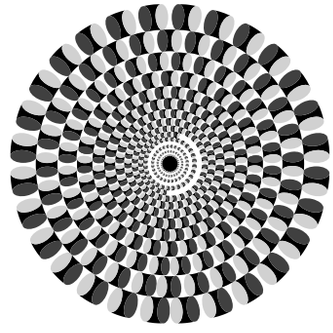
annual integrated report 2015



Bank Asia

Milestones

Sep. 28, 1999
Obtained Certificate of incorporation and Certificate of Commencement of business

Oct. 6, 1999
Obtained Banking License

Jan. 1, 2002
Acquisition of Bangladesh operation of Muslim Commercial Bank (MCB) of Pakistan

Feb. 16, 2001
Acquisition of Bangladesh operation of Nova Scotia of Canada

Apr. 1, 2003
Started Online Banking Operations

Dec. 24, 2008
Started Islamic Banking Operation

July 10, 2010
Started CTSU to facilitate Non-AD branches foreign trade operations

Apr. 17, 2011
Bank Asia Securities Ltd. (BASL) started capital market operation

Jan. 12, 2012
Ektee Bari Ektee Khamar (EBEK) initiaded to serve the unbanked population

Dec. 4, 2013
Agent banking started its operation for strengthening the ongoing financial inclusion program

October 7, 2013
Awarded as the first Bangladeshi Bank with GRI certification for its Sustainability Reporting

June 1, 2014
Started operation of the 2nd overseas company in USA, BA Express USA Inc. at NY, USA

June 27, 2015
Country's first School Banking service started through Agent Banking outlet

M Shahjahan Bhuiyan
Director

Rumee A Hossain
Director

Mohammed Lakiotullah
Director

Md. Nazrul Huda
Director

Md. Mehmood Husain
President and Managing Director

A Rouf Chowdhury
Chairman

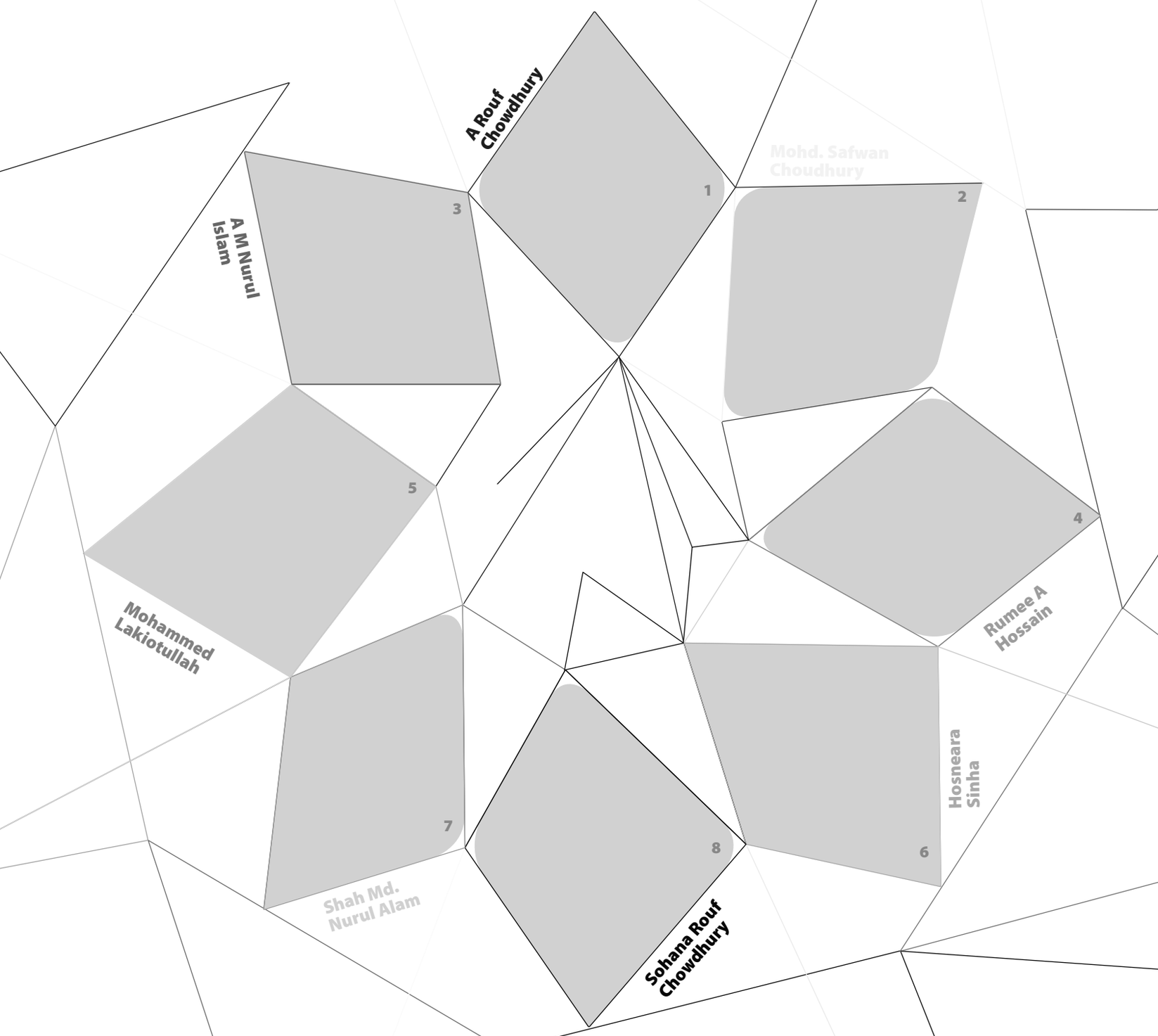
Mohd. Safwan Choudhury
Vice Chairman

A M Nurul Islam
Vice Chairman

Mashiur Rahman
Director

M Irfan Syed
Director

Directors' Profile



Directors' Profile

Mr. A Rouf Chowdhury
Chairman

Mr. Abdur Rouf Chowdhury is the current Chairman of the Board of Directors of the Bank Asia Ltd. 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 comprised of 33 companies were formed under his dynamic leadership. The huge success of the companies of the two groups during a short span of time is an ample proof of his dynamic leadership and progressive mind. He also has his dynamic foothold in the print media; he is the Director of renowned English daily The Daily Star and Chairman of Bengali daily The Shokaler Khabar.

Mr. Mohd. Safwan Choudhury
Vice Chairman

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

Mr. A M Nurul Islam
Vice Chairman

Mr. A M Nurul Islam is one of the Independent Directors of Bank Asia Ltd. He started his career as a lecturer in the University of Dhaka in 1961. Then he joined Civil Services of Pakistan (CSP). He worked at di□erent capacity with the then Pakistan Government and after liberation with Bangladesh Government, he acted as Private Secretary of the Prime Minister Bangabandhu Sheikh Mujibur Rahman. He worked as a Diplomat of Bangladesh Embassy in Washington DC and worked in mobilization of development fund from the World Bank, International Monetary Fund, USAID for the projects worth hundreds of millions of dollars. In recent past, he acted as President and CEO of Transcontinental Imex Inc. an international trading & consulting organization and as a Director and Chairman of Audit Committee in National Bank Limited. Currently, he is the Chairman of Risk Management Committee of the Board of Bank Asia Ltd.

Mr. Rumee A Hossain
Director

Mr. Rumee A Hossain is one of the Sponsor Shareholders of Bank Asia Ltd. He is a graduate in Mechanical Engineering and an MBA in International Business Management. He has more than 25 years of business experience in several industries such as Electronics, Telecom, Pharmaceuticals, IT and Publishing industry. He is the Managing Director of Rangs Industries Ltd. (Distributor of Toshiba and Samsung) and Romask Limited. Currently, he is the Chairman of Executive Committee of the Board of Bank Asia Ltd.

Mr. Mohammed Lakiotullah
Director

Mr. Mohammed Lakiotullah is one of the Independent Directors of Bank Asia Ltd. He is a post graduate from University of Dhaka. He has almost 45 years of working experience in banking industry at di□erent capacities including Managing Director of EXIM Bank and Jamuna Bank. Currently, he is the Chairman of Audit Committee of the Board of Bank Asia Ltd.

Ms. Hosneara Sinha
Director

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

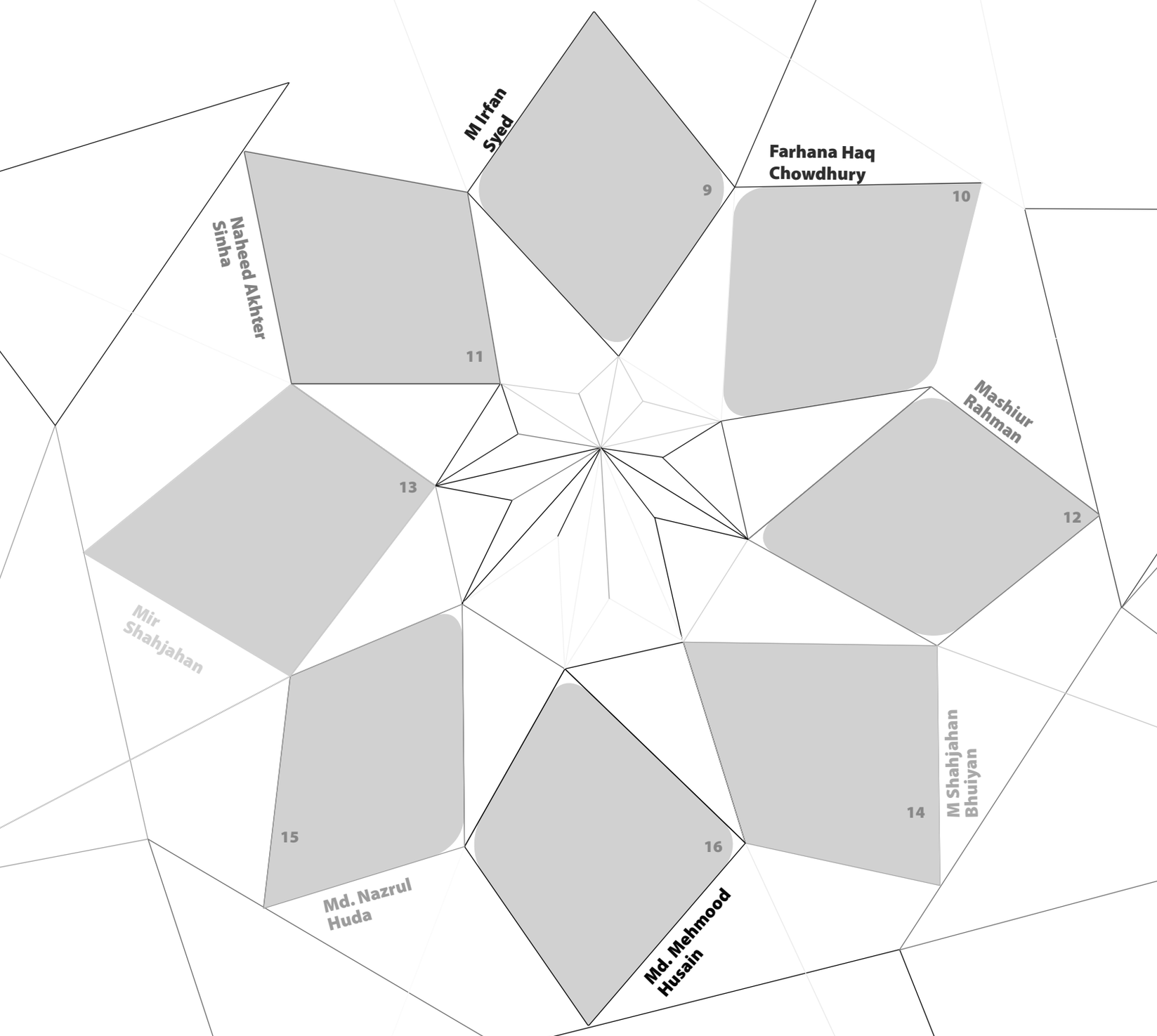
Mr. Shah Md. Nurul Alam
Director

Mr. Shah Md. Nurul Alam is one of the Independent Directors of Bank Asia Ltd. He obtained his MBA from the Institute of Business Administration, University of Dhaka. He has a wide range of experience in the banking industry. In almost 43 years starting from 1972, he has worked for five renowned banks in Bangladesh. He held the CEO position for Southeast Bank Ltd., Prime Bank Ltd., Mercantile Bank Ltd.

Ms. Sohana Rouf Chowdhury
Director

Ms. Sohana Rouf Chowdhury is a Business Graduate major in Economics from New York University, USA. She is one of the successful young entrepreneurs of the country. She holds directorship of various sister concerns of Rangs Group such as Rangs Motors Ltd., Rangs Pharmaceuticals Limited, etc.

Directors' Profile



Mr. M Irfan Syed
Director

Mr. M Irfan Syed received his Bachelor's in Commerce from University of Dhaka and his Master's in Business Administration from California University in USA. He also earned a Diploma in Advanced Accounting from the University of Maryland, USA. Mr. Syed started his career with Banque Indosuez, Dhaka in 1986 and then moved to Hong Kong in 1988 to take up a position in international trade finance with the Bank of Credit and Commerce HK Limited. After 5 years he returned to Banque Indosuez to join their trade finance team in Dhaka. He left international banking to start his own textile trading company in 1993 and subsequently joined Beximco Textiles Divison (BTD) in 1995 to help organize their marketing and commercial departments. He was instrumental in the implementation and integration of BTD's ERP system and was appointed as the Head of their Garments Division. Then he moved to USA in 2000, where he served for a decade as an accountant and business head for several non- profit organizations.

Ms. Farhana Haq Chowdhury
Director

Ms. Farhana Haq Chowdhury is one of the Sponsor shareholders of Bank Asia Ltd. She obtained her Masters in International Relations from the University of Dhaka. She holds directorship of various sister concerns of Rangs Group such as Rangs Pharmaceuticals Limited, Ranks Telecom Limited, Rancon Automobiles Limited, DHS Motors Limited, Rancon Motor Bikes Limited.

Ms. Naheed Akhter Sinha
Director

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

Mr. Mashiur Rahman
Director

Mr. Mashiur Rahman is one of the Independent Directors of Bank Asia Ltd. He has over four decades of working experience in nearly all areas of banking industry. He started his career in 1966 as a Trainee in the National Bank of Pakistan. After liberation he worked for Sonali Bank and then joined IFIC Bank in 1983 and retired from the Bank in 2008 as Managing Director.

Mr. Mir Shahjahan
Director

Mr. Mir Shahjahan is one of the Sponsor shareholders of Bank Asia Limited. He obtained Diploma in Taxtile from Scotland. He has huge experience as an entrepreneur in Garments Industry and also the owner of ZMS Fashions Ltd.

Mr. M Shahjahan Bhuiyan
Director

Mr. M. Shahjahan Bhuiyan is one of the Independent Directors of Bank Asia Ltd. He is the former Managing Director of Prime Bank and United Commercial Bank (UCB). He is an M.Com in Accounting from the University of Rajshahi. Starting his career from 1970 under Bank O□cials Training Scheme of the then State Bank of Pakistan, Mr. Bhuiyan has to his credit more than four decades of eventful and illustrious banking career. He was honored as Kriti Banker by the Bangladesh Bank for his outstanding contribution to the banking sector of the country.

Mr. Md. Nazrul Huda
Director

Mr. Md Nazrul Huda is one of the Independent Directors of Bank Asia Ltd. He is a former Deputy Governor of Bangladesh Bank. He served the Bangladesh Bank successfully for 35 years in di□erent capacities. Mr. Huda obtained Masters in Economics from the University of Dhaka, Bangladesh and University of New England, Australia. He has a number of publications on important issues relating to economy and banking. He is currently the Country Head of Habib Bank AG Zurich.

Mr. Md. Mehmood Husain
President and Managing Director

Mr. Md. Mehmood Husain is the President & Managing Director of Bank Asia Ltd. He has been serving Bank Asia as CEO since 2011. Prior to this, he worked as an Additional Managing Director of Prime Bank Ltd. Mr. Mehmood, an ex-cadet and a post graduate in Economics from the University of Dhaka, started his banking career in 1984 with National Bank as Probationary O□cer. He has more than 31 years of long and diversified banking experience. Mr. Mehmood attended a number of professional workshops and seminars at home and abroad. He is a life member of Bangladesh Economic Association. He is also associated with various social organizations.

Key Events 2015

JANUARY

Opening of Tangail branch | **15**
Opening of Rangpur branch | **21**

FEBRUARY

Elected new Independent Directors of Bank Asia | **24**
CAMLCO Conference-2015 held | **27**

MARCH

A. Rouf Chowdhury re-elected as Chairman of Bank Asia, Vice Chairmen and Board Audit Committee Chairman also re-elected | **31**
16th Annual General Meeting held at Dhaka Ladies Club, Dhaka | **31**

APRIL

Holcim and Bank Asia introduced Gift Card for Holcim channel partners | **09**

MAY

Handed over a Cheque of SME Loan Disbursement to the Women Entrepreneur of Bank Asia | **19**
Bank Asia and Tech One Global signed Microsoft Enterprise Agreement | **21**

JUNE

SME Sales Conference-2015 held |
Bank Asia was awarded for Best Blood Donor Organization from Bangladesh Red Crescent Society |
Bank Asia signed MoU with Polar |
Launching of countrys first School Banking Service through Agent Banking Outlet |

JULY

Bank Asia signed MoU with Good Neighbours Bangladesh, an international NGO | **03**

AUGUST

Provided 35th Foundation Training to its Officers | **14**
Opening of 102nd Branch at Rupsha, Chandpur | **20**

SEPTEMBER

Handed over three-wheeler curt van to the dwellers in Panchagarh for their economic development | **25**
Opening of Agent Banking outlet for ex-enclave people in Panchagarh | **27**

OCTOBER

Achieved certificate from Bangladesh Bank for Banks contribution of promoting School Banking Service in the country | **30**

NOVEMBER

Dialogue on promoting Women Entrepreneurs in Chittagong | **19**

DECEMBER

Bank Asia lauded SME activities of Government | **20**
Bank Asia won Sustainability Reporting Award (SRA) 2015 as Runner Up-I position in overseas category by NCSR, Jakarta, Indonesia | **23**
Bank Asia signed a contract with Nathan Associates London Limited to implement Business Finance for the Poor in Bangladesh (BFP-B) under project DIGANTA | **29**

2015

08 | Launching of Online Payment Gateway Service (OPGS) 'Payoneer Inc.'
11 | Bank Asia distributed blankets among poor cold-hit people at Malkhanagor in Munshigonj district

2015

08 | Provided 32nd Foundation Training to its Officers

2015

03 | Approval of Financial Statements 2014
05 | Training on Anti Money Laundering and Combating Financing on Terrorism
10 | Provided 33rd Foundation Training to its Officers
11 | Inauguration of BSMMU Nursing Students Hostel

2015

14 | Celebrated Bangla Nabobarsho-1422 and inauguration of Banks gymnasium (GYM) at Corporate Office of Bank Asia

2015

02 | Handed over Higher Studies Scholarship at Chatkhil & Sonaimuri, Noakhali and Ramgonj & Chandrogonj , Laxmipur
08 | Handed over Higher Studies Scholarship at Sirajdikhan , Munshigonj and Hazigonj ,Chandpur
30 | Handed over Higher Studies Scholarship at Tarail, Kishoregonj

2015

| Provided 34th Foundation Training to its Officers
| Handed over Higher Studies Scholarship at Dhaka & Gazipur
| Opens Agent Banking outlets in Faridpur
| Opening of 100th Branch at Muksudpur, Gopalgonj

2015

12 | Launching the Credit Card Online Statement Service

2015

02 | Launching of Bank Asia's SME Loan product 'Shomvabona' for new entrepreneurs
26 | Bank Asia and DPDC signed agreement on online electricity bills collection

2015

03 | Bank Asia signed MoU with NDP for Agent Banking on facilitating financial transaction support
13 | Opening of 101th Branch at Nangalkot, Comilla

2015

13 | Congratulating Honorable Prime Minister Sheikh Hasina for winning the Champions of the Earth award
17 | Congratulating Honorable Governor of Bangladesh Bank Dr. Atiur Rahman for winning the Central Banker of the Year-2015

2015

2015

02 | Bangladesh Bank and Bank Asia dealt for Long Term Financing facility under Financial Sector Support Project (FSSP) assisted by World Bank
10 | Handed over blankets to Prime Ministers Relief and Welfare fund
10 | Bank Asia was awarded second prize in 15th ICAB National Award for BPAR (Best Presented Annual Reports) 2014

Management Committee

Arequel Arefeen
SVP & Head of Treasury

Md. Ashrafuddin Ahmed
SVP, MD's Secretariat

Mamun-Ur-Rashid
DMD, Business Banking

Md. Zahirul Alam
DMD, Small & Retail Business

Afzlaul Haq
SVP & Head of Islamic Banking

Humaira Azam
DMD & CRO

Md. Arfan Ali
AMD IT & Channel Banking

Md. Mehmood Husain
President & Managing Director

Aminul Islam
AMD & COO

Mian Quamrul Hasan Chowdhury
DMD, Support Business & Strategy

Barun Kanti Saha
SEVP & Head of SAMD

Mohammad Borhanuddin
SEVP Operation

Junaid Masroor
SEVP (Int'l Banking)

Imran Ahmed
EVP & CFO

Key Events 2015

Bank Asia Providing Higher Studies scholarship at Munshigonj

Financials sign-off ceremony

Bank Asia provides Foundation Training to its officers

Bank Asia signed a contract with Nathan Associates London Limited to implement Business Finance for the Poor in Bangladesh

Inaugration of Mobile banking Apps through Agent Banking

Key Events 2015

Signing ceremony of Participating agreement for Long Term Financing Facility under Financial Sector Support Project (FSSP)

Her Excellency, Majesty Honorable Queen of Netherlands Ms. Maxima has visited EBEK Project at Sreepur, Gazipur along with our Honorable Director and Chairman of Board of Directors

Launching Bank Asia's new SME product 'Shomvabona'

Handing over a certificate to Mr. Aminul Islam, AMD & COO of Bank Asia by Governor of Bangladesh Bank for Banks contribution in promoting School Banking Service

Celebration of Bangla Noboborsho 2015

Five Years Performance

Million Taka unless otherwise specified

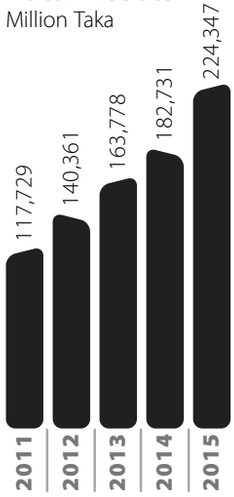
Particulars	2015	2014	2013	2012	2011
BALANCE SHEET MATRIX					
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	8,392.95	7,629.96	6,936.32	6,305.75	5,254.79
Reserve Fund & Surplus	10,586.38	9,234.47	7,681.38	6,739.42	7,224.14
Total Shareholders' Equity	18,979.33	16,864.42	14,617.70	13,045.17	12,478.93
Deposits	169,827.34	140,869.29	133,489.37	110,061.78	95,131.10
Loans and Advances	136,396.34	116,808.85	104,911.26	92,328.82	82,819.97
Investments	46,942.77	38,683.41	33,933.36	25,114.90	15,950.51
Fixed Assets	5,075.51	5,213.61	5,288.35	4,520.49	4,584.55
Total Assets	224,347.31	182,730.94	163,777.74	140,361.37	117,729.41
Total O Balance Sheet Items	96,817.06	71,527.15	67,164.26	59,215.74	47,457.25
Interest Earning Assets	194,844.94	156,535.38	150,629.28	129,078.12	108,418.60
Non-Interest Earning Assets	29,502.37	26,195.56	13,148.46	11,283.26	9,310.81
INCOME STATEMENT MATRIX					
Interest income	13,877.76	13,914.31	14,319.42	13,296.06	10,903.58
Interest Expenses	11,170.32	10,699.77	11,139.14	9,616.35	8,202.66
Investment income	4,890.83	4,029.12	3,053.80	1,930.64	1,285.55
Non-Interest income	2,728.65	2,442.54	2,299.08	2,210.32	2,416.97
Non-Interest Expenses	4,321.26	3,907.37	3,117.39	2,768.87	2,361.47
Total income	21,497.24	20,385.97	19,672.29	17,437.02	14,606.10
Total Expenditure	15,491.57	14,607.14	14,256.53	12,385.22	10,564.13
Operating Profit	6,005.66	5,778.83	5,415.76	5,051.80	4,041.97
Profit Before Tax	4,123.92	4,216.96	3,520.59	2,723.00	3,432.21
Net Profit After Tax	2,573.92	2,218.69	1,459.82	908.00	1,916.21
CAPITAL MEASURES					
Risk Weighted Assets	183,247.39	157,574.62	140,976.92	106,719.00	83,664.20
Core Capital (Tier-I)	16,400.10	14,173.67	11,904.15	10,444.33	9,536.33
Supplementary Capital (Tier-II)	6,436.73	3,669.56	3,670.70	3,485.86	2,911.00
Total Capital	22,836.83	17,843.22	15,574.85	13,930.19	12,447.33
Capital Surplus/(Deficit)	4,512.10	2,085.76	1,477.16	3,258.29	4,080.90
Tier I Capital Ratio	8.95%	8.99%	8.44%	9.79%	11.40%
Tier II Capital Ratio	3.51%	2.33%	2.61%	3.26%	3.48%
Total Capital Adequacy Ratio Basel-II	-	11.32%	11.05%	13.05%	14.88%
Capital to Risk Weighted Asset Ratio Basel-III	12.46%	-	-	-	-
CREDIT QUALITY					
Classified Loans	5,808.87	6,200.55	5,878.79	5,251.48	2,249.96
Provision for Unclassified Loans	3,085.01	1,155.79	1,038.20	989.20	974.03
Provision for Classified Loans	2,911.65	3,981.26	3,074.43	2,641.11	772.42
Provision for Contingent Liabilities	968.17	715.27	671.64	592.16	461.59
Percentage of NPLs to total Loans and Advances	4.26%	5.31%	5.60%	5.69%	2.72%
FOREIGN EXCHANGE BUSINESS					
Import	129,930.43	110,192.54	110,738.08	106,746.15	99,414.20
Export	89,275.32	77,646.91	71,968.83	66,478.34	74,794.50
Remittance (Inward)	42,996.80	41,732.50	34,334.40	32,110.10	21,776.70

Million Taka unless otherwise specified

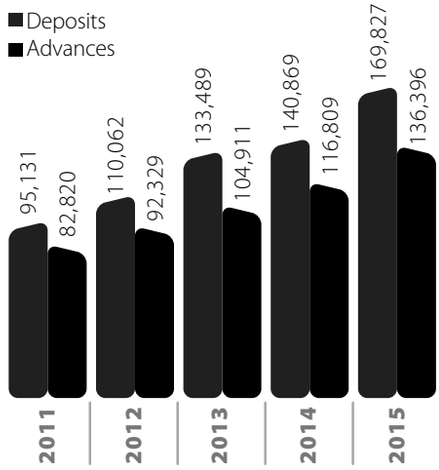
Particulars	2015	2014	2013	2012	2011
OPERATING PROFIT RATIOS					
Credit Deposit Ratio	80.31%	82.92%	78.59%	83.89%	87.06%
Cost of Deposit	6.87%	7.53%	8.82%	9.22%	8.76%
Cost of Deposit & Borrowing	7.19%	7.64%	8.82%	9.78%	8.82%
Administrative Cost	2.85%	2.93%	2.66%	3.08%	2.65%
Yield on Loans and Advances	10.97%	12.77%	14.22%	14.50%	13.48%
Spread	4.10%	5.24%	5.41%	5.27%	4.72%
Return on Assets	1.26%	1.28%	0.96%	0.70%	1.72%
Return on Equity	14.36%	14.09%	10.55%	7.11%	19.61%
Current Ratio	1.07	1.06	1.11	0.93	1.05
Debt Equity Ratio	10.82	9.84	10.20	9.76	8.43
PERFORMANCE RATIOS					
Profit per Employee	3.27	3.26	3.38	3.40	3.18
Operating profit as % of Working Fund	2.95%	3.34%	3.56%	3.91%	3.63%
Net Interest income as % of Working Fund	3.16%	3.85%	3.98%	3.93%	3.51%
Burden Coverage	63.13%	62.51%	73.75%	79.83%	102.35%
Burden Ratio	0.21%	0.52%	0.42%	0.01%	-0.11%
Expense Coverage	89.96%	77.15%	79.44%	99.37%	105.38%
Ratio of Fees income	20.88%	19.39%	21.11%	22.51%	33.20%
Salary Exp. to total Overhead Exp.	50.28%	46.98%	46.90%	46.74%	46.75%
Salary Exp. to Fees income	100.76%	97.75%	81.16%	73.52%	51.93%
Cost to income/ E□ciency ratio	41.84%	40.34%	36.53%	35.40%	36.88%
DIVIDEND & RIGHTS ISSUE					
Cash	15%	5%			
Stock	5%	10%	10%	10%	20%
Total Dividend	20%(Proposed)	15%	10%	10%	20%
Rights Issue					1,050.96
SHARES INFORMATION MATRIX					
No. of Shares Outstanding	839.30	763.00	693.63	630.57	525.48
Earnings Per Share (Taka)	3.07	2.64	1.91	1.31	3.04
Number of Shareholders	12,892	16,211	18,179	17,161	16,602
Market Value Per Share (Taka)	16.50	16.70	23.00	21.50	38.20
Price Earnings Ratio	5.38	5.74	12.04	16.41	12.57
Net Asset Value Per Share (Taka)	22.61	22.10	21.07	20.69	23.75
Dividend Coverage ratio	1.53	1.94	2.10	1.44	1.83
OTHER INFORMATION					
Number of Branches	98	91	86	73	63
Number of SME Service Centers	6	6	6	6	7
Number of Islamic Windows	5	5	5	5	5
Number of Employees	1,839	1,773	1,600	1,485	1,270
Number of Foreign Correspondents	663	612	761	776	775

Five Years Performance

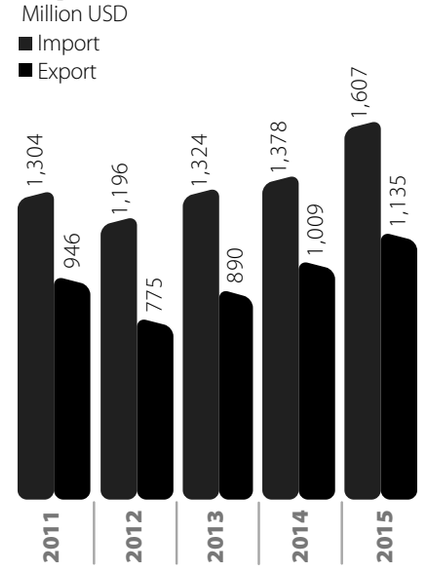
Total Assets
Million Taka



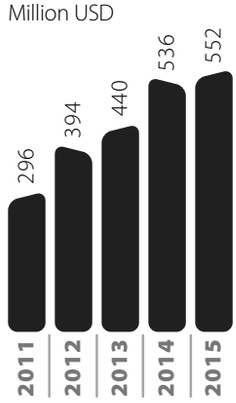
Deposits and Advances
Million Taka



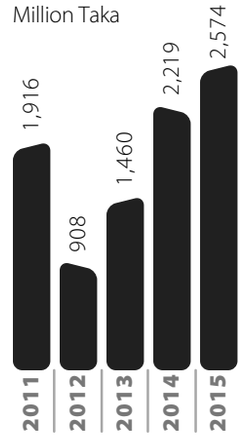
Import and Export
Million USD



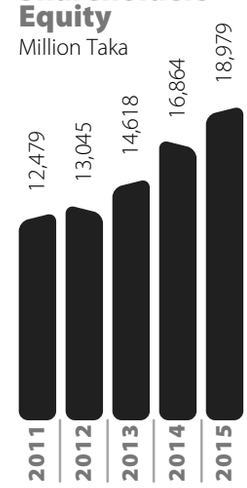
Inward Remittance
Million USD



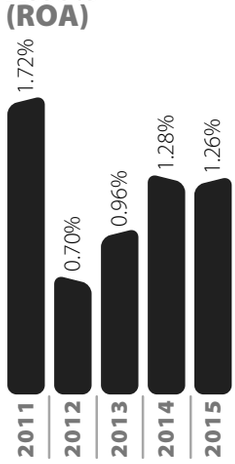
Net Profit After Tax
Million Taka



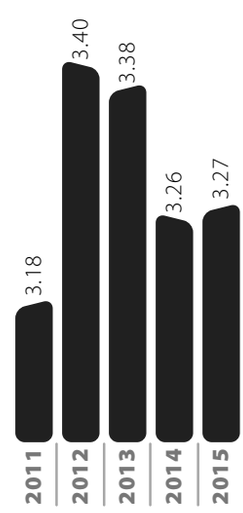
Total Shareholders' Equity
Million Taka



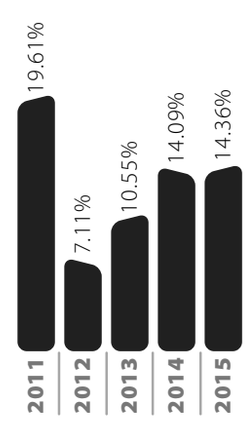
Return on Assets (ROA)



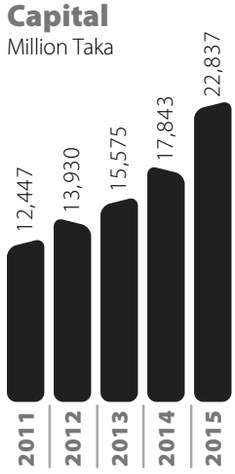
Profit per Employee
Million Taka



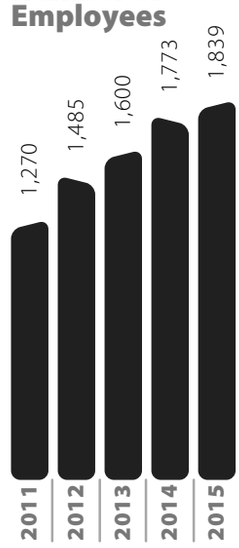
Return on Equity (ROE)



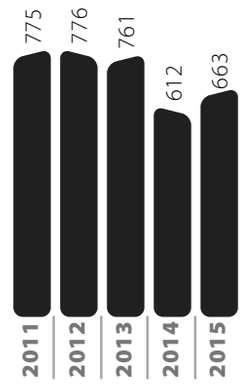
Total Capital
Million Taka



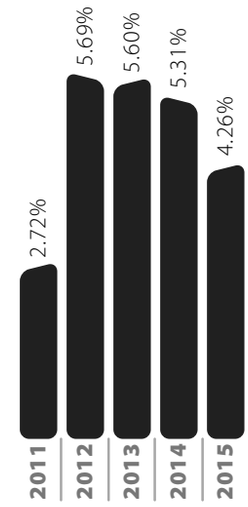
Number of Employees



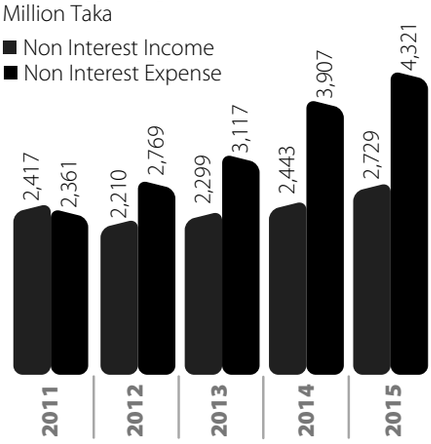
Number of Foreign Correspondents



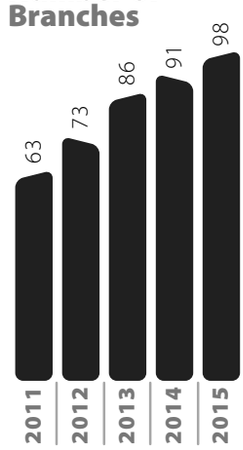
Non-Performing Loan Ratio



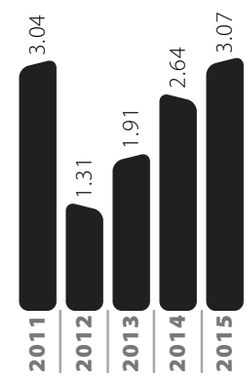
Non Interest Income & Non Interest Expense
Million Taka



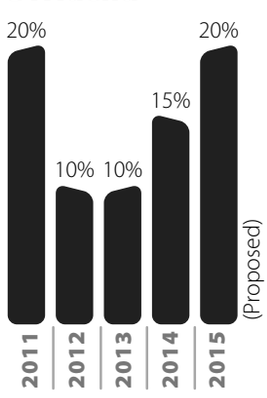
Number of Branches



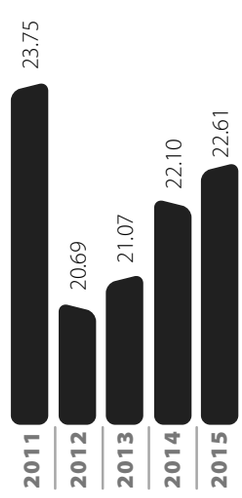
Earnings per Share
Taka



Dividend



NAV per Share
Taka



Capital to Risk Weighted Asset Ratio (CRAR)

Horizontal Analysis

For the last five years
Statement of Comprehensive income

	2015	2014	2013	2012	2011
OPERATING INCOME					
Interest income	127%	128%	131%	122%	100%
Interest paid on deposits and borrowings, etc	136%	130%	136%	117%	100%
Net interest income	100%	119%	118%	136%	100%
Investment income	380%	313%	238%	150%	100%
Commission, exchange and brokerage	101%	88%	85%	83%	100%
Other operating income	197%	194%	171%	155%	100%
Total operating income	161%	151%	133%	122%	100%
Salaries and allowances	197%	166%	132%	117%	100%
Rent, taxes, insurance, electricity, etc	181%	151%	130%	115%	100%
Legal expenses	240%	261%	221%	176%	100%
Postage, stamp, telecommunication, etc	334%	296%	281%	234%	100%
Stationery, printing, advertisements, etc	126%	96%	88%	89%	100%
Managing Director's salary and fees	227%	192%	176%	166%	100%
Directors' fees	209%	124%	77%	90%	100%
Auditors' fees	80%	60%	95%	92%	100%
Depreciation and repairs of Bank's assets	133%	133%	114%	102%	100%
Other expenses	189%	197%	143%	127%	100%
Total operating expenses	183%	165%	132%	117%	100%
Profit before provision	149%	143%	134%	125%	100%
Provision for loans and advances/investments					
General provision	10,756%	822%	342%	106%	100%
Specific provision	20%	320%	378%	516%	100%
Provision for o□-balance sheet items	533%	92%	167%	275%	100%
Provision for diminution in value of investments	0%	64%	278%	113%	100%
Other provisions	18%	97%	0%	14%	100%
Total provision	309%	256%	311%	382%	100%
Total profit before tax	120%	123%	103%	79%	100%
Provision for taxation					
Current tax	101%	128%	135%	118%	100%
Net profit after tax	134%	116%	76%	47%	100%

Horizontal Analysis (Comprehensive Income)

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 2011 giving value 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. The above table shows that total operating income, expenses and operating profit of Bank Asia are growing consistently over the periods. After drastic increase of total provision requirement in 2012, due to regulatory change its growth is decreasing over the periods. Which indicates better asset quality.

Horizontal Analysis

For the last five years
Statement of Financial Position

	2015	2014	2013	2012	2011
PROPERTY AND ASSETS					
Cash	177%	156%	138%	94%	100%
In hand (including foreign currencies)	173%	137%	166%	119%	100%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	178%	159%	134%	90%	100%
Balance with other banks and financial institutions	506%	45%	83%	226%	100%
In Bangladesh	667%	60%	117%	170%	100%
Outside Bangladesh	142%	12%	7%	355%	100%
Investments	294%	243%	213%	157%	100%
Government	384%	306%	268%	171%	100%
Others	71%	84%	75%	123%	100%
Loans and advances/investments	165%	141%	127%	111%	100%
Loans, cash credits, overdrafts, etc/investments	169%	145%	135%	117%	100%
Bills purchased and discounted	122%	104%	50%	55%	100%
Fixed assets including premises, furniture and fixtures	111%	114%	115%	99%	100%
Other assets	209%	176%	150%	138%	100%
Total assets	191%	155%	139%	119%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	1,002%	640%	159%	312%	100%
Deposits and other accounts	179%	148%	140%	116%	100%
Current/Al-wadeeah current accounts and other accounts	246%	179%	142%	123%	100%
Bills payable	358%	164%	152%	137%	100%
Savings bank/Mudaraba savings bank deposits	234%	183%	142%	117%	100%
Fixed deposits/Mudaraba fixed deposits	158%	138%	140%	114%	100%
Other liabilities	224%	188%	148%	144%	100%
Total liabilities	195%	158%	142%	121%	100%
Capital/shareholders' equity					
Total shareholders' equity	152%	135%	117%	105%	100%
Paid-up capital	160%	145%	132%	120%	100%
Statutory reserve	199%	171%	142%	118%	100%
Revaluation reserve	87%	91%	92%	88%	100%
General reserve	100%	100%	100%	100%	100%
Retained earnings	163%	113%	57%	48%	100%
Total liabilities and shareholders' equity	191%	155%	139%	119%	100%

Horizontal Analysis (Financial Position)

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 2011 giving value 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to base year. Here, assets, liabilities and capital components are showing consistent growth over the periods which symbolize sustainable overall balance sheet growth of the bank as a whole.

Vertical Analysis

For the last five years
Statement of Comprehensive income

	2015	2014	2013	2012	2011
OPERATING INCOME					
Interest income	64.56%	68.25%	72.79%	76.25%	74.65%
Interest paid on deposits and borrowings, etc	51.96%	52.49%	56.62%	55.15%	56.16%
Net interest income	12.59%	15.77%	16.17%	21.10%	18.49%
Investment income	22.75%	19.76%	15.52%	11.07%	8.80%
Commission, exchange and brokerage	10.03%	9.21%	9.16%	10.10%	14.56%
Other operating income	2.66%	2.77%	2.53%	2.58%	1.99%
Total operating income	48.04%	47.51%	43.38%	44.85%	43.84%
Salaries and allowances	10.03%	8.93%	7.37%	7.35%	7.51%
Rent, taxes, insurance, electricity, etc	2.39%	2.11%	1.88%	1.87%	1.95%
Legal expenses	0.04%	0.05%	0.05%	0.04%	0.03%
Postage, stamp, telecommunication, etc	0.36%	0.33%	0.33%	0.31%	0.16%
Stationery, printing, advertisements, etc	0.46%	0.37%	0.35%	0.40%	0.54%
Managing Director's salary and fees	0.08%	0.07%	0.07%	0.07%	0.05%
Directors' fees	0.02%	0.01%	0.01%	0.01%	0.02%
Auditors' fees	0.00%	0.00%	0.01%	0.01%	0.01%
Depreciation and repairs of Bank's assets	2.05%	2.16%	1.93%	1.94%	2.28%
Other expenses	4.66%	5.12%	3.86%	3.87%	3.64%
Total operating expenses	20.10%	19.17%	15.85%	15.88%	16.17%
Profit before provision	27.94%	28.35%	27.53%	28.97%	27.67%
Provision for loans and advances/investments					
General provision	7.16%	0.58%	0.25%	0.09%	0.10%
Specific provision	0.37%	6.32%	7.73%	11.90%	2.75%
Provision for o□-balance sheet items	1.18%	0.21%	0.40%	0.75%	0.32%
Provision for diminution in value of investments	0.00%	0.28%	1.25%	0.57%	0.61%
Other provisions	0.05%	0.27%	0.00%	0.05%	0.39%
Total provision	8.75%	7.66%	9.63%	13.36%	4.17%
Total profit before tax	19.18%	20.69%	17.90%	15.62%	23.50%
Provision for taxation					
Current tax	7.14%	9.55%	10.38%	10.26%	10.38%
Deferred tax	0.07%	0.25%	0.10%	0.15%	0.00%
Net profit after tax	11.97%	10.88%	7.42%	5.21%	13.12%

Vertical Analysis (Comprehensive Income)

Vertical Analysis on Income Statement refers to the components of income statement items as a % of total income over the periods which would be termed as common sizing of income statement. In income side, interest income (65%) and investment income (23%) hold major portion. Interest income shows decreasing trend due to decline of spread and investment income shows increasing trend as % of total income over the years for exercising arbitrage opportunity under the scenario of reducing rate in treasury bill bond. Operating expense as % of income is increasing over the periods due to network expansion and establishment of new departments in line with business model/ strategies. Operating profit shows consistency and total provision is in declining trend and thus net profit shows increasing trend over the periods.

Vertical Analysis

For the last five years
Statement of Financial Position

	2015	2014	2013	2012	2011
PROPERTY AND ASSETS					
Cash	5.56%	5.99%	5.93%	4.70%	5.97%
In hand (including foreign currencies)	0.75%	0.73%	0.99%	0.83%	0.83%
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.80%	5.26%	4.94%	3.87%	5.14%
Balance with other banks and financial institutions	3.69%	0.41%	0.83%	2.64%	1.39%
In Bangladesh	3.37%	0.37%	0.81%	1.37%	0.96%
Outside Bangladesh	0.32%	0.03%	0.02%	1.27%	0.43%
Money at call and on short notice	1.44%	0.16%	0.00%	0.16%	0.00%
Investments	20.92%	21.17%	20.72%	17.89%	13.55%
Government	19.49%	15.53%	13.60%	8.70%	5.08%
Others	1.44%	2.10%	2.09%	3.99%	3.88%
Loans and advances/investments	60.80%	63.92%	64.06%	65.78%	70.35%
Loans, cash credits, overdrafts, etc/investments	56.60%	59.53%	61.71%	62.77%	63.81%
Bills purchased and discounted	4.19%	4.39%	2.34%	3.01%	6.54%
Fixed assets including premises, furniture and fixtures	2.26%	2.85%	3.23%	3.22%	3.89%
Other assets	5.33%	5.49%	5.23%	5.61%	4.85%
Total assets	100%	100%	100%	100%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	5.48%	4.29%	1.19%	2.73%	1.04%
Subordinated non-convertible zero coupon bonds	1.48%	0.25%	0.37%	0.43%	0.00%
Deposits and other accounts	75.70%	77.09%	81.51%	78.41%	80.80%
Current/Al-wadeeah current accounts and other accounts	13.20%	11.77%	10.46%	10.49%	10.21%
Bills payable	1.75%	0.99%	1.02%	1.07%	0.93%
Savings bank/Mudaraba savings bank deposits	9.44%	9.06%	7.83%	7.56%	7.70%
Fixed deposits/Mudaraba fixed deposits	51.31%	55.27%	62.20%	59.29%	61.96%
Other liabilities	8.88%	9.14%	8.01%	9.14%	7.55%
Total liabilities	91.54%	90.77%	91.07%	90.71%	89.40%
Capital/shareholders' equity					
Total shareholders' equity	8.46%	9.23%	8.93%	9.29%	10.60%
Paid-up capital	3.74%	4.18%	4.24%	4.49%	4.46%
Statutory reserve	2.62%	2.76%	2.57%	2.50%	2.51%
Revaluation reserve	1.14%	1.47%	1.65%	1.85%	2.49%
General reserve	0.00%	0.00%	0.00%	0.01%	0.01%
Retained earnings	0.96%	0.82%	0.46%	0.45%	1.12%
Total liabilities and shareholders' equity	100%	100%	100%	100%	100%

Vertical Analysis (Financial Position)

Vertical Analysis on Balance Sheet refers to the components of balance sheet items as a % of total Assets over the periods which would be termed as common sizing of balance sheet. In asset side, investment (21%) and loans and advances (61%) hold major portion. Investment shows consistency but loans and advance shows decreasing trend as % of total assets over the years at the backdrop of political volatility and sluggish investment scenario of the country. In liability side, deposit holds major portion (76%) and showing decreasing trend over last three years.

Chairman's Statement

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

The banking industry had to go forward with the tough time for sluggish investment where excess liquidity pressure forced to invest in lower yield generating sector. In addition to this, interest rate on loans and advances fell drastically compared to the cost of deposit which in turn lower the spread and thus the profitability. In this backdrop, your bank has become successful to increase the bottom line by diversifying income modes and attaining efficiency

My Dear Shareholders, Distinguished Guest, Honorable Members of the Board and our dedicated Team of Management and Staffs of Bank Asia

Assalamualaikum & Good Morning

It is our great honor and privilege for me to welcome you all to the 17th Annual General Meeting of your Bank. I take this opportunity to express my sincere gratitude and heartfelt thanks for your trust, confidence, support and continued cooperation. On behalf of the Board of Directors I am delighted to present the Annual Integrated Report of Bank Asia for the year 2015

Honorable Shareholders

Although the economy as a whole exhibited stability throughout the year, the banking industry had to go through rough water featured by sluggish investment and excess liquidity. To exacerbate it, interest rate on loans and advances fell drastically compared to the cost of deposit which in turn squeezed the spread and thus the profitability. You will be glad to know that your bank has confronted the adversity comfortably and has surpassed the growth of industry in every aspect of business. Bank's deposit, advance, import, export and inward remittance growth were 20.56%, 16.77%, 16.62%, 12.49%, 2.99% against industry growth of 13.08%, 14.14%, 6.5%, -5.18%, 2.5% respectively. Deposit of the bank increased to Tk. 170 billion, advance Tk. 136 billion, import Tk.130 billion, export Tk. 89 billion and inward remittance Tk. 43 billion.

Respected Shareholders

The operating profit of the bank for the year 2015 was Tk. 6 billion having growth of 3.93% where net profit stood at Tk. 2.57 billion with a growth of 16%. Classified loans were reduced to 4.26% from 5.31% of previous year. After maintaining provisions for classified loans, reserves, tax etc., the bank was left with a distributable profit of Tk. 1.75 billion. It is my great pleasure to mention that your Board of Directors have recommended 20% dividend, 15% cash and 5% stock dividend for the year 2015.

Honorable Shareholders

In order to exploit huge potentiality and diversify risk, the Bank has, of late changed business focus from corporate segment to micro, small, medium and retail business. In 2015, total disbursement in micro, small and medium enterprise was Tk. 22 billion and agricultural credit was Tk. 2 billion.

Chairman's Statement

In order to reach the geographically dispersed unbanked population, Bank Asia has for the first time introduced agent banking in Bangladesh and has made a great strides in this sector. You will be pleased to know that your bank has already implemented 95 Agent outlets in 33 districts, where 50,960 accounts were opened and Tk. 374 million was collected as deposit. We have the ambitious plan to expand the agent banking operations significantly and bring the remotest corners of the country within the fold of agent banking.

Dear Shareholders

Your Bank spent Tk. 65.92 million in 2015 for CSR activities. Scholarship to poor meritorious students is one of the major CSR activities. The scholarship is given through the Bank's rural branches on the basis of SSC and HSC results. So far, 1,103 students have been awarded the scholarship. The Bank also extended financial assistance to BSMMU for construction of nurses hostel and to Holy Family Red Crescent Medical College and Hospital for constructing OPD building.

Honorable Shareholders

The year 2016 will be both challenging and prospective. Uncertainty regarding GSP facility, lack of growth in investment, slower credit growth can prove as challenges. On the other hand, steady growth of GDP, falling oil price, supportive monetary policy, downward movement of inflation, large infrastructural investment may provide favorable environment for banking industry.

The bank has recently brought major changes in the management system with the induction of a number of capable and experienced bankers. It is my expectation that the management team enriched with the new expertise and resources will be more vibrant and make an exponential leap forward.

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

Last but not the least, I would like to thank the Management and the Board of Directors for their continuous e□ort and sincerity towards achieving desired goals in line with our mission and vision.

My best wishes to all of you
God bless us.

A Rouf Chowdhury
Chairman

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)

Syed Anisul Huq
(2000-2008)

Mr. Erfanuddin Ahmed
(2009-2011)

President and Managing Director's Review

If past data and trend becomes the pivotal for far sighting vision, seeing the unseen opportunities, taping the untapped business potentials and exploiting the distortion in the market for business gain only then this profound business review will be of some meaning

Despite Q1 political turmoil, structural power constraints and global market volatility Bangladesh economy continued to show macroeconomic stability that helped the country to attain GDP growth of 6.51% and move to lower middle-income status with a per capita income of USD 1,314.

The year 2015 ended with some positive notes for the Bangladesh economy though the first quarter of the year was tough for business due to violent political agitation. Despite Q1 political turmoil, structural power constraints and global market volatility Bangladesh economy continued to show macroeconomic stability that helped the country to attain GDP growth of 6.51% and move to lower middle-income status with a per capita income of USD 1,314. Undoubtedly overall political and economic situation was more stable than previous years but the investment situation remained sluggish and excess liquidity in the money market exceeded Tk. 1,000 billion. As an outcome of slow investment and excess liquidity in economy yield on advance of Bank Asia like its peer banks fell sharply by around 2% during the year 2015. On the contrary, cost of deposit was reduced only by 0.66% due to gradual impact in term deposits. As a result, spread squeezed and profitability a□ected. Apart from the above following events throughout the year influenced our business strategies:

- In June 2015 the Organization of Economic Cooperation and Development (OECD) upgraded Bangladesh's country risk classification grading to 5 from 6, i.e. the status is now "OECD Export Credit Eligibility Group 5". Such upgraded status will help attract FDIs from advanced economies. With this, Bangladesh surpassed other South Asian countries like Pakistan, Sri Lanka, Nepal and Myanmar behind to uphold its 2nd position after India.
- At the backdrop of overall political and macroeconomic stability inflow of Foreign Direct Investment (FDI) registered USD 1,830 million during the year which was 18% higher than 2014 (USD 1,550 million).
- The Cash Reserve Ratio (CRR) for scheduled banks remained unchanged at 6.50% of their total demand and time liabilities. Bangladesh Bank also kept unchanged the bank rate, policy rates at 5%, 7.25% (Repo) and 5.25% (Reverse Repo) respectively. Such consistency helped the country to sustain macroeconomic stability and attain conducting business environment. But, owing to sluggish investment scenario the overall liquidity in the money market increased excessively.
- The capital market was in correction mood in 2015 after apparent positive turns in 2013 and 2014. The market was mainly su□ering from lack of confidence from investors and ended the year lower than its starting index. Total market capitalization of all listed securities stood at Tk. 3,159.76 billion as on December 31, 2015 from Tk. 3,259.25 billion as on December 30, 2014 registering -3% growth.
- Higher growth in export and remittance (USD 15.32 billion) helped foreign exchange reserve to reach USD 27.4 billion in December 2015 from USD 22.38 billion of previous year, registering a remarkable growth of 22.43% which also helped to prevent devaluation of taka and was su□cient to cover import payments for eight months. In FY15 export growth was 3.3% (total export USD 30.77 billion) compared to the preceding year (USD 29.78 billion). Majority of that growth (80%) was driven by export of Ready Made Garments (RMG). On the other hand, import growth was 11.27% (total import USD 40.69 billion) compared to the preceding year (USD 36.57 billion).
- Restoration of GSP (Generalised System Preferences) facility by USA did not take place in 2015 despite visible progresses made in the garments and textile sector. However, USA remained as the single largest importer of Bangladesh cloths.
- Despite loan restructuring, rescheduling the amount of Non-Performing Loans (NPLs) of the country increased by 2.40% and stood at Tk. 513.71 billion as of December 31, 2015 from Tk. 501.66 billion as of December 31, 2014. In the July-September quarter, the amount of default loans was Tk. 547.08 billion which indicates the situation is improving gradually.
- According to finance division data, as of July 22, 2015 total Government borrowing from the country's banking sector was Tk. 2,797.3 billion and the payment was Tk. 2,088 billion.
- Agriculture sector grew by 3% in FY15 compared to 4.4% of FY14. Although the growth rate was negative compared to the previous year, still the agriculture sector contributed 16% of total GDP.

President and Managing Director's Review

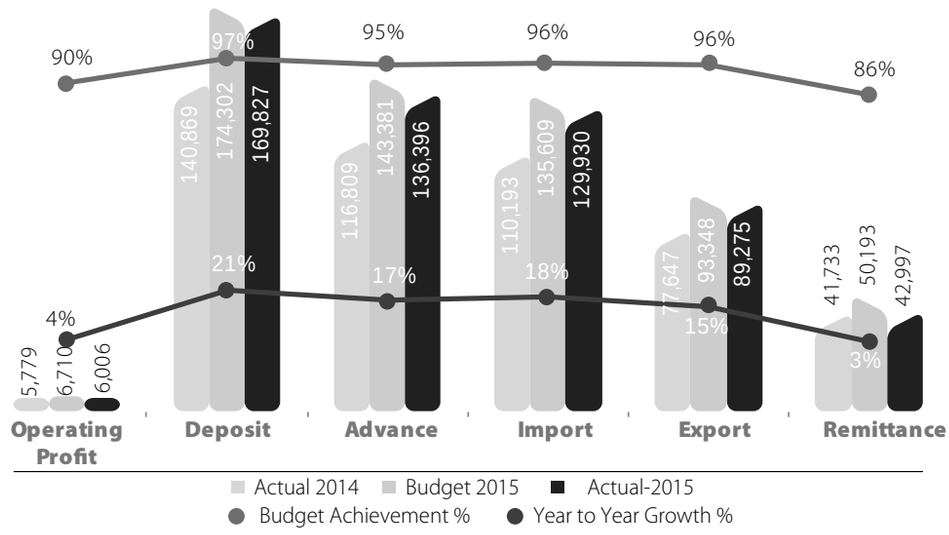
- The oil price slump has drastically reduced country's import bill and that creates an opportunity for a developing country like Bangladesh for investing in rural infrastructure- such as agricultural research, roads and new technologies.
- Arranged foreign currency fund from abroad to provide low cost discounting facilities to importers
- Arranged for new credit lines or, expanded existing credit lines with foreign banks to help machinary and permissible commodity imports to avail of suppliers credits through opening of usance L/cs

Major Priorities we Followed in 2015

- The management always puts its best effort to enrich its human capital;
- Mobilizing low cost deposit by launching series of campaigns and product branding throughout the year;
- Ensuring quick disposal of credit proposals at Corporate Office level and vigorous monitoring to ensure fastest disbursement from branch level complying with all logical sanction terms;
- Visible improvements in retail financing (CFC, Cards etc.) and SME financing during 2015 to grab sizable market share;
- Recovery from written-off loans by way of direct negotiation with clients or engaging any recovery agency. A high powered team has been working to monitor NPL's and devise ways to retain well below 5%;
- Bringing loss making branches to profit making by reshuffling human resources and enhancing supervision by respective cluster mentors;
- Continue to expand network physically and virtually within the country and abroad.

Operating Performance

During the year 2015, the bank generated operating profit of Tk. 6,005.66 million with a growth of 3.93% but its net profit was Tk. 2,573.92 million, which registered 16% growth. That was possible due to its success in curbing non performing loan at 4.26%, better return from treasury investment including capital gain of Tk. 1,132.63 million, recovery from written-off loans of Tk. 55.04 million and better tax management. The management's one of the major successes was to reduce cost of deposit by improving its deposit mix. The ratio of high cost, low cost and no cost deposit stood 57%:23%:20%, which was 62%:21%:17% in the previous year growth. Because of such cost reduction, the bank could offer loans to demanding big corporate at highly competitive rates without compromising profitability. The Bank could also improve its ROA to 1.26% & ROE to 14.36%.



In 2015, 7 new branches were added to the total network and 66 employees were net added to human capital. These combined effects caused the operating expenditure to grow by 10.59% in 2015 over 2014 in which salary expenditure increased by 18%, rent and tax 20% and stationery, printing and advertisement cost 32%.

Business

Deposits of banking operation stood at Tk. 169,827.34 million showing 20.56% growth and loans and advances stood at Tk. 136,396.34 million showing 16.77% growth. Import of the Bank was USD 1,607 million registering 16.62% growth whereas export was USD 1,135 million with 12.49% growth. During 2015, total inward remittance was USD 552 million showing 3% growth. In terms of budgetary achievement Bank performed quite well even in the difficult time as mentioned above; deposit target was achieved 97%, loans and advances 95%, operating profit 90%, import 96%, export 96% and inward remittance 86%.

The above graph shows comparison of core business performance.

Subsidiaries

During the year 2015, BA Express USA sent USD 35 million remittance. With this pace of remittance the management expects that the company will come to break-even within 3 years. The company is running near to 2.5 years and gave an operating loss of USD 0.53 million (BDT. 41.10 million). The other foreign subsidiary exchange house company BA Exchange Company (UK) Limited sent total GBP 6.18 million remittances in 2015. The company is running for 4.5 years and gave an operating loss of GBP 0.52 million (BDT 59.64 million). The management is pursuing cost optimization strategies to improve health of those companies and turning them to break even. However, it is worth to mention here that the network is certainly profitable if we have to consider value addition of these two foreign subsidiaries to the parent company e.g. Foreign Exchange float for import bill settlement and opening of deposit customers Account etc.

The sole subsidiary company in Bangladesh, Bank Asia Securities Limited showed moderate operating performance during 2015 amidst mixed capital market with relatively low trade volume. The company made an operating profit of Tk. 43.89 million as on December 2015.

Business Units

Islamic banking wing generated operating profit of Tk. 125.66 million which was 2.09% of total operating profit. Off-shore Banking

Unit has made a profit of Tk. 143.77 million which was 2.39% of total operating profit and higher than previous year. Cards Department generated operating profit of Tk.175 million which was 2.89% of total operating profit and 34% higher than last year.

MSME & Agri Sector

The Bank continued its drive towards increasing its market share in MSME (Micro, Small and Medium Enterprise) and agricultural financing besides corporate and retail segments. In 2015 Bank Asia's MSME and agricultural loan outstanding was Tk. 16,460 million and Tk. 1,289 million respectively.

CSR

Bank Asia is always aware of its Corporate Social Responsibility (CSR) with an aim to ensure the bank as a socially responsible corporate entity contributing towards better quality of life of the society at large without compromising our ecological conditions. During the year, Bank Asia spent an amount of Tk. 65.92 million covering a vast area of education, health and other under privileged sectors for overall betterment of the nation.

Strengthening Capital Base

For managing the overall risk exposure of the bank, our primary focus has always been to strengthen our risk management policy with a strong internal control system. We are never in favor of increasing capital base to cover up the weaker risk management process. We maintained capital to total risk weighted asset (CRAR) consistently above the threshold (10% of RWA) of minimum capital requirement. Bank Asia's CRAR was 12.46% as on 31 December 2015 increasing from 11.32% of last year. This year, the bank has successfully issued non-convertible subordinated bond for Tk. 3,000 million through private placement which increased tier 2 Capital base of the bank and ensured smooth expansion of business. The Board has already approved a plan for further increase of tier 2 capital base through issuing another non-convertible subordinated bond for Tk. 5,000 million in 2016 to support a healthy business growth.

Management of NPL

We streamlined our loan monitoring processes and by way of stringent recovery initiatives we could bring down NPL to 4.26% from 5.31% of previous year. A special task-force consisting of 4 members of Special Asset management Division (SAMD) at Corporate O□ce has been formed to carry out constant personal meeting and follow up with default borrowers. Another Recovery Team/ Task-force consisting 5 members at Chittagong Zonal O□ce under the supervision of a Deputy Managing Director has also been formed. Besides above, o□-site supervision cell within the SAMD are also monitoring all classified loan accounts. And law o□cers of SAMD have been strongly monitoring ongoing court cases regularly keeping close liaison with the case conducting lawyers to solve the issues.

Credit Rating

The credit rating of the bank remained stable for last couple of years. Bank Asia's credit rating for 2015 was AA3 for long term and ST – 2 for short term. With the improvement of NPL position we are expecting to improve our bank's credit rating in 2016 by at least one notch up for both long term and short term.

Awards & Accolades

Bank Asia achieved Best Sustainability Reporting Award 2015, Runner up position in overseas category for Sustainability Report 2014 organized by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia. Our Bank also secured SAFA Best Presented Annual Report Awards (First Runner up) and SAARC Anniversary Awards for Corporate Governance Disclosures 2014. It has also achieved 2nd position for best presented Annual Reports 2014 by the Institute of Chartered Accountants of Bangladesh (ICAB).

Strategic Priorities for 2016

- Organogram of Corporate O□ce has been reformed to give more focus on business, specialization in functional activity and coordination amongst cross sectional departmental activities;
- A separate wing in retail division has been created to focus on taping retail deposits and enhance existing retail business through existing branch channel as well as contractual sales team;
- SME division has been reorganised and renamed as MSME (Micro, Small and Medium Enterprise) to give vibration to micro, small, cottage and medium business through existing branch channel as well as contractual sales team;
- More focused expansion plan for Agent Banking by which Bank can attract more low cost retail deposit and extend credits to micro, cottage and small enterprises in areas uncovered by our branch network;
- Work on Product Mix to further reduce cost of deposit within short time;
- Optimize yield on advance through focusing more on retail and MSME (Micro, Small & Medium Enterprise) credit;
- Ensure genuine recovery from rescheduled and stay order loans and recovery from written-o□ loans;
- E□cient Capital Planning under the purview of risk return trade-o□ for smooth expansion of business;
- Put rein on operating costs;
- Save from Corporate Income Tax.

In a rapidly changing Banking Industry, retaining flexibility is very essential and we are confident that we have a business plan that is right for today's market. Beside that, I am confident and hopeful that we now have the right structure in place to compete and achieve sustainable growth in the coming years.

Md. Mehmood Husain
President and Managing Director

World Economy

Global GDP Growth

Growth of world GDP is registered 3.1% in 2015, marginally higher than 2.94% registered in 2014. Among the developed economies, while the US maintained an annual growth rate 2.5% which was 2.4% in previous year, the economic situation in Europe has been quite stable in 2015. The GDP growth rate in Japan is 0.6% in 2015 which was 0.04% in the previous year. In UK, the economy grew by 2.2%, decreased from 2.9% of the preceding year. Italy has overcome recession and attained 0.8% growth in 2015 which was -0.4% in 2014 and Spain has also increased 1.4% to 3.2%. GDP growth in Latin America and the Caribbean region was -0.3% in 2015 which was decreased from last year 1.3%. And the GDP growth in Emerging and Developing Asia was 6.6% in 2015 decreased from 6.8% in 2014. Advance Economy had a growth of 1.9% which was 1.8% in 2014. On the other hand, Developing Economies faced 4% GDP growth in 2015 lower from 4.6% of the previous year.

Global Unemployment

Global unemployment situation remains a key challenge. Unemployment rates remain high in several countries, especially in the South Amiraca. In Euro area the rate appears to have stabilized during 2014 at the historical high of 10.6% where the rate decreased to 9.6% in 2015. Few countries such as United States, Austria, Germany and Japan saw a decline in unemployment in 2015 and maintained a low rate close to 5%. The unemployment rate in the United States has decreased to below 6%, the unemployment rate in the Euro area remains elevated, with several economies in the Euro area featuring extremely high unemployment. In addition, youth unemployment rates remain high in several European countries, with 53% in Spain, 44% in Italy and 35% in Portugal. Slowing growth in South Asia also had a considerable adverse impact on employment. Owing to lower labor force participation in developing economies, the unemployment rates have remained relatively stable.

Global Inflation

Global inflation remains tame, although inflation rates are still high in about a dozen developing countries and some developed economies in the euro area are facing the risk of deflation. In 2015, the average inflation rate worldwide amounted to approximately 3.31%. In emerging economies inflation rate was 5.61% and in advanced economies it was 0.4%. The regional inflation in 2015 is 7.4% and average inflation for developing economies will fall slowly over the outlook period.

Board of Directors at 16th AGM stood-up for National Anthem

In Africa Sub-Sahara inflation rate is 6.95% and 6.47% in Middle-East & North Africa in 2015 while Inflation for East Asia will stay around the recent levels of 2–3% over the outlook period. In Western Asia, inflationary pressures have been well contained, with the exception of the Syrian Arab Republic, Turkey and Yemen. The impact of disinflation factors earlier in the year was stronger than expected, particularly in the United States. Core inflation has remained broadly stable well below inflation objectives. In many emerging market economies, notably those with weak domestic demand, inflation has declined.

