed for the betterment of nation and we never lobby for making any policy in favor of us.

Compliance

Bank Asia is very much conscious about legal and regulatory compliances. The bank reports regularly to the central bank, the Bangladesh Securities and Exchange Commission, tax & VAT authorities on required compliance issues. During 2020, the bank has not faced any significant penalties for non-compliance with applicable laws and regulations for running its economic activities in Bangladesh.

Financial Inclusion at a glance

Financial Inclusion and Financial Literacy Department is providing banking services to 465 upazillas and 56 districts all over Bangladesh through ABAK, Agent banking (UDC), and different Social Safety Net program. Through this channel, Bank Asia providing banking services to 4.15 million of customers (ABAK customers 1.30 million and UDC based Agent Banking 2.85 million) those who are unbanked or under banked. We are closely working with Bangladesh Government (Especially a2i, different ministries and PM office). Currently we have been serving different ministries program such as Social Welfare Ministry (Old Age, Disabled and Widow Allowances), Orphan Rohingya Children payment with UNICEF and social welfare department, VGD & Maternity along with Lactating Mother Allowance with Ministry of Woman and Children Affairs, National Payment Service with Ministry of Youth & Sports, EGPP with Disaster Ministry to enhance our Agent Banking business. Under this program more than 1.95 million customers are getting services and we disbursed Tk. 350-400 crore per quarter. During starting of this project our field officers were carrying cash and disbursed among the beneficiaries. By this time we have developed our UDC agent and digital payment channel platform 'Micro Merchant' those who are providing all kinds of Banking service including SSN allowances disbursement at door steps level. At present, we have 20,000 Micro Merchants.

We have a target to reach every village (87,500 villages) through this channel by establishing Micro Merchant within 2021 to gripe more customers and new business.

At a Glance Report of Bank Asia Social Payment is given below:

Particulars	ABAK (3 rd Revision)	Social Safety net	SWAPNO	UDC Based Agent Banking	SHOUHARDO III	Local Govt. salary/ Allowance Disburse	EGPP	UNICEF, ORPHAN ROHINGYA CHILD	UNDP	VGD	Micro-Merchant
District	31	17	2	57	08	1	16	1	5	56	64
Upazilas	222	64	14	393	23	1	16	2	26	325	362
UDC	2,200 (Union)	646	76	3,193	115	12	57	-	-	2362	2,800
Beneficiaries	11,70,758	18,38,607	3,089	25,82,834	53,998	271	15,476	30,072	9,220	4,63,879	11,890
Deposit / Disburse amount in million	5,037.69	6,607.28	219	10,091	240	12	612.00	60	61.81	813.43	526.68



Hono'ble Prime Minister Sheikh Hasina in a backyard meeting with Village Development Association at Gazipur



With the help of ABAK project women are doing business independently



Successful poultry farmer under ABAK project



During pandemic situation service from service from Micro Merchant channel at Chakrarchar under Kalikaporshad union ,Bhairab, Keshoreganj



Successful operation of Social Safety Net payment

Sustainable HR Development

SDGs Impacted



To ensure safe & healthy workplace & overall well-being of our employees, various initiatives have been undertaken



Fair hiring process & no discrimination irrespective of locality, gender or ethnicity of employees



To improve professional efficiency Bank Asia puts highest importance on training & workshop

1,17,224 (Training hours/employee)

35 Employees availed

6,300 days as maternity leave



We strive to make bank Asia a great workplace by creating a performance driven culture that rewards success & encourage employees to take control of their personal development. Bank Asia target a fair human resources management by using a performance based system to drive a further development of individual skill, increment is given based on performance yardstick. There is no incident of discrimination in terms of remuneration provided to male & female employees. Out of total number of 2,463 employees, 542 employees are female and rest 1,921 employees is male.



BENEFITS TO EMPLOYEES

Every employee is paid salary on monthly basis, which is a combination of basic salary, fringe benefits and other benefits disbursed on 25th of each month or previous working day if 25th is holiday. Considering the health safety of the employees due to the unprecedented outbreak of COVID-19 pandemic, PMD has amended Quarantine Leave Policy and introduced Sick Leave Policy for the employees of the Bank. Bank Asia's benefit schemes are as follows:

Fringe Benefit Schemes	Other Benefit Schemes
<ul style="list-style-type: none"> House rent allowance Conveyance allowance Medical allowance Entertainment allowance House maintenance allowance Utilities allowance Car maintenance allowance 	<ul style="list-style-type: none"> Group health insurance Benevolent Leave fare assistance Furniture allowance House Building Loan (HBL) Car loan Provident fund loan Mobile phone allowance (talk time) Mobile handset allowance Ex-gratia payment
End Service Benefit Plans	Minimum Notice Period Regarding Operational Changes
<p>Bank Asia provides the following benefit plans to its employees on retirement according to individuals 'entitlement</p> <ul style="list-style-type: none"> Provident fund Gratuity Superannuation Leave encashment 	<p>Minimum notice period before switching job is 3 months for regular employees and 1 month for contractual employees. Minimum notice period before changing department is 1-30 days as per situation or demand of concerned branch/ department.</p>

Sustainable HR Development

New Employees

154 new employees were recruited during 2020 where 11% for branches & 89% for Corporate Office to ensure effective and timely support.

Employees by Diversity

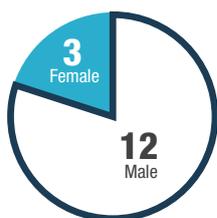
Bank Asia ensures equal opportunity as an employer irrespective of locality, gender or ethnicity. Local employees 2,456 (76.45%) dominated in diversity composition and 5 indigenous.

Employees by Region

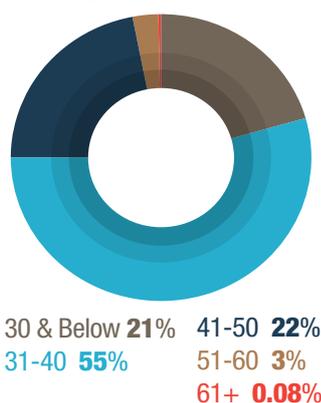
Bank's employees are mainly spread over Dhaka and Chittagong. It retains the highest number of employees in Dhaka, which was 81.71% in 2020 for corporate office and branches in Dhaka city. We follow fair hiring process also no discrimination in locality, religion of employees in this process.



Gender Positioning of Directors



Age distribution



Gender Positioning of Employees

Bank Asia has been maintaining a very balanced male and female ratio, which was not only reflected in the board of directors but also in the bank management at different levels.



LEARNING & DEVELOPMENT

As "Efficiency" is our strength Bank Asia continuously provide training to maintain the highest level of operational efficiency, customer focus, and people orientation to employees. Because of Covid19 pandemic we provide 657 virtual training to employees for increasing their knowledge, develop skill and bring change in attitude at individual, task & organizational level.



Gender positioning by

1,921

Employment level

542

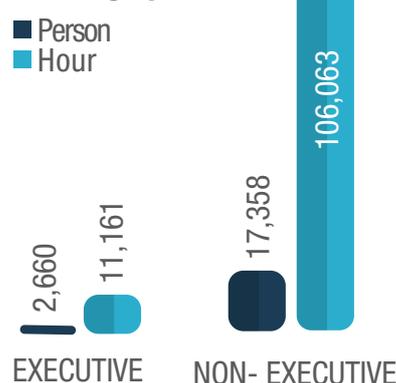
2.41%

Turnover Rate

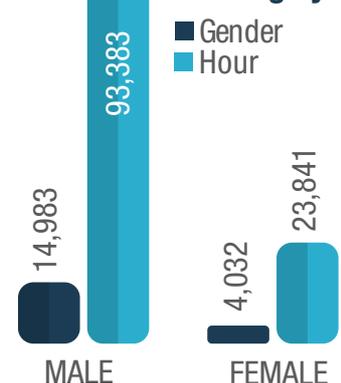
0.56%



Training by Position



Training by Gender



Sustainable HR Development

Bank Asia and Green Banking

- Bank has organized 4 foundation training courses under (Bangladesh bank, BIBM, Foreign Training, Training by other institutes) each 6 weeks long for entry level employees to improve knowledge base and proficiency in banking. Training Institute of Bank Asia has provided 6 trainings on Green Banking under Foundation training course & other training related to Green banking to 256 employees.
- A number of training and workshop was organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, financial inclusion, CSR and Green Banking
- Through OCAS (Online Credit Approval System) Diganta software 5,253 no. of accounts of Tk. 8,932 million have been developed as a part of Technological improvement of the Bank.
- Electronic sanction archive system has been developed for 6 departments; namely: CRM, CMSE, Islamic Window, SAMD, CFC & Agricultural wing.

Training by Different Institutes

Particulars	2020		2019	
	Nos.	Hours	Nos.	Hours
In House Training	18,760	1,13,004	4,541	86,738
Bangladesh Bank	7	236	17	192
BIBM	90	2,540	37	648
Overseas/Foreign Training	10	344	64	1,536
Training by other institutes	50	1,100	91	1,480
Total	19,015	1,17,224	4,750	90,594



Certificate Awarding ceremony of 53th Foundation training

Anti-Money Laundering Training

Bank Asia aims to complying Central Bank's comprehensive guidelines on Trade based Money laundering in each trade transaction & working on awareness & expertise of all concerned officers/ executives and relationship officer/Relationship manager as to identify & manage money laundering risk. Bank Asia is committed to preventing money laundering and terrorist financing. Anti-Money Laundering Department (AML), Corporate Office always arranges and conducts AML workshops to train all the employees of our Bank and about 100% of total employees (Branch/Corporate Office) obtained AML & CFT related training.



OCCUPATIONAL HEALTH, SAFETY & ENVIRONMENT

All the branches, SME service centers and SME/agriculture branches and every department of corporate office are well decorated having sufficient breathing spaces and adequately equipped with fire-fighting equipment and fire drills.

The COVID-19 infected employees have been provided all out support. 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.

A team of logistics supports and services department of the bank is specially entrusted to visit regularly

to monitor cleanliness, safety measures and other amenities remains ensured in all outlets. If found any deviation, take prompt steps and thus ensuring modern, healthy and safe workplace for its employees.

Maternity Leave

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get 6 months' maternity leave with regular salary and allowances. During 2020, 35 female employees availed 180 days each with a total of 6,300 days.

Paternal Leave

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get 5 working days' paternal leave. An employee can avail this leave not more than two occasions during the entire period of service. In 2020, every entitled employee has availed paternal leave facility.

Child Care Center Facilities

Bank Asia, in collaboration with 20 other private commercial banks, has established a child day care center named "Pushpita" with a total space area of 5,666 sq. ft. There are 9 nannies, 7 teachers, 1 supervisor, 1 child care co coordinator and 1 cleaner for overall maintenance of the center. Parents have the opportunity to watch their babies through their device from anywhere, any time through Live CCTV footage.

Cleaning Day

The administration chose to watch 'CLEANING DAY' on the 'FIRST SATURDAY' of each alternative month where all workers of the branch and the Corporate Office effectively take an interest. On the 'CLEANING DAY', every one of the employees turns up at their particular Branch/Department and engages themselves in cleaning the premises including all office gear and fixtures.



EMPLOYEE PERFORMANCE EVALUATION

Bank Asia established a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-à-vis set target of a given year. To evaluate the performance of Bank Asia's employees KPI is used in the following manner:

We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors are introduced. The benefits of using KPI are the followings:

Sustainable HR Development

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

Customer Service Day

First day in a month has been chosen when all individuals from top management take vigorous initiative alongside all branch employees to give service to clients. Such program encourages branch employees to learn more innovative mediums of giving better customer service.

CULTURAL EVENTS AND AMUSEMENT

Celebration of New Year 2020 & Pitha Utshob

Bank Asia celebrates the beginning of new season with its employees in a festive environment. The celebration of new year revives the bonding between the employees and creates an aura of happiness. We also celebrate Pitha Utshob at the same day with a note of positivity & festivity which has become our age long tradition.



Celebration of New Year 2020 organized by Bank Asia

International Women's Day

Bank Asia always believes in equal opportunity and safety workplace for smooth career progression of women. Every year we celebrate 'International Women's Day' in a wonderful atmosphere.



Celebration of International Women's Day

Bank Asia eLearning

To pursue the endeavor to become a digitized and learning organization, Bank Asia has developed an online based learning platform namely "Interactive Learning Management System (ILMS)" traditionally known as "Bank Asia eLearning system". It allows all the staffs, agents & agents' staffs i.e. Customer Service Officer (CSO) of the agent outlets to strengthen their knowledge through study and take tests 24x7 from anywhere and on any device. This self-learning system is enriched with different lectures, quizzes and certificate courses on General Banking, Agent Banking, Islamic Banking, Risk Management, Products & Services, Automation & Digital Banking, Business English for the Bankers and Soft Skills Development.

Entry & Junior level employees are now required to complete a minimum number of courses and participate in quick test within a calendar year. Some courses are mandatory for a certain group of employees. The courses & exams taken by an employee and related performance are considered as a part of his/her Key Performance Indicator (KPI).

By the year 2021, Bank Asia eLearning aims to enrich this self-study system with more lectures & mandatory quick tests.

Transport Facilities

At present 10 vehicles used for pick and drop facility specially for female employees of Bank Asia in Dhaka and Chittagong region where majority of the pool vehicles have been converted into CNG driven.

Human Rights, Child Labor and Other Issues

Bank Asia does not tolerate child, forced or compulsory labor. In 2020, no incident of discrimination and violation involving rights of indigenous people and forced and child labor has been recorded.

Grievance Redressal Policy

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

- Female anti-harassment policy
- Grievance handling policy

POLICY, PRACTICES, AND PROPORTION OF SPENDING ON SUPPLIERS

Bank Asia works with a wide range of suppliers and maintains good relationship with them.

Our chain of suppliers consists of the following parties:

- Construction contractor
- Graphics and interior designers
- Advertisement agency
- Newspaper
- Printing maintenance
- Stationary suppliers
- Mineral water suppliers
- Transport facilitator

e-Learning Progress Statistics as of Dec 31, 2020

Indicators	Numbers
Total Enrollment	3,560
Total Course Content Downloaded	8,801
Quick Test Exam Participation	5,493
Topic Available	105
Script/Lecture Available	135

Sustainable HR Development

- ATM, hardware, software service providers
- Nursery
- Security agency

Selection of supplier is managed centrally by the corporate office. The bank applies its own policy and practice for selecting these suppliers. It mainly takes into account the following criteria before selection.

- Status of compliance with government rules and regulation by the suppliers
- Our bank doesn't make any collaboration with suppliers that employs child labor, creates environmental hazards, violates human rights etc.

PRACTICES RELATED TO CUSTOMER SATISFACTION

Bank Asia always focused on ensuring customer satisfaction through services and proper communication. To understand the mindset of customers regarding credit cards a survey has been conducted by Bank Asia (BA) which is about awareness & satisfaction related to credit card features & different value added offers, overall satisfaction, barriers to BA credit card usage etc. The survey was conducted through telephonic interview of 158 customers using Simple Random method. Overall 44% customers are found satisfied, Classic (40%) and Gold (39%) are less satisfied than Platinum (60%) card use. Few strategies have been taken by the bank to improve the service and technology driven products for the ease of the customer. We also encourage clients to use cards as contactless modality in Covid19 pandemic.

STATEMENT ON COMPLIANCE

In the year 2020, Bank Asia has been able to comply with all the regulations of Bangladesh government regarding information & use of product and services, marketing, communications, advertising, promotion. No incidents of fines/penalties have been recorded this year concerning the above mentioned issues. We haven't received any complaints relating to breach of customer privacy and loss of data.

Prevention is better than Panic

Bank Asia

Amidst the worldwide adversity of this pandemic, we have to carry on with our everyday business. However, following the individual safety measures we can collectively ease the danger. It is recommended that we follow health & safety measures properly until the situation gets completely normal.



Put on your face mask while going outside (also put on hand gloves if possible)



Wash your hand frequently with soap water or hand wash



Maintain social distance while performing everyday tasks



Cover your face with your elbow while sneezing or coughing



Finish your necessary chores within time and focus on staying indoor



Avoid crowd & public gathering at all time



Take ginger tea, warm water & warm soup regularly



Immediately consult with doctor while encountering fever, cough, sore throat or any other Covid like symptoms

By abiding the safety measures
 We can safeguard ourselves & people around us

Bank Asia Foundation

As a responsible corporate citizen we understand the need to invest in the society we operate in for bringing about changes that impact lives in positive ways. Keeping this thing in mind Bank Asia spent Tk. 282.83 million for the overall betterment of nation in 2020. Since inception in 2017, Bank Asia Foundation (BAF) was floated with the prime objectives, among others, to undertake CSR activities primarily focusing on betterment of the health sector. With that objective in view, BAF embarked upon a plan to set up a modern 250-bed Hospital at Malkhanagar, Sirajdikhan, Munshigonj and Medical College on 723 decimal land, donated by Mr. A. Rouf Chowdhury (Chairman of Bank Asia and BAF) & his family members with all conducive facilities. In the first phase, a modern Diagnostic Centre, a model Pharmacy and an OPD have already been set up which are in operation since September, 2019 & the hospital has extended its service to 19,683 patients so far. A total of 10,058 tests has been done at Bank Asia-Ma Amiran Hospital and Medical College till now.

Bank Asia believes education is the great leveler and the best way to raise aspiration in the society and also helps to enrich the job market. The foundation has been disbursed the scholarship among 248 students of Tk. 11.03 million under the “Bank Asia Higher Studies Scholarship Program” for the year 2020.

The activities of the BAF, amongst others are, as listed below:

1. Providing medical treatment facilities through hospitals, clinics, medical & eye camps;
2. Giving scholarship to the well deserving students;
3. Distribution of blankets & warm cloths among the needy people;
4. Providing monetary & other support for the relief of distressed people affected by natural calamities such as flood, fire, famine, cyclone & others acts of God
5. Promoting educational, scientific, religious & social activities/organizations
6. Other similar charitable activities



Services provided by Bank Asia-Ma Amiran Hospital and Medical College



Outdoor unit of Bank Asia-Ma Amiran Hospital and Medical College

Corporate Social Responsibility (CSR)

SDGs Impacted



Through CSR activities Bank Asia tries to foster healthy communities towards enhancing well-being & productivity of the country.



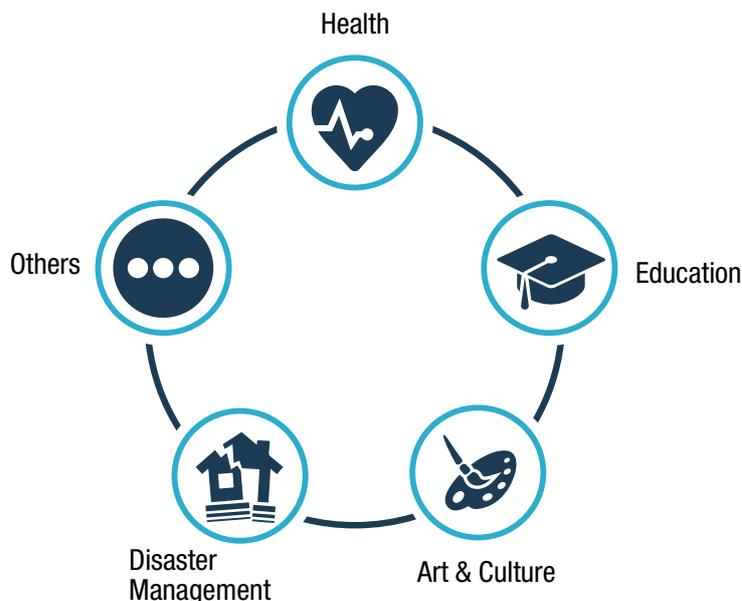
To provide better access to educational opportunities for those in needs towards enhancing their employability and to ensure inclusive & balanced society Bank Asia provides educational support to the society.



For a safe, resilient and sustainable environment of the country in times of adversity and disaster towards enabling them to rebuild their lives and livelihoods Bank Asia provides support to the society

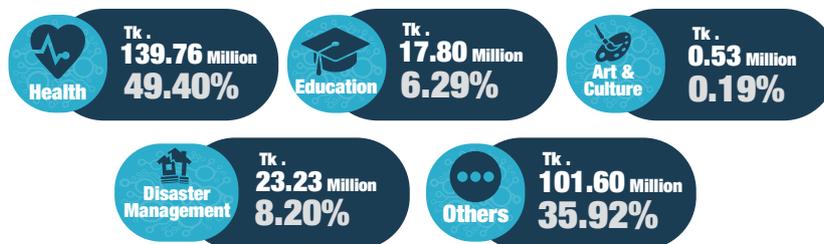


TOTAL
Tk. 282.83 Million
as CSR Expenditure



Corporate Social Responsibility (CSR) refers to self-regulatory mechanism whereby a bank ensures its active compliance with the spirit of the law, ethical standards and national or international norms. Bank Asia following the Bangladesh Bank principles, prioritizes in social and environmental values which will benefit the people of the country.

Donation for societal improvement by CSR



Health Tk. 139.76 Million

Prevention from COVID-19 crisis
Tk. 100 Million

Bank Asia donated for prevention of COVID-19 crisis & treatment of patients to PM's Relief & Welfare Fund

PPE for Bangladesh Police Force
Tk. 10 Million

Bank Asia donated PPE to Bangladesh Police Force for protection from COVID-19 who actively engaged for keeping security of the nation

For establishing Hospital
Tk. 27.36 Million

Donated a huge quantum of land along with a 3 storied building at Malkhanagar, Sirajdikhan, Munshigonj for establishing MA Amiran Hospital's renovation and interior work of which is underway

Contribution for Covid-19 patient
Tk. 2.4 Million

Being aware of the effect of COVID-19 in health Bank Asia has contributed to various COVID affected patients throughout the country



Donation to Prime Ministers Relief Fund for the flood-affected people of the country

 **Education** **Tk. 17.80 Million**

Higher Studies Scholarship
Tk. **11.03** Million

Bank Asia provided direct scholarship to 248 students for helping these students in pursuing their studies in the educational institutions

Construction of School
Tk. **1.8** Million

For helping the students of Motijheel Model School & College, Bank Asia contributed money for the construction inside the school

Books for Public Library
Tk. **0.5** Million

Bank Asia has contributed in purchasing books, renovation of study room and book cafe in Sirajdhikhan Public Library

Newspaper distribution among students
Tk. **4.46** Million

Under a joint venture CSR initiative titled "Spreading Knowledge" Bank Asia providing daily 1,000 copies of The Daily Star newspaper to Jahangirnagar University students

Corporate Social Responsibility (CSR)



Disaster Management & Infrastructural Development **Tk . 23.23 Million**

Donated more than 52,400 blankets to cold hit people

Bank Asia distributed warm cloths among cold-hit people in different parts of the country during severe cold spell of winter to carry out its humanitarian activities.



Bank Asia donated blankets in favor of Prime Minister Relief Fund for the underprivileged people of the country

Arts & Culture

Arts & Culture
Tk. 0.53 Million

Bank Asia sponsored various events in educational institutions for the promotion of Bangladeshi culture among young generations

Corporate Social Responsibility (CSR)

Others **Tk. 101.60 Million**

Donation in Bangabandhu Memorial Trust
Tk. 100 Million

Donated to Bangabandhu Memorial Trust in memories of our Father of Nation Bangabandhu Sheikh Mujibur Rahman

Contribution for Mujib Year
Tk. 1.58 Million

Contributed to Bangladesh Bankers' Association in commemorating the birth ceremony of Bangabandhu Sheikh Mujibur Rahman



Bank Asia has donated Braille Printing Machine to Bangladesh Disabled Development Trust (BDDT) for facilitating educational activities of visually impaired people



Distribution of daily necessity products

Customer Satisfaction Survey

Bank Asia Credit Card Satisfaction Survey

Interest rate from credit cards can act as one of the major sources of income generation for banking industry. In case of credit cards, Bank Asia always focus on ensuring customer satisfaction through services and proper communication. To understand the mindset of customers regarding credit cards this survey has been conducted by Bank Asia (BA).

Research Objective

- Triggers of BA & Competition's card usage
- Awareness & satisfaction related to credit card features & different value added offers
- Overall satisfaction
- Barriers to BA credit card usage

Research Methodology

- Sample Size: 158 (80% Confidence Interval & 5% tolerable error)
- Sampling Method: Simple random (everyone has equal chance of getting selected)



No. of Credit Cards as of Jun 2020



Credit Card Outstanding as of Jun 2020

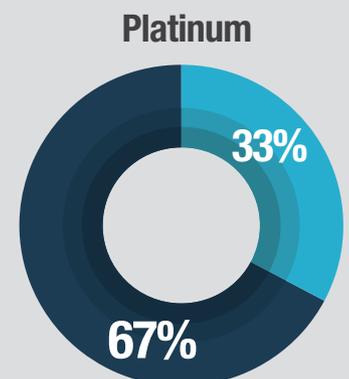
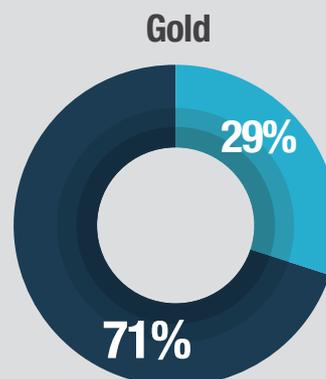
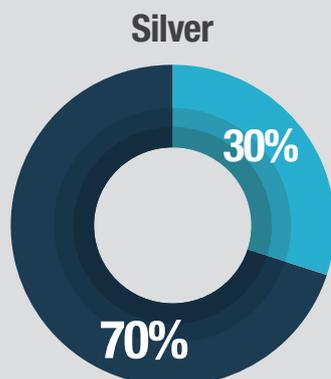


43 banks out of 60 banks have credit card service.
Only product that will not be impacted in 6%-9% regime.

Mind Share of Different Segments:

Regardless of card segments, BA's mindshare (30%) is higher than major competitors.

- Bank Asia
- Others & FI



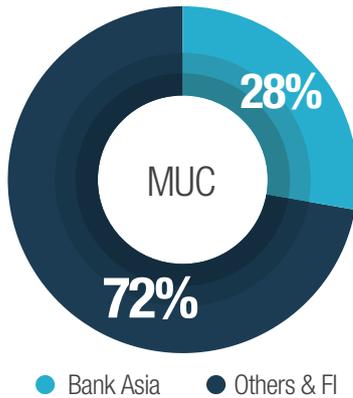
Note: FI= Financial Institution

Multiple Card User-ship (MCU) & Most Used Card (MUC)

Majority of the customers claimed that BA's card is the most used card (MUC)

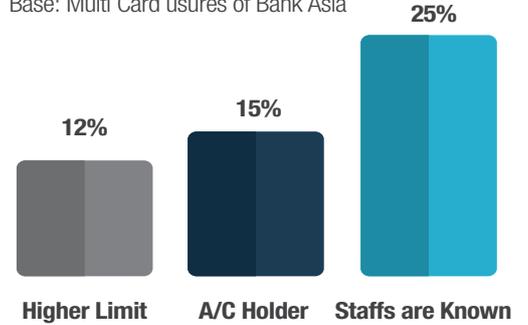
Multiple Card User-ship: 62%

Base: Multiple Card Users



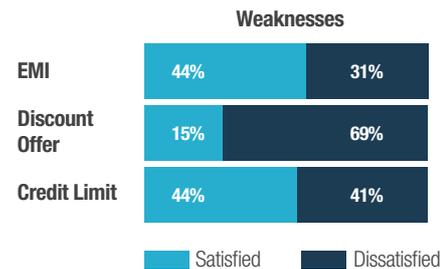
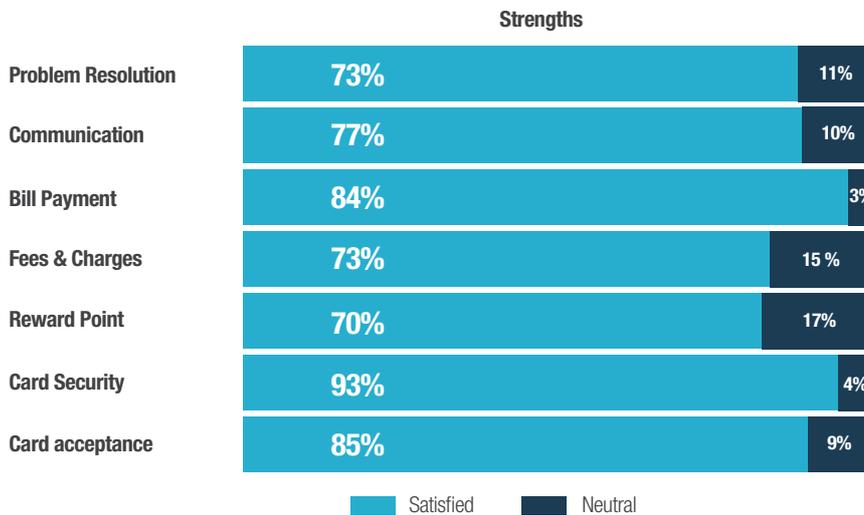
Triggers for Must Used Card (MUC)

Base: Multi Card usures of Bank Asia



In case of BA, relationship is the key driving factor whereas offers (discount/EMI/rewards) and fast resolution to problems are key driving factors for competition in case of selecting the card as MUC. Higher limit also plays an important role for selecting any card as MUC

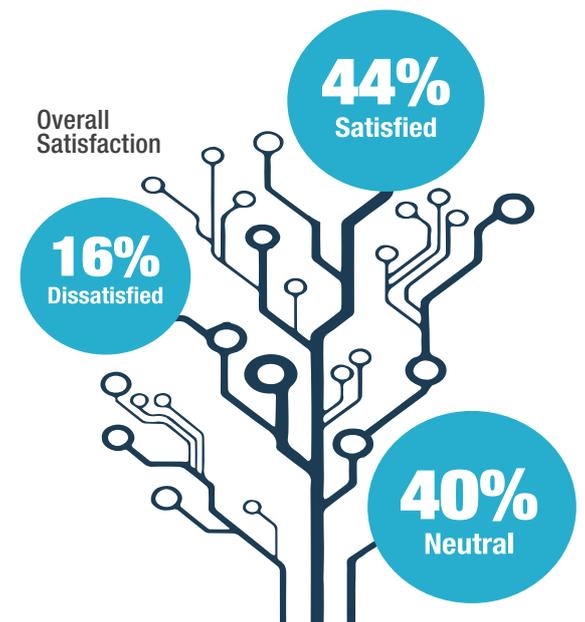
Factor Wise Satisfaction



Overall Satisfaction

Overall 44% customers are found satisfied. Classic (40%) and Gold (39%) are less satisfied than Platinum (60%) card use. Credit limit and relatively less offers compared to competition instigated lower satisfaction for the aforementioned two (2) segments.

To ensure superior growth, customer satisfaction, word of mouth and strong brand are imminent for success. In case of BA, card security, card acceptance and communication are the major strengths and act as key driving factors for customer satisfaction.



Market Performance

Financial Calendar	Announced On
Audited Consolidated result for the year ended 31 December 2019	March 22, 2020
Unaudited Result for the first quarter ended 31 March 2020	June 08, 2020
Unaudited Result for the second quarter and half year ended 30 June 2020	July 28, 2020
Unaudited Result for the third quarter ended 30 September 2020	October 28, 2020

Distribution of Dividend	Details
(Cash% - Stock %)	10% Cash
Announcement Date	March 22, 2020 July 12, 2020 (AGM)
Record Date	June 02, 2020
Distribution Date	July 19, 2020 (individual) ;Remaining October 01, 2020
Notice of 20 th Annual General Meeting	June 24, 2020
21 th Annual General Meeting	July 12, 2020

Stock Detailed

Particulars	DSE	CSE
Stock Symbol	BANKASIA	BANKASIA
Company ID	11127	22022
Listing Year	2004	2004
Market Category	A	A
Electronic Share	Yes	Yes
Total Number of Securities	11,65,906,860	11,65,906,860
DSE Trading Days (2020)	208	
Year End Closing Price (December 30, 2020)	18.20	

Availability of information about BANK ASIA

Annual Integrated Report 2020 and other information about Bank Asia may be viewed on Bank's Website:

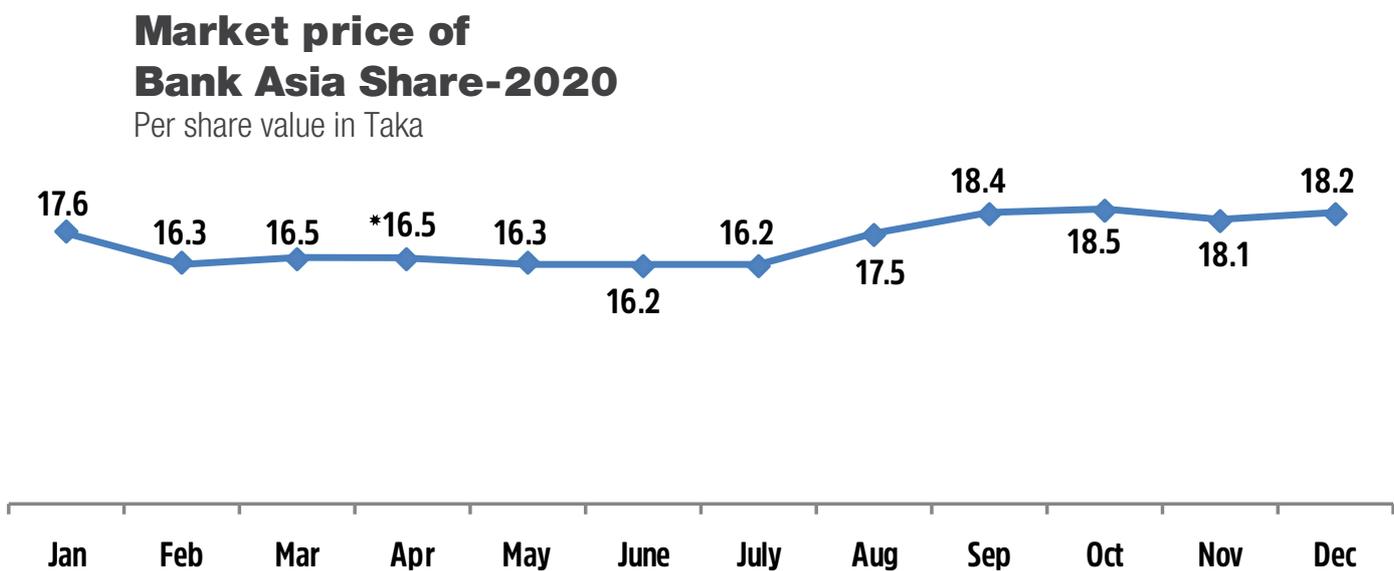
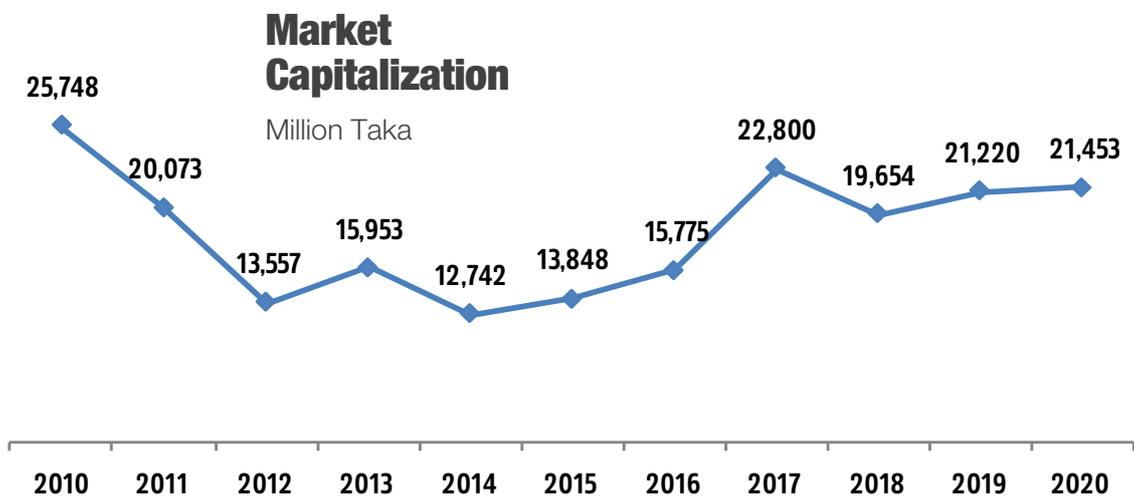
www.bankasia-bd.com

Corporate Office

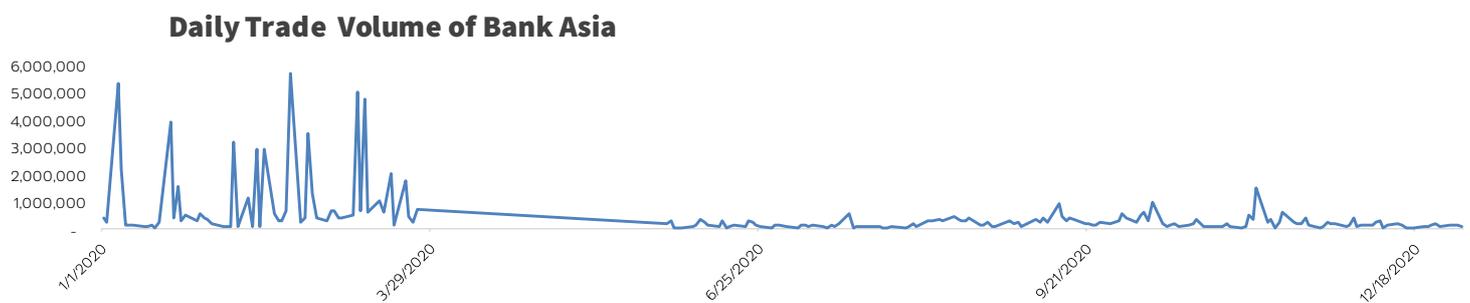
Bank Asia Tower,
32 & 34 Kazi Nazrul Islam Avenue,
Karwan Bazar, Dhaka-1215
Phone:+8809617001100, Fax:+8855013976
E-mail: bankasia@bankasia-bd.com

Stock market of Bangladesh ends in bullish environment although it exposed gloomy period in the initial period of 2020 affected by pandemic situation all over the country as well as world. The market was in bearish market in the first half of the year of 2020. The market witnessed sharp fall in mid-March, 2020 derived with the initiation of Covid-19 pandemic issues and the Bangladesh Securities and Exchange Commission (BSEC) induced Floor price for each company to discontinue further falling. Following the dull situation, the stock market operation was postponed in April and reopened in the last day of May, 2020 and the market recovered significantly on following months. On the back of some effective measures taken by BSEC under new leadership, investors' confidence moved up and more institutional participation was seen from July, 2020.

The benchmark index of the Dhaka Stock Exchange (DSE), DSEX started the year with 4,452.9 points on January and ended the year with 5,402 points advanced by 949 point or 21.31%. Total Market capitalization of Dhaka Stock Exchange stood at BDT 4,482.30 billion as on December 31, 2020, from BDT 3,395.51 billion as on December 31, 2019 representing positive growth of -32.01%. The daily average turnover in 2020 was BDT 6,507 mln against BDT 4,803 mln in 2019 increased by 35.48% and Market P/E was 14.50 compared to 11.80 last year.



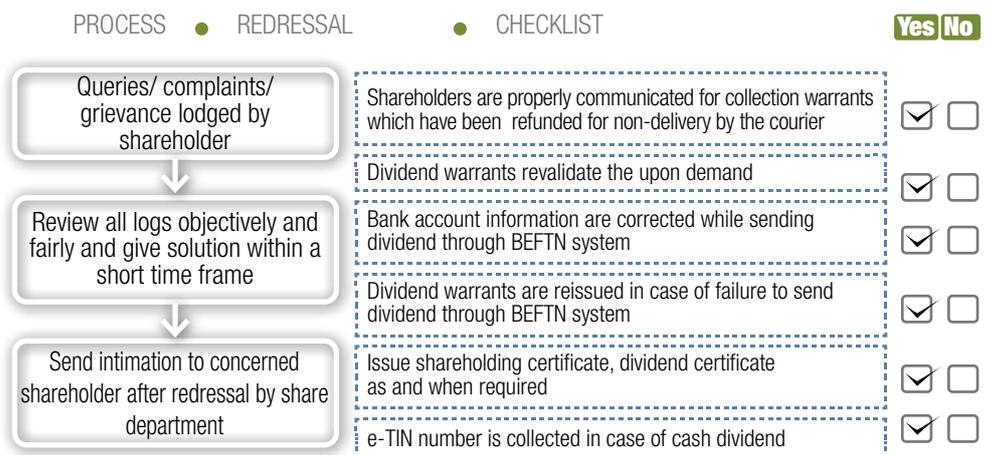
* The stock market operation was postponed in April, 2020 due to COVID 19



Stakeholders Relationship/ Grievance Redressal

Bank Asia strongly believes in maintaining smooth and interactive relationship with the stakeholders. We pursue high quality stakeholder's redressal policy proactively to handle all types of grievance, complaints in an effective and fair manner.

Bank Asia strongly believes in equitable treatment to every shareholder. We resolve any shareholders' complaint on a priority basis and have committed to serve the appropriate mechanism to address the shareholders' grievance within the time frame stipulated by the Bank.



REDRESSAL PROCESS OF BANK ASIA LIMITED

- Complaints raised by the investors/ shareholders must be dealt with courtesy and in a timely manner
- Complaints are treated and solved efficiently and treated fairly
- Communicate to the shareholders for collection of the dividend warrants which have been refunded for non-delivery by the courier
- Revalidate the dividend warrants upon demand
- Correction of bank account information while sending dividend through BEFTN system
- Re issue of dividend warrants, in case of failure to send dividend through BEFTN system
- Issue shareholding certificate, dividend

certificate as and when required

- E-mail or letter must be send to all the investor who have submitted written complaints
- Request for e-TIN number in case of cash dividend

Redressal Statistics 2020

Requests received from shareholders	Ways of addressing mentioned requests
<ul style="list-style-type: none"> ● Demat 2,072,960 shares; ● 6,313,601 bonus shares credit among the shareholders from suspense account ● Re-issue 1,089 dividend warrants for the year 2019 (which were returned from BEFTN) ● Issuance of 66 shareholdings certificate for income tax purpose; 	<ul style="list-style-type: none"> ● Demat confirmed all the shares timely; ● Credit all the shares as requested; ● 1,089 duplicate fractional dividend warrants for the year 2019 issued ● 66 shareholdings certificate were issued;

The bank continues to have regular communication with the shareholders through periodic updates of performance and at any time when it believes it to be in the best interest of shareholders generally.



General Shareholders at 21st AGM

REDRESSAL POLICY



SHAREHOLDER'S PERSPECTIVE

Bank Asia redressal system covers the following issues

- Receiving the complaints for non-receipt of dividend warrant, dividend intimation letter, cash dividend;
- Transfer of shares from suspense account to the shareholders BO account;
- Clarification of any price sensitive information over telephone;
- Grievance for not receiving of Annual Integrated Report, half-yearly financial position timely;
- Concerns relating to share dematerialization (DEMAT);
- Queries about and clarification on recent or upcoming price sensitive information over telephone, etc.

Any Investors may lodge their complaint related to their investment in the company through formal letter, Bank's official e-mail ID i.e. bankasia@bankasia-bd.com and phone call to the Company Secretary and/or Share Department. We focus in addressing those complaints within the shortest possible time.



CUSTOMERS' PERSPECTIVE

Customers are one of the key stakeholders of the Bank. We are very much conscious about customers' demand and always ready to serve them our best as per our Customers Service Policy and Customers Acceptance Policy (CAP). Like investors we also address up our customers queries and complaints through our corresponding department, division or unit. All the complaints are centrally handled by BOD (Branch Operation Department). In 2020, the Bank received 99 complaints from customers of various branches and all the problems were solved successfully through proper investigation and remedial action. Those problems were solved within 5 days (approx.) in which some complaints were met up within 24 hours. We have already introduced Branch level customer service & complaint management desk (BLCS & CMB) introduced at all branches of the bank. Moreover the year 2020 declared as the Year of Relationship.



EMPLOYEES' PERSPECTIVE

Employees are the main resource of the Bank, the human capital. We are committed to provide comfortable work environment to our employees for enriching their productivity. To resolve undesirable issues in the workplace and create a conducive and gender sensitive working environment we have separate Grievance Handling Policy and Female Anti- Harassment Policy. Our People Management Division takes necessary measures to redress if any adverse situation arises. In 2020, we didn't receive any significant complain related to our employees.

Redressal point for Shareholders

Bank Asia Limited
Corporate Office
Bank Asia Tower, Level: 02
32 & 34, Kazi Nazrul Islam Avenue
Karwan Bazar, Dhaka
Phone: +8809617001100

Corporate Governance Report

The table below gives an overview of the locations of our Corporate Governance statement

	Page No
Report on the Activities of Audit Committee	212-215
Statement of Directors responsibility to establish appropriate system of Internal Control	216
Statement of Directors on adequacy on the system of internal control	
Chief Executive Officer and Chief Financial Officer's Statement of responsibilities for the year 2020	217
Corporate Governance structure of Bank Asia	218
Preface	219
Board of Directors Chairman and CEO	220-228
Vision, mission and strategy	226
Audit Committee	226
Objective and Activities of Audit Committee	226-228
Internal control & Risk management	228-230
Ethics and Compliance	230-232
Remuneration Committee	232
Human Capital	233
Communication to Shareholders and Stakeholders	234
Environmental and Social Obligations	234-235
Corporate Governance compliance certificate	181
Corporate Governance disclosure checklist in line with:	
● BSEC Notification	243-252
● The Companies Act 1994 (Amended upto 2020)	253-254
● Bangladesh Bank BRPD Circular 11,18 and 19 issued on October 27, 2013	255-265

Corporate Governance

Corporate Governance refers to the relations between the management of a company and its Board of Directors, shareholders and other stakeholders. Corporate Governance also provides a framework for setting out a company's objectives and the means for achieving these and for tracking its performance.

Source: OECD



Report on the Activities of the Audit Committee



Report on the Activities of the Audit Committee

Audit Committee (the 'Committee') is one of the prime sub-committee of the Board of Directors (the 'Board') of Bank Asia Limited. The purpose of the committee is to assist the Board in fulfilling its oversight responsibilities relating to (i) the integrity of the Bank's financial statements and internal control systems (including the implementation and effectiveness of internal control over financial reporting); (ii) the performance of the internal audit function; (iii) the annual independent audit of the Bank's financial statements, engagement of independent auditors and evaluation of the independent auditors' qualifications, independence and performance; (iv) the compliance by the Bank with regards to legal and regulatory requirements; (v) the implementation and effectiveness of the Bank's disclosure controls and procedures; (vi) the evaluation of enterprise risk issues and (vii) the fulfillment of the other responsibilities set out by the regulators and the Board.

Composition of Audit Committee

The Audit Committee of the Board of Directors of Bank Asia Limited was constituted in the 44th meeting of the Board held on January 18, 2003 in compliance with the Bangladesh Bank directives.

The present Audit Committee of the Board is comprised of five Members of the Board of Directors including three Independent Directors having one Independent Director as Chairman in accordance with the Notification on Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) on 3 June 2018 (Notification No. BSEC/CMRRCD/2006-158/207/Admin/80) and Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013.

The present Audit Committee was reconstituted by the Board in its 432nd meeting held on July 12, 2020 consisting of the following members:

Names	Status with the Board	Status with the Audit Committee
Mr. Dilwar H Choudhury	Independent Director	Chairman
Mr. Mohd. Safwan Choudhury	Vice Chairman	Member
Mr. Ashrafal Haq Chowdhury	Independent Director	Member
Major General Mohammad Matiar Rahman (retd.)	Director	Member
Mr. M. A. Baqui Khalily	Independent Director	Member

The Company Secretary acts as Secretary of the Committee. The Head of Audit, although being a part of Internal Control & Compliance administratively, reports directly to the Chairman, Audit Committee of the Board (ACB) and will be responsible to the ACB. The Head of Internal Control & Compliance (ICC) of the Bank concurrently reports to the Chairman, Board Audit Committee and the President & Managing Director of the Bank.

Access to the Committee

On any matter within the Committee's Charter, the Head of Internal Control & Compliance and Head of Audit has direct access to the Audit Committee.

Roles & Responsibility of Board Audit Committee

The roles and responsibilities of Audit Committee have been defined in line with the relevant provisions of Corporate Governance Guidelines/Notification issued by Bangladesh Bank and BSEC, two paramount regulators for the Bank, and other best practices of governance. The following functions are common recurring activities for the Audit Committee of the Bank in carrying out its responsibilities in addition to any other responsibilities which may be assigned from time to time by the Board:

a. Internal Control

- Evaluate whether the management is establishing an appropriate compliance culture by communicating the importance of internal control and the prudent management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;
- Review the management's actions in computerization of the Bank and its applications and Management Information System (MIS).
- Consider whether the internal control strategies recommended by internal and external auditors have been prudently and comprehensively implemented by the management;
- Consider reports relating to fraud, forgery and deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the Board after reviewing whether necessary corrective and remedial measures have been embraced by the management.
- With governance and supervisory oversight from the Board of Directors, the Audit Committee will put in place policies and procedures to identify, measure, monitor and control risk.
- Review Management Letters issued by the statutory auditors.

b. Financial Reporting

- The Audit Committee checks whether the financial statements reflect complete and accurate information and determine whether the statements are prepared according to the existing rules and regulations and standards enforced in the country and as per the relevant financial reporting standards prescribed by Bangladesh Bank;
- Discuss with the management and external auditors to review the financial statements before finalization.
- Review the quarterly and half-yearly financial statements with the management before submission to the Board for approval.
- Review statements of significant related party transactions submitted by the management.
- Review the management's discussion and analysis before disclosing in the annual report.

c. Internal Audit

- Monitor/evaluate whether internal audit functions are truly independent
- Review the activities and the organizational structure of the internal audit and ensure that no unjustified restriction or limitation hinders the internal audit process
- Review and assess the annual internal audit plan
- Review the efficiency and effectiveness of internal audit function
- Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not

d. External Audit

- Make recommendations to the Board, to be put to shareholders for approval in the AGM, in relation to appointment, re-appointment and removal of the bank's external auditors.
- Oversee the relationship with the external auditors including
 - Approval of their remuneration, i.e. fees for audit or non-audit services.
 - Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements
 - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the bank (other than in the ordinary course of business)
- Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present; to discuss their remit and any issues arising from the audit
- Review the findings and recommendations made by the external auditors for removal of irregularities, if any, detected are duly acted upon by the management

e. Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC and other bodies) and internal regulations approved by the Board have been duly complied with.

f. Other responsibilities

- Submit a comprehensive compliance report to the Board on a quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities
- External and internal auditors shall submit their related assessment report, if the committee solicits;
- Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis

Reporting to the Board

The Audit Committee regularly reports its activities to the Board of Directors following each meeting. The Audit Committee report immediately to the Board of Directors in case of any of the following findings are observed

- Report on conflict of interests
- Suspected or presumed fraud or irregularity or material defect in the Bank's internal control system
- Suspected infringement of laws, including securities related laws, rules and regulations
- Any other matter which shall be disclosed to Board immediately

Reporting to the Authorities

Report anything which has material impact on the financial condition and results of operation.

Meetings of the Audit Committee

A total of 07 (Seven) Audit Committee Meetings were held during the year 2020 against minimum 04 (Four) meetings as per regulatory requirement. Meeting dates are as follows

Sl. No.	Meeting	Date of Meeting
1	207 th Audit Committee Meeting	22 March, 2020
2	208 th Audit Committee Meeting	08 June, 2020
3	209 th Audit Committee Meeting	6 July, 2020
4	210 th Audit Committee Meeting	28 July, 2020
5	211 th Audit Committee Meeting	8 September, 2020
6	212 th Audit Committee Meeting	28 October, 2020
7	213 th Audit Committee Meeting	29 December, 2020

Major issues reviewed by the Audit Committee during 2020

In addition to regular concerns such as review of existing risks & mitigation measures, compliance culture of management, monitoring internal audit function, financial statements, on time return, findings and recommendations of External & Bangladesh Bank auditors etc. were given special focus. In the year 2020, the Audit Committee reviewed and discussed the following issues, amongst others

- Annual financial statements of the Bank for the year ended 31 December 2019 as certified by the External Auditors before submission to the Board for consideration
- Summary of Audit and Inspection reports on the Branches, Divisions and Departments of the Bank
- AML/CFT Issues of Audit and Inspection reports on the Branches
- Annual Risk Based Audit Plan
- Management Letter of the Bank submitted by the external auditor for the year ended 31 December 2019
- Un-audited quarterly and half-yearly financial statements of the Bank
- Bangladesh Bank comprehensive and Core risk inspection report and the recommendations made therein
- Actions taken by the management with regard to shortcomings raised in the Bangladesh Bank Inspection report and by the Internal Audit Team of the Bank
- The corrective measures taken by the management with regard to the lapses pointed out on the internal control and other issues raised by internal and external auditors and inspectors of the regulatory authority.

- The compliance status of the audit objections and the recommendations made by the Bangladesh Bank Inspectors, External Auditors and the Internal Auditors in the reports.
- Draft Annual Integrated Report of the Bank.
- Annual Integrated Health Report of the Bank.
- Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and compliance thereof.
- On-site & Off-site Monitoring Reports.
- Irregularities/Lapses in the Quarterly Loan Documentation Checklist (LDCL) including compliance status.
- Shortcoming/Deviation in the Quarterly Operations Report (QOR) including compliance status.
- Self-Assessment of Anti-Fraud Internal Controls including implementation status for the half-year ended 31 December 2019.
- Status of recovery of classified loans and necessary guidelines provided to the management to reduce Non-Performing Loan (NPL).
- Submission of Audit Committee's decision and implementation status on Audit Observations to the Board of Directors (BOD) of the Bank.
- Appointment of Auditors.
- The overall effectiveness of Internal Control Policy, Practice and Procedure of the Bank.
- Proposal of the management for realization of profit charged/accrued to income under the provisions of BRPD Circular Letter No.56 dated 10.12.2020.

The minutes of the Audit Committee Meetings with observations and recommendations were circulated among the members of the committee and to the Board of Directors of the Bank for information.

The Audit Committee further affirmed that:

- The rules and regulations of Bangladesh Bank and all other regulatory authorities and Bank's own policy guidelines approved by the Board are duly complied with.
- Adequate internal control and security measures have been taken by the Bank facilitating Information Technology (IT) based banking including generation of proper Management Information System (MIS).
- The system of internal control and business processes have been strengthened including development of human resources towards creation of a compliance culture in the Bank.

- Efforts have been made to keep assets of the Bank safe along with liabilities and commitments being transparent.
- The Financial Statements of the Bank have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which contained full disclosure.
- The good governance is in place in the Bank.

Our Priorities for the year ahead

The COVID-19 pandemic has presented all companies including bank with new risks. Those include, but are not limited to reductions in revenue; government intervention and legislation; financial market volatility and the erosion of market value; deteriorating credit and liquidity concerns and other restructuring activities. In addition, the shift to virtual interactions brings with it risks related to bank processes, such as the increased use of remote access to information technology, which may lead to increased cyber risks. During these unprecedented times, audit committees are working closely with management to assess shifts in strategic priorities and business activities and to understand and oversee the impact such issues may have on financial statements and related reporting.

The committee expects to continue to focus on the integrity of the financial controls, risk governance & controls, robustness of the Company's cyber security arrangements, digitalization, automation & Artificial Intelligence (AI), customer data security and application of true risk-based audit approach in 2021, to ensure that it reflects the evolving risks of our business. The committee continuously intends internal control & compliance to be more agile, robust and innovative in terms of surfacing risks that it may face time to time. Technological advances are rapidly changing the way banks do business and affecting how the internal audit function approaches risks and controls. New digital tools also are enabling internal audit department to function more efficiently and to develop more forward-looking capabilities.

Acknowledgement

The Audit Committee expresses its sincere thanks to the members of the Board, Management and Auditors for their excellent support extended to the Committee. The Committee is also grateful to both Bangladesh Bank and to the Bangladesh Securities and Exchange Commission for the direction and guidance, which facilitated due discharge of its duties and responsibilities.

On behalf of the Audit Committee,



Dilwar H Choudhury
Chairman
Audit Committee of the Board

Statements of Directors' responsibility to establish appropriate System of Internal Control

Strengthening and streamlining internal control system has significant importance and governance to attain short-term business objectives and long-term sustainability. During the year, market liquidity was tighter, interest rate was lower, private credit demand was high, and the challenge of ensuring effective internal audit and control system were even greater.

The board is cautious on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/ investment portfolio. The board review quarterly the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. They annually review the qualification, expertise and resources, and independence of the external auditors and the effectiveness of audit process and recommendation on re-appointment.

Directors confirm that the Board, through its committees, has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December, 2020. This process involved a confirmation that a system of internal control in accordance with best financial reporting practice was in place throughout the financial year and up to the date of signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and bank's risk management functions and the extent to which various significant challenges are understood and are being addressed.

On Behalf of the Board of Directors,



A Rouf Chowdhury
Chairman

Statement of Directors' on Adequacy of the System of Internal Control

The Board of Directors follows some definite rules and regulations as stated in The Banking Companies Act 1991 (amended up to 2018). Therefore, the directors tried their level best to maintain sound corporate governance and performed their responsibilities. Broad business strategy, significant policies for internal control system and risk management have been taken properly and risk based internal audit has been accomplished as per 'section 15 Kha & 15 Ga of the Bank Company Act 1991 (amended up to 2018)' for ensuring that the bank is appropriately and effectively managed and controlled.

The Board has supervised the policies and various parts of businesses to construct an effective internal control system which is essential for sustainable growth maintaining efficient conduct of business. They have also reviewed the adequacy and completeness of accounting records, well preparation of financial information, and efficient management of risk, strengthening bank's assets and overall internal control process.

By forming the audit committee, the Board of Directors monitors the functional and effectiveness of internal control system. All the conditions depicted in the Banking Companies Act 1991 (amended up to 2018), guideline issued by Bangladesh Bank and corporate governance guidelines issued by Bangladesh Securities and Exchange Commission have been properly maintained at the time of preparing the Audit Committee. The principal activity of the Audit committee was to review the internal control system as well as managing the core risk of the bank. The process for monitoring compliances with laws and regulations and codes of business ethics have been properly reviewed by the committee.

The Audit Committee has observed the arrangements for increasing the internal control features to the prevalent management information system (MIS). They have also reviewed the corrective initiatives undertaken by management corresponding to fraud-forgery and deficiencies in internal control identified. All the compliance reports have been properly presented before the board of directors and regulators in a timely manner and all other regulatory functions about internal control system of the bank have been executed explicitly.

On Behalf of the Board of Directors,



A Rouf Chowdhury
Chairman

RESPONSIBILITY STATEMENT OF MD AND CFO

Name of the company: Bank Asia Limited

Declaration by MD and CFO

March 18, 2021

The Board of Directors

Bank Asia Tower

32 & 34, Kazi Nazrul Islam Avenue

Kawran Bazar, Dhaka-1215

Subject: Declaration on Financial Statements for the year ended on December 31, 2020

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Bank Asia Limited for the year ended on December 31, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on December 31, 2020 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

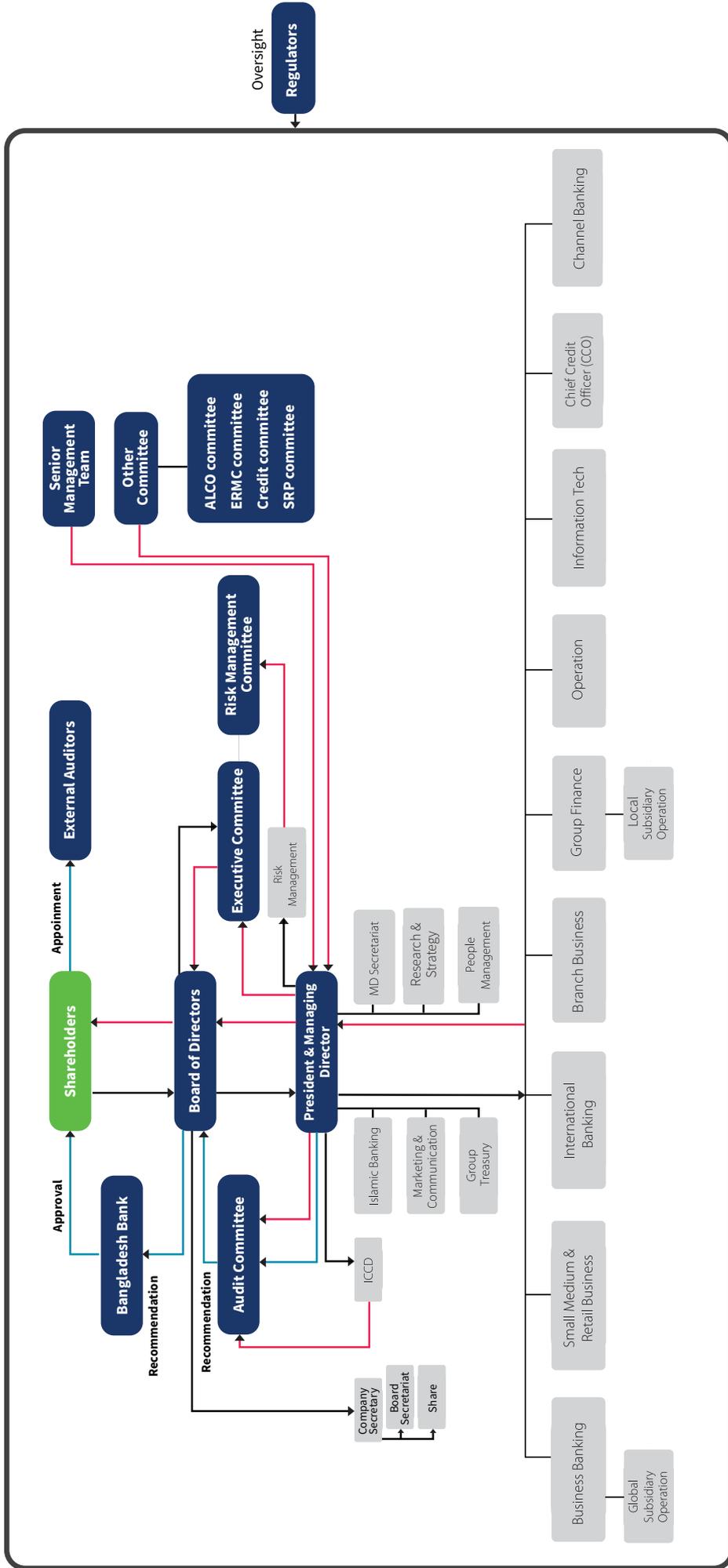


Md. Arfan Ali
President and Managing Director



Mohammad Ibrahim Khalil, FCA
Chief Financial Officer

Banking Governance Structure of Bank Asia



Corporate Governance

As an organization, we are committed to observing high standards of corporate governance, which is fundamental to the creation, protection and enhancement of our long-term value. The Board works with Management to ensure that good corporate governance principles are observed at all levels of the Bank.

CORPORATE GOVERNANCE FRAMEWORK IN BANK ASIA

Bank Asia is strongly committed to ensuring that its systems, procedures and practices reflect a high standard of Corporate Governance. It has a well-defined and well-structured Corporate Governance framework in place to support the Board's aim of achieving long-term and sustainable value, as well as fostering a culture that values ethical behavior, integrity and respect to protect shareholders' and other stakeholders' interests at all times. For Bank Asia, it is also important to maintain a leading governance practices in the highly regulated industry in which the Bank operates and this is essential for the long-term sustainability of the Bank's businesses. In this respect, the Board Committees assist the Board to fulfil its governance role effectively.

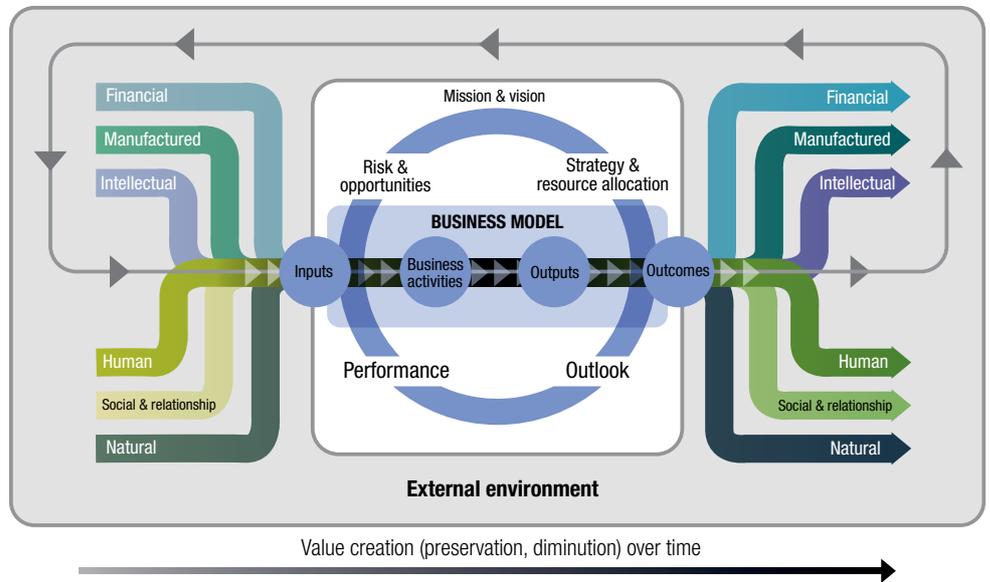


Bank Asia believes that governance can have the highest impact on the efficiency, effectiveness and value creation ability of deployed strategies and approaches. Therefore, Bank go beyond management structures, policies and processes, and make governance an integral part of the organizational culture.

Bank Asia always gives its utmost efforts to comply corporate governance practices with all the aspects of the revised Corporate Governance Code (CGC) BSEC/CMRRCD/2006-158/207/ Admin/80, dated June 3, 2018, on financial reporting and disclosure issued by Bangladesh Securities and Exchange Commission (BSEC), listing regulations and directives of DSE and CSE and all aspects of Bangladesh Banks directives.

VALUE CREATION BY PRACTICING CORPORATE GOVERNANCE

Good Corporate Governance builds trust and predictability as well as generating comfort to investors. Applying the principles of corporate governance has become a pre-requisite to gaining shareholder confidence and unleashing shareholder value. Since inception, Bank Asia practicing good corporate governance practice to maximize the value of its stakeholders.



By following good governance practices Bank Asia has been able to create values for all stakeholders of the Bank.

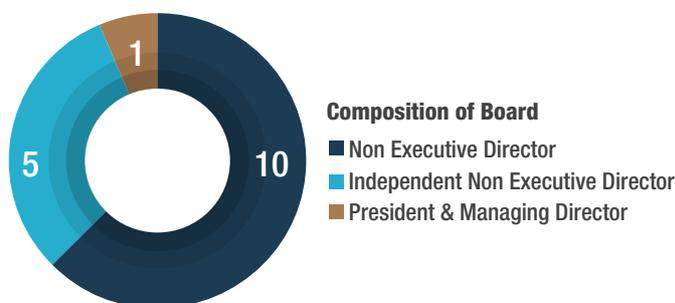
	Build and maintain good governance framework for value creation and ensuring long-term growth	<p>Good Governance Practices result a solid growth in all aspect of business operations of the bank</p> <ul style="list-style-type: none"> Loans and Advances growth 7.63% Deposit growth 19.44% Good Asset quality (NPL 3.24%) ROA 0.53% ROE 7.81% EPS 1.75
	Follow openness & transparency in communication with stakeholders	<ul style="list-style-type: none"> Transparent Providing both financial and non-financial data
	Focus on technologically advanced banking system	<ul style="list-style-type: none"> Developed an online loan application system "GhoreBosheRinNei" during the Covid 19 pandemic Develop Micro-merchant model for expanding digital financial inclusion where we serve 11,890 beneficiaries through 2,362 outlets.
	Enhance operational risk management	<ul style="list-style-type: none"> Strong internal business process platform

1. BOARD OF DIRECTORS, CHAIRMAN AND CEO:

The Board's primary responsibility is to promote the long-term success of the Bank and deliver sustainable shareholder value. The Board has ultimate responsibility for the management, direction, governance and performance of the company, and leads and oversees the Bank's business. The Board plays a critical role in ensuring that the tone for the Bank's culture and values is set from the top. The Board is also responsible for ensuring appropriate resources are in place to achieve its strategy and deliver sustainable performance. Through authorities delegated to its Committees, the Board directs and reviews Bank's operations within an agreed framework of controls, allowing risk to be assessed and managed within agreed parameters. The Board is collectively accountable to the Bank's shareholders for the proper conduct and success of the business. The Board of Bank Asia comprises of 16 (sixteen) Directors as of December 31, 2020 including the President & Managing Director.

The Composition of the Board of Directors is as follows:

- Ten Non - Executive Director;
- Five Independent Non-Executive Director
- One Executive Director i.e. President & Managing Director



The present size and composition remains well-balanced and it's made up with professionals with a wide range of knowledge and experience in business, operations and finance to set direction of a large and expanding bank. The profiles of all Board members, comprising of their qualification, experience are disclosed in [Page no. 20-32](#) of this Annual Integrated Report.

1.1 BANK ASIA'S POLICY ON APPOINTMENT OF DIRECTORS

Bank Asia complied with pertinent guidelines of Bangladesh Bank circulars, rules and regulations of the Companies Act 1994 (amended up to 2020), Bank Companies Act 1991 (amended up to 2018), Bangladesh Securities and Exchange Commission (BSEC) Notifications, Guidelines of Bangladesh Bank and Memorandum & Articles of Association of the Bank.

New Directors are appointed by Bank Asia with the emphasis on the mix of knowledge, skills, experience and perception. The Directors are elected by the shareholders in AGM and all appointment of the Board is subjected to the approval of Bangladesh Bank. Bank Asia's Board is always committed to ensuring diversity and inclusiveness in its composition and deliberations, embracing the proposition that having a diverse Board would have a positive, value relevant impact on the Bank. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational Background.

In case of nomination, removal, causal vacancy and alternate Directors, Bank Asia follows all relevant rules and regulations. The Bank's non-executive Directors are independent of management and free from day to day business of the bank. Directors are accountable to the shareholders for the Bank's performance and governance.

1.1.1 ROLES AND RESPONSIBILITIES OF BOARD OF DIRECTORS

The business and affairs of the Bank are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business,

organization and significant policies of Bank Asia. The Board also sets the Bank's core values, adopts proper standards to ensure that Bank operates with integrity, and complies with the relevant rules and regulations.

Key responsibilities in summary are:

- Providing strategic direction, entrepreneurial leadership and guidance;
- Approving business plans and annual budgets;
- Ensuring that financial statements are true and fair;
- Monitoring financial performance;
- Determining capital/debt structure;
- Setting dividend objectives and declaring dividends;
- Approving major acquisitions and divestments, strategic investments, joint ventures and alliances;
- Reviewing risk management framework and system, risk culture and conduct;
- Overseeing the performance of Management;
- Setting company values and standards;
- Establishing a board diversity policy;
- Succession Planning for Board and Management;
- Formulating strategies, determining the environmental, social and governance (ESG) factors and overseeing the management and monitoring of the ESG factors that are material to the business

1.1.2 Code of Conduct for the Board of Directors

The Board of Directors follows a code of conduct which was adopted to provide guidance to directors to perform their duty in an honest, responsible and business-like manner and within the scope of their authority, has said for in the laws of country as well as memorandum and articles of association of the Bank.

Size and membership of Board Committees as of December 31, 2020

		Board Executive Committee	Board Audit Committee	Board Risk Management Committee
Committee Composition*			Minimum three members and maximum 5 members	
		Maximum Seven members	All members are Non-executive Directors	Maximum Five members
		All members are Non - executive Directors	Majority of members are Independent Directors	All members are Non - executive Directors
		Chair determined by the Board	Chair is Independent Director, who is not the Board Chairman	Chair determined by the Board
Mr. A. Rouf Chowdhury	Chairman of the BOD, Non-executive	✓		
Mr. Mohd. Safwan Choudhury	Vice Chairman, Non-executive		✓	
Mr. Romo Rouf Chowdhury	Vice Chairman, Non-executive,	✓		✓
Mr. Rume A Hossain	Non-executive	Chair ✓		✓
Mr. Dilwar H Choudhury	Non - Executive, Independent Director		Chair ✓	✓
Ms. Hosneara Sinha	Non-executive			
Ms. Naheed Akhter Sinha	Non-executive			
Ms. Romana Rouf Chowdhury	Non-executive	✓		✓
Mr. Helal Ahmed Chowdhury	Non-executive, Independent Director	✓		
Major General Mohammad Matiur Rahman, ndu, psc (retd.)	Non-executive		✓	
Ms. Farhana Haq	Non-executive		✓	
Mr. Ashrafal Haq Chowdhury	Non-executive, Independent Director		✓	
Mr. Enam Chowdhury	Non-executive			✓
Mr. Md. Abul Quasem	Non-executive, Independent Director	✓		
Mr. M. A. Baqui Khalily	Non-executive, Independent Director		✓	Chair ✓
Md. Arfan Ali	Managing Director, Ex - Officio			

* Composition requirements for each Committee are set out in the relevant Committee Charter.

1.1.3 Retirement and Re-election of Directors

According to clause 128, and 129 of the Articles of Association of the Bank, 5 (five) directors retired before the 21st Annual General Meeting (AGM) held on July 12, 2020 and all of the retiring directors was eligible for re-election as director. In addition, two Independent Directors appointment was also approved by shareholders in the 21st Annual General Meeting (AGM).

Sl.	Name of Directors	Mode of Change
1.	Mr. A. Rouf Chowdhury	Retired and Re-elected
2.	Mr. Mohd. Safwan Choudhury	Retired and Re-elected
3.	Maj. Gen. Mohammad Matiur Rahman (retd.)	Retired and Re-elected

In addition, some other changes in directorship recently were as follows:

Sl.	Name of Directors	Date of Change	Remarks
1.	Mr. Md. Nazrul Huda	06.01.2020	Resigned
2.	Mr. M Shahjahan Bhuiyan	03.07.2020	Resigned due to completion of consecutive two term.
3.	Mr. Md. Abul Quasem	13.02.2020	Joined as an Independent Director
4.	Mr. M. A. Baqui Khalily	13.02.2020	Joined as an Independent Director
5.	Mr. Helal Ahmed Chowdhury	27.07.2020	Joined as an Independent Director

1.1.4 Directors' Remuneration

Directors are not entitled to any remuneration other than attending the meeting of the Board and its committees.

1.2 Adequate representation of non – executive directors

As per guideline of Bangladesh Bank, Bank Asia maintain adequate representation of non-executive directors in the Board. The Managing Director is the only Executive Director in the Board of Directors of the Bank. All other Directors are non-executive directors.

1.3 Independence of independent directors and their adequate representation

Bank Asia complies with applicable requirements regarding independence of the Board according to laws and regulations as well as according to the Corporate Governance Code by BSEC. The Board considers all of the members elected by the shareholders, apart from independent director of the Bank according to the Code.

Bank Asia has 5 (five) Independent Directors in the Board. They are: Mr. Ashrafal Haq Chowdhury, Telecom & Corporate Leader, two renowned retired bankers - Mr. Helal Ahmed Chowdhury, Mr. Dilwar H Choudhury and Mr. Md. Abul Quasem, a retired central banker and Mr. M. A. Baqui Khalily, is a renowned academician of the country and professor of a university, The Independent Directors are also member of the sub-committees of the Board. Two of them are members of the Executive Committee and one of them is a member of the Risk Management Committee and three of them are members of the Audit Committee.

1.4 Different position of the Chairman and the Chief Executive Officer

The functional responsibilities of the Chairman of the Board and of the President and Managing Director are kept separate and independent of each other. The Chairman of the Bank is elected by the directors of the Bank and the President and Managing Director is being appointed by the Board of Directors subject to receiving permission from Bangladesh Bank.

1.5 Roles and responsibilities of the Chairman

The Board elects one of the Non-Executive Directors as Chairman. Our Chairman is Mr. A Rouf Chowdhury, who became Chairman on 14 December 2011.

The Chairman's role and responsibilities includes:

- Managing and leading Board Meeting to ensure robust decision making
- Building a high performance Board

- Managing Board/Management interface by acting as the conduit between Management and the Board
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that stakeholders' views are communicated to the board as a whole
- Overseeing Board succession
- Being the public face by acting as a spokesperson for the Board

1.5.2 Independence of Independent Directors

Bank Asia complied with relevant guidelines of Bangladesh Bank circulars, rules and regulations of the Bank Companies Act, 1991 (amended up to 2018) and guidelines of Bangladesh Securities and Exchange Commission regarding composition of its board of directors. While appointing new directors Bank Asia emphasizes the mix of knowledge, skills, experience and perception. The directors are elected by the shareholders in AGM. In case of nomination, removal, causal vacancy and alternate directors, Bank Asia follows all relevant rules and regulations. The Bank's non-executive directors are independent of management and free from day to day business of the bank.

1.6 Annual Appraisal of Board performance

The Board undertakes ongoing self-assessment as well as commissioning an annual performance review by an independent consultant. The review process conducted in 2019 included an assessment of the performance of the Board, the Board Committees and each Director, with outputs collected, analyzed and presented to the Board. The Board discussed the results and agreed follow up action on matters relating to Board composition, process and priorities. The Chairman also discusses the results with individual Directors and Board Committee Chairs. The full Board (excluding the Chairman) reviews the results of the performance review of the Chairman and results are then privately discussed by the Chairman of the Board Risk & Compliance Committee with the Chairman.

1.7 Annual Evaluation of the CEO by the Board

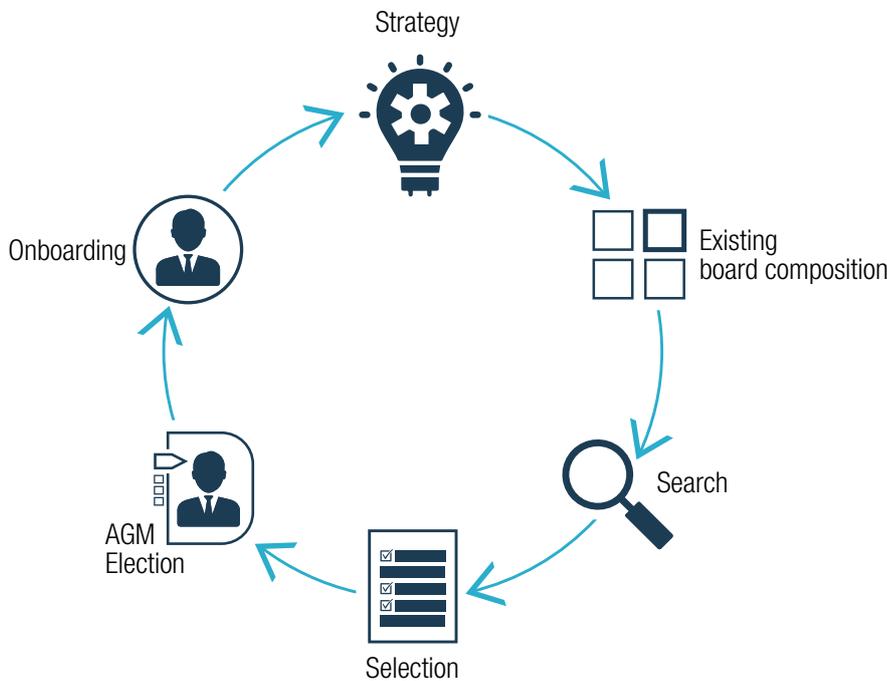
While reappointing CEO, an evaluation report approved by the Board of Directors is submitted to Bangladesh Bank by the chairman of the

Corporate Governance

Board. Besides, the Board of Bank Asia Limited annually evaluates Key Performance Indicators (KPIs) of CEO i.e. profitability, yearly budget achievement, dividend ratio, return on equity, return on assets, earnings per share, CAMELS ratings, credit rating, classified loan ratio, risk management etc. The performance of the CEO is also evaluated by the Board based on Bank's operational results mainly in the achievement of operational budgets.

1.8 Succession Plan

Bank Asia believes that the membership and composition of the Board should be reassessed from time to time so succession planning is a pivotal part of corporate governance practices to meet the company's long-term goals and objectives and to ensure that the knowledge, experience, and skillset of its members would be well suited to meet the demands of the ever-changing financial industry.



1.9 Directors' Training

Training in specific aspects of the bank's businesses is provided to Directors when requested and regularly as part of site visits. Directors are briefed on issues at Board and Committee meetings, for example, receiving briefings on cyber risks, and relevant commercial, legal and regulatory developments. All Directors have full and timely access to relevant information ahead of each meeting and are able to contact members of management for further information, as required. In accordance with best practice, the Chairman considers and addresses the development needs of the Board as a whole, if any, and ensures that each Director updates their individual skills, knowledge and expertise.

If required, external training courses may be provided at the company's expense.

1.10 Knowledge and expertise in Finance and Accounting

Bank Asia's Board of Directors comprises of members who have wide knowledge and experience in the field of finance, accounting, economics, management, marketing and business administration. By that, it is ensured that they have the ability to interpret the decisions of bank's management in a prudent manner.

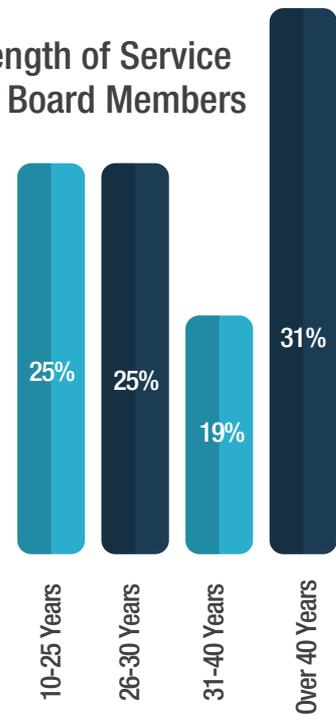
1.11 Board meeting

The Board normally meets on a monthly basis, and the meeting dates are scheduled well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on adhoc basis to consider urgent matters. Bank Asia as per requirement of BSEC conduct Board Meetings and record the minutes of the meetings as well as keep the required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB).

Gender Diversity of Board Members



Length of Service of Board Members



Corporate Governance

In addition, the Board reviews the strategic matters of the Bank in every Board meeting, conducts a half year review of Bank's strategy and approves Bank's overall strategic direction on an annual basis. The Board also conducts workshops on specific subjects relevant to our business throughout the year. Board meetings are characterized by robust exchanges of views with Directors bringing their experience and independent judgment to bear on the issues and decisions at hand. Non-executive Directors regularly meet without management present, so that they can discuss issues appropriate to such a forum. In all other respects, senior executives are invited, where considered appropriate, to participate in Board meetings and are also available to be contacted by Directors between meetings.

1.11.1 Number of Board meeting

The Board had 18 (Eighteen) scheduled meetings for the financial year ended 31 December 2020, with additional meetings held as required. The number of meetings of the Board and its committees held during the accounting year and the attendance of the Directors at those meeting are disclosed in [page no. 236-237](#) of this Annual Integrated Report 2020.

1.11.2 Key Activities performed by Board in 2020

The Board meets on a monthly basis and meetings are scheduled well in advance (before the commencement of each financial year) to enable members to plan ahead. When required, the Board will meet on an ad hoc basis to deliberate urgent matters.



During FY 2020, the Board met eighteen (18) times to deliberate and consider a variety of significant matters that required its guidance and approval. The Board also had separate sessions with the management to discuss the Bank's strategies particularly in pandemic period of COVID -19.

Among the topics and strategies that were reviewed, deliberated and approved by the Board during FY 2020 were as follows:



1.12 Directors Report on Financial Statement and Corporate Governance

Board of Directors of the Bank requires to prepare financial statements for accounting year. Moreover, the Board of the Bank need to include an additional statements or disclosures in the Directors' report prepared under section 184 of the Companies Act, 1994 (Act no. XVIII of 1994). A separate statement of Director Responsibility for financial reporting and corporate governance is given in [page no. 216](#) of this Annual Integrated Report 2020.

1.13 Board Committee

To ensure a better performance of its functions through a suitable decision-making process, the Bank Asia's Board of Directors as per the guidelines of regulators has established specific Committees that assist it in matters falling within their remit, with a coordinated working system among them.

These Committees are essential to ensure the correct discharge of the management oversight and control functions of the Board, on the basis of a system that guarantees full independence from the executive level, and therefore strengthening the checks & balances structure of Bank Asia's Corporate Governance System.

The Board of Directors has set up three specific Committees with broad and relevant functions: the Executive Committee, the Audit Committee and the Risk

Corporate Governance

Management Committee. These Committees have a clear allocation of functions, both in the Regulations of the Board of Directors and, where applicable, in their specific Regulations, and have the necessary resources for their operation, free access to the Bank's Senior Management.

1.13.1 Audit Committee

The audit committee of the Board of Bank Asia was first constituted in January 2003 with the objectives of generating a platform for a compliant and secured banking. As per the BSEC notification no BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 Audit Committee must consists of at least 3 (three) members with 1 (one) Independent Director. All the members of Audit Committee should be selected from Directors and the Chairman must be an Independent Director.

Bank Asia's Audit Committee consists of 5 (five) members. All of them are non-executive directors from whom 3 of them are Independent Directors and the Company Secretary of the bank is the secretary of the Audit Committee. Mr. Dilwar H Choudhury, the Chairman of the audit committee is an Independent Director and all the members are knowledgeable in financial industry and have long experience in banking industry. More information about members of Audit Committee is available in the Director's Profile [page no. 20-32](#) of this AIR 2020.

1.13.2 Executive Committee

The Executive Committee (EC) of the Board of Bank Asia was first constituted in January 2010 to ensure efficient, competent, compliant and secured structure for approval of credit proposals and business decisions. The number of members in EC is 7 (seven) nominated by the Board from directors. The EC time to time reviews policies and guidelines issued by Bangladesh Bank regarding credit and other operations that are customized and adopted by the management after approval of the board of directors. EC approves credit proposals as per approved policy of the Board.

1.13.3 Risk Management Committee

To minimize risk while implementing the policies and business plan of the Bank, the Board has formed a Risk Management Committee as per the guidelines of Bangladesh Bank. The Committee supervises whether the risks arise from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity and other sources are identified, measured and adequate systems are in place to minimize such risks. Currently, 5 (five) members are in the Risk Management Committee. They set risk appetite; formulate risk identification & control policy, recommend changes to the risk management framework. They also monitor the internal capital adequacy assessment process along with the effectiveness of the risk management framework, policies and standards. The Risk Management Committee assists the Board in relation to the oversight of risk including the risk appetite and risk management strategy.

1.13.4 Management Committee

Under the leadership of the President and Managing Director, the Bank Asia has executive management responsibility for the steering of the Bank and its business. It assumes overall responsibility for developing the Bank and business division strategies and the implementation of approved strategies.

- Senior Management Team (SMT)
- Supervisory Review Process (SRP) Committee
- Asset Liability Committee (ALCO)
- Credit Committee
- Policy Review Committee

1.14 CEO & Roles and Responsibilities of CEO

Bank's CEO is Mr. Md. Arfan Ali. The detail information of CEO is given in separate part of director's information under [page no. 32](#) of this AIR 2020.

The President and Managing Director is responsible for implementation of Board policies and overall Management of the Bank. He discharges his duties under the delegation of financial, business and administrative authority given to him by the Board.

The main responsibilities and authorities of the Managing Director are as follows:

- Undertakes the financial, business and administrative authorities when vested on him by the board and remains accountable for achievement of financial and other business targets by means of business plan, efficient implementation and prudent administrative and financial management.
- Ensures compliance of the Bank Company Act, 1991(amended up to 2018) and other relevant laws and regulations in performing routine functions of the bank; and remains accountable to report to Bangladesh Bank if any violation occurs.
- At the time of presenting any memorandum by the management in the Board Meeting or Board Committee Meeting, the CEO points out if there is any deviation from the Bank Company Act, 1991 (amended up to 2018) and other relevant laws and regulations.
- Recruitment and promotion of all staff of the bank except those in the two tiers below him rest on the CEO. He acts in such cases in accordance with the approved service rules of the Bank.
- The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, rests on him that he applies in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he nominates officers for training etc.

1.15 Role of Company Secretary

The Company Secretary of the Bank, who is appointed by the Board, provides advice and support to the Board, and is accountable to the Board, through the Chairman, for all matters relating to the proper functioning of the Board and its Committees. The Company Secretary is responsible for advising the Board on governance matters and ensuring compliance with Board and Board Committee Charters and procedures.

Corporate Governance

1.16 Role of Chief Financial Officer (CFO)

A chief financial officer (CFO) is the senior executive responsible for managing the financial actions of a company. CFO oversee all the financial operations of the organization, including accounting, financial reporting, tax, business control. CFO manage all aspects of financial matters and decision making. Basically, the Chief Financial Officer directs a company's financial goals, objectives and budgets. He also advises the Board of Directors on the kind of actions to be adopted in upholding the high levels of financial control and reporting. Key responsibility and overall financial health of the Bank is separately disclosed in CFO's statement in [page no. 268-273](#) of Annual Integrated Report 2020.

1.17 Role of Head of Internal Audit and Compliance

The Head of Internal Audit and Compliance (HIAC) is responsible for Bank's strategic risk-based internal audit plan and managing the internal audit function in accordance with Bank's internal audit charter. Responsibilities include providing reasonable assurance on the effectiveness of the organization's risk management and the strength of internal controls. The position assesses organization-wide compliance with Bank's internal policies and procedures, laws and regulations, contractual terms and conditions. The Head of Internal Audit reports directly to the Audit Committee of Bank's Board of Directors.

1.18 Attendance of CEO, CFO, CS & HIAC in Board Meeting

The CEO, CS, CFO and HIAC of the Bank attend the meetings of Board of Directors. It is also provided that they are not attending the meeting which involve consideration of an agenda item relating to their personal matters. In addition, they are not entitled for any remuneration for attending such meetings of the Board of Directors.

1.19 Governance of Board of Directors of Subsidiary Company

In group concept, Bank Asia limited is parent company with having following three subsidiary companies

- Bank Asia Securities Limited, incorporated in Bangladesh – 99.99% owned
- BA Exchange Company (UK) Limited, incorporated in United Kingdom - 100% owned

- BA Express USA Inc., incorporated in United States of America (USA) - 100% owned

The board of the parent company is aware of the material risks and issues that might affect both the bank as a whole and its subsidiaries. It exercises adequate oversight over subsidiaries while respecting the independent legal and governance responsibilities that might apply to its subsidiary boards.

Composition of the Board of Directors of Three Subsidiaries of Bank Asia				
Sl	Name and Designation	Bank Asia Securities Limited (BASL)	BA Exchange Company (UK) Limited	BA Express USA Inc.
1.	Mr. A Rouf Chowdhury, Chairman of the Board	✓	✓	✓
2.	Mr. Rume A Hossain, Director			✓
3.	Mr. Anisur Rahman Sinha, Director	✓		
4.	Ms. Romana Rouf Chowdhury, Director	✓		
5.	Mr. M. Sahjahan Mina, Director	✓		
6.	Mr. Md. Abul Quasem, Director	✓		
7.	Mr. Md. Arfan Ali, Director	✓	✓	✓
8.	Mr. Md. Sazzad Hossain, Director	✓		
9.	Mr. Mohammad Ibrahim Khalil, FCA, Director	✓		
*The Board of Directors of all the subsidiaries conducted their roles & responsibility in line with all relevant regulatory act or guidance				

2. VISION/MISSION & STRATEGY

2.1 Vision/Mission statement of Bank Asia Limited

Vision/ mission statements are approved by Board of Directors and are disclosed in Annual Report. The Board of Directors defined Bank's vision, mission, and strategic objectives and strictly adhere to it. Strongly believing in the vision and mission, Bank Asia tries to uphold and embrace it in every possible business context. Bank's vision, mission, strategic objective depicted on [page no. 12](#) of this Annual Integrated Report.

2.2 Business Objectives and areas of Business Focus

The Board of Directors of Bank Asia always set business objectives and areas for focus in consistent with market demand. Detail business objectives and areas of business focus depicted on [page no. 12](#) of this Annual Integrated Report.

2.3 Description of strategies to achieve the company's business objectives

Bank Asia always formulate strategies and different action plan in the beginning of the year which are clearly aligned with banks mission, vision and business objectives. Detail strategies to achieve the bank's business objectives depicted on [page no. 106-109](#) of this Annual Integrated Report.

3. AUDIT COMMITTEES

Audit Committee of Bank Asia Limited is a sub-committee of the Board formed in compliance with Bangladesh Bank BRPD Circular no. 11 dated October 27, 2013 and related notifications and corporate governance code from BSEC.

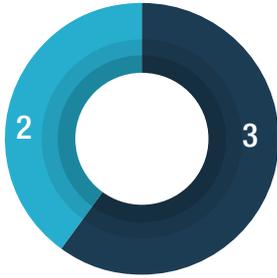
3.1 Appointment and Composition of Audit Committee

The audit committee of the Board of Bank Asia was established in January 2003 with the objectives of generating a platform for a compliant and secured banking. As per the BSEC notification no BSEC/CMRRC/2006-158/207/Admin/80 dated 3 June 2018, Audit Committee must consists of at least 3 (three) members with 1 (one) Independent Director. All the members of Audit Committee should be selected from Directors and the Chairman must be an Independent Director.

Bank Asia's Audit Committee consists of 5 (five) members. All of them are non-executive directors from whom 3 of them are Independent Directors and the Company Secretary of the bank is the

Corporate Governance

secretary of the Audit Committee. Mr. Dilwar H Choudhury, the Chairman of the audit committee is an Independent Director and all the members are knowledgeable in financial industry and have long experience in banking industry. More information about members of Audit Committee is available in the Director's Profile Page.



Composition of Audit Committee

- Total No. of Non Executive Independent Directors
- Total No. of Non Executive Directors

3.1.1 Chairman of the Audit Committee – an Independent Director

Mr. Dilwar H Choudhury, the Chairman of the Audit Committee is an Independent Non –Executive Director. He is a renowned banker and former Managing Director of IFIC Bank with having 4 decades of banking experience. More information about him is available in the Director's Profile [Page no. 29](#) in Annual Integrated Report 2020.

3.1.2 Terms of Reference – Audit Committee

The Audit Committee has authority to investigate any matter within its terms of reference and has the full cooperation of and access to Management. It also has direct access to the internal and external auditors, who separately meet with the Audit Committee in the absence of Management at least once in every year. Besides formal meetings, the Audit Committee members meet among themselves and with the Finance team and the internal and external auditors as often as appropriate to be apprised of matters which are under review. Audit reports, findings and recommendations of the internal and external auditors are sent directly to the Audit Committee, independent of Management.

The Audit Committee reviews the quarterly and annual financial statements before recommending them to the Board for approval. In reviewing the financial statements, the Audit Committee assesses the accounting policies and practices applied and any judgment made that may have a significant impact on the financial statements.

3.1.2.1 Key responsibilities of Audit Committee – as per Terms of reference

Financial Reporting

- Monitor the financial reporting process and ensure the integrity of the Bank's consolidated financial statements.
- Review the Bank's consolidated financial statements and any announcements relating to the Bank's financial performance prior to submission to the Board.
- Review the significant financial reporting issues and judgment to ensure the integrity of the statements

Internal Control

- Review the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, accounting policies and systems
- Approve changes to the Group Disclosure Policy

Internal Audit

- Review the adequacy and effectiveness of the Bank's internal audit function and processes, as well as ensure that Bank Audit is adequately resourced and set up to carry out its functions, including approving its budget.
- Oversee the Internal Audit.
- Review Bank Audit's plans, its effectiveness and the scope and results of audits.
- Approve the hiring, removal, resignation, evaluation and compensation of Head of Internal Audit.

External Audit

- Determine the criteria for selecting, monitoring and assessing the external auditor. Make recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor.
- Review the scope and results of the external audits and the independence and objectivity of the external auditor
- Review the assistance given by management to the external auditor

Related party transactions

Review all material related party transactions (including interested person transactions) and keep the Board informed of such transactions, and the findings and conclusions from its review

3.1.3 Audit Committee comprises of Non-Executive Directors

All the members of the Audit Committee are Non – Executive Directors. No executive of Bank Asia is eligible to become a member of Audit Committee.

3.1.4 All members are suitably qualified and expertise in Finance and Accounting

All members of the audit committee are suitably qualified and all of them have expert knowledge of finance and accounting. All members of Audit Committee are very competent and come from a variety of educational backgrounds which brings a diversity and uniqueness in the committee.

3.1.5 Accessibility of Head of Internal Audit to the meeting of the Audit Committee

The Head of Internal Control and Compliance Mr. Aminul Islam Mintu, FCCA, ACA has direct access to the Audit Committee and he can raise any concern whenever required to Audit Committee.

3.1.6 Audit Committee meeting

The Audit Committee conducted 7 (Seven) meetings during the Year 2020. The attendance status of the meeting is given in [page no. 236 of the report](#) .

The number of Directors required to constitute a quorum is two. Of them one shall be Independent Director and Company Secretary shall act as the secretary of the committee.

3.2 Objectives and Activities of Audit Committee

Audit Committee of the Board has following objectives:

- the integrity of the financial statements and financial reporting systems and matters relating risks;
- the external audit engagement, including the external auditor's qualifications, performance, independence and fees;
- performance of the internal audit function;
- financial reporting and compliance with prudential regulatory reporting. With reference to the Board Risk & Compliance Committee, this includes an oversight of regulatory and statutory reporting requirements; and
- procedures for the receipt, retention and treatment of financial complaints, including accounting, internal controls or auditing matters, and the confidential reporting by employees of concerns regarding accounting or auditing matters.

3.2.2 Role to ensure making compliance with laws, regulation

The effectiveness of internal controls is continuously reviewed by the Audit Committee to ensure that they are working adequately and effectively. Audit Committee regularly evaluates the adequacy and effectiveness of the Bank's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports prepared by Internal Control and Compliance Division. Audit Committee also reviews ICCD's recommendations and management responses to these recommendations to ensure any lapses/deficiencies identified are being dealt with adequately and promptly.

3.2.3 Audit Committee's involvement in the review of external audit function

The external auditors have provided their written assurance to the Bank in respect of their independence for FY 2020. In respect of fees, the details of the statutory audit and audit fees incurred for FY 2020 are set out under [Note 42 on page 151](#) of the Financial Statements Annual Report 2020. To ensure full disclosure of matters, the external auditors are regularly invited to attend the Audit Committee meetings as well as general meetings of Bank.

3.2.4 Selection of appropriate accounting policies

The Board is also assisted by the Audit Committee in overseeing the financial reporting process and the quality of the Bank's financial statements to ensure that the Board dispenses with its fiduciary responsibility to present to the shareholders and the public at large, a clear, balanced and meaningful evaluation of the Bank's financial position, financial performance, and prospects. The Audit Committee is also tasked to review the appropriateness of the accounting policies applied by the Bank as well as the changes in these policies. Based on the Audit Committee's recommendations, the Board also ensures that the Bank's financial statements prepared for each financial year sets out a true and fair view in accordance with Bangladesh Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1994 and Bank Company Act 1991 (amended up to 2018).

3.2.5 Audit Committee involvement in interim financial statements

To comply BSEC Corporate Governance Code dated June 3, 2018, Audit Committee review along the management, the quarterly and half yearly financial statements before submission to the Board for approval.

3.2.6 Review of reliability of the management information used for such computation

Audit Committee expressed its satisfaction to the Board on the reliability of management information used for preparation of Financial Statements. Based on the Internal Audit Function and Statutory Auditor Observation Audit Committee review the reliability of information used for preparing such computation.

4. INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Bank Asia is of the view that the systems of internal controls instituted throughout the Bank is sound and effective and provides a level of confidence. In the year 2020, there was no significant control failure or weakness that would result in any separate disclosure in the integrated report. The Board of Bank Asia ensures that the internal control system and risk management practices of the Bank are reviewed regularly to meet the changing and challenging operating environment.

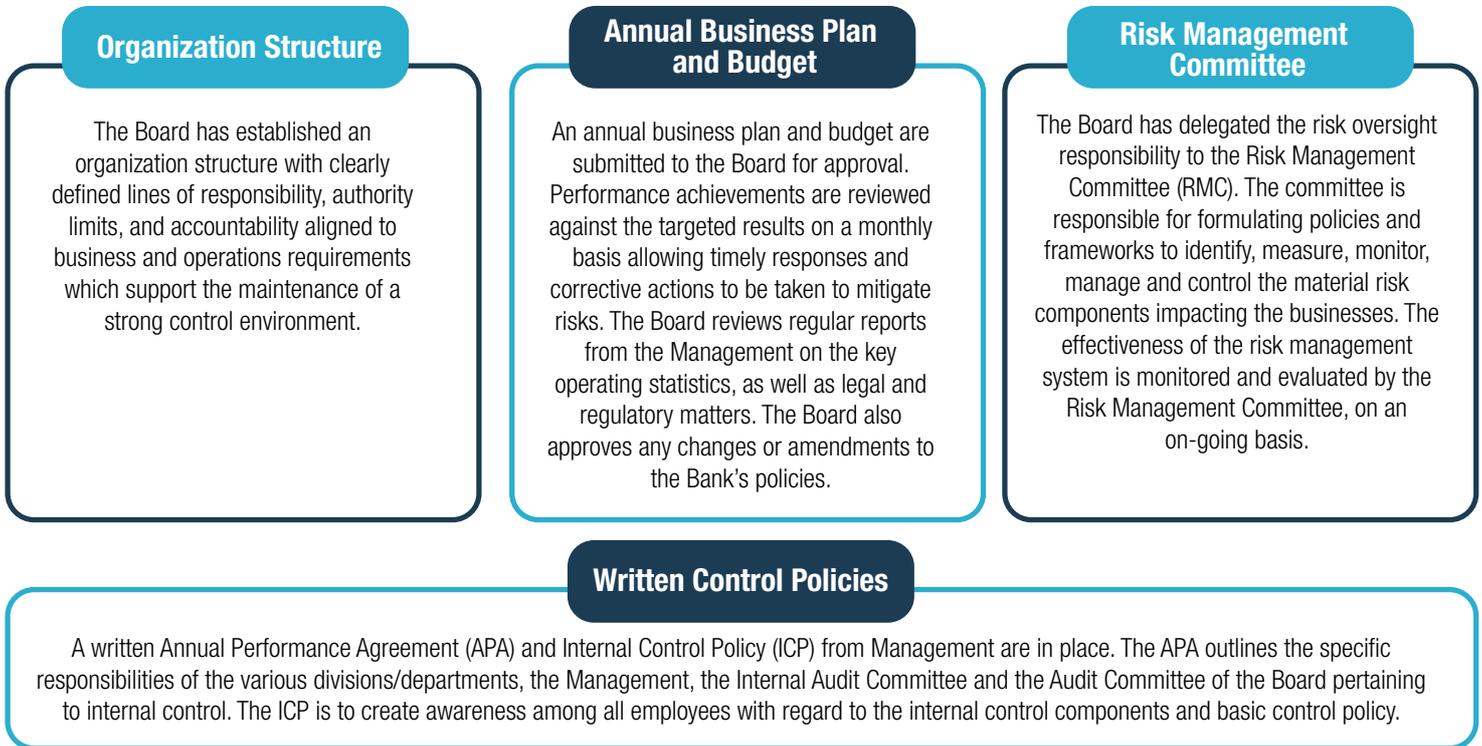
4.1 Statement of director's responsibility to establish appropriate system of Internal Controls

A strong internal control system can ensure the achievement of banks' goals and objectives with long term profitability. It also helps to comply with rules and regulation as well as policies and to minimize the financial and reputational losses.

The Directors of the Bank acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. Bank Asia follows the Bank Company Act, 1991 (amended up to 2018) Section 15 (kha) & (ga) that gives the responsibility to the Board of Directors for establishing policies for the bank company, for risk management, internal controls and compliance for ensuring their implementation.

4.2 Key features of Internal Control system and the monitoring techniques

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal controls include:



4.3 Directors have reviewed the adequacy of the system of internal controls

Based on the internal controls established and maintained by the Bank, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as with CEO and CFO assurance, the Board, with the concurrence of the Audit Committee, is of the opinion that the Bank's internal controls adequate and effective as at 31 December 2020 to address financial, operational, compliance risks and information technology risks which the Bank considers relevant and material to its operations.

4.4 Identification of key risk Bank is exposed to both internally and externally

The Bank's Risk Inventory sets out the Bank's major risk categories and related subcategories to which the Bank's businesses and operations could be exposed. The Risk Inventory facilitates consistent risk identification and is the starting point in developing risk management strategies and processes. The Bank's major risk categories are: Strategic Risk; Credit Risk; Market Risk; Operational Risk; Model Risk; Insurance Risk; Liquidity Risk; Capital Adequacy Risk; Legal, Regulatory Compliance and Conduct Risk; and Reputational Risk.



4.4.1 Risk Culture

The Bank's risk culture starts with the "tone at the top" set by the Board, Chief Executive Officer (CEO), and the Senior Management Team (SMT), and is supported by its vision, purpose, and shared commitments. These governing objectives describe the behaviors that the Bank seeks to foster, among its employees, in building a culture where the only risks taken are those that can be understood and managed. The Bank's risk culture promotes accountability, learning from past experiences, and encourages open communication and transparency on all aspects of risk taking.

4.4.2 Risk Governance

The Risk Management Committee is the highest decision-making body in terms of risk management. Its main functions are to establish, approve and manage risk policies and master risk management plans, in order to manage risks inherent in the operations level.

has established and operates an advanced control system that comprehensively and systemically manages all possible risks. Board of Directors (BoD) of Bank Asia Limited has set in place the environment and systems to manage risks in accordance with guidelines set for business strategies, and delegates a portion of its risk management authority and responsibilities to the Risk Management Committee.

4.4.3 Risk Management

The Risk Management function, headed by the Chief Risk Officer (CRO), provides independent oversight of enterprise-wide risk management, risk governance, and control including the setting of risk strategy and policy to manage risk in alignment with the Bank's risk appetite and business strategy. Risk Management's primary objective is to support a comprehensive and proactive approach to risk management that promotes a strong risk culture. Risk Management works with the business segments and other corporate oversight functions to establish policies, standards, and limits that align with the Bank's risk appetite and monitors and reports on existing and emerging risks and compliance with the Bank's risk appetite.

1

The business units makeup the first line of defense

The business units ensure that transactions are correctly priced & that the assumed risks are managed throughout the life of the transactions.

2

The risk & compliance functions make up the second line of defense

These are the independent units from business operations. The risk function is responsible for identifying, measuring, monitoring & reporting risks.

3

Internal Audit is the third line of defense

Risk management is regularly reviewed and evaluate by Internal Audit to ensure that it is adequate and effective. Based on the evaluations of the third line of defense, the processes in the first & second lines of defense are continuously strengthened.

4.4.4 Cyber and Information Risk

Cyber and information risks are increasing in pace with rapid technological development and the increased use of data in the banking industry. These risks involve not only technology but people, processes, systems, culture and physical surroundings and their complex nature means they are more challenging to assess and mitigate than traditional operational risks. The bank invests continuously in its security, and regular technical security updates and upgrades of systems and platforms are prioritized in order to strengthen resilience. During the year focus was on further strengthening governance and the framework for cyber and information security risk management.

4.5 Strategies adopted by Bank Asia to manage and mitigate the risks

Bank Asia always pursues the industry's highest level of asset soundness. To achieve this, Bank Asia always focus on strengthening crisis management ability in preparation for any spike of uncertainty in global financial markets and economic downside risks. Bank Asia plan to bolster weaknesses in certain sectors, while preemptively responding to the toughening of different regulations and other changes in the business environments at home and abroad. Bank Asia able to manage the growth of loan assets up to a level where stable capital adequacy can be maintained. We also pursue an adequate degree of profitability based on risk tolerance level, and manage exposures by size, industry and product, in order to reduce credit concentration risks and balance our loan portfolio. Asset soundness is managed through continued improvement of credit evaluation systems and loan screening process. In particular, high risk loans are managed through the identification of borrowers at potential risk based on a systematic credit risk assessment employing early-warning systems and regular or irregular auditing of borrowers' credit standing. However, details of the risk management strategies are described in [page No. 124-133](#) of this Annual Integrated Report 2020.

5. ETHICS AND COMPLIANCE

Corporate integrity, ethical conduct and accountability are fundamental to build trust between Bank Asia and different stakeholders. Bank Asia are always committed to maintain and uphold the highest standard of Corporate Governance integrity and ethics, which is embedded in the corporate culture of the Bank.

5.1 Disclosure of statement of Ethics and values

The Code provides a set of guiding principles to help us make the right decisions, ensuring as a Financial Institution Bank Asia uphold its reputation as a compliant Bank. As a member of the banking and finance industry, employees of Bank Asia are also committed to creating greater accountability,

transparency and trust with customers and the broader community. With that in mind, the principles within the Code of Bank Asia also reflect the community's expectations, such as those outlined in the Banking and Finance Oath. The Code has the full support of the Board and the Senior Management and all employees of the Bank take compliance with the Code very seriously. The complete Code of Conduct can be read on [page no. 13 & 15](#) of this Annual Integrated Report 2020.

5.2 Dissemination of the statement of ethics and code of conduct

Bank Asia, as a custodian of public funds, has a responsibility to safeguard its integrity and credibility. Therefore, Bank Asia sets out clearly the code of ethics and conduct for its employees. The code stipulates the sound principles that will guide all employees in discharging their duties. It sets out the standards of good banking practice. For any new conduct related issues, Human Resources Division time to time circulate it to the employees of Bank Asia Limited.

5.3 Board's commitment to establishing high level of ethics and compliance

Bank Asia's Board of Directors has always been committed to establishing a high level of ethics and compliance among all employees of the Bank. Board of Directors always encouraged management so that every employee maintains a high ethical standard. The Board of Bank Asia also acknowledge its responsibility for ensuring that the bank's business activities are conducted in accordance with the highest standard of ethics and compliance.

5.4 Establishment of Anti-Fraud program and whistle Banking Policy

5.4.1 Whistle- blowing policy

The Bank has in place a whistle-blowing policy which encourages all staff and members to raise genuine concerns or suspicions about possible improprieties in accounting, auditing, financial reporting or any other fraudulent activities. Procedures for handling of feedback/complaints received from customers and independent investigations to be conducted have been established.

5.4.2 Establishment of effective anti-fraud program and controls

The anti-fraud program helps Bank Asia to support its commitment to protecting revenue, reputation and other assets. Bank Asia established anti-fraud and anti-corruption program for the employee by conducting different trainings.

5.4.3 Accountability

The Board provides shareholders with quarterly and annual financial results. In presenting these statements, the Board aims to provide shareholders with a balanced and understandable assessment of the Bank's performance and position with a commentary at the date of announcement of the competitive conditions within the industry in which it operates. The Management provides all directors periodically with accounts and detailed reports on the Bank's financial performance and related matters prior to each Board meeting. The directors may at any time seek further information from and discuss with the Management on the Bank's operations and performance. Compliance Department with direct reporting line to the Risk Management Committee is set up to ensure compliance with legislative and regulatory requirements. The Board believes in conducting itself in ways that will deliver maximum sustainable value to all shareholders.

5.4.4 Avoiding conflict of interest

In Financial Institution like Bank, there exists high possibility of arising conflicts of interest between Board of Directors and the management of the company. To avoid such unwanted situation Bank Asia has separated the responsibility/authority of these two interest groups of the bank. To avoid conflict of interest and also to make accountable the bank has already taken the following measures:

- Loan to the directors is restricted subject to full filing certain terms and conditions of regulatory guidelines.
- If there is any related party transaction, the management discloses the matter in the Annual Report and it is also approved by the general shareholders in AGM.
- Executive committee of the Board can approve loan to anyone up to a limited portion.
- Audit committee regularly reviews the financial and other related statements and gives recommendation to the management regarding any changes in policy and also presents to the Board for further evaluation.
- Board of directors' approval is needed for loan re-scheduling.

5.4.5 Related Party Transaction

The Bank has in place policies and procedures governing related party transactions. The Board approves all related party transactions and ensures that these transactions with the Company are undertaken on an arm's length basis. The Audit Committee reviewed all material related party transactions and kept the Board informed of such transactions. During the year, the Company had collected deposits from its Directors and their related parties. No preferential treatment had been extended to the Directors and their related parties for these deposits. Details are given in [page no. 349](#) of this AIR 2020

5.4.6 Confidential Information

Bank Asia is committed to making information about its operation available to the public. Though there are some price sensitive information are related with the operation of the Bank. Until an announcement in relation to such information is made, directors and all employees of the Bank must ensure that such information is kept strictly confidential.

5.4.7 Insider Trading

Insider trading is the trading of a public company's stock or other securities (such as bonds or stock options) by individuals with access to nonpublic information about the company. The reason insider trading is illegal is because it gives the insider an unfair advantage in the market, puts the interests of the insider above those to whom he or she owes a fiduciary duty, and allows an insider to artificially influence the value of a company's stocks. The Board member shall also not pass such information to someone who buy or sell securities. Accordingly, Bank Asia's Board designed the Code of Conduct for all the members of the Board and abide by the code of integrity and good governance in line with the National Integrity Strategy of Bangladesh.

5.5 Code of Conduct for Employees

Bank Asia believes in working and growing together to deliver utmost satisfaction to customers in terms of service by inducing fellow feeling in the workplace and upholding ethics and compliance. The detailed code of conduct of employees is illustrated in [page no. 13](#) of Integrated Annual Report 2020.

6. REMUNERATION COMMITTEE

6.1 Charter of Remuneration Committee

As per Bangladesh Bank BRPD Circular no. 11 dated October 27, 2013, every bank have to form three committee in addition to the Board of Directors i.e. 1 (one) executive committee, 1(one) audit committee and 1(one) risk management committee. The mentioned circular also restricted to form any other permanent, temporary or sub- committee except the above mentioned three committees. As such Bank did not form any remuneration committee or other board committee on permanent basis.

6.2 Composition of Remuneration Committee

At Management level Managing Director, Head of Human Resources Division and Chief Financial Officer are charged with governance of compensation and remuneration. Usually they make to proposition to the Board which is then reviewed and validated by special policy committee of the Board. After incorporating their recommendations the compensation / remuneration decisions are approved by the Board. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance- based compensation by ensuring effective remuneration policy; procedures and practices aligned with the Banks' strategy and applied consistency for all employee levels. Meeting regarding overseeing the remuneration related policy by the President and Managing Director, Senior Management, Head of Human Resources Division and Chief Financial Officer was held on need basis.

6.3 Key policies with regard to remuneration of directors, senior management and employees

As per Bangladesh Bank Circular directors are only entitled to the remuneration for attending the meeting of the board and its sub- committee. For attending the Board Meeting, Audit Committee Meeting, Executive Committee Meeting and Risk Management Committee Meeting, the Directors receive an honorarium of Tk.8,000.00 each.

6.4 Number of meeting of Remuneration Committee

For finalization of the salary and increment several meetings of the HR committee were held in 2020.

6.5 Remuneration of directors, chairman, chief executives and senior executives

6.5.1 Chairman and directors

During 2020, the expenditures incurred related to directors were Tk. 3,208,000 for Directors' honorarium and Tk. 14,300 for Directors' Traveling purpose.

6.5.2 President and Managing Director

Total remuneration to President and Managing Director for the year 2020 is Tk. 19,262,968 and in the year 2019 it was Tk. 16,572,420.

6.5.3 Remuneration of Senior Executives

Bank Asia set remuneration policy and always update it accordingly. Remuneration for senior executives in market-based and competitive in order to attract, motivate and retain skilled and competent employees.

Name	Designation	Gross Earnings
Mr. Mohammad Borhanuddin	DMD	64,32,109
Mr. Md. Sazzad Hossain	DMD	64,08,767
Mr. Mohammad Ziaul Hasan Molla	DMD	58,81,972
Mr. S.M. Iqbal Hossain	DMD	62,90,912
Mr. Shafiuzzaman	DMD	64,53,590
Mr. Alamgir Hossain	DMD	50,97,660
Mr. Adil Chowdhury	DMD	20,56,396

7. HUMAN CAPITAL

Bank Asia always believes any expenditure in training, development, health and support is an investment, not just an expense. Being a value driven organization, Bank Asia considers its employees as the most precious capital that play the vital role in materializing the mission, vision, goals and objectives of the bank.

7.1 Human Resource Policy

The Human Resource policy of Bank Asia serves as a baseline with clarity on the philosophy and principles for People Management and Development in Bank Asia. It incorporates key principles and philosophies that support Bank Asia's Mission and Vision. The Human Resource Policy consists of a set of policies and guidelines that governs all aspects of human resource management, from talent acquisition and development, performance and consequence management, code of conduct to cessation of employment. A Disciplinary Policy is also established to provide for a structure where disciplinary matters are dealt with fairly, consistently and in line with the prevailing labor laws and employment regulations.

Detail of Human Resource related activities are included in [page no. 194-198](#) of this AIR 2020.

7.1.1 Human Resource Accounting

Human Resource accounting is the process of recognizing the value of a company's investment to its employees and reporting the investments in the balance sheet which is currently accounted as a simple operational expense in the traditional accounting practices that dealt with only physical asset creation. Unlike this traditional concept, in HR accounting the investments made in human resources are viewed as a capital expenditure because of the benefits that can be enjoyed for a long period of time and measured in monetary terms. HR accounting provides valuable information to the investors who are interested to make long term investment in the company.

Bank Asia reported the total value of Human Capital to be Tk. 21,121 million in the year 2020 compared to Tk. 20,773 million in the year 2019 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings from the year mentioned up to respective retirement.

Balance Sheet including Human Capital

Million Tk.

Particulars	31-Dec-20	31-Dec-19
Total Asset (Conventional)	408,717	353,800
Human Asset (Individuals' value)	21,115	20,755
Value of investments	6	18
Total Asset including Human Asset	429,838	374,573
Capital & liabilities		
Total Liabilities (Conventional)	408,717	353,800
Human Capital	21,121	20,773
Total Capital & Liabilities including Human capital	429,838	374,574

Bank Asia reported the total value of Human Capital to be Tk. 21,121 Million in the year 2020 compared to Tk. 20,773 million in 2019 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings from the year mentioned up to respective retirement.

7.2 Organizational Chart

Bank Asia's organizational chart outlines the internal structure of the Company. It emphasizes on the roles, responsibilities and relationships between individuals within the Company. It is used to illustrate the structure of Bank Asia as a whole as well as the Company segregated by divisions and departments

The organizational chart is shown on [page no. 19](#) of this annual integrated report.

7.3 Talent Management

Bank Asia is a responsible employer that believes in the welfare of its employees and focuses on their career trajectory so it encourages its employees to undertake continuing education and training to develop and maintain the skills and knowledge needed to perform their roles effectively, including by participating in workshops held throughout the year, attending relevant site visits and undertaking relevant external education.

7.3.1 Succession Planning

For the recruitment and selection process of potential candidates, it is important to review Bank Asia's Talent Pool and secure the curricula vitae of prospective candidates discreetly from various internal and external sources to ensure that the Bank Asia always has a steady pool of talent for selection whenever there is a need to appoint employees. Relevant training and exposure is provided to its employees to prepare them for a higher role so that in-house employees are prioritized and included throughout the growth of the organization.

7.3.2 Performance Review

Bank Asia believes that the performance of its employees should be reassessed from time to time to meet the company's long-term goals and objectives and to ensure that the knowledge, experience, and skillset of its employees would be well suited to meet the demands of the ever-changing financial industry. Some key metrics are in place to evaluate the performance of the employees which include: meeting financial target, increasing customer base, punctuality and presence etc.

8. COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

Bank Asia always acknowledges the importance of an effective, transparent and regular communication with its stakeholders, institutional investors to provide a clear picture of the Bank's performance and position. Bank Asia is always committed in maintaining high standards in the dissemination of relevant and material information to its all stakeholders.

8.1 Strategy to facilitate effective communication with shareholder and other stakeholders

Bank Asia treats all shareholders fairly and equitably and discloses all material information relating to the Bank in a timely manner. The Bank encourages and supports shareholder attendance at general meetings and participation in decisions concerning key corporate changes, such as any amendment to the Bank's Constitution and the authority to issue ordinary shares. A notice of a general meeting, related information and a proxy form are sent to shareholders within the statutory timeline of at least 21 days before the meeting. The notice of meeting is also advertised in two widely-read newspapers. In addition, the notice and the proxy form are published on the Bank Asia's website.

8.2 Policy on ensuring participation of Shareholders in AGM

Bank Asia's AGM is another significant avenue of communication and dialogue with shareholders in general meeting. During AGM the Board as well as management present a comprehensive review of the bank's performance as well as current developments or update on the Bank.

The Bank strongly encourages and supports shareholder participation at its AGM. The Bank sends out the Notice at least 21 days before the AGM which provide ample time for shareholders to receive and review the Notice and reply with their attendance. The Bank holds the AGM at a central location with convenient access to public transportation. A registered shareholder who is unable to attend may choose to appoint one proxy to attend and vote on his behalf. As the authentication of shareholder identity information and the integrity of the information transmitted still remain a concern, the Bank has decided, for the time being, not to implement voting in absentia by mail, email or fax. Shareholders are allowed to speak in the AGM freely to give their valuable suggestions.

8.2.1 21st AGM of Bank Asia in COVID 19 Pandemic

On March 22, 2020 Bank Asia notify the shareholders that 21st AGM will be held at Convention Hall, Bank Asia Tower, 32 & 34, Kazi Nazrul Islam Avenue, Karwanbazar, Dhaka as on April 29, 2020. However, in view of the Covid-19 pandemic, Government of Bangladesh declared 'General Holidays' as such two stock exchanges are closed. Therefore, we were required to adjourn 21st AGM of the Bank. And, as per BSEC order SEC/SRMIC/04-231/932 dated March 24, 2020, we held our adjourned 21st AGM by electronic means on 12 July 2021. Shareholders were invited to participate in the virtual 2020 AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast (b) submitting questions in advance of the 21st AGM. The Chairman and President and Managing Director were present in person at the virtual 21st AGM proceedings, while the rest of the Directors joined the AGM by way of video conference.

8.2.1 Uphold Shareholder Right

Bank Asia advocates fair and equitable treatment to all shareholders. All price-sensitive information is timely disclosed publicly. Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders and they are informed of the rules, including voting rights and procedure that governs such general meetings of shareholders. Shareholders are entitled to attend and vote at the AGM by person or proxy.

8.2.2 Redressed of Shareholders Complaints

Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports, and dividend timely and other share related matter is resolved lawfully in time. Details are included in [page no. 208](#) of this AIR 2020.

9. ENVIRONMENT AND SOCIAL OBLIGATION

9.1 Policies and practices relating to social and environmental responsibility of Bank Asia Limited

Bank Asia is always committed to giving back to the society and advocating good environmental practices. Bank Asia carefully planned CSR activities to address the various needs of the community as well as to encourage employees to play an active role.

Bank Asia has consistently strived to help the underprivileged section of the country by engaging in humanitarian relief and disaster response; widening of advancement opportunities for disadvantaged population segments with support in areas of healthcare, education and training; 'greening' initiatives arresting environmental degradation, and so forth. In 2020, Bank Asia has spent an amount of Tk. 283 million for the overall betterment of the nation.

General description of Bank's policies and practices relating to social and environmental responsibility of Bank Asia Limited are described in [page no. 200-203](#).

Corporate Governance

9.2 Bank Asia's Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices

On view of making Bank Asia more green, Sustainable Finance Unit has restructured and included more members to promote green initiatives within the bank. Bank Asia has worked toward more energy efficient operations throughout its network of banking centers, reducing costs and dramatically reducing its emissions, consumption, and waste in the process. It has introduced solar-powered branches, supports carbon offset and green projects to reduce carbon footprint. During 2020, Bank Asia has not faced any penalties for non-compliance with applicable laws and regulations concerning the impacts of its operations on communities. Bank Asia as a socially committed organization has taken several initiatives related with social and environmental responsibilities which are described in [page no. 182, 194 & 200](#) of this AIR 2020.