In December, 2015 inflation rate in the Euro Area, France, Italy, Spain was 0.2 %, 0.3% , 0.1% & (-0.1%) respectively where inflation rate in the United States grew to 0.7% from 0.5% in November 2015 and in China it rose to 1.6% in December 2015.

As energy prices fell sharply, inflation rates across the world's largest economies eased for the sixth months in 2015, a decline that is likely to continue over coming months. Inflation rate increased to 4.7% in Western Asia. But in Latin America and Caribbean region inflation remained high.

Global FDI

Global FDI flows picked up in the first half of 2015, increasing by 13% compared to the second half of 2014 to USD 883 billion. Record levels of inward FDI flows to the United States in the first quarter of 2015 (USD 200 billion) largely accounted for the increase in global flows which were driven by the improved economic performance in the United States as well as cross-border M&As . OECD FDI inflows were up 50% in the first half of 2015 due largely to the record levels of inflows to the United States.

Outlook 2016

The world economy is set to continue its slow recovery in the upcoming year, 2016. The world economy and trade growth is expected to grow 3.4% and 3.6% in 2016 and 2017 respectively whereas trade growth was 3.25% in 2015. Sustaining their growth di erential over the advanced industrialized countries, developing and emerging economies are forecast to grow by 4.3 % in 2016.

Growth in advanced economies is projected to increase modestly in the current and following fiscal years from 1.9% to 2.2% in FY16. This year's developments reflect mainly the modest recovery in the Euro area is supported by falling oil prices, accommodative monetary policy, and, in some cases, currency depreciation in emerging markets. Among the developed economies, the US economy after some erratic fluctuation in 2015 will improve in 2016 where GDP is projected to expand by 2.6%. Only a slight pickup is expected in Western Europe. Economic conditions in Latin America are unlikely to improve rapidly in 2016.
Among the developing countries, Africa's overall growth is expected to grow 4.4% in 2016. East Asia will remain the fastest-growing region and is projected to see stable growth of 6.1%. Economic growth in South Asia is set to gradually pick up with 5.7% in 2016 from 5.4% in 2015. In China growth is expected to decline at 6.4% in 2016 because of ongoing implementation of structural reforms and lower oil and other commodity prices.

But still a number of internal and external risks will remain, such as a continued slow recovery in some developed countries, a slowdown in China, tighter global financial conditions, the Ebola outbreak, political instability, terrorism and weather-related shock. In emerging and developing Asia, India's growth is expected to strengthen at 7.3% in 2016. Among the ASEAN-5 economies (Indonesia, Malaysia, Philippines, Thailand, Vietnam), Malaysia and to a lesser extent Indonesia are expected to slow this year, a ected by weaker terms of trade. Growth in low-income developing countries is projected to pick up to 5.6% in 2016.

The US economy is expected to improve in 2016, with GDP projected to expand by 3.1%. Only a slight pickup is expected in Western Europe. The moderate euro area recovery is projected to continue in 2015–16.

In Latin America and the Caribbean a modest recovery is projected for 2016, but with growth at 0.7%, still well below trend.

Africa's overall growth momentum is expected to grow 4.4% in 2016, where growth in private consumption and investment are expected to remain the key drivers of GDP growth.

Source
World Economic Outlook January 2016
World Economic situation and Prospect 2016

Bangladesh Economy

Economic condition of Bangladesh is on a stable position with a positive near-term macroeconomic outlook. Declining inflation, rising reserves, contained fiscal deficit and stable public debt are the positive signal for economic development. Thus the significance of the year 2015 is noteworthy. Because of supporting policy of Bangladesh Bank GDP increased from 6.1% in 2014 to 6.5% in 2015. On the other hand, the amount of reserve is able to meet approximately 8 months' import bills. Declining inflation rate from 6.99% in 2014 to 6.20% in 2015 is also a sign of economic development of Bangladesh. Several downside risks could, however, affect the GDP growth projection. However, renewed political unrest could reduce investor confidence and slow down economic activity.

All the three sectors of economy: agriculture, industry and services are continuing their well performance. Downside risk persists for the economy regarding both domestic and external factors. International competitiveness on both demand and supply sides show a declining trend. The poverty rate declined at 12.6% in 2015 compared to 17.6% in 2014. To achieve the development goals, Bangladesh needs to sustain Gross Domestic Product (GDP) and remittances growth, create jobs, contain inflation, and improve the quality of public service delivery to reduce extreme poverty and boost shared prosperity. However, the economy emerges to have picked up velocity and stood on its feet for the better part of 2015 giving hope that economic advancement will continue.

Agriculture Sector

Agriculture is the single largest producing sector of economy in spite of declining share in GDP over the last four decades. Bangladesh is primarily an agrarian economy considering about 30% of the country's GDP and employing around 60% of the total labor force. The performance of this sector has an overwhelming impact on major macroeconomic objectives like employment generation, poverty alleviation, human resources development and food security. However, in FY15, agriculture sector is in a declining growth of 3% compared to 4.4% in FY14 due to the lower growth in crops and horticulture sub-sector. Moreover, this sector's share also decreased to 16% of total GDP in FY15 from 16.5% of total GDP in FY14. Although the growth is predicted to accelerate to 3.2% in FY16, if normal weather prevails and prices remain favorable.

Industry Sector

This sector continued as a key driver for the economic growth. The growth of this sector accelerated strongly to 9.6% in FY15 from 8.2% in FY2014, which is higher than previous year mainly driven by ready made garment exports, manufacturing for the domestic market and construction. In 2015, the manufacturing activity which mainly drives this sector recorded 10.3% within the Industry growth. The government's supportive credit policies are helping to boost activity in small and medium-sized industry. The percentage share of the industry sector in GDP increased from 29.6% in FY14 to 30.5% in FY15.

Service Sector

In FY15, service sector grew by 5.8% compared to 5.6% in FY2014 towards higher growth of financial intermediations, public administration and defense, health and social works, real estate, social and personal services sub-sectors. Country's banking sector showed slight growth owing to lowering of lending rates and sluggish business environment in 2015. On the other hand, growth of wholesale and retail trade, repair of motor vehicles, motorcycles, and personal and household goods and transport, storage and communication sub-sectors was lower than the previous fiscal year contribution. The percentage share of the service sector in GDP reduced from 54% in FY14 to 53.6% in FY15.

Fiscal Sector

Expenditure

Total budget expenditure, including current spending and the annual development program, is slated to grow by 23.1% to equal 17.2% of GDP, but achieving this large increase will also be challenging. In FY2015, public expenditure (including both development and non-development expenditure) in the revised budget amounted Tk. 2,396.7 billion which was 27.3% higher than the expenditure of Tk.1,882.1 billion in FY14. Public expenditure as a percentage of GDP increased from 14% in FY14 to 15.8% in FY15. Current expenditure in FY15 accounted for 8.4% of GDP which was 8.2% in FY14. Current expenditure in the revised budget for FY15 was higher than the actual current expenditure by 15.2% in FY14. On the other hand, the Annual Development Programme (ADP) of Tk. 750 billion in the revised budget for FY15 turned out 35.6% higher than the actual ADP in FY14.

Revenue Collection

The revenue potential for Bangladesh has been estimated to be around 14% to 15% of the GDP in FY2015. The revised total revenue receipt in FY15 was Tk. 1,633.7 billion, which was increased by 16.4% compared to the actual collection in FY14. The tax revenue which constituted 86.1% of the total revenue receipts increased by 21.2% compared to 8.0% growth in FY14. Despite low tax collections due to political disruptions, and a shift towards low duty commodity import, overall fiscal deficit was contained at 3.6% of GDP. NBR revenue collection fell short, at Tk. 1,208.2 billion in FY15 compared to Tk. 1,497.20 billion targets. National Board of Revenue (NBR) has collected Tk. 590.64 billion, which is 39.44% of the total

target for the whole fiscal year. The growth of total revenue increased from 9.6% in FY14 to 16.4% in FY15. Consequently, revenue - GDP ratio increased from 10.5% to 10.8% over the same period.

External Sector

External sectors in Bangladesh Economy such as export, import and remittance have always played crucial role in Bangladesh Economy. However, impact of these sectors has not been consistent.

Export

In FY15, export growth was 3.3% (USD 30.77 billion) compared to the preceding year (USD 29.78 billion), mainly driven by higher exports of readymade garments (RMG) that picked up recently.

Import

The countries imports grew by 11.2% in FY2015, due mainly to higher imports of capital machinery. The import payments in FY15 stood at USD 40.69 billion registering a positive growth compared to USD 36.57 billion in FY14. Import payments as a percentage of GDP decreased from 21.2% in FY14 to 20.9% in FY15.

Remittance

In FY2015 remittance earning has been recorded USD 15.32 billion compared USD 14.23 billion of the previous year, which is recovering to the normalcy and trending up with a solid growth. The flow of inward remittances from Bangladeshi nationals working abroad regained its growth in FY15 and played an important role to increase foreign exchange reserve and strengthening the current account balance of the country. The workers' remittance inflows experienced a moderate growth of 7.65% in FY15 compared to 1.5% negative growth in FY14. Bangladesh Bank expects 10% growth in remittances in FY16.

FDI

Foreign Direct Investment (FDI) increases to USD 1.7 billion during the first 9 months in the just concluded year 2015 which is 46.55% higher than the amount USD 1.16 billion during the corresponding period in 2014. Though the amount is representing only 9 months' inflows, it is the highest amount of FDI till now. The manufacturing sector bagged the highest amount of FDI which is USD 454.86 million followed by power, gas and petroleum sector, and trade and commerce. The trade and commerce drew USD 234.01 million of inward investment flow. The big portion of the FDI came in the form of reinvestment of profits earned by foreign company. However, after the end of 2015 the FDI come to USD 1.83 billion by registering a robust 18% growth compared to USD 1.55 billion of the corresponding period of 2014.

Balance of Payments

A surplus in the overall balance of payments was maintained despite a deficit in current account balance. Overall export, import and remittance growth is 3.4%, 11.2% and 7.6% respectively for FY2015 – which leads to a reasonable balance of payment surplus of USD 4.37 billion in FY15 compared to USD 5.48 billion in FY14 and USD 5.13 billion in FY13.

The current account surpluses as observed in FY13 and FY14 changed into deficit in FY15. To be more precise, the current account deficit in FY15 was USD 1.65 billion whereas the current account surpluses were USD 1.41 billion in FY14 and USD 2.39 billion in FY13. The shift of current account balance from a surplus to a deficit was attributable chiefly to an increase in the trade deficit, with a lesser contribution of balance of service account.

Inflation Rate

The average inflation rate (base: FY06=100) decreased to 6.4% at the end of FY15 from 7.4% at the end of FY14. This was driven by decrease in food inflation from 8.6% at the end of FY14 to 6.7% at the end of FY15. On the other hand, non-food inflation showed a gradual increase and stood at 6.07% in June, 2015 compared with 5.5% in June 2014. Point-to-point inflation also decreased to 6.3% in FY15 from 7% in FY14.

Exchange Rate

The exchange rate of Taka against USD remained almost stable throughout the whole FY15. The nominal exchange rate of USD depreciated by 0.22% in FY15. It stood at Tk. 77.80 as of end June 2015 compared with Tk. 77.63 as of end June 2014. The nominal e□ective exchange rate (NEER) of Taka, calculated against a trade weighted 10 currency basket (base: FY11=100), appreciated by 9.16% in FY15.The real e□ective exchange rate (REER) of Taka also appreciated by 14.03% in FY15.

Monetary Policy

For decreasing inflation to its targeted path, Bangladesh Bank continued restraining monetary policy for FY16, while ensuring adequate private sector credit to stimulate inclusive growth. Bangladesh Bank lowered the policy rates by 50 basis points to 6.75% (Repo) and 4.75% (Reverse Repo). Monetary Policy Statement has targeted 16.5% growth in domestic credit, 14.80% growth in private sector and 18.70% growth in public sector during January-June period of 2016. It reflects weak credit demand from domestic and private sector. Net foreign assets grew by 25.67%, compared to the previous year 40.3%. The banking sector face challenges with estimated average earning decline by 7% in FY15 vis-à-vis 7.5% growth in FY14.

Money Supply

Broad money (M2) growth decreased to 14.20% in December, 2015 compared to the growth of 13.35% in December, 2014. Based on the conflicting signals from general inflation and core inflation in 2015, Bangladesh bank decided to increase Broad money (M2) at the rate of 15% in June, 2016. M2 increased due to higher net foreign assets and net domestic assets that registered 25.67% and 10.35% growth respectively in 2015. The reserve money recorded an increase of 14.39% (y-o-y) in November 2015 which is slightly higher than the increase of 14.31% during the same period of the preceding year. Of the sources of reserve money, total domestic credit declined by 10.1% from the previous year.

Interest Rate

The weighted average interest rates on deposits increased during FY10-FY13 and then started decreasing from FY14 and reached at 6.8% in FY15. Similarly, the weighted average interest rates on lending increased during the period of FY10 to FY12 and started declining thereafter and reached at 11.67% in FY15. Though policy rates remained unchanged, lending rates declined due to lower cost of funds for banks, lower demand for credit as well as increasing competition from overseas lenders whose lending rates are in single digit. The spreads between lending rates and deposit rates were above 5% from FY10 to FY14 which decreased to 4.87% in FY15 from 5.31% in FY14.

Call Money Rate

The weighted average interest rate in the call money market ranging from 5.8% to 8.6% during FY15. During the same year the average volume of trade in the call money market decreased by Tk. 271.41 billion which was 18.9% lower than that in FY14. Both the volume of transaction and the weighted average interest rate in the call money market remained within the reasonable band with a declining trend in the 4th quarter of the year. Repo and Reverse Repo rates have been also re-fixed at 6.75% and 4.75% respectively from 7.25% and 5.25%.

Foreign Exchange Reserve

Foreign Exchange reserve had significant improvement due to higher growth in export and remittance. This caused an increase in foreign exchange reserve to USD 27.4 billion in December 2015 from USD 22.38 billion (higher than at any other time in the history of Bangladesh) of previous year, registering a remarkable growth of 22.43% which also helped to prevent devaluation of taka and was su□cient to cover import payments for eight months.

Sovereign Ratings

Bangladesh achieves Ba3 (Moody's) and BB- (Standard and Poor's) with stable outlook for the 5th consecutive years. Stable real GDP growth and strong external balances have helped Bangladesh to achieve this rating with stable outlook from Fitch Ratings for the first time.

Outlook of 2016-The Challenges & Opportunity

The country facing steep challenges on many fronts. Therefore, the projection of 2016 regarding the economy of Bangladesh-

- The economy is on the edge to reach a respectable growth rate between 6.5% and 6.85% in the year 2016 if political stability exists. Public sector wage increase may add 0.9% point to the measured growth.
- Gross Domestic Investment has been projected to increase to 30.1% of GDP in FY16.
- Macroeconomic stability expected to sustain in FY16. However, reducing inflation to 6.2% during FY16 will be challenging but achievable given a cautious 15.6% broad money growth and stable international prices.
- Private sector credit growth has been targeted to grow at 14.80% by 2016 to achieve the desired growth.

Macroeconomic outlook seems positive with moderate, uneven global growth as Export growth in FY16 is projected to improve to 6.0% as economic growth in the euro area and the US strengthens. Despite a strong recovery in remittances, the current account recorded a small deficit slightly higher than the 2015 forecast. FY16 budget is more of the same as FY15 where implementation remains the main challenge. However, revenue and foreign financing targets are ambitious.

Source
Bangladesh Bank Annual Report 2014-2015
National Board of Revenue
Asian Development Outlook 2015

Banking Industry Exploring 2015

Like the previous year, the banking industry of Bangladesh experienced competition amongst the private and public banks. Though the entire 1st quarter of the calendar year 2015 suffered serious political disruption for the demand of fresh election, banks managed to log in profits. The political and economic situation is apparently stable due to City Corporation election in the 2nd quarter but the strength of this normalcy will be well tested in the 2nd half of this year. To tide over the situation in best possible way bank will continue to pursue following strategy by mobilizing low cost deposit through campaigning, ensuring quick disposal of credit proposals, showing visible movements in retail financing and SME financing, ensuring more recovery from written-off loans, bringing loss making branches to profit making by reshuffling and continuing to expand network physically and virtually.

Regulation of the Banking Industry

Bangladesh Bank Order 1972 and the Bank Companies Act 1991 and subsequent amendment in 2013 mainly guide the commercial banks in Bangladesh. Bangladesh Bank, being the central bank exerts supervisory controls over the banking sector. Bangladesh Bank (BB), the central bank of Bangladesh formulates and implements monetary policies, manages foreign exchange reserves and supervises banks and non-banks.

Banking Sector in Bangladesh

Country's banking sector showed slight growth owing to lowering of lending rates and sluggish business environment in 2015. The asset quality of banks improved to some extent during the period under review while the capital-to-risk-weighted asset ratio (CRAR) recorded a minimum fall.

Public sector registered negative growth of 1.70% because of slow implementation of government projects due to political unrest and private sector actual credit growth was 13.80% in December, 2015. As a result, there is excess liquidity in the banking business reached over Tk. 1,000 billion as the year 2015 ended. Relatively lower payment for imports, government mobilized resources from other sources; political instability and liberalized policy for borrowing from foreign sources are the main reasons of this.

The call money rate is remaining below or around 5% for a long time. The call money rate was 4.07% on 20th December but at the end of the 31st December 2015, it was 3.69% which is the sign of adequate liquidity, stable money market and good governance in banking sector. Sluggish demand for credit and the opportunity of foreign currency loans by local companies have contributed to this down trend.

In spite of various di□culties, it has been possible to keep the NPL rate in single digit. The amount of NPLs rose to Tk. 513.71 billion in December, 2015 with a growth of 2.42% from Tk. 501.56 billion in December, 2014. On the other hand, provision coverage against NPL has risen at 95%.

Monetary Aggregates

(Y-o-Y growth in %)

Item	Actual		Program	
	Jun14	Jun15	Dec15	Jun 16
Net Foreign Assets	40.3	21.3	17.5	3.2
Net Domestic Assets	10.6	9.9	14.3	19.5
Domestic Credit	11.6	10.1	13.1	16.5
Credit to the public sector	8.8	-2.6	7.9	23.7
Credit to the private sector	12.3	13.2	14.3	15.0
Broad money	16.1	12.4	15.0	15.6
Reserve money	15.4	14.3	16.5	16.0

Structure of the Banking System in Bangladesh

as on December 2015 (billion taka otherwise specified)

Type of Bank	No. of Banks	Default Loans
State Owned Banks	6	237.45
Specialized Banks	2	49.69
Foreign Banks	9	18.97
Private Banks	39	207.60
Total	56	513.71

No. of Branches: 9,219
Total Deposits: Tk. 8,035.12
Growth of Deposits: 13.10%
Total Advances: Tk. 570,620
Growth of Advances: 11.50%
ROE: 0.42%
ROA: 4.90%

**ROE & ROA up to June, 2015*

Banks are the mechanism of developing the socioeconomic status of the country by financing productive sectors. However, in the context of globalization, banking sector is facing enormous competition due to increasing number of banks and expanding market economy. As a result, banks are to ensure their service as e□cient and e□ective as possible. However political stability is inevitable for sustainable economic condition.

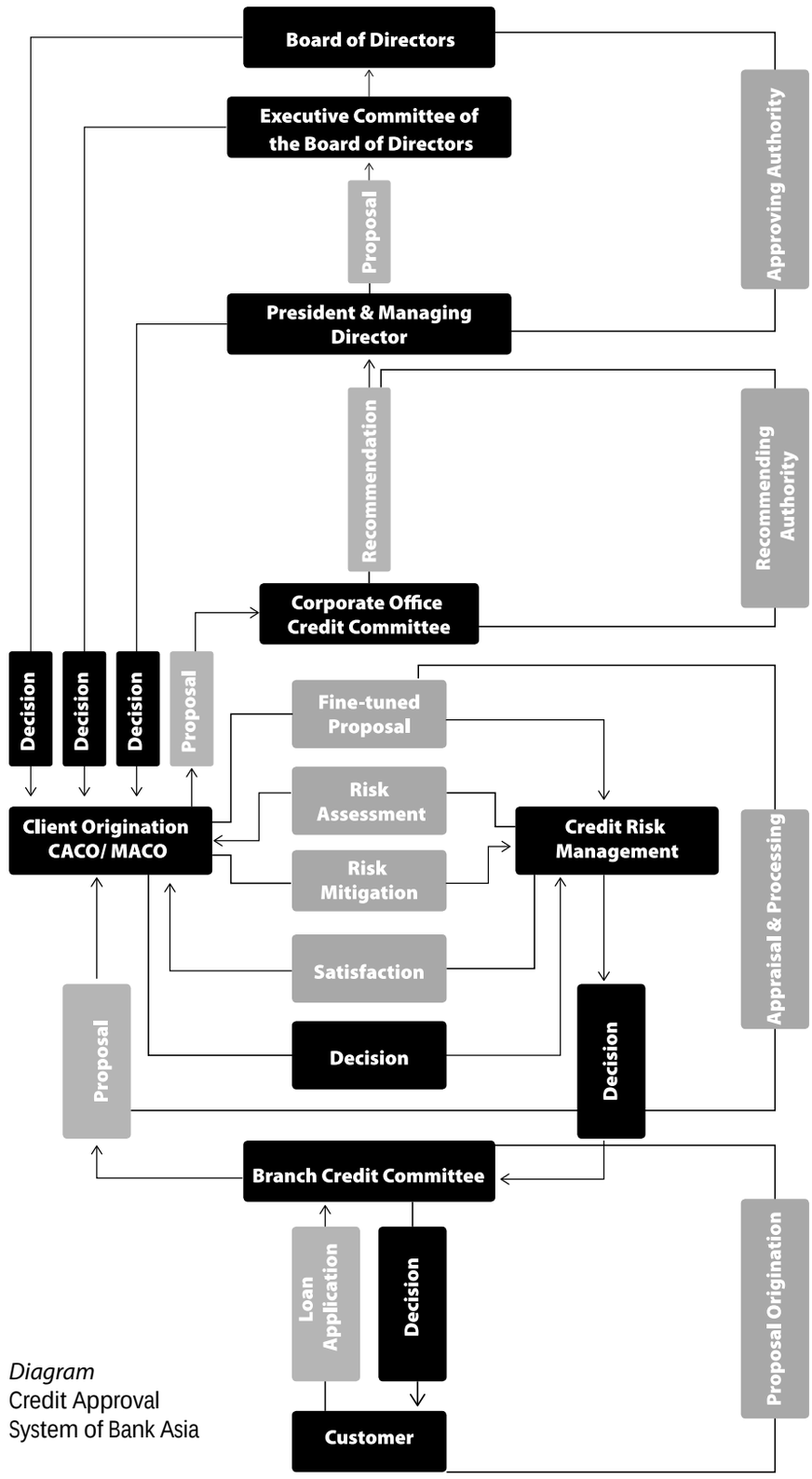


Diagram
Credit Approval System of Bank Asia

Review of Operations of Bank Asia in 2015

The bank has passed a challenging year under the backdrop of sluggish investment, excess liquidity pressure, rising non-performing loan and declining interest rate on advance although political and economic condition of the country was almost stable throughout the period. Bank's total assets reached Tk. 224,347 million compared to Tk. 182,731 million in 2014 with a growth of 22.77% and total capital reached Tk. 22,836.83 million from Tk. 17,843.22 million in 2014 with a growth of 28%. Deposit reached Tk. 169,827 million compared to Tk. 140,869 million with a growth of 21% and Loans and advances was 17% higher than the preceding year and stood at Tk. 136,396 million.

Bank's import increased by 17% and stood at USD 1,607 million (Tk. 129,930 million) where in 2014 it was USD 1,378 million (Tk. 110,193 million). Export increased by 13% and reached at USD 1,135 million (Tk. 89,275 million) which was USD 1,009 million (Tk. 77,647 million) in the previous year. Inward remittance showed a growth of 3% and reached USD 552 million (Tk. 42,997 million) compared to USD 536 million (Tk. 41,733 million) in 2014. Spread reduction by 1.14% in 2015 adversely a□ected profitability but still by increasing investment income the bank could maintain 3.93% growth in operating profit. Net profit after tax stood at Tk. 2,574 million compared to Tk. 2,219 million in the previous year, registering a remarkable growth of 16%. The Bank did much better in restraining growth of classified loans (CL) and the year ended with 4.26% classified loan ratio which was 5.31% in the previous year.

The Bank is standing on sound footing where strong capital base is playing a key role for smooth business growth. This strong capital base helped the Bank to maintain a very satisfactory Capital to Risk Weighted Assets Ratio (CRAR) of 12.46%. The size of Balance sheet is also increasing and reached Tk. 224,347 million compared to Tk.182,731 million with a growth of 22.77% over previous year.

To maintain the increasing demand of customers for our innovative services and a balanced distribution of network, the Bank opened 7 new branches in 2015. The whole network of Bank Asia now consists of 98 branches, 5 SME service centers, 6 Islamic windows, 108 own ATMs and more than 5,500+ shared ATMs , 1 Brokerage Company in Bangladesh and 2 exchange houses located in UK and USA. The Bank is also operating 2 branches of BA Express USA Inc. in New York since 2014. All the operations of the Bank are interconnected and integrated through state of the art networking technology.

Corporate Financing

Corporate banking of Bank Asia has always been enjoying an overwhelming share of total business since its journey apart and it now strives to drive beyond expectation by achieving uncharted landmarks on its way when the Bank is eyeing to grab tempting top tier positions in terms of profit making in the industry. With the brisk expansion of corporate banking base while promoting existing client pool and originating new clients through customized services rendered by one of the most versatile corporate banking teams in the industry, Corporate Assets & Client origination that has originally been responsible for corporate banking metamorphosed recently into Corporate & Large Loan both to bring fresh zeal and competitive edge in asset management and to prioritize asset portfolio prompting it to be the most rewarding business segment.

To keep services more client-focused, there have been six strategic arms under corporate business of the Bank:

- *General Corporate Finance*: There are two wings under General Corporate Finance and they deal with all general modes of finance except specialized modes.
- *Export Finance*: It facilitates export clients in more resourceful and proficient manner and in view of increasing volume of business, necessity and due importance along with significant contribution to the Bank's business, it has already been elevated as a separate department.

Building an Offshore Patrol Vessel for Republic of Kenya at Western Marine Shipyard Ltd. financed by Bank Asia

- *Project Finance*: It allows corporate houses to meet their projects' financial requirement more in tune with expected cash flow and it finances in avant-garde sectors like rice bran oil, auto bricks, jute processing, food processing, ICT, education etc.
- *Syndication and Structured Finance*: It deals with arranging funds for large projects of corporate houses thereby spreading the risk amongst the partner Banks.
- *Credit Restructuring (erstwhile Impaired Assets Management)*: It closely monitors performance of downgrading clients and counsel clients, if necessary to overcome from snags for improvement in debt service capacity.
- *Trade Finance (Offshore & Others)*: It provides financial solutions to customers of export processing zone and facilitate bill discounting, term finance etc. to on shore clients.

In spite of political impasse in the first quarter of 2015 that has nearly strangled transports, exports and fresh private investment, economy of the country has already been on a steady track with raised growth forecasts by ADB, World Bank and IMF closer to the government target supported also by S&P as projecting stable economic outlook for the sixth consecutive year. With the changes, Bank Asia has by the time fortified its foot hold in major corporate business segments including power, transport, construction, dredging, shipbuilding, pharmaceuticals, urban housing, large manufacturing viz. food and beverage, RMG and textile, leather, paper, basic metal and electrical machinery and services sector; however, the Bank has been consolidating its position in trade services and some other segments. In the time forthcoming, corporate banking of the Bank is ready for even stronger presence in the industry on the way to become the most wanted niche for the rising corporate houses of the country.

Syndication Finance Unit

The Syndication & Structured Finance Unit of Bank Asia provides customized financial support and solutions to the corporate clients in the form of Term Loan and Working Capital facilities, Bridge Financing, Financial Instruments etc. which create values and contribute towards the growth of the country's economy. In the specialized field of Syndication & Structured Finance, Bank Asia has successfully crafted its position by rising around Tk. 12,015 million for 18 Syndicated deals as Lead Arranger & Agent since 2000. The funds were raised for the Textile, Spinning, Cement, Iron & Steel, Power, Real Estate, Food Processing, Medical Services, Ceramic and Construction sectors of the country. The areas of operation consist of Syndication Financing, Club Financing, Agency Function, raising fund through Financial Instruments, etc.

Bank Asia also finances Greenfield, existing and BMRE (Balancing, Modernization, Rehabilitation, and Expansion) programs besides restructuring facility. We prefer financing not only large scale projects but also medium sized projects. The team consists of dedicated professionals and experts who assess the customers' financial needs and structure the required financial assistance accordingly. The Bank attained confidence from various large corporations in the field of Syndication & Structured Finance by raising funds as Lead Arranger and participating in Syndication arranged by other Banks & FIs for establishment of projects at di□erent locations.

Summit Meghnaghat 342 MW HFO based combined cycle power plant financed by Bank Asia

Major Activities 2015

- Participation under Syndication Facility in Power Sector, Steel Sector, Ceramic Sector, Paper Sector, Financial Service Sector, Real-Estate Sector, Cement Sector, Medical Services Sector, Textile Sector and Pharmaceutical Sector where the portfolio is more than Tk. 14,000 million.
- Through Commercial Paper Bank Asia raised a total amount of Tk. 1,970 million for Star Porcelain (Pvt.) Ltd., PRAN Foods Ltd. and Labaid Cardiac Hospital Ltd. where 04 other Banks participated. All these 3 clients issued Commercial Papers under the Lead-Arrangement of Bank Asia.
- Tk. 3,303.66 million have been adjusted through 11 Syndicated Loan & Commercial Paper accounts.
- The Syndication Finance Unit is successfully providing Agency function to 02 Syndicated clients, where more than 20 Banks/FIs are involved.

MSME

In the new organogram of Bank Asia, MSME Division and Retail Division incorporated under Small, Medium & Retail business segment. MACO, Small Enterprise, Micro Finance Unit and Agricultural unit are reconstructed under MSME.

Cottage, Micro & Small Enterprise Financing

Cottage, Micro and Small business are the catalyst intended for the socio economic development of many countries of the world. They are viewed as vehicles for the achievement of national macroeconomic purpose in terms of employment generation at low investment cost and enhancement of apprenticeship training. Employment generation from this sector contributes 81% of national employment (excluding Agricultural employment) and 29% to GDP. Having this wide horizon of opportunity, and keeping the perspective in mind to give the financial accessibility to the underserved population across the country, Bank Asia focused on amplifying the market coverage and as a part of this purpose to develop the MSEs from rural level, the Bank established Agent Banking Booths throughout the year 2015. With this channel expansion, Bank Asia SME has stepped into the territories where no Bank or FIs have reached so far.

In the year 2015, Bank Asia remained closely concomitant with di□erent MSME activities.

- Launching of a groundbreaking and first of its kind product in the market titled "Sambhabona" for pre-startup or start up enterprises o□ering at a lower interest rate inaugurated by the honorable Governor of Bangladesh Bank in the "I am SME of Bangladesh" o□cial debut.
- Arranged various training on Sales Management, SME Financing, Credit Risk Management, Financial Analysis etc. to di□erent incumbent level of the bank in association with Bank Asia Institute of Trainings Development.
- Participated in the "SME Banking Match Making Fair 2015" at Chittagong.
- Contributed in the "SME Women-Banker Exchange of Views and Open Loan Disbursement" event at Cox's Bazar.
- A delegation from Bangladesh Bank, UNDP, JICA and the founders of E-commerce "Amar Desh, Amar Gram" visited Agent Banking Booths and Cluster of Cane Product, Shitalpati and Pottery manufacturing at Munshiganj district.
- Handed over the SME loan sanctions to the women Entrepreneurs by The General Manager of SMESPD, Bangladesh Bank.
- Participated in "Women Entrepreneur" event at Sylhet organized by the Central Bank.

Apart from the above, the Bank arranged di□erent business meeting with the existing and potential clients all over the year.

Cluster Financing

As a full-fledged commercial bank, Bank Asia also adopted a cluster-based approach for financing cottage, micro, small and medium enterprises (CMSMEs). We are achieving through extending banking services to recognize SME clusters by adopting a 4-C approach: Customer focus, Cost control, Cross sell and Containing risk. Currently the bank is involved in developing and financing the electric & electronic cluster at Jurain, Muradpur, Kadomtoli, Syampur, Dhaka. Hosiery Cluster at Jurain, Kadomtoli, Dhaka. Bamboo & Cane Cluster at Rajanagar, Sirajdikhan, Munshigonj. Shitol Pati Cluster at Joynshar, Sirajdikhan, Munshigonj.

Partnering with MSME growth catalyst SME Business has signed-o□ two new refinancing schemes with Bangladesh Bank. Tk. 1,000 million fund has been created by Bangladesh Bank as "New Entrepreneurs Fund" to finance the New Entrepreneurs who has completed certain business training from Dhaka Chamber of Commerce and Industries (DCCI). Also to encourage the financing to the marginal and micro entrepreneurs, Tk. 2,000 million fund has been created for "TK. 10 A/C holder".

- SME Banking Division has signed MoU with Bangladesh Bank to finance in these special sectors.
- SME Business is continuing women entrepreneur refinancing scheme, renewable energy refinancing, agricultural based industry refinancing and agro-financing with Bangladesh Bank.
- Recently Bank Asia is tied up with the UK-aid backed "Business Finance for the Poor in Bangladesh" grant program.
- The Rationale of the BFCF partnership is to cater Micro & Small Enterprises (MSEs) by catalyzing and fostering innovations in lending products and delivery channels.
- The Credit Guarantee Fund by the same agency may scale-up the lending to unbanked but otherwise credit worthy MSE borrowers. This partnership will also support in overcoming regulatory impediments and ensuring a cohesive strategy for financial sector policy reforms.

Financial Highlights of 2015

- The Cottage, Micro and Small Portfolio stands at Tk. 4,133.94 million compared to previous year Tk. 3,378.08 million.
- The loan loss provision of SME Banking Division reduced by 10% amounting to Tk. 613.83 million compared to the previous year.
- Total volume of disbursed MSME loan is TK. 21,670.72 million which is higher than the preceding year.
- Total MSME deposit reached of Tk. 639.35 million.
- Tk. 522.53 million is outstanding in di□erent SME clusters.

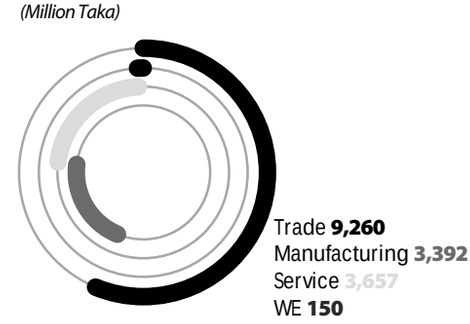
Dividend Declaration

The Board of Directors in its 335th meeting held on 09 March 2016 has recommended stock dividend @ 5% and cash dividend @ 15% subject to the approval of the shareholders at the next Annual General Meeting.

Handing over a cheque to a woman entrepreneur of Bank Asia in a Seminar at Sylhet ogranized by Bangladesh Bank

MSME Portfolio in 2015

(Million Taka)



DIRECTORS' REPORT

Mid Market Assets Financing

For trade and industry development SME & mid-market segments are always emphasized by Bangladesh Government. These enterprises are considered as an 'employment generation vehicle' and contributed heavily in GDP and poverty alleviation. Accordingly, Bangladesh Bank encourages banks extending loans to this preferential sector for more financial inclusion. Bank Asia also echoed the same preference.

Mid-market Assets & Client Origination (MACO) has been formed with a view to handle the credit proposal of mid-market assets ranging from Tk. 5.00 million to Tk. 100.00 million. The main objective of this division is to manage the mid-market assets i.e. low- end corporate assets and emerging corporate assets and to maintain strong, e□ective relationship with the clients of this segment. It deals with the unique need from the di□erent sectors' customers like Industries, Infrastructural, Commercial Lending, Export Financing, House Building Loan, Sta□ Loan, Non- Banking Financial Institutions etc. Currently it deals with almost 3,745 customers having an exposure of Tk. 15,605.59 million with the expectation of growth continuation in 2016 as well.

At the moment industry size of mid-market of Bangladesh is approximately of Tk. 622 billion in terms of funded outstanding with all banks of our country and total outstanding credit of banking system of the country is Tk. 6,069.03 billion as on 30.08.15. As such share of mid-market is 10.25% of the entire financial market of Bangladesh, which denotes huge growth prospect in regard to advance, import and export.

A Textile industry financed by Mid Market Asset Department of Bank Asia

Initiatives Taken by MACO in 2015

- Direct client contact to prevent deterioration of assets quality.
- Negotiate with clients to ensure further financing, if necessary, in line with Bangladesh Bank instructions.
- Regular visit of clients for special attention as per requirement.
- Set strategies through discussion with the branch o□cials to pursue the alarming clients.
- Initiate & review early alert report & exceptional list (client's details with irregularities) on regular basis.
- Review monthly statement of branches credit portfolio and communicate to the Credit Committee on monthly basis.

Agricultural/Rural Credit

- Bank Asia Ltd. has been working for rural development of our country since long. Total 441,234 farmers have benefited from the Bank till date.

Present status of Agricultural/Rural Credit

Million Taka

Particulars	Direct Network	NGO Network	Total
Disbursement (from 01-01-2015 to 31-12-2015)	109.50	2,049.10	2,158.60
Outstanding (as on 31-12-2015)	126.64	1,162.71	1,289.35
No. of beneficiary (in 2015)	621	92,139	92,760

Women farmer beneficiaries benefited by Bank Asia

Special Finance Program

- Bank Asia has been financing to account holders of 10 taka under refinance scheme @ 9.50% interest rate. We are also providing financial support to the farmers at 4% concessional rate for cultivating pulse, spice, oilseed & maize since 2011 as Bangladesh has to spend a lot of foreign currency to import these crops. Besides, realizing the importance of producing bio energy, we have financed in Biogas producing project @ 9%.

Special Finance Program 2015

Financial Support to 10 taka account holders at reduced interest rate

Amount: Tk. 22.90 million
Beneficiary: 504 poor people
Branch: Faridpur, Bogra, Aglabazar, Nimtola, Sirajdikhan SME/Agri Branch.

Financial Support in special crop sector at concessional rate

Amount: Tk. 1.14 million
Beneficiary: 11 poor people
Branch: Faridpur, Bogra

Financial Support in Biogas producing project @ 9% interest rate:

Amount: Tk. 2.30 million
Beneficiary: 9 farmers
Branch: Faridpur

Special finance scheme for Tk.10 account holder

Sectoral Distribution of Credit

The Bank's loans and advances portfolio increased to Tk. 136,396.34 million achieving a growth of 16.77%. Sector wise distribution of loans and advances is as follows:

SL.	Sectors/Sub-Sectors	2015		2014	
		Million Taka	% of Funded Loan	Million Taka	% of Funded Loan
1	Industries				
	Agriculture and Jute	1,758.34	1.29%	1,579.11	1.35%
	Cement	491.26	0.36%	1,646.80	1.41%
	Chemicals	619.93	0.45%	1,207.93	1.03%
	Electronics	1,638.68	1.20%	392.81	0.34%
	Food & Allied	13,090.57	9.60%	6,878.99	5.89%
	Paper	3,633.85	2.66%	3,303.54	2.83%
	Readymade Garments	15,002.06	11.00%	6,128.24	5.25%
	Real Estate	10,443.77	7.66%	5,123.09	4.39%
	Steel	5,878.55	4.31%	11,851.85	10.15%
	Textile	9,680.05	7.10%	6,283.45	5.38%
	Others	16,065.00	11.78%	14,235.57	12.19%
	Subtotal	78,302.06	57.41%	58,631.38	50.19%
2	Infrastructure				
	Power	690.12	0.51%	1,498.71	1.28%
	Telecom	528.51	0.39%	339.40	0.29%
	Construction	4,913.52	3.60%	4,338.95	3.71%
	Transport	3,023.32	2.22%	3,420.20	2.93%
	Sub total	9,155.46	6.71%	9,597.26	8.22%
3	Commercial Lending	31,280.13	22.93%	37,105.86	31.77%
4	Export Financing	6,003.30	4.40%	1,765.30	1.51%
5	House Building Loan	363.24	0.27%	163.89	0.14%
6	Consumer Credit Scheme	5,482.24	4.02%	4,073.10	3.49%
7	Small & Medium Enterprise	3,414.66	2.50%	2,675.51	2.29%
8	Sta Loan	1,241.68	0.91%	1,090.19	0.93%
9	Credit Card	1,147.96	0.84%	1,063.17	0.91%
10	Non-Banking Financial Institution	5.60	0.00%	643.21	0.55%
Total		**136,396.34**	**100.00%**	**116,808.85**	**100.00%**

Credit Risk Management

In 2015, CRM Department has developed a good number of new policies and guidelines as well as updated and revised some existing policies and guidelines to ensure appropriate credit risk process. Some of these policies and guidelines have already been approved and have come in force. Some are under review of the senior management/Board of directors and awaiting for final approval.

New policies and guidelines that have been developed by the department include the following:

- Policy Guidelines: Credit Risk Management (Draft)
- Policy Guidelines to Meet Urgent Credit Requirement of the Borrower (Draft)
- Bank Guarantee Operation Manual
- Policy on Collateralization of the Exposure to the Proprietorship Concerns
- Securitization of the exposures to the publicly listed companies
- Monitoring Policy of Ship Breaking Customer of the Bank

The Department has also updated and revised following existing policies and guideline in response to changing business environment:

- Review of Existing Delegation of Business Power
- Modification of SOD (Earnest Money) Financing Policy
- Sectoral Lending Cap 2015-2016
- Early Alert Process

Apart from policy development, CRM Department has two other core functions, namely, risk assessment of credit proposal and monitoring of credit portfolio. From January 2015 to December 2015, the Department has conducted "risk assessment" of 1,690 number of credit proposals received from two business units: Corporate & Large Loan (C&LL) and Mid-Market Assets & Client Origination (MACO). It is pertinent to mention here that MACO has dealt with customers having exposures ranging from Tk 5.00 million to Tk. 100.00 million and C&LL has dealt with customers having exposures above Tk. 100.00 million.

Along with "risk assessment", the Department has also issued 'clearance' and 'feedback' on reply provided by business units (C&LL and MACO). The Department issues "Sanction Advices" and "documentation Checklist" against credit proposal approved by the Management/EC/Board. Total size of the funded and non-funded portfolio handled during the period was Tk. 33.72 billion (Funded: Tk. 17.87 billion; non-funded: Tk. 18.98 billion). The following table will provide details:

Million Taka

Facility Type	Total		
	Funded	Non-Funded	Total
One-time	27,981.65	34,897.78	55,721.28
New	37,639.93	25,143.75	48,210.28
Renewal	41,941.88	52,961.52	87,452.01
Enhancement	10,814.43	14,337.89	22,747.89
Renewal with Enhancement	35,016.36	53,424.42	80,298.99
Reduction	735.56	10.00	745.56
Renewal with Reduction	8,472.40	6,780.46	14,223.97
Restructuring	4,679.44	27.00	4,706.44
Renewal with Restructuring	5,584.90	1,382.00	6,716.90
Rescheduling	4,868.66	-	4,868.66
Regret	943.20	772.50	1,535.70
Total	178,678.41	189,737.32	327,227.69

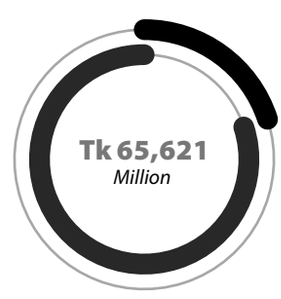
CRM department regularly monitors bank's outstanding funded loan portfolio as well as outstanding non-funded liabilities on monthly and quarterly basis to maintain healthy asset portfolio. Monitoring pattern is usually o□site in nature; however, sometime, onsite visit of the customer is also made for smooth recovery of loans. Special attention was given for recovery/regularization of overdue, SMA and SS accounts. Special e□ort was given for settlement of expired o□-balance sheet items (Bank Guarantee and L/C).

Total Fresh Facility (Regular & One-time Limit) Sanctioned 2015

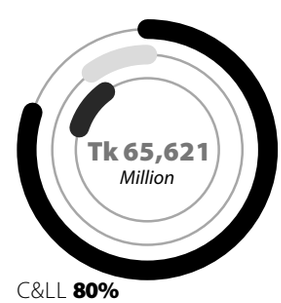
Management **26%**
Board **74%**

C&LL **85%**
MACO **7%**
Syndication **8%**

Total Funded Facility (Regular & One-time Limit) Sanctioned 2015



Management **20%**
Board **80%**



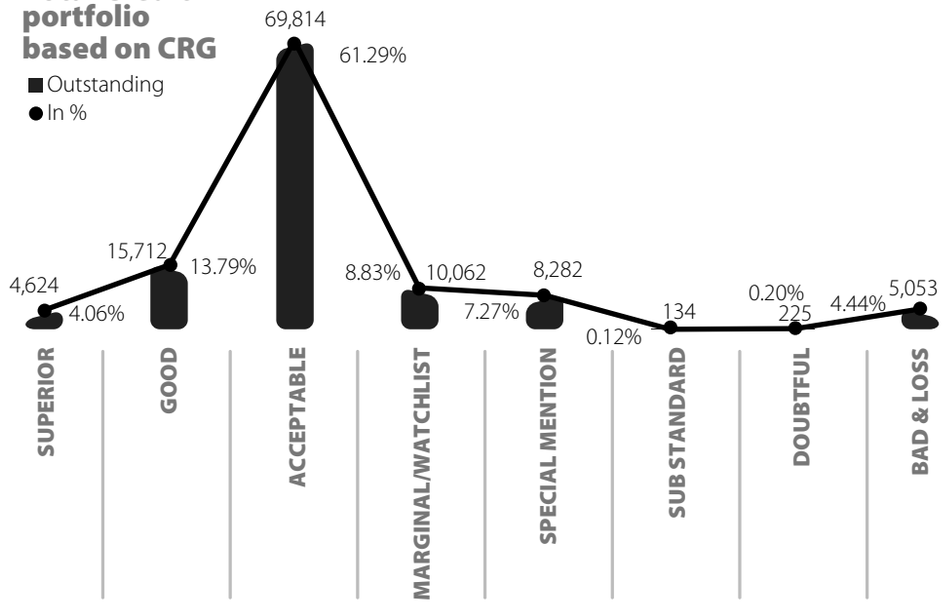
C&LL **80%**
MACO **10%**
Syndication **10%**

Total Non-Funded Facility (Regular & One-time limit) Sanctioned 2015

C&LL **82%**
MACO **9%**
Syndication 9%

Management **25%**
Board **75%**

Total Credit portfolio based on CRG



Zone-wise Credit Facility Sanctioned (Funded & Non-Funded) 2015

Million Taka

Zone	Funded	Non-funded	Total
Dhaka	125,584.38	146,628.08	251,035.06
Chittagong	43,324.18	39,231.93	64,018.12
Sylhet	1,530.34	130.04	1,647.75
Rajshahi	4,020.47	1,419.39	4,592.47
Khulna	3,275.84	1,555.38	4,398.59
Total	177,735.21	188,964.82	325,691.99

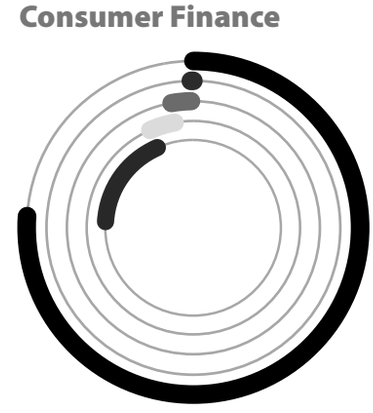
Consumer Finance

Consumer Finance under Retail Banking Division managed to achieve a growth of 35% in its portfolio in 2015 despite unfavorable market condition. Several new products were introduced and PPG revised to cope up with the present competition and to improve customer experience. Retaining existing resources, hiring experienced sales people, focusing on quality assets, reducing lead time of loan processing and emphasizing on monitoring of asset health of retail customers were given utmost importance.

Achievements of Retail Banking Division in 2015

- Retail Loan portfolio reached Tk. 5,482 million in 2015 which was 34% higher than 2014.
- Total loan customers was above 5,500 including addition of 1,500 new customers.
- Non-performing loan portfolio of Retail Banking reduced to 3.45% compared to 4.71% in 2014.
- Initiated several Home Loan Products to meet the demand of Mid level customers of semi urban and industrial locality, the market segment is extremely potential and growing significantly. Credit limit of Home Loan increased to Tk. 12 million followed by Bangladesh Bank guideline to serve customer in greater perspective.
- Served retail customers utilizing Agent Banking channel and Tk. 15 million disbursed through Agent Banking channel.

Consumer Finance



House Finance **76.24%**
Unsecured Personal Loan **17.11%**
Auto Loan 3.93%
Loan For Professionals **0.08%**
Consumer Durable Loan **2.61%**
Talent Learning & Earning **0.03%**

Million Taka

Product	Amount		Growth %
	Dec,15	Dec,14	
House Finance	4,178.94	3,207.22	30%
Unsecured Personal Loan	938.11	547.29	71%
Auto Loan	215.67	146.78	47%
Loan For Professionals	4.16	3.51	19%
Consumer Durable Loan	143.28	167.73	-15%
Talent Learning & Earning (launched in 2015)	1.44	-	-
Total	5,481.60	4,072.53	35%

Islamic Banking

To ensure Shariah based banking service to the people with commitment to follow Islamic Shariah & to achieve sustainable economic growth with justice & equity Bank Asia provides Islamic Banking services since 2008. To ensure possible highest standards of Shariah compliance, its human resources, operational modules, banking software, investment portfolio, fund management, accounts and balance sheet are maintained fully separated from conventional unit of the Bank. Moreover, Bank Asia has developed a unique module for profit distribution among the Mudaraba Depositors based on Income Sharing Ratio (ISR), the first of its kind in Bangladesh.

At present the Bank is operating five Islamic Banking Windows through exclusive Islamic Banking brand 'SALAMAH' (means purity). In last 7 years, our SALAMAH Islamic Banking Services have reached a remarkable position. Though the number of Islamic Windows not increased, in the year 2015, we have achieved more than 60% profit growth from the year 2014.

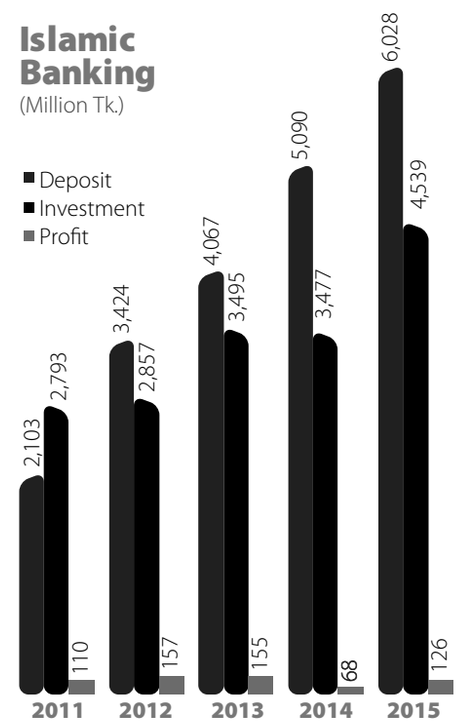
At present, we have about 24,000 deposit accounts accumulating deposit of more than Tk. 6,000 million where investment is Tk. 4,500 million. SALAMAH Islamic Banking service is also available at every Branch/outlet of Bank Asia under Real-Time Online Banking System through Islamic Banking software HIKMAH.

All our Islamic Banking activities are strictly monitored by the Board of Directors and guided by Bank Asia Shariah Supervisory Committee.

Major activities in 2015

- Core Deposit of Islamic Banking reached Tk. 6,027.77 million from Tk. 5,090 million in previous year.
- In the year 2015, SALAMAH Islamic Banking launches investment campaign at all Islamic Windows.
- Bank Asia received appreciation certificate from Bangladesh Bank in recognition to the Bank's contribution for promoting School Banking Service in the country.
- The Bank has participated in School Banking Conferences held in Barisal and Bogra organized by Bangladesh Bank.
- To render all out support to pilgrims and exploring brand image, the Bank operated Hajj Booth at Hajj Camp.
- Bank Asia Islamic Banking participated in the 11th World Islamic Economic Forum (WIFE) held in Kuala Lumpur of Malaysia.
- To increase knowledge base & skill level for the Islamic Banking o□cials on Shariah compliance, the Division has organized 4 workshop and training programs in this year.

As on the balance sheet date, Islamic deposit reached Tk. 6,027.77 million, Investment Tk. 4,539.20 million and profit stood at Tk. 126 million.



Islamic Banking training on Documentation & Recovery issues in Investment

Treasury Operations

To utilize balance sheet gap along with liquidity and market risk management, Bank Asia Treasury is active in money market and foreign exchange business to comply with bank's regulatory requirement as well as to earn money for the bank. Treasury plays an important role to identify, measure and hedge inherent risks of assets and liabilities using various financial tools for stabilizing the balance sheet and maximizing profit. To accomplish this critical job, our treasury has well-trained officials with sound academic background. We have designated desks to ensure the optimum treasury service through the integrated efforts of Money, FX, and ALM desks.

Money Market and Fixed Income

From the beginning of 2015, due to surplus liquidity, downward trend in interest rates prevailed throughout the year which got sharp momentum after June'15. The year 2015 was challenging as the loan growth was below anticipated level. For us, therefore, it was a year of liability management rather than managing assets. Inter-bank O/N market started with 8.25% - 7.60% in 1st quarter and ended 3.65% avg. at year end. Our money market and fixed income desk was very active throughout the year and remain front runner to earn huge amount of capital gain and commission earning. During 2015, Treasury reduced the duration index of investment portfolio to reduce interest rate risk and invested fresh fund in secondary market at comparatively higher yield to cash on market opportunities for interest income, commission earning, and capital gain. As rightly speculated by treasury, market liquidity exerted downward pressure on interest rate. Our trading portfolio obtained a substantial amount of mark to market gain. At the third and fourth quarter of the year, treasury offloaded trading portfolio at lower yield to realize a substantial amount of tax exempted capital gain.

Asset Liability Management

The year 2015 was a period of low credit expansion in local currency, falling interest rate spread, growth of FC loans to corporate customers, & rising FX reserve. Under the circumstances, Treasury's primary objective was to mitigate the balance sheet gap in cost effective manner, maximizing NII, and comply with BASEL III liquidity requirement of LCR and NSFR in coordination with all the business stakeholders of bank. Throughout the year, treasury took proactive approach, time to time initiated interest rate revisions, and maintained uninterrupted liaison with higher management about asset liability position, commitment of bank, market liquidity scenario, and transfer pricing rate for profit centres through ALCO (Asset Liability Committee). At the end of 2015, Bank successfully achieved healthy deposit mix reducing high cost deposit 60% at year end from 63% previously.

Foreign Exchange

Over the year, treasury maintained bank's net open position and FC liquidity in a prudent manner to manage exchange rate risk and earn substantial exchange gain. Meanwhile, country's current account balance has been transformed from negative to positive after July'15 due to higher remittance and export performance than import payment. The year started with USD 22 Billion reserve and end with USD 27.50 Billion. Over the year, Bangladesh Bank procured USD 4.18 billion from interbank to mop up surplus FC fund. Exchange rate of Tk. /USD remained almost flat except higher trade deficit and sudden payment pressure in the 4th quarter, resulted the local currency to depreciate and ended up at Tk. 78.94/USD at Nov'15 end. At the year end, market eased and exchanged rate settled at Tk. 78.50/USD. During the year 2015, with the growing volume of FC loans, Treasury supported and funded the OBU balance sheet and additionally earned interest income and handled higher volume of import payment, wage earners' remittance, and export proceeds.

Our Priorities in 2016

- Designing new avenues to utilize market opportunities especially in the fields of corporate business & derivatives.
- Upgradation of Transfer pricing system considering central bank policy rate, liquidity cost, capital requirement.
- Introducing dedicated FX desk for own account speculative trading for giving depth and support for corporate sales.
- Planning and maneuvering treasury portfolio to optimize returns to address new market and regulatory environment.
- Building stronger rapport with external & internal stakeholders of Treasury.

International Trade

International Trade is one of the challenging arenas of banking operations which yields higher income for a bank. Globalization has made it very dynamic to operate. With the growing number of customers and changes in the pattern of International Trade, the Bank provides best quality services among the private commercial banks. The Bank possesses experienced professionals having sound educational background both at AD branches and Head Office for catering the foreign trade needs of the customer. The Bank has its stretched and enlarged global network reaching every corner of the world for extending every kind of foreign exchange related services to the customers. Thus, the Bank is growing steadily and sustainably in the International Trade arenas with the passage of time.

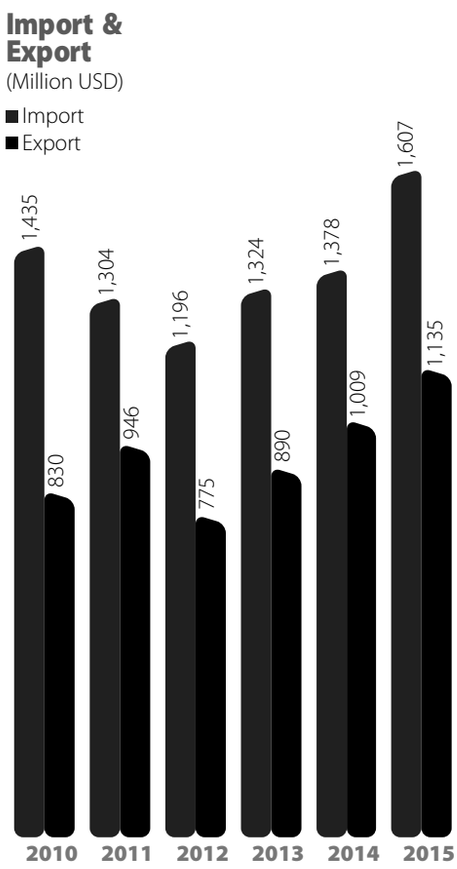
Import

In 2015 Bank Asia Limited continued sustained growth in its Import Business. This year total Import finance of the Bank was USD 1,607 million (Tk. 129,930.43 million) registering a growth of 17% over the Import finance of 2014 (USD 1,378 million & Tk. 110,193 million). Apart from essential commodities such as Wheat, Sugar and Edible Oil, our other major imported items for 2015 were Capital Machineries, Fabrics and Accessories, Raw Cotton, Scrap Vessel, Steel Billets etc.

Export

Despite the aftershock of global economic downturn, which still persisted in 2014, Bank Asia registered a sound growth in its export finance in 2015. The combined foreign currency inflow from export and foreign remittance has enabled our Bank in efficient treasury fund management to settle our import commitments without being dependent on the local inter-bank foreign exchange market in 2015. Besides traditional item like Readymade Garments, Jute and Jute-made goods, Frozen Fish Bank Asia Limited has been able to be part of exploring export of some new items like Oceangoing vessel. In 2015 the total export finance of the Bank was USD 1,135 million (Tk. 89,275.32 million) that was USD 1,009 million (Tk. 77,647 million) which is 13% higher than that of 2014.

DIRECTORS' REPORT



Guarantees
Bank Asia issued guarantees against counter-guarantees of international banks for USD 32.86 million in 2015. The guarantees were issued in favor of di□erent Government Authorities, Ministries, Autonomous Bodies, Corporations, Private Companies and Multi-National Companies etc.

Foreign Correspondents
Over the years Bank Asia has continuously developed strong correspondent relationship with internationally reputed banks to facilitate its foreign trade business, enhance our overall credit line with foreign banks. We have also been able to enhance the rebate/fee income from our foreign correspondents by 12.06 % in 2015. As of 31st December, 2015 the number of foreign correspondents stood at 663 in 165 countries of the world.

Our excellent track record 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. Besides, preliminary relationship building with DEG (Deutsche Investitions- und Entwicklungsgesellschaft) known as "German Investment and Development Corporation" and Dutch based renowned development bank FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) known as "Netherlands Development Finance Company" has also been setup.

Nostro Accounts
The Bank currently maintains 30 nostro accounts in major international currencies: US Dollar, Pound Sterling, Swiss Franc, Japanese yen, Australian Dollar, Canadian Dollar and Euro & Dollar accounts under Asian Clearing Union with reputed international banks which ensure e□ective foreign currency management and timely payment of foreign currency commitments.

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. Over the years our expert SWIFT team has introduced many innovative features in its existing SWIFT system. In the last quarter of 2015, Bank Asia Limited SWIFT unit introduced SWIFT Alliance Message Management 7.1.10 so that all branches can be linked up with SWIFT uninterrupted with more than 10,000 Live Institutions in 251 countries around the world.

Online Payment Gateway Services Provider (OPGSP)
Freelancers earn foreign currency through service exports in non-physical form such as data entry, data process, o□shore IT services, Business Process Outsourcing etc. To meet the banking needs of these freelancers in Bangladesh, Bank Asia has established strategic alliance with PAYONEER Inc. USA which is one of the largest OPGSP and second venture of the bank. Through its service, freelancers can receive their earnings very quickly and easily. We expect remittance of USD 18 million which shall be channeled through 'Payoneer' annually in the form of cash payout and crediting bank accounts.

Central Trade Service Unit (CTSU)
Central Trade Services Unit (CTSU) is an innovative milestone in the contemporary banking arenas for facilitating Non-AD branches foreign trade operations with a separate AD License issued from Bangladesh Bank for this purpose. The main objective of CTSU is to act as a platform for all Non-AD branches of Bank Asia to facilitate their trade related transactions like Imports, Exports, Remittance, Bank Guarantee, LC Advising & Transfer and so one on behalf of its clustered Non-AD branches.

After initiation, CTSU has been clustering 82 Non-AD branches of the bank throughout the country. The business volume of all Non-AD branches has been increasing robustly day by day with active support of CTSU. In year 2015, import and Export reached to Tk. 13,345.40 million and Tk. 5,108.10 million respectively.

Offshore Banking
Bank Asia has established its O□shore Banking Unit (OBU) in Chittagong Export Processing Zone (CEPZ) with a view of catering the banking requirement of non-resident customers. O□shore banking acts as a unique solution for banks across the globe to carry out international banking business involving foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment. In 2015, O□-shore Banking Unit has made a cumulative profit of USD 1.84 million which is 96% higher than that of 2014 (USD 0.94 million).

Foreign Remittance
Foreign remittance is a buzz word for all rising countries in recent age as it is just not a part of the income of nations; it is a power on which developments run smoothly. In

Foreign

stood at

663 in 165

countries

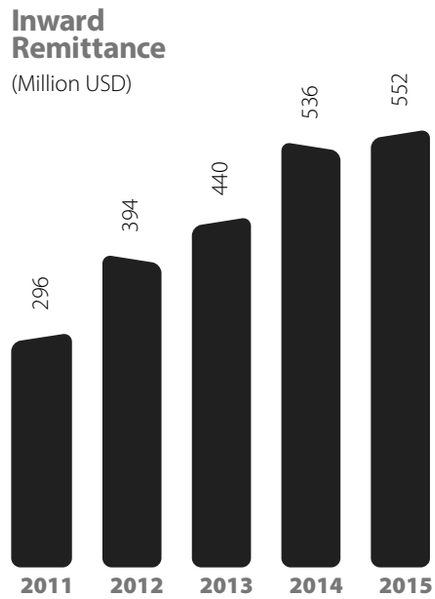
Bangladesh, remittance is one of the most essential economic variables as it helps in balancing balance of payments, increasing foreign exchange reserves, enhancing national savings and increasing velocity of money. The share of remittance in GNI (Gross National income) is increasing day by day. It a□ects almost all the macro-economic indicators of a country positively. Remittance has created a new dimension in the economic development of Bangladesh and helps the government of Bangladesh to reduce dependency on Foreign Aid. Relentless service, maximum dedication, continuous communication and client satisfaction contributed in upholding bank Asia's name and fame in home & abroad unlooking the potentials of remittances and utilizing it properly to make it an indispensable tool of the economic development of Bangladesh.

During 2015 the remittance inflows to the country stood at USD 15.31 billion, Inward Remittance of Bank Asia was USD 552 million a 3% growth over the previous year. Bank Asia's position was 9th in 2015 among all banks in Bangladesh.

In 2015, Bank Asia's total Remittance collection agent network was 41 and 5 collection agent network are under correspondence. Our Remittance distribution agent network also increased in 2015 (1,990 distribution agent networks) in comparison with 2014 (1,880 distribution agent networks).

Special Achievements in 2015

- Receiving incentive Remuneration of USD 13,345 from Western Union for the appreciable performance.
- Rewarded by XPRESS MONEY, in recognition of e□orts & contribution on Remittance Disbursement.
- Rewarded "TOP TEN AWARD" by Centre for NRB, for outstanding Remittance Services.



Collection from services

Services	2015		2014	
	Number of transaction	Total amount (Tk.)	Number of transaction	Total amount (Tk.)
BEFTN Outgoing	4 73,405	21,296,123,460.51	4 78,471	21,898,941,072.97
Western Union(D2B)	18,934	462,061,631.67	4,606	138,665,641.82
Xpress Money(C2C)	40,341	1,017,144,565.26	33,912	817,496,248.39
SINGER BANGLADESH Ltd.	9,271	132,708,397.93	2,496	50,945,961.87

Upcoming Operation

After successful operation of D2B Bank Asia Limited is planning to introduce Out - Bound Remittance for foreign nationals who are resident Bangladeshi and have income in Bangladesh and permitted to make monthly remittances to the country of their domicile up to 75% of their net income. At present, there are above 8,000 existing work-permit holders in Bangladesh who remit their income through AD branches of multi-national banks with high charges. In alliance with Western Union, we may penetrate into this market to o□er service from all of our branches. This will open a new window of non-interest earning for the branches of Bank Asia and add great value which will be the first of its kind product for any bank in Bangladesh.

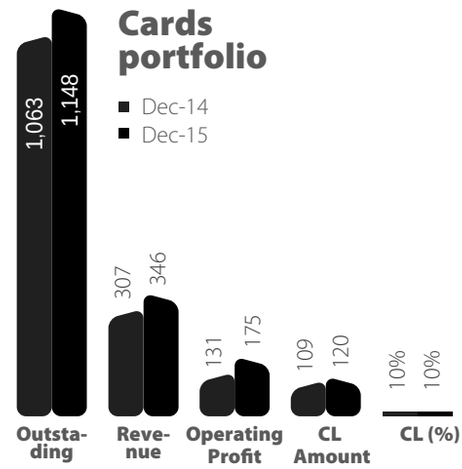
Bank Asia was awarded "TOP TEN AWARD" by Centre for NRB For outstanding Remittance Services

Cards

Since launching Bank Asia Cards Department operating as an independent profit center like a branch and operating successfully and profitably in comparison to other market players. Cards Department has passed another successful year in 2015 in terms of revenue and business growth.

Million Taka

Item	December 2015	December 2014	Growth
Advance Outstanding	1,147.96	1,063.17	7.97%
Revenue	345.51	307.08	12.57%
Operating Profit	175.16	130.68	34.04%
CL Amount	120.12	109.06	10.14%
CL (%)	10.46%	10.26%	



Credit card business is being run on severe competition and cardholders are having more than one card at a time. Therefore continuous loyalty and customers' reward benefit package should be arranged to retain the customers.

Initiatives by Credit Card department in 2015 :

- Introduced "Gift Card"
- For Holcim dealer "Holcim-Bank Asia Gift Card" named "Nishana 2014" launched
- Introduced VIP BALAKA Lounge facility for Bank Asia Platinum Credit Card Holders
- "Swipe & Fly" campaign to encourage customers for using Bank Asia card
- Promotional campaign in Pohela Boishakh 1422

Launching of Holcim Bank Asia Gift Card named "Nishana 2014"

Information and Communication Technology

Information and Communication Technologies are being used to enhance existing services, to implement innovative ones, and to make them available for end users .The Bank continues to make investment to ensure robust infrastructure for its IT platforms and towards the same has migrated some of its key technology systems to newer versions or platforms. Keep in mind Bank Asia took this opportunity to introduce Agent Banking, EBEK, RTGS programs, mobile apps, di□erent e-commerce solutions, social safety net payment, and school banking for faster, wider and more e□cient services.