9.2.1 Sustainability Reporting

Bank Asia is the first Bank in Bangladesh which has the pride to publish GRI Certified Sustainability Report. Since 2012 Bank Asia has been publishing Sustainability Report as per GRI standard content index. Sustainability Reporting discloses how business impacts are the social, environmental and economic aspect of the surroundings. It also includes the aspect of Corporate Governance with importance.

Like the previous year, Bank Asia has published Sustainability Report and awarded 'Gold Rank' in Asia Sustainability Reporting Rating 2020 by NCSR (National Centre for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Indonesia for sustainability report 2019.

In 2020, Bank Asia published sustainability report 2019 by addressing a serious issue 'Medical Wastages'. Details of this report are available in Bank's website.

CERTIFICATE AND COMPLIANCE CHECKLIST

Certificate on compliance of Corporate Governance Certificate from professional accountant on compliance of corporate governance is exhibited in [page no. 181](#) of the Annual Integrated Report 2020.

BSEC compliance for Chief Executive Officer and Chief Financial Officer's Statements of Responsibilities

Chief Executive Officers and Chief Financial Officer Statement in line with BSEC notification is given in [page no. 217](#).

Status of compliance in line with Bangladesh Securities and Exchange Commission (BSEC) regulation

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 20C of the Securities and Exchange Ordinance, 1969: (Report under Condition No. 7.00) is exhibited in a separate segment [page no. 243-252](#).

Status of compliance in line with Bangladesh Bank regulation



Bank Asia receives 2nd runner up award for Corporate Disclosure category from South Asian Federation of Accountants (SAFA)

Corporate Governance

Status of compliance in line with Bangladesh Bank regulation is given in [page no. 255-265](#).

Committee Meeting

Board meeting held in 2020

Statement of Board meetings held and the attendance of Directors from 01.01.2020 to 31.12.2020 : 18

SI No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. A. Rouf Chowdhury	18	18	-	
2.	Mr. Mohd. Safwan Choudhury	18	15	3	
3.	Mr. Romo Rouf Chowdhury	18	2	16	
4.	Mr. Md. Nazrul Huda	-	-	-	Up to 06.01.2020
5.	Mr. Rume A Hossain	18	18	-	
6.	Mr. M. A. Baqui Khalily	17	14	3	From 13.02.2020
7.	Ms. Hosneara Sinha	18	0	18	
8.	Ms. Naheed Akhter Sinha	18	3	15	
9.	Ms. Romana Rouf Chowdhury	18	16	2	
10.	Mr. Ashraful Haq Chowdhury	18	17	1	
11.	Mr. Dilwar H Choudhury	18	13	5	
12.	Major General Mohammad Matiur Rahman (retd.)	18	16	2	
13.	Mr. Enam Chowdhury	18	17	1	
14.	Mr. M Shahjahan Bhuiyan	7	4	3	Up to 03.07.2020
15.	Ms. Farhana Haq	18	0	18	
16.	Mr. Md. Abul Quasem	17	17	-	From 13.02.2020
17.	Mr. Helal Ahmed Chowdhury	10	10	-	From 27.07.2020

The Board has granted leave of absence against the absentee directors of the meeting.

Executive Committee (EC) meeting held in 2020

Statement of Executive Committee (EC) meetings held and the attendance of Directors from 01.01.2020 to 31.12.2020: 42

SI No.	Name	Total EC meeting held	No. of meeting Attended	No. of meeting absent	Remarks
1.	Mr. Rume A Hossain	42	41	1	
2.	Mr. A Rouf Chowdhury	42	40	2	
3.	Mr. Romo Rouf Chowdhury	42	-	42	
4.	Mr. M Shahjahan Bhuiyan	17	10	7	Up to 03.07.2020
5.	Mr. Md. Nazrul Huda	1	1	-	Up to 06.01.2020
6.	Ms. Romana Rouf Chowdhury	42	36	6	
7.	Mr. Enam Chowdhury	42	40	2	
8.	Mr. Md. Abul Quasem	33	32	1	From 13.02.2020
9.	Mr. Helal Ahmed Chowdhury	21	21	-	From 27.07.2020

The EC has granted leave of absence against the absentee directors of the meeting.

Audit Committee (AC) meeting held in 2020

Statement of Audit Committee meetings held and the attendance of Directors from 01.01.2020 to 31.12.2020: 7

SI No.	Name	Total Audit meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Dilwar H Choudhury	7	6	1	
2.	Mr. Mohd. Safwan Choudhury	7	6	1	
3.	Mr. Ashraful Haq Chowdhury	7	6	1	
4.	Major General Mohammad Matiur Rahman (retd.)	7	7	-	

5.	Mr. M. A. Baqui Khalily	4	4	-	From 03.07.2020
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The Audit Committee has granted leave of absence against the absentee directors of the meeting.

Risk Management Committee meeting held in 2020

Statement of Risk Management Committee meetings held and the attendance of Directors from 01.01.2020 to 31.12.2020: 4

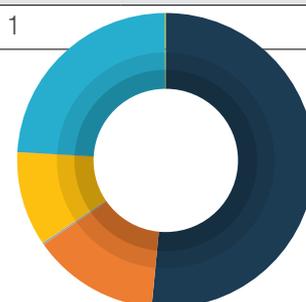
SI No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Md. Nazrul Huda	-	0	0	Up to 06.01.2020
2.	Mr. Romo Rouf Chowdhury	5	5	0	From 13.02.2020
3.	Mr. Romo Rouf Chowdhury	5	0	5	
4.	Mr. Rume A Hossain	5	5	0	
5.	Mr. M Shahjahan Bhuiyan	-	0	0	Up to 03.07.2020
6.	Ms. Romana Rouf Chowdhury	5	4	1	Share Holding Structure
7.	Mr. Enam Chowdhury	5	4	1	

The Risk Management Committee has granted leave of absence against the absentee directors of the meeting.

Shareholding Structure

At the end of the year 2020, the shareholding structure of Bank Asia Limited was as follows:

Category	No. of shareholders As on 31-12-2020	Total No. of shares as on 31-12-2020	% of total holdings as on 31-12-2020
Sponsors & Directors	27	600,698,621	51.52
General Public	7,940	161,113,132	13.82
Foreign Investments	3	2,578,570	0.22
Investment Companies	78	120,806,182	10.36
Institutions	217	279,059,559	23.94
Non Resident Bangladeshi	54	1,650,796	0.14
Total	8,319	1,165,906,860	100.00



- Sponsor & Director **51.52%**
- General Public **13.82%**
- Foreign Investments **0.22%**
- Investment Companies **10.36%**
- Institutions **23.94%**
- Non Resident Bangladeshi **0.14%**

Classification of shareholders by holding as on 31.12.2020

Holding	No. of shareholders as on 31-12-2020	% of total holdings as on 31-12-2020	Shares
less than 5000	6,339	0.62	7,270,690
5000 to 50000	1,640	1.92	22,341,685
50001 to 100000	107	0.66	7,652,048
100001 to 200000	51	0.62	7,189,571
200001 to 300000	25	0.54	6,294,289
300001 to 400000	11	0.32	3,712,312
400001 to 500000	7	0.27	3,184,086
500001 to 1000000	39	2.47	28,801,126
1000001 to 10000000	70	20.84	242,997,425
over 10000000	30	71.74	836,463,628
TOTAL	8,319	100.00	1,165,906,860

Pattern of Shareholding

Breakup of shareholding pattern as per clause 1.5 (xxi) of Bangladesh Securities and Exchange Commission notification no. SEC/CMRRCD/2006-158/134/ Admin/44 dated 07 August 2012 issued under Section 2CC of the Securities and Exchange Ordinance, 1969, is as follows:

a) Parent/Subsidiary/Associated companies and other related parties (name wise details):

SI No.	Name of the Company	Shareholding Structure
1	Bank Asia Securities Limited	99.997% owned by Bank Asia
2	BA Exchange Company (UK) Limited	100% owned by Bank Asia
3	BA Express USA Inc.	100% owned by Bank Asia

b) Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and their spouse and minor children (name wise details):

SI. No.	Name of The Directors	No. of shares held as on 31-12-2020
1	Mr. A. Rouf Chowdhury and his Spouse	23,575,148
2	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Limited)	45,666,246
3	Mr. Romo Rouf Chowdhury	23,323,746
4	Mr. Rume A. Hossain and his Spouse	47,775,313
5	Ms. Hosneara Sinha and her Spouse	61,981,738
6	Ms. Naheed Akhter Sinha and her Spouse	63,499,543
7	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	41,679,196
8	Maj. Gen. Mohammad Matiur Rahman, Ndu. Psc (Retd.) (Representing Sinha Fashions Limited)	23,401,435
9	Ms. Farhana Haq	56,907,244
10	Mr. Enam Chowdhury (Representing Amiran Generations Limited)	47,558,630
11	Mr. Dilwar H Choudhury (Independent Director)	NIL
12	Mr. Ashraful Haq Chowdhury (Independent Director)	NIL
13	Mr. Md. Abul Quasem (Independent Director)	NIL
14	Mr. M. A. Baqui Khalily (Independent Director)	NIL
15	Mr. Helal Ahmed Chowdhury (Independent Director)	NIL
Total		435,368,239

b.1) Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and their spouse

1	Chief Executive Officer and his Spouse	65,209
2	Company Secretary	NIL
3	Chief Financial Officer	NIL
4	Head Of ICCD	10,500

c) Executives

1	Mr. Mohammad Borhanuddin and his Spouse	27,250
2	Mr. Md. Sazzad Hossain	10,500
3	Mr. S.M. Iqbal Hossain and his Spouse	16,348
4	Mr. Shafiuzzaman	NIL
5	Mr. Sarder Akhter Hamed	NIL

Shareholders holding ten percent (10%) or more voting interest in the company: Nil

BANK ASIA DIVIDEND DISTRIBUTION POLICY

Bank Asia Limited has formulated a dividend distribution policy in line with the Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021 of the Bangladesh Securities and Exchange Commission (BSEC).

DISTRIBUTION TIME

Bank Asia Limited shall pay off the annual or final dividend to the entitled shareholder within 30 (thirty) days of approval. Provided that interim dividend shall be paid off to the entitled shareholder within 30 (thirty) days of record date.

CASH DIVIDEND

Cash dividend shall be distributed in the following manner and procedures, namely:-

- i) Within 10 (ten) days of declaration of cash dividend by the board of directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of Bank Asia Limited, dedicated for this purpose;
- ii) Bank Asia Limited shall pay off cash dividend directly to the bank account of the entitled shareholder as available in the Beneficiary Owner (BO) account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN):

Provided that Bank Asia Limited may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;

- iii) Bank Asia Limited, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN:

Provided that upon receiving the cash dividend, the stock broker or merchant banker or portfolio manager shall immediately account for such dividend in the individual client's portfolio account:

Provided further that the stock broker or merchant banker or portfolio manager shall provide detailed information (e.g., BO account number, code number, bank account number, intention, etc. of the client or customer including CCBA of stock broker or separate bank account of merchant banker or portfolio manager) to Bank Asia Limited for such claim;

- iv) Bank Asia Limited, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder;
- v) Bank Asia Limited shall pay off cash dividend to non-resident sponsor, director, shareholder or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;
- vi) Bank Asia Limited, immediately after disbursement of cash dividend and issuance of a certificate of tax deducted at source, if applicable, shall intimate to the shareholder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder;
- vii) Bank Asia Limited shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise or name-wise or folio number-wise of the shareholder; and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (quarterly/annually) as a separate line item 'Unclaimed Dividend Account':

Provided that Bank Asia Limited shall publish the year-wise summary of its unpaid or unclaimed dividend in the website:

Provided further that any unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of Bank Asia Limited as maintained for this purpose, within 1 (one) year from the date of declaration or approval or record date, as the case may be.

STOCK DIVIDEND

Bank Asia Limited shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL);

Bank Asia Limited, the CDBL and the exchange(s) shall follow the provisions of প্রবিধান ৪৬ of the ডিপোজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ for issuance of bonus shares:

Provided that Bank Asia Limited shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:

- a) Bank Asia Limited shall send at least 3 (three) reminders to the entitled shareholder;
- b) The Suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to Bank Asia Limited:

Provided that any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the Suspense BO Account.

- c) Bank Asia Limited shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, within 15

(fifteen) days of receiving application with an intimation to the BSEC and the exchange(s);

- d) Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

COMPLIANCE REPORT REGARDING DIVIDEND DISTRIBUTION

Bank Asia Limited shall submit a compliance report to the BSEC and the exchange(s) in a specified format at Annexure-A within 7 (seven) working days of completion of dividend distribution:

Provided that Bank Asia Limited shall publish the compliance report in its website.

FORFEITURE OF UNCLAIMED CASH OR STOCK DIVIDEND

Bank Asia Limited shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.

TRANSFER TO THE FUND FOR UNPAID OR UNCLAIMED OR UNSETTLED CASH DIVIDEND

If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by Bank Asia Limited to the Fund as directed or prescribed by the BSEC:

Provided that Bank Asia Limited shall provide detailed information to the manager of the Fund during transfer of cash dividend as directed or prescribed by the BSEC:

Provided further that if any shareholder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, Bank Asia Limited shall, after proper verification of the claim, recommend to the manager of the Fund to pay off such dividend from the Fund and the manager of the Fund shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the BSEC.

TRANSFER TO THE FUND FOR UNPAID OR UNCLAIMED OR UNSETTLED STOCK DIVIDEND

If any stock dividend or bonus shares remains unclaimed or unsettled including corporate benefit in terms of bonus shares thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the Fund as mentioned above:

Provided that Bank Asia Limited shall provide detailed information to the manager of the Fund during transfer of stock dividend or bonus shares as directed or prescribed by the BSEC:

Provided further that if any shareholder claims his stock dividend or bonus shares after transfer of such dividend or bonus shares to the BO Account of the Fund, within 15 (fifteen) days of receiving such claim, Bank Asia Limited shall, after proper verification of the claim, recommend to the manager of the Fund to pay off or transfer such stock dividend or bonus shares from the BO Account of the Fund and the manager of the Fund shall pay off or transfer such stock dividend or bonus shares to the claimant's BO Account in accordance with the provisions and procedures as directed or prescribed by the BSEC.

MAINTAINING DETAIL INFORMATION OF THE SHAREHOLDER FOR THE PURPOSE OF PROPER DISTRIBUTION OF CASH DIVIDEND OR STOCK DIVIDEND

Bank Asia Limited, by itself or by appointing an agent, shall maintain detailed information of BO account, bank account, mobile phone number, email and address of the shareholder for the purpose of proper distribution of cash dividend or stock dividend:

Provided that Bank Asia Limited or its agent or the CDBL or its DP shall keep confidentiality of information:

Provided further that Bank Asia Limited shall collect detailed updated information on BO account, bank account, mobile number, email address and contact address of shareholder from the CDBL from time to time when needed for the purpose of proper distribution cash dividend or stock dividend and other compliances:

In case of holding paper shares, Bank Asia Limited shall update the information at least once in a year.

DISCLOSURE OF THE POLICY

This Policy shall be disclosed in the annual report and official website.

Statement of Unclaimed Dividend as on March 31, 2021 Cash Dividend

SL. No.	Year	Amount in Tk.
1	Cash Dividend for the year 2005	1,159,827.30
2	Cash Dividend for the year 2014	4,692,146.13
3	Cash Dividend for the year 2015	12,828,056.96
4	Cash Dividend for the year 2018	10,686,261.72
5	Cash Dividend for the year 2019	20,934,284.80
TOTAL		50,300,576.91

Stock Dividend

SL. No	Year	No. of Shares
1	BANK ASIA LTD-BONUS-2006	699,940
2	BANK ASIA LTD-BONUS-2007	823,080
3	BANK ASIA LTD-BONUS-2008	1,050,660
4	BANK ASIA LTD-BONUS-2009	2,246,880
5	BANK ASIA LTD.-BONUS-2010	3,424,070
6	BANK ASIA LTD.-BONUS-2011	1,730,720
7	BANK ASIA LTD- BONUS-2012	1,297,300
8	BANK ASIA LTD-BONUS-2013	1,405,505
9	BANK ASIA LTD. BONUS-2014	1,654,768
10	BANK ASIA LTD. BONUS-2015	918,514
11	BANK ASIA LTD. BONUS-2016	2,315,176
12	BANK ASIA LTD. BONUS-2017	2,752,904
13	BANK ASIA LTD. BONUS-2018	1,261,837
TOTAL		21,581,354

Dividend Distribution Compliance Report

Under Clause (6) of the Directive No. BSEC/CMRRCD/2021-386/03, dated: 14/01/2021

Annexure-A

1	Name of the Issuer/Securities/Mutual Fund	
2	Particulars of Issuer DP	
3	Type of Dividend (Annual /Interim)	a) Annual <input type="checkbox"/> b) Interim <input type="checkbox"/>
	(Put tick mark (a) on the recommended option)	
4	Whether audited or not for Interim Dividend	a) Audited <input type="checkbox"/> b) Unaudited <input type="checkbox"/>
	(Put tick mark (a) on the recommended option)	
5	Date of recommendation of Dividend by the Board of Directors/Trustee: (Enclose copy of PSI)	
6	Whether Dividend recommended other than directors or sponsors or any other classes	a) Yes <input type="checkbox"/> b) No <input type="checkbox"/>
	(Put tick mark (a) on the recommended option)	
7	Record date for entitlement	
8	Rate of Dividend recommended by the Board of Directors/Trustee	
9	Dividend recommended-Type	a) Cash <input type="checkbox"/> b) Stock <input type="checkbox"/>
	(Put tick mark (a) on the recommended option)	
10	Securities/mutual fund traded under which categories	(a) A <input type="checkbox"/> (b) B <input type="checkbox"/> (c) G <input type="checkbox"/> (d) N <input type="checkbox"/> (e) Z <input type="checkbox"/>
	(Put tick mark (a) on the recommended option)	
11	Date of transfer to a separate bank account (Pls. mention bank details) or provisional credit of shares/units by CDBL	
12	Date of approval of Dividend at AGM	
13	Rate of Dividend approved at ACM- details at Annexure, (if any change)	
14	Date of commencement of disbursement of Cash and Stock Dividend	
15	Mode of disbursement of Cash Dividend	a) BEFTN <input type="checkbox"/> b) Bank Transfer <input type="checkbox"/> c) MFS <input type="checkbox"/>
	(Put tick mark (a) on the recommended option)	d) Dividend Warrant <input type="checkbox"/> e) Any other mode <input type="checkbox"/>
16	Date of completion of disbursement of Cash Dividend and Stock Dividend [Enclose Bank statements and Corporate Action Processing Report (DP 70)]	
17	Paid-up-capital of the issuer-before corporate action/entitlement	TK- <input type="checkbox"/> <input type="checkbox"/>
18	Numbers of securities/shares outstanding-before corporate action/entitlement:	
19	Total cash in taka or stock (nos. shares) dividend as per corporate declaration	

20	Distribution/Disbursement details of Cash & Stock Dividend:	Cash (Tk)	Stock.(nos)	Annexures
	A. Mode of Dividend payment/credit for the concerned year:			
	a) through BEFTN or directly credited to respective BO			
	b) through Bank Transfer other than entitled BO-Margin loan			
	c) through Bank Transfer			
	d) through Mobile Financial Service (MFS)			
	e) through any other mode as approved by Bangladesh Bank			
	f) through transfer to Suspense Account for dematerialized Shares (BO wise detailed with reason should be maintained and submitted)			
	g) through issuance of Dividend Warrant or issue of shares to Suspense Account for non-dematerialized securities			
21	Total Dividend paid/credited for the concerned year			
22	Total unpaid/undistributed Dividend/accrued during the period (20-21)			
23	Total unpaid/undistributed Dividend/accrued as on 1st day of Accounting year (as per Audited Accounts)			
24	Transfer to Suspense Account for Demate Shares or any other reasons during the concerned year			
	A. Mode of Dividend Receipts/payment/credit for the previous years:			
	a) through BEFTN or directly credited to respective BO			
	b) through Bank Transfer			
	e) through Mobile Financial Service (MFS)			
	d) through any other mode as approved by Bangladesh Bank			
	e) through transfer to/from Suspense Account for Demate Shares or any other reasons			
	1) through issuance of Dividend Warrant or issue of shares to Suspense Account for non-dematerialized securities/shares/units			
	g) transfer of cash or stocks to the Fund as prescribed or directed by Commission after 3 years or forfeit of share to Suspense Account for non-dematerialized securities			
25	Total Dividend paid/credited for previous years:			
26	Total unpaid/undistributed Dividend for previous years (23+24-25) Taka/Nos			
27	Grand Total of unpaid/undistributed Dividend (22+26)			
	Aging of grand Total of unpaid/undistributed Dividend for previous years:			
	More than 3 years; balance			
	More than 4 years; balance			
	More than 5 years & above; balance			
	Total of unpaid/undistributed Dividend for previous years			
	(Supporting bank statements and balances of securities with the Depository)			
Note: Issuer shall maintain BO wise detailed information for all transfers/credit to suspended Accounts				
with reasons and submit along with bank statements and other supporting documents. The issuer shall fill up all the applicable fields.				

Corporate Governance Compliance Checklist in line with Bangladesh Securities and Exchange Commission (BSEC) Regulation

For the year ended 31st December 2020

Status of compliance with the conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969

(Report under Condition No. 9.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
1	Board of Directors.			
1(1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		The Board of Bank Asia Limited is comprised of 16 Directors including Managing Director.
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		05 out of 16 directors are appointed as Independent Director
1(2)(b)	For the purpose of this clause "independent director" means a director			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		Does not hold any share of the Company
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		The Independent Directors have declared their compliances.
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		-
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		-
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		-
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		-
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		-
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	√		-
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	√		-
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	√		-
1(2)(c)	The independent director(s) shall be appointed by the board and approved by the shareholders in the Annual General Meeting (AGM);	√		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	✓		-
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		-
1(3)	Qualification of Independent Director.			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business.	✓		-
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	-	-	N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	✓		-
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	✓		-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	✓		-
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-	-	N/A
1(3)(c)	The independent director shall have at least 10(ten) years of experiences in any field mentioned in clause (b);	✓		-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	-	-	No such deviation occurred
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		-
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		-
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		-
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive officer;	✓		-
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		No such event arose

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
1(5)	The Directors' Report to Shareholders The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994(Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		-
1(5)(ii)	The Segment-wise or product-wise performance;	√		-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		-
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		-
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			No such event arose
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		-
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or through any others instruments;	√		-
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc;			No such matter to explain
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	√		No such event arose
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		-
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		-
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		-
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		-
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		-
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		-
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		-
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		-
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	-	-	The Board of Directors of Bank Asia Limited has proposed 10% cash dividend for the year ended 31st December 2020
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		-
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		-
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		-
1(5)(xxiii)(c)	Executives;	√		-
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details).	√		No shareholder holding 10% or more Share of the company
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director	√		-
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas;	√		-
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the board.	√		-
1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		-
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	-	-	N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		-
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		-
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√		-
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		-
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		-
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			N/A
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including ,among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers and independency.			N/A
2	Governance of Board of Directors of Subsidiary Company,-			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		-
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		-
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	√		-
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		-
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		-
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS).-			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		-
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		-
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		-
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		-
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	√		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer(CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		-
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		-
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or in violation of the code of conduct for the company's Board or its member;	√		-
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		-
4.	Board of Director's Committee.-For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee;	√		-
4(ii)	Nomination and Remuneration Committee.		√	
5.	Audit Committee.-			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		-
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		-
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		-
5(2)	Constitution of the Audit Committee	√		-
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		-
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1(one) independent director;	√		-
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10(ten) years of such experience;	√		-
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		-
5(2)(e)	The company secretary shall act as the secretary of the Committee.	√		-
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		-
5(3)	Chairperson of the Audit Committee	√		-

Corporate Governance

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	\checkmark		-
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	\checkmark		-
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	\checkmark		-
5(3)	Meeting of the Audit Committee	\checkmark		-
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	\checkmark		-
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	\checkmark		-
5(5)	Role of Audit Committee The Audit Committee shall:-	\checkmark		-
5(5)(a)	Oversee the financial reporting process;	\checkmark		-
5(5)(b)	Monitor choice of accounting policies and principles;			
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	\checkmark		-
5(5)(d)	Oversee hiring and performance of external auditors.	\checkmark		-
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	\checkmark		-
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	\checkmark		-
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	\checkmark		-
5.5(h)	Review the adequacy of internal audit function;	\checkmark		-
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	\checkmark		-
5(5)(j)	Review statement of all related party transactions submitted by the management;	\checkmark		-
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	\checkmark		-
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	\checkmark		-
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering(RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission:	-	-	N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	\checkmark		-

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;	-	-	No such Incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal internal audit and compliance process or in the financial statements;	-	-	No such Incidence arose
5(6)(a)(ii)(c)	suspected infringement of laws,regulatory compliances including securities related laws, rules and regulations;	-	-	No such Incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	No such Incidence arose
5(6)(b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	-	No such reportable incidence arose
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		-
6.	Nomination and remuneration Committee(NRC).-	The Bank is waiting for Bangladesh Bank Notification		
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			
6(2)(b)	All member of the Committee shall be non-executive directors;			
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion form such external expert and/or member(s) of staff shall be required or valuable for the Committee;			
6(2)(g)	The company secretary shall act as the secretary of the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of chairperson of the NRC , any member from the NRC shall be selected to be present in the annual general meeting (AGM)for answering the shareholder,s queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	Formulating the ceiteria for determining qualifications, positive atteibutes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity,educational background and nationality;			
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the ceiteria laid down, and recommend their appointment and removal to the Board;			
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;			

Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (IF ANY)
		Complied	Not Complied	
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			
7. External or Statutory Auditors				
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely :--			
7(1) (i)	Appraisal or valuation services or fairness opinions;	✓		-
7 (1) (ii)	Financial information system design and implementation;	✓		-
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	✓		-
7 (1) (iv)	Broker –dealer services;	✓		-
7 (1) (v)	Actuarial services;	✓		-
7 (1) (vi)	Internal audit services or special audit services;	✓		-
7 (1) (vii)	Any services that the Audit Committee determines;	✓		-
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	✓		-
7 (1) (ix)	Any other service that creates conflict of interest	✓		-
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	✓		-
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		-
8. Maintaining a website by the Company.-				
8(1)	The Company shall have an official website linked with the website of the stock exchange.	✓		-
8(2)	The company shall keep the website functional from the date of listing.	✓		-
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	✓		-
9. Reporting and Compliance of Corporate Governance.-				
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report.	✓		Required certification has been obtained from "PODDER & ASSOCIATES" Cost & Management Accountants for the year ended 31st December 2020
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.	✓		Board recommended the Professional for due appointment by the Shareholders in Upcoming AGM
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		-

Compliance Checklist In Line With the Companies Act, 1994 (amended upto 2020)

The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-

Industry outlook and possible future developments in the industry	a	Discussed in the Directors' report page no. 68-72.
Segment-wise or product-wise performance	b	Discussed in the Directors' report
Risks and concerns	c	Discussed in a disclosure on Risk Based Capital under Pillar-3 of Basel- III, CRO's report and Risk Management Report.
A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	d	Discussed in Chief Financial Officer's report page no. 268-273.
Discussion on continuity of any Extra-Ordinary Gain or loss	e	The Bank did not make any extra-ordinary Gain or loss in 2020.
Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	f	Given in notes to the financial statements page no. 349
Utilization of proceeds from public issues, rights issues and/or through any others instruments	g	In 2020, the bank did not go for any public issues and right issues.
An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	h	The financial results of the bank was not deteriorated after the company went for Rights Offer.
If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	i	No significant variance occurred between quarterly financial performance and annual financial statements.
Remuneration to directors including independent directors	j	Discussed in the Corporate Governance Report page no. 210-265
The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its Operations, cash flows and changes in equity	k	Discussed in Chief Executive Officer and Chief Financial Officer's statement of Responsibilities.
Proper books of account of the issuer company have been maintained.	l	Discussed in Chief Executive Officer and Chief Financial Officer's statement of responsibilities. page no. 217.
Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	m	Discussed in notes to the financial statements page no. 293-363.
International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed	n	Discussed in notes to the financial statements page no. 293-363.

Corporate Governance

<p>The system of internal control is sound in design and has been effectively implemented and monitored</p>	o	<p>The system of internal control is sound in design and has been effectively implemented and monitored. A detailed discussion is given under internal control and compliance part of Directors report.</p>
<p>There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed</p>	p	<p>There are no significant doubts on the Bank's ability to continue as a going concern.</p>
<p>Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained</p>	q	<p>During the year 2020, the bank generated operating profit of Tk.6070.84 million with a negative growth of 35% compared to last year. Total operating income fell by 18% whereas operating expense grew by 5.28%. The growth in Investment income was the highest which was 97% followed by commission & exchange gain fell by 26%, other income grew by 2% and Net interest income fell by 62%. It is also worth to mention that our Cost to Income ratio improved to 54% from previous years 42%. The EPS of Bank Asia stand at Tk. 1.75 from Tk. 1.68 in last year which indicates the bank has higher profits relative to its share price. ROA of the bank stood at 0.53% and ROE at 7.81%. At the end of the year 2020 the bank was able to restrict CL to 3.24% due to the rigorous monitoring effort. Moreover, the Bank was also able to basket a handsome cash recovery of Tk. 1,354.25 million from classified and Tk.184.37 million written off loan accounts.</p>
<p>Key operating and financial data of at least preceding 5 (five) years shall be summarized</p>	r	<p>Given in separate statement.</p>
<p>If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given</p>	s	<p>The Bank has been declaring dividend every year.</p>
<p>The number of Board meetings held during the year and attendance by each director shall be disclosed</p>	t	<p>Discussed in the Corporate Governance report and notes to the financial statements</p>
<p>The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- a) Parent/Subsidiary/Associated Companies and other related parties (name wise details); b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); c) Executives; d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)</p>	u	<p>Discussed in the Corporate Governance page no. 210-265. Report and notes to the financial statements page no. 293-363.</p>
<p>In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- a) a brief resume of the director; b) nature of his/her expertise in specific functional areas; c) names of companies in which the person also holds the directorship and the membership of committees of the board</p>	v	<p>Discussed in notes to the financial statements and Directors' Profile.</p>

Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD)

circular no. 11 dated 27.10.2013)

SI No.	Particulars	Compliance Status
1	<p>FORMATION OF BOARD OF DIRECTORS</p> <p>The newly amended Section 15 of the Bank Company Act, 1991 (Amended upto 2013) includes provisions for prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 4(four) members from a family as director; etc.</p>	Complied
1.1	<p>Appointment of New directors:</p> <p>Under section 15(4) of the Bank Company Act, 1991 (amended upto 2013), every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/reappointing directors should furnish the following documents along with the application:</p> <p>a) Personal information of the nominated person (Appendix-ka);</p> <p>b) Nominated person's declaration(Appendix-kha);</p> <p>c) 'Declaration for confidentiality' by the nominated person(Appendix-ga);</p> <p>d) In case of Independent director, the approval letter from Security and Exchange commission;</p> <p>e) In case of Independent director, a declaration of the directors concern as Appendix-gha (he will also submit declaration under Appendix-ka, kha & ga);</p> <p>f) CIB report of the nominated person;</p> <p>g) Updated list of the directors.</p>	Complied
1.2	<p>Vacation of office of Director:</p> <p>a) The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated.</p> <p>b) If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution.</p> <p>c) Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company under Section 47 of BCA, 1991.</p>	Complied
1.3	<p>Removal of Directors from office:</p> <p>According to section 108(2) of the Companies Act, 1994, with the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.</p>	N/A

SI No.	Particulars	Compliance Status
1.4	<p>Appointment of Alternate Director</p> <p>Subject to compliance of section 101 of the Companies Act, 1994, an alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions should be followed:</p> <p>a) Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank.</p> <p>b) The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return.</p> <p>c) Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director.</p> <p>d) As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board.</p> <p>e) While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.</p>	N/A
2.	<p>DEPOSITOR DIRECTOR</p> <p>As the previous provisions regarding appointment of Depositor Directors of the Bank Company Act, 1991 has been amended; appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended upto 2013) bank can consider the tenure of existing depositor director or may appoint them as independent director.</p>	N/A
3.	<p>INFORMATION REGARDING DIRECTORS</p> <p>Banks are advised to take the following steps regarding director information: Every bank should keep an updated list of bank directors,</p> <p>a) Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.</p> <p>b) Banks should display a list of directors in the website and update it on a regular basis.</p>	Complied
4.	<p>RESPONSIBILITIES OF THE BOARD OF DIRECTORS</p>	
4.1	<p>Responsibilities and authorities of the board of directors:</p> <p>(a) Work-planning and strategic Management:</p> <p>i) shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.</p> <p>ii) The board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/ recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other senior executives and have it evaluated at times.</p>	Complied

SI No.	Particulars	Compliance Status
	<p>(b) Credit and risk management</p> <p>i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.</p> <p>ii) The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.</p>	Complied
	<p>(c) Internal control management</p> <p>The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.</p>	Complied
	<p>(d) Human resources management and development</p> <p>i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.</p> <p>ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan.</p> <p>iii) The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.</p>	Complied
	<p>(e) Financial management</p> <p>i) The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.</p> <p>ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.</p> <p>iii) The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.</p>	Complied

SI No.	Particulars	Compliance Status
	<p>(f) Appointment of Chief Executive Officer (CEO) In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the board of directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.</p>	Complied
	<p>(g) Other responsibilities of the Board The board should follow and comply with the responsibilities assigned by Bangladesh Bank.</p>	Complied
4.2	<p>Meeting of Board Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.</p>	Complied
4.3	<p>Responsibilities of the chairman of the board of directors</p> <p>a) As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.</p> <p>b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.</p> <p>c) The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.</p>	Complied
5.	<p>FORMATION OF COMMITTEES FROM THE BOARD OF DIRECTORS The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.</p>	Complied
5.1	<p>Executive committee Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.</p>	Complied
	<p>a) Organizational structure:</p> <p>i) Members of the committee will be nominated by the board of directors from themselves;</p> <p>ii) The executive committee will comprise of maximum 07 (seven) members;</p> <p>iii) Members may be appointed for a 03 (three)-year term of office;</p> <p>iv) Chairman of the Board of Directors can be the chairman of executive committee;</p> <p>v) Company secretary of the bank will be the secretary of the executive committee.</p>	Complied
	<p>b) Qualifications of the Members:</p> <p>i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;</p> <p>ii) Each member should be capable of making valuable and effective contributions in the functioning of the committee;</p> <p>iii) To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.</p>	Complied

SI No.	Particulars	Compliance Status
	<p>c) Roles and Responsibilities of the Executive Committee:</p> <ul style="list-style-type: none"> i) The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations. ii) The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors. iii) All decisions taken in the executive committee should be ratified in the next board meeting. 	Complied
	<p>d) Meetings</p> <ul style="list-style-type: none"> i) The executive committee can sit any time as it may deem fit. ii) The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; iii) To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; iv) All decisions/observations of the committee should be noted in minutes. 	Complied
5.2	<p>Audit Committee</p> <p>The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.</p>	Complied
	<p>a) Organizational structure:</p> <ul style="list-style-type: none"> i) Members of the committee will be nominated by the board of directors from the directors; ii) The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director; iii) Audit committee will comprise with directors who are not executive committee members; iv) Members may be appointed for a 03 (three) year term of office; v) Company secretary of the bank will be the secretary of the audit committee. 	Complied
	<p>b) Qualifications of the Members:</p> <ul style="list-style-type: none"> i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee ; ii) Each member should be capable of making valuable and effective contributions in the functioning of the committee; iii) To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. iv) Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee. 	Complied

SI No.	Particulars	Compliance Status
c) Roles and Responsibilities of the Audit Committee		
	<i>(i) Internal Control:</i>	
	<ol style="list-style-type: none"> 1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities; 2. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS); 3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management; 4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management. 	Complied
	<i>(ii) Financial Reporting:</i>	
	<ol style="list-style-type: none"> 1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank; 2. Discuss with management and the external auditors to review the financial statements before its finalization. 	Complied
	<i>(iii) Internal Audit:</i>	
	<ol style="list-style-type: none"> 1. Audit committee will monitor whether internal audit working independently from the management. 2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process; 3. Examine the efficiency and effectiveness of internal audit function; 4. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not. 	Complied
	<i>(iv) External Audit:</i>	
	<ol style="list-style-type: none"> 1. Review the performance of the external auditors and their audit reports; 2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not. 3. Make recommendations to the board regarding the appointment of the external auditors. 	Complied
	<i>(v) Compliance with existing laws and Regulations:</i>	
	Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.	Complied
	<i>(vi) Other Responsibilities:</i>	
	<ol style="list-style-type: none"> 1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities; 2. External and internal auditors will submit their related assessment report, if the committee solicit; 3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis. 	Complied
	d) Meetings	
	<ol style="list-style-type: none"> 1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes. 	Complied

SI No.	Particulars	Compliance Status
5.3	<p>Risk Management Committee</p> <p>To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.</p>	Complied
	<p>a) Organizational Structure</p> <ol style="list-style-type: none"> Members of the committee will be nominated by the board of directors from themselves; The Risk Management Committee will comprise of maximum 05 (five) members; Members may be appointed for a 03 (three) year term of office; Company secretary of the bank will be the secretary of the Risk Management Committee. 	Complied
	<p>b) Qualifications of the Members</p> <ol style="list-style-type: none"> Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; Each member should be capable of making valuable and effective contributions in the functioning of the committee; To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks. 	Complied
	<p>c) Roles and Responsibilities of the Risk Management Committee</p> <p><i>i) Risk identification & control policy :</i> Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.</p>	Complied
	<p><i>ii) Construction of organizational structure:</i> The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.</p>	Complied
	<p><i>iii) Analysis and approval of Risk Management policy:</i> Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.</p>	Complied

SI No.	Particulars	Compliance Status
	<p><i>iv) Storage of data & Reporting system:</i> Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.</p>	Complied
	<p><i>v) Monitoring the implementation of overall Risk Management Policy:</i> Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.</p>	Complied
	<p><i>vi) Other responsibilities:</i></p> <ol style="list-style-type: none"> 1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form; 2. Comply instructions issued time to time by the controlling body; 3. Internal & external auditor will submit respective evaluation report whenever required by the committee. 	Complied
	<p>d) Meetings</p> <ol style="list-style-type: none"> 1. The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes. 	Complied
6	<p>TRAINING FOR THE DIRECTORS The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.</p>	Complied
Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 18 dated 27.10.2013)		
A.	<p>Rules and regulations for appointing CEO</p>	
	<p>1. Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that, -</p> <ol style="list-style-type: none"> a) He has not been convicted by any Criminal Court of Law; b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority; c) He was not associated with any such company/organization, registration or license of which has been cancelled. 	Complied
	<p>2. Experience and Suitability:</p> <ol style="list-style-type: none"> a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the chief executive of a bank. b) He must at least have a Masters degree from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person. c) In respect of service, the concerned person should have excellent record of performance. d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company; e) Any director of any bank or financial institution or any person who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive. 	Complied

SI No.	Particulars	Compliance Status
3.	<p>Transparency and Financial Integrity: Before appointment as chief executive, satisfaction should be ensured to the effects that:</p> <p>a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession;</p> <p>b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter;</p> <p>c) He is not a tax defaulter;</p> <p>d) He has never been adjudicated an insolvent.</p>	Complied
4.	Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5.	Tenure: The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.	Complied
6.	<p>Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank:-</p> <p>a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.</p> <p>b) Total salary shall be comprised of direct salary covering 'Basic Pay' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal to be submitted to Bangladesh Bank. In the proposal, Basic Pay, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.</p> <p>c) Without improving the bank's major economic indicator like- CAMELS annual salary increment will not be payable.</p> <p>d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive.</p> <p>e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.</p> <p>f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.</p>	Complied
7.	Incentive Bonus: Subject to the payment of incentive bonuses to all staffs/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross Taka 10.00 (ten) lacs per year.	Complied
8.	Honorarium for Board Meeting: As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.	Complied
9.	Evaluation Report: While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.	Complied
10.	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act 1991 (Amended upto 2013). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure-ka & Annexure-kha to Bangladesh Bank.	Complied

SI No.	Particulars	Compliance Status
11.	Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released and removed from his office without prior approval from Bangladesh Bank.	Complied
B.	<p>Responsibilities and authorities of the CEO</p> <p>The CEO of the bank, whatever name called, shall discharge the responsibilities and affect the authorities as follows:</p> <p>a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.</p> <p>b) The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank.</p> <p>c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.</p> <p>d) The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.</p> <p>e) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board.</p> <p>f) The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.</p>	Complied
Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 19 dated 27.10.2013)		
A	<p>Appointment of Advisor</p> <p>1. Experience and Suitability: For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications:</p> <p>a) Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities;</p> <p>b) Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person;</p> <p>c) Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/Official of any company;</p> <p>d) A person who is working in any bank or financial institution or who has business interest in that bank will not be considered eligible for appointment to the post of advisor;</p> <p>e) Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated an insolvent by the court.</p>	N/A
	2. Responsibilities: The responsibilities or terms of reference of advisor should be specified. The Advisor can advise the Board of Directors or the Chief Executive only on those matters that are specified in the appointment letter. Routine works or general works will not be included in his term of reference. He can't exercise any kind of power or can't participate in the decision making process of financial, administrative, operational or any other activities of the bank.	N/A
	3. Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The nominated person has to make a declaration as per Annexure-ka. This declaration must be also submitted to Bangladesh Bank.	N/A
	4. Remuneration and other facilities: The post of advisor is not a fixed or substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with terms of reference of the advisor will not be considered as acceptable by Bangladesh Bank.	N/A

SI No.	Particulars	Compliance Status
5.	Tenure: The tenure of the advisor shall be maximum 1(one) year, which is renewable. An evaluation report (by the chairman that is approved by the board of directors) of previous tenure should be submitted to Bangladesh Bank along with the re-appointment proposal.	N/A
6.	Appointment of Ex-officials: For good governance any former director, chief executive or any official will not be eligible to become an advisor in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as advisor.	N/A
B	Appointment of Consultant	
1.	Terms of Reference: Consultant can be appointed for specialized tasks like tax, law & legal procedures, engineering & technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.	Complied
2.	Responsibilities: The responsibilities or term of reference of consultant should be specified. He/she shouldn't be involved beyond his/her terms of references and he/she cannot exercise any kind of power in bank operation or cannot participate in the decision making process.	Complied
3.	Appointment: Consultant can be appointed with the approval of Board of Directors. After such appointment the bank shall send the consultant's complete resume, terms of reference and details of remuneration to Bangladesh Bank immediately.	Complied
4.	Tenure: The tenure of consultant should be consistent with the terms of reference, but would not exceed 2 (two) years. Generally, consultant's appointment will not be renewable, but to complete unfinished tasks, the contract can be extended up to maximum 1 year with the approval of Bangladesh Bank. An evaluation report (by the chairman that is approved by the board of directors) of previous period should be submitted to Bangladesh Bank.	Complied
5.	Remuneration/honorarium: The consultant's remuneration should be in the form of monthly or single lump-sum payment, he is not entitled to any other facilities.	Complied
6.	Appointment of Ex-officials: For ensuring good governance any former director, chief executive or any official will not be eligible to become a consultant in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as consultant.	Complied

Bank Asia Shariah Supervisory Committee

We, at Bank Asia Limited, always consider the Shariah compliance as the most significant and strategic priority in Islamic Banking. Our products & services are designed in conformity with the principles of Islamic Shariah. We have constituted “Bank Asia Shariah Supervisory Committee” consisting of qualified Faqihs (experts on Islamic jurisprudence), Islamic Scholars and professionals to ensure Shariah compliance in each and every aspect of our Islamic Banking operations.

Bank Asia Shariah Supervisory Committee consists of the following members:

Name of the Honorable Member	Position in the Committee
M. Azizul Huq	Chairman (Deceased on November 11, 2020)
Md. Fariduddin Ahmed	Chairman (From March 22, 2021)
Mufti Shahed Rahmani	Member (From March 7, 2021)
Mufti Abdul Mannan	Member
Mohammad Mofazzal Hussain Khan	Member
Dr. Gazi Md. Zahirul Islam	Member (Up to July 15, 2020)
Dr. Muhammad Ismail Hussain	Member
Shah Mohammad Wali Ullah	Member Secretary
Rumee A Hossain	Member [from the Board]
Md. Arfan Ali	Member [Ex-Officio] (President & Managing Director)
A.K.M. Mizanur Rahman, CIPA, CSAA	Member [Ex-Officio] (Head of Islamic Banking-CC)



Bank Asia Shariah Supervisory Committee meeting

Report of Bank Asia Shariah Supervisory Committee (BASSC)

For the year 2020

All praise is due to Almighty Allah, the Lord of the Universe, The Beneficent, The Merciful and peace and blessing of Allah be upon the Prophet Muhammad (peace be upon him) and upon his all other descendants and companions.

During the year 2020, the Shari'ah Supervisory Committee met in 4 (four) Sessions and gave opinion on various Shari'ah related issues placed before it by the Management.

We have reviewed the principles and the contracts relating to the Islamic Banking transactions and applications introduced by the Bank Asia during the year ended on 31st December, 2020. We have also conducted our review to form an opinion as to whether the Bank Asia, in its Islamic Banking operations, has complied with the Shari'ah rules and principles and also the with the specific fatwas, rulings and guidelines issued by us.

The Management is responsible for ensuring that the Islamic Banking Windows and Branches of the Bank Asia conduct its business in accordance with the Shari'ah rules and principles. It is our responsibility to form an independent opinion based on our review of the Islamic Banking operations.

The Muraqib (Shari'ah Auditor) conducted audit and inspection which included examining the relevant documentation and procedures adopted by the Bank Asia in the light of the guidelines issued by us and the procedures prescribed by the Bangladesh Bank in their ICCD Guidelines. Shari'ah non-compliance risk rating was 'Low' during the year under report. The Shari'ah Supervisory Committee reviewed the Audit Reports and provided guidelines it deemed necessary for proper Shari'ah compliance.

We planned and performed our review so as to obtain all information and explanations which we considered necessary in order to provide

us with sufficient evidence to give reasonable assurance that the Bank Asia had not violated Shari'ah rules and principles.

In our opinion:

- a) The contracts, transactions and dealings entered into by the Bank Asia during the year ended on 31st December, 2020 that we have reviewed are in compliance with the Shari'ah rules and principles;
- b) Distribution of profit to the Mudaraba Depositors conforms to the basis that had been approved by us in accordance with the Shari'ah rules and principles;
- c) All earnings that have been realized from sources or by means prohibited by Shari'ah rules and principles have not been included in Bank's income;
- d) Transactions with the conventional part of the Bank have been made complying Shari'ah principles.

During the year, the Shari'ah Supervisory Committee has advised the Bank on the following issues:

- a) To take effective steps aiming at creating awareness among the employees and the customers about Shari'ah compliance;
- b) To continue to arrange regular training & workshop on Islamic Banking for the officials of the Bank, for the owners of the Agents Banking and for their Customer Service Officers to increase professional skills for better shari'ah compliance;
- c) To continue the practice of obtaining 'Shari'ah clearance' from the Shari'ah Unit of the Corporate Office before disbursement of Investment Deals in order to maintain highest level of shari'ah compliance.

The Shari'ah Supervisory Committee appreciated the following steps and initiatives of the Bank for furtherance of Islamic Banking

services:

- a) For introducing policy for Islamic Treasury operations;
- b) For conducting sufficient numbers of shari'ah audit programs;
- c) For becoming member of the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI).

The Shari'ah Supervisory Committee express appreciation to the Board of Directors of the Bank and to the President & Managing Director and his team for their spontaneous cooperation and support during the year 2020.

May Allah subhanahu wata'la give us strength to achieve His satisfaction through implementation of Shari'ah Principles in every sphere of our life.



Shah Mohammad Wali Ullah
(on behalf of Chairman of BASSC)

Chief Financial Officer's Report



To survive and achieve growth in the road to recovery from pandemic, responding immediately to the changing customer needs by serving innovatively with modern technology, renovating the work process with proactive risk management tools, practicing sustainability in every decision parameters followed by visionary leadership and comprehensive governance framework are the key to success in the new normal situation.

2020, a year, the entire world witnessed an unorthodox version of the global economy evidenced with major turmoil due to the wide spread corona virus pandemic that left badly affected all the sectors, be it a service sector, industry or agriculture. Bangladesh was no exception, the life threatening pandemic triggered huge shock in demand and supply among general public, extreme job-cut, drop in income level which resulted in drastic decline of our GDP growth from 8.15 percent, lowest in the last decade to 5.2 percent. Mentionable that the country's economic sector were already facing recurring issues such as loan scams, mounting non-performing loans, slothful demand for funds from the private sector, excess liquidity in the banking sector etc.

Pandemic Effects on Economy: Government Measures

In order to counter the economic downfall, the Government of Bangladesh not only took prompt action by initiating major policy level support such as extending loan moratorium period for the business community but also declared financial assistance program by 19 stimulus packages worth about Tk. 121,353 Crore which is equivalent to 4.3 percent of the GDP of our country. These stimulus packages were to ensure support for affected RMG, large-scale industries and SME sectors for their working capital needs at tolerable interest rate where a major portion to be borne by the government as a subsidy. Moreover, the stimulus initiatives included direct cash assistance for informal sector workers, honorarium for bankers and health insurance for doctors, nurses etc. The government also expanded existing Export Development Fund (EDF) size and prolonged payment of LC usance period to facilitate further import of raw materials, agricultural implements and chemical fertilizers and lifesaving drugs. The government also comforted the banking industry with various policy support such as extending down gradation of loans classification for which resulted suspension of additional provision requirement. Additionally to ease bank's liquidity condition, government reduced Repo interest rate from 6% to 5.25% and CRR from 5.5% to 4%. Moreover to encourage private sector credit growth it increased ADR to 87% from 85% for conventional and 92% from 90% for Islamic banking. For general public, transaction limit were increased in debit card, credit card and mobile financial services and implemented 2% remittance incentive so that expatriate Bangladeshis can get incentives without showing any paper up to \$5,000.

Regime of Single Digit Interest Rate

From the very beginning the government decided to reduce interest rate on loans and advance with an intention to boost economic growth and reduce unhealthy competition among the banks but the implementation amidst the pandemic indisputably affected the net interest margin of banking business to a greater extent. To cope up with this changing situation banks had to drastically reduce deposit rate to maintain profitability despite there is a major risk of losing deposit in this competitive market. Government's move to capping the interest rate on loans to single digit forced the financial institutions to be more efficient in terms of low cost deposit mobilization, putting more efficiency in operational cost and giving top notch service to retain existing as well as attract new customers.

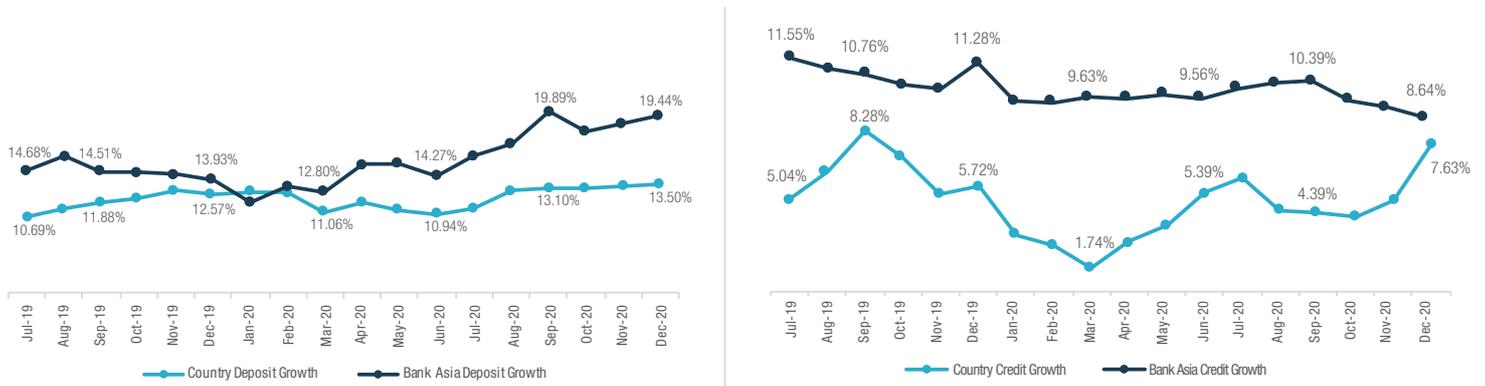
Chief Financial Officer's Report

Bank Asia: Financial Overview 2020

Despite of the challenges Bank Asia continued its relentless effort in making sound growth in different business parameters which are detailed below:

Growth: Country vs. Bank Asia

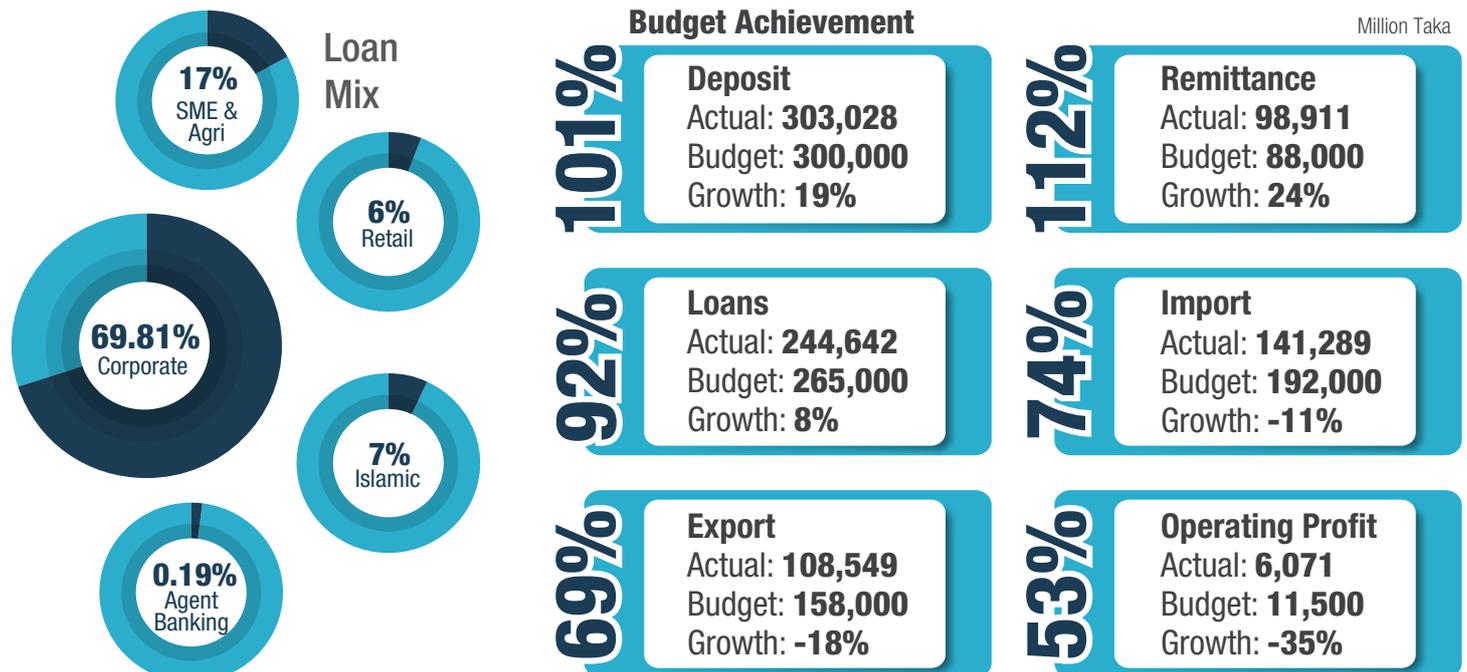
Despite the declining deposit interest rate coupled with pandemic situation, considering Bank Asia's brand image, customers kept their confidence on us that resulted higher deposit growth compared to last year that consistently outperformed the country growth. Alternatively, throughout the year our credit growth was lower due to minimal demand from the customers but we closed the year with a sharp rise and in 2021 the growth will continue to rise.



Business Budget Achievement

Despite economic downfall along with single digit rate implementation, during 2020 the bank was able to exceed deposit and remittance target but loan, import and export target were much behind expectation. The reason behind we could not achieve our funded and non-funded business targets were not only sluggish demand from the customers but also our conservative approach to disburse funds in the prevailing downward economic situation. Mentionable that, the 9% stipulated rate on all types of loans and advance impacted around 1/3rd of the bank's profitability. In order to minimize single digit rate impact on earning, Bank Asia was the first mover among all the PCBs that reduced interest rate from the first day of the year and maintained profitability.

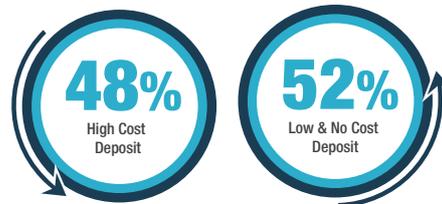
From the very beginning we are trying to shift our focus from corporate to SME/retail business in order to diversify risks. In this regard, for the year 2021 we have set our branches targets in different segments such as Corporate, Export Finance, SME, retail, Islamic and Agent banking complying with sectoral lending cap policy duly approved by the Board. Every branches are highly supervised to meet individual business segment wise target and reviewed periodically.



Chief Financial Officer's Report

Efficient Deposit Mix

During 2020 the Yield on advance reduced by 2.51% mainly due to interest rate capping on loans but cost of deposit fell by only 0.72% since there are fixed term contractual obligation with the customers. To lessen the loss of margin, the bank management rigorously drove CASA campaign across all the branches to book low cost deposit as a result of which the deposit mix improved compared to the previous year and contributed on securing margins.



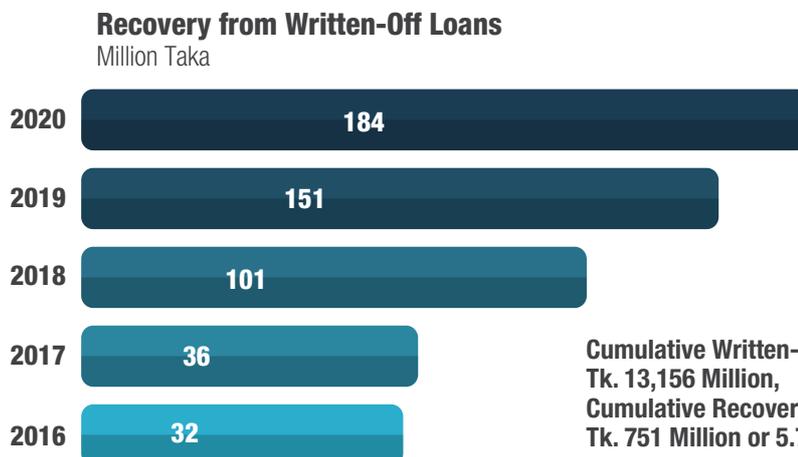
Investment Portfolio and Income

During 2020, our deposit grew by Tk. 49,319 Million where our loan grew by only Tk. 17,343 Million. Since conventional loans and advance business were hindered, with the excess fund we had to go for treasury investment where we grew our portfolio to Tk. 94,251 Million in 2020 from Tk. 54,933 Million in the previous year that resulted investment income to grow from Tk. 3,293 Million to Tk. 6,484 Million, thus we tried to offset the margin we lost from conventional business.



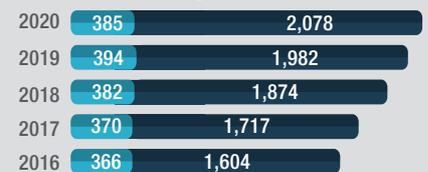
Recovery from Written-Off Loans

Cash recovery from written-off loans plays a major role in any banks profitability with its multi-level benefits such as, there is no tax on this revenue, significantly reduces loan loss provisions and ensures direct return to the shareholders. Year 2020 was a remarkable year for the bank as we recovered Tk. 184.37 Million compared to Tk. 150.51 Million in the previous year. In 2021 we have set our target to recover more than Tk. 1,000 million from written-off loans.



Cumulative Written-off loans
Tk. 13,156 Million,
Cumulative Recovery
Tk. 751 Million or 5.71%

Staff Strength



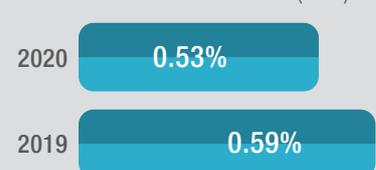
Total Shareholders' Equity



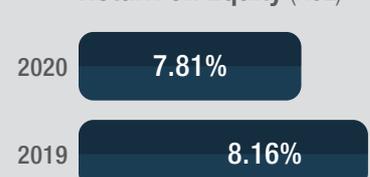
Earnings Per Share (EPS)



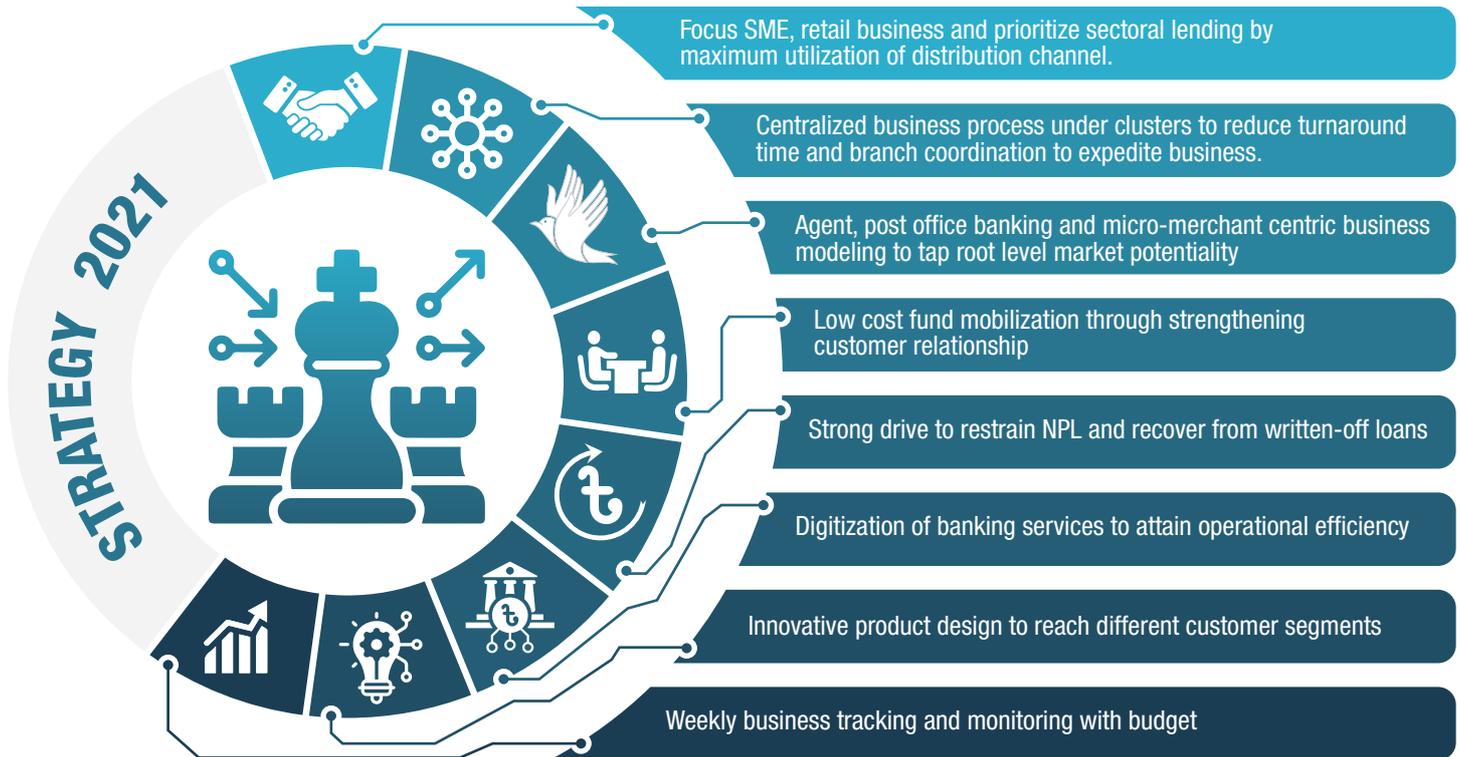
Return on Assets (ROA)



Return on Equity (ROE)



Chief Financial Officer's Report



Capital Management

Capital is the life blood of any business and risk management is closely interconnected in a company's strategy to protect capital erosion. Since capital management is intrinsically linked to risk and a bank's risk appetite influences its strategic choices, capital management is the way that risk management finds expression in bank strategy at the highest level. In order to make the banking sector more resilient the Basel Committee on Banking Supervision (BCBS) released a global regulatory framework on Basel-III capital accord in December 2010 by refurbishing the global capital and liquidity rules. It is to be mentioned that the Basel III capital accord implementation began since January 2015 and will see completion by January 2020 as per the Bangladesh bank roadmap. The accord will be fully implemented by January 2020, where the minimum total capital plus Capital Conservation Buffer will be 12.50% against existing 10% depicted as follows:

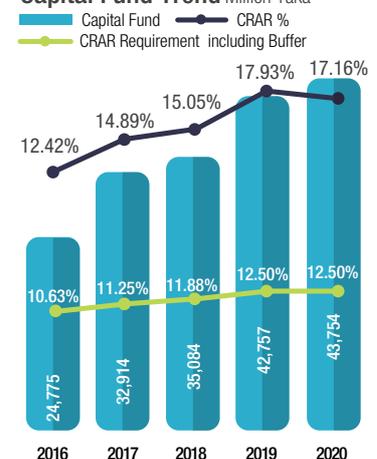
2016	2017	2018	2019	2020
10.63%	11.25%	11.88%	12.50%	12.50%

Pictures show that throughout the period Bank Asia has always been very proactive in managing its capital efficiently compared to the industry and maintained the ratio well above the requirement including buffer.

Capital Planning (Banking Operation) 2021-2024

Apart from raising core capital and supplementary capital, Bank Asia places equivalent emphasis on Capital Saving or Reduction of Capital Requirement in the form of credit rating of appropriate Corporate and SME clients (detailed out in risk management report section), optimizing worthy collaterals and diversifying the business portfolio to ensure minimal risk with the maximum gain in return. Keeping this in mind, Bank Asia always formulates its capital and business strategies based upon a 4 year capital planning.

Capital Fund Trend Million Taka



Chief Financial Officer's Report

Capital Plan (Banking Operation) 2021-2024

Million Taka

Particulars	Actual	Planning			
	2020	2021	2022	2023	2024
Common Equity Tier 1 (CET1) Capital					
Paid-up capital	11,659	11,659	11,659	11,659	11,659
Statutory Reserve	9,844	10,932	12,320	14,008	15,996
General Reserve	8	8	8	8	8
Retained earnings	2,092	2,812	3,728	5,425	7,902
Perpetual Bond-1st issue		4,000	4,000	4,000	4,000
Perpetual Bond-2nd issue				4,000	4,000
Less: Regulatory adjustments	(44)	(43)	(43)	(43)	(44)
Total CET1	23,559	29,368	31,672	39,057	43,521
Tier 2 Capital					
General Provision	9,995	11,015	12,035	11,565	11,585
Subordinated 7 year Floating Rate Bond2	1,200	600	-	-	-
Subordinated 7 year Floating Rate Second Bond3	4,000	3,000	2,000	1,000	-
Subordinated 7 year Floating Rate Second Bond4	5,000	5,000	4,000	3,000	2,000
Excess amount over Maximum Limit of Tier-2	-	-	-	-	-
Total Tier 2 Capital Available	20,195	19,615	18,035	15,565	13,585
Maximum Limit of Tier- 2 Capital in line with BASEL III Guideline	15,269	20,379	21,275	27,339	30,401
Total Capital (Tier 1 + 2)	43,754	49,747	52,947	66,396	73,922
Risk Weighted Assets (RWA)	254,905	299,250	346,500	390,000	436,800
Minimum Capital Requirement+ Conservation Buffer	12.50%	12.50%	12.50%	12.50%	12.50%
Capital to Risk Weighted Assets Ratio (CRAR)	17.16%	16.62%	15.28%	17.02%	16.92%

Regulatory adjustments:

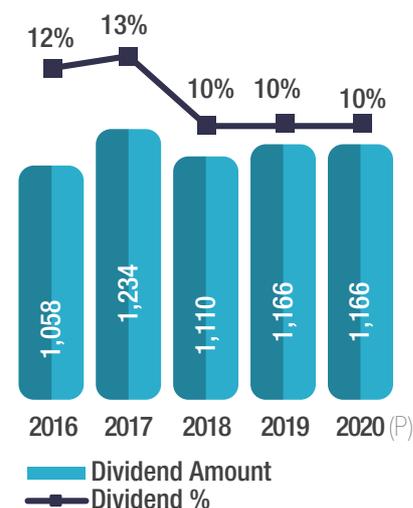
* Reciprocal crossholdings in the CET1 Capital of Bank Asia by other banks and financial institutions have been deducted.

Dividend

Dividend, either in the form of cash or stock is viewed as one of the simplest yet powerful message regarding a company's historical performance and future prospect to its shareholders which is distributed after allocation of tax and provision. During the last couple of years the bank maintained enough provision to attain stronger balance sheet and in 2020 the bank declared 10% cash dividend amounting Tk. 1,166 million.

Bank Asia issued stock dividend in the earlier years of its operation to strengthen its core capital and since 2014 a mix of stock and cash dividend are distributed. The following table shows dividend pay-out from 2014 to 2020:

	2014	2015	2016	2017	2018	2019	2020
Dividend %	15% (10% S+5% C)	20%(5% S+ 15% C)	12% S	12.50% S	10% (5% S+ 5% C)	10% Cash	10% Cash
Million Taka	1,144	1,679	1,058	1,234	1,110	1,166	1,166



Chief Financial Officer's Report

Driving Financial Inclusion: Agent Banking

Bank Asia started agent banking operation as a pioneer 7 years back with a well thought vision to reach the remote and unbanked people and provide banking services to their doorstep in a most affordable technology driven manner. The operation has already expanded its multifarious activities for financial inclusion across the country through agent outlets comprising of post office agent banking, Union Digital Center (UDC), City Digital center (CDC), micro-merchant etc. For receiving foreign remittance, agent banking made it easy and convenient to the people of remote areas. Now the bank has more than 4,500 agent outlets dispersed across Bangladesh with a deposit base of Tk. 28,199 million with more than 3.6 million customers where 91% of the account opened from rural areas and 60% of the account holders are women. Since the agent banking portfolio continued to be deposit prone throughout the years, there was sufficient opportunities of growth for lending. To encourage more lending Bank Asia Agent Banking calibrated the agent centric business model capitalizing the existing resources with a vision to drive business to a higher level by capturing more market share and making the business model more profitable.



DEPOSIT

2021 TARGET: 50,000
2020 ACT: 28,199



ADVANCE

2021 TARGET: 6,000
2020 ACT: 464



OUTLET

2021 TARGET: 6,500
2020 ACT: 4,628

Significance of Human Resource Accounting (HRA)

Since banking covers a major part of the service industry, the human resources are the main capitals here. In the traditional accounting method, the value of this resource is not measured, hence a vital portion remains unaccounted. Human resource accounting bears huge significance for the shareholders in making long term investment decisions as it delineates how much values employees will generate for the company in future with a given cost at present. It helps in understanding and assessing the inner strength of an organization and helps the management to steer the company well through most adverse and unfavorable circumstances. Along with that, investors get to know whether an organization is labor intensive or not and provides basis for planning physical assets vs. human resources. Bank Asia reported the total value of Human Capital to be Tk. 21,121 million in the year 2020 compared to Tk. 20,773 million in 2019 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings from the year mentioned up to respective retirement. The detailed discussion on Bank's HR Accounting has been presented at [page no. 233](#) of this annual report.

Category wise Break down is presented in the table

Million Taka

Category	2020			2019		
	No. of employees	Per capita value	Total Value	No. of employees	Per capita value	Total Value
Executive	385	17.75	6,834	394	17.73	6,987
Officer	2,078	6.87	14,281	1,982	6.95	13,768
Total Individual Value	2,463		21,115	2,376		20,755
Training Cost			6			18
Total Human Capital	2,463		21,121	2,376		20,773

Brief Economic, Environmental and Social Performance

Economic responsibility	Number of loan accounts	11%
	Deposit customer accounts	59%
	Savings customer accounts	67%
Shareholders responsibility	Profit after Tax	2,036 Million Taka
	Shareholders' fund	27,381 Million Taka
	Share Price	16.50 BDT
Environmental responsibility	Electricity consumed	11,262,487 kwh
	Oil	64,825 ltrs
	CNG	104,899 m3
	Local business travel	3,238,479 Km
Social responsibility	Paper used	138,588 reams
	Staff strength	4%
	Benefits and emoluments	8%

Transparency, consistency and reliability are the spirit of Group Finance of Bank Asia through which we try to assist in shaping the Business Strategy of the Management and the Board. We are confident that focusing on our customers' and stakeholder's needs, delivering quality services and having great people around us will help us grow in a sustainable way.

Mohammad Ibrahim Khalil, FCA
Chief Financial Officer

FINANCIAL STATEMENTS



Independent Auditor's Report to the Shareholders of Bank Asia Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Bank Asia Limited and its subsidiaries (the "Group") as well as the separate financial statements of Bank Asia Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2020 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statement on 22 March 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans and advances	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates of complex design and implementation.</p> <p>At year end the Group reported total gross loans and advances of BDT 247,331 million (2019: BDT 230,095 million) and provision for loans and advances of BDT 14,522 million (2019: BDT 12,834 million) including provision maintained by BASL BDT 562,494,169 (2019: BDT 554,494,169)</p> <p>Furthermore as per BRPD circular no 56 dated 10 December 2020, additional 1% provision is required for clients who have taken the deferral facility and shown as special general provision- COVID 19 under other liabilities.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. • Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained

Description of key audit matters	Our response to key audit matters
<p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019; For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>Considering the unprecedented adverse impact on Bangladesh economy due to COVID 19, Bangladesh Bank has instructed Banks not to further downgrade any loan from its existing classification applicable as at 1 January 2020. Initially the duration of this moratorium for any further downgrade was up to 30 June 2020 and then up to 30 September 2020 but considering longer adverse impact of COVID 19 this has been further extended to 31 December 2020 vide BRPD Circular # 17 dated 28 September 2020.</p> <p>The Bank has calculated required provision as per Bangladesh Bank letter DBI-1/120/2021-711 dated 16 March 2021 considering total classified loans and advances of Tk 793.09 crore (3.24%).</p> <p>As per the earlier BRPD circular referred above, the Bank has not downgraded any loans and advances from its earlier classification status as at 31 December 2019. Accordingly, the amount and percentage of classified loan has improved as at 31 December 2020 as compared to 31 December 2019 since no additional classification or further downgrade of classified loans and advances have been recognized during the current year.</p>
<p>See note # 8 (a) and 13.2 to the financial statements</p>	

Risk	Our response to the risk
<p>Interest income recognition</p>	
<p>Considering the adverse impact on economy from COVID 19, Bangladesh Bank vide circular # 11 dated 3 May 2020 has advised Banks to transfer all interest charged or chargeable on outstanding loans and advances for the period from 1 April to 31 May 2020 to “interest free blocked account” without realizing those from clients and/or taking those to income.</p> <p>Subsequently, on 10 June 2020 vide BRPD Circular no 12, Bangladesh Bank has allowed banks to transfer interest from “interest-free blocked account” to income upon waiving certain portion of interest based on outstanding loan balances. These loan balances would be receivable from Government as “subsidy”. Furthermore, net amount of interest after giving waiver for the months of April and May 2020, shall be recoverable from the client during the next twelve months on equal instalments or as per cash flow of the client based on banker-client relationship.</p> <p>Finally, as per BRPD circular letter no 56 dated 10 December 2020 Bangladesh Bank has allowed the Bank to recognize interest income for clients taking the deferral facility without receiving cash repayment, subject to the compliance of certain criteria, such as approval by management, audit committee and the Board based on applying judgement.</p>	<p>Interest has been accrued in full on all unclassified loan balances at relevant rates (maximum of 9% since 1 April 2020) considering the entire amount as recoverable from the client and the Government (waived portion).</p> <p>On test basis we have checked a sample of loan accounts to assess whether the Bank has complied with the instruction referred herein.</p> <p>We have also reviewed the memorandum prepared by management for the approval of the audit committee and the Board for recognition of income from deferral accounts.</p> <p>However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by Management in assessing recoverability of interest income may be different than the actual situation in future. If it became worse, there is a risk that significant portion of interest accrued during the year ended 31 December 2020 may not be ultimately recoverable.</p>
<p>See note # 20 (a) to the financial statements</p>	

<p>Valuation of treasury bill and treasury bond</p>	
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or in-direct unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

Description of key audit matters	Our response to key audit matters
See note # 7 (a) to the financial statements	
Impairment assessment of unquoted investments	
<p>In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.</p>	<p>We have assessed the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process.</p> <p>We tested a sample of investments valuation as at 31 December 2020 and compared our results to the recorded value.</p> <p>Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note # 7.2.1 to the financial statements	

IT systems and controls	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>

Legal and regulatory matters	
<p>We focused on this area because the Bank and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>

Description of key audit matters	Our response to key audit matters
Carrying value of investments in subsidiaries by the Bank	
<p>The Bank has invested in equity shares of three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA). As at 31 December 2020 the carrying value of this investment is BDT 2,115 million.</p> <p>At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.</p>	<p>We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p> <p>We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.</p> <p>We further observed that pursuant to the BSEC notification the subsidiary of the Bank has made partial provision against diminution in the value of investment and client margin loan as per BSEC notification.</p>
Revaluation of property, plant and equipment	
<p>The Bank in prior year has undertaken re-valuation of its land and building. As a result of this revaluation exercise, an amount of BDT 1,984,357,423 is recognised as the fair value gain in revaluation reserve and resultant deferred tax liability is recognised at applicable rate. Determination of fair value in absence of any quoted price and active market require significant judgment</p>	<p>We assessed the process of revaluation previously taken by the Bank.</p> <p>We have discussed with management about any potential changes in revaluation assumptions since the last revaluation, in particular potential impact of COVID 19 and applied our judgment to see whether the fair value is still relevant.</p> <p>We checked related accounting treatments of fair value gain and associated deferred tax as recognized by the Bank.</p>

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities {other than matters disclosed in these financial statements};

- (iii) Consolidated financial statements of the Bank include three subsidiaries, namely Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA) reflect total assets of BDT 410,809 million as at 31 December 2020 and net interest income of BDT 28,325 million for the year ended 31 December 2020. Out of these three subsidiaries of the Bank two subsidiaries have been audited by other component auditors who have expressed unqualified audit opinion. However, Bank Asia Securities Limited has been audited by us. The results of these subsidiaries have been properly reflected in the Group's consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 7,000 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181


Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Balance Sheet

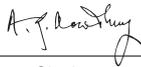
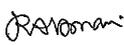
as at 31 December 2020

		<i>Amount in Taka</i>	
	Notes	31 Dec 2020	31 Dec 2019
PROPERTY AND ASSETS			
Cash		17,902,027,343	23,986,604,446
In hand (including foreign currencies)	4.1(a)	2,965,195,036	3,242,877,542
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	14,936,832,307	20,743,726,904
Balance with other banks and financial institutions	5(a)	32,103,518,897	23,634,997,570
In Bangladesh		29,965,987,826	19,875,113,514
Outside Bangladesh		2,137,531,071	3,759,884,056
Money at call and on short notice	6(a)	-	4,600,000,000
Investments	7(a)	94,906,810,728	55,526,971,926
Government		90,042,129,622	52,197,323,349
Others		4,864,681,106	3,329,648,577
Loans and advances/investments	8(a)	247,331,848,282	230,095,211,871
Loans, cash credits, overdrafts, etc/investments		231,157,148,714	210,835,675,997
Bills purchased and discounted		16,174,699,568	19,259,535,874
Fixed assets including premises, furniture and fixtures	9(a)	6,814,103,400	7,065,893,231
Other assets	10(a)	11,751,062,261	10,810,548,234
Non - banking assets		-	-
Total assets		410,809,370,911	355,720,227,278
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	35,971,854,941	34,382,128,495
Subordinated non-convertible bonds	11(aa)	10,200,000,000	11,800,000,000
Deposits and other accounts	12(a)	303,493,914,448	254,077,526,668
Current/Al-wadeeah current accounts and other accounts		59,823,653,764	47,821,635,983
Bills payable		3,747,868,764	3,742,697,471
Savings bank/Mudaraba savings bank deposits		64,167,247,193	48,293,710,027
Fixed deposits/Mudaraba fixed deposits		175,755,144,727	154,219,483,187
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	33,935,202,895	30,873,993,667
Total liabilities		383,600,972,284	331,133,648,830
Capital/shareholders' equity			
Total shareholders' equity		27,208,398,627	24,586,578,448
Paid-up capital	14.2	11,659,068,600	11,659,068,600
Statutory reserve	15	9,844,096,744	9,052,555,407
Revaluation reserve	16(a)	3,777,946,202	2,065,683,636
General reserve		8,166,144	8,166,144
Retained earnings	17(a)	1,918,254,038	1,800,257,979
Foreign currency translation reserve		856,701	836,486
Non-controlling interest	17(b)	10,198	10,196
Total liabilities and shareholders' equity		410,809,370,911	355,720,227,278

Consolidated Balance Sheet

	Notes	31 Dec 2020	31 Dec 2019
<i>Amount in Taka</i>			
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	118,277,542,242	118,576,860,518
Acceptances and endorsements		36,015,850,212	39,192,489,873
Letters of guarantee		36,612,599,301	36,999,351,447
Irrevocable letters of credit		29,751,789,131	26,468,819,479
Bills for collection		15,897,303,598	15,916,199,719
Other contingent liabilities		-	-
Other commitments		3,912,885,538	2,040,416,443
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		3,912,885,538	2,040,416,443
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		122,190,427,780	120,617,276,961

These Financial Statements should be read in conjunction with the annexed notes

				
Chairman	Director	Director	Director	President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181


Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Profit and Loss Account

for the year ended 31 December 2020

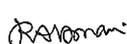
Amount in Taka

	Notes	31 Dec 2020	31 Dec 2019
OPERATING INCOME			
Interest income	20(a)	18,117,563,686	22,974,067,272
Interest paid on deposits and borrowings, etc	21(a)	14,926,706,536	14,464,586,306
Net interest income		3,190,857,150	8,509,480,966
Investment income	22(a)	6,484,398,100	3,293,064,994
Commission, exchange and brokerage	23(a)	2,653,972,061	3,495,510,223
Other operating income	24(a)	1,069,174,361	1,052,116,649
		10,207,544,522	7,840,691,866
Total operating income (A)		13,398,401,672	16,350,172,832
OPERATING EXPENSES			
Salaries and allowances	25(a)	3,638,898,248	3,360,493,052
Rent, taxes, insurance, electricity, etc	26(a)	463,933,944	471,721,301
Legal expenses	27(a)	13,751,716	22,218,779
Postage, stamp, telecommunication, etc	28(a)	128,312,780	126,842,671
Stationery, printing, advertisements, etc	29(a)	150,030,731	159,503,843
Managing Director's salary and fees	30	19,262,968	16,572,420
Directors' fees	31(a)	3,483,000	3,726,400
Auditors' fees	32(a)	2,978,246	3,440,259
Depreciation and repairs of Bank's assets	33(a)	875,119,333	842,466,683
Other expenses	34(a)	1,995,821,074	1,914,318,567
Total operating expenses (B)		7,291,592,040	6,921,303,975
Profit before provision (C=A-B)		6,106,809,632	9,428,868,857
Provision for loans and advances/investments			
General provision		2,166,139,871	2,847,887,484
Specific provision		(405,359,577)	2,841,142,562
	13.2(a)	1,760,780,294	5,689,030,046
Provision for off-balance sheet items	13.3	43,349,415	(196,376,913)
Provision for diminution in value of investments		180,000,000	(66,065,312)
Other provisions		137,000,000	25,000,000
Total provision (D)	34(c)	2,121,129,709	5,451,587,821
Total profit before tax (C-D)		3,985,679,923	3,977,281,036
Provision for taxation			
Current tax	13.5.1(a)	1,961,192,514	2,019,469,389
Deferred tax	13.5.2	-	-
		1,961,192,514	2,019,469,389
Net profit after tax		2,024,487,409	1,957,811,647
Appropriations			
Statutory reserve	15	791,541,337	784,162,228
General reserve		-	-
		791,541,337	784,162,228
Retained surplus		1,232,946,072	1,173,649,419
Attributable to:			
Equity holders of Bank Asia Limited		1,232,946,070	1,173,649,329
Non-controlling interest		2	90
		1,232,946,072	1,173,649,419
Earnings Per Share (EPS)	37(a)	1.74	1.68

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181



Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Limited and its subsidiaries

Consolidated Cash Flow Statement

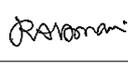
for the year ended 31 December 2020

	Notes	31 Dec 2020	Amount in Taka 31 Dec 2019
Cash flows from operating activities (A)			
Interest receipts		23,359,993,236	25,393,562,346
Interest payments		(14,933,189,503)	(14,444,046,102)
Dividends receipts		15,280,460	51,407,464
Fees and commission receipts		2,653,972,061	3,495,510,223
Recoveries on loans previously written off		183,636,137	145,983,239
Cash payment to employees		(3,674,692,886)	(3,367,078,233)
Cash payment to suppliers		(225,693,469)	(232,488,003)
Income tax paid		(2,474,031,947)	(2,121,219,144)
Receipts from other operating activities	35 (a)	2,007,097,543	1,077,007,651
Payments for other operating activities	36 (a)	(2,627,543,728)	(2,558,840,397)
Operating profit before changes in operating assets & liabilities		4,284,827,904	7,439,799,044
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(15,516,163,259)	(13,378,765,853)
Other assets		541,735,042	(680,913,355)
Deposits from customers and banks		49,416,387,780	31,342,634,891
Trading liabilities		1,589,726,446	3,002,211,896
Other liabilities		424,381,282	(983,438,889)
Net increase/(decrease) in operating assets and liabilities		36,456,067,291	19,301,728,690
Net cash flows from operating activities		40,740,895,195	26,741,527,734
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(37,844,806,273)	(19,064,031,511)
Sale/(Purchase) of trading securities		(1,535,032,529)	81,262,027
(Purchase)/disposal of fixed assets including right-of-use assets		(457,571,585)	(983,551,320)
Net cash flows from/(used in) investing activities		(39,837,410,387)	(19,966,320,804)
Cash flows from financing activities (C)			
Issuance of subordinated non-convertible bond		-	5,000,000,000
Adjustment of subordinated non-convertible bond		(1,600,000,000)	(600,000,000)
Payments for lease liability		(353,868,024)	(296,649,547)
Dividend paid (cash dividend)		(1,165,906,860)	(555,193,743)
Net cash flows from/(used in) financing activities		(3,119,774,884)	3,548,156,710
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(2,216,290,076)	10,323,363,640
Effects of exchange rate changes on cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the year		52,223,764,816	41,900,401,176
Cash and cash equivalents at the end of the year		50,007,474,740	52,223,764,816
Cash and cash equivalents:			
Cash		2,965,195,036	3,242,877,542
Balance with Bangladesh Bank and its agent bank(s)		14,936,832,307	20,743,726,904
Balance with other banks and financial institutions		32,103,518,897	23,634,997,570
Money at call and on short notice		-	4,600,000,000
Prize bonds		1,928,500	2,162,800
		50,007,474,740	52,223,764,816

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited and its subsidiaries Consolidated Statement of Changes in Equity

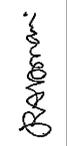
for the year ended 31 December 2020

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 01 January 2019	11,103,874,860	8,268,393,179	2,120,032,204	8,166,144	2,462,381	1,686,898,121	23,189,826,890	11,799	23,189,838,689
Transferred during the year	-	784,162,228	-	-	-	(784,162,228)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	(633,304)	-	-	-	(633,304)	-	(633,304)
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	-	-	-
Adjustment of non controlling interest	-	-	-	-	-	1,693	1,693	(1,693)	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	(3,618,945)	(3,618,945)	-	(3,618,945)
Foreign currency translation for the year	-	-	-	-	(1,625,895)	-	(1,625,895)	-	(1,625,895)
Issue of bonus shares	555,193,740	-	-	-	-	(555,193,740)	-	-	-
Cash dividend paid	-	-	-	-	-	(555,193,743)	(555,193,743)	-	(555,193,743)
Net profit for the year	-	-	-	-	-	1,957,811,557	1,957,811,557	90	1,957,811,647
Balance as at 31 December 2019	11,659,068,600	9,052,555,407	2,065,683,636	8,166,144	836,486	1,800,257,979	24,586,568,251	10,196	24,586,578,448
Transferred during the year	-	791,541,337	-	-	-	(791,541,337)	-	-	-
Adjustment on revaluation of fixed assets and other investment	-	-	1,765,977,830	-	-	-	1,765,977,830	-	1,765,977,830
Transferred to retained earnings	-	-	(53,715,264)	-	-	53,715,264	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	(2,758,415)	(2,758,415)	-	(2,758,415)
Foreign currency translation for the year	-	-	-	-	20,215	-	20,215	-	20,215
Cash dividend paid	-	-	-	-	-	(1,165,906,860)	(1,165,906,860)	-	(1,165,906,860)
Net profit for the year	-	-	-	-	-	2,024,487,407	2,024,487,407	2	2,024,487,409
Balance as at 31 December 2020	11,659,068,600	9,844,096,744	3,777,946,202	8,166,144	856,701	1,918,254,038	27,208,388,427	10,198	27,208,398,627

These Financial Statements should be read in conjunction with the annexed notes


Chairman


Director


Director


Director


President and Managing Director

Bank Asia Limited

Balance Sheet

as at 31 December 2020

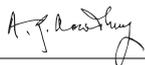
		<i>Amount in Taka</i>	
	Notes	31 Dec 2020	31 Dec 2019
PROPERTY AND ASSETS			
Cash		17,899,782,364	23,985,692,079
In hand (including foreign currencies)	4.1	2,962,950,057	3,241,965,175
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	14,936,832,307	20,743,726,904
Balance with other banks and financial institutions		31,480,907,697	23,113,553,804
In Bangladesh	5.1	29,455,358,540	19,491,968,105
Outside Bangladesh	5.2	2,025,549,157	3,621,585,699
Money at call and on short notice	6	-	4,600,000,000
Investments	7	94,251,183,584	54,932,579,936
Government		90,042,129,622	52,197,323,349
Others		4,209,053,962	2,735,256,587
Loans and advances/investments	8	244,642,030,073	227,298,956,048
Loans, cash credits, overdrafts, etc/investments		228,467,330,505	208,039,420,174
Bills purchased and discounted		16,174,699,568	19,259,535,874
Fixed assets including premises, furniture and fixtures	9	6,708,655,006	7,025,602,707
Other assets	10	13,734,592,135	12,843,989,123
Non - banking assets		-	-
Total assets		408,717,150,859	353,800,373,697
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	35,971,854,941	34,382,128,495
Subordinated non-convertible bonds	11 (aa)	10,200,000,000	11,800,000,000
Deposits and other accounts	12	303,028,106,360	253,709,574,615
Current/AI-wadeeah current accounts and other accounts		59,357,845,676	47,453,683,930
Bills payable		3,747,868,764	3,742,697,471
Savings bank/Mudaraba savings bank deposits		64,167,247,193	48,293,710,027
Fixed deposits/Mudaraba fixed deposits		175,755,144,727	154,219,483,187
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	32,136,293,987	29,163,552,669
Total liabilities		381,336,255,288	329,055,255,779
Capital/shareholders' equity			
Total shareholders' equity		27,380,895,571	24,745,117,918
Paid-up capital	14.2	11,659,068,600	11,659,068,600
Statutory reserve	15	9,844,096,744	9,052,555,407
Revaluation reserve	16	3,777,946,202	2,065,683,636
General reserve		8,166,144	8,166,144
Retained earnings	17	2,091,617,881	1,959,644,131
Total liabilities and shareholders' equity		408,717,150,859	353,800,373,697

Balance Sheet

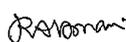
Amount in Taka

	Notes	31 Dec 2020	31 Dec 2019
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	118,277,542,242	118,576,860,518
Acceptances and endorsements		36,015,850,212	39,192,489,873
Letters of guarantee		36,612,599,301	36,999,351,447
Irrevocable letters of credit		29,751,789,131	26,468,819,479
Bills for collection		15,897,303,598	15,916,199,719
Other contingent liabilities		-	-
Other commitments		3,912,885,538	2,040,416,443
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		3,912,885,538	2,040,416,443
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		122,190,427,780	120,617,276,961

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181



Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Limited

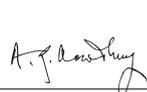
Profit and Loss Account

for the year ended 31 December 2020

Amount in Taka

	Notes	31 Dec 2020	31 Dec 2019
OPERATING INCOME			
Interest income	20	18,112,098,828	22,863,139,585
Interest paid on deposits and borrowings, etc	21	14,926,677,328	14,462,380,548
Net interest income		3,185,421,500	8,400,759,037
Investment income	22	6,484,398,100	3,293,064,994
Commission, exchange and brokerage	23	2,474,977,494	3,361,368,126
Other operating income	24	1,034,090,923	1,018,730,455
		9,993,466,517	7,673,163,575
Total operating income (A)		13,178,888,017	16,073,922,612
OPERATING EXPENSES			
Salaries and allowances	25	3,536,708,226	3,266,449,893
Rent, taxes, insurance, electricity, etc	26	440,514,478	440,093,246
Legal expenses	27	13,111,596	20,534,559
Postage, stamp, telecommunication, etc	28	125,950,752	124,471,658
Stationery, printing, advertisements, etc	29	148,118,134	156,689,993
Managing Director's salary and fees	30	19,262,968	16,572,420
Directors' fees	31	3,208,000	3,424,000
Auditors' fees	32	853,000	1,478,225
Depreciation and repairs of Bank's assets	33	849,791,740	834,076,015
Other expenses	34	1,970,532,731	1,887,668,330
Total operating expenses (B)		7,108,051,625	6,751,458,339
Profit before provision (C=A-B)		6,070,836,392	9,322,464,273
Provision for loans and advances/investments			
General provision		2,166,139,871	2,847,887,484
Specific provision		(413,359,577)	2,805,142,562
	13.2	1,752,780,294	5,653,030,046
Provision for off-balance sheet items	13.3	43,349,415	(196,376,913)
Provision for diminution in value of investments	13.7	180,000,000	(80,000,000)
Other provisions	13.8	137,000,000	25,000,000
Total provision (D)	34(b)	2,113,129,709	5,401,653,133
Total profit before tax (C-D)		3,957,706,683	3,920,811,140
Provision for taxation			
Current tax	13.5.1	1,922,000,000	1,960,000,000
Deferred tax	13.5.2	-	-
		1,922,000,000	1,960,000,000
Net profit after tax		2,035,706,683	1,960,811,140
Appropriations			
Statutory reserve	15	791,541,337	784,162,228
General reserve		-	-
		791,541,337	784,162,228
Retained surplus		1,244,165,346	1,176,648,912
Earnings Per Share (EPS)	37	1.75	1.68

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



President and Managing Director

Report of the auditor's to the shareholders:

This is the statement of Consolidated Balance Sheet referred to our report of even date.

Dhaka, Dated
18 March 2021
DVC No: 2103250770AS857181



Sabbir Ahmed, FCA, Partner
Enrolment no: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

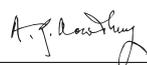
Bank Asia Limited

Cash Flow Statement

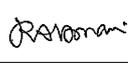
for the year ended 31 December 2020

	Notes	31 Dec 2020	Amount in Taka 31 Dec 2019
Cash flows from operating activities (A)			
Interest receipts		23,166,183,766	25,072,331,026
Interest payments		(14,744,815,683)	(14,231,536,711)
Dividends receipts		15,280,460	51,407,464
Fees and commission receipts		2,474,977,494	3,361,368,126
Recoveries on loans previously written off		183,636,137	145,983,239
Cash payment to employees		(3,572,502,864)	(3,273,035,074)
Cash payment to suppliers		(223,780,872)	(229,674,153)
Income tax paid		(2,429,453,826)	(2,051,736,653)
Receipts from other operating activities	35	1,972,014,105	1,043,621,457
Payments for other operating activities	36	(2,573,433,525)	(2,494,242,438)
Operating profit before changes in operating assets & liabilities		4,268,105,192	7,394,486,283
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers and banks		(15,213,028,151)	(13,519,492,993)
Other assets		281,322,817	(708,379,076)
Deposits from customers and banks		49,318,531,745	31,237,858,371
Trading liabilities		1,589,726,446	3,063,454,382
Other liabilities		332,501,946	(950,432,513)
Net increase/(decrease) in operating assets and liabilities		36,309,054,803	19,123,008,171
Net cash flows from operating activities		40,577,159,995	26,517,494,454
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(37,844,806,273)	(19,064,031,511)
Sale/(Purchase) of trading securities		(1,473,797,375)	130,649,919
(Purchase)/disposal of fixed assets including right-of-use assets		(457,571,585)	(950,140,783)
Net cash flows from/(used in) investing activities		(39,776,175,233)	(19,883,522,375)
Cash flows from financing activities (C)			
Issuance of subordinated non-convertible bond		-	5,000,000,000
Adjustment of subordinated non-convertible bond		(1,600,000,000)	(600,000,000)
Payments for lease liability		(353,868,024)	(296,649,547)
Dividend paid (cash dividend)		(1,165,906,860)	(555,193,743)
Net cash flows from/(used in) financing activities		(3,119,774,884)	3,548,156,710
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(2,318,790,122)	10,182,128,789
Effects of exchange rate changes on cash and cash equivalents			
		-	-
Cash and cash equivalents at the beginning of the period		51,701,408,683	41,519,279,894
Cash and cash equivalents at the end of the period		49,382,618,561	51,701,408,683
Cash and cash equivalents:			
Cash		2,962,950,057	3,241,965,175
Balance with Bangladesh Bank and its agent bank(s)		14,936,832,307	20,743,726,904
Balance with other banks and financial institutions		31,480,907,697	23,113,553,804
Money at call and on short notice		-	4,600,000,000
Prize bonds		1,928,500	2,162,800
		49,382,618,561	51,701,408,683

These Financial Statements should be read in conjunction with the annexed notes



Chairman



Director



Director



Director



President and Managing Director

Bank Asia Limited

Statement of Changes in Equity

for the year ended 31 December 2020

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 January 2019	11,103,874,860	8,268,393,179	2,120,032,204	8,166,144	1,839,667,438	23,340,133,826
Transferred during the year	-	784,162,228	-	-	(784,162,228)	-
Adjustment on revaluation of fixed assets and other investment	-	-	(633,304)	-	-	(633,304)
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Issue of bonus shares	555,193,740	-	-	-	(555,193,740)	-
Cash dividend paid	-	-	-	-	(555,193,743)	(555,193,743)
Net profit for the year	-	-	-	-	1,960,811,140	1,960,811,140
Balance at 31 December 2019	11,659,068,600	9,052,555,407	2,065,683,636	8,166,144	1,959,644,131	24,745,117,918
Transferred during the year	-	791,541,337	-	-	(791,541,337)	-
Adjustment on revaluation of fixed assets and other investment	-	-	1,765,977,830	-	-	1,765,977,830
Transferred to retained earnings	-	-	(53,715,264)	-	53,715,264	-
Cash dividend paid	-	-	-	-	(1,165,906,860)	(1,165,906,860)
Net profit for the year	-	-	-	-	2,035,706,683	2,035,706,683
Balance at 31 December 2020	11,659,068,600	9,844,096,744	3,777,946,202	8,166,144	2,091,617,881	27,380,895,571

These Financial Statements should be read in conjunction with the annexed notes

 Chairman
 Director
 Director
 Director
 President and Managing Director

Bank Asia Limited Liquidity Statement (Analysis of Maturity of Assets and Liabilities)

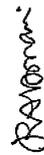
as at 31 December 2020

Amount in Taka

Particulars	Maturity					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
Assets						
Cash in hand and with banks	5,757,882,364	-	-	-	12,141,900,000	17,899,782,364
Balance with other banks and financial institutions	8,274,907,697	17,538,000,000	5,668,000,000	-	-	31,480,907,697
Money at call and on short notice	-	-	-	-	-	-
Investments	1,719,800,000	192,100,000	30,208,900,000	32,128,600,000	30,001,783,584	94,251,183,584
Loans and advances	48,573,100,000	35,240,200,000	65,016,400,000	77,936,600,000	17,875,730,073	244,642,030,073
Fixed assets including premises, furniture and fixtures	-	-	-	-	6,708,655,006	6,708,655,006
Other assets	1,078,700,000	3,512,595,779	902,400,000	6,125,028,357	2,115,868,000	13,734,592,135
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	65,404,390,061	56,482,895,779	101,795,700,000	116,190,228,357	68,843,936,663	408,717,150,859
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	9,011,654,941	14,297,800,000	6,577,300,000	12,707,300,000	3,577,800,000	46,171,854,941
Deposits	48,080,816,859	46,016,000,000	80,552,500,000	89,920,000,000	38,458,789,501	303,028,106,360
Provision and other liabilities	457,200,000	1,024,177,290	2,391,200,000	4,341,502,178	23,922,214,519	32,136,293,987
Total Liabilities (B)	57,549,671,800	61,337,977,290	89,521,000,000	106,968,802,178	65,958,804,020	381,336,255,288
Net Liquidity Excess/(Shortage) (A-B)	7,854,718,261	(4,855,081,511)	12,274,700,000	9,221,426,179	2,885,132,643	27,380,895,571


A. J. Chowdhury

Chairman


RANONAMI

Director


Kinnul

Director


dave

Director



President and Managing Director

Bank Asia Limited

Notes to the financial statements

as at and for the year ended 31 December 2020

1. THE BANK AND ITS ACTIVITIES

1.1 Bank Asia Limited

Bank Asia Limited (“the Bank”) is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994 (amended up to 2020), governed by the Bank Company Act 1991 (amended up to 2018). The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 129 branches including 4 SME/Agri Branches and 4 SME service centres, 5 Islamic Windows, 5 Sub branches and 187 own ATM booths. The Bank has three subsidiary companies namely, Bank Asia Securities Limited incorporated in Bangladesh, BA Exchange Company (UK) Limited incorporated in United Kingdom and BA Express USA Inc. incorporated in United States of America (USA). The Bank has also an Offshore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong.

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

The registered office of the Bank is situated at Bank Asia Tower, 32-34, Kazi Nazrul Islam Avenue, Karwan Bazar, Dhaka

1.2 Principal activities

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

1.3 Islamic banking unit

The Bank obtained permission from Bangladesh Bank (country’s central bank) to operate Islamic Banking Unit vide Bangladesh Bank’s letter no. BRPD(P-3)745(53)/2008-4804 dated 17 December 2008. The Bank commenced operation of this Unit from 24 December 2008. The Islamic Banking Unit is governed under the rules and regulations of Bangladesh Bank.

1.4 Off-shore banking unit

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

1.5 Bank Asia Securities Limited

Bank Asia Securities Limited, a majority owned (99.99%) subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000 which commenced its business on the 17 April 2011.

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

1.6 BA Exchange Company (UK) Limited

BA Exchange Company (UK) Limited was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited, BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. BA Exchange Company (UK) Limited attaches a fresh width to the Bank’s remittance operation and expands its global presence for remittance services. Bank Asia stretched its business in United Kingdom through its fully owned (100%) subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home.

1.7 BA Express USA inc

BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective November 22, 2013. The company has started its commercial operation from June 01, 2014.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with the “First Schedule (Section 38) of the Bank Company Act 1991 (amended upto 2018), BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), and the standards set by the FRA the Financial Reporting Council (FRC) as per The Financial

Notes to the financial statements

Reporting Act 2015 (FRA) enacted in 2015. Section 38 of the Bank Company Act 1991 has been replaced through BRPD Circular no. 10 dated October 04, 2015. The Bank complied with the requirement of the following regulatory and legal authorities:

- i. Bank Company Act 1991 (amended upto 2018)
- ii. Companies Act 1994 (amended upto 2020)
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Securities and Exchange Ordinance 1969
- v. The Securities and Exchange Rules 1987
- vi. Bangladesh Securities and Exchange Commission Act 1993
- vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015
- viii. Income Tax Ordinance and Rules 1984
- ix. Value Added Tax Act 1991
- x. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh (CDBL) rules and regulations.

In case the requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail.

Bank have departed from certain contradictory requirements of IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Presentation of financial statements

IFRS: As per IAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes inequity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (amended up to 2018) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and Securities

IFRS: As per requirements of IFRS 9 investment in shares and securities generally falls under "Amortized cost", "fair value through profit or loss" or "fair value through other comprehensive income" where any change in the fair value at the year-end is taken to profit or loss account or other comprehensive income/valuation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. As per DOS circular letter no. 03 dated March 12, 2015, investment in Mutual Fund (close-end) is revalued at lower of cost and (higher of market value and 85% of NAV). Provision is made for any loss arising from diminution in value of investment; otherwise investments are recognized at costs.

iii) Revaluation gain/loss on Government securities

IFRS: As per requirement of IFRS 9 where T-bills and T-bonds will fall under the category of "held for trading", any change in the fair value of held for trading assets is recognized through profit or loss.

T-bills/bonds designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as Held for Trading (HFT) will be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve.

iv) Provision on loans and advances

IFRS: As per IFRS 9 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November, 2014, BRPD circular no. 12 dated 20 August 2017, BRPD circular no. 15 dated 27 September 2017, BRPD circular no. 16 dated 21 July 2020 and BRPD circular letter no. 52 dated 20 October 2020, provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5% to 20%, 5% to 50% and 100% respectively for loans and advances depending

Notes to the financial statements

on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5% based on different categories of loans and advances. Such provision policies are not specifically in line with those prescribed by IFRS 9. Also, as per BRPD circular no. 14 dated September 2012, BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018, a general provision @ 1% should be provided for off-balance sheet exposures.

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act 1991 (amended upto 2018) until such reserve equal to its paid-up capital together with the share premium. Statutory reserve transferred in yearly basis.

v) **Other comprehensive income**

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Other Comprehensive Income (OCI) Statement.

Bangladesh Bank has issued financial templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income or the elements of Other Comprehensive Income allowed to include in a Other Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity. Furthermore, the above templates require disclosure of appropriation of profit on the face of Profit and Loss Statement.

vi) **Financial instruments – presentation and disclosure**

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 is not made in the accounts.

vii) **Repo transactions**

IFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per DOS Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS Circular No. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

viii) **Financial guarantees**

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse to the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within Other Liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin and 1% general provision for all contingent liabilities.

ix) **Cash and cash equivalent**

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: As per BRPD Circular 14 dated 25 June 2003, Cash and cash-equivalents consist of cash with Bangladesh Bank, with its agent bank(s), government securities (prize bond) and deposits with other banks.

x) **Non-banking asset**

IFRS: No indication of Non-banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 there must exist a face item named Non-banking asset.

xi) **Cash flow statement**

IFRS: Cash flow statement can be prepared either in direct method or in indirect method as per IAS 7 of Statement of Cash Flows. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 cash flow is the mixture of direct and indirect method.

xii) **Balance with Bangladesh Bank: (CRR)**

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

Notes to the financial statements

xiii) **Presentation of intangible asset**

IFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no. 14 dated 25 June 2003.

xiv) **Off-balance sheet items**

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement of disclosure of off-balance sheet items.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 off balance sheet items must be disclosed separately in face of balance sheet. Accordingly the Bank has recognized the following off balance sheet items:

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Foreign exchange contracts

xv) **Disclosure of appropriation of profit**

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

xvi) **Loans and advance net of provision**

IFRS: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

xvii) **Recognition of Interest in Suspense**

IFRS: Loans and advances to customers are generally classified as "loans and receivables" as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD Circular No. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in balance sheet.

xviii) **Uniform Accounting Policy**

In several cases Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 10. As such some disclosure, presentation and measurement requirements of IFRS 10 cannot be made in financial statements.

(Also refer to note 3.20 Compliance of IFRSs)

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

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

Key estimates include the following:

- Provision on loans and advances
- Deferred tax assets/liabilities
- Gratuity fund

Notes to the financial statements

2.4 Foreign currency transactions

Functional and presentation currency

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

Foreign currency translation

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

In preparing solo financial statements, assets and liabilities in foreign currencies as at December 31, 2020 have been converted into Taka currency at the revaluation rate determined by the Bank. For BA Exchange Company (UK) Limited and BA Express USA Inc. assets and liabilities in foreign currencies as at December 31, 2020 have been converted into Taka currency at the closing rate as on December 31, 2020 and profit and loss accounts have been converted into monthly average rate.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting / crediting exchange gain or loss account. Foreign currency translation gain and loss for foreign subsidiary operation is reported as separate component of Equity.

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

2.5 Basis of consolidation

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

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

The consolidated financial statements have been prepared in accordance with International Accounting Standard 27: Separate Financial Statements and International Financial Reporting Standard 10: Consolidated Financial Statements. The consolidated as well as separate financial statements are prepared for a common financial year ended on December 31, 2020.

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

2.5.1 Subsidiaries of the Bank

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

Name of Subsidiary	Ownership	Date of Commercial Operation	Country of Operation	Status	Regulator	Year Closing
Bank Asia Securities Limited	99.99%	17.04.2011	Bangladesh	Majority Owned	BSEC, Bangladesh	31 December
BA Exchange Company (UK) Limited	100%	16.05.2011	United Kingdom	Fully Owned	FSA, UK	31 December
BA Express USA inc	100%	01.06.2014	United States of America	Fully Owned	NYSDFS, New York	31 December

Notes to the financial statements

2.6 Cash flow statement

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

2.7 Statement of changes in equity

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

Investment in securities

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

Held to maturity

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

Held for trading

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

Revaluation

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

Government treasury bills and bonds (HFT)	At present value (using marked to market concept)
Government treasury bills and bonds (HTM)	At present value (using amortisation concept)
Zero coupon bonds	At present value (using amortisation concept)
Prize bonds and other bonds	At cost
Debentures	At cost
Unquoted shares (ordinary)	At cost (as per BRPD circular 14 dated June 25, 2003)
Quoted shares (ordinary)	At cost (provision made for any shortfall arising due to reduce market price from cost price)

3.1.3 Investment in listed securities

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

3.1.4 Investment in unquoted securities

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

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

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

3.1.5 Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the IAS 27 “Separate Financial Statements”, IFRS 3 “Business Combination”, IFRS 36 “Impairment of Assets” and IFRS 10 “Consolidated Financial Statements”.

Notes to the financial statements

3.1.6 Loans and advances/investments

- Loans and advances/investments are stated in the balance sheet on gross basis.
- Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest/ profit is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circular no. 14 dated 23 September 2012, Bangladesh Bank BRPD circular no. 19 dated 27 December 2012, Bangladesh Bank BRPD circular no. 05 dated 29 May 2013, Bangladesh Bank BRPD circular no. 16 dated 18 November 2014, Bangladesh Bank BRPD circular no. 12 dated 20 August 2017, Bangladesh Bank BRPD circular no. 15 dated 27 September 2017, Bangladesh Bank BRPD circular no. 07 dated 21 June 2018, Bangladesh Bank BRPD circular no. 13 dated 18 October 2018, Bangladesh Bank BRPD circular no. 16 dated 21 July 2020, Bangladesh Bank BRPD circular no.52 dated 20 October 2020 and Bangladesh Bank BRPD circular no. 56 dated 10 December 2020.

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

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

In line with Bangladesh Bank BRPD Circular no. 04 dated January 29, 2015, All restructured loans treated as Special Mention Account (SMA) for the purpose of classification. Provision was made at existing applicable rate of SMA with additional 1%.

- Loans and advances/investments are written off as per guidelines of Bangladesh Bank. These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.
- The Bank has restructured (Large loan restructure) certain loan facilities of M/s. Samannaz Super Oil Limited, S. A. Oil Refinery Limited, Abdul Monem Sugar Refinery Limited and Shinepukur Ceramics Limited under BRPD Circular No. 04 dated 29 January 2015. As of December 31, 2020 total outstanding amount was Tk.3,854.05 million as per the terms and conditions of the said circular. Out of these facilities M/s. Samannaz Super Oil Limited and S. A. Oil Refinery Limited is now under Solenama (Compromise Agreement submitted before the Court) as unclassified with outstanding amount Tk 3,1280.56 million.
- In stay order cases the unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk. 5,361.75 million which have not been reported under classification as at 31 December 2020 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 3,273.39 million has been kept as general provision against those customers.

3.1.7 Impairment of financial assets

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36 "Impairment of Assets". At each balance sheet date, Bank Asia Limited assesses whether there is objective evidence that a financial asset or a group of financial assets i.e, loans and advances, off balance sheet items and investments is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if -

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

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

a reliable estimate of the loss amount can be made.

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

Notes to the financial statements

3.1.8 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

- (a) its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during that period.

Subsequent costs

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

Depreciation

No depreciation is charged on land. Depreciation is charged on straight-line method. Charging depreciation against fixed assets commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. Asset category-wise depreciation rates are as follows:

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

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

Construction work in progress/Building under Construction

Building under construction is recognized and reported under Fixed Assets as per IAS 16 " Property, Plant and Equipment" as Construction work in progress until the construction work is completed and the assets is ready for intended use. This asset is stated at cost and depreciation of the asset will be charged from the date of its intended use.

Intangible Asset

a. Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Acquisitions of Minority interest (non-controlling interest) are accounted as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Subsequently goodwill is measured at cost less accumualted Impairment Losses.

b. Software

Software acquired by the Bank is stated at cost less accumualted amortisation and accumulated impairment losses.

c. License

Value of license is recognised at cost and since it has an indefinite useful life it is not amortized. The value of the license is not measured at fair value.

3.1.9 Leased assets

The Bank has applied " IFRS 16: Lease" using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Notes to the financial statements

3.1.10 Impairment of fixed assets

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

3.1.11 Investment properties

a) Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business.

b) Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and accumulated impairment loss.

3.1.12 Other assets

Other assets include all other financial assets and include fees and other unrealised income receivable, advance for operating and capital expenditure and stocks of stationery and stamps.

3.1.13 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

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

3.2.2 Deposits and other accounts

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

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

3.2.3 Other liabilities

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

3.3 Capital/shareholders' equity

Authorised capital

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

Paid-up capital

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

Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act 1991 (amended up to 2018) until such reserve equal to its paid-up capital together with the share premium. Statutory reserve transferred in yearly basis.

Revaluation reserve

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

When an fixed asset's carrying amount is increased as a result of revaluation, the increased amount has been credited directly to equity under

Notes to the financial statements

the head of revaluation reserve as per IAS 16 "Property, Plant and Equipment". The revaluation surplus included in equity transferred directly to retained earnings with the amount of the surplus from the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost as per the para 41 of IAS 16.

Non-controlling (minority) interest

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

3.4 Contingent liabilities

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

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

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

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

3.5 Memorandum items

Memorandum items are maintained for those items for which the Bank has only a business responsibility and no legal commitment.

3.6 Revenue recognition

In line with IFRS 15 revenue and disclosure in the financial statements the income of the bank has been recognized as follows

Interest income

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

Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from Unearned Income account. Income/compensation on classified investments is transferred to profit/rent/compensation/suspense account instead of income account.

Investment income

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

Interest and fees receivable on credit cards

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

Fees and commission income

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

Dividend income on shares

Dividend income from investment in shares is recognised when the Bank's right to receive dividend is established. It recognised when:

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

Interest paid on borrowing and other deposits (conventional banking)

Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)

Profit paid to mudaraba deposits is recognised on accrual basis according to Income Sharing Ratio (ISR).

Other operating expenses

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

Notes to the financial statements

3.7 Employee benefits

3.7.1 Provident Fund

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

3.7.2 Gratuity Fund

Gratuity fund benefits are given to the eligible staff of the Bank in accordance with the approved gratuity fund rules. Gratuity payable is determined on the basis of existing rules and regulations of the Bank and actuarial valuation.

3.7.3 Superannuation Fund

The Bank operates a superannuation fund for which provision is made annually as per actuarial valuation. The fund is operated by a separate Board of Trustees.

3.7.4 Hospitalisation insurance

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

3.7.5 Worker's Profit Participation Fund

Consistent with the industry practice and in accordance with the Banking Companies Act, 1991, no provision has been made to WPPF

3.8 Provision for off-balance sheet exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items have been disclosed under contingent liabilities. As per BRPD circular no. 10 dated 18 September 2007, the Bank has maintain provision @ 1% against off-balance sheet exposures complying BRPD Circular No. 07, dated 21 June 2018 and BRPD circular letter no. 01 dated 03 Jan 2018

3.9 Provision for nostro accounts

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

3.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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

3.11 Earnings Per Share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2018 as per International Accounting Standard (IAS) - 33 "Earnings Per Share". EPS for comparative period also restated by the bonus share issued for the year 2018. Details are in note 37.

Basic earnings

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

Weighted average number of ordinary shares

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

Notes to the financial statements

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

Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review. It is pertinent to mention that, potential ordinary shares is in convertible subordinate bond that may entitle their holders to ordinary shares.

3.12 Reconciliation of inter-bank/inter-branch account

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

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

3.13 Risk Management at Bank Asia Ltd.

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

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

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

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

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

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

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

Credit Risk Management: Credit risk can be defined as risk of failure of customer/counterparty of the bank to meet financial obligations.

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

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

Notes to the financial statements

is mentionable that the bank has own credit risk management guideline.

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

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

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

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

At present Bank assess daily Value-at-Risk (VaR) based on exponential weighted average method using web based platform for foreign exchange risk more effectively.

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

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

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

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

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

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

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

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

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

Notes to the financial statements

All other risk management: These are risks that are not directly covered by core risk guidelines of Bangladesh Bank, more precisely additional risk under Pillar II of Basel III. The Risk Management Division is primarily responsible for assessing and developing controls for managing these risks. In order to do so the RMD of the bank is performing various exercises like assessment of quality Risk Weighted Assets of the Bank, Stress Testing to assess the sensitivity of the bank against adverse scenarios is performed, additional capital (on top of MCR under Pillar –II) will be assessed using a model namely Internal Capital Adequacy Assessment Process (ICAAP), perform the capital reporting model etc.

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

3.14 Events after reporting period

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

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

3.15 Related party disclosures

A party is related to the company if:

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

3.16 Directors’ responsibilities on statement

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

3.17 Segment Reporting

As per IFRS 8 “Operating Segments”, is a component of an equity:

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

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

3.18 Changes in Accounting Policies

As per IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” Accounting Policies are applied consistently for comparability between financial statements of different accounting periods. Changes in Accounting Policies are applied retrospectively in the financial statements. Comparative amounts presented in the financial statements affected by the change in accounting policy for each prior period presented.

3.19 IFRS 15 - Revenue from Contract with Customers

IFRS 15 “Revenue from Contracts with Customers” replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model includes: 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognising revenue as each performance obligation is satisfied. The Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

Notes to the financial statements

3.20 Compliance checklist of International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs)

Name of the standards	Ref.	Status
First-time Adoption of International Financial Reporting Standards	IFRS - 1	N/A
Share Based Payment	IFRS - 2	N/A
Business Combinations	IFRS - 3	Complied
Insurance Contracts	IFRS - 4	N/A
Non-current Assets Held for Sale and Discontinued Operations	IFRS - 5	N/A
Exploration for and Evaluation of Mineral Resources	IFRS - 6	N/A
Financial Instruments: Disclosures	IFRS - 7	Complied
Operating Segments	IFRS - 8	Complied
Financial Instruments: Recognition and Measurement	IFRS - 9	Complied
Consolidated Financial Statements	IFRS-10	Complied
Joint Arrangements	IFRS-11	N/A
Disclosure of Interests in other entities	IFRS-12	N/A
Fair Value Measurement	IFRS-13	Complied
Regulatory Deferral Accounts	IFRS-14	N/A
Revenue from Contracts with Customers	IFRS-15	Complied
Leases	IFRS-16	Complied
Presentation of Financial Statements	IAS - 1	Complied
Inventories	IAS - 2	Complied
Statement of Cash Flows	IAS - 7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS - 8	Complied
Events after the Reporting Period	IAS-10	Complied
Income Taxes	IAS-12	Complied
Property, Plant and Equipment	IAS-16	Complied
Employee Benefits	IAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Complied
The Effects of Changes in Foreign Exchange Rates	IAS-21	Complied
Borrowing Costs	IAS-23	Complied
Related Party Disclosures	IAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	N/A
Separate Financial Statements	IAS-27	Complied
Investments in Associates and Joint Ventures	IAS-28	Complied
Financial Instruments: Presentation	IAS-32	Complied
Earnings Per Share	IAS-33	Complied
Interim Financial Reporting	IAS-34	Complied
Impairment of Assets	IAS-36	Complied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Complied
Intangible Assets	IAS-38	Complied
Investment property	IAS-40	Complied
Agriculture	IAS-41	N/A

Notes to the financial statements

3.21 New and amended standards and interpretations:

IFRS 16 Leases

Bank Asia recognise the right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The right of use asset is reduced by impairment losses as per IAS 36, and adjusted for certain measurements of the lease liability if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is change in estimate of the amount expected to be payable under a residual value guarantee, or if changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is measured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Bank may elect not to apply the IFRS 16 for short-term leases; and leases for which the underlying asset is of low value.

3.22 Approval of financial statements

The financial statements were approved by the Board of Directors on March 18, 2021.

3.23 General

- (i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- (ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- (iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (iv) These financial statements cover one calendar year from 01 January 2020 to 31 December 2020 .

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
4 Cash		
4.1 In hand (including foreign currencies)		
Conventional and Islamic banking		
Local currency	2,819,744,368	3,215,685,185
Foreign currencies	143,205,689	26,279,990
	2,962,950,057	3,241,965,175
Off-shore banking unit	-	-
	<u>2,962,950,057</u>	<u>3,241,965,175</u>
4.1(a) Consolidated Cash in hand		
Bank Asia Limited	2,962,950,057	3,241,965,175
Bank Asia Securities Limited	7,019	6,689
BA Exchange Company (UK) Limited	2,082,682	905,678
BA Express USA, Inc	155,278	-
	<u>2,965,195,036</u>	<u>3,242,877,542</u>
4.2 Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Conventional and Islamic banking		
Balance with Bangladesh Bank		
Local currency (statutory deposit)	13,723,650,450	14,281,134,218
Foreign currencies	397,715,443	5,483,798,564
	14,121,365,893	19,764,932,782
Balance with agent bank (Sonali Bank Limited)		
Local currency	815,466,414	978,794,122
Foreign currencies	-	-
	815,466,414	978,794,122
	14,936,832,307	20,743,726,904
Off-shore banking unit	-	-
	<u>14,936,832,307</u>	<u>20,743,726,904</u>
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Bank Asia Limited	14,936,832,307	20,743,726,904
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>14,936,832,307</u>	<u>20,743,726,904</u>

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

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Bank Company Act 1991 (amended upto 2018), DOS circular nos. 01 dated 19 January 2014, MPD circular no. 01, MPD circular no. 116/2018-592 dated 03 April 2018, DOS Circular Letter No. 26 dated August 19, 2019, BRPD Circular No. 31 dated June 18, 2020 and MPD Circular No. 03 dated April 09, 2020.