IT Steering Committee

In 2015, IT steering Committee has been formed which was suggested for improving and monitoring the implementation of modern technology in the bank on basis of following criteria:

i. Review the long-range plans of the ICT division

ii. Recommend and monitor major projects and the status of IT plans and budgets

iii. Support development and implementation of information security management program

iv. Review and recommend major acquisitions of hardware and software

v. Review and recommend sourcing strategies for all IT related projects/programs - either insourcing or outsourcing

Multiple Disaster Recovery (MDR)

Bank Asia believes in sincerity and accuracy; that's why to ensure full-time availability and business continuity the ICT Division has implemented three (3) sites storage system for banking transaction, where data replication among primary storage, second DR site and third DR storage are in synchronizing/ asynchronizing mode to protect loses of data.

Disaster Recovery site

Data Center

Distance Disaster Recovery site

Signing ceremony for Microsoft Enterprise agreement with BANK ASIA and TECH ONE GLOBAL

ICT Compliance Banking
Bank Asia has signed an Enterprise Agreement with Microsoft Corporation for Core CAL License in 2015. Our ICT Division has successfully implemented Active Directory Service (ADS) of Microsoft for centralized user authentication of the IT Network. ADS provide a central, searchable information repository allowing simple sharing of network resource information while acting as the central authority for network security. ADS is the best practice for mitigating compliance of Bangladesh Bank ICT Security Guidelines.

Green Banking
As a green banking initiative, Bank Asia ICT Division has provided email IDs to all its permanent employees for e□ectual communication which can significantly reduced the paper based communication.

Vulnerability & Penetration Test
ICT division has carried out a penetration test (risk assessment process which reduces the threats and vulnerability of system) of its network and internet banking to find out any vulnerability that exists in the system.

UN Sanctioned Screening Solution & Integration with our CBS
As per Bangladesh bank guideline a real-time UN Sanction screening system in our Core Banking System (CBS to screening its customer information even as opening an account) has been implemented. Previously messages through and from SWIFT Alliance were manually replecated in the CBS; but now for robust and flexible services UN Sanction Screening Solution has been implemented to integrate SWIFT and CBS operation.

Market Oriented Foreign Currency Revaluation Process
Module based foreign currency revaluation requires balancing of all foreign currency asset and liability heads with balance of FC general account of AD Branches. This year we have implemented a Real-time Market oriented revaluation of Foreign Currency modules in CBS. The Bank is now able to generate Multi Currency Trial Balance and understand real time exchange position through the automatically generated foreign exchange position.

Mobile Apps
Bank Asia has implemented advanced Mobile apps for internet and Agent Banking user for facilitating these following services: (i) Balance Enquiry (ii) Fund transfer including transfer through BEFTN (iii) Utility bills payment (DESCO, WASA, DPDC etc.) (iv) Mobile top-up (v) Stop cheque payment (vi) Cheque book requisition and Cheque status query etc.

In recent years the banking industry of Bangladesh has significantly changed in terms of financial inclusion to reach unbanked people. ICT has brought this momentous transformation by innovating new ways of information processing by introducing di□erentiated thus business model becoming more and more popular in financial inclusion. Bank Asia venturing to vantage all possible technology innovations for providing a better tomorrow to all stakeholders in the coming years.

ADC Transactions

(Million Taka)

Alternative Delivery Channel

Alternate Delivery Channels (ADC) are considered a solution that will bring in e□ciencies, bring scale and increase outreach at a relatively lower operational costs to provide new channels and methods to providing banking services directly to the customers. It is a distribution channel strategy used for delivering financial services without relying on bank branches. Through these channels the Bank gets faster access to market and customers can enjoy instant access to all bank products via 24/7 service channels. Customers now able to make payments and transfers, pay DESCO & WASA bill, utility & Card bills, Passport fees, School/ University fees, contact the bank online and also to use other bank's channels.

E-Commerce and Utility Bill Payment

Electronic commerce is an e□ective and e□cient way of communicating within an organization and one of the most e□ective and useful ways of conducting business. E-commerce is the purchasing, selling & exchanging goods and services over computer network or internet through which transactions or terms of sales are performed electronically. Bank Asia has recently incorporated 'e-Commerce' banking system for its valued customer where Bank plays as payment partner & account holder can shop online through internet banking, Debit Card or Credit Card with less expense & time any time anywhere. Currently Bank Asia is facilitating e-commerce transaction such as e-ticket purchasing of Bus, Train, Airways & also e-ticket purchasing of Cinemas & Movies, Mobile flexi-load, Hotel Booking, bill payment such as Hospital bill Payment , Advertisement bill payment, Passport bill payment, WASA, DESA, Qubee bill payment, Computer accessories & service related payment, e-Shopping etc. by the debit and credit card. These service are also available over internet banking of Bank Asia.

E-Procurement System

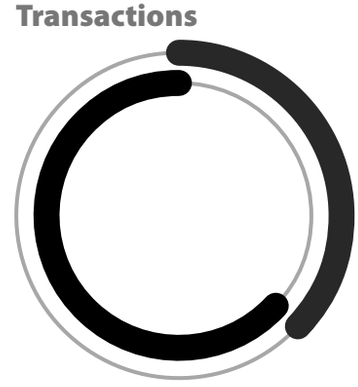
An e-procurement system ensures better resource utilization by creating competition and equal opportunity for all qualified vendors. It increases purchasing power by demand aggregation, and empowers the small and medium bidders. Bank Asia has been providing banking services for e-Government Procurement (e-GP) through our Branches. In the mean time customers have received around 2,000 services from our bank with their utmost satisfaction. This online platform will ensure digitalization of di□erent government project such as Electronic Procurement system. At present most of the government organizations are facilitating e-Government Procurement system. It will ensure e□ciency, transparency and accountability in the public procurement process in the country. In of e-Procurement, details information for client operation such as registration at e-GP system, Bank and Branch information are available at: www.eprocure.gov.bd

Inaugurating ATM booth of Bank Asia in Tejgaon I/A, Dhaka

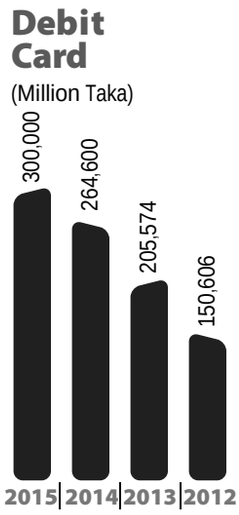
ATM

To have access to banking services round the clock ATM is an excellent channel. Automated Teller Machine (ATM) provides banking services to its customers 24 hours a day, 7 days a week and 365 days a year. Essential banking services like withdrawals & transfer of funds, Utility payments etc. can be accessed by customers from anywhere in Bangladesh. Total 63% of cash transactions of Bank Asia are done through its 108 own ATMs and more than 5,500+ share ATMs all over the country. Our bank is planning to invest continuously in a bid to increase and widen its ATM network significantly.

Cash Transactions



Branch Transactions **37%**
ATM Transactions **63%**



Debit Card
We have issued more than 300,000 VISA debit card against Savings and Current account to facilitate ATM, POS transactions at all ATMs (5,500+) in Bangladesh to access their account 24X7 in 365 days. Card holders are able to purchase in VISA enabled POS machines (35,000+) at various merchant locations all over Bangladesh. Our Debit Card Operations including 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 100,000 pages paper saved and 14,000 courier service delivery cost.

Passport Fees Collection
The Government of the People's Republic of Bangladesh has introduced Online Banking Payment systems for MRP & MRV Project. In addition of Bank branch & collection booth, using di□erent channels like Debit/Credit Card, Mobile and Internet banking customers could be able to pay the di□erent fees of MRP/MRV. This will ensure digitalization of project, provide more facility to the clients and also reduce misappropriation of Government fund. For this business year we have received more than 83,000 passport payments amounting near about BDT 34 crore from clients through all our branches and ADC channels. Our clients now have asses to 66 out of 67 RPOs over the country.

Mobile (SMS) Banking
Short Message Service (SMS) which is a popular communication protocol allowing the interchange of short text message between mobile phone devices. Based on this easy and popular technology Bank Asia has launched its first generation Mobile Banking facility. Customers can access their account using M-banking from all mobile phone operator in collaboration with SSL anytime from anywhere in the country. Customers need to send a simple SMS to "6969" and they can instantly access their account, get their account information, make fund transfer and pay bills. Bank Asia is also providing transaction alert message on debit transactions to make them aware and to prevent fraudulent transactions. Our 2nd generation mobile banking facility will enable small savings, withdrawal, utility bill payment, foreign and domestic remittance to the doorstep of maximum clients at minimum cost.

Internet Banking
Bank Asia's Internet Banking (My Banking) is easy, convenient & secure transaction process. Bank Asia's Internet banking module allows clients to get a clear state of their financial position and transfer fund to any account within the bank as well as other banks anytime from anywhere in the world. Our clients are also able to enjoy Mobile Talk-Time recharge facilities for all Telco using net banking. Internet banking security shields the system from any unauthorized users and hackers from all around the globe. Internet banking employs encryption and firewall to protect transactions and queries through internet. This security saves the software and the system from the attack of virus and hackers on the internet. To make more secure, we have already introduced dual factor authentication (OTP) for all internet based transactions.

Bank Asia SMART App
Bank Asia SMART Banking app is an integrated internet and mobile banking solution designed to o□er customers the widest capabilities across the internet and mobile channels. Smart Banking can o□er increased customer experience and manage Customer's accounts, pay bills, Change Password, Balance Enquiry, view statement, Fund Transfer, EFTN, Utility Bills Payment, Standing Instruction, Stop Cheque, View Cheque Status, Mobile Talk-Time recharge facilities for all Telco in Bangladesh. Supported operating systems are Android and Windows service for the time being.

Banking Fair-2015
Bangladesh Bank organized the first ever Banking Fair in Bangladesh 'Banking Fair Bangladesh 2015' aiming at the speedy inclusion of rural and urban people to build a banking nation through boosting financial inclusion initiatives. Bank Asia participated and achieved the "Award of Excellence" among all scheduled Banks as on of the top 10 performer bank in the area of Customer service, Discipline & Branding.

Governor of Bangladesh Bank visited the stall of Bank Asia in the 'Banking Fair Bangladesh 2015'

Contact Center

Bank Asia 24-Hour Contact Center, managing customer accounts is just a call away. Enjoy the convenience of banking anytime, anywhere simply by pressing a few buttons from customer phone and collect information and service for all products of Bank Asia Ltd. Centralized Contact Center solution through short code 16205 is now used round the clock 24/7 in full fledge to address the business need and queries. Contact Center systems enable us to manage our resources better, serve clients with greater e□ciency making it possible to lower costs and improve the service quality of bank.

Ektee Bari Ektee Khamar (EBEK)

Bank Asia limited is the leading Bank to implement Ektee Bari Ektee Khamar (EBEK), a government project for the ultra-poor people of Bangladesh focusing Poverty eradication and reduce poverty level up to 10% within 2021. Government wants to help the poor people by encouraging savings, providing grants, engaging & monitoring their economic activities as a group (Samitee) in each village of Bangladesh. Bank Asia started online banking service for Ektee Bari Ektee Khamar in May 2012.

Bank Asia is now operating EBEK operation as well as Banking services to 35 Districts having 252 Upazillas and 1,320,600 beneficiaries. Already more than 1,147,125 beneficiaries are getting the services under this project & rest of the people will be added within next 6 months. This operation has spread over 21,816 Villages of 2,424 Unions. Bank Asia provides online Banking services through this EBEK project to unbanked people with good reputation in the above Districts in Bangladesh.

It is mentionable that Bank Asia is model of financial inclusion, management, financial transitions for EBEK obtained 1st Prize (E-Business and Financial inclusion category) in Manthan Award in partnership with World Summit Award, Department of Information Technology, Govt. of India, and various other stakeholders like similar organizations engaged in promoting digital content inclusiveness in the whole of South Asian & Asia Pacific Nation for development. It is also mentionable that Her Excellency, Majesty Honorable Queen of Netherlands Ms. Maxima (Special Envoy of UN General Secretary) has visited on15th November 2015 at Shreepur, Gazipur. It is remarkable that 25 members SAARC countries Parliamentarian Speakers Team visited our working area at Saver on 24th January 2015.

It is also prestigious for us that 47 Additional Secretaries, 12 Secretaries along with Principal Secretary visited our working areas and were satisfied with our commitment for Financial inclusion. We are always updating with modern and innovative ideas in online banking.

With experience to implement of EBEK Project Bank Asia is now capable enough to provide services to all government projects like Social Safety net Programs (Senior Citizen allowances, Insolvent Autism Allowances, Payments for Widow or divorced women allowance, Payments of Freedom Fighters allowance, Wages of Road maintenance workers, Student Stipends and related allowances, Food Security allowances (Cash payments), Teachers Salary both Government Primary and non-Government High school Teachers, etc).

EBEK Operation at a Glance

Particulars	December- 2015	December- 2014
No. of Agents	520	448
Service Charge Accounts	252	197
No. of Samitees	22,000	21,816
Total Beneficiary Enrolled	1,147,125	1,055,579
Total Loan Disbursement (Taka million)	1,033,268	638,177
Total Transactions	3,200,000	1,450,000

In addition, Bank Asia has also disbursed Tk. 8,824.02 million Government grants among group members and Samitees since 2012 and Tk. 2,196 million in this year.

Opening of Muksudpur Branch

Agent Banking

Bank Asia Limited has introduced Agent Banking Services as the pioneer in Bangladesh with the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population. Despite substantial bank branch expansion and emergence of microfinance institutions (MFIs), scant access to basic financial services remains a deprivation su□ered by large segments of the poorer rural and urban population in Bangladesh, and therefore financial inclusion is viewed as a high policy priority for more inclusive and more equitable economic growth.

A vast majority of Bangladeshi lives outside the full formal banking network (about half of the adult people) and therefore deprived from essential financial services and subjected to unfair money lending practices. The Banks have traditionally been very cautious in extending its branches to remote areas. The root causes for the uneven coverage of financial facilities are manifold:

- Long distances & low population density
- High bank cost relative to income
- Low education & illiteracy
- Poor product/ channel design
- Awareness & Policy Support

Bank Asia's Agent banking success depends on meeting the following objectives:

- Provide secured banking services to the unbanked people throughout the country
- Build agent booths all over the country and create financial service entrepreneurs
- Provide foreign inward remittance services to the families of expatriate Bangladeshis
- Provide facilities for utility bill payment, Passport fee payment, social safety net payment services, etc.
- Process Agricultural, SME & Retail loan from the agent points
- Enable e-Commerce services through the agent outlets from remote areas
- Promote school banking in the locality
- Financing in renewable energy sectors as a green banking initiative

Bank Asia made a unique Agent Banking model with technology based banking concept ensuring appropriate security with real-time banking for customers. Agents Booths are distinctly branded with Bank Asia Agent Banking logo to provide products and Services of Bank Asia. Agent banking transactions are on real time basis and integrated with Bank's Core Banking System. Customers get instant confirmation of transaction through Mobile SMS and system generated printed money receipts.

Agent Banking Coverage 2015

No. of Agent outlet	95
Covering District	33
Covering Upazilla	67

Agent Banking Performance 2015

Account Type	No. of Accounts	Deposit Volume (Tk.)
Savings A/C	40,222	202,620,807
Current	3,301	35,620,902
DPS	6,474	70,667,000
TDS	520	64,080,406
School Banking (June 2015)	443	603,225
Total	50,960	373,592,339

Transactions Details 2015

Transaction Type	No. of Transaction	Amount of Trans. (Tk.)
Deposit	152,839	3,375,100,052
Withdrawal	101,408	2,132,001,424
Fund Transfer	30,208	2,876,709,414
Foreign Remittance	41,297	1,283,626,486
Palli Bidyut	252,855	151,432,626
Passport	30,511	115,619,163
Total	609,118	9,934,489,165

Loan Details 2015

Loan Type	No. of Loan	Disbursed Amount (Tk.)
SME	270	69,045,167
Agri	38	5,320,000
Personal	63	9,465,000
Total	371	83,830,167

Agent Banking Product & Services

- Account Opening
- Deposit & Withdrawal
- Fund Transfer to any account of Bank Asia
- Inward Foreign Remittance Disbursement
- Utility Bill Payment (Telco, REB, etc.)
- School Banking
- Electronic Fund Transfer to any other Bank Account (BEFTN)
- DPS & TDS Account for customers
- Passport fee collection
- SME, Agricultural & Retail loan processing
- Social Safety Net cash payment
- Balance Inquiry & Mini-statement

- Insurance Premium Collection
- Support Green Banking initiative like Solar Home system
- Mobile Apps for Agent Banking
- Debit Card/ ATM Card for Agent banking customer
- NFC Implementation
- Internet Banking facility for Agent banking customer

Institutional Agreement and New initiatives of Agent Banking

- Agent Banking through (UDC) under a2i
- Agent Banking through SFDF
- Agent Banking through BURO Bangladesh
- Agreement with WFP
- Agreement with GNB
- Agreement with SWAPNO
- e-Commerce through Agent Banking
- Banking Solution for Post O□ce
- Agreement with CARE
- Agreement with Padakhep Manabik Unnayan Kendra
- Agent Outlet for Insurance Product

Agent banking will ensure proper customer identification and services at the doorstep of common people with state-of-the-art technology. The digital way of providing services would ensure security and safety of the common people for their fund. The Financial inclusion criteria: Close to the common people; Availability for all people including disabled, illiterate; All the financial services and at a□ordable cost; are met by Agent Banking. The Agent Banking would be the tool for ensuring Bank Account for all the Adult people of Bangladesh.

Plan for 2016

- In total 400 Agent outlets in 2016 throughout the country to have more people under financial inclusion.
- 200 Agent Outlets opening through UDC.
- Agreement with SWAPNO, CARE, Padakhep Manabik Unnayan Kendra for Social Safety Net program.
- e-Commerce through Agent Banking.
- Banking Solution for Post O□ce.
- Payroll Banking Service for BURO Bangladesh Sta□.
- Introduction of Insurance Product selling through Agent Outlet.

Bangladesh Bank Governor inaugurating UDC Agent outlet at Deviganj, Panchagarh

Payment Service Department (PSD)

PSD (earlier CCU) is the most emerging department of Bank Asia carrying mission flag and values by incorporating technology driven innovative services and product for its customers successfully since 2009. To modernize country's banking infrastructure, Bangladesh Bank PSD launched several technology driven systems with four operation units BACH, EFT, MICR and newly added RTGS to reach 'service excellence' to all its' customers. This department runs its operation completing around 84% of bank's total transfer transactions maintaining standard practice of bank's rules and minimizing risk of operation against fraud and fraudulence through continuous training and awareness programs. R&D and UAT on the top of measures available in the banking software (Stelar), introduced 'service card' for eliminating lapses prevailing in procedures through notification/ rectification to safeguard the bank. Thus every day AML related issues addressed and setting standard mark of compliance at CBS as well as in PSS (payment service system) of bank.

BACH (Bangladesh Automated Clearing House) unit dealing with clearing cheques receipt and multifarious payment settlement services for all branches of Bank Asia including Agent banking, Cards and Islamic window. BACH unit also ensures BACH service charges, VAT and Bangladesh Bank revenue settlement and accounting process independently and reconciliation on daily basis.

EFT (Electronic Fund Transfer) is the fastest growing service enables to serve our clients including Agent Banking, Islamic Window, Credit Card and channelizing remittance for the beneficiaries. Subsequently, this unit is a good prospect for bank facilitating online fund transfer and bulk payments such as Dividend warrant, Salary payments.

RTGS (Real Time Gross Settlement) is the fastest, popular and world class fund transfer service now available in Bank Asia, participating from the very first day of RTGS operation in Bangladesh, for interbank and other DNS settlement. Our elite customers are now taking this first class service from us with full satisfaction. RTGS operation and service Policy has been approved by the management and Bank Asia is participating in seminar and rally lead by Bangladesh Bank.

MICR unit is responsible for arranging, printing & delivering MICR instruments such as Cheque book, PO, DD to all our customers including Islamic windows and cards departments generates revenue for the Bank over the years. In the year of 2015, we introduced cash counter an automated payment screening of MICR recognition and posting at all Bank Asia branches and in 2016, Department introduced unique serial, I and QR code for each leaf that has rendered our payment instruments more secured & authentic.

Roadshow and RTGS launching in Chittagong

Performance statistics of PSD

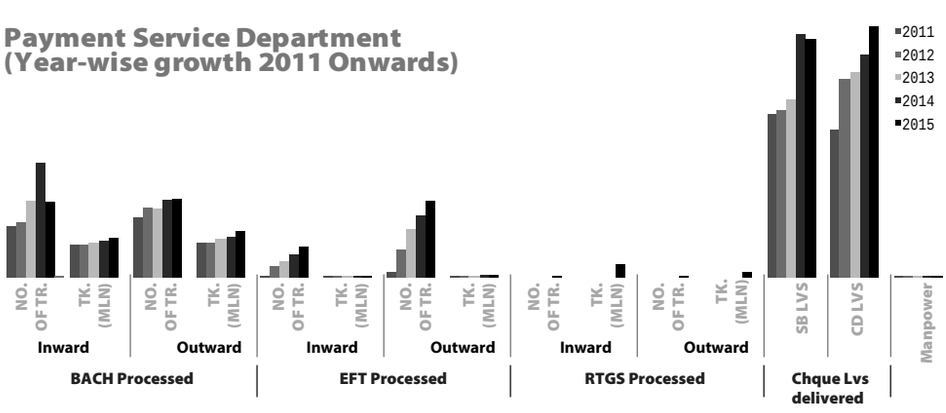
In 2015, PSD has processed about 10,000 transactions per day on an average through BACH, EFT and RTG for total amount of Taka 3 billion. Last year, PSD completed total 2,518,636 numbers of transactions, out of which 1,328,769 BACH, 1,189,501 EFT and 366 RTG transactions valued total transacted amount Tk. 1,446.13 billion. Service wise distribution of amount is Tk. 737.19 billion in BACH, Tk. 547.85 billion in EFT and Tk. 161.08 Billion in RTGS. Apart from the above, MICR unit processed and distributed 4,220,445 numbers of cheque leaves to Bank Asia customers through which PSD contributed net profit of more than taka 4 million to Bank income.

Centralization & Automation Concept

Payment Service Department is completely a man-hour saving initiative as the department is working centrally and in favor of all branches, Islamic windows, SME Centers, Agent Banking, Remittance etc. This department is directly contributing towards Green banking initiative as the system is fully automated, data based, free of tra□c, using the least possible print material and paper consumption.

PSD is highly potential and relates to achieve banks vision to provide innovative banking and poverty free Bangladesh. Moreover PSD is a future banking project in terms of digital Bangladesh and prospects of revenue generation. We are planning and looking forward to enhance bank business through several new services like Cash Management and RTGS. We are going to o□er Cash Management umbrella /solutions for corporate houses with planning, monitoring and managing their company's liquidity flows and meet their payments, receivables, accounts and information requirements, monitor banks' both active and non-active cash etc. In this regards, Payment Service Department has chalked out a DTP (Development, Training & Practice) plan to accordingly to lead the market with this new service concepts.

Payment Service Department (Year-wise growth 2011 Onwards)



Credit Administration

The function of Credit Administration Department (CAD) is to ensure quick, smooth and safe running of the operations against the most critical functions of loans and advances extended to the borrowers. Its main objective is to support and control the extension of all credit centrally by systemizing the credit facilities and security documents as per terms and conditions of sanction letters, working with critical CIB operation, regulatory reporting, monitoring expired loan, deferral documents and checking copies of major security documents. As the bank is growing in terms of number and size of loans, diverse products and clients, complex process and procedures for compliance requirements, particularly in relation to reporting and maintaining prudential standards, the role of credit administration department is challenging & crucial.

Departmental Activities in 2015

i. Systemized 1,89,439 numbers of jobs including changes of limit, terms & conditions, changes of interest rate, installment size, number of installment modification, allowing of EOL / L/C, time extension of composite limit along with deferral.

ii. Checked of 77,727 nos. of major documents against 6,527 nos. borrowers amounting Tk. 286,799.00 Million.

iii. Monitored 67,654 nos. of accounts (Past due loans) and reviewed 20,126 nos. of expired loan accounts for regularization.

iv. Monitoring deferral documents of 889 nos. of clients of all branches of which 240 nos. of clients have been regularized.

v. Downloaded CIB reports of 29,977 borrowers & uploaded 32,975 nos. of account through online system and against which we have realized Tk. 2.00 Million as CIB charges.

vi. Correction of CIB database against 174 nos. borrowers from Bangladesh Bank.

vii. Submitted 118 nos. of statements to Bangladesh Bank and other bodies (monthly/quarterly /half yearly/yearly through conventional and RIT after checking.

e

Group Finance

With a view to ensuring safe, secure, stable & e□ective banking, Group Finance of Bank Asia is operating with utmost e□ciency and professionalism. The major functions of Group Finance are shown in the following diagram:

Finance

- Budget preparation, monitoring & control
- Financial forecast
- Financial analysis

Financial and Strategic Planning

Financial Reporting

- Quarterly, semi-annual and annual Financial statements (solo & consolidated)
- Monthly performance review of bank's different business units
- Regulatory reporting

- Integration of the supervision information
- Individual field wise, individual branch wise monitoring of performance parameters

ISM & FPM Reporting

Capital Planning & Management

- Implementation of Basel-III capital accord and reporting to Bangladesh Bank and management
- Capital planning and capital raising
- Capital utilization/ optimization training to Branches and business units.

MIS

MIS-Database Management

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

IS/IT Security Assurance

- User access control system
- Preparing assurance reports for management on various Information Security issues by means of security checks to ensure data availability, integrity and reliability regarding efficiency of the said system and recommend any changes therein

Financial Control

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

Tax & VAT Planning and Management

Employee Fund Management

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

- 3 step payment processing
- Monthly operating expenses analysis and monitoring
- Cost optimization mechanism development

Financial Control

Investment

- Feasibility analysis for fresh investment in Bonds, Debentures and Shares
- Own portfolio management
- Regular supervision of functions of Bank Asia Securities Ltd.

Internal Control & Compliance

Banking is a diversified and complex financial activity. Its activity involves high risk; the issue of e□ective internal control system, corporate governance, transparency, accountability has become significant to ensure smooth operations of the Bank.

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

Bank Asia Limited has established an appropriate and e□ective 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 has established an Audit Committee to monitor the e□ectiveness of internal control system of the Bank. The Audit Committee meets the senior management periodically to discuss the e□ectiveness of the internal control system of the Bank and ensure that the management has taken appropriate actions as per the recommendations of the auditors and the Internal Control and Compliance Division (ICCD). As per approved audit plan, the ICCD completed the audit and inspection tasks of 100 branches and 29 numbers of Corporate O□ce divisions/departments in 2015.

The MANCOM of the Bank reviews on a yearly basis the overall e□ectiveness of the control system of the Bank and provide feedback to the Board of Directors on the e□ectiveness of internal control policy, practice and procedure.

Agreement between Bank Asia and DPDC for collection of electric bills

Internal control team conducts comprehensive internal audit of the internal control system of the Bank. The significant deficiencies identified by Internal Control team are reported to the Audit Committee of the Board.

Corporate Liability Marketing Division (CLMD)

Since inception in 2011, the core objective of CLMD is to build a sustainable pool of no cost and low cost transaction accounts besides booking term/ fixed deposits. The CLMD also connects diverse branches with di□erent government, semi-government, autonomous or corporate bodies to assemble deposits.

The unit currently functions in a two way model. One is the Direct Sales, through which the liabilities i.e. the deposits are being marketed through this unit's own Resources/ Relationship Managers, and the later is the Branches Channel, where the customer/ deal prospecting, sales, proposition, negotiation and acquisition is being concluded along with a strategic partnership with the deal initiating/ managing/ parking branch.

CLMD has contributed in booking almost Tk. 2,000 million in liabilities across di□erent product categories. During this period a set of large size Government Transaction Accounts mostly Collection Account Mandates has also been won.

Besides regular deal acquisition engagements, CLMD has also taken the following ongoing initiatives-

i. Agreement with di□erent government, semi-government, autonomous or corporate bodies to collect no cost, low cost and high cost deposits for expansion of bank's global liability portfolio.

ii. Structured, developed and disseminated a full blown corporate deposit acquisition proposition- upholding the Bank's ownership & management, values, financial strengths and network/ presence both locally and in abroad.

iii. Developed a Cash Deal Profitability Analysis Model especially for assessing the viability & justification of cash management deals.

iv. Came up with new ideas/ initiatives for business growth, such as- Tail A/C Management & Vendor A/C Management initiatives across the Branches Channel.

v. Initiated a Cash Management Mapping proposition for exploring opportunities from the Existing Corporate Customers across the Branch Channel.

vi. Contributed in deposit product sales and marketing training.

vii. Contributing in di□erent development and welfare programs in the economy throughout raising Bank's deposit portfolio.

Liquidity management is quintessential for e□ective working capital Management. At CLMD, we understand that liquidity management requires visibility control and optimization of balances across customer accounts. We continuously attempt to emerge as one of the key relationship revenue contributors within the Bank.

Human Resource Division

Bank Asia always believes that long term and sustainable profit as well as growth can be ensured if talented and quality pool of o□cers can be developed. Bank Asia HRD (BAHRD) in this connection works on ensuring – "Right Person in Right Place in Right Time with Right Position" so that all moves toward achieving the brand promise "For A Better Tomorrow".

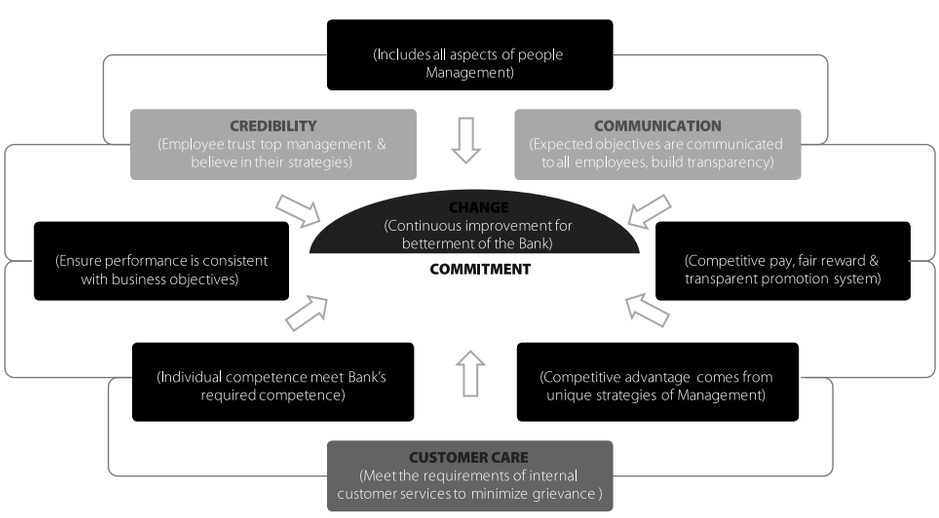
Bank Asia HRD has adopted a very balanced people strategy to create a composite and responsible Human Resource in the Bank that can drive growth and also adequately meet the various challenges, viz. retirements, induction of fresh talent, huge training requirements and challenge of successions. During 2015 resource pool has been strengthened by acquiring experienced and competent executives who will steer the growth of the Bank in future.

Concerted e□orts have been taken for fostering career progression of employees primarily to reward them for their e□orts and performance and also to motivate them further to climb up the corporate ladder and thereby fulfill both organizational as well as personal aspirations.

Human Capital Principles in Bank Asia

Bank Asia Limited aims to be a leader in providing quality and value added financial services to its local and global business relationships. It is our firm belief that business must not only be conducted according to the highest standards of economic e□ciency but the highest ethical standards as well.

Human Capital Management (HCM) evolved from the task-oriented nature of personnel administration to a strategy-focused extension of the Bank. HCM is driven by several business principles and Bank Asia follows one of them, which is "Ten C", a multinational model of Human Capital principles:

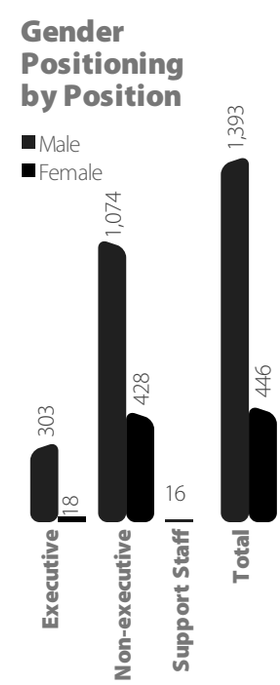


HR Functions

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

Gender Positioning of Employees

In a total of 1,839 employees, overall male female ratio stands at 76:24 with non-executive segment having the highest concentration of female employees.

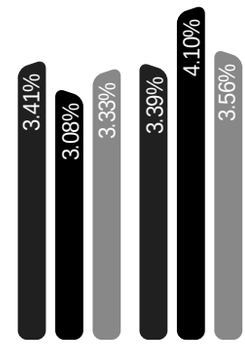


Employee Distribution by Position

Non-Executives **82%**
Executive **17%**
Support sta 1%

Age Distribution of Employees

30 & Below **480**
31-40 **1,063**
41-50 **256**
51-60
61+ **6**



Employee Turnover by Gender

Male Female Total

Existing Workforce by Position
Bank Asia concluded the year 2015 with total number of 1,839 employees which is composed of three levels: 321 Executives (FAVP and above), 1,502 Non-Executive (Trainee O cer to SEO) and 16 Support (Teller, Receptionist & Support Sta).

Age Distribution of Employees
Bank Asia has a relatively younger segment in its overall employee pool: 58% of the employees falls in the 31-40 year age bracket.

Employee Turnover by Gender
Bank Asia has an overall low employee turnover rate as shown by the above chart.

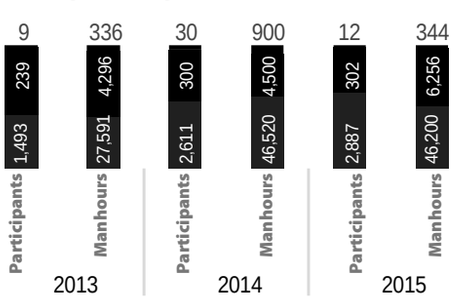
Bank Asia Institute of Training & Development (BAITD)

BAITD is focusing on comprehensive grooming of sta in key banking areas like Credit Operations and Management, International Trade Finance, General Banking Operations, Anti-Money Laundering, etc. BAITD successfully continued its flight in 2015. As the centralized centre for learning & development for the bank employees, BAITD plays the pivotal role of providing the appropriate kind of learning support to the employees in their career path. In this regard, BAITD functions on the basis of a standardized model that combines employee service length, training level, competencies and career path in a holistic way depict below.

BAITD Performance in 2015
In 2015, the growth rate of partiicipants and man hours in case of training were 9% and 2% respectively. Following chart illustrates performance of BAITD in the last three years including the year 2015.

Training (Last Three Years)

In House Training External Training Foreign Training



Plan for 2016
BAITD has taken up an ambitious plan for in house training in 2016: to have circa 23% year-on-year growth in number of participants and 36% growth in manhours. We will provide 118 trainings to 3,560 participants of 62,640 manhours in total. Following table summarizes the training plan in 2016:

Types of Training	Number of Training
Soft Skill Development Programs (SSDP)	8
Core Competency Development Program, General Banking (CCDPGB)	8
Core Competency Development Program, Gen. Advance (CCDPGA)	8
Core Competency Development Program, Foreign Trade (CCDPFT)	5
Core Competency Development Program (Basic & Specialized Skill) (CCDO)	10
Total	39

Research & Strategy Division

The Research & Strategy Division (R&S), newly formed Division of the Bank, can be seen as a bold step in materializing Bank's vision to engender a division that would provide research-based, holistic and unbiased view and act as a guiding force in attaining Bank's mission, vision and goals. Since, research and strategy are so closely interrelated, a permanent and formal link between these two in the form of a Division may enhance organizational synergy.

Terms of Reference (TOR)

- Solely works on matters related to the Bank
- An independent division reporting to top management
- Act as the internal think tank of the Bank
- Act as the centralized one-stop body for all kinds of research needs of the Bank
- Provides holistic, unbiased, scientifically derived and timely inputs to the top management and the Board
- Indicates possible areas of long-term development of the Bank
- Facilitates translating research insights into strategies
- A top-line coordination & facilitation role in development and communicating Strat-Plan of the Bank
- A leading role in review and monitoring of Strat-Plan of the Bank

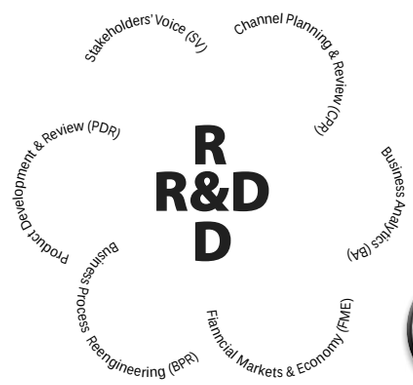
Functional Organogram of R&S

Key Job Responsibility of Units under R&S

Research & Development (R&D):

- Providing unbiased, scientifically derived and 360-degree review of issues related to the bank in particular and the financial system in general to the management and the Board.

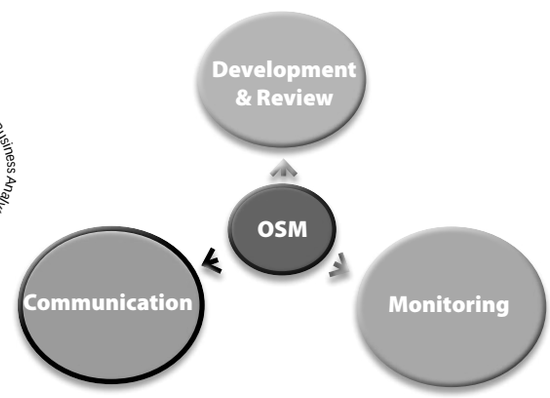
Functional Organogram of R&D



Office of Strategy Management (OSM):

- A top-line coordination & facilitation role in development and communicating Start-Plan of the Bank.
- A leading role in review and monitoring of Start-Plan of the Bank

Functional Organogram of OSM



MoU signed between Standard Chartered Bank (SCB) and Bank Asia recently for issuing Tk. 5,000 million subordinated bond

Capital Strengthening

Bank Asia is always committed to ensure sustainability in doing business including capital adequacy to support healthy growth of business. In this pursuit Bank Asia successfully closed its second subordinated bond of Tk. 3,000 million in February 2015. Upon the issuance of this 7 year floating rate (11.15% to 14%) non-convertible subordinated bond to raise Tier 2 capital of the bank the CRAR (Capital to Risk weighted Asset Ratio) reached to 12.46% as on December 31, 2015 against required 10%.

To support healthy business growth and to ensure compliance with the Basel III capital accord in line with Bangladesh Bank roadmap Bank Asia has decided

to further issuance of Subordinated Bond of Tk. 5,000 million as Tier 2 capital in 2016. In this regard, an MoU has already been signed between Standard Chartered Bank (SCB) and Bank Asia Limited on February 2016 where SCB will work as Mandated Lead Arranger.

Anti Money Laundering Department

Money Laundering and Terrorist Financing have been considered as the very crucial issues in today's world as it has a major impact on a country's entire economy. Combating money laundering and terrorist financing is therefore a vital component in promoting a strong, sound and stable financial sector. Both money laundering and terrorist financing can weaken individual banks, and they are also a peril to a country's overall financial sector's reputation. Bank Asia is a front runner in prevention of money laundering and combating terrorist financing.

The techniques of Money Laundering (ML) and Terrorist Financing (TF) are ever evolving process. The methods and techniques used for money laundering and terrorist financing are changing in response to developing counter measures. Sophisticated techniques used to launder money and finance terrorism add to the complexity of these issues. For mitigating the risks, the Management of Bank Asia has formed Anti Money Laundering Department. The Bank has also nominated Chief Anti Money Laundering Compliance O□cer (CAMLCO) and Deputy CAMLCO at Corporate O□ce and Branch Anti Money Laundering Compliance O□cers (BAMLCO) at Branches, who independently would make the bank compliant on AML matters. The regulatory requirements are being complied with and the guidelines are being followed by the bank for opening of new accounts, monitoring transactions, reporting of Cash Transaction Report (CTR) and Suspicious Transactions Report (STR).

The CAMLCO (Chief Anti Money Laundering Compliance O□cer) participates CAMLCO Conference every year organized by the Bangladesh Bank. Bank Asia has been arranging District Level AML & CFT related training as lead bank for o□cials of all schedule Banks operating in the district(s) selected by Bangladesh Bank since the year 2007. AMLD arranges and conducts AML workshops to train all the employees of our bank and most of the employees (Branch/corporate O□ce) obtained AML & CFT related training. In 2015, AML Department arranged and conducted AML workshops in order to train all the employees of the Bank to meet up our regulatory requirement and most of the employees (Branch/Corporate O□ce) obtained AML & CFT related training for being aware and updated on AML & CFT matters.

Anti Money Laundering Department conducts Audit & Inspection independently at least once in every year for all the Branches, SME Service Centers and Islamic Windows of the Bank to identify lapses/irregularities related to account opening, preparation and update of KYC and other related issues, preparation of accurate Transaction Profile (TP) and to build up the knowledge about AML issues/matters.

Moreover, Anti Money Laundering Department has been meeting the queries of foreign banks under US Patriot Acts. The Department also attends to the account queries of Bangladesh Bank, income Tax O□ce, National Board of Revenue (NBR), VAT, and Central Intelligence Unit, Customs & Bonds Commissionerate O□ce and Anti Corruption Commission (ACC) o□ce.

Branch Operations Department (BOD)

The year, 2015, was a very taxing year for Branch Operations Division (BOD). Through the year, with its prudential management capacity BOD has taken over two important functions - Central Sanchaypatras Operation and Issuance and Maintenance of Power of Attorney. After taking on the responsibility of central Sanchaypatra operation under the guidance of BOD, more than Tk. 1,050 million worth di□erent kind of Sanchaypatra have been issued through the Dhaka based Branches from January 2015 to October 2015 and also realized Tk. 476 million from Bangladesh Bank from the sales proceeds.

From the wing of 'Central Customer Service & Complaint Management Cell (CCS & CMC)', BOD has handled 51 number of complaints during the period and resolved those very sensibly & e□ciently. In this regard BOD have guided the branches for the improvement of institutional & individual ethical standard to ensure better customer service quality and to demonstrate customer awareness program.

Besides all sorts of complaints/grievances received are attended and resolved professionally. BOD also monitors Branch premises, internal environment, safety & security measures etc. in an appropriate manner.

Under Branch Expansion Program 07 (Seven) new Branches have been opened during the year 2015 and total number of Branches of the Bank stands at 104. BOD has also assisted in choosing the best suitable location for new Branch premises.

In 2015, BOD has prepared 'Service Standard' with a view to develop the service to its customers within a reasonable time frame and also introduced 'Account Opening Form in Bangla' of the Bank. Moreover, Branch Operations Manual and Product Brochure have also been prepared by BOD which would be in hand to the employees of the Bank within very short time period.

Logistics and Support Services

Logistics and support is the vital functional area of a Bank which builds necessary infrastructure and provides essential establishment to e□ectively operate the Bank in order to achieve its goal. In a banking business environment, integrated logistics support services is a management function that provides planning, designing, selecting & renting of the premises and supporting infrastructure development of new business. The department also conducts printing, procurement, inventory, warehousing, distribution, transportation, customer support, safety and security, well-knit supply chain management and real estate management of the Bank.

In 2015, the LSSD team successfully accomplished few big challenges:

- In 2015, Bank Asia opened up 7 (seven) new branches and 10 new ATM booths at di□erent places of the country.
- The Bank purchased a floor space at Plot No. 04, Main Road No. 01, Block- G, Section-1, Mirpur, Dhaka-1216 to open up a branch namely Mirpur-1 Branch, Dhaka.
- Vertical extension of Dormitory for Nurses at Bangabandhu Sheikh Mujib Medical University (BSMMU) under Bank Asia's CSR program.
- Started construction of a 12 storied own Building Complex at Kawranbazar, Dhaka.
- Started construction of a 6 storied building at Lalmatia Branch premises of Bank Asia.

Recovery

Special Asset Management Division (SAMD) is one of the vital divisions of the Bank entrusted to deal with Non-Performing assets of the Bank, provide in-house legal services, and monitor of pending cases. The law o□cers are engaged in providing in-house legal opinion, drafting of various deeds & agreements on various matters in discharging Bank's day to day dealings. They also closely monitor and follow-up the court cases and maintain liaison with the Bank's panel lawyers for speedy disposal of suits filed by the Bank and/or filed against the Bank.

In the year 2015, SAMD with the help of respective branches has recovered Tk. 8,204.21 million from non-performing including classified loan accounts and has recovered Tk. 55.50 million from written-o□ accounts. Moreover, 132 non-performing loan accounts covering outstanding of Tk. 798.27 million have been amicably settled. Apart from the above, Tk. 15,775.78 million has been regularized/ rescheduled during the year 2015 by the e□ort of the Division.

During the year 2015, out of total 194 numbers of pending Artha Rin suits valuing Tk. 9,679.46 million, a cumulative number of 130 Suits valuing Tk. 6,588.92 million have so far been decreed in favour of the bank out of which 17 numbers of suits valuing Tk. 1,445.74 million have decreed in the year 2015. Apart from obtaining decree against major numbers of suits, cumulative recovery from suits (both finally disposed of and pending) stands at Tk. 737.45 million out of which Tk. 152.57 million have been recovered in the year 2015.

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 II and exposure to various risks related to capital adequacy to meet probable loss of assets. Details of required disclosures both in qualitative and quantitative form are laid out in a separate segment.

Corporate Governance

Corporate governance is a concept referring to the ideal mode of ensuring firm's accountability to its various stakeholders through a strict system of internal controls and procedures. Since the responsibility of maintaining a good corporate governance system lies on the board of directors, Board of Directors of Bank Asia always keeps line with the related rules & regulations of various regulatory bodies. The corporate governance of Bank Asia is of superior quality placing 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. The details of corporate governance practice of Bank Asia are discussed in a separate segment of summary sustainability report.

Corporate Social Responsibilities

Bank Asia has always been enduring its e□orts to look beyond short-term quantitative gains rather concentrates on issues that make the institution socially responsible institution. It gives all out e□orts towards sustainable balanced growth. At Bank Asia we believe in socially beneficial activities in order to link the society with the growth of our institution in a fair manner. We consider socially responsible activities as a part of our culture, identity and business practice. We are committed to social and environmental well being and strive to ensure sustainable balanced growth in economic, social and ecological arena.

In the year 2015, Bank Asia performed various CSR activities alongside its three major programs – Higher Study Scholarship, Construction of BSMMU and Red Crescent Hospital. The Bank's contribution in CSR was Tk. 65.92 million in 2015. CSR activities will get accelerated pace in future to unveil more deserving areas. Detailed CSR activities, programs are described in a separate segment of Summary Sustainability Report.

Green Banking

Bank Asia believes in eco-friendly and socially responsible banking system which drives the whole nation towards a healthy environment and presents an excellent and hazardless banking. In order to protect/balance the environment, Bank Asia is spreading its wings by introducing both in-house & external Green activities towards supporting Green Economy. Energy e□cient in-house Management through reduction of energy & resource consumption such as reduction of use of paper, maximum use of day light and environment friendly business activities by financing to renewable energy and carbon o□set projects, brick fields using Hybrid Ho□man Kiln (HHK) and tunnel Kiln Technology, CNG conversion projects, e□uent treatment plant etc. are prime focus of the Bank. Bank Asia's Green banking activities are day by day flourishing towards creating a "Greener" future for the welfare of the society. For a sustainable economy Bank Asia plays crucial role in financing environment friendly projects led by green banking that believes in social responsibility. In 2015, Bank Asia financed for ETP of Rupali Dyeing and Tk. 2.3 million for biogas plant. More over Bank Asia financed Tk. 453.49 million to "Eta & Tiles". For better energy e□ciency and lower emissions, Bank Asia also financed Tk. 47.20 million in 8 projects to set up Zigzag chimney. We have saved Tk. 18.13 million by using E-Statement, SMS Banking SMS Alert, Net Banking, E- Fund Transfer, Digital Attendance, E –Mail correspondence etc.

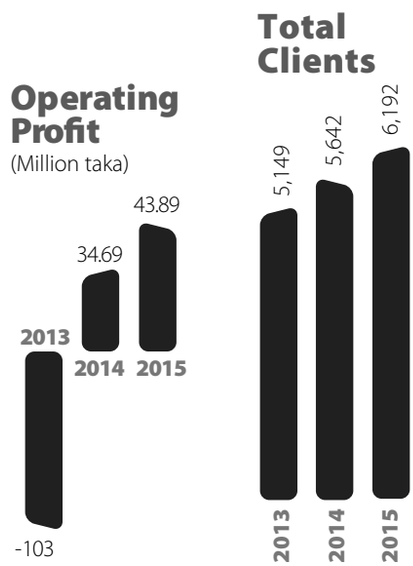
Bank Asia Securities Limited (BASL)

Bank Asia Securities Limited (BASL), a majority owned subsidiary company of Bank Asia Limited started its independent commercial operation from 2011 having 7 outlets across the country with a paid up capital of Tk. 2,000 million.

Bangladesh Capital Market faced a bearish trend throughout the year in 2015. It was much bearish in the 1st half of the year. After a substantial fall down, 3rd quarter was in a retrieval mode. Again, in last quarter of the year met bearish attitude whereas market observed a mix trends in 2014. Total Market capitalization of Dhaka Stock Exchange stood at Tk. 3,159.76 billion as on December 31, 2015, from Tk. 3,259.25 billion as on December 31, 2014 representing a negative growth of 3.05%.

BASL has been continuing the position of DSE's Top-20 in terms of daily turnover throughout the year. Operating profit stood at Tk. 43.89 million in December 2015 which was Tk. 34.69 million in December 2014. Number of total clients reached at 6,192 in 2015 from 5,642 in previous year representing a growth of 9.75%. Margin loan outstanding stood Tk. 5,447.80

million in December 2015, which was Tk. 5,832.65 million in December 2014, showing a decrease of 6.60%.



B A Exchange Company (UK) Limited

Since the Banks in the UK have been under heavy scrutiny by regulators they have been wary of risk. Rightly or wrongly they seem to have taken a blanket approach on this and have focused on cash based businesses and Money Service Business ("MSB") where they perceive the sector in general to be poor. They have not bothered to look at individual case by case scenario unless it is a household name such as Western Union or Money Gram. They have therefore ceased provision of services to our sector. We had the lifeline from Sonali Bank (UK) and they have also had to cut the essential life line that had been o□ered to us. The MSBs have been severely su□ering to keep the channel open.

Given the importance of remittance globally, politicians with a particular constituency interest, the money transmitters association and consumers for these services are continuously trying to find an alternative but nothing has e□ectively emerged yet.

In addition to the practical problems from an operational perspective, there have been pressures on our key customer base in that, financial restrictions placed on students have led to a drastic fall in the number of students coming to the UK, they are a crucial part of our business as the permanently settled British-Bangladeshis have less inclination to send money back home other than during the festive periods. This may change if there are further opportunities for investment which Bank Asia may even be able to help facilitate, but this would require a lot of will and investment both in terms of time and financial resources in the UK and in Bangladesh.

The other source of income from migrants here on high-skilled visas, are leaving UK at a faster rate than we had initially anticipated, due to the new points-based immigration and citizenship systems, which put an emphasis on highly skilled migration and greater integration of immigrants.

Additionally HMRC tightly regulates the industry under the 2007 Money Laundering Regulations Act, putting limits on turnover and creating tough transparency rules and due to the pressure on more on more players now following our lead and applying the rules correctly is leading to some customers opting for other indirect methods such as Hundi or splitting the transactions through various di□erent MSB's in the hope that the levels will not be easily detected.

Despite all the doom and gloom as noted above leading to a downfall in the whole sector, we have managed to recover our business from the severe downfall of our business last year.

We have been one of the 2 Bangladeshi Bank-owned companies that o□er facilities to our clients to pay by Debit/Credit cards despite the absence of bank account directly with high street bank. We also installed an ATM at our premises for our customers since February 2015. We remitted 62% more remittance to Bangladesh than last year and also signed an agreement with Western Union to send money globally.

With the prudent directives of the board and management, hard work of our counter sta□, unique marketing, improved service process making us one of the most preferred choices of remittance partner by expatriates living and studying in the UK.

BA Express USA Inc.

BA Express USA Inc. o□cially launched in 2014. Now it has two branches, one in New York and the other in Brooklyn. Through launching of these 2 branches in USA, it served its customer by remitting their hard earned money throughout the year specially Eid-ul Fitr and Eid-ul- Azha, 2015. To provide easy, low-cost and convenient remittance opportunity for the Bangladeshi community living in New York BA Express reaches highest remittance which is around USD 3.9 million in volume and highest number of invoices which is 6,803.

Evaluation of Quarterly Reports

The Board of the Directors evaluated the quarterly reports every year. The Management prepared the financials and submitted 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 approved the financials with recommendation in various aspects such as reducing non-performing loan, increase of profitability and other key issues for improvement of financial performance.

Additional Statements

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

Our Gratitude and Thanks

We want to continue on doing the best and ensure prolonged development in the economy, society, lifestyle and thus every sphere of our country in line with our vision.

Our sustainable banking operation is attributed to our prudent Board of Directors, e□ective 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 sta□s are devoted to achieve the priceless goals of the Bank and to maximize shareholders value through combined e□orts and strengths.

On behalf of the Board of Directors

Rumee A Hossain
Director

M Shahjhan Bhuiyan
Director

Bank Asia's Integrated Reporting Framework

corporate governance, compliance and remuneration report

risk analysis and integrated strategy backed business model

financial statements

Our Approach to **INTEGRATED REPORT**

An Integrated Report (IR) is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term and aims to cover a vast area of the business activities in sustainability framework. Unlike Annual Report that merely deals with past information, IR reflects on how nonfinancial considerations have influenced on financial decisions as well as overall strategy of the business over a period of time.

Our IR gives a clear indication of our business model, strategic focus, resource allocation and future outlook to help the stakeholders evaluate the Bank's intrinsic value creation capability. In our third Integrated Report to the Bank's stakeholders we focused more on risk and opportunities through risk management disclosures, corporate governance, and sustainable banking initiatives with a view to highlight Bank's overall performances of 2015 and discuss the key factors that are material to its present and future value creation. We identify that we must e□ectively manage our resources and relationships to ensure attractive returns on our investment over the long term. We have also tried to keep this report concise, consistent and complete, including all material matters, both positive and negative in a fair way and without material inaccuracy.

Since inception, Bank Asia has been directed with the vision of making a poverty free Bangladesh. Our mission, goals are set based on the vision and continuously driving for the well being of the people. Keeping this in mind, we are expanding the base of our sustainability business frame work through contributing in building the society, strengthening governance issues, value creation for our shareholders and responsible business complying environmental issues. Stakeholders have become more concerned about the company's activities whether it is earning by doing ethical business.

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

arteam. ba@bankasia-bd.com

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

Future Orientation

The year 2016 is as challenging as like previous year but also hope for some opportunities from Bank Asia's perspective. It is necessary to accomplish a combined effort to go a long way in aiding future development of the country.

Challenges

- Though falling oil price a□ected the overall economic condition of the world but the price setting policy of the government in this regard may not be benefited the retail consumers and the business enterprises.
- Higher reserves show lack of growth in public and private investment, a major concern for the banking sector which will decrease banking activities.
- Large capital expenditure like the Padma Bridge and the Metro Rail project, can hazardously reduce national saving and remittance reserve which may lead an adverse situation in banking sector.
- Political uncertainty and pressure for further election may prove as a threat for the overall economy. Thus, reduced the demand of credits for new investment as the private sector is manifested in the increasing situation of excess liquidity in the banking sectors.
- Poor credit quality because of increasing trend of non-performing loans as well as higher provisioning requirements and slow recovery can downsize the profitability that leads to a greater risk of insolvency of the banking sector.
- Overall banking industry may su□er for uncertainty regarding GSP facility and moderate growth in the US economy which will put a negative influence on the garments industry.
- Banks have an amount of Tk. 1,250 billion idle money because of slower credit growth in private sector which is a negative signal for banking sector that may continue with its adverse e□ect.
- Lack of public confidence in the stock market may continue which already adversely has e□ected the overall capital market.
- Illegal capital outflow from Bangladesh rose by 33.78% (more than 6% of GDP and 1/3 of the export receipts) may give a negative e□ect on Financial and Banking sector in upcoming years.

Opportunities

- Growth of import gives a positive signal regarding forthcoming investment and economic activities that may show Bank Asia more opportunities.
- Supportive policies of government in case of migration of workers result in high growth of remittance earning. Being the 9th position holder in the overall banking sector regarding remittance inflow, Bank Asia has the opportunities of huge business growth.
- Bank Asia's ongoing financial inclusion program like "EBEK" & "Agent Banking" can create generous opportunities that present in the geographically dispersed segment of Bangladesh.
- Continuous growth in agricultural, industrial and service sector as well as downward movement of inflation rate can increase the performance of Banking sector.
- Falling oil price in international market may positively impact the production cost of our industry sector which in turn can increase business activities and create business opportunities.
- A good number of foreign investments and employment opportunity can be expected to generate for the mega projects like Metro Rail project, can give Bank Asia new business potentials.
- With the growth of IT sector Bank Asia through OPGSP (online payment Gateway Service) like "Payza" and "Payoneer', can flourish further adding to the bottom-line (net profit) of the bank.
- This year the government embark on a Tk. 120 million project to progress environs at ship-breaking yards which can generate a vital investing opportunity for banking industry.
- Globally the largest apparel exporter, China is losing market share due to high production cost and shortage of skilled man power, Bangladesh is getting more export orders from which Bank Asia may grab business opportunity.

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 KPIs

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.

Mentorship Program for Branches

Bank Asia implemented cluster 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 e□ort, creating di□erentiated customer value proposition.

Going Green in the Future of Banking

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

Promoting Financial Inclusion

One of the strategic priorities of Bank Asia is to promote financial inclusion for combating poverty which the Bank firmly believes to achieve by its deposit services, agricultural credit program, small enterprise financing for productive new o□ farm employment of 'missing middle', Solar home system projects with NGO-MFI partners, foreign remittance of poor migrant workers channeling through partner MFIs, domestic remittance distribution, mobile operation through mobile banking, EBEK project for the ultra-poor people and agent banking for the under served 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	443,515.49	320.16
Cluster Mentors	5	2,217,577.44	1,600.80
Branch Banking Services	1,312	581,892,319.23	420,051
MD's Secretariat	1	443,515.49	320.16
HR Planning & Manning	76	33,707,177.03	24,332.23
Operations Support	54	23,949,836.31	17,288.69
Finance Function	29	12,861,949.13	9,284.67
Treasury Function	12	5,322,185.85	3,841.93
Loan processing & supervision	195	86,485,520.01	62,431.39
International Operation	64	28,384,991.18	20,490.30
Information Systems	56	24,836,867.28	17,929.01
Board Secretariat	2	887,030.97	640.32
Internal Audit & Compliance	32	14,192,495.59	10,245.15
Total	1,839	815,624,981.00	599,981.64

Our Activities and Values

External Factors

- Finance
- Economy
- Technology
- Environment
- Social cost & benefit
- Ethical
- Legal
- Customer
- Competitors
- Infrastructure

Values that Makes us Stronger

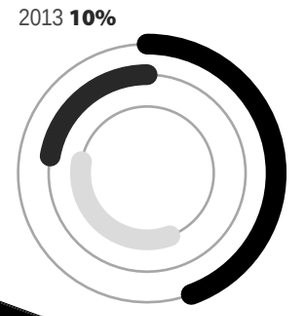
- E□cient, skilled and experienced employees
- Dedicated customer service
- Proactive
- Team Work
- Commitment to the Shareholders
- Integrity and accountability
- Highly e□cient management
- Sustainable commitment to the society

Business Activity

- By using deposited money placed by customers and other surplus entity to facilitate lending to the customers with proper utilization of existing capital by minimizing risk through approved regulatory environment.
- By accelerating investment and building up capital through o□ering quality banking facilities and knowledge- based services to our customers.
- By maintaining economic stability through proper control of money market.
- By o□ering unique products to our clients to support their business requirements, including commodity, credit, foreign trade, debt and equity instruments.

Dividend
(In percentage)

2015 **20% (Proposed)**
2014 15%
2013 **10%**

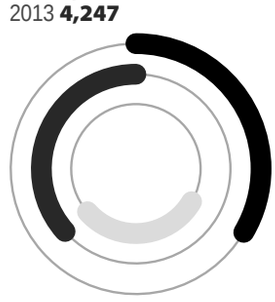


Growth of employees

2015 **4%**
2014 **11%**
2013 8%

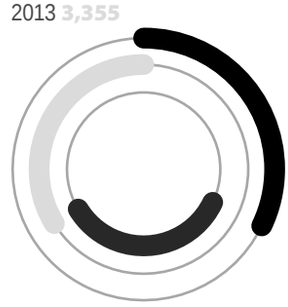
Tax Amount
(Taka in million)

2015 **3,901**
2014 3,488
2013 **4,247**



Reinvestment
(Taka in million)

2015 **3,197**
2014 **3,399**
2013 3,355



Value Creation Activities

- To support economic growth, through credit, investment capital, trade finance and infrastructure financing we facilitate allocation of capital
- Facilitate access to financial services, enabling socioeconomic development and personal wealth creation, which are relevant to the markets in which we operate
- Provide e□ective markets to encourage banking activities of customers and clients through secure and reliable transactional systems and processes
- Enable financial protection and diversification through risk transfer
- To ensure customers have safe as well as convenient access to their savings and funds we deploy and maintain the integrity of banking infrastructure

Bank Asia's Value Creation Activities

The outcomes of the roles we play in the course of our business activities, and the ways to ensure that value creation is maintained, are illustrated below:

The Value we have Created

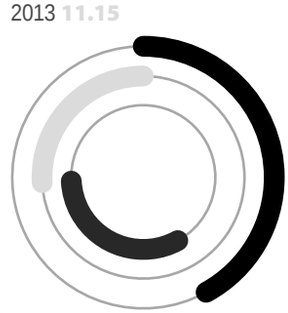
Being a financial institution engaging in banking activities, we are a part and parcel of economy and facilitate at a fundamental level of economic growth and social development of the economies we serve.

We always believe that one of our greatest strength is Human Resource and for quality and value added service to the stakeholders, we frequently arrange training and development programs to our employees. We have also made 3.72% growth in employment creation from last year. Using the available stocks of capital, we create value through our integrity of banking infrastructure. Ultimately, the most significant outcomes of our business activities are contribution to socioeconomic development, which we are achieving through profitability. Thus, in 2015 Bank Asia declared 15% cash and 5% stock dividend and paid a tax amount of Tk. 3,901 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 2015 our reinvestment amount was Tk. 3,196.72 million. In addition, we had Tk. 18.14 million as environmental savings and as financial inclusion we are serving 1,147,125 beneficiaries through our EBEK and 50,960 account holders through agent banking program respectively. To protect and enrich value creation, we build value based culture and maintain strong systems and governance frameworks.

- Build and maintain a good governance framework to protect and enrich value creation
- Actively make progress against our strategic priorities to achieve our vision
- Engage with stakeholders and responsive to their concerns
- Entrench our code of ethics and values
- Reduce our operational impacts and promote positive change
- Be an active corporate entity

Environmental Savings
(Taka in million)

2015 **18.14**
2014 **13.86**
2013 **11.15**



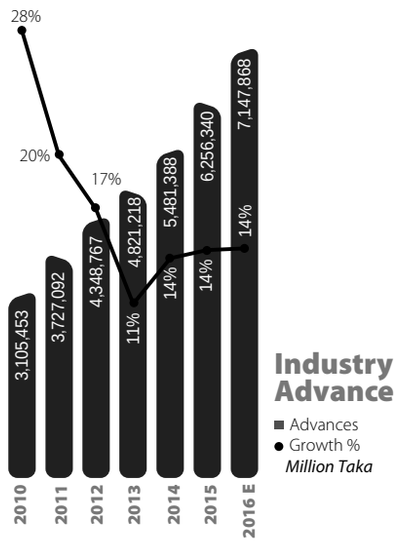
Deposit of Agent banking
(Taka in million)

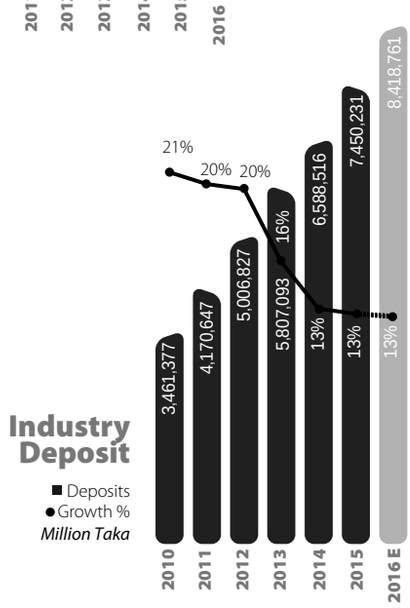
2015 **3,375.10**
2014 **342.61**

Beneficiaries of EBEK

2015 **1,147,125**
2014 **1,055,579**
2013 **601,352**

Deposit and Advances Strategies



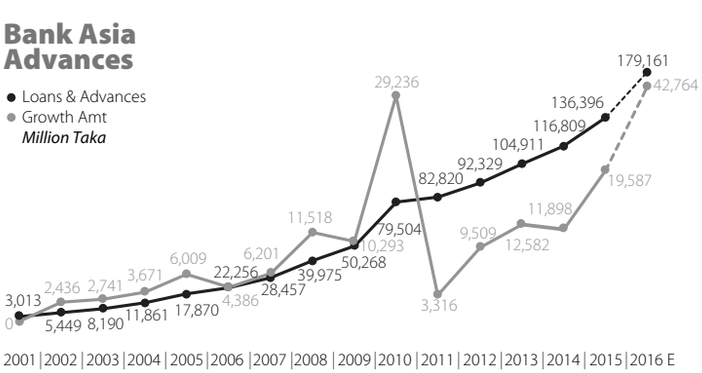


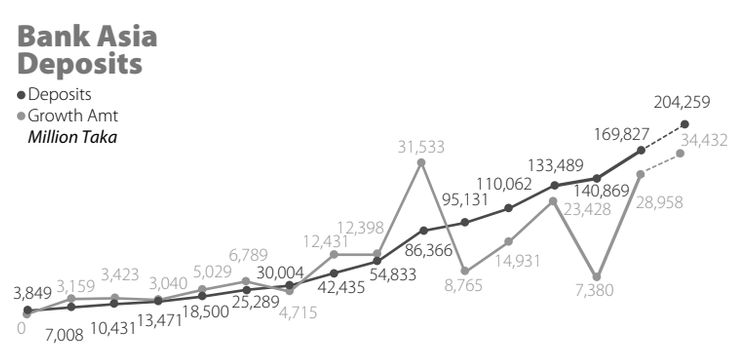
DEPOSITS STRATEGIES

- Taping di□erent government agencies e.g. Foreign Missions, Roads & Highway, LGED, Bangladesh Bridge Authority etc, and also other di□erent corporate houses, e.g. Foreign Air Lines, Telecom companies etc. and maintaining regular intense social interaction.
- Cross Selling of di□erent products including retail to corporate customers.
- Exploiting the growing rural deposit basket setting- up smaller size low cost rural branches and most important channels like EBEK (Ektee Bari Ektee Khamar), Agent Banking etc.
- O□ering cash management services, i.e. collection of institutional accounts and e□ective 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 and also to 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 e□ects of large volume defaults.
- Risk Management techniques to be e□ectively applied to ensure strong internal control over business operation.
- Identifying probable problem accounts through Early Warning System ('EWS') taking appropriate care of those and formulating exit plan, where necessary.
- Disbursement of loan to high yield generating business segments commensurate with calculative risk and maintain high quality asset portfolio.