The statutory Cash Reserve Ratio on the Bank's time and demand liabilities at the rate 4.0% (conventional, islamic and offshore banking) has been calculated and maintained with Bangladesh Bank in local currency and 15% (7.5% for Islamic Banking) Statutory Liquidity Ratio for conventional and offshore banking, on the same liabilities has also been maintained in the form of cash in hand, balance with Bangladesh Bank and its agent bank, treasury bills, bonds and debentures. CRR and SLR maintained by the Bank are shown below:

4.3.1 Cash Reserve Ratio (CRR)

Conventional and Offshore Banking

As per Bangladesh Bank DOS Circular No. 01 dated January 19, 2014, DOS Circular Letter No. 26 dated August 19, 2019 and MPD Circular No. 03 dated April 09, 2020 Bank has to maintain CRR @ 4.0% on fortnightly cumulative average basis and minimum @ 3.5% on daily basis for its Conventional banking. For off shore banking operation as per Bangladesh Bank BRPD Circular 31 dated June 18, 2020 Bank has to maintain minimum 2.0 (two) percent Cash Reserve Ratio (CRR) with Bangladesh Bank on bi-weekly average basis with a provision of minimum 1.5 (one and half) percent on daily basis of the average total demand and time liabilities (ATDTL) of Off Shore Banking Operation.

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
i. Daily Bank's CRR maintenance:		
Required reserve	9,838,487,000	12,425,814,000
Domestic Banking Operation (3.5 % on Demand and Time Liabilities)	9,608,789,000	11,454,521,000
Offshore Banking Operation (1.5 % on Demand and Time Liabilities)	229,698,000	971,293,000
Actual reserve maintained	13,202,579,092	14,342,548,530
Surplus	3,364,092,092	1,916,734,530
ii. Fortnightly Bank's CRR maintenance:		
Required reserve	11,287,737,000	13,668,395,000
Domestic Banking Operation (4 % on Demand and Time Liabilities)	10,981,473,000	12,599,973,000
Offshore Banking Operation (2 % on Demand and Time Liabilities)	306,264,000	1,068,422,000
Actual reserve maintained (average)	11,961,134,125	13,858,631,590
Surplus	673,397,125	190,236,590
Islamic Banking		
i. Daily Bank's CRR maintenance:		
Required reserve (3.5% Demand and Time Liabilities)	747,580,000	881,019,000
Actual reserve maintained	944,116,000	971,336,000
Surplus	196,536,000	90,317,000
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (4% of Demand and Time Liabilities)	854,377,000	969,120,000
Actual reserve maintained (Average)	889,974,820	982,962,670
Surplus	35,597,820	13,842,670
4.3.2 Statutory Liquidity Ratio (SLR)		
Conventional Banking		
13% of Average Demand and Time Liabilities		
Required reserve	37,680,506,000	32,307,116,000
Domestic Banking Operation	35,689,789,000	29,781,755,000
Offshore Banking Operation	1,990,717,000	2,525,361,000
Actual reserve maintained	90,410,108,880	55,749,003,020
Surplus	52,729,602,880	23,441,887,020
Islamic Banking		
5.5% of Average Demand and Time Liabilities		
Required reserve	1,174,768,000	969,120,000
Actual reserve maintained	4,906,377,000	1,010,836,000
Surplus	3,731,609,000	41,716,000
	56,461,211,880	23,483,603,020
4.3.3 Held for Statutory Liquidity Ratio		
Conventional Banking		
Cash in hand	2,909,958,740	3,202,645,610
Excess of CRR - Balance with Bangladesh Bank	1,914,842,090	674,153,530
Balance with agent bank (Sonali Bank Limited)	326,888,420	644,180,530
Government securities	85,256,491,120	51,225,860,540
Other securities	1,928,500	2,162,800
	90,410,108,870	55,749,003,010

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Islamic Banking		
Cash in hand	32,928,000	39,320,000
Excess of CRR - Balance with Bangladesh Bank	89,739,000	2,216,000
Government securities	4,783,710,000	969,300,000
Other securities	-	-
	<u>4,906,377,000</u>	<u>1,010,836,000</u>
	<u>95,316,485,870</u>	<u>56,759,839,010</u>
5. Balance with other banks and financial institutions		
In Bangladesh		
Conventional and Islamic banking (Note 5.1)	29,455,358,540	19,491,968,105
Off-shore banking unit	-	-
	<u>29,455,358,540</u>	<u>19,491,968,105</u>
Outside Bangladesh		
Conventional and Islamic banking (Note 5.2)	1,948,061,993	3,163,855,218
Off-shore banking unit	77,487,164	457,730,481
	<u>2,025,549,157</u>	<u>3,621,585,699</u>
	<u>31,480,907,697</u>	<u>23,113,553,804</u>
5.1 Conventional and Islamic banking-In Bangladesh		
Current accounts		
AB Bank Limited	41,480	41,480
Agrani Bank Limited	387,920,880	242,743,542
Janata Bank Limited	65,066,340	74,235,985
Rupali Bank Limited	222,804,900	106,657,418
Pubali Bank Limited	290,734,265	181,718,255
Standard Chartered Bank	8,732,858	258,270
Sonali Bank Limited	505,204,561	276,432,774
Trust Bank Limited	885,766	(5,022,218)
	<u>1,481,391,050</u>	<u>877,065,506</u>
Short- notice deposit accounts		
AB Bank Limited	572,299	558,562
Bank Alfalah Limited	12,324	15,035
Islami Bank Bangladesh Limited	182,867	180,283
Uttara Bank Limited	-	48,719
	<u>767,490</u>	<u>802,599</u>
Fixed deposit accounts/ MTDR		
Islamic Finance and Investment Limited	100,000,000	150,000,000
Hajj Finance Company Limited	100,000,000	150,000,000
	<u>200,000,000</u>	<u>300,000,000</u>
	<u>1,682,158,540</u>	<u>1,177,868,105</u>
Placements		
With Banking companies (5.1.1)	24,423,200,000	12,764,100,000
With Non-banking financial institutions (5.1.2)	3,350,000,000	5,550,000,000
	<u>27,773,200,000</u>	<u>18,314,100,000</u>
	<u>29,455,358,540</u>	<u>19,491,968,105</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
5.1.1 Details of Placement with Banking companies(Local Currency)		
EXIM Bank Limited	5,300,000,000	-
Jamuna Bank Limited	-	3,500,000,000
Mercantile Bank Limited	-	1,000,000,000
Mutual Trust Bank Limited	-	500,000,000
NRB Bank Limited	300,000,000	-
National Bank Limited	-	1,000,000,000
Sonali Bank Limited	500,000,000	-
One Bank Limited	2,000,000,000	3,000,000,000
Dhaka Bank Limited	1,000,000,000	-
Social Islami Bank Limited	4,200,000,000	-
Southeast Bank Limited	2,000,000,000	-
Standard Bank Limited	2,000,000,000	3,000,000,000
	17,300,000,000	12,000,000,000
5.1.2 Details of Placement- with Banking companies (Foreign Currencies)		
Mutual Trust Bank Limited	763,200,000	-
Islami Bank Bangladesh Limited	6,360,000,000	-
Modhumoti Bank Limited	-	764,100,000
	7,123,200,000	764,100,000
	24,423,200,000	12,764,100,000
Details of Placement with Non-banking financial institutions		
Delta Brac Housing Finance Corporation Limited	500,000,000	400,000,000
Investment Corporation of Bangladesh	2,700,000,000	3,000,000,000
IPDC Finance Limited	-	500,000,000
IDCL Finance Limited	-	1,500,000,000
Union Capital Limited	150,000,000	150,000,000
	3,350,000,000	5,550,000,000
5.2 Conventional and Islamic banking- Outside Bangladesh		
Current accounts		
Interest bearing:		
Citibank N.A., London (EURO)	55,820	467,484
Citibank N.A., London (GBP)	3,432,347	12,159,468
Citibank NA, New York (USD)	864,098,530	521,514,002
Habib American Bank, New York	373,748,309	1,811,044,754
Mashreqbank PSC, New York (USD)	71,208,735	25,612,854
Standard Chartered Bank, Mumbai	27,931,401	44,364,590
Standard Chartered Bank, New York	323,807,413	415,466,240
	1,664,282,555	2,830,629,392
Non-interest bearing:		
AB Bank Limited, Mumbai	3,571,503	8,937,928
Al Rajhi Bank K.S.A	14,896,693	28,689,207
Bank of Sydney	1,027,704	2,484,730
Bhutan National Bank Limited, Thimphu	87,626	13,141,369
Axis Bank Ltd, Mumbai (ACU)	26,116,905	26,614,443
Commerzbank AG, Frankfurt (EURO)	1,211,062	19,112,994
Commerzbank AG, Frankfurt (USD)	6,056,939	6,400,719
Habib Metropolitan Bank Limited, Karachi	11,943,606	15,504,093
Aktif Bank, Istanbul -Jpy	2,587,251	2,537,702
ICICI Bank Limited, Kowloon	2,022,848	10,577,408

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
ICICI Bank Limited, Mumbai	39,671,129	66,812,787
JP Morgan Chase Bank N.A New York, U.S.A	5,622,870	46,115,614
Mashreqbank PSC, Mumbai (EURO)	833,981	764,315
Mashreqbank PSC, Dubai	82,095,741	44,358,240
Muslim Commercial Bank Limited, Colombo	8,923,367	15,102,974
Nepal Bangladesh Bank Limited, Kathmandu	16,710,424	7,489,419
HDFC Bank, Mumbai	3,220,184	181,135
Bank Alfalah Limited, Karachi Pak (ACU)	31,577,935	-
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	99,202	1,025,425
Wells Fargo Bank NA, New York, (USD)	22,200,036	11,926,959
Wells Fargo Bank NA, London, (EURO)	886,088	3,616,182
Zurcher Kantonal Bank, Switzerland	2,416,344	1,832,183
	283,779,438	333,225,826
	1,948,061,993	3,163,855,218
Placement with Off-shore Banking Unit	4,258,953,750	1,139,358,801
Less: Inter company transaction	(4,258,953,750)	(1,139,358,801)
	1,948,061,993	3,163,855,218
5.3 Maturity grouping of balance with other banks and financial institutions		
Up to 1 month	8,274,907,697	10,148,653,804
More than 1 month but not more than 3 months	17,538,000,000	10,964,900,000
More than 3 months but not more than 6 months	5,668,000,000	2,000,000,000
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	31,480,907,697	23,113,553,804
5(a) Consolidated Balance with other banks and financial institutions In Bangladesh		
Bank Asia Limited	29,455,358,540	19,491,968,105
Bank Asia Securities Limited	563,887,306	390,202,061
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	30,019,245,846	19,882,170,166
Less: Inter-company transactions	53,258,020	7,056,652
	29,965,987,826	19,875,113,514
Outside Bangladesh		
Bank Asia Limited	2,025,549,157	3,621,585,699
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	15,828,898	44,673,605
BA Express USA, Inc	96,153,016	93,624,752
	2,137,531,071	3,759,884,056
	32,103,518,897	23,634,997,570
6. Money at call and on short notice		
Call money Lending (Note 6.1)	-	2,500,000,000
Short Notice Lending (Note 6.2)	-	2,100,000,000
	-	4,600,000,000
6.1 Call Money Lending- with Banking companies:		
Standard Bank Limited	-	300,000,000
National Bank Limited	-	900,000,000
NRB Bank Limited	-	300,000,000
Midland Bank Limited	-	600,000,000
	-	2,100,000,000

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
With non Banking financial institutions:		
Delta Brac Housing	-	400,000,000
	-	2,500,000,000
6.2 Short Notice Lending		
AB Bank Limited	-	1,500,000,000
NRB Commercial Bank Limited	-	600,000,000
	-	2,100,000,000
6(a) Consolidated Money at call and on short notice		
Bank Asia Limited	-	4,600,000,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	-	4,600,000,000
7. Investments		
Government (Note 7.1)	90,042,129,622	52,197,323,349
Others (Note 7.2)	4,209,053,962	2,735,256,587
	94,251,183,584	54,932,579,936
7.1 Government		
Conventional and Islamic banking (Note 7.1.1)	90,042,129,622	52,197,323,349
Off-shore banking unit	-	-
	90,042,129,622	52,197,323,349
7.1.1 Conventional and Islamic banking		
Treasury bills (Note 7.1.1.1)	23,102,022,464	17,957,242,335
Treasury bonds (Note 7.1.1.2)	66,938,178,658	34,237,918,214
Prize bonds	1,928,500	2,162,800
	90,042,129,622	52,197,323,349
7.1.1.1 Treasury bills		
91 days treasury bills	-	983,819,500
182 days treasury bills	-	5,802,790,192
364 days treasury bills	23,102,022,464	11,170,632,643
	23,102,022,464	17,957,242,335
7.1.1.2 Treasury bonds		
Bangladesh Bank Govt Investment Sukuk	3,695,610,000	-
Bangladesh Bank Islamic bond	1,088,100,000	969,300,000
2 years Bangladesh Government treasury bonds	16,209,978,546	11,860,346,380
5 years Bangladesh Government treasury bonds	10,809,627,648	1,232,569,103
10 years Bangladesh Government treasury bonds	20,772,094,037	6,949,813,038
15 years Bangladesh Government treasury bonds	9,979,818,881	8,844,580,607
20 years Bangladesh Government treasury bonds	4,382,949,546	4,381,309,086
	66,938,178,658	34,237,918,214
7.2 Others		
Conventional and Islamic banking (Note 7.2.1)	4,209,053,962	2,735,256,587
Off-shore banking unit	-	137,586,963
Less: Adjustment with OBU	-	(137,586,963)
	4,209,053,962	2,735,256,587

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
7.2.1 Conventional and Islamic banking		
a) Ordinary shares (Details are shown in Annexure-B)		
Quoted shares	444,596,173	451,939,366
Unquoted share	226,732,948	226,743,590
	671,329,121	678,682,956
b) Mutual Fund (Details are shown in Annexure-B)		
1st Janata Bank Mutual fund	50,000,000	50,000,000
EBL NRB 1st Mutual Fund	149,665,000	149,665,000
1st Bangladesh Fixed Income Fund	250,000,000	250,000,000
MBL 1st Mutual Fund	50,000,000	50,000,000
EXIM Bank 1st Mutual Fund	158,076,866	235,793,533
	657,741,866	735,458,533
c) Debentures		
Beximco Denims Limited	9,537,605	9,537,605
Beximco Textiles Limited	6,445,370	6,445,370
	15,982,975	15,982,975
d) Bonds		
Zero Coupon Bond - BSRM Steels Limited	-	21,132,123
Non-Convertible Subordinated Bond - Premier Bank	500,000,000	500,000,000
Second Subordinated Bond - Mututal Trust Bank	160,000,000	240,000,000
Second Subordinated Bond - United Commercial Bank	120,000,000	180,000,000
Fourth Subordinated Bond - United Commercial Bank	1,000,000,000	-
Subordinated Mudaraba Bond - Social Islami Bank Limited	40,000,000	80,000,000
Second Subordinated Mudaraba Bond - Social Islami Bank Limited	60,000,000	80,000,000
5 Year Preference Share - Meghna Cement Mills Ltd	700,000,000	-
5 Year Preference Share - Kushiara Power Co. Ltd	100,000,000	-
5 Year Preference Share - Summit LNG Terminal Co (Pvt) Ltd	100,000,000	100,000,000
5 Year Preference Share - Summit Gazipur II Power Ltd	40,000,000	50,000,000
7 Year Preference Share - Summit Barishal Power Ltd	44,000,000	54,000,000
	2,864,000,000	1,305,132,123
	4,209,053,962	2,735,256,587
7.3 Investments classified as per Bangladesh Bank circular		
Held for trading (HFT)	49,756,216,683	25,006,234,834
Held to maturity (HTM)	35,500,274,439	26,219,625,715
Other securities	8,994,692,462	3,706,719,387
	94,251,183,584	54,932,579,936
7.4 Maturity-wise grouping		
On demand	1,719,800,000	3,800,078,275
Up to 3 months	192,100,000	4,022,700,000
More than 3 months but not more than 1 year	30,208,900,000	16,213,600,000
More than 1 year but not more than 5 years	32,128,600,000	12,123,715,602
More than 5 years	30,001,783,584	18,772,486,059
	94,251,183,584	54,932,579,936
7(a) Consolidated Investments		
Government		
Bank Asia Limited	90,042,129,622	52,197,323,349
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	90,042,129,622	52,197,323,349

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Others		
Bank Asia Limited	4,209,053,962	2,735,256,587
Bank Asia Securities Limited	655,627,144	594,391,990
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	4,864,681,106	3,329,648,577
	<u>94,906,810,728</u>	<u>55,526,971,926</u>
8 Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (Note 8.1)	228,467,330,505	208,039,420,174
Bills purchased and discounted (Note 8.2)	16,174,699,568	19,259,535,874
	<u>244,642,030,073</u>	<u>227,298,956,048</u>
8.1 Loans, cash credits, overdrafts, etc/investments		
Conventional and Islamic banking		
Inside Bangladesh		
Agricultural loan	2,652,039,116	4,159,541,046
Cash credit/Bai Murabaha (Muajjal)	6,475,321,470	5,200,792,123
Credit card	2,732,685,187	2,516,315,246
Credit for poverty alleviation scheme-micro credit	7,613,585	7,123,089
Consumer credit scheme	13,449,332,124	12,187,585,434
Demand loan	32,210,343,715	35,233,505,899
Export Development Fund (EDF)	15,130,653,340	13,877,741,438
House building loans	1,753,894,542	1,132,154,665
Loans (General)/ Musharaka	19,204,212,902	22,237,867,700
Loan against trust receipts/ Bai Murabaha post import	13,163,763,436	11,706,288,469
Overdrafts/ Quard against scheme	37,334,786,408	36,888,315,235
Packing credit	483,400,366	501,557,309
Payment against documents	99,931,390	122,281,961
Staff Loan	1,551,039,312	1,534,466,105
Transport loan	2,032,418,741	1,876,229,886
Term loan- industrial/ Hire purchase under Shirkatul Melk	26,477,173,539	21,034,437,536
Term loan- others	34,484,219,425	35,140,657,300
Loan under Covit-19 stimulus package	15,450,815,316	-
	224,693,643,914	205,356,860,441
Outside Bangladesh	-	-
	224,693,643,914	205,356,860,441
Off-shore banking unit	3,773,686,591	2,682,559,733
	<u>228,467,330,505</u>	<u>208,039,420,174</u>
8.2 Bills purchased and discounted		
Conventional and Islamic banking	1,450,361,346	2,370,138,131
Off-shore banking unit	14,724,338,222	16,889,397,743
	<u>16,174,699,568</u>	<u>19,259,535,874</u>
8.3 Maturity-wise grouping		
Repayable on demand	48,573,100,000	32,536,456,048
Not more than 3 months	35,240,200,000	33,477,600,000
More than 3 months but not more than 1 year	65,016,400,000	75,668,900,000
More than 1 year but not more than 5 years	77,936,600,000	70,342,105,600
More than 5 years	17,875,730,073	15,273,894,400
	<u>244,642,030,073</u>	<u>227,298,956,048</u>
8.4 Net loans and advances/investments		
Gross loans and advances/investments	244,642,030,073	227,298,956,048
Less: Interest suspense (Note 13.4)	4,341,502,178	2,014,114,905
Provision for loans and advances/investments (Note 13.2 & 13.10)	13,960,800,000	12,279,116,920
	18,302,302,178	14,293,231,825
	<u>226,339,727,895</u>	<u>213,005,724,223</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
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8.5 Loans and advances/investments under the following broad categories

In Bangladesh

Loans	184,657,222,627	165,950,312,816
Cash credits	6,475,321,470	5,200,792,123
Overdrafts	37,334,786,408	36,888,315,235
Bills purchased and discounted	15,815,626,813	18,438,714,690
	244,282,957,318	226,478,134,864

Outside Bangladesh

Bills purchased and discounted	359,072,755	820,821,184
	<u>244,642,030,073</u>	<u>227,298,956,048</u>

8.6 Significant concentration wise grouping

a) Directors	-	-
b) Chief Executive and other senior executives		
i) Managing Director	1,689,000	2,704,000
ii) Other senior executives	197,827,566	174,989,000
	199,516,566	177,693,000
c) Agriculture	9,523,200,000	4,776,100,000
d) Industry		
Food Manufacturing	11,149,600,000	13,514,000,000
Beverage industry	467,400,000	338,600,000
Tobacco industry	-	69,600,000
RMG industry	27,559,500,000	22,705,100,000
Textile industry	21,329,800,000	21,335,000,000
Wood cork and allied products	40,200,000	48,900,000
Furniture and Fixture	199,800,000	159,100,000
Paper and paper products	6,734,300,000	6,561,400,000
Leather and leather products	2,195,000,000	2,298,900,000
Rubber products	2,206,500,000	2,775,400,000
Chemical and chemical products	585,300,000	2,178,900,000
Basic metal products	8,953,300,000	8,800,200,000
Electrical machinery and apparatus	6,269,900,000	3,327,000,000
Other manufacturing industries	21,787,113,507	18,284,363,048
Ship building	4,614,900,000	4,608,300,000
Ship breaking	1,386,600,000	1,419,700,000
Pharmaceutical	2,290,200,000	500,300,000
	117,769,413,507	108,924,763,048
e) Constructions	5,359,200,000	5,704,100,000
f) Power, Gas, Water and Sanitary Services	6,558,800,000	7,657,100,000
g) Transport, Storage and Communication	1,423,900,000	1,577,500,000
h) Trade Services	48,065,200,000	47,112,900,000
i) Housing Services	16,706,000,000	15,140,400,000
j) Banking and Insurance	4,427,400,000	3,429,000,000
k) Professional and Misc. services	34,609,400,000	32,799,400,000
	<u>244,642,030,073</u>	<u>227,298,956,048</u>

8.7 Geographical location-wise grouping

Inside Bangladesh

Urban

Dhaka Division	192,588,197,372	150,749,987,430
Chittagong Division	26,372,205,754	44,596,194,337
Khulna Division	5,383,842,624	4,081,619,811
Rajshahi Division	4,946,980,047	2,725,982,194
Barisal Division	906,410,565	804,001,905
Sylhet Division	2,448,636,596	1,968,108,052

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Rangpur Division	1,578,990,969	1,271,032,534
Mymensingh Division	569,559,166	530,778,677
	234,794,823,093	206,727,704,940
Rural		
Dhaka Division	5,058,322,288	13,510,893,368
Chattagram Division	3,435,732,836	4,155,761,316
Khulna Division	135,602,845	95,611,839
Sylhet Division	167,587,597	384,841,443
Rajshahi Division	1,049,961,414	2,424,143,142
	9,847,206,980	20,571,251,108
Outside Bangladesh	-	-
	<u>244,642,030,073</u>	<u>227,298,956,048</u>

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

Collateral of movable/immovable assets	156,286,050,696	131,430,205,799
Local banks and financial institutions' guarantee	359,800,219	723,545,355
Foreign banks' guarantee	125,550,000	91,182,676
Export documents	6,476,499,298	8,394,416,952
Cash and quasi cash	7,185,088,750	6,258,140,290
Personal guarantee	36,458,773,678	16,493,947,200
Other securities	37,750,267,432	63,907,517,775
	<u>244,642,030,073</u>	<u>227,298,956,048</u>

8.9 Details of large loans/investments

As at 31 December 2020 there were six (2019: eight) clients with whom amount of outstanding and classified loans and advances exceeded 10% of the total capital of the Bank. Total capital of the Bank was Taka 43,753.94 million as at 31 December 2020 (Taka 42,757.14 million in 2019).

Details are shown in Annex E.

8.10 Particulars of loans and advances/investments

i) Loans/investments considered good in respect of which the Bank is fully secured	170,432,988,963	146,897,491,073
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	36,458,773,678	16,493,947,200
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	37,750,267,432	63,907,517,775
iv) Loans/investments adversely classified; provision not maintained there against	-	-
	<u>244,642,030,073</u>	<u>227,298,956,048</u>
v) Loans/investments due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,551,039,312	1,534,466,105
vi) Loans/investments due from companies or firms in which the directors or officers of the bank have interest as directors, partners or managing agents or in case of private companies, as members	-	-
vii) Maximum total amount of advances/investments, including temporary advances/investments made at any time during the year to directors or managers or officers of the bank or any of them either separately or jointly with any other person.	<u>1,551,039,312</u>	<u>1,534,466,105</u>

Notes to the financial statements

	31 Dec 2020	31 Dec 2019
	Amount in Taka	
viii) Maximum total amount of advances/investments, including temporary advances/investments granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members	-	-
ix) Due from banking companies	16,174,699,568	19,259,535,874
x) Amount of classified loans/investments on which interest has not been charged mentioned as follows:		
a) Increase/(Decrease) of provision (specific)	(484,456,791)	711,897,413
Amount of loan written off	301,241,605	2,716,368,198
Amount realised against the loans previously written off	183,636,137	145,983,239
b) Provision kept against loans/investments classified as bad debts	4,120,200,000	4,604,656,791
c) Interest credited to interest suspense account	4,341,502,178	2,014,114,905
xi) Cumulative amount of written off loans/investments		
Balance as at 1 January	12,867,906,149	10,151,537,951
Amount written off during the year	301,241,605	2,716,368,198
The amount of written off loans/investments for which law suit has been filed	13,169,147,754	12,867,906,149

8.11 Grouping as per classification rules

Unclassified:

Standard including staff loan
Special mentioned account

229,709,034,174	208,365,703,048
7,002,067,597	8,453,268,000
236,711,101,771	216,818,971,048

Classified:

Sub-standard
Doubtful
Bad/loss

1,655,165,986	1,847,769,000
163,228,926	576,934,000
6,112,533,390	8,055,282,000
7,930,928,302	10,479,985,000
244,642,030,073	227,298,956,048

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding	Base for	Required provision	
	at 31 Dec 2020	provision	%	Amount

For loans and advances/investments:

Unclassified - general provision

(Other than - SME financing, House building loan and loan for professional, loan to Brokerage House (BH), consumer finance,

staff loan and SMA)	159,827,870,049	141,330,475,187	1% to 5%	8,269,900,000	6,635,246,309
Small and medium enterprise financing	31,364,700,000	31,364,700,000	0.25%	78,411,750	69,431,158
House building loan and loan for professional	12,013,900,000	12,013,900,000	1 to 2%	120,139,000	108,482,390
Loans to BH	2,118,300,000	2,118,300,000	2.00%	42,366,000	38,685,160
Consumer finance	4,335,200,000	4,335,200,000	5.00%	216,760,000	208,283,750
Special general provision COVID-19 (Note 13.10)				850,600,000	-
Staff loan	1,551,039,312	1,551,039,312	0%	-	59,537
				9,578,176,750	7,060,188,303
Special mentioned account	7,002,067,597	7,002,000,000	0.25% to 90%	68,600,000	411,112,252

Off-shore unit

Unclassified loans (general)	18,498,024,813	18,498,024,813	1%	184,980,248	188,963,706
Special mentioned account	-	-	-	-	6,755,868
Sub-standard	-	-	-	-	-
				184,980,248	195,719,574

Notes to the financial statements

Amount in Taka

				31 Dec 2020	31 Dec 2019
Classified - specific provision					
Sub-standard	1,655,165,986	1,119,500,000	20% / 5%	222,200,000	234,201,791
Doubtful	163,228,926	70,900,000	50% / 5%	34,500,000	128,781,000
Bad/loss	6,112,533,390	3,858,200,000	100%	3,858,200,000	4,239,831,000
				4,114,900,000	4,602,813,791
Provision required for loans and advances				13,946,656,998	12,269,833,920
Total provision maintained (Note 13.2 & 13.10)					
Conventional and Islamic Banking				13,775,819,752	12,083,397,346
Off-shore Banking Unit				184,980,248	195,719,574
				13,960,800,000	12,279,116,920

8.13 Suits filed by the Bank (Branch wise details)

Agrabad Branch	2,774,258,008	2,693,658,008
Anderkilla Branch	2,147,195,492	2,146,564,386
Ashulia Branch	21,464,733	21,764,732
Bahadderhat Branch	93,140,778	90,638,634
Bank Asia Bhaban Branch	100,592,656	100,592,656
Bashundhara Branch	304,667,551	312,998,503
Beanibazar Branch	5,584,770	5,584,770
Bhatiary Branch	235,415,552	245,224,731
Bogra Branch	170,554,742	170,554,742
BSMMU Branch	1,413,816	1,413,816
Credit Cards Department	58,986,988	64,430,319
CDA Avenue Branch	5,642,291,874	5,640,824,080
Chandragonj Branch	492,048	492,048
Chatkhil Branch	6,793,978	6,793,978
Corporate Branch	338,268,683	330,238,700
Cumilla Branch	86,486,898	32,485,367
Dhanmondi Branch	1,017,296,372	1,009,129,125
Donia Branch	46,946,884	46,946,884
Elephant Road	2,375,836	2,375,836
Gulshan Branch	1,394,306,248	1,338,662,983
Holy Family RCMCH Branch	83,100,828	58,723,079
Jaganathpur Branch	6,120,000	
Jatrabari SME	1,185,818	1,185,818
Jessore Branch	89,881,449	89,881,449
Jurain SME Centre	941,349	941,349
Kamal Bazar Branch	481,668	315,335
Kazipara Branch	13,113,564	
Khatunganj Branch	3,114,744,394	3,131,411,640
Khulna Branch	77,394,034	77,394,034
Konabari Branch	540,150	12,544,477
Lohagara Branch	20,729,905	15,123,119
Madhobdi Branch	136,591,869	
Maijdee Court Branch	98,687,119	98,687,119
Malkhanagar Branch	77,943,669	77,943,669
MCB Banani Branch	92,011,564	132,311,907
MCB Dilkusha Branch	1,194,553,154	1,383,595,978
MCB Sk. Mujib Road Branch	2,066,385,324	2,056,385,324
Mirpur Branch	15,659,797	14,808,324
Mitford Branch	300,047,766	300,047,766
Moghbar Branch	53,513,290	53,513,290

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Mohakhali Branch	62,003,361	62,424,673
Moulavibazar Branch	52,108,011	19,007,011
Narayangonj Branch	163,562,826	163,562,826
North South Road Branch	1,707,685,466	1,692,245,369
Oxygen Moor Branch	7,882,263	5,874,497
Paltan Branch	70,216,500	70,216,500
Principal Office Branch	1,067,178,608	1,059,220,847
Progoti Sarani Branch	41,340,118	41,295,179
Rajshahi Branch	34,331,602	38,621,684
Ramgonj SME/Agri Branch	13,655,636	13,655,636
Rekabi bazar SME Center	348,681	348,681
Rupnagar Branch	1,208,503	870,417
Savar Branch	25,273,708	19,429,224
Scotia Branch	718,085,871	675,239,701
Shantingar Branch	1,114,261,160	1,000,549,493
Station Road Branch	8,955,312	158,228,019
Strand Road Branch	16,264,367	14,991,880
Sylhet Main Branch	23,438,876	23,438,876
Sylhet Uposhahar Branch	5,351,680	5,351,680
Sylhet Uposhahar Islamic Window Branch	19,936,418	19,936,418
Tarail Branch	290,718	230,000
Tongi Branch	2,174,613	2,174,613
Uttara Branch	922,354,503	924,570,685
EPZ Branch	9,956,696	5,904,884
	<u>27,980,026,115</u>	<u>27,783,576,768</u>
8.14 Bills purchased and discounted		
Payable in Bangladesh	15,815,626,813	18,438,714,690
Payable outside Bangladesh	359,072,755	820,821,184
	<u>16,174,699,568</u>	<u>19,259,535,874</u>
8.15 Maturity-wise grouping of bills purchased and discounted		
Payable within 1 month	4,546,253,379	8,072,270,117
More than 1 month but less than 3 months	5,023,096,265	5,373,161,137
More than 3 months but less than 6 months	5,104,590,035	4,517,632,558
More than 6 months	1,500,759,889	1,296,472,062
	<u>16,174,699,568</u>	<u>19,259,535,874</u>
8(a) Consolidated Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments		
Bank Asia Limited	228,467,330,505	208,039,420,174
Bank Asia Securities Limited	4,810,787,426	4,649,980,291
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>233,278,117,931</u>	<u>212,689,400,465</u>
Less: Inter- companies transactions	2,120,969,217	1,853,724,468
	<u>231,157,148,714</u>	<u>210,835,675,997</u>
Bills purchased and discounted		
Bank Asia Limited	16,174,699,568	19,259,535,874
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
	16,174,699,568	19,259,535,874
	247,331,848,282	230,095,211,871

9 Fixed assets including premises, furniture and fixtures

Conventional and Islamic banking (Note 9.1)	6,708,655,006	7,025,602,707
Off-shore banking unit	-	-
	6,708,655,006	7,025,602,707

9.1 Conventional and Islamic banking

Cost:

Land	2,646,764,306	2,646,764,306
Building	3,232,313,394	2,752,485,492
Furniture and fixtures	1,431,187,762	1,392,511,972
Equipments	1,322,248,427	1,260,865,987
Computer and accessories	565,434,812	546,994,266
Motor vehicles	283,882,241	222,685,296
Intangible assets	24,000,000	24,000,000
Construction work in progress	444,741,638	667,935,308
Right-of-use assets	1,739,075,475	1,739,075,475
	11,689,648,055	11,253,318,102
Less: Accumulated depreciation	4,927,277,785	4,174,000,131
Adjustment of assets revaluation	53,715,264	53,715,264
Written down value at the end of the year - Details are shown in Annex C.	6,708,655,006	7,025,602,707

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

Bank Asia Limited	6,708,655,006	7,025,602,707
Bank Asia Securities Limited	100,737,790	35,734,740
BA Exchange Company (UK) Limited	112	1,797,251
BA Express USA, Inc	4,710,492	2,758,533
	6,814,103,400	7,065,893,231

10 Other assets

Conventional and Islamic banking (Note 10.1)	13,692,680,876	12,794,895,226
Off-shore banking unit	455,426,291	49,093,897
Less : Inter transaction between OBU and Conventional Banking	(413,515,032)	-
	13,734,592,135	12,843,989,123

10.1 Conventional and Islamic banking

Income generating other assets

Investment in Bank Asia Securities Ltd - incorporated in Bangladesh	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited - incorporated in UK	34,470,000	33,300,000
Investment in BA Express USA Inc - incorporated in USA	81,408,000	81,504,000
	2,115,868,000	2,114,794,000

Non-income generating other assets

Income receivable (Note 10.2)	1,484,684,607	1,007,575,087
Stock of stamps	8,375,022	8,488,149
Stationery, printing materials, etc	72,829,560	64,887,379
Prepaid expenses	19,637,430	1,802,233
Deposits and advance rent	325,988,875	340,391,863
Advances, prepayments and others (Note 10.3)	199,702,197	244,111,397
Advance income tax (Note 10.4)	6,125,028,357	7,236,912,463
Receivable against government	83,180,897	138,341,463
Sundry debtors	41,540,814	62,639,097

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Branch adjustment account (Note 10.5)	846,187,566	1,152,362,220
Protested bills	48,489,200	68,035,265
Receivable from BA Exchange Company (UK) Limited	94,676,053	83,868,721
Receivable from BA Express USA Inc	325,094,277	219,844,009
Excise duty recoverable	23,920,480	50,841,880
Profit Receivable from Govt Investment Sukuk	1,428,495	-
Interest receivable against Govt Subsidy - from client	1,682,351,785	-
Interest receivable against Govt Subsidy - from govt (Note 10.7)	193,697,261	-
	<u>11,576,812,876</u>	<u>10,680,101,226</u>
	<u>13,692,680,876</u>	<u>12,794,895,226</u>

10.2 income receivable

Income receivable consists of interest accrued on investment including interest for stimulus package.

10.3 Advances, prepayments and others

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

10.4 Advance income tax

Advance income tax represents the tax payment to the government exchequer. Advance income tax was adjusted against provision for taxation for the year 2017 and 2018 as the tax assessments have been finalized.

10.5 Branch adjustment accounts

This represents outstanding inter-branch and head office transactions (net) which are originated but not responded by the counter transaction at the balance sheet date. The unresponded entries of 31 December 2020 are given below:

Periods of Reconciliation	Number of responded entries (Debit)	Amount of responded entries (Taka)	Number of responded entries (Credit)	Amount of responded entries (Taka)
Up to 3 months	51	756,211,316	59	9,627,006
More than 3 months but within 6 months	-	-	-	-
More than 6 months but within 1 year	-	-	-	-
More than 1 year but within 5 years	1	50,000	1	23,515
Above 5 years	-	-	-	-
	<u>52</u>	<u>756,261,316</u>	<u>60</u>	<u>9,650,521</u>

10.6 Receivable from Government in connection with Rangs Properties:

The Bank has a receivable from Government in connection with demolition of Rangs Bhaban in 2008 situated at 113-116 Old Airport Road, Dhaka-1215. Bank Asia had a purchased floor at 3rd floor of the Building, where from the then Scotia Branch used to run. Total receivable in this regard is Tk. 3,19,52,365 (Taka three crore nineteen lac fifty two thousand three hundred sixty five) which was eventually written-off from the Book considering uncertainty and prolonged legal proceedings.

10.7 Interest receivable against Govt Subsidy - from govt

As per BRPD Circular letter no. 23 dated May 04, 2020 total claim to Bangladesh Bank was Tk. 255,737,851 out of which Bank has received Tk. 255,738,000 from Bangladesh Bank as of December 30, 2020. In the meantime receivable amount was Tk. 62,040,590 adjusted by the customer at the time of closing of their accounts. This amount will be duly reimburse to customer account.

10 (a) Consolidated Other assets

Bank Asia Limited	13,734,592,135	12,843,989,123
Bank Asia Securities Limited	434,030,695	302,091,372
BA Exchange Company (UK) Limited	943,152	2,376,043
BA Express USA, Inc	115,533,509	78,843,426
	<u>14,285,099,491</u>	<u>13,227,299,964</u>
Less: Inter- companies transactions		
Investment in Bank Asia Securities Limited	1,999,990,000	1,999,990,000
Investment in BA Exchange Company (UK) Limited	33,684,900	32,553,000
Investment in BA Express USA, Inc	80,592,000	80,496,000

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Receivable from BA Exchange Company (UK) Limited	94,676,053	83,868,721
Receivable from BA Exchange USA, Inc.	325,094,277	219,844,009
	<u>11,751,062,261</u>	<u>10,810,548,234</u>

10(aa) Demutualization membership of Dhaka Stock Exchange

The majority owned (99.99%) subsidiary company of the Bank, Bank Asia Securities Limited (BASL) has acquired the membership of Dhaka Stock Exchange for Tk.153,119,000. As per the scheme of Demutualization of DSE, BASL being the initial shareholders of DSE, is entitled to receive 7,215,106 shares of Tk. 10 each, totaling Tk. 72,151,060.

Under section 14(Ka) of Demutualization Act 2013, Share Purchase Agreement (SPA) executed between Dhaka Stock Exchange Ltd. (DSE) and its strategic investors namely Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE) and completed the sale of 25% (Twenty-five percent) DSE shares to SZSE and SSE. In this connection, BASL sold 1,803,777 number of share at the rate of Tk.21 per share totaling Tk. 37,879,317. Currently BASL holding 5,411,329 shares at a cost of totaling Tk. 114,839,239

The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily ascertainable. However, management expect the fair value to be similar or more that the current revalued amount. Once more clarity about the Scheme and related factors are available a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	21,526,054,526	15,905,617,561
Off-shore banking unit (Note 11.2)	18,704,754,165	19,615,869,735
Less: Adjustment with Head Office	<u>(4,258,953,750)</u>	<u>(1,139,358,801)</u>
	<u>35,971,854,941</u>	<u>34,382,128,495</u>

11.1 Conventional and Islamic banking

In Bangladesh (Note 11.1.1)	21,526,054,526	15,905,617,561
Outside Bangladesh	-	-
	<u>21,526,054,526</u>	<u>15,905,617,561</u>

11.1.1 In Bangladesh

Secured:

Un secured:

Money at call and on short notice

Arab Bangladesh Bank Limited	-	1,500,000,000
Uttara Bank Limited	3,000,000,000	-
IFIC Bank Limited	900,000,000	-
	<u>3,900,000,000</u>	<u>1,500,000,000</u>

Borrowings

Bangladesh Bank (BB) refinance	369,818,471	206,595,589
Covid-19 Stimulus PKG-Tk. 5000 Cr for Export	1,324,997,951	-
Agri Refinance Under STM PKG Of Tk. 5000	155,086,462	-
Borrowing From BB Under IPPF- II Fund	458,728,000	-
Borrowing from BB under Long Term Financing Facilities (LTFF) scheme	428,626,641	459,465,745
SME Foundation Pre Finance	20,422,607	23,422,607
BB Pre-Finance for SREUP	15,000,000	-
Borrowing A/C (AGRI Taka 10)	64,303,992	31,223,040
Borrowing- Green finance refinance	10,000,000	50,000,000
Export development fund	14,779,070,402	13,634,910,580
Onshore export discount	-	137,586,963
	<u>17,626,054,526</u>	<u>14,543,204,524</u>
Less : Inter borrowings between OBU and Conventional Banking	-	(137,586,963)
	<u>21,526,054,526</u>	<u>15,905,617,561</u>

11.2 Borrowing at Off-shore banking unit

Secured:

	-	-
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Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Un secured:		
Conventional Banking	4,284,703,063	1,125,267,792
International Finance Corporation	5,456,750,000	6,708,000,000
Borrowing - ECA	2,045,806,201	362,158,541
Standard Chartered Bank, Singapore	-	2,728,059,750
First Gulf Bank/First Abu Dhabi Bank	-	419,250,000
National Bank of RAS Al Khaimah	-	1,844,700,000
United Bank Limited, UAE	-	838,500,000
Caixa Bank, Barcelona	2,449,467,915	-
Standard Chartered Bank, Thailand	419,750,000	-
HDFC, Gift City, Mumbai	-	1,257,750,000
Nabil Bank Limited, Nepal	419,750,000	-
Noor Islami Bank, Dubai, UAE	-	1,090,050,000
Abu Dhabi Commercial Bank	-	838,500,000
Commercial Bank of Dubai	839,500,000	-
State Bank of India, Hongkong	419,750,000	-
State Bank of India, Dubai	856,290,000	-
Nepal Bangladesh Bank Limited	419,750,000	-
The Commercial Bank, Qatar	671,600,000	503,100,000
DBS Bank Singapore	419,750,000	1,509,300,000
Banca Valsabbina SCPA Vestone Italy	1,886,986	108,239,902
Sanima Bank, Nepal	-	282,993,750
	<u>18,704,754,165</u>	<u>19,615,869,735</u>
11(a) Consolidated Borrowings from other banks, financial institutions and agents		
Bank Asia Limited	35,971,854,941	34,382,128,495
Bank Asia Securities Limited	2,120,969,217	1,853,724,468
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>38,092,824,158</u>	<u>36,235,852,963</u>
Less: Inter-company transactions	<u>2,120,969,217</u>	<u>1,853,724,468</u>
	<u>35,971,854,941</u>	<u>34,382,128,495</u>
11(aa) Subordinated Non-Convertible Bonds		
Subordinated Non-Convertible Zero Coupon Bond		
Agrani Bank Limited	80,000,000	120,000,000
BRAC Bank Limited	40,000,000	60,000,000
Janata Bank Limited	100,000,000	150,000,000
Mercantile Bank Limited	200,000,000	300,000,000
One Bank Limited	240,000,000	360,000,000
Pubali Bank Limited	100,000,000	150,000,000
Rupali Bank Limited	240,000,000	360,000,000
Sonali Bank Limited	200,000,000	300,000,000
	<u>1,200,000,000</u>	<u>1,800,000,000</u>
Subordinated Non-Convertible floating rate bond - 2		
Agrani Bank Limited	200,000,000	250,000,000
Dhaka Bank Limited	600,000,000	750,000,000
Janata Bank Limited	200,000,000	250,000,000
National Life Insurance Co	400,000,000	500,000,000
Pubali Bank Limited	800,000,000	1,000,000,000
Sabinco	120,000,000	150,000,000
Sadharan Bima Corporation	80,000,000	100,000,000
Sonali Bank Limited	800,000,000	1,000,000,000

Notes to the financial statements

Amount in Taka

	31 Dec 2019	31 Dec 2018
Southeast Bank Limited	400,000,000	500,000,000
Uttara Bank Limited	400,000,000	500,000,000
	<u>4,000,000,000</u>	<u>5,000,000,000</u>
Subordinated Non-Convertible floating rate bond - 3		
Agrani Bank Limited	2,500,000,000	2,500,000,000
Eastern Bank Limited	1,000,000,000	1,000,000,000
Trust Bank Limited	500,000,000	500,000,000
Dutch-Bangla Bank Limited	500,000,000	500,000,000
Pubali Bank Limited	500,000,000	500,000,000
	<u>5,000,000,000</u>	<u>5,000,000,000</u>
	<u>10,200,000,000</u>	<u>11,800,000,000</u>

11.3 Maturity-wise grouping (Note 11 and Note 11 aa)

Payable on demand	9,011,654,941	4,207,328,495
Up to 1 month	-	-
More than 1 month but within 3 months	14,297,800,000	11,386,200,000
More than 3 months but within 1 year	6,577,300,000	17,036,200,000
More than 1 year but within 5 years	12,707,300,000	3,352,400,000
More than 5 years	3,577,800,000	10,200,000,000
	<u>46,171,854,941</u>	<u>46,182,128,495</u>

11.4 Disclosure regarding REPO

Disclosure regarding REPO transactions of the bank are given as per Bangladesh Bank, DOS Circular No. 6 dated July 15, 2010

a (i) Disclosure regarding outstanding REPO as on 31 December

Sl. #	Counter party name	Agreement date	Reversal Date	Amount (Taka)
NIL				
Total				-

(ii) Disclosure regarding outstanding Reverse REPO as on 31 December

Sl. #	Counter party name	Agreement date	Reversal Date	Amount (Taka)
NIL				
Total				-

b Disclosure regarding overall transaction of REPO & Reverse REPO

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	-	-	-
Securities purchased under reverse repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	-	-	-

12 Deposits and other accounts

Conventional and Islamic banking (Note 12.1)	302,702,491,449	253,114,207,271
Off-shore banking unit	325,614,911	595,367,344
	<u>303,028,106,360</u>	<u>253,709,574,615</u>

Deposits and other accounts

Current/AI-wadeeah current accounts and other accounts

Deposits from banks	-	-
Deposits from customers	59,077,355,292	47,005,242,314
Off-shore banking unit	280,490,384	448,441,616
	<u>59,357,845,676</u>	<u>47,453,683,930</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Bills payable		
Deposits from banks	-	-
Deposits from customers	3,747,868,764	3,742,697,471
	<u>3,747,868,764</u>	<u>3,742,697,471</u>
Savings bank/Mudaraba savings bank deposits		
Deposits from banks	-	-
Deposits from customers	64,167,247,193	48,293,710,027
	<u>64,167,247,193</u>	<u>48,293,710,027</u>
Fixed deposits/Mudaraba fixed deposits		
Deposits from banks	5,101,696	1,654,615
Deposits from customers	175,704,918,504	154,070,902,844
Off-shore banking unit	45,124,527	146,925,728
	<u>175,755,144,727</u>	<u>154,219,483,187</u>
	<u>303,028,106,360</u>	<u>253,709,574,615</u>
12.1 Conventional and Islamic banking		
Deposits from banks (Note 12.1.1)	5,101,696	1,654,615
Deposits from customers (Note 12.1.2)	302,697,389,753	253,112,552,656
	<u>302,702,491,449</u>	<u>253,114,207,271</u>
12.1.1 Deposits from banks		
Fixed deposit/SND		
AB Bank Limited	39,875	40,107
EXIM Bank Limited	3,885,861	456,585
Social Islami Bank Limited	586,859	577,859
Trust Bank Limited	589,101	580,064
	<u>5,101,696</u>	<u>1,654,615</u>
12.1.2 Deposits from customers		
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)	59,077,355,292	47,005,242,314
Bills payable (Note 12.1.2b)	3,747,868,764	3,742,697,471
Savings bank/Mudaraba savings deposits	64,167,247,193	48,293,710,027
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)	175,704,918,504	154,070,902,844
	<u>302,697,389,753</u>	<u>253,112,552,656</u>
12.1.2a Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current accounts	24,818,035,606	17,441,207,887
Other demand deposit - Local currency	25,468,837,980	22,733,007,110
Other demand deposit - Foreign currencies	6,708,270,720	5,227,954,342
Foreign currency deposits	2,495,726,018	1,603,072,975
Export retention quota	-	-
	<u>59,490,870,324</u>	<u>47,005,242,314</u>
Less : Inter transaction between OBU and Conventional Banking	(413,515,032)	-
	<u>59,077,355,292</u>	<u>47,005,242,314</u>
12.1.2b Bills payable		
Bills payable - local currency	3,723,901,591	3,669,925,828
Bills payable - foreign currencies	23,967,173	72,771,643
Demand draft	-	-
	<u>3,747,868,764</u>	<u>3,742,697,471</u>
12.1.2c Fixed deposits/Mudaraba fixed deposits		
Fixed deposits/Mudaraba fixed deposits	107,507,156,677	91,651,024,581
Special notice deposit	29,394,855,101	27,251,216,317
Foreign currency deposits (interest bearing)	3,371,973	3,364,448
Deposit under schemes	38,799,534,753	35,165,297,498
	<u>175,704,918,504</u>	<u>154,070,902,844</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
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12.2 Payable on demand and time deposits

a) Demand deposits

Current/Al-wadeeah current accounts and other accounts	24,685,010,958	17,889,649,503
Savings bank/Mudaraba savings deposits	5,775,052,247	4,346,433,902
Foreign currency deposits (non interest bearing)	9,203,996,738	6,831,027,317
Sundry deposits	25,468,837,980	22,733,007,110
Bills payable	3,747,868,764	3,742,697,471
	<u>68,880,766,687</u>	<u>55,542,815,303</u>

b) Time deposits

Savings bank/Mudaraba savings deposits	58,392,194,946	43,947,276,125
Fixed deposits/Mudaraba fixed deposits	107,557,382,900	91,799,604,924
Foreign currency deposits (interest bearing)	3,371,973	3,364,448
Special notice deposit	29,394,855,101	27,251,216,317
Security deposits	-	-
Deposits under schemes	38,799,534,753	35,165,297,498
	<u>234,147,339,673</u>	<u>198,166,759,312</u>
	<u>303,028,106,360</u>	<u>253,709,574,615</u>

12.3 Sector-wise break-up of deposits and other accounts

Government	7,873,636,862	6,526,196,000
Deposit from banks	5,101,696	1,654,615
Other public	4,496,553,088	3,066,290,000
Foreign currencies	9,556,950,795	7,502,530,752
Private	281,095,863,919	236,612,903,248
	<u>303,028,106,360</u>	<u>253,709,574,615</u>

12.4 Maturity-wise grouping

12.4.1 Deposits from banks

Payable on demand	5,101,696	1,654,615
Up to 1 month	-	-
Over 1 month but within 6 months	-	-
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>5,101,696</u>	<u>1,654,615</u>

12.4.2 Customer deposits excluding bills payable

Payable on demand	2,292,300,000	3,883,700,000
Up to 1 month	44,119,515,163	39,968,110,662
Over 1 month but within 6 months	43,932,031,236	44,028,283,127
Over 6 months but within 1 year	80,552,500,000	69,390,930,219
Over 1 year but within 5 years	89,920,000,000	76,241,136,231
Over 5 years	38,458,789,501	16,453,062,291
	<u>299,275,135,900</u>	<u>249,965,222,529</u>

12.4.3 Bills payable

Payable on demand	471,400,000	444,200,000
Up to 1 month	1,192,500,000	8,600,000
Over 1 month but within 6 months	2,083,968,764	3,289,897,471
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	<u>3,747,868,764</u>	<u>3,742,697,471</u>

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
	<u>303,028,106,360</u>	<u>253,709,574,615</u>
12(a) Consolidated Deposits and other accounts		
Current/AI-wadeeah current accounts and other accounts		
Bank Asia Limited	59,357,845,676	47,453,683,930
Bank Asia Securities Limited	519,066,108	375,008,705
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>59,876,911,784</u>	<u>47,828,692,635</u>
Less: Inter-company transactions	53,258,020	7,056,652
	<u>59,823,653,764</u>	<u>47,821,635,983</u>
Bills payable		
Bank Asia Limited	3,747,868,764	3,742,697,471
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,747,868,764</u>	<u>3,742,697,471</u>
Savings bank/Mudaraba savings bank deposits		
Bank Asia Limited	64,167,247,193	48,293,710,027
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>64,167,247,193</u>	<u>48,293,710,027</u>
Fixed deposits/Mudaraba fixed deposits		
Bank Asia Limited	175,755,144,727	154,219,483,187
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>175,755,144,727</u>	<u>154,219,483,187</u>
	<u>303,493,914,448</u>	<u>254,077,526,668</u>
13 Other liabilities		
Conventional and Islamic banking (Note 13.1)	32,135,724,795	29,159,473,351
Off-shore banking unit	569,192	4,079,318
	<u>32,136,293,987</u>	<u>29,163,552,669</u>
13.1 Conventional and Islamic banking		
Provision for loans and advances/investments (Note 13.2)	13,110,200,000	12,279,116,920
Special general provision COVID-19 (Note 13.10)	850,600,000	-
Provision on off-balance sheet exposures (Note 13.3)	1,005,000,000	961,650,585
Interest suspense account (Note 13.4)	4,341,502,178	2,014,114,905
Provision for income tax including deferred tax (Note 13.5)	8,956,414,519	10,575,874,451
Provision for performance and festival bonus	252,632,349	288,426,987
Master card and Visa card payables	829,449	37,032,028
Expenditures and other payables	864,600,677	385,368,729
Provision for nostro accounts (Note 13.6)	-	-
Other payable	115,509,606	82,626,079
Provision for profit equalisation	20,978,177	19,403,976
Provision for diminution in value of shares (Note 13.7)	363,383,553	183,383,553
Payable to Government	9,007,621	8,357,621

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Provision for others (Note 13.8)	290,572,690	172,218,755
Rebate payable on good borrowers	67,700,000	67,700,000
Unearned income	829,928,758	665,377,497
Interest payable on subordinated non-convertible zero coupon bond	181,861,645	230,843,837
Fraction Bonus Share	2,768,571	2,768,571
ATM/POS settlement account	6,775	76,439,468
Lease liabilities (Note 13.9)	872,228,227	1,108,769,389
	<u>32,135,724,795</u>	<u>29,159,473,351</u>

13.2 Provision for loans and advances/investments

General provision

Conventional and Islamic:

Balance as at 1 January	7,478,740,555	4,882,892,695
Add: Provision made during the year	1,326,279,197	2,780,517,628
Transfer from diminution value of share	-	80,000,000
Less: Provision no longer required		
Written off	-	(264,669,768)
Balance as at 31 December	<u>8,805,019,752</u>	<u>7,478,740,555</u>

Off-shore Banking Unit (OBU):

Balance as at 1 January	195,719,574	208,349,718
Add: Provision made during the year	-	-
Less: Provision no longer required	(10,739,326)	(12,630,144)
Balance as at 31 December	<u>184,980,248</u>	<u>195,719,574</u>

A. Total general provision on loans and advances/investments

	<u>8,990,000,000</u>	<u>7,674,460,129</u>
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Specific provision

Conventional and Islamic:

Balance as at 1 January	4,604,656,791	3,892,759,378
Add/ Back: Recoveries of amounts previously written off	183,636,137	145,983,239
Specific provision made during the year	(413,359,577)	2,805,142,562
Less: Write off/amicable settlement during the year	(254,733,351)	(2,239,228,388)
Balance as at 31 December	<u>4,120,200,000</u>	<u>4,604,656,791</u>

Off-shore Banking Unit (OBU):

Balance as at 1 January	-	-
Add: Provision made during the year	-	-
Less: Provision no longer required	-	-
Balance as at 31 December	<u>-</u>	<u>-</u>

B. Total Specific provision on loans and advances/investments

	<u>4,120,200,000</u>	<u>4,604,656,791</u>
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C. Total provision on loans and advances/investments (A+B)

	<u>13,110,200,000</u>	<u>12,279,116,920</u>
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13.3 Provision on off-balance sheet exposures

Balance at 1 January	961,337,263	1,157,621,318
Add: Provision made during the year	43,308,012	-

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
	1,004,645,275	1,157,621,318
Less: Adjustments made during the year	-	(196,284,055)
Balance at the end of the year	1,004,645,275	961,337,263
General provision maintained for OBU as at 01 January	313,322	406,180
Add: Provision made during the year	41,403	-
Less: Adjustments made during the year	-	(92,858)
	354,725	313,322
Balance at the end of the year	1,005,000,000	961,650,585

As per BRPD Circular No. 07, dated 21 June 2018 no provision is required for bills for collection and for counter guarantee provision is maintained based on BB rating grade.

13.4 Interest suspense account

Balance at 1 January	2,014,114,905	1,689,435,106
Add: Amount transferred to "interest suspense" account during the year	4,507,844,608	818,341,563
	6,521,959,513	2,507,776,669
Less: Amount of interest suspense recovered	2,119,471,298	353,260,126
Interest waiver during the year	60,986,037	140,401,638
	2,180,457,335	493,661,764
Balance as at 31 December	4,341,502,178	2,014,114,905

13.5 Provision for taxation

Current tax (Note 13.5.1)	8,484,393,154	10,103,853,086
Deferred tax (Note 13.5.2)	472,021,365	472,021,365
	8,956,414,519	10,575,874,451

13.5.1 Provision for current tax

Balance at 1 January	10,103,853,086	8,143,853,086
Add: Provision made during the year	1,922,000,000	1,960,000,000
	12,025,853,086	10,103,853,086
Less: Adjustments made during the year	3,541,459,932	-
	8,484,393,154	10,103,853,086

13.5.1(a) Consolidated Provision for current tax

Balance as at 1 January	10,457,975,108	8,438,505,719
Add: Provision made during the year		
Bank Asia Limited	1,922,000,000	1,960,000,000
Bank Asia Securities Limited	39,192,514	59,469,389
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	1,961,192,514	2,019,469,389
	12,419,167,622	10,457,975,108
Less: Adjustments made during the year		
Bank Asia Limited	3,541,459,932	-
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	3,541,459,932	-
Balance as at 31 December	8,877,707,690	10,457,975,108

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
13.5.2 Provision for deferred tax		
Balance at 1 January	472,021,365	472,021,365
Provision made for deferred tax liabilities	-	-
Provision made for deferred tax assets	-	-
	<u>472,021,365</u>	<u>472,021,365</u>

13.5.2 (a) Deferred Tax (asset)/liability

Particulars	Book value	Tax Base	(Deductible)/ Taxable	Deferred tax (Asset)/ Liability
Balance as at December 31, 2019				
Deferred Tax Asset				(970,232,060)
Deferred Tax Liability				593,437,897
Net Deferred Tax Asset 2019				<u>(376,794,163)</u>
Balance as at December 31, 2020				
Loan loss provision (Note 13.2)	4,120,200,000	-	(3,090,150,000)	(1,158,806,250)
Deferred tax assets (a)				<u>(1,158,806,250)</u>
Interest receivable	1,484,684,607	-	1,484,684,607	556,756,728
Fixed assets	3,170,586,769	2,596,940,535	573,646,234	215,117,338
Right-of-use assets	-		213,524,142	80,071,553
Deferred tax liability (b)				<u>851,945,619</u>
Net Deferred Tax Asset as of December 31, 2020 (a+b)				(306,860,631)
Movement for the period				
Opening deferred tax assets				(970,232,060)
Closing deferred tax assets				(1,158,806,250)
Changes for the period				(188,574,190)
Opening deferred tax liabilities				593,437,897
Closing deferred tax liabilities				851,945,619
Changes for the period				258,507,722
Changes during the period				<u>69,933,532</u>

As per Bangladesh Bank, BRPD circular no. 11 dated December 12, 2011 deferred tax assets may be recognized but restrictions are to be followed if deferred tax assets is calculated and recognized based on the provisions against classified loan, advances; such as i. amount of the net income after tax increased due to recognition of deferred tax assets on such provision will not be distributed as dividend. ii. the amount of deferred tax assets recognized on such provisions should be deducted while calculating the Regulatory Eligible Capital. iii. a description should be provided regarding deferred tax assets recognized on loan loss provision in the notes to the financial statements. On the other hand, deferred tax liabilities must be recognized for those items which are mentioned to recognize in IAS. Hence, the bank did not recognize deferred tax assets but recognize deferred tax liabilities when it arises.

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
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13.5.3 Reconciliation of effective tax rate (Bank)

	Rate	2020	Rate	2019
Profit before provision		6,070,836,392		9,322,464,273
Income Tax as per applicable tax rate	37.50%	2,276,563,647	37.50%	3,495,924,102
Tax exempted income (on govt. treasury securities)	-15.19%	(922,110,090)	-0.25%	(23,542,084)
On probable deductible/non deductible expenses	9.35%	567,546,443	-16.22%	(1,512,382,018)
	31.66%	1,922,000,000	21.02%	1,960,000,000

13.6 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPP (FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of nostro account as at balance sheet date. Adequate provision has been made for debit entries which are outstanding for more than 3 months. Details of unrecognized entries are shown in Annex I.

13.7 Provision for diminution in value of shares

Balance as at 1 January	183,383,553	263,383,553
Add: Provision for impairment loss of investment in subsidiaries	180,000,000	-
Less: Transfer to general provision for loans and advances/investments	-	(80,000,000)
Balance as at 31 December	363,383,553	183,383,553
Provision requirement for quoted and unquoted share including subsidiaries (Annex B)	68,265,317	169,694,780
Provision maintained	363,383,553	183,383,553
Surplus provision maintained	295,118,236	13,688,773

13.8 Provision for others

Balance as at 1 January	172,218,755	147,218,755
Adjustment during the period	(18,646,065)	-
Add: Provision made during the period	137,000,000	25,000,000
Balance as at 31 December	290,572,690	172,218,755
Provision requirement	219,886,000	167,112,000
Provision maintained	290,572,690	172,218,755
Surplus provision maintained	70,686,690	5,106,755

(Provision for others made for legal expenses, protested bills, expenditure related unreconciled entries and other assets that classified as bad and loss as per Bangladesh Bank BRPD Circular 14 dated June 25, 2001.)

13.9 Lease liabilities

Balance as at 1 January	1,108,769,389	1,405,418,936
Add: Interest charge during the year	108,474,522	126,487,704
Less: Payment made during the year	345,015,684	423,137,251
Balance as at 31 December	872,228,227	1,108,769,389

The lease liabilities represents the present value of the lease payments discounting using the incremental borrowing rate as per IFRS 16 against which right-of- use assets has been arisen (ref: Annex C).