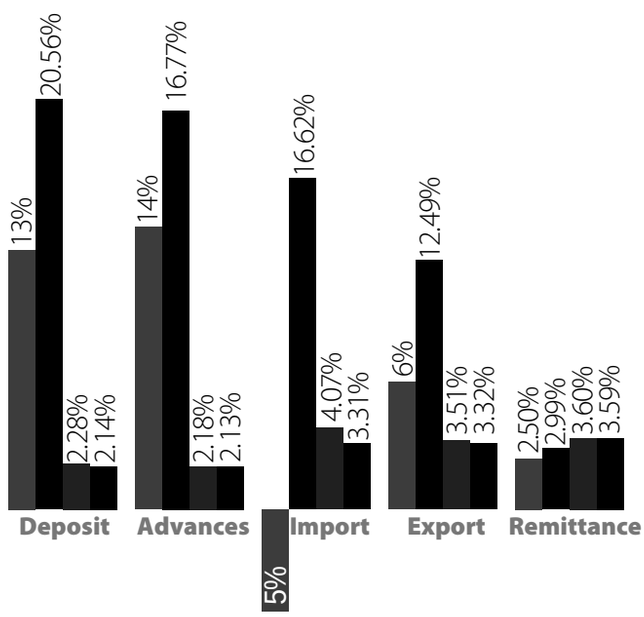


Import and Export Strategies

IMPORT & EXPORT STRATEGIES

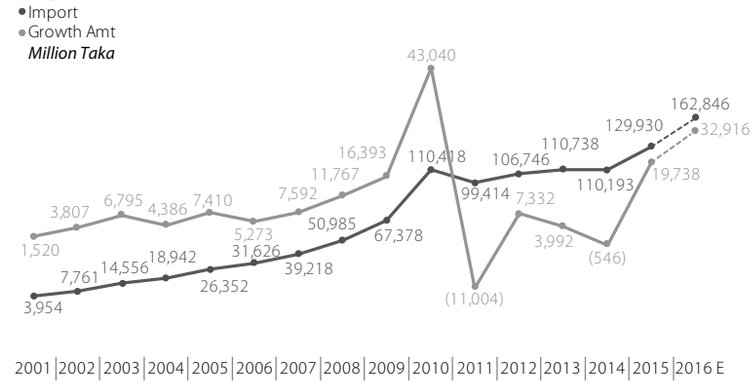
- Arranging credit lines for foreign currency from international agencies to facilitate international trade business particularly import clients at a competitive rate and the country as a whole will get benefit of building foreign exchange reserve.
- Marketing for not only established business houses but also the potential clients having strong entrepreneurship spirit to grow.
- Garments sector will be more focused where tested and potential clients will be in the portfolio basket under the regime of calculative risk return trade-o.
- 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.

Country Vs. Bank Asia Growth & Market Share

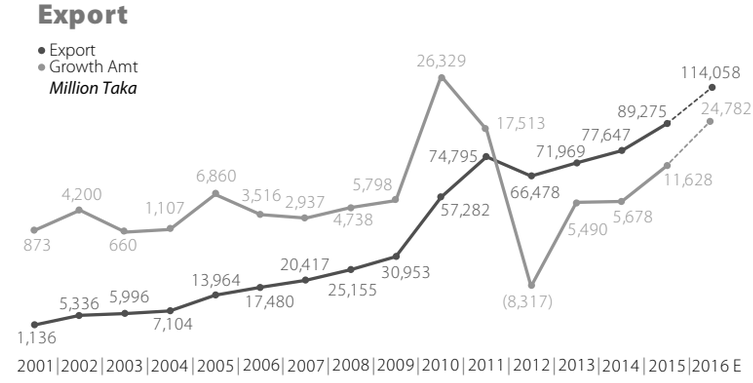


- Country growth (Dec-15 over Dec-14)
- Bank Asia growth (Dec-15 over Dec-14)
- Bank Asia Market Share in 2015
- Bank Asia Market Share in 2014

Import



Export



From Chief Risk Officer's Desk

Close of another year for Bank Asia Ltd. in a market which still is a long way away from reaching maturity and has a number of imperfections of a growing market, leaving a vital question in the mind of the stakeholders as to how did we do in respect to four generations of private commercial banks. It is the most difficult task and does not have a comparison parameter which could be used to judge the individual performance against each other as each bank's portfolio composition along with risk appetite is different and unique. Our performance is intrinsic to "Bank Asia's" own strategy and portfolio. So what were the driving principles behind our growth? To the Board and the Management, sustainable profit remained the primary driver of the business growth keeping the "Corporate Governance" at the top as usual.

The bank has created its own risk culture and grown a portfolio which is much more resilient and better in terms of "legacy" portfolio, as drastic reduction of the commodity portfolio logically reduced the volatility in the earning stream. Overcoming the challenges of costly institutional large deposit base, major concentration in commodity based trade transaction, almost non-existent export and construction businesses, very little diversification in the portfolio and absence of prudent policies in key issues took substantial time and regimented e□ort on the part of the bank as a whole, to be able to reach a reasonably stable ground. Unfortunately global commodity market continued to be volatile throughout 2015 with majority of the commodities remaining unpredictable and steel and oil gave a "nose dive". This, combined with 93 days of "strike" at the beginning of the year (2015) created another large hole in the cash-flows for many commodity based manufacturers (steel, sugar, raw cotton, edible oil etc.) and of course traders whose accounts were su□ering chronically owing to the prevailing political situation alongside global

turbulence in commodity price. This did not allow any substantial improvement in the non-performing portfolio. However, our total NPL came down to 4.26%.

Meanwhile Central Bank continued to push harder to implement BASEL III suggested capital structure and most advanced liquidity and risk-weighted parameters of the matured market. Bank Asia also had to come up with some regulations to manage changes in line with new financial requirements which are being rolled out by Bangladesh Bank. The challenge entailed educating the Board Risk Management Committee with the complicated models and policies related to various risks which will always have a direct or indirect link to the very valuable capital. Bringing the entire Board involved in risk oversight has got a long term positive impact as this will allow them to support and take "measured risk". Still it is going to be one of the most di□cult tasks to get out of the overwhelming and age old habit of "Greed" factor which has historically driven the excessive emphasis on short term profits overlooking the long term un-predictabilities. This hampers creation of an environment for the long haul (it is somehow universal) for the bank and the industry as well. Immediate example from the past is only five years old for our market where excess liquidity added to pressure of profit, leading to poor quality lending. The banking industry is still su□ering from the impact and the same situation of excess liquidity coupled with a good portion of the advance getting converted into USD for quality clients is adding to the probability of making the same mistake. With the lending pressure, again money will get into unstructured small and medium enterprises where it has a previous record of getting into the property and capital market. So the due diligence will need further fine-tuning and use of past experience will be prudent for making decisions.

Bringing the entire Board involved in risk oversight has got a long term positive impact as this will allow them to support and take "measured risk"

The biggest hurdle comes in the form of understanding of the Board and the Management vis-à-vis the various business lines and their set-up to be able to remain sustainable. Our struggle to align with the rapid evolution that the banking industry of Bangladesh is going through is far from over as setting up practical policies and prudent systems are extremely di□cult task in an unstable and developing industry. Even now while writing the report the whole Country is reeling from the shock of the two Cyber Crimes involving Bangladesh Bank's overseas USD account and countrywide ATM fraud, crying caution and further security measures, as the whole world is moving towards automation. As the requirement for the automation and firewalling side by side entails major expenditure, in most of the cases firewalling fails to get the necessary investment, which is an on-going expenditure. On the positive side, regulators e□ort of involving Board in the risk management issues has opened up a whole new gamut to take risk in a more learned and in a much articulated manner for the long term safety and stability of the financial institutions, portends well in the current situation. To reiterate, all e□orts can go in vain if inculcation of robust 'risk culture and integrity' could not be literally engrained in each individual working within the 'financial system'. One working within this system should also constantly remember risk emanating factors beyond the core risk also can impede upon the growth strategy of the institution. Thus 'Risk management' will continue to be the most critical and important function for the banking industry and Bank Asia.

Transparency in our disclosures has continued to yield results as evidenced from the last year's status of recognition for becoming runners up for the annual accounts for 2014 received from South Asian Federation of Accountants' (SAFA). For our valued stake holders including various regulators we have given full e□ort to render clarity to our financials. This we believe will be the foundation for the market confidence.

Despite the stability in the in-country politico-economic condition and major infrastructure development work as well as excellent farm output; parallel industrial sector growth somehow could not be achieved, in turn not allowing credit growth at a desired level. As mentioned earlier global commodity volatility impeded the smooth running of the overall industry and markets. With the three months closure in the beginning of the year, wound of the past commodity market crash and further fall of the property market again damaged cash flow of commodity and commodity based industries like textiles, edible oil, sugar, steel and iron etc. Further like last year failing re-scheduled accounts, limited expansion, absence of new projects, slow retail and property sector impacted the GDP. Therefore non-performing loan (NPL) position over 2014 had also a marginal improvement. All these negatively impacted the overall industry and like last year gave us much lesser growth than projected. Excess liquidity has further brought down Taka interest rate, more conversion of taka lending to USD and getting quality credit in this scenario put pressure on the desired growth and made collection of non-performing loans di□cult. This compressed the profit margins and created unhealthy and impractical competition in the market. In this situation some of the things will be the same for Bank Asia when pursuing its long-term strategy of "sustainable measured growth", which focuses on the clean-up and continued diversification of the portfolio, strong development of human resources, identification of causes behind our past failures, continuation of policy roll outs, tightened monitoring and systems development to ensure "minimizing risk" as it cannot be mitigated. The banking industry as a whole is going through a turbulence and all our shareholders, markets, partners and regulators need to understand and appreciate the parameters and extend all their support to be able to manage a soft landing, as coming out of it at a reasonable shape will decide the future of this bank.

Excess liquidity has further brought down Taka interest rate, more conversion of taka lending to USD and getting quality credit in this scenario put pressure on the desired growth and made collection of non-performing loans difficult

Steep slide in commodity price impacted the sight imports further as preference shifted to deferred import

Credit Risk

Keeping our credit mission of active participation in the expansion of our national economy, we had to ensure quality of portfolio while providing the opportunity of balanced growth to the businesses. For the execution of our strategy of sustainable measured growth, we have increased our exposure in the mid-market with a specific strategy and detailed guideline. We have also tried to minimize risk through putting up caps for various sectors, identifying the thrust sectors, defining our appetite, improving collateral coverage, encompassing a meaningful risk assessment etc. to lessen the impact of unknown and unpredictable factors as mitigation is not possible. We have updated our policy and tried our best to make it as exhaustive as possible to ensure the following:

- Establishing an appropriate credit risk environment.
- Setting up a sound credit approval process.
- Maintaining an appropriate credit administration and monitoring process.
- Ensuring adequate control over credit risk.
- Balanced and measured growth and maintenance of healthy credit portfolio with sound Risk Management culture and practices.
- Focus on qualitative credit for meeting corporate objectives.
- Enlarge clientele base of corporate and mid-market segments through Credit Marketing and focus on their genuine credit needs.
- Improve upon non-fund and non-interest income
- Credit discipline at all levels viz. borrowing entity, operating sta and the management.
- Due compliance of all regulatory requirements, such as capital adequacy, exposure norms, asset-liability management guidelines etc.
- Strengthening of the credit delivery system and to instill a sense of "credit culture"

To be able to achieve the same we have set out directives for the lines to focus on:

i. Mobilization of fresh/ quality credit proposals ensuring proper return
ii. New and innovative product development for capitalizing on business opportunities
iii. Need based enhancement in existing limit on review.
iv. Tapping non-funded business.
v. Balanced diversification/ rebalancing of loan portfolio to avoid Concentration Risk
vi. E ective supervision and monitoring to keep loan assets performing
vii. Development of a team of competent o cers by imparting necessary training and providing exposure to the credit appraisal/ management / administration
viii. Prescribing general norms and standards for existing as well as new borrowers and considering exceptions to the laid down norms only on proper justification
ix. Adherence to the norms of Fair Practices Code for lenders etc.

Despite healthy business growth in the industry, substantial increase in non- funded business and reduction in the cost of deposits through a better mix; unfair competition led to compressed margins in the year 2015 compared to the earlier year. On the positive side, our risk dispersion and further reduction of large commodity deals gave strength to the book. Despite excess liquidity cycle, measured growth, coupled with shrinkage of commodity exposure and reduction of problematic exposure; our portfolio had a good growth. Bank's NPL position in 2015 also saw improvement over 2014 and reached 4.26% from 5.31%. Overall growth in all business lines remained satisfactory.

In the Risk Management Division (RMD) we were able to expedite a number of critical functions essential in this developing industry. Our e orts continued to ensure the integrity of the decision making process at all levels, so we did the following:

- Last year we talked about developing our own internal rating based (IRB) model to enable us the use of our capital to an optimum level within the BASEL III. Towards this end we implemented Common Information Template-CIT and uniform Financial Spread Sheet-FSS. We are now working on core rating model and expect it to be available in 2017. This will be dependent on Bangladesh Bank's approval for migration to IRB approach.
- Risk based approach against money-laundering and terrorist financing was developed for the bank which had been appreciated by our regulator as the industry bench mark.
- Risk Control Self-Assessment against operational risk has been adopted at the branch level which is the most critical and primary function towards self-audit as well as transparency to the highest level.
- Customer Service Quality Assessment process has been developed as per globally accepted standard and duly approved by the Board of Directors for final roll out this year.
- Within the Core Risk Management framework we developed six separate core risk questionnaire which will facilitate in-house core risk rating generation and expedite the adaption of risk related strategy and direction as provided in the Core Risk Guide line.
- Risk appetite along with management action trigger was clearly articulated and implemented for the corporate and middle market portfolio. The present configuration will allow sustainable growth in the long run and now at a secondary level with the scope of further increase in future.
- Sector-wise exposure in the same way was not only calculated but also maintained within the approved exposure level, which is now at a preliminary level as the portfolio size is still small as per our own projected stipulated size.
- Final but not lastly Comprehensive Risk Management Guideline has been completed to ensure enterprise wise detailed risk identification and assessment along with robust control mechanism.

Despite excess liquidity cycle, measured growth, coupled with shrinkage of commodity exposure and reduction of problematic exposure; our portfolio had a good growth

Overall we are on track against our set Gantt chart as RMD handled each issue on a project basis to get maximum output.

To summarize, quality credit, debt collection, strict monitoring, systems and policy development to align with changes will remain our top priority; so that the existing book remains stable.

We have introduced one time password (OTP) through sms and email for facilitating online fund transfer.

Market & Liquidity Risk

Taka continued to remain stable throughout the year on the back of a stable Foreign Currency reserve (majority denominated in US Dollars) keeping the exchange risk of the portfolio (which is almost 93% USD denominated) at a minimum level. Market became even more liquid and rates came down further creating an unhealthy competition in the market as mentioned earlier.

Steep slide in commodity price impacted the sight imports further as preference shifted to deferred import (with the availability of lower cost supplier's credit, financing through UPAS documentary credits, Bangladesh Bank increasing the tenures of EDF based financing). Bilateral financing from development agencies, ECA backed financing (although low), OBU loans to top tier clients replacing taka lending and continued low government borrowing made the markets even more liquid. Oil price remained low contributing to less borrowing for oil bill settlement and excess proceeds supported less borrowing by the Government. Liability Management in this scenario became di□cult. Our e□orts to bring down the cost of deposits through improving the deposit mix further (high cost 57.63%, low cost 22.61% and no cost 19.76%) will be an on-going process. Through this in 2015 we were able to further reduce our cost of deposit by 0.66% over 2014. Credit growth was 16.77% and our deposit growth was 20.56%. Bank Asia managed an average AD ratio of 80%, closing at 80.31% which was much better compared to the industry bench mark. Meanwhile, our e□orts were geared towards filling in the gaps identified through stress testing and we finally closed the long standing re-valuation issue. Our introduction and use of globally recognized advanced models stated below were highly appreciated by our regulators.

i) Value-at-Risk (VaR), loss projection model for assessment of FX and equity risk
ii) Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) for liquidity risk analysis
iii) Stress testing on regular basis (i.e. quarterly) to assess the sensitivity with regard to interest rate risk, FX risk, equity risk and liquidity risk.
iv) A framework for adopting advanced approach (i.e. Internal Model based) for the first time in the country for capital assessment under Basel III.
v) Assessment of additional capital requirement (Pillar II, Basel III) against market risk.

Operational Risk

As operational risk emanates from the bank's overall environment, employee competence, integrity, management strategies, philosophies, extent and degree of process centric approach to business, etc., the Risk Management Division was further strengthened with the hiring of highly technical hands and formulation and adoption of di□erent standard operational risk management models. The strategic approach that the bank has adopted in managing operational risk is focused towards the following which will be based on the following pillars (to be modified on an ongoing basis);

- A strong operational risk management culture throughout the Bank.
- Integrate operational risk management activities into the Bank's overall risk management processes.
- Ensure the implementation of all policies, processes and systems e□ectively at all decision making levels
- Improving upon the governance structure with well defined, transparent and consistent lines of responsibility to give it more transparency and e□ciency.
- Identification and assessment of the inherent operational risk in all products, activities, processes systems and people
- Ensuring a strong but workable controled environment that utilizes policies, processes and systems; appropriate internal controls; and standard risk mitigation and/or transfer strategies.

Keeping the above focus Bank Asia Limited has started using Risk Control Self-Assessment and Key Risk Indicator model for the e□ective management of operational risks.

RMD continued to share all risk related issues in the bank's Executive Risk Management Committee (ERMC), as well as with the Board Risk Management Committee. We still need to work much harder and make further e□orts to inculcate operational risk culture, environment and practice for the overall strengthening of the enterprise.

Environmental & Social Risk

The environmental policies facilitating "Green Banking" made it mandatory for the credits to be having the necessary compliance and as such we incorporated environmental due diligence (EDD) in all our credit proposals. However, the regulators are now pushing further to ensure due importance to be given to environmental compliance and where necessary additional capital is allocated in case of non-compliance. We have complied to our policy of no new financing in "red" category and existing ones were also brought up to a "green" or acceptable e□ectively bringing up orange "B" to orange "A". Still I will repeat myself and state that we are way behind in our move for making this business a sustainable one which improves the quality of "life" in the long run and need to do much more in this front.

Information Security Risk

For the first time we involved an international auditor to review the CBS (Core Banking System) system of the bank. Presently we are using Oracle 10G database which will enhance our information security and quality of data storage. We have introduced one time password (OTP) through sms and email for facilitating online fund transfer. The best part was we were amongst very few su□ering from card fraud. We have continued to fortify our systems and are so far safe from any onslaught of any mishap.

Conclusion

Bank Asia Limited's journey to perfection will be un-ending. Identifying and addressing various risks on an ongoing basis will set the foundation for a healthy portfolio to take on a robust growth for a stable business. Our commitment to remain fully devoted to compliance and transparency will surely get us the "sustainable book" which we are striving for!

Yours Sincerely

Humaira Azam
Deputy Managing Director &
Chief Risk O□cer

Risk Management Report

Overview

Effective risk management is fundamental to the business activities of the bank. While we remain committed to increasing shareholder value by developing and growing our business within our board determined risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders. We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment. Risk management is at the core of the operating structure of the bank. We seek to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources. Management remained closely involved in important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, and effectively managing the risk portfolios. Responsibility and accountability for risk management resides at all levels within the bank, from the board down through the organization to each business manager and risk specialist. Risks are controlled at the level of individual exposures and at portfolio level, as well as in aggregate across all businesses and risk types.

contents

Overview **98**
Board responsibility **99**
Risk management framework **99**
Focus areas for 2015 **101**
Risk Management process **101**
Risk categories **102**
Reporting frameworks **107**
Capital management **108**
Other Material Risks **110**
Basel III approach **112**
Conclusion **113**

Board Responsibility

The Board of Directors, through the Risk Management Committee, is accountable for the overall risk supervision. This includes reviewing and approving risk management policies, risk appetite, risk exposures and limits, whilst ensuring the necessary infrastructure and resources are in place. 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 risk arises from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity and other sources are identified, and measured and adequate systems are in place to minimize such risk. Currently 4 (four) members are working in the Risk Management Committee. This Committee consists of risk working groups to manage credit, market, liquidity, operational risks and other key risks.

Roles & Responsibility of the committee

1. **Strategy on Risk Identification and Control**
   The Committee is responsible for risk identification and e□ective strategy formulation and implementation to control such risks. The Committee sets risk management policy, evaluate and rectify such policy if required.

2. **Organizational Structure establishment**
   The Committee implements appropriate organizational structure to control overall risk of the Bank. The Committee form individual committee/ unit of the management to implement the direction of Credit risk, Foreign Exchange Risk, Internal Control and Compliance risk, Money Laundering risk, Information Communication Technology risk guidelines.

3. **Risk Management Policy Review and Approval**
   The committee reviews risk management policies & guidelines and proposes amendment, if required and submit to the Board of Directors for their approval. Besides, the committee also review loan limit along with other limit regularly and amend, if required.

4. **Data preservation and reporting procedure**
   The Committee reviews data keeping & reporting system developed by the bank management and ensures proper data keeping and reporting.

5. **Monitoring the implementation of Risk Management Policy**
   The Committee monitors proper implementation of overall risk management policies. They are also monitoring whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.

6. **Miscellaneous**
   - Committee's decision and suggestions are submitted to the Board of Directors
   - Comply instructions issued time to time by the Board, Bangladesh Bank
   - Internal & external auditor submits respective evaluation report, if approved by the committee

Risk Management Framework

The risk management framework is combination of di□erent global and national rules, regulation and practice and risk management standard which are applicable for overall risk management of the bank. The risk management standard might be implanted by means of any or combination of regulatory and global standards and industry best practices into the Bank by its Board and Management.

Regulatory framework

Global Framework: Apart from country specific banking regulation with regards to risk management, one of the internationally accepted framework is Basel accord (i.e. Basel I,II & III) as issued by Basel Committee on Banking Supervision of Bank for International Settlement (BIS).The aforesaid accord provides set recommendations for ensuring sustainability of banking organization through e□ective risk management at the cost of capital.

Bangladesh framework: Bangladesh Bank supervises the risk management operation in Bangladesh. Other than Bank Company Act 1991 (Amendment 2013), the Central Bank issues di□erent guidelines/directives with regards to risk management operation. Below are the list of policy and guidelines:

i. *Core Risk Guidelines:* Six guidelines covering credit, foreign exchange, internal control and compliance (ICC), information communication technology (ICT), asset liability management (ALM) and anti-money laundering (AML) risk. These guidelines primarily provide industry best practices with regards to aforementioned areas. These guidelines are also primary base of periodic core risk rating of Bangladesh Bank.

ii. *Risk Management Guideline:* The guideline is issued by Bangladesh Bank (BB) to provide a structured way of identifying and analyzing potential risks and draw strategies of risk prevention, risk transfer, impact mitigation or risk acceptance.

iii. *Guideline on Risk Basel Capital Adequacy:* The guideline popularly known as measurement of Basel III capital accords that cover Minimum Capital Requirement under pillar I, Internal Capital Adequacy Assessment Process (ICAAP) under pillar II and Market Discipline under Pillar III.

iv. *Guideline on Stress Testing:* Stress testing, under Pillar II is an important risk management tool that provides an indication of how much capital might be needed to absorb losses in di□erent stressed situations. A rigorous and comprehensive stress-testing program will measure the vulnerability or exposure to the impacts of exceptional, rare but potentially occurring events like - interest rate changes, exchange rate fluctuations, changes in credit rating, events which influence liquidity, etc.

v. *Guideline on Supervisory Review Process (SRP):* The underlying SRP guideline primarily defines the calculation process of assessing additional capital requirement (i.e. under Basel- Pillar II).

vi. *Environmental Risk Management Guideline:* Environmental risk is a facilitating element of credit risk arising from environmental issues. The mentioned guideline is issued to define the assessment process of overall environment risk grading of credit borrowers of the bank.

vii. *BB Instructions:* Bangladesh Bank issued di□erent circulars and instruction to regulate the banking risk management operation of the country.

Risk Management Disclosures

Bank Framework:
Risk Management Framework is set of rules, regulation, and practice and risk management standard which are practiced for overall risk management of the bank. In line with global and national level risk management framework Bank Asia Ltd. has own Risk management framework for overall risk management of the Bank.

Following are main elements of a risk management framework that apply Bank irrespective of its size and complexity of business:

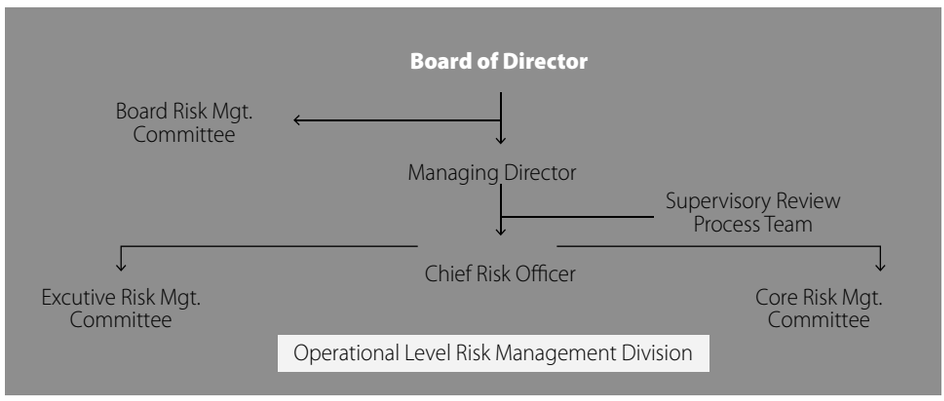
First and foremost, e□ective risk management framework demands active involvement of the Board of Directors (BoD) and senior management in the formulation and oversight of risk management processes. Accordingly, they should provide strategic direction and approve the overall business strategies and significant policies of the Bank, including those related to managing and taking risks, and should also ensure that senior management is fully capable of managing the activities that the Bank institutions undertake.

Second, adequate Policies, Procedures, and Limits need to be defined by the Directors and senior management to tailor the risk management policies and procedures to the types of risks that arise from the activities of the Bank.

Third, adequate Risk Monitoring and Management Information Systems is developed for e□ective risk monitoring and to identify and measure all material risk exposures. Consequently, risk monitoring activities must be supported by information systems that provide senior managers and directors with timely reports on the financial condition, operating performance, and risk exposure of the institution.

Fourth, establishing and maintaining an e□ective system of controls, including the enforcement of o□cial lines of authority and the appropriate separation of duties such as trading, custodial, and back-o□ce is one of management's most important responsibilities. A properly structured system of internal controls promote e□ective operations and reliable financial and regulatory reporting, safeguards assets, and helps to ensure compliance with relevant laws, regulations, and bank policies.

Fifth, the Risk Management Function institutionalized to supervise overall risk management at the bank. Ideally, overall risk management function is independent from those who take or accept risk on behalf of the bank.



The above diagram describes the Bank's broad risk management structure/hierarchy of the bank which covers Board level Risk Management Committee, Management level Committee and operational level structure

E□ective risk management framework demands active involvement of the Board of Directors (BoD) and senior management in the formulation and oversight of risk management processes. The operational management structure should have adequate defined policies, procedures, sound information systems for risk identification assessment and monitoring of all material risk exposures. The bellows are the combination of Board and management level oversight along with operational level risk management structure.

Roles and Responsibilities

Particulars	Roles and Responsibilities
Board Risk Management Committee	■ Design and implement Risk strategy and policy ■ Review, monitor and understand risk profile of the bank ■ Review and recommend bank's risk appetite, limit and tolerance level ■ Review of Management level operational risk structure
Executive Risk Management Committee	■ Determining general principles for measuring, managing and reporting the bank's risk ■ Oversee the development, implementation and maintenance of the bank's overall risk management framework and risk appetite, strategy, principals and policies
Supervisory Review Process Committee	■ Ensure that the bank has an internal process to identify and assess all relevant risks of the bank ■ Vetting/recommending general principle 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	■ 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

FOCUS AREAS FOR 2015

- *Comprehensive Risk Management Guideline:* Bank has developed a comprehensive guideline for the bank. The main objective of the guideline is to formalize the risk management practices of the bank. The document also defines the institutional structure for risk management along with roles and responsibilities of respective wings.

- *Risk Based Approach for AML & CFT:* Bank has developed a benchmark for assessing ML & FT risk using risk based approach. The bank has also completed a comprehensive policy on Risk Based approach for AML & CFT.

- *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, Bank has developed risk appetite and management action trigger (MAT) for the bank.

- *Core Risk Rating:* Bank is continuously working to develop and keep its Core risk rating in satisfactory level. Accordingly, we individually evaluate all core risk guideline and implement in banking operation as per Bangladesh Bank and other regulatory guidance.

- *Customer Service Quality Assessment:* Bank has designed a multi-dimensional customer service quality assessment methodology. This will help the bank to understand the level of current division between customer's demand and expectation against bank's quality of service.

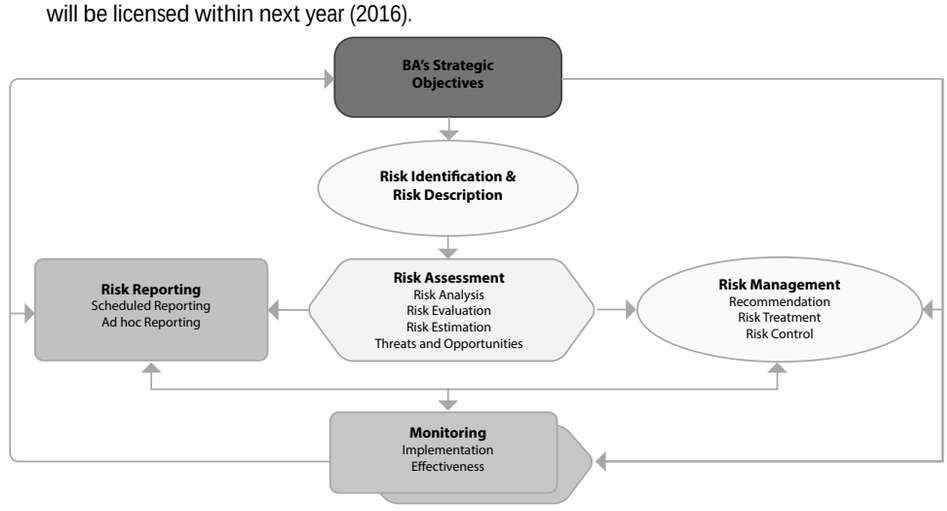
- *FX and ICT Risk Management:* Bank is working on FX and ICT core risk management process and will remain careful to manage FX and ICT risk to satisfactory level. Following steps have already been taken by management against recommendation of Bangladesh Bank regarding FX and ICT core risk:

Foreign Exchange Risk

- Revaluation of notional rate of Foreign currency to current market rate
- Developed CBS system for considering daily FX rate

Information & Communication Technology (ICT) Risk

- Implementing new Datacenter at Corporate O□ce
- Implement 3rd Datacenter at own premises, Agrabad
- Penetration test has already been done by external partners
- Licensed Microsoft email exchange has been deployed for all permanent users
- New storage has been delivered and already installed at datacenter and DR center
- CBS Review and Vulnerability Assessment and Penetration Testing will be carryout by international auditors.
- SLA for CBS has drafted. Finalization of it is under process.
- An ICT expert has been recruited for audit team.
- Oracle Database 12c with security features will be licensed within next year (2016).



RISK MANAGEMENT PROCESS

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 of the bank, 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 needs to adopt a risk management framework that should be e□ective enough to manage all material uncertainties to achieve the goal of the organization.
The foundation of risk management consists of following processes:

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. Risk Management Division of Bank Asia Ltd. has developed a comprehensive risk appetite, which also accompanied Management Action Trigger (MAT) for ensuring precise e□ectiveness of risk appetite of the bank.

Risk appetite of Bank Asia Ltd. covers di□erent material risk areas (i.e. Credit Risk, Profitability Risk, Capital Management Risk and Liquidity Risk). Risk Appetite document covers three parts which are parameter wise maximum level of risk bank is willing to accept (appetite level or maximum limit), risk level when the management action will be automatically executed by the responsible authority (Trigger point) and management action which will be executed to minimize the risk and to bring the ratio within the limit. Bank prepared risk

Risk Management Disclosures

category wise ratio limit, trigger point, and management action which to be executed if ratios cross the trigger point. All the above has been primarily prepared based on available industry information and face to face discussion with di□erent divisional heads.

Risk Management Principle

The strategic approaches of risk management function of the bank should be oriented to:

- Ensure that the bank operates in a safe and sound manner
- 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 e□ectively 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
- Develop a clear, e□ective 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

Risk Management Approach

It is important not only for fulfilling regulatory requirements but also to 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 communicating concise risk management standards to all concerned o□cials through adequate policies, directives, operating procedures and training programs.

Risk Management Oversight

Bank Asia Limited's three level of structure in managing risk

BOARD OF DIRECTORS

Board of Directors are the bank's superior authority for ensuring effective risk management within the bank

Risk Categories

Risk is defined as 'possibility of loss', which may be financial loss or loss to the image or reputation. Banks like any other commercial organization also intend to take risk, which is inherent in any business. Higher the risk taken, higher the gain would be. But higher risks may also result into higher losses. However, banks are prudent enough to identify measure and price risk, and maintain appropriate capital to take care of any eventuality. The major risks in banking business or 'banking risks', as commonly referred, are listed below:

Credit Risk

Credit risk is the potential that a bank borrower or counterparty fails to meet its obligation in accordance with agreed terms. Major credit risk is generated from loan and advances portfolio. The goal of credit risk management is to maximize bank's risk adjusted rate of return by maintaining credit risk exposure within the acceptable parameter. The e□ective management of credit risks is a critical component of a comprehensive approach to risk management and essential to the long term success of the Bank. That's why, risk based asset review framework is in place in the bank to frequently review assets that would be higher for high exposure cases and / or lower credit rating.

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

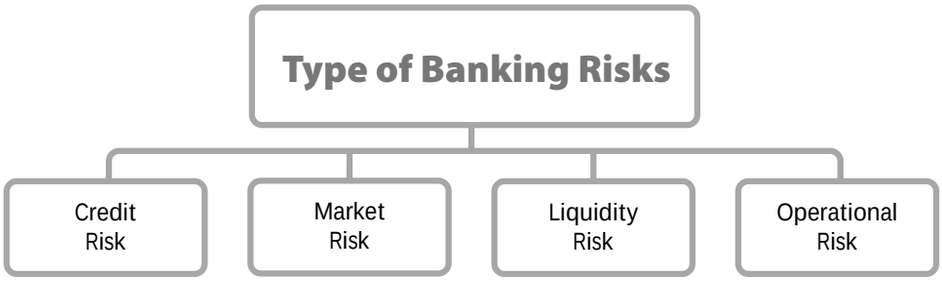
A. **Establishing an appropriate credit risk environment**

The board of directors, Senior Management and Credit Risk Management (CRM) divsion is overall responsible for credit risk management as below:

Board of Directors

The board has an imperative role in granting credit as well as managing the credit risk of the bank to approve credit risk strategies and significant policies relating to credit risk that based on the overall business strategy as well as significant policies on regular basis.

- Ensure appropriate policies, plans and procedures for credit risk management.
- Define the bank's overall risk.
- Ensure that bank's credit risk exposure is maintained at prudent levels and with the available capital.



- Review trends in portfolio quality and the adequacy of bank's provision for credit losses.
- Ensure that internal audit reviews the credit operations to assess whether or not the bank's policies and procedures are adequate and properly implemented.
- Review exposures to insiders and other related parties.
- Limit involvement in individual credit decisions to those powers specifically reserved to the Board by the bank's articles of association, by-laws, and credit risk management policy.
- Ratify exposures exceeding the level of the management authority delegated to management and be aware of exposures.
- Outline the content and frequency of management reports to the board on credit risk management.

Senior Management

The responsibility of senior management is to transform strategic directions set by the board in the shape of policies and procedures to ensure that the policies are embedded in the culture of the bank for implementing the bank's credit risk management strategies and policies and ensuring that procedures are put in place to manage and control credit risk and the quality of credit portfolio in accordance with these policies.

- Developing credit policies and credit administration procedures.
- Implementing credit risk management policies to ensure an e□ective credit risk management process.
- Ensuring the development and implementation of appropriate reporting system.
- Monitoring and controlling the nature and composition of the bank's credit portfolio.
- Monitoring the quality of credit portfolio and conservatively valued and probable losses are adequately provided for:
- Establishing internal controls and setting clear lines of accountability and authority.
- Timely dissemination of credit risk management policies, procedures.

Credit Risk Management

The CRM should be mainly responsible for:

- Implementation of the credit risk policy/ strategy approved by the board.
- Ensure compliance with limits approved by the board.
- Making recommendations to the board, for its approval, clear policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks.
- Deciding delegation of credit approving powers, prudential limits on large credit exposures, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning, regulatory/legal compliance, etc.

B. **Operating under sound credit granting process**

Bank followed strictly specified policies, standard for granting credit as follows:

- Evaluation of borrower by way of:
- Internal credit rating assessment
- External credit rating assessment by ECAI
- Analysis of specific borrower repayment capacity- review of financial statements by way of analysis five key financial indicators- Balance Sheet, Income Statement, Net worth and Fixed Assets reconciliation, Key ratios and Cash flows statements.
- Risk based loan pricing
- credit growth increase after ensuring optimum asset quality and without compromising bank's standard of excellence
- credit facilities are allowed after consideration of absolute due diligence
- inherent risk in credit proposal are being identified and mitigation steps are taken
- collateral is properly valued and verified by concerned o□cer in periodically basis
- risk grading is being done in line with the Bangladesh Bank guideline and bank's own policy
- Credit delegations are specified for new/ fresh limit, renewal or enhancement of limit, consumer/ retail loan, personal loan etc.

C. **Maintaining an appropriate credit administration measurement and monitoring process**

Bank established an appropriate credit administration measurement and monitoring process to mitigate credit risk.

- Borrower follow-up and corrective action
- Internal loan review
- Timely identification of problem assets:

Documentation Weakness

- Failing to file collateral agreements/security agreements with appropriate public departments
- Transferring the collateral to another country/state
- Guaranties with expired dates
- Changes in legal status
- Unauthorized corporate/partner signatures

Collateral Deterioration

- Changes of value in the marketplace
- Rising interest rates decrease real estate and investments
- Technological advances
- Rapid depreciation of equipment or inventory
- Tax law changes (real estate)
- Natural disasters
- Spoilage or mishandling of collateral

Extended Credit and High Use of Lines of Credit

- Borrower is at the top of line each month
- Failure to meet financial covenants in loan agreement
- Delays in payment of principal and interest
- Use of overdrafts/low balances in current account
- Credit inquiries from other lenders
- Change of accountants
- Other Indications of Problem Loans
- Delay in receipt of financial statements
- Delay in management promises or
- Adequate provision maintain

Risk Management Disclosures

D. **Ensuring adequate controls over credit risk**

Bank established a system of independent, ongoing credit review and the results of such review are communicated directly to the Board of Directors and senior management. Detail on credit risk management is disclosed in CRO's report and other part of Annual report page no 94

Bank's Credit Risk management Procedure:

CREDIT MANAGEMENT PROCESS

Credit Orientation | **Credit Assessment** | **Credit Approval** | **Post Monitoring**

Pre-Assessment Processing | **Recommendation** | **Documentation** | **NPL Management**

Source of Credit Risk

Credit Concentration: Single/Group Borrower, Sector, Total Exposure etc.
Credit Management Issue: Wrong selections of borrower, inaccurate credit need assessment etc.

Credit Portfolio Analysis
Client Rating
Concentration Risk Analysis
EOL Monitoring etc.

Past Due Monitoring
Transition Matrix
Status of Overdue Bill
Reschedule Account Monitoring etc.

Market Risk
2.55% of total RWA

Interest Rate Risk (30%)

Foreign Exchange Risk (34%)

Equity Position Risk (36%)

Commodity Risk (0%)

Market Risk
Market risk is defined as the risk of losses in on and o□-balance sheet positions arising from movements in market prices which impact Bank's earnings and capital. The purpose of market management framework is to minimize the risk from trading portfolio of the Bank. This risk may pertain to loss from changes in market prices and rates (including interest rates, equity prices, foreign exchange rates and commodity prices), the correlations among them, and their levels of volatility. General risk and Specific risk for all four risks are calculated to determine total market risk of the Bank. Market risk management is guided by well laid policies, guidelines, process and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits. The ALCO meets periodically and reviews the position of trading group, interest rate sensitivity, sets deposit and lending rates, in line with the current market and liquidity position and investment opportunity`

A description of each market risk category is provided below:

Interest rate risk
Interest Rate risk in the market risk is the risk of losing profit by an interest bearing assets that are reported in trading book. Interest rate risk calculates both Specific risk and General market risk.

The capital charge for specific risk is designed to protect against an adverse movement in the price of an individual security owing to factors related to the individual issuer. In measuring the risk, o□setting will be restricted to matched positions in the identical issue. Even if the issuer is the same, no o□setting was made between di□erent issues since di□erences in coupon rates, liquidity, call features, etc. mean that prices may diverge in the short run.

The capital requirements for general market risk are designed to capture the risk of loss arising from changes in market interest rates. The capital charge is the sum of four components:

- The net short or long position in the whole trading book
- A small proportion of the matched positions in each time-band
- A larger proportion of the matched positions across di□erent time-bands
- A net charge for positions in options, where appropriate

Total Risk Weighted Assets for Interest Rate Risk is Tk. 1,407 million and capital requirement is Tk. 140.7 million in year ended 2015.

Foreign Exchange Risk
Foreign exchange risk is the risk of losing profit by adverse change of foreign currency price. Foreign exchange position is measured by treasury division. In the year ended 2015, Total Risk Weighted Assets for Foreign Exchange Risk is Tk. 1,588 million and capital requirement is Tk. 158.8 million.

Bank's exposure on Foreign Currency position (BDT Crore)

Currency wise exposure		*Exchange Rate	**Long (+)/ Short (-) Position in Euiv. Mio USD	Tk. Equivalent Crore
USD	18,233,618	1.0000	18.23	143.13
EUR	562,385	1.0922	0.61	4.82
GBP	896,793	1.4822	1.33	10.43
JPY	2,651,767	120.47	0.02	0.17
CHF	3,526	0.9890	0.00	0.03
CAD	2,333	1.3867	0.00	0.01
AUD	9,782	0.7297	0.01	0.06
SAR	76,992	3.7525	0.02	0.16
Sum Net Long			20.23	158.82
Sum Net Short			-	-
Overall FX Exposure/ NOP			20.23	158.82
Risk Weight			10%	10%
Cap Charge for FX Exposure			2.02	15.88
**Spot Market exchange rate is Tk. 78.50 per USD, Source : BAFEDA				

Equity Risk
Equity risk is defined as looses 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

Risk Management Disclosures

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.

Specific risk is defined as the bank's gross equity positions (i.e. the sum of all long equity positions and of all short equity positions) and general market risk as the difference between the sum of the longs and the sum of the shorts (i.e. the overall net position in an equity market). The long or short position in the market is calculated on a market-by-market basis, i.e. a separate calculation has been carried out for each national market in which the bank holds equities.

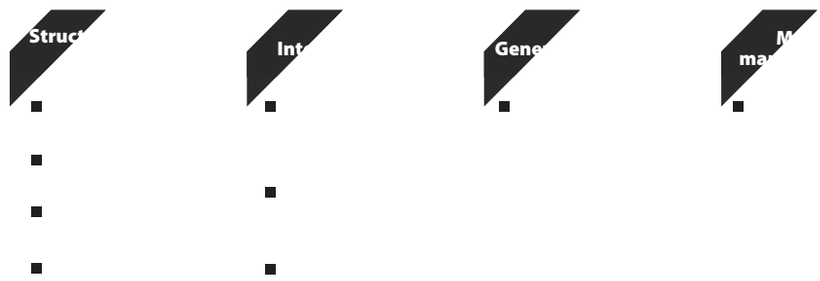
In the year ended 2015, Total Risk Weighted Assets for Equity Risk is Tk. 1,681 million and capital requirement is Tk. 168.10 million.

Commodity risk

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

In the year ended 2015, Bank has no Risk Weighted Assets for Commodity Risk.

Market Risk Management Process



Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes information and legal risk but excludes reputational and strategic risk. A sound operational risk management is a reflection of the effectiveness of the board and senior management in administering its portfolio of products, activities, processes, and systems. The objective in control and management of operational risk is to identify, measure/evaluate, control/mitigate and monitor this risk.

Risk management generally encompasses the process of identifying risks to the bank, measuring exposures to those risks (where possible), ensuring that an effective capital planning and monitoring programme is in place, monitoring risk exposures and corresponding capital needs on an ongoing basis, taking steps to control or mitigate risk exposures and reporting to senior management and the board on the bank's risk exposures and capital positions. Internal controls are typically embedded in bank's day-to-day business and are designed to ensure, to the extent possible, that bank activities are efficient and effective, information is reliable, timely and complete and the bank is compliant with applicable laws and regulation.

Sound internal governance forms the foundation of an effective operational risk management framework. Although internal governance issues related to the management of operational risk are not unlike those encountered in the management of credit or market risk operational risk management challenges may differ from those in other risk areas.

Common international practice for sound operational risk governance often relies on three lines of defense – (i) business line management, (ii) an independent corporate operational risk management function and (iii) an independent review. Depending on the bank's nature, size and complexity, and the risk profile of a bank's activities, the degree of formality of how these three lines of defence are implemented will vary. In all cases, however, a bank's operational risk governance function is integrated into the bank's overall risk management governance structure.

Bank used Basic Indicator Approach (BIA) to determine operational risk. Under this approach, the capital charge for operational risk is a fixed percentage (denoted by alpha) of average positive annual gross income of the bank over the past three years. Figures for any year in which annual gross income is negative or zero, excluded from both the numerator and denominator when calculating the average.

Operational Risk Management

Bank Asia reduced the operational risk through internal operational risk control system, providing training to the employees, increasing investment in appropriate processing technology and information security etc. The bank has also mitigated the risk by adopting risk mitigation tools such as insurance.

Risk Profile

Million Taka

SL	Risk Category	2015 (Under Basel Report III)		2014 (Under Basel Report II)	
		Amount	Percentage	Amount	Percentage
A	Credit Risk	163,860.34	89.42%	139,685.60	88.65%
i.	On- Balance sheet	123,596.60	67.45%	109,161.70	69.28%
ii.	O□-Balance sheet	40,263.74	21.97%	30,523.90	19.37%
B	Market Risk	4,676.60	2.55%	4,765.90	3.02%
i.	Interest Rate Risk	1,407.00	0.77%	1,888.00	1.20%
ii.	Equity Position Risk	1,681.40	0.92%	1,722.60	1.09%
iii.	Foreign exchange	1,588.20	0.87%	1,155.30	0.73%
iv.	Commodity Risk	-	-	-	0.00%
C	Operational Risk	14,710.45	8.03%	13,123.20	8.33%
Total Risk Weighted Assets		183,247.39	100%	157,574.70	100.00%

Reporting frameworks

This risk management report addresses the disclosure requirements of Basel III pillar 3, and materials risk that e□ect 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 O□- shore banking. Consolidated basis included Bank and it's three subsidiary companies i.e. Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc.

Basel III approach adopted
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 o□-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 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 this approach, Bank calculated capital charge is a fixed percentage (15%) of average positive annual gross income of the bank over the past three years i.e. 2013, 2014 and 2015.

Internal Capital Adequacy Assessment Process (ICAAP)

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

As part of Basel III accords, Bank has proactively developed a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) on yearly basis as stipulated by the Bangladesh Bank and submits accordingly. Upon adoption of internal format, the bank will have the ability to perform risk assessment in line with the bank's own strategy.

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

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

Risk Management Disclosures

Stress Testing
Stress testing is a risk management technique used to evaluate the potential e□ects on bank's financial condition of a specific event and/ or movement in a set of financial variables. It refers to the process to cover multiple risk measures across categories and complements traditional risk models. It is also an integral part of the Bank of International Settlement (BIS) Capital Adequacy framework.

Following risk factors are considered:

a. Credit Risk
- Increase of NPLs (Overall)
- Increase of NPL due to default of Top large borrowers
- Fall in Forced sale value of mortgaged collateral
- Negative Shift of NPLs Categories
- Increase of NPLs in particular 2 Sectors

b. Interest Rate Risk
- Simple Sensitivity Analysis
- Duration GAP Analysis

c. Exchange Rate Risk
d. Equity Price Risk
e. Liquidity Risk
f. Value at Risk (VaR)

Above risks are carried out assuming three di□erent hypothetical scenarios:

a) **Minor level shocks**
These represent small shocks to the risk factors. The level for di□erent risk factors can however, vary.

b) **Moderate level shocks**
It envisages medium level of shocks and the level is defined in each risk factor separately.

c) **Major level shocks**
It involves big shocks to all the risk factors and is also defined separately for each risk factor.

	Shocks Levels		
	Minor Level Shocks	Moderate Level Shocks	Major Level Shocks
Interest Risk –Increase in Interest Rate	1%	2%	3%
Exchange Rate Risk –Adverse Movement in Exchange Rate	5%	10%	15%
Credit Risk – Increase in NPLs	3%	9%	15%
Credit Risk – Downward shift in NPLs' Categories	5%	10%	15%
Credit Risk – Fall in the FSV of Mortgaged Collateral	10%	20%	40%
Credit Risk – Increase in NPLs' under B/L category in 1 or 2 sectors	3%	9%	15%
Credit Risk – Increase in NPLs' due to Top 10 large loan borrowers	3 borrowers	7 borrowers	10 borrowers
Equity price Risk – Fall in Stock Prices	10%	20%	40%
Liquidity Ratio	2%	4%	6%
VaR	Incorporated		

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

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 separately annual integrated report (page no 114) and bank's websites.

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

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 e□ective tool for e□ective 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.

Capital Management

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 su□cient capital resources to meet minimum regulatory capital requirements set by Bangladesh Bank in accordance with Basel III requirements.
- Maintain su□cient 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 to Risk weighted Asset ratios set by management and approved by the board, to maintain minimum adequacy in stress situation.

Capital relief by reducing risk
Bank calculates credit risk under the standardized approach of the risk based capital adequacy (Basel III) where External Credit Rating Institutions (ECAIs) duly recognized by BB to perform borrowers credit rating against which risk weight mapped with credit rating category

and risk weighted assets (RWA) is determined for calculating the capital requirement of banks against credit risk.

In the year 2015, 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 2015 over 2014 and capital relief (both funded & non-funded exposure) was Tk. 5,122 million from di□erent Corporate and SME rated borrowers.

For Funded Exposure

(Taka in Million)

Claim Nature	BB Rating	Risk Weight	Exposure	RWA
Claims on Corporate (excluding equity exposure)	1	0.2	8,381.00	1,676.22
	2	0.5	16,829.00	8,414.55
	3,4	1	16,860.00	16,860.60
	5,6	1.5	-	-
	Unrated	1.25	36,150.90	45,188.63
Claims on SME	SME 1	0.20	103.50	20.70
	SME 2	0.40	537.70	215.08
	SME 3	0.60	3,898.00	2,339.34
	SME 4	0.80	3,941.00	3,153.28
	SME 5	1.20	130.50	156.60
	SME 6	1.50	-	-
	Unrated (small enterprise & <Tk. 3.00m)	0.75	2,735.70	2,051.78
	Unrated (small enterprise having >Tk. 3.00m & Medium Enterp.)	1.00	6,276.20	6,276.20
	Total		95,843.50	86,352.98

For Non Funded Exposure

Claim Nature	BB Rating	Risk Weight	Exposure	RWA
Claims on Corporate (excluding equity exposure)	1	0.2	9,867.10	1973.42
	2	0.5	13,085.40	6542.7
	3,4	1	9,810.90	9810.9
	5,6	1.5	-	-
	Unrated	1.25	16,804.00	21,005
Claims on SME	SME 1	0.20	-	-
	SME 2	0.40	-	-
	SME 3	0.60	310.60	186.36
	SME 4	0.80	410.20	328.16
	SME 5	1.20	26.00	31.2
	SME 6	1.50	-	-
	Unrated (small enterprise & <Tk. 3.00m)	0.75	-	-
	Unrated (small enterprise having >Tk. 3.00m & Medium Enterp.)	1.00	-	-
	Total		50,314.20	39,877.74

Raising Tier II capital

Subordinated Non- Convertible Zero Coupon Bond of Tk. 599.99 million

Bank issued 6 Years subordinated bond for Tk. 599.99 million on August 14 2012 for Tier II capital. Out of that Tier II capital outstanding stood at Tk. 315.44 million on December 31, 2015. The bond will be fully redeemed on August 14, 2018.

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

The bank raised successfully Tk. 3,000 million Tier 2 capital in the form 7 year floating rate (11.50% to 14%) Subordinated bond on February 19, 2015 through private placement after obtaining required approvals from general shareholders, Bangladesh Securities and Exchange Commission and Bangladesh Bank.

7 Years Floating Rate Non- Convertible Subordinated Bond of Tk. 5,000 million

To maintain the BASEL III compliance as per Bangladesh Bank roadmap the bank has decided to issue another Bond of Tk. 5,000 million Tier 2 capital in the form 7 year floating rate Subordinated bond on February 24, 2015 through private placement. In this regard, Bank Asia Limited and Standard Chartered Bank (SCB) have signed a MoU where SCB will work as Mandated Lead Arranger.

Capital planning

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

Capital planning assists the bank's Board of Directors and senior management to:

i. identify risks, improve banks understanding of overall risks, set risk tolerance levels, and assess strategic choices in longer-term planning,
ii. identify vulnerabilities i.e. concentrations and assess their impact on capital,
iii. integrate business strategy, risk management, capital and liquidity planning decisions,
iv. 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 Disclosures

Capital planning considers both short-term and long-term capital needs and is coordinated with a bank's overall strategy and planning cycles, 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.

pledging assets in the market or by borrowing funds from third parties.

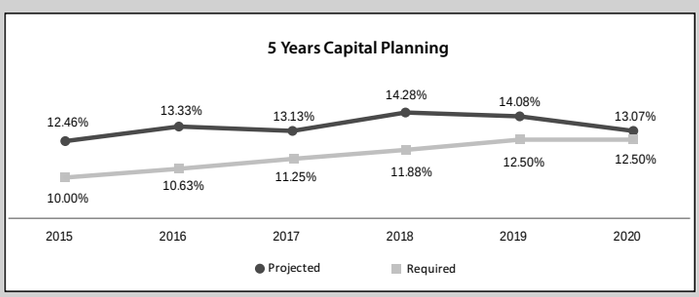
However, Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when bank is unable to fulfill its commitments in time when payment falls due. Thus, liquidity risk is two types:

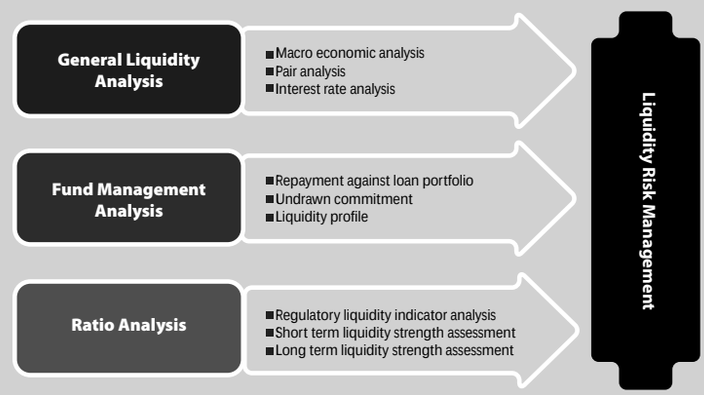
a. *Funding liquidity risk:* risk generates when bank is unable to meet its current and future cash flow and collateral needs without a□ecting its daily operations or its financial condition
b. *Market liquidity risk:* risk generates when bank cannot easily o□set or sell a position without incurring a loss because of inadequate depth in the market.

- Liquidity Contingency Plan,
- Management Action Trigger (MAT)

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

Liquidity Risk management process:
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.





Other Material Risks

Liquidity Risk
Bank Deposits generally have a much shorter contractual maturity than loans and liquidity management needs to provide a cushion to cover anticipated deposit withdrawals. Liquidity is the ability to e□ciently accommodate deposit as also reduction in liabilities and to fund the loan growth and possible funding of the o□-balance sheet claims.

Liquidity risk is the risk that the bank will not be able to meet all of it's (re)payment obligations on time, as well as the risk that the bank will not be able to fund increases in assets at a reasonable price, if at all. This could happen if, for instance, clients or professional counterparties suddenly withdraw more funds than expected, which cannot be absorbed by the bank's cash resources or by selling or

Bank Asia assesses liquidity risk in ICAAP document under Pillar-2 by considering following key indicators:

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

Bank's own liquidity monitoring tools
- Wholesale Borrowing and Funding Guidelines,

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

ii. *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

Strategic Risk

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, ine□ciencies 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 upto 2 (satisfactory)
- Operating expenses as % of operating income- optimum level upto 45%
- Classified loans as % of total outstanding loans- optimum level upto 5%
- Classified loan recovery as % of total classified loans- optimum level minimum 20%
- Written-o□ loans as % of total classified loans- optimum level upto 15%
- Interest waiver as % of total classified loans- optimum level upto 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, ine□cient 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 a□ect the capital base if the driving forces of the risk turn worse.

Banks assess reputational risk in ICAAP document under Pillar-2 by considering following key indicators:

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

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

Money laundering risk

Failure to manage these vulnerabilities exposes banks to serious reputational, operational, compliance and other risks. For mitigating the risks, the Management of Bank Asia has formed Anti Money Laundering Department. The Bank has also nominated Chief Anti Money Laundering Compliance O□cer (CAMLCO) and Deputy CAMLCO at Corporate O□ce and Branch Anti Money Laundering Compliance O□cers (BAMLCO) at Branches, who independently would make the bank compliant on AML matters. Bank Asia has been arranging District Level AML related training as lead bank for o□cials of all schedule Banks operating in the district(s) selected by Bangladesh Bank since the year 2007. In 2015, AML Department arranged and conducted AML workshops in order to train all the employees of the Bank to meet up our regulatory requirement and most of the employees obtained AML and CFT (Combating Financing Terrorism) related training.

Residual risk

Residual Risk arises mainly

i. *Error in Documentation*: Banks collect and preserve documents against loans and advances to have legal protection in case of adverse events like default of loan. Lack of required and duly filled up documents and erroneous or fake or forged documents will lead to the amplification of overall risk aspects of loan portfolio and the reduction in the strength of legal shield that slacks the ownership of the bank on collateral and consequently hinders the recovery of loan.

ii. *Error in valuation of collateral*: Banks require appropriate valuation of collateral (both physical and financial) and guarantee (bank guarantee and personal guarantee) against loans and advances for mitigation of default probability. The improper valuation or overvaluation of collateral can lead to overstated scenario of risk mitigation for collateralized loan. That will raise the default probability of the loan. To avoid duplication in capital calculation, when capital charge is imposed for error in documentation on a loan account, no capital charge is required for error in valuation of collateral on that loan account.

Interest rate risk in the banking book (IRRBB)

IRRBB is the current or potential risk to the interest rate sensitive assets and liabilities of a bank's balance sheet as well as the o□-balance sheet items arising out of adverse or volatile movements in market interest rate. Volatile movements of market interest rate adversely a□ect the value of interest rate sensitive assets and liabilities that consequentially results in the loss of equity value.

Although currently in Bangladesh, there is no e□cient and active secondary market for any type of debt instrument (interest bearing financial instrument), the evaluation of IRRBB on the basis of hypothetical scenarios is essential for the appraisal of asset-liability management and e□ectiveness of the risk management framework of a bank. The susceptibility of banks to IRRBB estimated through Simple Sensitivity Analysis and Duration Gap Analysis.

Risk Management Disclosures

	Book Value (BDT Crore)	YTM	MV (BDT Crore)	Duration	Duration GAP
Rate Sensitive Assets	22,439	11.38%	21,644	1.32	0.36
Rate Sensitive Liabilities	20,342	6.93%	20,260	1.03	
Equity	2,096		1,383		
Change of Market Value of Equity (MVE) due to change of Interest Rate:					
	1%		2%	3%	
MVE	-69.03		-138.64	-207.09	

Settlement risk

Settlement risk arises when an executed transaction is not settled as the standard settlement system suggests or within predetermined method. The banks pose to the risk when it fulfills its contractual obligations (payment or delivery), but the counterparty fails or defaults to do the same. Non receiving or delayed receiving of receivable bills (foreign & domestic) will be evaluated to assess settlement risk. Number of such cases and the total value in taka will be examined. If total value in taka from such cases in a year (reporting year) is more than certain percentage of the total loans and advances, bank maintains additional capital for that.

Appraisal of core risk management practice

Bangladesh Bank introduced core risk management system for assessing the risk management environment and practices in banks in 2003. In that respect, BB identified 6 (six) risk areas which are termed as core risks through issuing industry best practices framework which already revised and newly issued in the year 2015 and early 2016. Those frameworks provided benchmark of the bank and suggested to develop bank's own assessment methodology for each core risks as well as to calculate own risk rating at least once a year.

Accordingly, bank made rigorous risk management framework for own assessment methodology and annual review which was approved by Board of Directors. If rating in any of the core risks falls below a certain level, bank maintain additional capital for that/those risk/ risks.

Environmental and climate change risk

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

Basel III approach

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

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

In order to avoid building-up excessive on- and o□-balance sheet leverage, Bank maintaining leverage ratio minimum 3%. Leverage ratio express % of total tier I capital (after related deduction specified by BB) to total exposure i.e. on balance sheet and o□- balance sheet exposure (after related deduction specified by BB) and submit to Bangladesh Bank on quarterly basis.

To ensure strong liquidity base, Bank also maintaining two liquidity standard i.e. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NFSR) having more than ≥100%. LCR was introduced to promote short- term resilience of bank's liquidity risk profile by ensuring that it has su□cient 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 prepares LCR and NSFR and submits to Bangladesh Bank on monthly and quarterly basis respectively.

Road map of Basel III:

	2015	2016	2017	2018	2019	2020
	Implementation process					full implementation
Minimum Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Capital Conservation Bu□er	-	0.625%	1.25%	1.875%	2.5%	2.5%
Minimum Total Capital plus bu□er	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%

Conclusion

Bank also followed international standard regarding managing risk as specified by Bank for International Settlement (BIS) in its core principles of e□ective 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 e□ective as reflected in our strong capital and liquidity position. We recognize that maintaining and continually enhancing our risk management capabilities will be critical in the months ahead to ensure that the bank's financial and strategic objectives are achieved within approved levels of risk appetite

Basel III Pillar 3 Market Discipline

Annual Disclosure for the year ended December 31, 2015

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 'Guidelines on Risk Based Capital Adequacy', following detailed qualitative and quantitative disclosures are provided in accordance with the central bank directions covering scope of capital adequacy framework, capital of the bank, risk exposure and assessment methodology, risk mitigation strategies and capital adequacy of the bank.

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

1. Scope of application:

Qualitative Disclosures	
a) The name of top corporate entity in the group to which this guidelines applies	**Bank Asia Limited**
b) An outline of di□erences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group: (i) that are fully consolidated (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk - weighted)	The consolidated financial statements of the Bank include the financial statements of i) Bank Asia Limited ii) Bank Asia Securities Limited iii) BA Exchange Company (UK) Limited. and iv) BA Express USA Inc. Bank Asia holds 99.99%, 100% and 100% shares of Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc. respectively. The bank has an approved disclosure policy to observe the disclosure requirements set out by the Bangladesh Bank and International Financial Reporting Standard (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accounts 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 98 branches, 6 SME centres and 108 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 O□shore Banking Unit (OBU) at Chittagong Export Processing Zone, Chittagong. **Bank Asia Securities Limited** Bank Asia Securities Limited, a majority owned subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered o□ce at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000 which has commenced its business on the 17 April 2011 **BA Exchange Company (UK) Limited** BA Exchange Company (UK) Limited was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited, BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. BA Exchange Company (UK) Limited attaches a fresh width to the Bank's remittance operation and expands its global presence for remittance services. Bank Asia stretched its business in United Kingdom through its wholly owned subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home. **BA Express USA Inc.** BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, e□ective November 22, 2013. The company has started its commercial operation from June 01, 2014.

Basel III, Pillar 3 Market Discipline

Qualitative Disclosures	
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

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 di□erent 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

Amount in Million

Sl	Particulars	Solo	Consolidated
a)	**Tier-I (Core Capital)**		
a.1	Paid up capital	8,392.95	8,392.95
a.2	Non-repayable share premium account	-	-
a.3	Statutory reserve	5,876.25	5,876.25
a.4	General reserve	8.17	8.17
a.5	Retained earnings	2,152.33	1,867.69
a.6	Minority interest in subsidiaries	-	0.01
a.7	Non-cumulative irredeemable preference shares	-	-
a.8	Dividend equalization account	-	-
a.9	Sub-Total (a.1 to a.8)	16,429.70	16,145.07
	Less: Regulatory adjustments		
a.10	Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	29.60	29.60
a.11	Common Equity Tier -1 capital (Going-Concern Capital)/ Core Capital (a.9 - a.10)	16,400.10	16,115.47
a.12	Additional Tier 1 Capital	-	
a.13	**Total Tier- 1 Capital**	16,400.10	16,115.47
b)	**Tier-II (Supplementary Capital)**		
b.1	General Provisions (provisions for unclassified loans + provision for O□-balance sheet exposure)	2,048.26	2,044.93

Sl	Particulars	Solo	Consolidated
b.2	Asset revaluation reserves up to 50%	1,168.44	1,168.44
b.3	Revaluation reserve for equity instruments up to 50%	172.85	172.85
b.4	Subordinate debt	3,315.44	3,315.44
b.5	Other reserve	-	-
b.6	Sub-Total (b.1 to b.5)	6,704.99	6,701.66
	Less: Regulatory adjustments		
b.7	20 % of revaluation reserve for fixed assets, securities and equity securities	268.26	268.26
b.8	**Total Tier- 2 Capital (b.6 - b.7)**	6,436.73	6,433.40
	Total Eligible Capital (a.13+ b.8)	22,836.83	22,548.87

3. Capital Adequacy

	Qualitative Disclosures
A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities	**Capital calculation approach** With regard to regulatory capital computation approaches (Minimum Capital Requirement) the bank is following the prescribed approach of Bangladesh Bank. Below are risk wise capital computation approaches that the bank is currently applying: ■ Credit Risk - Standardized Approach (SA) ■ Market Risk - Standardized Approach (SA) ■ Operational Risk – Basic Indicator Approach (BIA) **Capital of the Bank** In parallel to business growth, the bank is e□ectively manages its capital to meet regulatory requirement considering the risk profile. Below are few highlights: ■ Currently Bangladesh Bank prescribed Minimum Risk weighted Asset ratio (CRAR) is 10%, whereas as on December 2015 the CAR of the bank was 12.46%. ■ During the same period, Minimum Capital Requirement (MCR) of the bank was BDT 18,324.74 million and eligible capital was BDT 22,836.83 million; i.e. the bank hold BDT 4,512.09 million surplus capital. **Reduction of Capital Requirement through increasing Rated Clients:** As per Basel-III norms capital adequacy i.e. bu□er 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 2015 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 Unit of the bank along with Corporate and Large Loan (C&LL) & Credit Risk Management (CRM) team has taken all-out e□orts to increase the number of corporate borrower's exposures under rated. They are constantly taking the initiatives through guidance of the Senior Management; series of meetings, correspondence, awareness program with the allied concerns i.e. branches of the bank & ECAIs. As a result of strong persuasion & drive, significant no of rated clients increased in the year 2015 from the year 2014. A review of the capital relief (both funded & non-funded exposure) reveals that till December 31, 2015, we have achieved total capital relief of Tk. 5,122 million from the rated borrowers.