13.10 Special general provision COVID-19 is maintained as per BRPD circular letter no. 56 dated December 10, 2020

13(a) Consolidated Other liabilities

Bank Asia Limited	32,136,293,987	29,163,552,669
Bank Asia Securities Limited	1,885,520,215	1,704,550,663
BA Exchange Company (UK) Limited	62,316,859	92,327,339
BA Express USA, Inc	270,842,164	217,275,726
	34,354,973,225	31,177,706,397

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Less: Inter- companies transactions		
Receivable from BASL	-	-
Receivable from BA Exchange (UK) Limited	94,676,053	83,868,721
BA Express USA, Inc	325,094,277	219,844,009
	<u>33,935,202,895</u>	<u>30,873,993,667</u>

14 Share capital

14.1 Authorized capital

1,500,000,000 ordinary shares of Taka 10 each	<u>15,000,000,000</u>	<u>15,000,000,000</u>
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14.2 Issued, subscribed and fully paid up capital

56,372,480 ordinary shares of Taka 10 each issued for cash	563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each		
Issued as bonus shares	3,640,107,700	3,640,107,700
Right shares issued 25% for the year 2010	1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011	1,050,958,120	1,050,958,120
Issued as bonus shares 10% for the year 2012	630,574,870	630,574,870
Issued as bonus shares 10% for the year 2013	693,632,350	693,632,350
Issued as bonus shares 10% for the year 2014	762,995,590	762,995,590
Issued as bonus shares 5% for the year 2015	419,647,570	419,647,570
Issued as bonus shares 12% for the year 2016	1,057,511,890	1,057,511,890
Issued as bonus shares 12.50% for the year 2017	1,233,763,870	1,233,763,870
Issued as bonus shares 5% for the year 2018	555,193,740	555,193,740
	<u>11,659,068,600</u>	<u>11,659,068,600</u>

14.3 Initial public offer (IPO)

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

14.4 Capital to risk-weighted asset

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	11,659,068,600	11,659,068,600
Statutory reserve (Note 15)	9,844,096,744	9,052,555,407
General reserve	8,166,144	8,166,144
Retained earnings (Note 17)	2,091,617,881	1,959,644,131
	23,602,949,369	22,679,434,282
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	44,010,000	43,436,430
Common Equity Tier -1 capital (Going-Concern Capital)	<u>23,558,939,369</u>	<u>22,635,997,852</u>
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	<u>23,558,939,369</u>	<u>22,635,997,852</u>
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	8,990,000,000	7,674,460,129
General provision on off-balance sheet exposure	1,005,000,000	961,650,585
Subordinated non-covertable zero coupon bonds	10,200,000,000	11,800,000,000
Revaluation reserve of securities and fixed assets	-	-
Total Tier- 2 Capital available	<u>20,195,000,000</u>	<u>20,436,110,714</u>
Adjustment of Excess Amount (Admissible Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	-	314,972,223
	<u>20,195,000,000</u>	<u>20,121,138,491</u>
Total admissible Tier-2 Capital	<u>20,195,000,000</u>	<u>20,121,138,491</u>
A) Total capital	<u>43,753,939,369</u>	<u>42,757,136,343</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
B) Total risk weighted assets (RWA)	254,905,151,741	238,427,232,656
C) Minimum total capital requirement 10%	25,490,515,174	23,842,723,266
D) Capital surplus (A-C)	18,263,424,195	18,914,413,077
E) Minimum total capital plus capital conservation buffer requirement @ 12.50%	31,863,143,968	29,803,404,082
F) Capital surplus (A-E) with capital conservation buffer	11,890,795,401	12,953,732,261
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	9.24%	9.49%
Tier- 1 to RWA (minimum 6% under Basel III)	9.24%	9.49%
Capital to Risk Weighted Assets against minimum requirement 10%	17.16%	17.93%

14.4 (a) Consolidated capital to risk-weighted asset

The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD Circular no. 18 dated December 21, 2014

	In line of Basel III	In line of Basel III
Common Equity Tier -1 capital (Going-Concern Capital)		
Paid up capital	11,659,068,600	11,659,068,600
Non-controlling (Minority) interest	10,198	10,196
Statutory reserve (Note 15)	9,844,096,744	9,052,555,407
General reserve	8,166,144	8,166,144
Retained earnings (Note 17a)	1,918,254,038	1,800,257,979
	23,429,595,724	22,520,058,326
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	44,010,000	43,436,430
Common Equity Tier -1 capital (Going-Concern Capital)	23,385,585,724	22,476,621,896
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	23,385,585,724	22,476,621,896
Tier - 2 Capital (Gone-Concern Capital)		
General provision maintained against unclassified loan/investments	8,990,000,000	7,674,460,129
General provision on off-balance sheet exposure	1,005,000,000	961,650,585
Subordinated non-convertible zero coupon bonds	10,200,000,000	11,800,000,000
Revaluation reserve of securities and fixed assets	-	-
Total Tier- 2 Capital available	20,195,000,000	20,436,110,714
Adjustment of Excess Amount (Admissible Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	-	456,641,511
Total admissible Tier-2 Capital	20,195,000,000	19,979,469,203
A) Total capital	43,580,585,724	42,456,091,099
B) Total risk weighted assets (RWA)	257,403,701,528	242,096,830,071
C) Required capital	25,740,370,153	24,209,683,007
D) Capital surplus (A-C)	17,840,215,571	18,246,408,092
E) Minimum total capital plus capital conservation buffer requirement @ 12.50%	32,175,462,691	30,262,103,759
F) Capital surplus (A-E) with capital conservation buffer	11,405,123,033	12,193,987,340
Capital to risk weighted asset ratio		
Common Equity Tier- 1 to RWA (minimum 4.5% under Basel III)	9.09%	9.28%
Tier- 1 to RWA (minimum 6% under Basel III)	9.09%	9.28%
Capital to Risk Weighted Assets against minimum requirement 10%	16.93%	17.54%

Notes to the financial statements

Amount in Taka

31 Dec 2020

31 Dec 2019

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2020		At 31 December 2019	
	No. of shares	%	No. of shares	%
Sponsors & Directors	600,698,621	51.52	596,898,621	51.20
General public	161,113,132	13.82	169,727,589	14.56
Institutions	279,059,559	23.94	259,623,630	22.27
Investment companies	120,806,182	10.36	133,181,344	11.42
Non-resident Bangladeshi	1,650,796	0.14	2,129,985	0.18
Foreign investors	2,578,570	0.22	4,345,691	0.37
	1,165,906,860	100	1,165,906,860	100

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Less than 5,000	6,339	6,836	0.62	0.68
5,000 to 50,000	1,640	1,769	1.92	2.10
50,001 to 100,000	107	118	0.66	0.71
100,001 to 200,000	51	49	0.62	0.58
200,001 to 300,000	25	27	0.54	0.58
300,001 to 400,000	11	12	0.32	0.35
400,001 to 500,000	7	12	0.27	0.47
500,001 to 1,000,000	39	37	2.47	2.34
1,000,001 to 10,000,000	70	70	20.84	22.27
Over 10,000,000	30	30	71.74	69.92
	8,319	8,960	100.00	100.00

14.7 Name of the Directors and their shareholdings as at 31 December 2020

SI	Name of the director	Status	Closing position	Opening position
1	Mr. A Rouf Chowdhury	Chairman	23,350,148	23,350,148
2	Mr. Mohd Safwan Choudhury (Representing Phulbari Tea Estates Ltd)	Vice Chairman	45,666,246	45,666,246
3	Mr. Romo Rouf Chowdhury	Vice Chairman	23,323,746	23,323,746
4	Mr. Rume A Hossain	Director	36,216,554	34,416,554
5	Mrs. Hosneara Sinha	Director	53,184,729	53,184,729
6	Ms. Naheed Akhter Sinha	Director	55,842,838	55,842,838
7	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	Director	41,679,196	41,679,196
8	Maj. Gen. Mohammad Matiur Rahman (Retd.) (Representing Sinha Fashions Limited)	Director	23,401,435	23,401,435
9	Ms. Farhana Haq	Director	56,907,244	54,907,244
10	Mr. Enam Chowdhury (Representing Amiran Generations Limited)	Director	47,558,630	47,558,630
11	Mr. Dilwar H Choudhury (Independent Director)	Director	-	-
12	Mr. Ashrafal Haq Chowdhury (Independent Director)	Director	-	-
13	Mr. Md. Abul Quasem (Independent Director)	Director	-	-
14	Mr. M. A. Baqui Khalily (Independent Director)	Director	-	-
15	Mr. Helal Ahmed Chowdhury (Independent Director)	Director	-	-

15 Statutory reserve

Balance at the beginning of the year	9,052,555,407	8,268,393,179
Add: Addition during the year (20% of pre-tax profit)	791,541,337	784,162,228
Balance at the end of the year	<u>9,844,096,744</u>	<u>9,052,555,407</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
16 Revaluation reserve		
HTM securities (Note 16.1)	46,593,577	20,176,016
HFT securities (Note 16.2)	1,746,995,202	7,434,933
Fixed Assets revaluation (Note 16.3)	1,984,357,423	2,038,072,687
	<u>3,777,946,202</u>	<u>2,065,683,636</u>
16.1 Revaluation reserve on HTM securities		
Balance at 1 January	20,176,016	16,504,049
Gain from revaluation on investments	26,417,561	14,919,561
Adjustment for sale/maturity of securities	-	(11,247,594)
	<u>46,593,577</u>	<u>20,176,016</u>
16.2 Revaluation reserve on HFT securities		
Balance at 1 January	7,434,933	11,740,204
Gain from revaluation on investments	13,156,910,380	492,331,474
Adjustment for sale/maturity of securities	(11,417,350,111)	(496,636,745)
	<u>1,746,995,202</u>	<u>7,434,933</u>
16.3 Revaluation reserve on Fixed Assets		
Balance at 1 January	2,038,072,687	2,091,787,951
Depreciation charged during the year	(53,715,264)	(53,715,264)
	<u>1,984,357,423</u>	<u>2,038,072,687</u>
16 (a) Consolidated Revaluation reserve		
Bank Asia Limited	3,777,946,202	2,065,683,636
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>3,777,946,202</u>	<u>2,065,683,636</u>
17 Retained earnings		
Balance at 1 January	1,959,644,131	1,839,667,438
Add: Post - tax profit for the year	2,035,706,683	1,960,811,140
Revaluation reserve transferred to retained earnings	53,715,264	53,715,264
	<u>4,049,066,078</u>	<u>3,854,193,842</u>
Less: Issue of bonus shares for the year 2019	1,165,906,860	-
Issue of cash dividend for the year 2018	-	555,193,743
Issue of bonus shares for the year 2018	-	555,193,740
Transfer to statutory reserve	791,541,337	784,162,228
	<u>1,957,448,197</u>	<u>1,894,549,711</u>
	<u>2,091,617,881</u>	<u>1,959,644,131</u>
17(a) Consolidated Retained earnings		
Balance at 1 January	1,800,257,979	1,686,898,121
Add: Foreign exchange revaluation reserve for opening retained earnings	(2,758,415)	(3,618,945)
Revaluation reserve transferred to retained earnings	53,715,264	53,715,264
Post- tax profit for the year	2,024,487,409	1,957,811,647
Adjustment of non controlling interest	-	1,693
Less: Non controlling interest	2	90
	<u>3,875,702,235</u>	<u>3,694,807,690</u>
Less: Issue of bonus shares for the year 2019	1,165,906,860	-
Issue of cash dividend for the year 2018	-	555,193,743
Issue of bonus shares for the year 2018	-	555,193,740
Transferred to statutory reserve	791,541,337	784,162,228
	<u>1,957,448,197</u>	<u>1,894,549,711</u>
	<u>1,918,254,038</u>	<u>1,800,257,979</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
17(b) Non-controlling (Minority) interest		
Bank Asia Securities Limited	10,198	10,196
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>10,198</u>	<u>10,196</u>
18 Contingent liabilities		
Conventional and Islamic banking	122,154,955,295	120,585,944,792
Off-shore banking unit	35,472,485	31,332,169
	<u>122,190,427,780</u>	<u>120,617,276,961</u>
Acceptances and endorsements (Note 18.1)		
Conventional and Islamic banking	36,011,691,917	39,190,434,015
Off-shore banking unit	4,158,295	2,055,858
	<u>36,015,850,212</u>	<u>39,192,489,873</u>
Letters of guarantee		
Conventional and Islamic banking (Note 18.2)	36,612,044,391	36,999,351,447
Off-shore banking unit	554,910	-
	<u>36,612,599,301</u>	<u>36,999,351,447</u>
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	29,721,029,851	26,439,543,168
Off-shore banking unit	30,759,280	29,276,311
	<u>29,751,789,131</u>	<u>26,468,819,479</u>
Bills for collection		
Conventional and Islamic banking (Note 18.4)	15,897,303,598	15,916,199,719
Off-shore banking unit	-	-
	<u>15,897,303,598</u>	<u>15,916,199,719</u>
Other commitments		
Conventional and Islamic banking (Note 18.5)	3,912,885,538	2,040,416,443
Off-shore banking unit	-	-
	<u>3,912,885,538</u>	<u>2,040,416,443</u>
	<u>122,190,427,780</u>	<u>120,617,276,961</u>
18.1 Acceptances and endorsements		
Conventional and Islamic banking	36,011,691,917	39,190,434,015
Off-shore banking unit	4,158,295	2,055,858
	<u>36,015,850,212</u>	<u>39,192,489,873</u>
18.2 Letters of guarantee		
Letters of guarantee (Local)	22,772,282,978	23,279,766,953
Letters of guarantee (Foreign)	13,839,761,413	13,719,584,494
	<u>36,612,044,391</u>	<u>36,999,351,447</u>
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:		
Directors or officers	-	-
Government	27,616,831,056	27,928,576,899
Banks and other financial institutions	671,552,863	925,708,758
Others	8,323,660,472	8,145,065,790
	<u>36,612,044,391</u>	<u>36,999,351,447</u>
18.3 Irrevocable letters of credit		
Letters of credit Back to Back (Inland)	3,946,874,049	3,394,140,530
Letters of credit (General)	22,526,232,627	19,708,039,248
Back to back L/C	3,247,923,175	3,337,363,390
	<u>29,721,029,851</u>	<u>26,439,543,168</u>

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
18.4 Bills for collection		
Local bills for collection	9,788,723,716	10,467,042,903
Foreign bills for collection	6,108,579,882	5,449,156,816
	<u>15,897,303,598</u>	<u>15,916,199,719</u>

18.5 Other commitments

Forward Assets Purchased and Forward Deposits Placed	<u>3,912,885,538</u>	<u>2,040,416,443</u>
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18.6 Workers' profit participation fund (WPPF)

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

19 Income statement

Income:

Interest, discount and similar income (Note 19.1)	24,565,403,376	26,103,448,197
Dividend income (Note 22.1)	15,280,460	51,407,464
Fees, commission and brokerage (Note 19.2)	1,297,409,009	1,610,106,976
Gains/ less Losses arising from dealing securities	-	-
Gains/ less Losses arising from investment securities	15,813,092	1,348,918
Gains/ less Losses arising from dealing in foreign currencies (Note 23.1)	1,177,568,485	1,751,261,150
Income from non-banking assets	-	-
Other operating income (Note 24)	1,034,090,923	1,018,730,455
Profit/ less Losses on interest rate changes	-	-
	<u>28,105,565,345</u>	<u>30,536,303,160</u>

Expenses:

Interest paid/profit shared on deposits and borrowings, etc (Note 21)	14,926,677,328	14,462,380,548
Administrative expenses (Note 19.3)	4,363,389,892	4,102,698,154
Other expenses (Note 34)	1,970,532,731	1,887,668,330
Depreciation on banks assets (Note 33.1)	774,129,002	761,091,855
	<u>22,034,728,953</u>	<u>21,213,838,887</u>
	<u>6,070,836,392</u>	<u>9,322,464,273</u>

19.1 Interest, discount and similar income

Interest income/profit on investments (Note 20)	18,112,098,828	22,863,139,585
Interest on treasury bills/reverse repo/bills	5,382,632,409	3,074,953,797
Interest income on corporate bonds	148,562,049	141,812,731
Interest on debentures	-	-
Income from investment in shares, bonds etc	-	-
Capital gain on Government securities and assets	922,110,090	23,542,084
	<u>24,565,403,376</u>	<u>26,103,448,197</u>

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

19.2 Fees, commission and brokerage

Commission	1,297,409,009	1,610,106,976
Brokerage	-	-
	<u>1,297,409,009</u>	<u>1,610,106,976</u>

19.3 Administrative expenses

Salaries and allowances (Note 25)	3,536,708,226	3,266,449,893
Rent, taxes, insurance, electricity, etc (Note 26)	440,514,478	440,093,246
Legal expenses (Note 27)	13,111,596	20,534,559
Postage, stamp, telecommunication, etc (Note 28)	125,950,752	124,471,658
Stationery, printing, advertisement, etc (Note 29)	148,118,134	156,689,993

Notes to the financial statements

Amount in Taka

	31 Dec 2020	31 Dec 2019
Managing Director's salary and fees (Note 30)	19,262,968	16,572,420
Directors' fees (Note 31)	3,208,000	3,424,000
Auditors' fees (Note 32)	853,000	1,478,225
Repair of Bank's assets (Note 33.1)	75,662,738	72,984,160
	<u>4,363,389,892</u>	<u>4,102,698,154</u>

20 Interest income/profit on investments

Conventional and Islamic banking (Note 20.1)	17,275,697,158	21,725,303,785
Off-shore banking unit	955,775,932	1,166,103,247
	<u>18,231,473,090</u>	<u>22,891,407,032</u>
Less: inter transaction between OBU and Conventional banking	119,374,262	28,267,447
	<u>18,112,098,828</u>	<u>22,863,139,585</u>

20.1 Conventional and Islamic banking

Agricultural loan	325,942,357	332,659,093
Cash credit/Bai Murabaha (Muajjal)	367,216,728	477,480,468
Credit card	438,461,771	415,843,541
Credit for poverty alleviation scheme-micro credit	108,275	295,388
Consumer credit scheme	1,192,278,999	1,293,440,738
Demand loan	2,910,645,503	3,743,496,347
Export Development Fund (EDF)	214,938,545	275,917,006
House building loan	116,065,984	113,021,311
Loans (General)/Musharaka	1,619,416,512	1,960,409,510
Loans against trust receipts/ Bai Murabaha post import	1,089,486,518	1,342,255,595
Overdrafts/ Quard against scheme	3,300,693,120	4,104,797,684
Packing credit	38,329,725	41,612,011
Payment against documents	13,197,564	15,135,149
Staff loan	74,613,492	73,896,843
Transport loan	185,298,757	198,006,038
Term loan- industrial	1,670,007,420	2,448,635,975
Term loan- others/ Hire purchase under Shirkatul Melk	1,725,054,252	2,534,322,559
Foreign bills purchased	17,880,833	19,527,512
Local bills purchased	124,658,095	202,427,713
Loan Under Covit-19 Stimulus Pkg	233,724,990	-
Total interest/profit on loans and advances/investments	15,658,019,440	19,593,180,481
Interest/profit on balance with other banks and financial institutions	1,573,778,490	2,071,621,354
Interest/profit received from foreign banks	43,899,228	60,501,950
	<u>17,275,697,158</u>	<u>21,725,303,785</u>

20(a) Consolidated Interest income/profit on investments

Bank Asia limited	18,112,098,828	22,863,139,585
Bank Asia Securities Ltd	193,809,470	321,231,320
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>18,305,908,298</u>	<u>23,184,370,905</u>
Less: Inter-company transactions	188,344,612	210,303,633
	<u>18,117,563,686</u>	<u>22,974,067,272</u>

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

Conventional and Islamic banking (Note 21.1)	14,481,148,492	13,624,978,979
Off-shore banking unit	564,903,098	865,669,016
	<u>15,046,051,590</u>	<u>14,490,647,995</u>
Less: inter transaction with OBU	119,374,262	28,267,447

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
	<u>14,926,677,328</u>	<u>14,462,380,548</u>
21.1 Conventional and Islamic banking		
Interest paid/profit shared on deposits		
Fixed deposits/ Mudaraba Fixed deposit	5,863,126,655	5,729,597,318
Scheme deposits	5,163,617,535	5,106,327,157
Sanchaya plus	18,709,295	22,011,682
Savings deposits/ Mudaraba Savings bank	1,598,451,934	1,231,128,548
Special notice deposits	754,812,264	688,775,835
	<u>13,398,717,683</u>	<u>12,777,840,540</u>
Interest on borrowings and others		
Local banks including Bangladesh Bank	36,871,103	83,654,999
Interest on subordinated non-covertable bond	1,045,236,439	762,314,302
Foreign banks	323,267	1,169,138
	<u>1,082,430,809</u>	<u>847,138,439</u>
	<u>14,481,148,492</u>	<u>13,624,978,979</u>
21(a) Consolidated Interest Expenses/profit paid on Deposits		
Bank Asia limited	14,926,677,328	14,462,380,548
Bank Asia Securities Limited	188,373,820	212,509,391
Bank Asia Securities Ltd	-	-
BA Express USA, Inc	-	-
	<u>15,115,051,148</u>	<u>14,674,889,939</u>
Less: Inter-company transactions	188,344,612	210,303,633
	<u>14,926,706,536</u>	<u>14,464,586,306</u>
22 Investment income		
Conventional and Islamic banking (Note 22.1)	6,484,398,100	3,293,064,994
Off-shore banking unit	-	-
	<u>6,484,398,100</u>	<u>3,293,064,994</u>
22.1 Conventional and Islamic Banking		
Interest on treasury bills	1,577,293,512	670,410,633
Interest on treasury bonds	3,736,329,121	2,366,047,464
Interest income on corporate bonds	148,562,049	141,812,731
Interest on Islamic bonds	52,458,317	31,211,410
Capital gain from investment in shares	15,813,092	1,348,918
Dividend on shares	15,280,460	51,407,464
Capital gain on Government securities	922,110,090	23,542,084
Interest on reverse repo	16,551,459	7,284,290
	<u>6,484,398,100</u>	<u>3,293,064,994</u>
22(a) Consolidated investment income		
Bank Asia Limited	6,484,398,100	3,293,064,994
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>6,484,398,100</u>	<u>3,293,064,994</u>
23 Commission, exchange and brokerage		
Conventional and Islamic banking (Note 23.1)	2,465,167,276	3,347,666,556
Off-shore banking unit	9,810,218	13,701,570

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
	<u>2,474,977,494</u>	<u>3,361,368,126</u>
23.1 Conventional and Islamic Banking		
Commission on L/C	20,178,329	41,348,963
Commission on back to back L/C against Export	749,153,916	835,085,521
Fees and commission including Export	185,343,012	335,748,324
Commission on L/G	284,159,063	341,559,858
Commission on export	3,394,820	6,772,710
Commission on PO, DD, TT, TC, etc	26,963,175	24,714,096
Other commission	18,406,476	11,175,934
	1,287,598,791	1,596,405,406
Foreign exchange gain	1,177,568,485	1,751,261,150
	<u>2,465,167,276</u>	<u>3,347,666,556</u>
23(a) Consolidated Commission, exchange and brokerage		
Bank Asia limited	2,474,977,494	3,361,368,126
Bank Asia Securities Ltd	119,829,921	92,693,307
BA Exchange Company (UK) Limited	27,302,925	29,652,687
BA Express USA, Inc	31,861,721	11,796,103
	<u>2,653,972,061</u>	<u>3,495,510,223</u>
24 Other operating income		
Conventional and Islamic banking (Note 24.1)	1,017,564,704	990,421,481
Off-shore banking unit	16,526,219	28,308,974
	<u>1,034,090,923</u>	<u>1,018,730,455</u>
24.1 Conventional and Islamic banking		
Locker charge	11,985,800	11,975,125
Service and other charges	580,548,021	536,740,372
Master/Visa card fees and charges	256,219,127	241,919,424
Postage/telex/SWIFT/fax recoveries	111,366,654	127,286,381
Profit on sale of fixed assets	538,805	8,753,381
Non-operating income	9,815,312	8,137,975
Rebate on nostro account	39,784,637	39,467,833
Other income from brokerage	7,306,348	16,140,990
	<u>1,017,564,704</u>	<u>990,421,481</u>
24 (a) Consolidated other operating income		
Bank Asia Limited	1,034,090,923	1,018,730,455
Bank Asia Securities Ltd	30,881,002	29,775,796
BA Exchange Company (UK) Limited	2,698,444	2,661,714
BA Express USA, Inc	1,503,992	948,684
	<u>1,069,174,361</u>	<u>1,052,116,649</u>
25 Salaries and allowances		
Conventional and Islamic banking (Note 25.1)	3,536,708,226	3,266,449,893
Off-shore banking unit	-	-
	<u>3,536,708,226</u>	<u>3,266,449,893</u>
25.1 Conventional and Islamic banking		
Basic salary	1,261,496,066	1,236,906,707
Allowances	1,464,541,775	1,249,136,318
Festival bonus	210,564,011	196,721,513
Gratuity	267,400,000	202,400,000
Provident fund contribution	122,706,374	111,297,360

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Performance bonus	210,000,000	269,987,995
	<u>3,536,708,226</u>	<u>3,266,449,893</u>
25(a) Consolidated Salaries and allowances		
Bank Asia Limited	3,536,708,226	3,266,449,893
Bank Asia Securities Ltd	69,044,948	66,559,270
BA Exchange Company (UK) Limited	14,207,933	12,325,604
BA Express USA, Inc	18,937,141	15,158,285
	<u>3,638,898,248</u>	<u>3,360,493,052</u>
26 Rent, taxes, insurance, electricity etc.		
Conventional and Islamic banking (Note 26.1)	440,255,344	439,835,697
Off-shore banking unit	259,134	257,549
	<u>440,514,478</u>	<u>440,093,246</u>
26.1 Conventional and Islamic banking		
Rent, rate and taxes (Note 26.1.1)	30,810,105	26,712,121
Insurance	188,345,849	169,710,299
Power and electricity	112,624,868	116,925,573
Interest portion on lease liabilities (Note 26.1.1)	108,474,522	126,487,704
	<u>440,255,344</u>	<u>439,835,697</u>
26.1.1 Total rent expenses for the year 2020 was Tk 462,342,546 as per IAS 17. To implement "IFRS 16: Lease" this rent expense has been adjusted with depreciation Tk 326,661,553 arises against right-of-use assets (ref: Annex C) and interest expenses Tk 108,474,522 arises against lease liabilities.		
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
Bank Asia Limited	440,514,478	440,093,246
Bank Asia Securities Ltd	7,636,189	17,321,041
BA Exchange Company (UK) Limited	4,139,354	6,804,596
BA Express USA, Inc	11,643,923	7,502,418
	<u>463,933,944</u>	<u>471,721,301</u>
27 Legal expenses		
Conventional and Islamic banking (Note 27.1)	11,698,219	20,114,446
Off-shore banking unit	1,413,377	420,113
	<u>13,111,596</u>	<u>20,534,559</u>
27.1 Conventional and Islamic Banking		
Legal expenses	11,698,219	20,114,446
Other professional charges	-	-
	<u>11,698,219</u>	<u>20,114,446</u>
27(a) Consolidated Legal expenses		
Bank Asia Limited	13,111,596	20,534,559
Bank Asia Securities Ltd	93,408	818,600
BA Exchange Company (UK) Limited	194,458	444,004
BA Express USA, Inc	352,254	421,616
	<u>13,751,716</u>	<u>22,218,779</u>
28 Postage, stamps, telecommunication etc.		
Conventional and Islamic banking (Note 28.1)	125,257,906	123,751,262
Off-shore banking unit	692,846	720,396
	<u>125,950,752</u>	<u>124,471,658</u>
28.1 Conventional and Islamic banking		

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Telephone, courier and postage	82,149,863	77,977,767
Master/VISA card process fee	21,108,755	25,589,255
ATM charge	1,780,260	1,822,152
SWIFT and Reuter charge	17,917,695	16,709,367
Internet	2,301,333	1,652,721
	<u>125,257,906</u>	<u>123,751,262</u>
28(a) Consolidated Postage, stamps, telecommunication etc.		
Bank Asia Limited	125,950,752	124,471,658
Bank Asia Securities Ltd	1,511,559	1,579,425
BA Exchange Company (UK) Limited	550,877	570,892
BA Express USA, Inc	299,592	220,696
	<u>128,312,780</u>	<u>126,842,671</u>
29 Stationery, printing, advertisements etc.		
Conventional and Islamic banking (Note 29.1)	148,068,470	156,639,432
Off-shore banking unit	49,664	50,561
	<u>148,118,134</u>	<u>156,689,993</u>
29.1 Conventional and Islamic banking		
Office and security stationery	78,044,292	74,489,241
Calendar, diary, souvenir, etc	15,353,500	23,803,440
ATM card /Supplies And Stationeries	25,482,834	30,226,705
Books and periodicals	1,245,115	1,609,580
Publicity and advertisement	27,942,729	26,510,466
	<u>148,068,470</u>	<u>156,639,432</u>
29(a) Consolidated Stationery, printing, advertisements etc.		
Bank Asia Limited	148,118,134	156,689,993
Bank Asia Securities Ltd	374,971	1,234,650
BA Exchange Company (UK) Limited	988,808	1,357,957
BA Express USA, Inc	548,818	221,243
	<u>150,030,731</u>	<u>159,503,843</u>
30 Managing Director's salary and fees		
Basic salary	9,984,516	7,801,613
House rent allowance	2,400,000	1,860,484
Entertainment allowances	600,000	420,162
Incentive bonus	1,000,000	1,000,000
Festival bonus	1,680,000	1,210,000
Utility allowance and others	1,200,000	1,200,000
House maintenance allowance	600,000	600,000
Provident fund	998,452	780,161
Leave fare assistance	800,000	1,700,000
	<u>19,262,968</u>	<u>16,572,420</u>
31 Directors' fees		
Directors' fees	<u>3,208,000</u>	<u>3,424,000</u>
31(a) Consolidated Directors' fees		
Bank Asia Limited	3,208,000	3,424,000
Bank Asia Securities Ltd.	275,000	302,400
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
	<u>3,483,000</u>	<u>3,726,400</u>
32 Auditors' fees		
Audit fees	853,000	1,478,225
Others	-	-
	<u>853,000</u>	<u>1,478,225</u>
32(a) Consolidated Auditors fees		
Bank Asia Limited	853,000	1,478,225
Bank Asia Securities Ltd	76,667	95,833
BA Exchange Company (UK) Limited	639,315	630,240
BA Express USA, Inc	1,409,264	1,235,961
	<u>2,978,246</u>	<u>3,440,259</u>
33 Depreciation and repair of Bank's assets		
Conventional and Islamic banking (Note 33.1)	849,791,740	834,076,015
Off-shore banking unit	-	-
	<u>849,791,740</u>	<u>834,076,015</u>
33.1 Conventional and Islamic banking		
Depreciation		
Owned assets	774,129,002	761,091,855
Leased assets	-	-
Depreciation	774,129,002	761,091,855
Repairs:		
Building	8,757,327	10,055,315
Furniture and fixtures	2,760,890	3,583,154
Equipments	16,872,809	19,297,980
	28,391,026	32,936,449
Maintenance	47,271,712	40,047,711
	<u>849,791,740</u>	<u>834,076,015</u>
33(a) Consolidated Depreciation and repairs of Bank's assets		
Bank Asia Limited	849,791,740	834,076,015
Bank Asia Securities Ltd	21,253,736	4,709,168
BA Exchange Company (UK) Limited	2,414,908	2,033,364
BA Express USA, Inc	1,658,949	1,648,136
	<u>875,119,333</u>	<u>842,466,683</u>
34 Other expenses		
Conventional and Islamic banking (Note 34.1)	1,949,674,894	1,868,985,671
Off-shore banking unit	20,857,837	18,682,659
	<u>1,970,532,731</u>	<u>1,887,668,330</u>
34.1 Conventional and Islamic banking		
Car expenses	315,645,246	324,170,297
Contractual service expenses	713,057,229	744,761,162
Computer expenses	169,616,591	168,235,611
Other management and administrative expenses	266,773,187	246,377,129
Commission paid to agents	108,392,050	153,238,259
Entertainment	32,724,397	63,159,412
AGM/EGM expenses	32,765	1,528,027

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Payment to superannuation fund	7,320,000	7,320,000
Donation and subscription to institutions	317,003,301	103,516,418
Travelling expenses	12,953,915	37,390,737
Training and internship	5,641,913	18,106,353
Directors' travelling expenses	14,300	682,266
Sharia council fees	500,000	500,000
	<u>1,949,674,894</u>	<u>1,868,985,671</u>
34(a) Consolidated other expenses		
Bank Asia Limited	1,970,532,731	1,887,668,330
Bank Asia Securities Ltd	8,289,048	11,032,998
BA Exchange Company (UK) Limited	6,304,396	6,329,186
BA Express USA, Inc	10,694,899	9,288,053
	<u>1,995,821,074</u>	<u>1,914,318,567</u>
34(b) Provision for loans and advances/investments and off-balance sheet items		
Conventional and Islamic banking	2,123,827,632	5,414,376,135
Off-shore banking unit	(10,697,923)	(12,723,002)
	<u>2,113,129,709</u>	<u>5,401,653,133</u>
Break up of provision for loans and advances/Investments is shown below:		
General provision		
Conventional and Islamic banking	2,176,879,197	2,860,517,628
Off-shore banking unit	(10,739,326)	(12,630,144)
	2,166,139,871	2,847,887,484
Specific provision		
Conventional and Islamic banking	(413,359,577)	2,805,142,562
Off-shore banking unit	-	-
	(413,359,577)	2,805,142,562
Provision for off-balance sheet items		
Conventional and Islamic banking	43,308,012	(196,284,055)
Off-shore banking unit	41,403	(92,858)
	43,349,415	(196,376,913)
Provision for diminution in value of investments	180,000,000	(80,000,000)
Other provisions	137,000,000	25,000,000
	<u>2,113,129,709</u>	<u>5,401,653,133</u>
34(c) Consolidated Provision for loans and advances/investments		
Bank Asia Limited	2,113,129,709	5,401,653,133
Bank Asia Securites Limited:		
Specific Provision	8,000,000	36,000,000
Provision for diminution in value of investments	-	13,934,688
Other provisions	-	-
	8,000,000	49,934,688
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc	-	-
	<u>2,121,129,709</u>	<u>5,451,587,821</u>
35 Receipts from other operating activities		
Conventional and Islamic banking (Note 35.1)	1,955,487,886	1,015,312,483
Off-shore banking unit	16,526,219	28,308,974
	<u>1,972,014,105</u>	<u>1,043,621,457</u>

35.1 Conventional and Islamic banking

Notes to the financial statements

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Locker charge	11,985,800	11,975,125
Service and other charges	580,548,021	536,740,372
Master card fees and charges	256,219,127	241,919,424
Postage/telex/SWIFT/ fax recoveries	111,366,654	127,286,381
Non-operating income	995,368,284	97,391,181
	<u>1,955,487,886</u>	<u>1,015,312,483</u>
35(a) Consolidated Receipts from other operating activities		
Bank Asia Limited	1,972,014,105	1,043,621,457
Bank Asia Securities Ltd	30,881,002	29,775,796
BA Exchange Company (UK) Limited	2,698,444	2,661,714
BA Express USA, Inc	1,503,992	948,684
	2,007,097,543	1,077,007,651
Less: inter- companies transactions	-	-
	<u>2,007,097,543</u>	<u>1,077,007,651</u>
36 Payments for other operating activities		
Conventional and Islamic banking (Note 36.1)	2,552,316,554	2,475,302,230
Off-shore banking unit	21,116,971	18,940,208
	<u>2,573,433,525</u>	<u>2,494,242,438</u>
36.1 Conventional and Islamic banking		
Rent, rates and taxes	440,255,344	439,835,697
Legal expenses	13,111,596	20,534,559
Directors' fees	3,208,000	3,424,000
Postage, stamp, telecommunication, etc	125,950,752	124,471,658
Other expenses	1,949,674,894	1,868,985,671
Managing Director's salary	19,262,968	16,572,420
Auditors' fee	853,000	1,478,225
	<u>2,552,316,554</u>	<u>2,475,302,230</u>
36(a) Payments for other operating activities		
Bank Asia Limited	2,573,433,525	2,494,242,438
Bank Asia Securities Ltd	17,881,871	31,150,297
BA Exchange Company (UK) Limited	11,828,400	14,778,918
BA Express USA, Inc	24,399,932	18,668,744
	<u>2,627,543,728</u>	<u>2,558,840,397</u>
37 Earnings per share (EPS)		
Net profit after tax (Numerator)	2,035,706,683	1,960,811,140
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	<u>1.75</u>	<u>1.68</u>
37(a) Consolidated Earnings per share (EPS)		
Net profit after tax (Numerator)	2,024,487,409	1,957,811,647
Number of ordinary shares outstanding (Denominator)	1,165,906,860	1,165,906,860
Earnings per share (EPS)	<u>1.74</u>	<u>1.68</u>
38 Reconciliation of net profit with cash flows from operating activities (Solo basis)		
Profit before tax as per profit and loss account	3,957,706,683	3,920,811,140
Adjustment for non-cash items:		
Provision for Loans and advances	1,752,780,294	5,653,030,046
Provision for Off balance sheet items	43,349,415	(196,376,913)
Provision for Diminution in value of investments	180,000,000	(80,000,000)
Provision for other assets	137,000,000	25,000,000
Depreciation of Property plant and equipment	849,791,740	834,076,015

Notes to the financial statements

Profit on sale of fixed assets	(538,805)	(8,753,381)
Increase/decrease in operating assets & liabilities:		
Loans and advances to customers	(15,213,028,151)	(13,519,492,993)
Other operating assets	281,322,817	(708,379,076)
Deposits from customers and banks	49,318,531,745	31,237,858,371
Other operating liabilities	1,367,196,137	2,361,890,411
Trading liabilities	332,501,946	(950,432,513)
Income tax paid	(2,429,453,826)	(2,051,736,653)
Cash flows from operating activities as per cash flow statement		
	<u>40,577,159,995</u>	<u>26,517,494,454</u>

39 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 2,492 (2019: 2,376).

40 Audit committee

The Audit Committee of the Board of Directors of Bank Asia Limited was constituted in the 44th meeting of the Board held on January 18, 2003 in compliance with the Bangladesh Bank directives. The Audit Committee was formed with the objectives to establish a platform for a compliant and secured banking structure in the Bank. The present Audit Committee was reconstituted by the Board in the 432th meeting held on 12th July 2020 consisting of the following members:

Name	Status with the Audit Committee	Educational qualification
Mr. Dilwar H Choudhury	Chairman	BA
Mr. Mohd. Safwan Choudhury	Member	BA (Hon's) MA
Mr. Ashrafal Haq Chowdhury	Member	M.Sc.
Major General Mohammad Matiur Rahman (retd.)	Member	M. Com
Mr. M. A. Baqui Khalily	Member	Ph.D

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

No. of meeting	Date	No. of meeting	Date
206 th Audit	22 nd March, 2020	210 th Audit	08 th September, 2020
207 th Audit	08 th June, 2020	211 th Audit	28 th October, 2020
208 th Audit	06 th July, 2020	212 th Audit	29 th December, 2020
209 th Audit	28 th July, 2020		

In the year 2020, 07 (seven) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

- External Audit Report of the Bank and the recommendations made therein.
- Bangladesh Bank comprehensive inspection report and the recommendations made therein.
- Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank.
- Actions taken by the management with regard to shortcomings raised in the Bangladesh Bank Inspection report and by the Internal Audit Team of the Bank.
- The corrective measures taken by the management with regard to the lapses pointed out on the internal control and other issues raised by internal and external auditors and inspectors of the regulatory authority.
- The compliance status of the audit objections and the recommendations made by the Bangladesh Bank Inspectors, External Auditors and the Internal Auditors in the reports.
- Management Report on Accounts of the Bank for the year ended on 31.12.2019.
- Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and compliance thereof.
- Review of status of recovery of classified loans and necessary guidelines provided to the management to reduce Non Performing Loan (NPL).
- Proposal of the management for realization of profit charged/accrued to income under the provisions of BRPD Circular Letter No#56 dated 10.12.2020.

The Audit Committee has further satisfied that

- * The rules and regulations of the Bangladesh Bank and all other regulatory authorities and Bank's own policy guidelines approved by the Board of Directors are duly complied with.
- * Adequate internal control and security measures have been taken by the Bank facilitating Information Technology (IT) based banking including generation of proper Management Information System (MIS).
- * The system of internal control and business processes have been strengthened including development of human resources towards creation of a compliance culture in the Bank.

Notes to the financial statements

- * Efforts have been made to keep assets of the Bank safe along with liabilities and commitments being transparent.
- * The Financial Statements of the Bank have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which contained full disclosure.

41 RELATED PARTY TRANSACTIONS

While making any related party transactions the management always pays proper attention to economic efficiency and competitive pricing and necessary approval of Bangladesh Bank and other authorities had been obtained wherever applicable. Significant related party transactions of the Bank for the period January – December 2020 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (Tk.)
Agro Food Services Ltd.	Common Directors/ Close family members Director	Office Rent	26,151,231
Ali Estates Limited	-do-	Office Rent	90,766,517
DHS Motors	-do-	Car providers & Car repair and Services	10,606,916
Garda Shield Security Service Ltd.	-do-	Maintenance	3,627,926
Green Bangla	-do-	Tree Plantation	576,785
M/s. M Ahmed Tea & Land Co. Limited	-do-	Office Rent	360,000
Opex Fashions Limited	-do-	Office Rent	3,657,150
Rancon car Hub	-do-	Car supplier	41,192,532
Rancon Industrial Solutions Limited	-do-	Machinery Equipments provider	11,260,525
Rangs Industries Ltd.	-do-	Electronics items provider	525,023
Rangs Limited	-do-	Car providers	29,221,258
Rangs Pharmaceuticals Ltd	-do-	Hand Sanitizer	1,778,300
Rangs Power Tech Limited	-do-	Machinery Equipments provider	2,790,000
Rangs workshop Ltd	-do-	Car repair and Services	1,040,095
Ranks ITT Ltd.	-do-	Network Connectivity fees	26,452,544
Reliance Insurance	-do-	Insurance Service	46,199,978
Romask Ltd	-do-	Printing	47,933,150
Shield Security Service	-do-	Security Service providers	342,753,815
The Daily Star	-do-	Advertising	7,237,316
ERA Infotech	Associate Company	Software vendor	97,585,344

During the year 2020, Directors and their interest in different entities are given in Annexure F:

40.1 Key Management personnel compensation

Transactions with Key Management personnel of the Bank for the period January – December 2020 is given below:

Particulars	Amount Tk
Short-term employee benefit	103,054,259

Key Management personnel includes President and Managing Director, 08 nos. Deputy Managing Director, 05 nos Senior Executive Vice President, Company Secretary, Head of Internal Control & Compliance Division and Chief Financial Officer.

Key management personnel get car facilities and leave fare assistance as per existing company policy. In addition gratuity, benevolent and superannuation fund benefits are provided as per service rule if eligible.

42 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, Hoda Vasi Chowdhury & Co., Chartered Accountants worked about 7,000 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

43 SHARE TRADING

The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2020 was Tk. 18.20 (2019: Tk. 18.20) at DSE and Tk. 18.00 at CSE (2019: 18.50).

43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 448th th meeting held on March 18, 2021 has recommended 10% Cash dividend subject to the approval of the shareholders at the next Annual General Meeting.

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

Bank Asia Limited

Highlights on the overall activities

as at and for the year ended 31 December 2020

Sl no.	Particulars	Amount in Taka		Amount in USD	
		2020	2019	2020	2019
1	Paid-up Capital	11,659,068,600	11,659,068,600	138,881,103.04	138,881,103.04
2	Total Capital	43,753,939,369	42,757,136,343	521,190,463.00	509,316,692.59
3	Capital (deficit)/surplus	18,172,052,972	18,914,413,077	217,551,211.38	225,305,694.78
4	Total Asset	408,717,150,859	353,800,373,697	4,868,578,330.66	4,214,417,792.70
5	Total Deposit	303,028,106,360	253,709,574,615	3,609,626,043.60	3,022,150,978.14
6	Total loans and advances / investments	244,642,030,073	227,298,956,048	2,914,139,726.90	2,707,551,590.80
7	Total contingent liabilities and commitments	122,190,427,780	120,617,276,961	1,455,514,327.34	1,436,775,187.15
8	Credit deposit ratio	69.42%	76.47%	69.42%	76.47%
9	Percentage of classified loans / investments against total loans and advances / investments	3.24%	4.61%	3.24%	4.61%
10	Profit after tax and provision	2,035,706,683	1,960,811,140	24,249,037.32	23,356,892.67
11	Amount of classified loans/investments during current year	7,930,928,302	10,479,985,000	94,472,046.48	124,836,033.35
12	Provisions kept against classified loans / investments	4,120,200,000	4,604,656,791	49,079,213.82	54,849,991.55
13	Provision surplus against classified loans / investments	5,300,000	1,843,000	63,208	21,953.54
14	Cost of fund	7.22%	8.25%	7.22%	8.25%
15	Interest earning assets	372,489,989,354	312,059,883,788	4,437,045,733.82	3,717,211,242.26
16	Non-interest earning assets	36,227,161,505	41,740,489,909	431,532,596.84	497,206,550.43
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	2.77%	2.76%	2.77%	2.76%
18	Return on assets (ROA) [PAT/Average assets]	0.53%	0.59%	0.53%	0.59%
19	Income from investment	6,484,398,100	3,293,064,994	77,241,192.38	39,226,503.80
20	Capital adequacy	17.16%	17.93%	17.16%	17.93%
21	Earnings per share	1.75	1.68	1.75	1.68
22	Net income per share	1.75	1.68	1.75	1.68
23	Price earning ratio	10.40	10.83	10.4	10.83

Exchange rate used 1 USD equivalent to BDT 83.85 (2018: BDT 82.75)

Bank Asia Limited Balance with other banks-Outside Bangladesh (Nostro Account)

as at 31 December 2020

Name of the Bank	Account type	Currency type	2020			2019		
			FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Conventional and Islamic banking:								
Interest bearing								
Citibank N.A., London	CD	EURO	539	103.55	55,820	4,926	94.90	467,484
Citibank N.A., London	CD	GBP	29,872	114.90	3,432,347	109,546	111.00	12,159,468
Citibank NA, New York	CD	USD	10,189,841	84.80	864,098,530	6,142,685	84.90	521,514,002
Habib American Bank, New York	CD	USD	4,407,409	84.80	373,748,309	21,331,505	84.90	1,811,044,754
Mashreqbank psc, New York	CD	USD	839,726	84.80	71,208,735	301,683	84.90	25,612,854
Standard Chartered Bank, Mumbai	CD	ACU	329,380	84.80	27,931,401	522,551	84.90	44,364,591
Standard Chartered Bank, New York	CD	USD	3,818,484	84.80	323,807,413	4,893,595	84.90	415,466,240
					1,664,282,555			2,830,629,394
Non-interest bearing :								
AB Bank Ltd, Mumbai	CD	ACU	42,117	84.80	3,571,503	105,276	84.90	8,937,928
Al Rajhi Bank, KSA	CD	SAR	659,146	22.60	14,896,693	1,269,434	22.60	28,689,207
AXIS Bank Ltd	CD	ACU	307,982	84.80	26,116,905	313,480	84.90	26,614,444
HDFC Bank Limited , Mumbai , India	CD	ACU	37,974	84.80	3,220,184	2,134	84.90	181,135
AKTIF Bank, Istanbul -JPY	CD	JPY	3,234,064	0.80	2,587,251	3,172,128	0.80	2,537,702
Bank of Sydney	CD	AUD	15,921	64.55	1,027,704	41,936	59.25	2,484,730
Bhutan National Bank Ltd, Thimphu	CD	USD	1,033	84.80	87,626	154,786	84.90	13,141,369
Commerzbank AG, Frankfurt	CD	USD	14,281	84.80	6,056,939	75,391	84.90	6,400,720
Mashreqbank PSC (Dubai AE)	CD	AED	3,553,928	23.10	82,095,741	1,920,270	23.10	44,358,240
Commerzbank AG, Frankfurt	CD	EURO	58,493	103.55	1,211,062	201,401	94.90	19,112,994
Habib Metropolitan Bank Ltd, Karachi	CD	ACU	140,844	84.80	11,943,606	182,616	84.90	15,504,093
ICICI Bank Ltd, Hongkong	CD	USD	23,854	84.80	2,022,848	124,587	84.90	10,577,408
ICICI Bank Ltd, Mumbai	CD	ACU	467,820	84.80	39,671,129	786,959	84.90	66,812,789
JP Morgan Chase Bank, New York	CD	USD	66,307	84.80	5,622,870	543,176	84.90	46,115,611
Mashreqbank psc, Mumbai (EURO)	CD	EURO	8,054	103.55	833,981	8,054	94.90	764,315
Muslim Commercial Bank Ltd, Colombo	CD	ACU	105,228	84.80	8,923,367	177,891	84.90	15,102,974
Nepal Bangladesh Bank Ltd, Kathmandu	CD	ACU	197,057	84.80	16,710,424	88,215	84.90	7,489,419
Bank Alfalah Limited , Karachi PAK (ACU)	CD	ACU	372,381	84.80	31,577,935	-	-	-
Unicredit Bank AG Munich	CD	EURO	958	103.55	99,202	10,805	94.90	1,025,425
Wells Fargo Bank N.A, New York	CD	USD	10,449	84.80	22,200,036	140,482	84.90	11,926,957
Wells Fargo Bank N.A, London	CD	EURO	214,390	103.55	886,088	38,105	94.90	3,616,182
Zurcher Kantonal Bank, Switzerland	CD	CHF	25,355	95.30	2,416,344	21,157	86.60	1,832,183
					283,779,438			333,225,824
Off-shore banking unit:								
Commerzbank AG, Frankfurt	CD	EURO	37,720	113.33	4,274,883	1,071	113.17	121,161
Habib American Bank, New York	CD	USD	872,089	83.95	73,211,840	5,457,470	83.85	457,608,880
Sonali Bank, London	CD	GBP	3	134.45	441	3	134.15	440
					77,487,164			457,730,481
					2,025,549,157			3,621,585,699

Bank Asia Limited Investment in Shares

as at 31 December 2020

S/L No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Cost of Per Share	Quoted rate per share as at 31 Dec 2020	Total market value as at 31 Dec 2020	Unrealized profit/ (loss) as at 31 Dec 2020
Quoted Shares								
1	AB Bank Limited	10	149,007	9,721,217	65.24	12.10	1,802,985	(7,918,232)
2	Dhaka Bank Limited	10	586,106	15,813,139	26.98	11.90	6,974,661	(8,838,478)
3	Exim Bank Limited	10	1,877,123	38,582,386	20.55	11.80	22,150,051	(16,432,335)
4	Golden Son Limited	10	119,185	8,586,791	72.05	11.20	1,334,872	(7,251,919)
5	Lanka Bangla Finance Limited	10	1,310,017	59,762,975	45.62	31.40	41,134,534	(18,628,441)
6	Mercantile Bank Limited	10	507,150	10,498,005	20.70	12.70	6,440,805	(4,057,200)
7	Phoenix Finance and Investments Limited	10	1,248,436	49,438,065	39.60	27.50	34,331,990	(15,106,075)
8	Prime Finance & Investment Limited	10	72,576	12,001,821	165.37	12.60	914,458	(11,087,363)
9	Prime Insurance Company Limited	10	60,564	5,466,943	90.27	49.20	2,979,749	(2,487,194)
10	Southeast Bank Limited	10	1,390,215	34,741,473	24.99	12.50	17,377,688	(17,363,785)
11	United Commercial Bank Limited	10	2,624,381	63,772,931	24.30	14.10	37,003,772	(26,769,159)
12	Premier Bank Limited	10	3,031,875	40,505,850	13.36	11.00	33,350,625	(7,155,225)
13	The ACME Laboratories Limited	10	1,000,000	57,650,000	57.65	74.70	74,700,000	17,050,000
A. Provision requirement for quoted shares				406,541,595			280,496,190	(126,045,405)
Available cash balance				38,054,578				
Mutual Fund				444,596,173				
14	1st Janata Bank Mutual Fund	10	7,248,082	50,000,000	6.90	6.00	43,488,492	-
15	MBL 1st Mutual Fund	10	5,000,000	50,000,000	10.00	7.50	37,500,000	(2,200,000)
16	EBL NRB Mutual Fund	10	22,376,041	149,665,000	6.69	5.70	127,543,434	-
17	First Bangladesh Fixed Income Fund	10	38,807,348	250,000,000	6.44	5.40	209,559,679	-
18	EXIM Bank 1st Mutual Fund	10	22,645,455	158,076,866	6.98	6.70	151,724,549	-
B. Provision requirement for Mutual Fund as per BB Circular				96,076,926			569,816,154	(2,200,000)

Sl. No.	Name of the company	Face value	No. of Shares including bonus	Cost of holding	Per Unit cost	Per share (NAV)	Total book value	Unrealized profit (loss)
Unquoted Shares								
1	Industrial & Infrastructure Development Finance Co. Ltd.	10	13,380,903	59,000,260	4.41	17.48	233,853,189	174,852,929
2	Central Depository Bangladesh Limited	10	1,142,361	3,138,890	2.75	34.69	39,625,231	36,486,341
3	Era-InfoTech Limited	100	195,687	383,700	1.96	266.21	52,092,893	51,709,193
4	Bangladesh Rating Agency Limited	100	32,015	3,201,512	100.00	21.94	702,472	(2,499,040)
5	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	10.00	2,000,000	-
6	Universal Financial Solutions Limited (UFS)	10	10,000,000	100,000,000	10.00	11.56	115,600,000	15,600,000
7	Investment in SWIFT share	311,560	29	9,035,228	311,560	311,560	9,035,228	-
8	Energypac Power Generation Limited	10	1,192,800	49,984,000	41.90	51.83	61,825,524	11,841,524
	C. Unrealized profit of unquoted stocks		26,143,795	226,743,590			514,734,537	287,990,947
9	Provision required for subsidiaries							(212,027,884)
	D. Provision for unquoted stock							75,963,063
	E. Provision required for Beximco Debentures							(15,982,975)
	F. Total Provision Required (A+B+D+E)							(68,265,317)
	G. Provision maintained							363,383,553
	H. Provision Excess / (Shortfall) for quoted and unquoted share							295,118,236

Bank Asia Limited Conventional Banking, Islamic Banking and Off-shore Banking unit Schedule of fixed assets including premises, furniture and fixtures

Annex C-1

as at 31 December 2020

Particulars	Cost			Rate of dep. %	Depreciation			Written down value as at 31 Dec 2020
	Balance as at 01 Jan 2020	Addition during the year	Disposal/ adjustment during the year		Balance as at 01 Jan 2020	Charged during the year	Charged from Revaluation reserve during the year	
Own assets								
Land	2,646,764,306	-	-	-	-	-	-	2,646,764,306
Building	2,752,485,492	-	479,827,902	5	1,247,776,786	97,383,070	53,715,264	1,398,875,120
Furniture and fixtures	1,225,349,124	40,375,790	(1,700,000)	20	1,037,906,960	77,996,097	-	1,114,593,341
Machinery & Equipments	1,154,664,848	61,382,440	-	20	741,893,172	139,113,748	-	881,006,920
Computer and accessories	474,790,166	18,440,546	-	20	364,925,570	48,800,157	-	413,725,727
Motor vehicles	203,785,296	80,738,577	(9,641,632)	20	144,083,267	30,459,113	-	164,900,748
Sub-total	8,457,839,232	200,937,353	468,486,270		3,536,585,755	393,752,185	53,715,264	3,973,101,856
								5,154,160,999
Leased assets								
Furniture and fixtures	167,162,848	-	-	20	167,162,848	-	-	167,162,848
Machinery & Equipments	106,201,139	-	-	20	106,201,139	-	-	106,201,139
Computer and accessories	72,204,100	-	-	20	72,204,100	-	-	72,204,100
Motor vehicles	18,900,000	-	(9,900,000)	20	18,900,000	-	(9,900,000)	9,000,000
Sub-total	364,468,087	-	(9,900,000)		364,468,087	-	(9,900,000)	354,568,087
Total	8,822,307,319	200,937,353	458,586,270		3,901,053,842	393,752,185	53,715,264	4,327,669,943
								5,154,160,999
Intangible assets								
Corporate Membership ¹	24,000,000	-	-		24,000,000	-	-	24,000,000
Work in progress -building								
Kawran bazar building ²	572,445,844	217,326,531	(408,891,169)		380,881,206	-	-	380,881,206
Sukrabad building ²	82,469,264	31,379,976	(70,936,733)		42,912,507	-	-	42,912,507
Renovation & Decoration	13,020,200	7,927,725	-		20,947,925	-	-	20,947,925
	667,935,308	256,634,232	(479,827,902)		444,741,638	-	-	444,741,638
Right-of-use assets								
Office space ³	1,739,075,475	-	-		1,739,075,475	326,661,553	-	653,323,106
Grand Total	11,253,318,102	457,571,585	(21,241,632)		11,689,648,055	720,413,738	53,715,264	4,980,993,049
								6,708,655,006

¹ Membership fees to Baridhara Cosmopolitan Club Limited (BCCL)

² For construction of 12 storied commercial building with 22 stored foundation

³ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

Bank Asia Limited Conventional Banking, Islamic Banking and Off-shore Banking unit Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2019

Annex C-2

Particulars	Cost			Rate of dep. %	Depreciation			Written down value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Disposal/ adjustment during the year		Balance as at 31 Dec 2019	Charged during the year	Charged from Revaluation reserve during the year	
Own assets								
Land	2,646,764,306	-	-	-	-	-	-	2,646,764,306
Building	2,752,485,492	-	-	5	1,098,677,739	95,383,783	53,715,264	1,247,776,786
Furniture and fixtures	1,188,646,531	37,502,593	(800,000)	20	948,230,191	90,058,019	(381,250)	1,037,906,960
Machinery & Equipments	927,523,396	228,901,452	(1,760,000)	20	627,141,174	116,511,998	(1,760,000)	741,893,172
Computer and accessories	440,900,264	33,889,902	-	20	312,923,474	52,002,096	-	364,925,570
Motor vehicles	243,279,818	3,334,055	(42,828,577)	20	160,152,702	26,759,142	(42,828,577)	144,083,267
Sub-total	8,199,599,807	303,628,002	(45,388,577)		3,147,125,280	380,715,038	53,715,264	3,536,585,755
Leased assets								
Furniture and fixtures	167,162,848	-	-	20	167,162,848	-	-	167,162,848
Machinery & Equipments	106,201,139	-	-	20	106,201,139	-	-	106,201,139
Computer and accessories	72,204,100	-	-	20	72,204,100	-	-	72,204,100
Motor vehicles	18,900,000	-	-	20	18,900,000	-	-	18,900,000
Sub-total	364,468,087	-	-		364,468,087	-	-	364,468,087
Total	8,564,067,894	303,628,002	(45,388,577)		3,511,593,367	380,715,038	53,715,264	3,901,053,842
Intangible assets								
Corporate Membership ¹	-	24,000,000	-		24,000,000	-	-	24,000,000
Work in progress - building								
Kawran bazar building ²	332,037,775	240,408,069	-		572,445,844	-	-	572,445,844
Sukrabad building ³	47,041,290	35,427,974	-		82,469,264	-	-	82,469,264
Renovation ⁴	-	13,020,200	-		13,020,200	-	-	13,020,200
Right-of-use assets								
Office space ⁵	-	1,739,075,475	-		1,739,075,475	-	-	326,661,553
Grand Total	8,943,146,959	2,355,559,720	(45,388,577)		11,253,318,102	-	53,715,264	4,227,715,395

¹ Membership fees to BCCL

² For construction of 12 storied commercial building with 22 stored foundation

³ For construction of 9 storied building

⁴ Gulshan Branch and Fatullah Branch

⁵ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

Bank Asia Limited and its Subsidiaries Consolidated Schedule of fixed assets including premises, furniture and fixtures

Annex C-3

as at 31 December 2020

Particulars	Cost			Rate of dep. %	Depreciation			Written down value as at 31 Dec 2020
	Balance as at 01 Jan 2020	Addition during the year	Disposal/ adjustment during the year		Balance as at 01 Jan 2020	Charged during the year	Charged from Revaluation reserve during the year	
Own assets								
Land	2,646,764,306	-	-	0	-	-	-	2,646,764,306
Building	2,774,364,124	3,297,052	467,259,157	5	1,267,278,775	101,307,774	53,715,264	1,408,530,839
Furniture and fixtures	1,253,332,695	40,375,790	(1,684,927)	20	1,041,057,806	83,352,336	(1,309,716)	1,123,100,426
Machinery & Equipments	1,168,355,274	61,694,563	199,521	20	746,858,054	141,095,200	-	888,630,079
Computer and accessories	484,838,267	18,440,546	-	20	370,738,554	50,076,495	-	420,815,049
Motor vehicles	203,785,296	80,738,577	(9,641,632)	20	144,083,267	30,459,113	(9,641,632)	164,900,748
Sub-total	8,531,439,962	204,546,528	456,132,119		3,570,016,456	406,290,918	53,715,264	4,005,977,141
Leased assets								
Furniture and fixtures	167,162,848	-	-	20	167,162,848	-	-	167,162,848
Machinery & Equipments	106,201,139	-	-	20	106,201,139	-	-	106,201,139
Computer and accessories	72,204,100	-	-	20	72,204,100	-	-	72,204,100
Motor vehicles	18,900,000	-	(9,900,000)	20	18,900,000	-	(9,900,000)	9,000,000
Sub-total	364,468,087	-	(9,900,000)		364,468,087	-	(9,900,000)	354,568,087
Total	8,895,908,049	204,546,528	446,232,119		3,934,484,543	406,290,918	53,715,264	4,360,545,228
Intangible assets								
Corporate Membership ¹	24,000,000	-	-		-	-	-	24,000,000
Work in progress - building								
Kawran bazar building ²	572,445,844	217,326,531	(408,891,169)		-	-	-	380,881,206
Sukrabad building ²	82,469,264	31,379,976	(70,936,733)		-	-	-	42,912,507
Renovation & Decoration	13,020,200	7,927,725	-		-	-	-	20,947,925
	667,935,308	256,634,232	(479,827,902)		-	-	-	444,741,638
Right-of-use assets								
Office space ³	1,739,075,475	86,256,785	-		326,661,553	339,450,413	-	666,111,966
Grand Total	11,326,918,832	547,437,545	(33,595,783)		4,261,146,096	745,741,331	53,715,264	5,026,657,194

¹ Membership fees to Baridhara Cosmopolitan Club Limited (BCCL)

² For construction of 12 storied commercial building with 22 stored foundation

³ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

Bank Asia Limited and its Subsidiaries Consolidated Schedule of fixed assets including premises, furniture and fixtures

Annex C-4

as at 31 December 2019

Particulars	Cost			Rate of dep. %	Depreciation			Written down value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Disposal/adjustment during the year		Balance as at 01 Jan 2019	Charged during the year	Charged from Revaluation reserve during the year	
Own assets								
Land	2,646,764,306	-	-	0	-	-	-	2,646,764,306
Building	2,773,626,243	737,880	127,713	5	1,114,966,115	97,335,178	53,715,264	1,266,662,255
Furniture and fixtures	1,206,448,427	61,578,715	(11,191,101)	20	961,950,088	92,732,221	-	1,043,911,105
Machinery & Equipments	935,599,805	235,594,987	(6,470,579)	20	633,174,330	117,723,860	-	744,491,505
Computer and accessories	453,288,375	35,792,902	(4,243,011)	20	321,974,971	53,006,595	-	370,747,826
Motor vehicles	243,279,818	3,334,055	(42,828,577)	20	160,152,703	26,759,142	-	144,083,268
Sub-total	8,259,006,975	337,038,539	(64,605,555)		3,192,218,206	387,556,996	53,715,264	3,569,895,958
Leased assets								
Furniture and fixtures	167,162,848	-	-	20	167,162,848	-	-	167,162,848
Machinery & Equipments	106,201,139	-	-	20	106,201,139	-	-	106,201,139
Computer and accessories	72,204,100	-	-	20	72,204,100	-	-	72,204,100
Motor vehicles	18,900,000	-	-	20	18,900,000	-	-	18,900,000
Sub-total	364,468,087	-	-		364,468,087	-	-	364,468,087
Total	8,623,475,062	337,038,539	(64,605,555)		3,556,686,293	387,556,996	53,715,264	3,934,364,045
Intangible assets								
Corporate Membership ¹	-	24,000,000	-		-	-	-	24,000,000
Work in progress -building								
Kawran bazar building ²	332,037,775	240,408,069	-		-	-	-	572,445,844
Sukrabad building ³	47,041,290	35,427,974	-		-	-	-	82,469,264
Renovation ⁴	-	13,020,200	-		-	-	-	13,020,200
Sub-total	379,079,065	288,856,243	-		-	-	-	667,935,308
Right-of-use assets								
Office space ⁵	-	1,739,075,475	-		-	326,661,553	-	1,412,413,922
Grand Total	9,002,554,127	2,388,970,257	(64,605,555)		3,556,686,293	714,218,549	53,715,264	4,261,025,598

¹ Membership fees to BCCL

² For construction of 12 storied commercial building with 22 stored foundation

³ For construction of 9 storied building

⁴ Gulshan Branch and Fatullah Branch

⁵ Right-of-use assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 13.9) and initial payment for executing the contract.