Basel III, Pillar 3 Market Discipline

Quantitative Disclosures

Amount in Million

Sl.	Risk Category	Solo	Consolidated
Details of Risk Weighted Assets (RWA)			
a	Credit Risk		
a.1	On- Balance sheet	123,596.60	123,330.66
a.2	O□-Balance sheet	40,263.74	40,263.74
a.3	Total Credit Risk (a1+a2)	163,860.34	163,594.40
b	Market Risk	4,676.60	4,676.60
c	Operational Risk	14,710.45	14,444.72
	Total RWA	183,247.39	182,715.72
Detail of Risk Wise Minimum Capital Requirement (MCR)			
a	Credit Risk		
a.1	On- Balance sheet	12,359.66	12,333.07
a.2	O□-Balance sheet	4,026.37	4,026.37
a.3	Total Credit Risk (a1+a2)	16,386.03	16,359.44
b	Market Risk	467.66	467.66
c	Operational Risk	1,471.05	1,444.47
Total Minimum Capital Requirement		18,324.74	18,271.57
Total Maintained Capital		22,836.83	22,548.87
Total Capital Surplus		4,512.09	4,277.30
Detail of Tier wise Capital of the Bank			
a.	Tier-1 Capital	16,400.10	16,115.47
b.	Tier-2 Capital	6,436.73	6,433.40
c.	Tier-3 Capital	-	-
	Total Capital	22,836.83	22,548.87
Total Risk weighted Asset ratio (CRAR) [Total capital/RWA]		12.46%	12.34%
Tier 1 CAR [Tier 1 capital / RWA]		8.95%	8.82%

4. Credit Risk:

Qualitative Disclosures	
a) The general qualitative disclosure requirement with respect to credit risk, including:	
Definitions of past due and impaired (for accounting purposes)	Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect. An NPA (impaired) is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or a Term Loan etc except term loan below Tk 10 lac. Classified loan is categorized under following 03 (three) categories: > Sub-standard > Doubtful > Bad & Loss **Any continuous loan will be classified as:** i) 'Sub-standard' if it is past due/overdue for 03 (three) months or beyond but less than 06 (six) months. ii) 'Doubtful' if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months iii) 'Bad/Loss' if it is past due/overdue for 09 (nine) months or beyond. **Any Demand Loan will be classified as:** i) 'Sub-standard' if it remains past due/overdue for 03 (three) months or beyond but not over 06 (six) months from the date of expiry or claim by the bank or from the date of creation of forced loan. ii) 'Doubtful' if it remains past due/overdue for 06 (six) months or beyond but not over 09 (nine) months from the date of expiry or claim by the bank or from the date of creation of forced loan. iii) 'Bad/Loss' if it remains past due/overdue for 09 (nine) months or beyond from the date of expiry or claim by the bank or from the date of creation of forced loan. **Term loan will be classified as:** **(A)** In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting upto Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans: i) If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as 'Sub-standard". ii) If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as ''Doubtful". iii) If the amount of past due installment is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as ''Bad/Loss". **(B)** In case of any installment(s) or part of installment(s) of a Fixed Term Loan amounting more than Tk. 10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans: i) If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as ''Sub-standard". ii) If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as ''Doubtful". iii) If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as ''Bad/Loss".

Basel III, Pillar 3 Market Discipline

Qualitative Disclosures

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

Types of loans and advances Std.		Provision				
		SMA	SS	DF	BL	
Consumer	House building and professional	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		2.5%	2.5%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

> Discussion of the Bank's credit risk management policy

The Bank has a well structured delegation and sub-delegation of credit approval authority for ensuring good governance and better control in credit approval system. The Board of Directors and its Executive Committee hold the supreme authority for any credit approval in line with the credit committee consisting of the senior management of the bank. Credit proposal processing, assessment of risks and mitigates there against, placing before credit committee, seeking approval from the competent authority, assisting in completion of documentation formalities and above all maintaining relationship with the branches and customers have so long been done by Credit Risk Management (CRM). The function of CRM department has redefined by (i).Credit Assessment, (ii). Credit Monitoring, (iii). Credit Information & Policy Development for smoothly execution of the credit risk management through segregating internal units. Separate segments for Corporate, Retail, SME, Credit Cards have been formed in order to diversify the credit risk. Towards mitigating the risks, Bank Asia has developed a robust credit approval system. Under the ongoing system, the approval and disbursement of all business loans are centralized at Corporate O□ce. The credit proposals recommended by branches are scrutinized by CRM Department. Sanctions are conveyed to the Branches after getting approval from Credit Committee of Corporate O□ce or Board of Directors if needed. Limits are loaded into the system by Credit Administration Department but it is not operative until the branch complies all the terms and conditions incorporated in the sanction advice. The above arrangement ensures the segregation of duties & responsibilities and thus minimizes the credit risk.

In the process of restructuring credit operation mechanism as per guidelines of BB, recently, a new division has been created namely "Corporate and Large Loan (C&LL)" to maintain a healthy credit portfolio by managing risk at the portfolio level as well as at the individual transaction level. Credit proposal format is also redefined as it is one of the key tools to maintain quality portfolio since its informs us risk, credit requirement, performance, liability position, compliance, financial position, environmental issues, e□ective rate of return, details of business etc. of the customer to mitigate credit risk.

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

Quantitative Disclosures

Amount in Million

Particular	Outstanding
b) Total gross credit risk exposures broken down by major types of credit exposure	136,396.34
Chief Executives & Others senior executives	190.34
Agriculture	1,758.34
Industry	65,328.36
Constructions	4,913.52

Particular	Outstanding
Power, Gas, Water and Sanitary Services	690.12
Transport, Storage and Communication	3,551.82
Trade Services	27,009.00
Housing Services	10,443.78
Banking and Insurance	6,273.08
Professional and Misc. services	16,237.98
c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	136,396.34
Dhaka Division	102,700.68
Chittagong Division	25,314.24
Khulna Division	2,118.08
Rajshahi Division	4,206.80
Barisal Division	320.25
Sylhet Division	1,607.80
Rangpur Division	128.48
d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure	136,396.34
Agriculture	1,758.34
Food Manufacturing	12,589.41
Beverage industry	137.23
Tobacco industry	363.93
RMG industry	15,002.06
Textile industry	9,680.05
Wood cork and allied products	43.73
Furniture and Fixture	111.27
Paper and paper products	3,633.85
Leather and leather products	1,140.87
Rubber products	1,466.53
Chemical and chemical products	184.88
Basic metal products	4,209.13
Electrical machinery and apparatus	1,638.68
Other manufacturing industries	11,513.57
Ship building	1,508.70
Ship breaking	1,669.42
Pharmaceutical	435.06
Constructions	4,913.52
Power, Gas, Water and Sanitary Services	690.12
Transport, Storage and Communication	3,551.82
Trade Services	27,009.00

Basel III, Pillar 3 Market Discipline

Particular	Outstanding
Housing Services	10,443.78
Banking and Insurance	6,273.08
Professional and Misc. services	16,237.98
Others	190.34
e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure	136,396.34
Repayable on demand	28,470.00
Not more than 3 months	36,890.00
More than 3 months but not more than 1 year	44,766.30
More than 1 year but not more than 5 years	17,506.47
More than 5 years	8,763.57
f) By major industry or counterparty type:	
Sector wise past due loan classification categories:	
Sub- Standard	312.96
Doubtful	249.40
Bad and Loss	5,246.51
Total	5,808.87
Specific and general provisions	6,996.66
Total General Provision:	3,085.01
Total Specific Provision:	2,911.65
g) Gross Non Performing Assets (NPAs)	5,808.87
Non Performing Assets (NPAs) to Outstanding Loans Advances	4.26%
Movement of Non Performing Assets (NPAs)	
Opening balance	6,200.55
Additions	20,473.97
Reductions	(20,865.64)
Closing balance	5,808.87
Movement of specific provisions for NPAs	
Opening balance	3,981.26
Less: Transferred to General Provision	(230.00)
Less: Write-o	(974.27)
Add: Recovery from previously written o	55.04
Add: Provisions made during the period	79.62
Closing balance	2,911.65

5. Equities: Disclosures for Banking Book Positions

Qualitative Disclosures	
Di□erentiation 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 a□ecting 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 a□ord 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 a□airs, 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 regulator 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

Sl.	Particular	Amount in Million
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 di□erent from fair value:	Not Applicable
b)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period (2015)	Nil
c)	Total unrealized gains (losses) Total latent revaluation gains (losses) Any amounts of the above included in Tier 2 capital.	Nil Nil 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.	Nil
d.1	Specific Risk	840.70
d.2	General Market Risk	840.70
d.3	**Total (d1+d2)**	1,681.40

6. Interest Rate Risk In the Banking Book

Qualitative Disclosures	
The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement	Interest rate risk is the potential that the value of the On Balance Sheet and the O Balance Sheet position of the Bank would be negatively a ected with the change in the Interest rate. The vulnerability of an institution towards the advance movement of the interest rate can be gauged by using Duration GAP under Stress Testing Analysis. Bank has also been exercising the Stress Testing using the Duration GAP for measuring the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Risk weighted Asset ratio (CRAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing O Balance Sheet positions and or Derivatives). Under the assumption of three di erent interests rate changes i.e. 1%, 2% and 3%.

Quantitative Disclosures

Sl.	Particular			Amount in Million
1	Market Value of Assets	216,440.20		
2	Market Value of Liabilities	202,606.80		
3	Weighted Average of Duration of Liabilities (DL)	1.03		
4	Weighted Average of Duration of Assets (DA)	1.32		
5	Duration GAP (DA-DL)	0.36 years		
6	Yield to Maturity (YTM -Assets)	11.38%		
	Yield to Maturity (YTM -Liability)	6.93%		
	Magnitude of Interest Rate Change	1%	2%	3%
7	Fall in Market Value of Equity	(690.32)	(1,380.64)	(2,070.96)
Stress Testing		Minor	Moderate	Major
8	Regulatory capital (after shock)	22,179.70	21,489.40	20,799.00
9	RWA (after shock)	182,559.70	181,869.40	181,179.00
10	CAR (after shock)	12.15%	11.82%	11.48%

7. Market Risk

Qualitative Disclosures	
Views of BOD on trading/ investment activities	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost e ective 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 o -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		
Sl.	**Particular**	**Amount in Million**
	The capital requirement for:	
1.	Interest Rate Risk	140.70
2.	Equity Position Risk	168.14
3.	Foreign Exchange Risk	158.82
4.	Commodity Risk	-
Total capital requirement against Market Risk		467.66

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 sta□s	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 events	No potential external event is expected to expose the Bank to significant operational risk.
Policies and processes for mitigating operational risk	Operational risk, defined as any risk that is not categorized as market or credit risk, is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. It is inherent in every business organization and covers a wide spectrum of issues. In order to mitigate this, internal control and internal audit systems are used as the primary means. The Bank Asia Limited manages this risk through a control based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the bank stays in line with industry best practice and takes account of lessons learned from publicized operational failures within the financial services industry. Bank Asia Limited has operational risk management process which explains how the bank manages its operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with central bank requirements. Operational risk management responsibility is assigned to di□erent 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

Amount in Million

Particular	Solo	Consolidated
Capital Requirement for Operational Risk under MCR	1,471.05	1,444.47

9. Liquidity Ratio

Qualitative Disclosures	
Views of BOD on system to reduce liquidity Risk	Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments in time when payment falls due. Thus, liquidity risk can be of two types: a) Funding liquidity risk: The risk that a firm will be unable to meet its current and future cash flow and collateral needs without a□ecting its daily operations or its financial condition b) Market liquidity risk: The risk that a firm cannot easily o□set or sell a position without incurring a loss because of inadequate depth in the market Banking organization, where o□-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.
Methods used to measure Liquidity Risk	In context of Pillar 3 (Supervisory Review Process) of RBCA, the necessity of proper assessment and management of liquidity risk carries pivotal role in ICAAP of banks. In the perspective of Bangladesh, identifying and monitoring the driving factors of liquidity risk is viewed from the following aspects: Regulatory Liquidity Indicators (RLIs): ■ Cash Reserve Requirement (CRR) ■ Statutory Liquidity Ratio (SLR) ■ Medium Term Funding Ratio (MTFR) ■ Maximum Cumulative Outflow (MCO) ■ Advance Deposit Ratio (ADR)/Investment Deposit Ratio (IDR) ■ Liquidity Coverage Ratio (LCR) ■ Net Stable Funding Raito (NSFR) Bank's own liquidity monitoring tools: ■ Wholesale Borrowing and Funding Guidelines ■ Liquidity Contingency Plan ■ Management Action Trigger (MAT) Computation of Capital Charge against Liquidity Risk: If annual average of any RLIs of any bank falls bellow Bangladesh Bank's requirement the bank will be required to maintain additional capital for that RLI (or those RLIs).
Liquidity Risk Management System	As per Bangladesh Bank guideline management maintain su□cient CRR and SLR. 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	
	Amount in Million
Particular	
Liquidity Coverage Ratio	122.03%
Net Stable Funding Ratio (NSFR)	111.53%
Stock of High quality liquid assets	55,710.19
Total net cash outflows over the next 30 calendar days	45,652.55
Available amount of stable funding	174,293.95
Required amount of stable funding	156,271.36

10. Leverage Ratio

Qualitative Disclosures	
Views of BOD on system to reduce excessive leverage	In order to avoid building-up excessive on- and o□-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by Bangladesh Bank. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives: a) constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy b) reinforce the risk based requirements with an easy to understand and a non-risk based measure The policy for Leverage Ratio including o□ and on balance sheet exposure and capital related policy. The Bank has a well structured delegation and sub-delegation of credit approval authority for ensuring good governance and better control in credit approval system. The Board of Directors and its Executive Committee hold the supreme authority for any credit approval in line with the credit committee consisting of the senior management of the bank.
Policies and processes for managing excessive on and o□ balance sheet leverage	There are approved limits for instruments both on-balance sheet and o□-balance sheet items. The limits are monitored and enforced on a regular basis to protect against such risk.
Approach for calculating exposure	Calculation of Leverage Ratio A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level. $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$ The exposure measure for the leverage ratio will generally follow the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following will be applied by the bank: i) On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments (e.g. surplus/ deficit on Available for sale (AFS)/ Held-for-trading (HFT) positions). ii) Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure. iii) Netting of loans and deposits is not allowed.

Quantitative Disclosures

Amount in Million

Particular	Solo	Consolidated
Tier-1 Capital (A)	16,400.10	16,115.47
Exposure measure :		
On balance sheet exposure	221,255.33	222,571.20
O balance sheet exposure	53,397.15	53,397.15
Less: Regulatory adjustment made to Tier I capital	29.60	29.60
Total exposure (B)	274,622.88	275,938.75
Leverage Ratio (A/B)	5.97%	5.84%

11. Remuneration

Qualitative Disclosures

a) Information relating to the bodies that oversee remuneration.

Name, composition and mandate of the main body overseeing remuneration

Managing Director, Mancom & Head of Human Resources division governs the remuneration related policies and practices in alignment of the banks' short & long term objectives. They plays an independent role, operating as an overseer; and if required, makes 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 e ective remuneration policy, procedures and practices aligned with the Banks' 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:

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
Additional Managing Director	02
Deputy Managing Director	05
Senior Executive Vice President	11
Executive Vice President	12
Senior Vice President	13

	Qualitative Disclosures
b) Information relating to the design and structure of remuneration processes.	**Key features of remuneration policy** We target a fair human resources management by using a performance based system. Our salary policy is the same in all branches and service points for the beginner level. In addition, to drive further development of individual skill sets and competencies, speaking foreign languages is compensated. There is no incident of discrimination has been occurred in terms of remuneration provided to male and female employees. 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 talent acquiring and retaining. **Objectives of remuneration policy** The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating emvployees, 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 to the Bank's values. Whether the remuneration committee reviewed the rm's remuneration policy during the past year, and if so, an overview of any changes that were made: The remuneration committee reviewed the firm's remuneration on 2014 and revised the remuneration by conducting a survey considering the following facts: ■ Oversee Banks 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 acquaint with the economy inflation Based on the survey, Bank changes the remuneration on Compa-Ratio based of its existing employees A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee : Control function of internal control and compliance directly respond of Audit Committee of the Board and dotted report to the President and Managing Director. Credit Risk O□cer report to President and Managing Director directly.
c) Description of the ways in which current and future risks are taken into account in the remuneration processes.	An overview of the nature and type of the key measures used to take account of these risks, including risks di cult to measure (values need not be disclosed): A balanced scorecard approach has been adopted by the Board with real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-a-vis set target of a given year. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors. A discussion of the ways in which these measures a ect remuneration: The way in which each individual contributes to or impacts on the key criteria di□ers depending on the area of the business/target activities in which they operate and nature of activities specified by the management. These di□erences are reflected in the expected outcomes and performance indicators developed for each individual employee/role and satisfactory performance against these indicators is required to qualify for annual increment of remuneration, performance bonus, promotion and other benefits. A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration: Since the implementation of real-life SMART KPI to evaluate the contribution of all individuals no changes has been took place.

Basel III, Pillar 3 Market Discipline

Qualitative Disclosures	
d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	**An overview of main performance metrics for bank, top-level business lines and individuals** Bank Asia is solely depending on the contribution of its existing talents. From the year 2013, Bank Asia introduced a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-a-vis set target of a given year. We have infused 80/20 strategy in performance measurement system; as such 80% Objective and 20% Organizational & Personnel behavior factors are introduced. The benefits of using KPI are the followings: ■ Reduce the number of decisions and make decisions based on objectivity and facts. ■ Quantify the achievement of goals ■ Focus on facts and see where individual improvement is/are needed. ■ As individual initiative grows, it becomes more di□cult 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 least, unbiased performance evaluation at the end of the year. A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance: Yearly performance bonus, salary increment, sta□ house building loan are directly linked with employee's individual performance. A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak: Variance performances like performance bonus, salary increment are determined by the outcome of scorecard in prescribed KPI of the individual.
e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.	Bank Asia provides its Employees incentive compensation delivered in the form of deferred cash awards, subject to performance based on Key Performance Indicators (KPI).
f) Description of the di□erent forms of variable remuneration that the bank utilises and the rationale for using these di□erent forms.	A summary of Short-term and Long-term compensation plan are as follows: Total Compensation = Fixed Pay (Salary)+Variable Pay (Bonus)+Variable Pay (Long term incentive) Form of variable remuneration o□ered by Bank Asia: **Cash Form:** Short-Term Incentives / Rewards 1. Yearly fixed and incentive bonus; 2. Yearly Increment; 3. Business accomplishment financial award; 4. Special Increment for especial assignments/accomplishment; 5. Car, fuel and car maintenance allowance for executives; 6. Cash Risk allowance for cashier; 7. Charge allowance for Head of Branches **Long-Term Incentives / Rewards** 1. Provident fund; 2. Gratuity; 3. Benevolent fund 4. Employee house building loan with minimum interest rate 5. Provident fund loan with minimum interest rate 6. Periodically salary review (enhancement) 7. Furniture allowance for executives 8. Yearly professional membership fees for professional certificates holder **Non-Cash Form:** **Short-Term Incentives / Rewards** 1. Medical insurance coverage for self, wife and two children; 2. Accelerate promotion for top talents; 3. Study leave **Long-Term Incentives / Rewards** 1. Foreign training award;

Quantitative Disclosures

Particular	Amount in Million
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.

	No.	Amount
h) Number and total amount of guaranteed bonuses awarded made during the financial year.	Nil	
Number and total amount of sign-on awards made during the financial year.	Nil	
Number and total amount of severance payments made during the financial year	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

j) Breakdown of amount of remuneration awards for the financial year to show:	Breakdown of Remuneration is as follows(Taka in million):
- fixed and variable	Basic salary 768,42
	Allowances 796,35
	Festival bonus 122,91
	Gratuity 186,57
	Provident fund contribution 71,59
	Performance bonus 210,00
	Total : 2,155,84

- deferred and non-deferred.	Nil
- di□erent 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:	
di□erent forms used (cash, shares and share linked instruments, other forms).	All the remunerations are provided in the form of cash
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

Statement on Non Performing Loan (NPL) Management

A Non Performing Loan (NPL) is either in default or close to being in default. NPL to total loans is a measure of the quality of their outstanding loans. A smaller NPL ratio indicates smaller losses for the bank, while a larger (or increasing) NPL ratio can mean larger losses for the bank as it writes off bad loans.

Strategies for NPL Management & Recovery Process

The recovery strategies are formulated based on analysis carried out through the following FourUnits of the Division:

- Recovery Unit O-site (Non-Legal),
- Recovery Unit On-site (Non-Legal),
- Recovery Unit-Legal and
- Recovery Unit MIS & Compliance

All the departments are working on different area of recovery process towards achievement of their time bound set goals. They are also keeping good contribution in the profitability of the Bank through recovery of NPL vis a vis release of Interest Suspense kept suspended against NPL.

From 2016 another unit styled as Debt Collection Unit under Recovery Unit–Legal will start its journey particularly to intensify the further recovery drives of written off loans. To this effect all necessary works including approval of the Organogram has since been completed.

NPL Status of Banking Industry of the Country

The amount of classified loan in country rose to Tk. 513.71 billion in 2015 from Tk. 501.66 billion in 2014. So last year Non-Performing Loan increased by 2.42% despite rescheduling and large loan restructuring by Bangladesh Bank. But this rescheduling and loan restructuring policy by Bangladesh Bank managed to decrease the Non-Performing Loan over the last year. Following table shows the growth rate of classified loans over the year of 2015.

Total Classified Loans Country VS Bank Asia (In Billion)

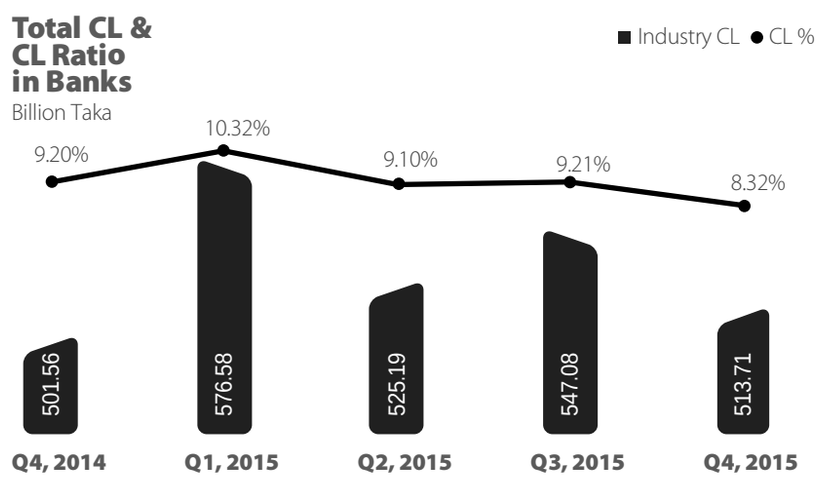
	Bank Asia		Country	
	2015	2014	2015	2014
CL Amount	5.81	6.20	513.71	501.56
Growth	- 6.29%		2.42%	
CL Ratio	4.26%	5.31%	8.32%	9.20%

The volume of NPL in the banking industry onto a downslide towards the yearend because of the banks stronger recovery & high rescheduling.

CL by Banks' Type (In Billion)

	Commercial	State owned	Foreign	DFI
2015	207.6	237.45	18.97	49.69
CL %	3.36%	3.85%	0.31%	0.80%
2014	245.78	227.27	21.16	52.87
CL %	4.51%	4.17%	0.39%	0.97%
Growth	-16%	4%	-10%	-6%

** State owned banks contributed major portion of CL*



** CL% shows a declining trend*

NPL Status of Bank Asia

(as on December 31, 2015)

- The Bank ended the year with 4.26% Non-performing loan or classified loan which was amounted to Tk. 5,808.87 million compared to Tk. 6,200.55 million at the beginning of the year that indicates overall recovery of the Bank was quite satisfactory.

- At the end of 2015, the Bank's Write o loans was Tk. 3,883.20 million of 116 accounts compared to Tk. 2,936.08 million of 93 accounts in 2014. The closing balance has increased due to addition of Tk. 1,075 million as Write o loans as well as collection of Tk. 55.55 million from written-o accounts.

- One thing is very important to note that during the year 81.22% of rescheduled loans remained standard, i.e. cash recovery and installment payments of majority of rescheduled / restructured borrowers were regular. It may also be noted that the remaining 18.78% of rescheduled loans that were downgraded to classified status constitutes 65.39% of total classified loans. Management has already increased recovery initiatives from those default loans.

- Like the previous year, the Bank extended loan facilities to various sectors within the country. The allocation in the manufacturing sector was Tk. 90,863.10 million i.e. 66.62% of total credit portfolio. As a result, this sector has the highest amount of Non-performing loan Tk. 3,935.07 million which is 2.89% of its credit portfolio. On the other hand, the Bank has no NPL in Capital Market, Non-Bank Financial Institutions and Service sector.

Non-performing loans a ect both bank balance sheets and regulatory restrictions. In the slim spread regime bank can ensure greater profitability by way of CL monitoring and recovery than bargaining with borrowers for higher yields. Bank Asia is putting all out e orts to recover already default loans and stop fresh inclusion of CL. For success in that front, management is further streamlining its credit appraisal process.

Cover opening ceremony of White Paper on Bangladesh Budget 2015-16 & Corporate Outlook compiled by Group Finance

EXOSPHERE

THERMOSPHERE

MESOSPHERE

SUMMARY SUSTAINABILITY REPORT

STRATOSPHERE

TROPOSPHERE

zero	oxygen	ozone

Achievement for Sustainability Report

Mr. Md. Mehmood Husain, President and Managing Director of Bank Asia is receiving SRA 2015 runner up 1 trophy in Jakarta from Mr. Sarwono Kusumaatmadja, Former Minister of the Environment of the Republic of Indonesia

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 Best Sustainability Reporting Award 2015, Runner up I in Overseas Category for Sustainability Report 2014 by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia.
- Bank Asia achieved Sustainability Reporting Award 2014(SRA 14) awarded for Most Impressive Report 2013 by NCSR Jakarta, Indonesia for Sustainability Report 2013 of Bank Asia.
- Bank Asia achieved commendation for first time Sustainability Report 2012 in the 9th Sustainability Reporting Award by NCSR in Pejaten, Jakarta for Sustainability Report 2012 of Bank Asia.

Sustainable Banking Operations

Key Highlights 2015

610

Students received (in 2015) support for education under BA's higher studies scholarship amounting to Tk. 17.37 million. Total beneficiary so far 1,103

52,232

Man Hours of training for development of our human capital

33

Districts covered 95 agent outlets for expanding Agent Banking in most geographically dispersed poor segment

Unbanked villagers of 21,816 villages came under Bank Asia's banking service network through EBEK project for poverty alleviation.

302,732

E-statements delivered to customer

63%

Cash transactions done through ATM

Disbursed for home solar system

173,985

Households of rural and semi-urban areas received remittance of Tk. 4,528.96 million through our MFIs network business

92,760

Farmers and rural people benefited financially through our agricultural/rural credit

Message from the President and Managing Director

Sustainability to us is not a generosity but an accountability to develop our communities. By using our position as a growing banking institution, we are committed to promoting positive social, economic, environmental development in the communities by following triple bottom line –people, planet and profit in our business operation.

Bank Asia is publishing the 4th Summary Sustainability Report that is another o□cial milestone. Our first two reports were based on G3/G3.1 guidelines. But from the year 2014, we have been preparing our report based on G4 guidelines with an e□ort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social impacts including both positive and negative contribution. Our report intends to touch upon all material environmental, economic and social impacts resulting from Bank Asia's activities in the year under report.

Over the past years, the Bank has strengthened its reputation as a socially responsible corporate citizen. Our ambition is to be the best banking institution by being financially steady, continuously improving our governance and grabbing the opportunities accessible by our markets to provide and promote sustainable economic growth by focusing on three key priorities: contributing to sustainable economic growth, responsible to environmental e□ects and investing in communities.

We have in place targets for the advancement of balanced growth in all the segments of the economy. We have introduced Agent Banking services as the pioneer in Bangladesh with the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population. Focusing poverty eradication and reduction of poverty level, we are the lead partner Bank in implementing Ektee Bari Ektee Khamar (EBEK), a government project for the ultra-poor people of our country. Bank Asia is now operating EBEK Banking services to 35 districts having 252 Upazillas and more than 1,147,125 beneficiaries are getting the services under this project. This operation is spread over 21,816 villages of 2,424 unions. Bank Asia Limited has introduced Agent Banking Services in the year 2014. Currently our agent banking is covering 33 districts and 67 Upazillas with its 95 agent outlets. We are already working for the advancement of women in leadership positions and empowering women entrepreneurs through our SME finance program by distributing Tk.144 million during this year.

We also promote the growth of MSME, which are vital for the emerging economic community. Under MSME service, we have financed in Agri/rural sector to create enormous employment opportunities in farms; especially in the fields of crops & fisheries as well as to help sequestration of carbon and till now 441,234 number of farmers received the benefit from our bank. Under the Special Finance Program of MSME, we are also providing financial support to the farmers at 4% concessional rate for cultivating pulse, spice, oilseed & maize for which Bangladesh has to spend a lot of foreign currency to import these items. Besides, realizing the importance of producing bio energy, we have financed in biogas producing project at interest rate of 9%. Currently 9 farmers are getting this benefit. Bank Asia has been providing financial service to account holders of 10 taka under refinance scheme @ 9.50% interest rate. Currently the total disbursed amount is Tk. 22.90 million and 504 poor people are availing this service.

To familiarize young generation with banking transactions and create social awareness of savings habit among the children, Bank Asia is promoting school banking services. We have introduced Payza & Payoneer Inc. to develop e-Commerce to make service export related payment easier and cheaper.

We provide our employees with opportunities for personal development and professional advancement through extensive training and other personal development programs. In that respect, Bank Asia conducted 52,232 man hours of training involving 3,185 participants. The current gender mix is female 28% and male 72%. Our 83.9% of sta□ members are aged below 40 years which denotes that Bank Asia is in young, dynamic and capable hands. Bank Asia has introduced Grievance Handling Policy and Female Anti Harassment Policy for betterment of our employees.

Towards commitment of social and environmental well being and strive to ensure sustainable balanced growth in economic, social and ecological arena, Bank Asia has spent Tk. 65.92 million for CSR purpose. In 2015, one of our priorities was education; we have been supporting poor meritorious students by providing scholarships since the inception of our CSR activities. In the year 2015, Bank Asia disbursed around Tk. 17.37 million to 610 students as the Higher Study Scholarship program to rural poor and meritorious students who will become human capital of our country. Our Bank also extended support to individuals and institutions as a part of its CSR activities. Bank Asia donated Tk. 0.93 million for medical treatment. With a view to mitigate acute accommodation problem of all graduate nursing students of BSMMU, Bank Asia completed construction of 37,647 square feet 'Nursing Student Hostel' with a spending of Tk. 95.87 million. The building can be further constructed up to 9th floor. To contribute further to the health sector to ensure a healthy community the bank also completed construction of 17,810 square feet Outdoor Patient Department (OPD) building for Holy Family Red Cresent Medical College & Hospital with a spending of Tk. 53.59 million. The OPD can also be raised up to 9th floor. We donated Tk. 9.70 million to support cold hit people. We are also supporting Badhan and Sandhani, volunteer blood donor organizations for promoting their services. Bank Asia always supports promotion of art & culture and sports. The Bank sponsored Tk. 2.12 million for various arts and cultural program and Tk. 4.5 million to Bangladesh Football Federation through Bangladesh Association of Banks (BAB). As Bangladesh is a natural disaster prone country, the Bank contributed Tk. 9.78 million for disaster management. In addition Bank Asia donated Tk. 13.85 million on the occasion of social projects including Bangladesh Science Fiction Society, Bangladesh Mathematical Society Prime Minister Relief and Welfare Fund, Zilla Muktijoddha Complex Bhaban, Brahmanbaria and others.

Towards commitment of green economy by using energy e□cient HHK/Tunnel Kiln technology which is for better energy e□ciency and lower emissions of carbons to the environment Bank Asia financed Tk. 453.49 million to "Eta & Tiles". For better energy e□ciency and lower emissions, Bank Asia financed Tk. 47.20 million in 8 projects to set up Zigzag chimney and Tk. 2.3 million for biogas plant in 2015. Moreover, Bank Asia financed Tk. 200.00 million to Saiham Knit Composite Ltd. (USGBC Certified LEED Certificate) for reducing carbon footprint through established environment friendly composite knit industry.

We are committed to enlighten every rural home with green electricity. Till now 6,502 families are brought under solar home system and 11 branches of Bank Asia installed solar panel.

Bank Asia achieved Best Sustainability Reporting Award 2015, Runner up I in Overseas Category for Sustainability Report 2014 by NCSR (National Centre for Sustainability Reporting). It is the 3rd time in a row that our sustainability reports have achieved awards by NCSR at di□erent category.

In the end I express my sincere thanks and gratitude to all stakeholders and sincerely acknowledge their active engagement towards Bank Asia's dream as well as vision for a poverty free Bangladesh by ensuring sustainable business of Bank Asia in economic, social and environmental respects.

Md. Mehmood Husain
President and Managing Director

Report Parameter

Our prior two reports was based on GRI reporting framework G3/ G3.1 guidelines. But from the year 2014, we have prepared our sustainability report based on GRI reporting framework G4 guidelines and it is the second time we are reporting on GRI reporting framework G4 guidelines with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social aspects including both positive and negative contribution.

Reporting scope

This report intends to touch upon all significant environmental, economic and social impacts resulting from Bank Asia's activities in the financial year 2015. This is our fourth sustainability report, and there is no significant changes regarding scope, boundary, or measurement methods and explanation of the e□ect 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 2015 covers only banks operation run by corporate o□ce, 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 & USA market. Financial statements of BA Exchange Company (UK) Ltd. & 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. Imran Ahmed FCA, CISA, CSRS, Chief Financial O□cer, Mr. Md. Bashir Uddin Ahmed, CSRS, Assistant Vice President, Group Finance, Mr. Md. Shamim Hasnat, Senior Executive O□cer, Group Finance and Ms. Nahid Tania Khan, Senior O□cer, Group Finance. They may be reached through

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

Triple Bottom Line

PEOPLE

Bank Asia always plays a very dynamic role in contributing to the society through its CSR program, which are thoroughly illustrated in CSR section. In the context of value creation model for its employees, the bank has made footprints by achieving: Operating profit and Net profit per employee was Tk. 3.27 million and Tk.1.40 million respectively during 2015. 52,232 man-hours training have been provided to 3,185 employees in the year 2015.

Bank Asia works with a wide range of suppliers, vendors, agents and others. Bank Asia works with them to create value 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 e□cient energy consumption, paperless o□ce, financing renewable energy etc. Bank Asia's achievements in green initiatives are detailed out in other parts of the report. As greening of mind, Bank Asia provided 4 trainings on green banking under foundation trainings course where 108 sta□s participated.

PROFIT

During 2015, Bank Asia generated economic profit of Tk. 168 million in the form of economic value addition

Strategic Focus for Sustainability

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 o 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 through bank led as well as mobile operation led mobile banking.

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, personalizing banking, creating brand ambassadors, Online product innovation, measure and reduce customer e ort, creating di erentiated customer value proposition.

Going Green in the Future of Banking

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

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, O-shore banking, SME financing & many more specialized services with its core banking activities. To excel in this new era of technological triumph, Bank Asia has successfully introduced mobile banking, cutting edge ICT, state of the art network solution, 24/7 ATM service & 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 it's 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 o ering on September 23, 2003 when its share was listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

Number of Countries where the Organization Operates

Bank Asia runs its operation only in Bangladesh. However, the Bank has two fully owned subsidiaries in overseas. Among these subsidiaries, 'BA Exchange Company (UK) Limited' and 'BA Express USA Inc.' facilitate as speedy and dependable medium for remitting the hard-earned money of expatriates 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 branches in Jamaica and Brooklyn for remittance channeling to Bangladesh.

Scale of the Reporting Organization

As of the end of 2015, our Bank's operating profit is Tk. 6, 005 million and total assets are Tk. 224,347 million. The Bank's Capital to Risk weighted Assets Ratio (CRAR) is 12.46 %.

Number of employees	1,874 (1,839 of Bank and 35 of Subsidiaries)
Number of branches	104 (94 branches, 4 SME/Agri branch and 6 SME service centers)
Total operating income	Tk. 10,326.92 million
Total debt & equity	Tk. 205,368 million & Tk. 18,979 million
Number of ATMs	108 own & 5,500+ shared
Number of credit cards	33,585
Number of VISA debit cards	300,000

Branch Network

Currently we have 104 branches and SME service centers across the country spread over di erent zones that includes 94 branches, 4 SME agricultural branch and 6 SME service centers. Geographically 56 are placed in capital Dhaka, 30 in Chittagong the 2nd largest commercial hub after Dhaka, 7 in Sylhet zone one of the leading remittance flow area, 4 in Khulna zone the 2nd international port city and adjacent to world's largest mangrove forest, 4 in Rajshahi the silk city and world's finest mango production area, 2 in Rangpur and 1 in Barisal the main rice producing center of Bangladesh. All these branches and SME centers are e ciently supervised and monitored by 5 cluster mentors who take care of their overall performance indicators on a regular basis. Every year on an average 7 new branches are added to our branch network.

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(Am Cham)
- Bangladesh Foreign Exchange Dealers Association (BAFEDA)
- Bangladesh Association of Publicly Listed Companies (BAPLC)
- Money Market Dealers' Association
- Metropolitan Chamber of Commerce and Industry
- Islamic Banks Consultative Forum (IBCF)
- Central Shariah Board for Islamic Banks of Bangladesh (CSBIB)

DHAKA
56
CHITTAGONG
30
SYLHET
7
KHULNA
4
RAJSHAHI
4
BARISAL
1
RANGPUR
2
BANGLADESH
NEPAL
PANCHAGA
THAKURGAON
LALMONIRHAT
KURIGRAM
RANGPUR
DINAJPUR
I N D I A
SHERPUR
SUNAMGANJ
SYLHET
Surma
NAOGAO
MOULVI BAZAR
RAJSHAHI
I N D I A
I N D I A
tala
DHAK
COMILL
KHAGRACHARI
NOAKHALI
KHULNA
SATKHIRA
BARISHAL
HOLA
Kolkata
(Calcutta)
RANGAMATI
CHITTAGONG
COX'S BAZAR
B A Y O F B E N G A L

Primary Brands, Products & Services

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

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

MAKE MOMENTS MEMORABLE FOR

BELOVED ONES

BANK ASIA GIFT CARD!

Make every moment unforgettable for those you love most.

Just award Bank Asia "Gift Card" and endorse freedom to purchase as they wish to. Let them feel you love them most and care for.

24/7 HOTLINE
16205

OTHER CARDS

Platinum Card | VISA Dual Gold
VISA Ladies Card | MasterCard Gold
VISA Dual Classic | VISA Hajj Card
MasterCard Silver | Virtual Card

Bank Asia

School Banking

Bank Asia brings School Banking Account for those kids who aspire to be in the mainstream of life from their very first day at school. Any school going child can open a School Banking Account and start saving for the future. This account is meant to help our future generation to grow up with a savings habit along with being accustomed with the banking culture and system. The salient features of our School Banking account are:

- Attractive interest rate for Savings and Term Deposit Accounts
- No account maintenance charges with free ATM Cards
- Options for opening DPS Accounts
- Both Parents and student can operate the account
- Payment of school fees
- Stipend facilities for meritorious students, and Financial assistance for education of the student in the event of death of the earning member of the family

Secretary, Ministry of Education, Government of Bangladesh and President & Managing Director of Bank Asia inaugurating country's first School banking through Agent Banking at Munshigonj

এজেন্ট ব্যাংকিং
আপনার দোরগোড়ায়

স্কুল ব্যাংকিং

আমার স্কুল আমার সঞ্চয়

একাউন্টের বৈশিষ্ট্য

- আকর্ষণীয় মুনাফার অনুপাত/হার
- কোন একাউন্ট মেইনটেইনেন্স চার্জ নেই
- ফ্রি এ.টি.এম কার্ড
- একাধিক ডিপিএস প্লাস হিসাব খোলার সুযোগ
- অভিভাবক ও ছাত্র/ছাত্রী উভয়ের লেনদেন করার সুযোগ
- বিদ্যালয়ের যাবতীয় বেতন ও ফি পরিশোধের সুযোগ
- পরীক্ষায় ভালো ফলাফলে মেধাবীদের জন্য পুরস্কারের সুযোগ
- উপার্জনকারী অভিভাবকের মৃত্যুতে একাউন্টহোল্ডারকে শিক্ষার জন্য আর্থিক সহায়তা।

ব্যাংক এশিয়া

Products & Services

Retail Banking Products

Deposits

Low Cost/No Cost Deposit Accounts

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

Term Deposit (s)

- Fixed Deposit Regular

Scheme Deposit (s)

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

Consumer Finance

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

Credit Card

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

Micro, Small, Medium and Agriculture Banking Products

Deposits

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

Micro & Small Enterprise Finance

- Shomadhan (Trading, Manufacturing, Service & Women Entrepreneur)
- Shachondo
- Utshob
- Shubidha - Unsecured
- Sristi -Unsecured
- Shofol - Unsecured
- Shondhi - Secured
- Shombridhi - Secured
- Sheba - Secured
- Subarno (Women Entrepreneur)
- Probaho (Trading & Manufacturing)
- Shombhabona (for New Entrepreneurs)

- Fishery Demand Loan
- Fishery Term Loan
- Equipment Term Loan
- Poultry Demand Loan
- Poultry Term Loan
- Demand Loan against NGO
- Agriculture Term Loan against NGO

Corporate Banking

Cash Management Products

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

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

Funded Products

- Secured Over Draft (SOD)
- Cash Credit Hypo
- Over Draft
- SOD (Earnest Money)
- Exporter's Cash Credit
- Documentary Bills Purchased - FCY
- Documentary Bills Purchased - LCY
- Demand Loan (Workorder)
- Loan against Imported Merchandize
- Loan against Cash Incentive
- Payment against Document (PAD) Cash
- Loan against Documentary Foreign Bill - FCY
- Forced Demand Loan against L/C
- Term Loan Industrial
- Term Loan Others
- Loan General

Medium Enterprise Finance

Funded Products

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

Non Funded Products

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

Agriculture Finance

- SOD (10 Taka Savings)
- Demand Loan against 10 Taka Savings
- Short Term against 10 Taka Savings
- Cropping Demand Loan
- Dairy and Fattening Demand Loan
- Dairy and Fattening Term Loan

Products & Services

- Transport Loan
- Loan against Packing Credit
- Loan against Trust Receipt
- House Building Loan - General
- Lease Finance
- PAD (Export Development Fund)
- Export Development Fund (EDF) Loan (FCY)
- Time Loan
- Demand Loan (Workorder)

Non Funded Products

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

Structured Financing

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

Off-shore Banking Unit (OBU) Products

- On-shore Import & Export Bill Discounting
- Working Capital Finance
- Trade Finance
- Loans & Advances to wholly foreign owned entities
- Term loan to local entities
- Nostro account services to other local banks

Islamic Banking Products

Deposit Products

- Al-Wadiah Current Account (AWCA)
- Mudaraba Savings Account (MSA)
- Mudaraba Special Notice Deposit Account (MSNDA)
- Mudaraba Term Deposit Receipts (MTDR) of di□erent Tenure
- Mudaraba Hajj Savings Scheme (MHSS)
- Mudaraba Deposit Pension Scheme (MDPS)
- Mudaraba Monthly Profit Paying Deposit Scheme (MMPPDS)
- Smart Junior Saver (SJS)
- Cash Waqf

Investment Products

- Bai Murabaha Muajjal
- Bai Murabaha EDF
- Hire Purchase Shirkatul Melk(HPSM)
- Musharaka
- Murabaha
- Quard against Accepted Bills
- Quard against MTDR
- Quard against Schemes

Agent Banking

Products

- Current Deposit Account
- Savings Bank Account
- Short Notice Deposit Account
- School Banking Solution
  - Smart Junior Saver Account
  - School Banking Account
  - School Fee Collection
  - Payroll Banking for Teachers
- Deposit Pension Scheme
- Term Deposits
- Remote Banking (EBEK)
- Islamic Banking Deposit Products

Services

- Account Opening Services
- Deposit & Withdraw
- Fund Transfer
- Inward Foreign Remittance
- Utility Bill Payment
- Balance Inquiry
- Account Statement (mini)
- Insurance Premium Collection

Other Services

- ATM Services
- Remittance Service
- Locker Service
- Online Banking
- Internet Banking
- Phone Banking
- Mobile Banking
- SWIFT
- Centralized Trade Services
- Student File
- Travelers' Cheque
- E-Commerce
- E-Procurement
- Debit Card
- Contact Center (16205)
- Electronic Fund Transfer (EFT)
- Real Time Gross Settlement (RTGS)
- Utility fees payment
- School Banking Solution
- College & University fees collection
- Machine Readable Passport (MRP) fees collection
- Passport Fee Collection
- SME Loan Processing
- Agricultural Loan Processing
- Personal Loan Processing
- Support Green Banking Initiative
- Training and Development
- Debit/ Credit card processing

Capital Market Services

- Trading (Buy-Sell) Services
- Margin Loan
- CDBL Services
- Research Services

Treasury Products

Money Market

- Overnight Lending and Borrowing
- Repo and Reverse Repo
- Swap
- Sale and Purchase of Treasury Bill & Bond
- Placement of Fund
- Term Borrowing
- Investment

Foreign Exchange

- Spot
- Forward
- Currency Swap

Foreign Remittance Services

- Exchanges Houses
- Inward Foreign Remittance
- Outward Foreign Remittance
- Mobile Banking - Express Cash
- PAYZA
- Remittance Card
- BEFTN

ENJOY THE BENEFITS

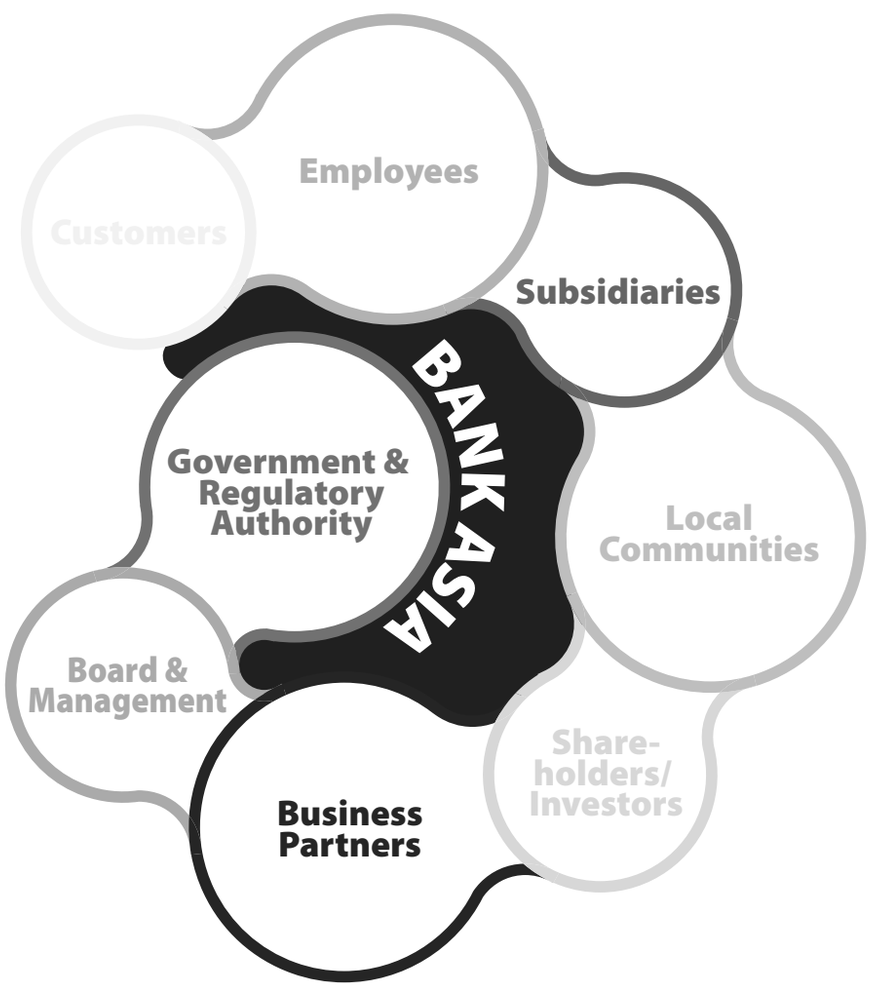
Stakeholders' Engagement

Bank Asia believes in proper stakeholders' engagement in every aspect of its banking activities. They identify their stakeholders conducting through 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 their daily operation.
- *Dependency:* Those who are dependent on their operational performance, e.g. business partners, and those whom we are dependent, e.g. customers.
- *Representation:* Those who represent Bank Asia to the outside world, e.g. employees, board and those whom we face for various decision making purposes. e.g. business association leaders, local community leaders .

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

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

Our Stakeholders	Ways of Inclusion	Their Priorities	Our Response
Customers	■ Customer relationship management ■ Complaints and customer satisfaction survey ■ Customers Acceptance Policy ■ Customer feedback management ■ Ongoing market research and product innovation	○ Good return from deposits ○ Fast services delivery with excellence ○ Preferential pricing, charges and commission ○ Strict Shariah compliance in Islamic products and services ○ Product varieties catering market demand ○ Online banking solutions with secured transactions, privacy and confidentiality	○ ALCO sits every month to decide pricing and rates based on market analyses ○ All network nodes are run by online core banking system (CBS) ○ E-products like mobile banking, internet banking, tele banking, electronic fund transfer, etc. ensures hi-tech banking needs ○ Separate online CBS for Islamic products ○ Front desks and relationship managers ensure fast and high quality service delivery following one to one relationship ○ Proper actions are taken of customers complaints if any service goes against the customer service policy of the Bank.
Employees	Business conferences, teleconferences, video conference etc. Training, workshops and orientation Program, Internal meeting, Group emails, intranet circulation	○ Talents and performances development ○ Regular training ○ Inflation adjustment in pay package planning ○ Periodical salary review to adjust with cost of living index ○ Proper job description setting as per individual skill ○ Performance driven career progression ○ Healthy working environment and workplace safety ○ Transport facilities for female employees ○ Group Health Insurance ○ Policy formulation for safe working atmosphere	○ Salary package adjusted in line with market competitiveness and inflation ○ 52,232 man hours training for human capital in 2015 ○ Well set KPIs for performance and inherent quality analysis ○ All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise ○ Ensure continuous learning and application ground for career build-up ○ 266 Claims of insurance received of Tk. 11.09 million in 2015 ○ 108 female employees availing pick and drop facilities among 309 non executive female employees in Dhaka region ○ Formulation of Female anti harassment policy and Grievance handling policy to resolve complaints in a fair manner
Subsidiaries	■ Policies formulation ■ Agreed upon strategic goals	Goals & Strategic focuses are based on local environment analyses & regulatory preview	Review local market and environment before setting its strategic priorities ensuring proper representation from subsidiaries
Local Communities	■ Promoting financial inclusion both banked and unbanked people ■ CSR contribution Scholarship	○ Compensation for adverse direct or indirect impact for bank's activities ○ Support to under privileged people ○ Provide banking facility to geographically dispersed poor segment of the society ○ Support to basic need for living	○ Strongly consider environmental and social impact and restrain from adverse impact upon society ○ Target segment is underdeveloped and under privileged people ○ Significant contribution to education, health, disaster management, art & culture and environmental sector
Shareholders/ Investors	Annual general meeting (AGM), extraordinary general meeting (EGM), annual & semiannual report, publishing quarterly financials, Credit rating and price sensitive information (PSI) in newspapers	○ Healthy return on investments and stable dividend policy ○ Growing earnings ○ Sound governance and risk management Ratings of the bank based on overall financial performances	○ Maintained attractive plough back ratio ○ Timely repayment of debt with stated return ○ Established superior risk management culture ○ Transparency and integrity in financial reporting ○ Maintained consistent ratings through financial commitments ○ Investors each queries meet up through our share department e□ciently and fairly

Stakeholders' Engagement

Our Stakeholders	Ways of Inclusion	Their Priorities	Our Response
Business Partners	Procurement management, training and communication	o Fair trade, fair enlistment, o Sustainable and stable growth of the bank	o Free from any bias or coercion from influencing quarters o Ensure fair play and competition to award work order o Timely payment to vendors
Board & Management	Decisions are taken based on financial and business delegation of di□erent levels Any major decisions must be placed to board for approval	o Governance principles, policies & procedures formulation o Strategic focus & value creation	At least one board meeting in every month, executive committee meeting, audit committee meeting, board members meet with management on various occasions like annual & semi- annual business conferences, bank's anniversary celebration
Government & Regulatory Authority	Strict ethics & compliance with applicable laws, rules and regulations	o Proper compliance with laws & regulations o Timely reporting as per requirement o Timely payment of right amount income tax and VAT	We ensure proper compliance and timely reporting to government bodies and regulators

Material Aspects and Boundaries

Material Aspect	Boundaries inside the organization	Boundaries outside the organization
Financial Inclusion	Client base of the organization increases with diversity, taping business opportunities, increase of revenue generation.	The community including the overall economy benefited from reduction of poverty through augmenting economic activities in the geographically dispersed areas.
Energy Consumption	E□cient use of scarce resources.	Sequestration of carbon emission and the national GHG inventory will be reduced.
Human Capital & Talent Management	Enhancement of operational level e□ciency. Attaining cost savings through reducing time requirement. Customer retention rate will be higher.	The clients will be benefited from customer friendly e□cient services and more loyalty will be ensured.
Agricultural Credit	Product diversification and attachment to mainstream of the economic activity of the country.	As an agricultural country, share croppers and marginal farmers will be benefited by lower interest rate and their poverty level will be improved.
Capital Adequacy	Business expansion and the fundamental strength of the organization are ensured.	Building confidence level to the investors as well as credit line providers.
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 di□erent sectors like health, education, sports and culture etc.

Environmental Performance

Energy

Energy Savings

Our new Corporate Office, where we have moved during the year 2011 has been designed to utilize maximum usage of natural lights, which reduces energy consumption substantially compared to other conventional building. Around a third of the bulbs being used in this office are of energy savings type. We are saving around 40% electricity (used for lighting purpose) by using the day light in our Corporate Office. Our electronic mail system has been operational since 2005, which is being extensively used for internal as well as external communication. Electronic communication substantially reduces paper consumption thereby reduce deforestation.

Million Taka

No	Instruments	Quantity	Cost of Conventional Practice	Cost of Green Banking Concept
1	E Statement	302,732	3.0273	NIL
2	SMS Banking	344,878	3.4488	0.086221
3	SMS Alert	672,879	6.7288	0.168222
4	Net Banking	165,129	1.6513	
5	E-Fund Transfer	113,632	1.1363	NIL
6	Digital Attendance	1,524	0.0008	NIL
7	E-Mail Corresponding	239,744	2.3974	NIL
	Total amount		18.3907	0.2544
Net Savings			**18.1363**	

Energy Consumption

Million Taka

	2015
Energy Type	**Total**
Electricity	98.13
Fuel & CNG	9.98

Solar Powered Branches

We have already installed solar panels in our 11 branches located at Patherhat, Madhobdi, Dohajari, Hajigonj, Faridpur, Elephant Road, Lalmatia, Sonaimuri, Bashabo SME service Centre, Bank Asia Bhaban & Nimtola Branch.

Financing Renewable Energy and Carbon Offset Projects

During the year 2015 we have disbursed Tk. 2,158.60 million to 92,760 farmers, which helps sequestration of carbon.

Reducing Energy & Resource Consumption

Instruments of Green Banking o□ered by Card Division include E-Statement, SMS Banking, SMS Alert, Net Banking, E Fund Transfer, and Digital Attendance and E Mail corresponding, which help reducing printing paper. In 2015, our Card Department through its digital filing system have been archived more than 60,000 pages. Moreover, New Issuing, Replacement, Activation and PIN request are automated which reduced Debit Card issuance time to 2-3 days from 7-9 days as well as paper saved 100,000 pages of paper and Tk. 14,000 as courier service cost. During the year 2015, consumption of paper by Bank Asia is Tk. 15.88 million. Unlike every year, the Bank has developed e-Cards for its stakeholders this year.

Solar Home System

Bank Asia is committed to enlighten every rural home with green electricity. At present, only about 40% of the rural households in Bangladesh have access to grid electricity. For the rest of the areas are not connected to the national grid, life comes to almost a standstill there after sun-set. Giving priority in this sector, Bank Asia has been supporting to import and install solar home systems in the o□ grid area. During the year 2015, we have disbursed Tk. 0.03 million to 1 borrower for installation of Solar Home Systems.

Water Usages

Bank Asia is very much conscious about e□cient 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 o□ce 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. During the year 2015, Bank Asia spent Tk. 175 per employee per month for safe drinking water.

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 o□ce equipment, obsolete furniture & fixture and newspapers. Being a financial institution Bank Asia does not deal with any hazardous waste.

Environmental Performance

- 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 o through community cleaners.

Geo Textile Products

Dird Felt Ltd. is a private limited company, involved in manufacturing Geotextile products. The main applications of Geotextile are to protect river site, beach site, paved & unpaved road, farm & forest track, container yard, land development for industrial & housing estates etc. Geotextiles, typically made from polypropylene or polyester, are permeable fabrics which, when used in association with soil, have the ability to separate, filter, reinforce, protect, or drain. The company started banking relationship with Bank Asia since August, 2012. We approve the limit of Tk. 4,000 million as non funded and Tk. 9,584 million as funded facility to the company in 2015.

Bank Asia financed project 'Saiham Knit Composite Ltd.

Greenhouse Gas Emission

Saving CO_2 Emission

From 2014, Bank Asia implemented Video Conferencing System to connect with remote branches for strengthening relationship between Head O ce and branches. By using the system, Management can save time and money as well as CO_2e by avoiding long distance travel in order to attend meetings. Currently, the system has been implemented in few branches.

Initiative to Reduce the Bank's Adverse Impact on Environment

Bank Asia by principle always averts financing in environment hazardous business. The bank has decided not to finance any tobacco related business, and all o ces of the bank are declared smoking free zone. We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess borrowers through environmental due diligence (EDD) checklists.

Reducing Carbon Footprint

Since inception Bank Asia has turned to eco-friendly banking as a way to lower carbon footprint in its' normal banking activities. As part of our commitment for our green economy we have signed a participation agreement with Bangladesh Bank under refinance scheme on August 10, 2011 for lending in solar energy, bio- gas, and e uent treatment plant & hybrid Ho man kiln (HHK). In 2015, Bank Asia financed for ETP of Rupali Dyeing, a client of Narayangonj branch and Tk. 2.3 million for biogas plant. Bank Asia also financed Tk. 47.20 million in 8 projects to set up Zigzag chimney for better energy e ciency and lower emissions. Moreover, Bank Asia financed Tk. 467.25 million to "Eta & Tiles" which envisages of setting of a modern environment friendly & energy e cient Bricks Manufacturing project with the Tunnel Kiln Technology and Tk. 200 million @ 9% to Saiham Knit Composite Ltd. (USGBC Certified LEED Certificate).

Bank Asia and Green Banking

Bank Asia always believes in growing in a responsible manner maintaining eco-friendly environment which is essential for our survival. Since its inception, Bank Asia has been committed towards safe, clean and green environment. Our Green Banking activities are on multidimensional areas which include both in-house Green activities and external green activities towards supporting Green Economy.

The Bank's working environment encourages usage of e-mails, relying on online instructions for communication, using natural daylight and extensive usage of energy savings bulbs. Our Green Banking Policy Guidelines and Green O ce Guide have been circulated to all our employees for creating awareness on Green Banking activities & providing instructions about conserving energy, water, saving paper, etc. Bank Asia developed its own Environmental Policies which proves our commitment to the Environment for a sustainable future. We have unified our sustainable operations under the

"Green Banking Unit" equipped with permanent employees. The Audit Committee of the Board is selected as the High Powered Committee of our Green Banking Unit for reviewing the Green Banking activities.

As a green banking initiative Bank Asia ICT Division has provided email IDs to all permanent employees of Bank for communication which significantly reduced the paper based communication.

As greening of mind, this year Bank Asia has provided four training on Green Banking under Foundation training course where 108 sta□s participated. In addition, 3 external trainings were organized related to Green Banking & Environmental Risk Management, Reporting Format of Green Banking Activities, Financial inclusion, CSR & Green Banking. Besides this, two of our o□cials participating in the workshop on "Sustainability Reporting as per GRI Guidelines" organized by SR Asia Bangladesh.

In view of highlighting our Green Banking activities and creating awareness amongst our stakeholders, our "Half Yearly Financial Position, 2015" incorporates Green Banking activities of our Sustainable Banking Operations. The Articles on Green Banking, sustainability reporting were published in di□erent newspapers which reflect our Green initiatives to our employees, our stakeholders and all subscribers of those newspapers.

Bank Asia has introduced Thin Client / Virtual Desktop (required only 24W power) in few branches by replacing desktop computers which dramatically reduce power consumption, carbon emissions and space consumption as well as reduces electronic garbage significantly.

Like the previous year, the Bank has published 'Sustainability Report 2014' and achieved Sustainability Reporting Award 2015(SRA 15) by NCSR.

Online Banking

Bank Asia has been one of the pioneers in introducing Online Banking and in 2015, it covers 98 branches, 6 SME centers, 108 own ATMs, more than 5,500+ shared ATMs and others. Clients can also have access to their accounts through Internet via Smartphone's which can be used for internet based applications for transactions. Online banking system is a great way to reduce wastage of paper.

In addition to this, OCAS (Online Credit Approval System) has been developed as a part of Technological improvement of the Bank. 46 branches of the Bank have been imparted extensive training on operation of OCAS in 2015. During 2015, 238 proposals deals through OCAS This system will reduce lead time, ensure accuracy, strengthen security and make accessibility easier. With successful implementation of OCAS, Bank Asia will make a great stride in online banking with an edge on its competitors. All the proposals of C & LL, MACO, MSME & CFC specially one shot proposals are processing through OCAS.
To ensure full-time availability and business continuity the ICT Division implemented three (3) sites storage system for banking transaction where data replication between primary storage and third DR storage are synchronizing mode to protect loss of data. It's also helps to reduce the consumption of papers and engaging of extensive space of the bank.

Bank Asia has implemented most advanced solution in receiving WASA, DESCO bill payment and Passport fee collection systems through a full real time online web based which has enables for payment in a smooth and hassle free manner.

In our banking system recently 'e-Commerce' has incorporated for its valued customer where Bank plays as payment partner & account holders can shop online through internet banking, Debit Card or Credit Card with less expense & in faster time from any time anywhere. Through SSL, Bank Asia Limited A/C Holder can purchase products & Services from 175+ Merchant websites.

Others

Bank Asia spent Tk. 65.92 million to Prime Minister Relief and Welfare Fund, Higher Studies Scholarship, construction of BSMMU and HFRCMCH, di□erent socio cultural and religious program during the year 2015.

Compliance

During 2015, Bank Asia has not faced any penalties for non-compliance with applicable laws and regulations concerning the impacts of its operations on communities.

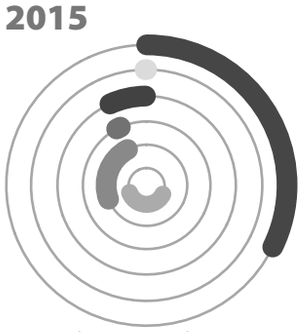
Maximum use of natural daylight in the branches of the Bank

Economic Performance

Value added statement shows how much value (wealth) has been created by the bank through utilization of its capacity, capital, manpower and other resources and how it is allocated among different stakeholders i.e. employees, shareholders, government etc.

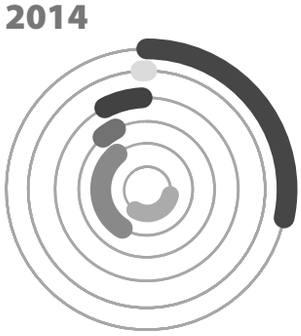
In the year 2015, bank's net value addition was Tk. 6,738 million; 32% distributed to employees as salaries, 37% to shareholders as dividend & reserve, 23% to government as income tax and rest of the amount used for business expansion and growth.

Value Added Statement 2015



To employees as salaries **32%**
To providers of capital as dividend & reserve **37%**
To Government as income tax **23%**
Retained profit **1%**
Depreciation **7%**
Deffered Taxation **0.23%**

Value Added Statement 2014



To employees as salaries **28%**
To providers of capital as dividend & reserve **31%**
To Government as income tax **30%**
Retained profit **4%**
Depreciation **7%**
Deffered Taxation **1%**

Value Added Statements

Million Taka

Items	2015	2014
income from banking services	21,497	20,386
Less: Cost of services & supplies	(12,878)	(12,331)
Value added by banking service	8,619	8,055
Non-banking income		
Provision for loans & O□-balance sheet exposure & others	(1,882)	(1,562)
Total	6,738	6,493

Distribution of value addition	Year			
	2015		2014	
	Amount	%	Amount	%
To employees as salaries	2,173	32%	1,836	28%
To providers of capital as dividend & reserve	2,503	37%	1,988	31%
To Government as income tax	1,535	23%	1,947	30%
To expansion & growth				
Retained profit	71	1%	231	4%
Depreciation	441	7%	441	7%
De□ered Taxation	15	0.23%	51	1%
	527		723	
Total	6,738	100%	6,493	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. Shareholders Equity providers are always conscious about their return on capital invested. As a commercial banking company we are deeply concerned about delivery of value to all of our shareholders/ equity providers.

Economic Value Addition

Million Taka

Particulars	Year		
	2015	2014	2013
Invested fund by shareholders			
Shareholders equity	18,979.33	16,864.42	14,617.70
Add: Cumulative Provision for loans/ investment/ o□-balance sheet items, o□shore banking units & others	7,264.26	6,312.15	5,100.99
Total invested fund by shareholders	26,243.59	23,176.57	19,718.69
Average invested fund by the shareholders [A]	24,710.08	21,447.63	18,578.07
Earnings for the year			
Profit after taxation	2,573.92	2,218.69	1,459.82
Add: Provision for loans/ investment, o□-balance sheet items and o□shore banking units	1,881.74	1,561.88	1,895.17
Less: Written o□ during the year	1,075.79	471.38	1,341.14
Earnings for the year [B]	3,379.87	3,309.19	2,013.85
Average cost of equity (based on Shanchay Patra rate issued by the Government of Bangladesh) plus 2% risk premium [C]	13%	13%	13%
Cost of average equity [D= A x C]	3,212.31	2,788.19	2,415.15
Economic Value Added [B-D]	167.56	521.00	(401.30)

Cost of average equity has been restated for the year 2013 and 2014 for comparison, for which EVA also changed

Market Value Added Statement

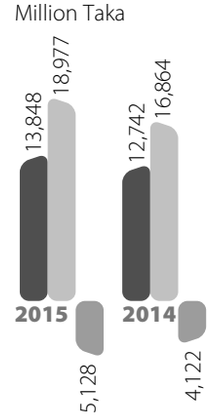
Market value added statement shows the di□erence between the market value of the bank and the capital contributed by shareholders i.e. book value of equity. During the year 2015, total market value of the bank was Tk.13,848.45 million and total book value of equity is Tk. 18,976.57 million i.e. addition of market value was Tk. (5,128.12) million.

Million Taka

Particulars	No. of shares (in Million)	Share price (in Taka)	Taka
Market value	839.30	16.50	13,848.45
Book value	839.30	22.61	18,976.57
Market Value Added			(5,128.12)

Market Value Added

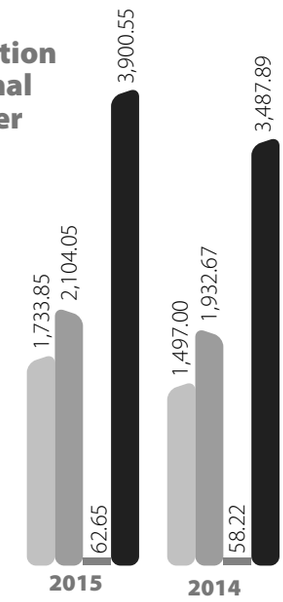
Million Taka



- Total Market Value of the Equity
- Total Book Value of the Equity
- Market Value Added

Contribution to National Exchequer

Million Taka



- Income tax payment on bank's earnings
- Income tax, VAT, and Excise duty deducted at source from various payment and service by the bank
- Income tax payment by the employees
- Total Payment

Contribution To National Exchequer

Bank Asia has contributed significantly to the government's e□ort of revenue collection. As a corporate entity, the bank pays tax and VAT on its own income according to prevailing laws of the country. Besides, the bank deducts income tax, VAT and excise duty at source from customers and suppliers and deposits the same to the national exchequer. During the year 2015, the Bank contributed Tk. 3,900.55 million to national exchequer.

Million Taka

Particulars	2015	2014
Income tax payment on Bank's earnings	1,733.85	1,497.00
Income tax, VAT, and Excise duty deducted at source from various payment and services by the bank	2,104.05	1,932.67
Income tax payment by the employees	62.65	58.22
Total Payment	3,900.55	3,487.89

Supporting the Entrepreneurs through SME Service Centers

Cottage Micro and Small businesses are catalyst in the socio economic development of many countries of the world. They are viewed as vehicles for the achievement of national macroeconomic objective in terms of employment generation at low investment cost and enhancement of apprenticeship training. Keeping this in mind, Bank Asia SME has stepped into the territories where no Bank or FIs have reached so far. With 6 SME Service Centers & 98 branches in urban & rural areas Bank Asia provides its services for promoting and expansion of businesses which ultimately created productive new o-farm employment.

To take the financial accessibility to the unserved / underserved population across the country, Bank Asia focused on increase of market coverage and as a part of that objective to develop the MSEs from rural level the bank opened 95 Agent Banking outlet throughout the year 2015. We introduced 4 fully agricultural branches to widen the access to finance and assist our agro community with the most specialized and innovative banking solution available.

This year Bank Asia has launched a new groundbreaking product "Somvabona" for pre-startup or start up entrepreneurs of the country o ering lower interest rate. Moreover, the Bank also participated in the "SME Banking Match Making Fair 2015" at Chittagong. The dialogue of the forum focused on access to finance of women entrepreneurs', achievements in access to finance, how information & communication should take place, how product design and marketing activities should be approached and how the recommended actions for further dissemination of financing of women entrepreneurs should be implemented.

Dialogue session with Women Entrepreneurs of Chittagong Zone

Empower Communities Through Agriculture/Rural Credit

Bank Asia has disbursed Tk. 2,158.60 million (Tk.109.50 million through own network and Tk. 2,049.10 million our NGO Network) as short and long-term credit in agricultural/rural sectors during 2015. This financing helped to create enormous employment opportunities in farms, especially in the fields of crops & fisheries. Total number of beneficiaries was 92,760.

Financial Inclusion in Economically Disadvantaged Areas

Agent Banking

With an aim to helping poor and disadvantaged people to come under formal banking channel for helping them safe saving, easy receiving of Govt. and/or corporate aid for poverty alleviation Bank Asia has introduced Agent Banking Services as the pioneer in Bangladesh. The Bank has implemented 95 Agent outlets in 33 districts in most geographically dispersed poor segment of the society. In 2015 the amount of deposits of Agent Banking was Tk. 373.59 million. Besides this, from this year country's first school banking service through Agent Banking outlet and Agent Banking Mobile Apps was launched. We are also determined to support Government's commitment in building 'Digital Bangladesh' as charted out in the vision 2021 by bringing rural people under the Agent Banking platform across the country through our local and international partners for developing their lives and livelihood. We remain committed, and see it as its duty to the nation to facilitate and encourage various formal and approved channels for providing convenient and accessible services, especially by bringing underprivileged sections and rural people into the fold of basic banking services.

EBEK (Ektee Bari Ektee Khamar)

Bank Asia limited is the leading Bank of implementing Ektee Bari Ektee Khamar (EBEK) a government project for the ultra-poor people of Bangladesh focusing Poverty eradication and reducing poverty level up to 10% within 2021. Bank Asia started online banking service for Ektee Bari Ektee Khamar in May 2012. By operating this project Bank Asia open new window to intensively work for the rural people, especially for the poor people and make a strong relationship with local administration, social and

Fishery project financed by Bank Asia

Mr. Kaushik Basu, Chief Economist & Senior Vice President of World Bank and Bangladesh Bank's Governor visits to Bank Asia's Agent Banking outlet at Rajabari, Gazipur

local leaders (Union Parishad Chairmans and Upazilla Chairman's). Bank Asia is now operating EBEK Banking services to 35 districts having 252 Upazillas and serving 1,147,125 beneficiaries.

Foreign Remittance

Remittance has been continuously supporting the economic growth and the livelihoods of people in Bangladesh. Total inflow of Inward Remittance of Bank Asia in 2015 was USD 552 million, a 3% growth over the previous year. Bank Asia's position is 9th in 2015 among all banks in Bangladesh.

Bank Asia is the first and only Bank to set-up arrangement with OPGSPs in Bangladesh. With these arrangements with OPGSPs like 'Payza' and 'Payoneer'; we hope to flourish further adding to the bottom-line of the Bank. For Bank Asia, it would give a strong competitive edge over the other players in the market by catering the Banking need of an emerging sector. In addition, we have received incentive Remuneration of USD 13,345.00 from Western Union for the appreciable performance, our honorable board has appreciated our President & Managing Director and Head of FRD. We were also rewarded by XPRESS MONEY, in recognition of e□orts & contribution on Remittance Disbursement and "TOP TEN AWARD" by Centre for NRB, for outstanding Remittance Services.

Online Payment Gateway Services

Bank Asia is the first and only 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, o□- shore IT service, software development, business process outsourcing (BPO) etc. It is giving a strong competitive edge of Bank Asia over the other players in the market by catering the Banking need of an emerging sector. In 2015, we have done1,302 transactions and paid an amount Tk. 18.36 million through 'Payza' and 7,122 transactions amounting Tk. 438.43 million through 'Payoneer'. We are also targeting to excel our service tremendously in 2016.

To encourage outsourcing professionals and make their work conspicuous to everyone Bank Asia and BASIS have given "BASIS Outsourcing Award-2015" in the end of June, 2015. Bank Asia sponsored Tk. 1 million in that program as 'Platinum Partner'.

Economic **Performance**

Launching ceremony of the Online Payment Gateway Service (OPGS) of 'Payoneer'

Community Investment Strategy

Community Investment

With an aspire to ensure the Bank as a socially responsible corporate entity, Bank Asia is always conscious of its Corporate Social Responsibility (CSR) contributing towards quality of life of the society at large without compromising an ecological condition. In the year 2015, Bank Asia spent an amount of Tk. 65.92 million for the overall betterment of the nation. All the donations made under CSR program for social and environmental well-being and endeavor to ensure sustainable balanced growth in economic, social and ecological arena. Bank's stakeholders were immensely benefitted by way of its community based social programs; education support where total donation was Tk. 17.37 million, health support Tk. 18.25 million, disaster management Tk. 9.78 million, environment Tk. 0.05 million, sports Tk. 4.50 million, art & culture Tk. 2.12 million and others Tk. 13.85 million.

Indirect Economic Impacts

As one of the leading financial services provider in Bangladesh, Bank Asia has an extensive role in the economy and society. Bank Asia makes a positive difference to society and local, regional and national economies where we operate through our community initiatives and investments. We help foster local economic development and stimulate growth and innovation through loans, credit and other financing to organizations of all sizes. In particular, Bank Asia is a major supporter of SMEs across Bangladesh and invests in community programs, which enable youth and those less fortunate, to create brighter economic futures for them. In 2015, total volume of disbursed MSME loan is Tk. 21,670.72 million and total MSME deposit reached of Tk. 639.35 million.

Financial Assistance from Government

Bank Asia does not receive any financial assistance from the government and also does not contribute to any political organization. But we support all the public policy developed for the betterment of nation and we never lobby for making any policy in favor of us.

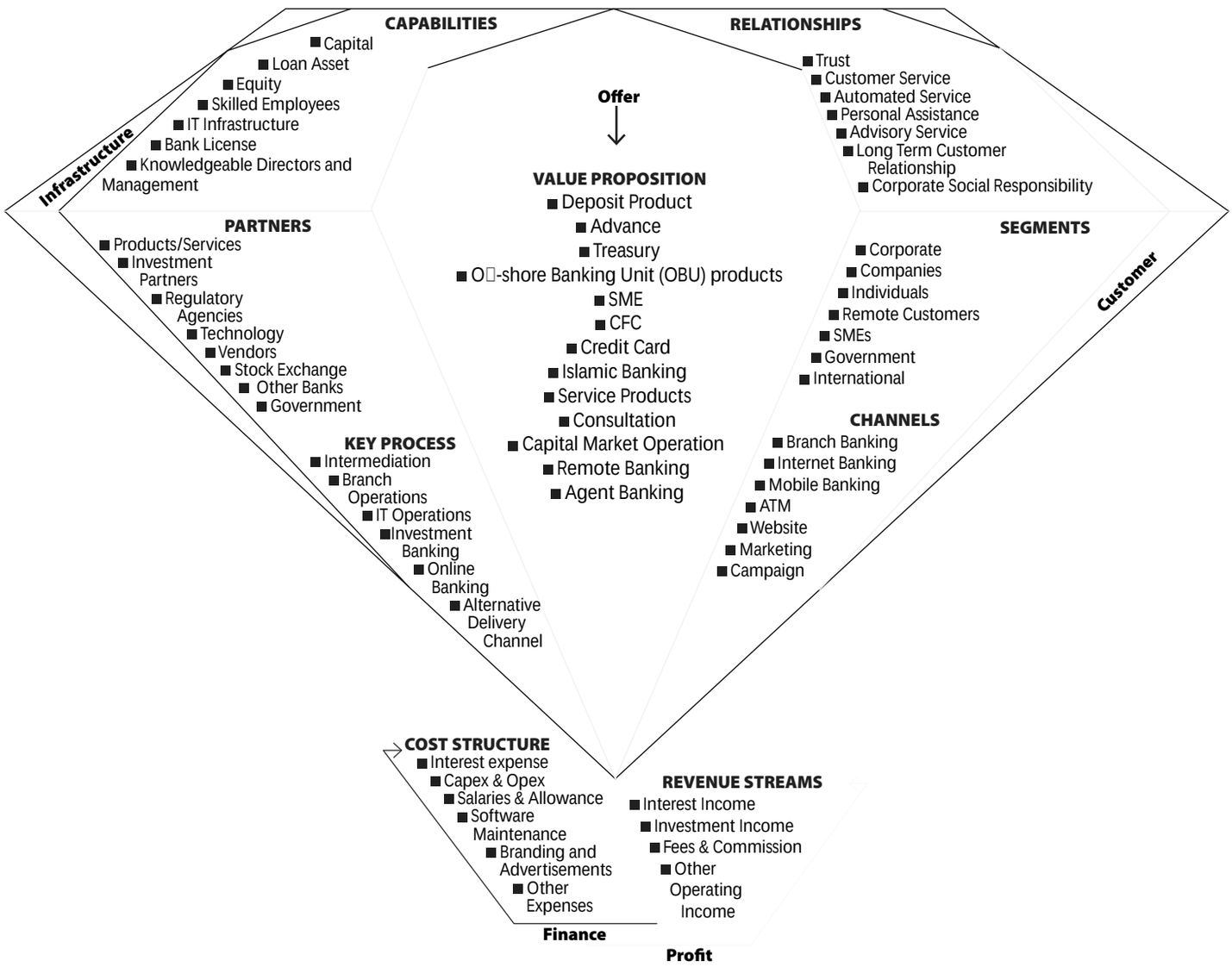
Compliance

Bank Asia is very much conscious about legal and regulatory compliances. The bank reports regularly to the central bank, the Bangladesh Securities and Exchange Commission, tax & VAT authorities on required compliance issues. During 2015, the bank has not faced any significant penalties for non-compliance with applicable laws and regulations for running its economic activities in Bangladesh.

Community Investment

Education | Tk. 17.37 million **26.35%**
Health | Tk. 18.25 million **27.69%**
Disaster | Tk. 9.78 million **14.83%**
Environment | Tk. 0.05 million **0.08%**
Sport | Tk. 4.50 million **6.83%**
Art & Culture | Tk. 2.12 million **3.21%**
Others | Tk. 13.85 million **21.01%**

Our Business Model



Sustainable HR Development

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

Salary Policy

We target a fair human resource 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 incident of discrimination in terms of remuneration provided to male and female employees.

Benefits to Employees

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

Fringe Benefit Schemes

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

Other Benefit Schemes

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

End Service Benefit Plans

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

- Provident fund
- Gratuity
- Superannuation
- Leave encashment

Minimum Notice Period Regarding Operational Changes

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

Total Employee

Out of total number of 1839 employees, 446 employees are female and remaining 1,393 employees are male. As such, a profound commitment is reflected in the Bank's employment policy and service rules. Bank's employees are mainly concentrated on branches in terms of number and in 2015 total employees' composition in branch and corporate o□ce was 72.49% and 27.51% respectively.

Total Employee Distribution

Offices	2015		2014	
Corporate o□ce	506	27.51%	466	26.28%
Branches	1,333	72.49%	1,307	73.72%

New employee

132 new employees were recruited during 2015, among which 41.67% for branches as a part of network expansion of the bank and remaining 58.33% for corporate o□ce to ensure e□ective and timely support to branches

Offices	2015		2014	
Corporate o□ce	77	58.33%	69	26.34%
Branches	55	41.67%	193	73.66%

Employees by Diversity

Bank Asia ensures equal opportunity as an employer irrespective of locality, gender or ethnicity. Local employees (99.67%) dominate in diversity composition.

Officials	2015	2014
Local	1,833	1767
Indigenous	6	6

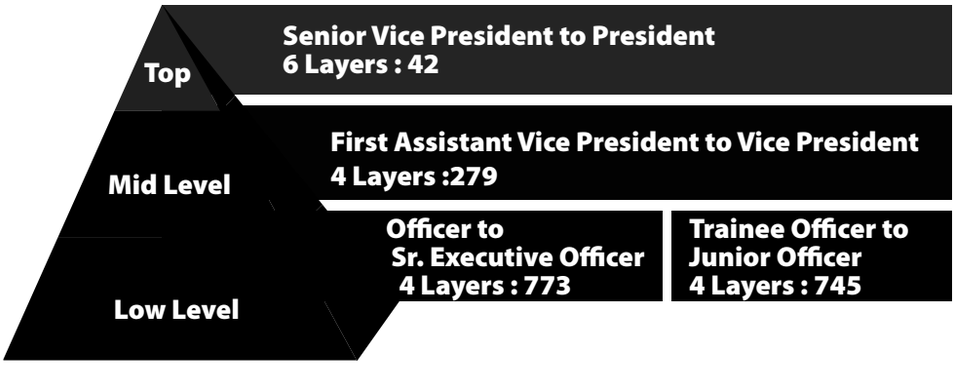
Employees by Region

Bank's employees are mainly spread over to Dhaka and Chittagong. It retains the highest number of employees in Dhaka, which was 72.81% in 2015 for corporate o□ce and branches in Dhaka city.

Region	2015	2014
Dhaka	1,339	1,269
Chittagong	324	335
Sylhet	66	68
Rajshahi	52	43
Barisal	8	7
Khulna	43	45
Rangpur	7	6

Gender Positioning

Bank Asia has been maintaining a very balanced male and female ratio, which was not only reflected in the board of directors but also in the bank management at di□erent levels. Among our female colleagues, 1 is in top level management, 17 in mid level and 428 in low



level management

Gender Positioning of Directors

Board Level	2015		2014	
	Male	Female	Male	Female
Directors	11	4	10	5

Gender Positioning of Employees

Management Tier	2015		2014	
	Male	Female	Male	Female
Top Level	41	1	33	1
Mid Level	262	17	245	15
Low Level	1,090	428	1,055	424

Male employees are dominating executive level which is around 94.44%. Comparatively female employees mainly belong to nonexecutive level and hold 28.25%.

Gender Positioning by Position

Position	2015		2014	
	Male	Female	Male	Female
Executive	306	18	278	16
Non-Executive	1,087	428	1,055	424

Gender Positioning by Employment Level

Employment Level	2015		2014	
	Male	Female	Male	Female
Parmanent	1,393	446	1,333	440

Age Distribution

83.90% of sta□ members are aged below 40 years which signifies that Bank Asia is in young, dynamic and capable hands.

Age Group	Male	Female	Total
30 & Below	355	125	480
31-40	765	298	1,063
41-50	236	20	256
51-60	32	3	35
61+	5	0	5
Total	1,393	446	1,839
Percentage	76%	24%	100%

Employee Turnover Rate by Gender

Male and female employees' turnover rate is almost equal in terms of percentage. Overall employee turnover rate is very low in the Bank which is around 3.57% of total employees in 2015.

Gender	2015		2014	
	No.	%	No.	%
Male	49	3.39%	47	3.41%
Female	19	4.10%	14	3.08%

Employee Turnover Rate by Region

As per demographic scenario, employees of Dhaka city left the Bank in 2015 which was 65% of total employees left.

Region	2015	2014
Dhaka	44	45
Chittagong	16	12
Sylhet	4	0
Rajshahi	1	0
Barisal	0	0
Khulna	3	2
Rangpur	0	2

Performance Management System

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-à-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 behavioral factors are introduced. The benefits of using KPI are the followings:

- Reduce the number of decisions and make decisions based on objectivity and facts.
- Quantify the achievement of goals
- Focus on facts and see where individual's improvement is needed.
- As individual initiative grows, it becomes more di□cult 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 would be able to plan accordingly to meet the expectation.
- Last but not least, unbiased performance evaluation at the end of the year

Learning and Development

Knowledge and skill development is a continuous process and to keep our employees abreast of all the latest developments in the banking sector, the bank continues to organize training and workshop for the o□cers and executives in an e□ort to improve their professional e□ciency. The bank always lays the highest importance on training of its employees

Sustainable HR Development

as a continuous process of human resources development. Bank Asia maintains its own training institute which is equipped with all modern study aid and course materials.

Training by Gender

Gender	2015		2014	
	Persons	Hours	Persons	Hours
Male	2,635	41,052	2,231	39,766
Female	550	11,180	712	12,818

Training by Position

Position	2015		2014	
	Persons	Hours	Persons	Hours
Executive	678	6,707	518	8,914
Non-Executive	2,507	45,472	2,425	43,670

Training by Different Institutes

Particulars	Year 2015	
	Persons	Hours
In House Training	2,887	46,200
Bangladesh Bank	40	464
BIBM	97	2,272
Overseas / Foreign Training	13	352
Training by Other Institutes	148	2,944
Total No. of Participants and Man-hour	3,185	52,232

Bank has organized 4 (four) foundation training courses, each 4 weeks long for entry level employees, to improve knowledge base and proficiency in banking .

Sustainability Training

- As greening of mind, this year Bank Asia has provided four training on Green Banking under Foundation training course in its training institute. A total of 108 sta□s participated in this training program. In addition, 3 external trainings were organized related to Green Banking & Environmental Risk Management, Reporting Format of Green Banking Activities, Financial Inclusion, CSR & Green Banking.
- For highlighting Green Banking activities and creating awareness amongst the stakeholders, our "Half Yearly Financial Position, 2015" incorporates Green Banking activities which reflect the major activities of Green Banking and the key activities of Sustainable Banking Operations.
- The Articles on Green Banking, Sustainability Reporting were published in di□erent newspapers which reflect our Green initiatives to our employees, our stakeholders and all subscribers of those newspapers.
- As per Bangladesh Bank policy on green banking, banks are to publish independent Sustainability Report as per GRI format under the third phase.
- Commitment to sustainability reporting development.

Learning Value Chain

LVC (learning value chain) is a value creation framework that was learning and knowledge enhancement as strategic levers. LVC framework helps focus on L&D initiatives of an organization to contribute to the value chain of the same. LVC process has the following 6 stages:

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

Maternity Leave

As per bank's policy, any employee who has been in the continuous service of the bank for at least one year is entitled to get 6 months maternity leave with regular salary and allowances. An employee can avail this leave not more than two occasions during the entire period of service. The employee's annual KPIs (Key Performance Indicators) and thereby increment, promotion are not a□ected for this long term leave.

Maternity Leave Availing in 2015

30 female employees availed 180 day's maternity leave during 2015.

No. of female employees	Average leave at a stretch
30	6 months

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 2015, every entitled employee has availed paternal leave facility.

Child Care Center Facilities

As per direction of Bangladesh bank all scheduled banks have to set up child day care center for their employees at a convenient place. In this regard, as we value our human resource and take measures to improve our employees' work family balance, Bank Asia has established a combined day care center in collaboration with other private commercial banks by renting 5,666 square feet at Dilkhusha, Motijheel, Dhaka.

Governor of Bangladesh Bank inaugurates the Child Day Care Centre of Private Banks

The inauguration of the Day Care Center comes as part of the Bank's strategy to provide a greater peace of mind to working parents especially mothers and to encourage the inclusion of women in the job market, thus boosting the economic growth of the country. Equipped with a skilled sta□ and a child friendly environment, working mothers of Bank Asia no longer have to decide between quality care for their children and going to work.

Occupational Health, Safety and Environment

Board and management of Bank Asia strongly believe safe & healthy work place is a precondition for sound mentality of employees to deliver desired services to valued customers. So the bank is very careful about ensuring modern, healthy & safe workplace for its employees. All the branches, SME service centers and SME/agriculture branches and every department of corporate o□ce are well decorated having su□cient breathing spaces and adequately equipped with fire-fighting equipment and fire drills.

Safety Training

In the year April 20, 2015, fire safety training was held at corporate o□ce to prepare employees in the event of any fire hazard. 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 they find any deviation, they take prompt steps and thus ensuring modern, healthy and safe workplace for its employees.

Cultural Events & Amusement

Like other programs Bank Asia observes the Bengali festivals aiming to share values with stakeholders in a jubilant pace. In the year 2015, Bank Asia celebrated Bangla New Year: Borsho Boron-1422 at Banks Corporate o□ce, Dhaka. On this occasion, employees of the Bank organized a colorful cultural program. Our Honorable Chairman & Directors of the Board also attended the program.

Bank Asia always believes in equal opportunity and safe workplace for smooth career progression of women. Every year we celebrate 'International Women's Day' in a wonderful atmosphere.

Fire safety training at Bank Asia

In favor of sound health and fitness of the employee, Bank Asia has inaugurated the Bank's gymnasium (GYM) at Corporate O□ce in 2015. As a part of recreation, Bank Asia organized interbank sports tournament for their employees every year.

Transport Facilities

At present 13 out of 24 vehicles used for pick and drop facility and majority of the pool vehicles have been converted into CNG driven. Bank Asia provides full-fledged transport facilities for employees during and beyond usual working hours.

Human Rights, Child Labor & Other Issues

Human Right issue is particularly relevant for organizations that operate in industries/ regions where the protection of human rights is of significant concern. As this is a significant concern for a business to be sustainable in long term, we integrated the human right issue in all our economic decisions including human right provision in all kinds of investment agreements, which is a part of our strategy to reduce the risks of investment. And we do not make any investment agreement and contract that violate human rights. Bank Asia also does not tolerate child, forced or compulsory labor.

In 2015, no incident of discrimination and violation involving rights of indigenous people and forced and child labor has been recorded.

Grievance Redressal Policy

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

- Female anti-harassment policy
- Grievance handling policy

Female Anti-Harassment Policy

Bank Asia follows a zero tolerance approach to harassment of any kind to any female employee as the Bank feels harassment seriously weakens the working atmosphere. The policy guides

Mr. A Rouf Chowdhury, Chairman of Bank Asia launches the Bank's Gymnasium at Corporate Office

about personal measures of a□ected female employees in addressing a complaint, role of management, investigation procedures and disciplinary measures. The policy also guides management about its role in case of false complaint.

Grievance Handling Policy

With a view to resolve undesirable issues at the workplace in the most e□ective manner, Bank Asia formally promulgated Grievance Handling Policy in 2014. The policy equally applies to all permanent and contractual employees for grievances related to promotions, transfer and posting, compensation package, incentive bonus, working environment etc. Under this policy, complaints are resolved informally where possible, and through a formal grievance procedure where necessary.

Anti Money Laundering Training

Bank Asia is committed to prevent money laundering and terrorist financing. We recognize our obligations to prevent the financial channels and products from being used by money launderers and terrorist organizations for illicit purposes. Bank Asia is also against any actions of soliciting, collecting or provisioning funds that come with the intention to support terrorist acts or organizations.

Anti Money Laundering Department (AMLD), Corporate O□ce always arranges and conducts AML workshops to train all the employees of our Bank and about 94% of total employees (Branch/Corporate O□ce) obtained AML & CFT related training.

AML/CFT Training 2015

Particulars	Number of employees
Training organized by Anti Money Laundering Department including refresher training	2,284
Training with Foundation course and other related courses	931

As a result, o□cials become aware and conscious regarding AML & CFT matters.

Policy, Practice and Proportion of Spending on Suppliers

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

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

Selection of supplier is managed centrally by the corporate o□ce. The bank applies its own policy and practice for selecting these suppliers. It mainly takes into account the following criteria before selection:

- Status of compliance with government rules and regulation by the suppliers.
- Our bank doesn't make any collaboration with suppliers that employs child labor, creates environmental hazards, violates human rights etc.

We fully maintain these criteria in case of selecting suppliers. Bank Asia has a number of security service providers which specialize in all aspects of building security. All security providers practise the highest standards of training and operation. Their training incorporates all aspects of the law including human rights and non-discrimination.

Practices Related to Customer Satisfaction

Delivering high quality customer service is one of the top priorities of Bank Asia. To maintain customer service standard of the bank, acquiring of new clients, doing more business with existing clients, maintaining high client retention rate and lower client attrition rate all are correlated. Properly constructed customer satisfaction surveys may provide the insights that are very much essential for feeling the real. In this regard, Bank Asia approved a new customer service policy and carried out a pilot survey with smaller sample size in 2014. The aim of the assessment was to investigate the quality of service, to assess client's awareness about services, to find out the gap between client expectation and service delivery, to find out the reasons of dissatisfaction, to identify the new trends in client expectation and take proper actions.

Therefore, it is mentionable that our customers can always inform us on their expectations via di□erent channels (i.e. via e-mail, letter, personal visit etc). The bank has an in-house policy and practice of measuring customer satisfaction. In 2015, we conducted 3 trainings of 82 employees on "Customer Service Improvement" of 656 manhours of training for development of our human capital.

Statement on Compliance

In the year 2015, Bank Asia has been able to comply with all the regulations of Bangladesh government regarding use of product and services, information about product and services, marketing, communications, advertising, promotion. No incident of fines/penalties has been recorded this year concerning the above mentioned issues.

Our bank always maintained the fundamental principle of business regarding protecting customer privacy. Customer's information/ data is not available to anyone other than the client himself and the Bank's concerned personnel who is responsible for maintaining the data. We haven't received any complaint relating to breach of customer privacy and loss of data.

266 Claims

received for

Tk. 11.09 million

Building the Community

With an aspire to ensure the Bank as a socially responsible corporate entity, Bank Asia is always conscious of its Corporate Social Responsibility (CSR) contributing towards quality of life of the society at large without compromising an ecological condition. In the year 2015, Bank Asia spent an amount of Tk. 65.92 million for the overall betterment of the nation.

Since the inception, Bank Asia Ltd. concedes CSR activities as a part of its culture, identity and business practice. The basic driver of our CSR practice consists of values that have been taken place within business where our e□orts continues to look beyond short-term quantitative gains, and concentrate on issues that make the bank a socially responsible institution. We are dedicated to social and environmental well being and endeavor to ensure sustainable balanced growth in economic, social and ecological arena. In the year 2015, Bank Asia has performed various CSR activities.

Donation in Social Projects

Initiatives	Donation
Education	17,368,000.00
Health	18,253,726.76
Disaster Management	9,775,260.00
Environment	51,750.00
Art & Culture	2,117,750.00
Sport	4,500,000.00
Others	13,852,750.00
Total	65,919,236.76

Hon'ble Prime Minister Sheikh Hasina is receiving a token of appreciation from Bank Asia for her winning the Champions of the Earth Award

Education

Bank Asia Higher Studies Scholarship

Higher Study Scholarship program for rural poor and meritorious students, who are studying in public universities, is the major CSR activity of Bank Asia Ltd. The Bank initiated the program in 2005 for those students who have merit and dream to serve society, but not the means to pursue higher studies. The scholarship is given through the Bank's rural branches on the basis of SSC and HSC results. So far, 610 students have been provided the scholarship. Each of the students gets Tk. 34,000 annually as scholarship. In the year 2015, Bank Asia Ltd. spent around Tk. 17.37 million for this purpose.

Initiatives	Taka
Scholarship	17,368,000.00
Total	17,368,000.00

Handing over scholarship under Bank Asia Higher Studies Scholarship program 2015

Building the Community

Health

Construction of Nurses' Hostel in BSMMU

With a view to mitigate acute accommodation problem of all graduate nursing students of BSMMU, Bank Asia completed construction of 37,647 square feet 'Nursing Student Hostel' with a spending of Tk. 95.87 million. The building can be further constructed up to 9th floor.

Inauguration program of BSMMU Nursing Students Hostel

OPD of HFRCMCH

To contribute further to the health sector for a healthy community, the bank also completed construction of 17,810 square feet Outdoor Patient Department (OPD) building for Holy Family Red Cresent Medical College & Hospital with a spending of Tk. 53.59 million. The OPD can also be raised up to 9th floor.

Mr. Aminul Islam, Additional Managing Director of Bank Asia receiving crest for Bank's contribution to voluntary blood donation marking the World Blood Donor Day

Blood Donation Program

As part of socially responsible people, the members of Bank Asia formed Bank Asia Donor Group. The objectives of the group are to donate blood when and where necessary, to donate eye posthumously, to promote and to encourage all levels of people to come forward to this priceless donation. Already about 100 members formally joined the donor group platform and started donating blood. Bank Asia Awarded as the Best Blood Donor Organization from Bangladesh Red Crescent Society on the occasion of World Blood Donor Day on 14th June 2015.

Initiatives	Taka
Cancer patient	200,000.00
Contribution to Child Day Care Centre	1,400,000.00
Cosmetic surgery for poor patients	300,000.00
Construction of Graduate Nursing Hostel at BSMMU	9,149,982.78
Red Crescent Medical College & Hospital	5,404,947.98
BADHAN Blood Donor Organization	249,210.00
Sandhani	51,750.00
Rotary	180,500.00
Donation for individual patient	438,306.00
Ophthalmological operation	879,030.00
Total	18,253,726.76

Other Health Related Donations

Bank Asia donated Tk. 0.20 million to a cancer patient for treatment purpose. It also supported Badhan and sandhani, a volunteer blood donor organization for promoting their services. The Bank also extended support to individuals and institutions as a part of its CSR activities.

Disaster Management

Bank Asia is committed to the welfare of the community at large. The Bank responds promptly to support the a□ected humanity. In 2015, the Bank distributed warm cloths among cold-hit people in di□erent parts of the country. In this purpose this bank donated Tk. 8.28 million and also Tk. 1.50 million paid against humanitarian assistance for earthquake victims of Nepal in 2015.

Initiatives	Taka
Emergency Disaster Relief	9,775,260.00
Total	9,775,260.00

Child Day Care Center of Bank Asia along with other private commercial bank

Donated 30,000 pieces of blankets to Prime Ministers Relief and Welfare Fund

Distribution of warm cloths among cold-hit people in different parts of the country

Environment

During the year 2015, Bank Asia spent Tk. 0.052 million to protect the environment and concerned people to environmental issues.

Initiatives	Taka
Awareness building on Environmental issues	51,750.00
Total	51,750.00

Sports

During the year 2015, Bank Asia contributed Tk. 4.5 million to Bangladesh Football Federation through Bangladesh Association of Banks (BAB).

Initiatives	Taka
Bangladesh Football Federation	4,500,000.00
Total	4,500,000.00

Building the Community

Arts & Culture

Bank Asia always supports promotion of art and culture. The Bank sponsored Tk. 2.12 million for various arts and cultural program including Chandraboti Academy, Bangla Barsho Boron, Nagorik Nattyagon, exihibition, Bangladesh Itihash Samity, Abriti Academy, Wrishiz Shilpi Gosthi , Support to Bangladesh National Musuem and Bangladesh Academy of Sciences.

Initiatives	Taka
Promotion of Art, Culture, and Literacy	1,390,000.00
Exhibition of Rare Photographs of Liberation War	107,500.00
Bangladesh National Musuem	115,000.00
Nagorik Nattyagon	23,000.00
Bangladesh Itihash Samity	20,000.00
Bangla Barsho Boron	23,000.00
Chandraboti Academy	100,000.00
Abriti Academy	11,500.00
Lok	57,500.00
Wrishiz Shilpi Gosthi	17,250.00
Oporajeo Bangladesh	11,500.00
SARGAM	11,500.00
Bangladesh Academy of Sciences	230,000.00
Total	2,117,750.00

Other Social Projects

Bank Asia donated/sponsored/spent Tk. 13.85 million on the occasion of social project including Bangladesh Science Fiction Society, Bangladesh Mathematical Society Prime Minister Relief and welfare Fund, Zilla Muktijoddha Complex Bhaban, and others. In 2015, Bank Asia donated Tk. 10 million to the Prime Minister's Relief & Welfare Fund to help government carry out its humanitarian activities smoothly.

Governor of Bangladesh Bank, is handing over a three-wheeler curt van to Panchagarh, a contribution of Bank Asia

Initiatives	Taka
Bangladesh Science Fiction Society	50,000.00
Support to BDR Carnage Victim family	480,000.00
Anandaniketan	587,500.00
PM Relief and Welfare Fund	10,000,000.00
Zilla Muktijoddha Complex Bhaban	2,200,000.00
Support to Former Enclave Dwellers	477,750.00
Bangladesh Mathematical Society	28,750.00
Bangladesh Archives and Records Management	28,750.00
Total	13,852,750.00

Customer Relationship Management

One of the top priorities of Bank Asia is to retain customer service excellence by delivering high quality service. From this viewpoint, as a part of human capital investment, the bank has been arranging training and workshops continuously for making the employees more efficient in service delivery. This effort strengthens Customer Relationship Management (CRM) to adopt strategies in winning new customers while retaining existing ones.

$$\textbf{Customer Relationship Management} = \frac{\text{Customer interaction}}{\text{Customer intelligences}}$$

To be successful with CRM, banking organizations must define and develop a business strategy as well as a supporting infrastructure for that strategy. As a part of this strategy Bank Asia has also implemented training programs to teach employees how to recognize and e□ectively create strong customer relationships. Employees have also been trained in Social psychology and the social sciences to help maintain strong customer relationships.

Bank Asia is giving highest satisfaction to its customers through branches as well as branchless banking. These services are helping the bank to retain customers which ultimately helps the bank to uphold a remarkable position in the banking industry.

Cycle to build up strong CRM

Customer Acceptance Policy (CAP)

Bank Asia has been developing a clear customer acceptance policy and procedures, laying down explicit criteria for acceptance of customers including a description of the types of customer that are likely to pose a higher than average risk to a financial institution. In preparing such policies, factors such as customers' background, country of origin, public or high profile position, linked accounts, business activities or other risk indicators should be considered.

It is important to mention that our customer acceptance policy is not so restrictive that it results in a denial of access by the general public, especially for people who are financially or socially disadvantaged.

Customer Relationship Management

Benefits from CRM

CUSTOMER BENEFITS

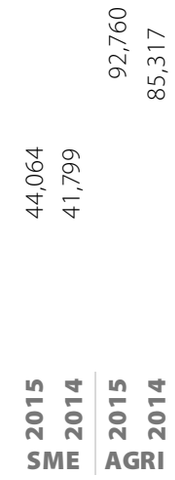
- Receive more personalized services for enhancing satisfaction level
- Customers get prompt services without any queue and saves customer's valuable time

EMPLOYEE BENEFITS

- Enriched with more information to deliver high quality service
- More dynamic to serve customers
- Raise satisfaction level
- More efficient, coordinated and professional

BANK BENEFITS

- Acquire new customers and retain valuable customers
- Increase level of customers' loyalty
- Higher retention rate of customers in the competitive market
- Expose new profit opportunities
- Easy to identify customers by segment and justify marketing efficiencies

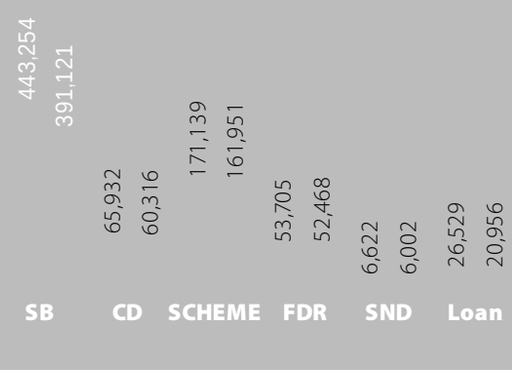


SME/Agri

SME and agricultural sectors are the most preferential sector of Bank Asia. The beneficiaries number of SME and Agri has been increased to 5.42% and agricultural 8.72% respectively.

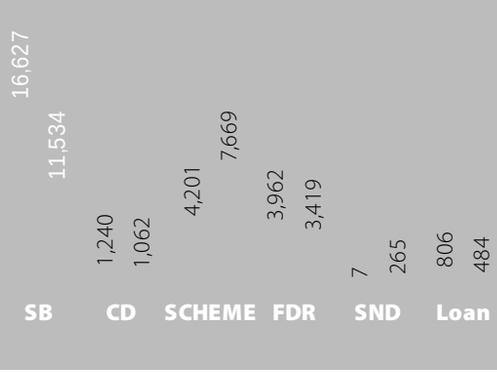
Customer satisfaction is the main focus of Bank Asia. To get the highest customer satisfaction and feedback, Bank Asia maintains a relationship with customers. So, Bank Asia provides di□erent banking facilities to customers. Day by day services are increasing. Bank Asia plays the role of advice provider, value aggregator, access facilitator, and so on.

Corporate Client



In 2015 Bank Asia Limited has experienced with 10.73% growth of corporate clients

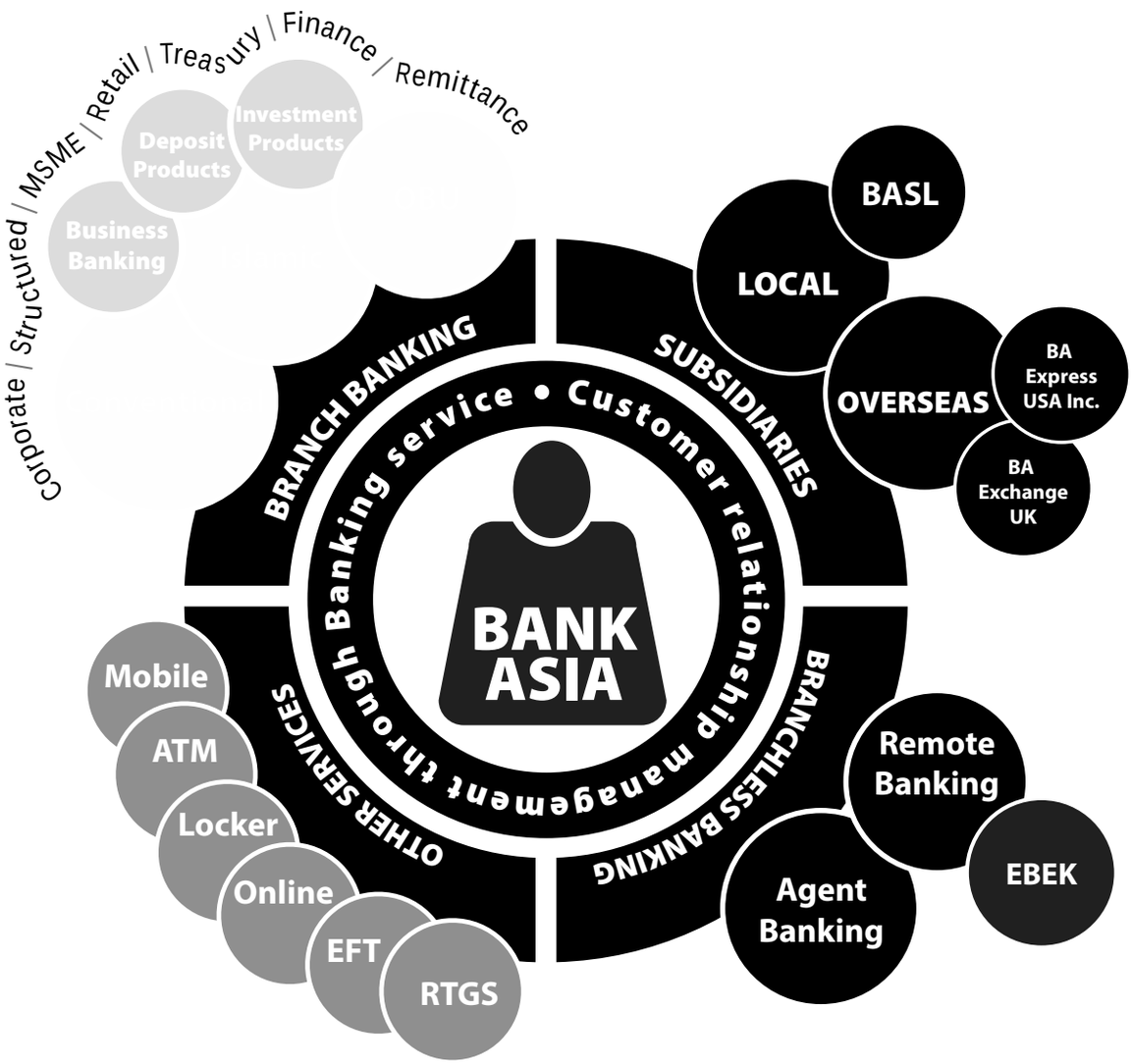
Islamic Banking



The number of savings account of Islami Banking has been increased 44.16% and all other type accounts has also a positive growth.

Bank Asia received "Award of Excellence" for Customer service, Discipline & Branding in the 'Banking Fair Bangladesh- 2015'

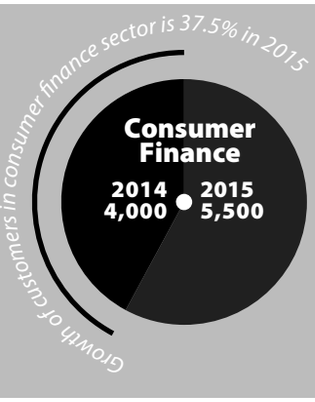
Customer Relationship Management

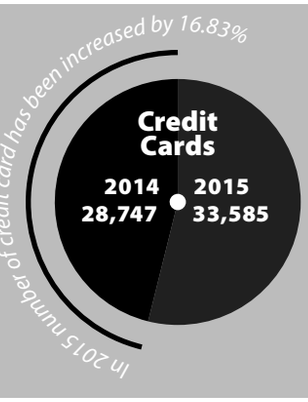


Branchless Banking

	2015	2014
EBEK	1,147,125	1,055,579
Agent Banking	50,960	17,210

Both the Remote Banking "Ektee Bari Ektee Khamar (EBEK)" and Agent banking for the ultra poor people are showing a positive growth whereas in case of Agent Banking the growth of beneficiaries is about three time more than the previous year.





Market Performance

Financial Calendar		
Audited consolidated result for the year ended 31 Dec. 2014	Announced on	Feb. 26, 2015
Unaudited result for the first quarter ended 31 March 2015	Announced on	April 30, 2015
Unaudited result for the second quarter and half year ended 30 June 2015	Announced on	July 30, 2015
Unaudited result for the third quarter ended 30 September 2015	Announced on	Oct. 21, 2015

Distribution of Dividend	
(Cash%/Stock %)	10% Stock, 5% Cash
Announcement Date	February 26, 2015
Record Date	March 10 , 2015
Distribution Date	April 22 & 26, 2015
Notice of 16th Annual General Meeting	March 8, 2015
16th Annual General Meeting	March 31, 2015

Availability of information about BANK ASIA

Annual Integrated Report 2015 and other information about Bank Asia may be viewed on Bank's Website: www.bankasia-bd.com

Corporate Office

Rangs Tower
68 Purana Paltan, Dhaka-1000
Phone: 7110062, 7110173, 7113867,
PABX: 301,302

E-mail: bankasia@bankasia-bd.com

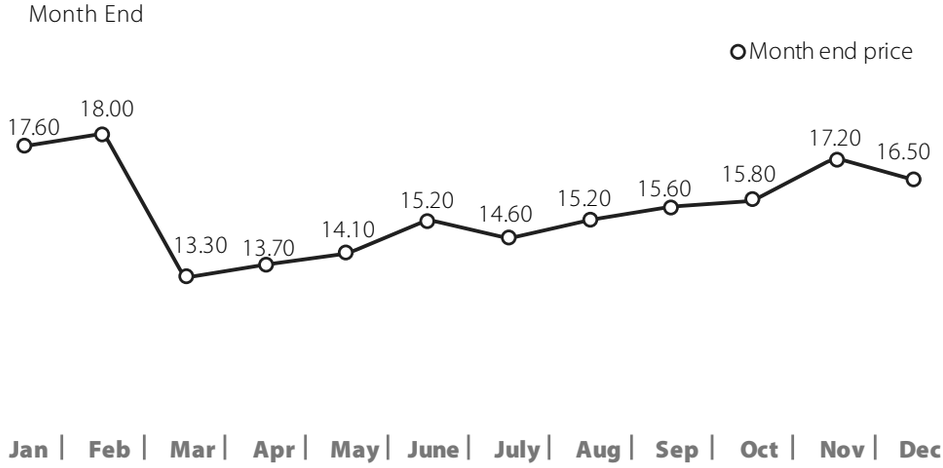
Stock Detailed

Particulars		
Stock Symbol	BANKASIA	BANKASIA
Company ID	11127	22022
Listing year	2004	2004
Market Category	A	A
Electronic Share	Yes	Yes
Total Number of securities	839,295,153	839,295,153

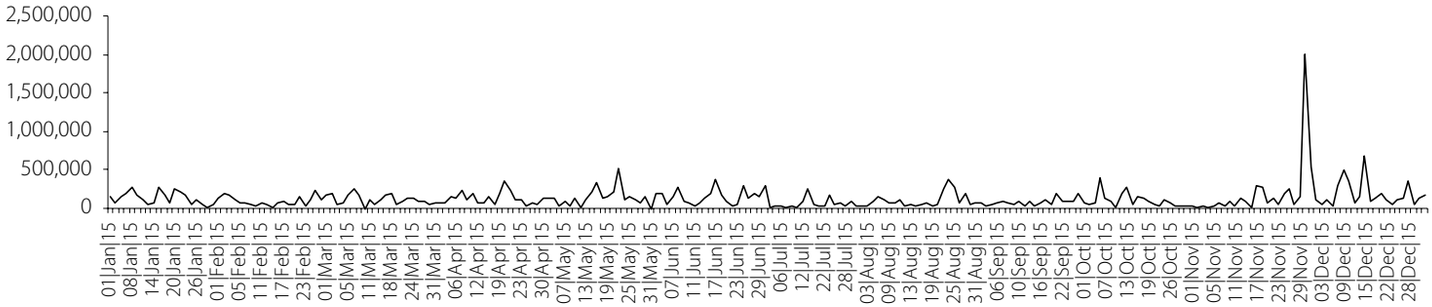
DSE Trading Days (2015)	244
Year end closing price	16.50

Market Price of Share 2015

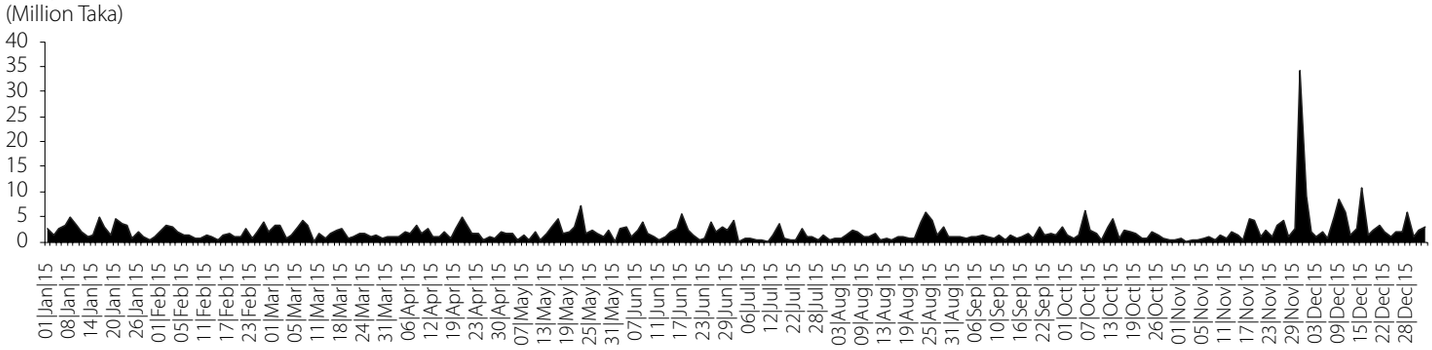
Month End



Daily Trade Volume

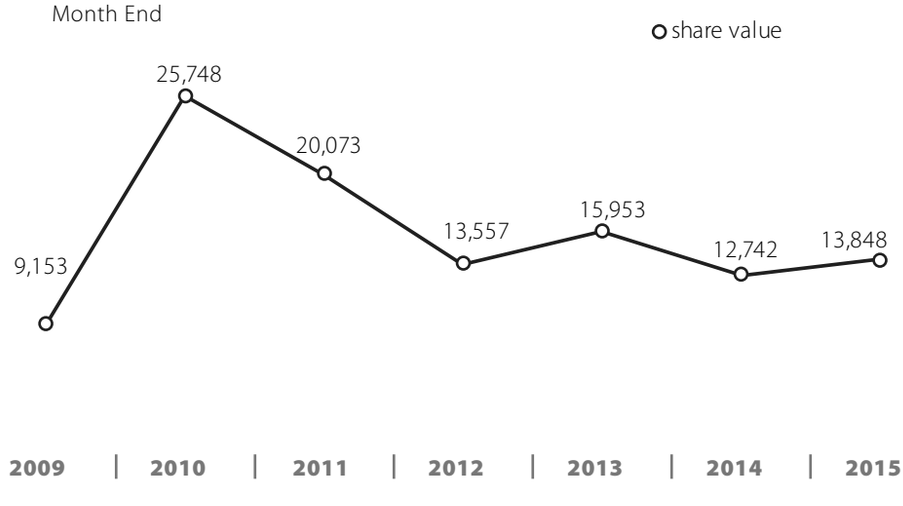


Daily Turnover
(Million Taka)



Market Capitalization

Month End



Stakeholders Relationship/ Grievance Redressal

Bank Asia strongly believes in maintaining smooth and interactive relationship with the stakeholders. We pursue high quality stakeholders redressal policy proactively to handle all types of grievance, complaints in an effective and fair manner.

Bank's Viewpoint

Bank Asia strongly believes in equitable treatment to every shareholder. We are committed to address any sort of grievance or complaints of our stakeholders which includes general shareholders, customers, vendors and employees etc. We have a separate department in our corporate o□ce to resolve queries and complaints of general shareholders on priority basis within shortest possible time.

Shareholders' 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;
- 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 up coming price sensitive information over telephone, etc.

Any shareholder may lodge their queries, complaints to Bank through formal letter, e-mail (bankasia@bankasia-bd.com) and phone call to the Company Secretary and/or Share Department. The management focuses on addressing those complaints within the shortest possible time.

PROCESS • REDRESSAL • CHECKLIST

		Yes	No
queries/ complaints/ grievance lodged by shareholder	Shareholders are properly communicated for collection warrants which have been refunded for non-delivery by the courier	✓	
	Dividend warrants Revalidate the upon demand	✓	
Review all logs objectively and fairly and give solution within a short time frame	Bank account information are corrected while sending dividend through BEFTN system	✓	
	Dividend warrants are reissued in case of failure to send dividend through BEFTN system	✓	
Send intimation to concerned shareholder after redressal by share department	Issue shareholding certificate, dividend certificate as and when required	✓	
	e-TIN number is collected in case of cash dividend	✓	

Redressal Statistics 2015

Requests received from shareholders	Ways of addressing mentioned requests
■ Demat 17,679,771 shares ■ 2,524,113 bonus shares credit among 279 shareholders from suspense account ■ Re-issue 2(two) dividend warrants ■ Issuance of 75 shareholdings certificate for income tax purpose	■ Demat confirmed 17,679,771 shares timely ■ 279 request responded ■ 2 (two) duplicate dividend warrants issued ■ 75 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.

Redressal point for Shareholders

Bank Asia Limited
Share Department
Corporate O□ce
Rangs Tower (2nd Floor)
68 Purana Paltan
Dhaka-1000
Phone: 7110062 (Ext. 301)

The Chairman along with the President of Bank Asia interacting with general shareholders at 16th AGM

The Chairman seen engaged in lively interaction with general shareholders at 10th EGM

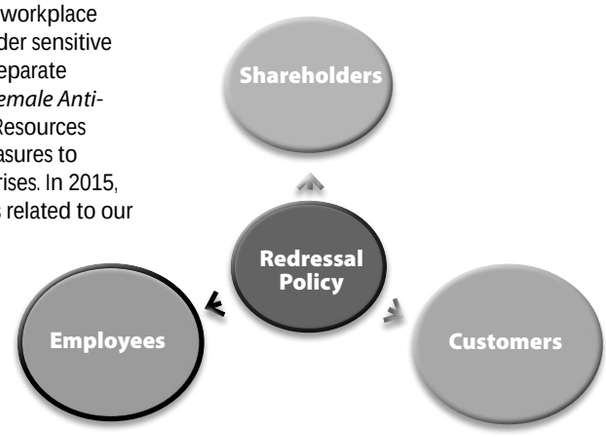
A Shareholder's Comment

Md. Mobarak Hossain
Folio # 04-003584

Employees of Bank Asia Limited are very much co-operative; especially Share Department was very cordial and completely di□erent from other company's Share Department in addressing our queries.

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 2015, the Bank received 54 complaints from customers of various branches and all the problems were solved successfully through proper investigation and remedial action. Those problems were solved within 5 days (approx.) in which some complaints were met up within 24 hours.

Employees' Perspective
Employees are the main resource of the Bank, the human capital . We are committed to provide comfortable work environment to our employees for enriching their productivity. To resolve undesirable issues in the workplace and create a conducive and gender sensitive working environment we have separate *Grievance Handling Policy and Female Anti-Harassment Policy.* Our Human Resources department takes necessary measures to redress if any adverse situation arises. In 2015, we didn't receive any complaints related to our employees.



General Shareholders are singing National anthem at 16th AGM

Corporate Governance Disclosure Checklist

In line with South Asian Federation of Accountants (SAFA) Guidelines

SL	Items	Compliance Status	Ref Page No
1.0	Board of Directors, Chairman and CEO		
1.1	Company's policy on appointment of directors disclosed	✓	188-189
1.2	Adequate representation of non executive directors i.e. one third of the board, subject to a minimum of two	✓	188-189
1.3	At least one independent director on the board and disclosure/a□rmation of the board on such director's independence	✓	188-189
1.4	Chairman to be independent of CEO	✓	189-190
1.5	Responsibilities of the Chairman of the board appropriately defined and disclosed. Disclosure of independence of Non Executive Directors	✓	189-190
1.6	Existence of a scheme for annual appraisal of the boards performance and disclosure of the same	✓	192
1.7	Disclosure of policy on annual evaluation of the CEO by the Board	✓	193
1.8	Disclosure of policy on training (including details of the counting training program) of directors and type and nature of training courses organized for directors during the year existence of a scheme for annual appraisal of the boards performance	✓	192
1.9	At least one director having through knowledge and expertise finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting	✓	180-181
1.10	Disclosure of number of meetings of the board and participation of each directors (at least 4 meetings are required to be held)	✓	198-199
1.11	Directors issue a report on compliance with best practices on corporate governance that is reviewed by external auditors	✓	197-198 204-221
2.0	Vision/Mission and Strategy		
2.1	Company's vision/mission statements are approved by the board and disclosed in the annual report	✓	8
2.2	Identification of business objectives and areas of business focus disclosed	✓	13,46
2.3	General description of strategies to achieve the company's business objectives	✓	87,90-91
3.0	Audit Committees		
3.1	Appointment and Composition	✓	181
3.1.1	Whether the audit committee chairman is an independent Non-executive Director and Professionally Qualified	✓	190-191
3.1.2	Whither it has specific terms of reference and whether it is empowered to investigate/question employees and retain external counsel	✓	190
3.1.3	More than two thirds of the members are to be Non-Executive Directors	✓	190
3.1.4	All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting	✓	22-25,190
3.1.5	Head of internal audit to have direct access to audit committee	✓	191
3.1.6	The committee to meet at least 4 times a year and the number of meetings and attendance by individuals members disclosed in the annual report	✓	199
3.2	Objective and Activities		
3.2.1	Statement of Audit Committees review to ensure that internal controls are well conceived properly administrative and satisfactorily monitored	✓	181
3.2.2	Statement to indicate audit committees role in ensuring compliance with laws, regulations and timely settlements of statutory dues	✓	190-191
3.2.3	Statement of Audit Committee involvement in the review of external audit function ❖ Ensure e□ective coordination of external audit function ❖ Ensure independence of external auditors ❖ To review the external auditors findings in order to be satisfied that appropriate action is being taken ❖ Review and approve any non audit work assigned to the external auditor and ensure that such work does not compromise the independence of external auditors ❖ Recommend external auditor for appointment/reappointment	✓	181,190-191

Corporate Governance isclosure Checklist

SL	Items	Compliance Status	Ref Page No
3.2.4	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line with applicable accounting standards and annual review	✓	181,190
3.2.5	Statement on Audit committee involvement in the review and recommend to the board of directors, annual and interim financial release	✓	181,191
3.2.6	Reliability of the management information used for such computation	✓	181,184
4.0	Internal control & Risk management		
4.1	Statement of director's responsibility to establish appropriate system of internal control	✓	183
4.2	Narrative description of key features of the internal control system and the manner in which the system is monitored by the board, audit committee or senior management	✓	186-188 192-194
4.3	Statement that the director's have reviewed the adequacy of the system of internal controls	✓	183
4.4	Disclosure of the identification of risk the company is exposed to both internally and externally	✓	98-113 191-192
4.5	Disclosure of the strategies adopted to manage and mitigate the risks	✓	98-113
5.0	Ethics and Compliance		
5.1	Disclosure of statement of ethics and values, covering basic principles such as integrity, conflict of interest, compliance with laws and regulation etc.	✓	11-12,187
5.2	Dissemination/communication of the statement of ethics & business practices to all directors and employees and their acknowledgement of the same.	✓	11-12,187
5.3	Board's statement on its commitment to establishing high level of ethics and compliance within the organization	✓	187
5.4	Establishing e□ective anti-fraud programs and controls, including e□ective protection of whistle blowers, establishing a hot line reporting of irregularities etc.	✓	187
6.0	Remuneration Committee		
6.1	Disclosure of the charter (role and responsibilities) of the committee	✓	201
6.2	Disclosure of the composition of the committee (majority of the committee should be non-executive directors, but should also include some executive directors)	✓	201
6.3	Disclosure of key policies with regard to remuneration of directors, senior management and employees	✓	201
6.4	Disclosure of number of meetings and work performed	✓	201
6.5	Disclosure of remuneration of directors, chairman, chief executive and senior executives	✓	202
7.0	Human Capital		
7.1	Disclosure of general description of the policies and practices codified and adopted by the company with respect Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promotion and reward and motivation, training and development, grievance management and counseling	✓	162-164 227-228
7.2	Organizational Chart	✓	17
8.0	Communication to Shareholders and Stakeholders		
8.1	Disclosure of the company's policy/strategy to facilitate e□ective communication with shareholders and other stakeholders	✓	150-152,203
8.2	Disclosure of company's policy on ensuring participation of shareholders in the Annual General Meeting and providing reasonable opportunity for the shareholder participation in the AGM	✓	4,174
9.0	Environmental and Social Obligations		
9.1	Disclosure of general description of the company's policies and practices relating to social and environmental responsibility of the entity	✓	153-155
9.2	Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices	✓	153-155

Report on the Activities of the Audit Committee

Report on the Activities of the 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 312th meeting held on March 31, 2015 consisting of the following members:

Names	Status with the Board	Status with the Audit Committee
Mr. Mohammed Lakiotullah	Director	Chairman
Mr. Mashiur Rahman	Director	Vice Chairman
Mr. A. Rouf Chowdhury	Chairman	Member
Mr. Mohd. Safwan Choudhury	Vice Chairman	Member
Mr. A. M. Nurul Islam	Vice Chairman	Member

The Company Secretary acts as Secretary of the Committee.

In the year 2015, 18 (eighteen) meetings of the Audit Committee were held in which, the following issues, amongst others, were reviewed and discussed:

i. External Audit Report of the Bank and the recommendations made there under.

ii. Bangladesh Bank comprehensive inspection report and the recommendations made there under.

iii. Audit and Inspection reports on the branches, divisions and departments of the Corporate O□ce prepared by the Internal Control and Compliance Division (ICCD) of the Bank.

iv. Actions taken by the management in regard to deficiencies raised in the Bangladesh Bank Inspection report and by the Internal Audit and Inspection Team of the Bank.

v. The corrective measures taken by the management in regard to the lapses pointed out by the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.

vi. The compliance status of the audit objections and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Internal Auditors in the reports.

vii. Management Report on Accounts of the Bank for the year ended on 31.12.2014.

viii. Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with compliance thereof.

ix. The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.

The Audit Committee has further satisfied that:

- The rules and regulations of the Bangladesh Bank and all other regulatory authorities and Bank's own policy guidelines approved by the Board of Directors are duly complied with.
- Internal control and security measures have been adequately undertaken by the Bank towards facilitating Information Technology (IT) based banking including generation of proper Management Information System (MIS).
- The system of internal control and the business processes have been strengthened including development of human resources towards creation of a compliance culture in the Bank.
- The e□orts have been made to keep assets of the Bank safe along with liabilities and commitments are made transparent.
- The Financial Statements of the Bank have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and contained full disclosure.

Reporting

The committee in the meetings has taken particular notes of lapses detected by the Internal Audit Team and the actions taken by the management towards correction, helped improving the recovery of classified loans and initiating measures for lowering the quantum of NPLs. The committee as well assisted instituting recovery mechanisms, constituting a robust credit administration and, carefully reviewed the internal control system and procedures including IT operation to secure the Bank from foreseeable shocks. The process of continuous monitoring was established for avoidance of errors and omissions and, repetition of lapses as are detected by the internal and external auditors.

The minutes of the Audit Committee Meetings with the observations and the recommendations of the Audit Committee were circulated among the members of the committee and to the Board of Directors of the Bank for information.

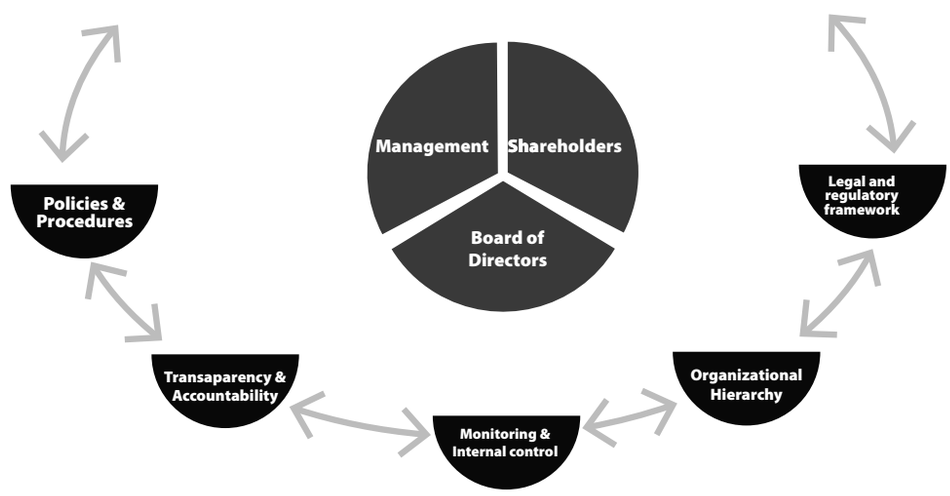
Mohammed Lakiotullah
Chairman
Audit Committee

Corporate Governance

Subsistence of good corporate governance reduces risk, stimulates performance, improves access to capital markets, enhances the marketability of goods and services, improves leadership, demonstrate transparency and social accountability. We are committed to operating in accordance with best practice in business integrity and ethics and maintaining the highest standards of corporate governance.

contents

1. Statement of Director's on adequacy of the system of internal control **183**
2. Statement of Director's responsibility to establish appropriate system of internal control. **183**
3. Chief Executive O□cer and Chief Financial O□cer's Statement of Responsibilities for the year 2015 **184**
4. Preface **185**
5. Board's Overall responsibilities **186-188**
6. Board's qualification and composition **188-189**
7. Board's own structure and practice **189-192**
8. Senior Management **192-194**
9. Governance of group structure **194-195**
10. Risk Management Function **195-196**
11. Risk identification, monitoring and controlling **196**
12. Risk communication **196**
13. Compliance **196-201**
14. Internal Audit **201**
15. Compensation **201-203**
16. Disclosure and transparency **203**
17. The role of supervisors **203**
18. Corporate governance compliance certificate **204**
19. Corporate governance disclosure checklist, in line with:
    - BSEC Notification
    - The Companies Act, 1994
    - Bangladesh Bank BRPD Circular 11,18 and 19 issued on October 27, 2013 **205-221**



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 2013)'. Therefore, the directors tried their level best to maintain sound corporate governance and performed their responsibilities. Broad business strategy, significant policies for internal control system and risk management have been taken properly and risk based internal audit has been accomplished as per 'section 15 Kha & 15 Ga of the Banking Companies Act 1991 (amended up to 2013)' for ensuring that the bank is appropriately and e□ectively managed and controlled.

The Board has supervised the policies and various parts of businesses to construct an e□ective internal control system which is essential for sustainable growth maintaining e□cient conduct of business. They have also reviewed the adequacy and completeness of accounting records, well preparation of financial information, and e□cient management of risk, strengthening bank assets and overall internal control process.

By forming the audit committee, the Board of Directors monitors the functional and e□ectiveness of internal control system. All the conditions depicted in the Banking Companies Act 1991 (amended up to 2013), 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 Bank process for monitoring compliances with laws and regulations and codes of business ethics have been properly reviewed by the committee.

The Audit Committee have observed the managerial arrangements for increasing the internal control features to the prevalent management information system (MIS). They have also overlooked the corrective initiatives undertaken by management corresponding to fraud-forgery and deficiencies in internal control published in last year. 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

Statement of Directors responsibility to establish appropriate System of Internal Control

Strengthening and streamlining internal control setup is of significant importance for them charged with governance to attain short-term business objectives and long-term sustainability. During the year, market liquidity was higher, interest rate was lower, investment demand was sluggish, and the challenge of ensuring e□ective 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 e□ciency, e□ectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. They annually review on the qualification, expertise and resources, and independence of the external auditors and the e□ectiveness of audit process and a recommendation on re-appointment.

Directors confirm that the Board, through its committees, has reviewed the e□ectiveness of the bank's systems of internal control for the year ended 31 December, 2015. This process involved a confirmation that a system of internal control in accordance with best financial reporting practice was in place throughout the financial year and up to the date of the signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and bank's risk management functions and the extent to which various significant challenges are understood and are being addressed.

On Behalf of the Board of Directors,

A Rouf Chowdhury
Chairman

Chief Executive Officer and Chief Financial Officer's Statement of Responsibilities for the year 2015

(In line with the Securities Exchange Commission (SEC) notification no.SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012)

The preparation and presentation of financial statements accurately and appropriately is the responsibility of the management accordingly we state that:

1. We have reviewed the balance sheet and profit and loss account (stand alone and consolidated), and all the schedules & notes to the accounts, and the Cash Flow statements for the year ended December 31, 2015 that are prepared under the historical cost convention. However, the director's report and other reports include updated information that were available till the publication of the Annual Integrated Report 2015. The financial statements were prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS) and comply with Banking Companies Act 1991 (amended up to 2013), Income Tax Ordinance 1984, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1997 and other applicable laws and regulations.