Bank Asia Limited

Statement of tax position

Annex D

as at 31 December 2020

Accounting year	Assessment year	Status
2000	2001-2002	Assessment finalized
2001	2002-2003	Assessment finalized
2002	2003-2004	Assessment finalized
2003	2004-2005	Assessment finalized
2004	2005-2006	Assessment finalized
2005	2006-2007	Assessment finalized
2006	2007-2008	Assessment finalized
2007	2008-2009	Assessment finalized
2008	2009-2010	Assessment finalized
2009	2010-2011	Assessment finalized
2010	2011-2012	At Honorable High Court stage
2011	2012-2013	At Honorable High Court stage
2012	2013-2014	Assessment finalized
2013	2014-2015	Assessment finalized
2014	2015-2016	Assessment finalized
2015	2016-2017	Assessment finalized
2016	2017-2018	Assessment finalized
2017	2018-2019	Assessment finalized
2018	2019-2020	Assessment finalized
2019	2020-2021	Return Submitted

Bank Asia Limited

Details of Large Loan

Annex E

as at 31 December 2020

	2020	2019
Number of clients	6	8
Amount of outstanding advances (Taka)	33,712	43,683
Amount of classified advances (Taka)	NIL	NIL
Measures taken for recovery (Taka)	NIL	NIL

Client-wise break up is as follows

Amount in million

Sl. No.	Name of clients	Outstanding (Taka) 2020			Outstanding (Taka) 2019		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Echotex Group	2,072	2,733	4,806	-	-	-
2	BRAC	6,373	11	6,383	-	-	-
3	Ahmed Group	82	5,133	5,215	-	-	-
4	Spectra Group	2,680	2,951	5,631	1,489	4,247	5,736
5	Basundhara Group	3,986	2,806	6,792	4,508	2,221	6,729
6	Saiham Group	1,449	3,436	4,885	1,951	3,032	4,983
7	Western Marine Group	-	-	-	4,204	945	5,149
8	City Group	-	-	-	1,862	4,182	6,044
9	Summit Group	-	-	-	2,049	3,413	5,461
10	Meghna Group	-	-	-	2,014	2,793	4,807
11	ACI Group	-	-	-	2,606	2,168	4,773
	Total	16,642	17,070	33,712	20,683	23,000	43,683

Bank Asia Limited

Names of Directors and their interest in different entities

as at 31 December 2019

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
			Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Mavis Ispat Limited
			Rangs Properties Limited
			Rangs Motors Limited
			Rangs Pharmaceuticals Limited
			Ranks ITT Limited
			Ranks Telecom Limited
			Ranks Petroleum Limited
			Ranks Interiors Limited
			Rancon Motors Limited
			Shield Security Services Limited
			Rancon Autos Limited
			Rancon Automobiles Limited
			Rancon Motor Bikes Limited
			Ranks Real Estate Limited
			Rangs Motors Workshop Limited
			Ranks Agro Bioteq Limited
			Zest Polymers Ltd.
			Metro Foils Limited
			Rancon Holdings Limited
			Ranks Commercial Vehicles Ltd.
			Ranks Appliance Limited
			Ranks Dolonchapa Express Ltd.
			Sea Resources Limited
			Sea Fishers Limited
			Deep Sea Fishers Limited
			Sea Resources Agencies Limited
			Fishers Shipyard Limited
			Sea Resources Cold Storage Limited
			Seamans Dockyard & Fish Meal Ltd.
			The Daily Star
			Amiran Generations Limited
			Agro Food Services Ltd.
			Ranks FC Properties Limited
			Softex Communication Limited
			Bank Asia Limited
1.	Mr. A Rouf Chowdhury	Chairman	

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
2.	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	M. Ahmed Tea & Lands Co. Phulbari Tea Estates Ltd. M. Ahmed Cold Storage Ltd. M. Ahmed Food & Spices Ltd. M. Ahmed Real Estates Ltd. Premier Dyeing & Calendaring Ltd. Anandaniketan Ltd. JVS Ltd. FIVDB Bank Asia Limited Rangs Limited Rangs Workshop Limited Rangs Industries Ltd. Rangs Properties Limited Rangs ITT Limited Rangs Telecom Limited Rangs Petroleum Limited Rancon Motors Limited Rancon Engineering Limited Rancon Electronics Limited Rancon Holdings Limited Rancon Car Hubs Limited Rancon FC Properties Limited Rancon Infrastructure and Engineering Ltd. Rancon Oceana Limited Inspace Architects Limited Rancon Auto Industries Limited Rancon Hospitality Limited Rancon Industrial Solutions Limited Rancon Sea Fishers Limited Rancon Eccessories Limited Rancon Motor Bikes Limited Rancon Trucks & Buses Limited Rangs Agro Bioteq Limited Zest Polymers Ltd. Metro Foils Limited Agro Food Services Ltd. Shield Security Services Limited Rancon Automobiles Limited Softex Communications Limited Sea Resources Limited Sea Fishers Limited Deep Sea Fishers Limited Sea Resources Agencies Limited Fishers Shipyard Limited Sea Resources Cold Storage Limited Seamans Dockyard & Fish Meal Ltd. Bank Asia Limited
3	Mr. Romo Rouf Chowdhury	Vice Chairman	

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
4.	Mr. Rumees A Hossain	Director	Rangs Industries Ltd.
			Romask Limited
			Rangs Petroleum Ltd.
			Rangs ITT Limited
			Rangs Pharmaceuticals Limited
			Rangs Telecom Limited
			Bank Asia Limited
			Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Ltd.
			Rangs Properties Limited
			Rangs Motors Limited
			Rangs Pharmaceuticals Limited
			Rangs ITT Limited
			Rangs Telecom Limited
			Rangs Petroleum Limited
			Rangs Interiors Limited
Rancon Motors Limited			
5.	Ms. Romana Rouf Chowdhury (Representing Maya Limited)	Director	Shield Security Services Limited
			Rancon Autos Limited
			Rancon Automobiles Limited
			Rangs Real Estate Limited
			Rangs Motors Workshop Limited
			Rangs Agro Biotech Limited
			Mavis Ispat Limited
			Zest Polymers Ltd.
			Metro Foils Limited
			Sea Resources Limited
			Sea Resources Agencies Limited
			Sea Resources Cold Storage Limited
			Sea Fishers Limited
			Sea Natural Food Ltd.
			Sea Natural Ltd.
			Fishers Shipyard Limited
			Deep Sea Fishers Limited
			Agro Food Services Ltd.
			Seamans Dockyard & Fish Meal Limited
			Romask Limited
			SRL Marine Product Ltd.
			Amreen Romana Ltd.
Amiran Romana Ltd.			
Maya Limited			
Bank Asia Limited			
6.	Ms. Hosneara Sinha	Director	Pritha Fashions Ltd.
			Sinha Auto Spinning Mills Ltd.
			Sattar Jute Mills Ltd.
			Bank Asia Limited

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/employee/partner, etc.
7.	Ms. Farhana Haq	Director	DHS Motors Limited
			Platform Solutions Limited
			FAR Limited
			Ali Estates Limited
			Surja Soft Ltd.
			DHS Automobiles Limited
			Platform Services Limited
8.	Ms. Naheed Akhter Sinha	Director	Bank Asia Limited
			Lafargeholcim Bangladesh Ltd.
			Enterprise Cluster Pte. Ltd. (Singapore)
			Cluster World Pte. Ltd. (Singapore)
9.	Mr. Dilwar H Choudhury (Independent Director)	Director	Bank Asia Limited
			Latif Center
			Jubilant Golden Harvest Ltd.
10.	Major General Mohammad Matiur Rahman (retd.) (Representing Sinha Fashions Ltd.)	Director	Golden Harvest Fintech Limited.
			Sinha-Medlar Group
			Julphar Bangladesh Ltd.
11.	Mr. Ashraful Haq Chowdhury (Independent Director)	Director	Bank Asia Limited
			Star Infrastructure Development Consortium Ltd.
			Star Allied Venture Limited
12.	Mr. Enam Chowdhury (Representing Amiran Generations Limited)	Director	Bank Asia Limited
			Agro Food Services Ltd.
			Nessbit Technologie Limited
			ASAP Healthy Food Limited
			Tiger Digital Ventures Limited
			Ranks Telecom Ltd.
			Sea Resources Limited
			Sea Fishers Limited
			Deep Sea Fishers Limited
			Sea Resources Cold Storage Limited
Sea Resources Agencies Limited			
13.	Mr. Md. Abul Quasem (Independent Director)	Director	Rangs Pharmaceuticals Limited
			Bank Asia Limited
14.	Mr. M. A. Baqui Khalily (Independent Director)	Director	Bank Asia Limited
15.	Mr. Helal Ahmed Chowdhury (Independent Director)	Director	Bank Asia Limited
			Baraka Power Limited
			Baraka Patenga Power Ltd.
			PKSF (Palli Karma-Sahayak Foundation).
			Bank Asia Ltd.

as at and for the year ended 31 December 2020

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

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

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

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

The ISR declared on Mudaraba deposits for the year 2020

Types of Mudaraba Deposit	Distributable Investment Income Sharing Ratio (ISR) w.e.f. 01.11.2020	
	Client	Bank
1. Mudaraba Term Deposit Account (MTDA) 1 month	40%	60%
2. Mudaraba Term Deposit Account (MTDA) 2 months	40%	60%
3. Mudaraba Term Deposit Account (MTDA) 3 months	62%	38%
4. Mudaraba Term Deposit Account (MTDA) 6 months (Below Tk.1 crore)	62%	38%
5. Mudaraba Term Deposit Account (MTDA) 6 months (Tk.1 crore & above but below Tk.5 crore)	62%	38%
6. Mudaraba Term Deposit Account (MTDA) 6 months (Tk.5 crore & above)	62%	38%
7. Mudaraba Term Deposit Account (MTDA) 12 months (Below Tk.1 crore)	62%	38%
8. Mudaraba Term Deposit Account (MTDA) 12 months (Tk.1 crore & above)	62%	38%
9. Mudaraba Term Deposit Account (MTDA) 24 months (Below Tk.1 crore)	62%	38%
10. Mudaraba Term Deposit Account (MTDA) 24 months (Tk.1 crore & above)	62%	38%
11. Mudaraba Term Deposit Account (MTDA) 36 months (Below Tk.1 crore)	62%	38%
12. Mudaraba Term Deposit Account (MTDA) 36 months (Tk.1 crore & above)	62%	38%
13. Mudaraba Term Deposit Account (MTDA) 60 months (Below Tk.1 crore)	62%	38%
14. Mudaraba Term Deposit Account (MTDA) 60 months (Tk.1 crore & above)	62%	38%
15. Corporate Term Deposit Account (CTDA) 3 months (Tk.1 crore & above)	62%	38%
16. Corporate Term Deposit Account (CTDA) 6 months (Tk.1 crore & above but below Tk.5 crore)	62%	38%
17. Corporate Term Deposit Account (CTDA) 6 months (Tk.5 crore & above)	62%	38%
18. Corporate Term Deposit Account (CTDA) 12 months (Tk.1 crore & above)	62%	38%
19. Mudaraba Savings Account (MSA)	40%	60%
20. Mudaraba Corporate Privilege Savings Account (MCPSA)	40%	60%
21. Smart Junior Saver (School Banking) Account	50%	50%

22. Mudaraba Special Notice Deposit Account (MSND)	35%	65%
23. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 year	80%	20%
24. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 2 years	82%	18%
25. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 3-5 years	85%	15%
26. Mudaraba Deposit Pension Scheme (MDPS) 3-12 Years	85%	15%
27. Mudaraba Hajj Savings Scheme (MHSS) 1- 10 Years	88%	12%
28. Cash Waqf	88%	12%

2. Investment Operation and Return Thereon

Investments of our Islamic Banking are broadly categorized in the following two types in respect of charging (rate of) return:

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

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

Variable return based income is applied for our Musaharaka mode of investment. In these cases, only ratio of Income Sharing is stated in the agreement. Bank bags income on the basis of the concerned venture according to the agreed ratio (comparable to our Mudaraba deposit products). Genuine loss, if any, is borne according to capital ratio of the client & the Bank.

3. Income/ Revenue Recognition Principle

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

For Bai-Murabaha Muajjal Investment

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

For Hire Purchase Shirkatul Melk (HPSM) Investment

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

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

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

For Musharaka Investment

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

4. Cost Recognition Principle

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

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

Bank Asia Limited Islamic Banking Unit Balance Sheet

Annex G-1

as at 31 December 2020

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
PROPERTY AND ASSETS		
Cash	977,044,058	1,010,655,911
Cash in hand (including foreign currencies)	32,928,013	39,319,564
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)	944,116,045	971,336,347
Balance with other banks and financial institutions	200,611,490	300,753,880
In Bangladesh	200,611,490	300,753,880
Outside Bangladesh	-	-
Placement with other banks and financial institutions	-	-
Investments in shares and securities	4,823,710,000	1,049,300,000
Government	4,783,710,000	969,300,000
Others	40,000,000	80,000,000
Investments	16,409,426,612	13,304,712,470
General Investment	16,408,036,612	13,253,555,559
Bills purchased and discounted	1,390,000	51,156,911
Fixed assets including premises, furniture and fixtures	3,484,699	4,884,814
Other assets	1,549,634,621	4,139,401,670
Non - banking assets	-	-
Total assets	<u>23,963,911,480</u>	<u>19,809,708,745</u>
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other banks, financial institutions and agents	-	-
Deposits and other Accounts		
Al-wadeeah current and other deposits accounts, etc.	1,023,697,578	815,561,996
Bills payable	130,359,220	108,992,752
Mudaraba savings deposits	3,553,025,320	2,551,157,860
Mudaraba term deposits	17,655,569,247	15,090,188,481
	22,362,651,365	18,565,901,089
Other liabilities	1,601,260,115	1,243,807,656
Total liabilities	<u>23,963,911,480</u>	<u>19,809,708,745</u>
OFF- BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	-	-
Letters of guarantee	571,286,809	214,311,365
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	<u>571,286,809</u>	<u>214,311,365</u>

Bank Asia Limited Islamic Banking Unit Profit and Loss Statement

Annex G-2

for the year ended 31 December 2020

	Amount in Taka	
	31 Dec 2020	31 Dec 2019
Operating income		
Investment income	874,546,219	1,348,621,170
Profit paid on deposits, borrowings, etc.	918,307,146	1,003,503,946
Net investment income	(53,760,927)	345,117,224
Profit on Investment with bank and financial institutions	52,458,317	31,211,410
Commission, exchange and brokerage	51,644,010	59,755,482
Other operating income	10,529,155	9,390,895
Total operating income	60,870,555	445,475,011
Salaries and allowances	91,293,218	84,059,716
Rent, taxes, insurance, electricity, etc.	9,598,412	9,826,725
Legal expenses	-	92,500
Postage, stamp, telecommunication, etc.	1,064,244	862,710
Stationery, printing, advertisement, etc.	1,432,590	1,532,772
Depreciation and repair of Bank's assets	3,261,650	4,733,774
Other expenses	39,268,512	42,724,634
Total operating expenses	145,918,626	143,832,831
Profit before provision	(85,048,071)	301,642,180
Provision for investments		
General provision	112,212,068	1,809,521
Specific provision	(1,691,611)	163,150,386
	110,520,457	164,959,907
Provision for off balance sheet items	3,569,754	677,707
Total provision	114,090,211	165,637,614
Total profit before taxes	(199,138,282)	136,004,566

Bank Asia Limited Off-shore Banking Unit Balance Sheet

Annex H

as at 31 December 2020

	Notes	31 Dec 2020		31 Dec 2019	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash					
In hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		-	-	-	-
Balance with other banks and financial institutions					
	3				
In Bangladesh		-	-	-	-
Outside Bangladesh		923,016	77,487,164	5,458,920	457,730,481
		923,016	77,487,164	5,458,920	457,730,481
Investments					
Government		-	-	-	-
Others		-	-	1,628,319	136,534,543
		-	-	1,628,319	136,534,543
Loans and advances					
	4				
Loans, cash credits, overdrafts, etc.		44,951,597	3,773,686,591	31,992,364	2,682,559,733
Bills purchased and discounted		175,394,142	14,724,338,222	201,423,944	16,889,397,743
		220,345,739	18,498,024,813	233,416,309	19,571,957,476
Fixed assets including premises, furniture & fixtures					
		-	-	-	-
Other assets					
	5	5,424,971	455,426,291	585,497	49,093,897
Non - banking assets					
		-	-	-	-
Total assets		<u>226,693,726</u>	<u>19,030,938,268</u>	<u>241,089,045</u>	<u>20,215,316,397</u>
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents					
	6	222,808,269	18,704,754,165	233,940,009	19,615,869,735
Deposits and other accounts					
	7				
Current deposits		3,340,945	280,472,293	5,348,141	448,441,616
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed deposits		537,732	45,142,618	1,752,245	146,925,728
Bearer certificate of deposit		-	-	-	-
		3,878,677	325,614,911	7,100,386	595,367,344
Other liabilities	8	6,780	569,192	48,650	4,079,318
Total liabilities		<u>226,693,726</u>	<u>19,030,938,268</u>	<u>241,089,045</u>	<u>20,215,316,397</u>
OFF- BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements	9	49,533	4,158,295	24,518	2,055,858
Letters of guarantee		6,610	554,910	-	-
Irrevocable letters of credit	10	366,400	30,759,280	349,151	29,276,311
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
		422,543	35,472,485	373,669	31,332,169
Other commitments		-	-	-	-
Total Off-Balance Sheet items including contingent liabilities		<u>422,543</u>	<u>35,472,485</u>	<u>373,669</u>	<u>31,332,169</u>

Bank Asia Limited Off-shore Banking Unit Profit and Loss Statement

Annex H-1

for the year ended 31 December 2020

	Notes	31 Dec 2020		31 Dec 2019	
		USD	Taka	USD	Taka
Operating Income					
Interest income	11	11,395,921	955,775,932	13,995,478	1,166,103,247
Interest paid on deposits and borrowings, etc.	12	6,735,461	564,903,098	10,389,691	865,669,016
Net interest/net profit on investments		4,660,461	390,872,834	3,605,788	300,434,231
Investment Income		-	-	-	-
Commission, exchange and brokerage	13	65,458	9,810,218	92,454	13,701,570
Other operating income	14	197,046	16,526,219	339,762	28,308,974
Total operating income (A)		4,922,964	417,209,271	4,038,004	342,444,775
Operating Expenses					
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity, etc.		3,090	259,134	3,091	257,549
Legal expenses		16,852	1,413,377	5,042	420,113
Postage, stamp, telecommunication, etc.		8,261	692,846	8,646	720,396
Stationery, printing, advertisements, etc.		592	49,664	607	50,561
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		-	-	-	-
Other expenses		248,692	20,857,837	224,228	18,682,659
Total operating expenses (B)		277,487	23,272,858	241,614	20,131,278
Profit before provision (C=A-B)		4,645,477	393,936,413	3,796,390	322,313,497
Provision for loans and advances					
General provision		(128,047)	(10,739,326)	(151,586)	(12,630,144)
Specific provision		-	-	-	-
		(128,047)	(10,739,326)	(151,586)	(12,630,144)
Provision for off-balance sheet items		494	41,403	(1,114)	(92,858)
Total provision (D)		(127,554)	(10,697,923)	(152,700)	(12,723,002)
Total profit/(loss) (C-D)		4,773,030	404,634,336	3,949,090	335,036,499

Off-shore Banking Unit (OBU) Notes to the Financial Statements

as at and for the year ended 31 December 2020

1 Status of the unit

Off-shore banking Unit ("the Unit") is a separate business unit of Bank Asia Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Off-shore banking unit permission vide letter no.BRPD(P-3)744(94)/2007-1853 dated 21 June 2007 under Bangladesh Bank BCD Circular No. (P) 744(27), dated 17 December, 1985. The Bank commenced the operation of its Off-shore Banking Unit from 28 January 2008 and its office is located at Zone Service Complex, Chittagong Export Processing Zone, Chittagong.

2 Significant accounting policies and basis of preparations

2.1 Basis of preparation

The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the Off-shore Banking Unit (OBU). The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14 dated 25 June 2003, Bangladesh Bank BRPD Circular No. 02 dated 25 February 2019 & subsequent amendment circulars, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs) and other rules and regulations where necessary.

2.2 Foreign currency

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

2.3 Loans and advances

a) Loans and advances are stated in the balance sheet on gross basis.

b) Interest is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 16 of 1998, 9 of 2001 and 10 of 2005 and recognised as income on realisation. Interest is not charged on bad and loss loans and advances/investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) As per BRPD circular no. 16 dated 18 November 2014, BRPD Circular 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 05 dated 29 May 2013, provision for sub-standard loans, doubtful loans and bad loss loans has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5%

2.4 General

Assets and liabilities have been translated into Taka currency @USD 1 = BDT 83.95 (2019 : BDT 83.85). Income and expenses are translated at an average rate @ USD 1 = BDT 83.87 (2019 : BDT 83.32). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 84.80

	31 Dec 2020		31 Dec 2019	
	USD	Taka	USD	Taka
3 Balance with other banks and financial institutions				
In Bangladesh	-	-	-	-
Outside Bangladesh				
Commerzbank A.G, Frankfurt	50,922	4,274,883	1,445	121,161
Habib American Bank, New York	872,089	73,211,840	5,457,470	457,608,880
Sonali Bank (UK) Limited, London	5	441	5	440
	<u>923,016</u>	<u>77,487,164</u>	<u>5,458,920</u>	<u>457,730,481</u>
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)	44,951,597	3,773,686,591	31,992,364	2,682,559,733
Bills purchased and discounted (Note 4.2)	175,394,142	14,724,338,222	201,423,944	16,889,397,743
	<u>220,345,739</u>	<u>18,498,024,813</u>	<u>233,416,309</u>	<u>19,571,957,476</u>

Off-shore Banking Unit (OBU)

Notes to the Financial Statements

	31 Dec 2020		31 Dec 2019	
	USD	Taka	USD	Taka
4.1 Loans, cash credit, overdrafts etc.				
Term loan industrial	44,571,237	3,741,755,387	30,754,031	2,578,725,495
Loan against trust receipts	-	-	113,016	9,476,426
Demand loan	380,360	31,931,204	407,736	34,188,702
Loan others	-	-	717,580	60,169,110
	<u>44,951,597</u>	<u>3,773,686,591</u>	<u>31,992,364</u>	<u>2,682,559,733</u>
4.2 Bills purchased and discounted				
Payable in Bangladesh	175,394,142	14,724,338,222	201,423,944	16,889,397,743
Payable outside Bangladesh	-	-	-	-
	<u>175,394,142</u>	<u>14,724,338,222</u>	<u>201,423,944</u>	<u>16,889,397,743</u>
5 Other assets				
Branch adjustment account	169,698	14,246,142	169,698	14,229,167
Prepaid expenses	329,543	27,665,117	415,799	34,864,730
Receivable From DBO	4,925,730	413,515,032	-	-
	<u>5,424,971</u>	<u>455,426,291</u>	<u>585,497</u>	<u>49,093,897</u>
6 Borrowings from other banks, financial institutions and agents				
Borrowing from other banks (Note 6.1)	82,400,177	6,917,494,901	136,200,875	11,420,443,402
Borrowing from Bank Asia Treasury Division	51,038,750	4,284,703,063	13,420,009	1,125,267,792
Borrowing - ECA	24,369,341	2,045,806,201	4,319,124	362,158,541
Borrowing from IFC	65,000,000	5,456,750,000	80,000,000	6,708,000,000
	<u>222,808,269</u>	<u>18,704,754,165</u>	<u>233,940,009</u>	<u>19,615,869,735</u>
6.1 Borrowing from other banks				
Standard Chartered Bank, Singapore	-	-	32,535,000	2,728,059,750
First Gulf Bank/First Abu Dhabi Bank	-	-	5,000,000	419,250,000
National Bank of RAS Al Khaimah	-	-	22,000,000	1,844,700,000
United Bank Limited, UAE	-	-	10,000,000	838,500,000
Caixa Bank, Barcelona	29,177,700	2,449,467,915	-	-
Standard Chartered Bank, Thailand	5,000,000	419,750,000	-	-
HDFC, Gift City, Mumbai	-	-	15,000,000	1,257,750,000
Nabil Bank Limited, Nepal	5,000,000	419,750,000	-	-
Noor Islami Bank, Dubai, UAE	-	-	13,000,000	1,090,050,000
Abu Dhabi Commercial bank	-	-	10,000,000	838,500,000
Commercial Bank of Dubai	10,000,000	839,500,000	-	-
State Bank of India, Hongkong	5,000,000	419,750,000	-	-
State Bank of India, Dubai	10,200,000	856,290,000	-	-
Nepal Bangladesh Bank Limited	5,000,000	419,750,000	-	-
The Commercial Bank, Qatar	8,000,000	671,600,000	6,000,000	503,100,000
DBS Bank Singapore	5,000,000	419,750,000	18,000,000	1,509,300,000
Banca Valsabbina SCPA Vestone Italy	22,477	1,886,986	1,290,875	108,239,902
Sanima Bank, Nepal	-	-	3,375,000	282,993,750
	<u>82,400,177</u>	<u>6,917,494,901</u>	<u>136,200,875</u>	<u>11,420,443,402</u>
7 Deposits and other accounts				
Customer deposits and other accounts (Note 7.1)	<u>3,878,677</u>	<u>325,614,911</u>	<u>7,100,386</u>	<u>595,367,344</u>
7.1 Customer deposits and other accounts				
Foreign currency (Current)	2,590,556	217,477,204	3,531,472	296,113,904
Other demand deposits (Current)	750,604	63,013,180	1,816,669	152,327,712
Fixed deposit	537,517	45,124,527	1,752,245	146,925,728
	<u>3,878,677</u>	<u>325,614,911</u>	<u>7,100,386</u>	<u>595,367,344</u>

Off-shore Banking Unit (OBU) Notes to the Financial Statements

	31 Dec 2020		31 Dec 2019	
	USD	Taka	USD	Taka
8 Other liabilities				
Provision for loans and advances	(127,925)	(10,739,326)	(150,628)	(12,630,144)
Provision for off balance sheet items	493	41,403	(1,107)	(92,858)
Due to Head Office	127,432	10,697,923	151,735	12,723,002
FDR on Export Bill	6,780	569,192	48,425	4,060,473
Interest suspense account	-	-	225	18,846
	<u>6,780</u>	<u>569,192</u>	<u>48,650</u>	<u>4,079,319</u>
9 Acceptances and endorsements				
Letters of credit (Back to Back)	-	-	-	-
Letters of credit (Acceptances)	49,533	4,158,295	24,518	2,055,858
	<u>49,533</u>	<u>4,158,295</u>	<u>24,518</u>	<u>2,055,858</u>
10 Irrevocable letters of credit				
Letters of credit (Back to Back)	-	-	-	-
Letters of credit (cash)	366,400	30,759,280	349,151	29,276,311
	<u>366,400</u>	<u>30,759,280</u>	<u>349,151</u>	<u>29,276,311</u>
11 Interest income				
Demand loan	30,684	2,573,430	17,436	1,452,793
Loan against trust receipt	8,743	733,274	8,380	698,190
Term loan - industrial	1,320,685	110,765,831	1,617,682	134,785,301
Term loan - others	-	-	2,259	188,235
Foreign bill purchased	10,002,227	838,886,771	12,296,826	1,024,571,538
Lease finance	33,583	2,816,626	52,895	4,407,190
	<u>11,395,921</u>	<u>955,775,932</u>	<u>13,995,478</u>	<u>1,166,103,247</u>
12 Interest paid on deposits and borrowings etc.				
Interest on deposit	15,967	1,339,137	48,601	4,049,409
Interest on borrowings	6,719,494	563,563,961	10,341,090	861,619,607
	<u>6,735,461</u>	<u>564,903,098</u>	<u>10,389,691</u>	<u>865,669,016</u>
13 Commission, exchange and brokerage				
Commission on L/C	5,154	432,300	7,701	645,896
Commission on L/G	26	2,181	-	-
Commission on export	51,595	4,327,286	69,689	5,806,497
Commission on PO, DD, TT, TC, etc	8,682	728,160	14,120	1,176,477
Foreign exchange gain and charges	-	4,320,291	-	5,998,295
Fees and commission	-	-	893	74,405
	<u>65,458</u>	<u>9,810,218</u>	<u>92,403</u>	<u>13,701,570</u>
14 Other operating income				
SWIFT charge recovery	5,615	470,913	7,198	599,738
Other	191,431	16,055,306	332,564	27,709,236
	<u>197,046</u>	<u>16,526,219</u>	<u>339,762</u>	<u>28,308,974</u>

Bank Asia Limited Statement of outstanding unreconciled entries (nostro account)

as at 31 December 2020

Amount in USD

Sl. no.	Period of unreconciliation	As per local book				As per correspondents' book			
		Debit entries		Credit entries		Debit entries		Credit entries	
		No.	USD	No.	USD	No.	USD	No.	USD
1	Less than 1 month	28	1,801,632	155	5,099,995	66	27,275,652	474	17,003,631
2	More than 1 month but less than 3 months	-	-	4	40,917	-	-	6	9,393
3	More than 3 months but less than 6 months	-	-	-	-	-	-	-	-
4	More than 6 months but less than 9 months	-	-	-	-	-	-	-	-
5	More than 9 months but less than 12 months	-	-	-	-	-	-	-	-
6	More than 12 months	-	-	-	-	-	-	-	-
	Total	28	1,801,632	159	5,140,912	66	27,275,652	480	17,013,024

Bank Asia Limited

Reconciliation between Bangladesh Bank statement and Bank's book

as at 31 December 2020

The reconciling items relates to clearing of the following:

- Bangladesh Bank cheques
- Foreign currency demand drafts
- Government bonds, Sanchayapatra, etc

Local currency	As per Bangladesh Bank Statement	As per Bank's General ledger	Reconciling Difference
	BDT	BDT	BDT
Bangladesh Bank, Dhaka	12,662,053,876.71	12,468,717,696.29	193,336,180.42
Bangladesh Bank, Dhaka (Al-wadeeah current account)	944,116,044.88	944,116,044.88	-
Bangladesh Bank, Chittagong	148,047,740.89	148,048,810.19	(1,069.30)
Bangladesh Bank, Sylhet	30,019,469.73	30,019,469.73	-
Bangladesh Bank, Khulna	40,328,102.38	40,329,532.08	(1,429.70)
Bangladesh Bank, Rajshahi	27,089,755.01	27,089,755.01	-
Bangladesh Bank, Bogra	33,881,876.97	33,868,766.97	13,110.00
Bangladesh Bank, Barishal	30,699,798.97	30,699,798.97	-
Bangladesh Bank, Rangpur	760,471.78	760,575.78	(104.00)
Total	13,916,997,137.32	13,723,650,449.90	193,346,687.42

Bank credited but not debited by Bangladesh Bank
 Bank debited but not credited by Bangladesh Bank
 Bangladesh Bank credited but not debited by Bank
 Bangladesh Bank debited but not credited by Bank

-
456,885.00
388,731,092.91
194,927,520.49
193,346,687.42

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	6,093,956.77	4,674,098.46	396,363,549.41	1,419,858.31
Total	6,093,956.77	4,674,098.46	396,363,549.41	1,419,858.31

Bank credited but not debited by Bangladesh Bank
 Bank debited but not credited by Bangladesh Bank
 Bangladesh Bank credited but not debited by Bank
 Bangladesh Bank debited but not credited by Bank

2,871,098.37
304.29
810,994.19
2,261,929.96
1,419,858.31

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	GBP	GBP	BDT	GBP
GBP Clearing account	6,785.43	6,780.07	779,030.00	5.36
	6,785.43	6,780.07	779,030.00	5.36
Bank credited but not debited by Bangladesh Bank				2.68
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				2.68
Bangladesh Bank debited but not credited by Bank				-
				5.36
Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	EUR	EUR	BDT	EUR
EUR Clearing account	6,572.75	5,182.75	536,674.00	1,390.00
	6,572.75	5,182.75	536,674.00	1,390.00
Bank credited but not debited by Bangladesh Bank				1,390.00
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				1,390.00
Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	JPY	JPY	BDT	JPY
JPY Clearing account	45,238.00	45,238.00	36,190.40	-
	45,238.00	45,238.00	36,190.40	-
Bank credited but not debited by Bangladesh Bank				-
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				-
Bangladesh Bank debited but not credited by Bank				-
				-
Total (BDT)			14,121,365,894	

Bank Asia Limited Segment Reporting

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

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated	
	Inside Bangladesh		Off-shore Banking unit	Total	Bangladesh		Outside Bangladesh			
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	BA Exchange Company (Jk) Ltd	BA Express USA Inc.			
Interest income	16,281,776,677	874,546,219	955,775,932	18,112,098,828	193,809,470	-	-	(188,344,612)	18,117,563,686	
Interest paid on deposits and borrowings, etc	13,433,467,084	928,307,146	564,903,098	14,926,677,328	188,373,820	-	-	(188,344,612)	14,926,706,536	
Net interest income	2,848,309,593	(53,760,927)	390,872,834	3,185,421,500	5,435,650	-	-	-	3,190,857,150	
Investment income	6,431,939,783	52,458,317	-	6,484,398,100	-	-	-	-	6,484,398,100	
Commission, exchange and brokerage	2,413,523,266	51,644,010	9,810,218	2,474,977,494	119,829,921	27,302,925	31,861,721	-	2,653,972,061	
Other operating income	1,007,035,549	10,529,155	16,526,219	1,034,090,923	30,881,002	2,698,444	1,503,992	-	1,069,174,361	
Total operating income (A)	12,700,808,191	60,870,555	417,209,271	13,178,888,017	156,146,573	30,001,369	33,365,713	-	10,207,544,522	
Salaries and allowances	3,445,415,008	91,293,218	-	3,536,708,226	69,044,948	14,207,933	18,937,141	-	3,638,898,248	
Rent, taxes, insurance, electricity, etc	430,656,932	9,598,412	259,134	440,514,478	7,636,189	4,139,354	11,643,923	-	463,933,944	
Legal expenses	11,698,219	-	1,413,377	13,111,596	93,408	194,458	352,254	-	13,751,716	
Postage, stamp, telecommunication, etc	124,193,662	1,064,244	692,846	125,950,752	1,511,559	550,877	299,592	-	128,312,780	
Stationery, printing, advertisements, etc	146,635,880	1,432,590	49,664	148,118,134	374,971	988,808	548,818	-	150,030,731	
Managing Director's salary and fees	19,262,968	-	-	19,262,968	-	-	-	-	19,262,968	
Directors' fees	3,208,000	-	-	3,208,000	275,000	-	-	-	3,483,000	
Auditors' fees	853,000	-	-	853,000	76,667	639,315	1,409,264	-	2,978,246	
Depreciation and repairs of Bank's assets	846,530,090	3,261,650	-	849,791,740	21,253,736	2,414,908	1,658,949	-	875,119,333	
Other expenses	1,910,406,379	39,268,515	20,857,837	1,970,532,731	8,289,048	6,304,396	10,694,899	-	1,995,821,074	
Total operating expenses (B)	6,938,860,138	145,918,629	23,272,858	7,108,051,625	108,555,526	29,440,049	45,544,840	-	7,291,592,040	
Profit before provision (C=A-B)	5,761,948,053	(85,048,074)	393,936,413	6,070,836,392	47,591,047	561,320	(12,179,127)	-	6,106,809,632	
Provision:										
Provision for loans and advances/investments				1,752,780,294	8,000,000	-	-	-	1,760,780,294	
Provision for off-balance sheet items				43,349,415	-	-	-	-	43,349,415	
Provision for diminution in value of investments				180,000,000	-	-	-	-	180,000,000	
Other provisions				137,000,000	-	-	-	-	137,000,000	
Total provision (D)				2,113,129,709	8,000,000	-	-	-	2,121,129,709	
Profit before tax provision (E=C-D)				3,957,706,683	39,591,047	561,320	(12,179,127)	-	3,985,679,923	
Provision for taxation				1,922,000,000	39,192,514	-	-	-	1,961,192,514	
Profit after tax provision				2,035,706,683	398,533	561,320	(12,179,127)	-	2,024,487,409	

Amount in Taka

Bank Asia Limited Segment Reporting

Annex K-1

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

Amount in Taka

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated
	Inside Bangladesh		Off-shore Banking unit	Total	Outside Bangladesh		Inter company transaction		
	Conventional Banking	Islamic Banking			Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd			
PROPERTY AND ASSETS									
Cash	16,922,738,306	977,044,058	-	17,899,782,364	7,019	2,082,682	155,278	-	17,902,027,343
Balance with other banks and financial institutions	31,202,809,043	200,611,490	77,487,164	31,480,907,697	563,887,306	15,828,898	96,153,016	(53,258,020)	32,103,518,897
Money at call and on short notice	-	-	-	-	-	-	-	-	-
Investments	89,427,473,584	4,823,710,000	-	94,251,183,584	655,627,144	-	-	-	94,906,810,728
Loans and advances/investments	209,734,578,648	16,409,426,612	18,498,024,813	244,642,030,073	4,810,787,426	-	-	(2,120,969,217)	247,331,848,282
Fixed assets including premises, furniture and fixtures	6,705,170,307	3,484,699	-	6,708,655,006	100,737,790	112	4,710,492	-	6,814,103,400
Other assets	11,729,531,223	1,549,634,621	455,426,291	13,734,592,135	434,030,695	943,152	115,533,509	(2,534,037,230)	11,751,062,261
Non - banking assets	-	-	-	-	-	-	-	-	-
Total assets	365,722,301,111	23,963,911,480	19,030,938,268	408,717,150,859	6,565,077,380	18,854,844	216,552,295	(4,708,264,467)	410,809,370,911
LIABILITIES AND CAPITAL									
Liabilities									
Borrowings from other banks, financial institutions and agents	17,267,100,777	-	18,704,754,165	35,971,854,941	2,120,969,217	-	-	(2,120,969,217)	35,971,854,941
Subordinated Non-Convertible Zero Coupon Bond	10,200,000,000	-	-	10,200,000,000	-	-	-	-	10,200,000,000
Deposits and other accounts	280,339,840,084	22,362,651,365	325,614,911	303,028,106,360	519,066,108	-	-	(53,258,020)	303,493,914,448
Other liabilities	30,335,326,395	1,601,260,115	569,192	32,136,293,987	1,885,520,215	62,316,859	270,842,164	(419,770,330)	33,935,202,895
Total liabilities	338,142,267,256	23,963,911,480	19,030,938,268	381,336,255,288	4,525,555,540	62,316,859	270,842,164	(2,593,997,567)	383,600,972,284
Total shareholders' equity	27,380,895,571	-	-	27,380,895,571	2,039,521,840	(43,462,015)	(54,289,869)	(2,114,266,900)	27,208,398,627
Total liabilities and shareholders' equity	365,523,162,825	23,963,911,480	19,030,938,268	408,717,150,859	6,565,077,380	18,854,844	216,552,295	(4,708,264,467)	410,809,370,911

Bank Asia Securities Limited

Independent Auditor's Report to the Shareholders of Bank Asia Securities Limited

Opinion

We have audited the financial statements of Bank Asia Securities Limited (the "Company") which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statement including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respect, of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 3.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statement on 19 February 2020. We further note that pursuant to BSEC notification, the Company has opted to maintain partial provision against diminution in the value of investment and client margin loan for the year ended 31 December 2020. Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 3, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules 1987, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company's so far as it appeared from our examination of those books;
- (iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- (iv) the expenditures incurred were for the purpose of the Company's business for the year.

Dhaka, 16 March 2021
DVC No: 2103250770AS900048

Sabbir Ahmed.

Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Bank Asia Securities Limited

Statement of Financial Position

as at 31 December 2020

		Amount in Taka	
		31 Dec 2020	31 Dec 2019
Non-current assets			
Property, plant and equipment	4	100,737,789	35,734,740
Demutualization membership of DSE	5	114,839,239	114,839,239
Total non-current assets		215,577,028	150,573,979
Current Assets			
Advances, deposits and prepayments	6	102,247,249	17,171,496
Investment in shares	7	540,787,905	479,552,750
Margin loans	8	4,810,787,426	4,649,980,290
Accounts receivable	9	45,861,115	43,575,667
Advance income tax	10	285,922,331	241,344,210
Deferred tax assets	23	2,746,078	1,635,140
Cash and cash equivalents	11	563,894,325	390,208,750
Total current assets		6,352,246,429	5,823,468,303
Total assets		6,567,823,456	5,974,042,283
Shareholders' equity and liabilities			
Share capital	12	2,000,000,000	2,000,000,000
Retained earnings	13	42,267,918	40,758,447
Shareholders' equity		2,042,267,918	2,040,758,447
Non-current liabilities			
Financial lease obligation	14	55,506,820	-
Total non-current liabilities		55,506,820	-
Current Liabilities			
Customer deposits	15	519,066,108	375,008,705
Loans and borrowings	16	2,120,969,217	1,853,724,468
Accounts payable	17	72,410,677	703,187
Other liabilities	18	28,253,904	21,691,177
Interest suspense account	19	890,799,214	890,799,214
Provision for diminution in value of investments	20	33,703,549	33,703,549
Provision for client margin loan	21	562,494,169	554,494,169
Provision for corporate income tax	22	242,351,881	203,159,368
Total current liabilities		4,470,048,719	3,933,283,836
Total liabilities		4,525,555,538	3,933,283,836
Total equity and liabilities		6,567,823,456	5,974,042,283

These Financial Statements should be read in conjunction with the annexed notes

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Chairman

-sd-

Director

-sd-

Chief Executive Officer

Sabbir Ahmed.

Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 16 March 2021
DVC No: 2103250770AS900048

Bank Asia Securities Limited

Statement of Profit or loss and Other Comprehensive income

for the year ended 31 December 2020

Amount in Taka

		31 Dec 2020	31 Dec 2019
Brokerage commission	24	119,829,921	92,693,307
Interest income	25	193,809,470	321,231,320
Interest expense	26	(188,373,820)	(212,509,391)
Net interest income		5,435,650	108,721,929
Other operating income/(loss)	27	30,881,002	29,775,796
Total operating income		156,146,573	231,191,032
Operating expenses	28	(108,555,526)	(103,653,385)
Profit before provision		47,591,047	127,537,647
Provision for diminution in value of investments	20	-	(13,934,688)
Provision for client margin loan	21	(8,000,000)	(36,000,000)
Profit/(Loss) before tax		39,591,047	77,602,959
Current tax expense	22	(39,192,514)	(59,469,389)
Deferred tax Income/(expense)	23	1,110,938	(283,825)
Income tax expense		(38,081,576)	(59,753,214)
Profit/ (Loss) after tax		1,509,471	17,849,745
Other comprehensive income		-	-
Total comprehensive income/(loss)		1,509,471	17,849,745
Earnings per share	29	0.08	0.89

These Financial Statements should be read in conjunction with the annexed notes

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Chairman

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Director

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Chief Executive Officer

Sabbir Ahmed.

Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 16 March 2021
DVC No: 2103250770AS900048

Bank Asia Securities Limited

Statement of Cash Flows

for the year ended 31 December 2020

	<i>Amount in Taka</i>	
	31 Dec 2020	31 Dec 2019
A. Cash flows from operating activities		
Cash received from		
Interest income	193,809,470	321,231,320
Brokerage commission	119,829,921	92,693,307
Cash payment for		
Interest expenses	(158,386,429)	(212,509,391)
Operating expenses	(99,482,269)	(104,539,951)
Customers' deposits	144,057,403	97,320,099
Margin loan to customers	(159,913,524)	373,459,352
Other assets	(99,367,962)	(38,717,936)
Accounts Payable	71,707,490	(155,699)
Income tax paid	(44,578,121)	(69,482,491)
Net cash flows from/ (used in) operating activities	(32,324,020)	459,298,609
B. Cash flows from investing activities		
Investment in listed securities	(61,235,154)	(49,387,892)
Demutualization membership of DSE	-	-
Acquisition of property, plant and equipment	-	(32,672,657)
Net cash from/ (used in) investing activities	(61,235,154)	(82,060,549)
C. Cash flows from financing activities		
Loans and borrowings	267,244,749	(266,401,174)
Member Margin Deposit to DSE	-	-
Net cash from financing activities	267,244,749	(266,401,174)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	173,685,575	110,836,886
E. Opening cash and cash equivalents	390,208,750	279,371,864
F. Closing cash and cash equivalents	563,894,325	390,208,750

These Financial Statements should be read in conjunction with the annexed notes

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Chairman

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Director

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Chief Executive Officer

Bank Asia Securities Limited

Statement of Changes in Equity

for the year ended 31 December 2020

Amount in Taka

	Share capital	Retained earnings/ earnings/ (Accumulated Losses)	Total
Year ended 31 Dec 2019			
Opening balance	2,000,000,000	22,908,701	2,022,908,701
Net profit for the year	-	17,849,745	17,849,745
Closing balance	2,000,000,000	40,758,447	2,040,758,447
Period ended 31 Dec 2020			
Opening balance	2,000,000,000	40,758,447	2,040,758,447
Net profit for the year	-	1,509,471	1,509,471
Closing balance	2,000,000,000	42,267,918	2,042,267,918

These Financial Statements should be read in conjunction with the annexed notes

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Chairman

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Director

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Chief Executive Officer

Bank Asia Securities Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2020

1. REPORTING ENTITY

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company are prepared on a going concern basis under historical cost conversion in accordance following International Financial Reporting Standards (IFRSs)/International Accounting Standards (IASs), The Companies Act-1994, and other laws and rules applicable in Bangladesh. Wherever appropriate, such principles are explained in succeeding notes

2.2 Components of the financial statements

The financial statements referred to here comprise:

- a) Statement of Financial Position;
- b) Statement of Profit or loss and Other Comprehensive income;
- c) Statement of Cash Flows;
- d) Statement of Changes in Equity; and
- e) Notes to the Financial Statements.

2.3 Use of estimates and judgments

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

Key estimates include the following:

- * Property, Plant and Equipment
- * Provision on margin loan and Investment in shares
- * Deffered Tax Asset/Liabilities

2.4 Statement of cash flows

Statement of Cash Flows has been prepared as per International Accounting Standard IAS-7 under direct method. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. Cash Flows during the year have been classified as operating activities, investing activities and financing activities.

2.5 Reporting period

These financial statements cover period from 1 January 2020 to 31 December 2020.

2.6 Date of authorization

The Board of Directors accorded its approval and authorized these financial statements on 16 March, 2021.

2.7 Functional and presentational currency

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

2.8 Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

2.9 Going concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations to continue.

2.10 Investment in securities

These securities are bought and held primarily for the purpose of selling them in future or held for dividend incomes which are reported at fair value. Unrealized gains are not recognized in the profit and loss statement. But provision was made for diminution in value of investment as per BSEC guideline.

2.11 Provision, Contingent asset and contingent liabilities

As per IAS-37 "Provisions, Contingent Liabilities and Contingent Assets" the Bank Asia Securities Limited recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the

Bank Asia Securities Limited Notes to the Financial Statements

obligation and when a reliable estimate of the amount of the obligation can be made.

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

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

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

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

2.12 Taxation Current tax

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time

Deferred Tax

Deferred Tax is calculated as per International Accounting Standard IAS-12 "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences.

Deferred Tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

2.13 Branch Details

The Company has a total five number of Branch offices, One Extension Office (excluding Head Office), with no overseas branch as on September 30, 2020.

Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Revenue Recognition

In terms of provision of IFRS-15 on revenue and disclosures in the financial statements of the company the following items have been recognized as mentioned

Brokerage commission

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

Interest Income from margin loan

Interest on loans and advances is calculated on daily product basis, but charged and accounted for on quarterly basis except negative equity clients where interest is recognized based on effective interest rate which is estimated recoverable amount as per IFRS-9.

Dividend income and profit/ (loss) on sale of marketable securities

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

3.2 Interest paid and other expenses

In terms of the provisions of IAS-1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

3.3

3.3 Earnings per share

Earnings per share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding at 31 December 2020 as per International Accounting Standard IAS- 33 "Earnings Per Share".

3.4 Property, plant and equipment

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

Subsequent costs

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

Bank Asia Securities Limited Notes to the Financial Statements

Depreciation

Depreciation is charged on straight-line method. Charging depreciation against fixed assets commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed.

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

3.5 Intangible assets

Computer software

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

Subsequent costs

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

Amortisation of intangible assets

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

3.6 Lease assets

The company has applied "IFRS 16: Lease" using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4

3.7 Advance, deposits and prepayments

- Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment etc.
- Deposits are measured at payment value.
- Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to Statement of Comprehensive Income.

3.8 Advance Income tax

The amount of advance income tax are mainly deduction at sources by DSE on daily transaction of broker & dealer operation. Tax deduction on interest income and dividend income are also included.

3.9 Related party

As per International Accounting Standards IAS-24 "Related Party Disclosures", A party is related to the company if:

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

3.10 Events after reporting period

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

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

3.11 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements as per section 183 of companies Act 1994.

3.12 Departures from IFRS

The Financial Reporting Council (FRC) has been formed, but no financial reporting standards have yet been issued as per the provisions of the

Financial Reporting Act (FRA), 2015. Hence, the financial statements of the Company as at and for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and as per the requirements of the provisions, circulars, rules and regulations issued by the Bangladesh Securities and Exchange Commission (BSEC) and The Income Tax Ordinance 1984. In case any requirements of the BSEC provisions, circulars, rules and regulations differ from those of IFRS, the requirements of BSEC provisions, circulars rules and regulations shall prevail, and such departures from IFRS have been followed accordingly. In addition, there has been a departure from the provisions of IFRS-9 with regard to interest income. Material departures from the requirements of IFRS are as follows

i) Provision for impairment of client margin loan

IFRS: In accordance with IFRS-9, an entity should recognize a loss allowance for expected credit losses on a financial asset and shall not reduce the carrying amount of the financial asset in the statement of financial position. The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition, whether assessed on an individual or collective basis considering all reasonable and supportable information, including that which is forward-looking. An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

BSEC: As per BSEC press release #BSEC/Mukhopatro(5th Khondo)/2019/159 dated January 07, 2020, provision has been made for impairment of margin loan arising out of year-end (31.12.2019) revaluation of shares purchased through margin loan complying with the relevant instruction. Bank Asia Securities Limited has opted for the option to maintain minimum 20% of total impairment of margin loan arising from diminution in value of investments as provision as on 31.12.2019 in accordance with the aforesaid press release.

ii) Recognition of interest income from margin loan

IFRS: In accordance with IFRS-9, interest revenue should be calculated by using the effective interest method by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income should be recognized when the financial asset is no longer credit-impaired and the improvement can be related objectively.

Departure: The Company recognized interest from margin loan when the loan is no longer credit-impaired. However, some margin loan interest was recognized as income from credit-impaired when the account become positive.

iii) Valuation of shares of DSE

IFRS: As per para-5.2.2 of IFRS-9, an entity shall apply the impairment requirements to financial assets that are measured at amortized cost in accordance with paragraph 4.1.2 of IFRS-9 and to financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS-9.

Departure: There is no active market for shares in DSE and the sale price to Strategic Investor, Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE), has been determined through negotiation. The sale had to be made within the time limit as given in the Exchange Demutualization Act-2013 and approved by the Bangladesh Securities and Exchange Commission (BSEC). This was not a transaction in active market. And we strongly believe that with the involvement of the strategic partners and the development of capital market under the guidance of the BSEC, the share price of the exchanges will increase significantly.

3.13 Others

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

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

3.14 Application of International Accounting Standards (IASs):

The Financial Statements have been prepared in compliance with requirement of International Accounting Standards (IASs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The following International Accounting Standards (IASs) are applicable for the financial statements for the period under review:

IAS- 1 Presentation of Financial Statements

IAS- 7 Statements of Cash Flows

IAS- 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS- 10 Events after the Reporting Period

IAS- 12 Income Taxes

IAS- 16 Properties, Plant and Equipment

IAS- 19 Employees Benefit

IAS- 24 Related Party Disclosure

IAS- 32 Financial Instruments Presentation

IAS- 33 Earning Per shares

IAS- 37 Provisions, Contingent Liabilities and Contingent Assets

IAS- 38 Intangible Assets

IFRS- 7 Financial Instruments : Disclosures;

IFRS- 9 Financial Instruments

IFRS- 13 Fair Value Measurement

IFRS- 15 Revenue

Bank Asia Securities Limited Notes to the Financial Statements

3.15 New and amended standards and interpretations:

IFRS 16 Leases

The Company has applied “IFRS 16: Lease” using the modified retrospective approach as per paragraph C8 of IFRS 16 with necessary adjustment as stated in IAS 8 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. IFRS 16 supersedes IAS 17 and applicable from January 01, 2019.

Leases previously classified as operating leases

- Bank Asia Securities Limited recognize a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS 17 and measure that lease liability at the present value of the remaining lease payments, discounted using incremental borrowing rate at 9% at the date of initial application i.e. January 01, 2020.
- Recognize a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17 and choose, on a lease-by-lease basis, to measure that right-of-use asset; an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The right of use asset is reduced by impairment losses as per IAS 36, and adjusted for certain measurements of the lease liability if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the incremental borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. It is premeasured when there is a change in future lease payments arising from a change in an index or rate, if there is change in estimate of the amount expected to be payable under a residual value guarantee, or if changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is measured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company may elect not to apply the IFRS 16 for short-term leases and leases for which the underlying asset is of low value.

4. Property, plant and equipment

	31 Dec 2020	31 Dec 2019
Opening balance	35,734,740	7,771,251
Add: Addition during the period	-	32,672,657
Less: Depreciation charge for the period	8,464,876	4,709,168
A. Closing balance	<u>27,269,864</u>	<u>35,734,740</u>

4.1 Right of use of assets

Opening balance	-	-
Add: Addition during the year	86,256,785	-
	86,256,785	-
Less: Depreciation charge for right of use of assets	12,788,860	-
B. Closing balance	<u>73,467,925</u>	<u>-</u>
Grand Total (A+B)	<u>100,737,789</u>	<u>35,734,740</u>

Details are given in Anex I

5. Demutualization membership of Dhaka Stock Exchange

The majority owned (99.99%) subsidiary company of the Bank, Bank Asia Securities Limited (BASL) has acquired the membership of Dhaka Stock

Exchange for Tk 153,119,000. As per the scheme of Demutualization of DSE, BASL being the initial shareholders of DSE, is entitled to receive 7,215,106 shares of Tk 10 each, totaling Tk 72,151,060.

Under section 14(Ka) of Demutualization Act 2013, Share Purchase Agreement (SPA) executed between Dhaka Stock Exchange Ltd. (DSE) and its strategic investors namely Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE) and completed the sale of 25% (Twenty-five percent) DSE shares to SZSE and SSE. In this connection, BASL sold 1,803,777 number of share at the rate of Tk.21 per share totaling Tk. 37,879,317. Currently BASL holding 5,411,329 shares at a cost of totaling Tk. 114,839,239

The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily ascertainable. However, management expect the fair value to be similar or more that the current revalued amount. Once more clarity about the Scheme and related factors are available a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

6. Advances, deposits and prepayments

	31 Dec 2020	31 Dec 2019
Advance Office Rent	-	15,123,801
Advance for DSE Nikunjo office	850,000	850,000
Advance for Renovation of New Branch	841,525	-
Advance to Branch office	-	33,605
Advance for Legal Advice	127,590	127,590
Advance for NFLP	232,909	256,500
Member Margin Deposit to DSE	100,000,000	-
Advance for Software	195,225	780,000
	<u>102,247,249</u>	<u>17,171,496</u>

7. Investment in shares

540,787,905

479,552,751

7.1 Investment in shares in Dealer Account

502,165,195

479,552,751

All investments in marketable securities are valued on an aggregate portfolio basis at cost price, at the balance sheet date. Sufficient provision has maintained as per BSEC guidelines against this unrealized loss. Please see note 20.00 for details.

Details are given in Annex II.

7.2 Investment In share Under SFCM

38,622,709

-

All investments in marketable securities are valued on an aggregate portfolio basis at cost price, at the balance sheet date. Investment made under Bnagladesh Bank DOS circular No. 01 dated February 10, 2020

Details are given in Annex III.

8. Margin loans to customers

Opening balance	4,649,980,291	4,993,663,846
Add: Interest charged during the period	171,916,746	299,967,058
	4,821,897,037	5,293,630,904
Less: Repayment of Margin Loan during the period/(addition)	11,109,611	643,650,614
Closing balance	<u>4,810,787,426</u>	<u>4,649,980,291</u>

The Company extends margin loan facilities to customers for trading of shares on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio during the year based on directives issued by Bangladesh Securities and Exchange Commission.

Bank Asia Securities Limited Notes to the Financial Statements

9. Accounts receivable

	31 Dec 2020	31 Dec 2019
Receivable from Dhaka Stock Exchange Ltd (Broker)	7,230,805	24,818,660
Receivable from Dhaka Stock Exchange Ltd (Dealer)	-	11,400,000
Receivable Dividend (Dealer)	7,317,310	6,045,006
Cheques in transit (Consolidated Customer A/C)	31,313,000	1,312,000
	<u>45,861,115</u>	<u>43,575,667</u>

10. Advance income tax

Opening balance	241,344,210	322,824,373
Tax deducted at source from brokerage commission	25,930,755	18,772,645
Tax deducted at source from dividend income	3,141,165	3,167,271
Advance Tax as per Section 64 & 74	13,341,052	20,185,218
Advance Tax on sales of Fixed Assets	-	51,000
Advance Tax for Appeal to Appellate Tribunal/High Court	-	10,000,000
Tax deducted at source from bank interest	2,165,148	2,130,161
	44,578,121	54,306,295
Less: Adjusted during the period	-	135,786,458
Closing balance	<u>285,922,331</u>	<u>241,344,210</u>

11. Cash and cash equivalents

Cash in hand (note 11.1)	7,019	6,689
Cash at Bank (note 11.2)	563,887,306	390,202,061
	<u>563,894,325</u>	<u>390,208,750</u>

11.1 Cash in hand

Head-office	7,019	6,689
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11.2 Cash at Bank

Bank Asia Limited (Consolidated Customer A/C-00836000674)	33,823,840	6,105,925
Bank Asia Limited (Current Deposit Account-00833007917)	42,587	644,647
Bank Asia Limited (IPO-00836000676)	19,391,593	306,080
ONE Bank Limited (Consolidated Customer A/C-0015025406003)	339,266,992	216,439,845
ONE Bank Limited (Dealer Account-0015025405007)	203,314	76,078
NRB Bank Limited (Consolidated Customer A/C-1081030004752)	5,678	6,206
Midland Bank Ltd (Consolidated Customer A/C-0001-1060000011)	171,153,302	166,623,281
	<u>563,887,306</u>	<u>390,202,061</u>

12. Share capital

Authorized capital :		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000
Issued, subscribed and paid up capital:		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000

The Company's shareholding position as at 31 December 2020 was as under:

Name of shareholder	No. of shares	% of holding	Value/Taka
Bank Asia Limited	19,999,300	99.997%	1,999,930,000
Mr. Anisur Rahman Sinha	100	0.0005%	10,000
Mr. A. Rouf Chowdhury	100	0.0005%	10,000
Ms. Romana Rouf Chowdhury	100	0.0005%	10,000
Mr. Md. Nuzrul Huda	100	0.0005%	10,000
Mr. Md. Arfan Ali	100	0.0005%	10,000
Mr. Md. Sazzad Hossain	100	0.0005%	10,000
Mr. Mohammad Ibrahim Khalil	100	0.0005%	10,000
	<u>20,000,000</u>	<u>100.00%</u>	<u>2,000,000,000</u>

13. Retained earnings

	31 Dec 2020	31 Dec 2019
Opening balance	40,758,447	22,908,701
Less: Dividend paid	-	-
	40,758,447	22,908,701
Add: Total comprehensive income during the period	1,509,471	17,849,745
Closing balance	<u>42,267,918</u>	<u>40,758,447</u>

14. Financial lease obligation

Opening balance	-	-
Add: Addition during the year	71,132,984	-
	71,132,984	-
Less: Conversion to short term	15,626,164	-
Closing balance	<u>55,506,820</u>	<u>-</u>

15. Customer deposits

Customer deposits represent uninvest funds lying with the Company's account at the reporting date.