2. We have also reviewed director's report and other reports for accuracy and appropriateness. Best of our knowledge and information, these reports do not contain any untrue statement of a material fact.

3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects a true and fair view of Bank's a□airs, and the financial conditions, results of operations and cash flows of the Bank as of, and for, the year under report, and are incompliance with the existing accounting standards and/or applicable laws and regulations.

4. To the best of our knowledge and belief, no transactions enter into by the Bank during the year are fraudulent, illegal or violating business ethics and codes of conduct that ensure by external auditors and the audit committee, which estimates a high degree of judgments.

5. We along with those charge with governance, are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Bank, and we have:

   a) Designed such disclosure controls and procedures to ensure that material information relating to the Bank, including its consolidated subsidiaries, is known to us by others within those entities, particularly during the period in which this report is being prepared.

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting.

   c) Evaluated the e□ectiveness of Company's disclosure, controls and procedures.

   d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the year under report that has materially a□ected, or is reasonably likely to materially a□ect, the Bank's internal control over financial reporting.

6. We have disclosed based on our recent evaluation, wherever applicable, to the Bank's internal and external auditors, inspection team of Bangladesh Bank and other regulatory bodies and also to the audit committee of the board that:

   a) There have no deficiencies in the design and operation of internal controls, that could adversely a□ect the Bank's ability to record, process, summarize and report financial data, and there have been to material weakness in internal control over financial reporting including any corrective action with regard to deficiencies.

   b) There were no significant changes in internal controls during the year covered by the report.

   c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in notes to the financial statements.

   d) There were no instances of fraud of which we were aware, that involves management or the employees to have a significant role in Bank's internal control system.

7. We a□rm that we have not denied any person from access to the audit committee of the bank (in respect of matters involving alleged misconduct) and we have provided protection to whistle blowers from unfair termination and other unfair or prejudicial employment practices.
8. We further declare that all Board Members and senior managerial personnel have a□rmed compliance with the code of conduct for the current year.

Imran Ahmed, FCA, CISA
Chief Financial O□cer

Md. Mehmood Husain
President and Managing Director

PREFACE

Corporate governance entails a set of relationships between a company's management, its board, its shareholders and other stakeholders. It does also endow with the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

E□ective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole. Banks serve a crucial role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help drive economic growth. Banks' safety and soundness are key to financial stability, and the manner in which they conduct their business, therefore, is central to economic health. Governance weaknesses at banks that play a significant role in the financial system can result in the transmission of problems across the banking sector and the economy as a whole.

The Main objective of our corporate governance is to safeguard of our stakeholders' interest in conformity with public interest on a sustainable basis. Among stakeholders, particularly with respect to retail banks, shareholders' interest is inferior to depositors' interest.

Sound Corporate Governance

Our supervisors have a keen interest in our sound corporate governance, as it is an essential element in the safe and sound functioning of a bank and may adversely a□ect the bank's risk profile if not operating e□ectively. Well governed banks contribute to the maintenance of an e□cient and cost-e□ective supervisory process, as there is less need for supervisory intervention.

E□ective implementation of sound corporate governance requires relevant legal, regulatory and institutional foundations. A variety of factors, including the system of banking business laws, both stock exchanges rules, securities exchange regulation and international accounting standards, a□ect market integrity and systemic stability. Such factors, however, are often outside the scope of banking supervision. Supervisors are nevertheless encouraged to be aware of legal and institutional impediments to sound corporate governance, and to take steps to foster e□ective foundations for corporate

governance where it is within their legal authority to do so. Where it is not, supervisors may wish to consider supporting legislative or other reforms that would allow them to have a more direct role in promoting or requiring sound corporate governance.

Corporate governance determines the allocation of authority and responsibilities by which the business and a□airs of a bank are carried out by its shareholders, board and senior management, including how they:

- set the bank's strategy and objectives;
- select and oversee personnel;
- operate the bank's business on a day-to-day basis;
- protect the interests of depositors, meet shareholder obligations, and take into account the interests of other recognized stakeholders;
- align corporate culture, corporate activities and behavior with the expectation that the bank will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations; and
- establish control functions.

This statement outlines the key aspects of the Bank's corporate governance framework. The bank is committed to ensuring that its policies and practices reflect a high standard of governance. The Board has adopted a comprehensive framework of Corporate Governance Guidelines, designed to balance properly performance and conformance.

In Bank Asia, corporate governance means increasing the stakeholders' value by being e□cient & professional to the organization, transparent and accountable to the shareholders and responsible to the society and the environment. The board of directors plays a key role in corporate governance. It is their responsibility to endorse the organizations strategy, develop directional policy, appoint and supervise senior executives and to ensure accountability of the organization to its owners and regulatory authorities. This enables the banks to undertake, in an e□ective manner, the prudent risk-taking activities which are the basis of its business. Bank Asia Limited, as a publicly listed company, is a highly regulated company where Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) play a very significant role in establishment and adherence to norms and regulations.

Practices we admire

- Chairman leads the Board of Bank Asia Limited.
- Representation of women on the Board is encouraging.
- The Bank is being run in line with Corporate Governance Policy of the regulators.
- Shareholders vote for individual directors.
- All Board's Committees meet independent guidelines in respect of composition.
- The Board conducts an annual review of its performance and that of its Committees.
- An orientation program is in place for all new directors.
- All directors, executives/o□cers and employees of Bank Asia are required to acknowledge their adherence annually to Bank's guidelines for business conduct.

Board's overall responsibilities

Principle: the board has overall responsibility for the bank, including approving and overseeing management's implementation of the bank's strategic objectives, governance framework and corporate culture.

Responsibilities of the Board

The Board has ultimate responsibility for the bank's business strategy and financial soundness, internal control and governance structure and practices, and risk management and compliance obligations. The board may delegate some of its functions, though not its responsibilities, to board committees where appropriate.

The Board ensures that the bank's organizational structure enables the Board and senior management to carry out their own responsibilities and facilitates e□ective decision-making and good governance. This includes clearly laying out the key responsibilities and authorities of the Board itself, of the senior management and of those responsible for the control functions.

The Board approves the bank's budget and business plan and reviews them on quarterly basis so as to give directions as per changing economic and market environment. The Board reviews the policies and manuals of the various segments of businesses in order to establish e□ective risk management in credit and other

Work-planning and strategic management

The Board determines the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. They specially engage in the a□airs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional e□ciency and other relevant policy matters. They analyze and monitor at quarterly rests the development of implementation of the work-plans.

The Board does analytical review in the Annual Report as regard the success or failure in achieving the business and other targets as set out in its annual work-plan and apprises the shareholders of its opinions and recommendations on future plans and strategies. They set the Key Performance Indicators (KPIs) for the CEO and other senior executives and evaluate them at times.

Credit and risk management

The Board approves the policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-schedule and write-o□ under the purview of the existing laws, rules and regulations. The Board specifically distributes the power of sanction of loan/investment among the CEO and his subordinate executives as much as possible. The Bank also ensures that no Director, can interfere directly or indirectly, into the process of loan approval.

The board outlines policies for risk management and get them complied with and monitor the compliance at quarterly rests and review the concerned report of the risk management team and compile in the minutes of the board meeting. The board also monitors the compliance of the guidelines of Bangladesh Bank regarding key risk management

Internal control management

The Board is vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its services and management of loan and investment portfolio. The Board reviews at quarterly rests the reports submitted to the audit committee of the Board regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

Human resources management and development

- Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules are framed and approved by the Board. The chairman or the Directors has no way involvement or interferences into or influence over any administrative a□airs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the Board of Directors is included in the selection committees for recruitment and promotion at di□erent levels except recruitment and promotion to the immediate two tiers below the CEO which, rests upon the authority of the Board.
- The Board has focus and special attention to the development of skills of bank's sta□ in di□erent fields of its business activities including prudent appraisal of loan/investment proposals, adoption of modern electronic and information technologies and the introduction of e□ective Management Information System (MIS). The Board ensures that adequate training programs for the employees are incorporated in its annual work plan.
- The board composes Code of Ethics for every tier and they followed it properly. The board promote healthy code of conducts for developing a compliance culture.

Financial management

- The annual budget and the statutory financial statements finalized by the board of directors. The Board 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.
- The Board frames the policies and procedures for bank's purchase and procurement activities and accordingly approved 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, however, be adopted with the approval of the Board.
- The board review formation and function Asset-Liability Committee (ALCO) in line with Bangladesh Bank guidelines.

Appointment of Chief Executive Officer (CEO)

In order to strengthen the financial base of the bank and obtain confidence of the depositors, board of directors is responsible to appoint an honest, e□cient, experienced and suitable CEO or Managing Director.

Other responsibilities

- Approve and monitor the company's ethical values and their e□ective compliance.
- Oversee the establishment of appropriate risk management systems including defining the bank's risk appetite and establishing appropriate financial policies such as target capital and liquidity ratios.

- The board ensures that transactions with related parties (including internal group transactions) are reviewed to assess risk and are subject to appropriate restrictions (e.g. by requiring that such transactions be conducted on arm's length terms) and that corporate or business resources of the bank are not misappropriated or misapplied.

In discharging these responsibilities, the board takes into account the legitimate interests of depositors, shareholders and other relevant stakeholders. It also ensures that the bank maintains an e□ective relationship with its regulators.

Corporate Cultures & Values
A fundamental component of good governance is a corporate culture of reinforcing appropriate norms for responsible and ethical behavior. These norms are especially critical in terms of our bank's risk awareness, risk-taking behavior and risk management.

In order to promote a sound corporate culture, the board substantiates the "tone at the top" by:

- setting and adhering to corporate values to create expectations that all banking business and operation conducted in a legal and ethical manner, and overseeing the adherence to such values by senior management and other employees;
- promote risk awareness within a strong risk culture, conveying the board's expectation that it does not support excessive risk-taking and that all employees are responsible for helping the bank operate within the established risk appetite and risk limits;
- confirming the taking of appropriate steps to communicate throughout the bank the corporate values, professional standards or codes of conduct it sets, together with supporting policies; and
- confirming that employees, including senior management, are aware that appropriate disciplinary or other actions will follow unacceptable behaviors and transgressions.

Bank's code of conduct or code of ethics defined acceptable and unacceptable behaviors.

- explicitly disallow illegal activity, such as financial misreporting and misconduct, economic crime including fraud, breach of sanctions, money laundering, anti-competitive practices, bribery and corruption, or the violation of customer rights.
- clearly mentioned that employees are conduct themselves ethically and perform their job with skill and due care and diligence in addition to complying with laws, regulations and company policies.

The bank's corporate values recognize the critical importance of timely and frank discussion and escalation of problems to higher levels within the bank.

- Employees are encouraged to communicate confidentially, without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices. This facilitated employees to communicate material issues to concern authority.
- The board also oversight the policy mechanism and ensuring that senior management addresses legitimate issues that are raised by any one.
- The board oversees and approved the process of investigation i.e. involving of independent internal or external body, senior management and/or the board itself or its committee, if required.

Risk appetite, management and control
As part of the overall corporate governance framework, our board is responsible for overseeing a strong risk governance framework. Our e□ective risk governance framework includes a strong risk culture, a well developed risk appetite, and well defined responsibilities for risk management in particular and control functions in general.

The board takes an active role in defining the risk appetite and ensuring its alignment with the bank's strategic, capital and financial plans and compensation practices.

Risk appetite is the level of risk that a bank is able and willing to accept or tolerate considering its exposures and business activities. Bank has developed a comprehensive risk appetite, which also accompanied management action trigger (MAT) for ensure precise e□ectiveness of risk appetite of the bank.

Risk appetite of the Bank covers di□erent material risk areas (i.e. Credit Risk, Profitability Risk, Capital Management Risk and Liquidity Risk). Risk Appetite document covers three parts which are parameter wise maximum level of risk bank is willing to accept (appetite level or maximum limit), risk level when the management action will be automatically executed by the responsible authority (Trigger point) and management action which will be executed to minimize the risk and to bring the ratio within the limit.

Bank has prepared risk category wise ratio limit, trigger point, and management action which to be executed if ratios cross the trigger point. All the above has been primarily prepared based on available industry information and face to face discussion with di□erent divisional heads.

Oversight of senior management
Sound corporate governance begins with engaged, capable, and experienced directors and senior management, a coherent strategy and business plan, and clear lines of responsibility and accountability. The board of directors oversees the development of the overall business strategy for the regulated entity and the decisions made by senior management in the pursuit of strategic objectives.
The board selects the CEO and other key personnel, including members of senior management. The board also provide oversight of senior management which hold members of senior management accountable for their actions and enumerate the possible consequences (including dismissal) if those actions are not aligned with the board's performance expectations. This includes adhering to the bank's values, risk appetite and risk culture, under all circumstances. In doing so, the board follow:

- Monitor that senior management's actions are consistent with the strategy and policies approved by the board, including the risk appetite;
- Meet regularly with senior management;
- Question and critically review explanations and information provided by senior management;
- Set appropriate performance and remuneration standards for senior management in consistent with the long-term strategic objectives and the financial soundness of the bank;

- Assess whether senior management's collective knowledge and expertise remain appropriate given the nature of the business and the bank's risk profile; and
- Ensure that appropriate succession plans are in place for senior management positions.

Board qualifications and composition

Principle: board members should be and remain qualified, individually and collectively, for their positions. They should understand their oversight and corporate governance role and be able to exercise sound, objective judgment about the affairs of the bank.

Board Composition

Directors are accountable to the shareholders for the Bank's performance and governance. Bank Asia always complies with the direction of the regulatory authorities regarding the appointment of directors. Bangladesh Bank circulars, BSEC notification, provisions of Bank Company Act and Companies Act are strictly followed. The Bank Companies Act provides that there will be maximum 20 (twenty) Directors on the Board including Managing Director and 3 (three) Independent Directors. The corporate governance notification of BSEC provides that the company will consist minimum 5 (five) and maximum 20 (twenty) directors including minimum 1/5th of Independent Directors.

The Board of Bank Asia currently comprises of 16 (sixteen) Directors as of December 31, 2015 including the Managing Director. The Chairman and 14 (fourteen) other Directors are Non-Executive Directors from which 6 (six) are independent directors and the CEO (Managing Director) is an Executive Director.

Board of Director's Selection and qualifications

Appointment

All the Directors except independent directors and the CEO were elected by the shareholders of the company and the CEO is appointed by the Board of Directors with the approval of the Bangladesh Bank. Independent Directors are appointed by the Board and approved by the shareholders in the AGM.

Bank Asia complied with relevant guidelines of Bangladesh Bank circulars, rules and regulations of the Bank Companies Act, 1991 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.
All the Directors are highly-qualified, experienced professionals or successful businessmen in their own right with long experience with the banking industry and they also hold very responsible positions in public life. The details qualifications about Board of Directors can be found in Directors' profile.

Retirement and election of Directors

According to clause 128, and 129 of the Articles of Association of the Bank, 5 (five) directors retired before the 16th Annual General Meeting (AGM) held on March 31, 2015. All the retiring directors were eligible for re-election as director and they were re-elected at the AGM. The retired and re-elected directors were:

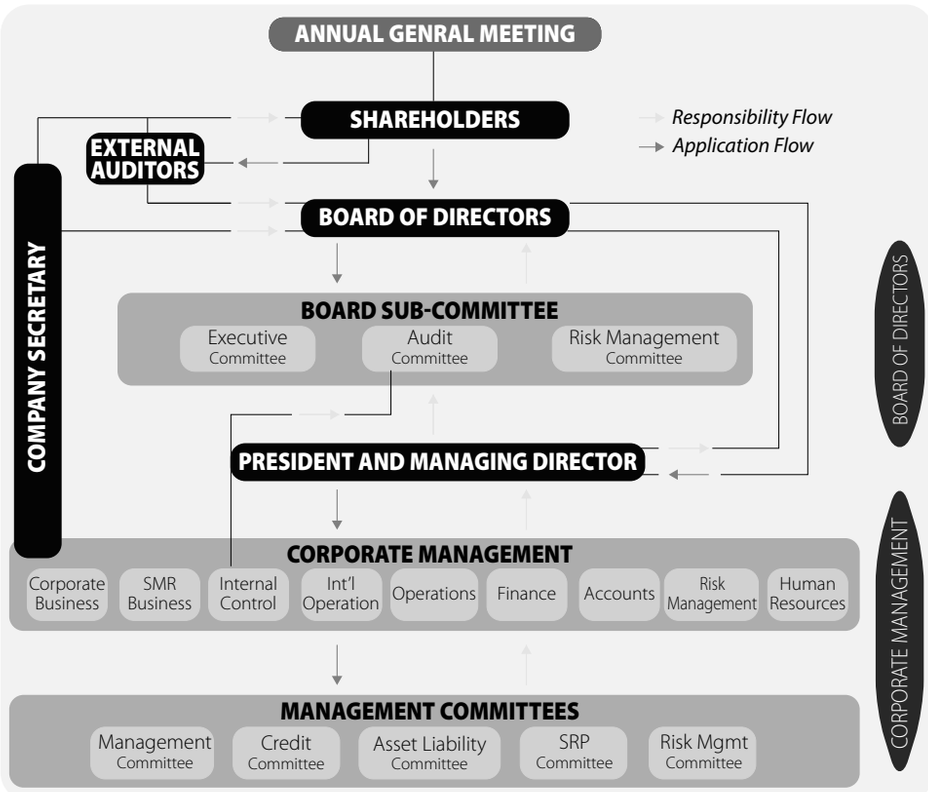
Sl. No.	Name of Directors	Mode of Change
1.	Mr. A Rouf Chowdhury	Retired and Re-elected
2.	Mr. Mohd. Safwan Choudhury	Retired and Re-elected
3.	Mr. A M Nurul Islam	Retired and Re-elected
4.	Mr. Shah Md. Nurul Alam	Retired and Re-elected
5.	Mr. M Irfan Syed	Retired and Re-elected

In addition, some other changes in directorship during the year were as follows:

Sl. No.	Name of Directors	Date of Change	Remarks
1.	Mr. M Shahjahan Bhuiyan	15.02.2015	He was appointed by board as Independent Director on 15.02.2015 and Bangladesh Bank approved the appointment on 24.03.2015, and shareholders approved the appointment on 31.03.2015.
2.	Mr. Md. Nazrul Huda	15.02.2015	He was appointed by board as Independent Director on 15.02.2015 and Bangladesh Bank approved the appointment on 24.03.2015, and shareholders approved the appointment on 31.03.2015.

Independent director

Participation of independent opinion in the Board is considered as an important element of good governance. Independent Directors exert an independent view on the policies and decisions of the Board and emphasize that the policies and decisions are for the best interest of the whole bank. Bank Asia has 6 (six) independent directors in the Board. They are: Mr. A M Nurul Islam, a renowned bureaucrat and 5 (five) renowned retired bankers Mr. Mohammed Lakiotullah, Mr. Shah Md. Nurul Alam, Mr. Mashiur Rahman, Mr. M Shahjahan Bhuiyan, and Mr. Md. Nazrul Huda, a retired central banker. The Independent Directors are also member of the sub-committees of the Board. Three of them are the members of the Executive Committee, three are the members of the Audit Committee, and three are the members of the Risk Management Committee.



Delegation of Authority
The Board has delegated to the CEO and, through the CEO, to other senior executives, the responsibility for the day-to-day management of the bank's business and implementation of the bank's strategies and policies. The CEO and other senior executives operate in accordance with a comprehensive set of management delegations under the bank's Delegation of Authorities framework.

Board's own structure and practice

Principle: the board should define appropriate governance structures and practices for its own work, and put in place the means for such practices to be followed and periodically reviewed for ongoing effectiveness.

Organization and assessment of the board
The Board structure is maintained in terms of leadership, size and the use of Board committees so as to e□ectively carry out its oversight role and other responsibilities. This includes ensuring that the Board has the time and means to cover all necessary subjects in su□cient depth and have a robust discussion of issues.

The Board is continuously maintaining and periodically updating organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities.

To support its own performance, the Board carries out regular assessments – alone or with the assistance of external experts – of the Board as a whole, its committees and individual board members. The Board also:

- periodically review its structure, size and composition as well as committees' structures and coordination;
- assess the ongoing suitability of each board member periodically, also taking into account his or her performance on the board;
- either separately or as part of these assessments, periodically review the e□ectiveness of its own governance practices and procedures, determine where improvements may be needed, and make any necessary changes; and
- use the results of these assessments as part of the ongoing improvement e□orts of the board and, where required by the supervisor, share results with the supervisor.
- maintain appropriate records, i.e. meeting minutes, summaries of matters reviewed, recommendations made in its deliberations and decisions. These are available for the regulator when required.

Role of the Chairman
Roles and Responsibilities
The Chairman of the Board is elected to the o□ce of chairman by the Directors. The Chairman's primary responsibility is to lead the Board, to ensure a common purpose and e□ectiveness as a group to uphold and promote high standards of integrity, probity and corporate governance. The Chairman has the link between the Board and the Company. The major role and responsibilities of the chairman are:

a. The chairman of the Board does not participate in or interfere into the administrative or operational a□airs of the bank since he does not personally possess the jurisdiction to apply policymaking or executive authority.

b. Sometimes the chairman conducts on-site inspection of bank-branch or financing activities under the purview of the oversight responsibilities of the Board. He has the right to call for any information relating to bank's operation for investigation into any such a□airs and thereby submit such information or investigation report to the meeting of the Board or to the executive committee and, if considered necessary, with the approval of the Board, he may adopt pragmatic initiatives with reference to the set rules through the CEO. Besides, any complaint raised against the CEO is required to be apprised to Bangladesh Bank through the Board along with the statement of the CEO.

c. For the business interest of the bank, the chairman may be o□ered an o□ce room,

Corporate Governance

a personal secretary/assistant, an office telephone, a mobile phone and a car for using within the country.

Position of Chairman and the Chief Executive Officer
The functional responsibilities of the chairman of the Board and of the President and Managing Director are kept separate and independent of each other.

The Chairman of the Board of Director is responsible for leading the Board and overseeing the entire functioning of the Bank. The success of a Board meeting is dependent almost entirely on the art of conduct of the same by its chairman. Mr. A Rouf Chowdhury is the current chairman of the Board. Through his dynamic leadership, he is leading the Board towards the success of the Bank.

The 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.

Board committee
To increase efficiency and allow deeper focus in specific areas, Board established three specialized Board committees i.e. Audit committee, Executive committee and Risk Management committee. The committees are created and mandated by the full Board. Each committee has specified roles and responsibilities that set out in line with Bangladesh Bank, Bangladesh Securities Exchange Commission (BSEC) and other regulatory guidelines.

Audit committee
The audit committee of the Board of Bank Asia was first constituted in January 2003 with the objectives of generating a platform for a compliant and secured banking.
As per the BSEC notification no SEC/CMRRC/2006-128/134/admin/44 dated 7 august 2012 audit committee must consists of at least 3 (three) members with 1(one) Independent director. All the members of Audit Committee should be selected from Directors and the chairman must be an independent Director.

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. Mohammed Lakiotullah, the chairman of the audit committee is an Independent Director and from Business administration background and all the members are financially knowledgeable and have long experience in banking industry. More information about members of Audit Committee is available in the Director's Profile Page.

Terms of Reference
Audit committee takes up the responsibilities to supervise the management and control of various risk factors coming up from banking operation, to strengthen the internal control system and to act as a connecting force between internal and external auditors in order to bring a disciplined banking operation. Audit committee reviews the financial reporting process, accounting policies & principles, hiring of external auditors, significant related party transaction, the system of internal control and management, the audit process, compliance with laws and regulations, and its own codes of business conduct. The audit committee also examines the status of implementation of Bangladesh Bank guidelines and bank's own policies and manuals.

Roles and Responsibility
Appropriate Accounting Standards, Policy and Regulatory compliance

- Overseeing the financial reporting process;
- Monitor choice of accounting policies and principles
- Monitor Internal Control Risk management process
- Oversee hiring and performance of external auditors
- Review along with the management, the annual financial statements before submission to the board for approval
- Review along with the management, the quarterly and half yearly financial Statements before submission to the board for approval
- Discussing with management and the external auditors regarding the financial statements before submission to the Board for approval;
- Reviewing with significant changes of accounting policies and practices;
- Reviewing the content and statements for the understandable and fair presentation of the annual report;
- Reviewing the financial statements prepared in accordance to existing rules, regulations and standards enforced in the country;
- Checking the financial statement's completeness and concreteness;
- Review the adequacy of internal audit function.
- Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.
- Reviewing significant related party transactions;

Internal Control
- Evaluate the management's setting and 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
- Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS)
- Evaluate internal control strategies recommended by internal and external auditors which have been implemented by the management.
- 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.
- Review the existing risk management procedures for ensuring an effective internal control system.
- Monitor the effectiveness of internal audit and to receive its reports, findings and recommendation
- Review the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations as approved by the Board are being complied with.

Financial Reporting
- Review the annual financial statements and determine whether they are complete and

consistent with the accounting standards set by the regulatory authority.
- Meet with management and the external auditors to review the financial statements before their finalization.

Internal Audit
- Monitor whether internal audit is working independently from the management.
- Review the activities of the internal audit and the organizational structure to ensure that no unjustified restriction or limitation hinders the internal audit process.
- Examine the e□ciency and e□ectiveness of internal audit function
- Examine the findings and recommendations made by the internal auditors and ensure that is duly considered by the management

External Audit
- Review the performance of the external auditors and their audit reports.
- Examine on management consideration on the findings and recommendations made by the external auditors.
- Provide recommendations to the Board regarding the appointment of the external auditors.
- Review and report to the Board on the qualification, expertise and resources, and independence of the external auditors and the e□ectiveness of audit process and a recommendation on re-appointment.

Compliance with existing laws and Regulations: Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with

Other Responsibilities
- 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.
- Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

Head of Internal audit of the Bank directly report to audit committee of the Board and have direct access to the audit committee of the Board and present in all Audit Committee meeting.

Executive committee

The Executive Committee (EC) of the board of Bank Asia was first constituted in January 2010 to ensure e□cient, competent, compliant and secured structure for approval of credit proposals and business decisions. The number of members in executive committee 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.

Roles and Responsibilities
- The executive committee decides or acts 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.
- The executive committee takes all necessary decision or approves cases within power delegated by the board of directors.
- All decisions taken in the executive committee ratified in the next board meeting.

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, and 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 e□ectiveness 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.

Roles & responsibilities

Risk identi cation & control policy

Formulation and implementation of appropriate strategies for risk assessment and its control within the Bank. The Committee monitors risk management policies & methods and amend it if necessary. The committee reviews the risk management process to ensure e□ective prevention and control measures.

Construction of organizational structure

The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.

Analysis and approval of Risk Management policy

Risk management policies & guidelines of the bank reviewed annually by the committee. The committee propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit also reviewed at least once annually and amended, if necessary.

Storage of data & Reporting system

Adequate record keeping & reporting system developed by the bank management approved by the risk management committee. The committee ensures proper use of the system. The committee minutes its proposal, suggestions & summary in a specific format & informs the Board of Directors.

Monitoring the implementation of overall Risk Management Policy

Risk Management Committee monitor proper implementation of overall risk management policies. They monitors whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.

Other responsibilities
- Committee's decision and suggestions submitted to the Board of Directors quarterly in short form;
- Comply instructions issued time to time by the controlling body;

- Internal & external auditor will submit respective evaluation report whenever required by the committee.

Risk management strategy, appetite and limits
Risk management strategy is based on risk appetite approved by the Board. All material risks are managed within a defined risk appetite which is linked to Bank's strategy and business objectives. The Board determines the risk appetite and risk tolerance for credit risk, operational risk, market risk, liquidity risk, strategic risk and taxation risk. The appetite and tolerance for each material risk is documented in the risk management statement.

Compensation/ Remuneration Committee and other board committees
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. Rather the bank has a 5 members special committee on policy formulation that also work as compensation/ remuneration committee. That committee mainly recommends to Board about mode of annual performance bonus disbursement, annual increment, etc.
At Management level Managing Director, AMDs, Head of Human Resources Division and Chief Financial O□cer 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 e□ective remuneration policy; procedures and practices aligned with the Banks' strategy and applied consistency for all employee levels.

Conflict of interest
Conflicts of interest may arise as a result of the various activities and roles of the bank (eg where the bank extends loans to a firm while its proprietary trading function buys and sells securities issued by that firm), or between the interests of the bank or its customers and those of the bank's board members or senior managers (eg where the bank enters into a business relationship with an entity in which one of the bank's board members has a financial interest).

Conflicts of interest may also arise when a bank is part of a broader group. For example, where the bank is part of a group, reporting lines and information flows between the bank, its parent company and/or other subsidiaries can lead to the emergence of conflicts of interest (eg sharing of potential proprietary, confidential or otherwise sensitive information from di□erent entities or pressure to conduct business on a non-arm's length basis). Bank Asia has not this type of conflict of interest. The board regularly oversees the implementation and operation of policies to identify potential conflicts of interest. All related transaction was duly complied with the Bank Companies Act 1991, Bangladesh Bank rules regulation and other regulatory guidance. All transaction was duly approved by the Board/ shareholders in AGM, if required and disclosed in Annual Integrated Report.

Corporate Governance training and its objectives
Corporate Governance has at its backbone a set of transparent relationships between an institution's Management, its Board, Shareholders and other stake holders. With this view Bank Asia has organized training on "Corporate Governance in Banks in Bangladesh" held in September 12, 2015. A total of 32 participants were attended the training among which Heads of Branches from VP to EVP and Heads of Departments were present.

The Main Topics of the training were:
(1) Corporate Governance in Banks-International Best Practices.
(2) Banking Company Act, 1991, Stipulations on Corporate governance and
(3) Corporate Governance Regulations for Banks in Bangladesh

Besides a day long workshop on Corporate Governance was organized to create a strong risk management culture on 2014. The main objective of these training programs is:

I. To help to identify Board's route to success. This includes strategic appointment to leverage Board member competencies as well as e□ective structures and processes.

II. To determine the best practices suited to your organization through structured assessment.

III. To develop broad-spectrum insights into best practices to understand how they improve coherence in business direction and strategy, drive corporate responsibility, and improve company accountability for stakeholder confidence.

IV. To shed light on Board-specific strategies to mitigate risk and maximize opportunities by paving the skills, tools and frameworks for action plans to address challenges and boost Board's performance.

V. To help the Board members develop the right strategies for change management and create advance plans for seamless change in order to identify internal and external opportunities and challenges, manage change or implement new approaches.

VI. To drive positive Board culture such as skills and leadership style.

Appraisal and evaluation of Board of Directors
The directors are elected at the AGM by general shareholders in accordance with the provision of laws and articles of association of the company. At the AGM, individual shareholders give their evaluation and appraisal of performance of business of the Bank and Board of Directors. But no formal appraisal process of the Board is in e□ect as yet. However, dividend payout percentage and mode that is recommended by the Directors is a major performance assessment parameter to the general shareholders.

Senior Management

Principle: under the direction and oversight of the board, senior management should carry out and manage the bank's activities in a manner consistent with the business strategy,

risk appetite, remuneration and other policies approved by the board.

Senior management consists of a core group of individuals responsible and accountable to the board for the sound and prudent day-to-day management of the bank.

The organization and procedures and decision-making of senior management are clear and transparent and designed to promote effective management of the bank. This includes clarity on the role, authority and responsibility of the various positions within senior management, including that of the CEO.

Members of senior management have the necessary experience, competencies and integrity to manage the businesses and people under their supervision. They receive access to regular training to maintain and enhance their competencies and stay up to date on developments relevant to their areas of responsibility.

Members of senior management selected through an appropriate promotion or recruitment process which takes into account the qualifications required for the position in question. The senior management provide sufficient information to the board.

Senior management contributes substantially to a bank's sound corporate governance through personal conduct (e.g. by helping to establish the "tone at the top" along with the board). Members of senior management provide adequate oversight of those they manage, and ensure that the bank's activities are consistent with the business strategy, risk appetite and the policies approved by the board.

Senior management is responsible for delegating duties to staff and should establish a management structure that promotes accountability and transparency throughout the bank.

Consistent with the direction given by the board, senior management implement business strategies, risk management systems, risk culture, processes and controls for managing the risks – both financial and non-financial – to which the bank is exposed and concerning which it is responsible for complying with laws, regulations and internal policies. This includes comprehensive and independent risk management, compliance and audit functions as well as an effective overall system of internal controls. Senior management recognized and respects the independent duties of the risk management, compliance and internal audit functions and do not interfere in their exercise of such duties.

Chief Executive Officer
Bank's CEO is Mr. Md. Mehmood Hussain. The details information of CEO is given in separate part of director's information.

Roles and responsibilities of CEO
The main responsibilities and authorities of the Managing Director are as follows:

- The CEO undertakes his own responsibilities when the board vests the financial, business and administrative authorities on him. He remains accountable for achievement of financial and other business targets by means of business plan, efficient implementation and prudent administrative and financial management.
- The CEO ensures compliance of the Bank Company Act, 1991 and other relevant laws and regulations in performing routine functions of the bank.
- At the time of presenting any memorandum by the management in the Board Meeting or Board Committee Meeting, the CEO points out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.
- The CEO remains accountable to report to Bangladesh Bank if any violation of the Bank Company Act, 1991 or of other laws/ regulations is occurred.
- The recruitment and promotion of all staff of the bank except those in the two tiers below him rest on the CEO. He acts in such cases in accordance with the approved service rules of the Bank.
- The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, rests on him that he applies in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he nominates officers for training etc

Appraisal and evaluation of CEO
While reappointing CEO, an evaluation report approved by the board of directors submitted to Bangladesh Bank by the chairman of the Board. Besides, key evaluation indicators for CEO as well as Management is profitability, yearly budget achievement, dividend ratio, return on equity, return on assets, earnings per share, CAMELS ratings, credit rating, classified loan ratio etc. which are reviewed by Board of Directors on periodically basis.

Company Secretary
The name of company secretary of the Bank is Md. Aminul Islam. He is also Additional Managing Director of the Bank. The key roles and responsibilities of company secretary are:

The Company Secretary is accountable directly to the Board, through the Chairman, on matters to do with the proper functioning of the Board. He is also responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedure and regulations affecting the board and the Bank, as well as best practices of governance. He is also responsible for advising the directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Bank, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Chief Risk Officer
The name of Chief Risk Officer of the Bank is Humaira Azam. She is also Deputy Managing Director of the Bank. The CRO is key responsible for overall risk management of the Bank. The details roles and responsibility and overall risk management from CRO is separately disclosed in CRO's report.

Chief Financial Officer
The name of Chief Financial Officer of the Bank is Imran Ahmed, FCA, CISA. He is also Executive Vice President of the Bank. Key responsibility and overall financial health of the Bank is separately disclosed in CFO's statement.

Various Management committees
Management committee
The management committee (mancom) is responsible for recommending strategy and monitoring business performance and internal control of the bank and its subsidiaries. As regulatory requirement, the mancom operates under delegated authority from the Board and membership of the management committee

consists of the president and managing director, additional/deputy managing directors, and the heads of major operational departments. The current number of mancom members is 14.

Asset Liability Committee
The asset liability committee –ALCO, comprise with the President and Managing Director, senior management to take strategic decisions on fixation of asset liability pricing responding to market scenarios. In ALCO meetings, members discuss economic view, market status, peer group positions, projections on interest rate and exchange rate and spreads; balance sheet gap in liquidity structure & interest rate sensitivity of gap, relevant ratio analysis, internal transfer pricing, regulatory observations on continuous basis. When needed special ALCO meetings are held to respond to the unusual or seasonal market behavior or other volatile market scenarios. In the year 2015, ALCO acted prudently with all available tools for balance sheet management. Proactive measures of ALCO in this year kept the growth of net interest income and exchange earning of the bank amidst lower CDR and falling interest and exchange rate. The current number of ALCO members is 9.

Credit Committee
Bank Asia's credit committee is formed with a group of highly knowledgeable senior management who are responsible for assessing the credit worthiness and ability to repay debt of prospective borrowers. As per complete and critical assessment, the committee recommends for approval or decline of the credit proposal and put observations where necessary. Based on the recommendation, credit proposals are approved or declined by the managing director or executive committee of the Board or the Board as per delegation of authority.

SRP committee
The supervisory review process (SRP) committee is formed under the second pillar of Basel II capital accord. Bank Asia has developed internal methodology to assess requirement of additional capital to address risks that have not been considered under minimum capital requirement (MCR), i.e. credit risk, operational risk and market risk. The SRP committee is a representation of senior management working under Board. The committee consists of nine members: President and managing director (chairman of the committee), chief risk o□cer, chief business o□cer, chief operating o□cer, chief business o□cer -SMR, chief financial o□cer, head of internal control and compliance, head of treasury operations and head of risk management. Core responsibilities of the committee is to ensure that bank has comprehensive internal capital adequacy assessment process (ICAAP) and adequate level of capital is maintained and reported considering appropriately the level of residual risk, concentration risk, liquidity risk, reputational risk, strategic risk, settlement risk, core risk guidelines risk, environmental and climate change risk. A separate risk management committee (RMC) supervises day-to-day risk identification, mapping and mitigation.

Mechanism to provide advice to the Board
Bank Asia maintains transparent and close communication with its shareholders. With this view we publish annual & semiannual report, publishing quarterly financials and price sensitive information (PSI) in newspapers for shareholders, investors, capital market experts, and other equity participants in a complete, fair, accurate, timely and understandable manner within the framework of generally accepted accounting principles and legislation provisions. Our bank's shareholders can also use their query rights or can provide any recommendations or direction to the Board of directors at the annual general meeting and the Board answers all questions of shareholders. Prior to AGM, the meeting date, venue and agenda are announced and also the annual report is submitted to the shareholders through our bank's website or through di□erent channels. After getting feedback from shareholders at AGM, the Board then directs the management to implement the recommendations of the shareholders. If the Management requires making any change in policy or practice, the Board approves those changes; otherwise if this authority of approval is beyond the power of the Board, this can be approved by the shareholders of Bank Asia Ltd at AGM through voting.

Governance of group structure

Principle: in a group structure, the board of the parent company has the overall responsibility for the group and for ensuring the establishment and operation of a clear governance framework appropriate to the structure, business and risks of the group and its entities. The board and senior management should know and understand the bank group's organizational structure and the risks that it poses.

Parent company boards
In group concept, Bank Asia limited is parent company with having following three subsidiary companies:

- Bank Asia Securities Limited, incorporated in Bangladesh – 99.99% owned
- BA Exchange Company (UK) Limited, incorporated in United Kingdom - 100% owned
- BA Express USA Inc., incorporated in United States of America (USA) - 100% owned

The board of the parent company is aware of the material risks and issues that might a□ect both the bank as a whole and its subsidiaries. It exercises adequate oversight over subsidiaries while respecting the independent legal and governance responsibilities that might apply to its subsidiary boards.

In order to fulfill its responsibilities, the board of the parent company:

- established a group structure (including the legal entity and business structure) and a governance framework with clearly defined roles and responsibilities, including those at the parent company level and those at the subsidiary level;
- define an appropriate subsidiary board and management structure to contribute to the e□ective oversight of businesses and subsidiaries, which takes into account the di□erent risks to which the group, its businesses and its subsidiaries are exposed;
- assess whether the group's corporate governance framework includes adequate policies, processes and controls and addresses risks across the business and legal entity structures;
- ensure the group's corporate governance framework includes appropriate processes and controls to identify and address potential intergroup conflicts of interest, such as those arising from intergroup transactions;

- approve policies and clear strategies for establishing new structures and legal entities, and ensure that they are consistent with the policies and interests of the group;
- complied all regulatory requirement regarding monitor and review of subsidiary companies
- have su□cient resources to monitor compliance of subsidiaries with all applicable legal, regulatory and governance requirements; and
- maintain an e□ective relationship with regulator and, through the subsidiary board or direct contact, with the regulators of all subsidiaries.

The details information of parent companies Board is given in separate part of this Annual Integrated Report.

Subsidiary Boards

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 o□ce at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000 which commenced its business on the 17 April 2011. Total paid up capital of BASL is Tk. 1,999.99 million. At the end of the year 2015, BASL has following nine (09) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Anisur Rahman Sinha, Director
- Mr. Shah Md. Nurul Alam, Director
- Mr. M Irfan Syed, Director
- Ms. Romana Rouf Chowdhury, Director
- Mr. Md. Mehmood Husain, Director
- Mr. Aminul Islam, Director
- Mr. Md. Arfan Ali, Director
- Mr. Imran Ahmed, Director

The Board of Directors of BASL conducted their roles and responsibility in line with the Companies Act 1994, Bangladesh Securities and Exchange Commission rules and regulation, parent Board guideline, and other regulatory act or guidance.

BA Exchange Company (UK) Limited

The company was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited, BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. The paid up capital of the company is £300,000. At the end of the year 2015, the company has following four (04) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Mohammed Lakiotullah
- Mr. Md. Mehmood Husain, Director
- Mr. ABM Kamrul Huda Azad, CEO

The Board of Directors of BA Exchange Company (UK) Limited conducted their roles and responsibility in line with all regulatory act or guidance.

BA Express USA Inc.

BA Express USA Inc. is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) 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, e□ective November 22, 2013. The company has started its commercial operation from June 01, 2014. The paid up capital of the company is $960,000. At the end of the year 2015, the company has following seven (07) directors:

- Mr. A Rouf Chowdhury, Chairman of the Board
- Mr. Rumee A Hossain, Director
- Mr. Murshed Sultan Chowdhury, Director
- Ms. Romana Rouf Chowdhury, Director
- Ms. Mahrina Chowdhury, Director
- Mr. Md. Mehmood Husain, Director
- Mr. Minto Saha, CEO

The Board of Directors of BA Express USA Inc. conducted their roles and responsibility in line with all regulatory act or guidance.

Risk Management Function

Principle: banks should have an effective independent risk management function, under the direction of a chief risk officer (CRO), with sufficient stature, independence, resources and access to the board.

Banks have an e□ective independent risk management function, under the direction of a Chief Risk O□cer (CRO), with su□cient stature, independence, resources and access to the Board and Board risk management committee.

Key activities of the risk management function include:

- identifying material individual, aggregate and emerging risks;
- assessing these risks and measuring the bank's exposure to them;
- supporting the board in its implementation, review and approval of the enterprise-wide risk governance framework which includes the bank's risk culture, risk appetite and risk limits;
- ongoing monitoring of the risk-taking activities and risk exposures to ensure they are in line with the board-approved risk appetite, risk limits and corresponding capital or liquidity needs (ie capital planning);
- establishing an early warning or trigger system for breaches of the bank's risk appetite or limits;
- influencing and, when necessary, challenging material risk decisions; and
- reporting to senior management and the board or risk committee, as appropriate, on all these items, including but not limited to proposing appropriate risk-mitigating actions.

Risk managers are work closely with individual business units, the risk management function is su□ciently independent of the business units and not be involved in revenue generation. This independence is an essential component of an e□ective risk management function, as is having access to all business lines that have the potential to generate material risk to the bank as well as to relevant risk-bearing subsidiaries and a□liates.

The risk management function has a su□cient number of employees who possess the requisite experience and qualifications,

including market and product knowledge as well as command of risk disciplines. Sta has the ability and willingness to e ectively challenge business operations regarding all aspects of risk arising from the bank's activities.

Role of the Chief Risk Officer (CRO)
Bank has the CRO with high designated position, Deputy Managing Director. The CRO is primary responsible for overseeing the development and implementation of the bank's risk management function. This includes the ongoing strengthening of sta skills and enhancements to risk management systems, policies, processes, quantitative models and reports as necessary to ensure that the bank's risk management capabilities are su ciently robust and e ective to fully support its strategic objectives and all of its risk-taking activities. The CRO is responsible for supporting the board in its engagement with and oversight of the development of the bank's risk appetite and RAS and for translating the risk appetite into a risk limits structure. The CRO, together with management, actively engaged in monitoring performance relative to risk-taking and risk limit adherence.

Details roles and responsibility of CRO and overall risk management by CRO is disclosed separately in CRO statement page 94-97 of this Annual Integrated Report.

Risk identification, monitoring and controlling

Principle: risks should be identified, monitored and controlled on an ongoing bank-wide and individual entity basis. The sophistication of the bank's risk management and internal control infrastructure should keep pace with changes to the bank's risk profile, to the external risk landscape and in industry practice.

The bank's risk governance framework include policies, supported by appropriate control procedures and processes, designed to ensure that the bank's risk identification, aggregation, mitigation and monitoring capabilities are commensurate with the bank's size, complexity and risk profile.

Risk identification encompasses all material risks to the bank, on- and o -balance sheet and on a group-wide, portfolio-wise and business-line level. In order to perform e ective risk assessments, the board and senior management, including the CRO, regularly and on an ad hoc basis, evaluate the risks faced by the bank and its overall risk profile. The risk assessment process includes ongoing analysis of existing risks as well as the identification of new or emerging risks. Risks captured from all organizational units.

Risk identification and measurement include both quantitative and qualitative elements. Risk measurements also include qualitative, bank-wide views of risk relative to the bank's external operating environment.

Internal controls are designed, among other things, to ensure that each key risk has a policy, process or other measure, as well as a control to ensure that such policy, process or other measure is being applied and works as intended. As such, internal controls help ensure process integrity, compliance and e ectiveness. Internal controls provide reasonable assurance that financial and management information is reliable, timely and complete and that the bank is in compliance with its various policies and applicable laws and regulations.

The detailed regarding risk identification, monitoring and controlling process is disclosed separately in Risk Management Report page no98-113 of this Annual Integrated Report.

Risk communication

Principle: an effective risk governance framework requires robust communication within the bank about risk, both across the organization and through reporting to the board and senior management.

A strong risk culture promote risk awareness and encourage open communication and challenge about risk-taking across the Bank as well as vertically to and from the board and senior management. Senior management actively communicate and consult with the control functions on management's major plans and activities to control functions so that they can e ectively discharge their responsibilities.

Information on overall and specific risks are communicated to the board and senior management in timely, accurately and understandable way to take decisions by them to minimize such risks e ectively.

Risk reporting to the management, board and regulator are made carefully so that bank-wide, individual portfolio and all other risks in a concise and meaningfully identified and reported properly. Reporting accurately communicate risk exposures and results of stress tests or scenario analyses and provoke a robust discussion of, for example, the bank's current and prospective exposures (particularly under stressed scenarios), risk/return relationships and risk appetite and limits.

Our Risk reporting systems is dynamic, comprehensive and accurate, and draws on a range of underlying assumptions in line with Basel III guideline and Bangladesh Bank guidance. We communicated Market Discipline statement under Pillar III of Basel III in our websites along with Annual Integrated Report. All other material risk that e ect bank is also disclosed in separate Risk Management report of this Annual Integrated Report.

Compliance

Principle: the bank's board of directors is responsible for overseeing the management of the bank's compliance risk. The board should establish a compliance function and approve the bank's policies and processes.

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.

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, as said for in the laws of country as well as memorandum and articles of association of the Bank.

The code of conduct states

i. The members act honestly in good faith and in the best interest of the stakeholders.
ii. The members do not make improper use of information required as director.
iii. The members do not take improper advantage of the position as a director.
iv. Confidential information acquired by the members in the course of exercise of directorial duties remain the property of the company.
v. Members make every e□ort to attend all board and committee meeting during their tenure
vi. To maximize e□ectiveness of the Board/ committee meetings, contribution of individual directors are monitored and appraised on an annual basis.
vii. All others code of conduct set by the Bangladesh Bank, Bangladesh Securities and Exchange Commission and other regulatory bodies are followed strictly.

The Board of directors of the Bank established high level of ethics and compliance within the organization and they are committed to and maintained it in Board level and management level.

Bank's business ethics and code of conduct is given in separate segment page 11-12.

Avoiding conflict of interest

In financial intuitions 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.

Internal Controls

To ensure good governance in the bank management it is essential to have specific internal control. A strong internal control system can ensure the achievement of banks' goals and objectives with long term profitability. It also helps to comply with rules and regulation as well as policies and to minimize the financial and reputational losses. The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing e□ciency, e□ectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. Along with Board of Directors internal control is a□ected by the senior management, audit committee and all level of personnel. Bank Asia follows The Bank Company Act, 1991 the newly included Section 15(kha) & (ga) that give the responsibility to the Board of directors for establishing policies for the bank company, for risk management, internal controls and compliance for ensuring their implementation.

Key features of internal control

1. Work-planning and strategic management
2. Risk identification & management
3. Information & commutation
4. Management Integrity
5. Competent personnel
6. Segregation duties
7. Records maintenance
8. Safeguards

The above controls, which are embedded within the operations of the Board, are reviewed by Bank Audit committee. In these reviews, emphasis is focused on areas of greater risk as identified by risk analysis. The
Directors confirm that the Board, through its Committees, has reviewed the e□ectiveness of the Bank's systems of internal control for the year ended 31 December 2015. This process involved a confirmation that a system of internal control in accordance with best financial reporting practice was in place throughout the financial year and up to the date of the signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various Committees and Bank's risk management functions and the extent to which various significant challenges are understood and are being addressed.

Fraud Control

Money Laundering, fraud & corruption have become very important issues in recent years. These have a major impact on our country's economy as a whole, impeding the economic development. Bank Asia always been very e□ective in controlling these by establishing proper systems. To address and mitigate this Management of Bank Asia has formed Anti Money Laundering Department which seeks to prevent any misuse of the financial system for the purpose of o□ences that might jeopardize the asset and reputation of Bank. The Bank has also nominated Chief Anti Money Laundering Compliance O□cer (CAMLCO) who attends the CAMLCO Conference every year organized by Bangladesh Bank and Deputy CAMLCO at Corporate O□ce and Branch Anti Money Laundering Compliance O□cers (BAMLCO) at Branches, who independently would make the bank compliant on AML matters. In 2015, AML Department arranged and conducted AML workshops in order to train all the employees of the Bank to meet up our regulatory requirement and most of the employees obtained AML and CFT (Combating Financing Terrorism) related training.
Bank Asia also arranges the District Level AML related training as lead bank for o□cials of all schedule Banks operating in the district(s) selected by Bangladesh Bank since the year 2007. Bank Asia is always been proactive in defending fraud and corruption and always operates in such way that the company's whistleblowers are always reachable to the employee for reporting on any reregulation and are protected against any type of intimidation.

Certificate and compliance checklist

Certificate on compliance of Corporate Governance

Certificate from professional accountant on compliance of corporate governance is governance is exhibited in page 204 of the annual report.

BSEC compliance for Chief Executive Officer and Chief Financial Officer's Statements of Responsibilities

Chief Executive O□cers and Chief Financial O□cer Statement in line with BSEC notification is given in page 184.

Corporate Governance

Status of compliance in line Bangladesh Securities and Exchange Commission (BSEC) regulation
Status of compliance with the conditions imposed by the Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969: (Report under Condition No. 7.00) is exhibited in a separate segment page 205-209.

Status of compliance in line Bangladesh Bank regulation
Status of compliance in line Bangladesh Bank regulation is given in page 212-221.

Committee Meeting
Board meeting 2015
Statement of Board meetings held and the attendance of Directors from 01.01.2015 to 31.12.2015 (307th Board to 331st Board) - 25

Sl No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. A Rouf Chowdhury	25	22	3	
2.	Mr. Mohd. Safwan Choudhury	25	16	9	
3.	Mr. A M Nurul Islam	25	18	7	
4.	Mr. Mohammed Lakiotullah	25	25	-	
5.	Mr. Rumee A Hossain	25	23	2	
6.	Mr. Shah Md. Nurul Alam	17	13	4	From 01.1.15 to 31.03.15 and 20.09.15 to 31.12.15
7.	Ms. Hosneara Sinha	25	-	25	
8.	Ms. Farhana Haq Chowdhury	25	-	25	
9.	Mr. M Irfan Syed	25	14	11	
10.	Ms. Naheed Akhter Sinha	25	1	24	
11.	Mr. M Shahjahan Bhuiyan	23	16	7	From 24.03.2015
12.	Mr. Md Nazrul Huda	23	18	5	From 24.03.2015
13.	Ms. Sohana Rouf Chowdhury	25	1	24	
14.	Mr. Mashiur Rahman	25	19	6	
15.	Mr. Mir Shahjahan	25	-	25	

The Board has granted leave of absence against the absentee directors of the meeting.

Executive Committee (EC) meeting 2015
Statement of Executive Committee (EC) meetings held and the attendance of Directors from 01.01.2015 to 31.12.2015 (109th EC to 158th EC): 50

Sl No.	Name	Total EC meeting held	No. of meeting Attended	No. of meeting absent	Remarks
1.	Mr. Rumee A Hossain	50	50	-	
2.	Mr. Shah Md. Nurul Alam	41	29	12	From 01.01.2015 to 17.05.2015 and from 21.09.2015 to 31.12.015
3.	Ms. Farhana Haq Chowdhury	50		50	
4.	Ms. Sabrina Chowdhury	7	-	7	Up to 15.02.2015
5.	Mr. M Irfan Syed	50	28	22	
6.	Ms. Sohana Rouf Chowdhury	50	1	49	

Sl No.	Name	Total EC meeting held	No. of meeting Attended	No. of meeting absent	Remarks
7.	Mr. Mashiur Rahman	14	12	2	Up to 31.03.2015
8.	Mr. M Shahjahan Bhuiyan	36	33	3	From 24.03.2015
9.	Mr. Md Nazrul Huda	36	34	2	From 24.03.2015

The EC has granted leave of absence against the absentee directors of the meeting.

Audit Committee meeting 2015

Statement of Audit Committee meetings held and the attendance of Directors from 01.01.2015 to 31.12.2015 (155th to 172nd Audit):18

Sl No.	Name	Total Audit meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. Mohammed Lakiotullah	18	18	-	
2.	Mr. A Rouf Chowdhury	18	14	4	
3.	Mr. Mohd. Safwan Choudhury	18	7	11	
4.	Mr. A M Nurul Islam	18	13	5	
5.	Mr. Mashiur Rahman	18	13	5	From 31.03.2015, he attends as VC of the Audit Committee.

The Audit Committee has granted leave of absence against the absentee directors of the meeting

Risk Management Committee meeting 2015

Statement of Risk Management Committee meetings held and the attendance of Directors from 01.01.2015 to 31.12.2015 (10th to 16th RMC): 7

Sl No.	Name	Total Board meeting held	No. of meeting attended	No. of meeting absent	Remarks
1.	Mr. A M Nurul Islam	7	6	1	
2.	Mr. M Irfan Syed	7	3	4	
3.	Mr. Mohammed Lakiotullah	2	2	-	Up to 31.03.2015
4.	Mr. Shah Md. Nurul Alam	3	3	-	From 01.01.2015 to 17.05.2015 and from 21.09.2015 to 31.12.015.
5.	Mr. Rumee A Hossain	7	6	1	
6.	Mr. Md. Nazrul Huda	4	3	1	From 24.03.2015

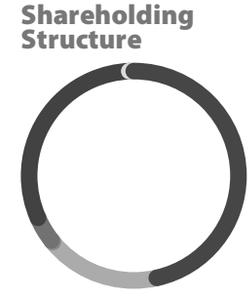
The Risk Management Committee has granted leave of absence against the absentee directors of the meeting

Share holding Structure

At the end of the year 2015, the shareholding structure of Bank Asia Limited was as follows:

Category	No. of shareholders	Total No. of shares as on 31-12-2015	% of total holdings as on 31-12-2015
Sponsor & Director	25	389,992,062	46.47
General Public	12,405	147,851,402	17.62
Foreign Investments	2	2,666,670	0.32
Investment Companies	109	33,672,122	4.01
Institutions	244	259,288,145	30.89
Non Resident Bangladeshi	107	5,824,752	0.69
Total	12,892	839,295,153	100.00

Shareholding Structure



Sponsor & Director **46.47%**
General Public **17.62%**
Foreign Investments **0.32%**
Investment Companies **4.01%**
Institutions **30.89%**
Non Resident Bangladeshi **0.69%**

Corporate Governance

Classification of shareholders by holding as on 31.12.2015

Holding	No. of shareholders	% of total holdings as on 31-12-2015
less than 5000	10,572	1.31
5000 to 50000	1,917	3.02
50001 to 100000	133	1.14
100001 to 200000	66	1.11
200001 to 300000	32	0.92
300001 to 400000	14	0.58
400001 to 500000	11	0.57
500001 to 1000000	36	2.94
1000001 to 10000000	88	29.22
over 10000000	23	59.19
Total	12,892	100

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:

Sl No.	Name of the Company	Shareholding Structure
1	Bank Asia Securities Limited	99.997% owned by Bank Asia
2	BA Exchange Limited, UK	100% owned by Bank Asia
3	BA Exchange Limited, USA	100% owned by Bank Asia

b) Directors, Chief Executive O□cer, Chief Financial O□cer, Head of Internal Audit, Company Secretary and their spouse and minor children (name wise details)

Sl. No.	Name of The Directors	No. of shares held as on 31-12-2015
1	Mr. A Rouf Chowdhury	25,659,073
2	Mr. Mohd. Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	32,873,520
3	Mr. A M Nurul Islam (Independent Director)	NIL
4	Mr. Rumee A Hossain	23,748,371
5	Ms. Hosneara Sinha	43,098,203
6	Ms. Farhana Haq Chowdhury	36,685,254
7	Mr. Mohammed Lakiotullah (Independent Director)	1,117
8	Ms. Sohana Rouf Chowdhury	34,627,559
9	Mr. Mohammed Irfan Syed (Representing Amiran Generations Limited)	26,630,337
10	Ms. Naheed Akhter Sinha	45,711,080
11	Mr. Shah Md. Nurul Alam (Independent Director)	NIL
12	Mr. Mashiur Rahman (Independent Director)	NIL
13	Mr. Mir Shahjahan	17,291,222
14	Mr. M Shahjahan Bhuiyan (Independent Director)	NIL
15	Mr. Md. Nazrul Huda (Independent Director)	NIL

1	Chief Executive Officer	NIL
2	Company Secretary and his Spouse	22,262
3	Chief Financial O□cer	NIL
4	Head of Internal Audit	NIL

Executives:

1	Mr. Mohammed Roshangir	Nil
2	Ms. Humaira Azam	Nil
3	Mr. Arfan Ali's Spouse	68
4	Mr. Md. Zahirul Alam	Nil
5	Mr. Sarder Akhter Hamed	Nil

Shareholders holding ten percent (10%) or more voting interest in the company: Nil

Internal Audit

Principle: the internal audit function should provide independent assurance to the board and should support board and senior management in promoting an effective governance process and the long-term soundness of the bank.

An e□ective and e□cient internal audit function assure to the board of directors and senior management on the quality and e□ectiveness of a bank's internal control, risk management and governance systems and processes, thereby helping the board and senior management protect their organization and its reputation.

The internal audit function has a clear mandate, accountable to the board and be independent of the audited activities. It has su□cient standing, skills, resources and authority within the bank to enable the auditors to carry out their assignments e□ectively and objectively.

The board and senior management of the Bank contribute to the e□ectiveness of the internal audit function by way of:

- providing the function with full and unconditional access to any records, file data and physical properties of the bank, including access to management information systems and records and the minutes of all consultative and decision-making bodies;
- requiring the function to independently assess the e□ectiveness and e□ciency of the internal control, risk management and governance systems and processes;
- requiring internal auditors to adhere to national and international professional standards;
- requiring that audit sta□ collectively have or can access knowledge, skills and resources commensurate with the business activities and risks of the bank;
- requiring timely and e□ective correction of audit issues by senior management; and
- requiring the function to perform a periodic assessment of the bank's overall risk governance framework, e□ectiveness of the risk management and compliance functions;

The board and senior management respect and promote the independence of the internal audit function and ensure that:

- internal audit reports are provided to the board or its audit committee without management filtering and that the internal auditors have direct access to the board or the board's audit committee;

- the head of the internal audit function's primary reporting line is to the board audit committee, which is also responsible for the selection, oversight of the performance and, if necessary, dismissal of the head of this function;

Compensation

Principle: the bank's remuneration structure should support sound corporate governance and risk management.

Remuneration systems form a key component of the governance and incentive structure through which the board and senior management promote good performance, convey acceptable risk-taking behavior and reinforce the bank's operating and risk culture. The board (or, by delegation) is responsible for the overall oversight of management's implementation of the remuneration system for the entire bank. In addition, the board regularly monitors and review outcomes to assess whether the bank-wide remuneration system is creating the desired incentives for managing risk, capital and liquidity.

Compensation Committee

As per Bangladesh Bank BRPD Circular no. 11 dated October 27, 2013, in addition to the Board of Directors only executive committee, audit committee and risk management committee are allowed to be formed. Any other permanent, temporary or sub- committee except the above mentioned three committee are restricted to be formed. As such Bank did not form any remuneration committee of the Board.

But in Management level Managing Director, Senior Management, Head of Human Resources Division, Chief Financial O□cer governs the remuneration related policies and practices in alignment of the banks' short & long term objectives which subsequently approved from Board of Directors, if required. 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

Corporate Governance

all employees are remunerated fairly and get performance based compensation by ensuring e□ective remuneration policy; procedures and practices aligned with the Banks' strategy and applied consistency for all employee levels.

Remuneration Strategy
The quality and commitment of our human capital is fundamental to bank's success and protecting general shareholders' interest. 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 to the Bank's values.

Governance
Managing Director, Senior Management, Head of Human Resources Division, Chief Financial O□cer governs the remuneration related policies and practices in alignment of the banks' short & long term objectives which subsequently approved from Board of Directors, if required.

Meeting regarding overseeing the remuneration related policy by the President and Managing Director, Senior Management, Head of Human Resources Division and Chief Financial O□cer was held on need basis.

Elements of Total Compensation
An employee's total compensation is made up of the following elements:

Bank Asia compensation program focuses on individual short-term goals vis-à-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 talent acquiring and retaining.
A summary of Short-term and Long-term compensation plan are given below:

	Short-Term Incentives / Rewards	Long-Term Incentives / Rewards
CASH	1. Yearly fixed and incentive bonus; 2. Yearly Increment; 3. Business accomplishment financial award 4. Special Increment for especial assignments/ accomplishment; 5. Car, fuel and car maintenance allowance for executives; 6. Cash Risk allowance for cashier; 7. Charge allowance for Head of Branches;	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	1. Medical insurance coverage for self, wife and two children 2. Accelerate promotion for top talents; 3. Study leave	1. Foreign training award;
OBJECTIVES	1. Develop e□ciency, retention, individual objectives accomplishment environmental and social awareness; 2. Contribute to the ongoing business growth; 3. Support e□ective ongoing business strategy and operations to meet overall annual goals;	1. Motivate individuals toward long-term profitability of the Bank; 2. Focus management attention on increasing shareholder value; 3. Ensure sustainable business growth of the bank;

Short term compensation plan provides an annual stimulus to achieve short term individual, business unit, divisional goals that ultimately help to achieve bank's long term corporate sustainability.

Remuneration to Board of Directors
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.
During 2015, the expenditures incurred related to directors were Tk.4,692,000 for Directors' honorarium and Directors' travelling expenses is Tk. 196,590.

Remuneration of Chief Executive Officer
Total remuneration to CEO for the year 2015 is Tk. 16,732,000 and in the year 2014 was Tk. 14,159,744.

Remuneration of top five executives

Name	Designation	Gross Earnings
Mr. Aminul Islam	Additional Managing Director	74,60,748
Mr. Md. Arfan Ali	Additional Managing Director	63,83,994
Mr. Mohammed Roshangir	Deputy Managing Director	69,02,724
Ms. Humaira Azam	Deputy Managing Director	63,29,676
Mr. Md. Zahirul Alam	Deputy Managing Director	26,92,812 (from Aug 26, 2015)

Total Compensation = **Fixed Pay** Salary + **Variable Pay** Bonus + **Variable Pay** Long Term Incentive

Expenditures Related to AGM
In 2015, the Bank arranged one Annual General Meeting. For this purpose, total expenses were Tk. 3,812,323 This cost included rent of AGM venue, Entertainment for the Shareholders and Printing of notices, minutes and Annual Report.

Disclosure and transparency

Principle: the governance of the bank should be adequately transparent to its shareholders, depositors, other relevant stakeholders and market participants.

Transparency is consistent with sound and e□ective corporate governance. It is di□cult for shareholders, depositors, other relevant stakeholders and market participants to e□ectively monitor and properly hold the board and senior management accountable when there is insu□cient transparency. The objective of transparency in the area of corporate governance is therefore to provide these parties with the information necessary to enable them to assess the e□ectiveness of the board and senior management in governing the bank.

In line with Bank for International Settlement (BIS), we disclosed relevant and useful information that supports the key areas of corporate governance identified by the di□erent Committee along with:

- the recruitment approach for the selection of members of the board and for ensuring an appropriate diversity of skills, backgrounds and viewpoints; and
- board committees and the number of times key standing committees have met

The bank also disclosed key points concerning its risk exposures and risk management strategies without breaching necessary confidentiality.

Relation and Communication with the Shareholders and other stakeholders
While maintaining investors' relation proper communication and equitable treatment of every shareholder are given the highest priority by Bank Asia. Bank Asia always share information to the concern party and publish integrated operational and financial output and takes initiative to enrich the ability of future assessment of bank of shareholders. Bank always provides quarterly and half-annually financial statements and Annual Report to provide balanced and clear assessment of its performance. Bank Asia also provides copies of annual report to the related regulatory parties and it can also be found on Bank Asia website www.bankasia-bd.com with other related information.

Details in communications with di□erent stakeholders is given in page no.----- and ensuring shareholders participation and providing opportunity for the shareholders participation in AGM is given in separate part of this Annual Integrated Report.

The role of supervisors

Principal: Supervisors should provide guidance for and supervise corporate governance at banks, including through comprehensive evaluations and regular interaction with boards and senior management, should require improvement and remedial action as necessary, and should share information on corporate governance with other supervisors.

The board and senior management are primarily responsible for the governance of the bank, and our supervisors assess our performance in this regard. The followings assist our supervisors to establish sound corporate governance in banks.

Guidance on expectations for sound corporate governance
Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) continuously issuing di□erent guideline, circular to establish sound corporate governance in the bank. Accordingly, we followed all guidance regarding this.

Comprehensive evaluations of a bank's corporate governance
In line with BESC guidance, we received independent evaluation certificate regarding compliance of corporate governance by the Bank.

Regular interaction with directors and senior management
Our supervisors interact regularly with boards of directors, individual board members, senior managers and those responsible for the risk management, compliance and internal audit functions.

Requiring improvement and remedial action by a bank
Our supervisors have specific scope to take action against bank if bank did not comply relevant guidance of regulators. In the year 2015, Bank complied all guidance of Bangladesh Bank, BSEC and other regulatory guidance.

Cooperation and sharing of corporate governance information with other relevant supervisors
E□ective cooperation was made by the main supervisors of the Bank regarding establishment of sound corporate governance in the Bank.

Credit Rating Certificate

Credit Rating Agency of Bangladesh Limited crab

Ref: AGL (01)/RCM/150621/2015- 5827

25 June 2015

Mr. Md. Mehmood Husain
President & Managing Director
Bank Asia Limited
Rangs Tower
68 Purana Paltan
Dhaka.

Sub: Credit Ratings – Bank Asia Ltd.

Dear Sir,

We are pleased to inform that Credit Rating Agency of Bangladesh Limited has affirmed the long term and short term ratings of Bank Asia Ltd.

Particulars	Ratings
Long Term	AA_3
Short Term	ST-2
Outlook	Stable

The Rating Awards **AA_3** in the long term and **ST-2** in the short term are valid till 30 June 2016 unless otherwise revised, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We hope that the Rating Awards will serve the intended purpose of your organization.

Wish your continuous success and prosperity.