	<u>519,066,108</u>	<u>375,008,705</u>
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16. Loans and borrowings

Bank Asia Limited	2,082,302,300	1,853,724,468
Bank Asia Limited-(SFCM)	38,666,918	-
	<u>2,120,969,217</u>	<u>1,853,724,468</u>

17. Accounts payable

Payable for IPO Application Process	37,934,400	5,000
Interest Payable	29,987,391	-
Dhaka Stock Exchange Ltd (Broker)	4,488,885	698,187
	<u>72,410,677</u>	<u>703,187</u>

18. Other liabilities

	<u>28,253,904</u>	<u>21,691,177</u>
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18.1 Liabilities for expenses

	<u>18,307,065</u>	<u>21,691,177</u>
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The amount represents provisions against operating expenses during the period.

Bank Asia Securities Limited Notes to the Financial Statements

18.2 Current portion of lease obligation

	31 Dec 2020	31 Dec 2019
Opening balance	-	-
Add: Conversion from long term	15,626,164	-
	15,626,164	-
Less: Paid during the year	5,679,325	-
Closing balance	9,946,839	-

19. Interest suspense account

Opening balance	890,799,214	890,799,214
Add: Interest suspense during the year	-	-
Closing Balance	890,799,214	890,799,214

The amount represents interest income from loan accounts of the clients who have negative equity with Bank Asia Securities Limited. The amount will be recognized as income when client equity become positive balance.

20. Provision for diminution in value of investments

Opening Balance	33,703,549	19,768,861
Add: Provision made during the period	-	13,934,688
Closing balance	33,703,549	33,703,549

As per BSEC instruction circular reference SEC/CMRRCD/2009-193/196 dated 28 December 2016 and SEC/CMRRCD/2009-193/203 dated 28 December 2017, BSEC/Mukhopatro(5th Khondo)/2011/60; Date: 19 December 2018, BSEC/SRI/Policy/3/2020/68; Date: 12 January 2020 subsequent press release no. BSEC/Surveillance/Mukhopatro(5th Khondo)/2019/196; Date: 16 July 2020 Bank Asia Securities Ltd has the option to maintain provision of total unrealized loss arising from diminution in value of investments within 2023 and also has the option not maintaining any additional provision in 2020.

21. Provision for Client Margin Loan

Opening Balance	554,494,169	518,494,169
Add: Provision made during the period	8,000,000	36,000,000
Closing Balance	562,494,169	554,494,169

As per BSEC instruction circular reference SEC/CMRRCD/2009-193/196 dated 28 December 2016 and SEC/CMRRCD/2009-193/203 dated 28 December 2017, BSEC/Mukhopatro(5th Khondo)/2011/60; Date: 19 December 2018, BSEC/SRI/Policy/3/2020/68; Date: 12 January 2020 subsequent press release no. BSEC/Surveillance/Mukhopatro(5th Khondo)/2019/196; Date: 16 July 2020 Bank Asia Securities Ltd has the option to maintain provision of total unrealized loss arising from provision for client margin loan within 2023.

22. Provision for corporate income tax

Opening balance	203,159,368	294,652,633
Add: Provision made during the period	39,192,514	44,293,193
Less: Adjusted during the period	-	135,786,458
Closing balance	242,351,881	203,159,368

23. Deferred Tax

Opening balance	1,635,140	1,918,965
Add: Provision for the during year	-	-
Less: Adjustment during the year	(1,110,938)	283,825
Closing balance	2,746,078	1,635,140
WDV of fixed assets as per accounts	27,269,865	35,734,740
WDV of fixed assets as per tax base	35,719,337	40,406,568

	31 Dec 2020	31 Dec 2019
Temporary difference	(8,449,472)	(4,671,828)
Applicable tax rate	32.50%	35.00%
Deferred tax liabilities/(assets)	<u>(2,746,078)</u>	<u>(1,635,140)</u>
24. Brokerage commission		
Brokerage commission	140,655,224	107,857,335
Less: Hawla charges	11,850	300
Laga charges	12,940,895	9,294,729
Service charge from clients for CDBL	7,872,557	5,869,000
	<u>119,829,921</u>	<u>92,693,307</u>
25. Interest income		
Income from bank deposits	21,892,724	21,264,262
Income from margin loan	171,916,746	299,967,058
	<u>193,809,470</u>	<u>321,231,320</u>
26. Interest expense		
Interest on loan	<u>188,373,820</u>	<u>212,509,391</u>
27. Others operating income		
BO account opening fees	1,761,500	1,032,000
Margin account renewal fees	618,000	600,000
Income from transfer/transmission/corporate action	275,367	843,828
Margin account opening fees	134,000	112,000
BO account maintenance fees	624,000	687,850
Other income	564,397	294,461
Capital gain from sales of fixed assets	-	1,755,000
Dividend Income	17,061,241	17,853,272
Capital gain from investment in shares (Note # 27.01)	9,842,498	6,597,385
	<u>30,881,002</u>	<u>29,775,796</u>
27.1. Capital gain from investment in shares		
Sales price of shares	85,904,436	30,534,514
Less: Cost Price of Shares	76,061,939	23,937,129
Capital gain from shares investment	<u>9,842,498</u>	<u>6,597,385</u>
28. Operating expenses		
Audit fees	76,667	95,833
Bank charges	297,225	203,237
Bank guarantee commission	935,333	2,070,000
Business and promotional expenses	236,253	319,752
Cleaning expenses	318,554	245,631
Computer accessories	72,190	252,084
Conveyance	156,647	907,815
Depreciation	21,253,736	4,709,168
Directors' remuneration	275,000	302,400
Entertainment	750,944	1,512,285

Bank Asia Securities Limited Notes to the Financial Statements

Fuel and oil	11,900	48,570
Insurance premium	378,134	314,637
Internet charges	1,392,696	1,312,097
Internship Allowance	90,000	127,500
License and renewal fees	2,381,342	3,185,377
Newspaper	26,605	103,862
Rent & others (Note: 28.1)	6,507,111	15,494,119
Others	49,205	60,195
Postage and courier	12,400	21,025
Printing and stationery	374,971	1,234,650
Legal expenses	93,408	818,600
Repair and maintenance	931,480	831,244
Salaries and allowances	69,044,948	66,559,270
Telephone & Mobile Bill	106,463	246,303
Training Expenses	51,111	48,292
Utilities	2,731,205	2,629,440
Closing balance	108,555,526	103,653,385

28.1 Rent & others

Office rent	809,038	15,494,119
Interest portion on lease liabilities	5,698,073	-
	6,507,111	15,494,119

Total rent expenses for the year 2020 was Tk. 15,303,477 as per IAS 17. To implement "IFRS16: Lease" this rent expense has been adjusted with depreciation Tk.12,788,860 arises against right of use of assets (ref: Annex I) and interest expenses Tk.5,698,073 arises against lease liabilities.

29. Earning per shares

Profit After Tax	1,509,471	17,849,745
Number of Ordinary Shares	20,000,000	20,000,000
Earning per shares	0.08	0.89

30. Disclosure on Payments/ Perquisites to Directors and Key Management Personnel (As per requirement of Companies Act 1994, Schedule-XI, part-II)

30.1 Paid to Directors

Board Meeting Attendance Fees	275,000	302,400
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30.2 Paid to Key Management Personnel

Key management Personnel are those Persons having authority and responsibility for Planning, Directions and Controlling the activities of the Company.

- No Compensation/ Other allowance/ commission was allowed to Directors including Managing Director, Managing Agent or manager of the company except as stated above.
- There is no amount payable to Directors including Managing Director, Managing Agent or manager of the Company for any sort of commission on purchases, profit or guarantee.
- BOD Meeting attendance fee for attending each Board Meeting was Tk. 10,000 for each director.

31. Number of Employee:

The The number of employees receiving remuneration of Tk. 36,000 or above per employee per year were 62 in 2020. (2019: 61)

32. Related Party Transactions:

During the year under review, the Company carried out a number of transactions with related parties in the normal course of business and arms' length basis. The name of related parties, nature of these transactions and their value have been set out below as per IAS-24:

Amount in Taka

Name of Party	Nature of Relationship	Nature of Transaction	Opening Balance	Transaction During the Period		Closing Balance
				Debit	Credit	
Bank Asia Limited	Parent Company	Equity investment(99.997% of total Equity Taka 199,993 Crore)	1,999,990,000	60,000	-	1,999,930,000
Bank Asia Limited	Parent Company	OD (General) facility	1,853,724,468	228,577,832	-	2,082,302,300
Bank Asia Limited	Parent Company			38,666,918		38,666,918
Mr. Anisur Rahman Sinha	Shareholder	Equity investment(0.0005% of total Equity Taka 10,000)	10,000	-	-	10,000
Mr. A. Rouf Chowdhury	Director (nominated by Bank Asia)	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Ms. Romana Rouf Chowdhury	Director (nominated by Bank Asia)	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Mr. Md. Nuzrul Huda	Shareholder	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Mr. Md. Arfan Ali	Director (nominated by Bank Asia)	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Mr. Md. Sazzad Hossain	Director (nominated by Bank Asia)	Equity investment(0.0005% of total Equity Taka 10,000)	-	-	10,000	10,000
Mr. Mohammad Ibrahim Khalil	Director (nominated by Bank Asia)	Equity investment(.002222% of total Equity Taka 10,000)	-	-	10,000	10,000

Bank Asia Securities Limited

Details of property and equipment for the as at 31 December 2020

Annexure-I

Particulars	Cost			Depreciation			Written down value at 31-Dec-2020
	01-Jan-20	Addition during the year	Adjustment/ disposal	31-Dec-20	Adjustment/ disposal	31-Dec-20	
Own Assets							
Computer and accessories	8,167,261	-	-	8,167,261	1,276,338	5,208,482	2,958,779
Furniture and fixtures	6,454,309	-	-	6,454,309	1,258,271	2,178,098	4,276,211
Office equipment	10,123,259	-	-	10,123,259	1,832,299	4,249,236	5,874,023
Office renovation	20,489,839	-	-	20,489,839	4,097,968	6,328,987	14,160,853
Computer software	1,880,840	-	-	1,880,840	-	1,880,840	-
Total	47,115,508	-	-	47,115,508	8,464,876	19,845,643	27,269,865
Right of Use of Assets							
Office Space	-	86,256,785	-	86,256,785	12,788,860	12,788,860	73,467,925
Total	-	86,256,785	-	86,256,785	12,788,860	12,788,860	73,467,925
Grand Total	47,115,508	86,256,785	-	133,372,293	21,253,736	32,634,503	100,737,790

Right of use of assets arises for implementing of the "IFRS 16: Lease". This amount comprises lease liabilities (ref: Note 14 & 18.2)

Bank Asia Securities Limited
Investment in shares as at 31 December 2020

Annexure-II

SL No	Name of the company	Nature of shares	Face value	Number of shares including bonus	Cost of holdings	Average cost	Quoted value per share as at 31 Dec 2020	Total market value as at 31 Dec 2020
1	FEKDIL	Quoted	10.00	1,016,120	21,142,574	20.81	10.40	10,567,648
2	UPGDCL	Quoted	10.00	16,560	4,401,195.860	265.77	263.50	4,349,068
3	ACMELAB	Quoted	10.00	250,000	27,501,266	110.01	74.70	18,675,000
4	IFADAUTOS	Quoted	10.00	398,310	43,180,055	108.41	47.20	18,800,232
5	IFIC1STMF	Quoted	10.00	600,000	3,738,701	6.23	6.10	3,660,000
6	ACTIVEFINE	Quoted	10.00	30,308	749,639	24.73	16.90	512,205
7	BXPHARMA	Quoted	10.00	2,150	279,183	129.85	190.50	409,575
8	SQURPHARMA	Quoted	10.00	148,919	35,883,245	240.96	219.50	32,687,721
9	PADMAOIL	Quoted	10.00	20,000	5,341,341	267.07	205.10	4,102,000
10	ONEBANKLTD	Quoted	10.00	429,660	7,908,416	18.41	10.60	4,554,396
11	SUMITPOWER	Quoted	10.00	727,600	29,782,456	40.93	38.90	28,303,640
12	GPHISPAT	Quoted	10.00	100,000	2,716,807	27.17	30.60	3,060,000
13	IDLC	Quoted	10.00	500,000	41,305,988	82.61	63.40	31,700,000
14	POWERGRID	Quoted	10.00	50,100	2,967,151	59.22	41.80	2,094,180
15	BRACBANK	Quoted	10.00	95,183	5,934,907	62.35	44.30	3,922,455
16	LANKABAFIN	Quoted	10.00	525,000	16,212,426	30.88	31.40	16,485,000
17	RAKCERAMIC	Quoted	10.00	396,000	19,230,565	48.56	26.10	10,335,600
18	GRAMEENS2	Quoted	10.00	250,000	4,138,102	16.55	16.80	4,200,000
19	IBNSINA	Quoted	10.00	58,600	12,937,301	220.77	244.00	14,298,400
20	LRGLOBMF1	Quoted	10.00	700,000	5,504,083	7.86	6.60	4,620,000
21	MJLBD	Quoted	10.00	525,000	59,374,064	113.09	76.90	40,372,500
22	AIBL1STMF	Quoted	10.00	100,000	792,728	7.93	8.40	840,000
23	SAPORTL	Quoted	10.00	20,420	562,990	27.57	31.00	633,020
24	GP	Quoted	10.00	14,010	5,248,698	374.64	347.10	4,862,871
25	NAVANACNG	Quoted	10.00	249,638	9,531,186	38.18	37.10	9,261,570
26	TRUSTB1MF	Quoted	10.00	150,000	933,255	6.22	6.10	915,000
27	BSRMSTEEL	Quoted	10.00	550,000	48,815,037	88.75	42.50	23,375,000
28	CITYBANK	Quoted	10.00	623,000	18,442,836	29.60	24.80	15,450,400
29	LINDEBD	Quoted	10.00	7,350	9,475,072	1,289.13	1,281.10	9,416,085
30	PTL	Quoted	10.00	126,000	7,473,763	59.32	53.00	6,678,000
31	AAMRANET	Quoted	10.00	50,000	2,234,675	44.69	45.20	2,260,000
32	SKTRIMS	Quoted	10.00	100,000	6,204,799	62.05	62.20	6,220,000
33	ACFL	Quoted	10.00	40,000	1,209,558	30.24	36.50	1,460,000
34	SEAPEARL	Quoted	10.00	1,865	17,764	9.53	79.10	147,522
35	RINGSHINE	Quoted	10.00	131,995	1,136,422	8.61	6.40	844,768
36	ORIONPHARM	Quoted	10.00	50,000	2,618,529	52.37	54.70	2,735,000
37	RUNNERAUTO	Quoted	10.00	7,566	540,450	71.43	50.90	385,109
38	ESQUIRENIT	Quoted	10.00	20,890	940,050	45.00	26.30	549,407
39	ROBI	Quoted	10.00	271,253	2,712,530	10.00	29.80	8,083,339
40	NLI1STMF	Quoted	10.00	250,000	3,187,389	12.75	12.80	3,200,000
41	EDGE AMC Growth Fund	Unquoted	10.00	1,000,000	9,860,000	9.86	-	9,860,000
42	Energypac Power Generation Limited	Unquoted	10.00	477,225	19,998,000	41.90	-	19,998,000
					502,165,195			384,884,710

Bank Asia Securities Limited-SFCM

Investment in shares as at 31 December 2020

Annexure-III

SL No	Name of the company	Nature of shares	Face value	Number of shares including bonus	Cost of holdings	Average cost	Quoted value per share as at 31 Dec 2020	Total market value as at 31 Dec 2020
1	Jamuna Bank Limited	Quoted	10.00	400,000	7,574,160	18.94	18.80	7,520,000
2	NLI First MF	Quoted	10.00	150,000	1,877,250	12.52	12.80	1,920,000
3	BRAC Bank Limited	Quoted	10.00	51,229	2,205,490	43.05	44.30	2,269,445
4	Eastern bank Ltd.	Quoted	10.00	200,000	7,113,160	35.57	36.00	7,200,000
5	Summit Power Ltd.	Quoted	10.00	500,000	19,852,650	39.71	38.90	19,450,000
					38,622,709			38,359,445

BA EXCHANGE COMPANY (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the Company is the provision of money remittance and bureau de change services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A R Chowdhury

Mr A Ali

Mr A K H Azad

Results and dividends

The profit for the year, after taxation, amounted to £5,268 (2019 - £17,312) The directors have not declared a dividend for the year.

Post reporting date events

There have been no significant events affecting the Company since the year end.

Future developments

The Company is constantly looking at opportunities to develop and refine its business models and is constantly speaking with third parties for potentials of expanding the business and network further and parent entity is willing to support this.

Auditor

The auditors, AGP Consulting, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11th March 2021 and signed on its behalf.

Directors' responsibilities statement

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

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

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr A R Chowdhury

Director

11 March 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BA EXCHANGE COMPANY (UK) LIMITED

Opinion

We have audited the financial statements of BA Exchange Company (UK) Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BA EXCHANGE COMPANY (UK) LIMITED

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

for and on behalf of AGP Consulting Chartered Accountants
Statutory Auditor

11 March 2021
Q West
Great West Road
Brentford
TW8 0GP

BA EXCHANGE COMPANY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	281,564	307,640
Cost of sales		(57,405)	(47,768)
Gross profit		224,159	259,872
Administrative expenses		(218,891)	(242,560)
Profit before taxation		5,268	17,312
Tax on profit		-	-
Profit for the financial year		5,268	17,312

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	8		1		16,563
CURRENT ASSETS	9				
Debtors		8,400		21,898	
Cash at bank and in hand		159,526		420,047	
		167,926		441,945	
Creditors: amounts falling due within one year	10	(555,013)		(850,867)	
NET CURRENT LIABILITIES			(387,087)		(408,922)
TOTAL ASSET LESS CURRENT LIABILITIES			(387,086)		(392,359)
CAPITAL AND RESERVES					
Called up share capital			300,000		300,000
Profit and loss account			(687,086)		(692,359)
Total equity			(387,086)		(392,359)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11 March 2021 and are signed on its behalf by:

Mr A R Chowdhury
Director

Company Registration No. 7314397

BA EXCHANGE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

BA Exchange Company (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 131 Whitechapel Road (First Floor), London, England, E1 1DT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bank Asia Limited. These consolidated financial statements are available from its registered office. Head Office Bank Asia Corporate Office, Rangs Tower 32-34, Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka 1000, Bangladesh

1.2 Going concern

The Company reported a profit during the year despite being in a very competitive market, however the company is carrying accumulated losses. The results are in line with expectations.

The directors consider that the Company will be able to rely upon sufficient additional support from the parent undertaking for at least the next 12 month or by arranging funds through and alternative means possibly by way of a loan from one of the directors and the Board of the Bank has approved this, to allow the Company to be able to meet all its commitments as they fall due.

Therefore the directors consider that the going concern basis is appropriate in respect of the financial statements for the year ended 31 December 2020

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Commission income

Income from remittance services is recognised when a customer gives instructions to the Company to make a remittance on their behalf.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	10% Straight line basis
Fixtures and fittings	25% Reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates

to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

1.9 Foreign exchange

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non - monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2 Judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates. Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing useful lives, factors such as technological advances. Residual value consider such things as projected disposal values.

3 Turnover and other revenue

100% Turnover of the company for the year ended 31 December 2020 (2019 - 100%) have arisen from within the United Kingdom.

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	3,000	3,000
Depreciation of owned tangible fixed assets	16,562	12,232
Operating lease charges	35,283	42,000

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	3,000	3,000

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 £	2019 £
Management	1	1
Counter Staff	6	6
	7	7

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	133,342	117,342
	133,342	117,342

7 Directors' remuneration

	2020 £	2019 £
Remuneration paid to directors	61,909	57,400

8 Tangible fixed assets

	Land and buildings (£)	Plant and machinery etc (£)	Total (£)
Cost			
At 1 January 2020	122,846	19,914	142,760
Disposals	(122,846)	-	(122,846)
At 31 December 2020	-	19,914	19,914
Depreciation and impairment			
At 1 January 2020	106,438	19,759	126,197
Depreciation charged in the year	16,408	154	16,562
Eliminated in respect of disposals	(122,846)	-	(122,846)
At 31 December 2020	-	19,913	19,913
Carrying amount			
At 31 December 2020	-	1	1
At 31 December 2019	16,408	155	16,563

9 Debtors

Amounts falling due within one year:	2020 £	2019 £
Other debtors	8,400	21,898

10 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	495,244	785,588
Taxation and social security	1,716	-
Other creditors	58,053	65,279
	555,013	850,867

11 Reserves

Profit and loss account

The profit and loss account consists of the profits retained within the business and is recorded at historic cost.

12 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

All of the Company's remittances are routed through its parent entity Bank Asia Limited as part of the normal business cycles, these transactions are at arms length, these amounts have no transactional value and purely for settlement. All commission income is earned from the remitters. There is a position at the year end included in Trade Creditors of £495,244 (2019 - £757,846)

13 Parent company

The Company's ultimate parent undertaking is Bank Asia Limited, a company incorporated in Bangladesh. The accounts for this entity may be obtained from Head Office Bank Asia Corporate Office, Rangs Tower,32-34,Kazi Nazrul Islam Avenue,Kawran Bazar Dhaka-1000,Bangladesh or on their website www.bankasia-bd.com.

**INDEPENDENT
AUDITOR'S REPORT**

MONIS J. SIDDIQUI, CPA P.C.

Certified Public Accountant

www.mons.com

516.730.6064

REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors

BA Express USA, Inc

Jamaica, New York

We have audited the accompanying financial statements of BA Express USA, Inc. (the "Company") (a New York corporation), which comprise the balance sheet as of December 31, 2020 and the related statement of operations, changes in stockholder's equity and cash flows for the year then ended and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BA Express USA, Inc as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America,

Monis Siddiqui, CPA P.C.

Bellerose, New York

March 15, 2021

BA EXPRESS USA INC.

BALANCE SHEET

Year Ended December 31, 2020

Assets	2020 (\$)
Current Assets:	
Cash, cash equivalents and investments	1,147,210
Accounts receivable	1,313,036
Other current assets	16,434
Total current assets	2,476,680
Furniture, equipment & leasehold improvements, net	56,111
Other assets	
Organization costs, net	7,583
Security deposits	39,165
Total other assets	46,748
Total assets	2,579,539
LIABILITIES AND STOCKHOLDER'S EQUITY	
Liabilities	
Remittance payable	3,117,510
Due to beneficiary	83,013
Other liabilities	18,194
Withholding taxes	7,515
Total liabilities	3,226,232
Stockholder's equity	(646,693)
Total liabilities and stockholder's equity	2,579,539

BA EXPRESS USA INC.

STATEMENT OF OPERATIONS

Year Ended December 31, 2020

	2020 (\$)
Revenue	
Commissions & fees	195,722
Realized gain on foreign exchange	285,455
Interest income	9,912
Other income	8,173
Total revenues	499,262
Expenses	
Payroll and wages	207,342
Payroll taxes	18,450
Commission fees	101,436
Professional fees	21,003
Filing and regulatory costs	21,149
Rent and lease costs	128,320
General and administrative expenses	146,777
Total expenses	644,476
NET LOSS BEFORE PROVISION FOR TAXES	(277,574)
PROVISION FOR TAXES	-
NET LOSS	(145,214)

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

Year Ended December 31, 2020

	Balance Beginning (\$)	Net Change (\$)	Balance Ending (\$)
Common stock, no par value			
Paid-in capital	960,000	-	960,000
Deficit	(1,461,479)	(145,214)	(1,606,693)
Stockholders' equity	(501,479)	(145,214)	(646,693)

BA EXPRESS USA INC.

STATEMENT OF CASH FLOW

Year Ended December 31, 2020

	2020 (\$)
Cash flow from operating activities :	
Net loss	(145,214)
Adjustments to reconcile net income to net cash provided in operating activities	
Depreciation	19,780
Amortization	877
Changes in operating assets and liabilities	
Accounts receivable	(424,965)
Other current assets	1,625
Security deposits	(13,465)
Remittance payable	540,971
Due to beneficiary	81,007
Withholding taxes	4,818
Net cash provided by operating activities	<u>73,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Furniture, equipment & leasehold improvements	<u>(42,992)</u>
Net increase in cash and cash equivalents	30,636
Cash, cash equivalents and investments - beginning of year	<u>1,116,574</u>
Cash, cash equivalents and investments - ending of year	<u><u>1,147,210</u></u>

BA EXPRESS USA INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

BA Express USA, Inc (the "Company") is a New York Corporation formed on September 20, 2011 for the purpose of conducting business as an international money transmitter registered with the New York Department of Financial Services. The primary objective of the Company is to uphold the image and be a leading remittance service providing company in USA. The Company maintains its central office in Jamaica, New York. BA Express USA, Inc is a 100% owned subsidiary of Bank Asia Limited.

Basis of Accounting

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

The Company performs credit evaluations of its customers and generally does not require collateral. The Company does not believe significant credit risks exist at December 31, 2020, with respect to its accounts receivable. No allowance for doubtful accounts has been provided for based on prior years' experience and Management's analysis of possible bad debts.

Revenue Recognition

The primary source of the Company's revenues is comprised of the transaction-based fees, which typically constitute a percentage of dollar volume processed, per transaction processed, or some combination thereof. Fees from money transfers are based on the principal amount of the transaction and location where the funds are to be transferred and is recorded as income at the time of the sale.

The secondary source of the Company's revenues is generated by buying and selling currency at favorable rates.

Foreign Currency Translation

Accounts with balances denominated in currencies other than U.S. dollars are translated into U.S. dollars at applicable exchange rates as of the date of the transaction. Amounts denoted in a foreign are converted into U.S. dollars, and the exchange differences are included in the costs and revenues under the related account.

Furniture, Equipment and Leasehold Improvements

Furniture, Equipment and Leasehold Improvements are stated at cost, less accumulated depreciation. Depreciation is recorded using a straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Income Taxes

No provision for income taxes has been made in the financial statements due to the current year excess of expenses over income. The Company has approximately \$1,611,294 of net operating loss carryforwards for federal income tax purposes as of December 31, 2020. Because the future utilization of these tax carryforward losses is uncertain, no related deferred tax asset has been reflected in the accompanying financial statements.

Management of the Company did not identify any uncertain tax positions taken or expected to be taken in an income tax return which would require adjustment to or disclosure in its financial statements. The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed.

BA EXPRESS USA INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

NOTE 2: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities are carried at fair value, or are carried at amounts which approximate fair value as the market value of such items is not materially sensitive to shifts in market interest rates due to the limited term to maturity of these instruments.

The Company adopted SFAS No. 157, which defines fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market and assumptions that market participants would use when pricing the asset or liability.

The Company categorizes the fair value of its financial assets and liabilities according to the hierarchy established by the Financial Accounting Standards Board, which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. These Level 1 assets represent quoted prices in active markets and, therefore, do not require significant management judgment.

Level 2: Applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in less active markets; or other inputs that can be derived principally from, or corroborated by, observable market data.

Level 3: Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The recorded values of accounts receivable, accounts payable, and accrued liabilities approximate fair values due to their short maturities. Unrealized gains and losses are included in earnings and are reported in the Statement of Income as a component of other income and losses. Generally, for all trading securities, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. As of December 31, 2020, the Company was liquid in its security positions.

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consist of the following for the year ended December 31, 2020:

FDIC insured amount	\$	390,996
Bank deposits in-excess of insured amounts		207,268
Certificate of deposits		548,946
Cash, cash equivalents and investments	\$	<u>1,147,210</u>

The certificates of deposit are restricted. The Company has a \$500,000 certificate of deposit used as collateral to satisfy the signed agreement with New York State Department of Financial Services.

NOTE 4: FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment, and leasehold improvements consist of the following for the year ended December 31, 2020:

Furniture and fixtures	\$	12,561
Equipment		21,953
Leasehold improvements		150,172
		<u>184,686</u>
Less: accumulated depreciation		(128,575)
Furniture, equipment and leasehold improvements, net	\$	<u>56,111</u>

Depreciation expense for the year ended December 31, 2020 was \$19,780.

NOTE 5: ORGANIZATION COSTS

Organization costs consist of the following for the year ended December 31, 2020:

Capitalized organization costs	\$	12,917
Less: accumulated amortization		(5,334)
Organization costs, net	\$	<u>7,583</u>

Amortization expense for the year ended December 31, 2020 was \$877.

BA EXPRESS USA INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

NOTE 6: OPERATING LEASES

The company conducts its operations from offices that are leased under a five-year noncancelable operating lease expiring February 28, 2024. There is an option to renew the lease for an additional period of five years at an increased monthly rental.

Minimum future rental payments under the non-cancelable operating leases having a remaining term in-excess of one year as of December 31, 2020 for each of the next five years are:

2021	\$	38,200
2022		39,400
2023		40,600
2024		6,800
Total base rent obligation	\$	<u>125,000</u>

On February 20, 2020, the Company entered into a ten-year lease agreement for a retail space in Jackson Heights, New York. The lease, commenced on March 1, 2020, provides for base rent of approximately \$6,500 per month with a 3.5% annual increase. Total base rent payable over the lease period is approximately \$915,000. The Company has an option to extend the term of the lease for an additional ten-year period.

Minimum future rental payments under the non-cancelable operating leases having a remaining term in-excess of one year as of December 31, 2020 for each of the next five years are:

2021	\$	80,700
2022		83,550
2023		86,500
2024		89,500
2025		92,650
Thereafter		417,100
Total base rent obligation	\$	<u>850,000</u>

Rent expense for the year ended December 31, 2020 was \$128,320.

NOTE 7: RELATED PARTY TRANSACTIONS

The Company is a 100% owned subsidiary of Bank Asia Limited. The Company signed paying agent agreement with Bank Asia Limited. For the year ended December 31, 2020, there was no expense paid for related party agent fee.

NOTE 8: CONCENTRATION OF CREDIT RISK

The company may be subject to credit risk to its cash and cash equivalents. The Federal Deposit Insurance Corporation ("FDIC") insured up to \$250,000 for substantially all depository accounts. From time to time, the Company may have amounts on deposits in-excess of FDIC limits. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2020, the Company has \$207,268 in cash and cash equivalents in-excess of the FDIC limits.

NOTE 9: SUBSEQUENT EVENTS

As a result of the spread of the COVID19 coronavirus, economic uncertainties have arisen which are likely to negatively affect operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the Company expects this matter to negatively impact its net income. However, the related financial impact and duration cannot be reasonably estimated at this time.

Management & Executives

President and Managing Director

- Mr. Md. Arfan Ali

Deputy Managing Director

- Mr. Mohammad Borhanuddin
- Mr. Md. Sazzad Hossain
- Mr. Mohammad Ziaul Hasan Molla
- Mr. S.M. Iqbal Hossain
- Mr. Shafiuzzaman
- Mr. Alamgir Hossain
- Mr. Adil Chowdhury
- Mr. Sarder Akhter Hamed

Senior Executive Vice President

- Mr. Md. Zahid Hossain
- Mr. Md. Zia Arfin
- Mr. Tanfiz Hossain Chowdhury
- Mr. Arshadul Kabir Bhuiyan

Executive Vice President

- Mr. Sheikh Mohammad Anisuzzaman
- Mr. Md. Arshad Mahmud Khan
- Mr. A.K.M. Shaiful Islam Chowdhury
- Mr. Md. Shaminoor Rahman
- Mr. Md. Mostafizur Rahman
- Mr. Arequl Arefeen
- Mr. Tahmidur Rashid
- Mr. Md. Abdul Latif
- Mr. Farhad Ahmad Khan
- Mr. Md. Murshid-Al-Amin
- Mr. Mohammed Aminul Islam Mintu FCCA
- Mr. Hossain Ahmad
- Mr. Md. Ekramul Hossain

Senior Vice President

- Mr. A.K.M. Mizanur Rahman
- Mr. Humayun Yusuf Kabir
- Mr. Md. Jahangir Alam
- Mr. Md. Saiful Islam Laskar
- Mr. Ali Tarek Parvez
- Mr. Zahirul Haque
- Mr. Golam Gaffar Imtiaz Chowdhury
- Mr. Mohammed Rashidul Kabir Rajib
- Mr. Md. Amanullah
- Mr. Sumon Das
- Mr. Md. Saiful Islam
- Mr. Mohammad Ibrahim Khalil FCA
- Mr. Md. Ahsan UIAlam
- Mr. M. Esamul Arephin
- Mr. Quazi Mortuza Ali
- Mr. Mohammad Jakirul Islam
- Mr. Md. Syedul Islam

Vice President

- Mr. Md. Shahinur Rahman
- Mr. Mohammad Burhan Uddin Khondker
- Mr. Md. Anisuzzaman Molla
- Mr. Mohammad Ismail Hossain
- Mr. Saiful Islam
- Mr. Mehbub Hasan
- Mr. M.R. Chowdhury Rashed
- Mr. A.K.M. Mohsin Uddin
- Mr. Mohammad Mainul Islam
- Mr. Md. Mazibur Rahman
- Mr. Syed Humayun Kabir
- Mr. Hasan A. Saimoom
- Mr. M.M. Shariful Islam
- Ms. Suraiya Afroz
- Mr. Zahirul Islam Khan
- Mr. Mahbub A Alam
- Mr. A.M. Saifur Rahman
- Mr. Md. Mansur Ali Miah
- Mr. S.M. Salahuddin
- Mr. Md. Kamruzzaman
- Mr. Rakibul Hasan
- Mr. Mahbubur Rahman
- Mr. M. Hasibul Alam
- Mr. Md. Fayezur Rahman

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Corporate Branch	Noor Tower (1 st floor), 110, Bir Uttam C.R. Dutta Road, Dhaka	Ph: 880-2-9674501-2 9677031, 9614061-3 Fax: 880-2-9677032	BALBBDDH002
Principal Office Branch	Tea Board Building, 111-113, Motijheel C/A. Dhaka - 1000	Ph: 880-2-9571450-1, 9563652, 9571020-1, 9571023 Fax: 880-2-9566223	BALBBDDH003
Gulshan Branch	Bay's Galleria, 57, Gulshan Avenue (Ground Floor) Dhaka - 1212	Ph: 880-2-9889268-9, 8828103,8828387 Fax: 880-2-8816739	BALBBDDH004
Agrabad Branch	69, Agrabad C/A, Chittagong	Ph: 880-31-714665, 724876, 714703, 2517303 Fax: 880-31-714548	BALBBDDH005
Malkhanagar Branch	Union Parishad Bhaban, Taltola Bazar, Malkhanagar, Munshigonj	Ph: 01711831040 Fax: 06924-63225	
Scotia Branch	"Rangs Bhaban" Holding # 117/A, Old Airport Road, Tejgaon, Dhaka	Ph: 880-2-8142290, 9137512-5 Fax: 880-2-8155858	BALBBDDH007
MCB Dilkusha Branch	4, Dilkusha C/A, Dhaka	Ph: 880-2-9568871 - 3 Fax: 880-2-9563649	BALBBDDH008
MCB Sk. Mujib Road Branch	1269/b Sk. Mujib Road, Agrabad C/A, Chittagong	Ph: 880-31-715125 - 7 Fax: 880-31-710352	BALBBDDH009
Sylhet Main Branch	60, Niloy Darga Gate, Chowhatta, Sylhet	Ph: 880-821-724722, 712256 Fax: 880-821-722616	
Tarail Branch	Tarail Bazar, Kishoreganj	Ph: 09434-75099 Fax: 09434-75099	
MCB Banani Branch	A. R. Tower, 24, Kamal Ataturk Road, Banani, Dhaka - 1213	Ph: 880-2-9885610, 9894699, 9889104 Fax: 880-2-9882181	BALBBDDH012
Khatunganj Branch	Asia Center, 273/268 Khatunganj, Chittagong	Ph: 880-31-610036, 638013-4, 618419, 63841 Fax: 880-31-632905	BALBBDDH013
Lohagara Branch	Mostafa Centre, Lohagara , Chittagong.	Ph: 03034-56304 Fax: 03034-56305	
North South Road Branch	89, Shaheed Syed Nazrul Islam Shoroni, (16,16/1, Malitola Lane) North South Road, Dhaka- 1100	Ph: 880-2-9563768-9, 9567671 Fax: 880-2-9563223	BALBBDDH017
Uttara Branch	House # 79A, Road #07, Uttara Model Town, Dhaka	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBBDDH015
Ashulia Branch	Chowdhury Plaza (1 st Floor), Zamgara Bazar, Ashulia, Savar, Dhaka	Ph: 880-2-7702447 Fax: 880-2-7790448	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Mitford Branch	Bismillah Tower (1st & 2nd floor), 147/148, Mitford Road, Dhaka	Ph: 880-2-7320620 - 1 Fax: 880-2-7314999	BALBBDDH014
CDA Avenue Branch	665, CDA Avenue, East Nasirabad, Panchlaish, Chittagong	Ph: 880-31-2850091-2, 2863640 Fax: 880-31-612933	BALBBDDH018
Sylhet Uposhohor Branch	Sylhet Tower, Subhani Ghat, Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821-2830791	
Dhanmondi Branch	Meher Plaza, House # 13/A (2 nd Floor), Road # 5, Dhaka-1205	Ph: 880-2-9668361, 8624872-5, 9675918 Fax: 880-2-9664640	
Station Road Branch	Mohiuddin Market (1 st floor), 170, Station Road, Chittagong	Ph: 88-031-2850934-5 Fax: 88-031-2850936	BALBBDDH022
Bashundhara Branch	Plot # 25, Block-A, Avenue Road, Bashundhara R/A, Dhaka.	Ph: 880-2-8402021, 8845182 Fax: 880-2-8401322, 8845181	
Khulna Branch	Al-Mashah Complex, 44, Mojid Sarani, KDA Avenue (Shib Bari Mor), Khulna-9100	Ph: 88-041-2830136-7, 2831451, 2831361 Fax: 041-2830135	
Rajshahi Branch	Ahmed Plaza, 182, Alu Patti Mor, Rajshahi-6100	Ph: 880-721-812503-4 Fax: 880-0721-812502	
Chatkhil Branch	Khilpara Road, 3147 Chatkhil Bazar, Chatkhil, Noakhali	Ph: 03222-75179 Fax: 03222-75179, 75224	
EPZ Branch	Zone Service Complex (Ground Floor), CEPZ, Chittagong	Ph: 880-31-800340, 800406 Fax: 880-31-801391	BALBBDDH027
Mohakhali Branch	82, Mohakhali C/A, Dhaka-1212	Ph: 02-9857236, 9857420, 9857429 Fax: 8855431	BALBBDDH028
Mirpur Branch	Nishi Plaza, Plot # 1, Avenue 4, Section 6, Block C, Pallabi, Mirpur, Dhaka-1216	Ph: 9013814, 9013841, 9013844 Fax: 880-2-9012122	
Anderkilla Branch	184, J.M Sen Avenue, Anderkilla, Chittagong	Ph: 880-31-2854882-3, 2854556 Fax: 880-31-2854881	BALBBDDH030
Rohitpur Branch	Rima Plaza, Rohitpur Boarding, Keranigonj, Dhaka	Ph: 880-2-7766677 Fax: 880-2-7766600, 7766444	
Bogra Branch	Jamil Shopping Centre, Baragola, Bogra	Ph: 880-51-51642-3 Fax: 880-5178641	
Jessore Branch	Jess Tower (1 st Floor), 39/M.K. Road, Jessore	Ph: 0421-67783-4, 67748 Fax: 0421-67738	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Bahadderhat Branch	Mamtaz Tower, 4540 Bahadderhat, Chittagong	Ph: 031-2553741-3 Fax: 88-031-2553745	BALBBDDH018
Shantinagar Branch	Treasure Island, 42/43, Siddeshwari Circular Road, Dhaka-1217	Ph: 8333979, 8332836, 8312729 Fax: 8333978	
Tongi Branch	Mariom Tower (1 st floor), 13 Anarkoli Road, Tongi Bazar, Tongi, Gazipur	Ph: 9816303-4 Fax: 880-9816306	
Konabari Branch	Rupjan Tower, Nilnagar ,Konabari, Gazipur	Ph: 02-9298882-3 Fax: 02-9298885	
Bhatiary Branch	Bhatiary Bazar, Sitakunda, Chittagong	Ph: 031-2781077-79 Fax: 031-2781080	
Progoti Shoroni Branch	Venus Complex, Pragati Shoroni ,Badda, Dhaka	Ph:8824653,8824467, 8824687 Fax: 8825368	
Ishwardi Branch	Central Jame Masjid Market (1 st floor), Station Road, Ishwardi, Pabna.	Ph: 0732664463-5 Fax: 0732664462	
Savar Branch	B-70/1 Bazar Road, Savar, Dhaka	Ph: 88-02-7744857, 7744889, 7744890 Fax: 7744891	
Beani Bazar Branch	Tajma shopping Center (1 st floor), Beani Bazar, Sylhet	Ph: 08223-56103-4 Fax: 08223-56105	
Donia Branch	Hossain tower (1 st & 2 nd Floor), 1050, Donia, Dhaka Ctg high way, Shampur, Dhaka	Ph: 880-2-7540055, 7540095 Fax: 880-2-7551188	
Moghbar Branch	Tropical M.L. Point (1 st Floor), 43, New Circular Road, Moghbazar, Dhaka-1217	Ph: 8321578, 8321245 Fax: 8312056	
Kamal Bazar Branch	Kabir Tower, Kamal Bazar, Mohora Kalurghat, Chittagong	Ph: 031-2572872-3 Fax: 031-2572874	
Cox's Bazar Branch	J.N Plaza (1 st Floor), Plot # 226 (New), Tekpara Main Road, Cox's Bazar	Ph: 88-0341-52240-42 Fax: 88-0341-52244	
Faridpur Branch	Plot #2354, Goalchamot, Chak Bazar, Thana Road, Faridpur	Ph: 0631-67206-7 Fax: 0631-67204	
Narayangonj Branch	Jahan plaza (1 st Floor),20, Sirajuddoula Road, Falpatty, Narayangonj	Ph: 88-02-7648801-5 Fax: 88-02-7648805	
Paltan Branch	Rangs Tower (1 st Floor), 68, Purana Paltan, Dhaka-1000	Ph: 7113844, 7110488, 7115594, 7119664 Fax: 7111164	
Jagannathpur Branch	76, T&T Road, Ward-07, Haji Ashid Ullah Market, Jagannathpur Bazar, Sunamganj	Ph: 0872-756013 Fax: 0872-756014	
Moulvibazar Branch	Shah Mostafa Garden City, M. Saifur Rahman Road (Central Road), Moulavi Bazar	Ph: 0861-63601, 63602 Fax: 0861-636000	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Bhairab Branch	167 Kalibari Road, East Bhairab, Bhairab Bazar, Bhairab, Kishoregonj	Ph: 09424-72328-31 Fax: 09424-72332	
Strand Road Branch	S. A. Chamber (1 st Floor), Strand Road, Majhirghat, Chittagong	Ph: 031-2513611-2317 Fax: 031-2513906	
Shyamoli Branch	23/4 Khiljee Road, Block B, Shyamoli, Dhaka	Ph: 02-9103565-6 Fax: 02-9115239	
Patherhat Branch	Ibrahim Sobhar Tower (1 st Floor), Patherhat, Noapara, Raozan, Chittagong	Ph: 031-2573111-2 Fax: 031-2573113	
Tejgaon Link Road Branch	Shanta Western Tower, 186, Tejgaon I/A, Dhaka	Ph: 88-02-8870081-4 Fax: 88-02-8870086	
Rupnagar Branch	Plot #34 (1 st Floor), Road#16, Rupnagar, Mirpur, Dhaka	Ph: 9016692-3 Fax: 9008757	
Laldighirpar Branch	Laldighirpar Main Road, Laldighirpar, Sylhet	Ph: 0821-719901, 719904 Fax: 0821-719907	
Madhabdi Branch	Shitlabari Bazar Road, Narshigndi	Ph: 880-2-9446553-4 Fax: 880-2-9446555	
Barisal Branch	Fakir Complex, 112, Birsreshtho Captain Mohiuddin Jahangir Sarak, Barisal	Ph: 0431-2177510-1 Fax: 0431-62227	
Oxygen Moor Branch	422, Oxygen Moor, Kulgaon, Bayezid Bostami, Chittagong	Ph: 031-2583701-2 Fax: 031-2583704	
Elephant Road Branch	64, Elephant Road, Dhaka	Ph: 9669351,9669331 Fax: 880-2-9669296	
Lalmatia Branch	Plot 4/3, Block-D, Lalmatia Housing Estate ,Dhaka	Ph: 8100067, 8100071-2 Fax: 880-2-8100070	
Dohazaria Branch	Sadek Tower (1 st Floor), Dohajari, Chandanaish, Chittagong	Ph: 01755591572-74	
Haziganj Branch	Munshi Plaza (1 st Floor), Main Road, Haziganj, Chandpur	Ph: 88424-75142 Fax: 08424-75144	
KEPZ Branch	Zone Service Complex (Ground Floor) , North Potenga, Chittagong	Ph: 031-2502391-3 Fax: 031-2502934	
Aglabazar Branch	Shophy Plaza, Aglabazar, Nawabgang, Dhaka	Mob: 01911403703, 01713920853	
Hemayetpur Branch	Molla Market (1 st Floor), Hemayetpur Bus stand, Tetuljhora Union, Savar, Dhaka	Mob: 01711072110	
Dakkhinkhan Branch	KC Plaza (1 st Floor), Noapara , Dakkhinkhan bazar, Uttara, Dhaka	Mob: 0119818707 Fax: 07426-75173	
Mohadevpur Branch	Saif Uddin Haider & Sons Complex, Mohadevpur, Naogaon	Ph: 01426-75194	
Nimtala Branch	Hemanta Shopping Complex (1 st Floor), Nimtala , Sirajdikhan, Munshiganj	Mob:01712942590	
Comilla Branch	Chowdhury Plaza 2, House-465/401 , Race Course, Comilla	Mob: 01717578720, 01771425266	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Sonaimuri Branch	United Plaza, Bank Road, Sonaimuri Bazar, Noakhali	Mob:01711008820	
Feni Branch	Holding No.- 34, Ward No.- 10, S.S.K. Road, Feni	Mob:01714112681	
Satmasjid Road Branch	Plot # 78, Bir Uttam M A Rob Sarak, Zigatola, Dhanmondi, Dhaka	Phone 9634926-7	
Paragram Branch	Mamtaj Plaza, Koilail Union Parishad, Nawabgonj, Dhaka	HOB-01713378991, 04470009132	
Sonargaon Janapath Road Branch	"Circle Windflower" Plot No.-30, Sonargaon Janapath Road, Section-11, Uttara, Dhaka	HOB-01670761210; 04470009678, MOB-01819185190	
Dinajpur Branch	"Torab Uddin Complex", Road No.-01, Butibabu Road, Ward No.-3, Kotwali, Dinajpur	HOB-01712 192519	
Lichubagan Branch	"Al-Emarat Shopping Complex", Chandragona Kadamtola Union Parishad, Rangunia, Chittagong	HOB-01818 127403	
Gazipur Branch	"Akbar Trade Centre", BIDC Road, Ward No.- 26, Gazipur City Corporation, Gazipur Sadar, Gazipur	HOB-01913 494546	
Kalatiya Branch	"Kalatiya Shopping Centre", Kalatiya Union Parishad, Keranigonj, Dhaka	769182,7769183,7769184 Mob:01777-792164	
Chandragonj Branch	"Sharif Plaza", Chandragonj, Lakshmipur	HOB-0172776063	
Bank Asia Bhaban Branch	"Bank Asia Bhaban", Agrabad C/A, Sabder Ali Road, Ward No.- 28, Chittagong City Corporation, Doublemuring, Chittagong	HOB-01713106206	
Kushtia Branch	"Hira Super Market", Siraj-ud-Dowla Road, Ward No- 03, Kushtia Sadar, Kushtia	HOB-01971 733140	
Holy Family Red Crescent Medical College Hospital Branch	"OPD Building" HFRCMCH, 1 Eskaton Garden, Moghbazar Road, Ward No.- 19, Dhaka South City Corporation, Ramna, Dhaka	Cell: 01715023337	
Fatullah Branch	"Swiss Point", (opposite of Fatullah Police Station), Fatullah, Narayangonj	Cell: 01711663609	
BSMMU Branch	"Nurses Hostel Building" 1170, Paribagh, Kazi Nazrul Islam Avenue, Shahbagh, Dhaka	Cell: 01819299518	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Ring Road Branch	Plot No- 842, North Adabar, Ring Road, Shyamoli, Adabar, Dhaka.	Cell-04470009363, 01711969794	
Tangail Branch	Al-hajj Super Market, 279, Masjid Road, Tangail Sadar, Tangail	HOB-01712965527 MOB-01714038273	
Rangpur Branch	"Rangpur Bhaban", Plot# 4737, Station Road, Kotwali, Rangpur	Cell: 01716438242	
Muksudpur Branch	Faridmia Complex, Muksudpur, Gopalgonj	Cell: 01713462602 Ph: -7648801-4	
Nangolkot Branch	"Haji Nurul Amin Tower" Nangolkot, Comilla		
Rupsha Branch	"Ma Plaza" School Road, Rupsha, Faridgonj, Chandpur		
Brahmanbaria Branch	"Muktijoddha Complex Bhaban" (Ground & 1 st floor), Sadar Hospital Road, Brahmanbaria.	Cell: 01753711966	
Mirpur-1 Branch	"VTCB Tower Shopping Complex", Holding# 3 Main Road, Section-1, Mirpur, Dhaka-1216	Cell: 01715158993	
Kazipara Branch	"Kazipara Madrasha Complex" 559, Begum Rokeya Avenue, Kazipara, Mirpur, Dhaka	Cell- 01715912454	
Mymensingh Branch	"Shabit-Sharif Bhaban", 55 & 55/A, Boro Bazar, Mymensingh	HOB- 01713109434	
Gopalgonj Branch	"Noor Hossain Complex", 70, DC Road, Gopalgonj	MOB- 01715663251	
Majidee Court Branch	Noakhali Super Market, Ward: 03, Court Road, Majidee, Noakhali	MOB- 01727760638	
Faridganj Branch	Talukder Plaza, 640 (1 st floor), Faridgonj, Chandpur	Cell- 01712866834	
Hatirdia Branch	Hatirdia New Market, Hatirdia, Monohordi, Narshingdi	Cell- 01715627900	
Companygonj Branch	Hazi Shansul Hoque Market, Companygonj, Muradnagar, Comilla	MOB- 01724931400	
Kashba Branch	Shimanto Complex Bhaban-2, 462, Kuti-Kashba Road, Kashba, Brahmanbaria	HOB-01994437200 MOB-01749400026	
Chandpur Branch	Appollo Pal Bazar Shopping, 187-189, Mizanur Rahman Road, Chandpur	HOB-01718480639 MOB-01716928912	
Bhola Branch	Nabaroon Centre, 337-341, Sadar Road, Bhola Sadar, Bhola	HOB-01715087055	
Boro Bazar Branch	28, Sir Iqbal Road, Khulna Metropolitan City, Khulna	Ph: 041-731208-9 Fax: 041-723306	
Chaktai Branch	1676/G/1, River City Market (1 st floor), Shah Amanat Bridge Connecting Road, Chittagong	Ph: 031-2866395-6 Fax: 031-2866398	
Gulshan-2 Branch	"Gulshan Peledium", Holding No- 01, Road No. 95, Block- CEN(C), Ward No. 19, DNCC, Gulshan, Dhaka	Ph: 9617115100	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Gouripur Branch	Priyota Plaza, Nayagaon, Gouripur, Daudkandi, Comilla	HOB - 01713378987	
Kaliakair Branch	Ahmed Ali Plaza, College Road, Tengla Bari, Kaliakair, Gazipur	Cell: 01843036958 01626372729 HOB - 01715327113	
Aganagar Branch	Haji Anowar Hossain Complex, Shahid Delwar Hossain Road, Aganagar, Keranigonj, Dhaka	HOB - 01712205067	
Pangsha Branch	Mahmood Plaza, Pangsa Bazaar, Narayanpur, Pangsa, Rajbari	HOB - 01713462602	
Banani-11 Branch	Nur Empori, House#77, Road#11, Block-M, Banani, Gulshan, Dhaka-1223	Ph: 9885610,9889104, 9822326	
Panchagar Branch	Chowdhury Complex, 526, Tetulia highway, Panchagar		
Chapai Nawabganj Branch	"Taheer Mansion" 26, Puratan Bazar, Chapai Nawabganj Sadar, Chapai Nawabganj	Cell: 01711076067	
Jhenaidah Branch	GM Tower, Plot# 818, Sher-E-Bangla Road, Jhenaidah Sadar, Jhenaidah	Cell: 01711279195	
Bamundi Branch	"Nazrul Tower-2", Plot#732 & 733, Bamundi, Gangni, Meherpur	Cell: 01725078196	
Barura Branch	"Manoda Mansion", College Road, Barura, Comilla	Cell: 01816586879	
Matarbari Branch	Coal Power Generation Co. Bd. Ltd., Matarbari, Moheskhali, Cox's Bazar	Cell: 01813727387, 01818571728	
Bank Asia Tower Br.	Bank Asia Tower, 32, Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka	Cell: 01711053944	
Payra Bandor Branch	Multipurpose Bhaban (1st Floor), Payra Port, Kolapara, Patuakhali	Cell: 01730301122	
Shukrabad Branch	House # 02, Mirpur Road, Ward # 17, Dhaka South City Corporation, Sher-e-Bangla Nagar, Dhaka.	Cell: 8809617128100, 01755652398	
	SME/Agri Branches		
Ashulia SME/Agri Branch	Tanvir Super Market (1 st Floor), Ashulia Bazar Bus Stand, Ashulia, Savar, Dhaka	Ph: 88-02-7744975-6 Fax: 88-02-7744978	
Baligaon SME/Agri Branch	Dewan Super Market, Baligaon Bazar, Tongibari, Munshigonj	Ph: 0693251004-5 Fax: 0693251004	
Shirajdikhan SME/Agri Branch	Shirajdikhan Bazar, Sikder Market, Shirajdikhan, Munshiganj	Ph: 06924-63364 Fax: 06924-63225	
	Sub-Branches		
Echotex Sub-Branch	Holding# A-30, Joydebpur-Tangail Highway, Ward# 7, Kaliakair Pawrashova, P.S. - Kaliakair, Dist. - Gazipur		
Shomahar Sub-Branch	Shomahar Sweaters Ltd. at A-99/1, Bokterpur, Kaliakair, Gazipur-1750		
Sreenagar Sub-Branch	Makka Complex, Bhagyakool Road, Sreenagar, Munsigonj		
Louhajang Sub-Branch	Hossen Market, College Road, Bornowpara, Louhajang, Munshigonj		
Ashuganj Sub-Branch	Hazi Zahurul Haque Munshi Shopping Complex, Ashuganj Bazar, Ashuganj, Brahmanbaria		
Big Boss Sub-branch	Aptech Industrial Park, 30, Sukorno Road, Kashimpur, Gazipur		

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Ramgonj SME/Agri Branch	Anupom Super Market (1 st Floor) , Bypass Road, Ramgonj, Laxmipur	Ph: 03824-75080,75171 Fax: 03824-75124	
	SME CENTRES		
Jatrabari SME Service Center	Noor Tower, 76/Ga, BibirBagicha, North Jatrabari, Dhaka	Ph: 7554863 Fax: 7554861-2	
Rekabi Bazar SME Service Center	Rekabi Bazar, Sylhet	Ph: 0821-710419, 710409 Fax: 0821-710406	
Jurain SME Service Center	Anaz Tower, 495 East Jurain, Kadamtali, Dhaka	Ph: 88-02-7453414-5 Fax: 88-02-7453416	
Bashabo SME Service Center	87, East Bashabo, Dhaka	Ph: 88-02-7218462-3 Fax: 88-02-7218460	
	ISLAMIC WINDOWS		
Principal Office Branch	Tea Board Building 111-113, Motijheel C/A. Dhaka - 1000.	Ph: 880-2-9571450, 9571451 Fax: 880-2-9566223	BALBDDH003
Uttara Branch	House # 79A, Road #07, Sector # 4, Uttara Model Town, Dhaka - 1230	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBDDH015
Shantinagar Branch	Treasure Island 42-43, Siddeshwari Circular Road, Shantinagar, Dhaka-1217	Ph: 8333979, 8312729 Fax: 880-8333978	
Bank Asia Bhaban Branch	"Bank Asia Bhaban", Agrabad C/A, Sabder Ali Road, Chittagong City Corporation, Doublemuring, Chittagong	Mobile: 88-01755650731	
Sylhet Uposhohor Branch	Sylhet Tower Subhanighat Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821- 2830791	
Islamic Banking Division, Corporate Office	Rangs Tower ,Corporate Office, 68 Purana Paltan, Dhaka-1000	Ph: 880-2- 7110062, bankasia@bankasia-bd. com	BALBDDH
Branch Name	Address	Phone/Fax Number	Swift Code
	OFF SHORE BANKING UNIT		
EPZ Branch	Zone Service Complex (Ground floor), CEPZ, Chittagong	Ph: 031-800320 Fax: 031-801391	
	Collection Booth		
BGB Booth	Border Guard Bangladesh (BGB) Head Quarter, Peelkhana, Dhaka		
Motijheel Model School Collection Booth	Motijheel Model School, Motijheel C/A, Dhaka		
East West University Collection Booth	EWU Campus, Plot# A/2,Aftabnagar, Dhaka		
Begum Badrunnessa Govt. Girls College Booth	Begum Badrunnessa Govt. Girls College, Bakshi Bazar Road, Dhaka		
BSMMU Collection Booth	OPD-1 Building at BSMMU, Paribagh, PS. Shabagh, Dhaka		
EPZ Road Collection Booth, Comilla	Holding No. 0432-14, South Chartha, Comilla EPZ,Comilla		
DESCO Bill Collection Booth	Badda Sales & Distribution Division, Plot#16, Road#04, Block#D, Aftabnagar, Badda, Dhaka		
Unique Height Collection Booth	"Unique Heights" 117, Kazi Nazrul Islam Avenue, Dhaka		

Branch Name	Address	Phone/Fax Number	Swift Code
Govt. Bangabandhu College Collection Booth, Gopalganj	Govt. Bangabandhu College, Gopalganj		
BUBT Collection Booth	BUBT Campus, Rupnagar, Mirpur-2, Dhaka-1216		
BPBS Zonal Office Bill Collection Booth, Kashba	Brahmanbaria Palli Bidyut Samity (BPBS) Zonal Office Kasba, Kharerha, Kasba, Brahmanbaria		
BPBS Bill Collection Booth, Kashba	Brahmanbaria Palli Bidyut Samity (BPBS), Sahilpur, Brahmanbaria		
Subsidiary-1: Bank Asia Securities Limited			
Dilkusha (Head Office)	Hadi Mansion (7 th Floor), 2 Dilkusha C/A, Dhaka-1000	Phone: 7124743, 7170896 Fax: 88-02-9567884 Email: cmd.bankasia@gmail.com	
Dhanmondi Branch	Meher Plaza, House # 13/A, R # 05 Dhanmondi, Dhaka	Phone: 8624874-5	
Mirpur Branch	Nishi Plaza, Plot # 01, Avenue-04 Section-06, Block-C, Mirpur, Dhaka	Phone: 9013814, 9013841	
Khulna Branch	28, Sir Iqbal Road (1 st Floor), Khulna	Phone: 041-2830136-7	
Jurain Branch	Anaz Plaza (2 nd Floor)495, East Jurain Kadamtali, Dhaka	Phone: 7453414	
Uttara Branch	H # 79/A, (4 th Floor), R# 07, Sector # 04 Uttara Model Town, Dhaka-1000	Phone: 8958371	
Banani Branch	"Nur Empori" (1 st floor), House # 77, Road# 11, Block-M, Banani, Dhaka-1213	Ph: 9885610,9889104, 9822326 Fax: 9822376	
Extension Office	158-160, Ground Floor Motijheel C/A, Dhaka-1000	Phone: 7124805, 7124816	
Subsidiary-2: BA Exchange Company (UK) Ltd.			
Office in UK	125 Whitechapel Road, London E1 1DT	Tel: 0203 005 4845-6 Fax: 0207 426 0097 Mob: 0795 081 4675	
Subsidiary-3: BA EXPRESS USA Inc.			
Office in Jamaica	168/29 Hill Side Avenue, Suite 2B, Jamaica, NY-11432 New York, USA	CEO: 0019173487207	
Office in Brooklyn	484, Mc Donald Avenue (1 st floor), Brooklyn, NY-11218, New York, USA	CEO: 0019173487207	



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