Yours sincerely,

Hamidul Huq
Managing Director

Sena Kalyan Bhaban, 195 Motijheel Commercial Area, Level-16, Suite:1601 & 1602, Dhaka:1000, Bangladesh
Phone: (8802) 9571497, 9571238, 9556203, 7125439, 7118615, Fax: (88 02) 9563837, Email: info@crab.com.bd, Web: www.crab.com.bd, www.crabrating.com

Corporate Governance Compliance Certificate

crab
CRAB Ratings **Structured Finance**

Rating Report

Subordinated Bonds (up to BDT 2,500 million) of Bank Asia Limited

Bond Rating

Long Term : **AA_3**
Date of Rating : **10 January, 2011**

Entity Ratings

Long Term : **AA_2**
Short Term : **ST-1**
Date of Rating : **7 June, 2010**
Valid till : **30 June, 2011**

Analysts:

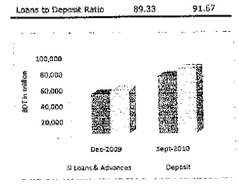
Shahtaj Noor
Financial Analyst
shahtaj.noor@crab.com.bd

Tahmina Islam
Senior Financial Analyst
tahmina.islam@crab.com.bd

Exhibit 1: Financial Highlights

Figures in %

Particulars	Sept-2010	Dec-2009
RWCAR	7.66	10.01
Gross NPL Ratio	1.82	1.56
Loans to Deposit Ratio	89.33	91.67



1. Rationale

Credit Rating Agency of Bangladesh (CRAB) Limited has assigned **AA_3** (Pronounced Double A three) rating to unsecured subordinated non-convertible zero coupon bonds (up to BDT 2,500 million) of Bank Asia Limited (herein after also referred to as Bank Asia or the Bank) based on latest financials, past trend and other relevant information.

Debt instruments rated **AA_3** belong to "Very strong capacity & Very high quality" cohort. These instruments have very strong capacity to meet their financial commitments. These are judged to be of high quality and are subject to very low credit risk.

CRAB has rated the proposed instrument at one notch lower than the entity rating of Bank Asia as the status of the proposed bond is subordinated and unsecured. The rating reflects the Bank's strength in earning diversity, operational efficiency as well as high asset quality. Rating also has taken into account the lower Special Mentioned Account (SMA) to total loans and advances and future strategic plan of the Bank. On the other hand, principal concerns of the Bank are lower capital adequacy ratio and high cost of deposit & borrowing.

The objective of the proposed BDT 2,500.00 million subordinated bond is to increase the tier II capital and hence to

Page 1 of 24

Managing Director
Credit Rating Agency
of Bangladesh Ltd.

Corporate Governance Compliance Checklist In Line With Bangladesh Securities And Exchange Commission (BSEC) Regulation

Status of compliance with the conditions imposed by the Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969: (Report under Condition No. 7.00) is exhibited in a separate segment.

Condition No	Title	Complied	Not Complied	Remarks (IF ANY)
1	Board of Directors			
1.1	Board's size			
	The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty).	√		The Bank Asia Board is comprised 16 Directors including Managing Director.
1.2	Independent Directors			
(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		There are Six Independent Directors in the Bank Asia Board,namely: Mr. A.M. Nurul Islam, Mr.Mohammad Lakiotullah, Mr.Shah Md. Nurul Alalm, Mr. Mashiur Rahman, Mr. M Shahjahan Bhuiyan, and Mr. Md. Nazrul Huda
(ii)	For the purpose of this clause 'Independent directors' means a director			
a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/ her family members also should not hold above mentioned shares in the company:	√		
c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies;	√		
d)	Who is not a member, director. or o□cer of any stock exchange;	√		
e)	Who is not a shareholder, director or o□cer of any member of stock exchange or an intermediary of the capital market;	√		
f)	Who is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	√		
g)	Who shall not be an independent director in more than 3 (three) listed companies;	√		
h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	√		
(i)	Who has not been convicted for a criminal o□ence involving moral turpitude.	√		
(ii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		The Appointments are duly approved at AGM
(iii)	The post of independent director(s) cannot remain vacant for more than 90(ninety) days.	√		No vacancy occurred
(iv)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
(v)	The tenure of o□ce of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) term only.	√		
1.3	Qualification of Independent Director (ID)			

Corporate Governance

Condition No	Title	Complied	Not Complied	Remarks (IF ANY)
(i)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
(ii)	The person should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12(twelve) years of corporate management/professional experiences.	√		
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	√		
1.4	Chairman of the Board and Chief Executive O□cer			
(i)	The positions of the Chairman of the Board and the Chief Executive O□cer of the companies shall be filled by di□erent individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive O□cer.	√		Di□erent persons hold the positions with specific responsibilities set by the Board
1.5	Directors Report to the Shareholders			
(i)	Industry outlook and possible future developments in the industry.	√		
(ii)	Segment-wise or product-wise performance.	√		
(iii)	Risks and concerns.	√		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	√		
(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	√		
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	√		
(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public O□ering (IP0), Repeat Public O□ering (RPO). Rights O□er, Direct Listing, etc.	√		
(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		
(x)	Remuneration to directors including independent directors.	√		
(xi)	The financial statements prepared by the management of the issuer company present fairly its state of a□airs, the result of its operations, cash flows and changes in equity.	√		
(xii)	Proper books of account of the issuer company have been maintained.	√		
(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
(xv)	The system of internal control is sound in design and has been e□ectively implemented and monitored.	√		
(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
(xix)	if the issuer company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given.	√		

Condition No	Title	Complied	Not Complied	Remarks (IF ANY)
(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
(xxi)	The Pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:	√		
(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
(xxi) b)	Directors, Chief Executive O□cer, Company Secretary, Chief Financial O□cer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
(xxi) c)	Executives;	√		
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
(xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
(xxii) a)	a brief resume of the director;	√		
(xxii) b)	nature of his/her expertise in specific functional areas;	√		
(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.0	Chief Financial O□cer (CFO), Head of Internal Audit and Company Secretary (CS)			
2.1 Appointment	The company shall Appoint a Chief Financial O□cer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles,responsibilites and duties of the CFO, the Head of internal Audit and the CS.	√		The Company has appointed CFO, CS and Head of Internal Audit. There are clearly defined roles, responsibilities and duties which have been approved by board as per requirement of SEC notification.
2.2 Requirement to attend the Board Meetings	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3.0	Audit Committee			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of a□airs of the company and in ensuring a good monitoring system within the business.	√		
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	√		
3.1	Constitution of the Audit Committee			
(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
(ii)	The Board of Directors shall appoint members of the audit committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience,	√		

Corporate Governance

Condition No	Title	Complied	Not Complied	Remarks (IF ANY)
(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold o□ce until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member (s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	√		
(v)	The company secretary shall act as the secretary of the Committee.	√		
(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	Chairman of the Audit Committee			
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee			
(i)	Oversee the financial reporting process.	√		
(ii)	Monitor choice of accounting policies and principles.	√		
(iii)	Monitor Internal Control Risk management process.	√		
(iv)	Oversee hiring and performance of external auditors.	√		
(v)	Review along with the management, the annual financial, statements before submission to the board for approval.	√		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
(vii)	Review the adequacy of internal audit function.	√		
(viii)	Review statement of significant 'related party transactions submitted by the management.	√		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
(x)	When money is raised through Initial Public O□ering (IPO)/ Repeat Public O□ering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the o□er document/prospectus.	√		
3.4	Reporting of Audit Committee			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	√		
3.4.1 (ii) a)	report on conflicts of interests;			
b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	√		There was no such case in the year
c)	suspected infringement of laws, including securities related laws, rules and regulations;:	√		
d)	Any other matter which shall be disclosed to the Board of Directors immediately.	√		
3.4.2 Reporting to the Authorities	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	√		

Condition No	Title	Complied	Not Complied	Remarks (IF ANY)
3.5	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
4	External/ Statutory Auditors			
The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-				
(i)	Appraisal or valuation services or fairness opinions.	√		
(ii)	Financial information system design and implementation	√		
(iii)	Book-keeping or other services related to the accounting records or financial statement	√		
(iv)	Broker –dealer services	√		
(v)	Actuarial services	√		
(vi)	Internal audit services	√		
(vii)	Any other services that the audit committee determines.	√		
(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
(ix)	Audit/ Certification services on compliance of corporate governance as required under clause (i) of condition o.&	√		
5	Subsidiary Company			
(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
(ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	v		
(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the a□airs of the subsidiary company also.	√		
(v)	The. Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.	√		
6	Duties of Chief Executive O□cer (CEO) and Chief Financial O□cer(CFO)			
	The CEO and CFO shall certify to the Board that:-			
(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
b)	These statements together present a true and fair view of the company's a□airs 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 violation of the company's code of conduct.	√		
7	Reporting and Compliance of Corporate Governance			
(i)	The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		Required certification has been obtained from "PODDER & ASSOCIATES" Cost & Management Accountants as of 31st Dec 2014.
(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		Status of Compliance is published with the Directors' Report as required.

Compliance Checklist in Line with the Companies Act, 1994

The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-

a)	Industry outlook and possible future developments in the industry	Discussed in the Directors' report
b)	Segment-wise or product-wise performance	Discussed in the Directors' report
c)	Risks and concerns	Discussed in a disclosure on Risk Based Capital under Pillar-3 of Basel- III, CRO's report and Risk Management Report.
d)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	Discussed in Chief Financial O□cer's report.
e)	Discussion on continuity of any Extra-Ordinary Gain or loss	The Bank did not make any extra-ordinary Gain or loss in 2015.
f)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	Given in notes to the financial statements
g)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	In 2015, the bank did not go for any public issues and right issues.
h)	An explanation if the financial results deteriorate after the company goes for Initial Public O□ering (IPO), Repeat Public O□ering (RPO), Rights O□er, Direct Listing, etc.	The financial results of the bank was not deteriorated after the company went for Rights O□er.
i)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	No significant variance occurred between quarterly financial performance and annual financial statements.
j)	Remuneration to directors including independent directors	Discussed in the Corporate Governance Report
k)	The financial statements prepared by the management of the issuer company present fairly its state of a□airs, the result of its Operations, cash flows and changes in equity	Discussed in Chief Executive O□cer and Chief Financial O□cer's statement of Responsibilities.
l)	Proper books of account of the issuer company have been maintained.	Discussed in Chief Executive O□cer and Chief Financial O□cer's statement of responsibilities.
m)	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	Discussed in notes to the financial statements
n)	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	Discussed in notes to the financial statements
o)	The system of internal control is sound in design and has been e□ectively implemented and monitored	The system of internal control is sound in design and has been e□ectively implemented and monitored. A detailed discussion is given under internal control and compliance part of Directors report.
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	There are no significant doubts on the Bank's ability to continue as a going concern.

q)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained	In 2015, the bank's net profit after tax was Tk. 2,573.92 million which was increased by 16.01% than the previous year. Lower requirement of provision is the main driving force for the growth of net profit. Bank's CL ratio decreased to 4.26% in 2015 from 5.31% in 2014 which caused lower requirement of additional provisions for loans and advances. In addition, due to lower decrease of the price of stock and debentures under Bank's portfolio, provision for diminution in value of investments was not required for this year. Where as in the year 2014 provision requirement was 56 million. These combined e□ects helped the Bank to keep total provision of Tk. 1,881.74 million in 2015 which was Tk.1, 561.88 million in last year, increased by 20.47 % in 2015.
r)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	Given in separate statement.
s)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given	The Bank has been declaring dividend every year.
t)	The number of Board meetings held during the year and attendance by each director shall be disclosed	Discussed in the Corporate Governance report and notes to the financial statements
u)	The pattern of share holding 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 O□cer, Company Secretary, Chief Financial O□cer, 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)	Discussed in the Corporate Governance Report and notes to the financial statements
v)	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	Discussed in notes to the financial statements and Directors' Profile.

Corporate Governance Compliance Checklist in line with Bangladesh Bank's guidelines (BRPD)

circular no. 11 dated 27.10.2013)

Sl No.	Particulars	Compliance Status
1	**Formation of Board of Directors:** The newly amended Section 15 of the Bank Company Act, 1991 (Amended upto 2013) includes provisions for prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 2(two) members from a family as director; etc.	Complied
1.1	**Appointment of New directors:** Under section 15(4) of the Bank Company Act, 1991 (amended upto 2013), every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/reappointing directors should furnish the following documents along with the application: a) Personal information of the nominated person (Appendix-ka); b) Nominated person's declaration(Appendix-kha); c) 'Declaration for confidentiality' by the nominated person(Appendix-ga); d) In case of Independent director, the approval letter from Security and Exchange commission; e) In case of Independent director, a declaration of the directors concern as Appendix-gha (he will also submit declaration under Appendix-ka, kha & ga); f) CIB report of the nominated person; g) Updated list of the directors.	Complied
1.2	**Vacation of office of Director:** a) The o□ce 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 o□ce of the director will be vacated. b) If the o□ce of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution. c) Besides, Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company under Section 47 of BCA, 1991.	Complied
1.3	**Removal of Directors from office:** According to section 108(2) of the Companies Act, 1994, with the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his o□ce 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 e□ective from the date of Bangladesh Bank's approval.	N/A

Sl No.	Particulars	Compliance Status
1.4	**Appointment of Alternate Director:** Subject to compliance of section 101 of the Companies Act, 1994, an alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions should be followed: a) Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive o□cer should immediately inform it to Bangladesh Bank. b) The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return. c) Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director. d) As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board. e) While in the o□ce, an alternate director or his/her a□liated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.	N/A
2.	**Depositor Director:** As the previous provisions regarding appointment of Depositor Directors of the Bank Company Act, 1991 has been amended; appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended upto 2013) bank can consider the tenure of existing depositor director or may appoint them as independent director.	N/A
3.	**Information regarding Directors:** Banks are advised to take the following steps regarding director information: a) Every bank should keep an updated list of bank directors, b) Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director. c) Banks should display a list of directors in the website and update it on a regular basis.	Complied
4.	**Responsibilities of the Board of Directors:** To ensure good governance in the bank management it is essential to have specific demarcation of responsibilities and authorities among controlling bodies over bank a□airs. In the Bank Company Act, 1991 (amended upto 2013) the newly included Section 15(kha) & (ga) give responsibility to the board of directors for establishing policies for the bank company, for risk management, internal controls, internal audit and compliance and for ensuring their implementation.	
4.1	**Responsibilities and authorities of the board of directors:**	
	(a) Work-planning and strategic Management: i) The board 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 a□airs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional e□ciency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans. ii) The board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other senior executives and have it evaluated from time to time.	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
	(b) Credit and risk management: i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-o thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval. ii) The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.	Complied
	(c) Internal control management: The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
	(d) Human resources management and development: i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative a airs 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 di erent levels. Recruitment, promotion, transfer & punishment of the o cers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion. ii) The board shall focus its special attention to the development of skills of bank's sta in di erent 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 e ective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan. iii) The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy c`ode of conducts for developing a compliance culture.	Complied
	(e) Financial management: i) The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures. ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board. iii) The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.	Complied
	(f) Appointment of Chief Executive O cer (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, e cient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.	Complied
	(g) Other responsibilities of the Board: The board should follow and comply with the responsibilities assigned by Bangladesh Bank.	Complied

Sl No.	Particulars	Compliance Status
4.2	**Meeting of Board:** Board of directors may meet once or more than once in a month if necessary. But Board of directors shall meet at least once in every three months. Excessive meetings are discouraged.	Complied
4.3	**Responsibilities of the chairman of the board of directors:** a) As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine a□airs of the bank. b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such a□airs; 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 e□ect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO. c) The chairman may be o□ered an o□ce-room, a personal secretary/assistant, one peon/MLSS, one telephone at the o□ce, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
5.	**Formation of committees from the Board of Directors:** Each bank company can form 1 (one) executive committee, 1 (one) audit committee and 1 (one) risk management committee with the directors. Board cannot form any other permanent, temporary on sub-committee except the above mentioned of three committees.	Complied
5.1	**Executive committee:** Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.	Complied
	a) Organizational structure: i) Members of the committee will be nominated by the board of directors from themselves; ii) The executive committee will comprise of maximum 07 (seven) members; iii) Members may be appointed for a 03 (three)-year term of o□ce; iv) Chairman of the Board of Directors can be the chairman of executive committee; v) Company secretary of the bank will be the secretary of the executive committee.	Complied
	b) Quali cations of the Members: i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; ii) Each member should be capable of making valuable and e□ective contributions in the functioning of the committee; iii) To perform his or her role e□ectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	Complied
	c) Roles and Responsibilities of the Executive Committee: i) The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations. ii) The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors. iii) All decisions taken in the executive committee should be ratified in the next board meeting.	Complied
	d) Meetings i) The executive committee can sit any time as it may deem fit. ii) The committee may invite Chief Executive O□cer, Head of internal audit or any other O□cer 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

Corporate Governance

Sl No.	Particulars	Compliance Status
5.2	**Audit Committee:** The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.	Complied
	a) Organizational structure: i) Members of the committee will be nominated by the board of directors from the directors; ii) The audit committee will comprise of maximum 05 (five) members, with minimum 2 (two) independent director; iii) Audit committee will comprise with directors who are not executive committee members; iv) Members may be appointed for a 03 (three) year term of o□ce; v) Company secretary of the bank will be the secretary of the audit committee.	Complied
	b) Quali cations of the Members: i) Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee ; ii) Each member should be capable of making valuable and e□ective contributions in the functioning of the committee; iii) To perform his or her role e□ectively 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
	c) Roles and Responsibilities of the Audit Committee:	
	(i) Internal Control: 1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities; 2. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS); 3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management; 4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.	Complied
	(ii) Financial Reporting: 1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank; 2. Discuss with management and the external auditors to review the financial statements before its finalization.	Complied
	(iii) Internal Audit: 1. Audit committee will monitor whether internal audit working independently from the management. 2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process; 3. Examine the e□ciency and e□ectiveness 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

Sl No.	Particulars	Compliance Status
	(iv) External Audit: 1. Review the performance of the external auditors and their audit reports; 2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not. 3. Make recommendations to the board regarding the appointment of the external auditors.	Complied
	(v) Compliance with existing laws and Regulations: Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.	Complied
	(vi) Other Responsibilities: 1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities; 2. External and internal auditors will submit their related assessment report, if the committee solicit; 3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.	Complied
	d) Meetings: 1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive O□cer, Head of internal audit or any other O□cer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes.	Complied
5.3	**Risk Management Committee:** To play an e□ective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities e□ciently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.	Complied
	a) Organizational Structure: 1. Members of the committee will be nominated by the board of directors from themselves; 2. The Risk Management Committee will comprise of maximum 05 (five) members; 3. Members may be appointed for a 03 (three) year term of o□ce; 4. Company secretary of the bank will be the secretary of the Risk Management Committee.	Complied
	b) Quali cations of the Members: 1. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee; 2. Each member should be capable of making valuable and e□ective contributions in the functioning of the committee; 3. To perform his or her role e□ectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	Complied
	c) Roles and Responsibilities of the Risk Management Committee:	
	i) Risk identification & control policy : Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure e□ective prevention and control measures.	Complied

Corporate Governance

Sl No.	Particulars	Compliance Status
	ii) Construction of organizational structure: The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.	Complied
	iii) Analysis and approval of Risk Management policy: Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.	Complied
	iv) Storage of data & Reporting system: Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.	Complied
	v) Monitoring the implementation of overall Risk Management Policy: Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.	Complied
	vi) Other responsibilities: 1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form; 2. Comply instructions issued time to time by the controlling body; 3. Internal & external auditor will submit respective evaluation report whenever required by the committee.	Complied
	d) Meetings: 1. The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit; 2. The committee may invite Chief Executive O□cer, Chief Risk O□cer and any other O□cer to its meetings, if it deems necessary; 3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting; 4. All decisions/observations of the committee should be noted in minutes.	Complied
6	**Training for the Directors:** The directors shall make themselves fully aware of the banking laws and other related rules and regulations for performing his duties properly.	Complied
	Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 18 dated 27.10.2013)	
A.	Rules and regulations for appointing CEO:-	
1.	Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the e□ects that,- a) He has not been convicted by any Criminal Court of Law; b) He has not been punished for violating any rules, regulations or procedures/norms set by any Controlling Authority; c) He was not associated with any such company/organization, registration or licence of which has been cancelled.	Complied

Sl No.	Particulars	Compliance Status
2.	Experience and Suitability: a) For appointment as chief executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active o□cer 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/o□cial 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
3.	Transparency and Financial Integrity: Before appointment as chief executive, satisfaction should be ensured to the e□ects that: a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession; b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter; c) He is not a tax defaulter; d) He has never been adjudicated an insolvent.	Complied
4.	Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5.	Tenure: The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.	Complied
6.	Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank:- a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration. b) Total salary shall be comprised of direct salary covering 'Basic Pay' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal to be submitted to Bangladesh Bank. In the proposal, Basic Pay, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount. c) Without improving the bank's major economic indicator like- CAMELS annual salary increment will not be payable. d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive. e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above. f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.	Complied
7.	incentive Bonus: Subject to the payment of incentive bonuses to all stu□s/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 o□cial 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

Corporate Governance

Sl No.	Particulars	Compliance Status
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, o□er 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
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 o□ce without prior approval from Bangladesh Bank.	Complied
B.	Responsibilities and authorities of the CEO: The CEO of the bank, whatever name called, shall discharge the responsibilities and a□ect the authorities as follows: a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, e□cient implementation thereof and prudent administrative and financial management. b) The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank. c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations. d) The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/ regulations. e) The recruitment and promotion of all sta□ of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board. f) The authority relating to transfer of and disciplinary measures against the sta□, 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 o□cers for training etc.	Complied
Status of Compliance of Bangladesh Bank's guidelines for Corporate Governance (BRPD circular no. 19 dated 27.10.2013)		
A	Appointment of Advisor:-	
1.	Experience and Suitability: For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications: a) Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities; b) Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person; c) Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/O□cial of any company; d) A person who is working in any bank or financial institution or who has business interest in that bank will not be considered eligible for appointment to the post of advisor; e) Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated an insolvent by the court.	N/A
2.	Responsibilities: The responsibilities or terms of reference of advisor should be specified. The Advisor can advise the Board of Directors or the Chief Executive only on those matters that are specified in the appointment letter. Routine works or general works will not be included in his term of reference. He can't exercise any kind of power or can't participate in the decision making process of financial, administrative, operational or any other activities of the bank.	N/A
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 organisation 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

Sl 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-o□cials: For good governance any former director, chief executive or any o□cial will not be eligible to become an advisor in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as advisor.	N/A
B	Appointment of Consultant:-	
1.	Terms of Reference: Consultant can be appointed for specialized tasks like tax, law & legal procedures, engineering & technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.	N/A
2.	Responsibilities: The responsibilities or term of reference of consultant should be specified. He/she shouldn't be involved beyond his/her terms of references and he/she cannot exercise any kind of power in bank operation or cannot participate in the decision making process.	N/A
3.	Appointment: Consultant can be appointed with the approval of Board of Directors. After such appointment the bank shall send the consultant's complete resume, terms of reference and details of remuneration to Bangladesh Bank immediately.	N/A
4.	Tenure: The tenure of consultant should be consistent with the terms of reference, but would not exceed 2 (two) years. Generally, consultant's appointment will not be renewable, but to complete unfinished tasks, the contract can be extended up to maximum 1 year with the approval of Bangladesh Bank. An evaluation report (by the chairman that is approved by the board of directors) of previous period should be submitted to Bangladesh Bank.	N/A
5.	Remuneration/honorarium: The consultant's remuneration should be in the form of monthly or single lump-sum payment, he is not entitled to any other facilities.	N/A
6.	Appointment of Ex-o□cials: For ensuring good governance any former director, chief executive or any o□cial will not be eligible to become a consultant in the same bank immediately after his/her retirement or resignation. But, after 1 year from such retirement or resignation he/she will be eligible for appointment as consultant.	N/A

Bank Asia Shariah Supervisory Committee

We, at Bank Asia Limited, always consider the Shariah compliance as the most significant and strategic priority in Islamic Banking. Our products & services are designed in conformity with the principles of Islamic Shariah. We have constituted "Bank Asia Shariah Supervisory Committee" consisting of qualified Faqihs (experts on Islamic jurisprudence), Islamic Scholars and professionals to ensure Shariah compliance in each and every aspect of our Islamic Banking operations.

Bank Asia Shariah Supervisory Committee consists of the following members:

Name	Position in the Committee
M. Azizul Huq	Chairman
Mufti Abdul Mannan	Member
Mohammad Mofazzal Hussain Khan	Member
Dr. Md. Gazi Zahirul Islam	Member
Shah Mohammad Wali Ullah	Member
Dr. Muhammad Ismail Hussain	Member
Mohammed Lakiotullah	Member [From the Board]
Md. Mehmood Husain	Member [Ex-O□cio]
Afzalul Haq	Member [Ex-O□cio]

Mufti Abdur Rahman, Chairman (Deceased on 10.11.2015)
M. Azizul Huq, Chairman (Effective from 22.12.2015)

Bank Asia Shariah Supervisory Committee Meeting

Report of Bank Asia Shariah Supervisory Committee

For the year 2015

Throughout the year, Bank Asia Shariah Supervisory Committee (BASSC) reviewed and evaluated different issues of Islamic Banking operations of the Bank. The Committee also extended its direction, opinion & verdict on Shariah compliance issues. It is worth mentioning here that to ensure compliance to Shariah rules the role of the BASSC is to provide with necessary guidance & opinion independently on an ongoing basis. On the other hand, the responsibility of the Bank's Board and Management, is to ensure that their business operations under Islamic Banking have adhered to and run in accordance with guidance of the BASSC.

To reach and deliver maximum possible level of Shariah compliance, the BASSC approved the following steps taken in the year 2015:

1. Conducting Shariah audit & inspection on quarterly basis for Dhaka based Islamic windows and on half-yearly basis for rest ones.
2. Continuing the practice of obtaining 'Shariah Clearance' from Shariah Unit of Corporate O□ce before disbursing every deal of Bai Murabaha Muajjal (local) investment, with a view to confirming real buying & selling. This practice was appreciated by the Committee as such pre-disbursement culture is the 1st of its kind in the Islamic Banking history of Bangladesh. The Committee also termed this practice as exemplary for other Islamic Banking operators.
3. Organizing four (4) training and workshops to enrich knowledge base & skill level of the Islamic Banking o□cials on Shariah compliance.

After reviewing and evaluating the Shariah Inspection Reports, Balance Sheet and Profit & Loss statement (Unaudited) of Islamic Banking of the Bank for the year 2015, the Committee, has expressed the following opinion:

1. Profit has been distributed to Mudaraba Depositors on the basis of pre-declared income Sharing Ratio (ISR) in accordance with Shariah.
2. Compensation amount has been kept separate and not included in Bank's income.
3. Transactions with conventional part of the Bank have been made compliant with Shariah principle and recorded separately.
4. According to Shariah inspection reports, in investment operations, no violation of basic principles of Shariah has been identified. No doubtful transaction detected in the light of Islamic Shariah.

Alhamdulillah! The committee opined that the commitment & endeavours of the o□cials of Islamic Banking team of Bank Asia, to maintain Shariah compliance is appreciable. To attain higher level of professional excellence and increase awareness of the clients on Shariah compliance in banking, the committee advised the Management to arrange knowledge sharing programs on regular basis.

May Allah give us tawfeeq in attaining His satisfaction through implementation of Shariah in every sphere of our life. Ameen.

M Azizul Huq
Chairman
Bank Asia Shariah Supervisory Committee
(BASSC)

Chief Financial Officer's Report

Sluggish investment, high non performing loan, excess liquidity and falling interest rate deeply impacted banking business throughout the year 2015. Oppositely advancement of mobile financial services, agent banking, electronic fund transfer (EFT) and real time gross settlement (RTGS) showed clear path that future of banking will be driven by information and communication technology.

Banks now have to maintain their profitability by way of cost saving at fund sourcing than to earn higher margin investing the fund. In one hand long term rescheduling and restructuring of large facilities are forcing banks to defer their current earnings. And on the other hand, stay order loans are directly depriving banks from recognition of any earning despite showing them as standard loan. Among all these challenges reducing of corporate income tax by 2.5% to 40% from previous 42.5% came as great relief.

During 2015 the bank's return on equity was 14.36%, total contribution to National Exchequer was Tk. 3,900.55 million, net cash generated from operating activities was Tk. 18,245.77 million and EPS stood Tk. 3.07. The scenario mentioned above influenced Bank Asia's business strategies in the following way:

Balancing between Deposit and Loan Pricing

Due to business nature any reduction in loan pricing instantly impacts earning but the same is not true for deposit as large portions are fixed and long term scheme deposits. Thus Alco of Bank Asia constantly stays vigilant to strike a proper balance between interest income and interest expense by adjusting the pricing of deposit and loan products to keep the spread at an acceptable level.

Early Forecasting of Business Outcomes

The profitability is continuously hindered due to various risk factors such as default risk, interest rate risk, market risk etc. In order to minimize the risks we try to forecast the individual components of the income and expenditure taking into consideration of the expected business growth along with related risk elements. We take immediate steps to realign our business strategies with changing environment. Moreover, from time to time we evaluate the business performance of the individual profit centers compared to target and command area business potential, analyze the gaps and recommend strategies accordingly to keep up a healthy growth.

Optimizing Operating Cost

We ensure e□cient allocation of human resources, fixed and variable expenses with a view to optimize the total operating expenditure in such a way so that the purpose of facilitating business expansion and shareholder's wealth enhancement can be served together. During 2015 the operating expense grew only by 10.59%.

Saving from Tax/VAT Management

We carefully make our Tax and VAT planning being highly critical for any commercial organization and smallest mistake could silently eat up a major portion of net profit. The bank had a huge achievement in 2015 as it could finalize the tax assessments for the income

year 2012 and 2013. The bank also settled successfully VAT audits of 4 income years with Central Intelligence Cell (CIC), NBR and 3 fiscal years with Auditor General (AG).

Capital Management and Planning

The global economy started to gain momentum during 2015 despite relatively weak recovery from European economy. Many of world's large organizations faced financial crisis for not having stronger capital arrangement.

For capital management we need to balance between business expansions and associated risk mitigation. It is worth to mention here that Basel III capital accord implementation has already been started from January 2015 and will be completed in January 2019 as per Bangladesh Bank roadmap where Minimum Total Capital plus Capital Conservation Bu□er will be 12.50% against existing 10% depicted as follows:

2015	2016	2017	2018	2019
10.00%	10.625%	11.25%	11.875%	12.50%

In this respect strengthening our capital base would enable us to achieve a healthy growth. As equity capital is expensive, bank should pursue cheaper alternative source for raising capital. In recent past there was a fresh injection in the core capital in the form of Rights share for Tk. 1,050 million in 2011, again in 2012 the bank raised Tier-2 capital in the form of 6 Year 13% Yield to Maturity Nonconvertible Subordinated Zero Coupon Bond for Tk. 600 million. On February 19, 2015 the bank further injected Tk. 3,000 million 7 Year Nonconvertible Subordinated Bond. Now we are in the process of issuing another subordinated Bond of 7 Year Floating Rate Nonconvertible Subordinated Bond of Tk. 5,000 million through private placement. The management is also working with the Board to raise CET1 capital in 2018 as a long term capital solution.

Apart from raising core capital and supplementary capital the management also puts equal or more emphasis on capital saving or reduction of requirement by way of credit rating of eligible corporate and SME clients (detailed out in risk management report section), optimizing eligible collateral and diversification of business portfolio. With this view the bank always sets its capital and business strategies based on 5-year dynamic capital planning. The most recent capital planning is depicted below:

Capital Plan (Banking Operation) 2016-2020

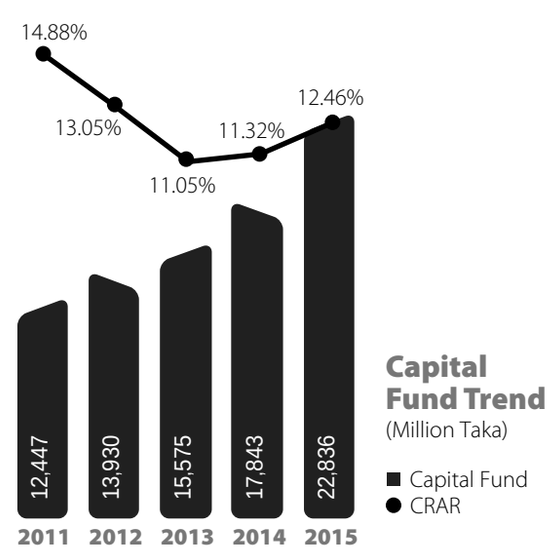
Million Taka

Particulars	2015	2016	2017	2018	2019	2020
Common Equity Tier 1 (CET1) Capital						
Paid up capital	8,393	8,813	9,694	15,663	17,230	18,953
Statutory Reserve	5,876	7,036	8,234	9,619	11,178	12,925
General Reserve	8	8	8	8	8	8
Retained earnings	2,152	2,659	3,090	3,859	4,078	4,428
Less: Regulatory adjustments *	30	30	30	30	30	30
Total CET1	16,400	18,486	20,996	29,119	32,464	36,284
Tier 2 Capital						
General Provision	1,080	1,416	1,508	1,728	1,842	2,190
O□ Balance sheet Provision	968	1,118	1,268	1,419	1,568	1,718
Revaluation Reserve	1341	1341	1341	1341	1341	0
Less: Regulatory adjustments **	268	536	805	1073	1341	0
Subordinated 6 year Zero Coupon Bond	315	197	93	0	0	0
Subordinated 7 year Floating Rate Bond	3,000	3,000	3,000	2,400	1,800	1,200
Subordinated 7 year Floating Rate Bond (proposed)	0	5,000	5,000	5,000	5,000	4,000
Total (Tier 2) Capital	6,436	11,536	11,405	10,815	10,210	9,108
Total Capital (Tier 1 + 2)	22,836	30,021	32,401	39,935	42,674	45,392
Risk Weighted Assets (RWA)	183,247	225,263	246,799	279,623	303,101	347,417
Capital to Risk Weighted Assets Ratio (CRAR)	12.46%	13.33%	13.13%	14.28%	14.08%	13.07%

Regulatory Adjustments

* *Reciprocal crossholdings in the CET1 Capital of Bank Asia by other banks and financial institutions have been deducted.*

** *100% of revaluation reserve for fixed assets, securities and equity securities will be adjusted from regulatory capital by 2019. So long 50% of such revaluation reserve were eligible for Tier 2 capital.*



Chief Financial Officer's Report

Investment

Keeping in mind the secure and stable profitability we had to go for investment in Govt. Treasury bill, bond, quoted shares, Pre-IPO placement investment (unquoted shares), Preference shares, Mutual Funds, di□erent Subordinated Bonds, other Corporate Bonds and Equity participation etc. which ensures fixed income for the bank. In 2015 total investment of the bank was Tk. 46,942.77 million with 21.35% growth over previous year and investment income stood Tk. 4,890.83 million having remarkable growth of 21.39%. This helped us to cover the deficiency in net interest income from core business of the bank.

Economic Value Added (EVA)

Management, investors and other stakeholders need to be aware of a company's performance to enable them to make informed decisions about the future. EVA shows true returns of invested capital by reflecting the residual wealth calculated by deducting cost of capital from the operating profit. Bank Asia could maintain positive economic profit of Tk. 167.56 million in the year 2015 after considering 2% risk premium over Govt. Sanchaypatra in the calculation of cost of capital. During the year, we had to write o□ classified loans amounting to Tk. 1,075.79 million. We have to put our all-out e□orts to recover the written o□ loans in 2016 to enhance shareholders' wealth.

Budgeting

Like ever before budgeting is a part of strategy and acts as controlling tool for achieving desired future outcomes under changing scenario. Bank Asia is not typical in preparing budget rather it views beyond budgeting where numeric value does not play the key role. This year also it carried out profound industry analysis, commanding area analysis in the hybrid budgeting model considering both top down and bottom up approach covering all profit centers and cost centers. Budgetary achievements were reviewed on monthly basis and variances were scrutinized for finding necessary business directions.

The budget and Achievement Summary is shown below:

Million Taka

Particular	2015	2014	Growth (%)	2015 Target	2015 Target Achievement (%)
Loans and advances	136,396	116,809	16.77%	143,381	95.13%
Deposits	169,827	140,869	20.56%	174,302	97.43%
Shareholder's equity	18,979	16,864	12.54%	-	-
Reserve fund and surplus	10,586	9,234	14.64%	-	-
Capital fund	22,837	17,843	27.99%	-	-
Operating expenses	4,321	3,907	10.60%	4,513	95.75%
Operating profit	6,006	5,779	3.93%	6,710	89.51%
Import	129,930	110,193	17.91%	135,609	95.81%
Export	89,275	77,647	14.98%	93,348	95.64%
Remittances (inward)	42,997	41,733	3.03%	50,193	85.66%

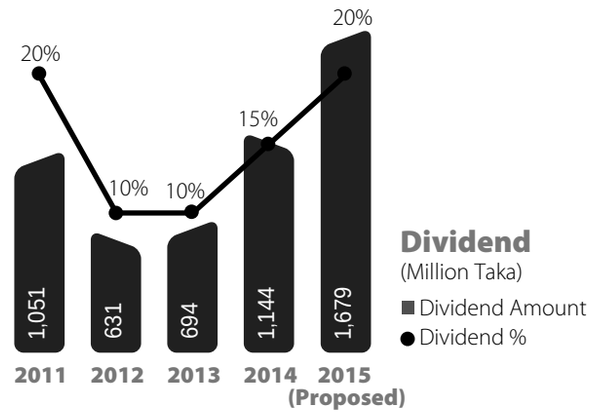
Key Performance Indicators (KPIs) of Banking Operation

Million Taka

Particular	2015	2014
Operating performance (statement of comprehensive income)		
Total operating income	10,327	9,686
Operating profit	6,006	5,779
Profit before tax	4,124	4,217
Profit after tax	2,574	2,219
EPS	3.07	2.64
Statement of financial position (balance sheet)		
Shareholders fund	18,979	16,864
Property, plant & equipment	5,076	5,214
Current asset	161,089	120,027
Current liability	150,549	113,242
Net current asset	10,540	6,785
Long term liability	54,819	52,610
Long term liability to current liability	36.41%	46.46%
Key performance ratios		
Yield on advances	10.97	12.77
Cost of deposits	6.87	7.53
Cost of deposits and borrowing	7.19	7.64
Cost of fund	10.04	10.57
Cost of operation	2.85	2.93
Spread	4.10	5.24
Net interest margin	3.03	4.26
Burden ratio	0.21	0.52

Dividend

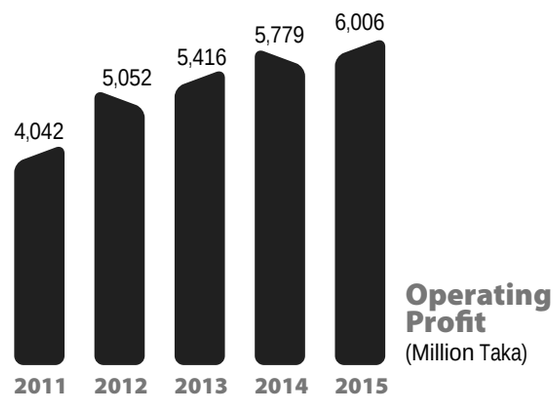
Previous years bank's dividend pay-out was through bonus share which however helped the bank to increase core capital. With the attainment of certain desired health improvement, the bank started to declare mix dividend, i.e. a combination of cash and stock dividend. For 2015 the Board of Directors has proposed 20% dividend (15% cash & 5% stock) amounting to Tk. 1,678.60 million. The following table shows dividend pay-out from 2005 to 2015:



Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (P)
Dividend	30% (20% S + 10% C)	25%S	25%S	23%S	40%S	40%S	20%S	10%S	10%S	15% (5% C + 10% S)	20% (15% C+5% S)
Million (Taka)	279	279	349	401	858	1,201	1,051	631	694	1,144	1,679

Financial Control

Our thrust over cost optimization was embedded in our financial controlling mechanism. Factors that increased operating expenses during 2015 were opening of 7 new branches, opening of 11 new ATM booths, and net addition of 66 employees. On the other hand, burden ratio stood 0.21% which also indicates bank's ability to bear its operating expenses from non-interest income and not showing much dependence on interest income.

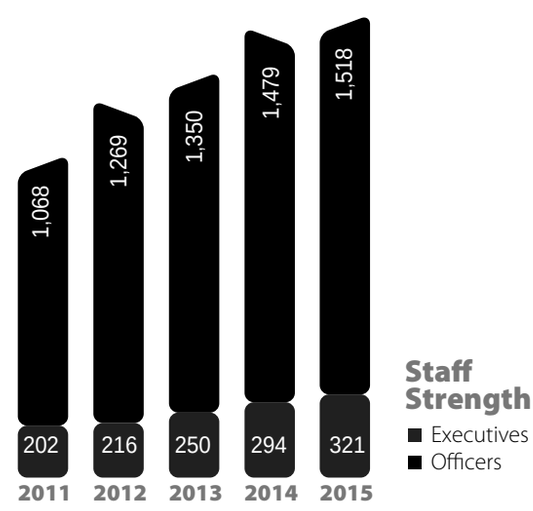


Staff Strength

Sta summary as of 31st December 2015

Age group	Male	Female	Total
30 & below	355	125	480
31-40	765	298	1,063
41-50	236	20	256
51-60	32	3	35
61+	5	0	5
Total	1,393	446	1,839
Percentage	76%	24%	100%

84% of staff members are aged below 40 years which signifies that Bank Asia is in young, dynamic and capable hands.



Asset Quality

Classified loan ratio reduced to 4.26% from 5.31% in the previous year. Total Cumulative provision was Tk. 7,264.26 million this year, which was Tk. 6,312.15 million in the last year. It increases the ability of the Bank to survive against unfavorable circumstances in future. On the other hand, total provision provided from current year profit was Tk. 1,881.74 million which was Tk. 1,561.88 million in the previous year, i.e. +20.48%.

HR Accounting

Human Resource accounting helps the company ascertains how much Investment it has made as its employee; it can expect from investment. HR Accounting provides valuable information to Investors interested in making long term Investment in the company. Bank Asia management is always vibrant to providing cost value information about acquiring, developing, planning, allocating and maintaining human resources including with finding depreciation or appreciation among human resources. In this connection the management is very much cautious to set up HR applications and best practices for developing employee talent and leveraging employee skills in the organization. Bank Asia significantly considers human resources management at corporate level, professional level, social level and overall national level. In this process Bank Asia tries to identify and report investment made in human resources. The total value of Human Capital has been ascertained Tk. 14,357 million in the year 2015 and Tk. 12,018 million in 2014 in present value of future earning model (Lev & Schwartz) by discounting total benefits payable to employees, which was considered minimum expected earnings from them up to retirement.

Category wise Break down is Presented in the table below

Million Taka

Category	2015			2014		
	No. of employees	Per capita value	Total value	No. of employees	Per capita value	Total value
Executives	321	15.39	4,940	294	12.89	3,791
O□cers	1,518	6.20	9,417	1,479	5.56	8,227
Total	1,839		14,357	1,773		12,018

As per model we have capitalized the total value of employees as Human Capital. 19.46% growth in the value of human capital in 2015 over 2014 was due to net addition of 66 head counts of experienced and fresh recruitments that was required for the expansion of the business and for ensuring the better quality of the service and customer satisfaction. In this process Bank Asia increased its year to year training expenditure to excel employee performance.

Balance Sheet Including Human Capital

Abridged for banking operation

Million Taka

	31-Dec-15	31-Dec-14
Assets		
Cash	12,470	10,951
Balance with other banks	8,276	743
Money at call & short notice	3,230	300
Investment	46,943	38,683
Loans & Advances	136,396	116,809
Fixed Assets	5,076	5,214
Human Assets		
Individual's value	14,357	12,018
Value of investments	10	13
Other assets	11,957	10,031
Total Assets	238,714	194,762
Capital & liabilities		
Borrowing	12,296	7,846
Subordinate bond	3,315	449
Deposits	169,827	140,869
Shareholder's equity	18,979	16,864
Human Capital	14,367	12,031
Other liabilities	19,929	16,702
Total Capital & Liabilities	238,714	194,762

Brief Economic, Environmental and Social Performance

Economic responsibility	No of loans accounts	+24%
	Deposit customer account	+14%
	Savings customer account	+19%
Environmental responsibility	Electricity consumed	10,517,685 Kwh
	Oil	50,382 Ltrs
	CNG	142,509 m3
	Local business travel	6,873,861 Km
	Paper used	39,982 Reams
Social responsibility	Sta□ strength	+4%
	Benefits and emoluments	+18%
Shareholder's responsibility	Profit after tax	2,574 million BDT
	Shareholder's Fund	18,979 million BDT
	Share price	16.50 BDT

As always clarity and integrity in reporting are parts of the fundamental commitment of Group Finance of Bank Asia by which we try to shape the business strategy of the Management and the Board. We are the motivated workforce and devoted in ensuring Safe Secure Stable banking with Bank Asia. We expect that the year 2016 will be better o□ in value creation and financial risk management.

Imran Ahmed FCA, CISA
Chief Financial O□cer

Independent Auditor's Report to the Shareholders of Bank Asia Limited

We have audited the accompanying consolidated financial statements of Bank Asia Limited and its subsidiaries (together referred to as 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 2015, consolidated and separate profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure e□ective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the e□ectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank.

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

OPINION

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2015, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- 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;
- 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 of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
  - internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 to the financial statements appeared to be materially adequate;
  - nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

- financial statements of all subsidiaries of the Bank have been audited by us as well as other auditors and have been properly reflected in the consolidated financial statements;
- 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 and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- the expenditures incurred was for the purpose of the Bank's business;
- the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the information and explanations required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,825 person hours during the audit; and
- Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Hoda Vasi Chy & Co

Hoda Vasi Chowdhury & Co
Chartered Accountants
BTMC Bhaban (7th Level)
7-9 Karwan Bazar, Dhaka-1215

Dhaka, 9 March 2016

Bank Asia Limited and its subsidiaries Consolidated Balance Sheet

as at 31 December 2015

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
PROPERTY AND ASSETS			
Cash	4(a)	12,470,996,852	10,951,752,735
In hand (including foreign currencies)	4.1(a)	1,691,680,962	1,334,530,665
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2(a)	10,779,315,890	9,617,222,070
Balance with other banks and financial institutions	5(a)	8,779,031,163	832,167,816
In Bangladesh		8,000,106,067	693,456,017
Outside Bangladesh		778,925,096	138,711,799
Money at call and on short notice	6(a)	3,230,000,000	300,000,000
Investments	7(a)	47,162,324,547	38,892,515,061
Government		43,717,224,029	34,844,385,059
Others		3,445,100,518	4,048,130,002
Loans and advances/investments	8(a)	139,004,595,335	119,890,004,570
Loans, cash credits, overdrafts, etc/investments		129,595,040,389	111,866,471,980
Bills purchased and discounted		9,409,554,946	8,023,532,590
Fixed assets including premises, furniture and fixtures	9(a)	5,092,815,069	5,237,641,931
Other assets	10(a)	9,925,844,072	7,989,760,255
Non - banking assets		-	-
Total assets		225,665,607,038	184,093,842,368
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	12,335,454,278	8,459,915,794
Subordinated non-convertible bonds	11(aa)	3,315,440,646	449,036,430
Deposits and other accounts	12(a)	170,145,826,321	140,681,116,682
Current/Al-wadeeah current accounts and other accounts		29,928,959,572	21,323,479,108
Bills payable		3,936,675,238	1,808,032,594
Savings bank/Mudaraba savings bank deposits		21,174,184,061	16,547,202,983
Fixed deposits/Mudaraba fixed deposits		115,106,007,450	101,002,401,997
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13(a)	21,172,640,859	17,901,674,358
Total liabilities		206,969,362,104	167,491,743,264
Capital/shareholders' equity			
Total shareholders' equity		18,696,244,934	16,602,099,104
Paid-up capital	14.2	8,392,951,530	7,629,955,940
Statutory reserve	15	5,876,250,921	5,051,466,882
Revaluation reserve	16(a)	2,549,629,842	2,682,592,433
General reserve		8,166,144	8,166,474
Retained earnings	17(a)	1,867,693,933	1,229,245,329
Foreign currency translation reserve		1,541,779	661,265
Non-controlling (minority) interest	17(b)	10,785	10,781
Total liabilities and shareholders' equity		225,665,607,038	184,093,842,368

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	94,579,682,894	71,527,154,594
Acceptances and endorsements		33,178,690,709	23,788,621,938
Letters of guarantee		29,263,667,968	21,663,339,317
Irrevocable letters of credit		23,093,149,701	19,948,666,485
Bills for collection		9,044,174,516	6,126,526,854
Other contingent liabilities		-	-
Other commitments		2,237,373,935	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		2,237,373,935	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		96,817,056,829	71,527,154,594

These Financial Statements should be read in conjunction with the annexed notes

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 09 March 2016

Bank Asia Limited and its subsidiaries Consolidated Profit and Loss Statement

for the year ended 31 December 2015

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
OPERATING INCOME			
Interest income	20(a)	13,944,811,681	13,963,856,420
Interest paid on deposits and borrowings, etc	21(a)	11,196,675,728	10,758,874,679
Net interest income		2,748,135,953	3,204,981,741
Investment income	22(a)	4,900,921,059	4,035,196,622
Commission, exchange and brokerage	23(a)	2,289,683,222	2,009,023,109
Other operating income	24(a)	581,780,321	571,357,099
		7,772,384,602	6,615,576,830
Total operating income (A)		10,520,520,555	9,820,558,571
OPERATING EXPENSES			
Salaries and allowances	25(a)	2,221,879,869	1,878,784,873
Rent, taxes, insurance, electricity, etc	26(a)	541,479,545	453,338,381
Legal expenses	27(a)	11,618,157	13,598,714
Postage, stamp, telecommunication, etc	28(a)	79,969,383	71,439,706
Stationery, printing, advertisements, etc	29(a)	101,396,676	77,514,359
Managing Director's salary and fees	30	16,732,000	14,159,744
Directors' fees	31(a)	4,840,350	2,971,250
Auditors' fees	32(a)	3,268,002	2,223,357
Depreciation and repairs of Bank's assets	33(a)	448,446,317	448,602,098
Other expenses	34(a)	1,065,743,171	1,085,927,807
Total operating expenses (B)		4,495,373,470	4,048,560,289
Profit before provision (C=A-B)		6,025,147,085	5,771,998,282
Provision for loans and advances/investments			
General provision		1,539,227,187	117,587,306
Specific provision		107,616,253	1,464,654,113
		1,646,843,440	1,582,241,419
Provision for o□-balance sheet items		252,899,022	43,628,897
Provision for diminution in value of investments		-	63,352,383
Other provisions		10,000,000	55,000,000
Total provision (D)		1,909,742,462	1,744,222,699
Total profit before tax (C-D)		4,115,404,623	4,027,775,583
Provision for taxation			
Current tax	13.5.1(a)	1,550,073,235	1,964,118,166
Deferred tax	13.5.2(a)	15,261,354	51,100,000
		1,565,334,589	2,015,218,166
Net profit after tax		2,550,070,034	2,012,557,417
Appropriations			
Statutory reserve	15	824,784,039	843,391,005
General reserve		-	-
		824,784,039	843,391,005
Retained surplus		1,725,285,995	1,169,166,412
Attributable to:			
Equity holders of Bank Asia Limited		1,725,285,991	1,169,167,235
Non-controlling (minority) interest		4	(823)
		1,725,285,995	1,169,166,412
Earnings Per Share (EPS)	37(a)	3.04	2.40

These Financial Statements should be read in conjunction with the annexed notes

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 09 March 2016

Bank Asia Limited and its subsidiaries Consolidated Cash Flow Statement

for the year ended 31 December 2015

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
Cash flows from operating activities (A)			
Interest receipts		17,750,745,180	17,747,055,040
Interest payments		(11,428,144,861)	(9,796,358,377)
Fees and commission receipts		2,289,683,222	2,009,023,109
Cash payment to employees		(2,164,133,683)	(1,788,327,931)
Cash payment to suppliers		(166,750,485)	(146,926,629)
Income tax paid		(1,742,549,849)	(1,513,877,130)
Receipts from other operating activities	35 (a)	1,740,756,598	1,143,516,556
Payments for other operating activities	36 (a)	(1,723,145,625)	(1,642,595,736)
Operating profit before changes in operating assets & liabilities		4,556,460,497	6,011,508,902
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(19,098,891,994)	(11,511,408,570)
Other assets		(59,675,483)	32,591,102
Deposits from customers		29,464,709,639	5,719,145,651
Trading liabilities		3,875,538,484	5,949,836,738
Other liabilities		(66,879,611)	45,170,838
Net increase in operating liabilities		14,114,801,034	235,335,759
Net cash flows from operating activities		18,671,261,531	6,246,844,661
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(9,122,514,394)	(4,331,742,642)
Sale/(Purchase) of trading securities		603,029,484	(449,220,367)
Purchase of fixed assets		(239,807,039)	(309,086,528)
Net cash used in investing activities		(8,759,291,949)	(5,090,049,537)
Cash flows from financing activities (C)			
Payment for finance lease		(808,038)	(1,362,816)
Issue of floating rate non-convertible subordinated bonds		3,000,000,000	-
Adjustment of subordinated non-convertible zero coupon bond		(133,595,784)	(150,961,981)
Dividend paid		(381,497,797)	-
Net cash flows from/(used in) financing activities		2,484,098,381	(152,324,797)
Net increase in cash and cash equivalents (A+B+C)		12,396,067,964	1,004,470,327
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		12,086,802,751	11,082,332,424
Cash and cash equivalents at the end of the year		24,482,870,715	12,086,802,751
Cash and cash equivalents:			
Cash		1,691,680,962	1,334,530,665
Balance with Bangladesh Bank and its agent bank(s)		10,779,315,890	9,617,222,070
Balance with other banks and financial institutions		8,779,031,163	832,167,816
Money at call and on short notice		3,230,000,000	300,000,000
Prize bonds		2,842,700	2,882,200
		24,482,870,715	12,086,802,751

These Financial Statements should be read in conjunction with the annexed notes

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 09 March 2016

Bank Asia Limited and its subsidiaries Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

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 2014	6,936,323,590	4,208,075,877	2,705,391,603	8,166,474	-	699,449,908	14,557,407,452	11,604	14,557,419,056
Transferred during the year	-	843,391,005	-	-	-	(843,391,005)	-	-	-
Adjustment on revaluation of fixed assets and other investments	-	-	28,027,782	-	-	-	28,027,782	-	28,027,782
Transferred to retained earnings	-	-	(50,826,952)	-	-	50,826,952	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	3,433,584	3,433,584	-	3,433,584
Foreign currency translation for the year	-	-	-	-	661,265		661,265	-	661,265
Issue of bonus shares	693,632,350	-	-	-	-	(693,632,350)	-	-	-
Net profit for the year	-	-	-	-		2,012,558,240	2,012,558,240	(823)	2,012,557,417
Balance as at 31 December 2014	7,629,955,940	5,051,466,882	2,682,592,433	8,166,474	661,265	1,229,245,329	16,602,088,323	10,781	16,602,099,104
Transferred during the year	-	824,784,039	-	-	-	(824,784,039)	-	-	-
Adjustment for revaluation of fixed assets and others investments	-	-	(77,515,008)	-	-	-	(77,515,008)	-	(77,515,008)
Transferred to retained earnings	-	-	(55,447,583)	(330)	-	55,447,913	-	-	-
Foreign currency translation for opening retained earnings	-	-	-	-	-	2,208,087	2,208,087	-	2,208,087
Foreign currency translation for the year	-	-	-	-	880,514		880,514	-	880,514
Issue of bonus shares	762,995,590	-	-	-	-	(762,995,590)	-	-	-
Issue of cash dividend	-	-	-	-	-	(381,497,797)	(381,497,797)	-	(381,497,797)
Net profit for the year	-	-	-	-	-	2,550,070,030	2,550,070,030	4	2,550,070,034
Balance as at 31 December 2015	8,392,951,530	5,876,250,921	2,549,629,842	8,166,144	1,541,779	1,867,693,933	18,696,234,149	10,785	18,696,244,934

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 2015

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
PROPERTY AND ASSETS			
Cash	4	12,469,737,907	10,950,749,076
In hand (including foreign currencies)	4.1	1,690,422,017	1,333,527,006
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	4.2	10,779,315,890	9,617,222,070
Balance with other banks and financial institutions	5	8,275,831,706	743,113,165
In Bangladesh	5.1	7,561,200,515	682,549,164
Outside Bangladesh	5.2	714,631,191	60,564,001
Money at call and on short notice	6	3,230,000,000	300,000,000
Investments	7	46,942,774,876	38,683,407,600
Government		43,717,224,029	34,844,385,059
Others		3,225,550,847	3,839,022,541
Loans and advances/investments	8	136,396,335,681	116,808,854,559
Loans, cash credits, overdrafts, etc/investments		126,986,780,735	108,785,321,969
Bills purchased and discounted		9,409,554,946	8,023,532,590
Fixed assets including premises, furniture and fixtures	9	5,075,506,799	5,213,607,289
Other assets	10	11,957,122,419	10,031,208,657
Non - banking assets		-	-
Total assets		224,347,309,388	182,730,940,346
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	12,296,115,548	7,846,139,969
Subordinated non-convertible bonds	11 aa	3,315,440,646	449,036,430
Deposits and other accounts	12	169,827,340,391	140,869,286,126
Current/Al-wadeeah current accounts and other accounts		29,610,473,642	21,511,648,552
Bills payable		3,936,675,238	1,808,032,594
Savings bank/Mudaraba savings bank deposits		21,174,184,061	16,547,202,983
Fixed deposits/Mudaraba fixed deposits		115,106,007,450	101,002,401,997
Bearer certificates of deposit		-	-
Other deposits		-	-
Other liabilities	13	19,929,080,918	16,702,053,325
Total liabilities		205,367,977,503	165,866,515,850
Capital/shareholders' equity			
Total shareholders' equity		18,979,331,885	16,864,424,496
Paid-up capital	14.2	8,392,951,530	7,629,955,940
Statutory reserve	15	5,876,250,921	5,051,466,882
Revaluation reserve	16	2,549,629,842	2,682,592,433
General reserve		8,166,144	8,166,474
Retained earnings	17	2,152,333,448	1,492,242,767
Total liabilities and shareholders' equity		224,347,309,388	182,730,940,346

Balance Sheet

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	18	94,579,682,894	71,527,154,594
Acceptances and endorsements		33,178,690,709	23,788,621,938
Letters of guarantee		29,263,667,968	21,663,339,317
Irrevocable letters of credit		23,093,149,701	19,948,666,485
Bills for collection		9,044,174,516	6,126,526,854
Other contingent liabilities		-	-
Other commitments		2,237,373,935	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		2,237,373,935	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		96,817,056,829	71,527,154,594

These Financial Statements should be read in conjunction with the annexed notes

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 09 March 2016

Bank Asia Limited
Profit and Loss Statement

for the year ended 31 December 2015

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
OPERATING INCOME			
Interest income	20	13,877,758,406	13,914,306,656
Interest paid on deposits and borrowings, etc	21	11,170,318,446	10,699,769,024
Net interest income		2,707,439,960	3,214,537,632
Investment income	22	4,890,834,267	4,029,119,872
Commission, exchange and brokerage	23	2,156,115,753	1,877,813,941
Other operating income	24	572,527,938	564,728,562
		7,619,477,958	6,471,662,375
Total operating income (A)		10,326,917,918	9,686,200,007
OPERATING EXPENSES			
Salaries and allowances	25	2,155,844,975	1,821,359,360
Rent, taxes, insurance, electricity, etc	26	514,123,923	429,936,885
Legal expenses	27	9,632,359	10,474,191
Postage, stamp, telecommunication, etc	28	76,977,146	68,249,997
Stationery, printing, advertisements, etc	29	99,636,353	75,546,760
Managing Director's salary and fees	30	16,732,000	14,159,744
Directors' fees	31	4,692,000	2,770,000
Auditors' fees	32	915,000	690,000
Depreciation and repairs of Bank's assets	33	441,174,277	440,643,021
Other expenses	34	1,001,527,229	1,043,538,876
Total operating expenses (B)		4,321,255,262	3,907,368,834
Profit before provision (C=A-B)		6,005,662,656	5,778,831,173
Provision for loans and advances/investments			
General provision		1,539,227,187	117,587,306
Specific provision		79,616,253	1,289,159,944
		1,618,843,440	1,406,747,250
Provision for o□-balance sheet items		252,899,022	43,628,897
Provision for diminution in value of investments		-	56,500,000
Other provisions		10,000,000	55,000,000
Total provision (D)		1,881,742,462	1,561,876,147
Total profit before tax (C-D)		4,123,920,194	4,216,955,026
Provision for taxation			
Current tax	13.5.1	1,534,738,646	1,947,162,329
Deferred tax	13.5.2	15,261,354	51,100,000
		1,550,000,000	1,998,262,329
Net profit after tax		2,573,920,194	2,218,692,697
Appropriations			
Statutory reserve	15	824,784,039	843,391,005
General reserve		-	-
		824,784,039	843,391,005
Retained surplus		1,749,136,155	1,375,301,692
Earnings Per Share (EPS)	37	3.07	2.64

These Financial Statements should be read in conjunction with the annexed notes

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 09 March 2016

Bank Asia Limited
Cash Flow Statement

for the year ended 31 December 2015

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
Cash flows from operating activities (A)			
Interest receipts		17,442,135,980	17,358,855,701
Interest payments		(11,170,318,446)	(9,404,679,897)
Fees and commission receipts		2,156,115,753	1,877,813,941
Cash payment to employees		(2,098,098,789)	(1,730,902,418)
Cash payment to suppliers		(164,990,162)	(144,959,030)
Income tax paid		(1,725,395,113)	(1,496,986,867)
Receipts from other operating activities	35	1,731,504,215	1,136,888,019
Payments for other operating activities	36	(1,624,094,674)	(1,568,756,470)
Operating profit before changes in operating assets & liabilities		4,546,858,764	6,027,272,979
increase/decrease in operating assets and liabilities			
Loans and advances to customers		(19,587,481,122)	(11,779,102,720)
Other assets		(42,095,074)	71,424,343
Deposits from customers		28,958,054,265	6,100,830,262
Trading liabilities		4,449,975,579	5,750,420,742
Other liabilities		(79,537,630)	(22,104,561)
Net increase in operating liabilities		13,698,916,018	121,468,066
Net cash flows from operating activities		18,245,774,782	6,148,741,045
Cash flows from investing activities (B)			
Investments in treasury bills, bonds and others		(9,122,514,394)	(4,331,742,642)
Sale/(Purchase) of trading securities		613,471,694	(418,308,935)
Purchase of fixed assets		(239,162,591)	(297,957,669)
Investments in subsidiaries		-	(25,900,000)
Net cash used in investing activities		(8,748,205,291)	(5,073,909,246)
Cash flows from financing activities (C)			
Payment for finance lease		(808,038)	(1,362,816)
Issue of floating rate non-convertible subordinated bonds		3,000,000,000	-
Adjustment of subordinated non-convertible zero coupon bond		(133,595,784)	(150,961,981)
Dividend paid		(381,497,797)	-
Net cash flows from/(used in) financing activities		2,484,098,381	(152,324,797)
Net increase in cash and cash equivalents (A+B+C)		11,981,667,872	922,507,002
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		11,996,744,441	11,074,237,439
Cash and cash equivalents at the end of the year		23,978,412,313	11,996,744,441
Cash and cash equivalents:			
Cash		1,690,422,017	1,333,527,006
Balance with Bangladesh Bank and its agent bank(s)		10,779,315,890	9,617,222,070
Balance with other banks and financial institutions		8,275,831,706	743,113,165
Money at call and on short notice		3,230,000,000	300,000,000
Prize bonds		2,842,700	2,882,200
		23,978,412,313	11,996,744,441

These Financial Statements should be read in conjunction with the annexed notes

Chairman	Director	Director	Director	President and Managing Director

Hoda Vasi Chowdhury & Co
Hoda Vasi Chowdhury & Co
Chartered Accountants
Dhaka, 09 March 2016

Bank Asia Limited
Statement of Changes in Equity

for the year ended 31 December 2015

Amount in Taka

Particulars	Paid-up capital	Statutory reserve	Revaluation reserve	General reserve	Retained earnings	Total
Balance at 01 January 2014	6,936,323,590	4,208,075,877	2,705,391,603	8,166,474	759,746,473	14,617,704,017
Statutory reserve	-	843,391,005	-	-	(843,391,005)	-
Revaluation reserve	-	-	28,027,782	-	-	28,027,782
Transferred to retained earnings	-	-	(50,826,952)	-	50,826,952	-
Issue of bonus shares	693,632,350	-	-	-	(693,632,350)	-
Net profit for the year	-	-	-	-	2,218,692,697	2,218,692,697
Balance at 31 December 2014	7,629,955,940	5,051,466,882	2,682,592,433	8,166,474	1,492,242,767	16,864,424,496
Statutory reserve	-	824,784,039	-	-	(824,784,039)	-
Revaluation reserve	-	-	(77,515,008)	-	-	(77,515,008)
Transferred to retained earnings	-	-	(55,447,583)	(330)	55,447,913	-
Issue of bonus shares	762,995,590	-	-	-	(762,995,590)	-
Issue of cash dividend	-	-	-	-	(381,497,797)	(381,497,797)
Net profit for the year	-	-	-	-	2,573,920,194	2,573,920,194
Balance at 31 December 2015	8,392,951,530	5,876,250,921	2,549,629,842	8,166,144	2,152,333,448	18,979,331,885

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 2015

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	2,065,203,624	-	-	-	10,404,534,283	12,469,737,907
Balance with other banks and financial institutions	4,783,831,706	1,806,000,000	1,686,000,000	-	-	8,275,831,706
Money at call and on short notice	3,230,000,000	-	-	-	-	3,230,000,000
Investments	20,717,768,294	3,768,000,000	2,015,931,706	12,193,533,983	8,247,540,893	46,942,774,876
Loans and advances	28,470,000,000	36,890,000,000	44,766,300,000	17,506,465,357	8,763,570,324	136,396,335,681
Fixed assets including premises, furniture and fixtures	-	-	-	-	5,075,506,799	5,075,506,799
Other assets	3,840,000,000	1,850,000,000	5,200,000,000	132,758,647	934,363,773	11,957,122,419
Non-banking assets	-	-	-	-	-	-
Total Assets (A)	63,106,803,624	44,314,000,000	53,668,231,706	29,832,757,987	33,425,516,072	224,347,309,388
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	150,000,000	6,150,000,000	3,451,385,986	4,660,170,208	1,200,000,000	15,611,556,194
Deposits	35,938,700,000	53,535,400,000	42,503,800,000	16,953,015,639	20,896,424,752	169,827,340,391
Provision and other liabilities	560,000,000	2,130,000,000	6,130,000,000	6,997,323,508	4,111,757,410	19,929,080,918
Total Liabilities (B)	36,648,700,000	61,815,400,000	52,085,185,986	28,610,509,355	26,208,182,162	205,367,977,503
Net Liquidity Excess/(Shortage) (A-B)	26,458,103,624	(17,501,400,000)	1,583,045,720	1,222,248,632	7,217,333,910	18,979,331,885

Bank Asia Limited
Notes to financial statements

as at and for the year ended 31 December 2015

1. THE BANK AND ITS ACTIVITIES

1.1 Bank Asia Limited

Bank Asia Limited ("the Bank") is one of the third generation private commercial banks (PCBs) incorporated in Bangladesh on 28 September 1999 as a public limited company under the Companies Act 1994, governed by the Bank Company Act 1991. The Bank went for public issue of its shares on 23 September 2003 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. At present the Bank has 104 branches, 6 SME centres and 108 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 O□shore 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 o□ce of the Bank is situated at Rangs Tower, 68 Purana Paltan, Dhaka 1000, Bangladesh.

1.2 Principal activities

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

1.3 Islamic banking unit

The Bank obtained permission from Bangladesh Bank (country's central bank) to operate Islamic Banking Unit vide Bangladesh Bank's letter no. BRPD(P-3)745(53)/2008-4804 dated 17 December 2008. The Bank commenced operation of this Unit from 24 December 2008. The Islamic Banking Unit is governed under the rules and regulations of Bangladesh Bank.

1.4 Off-shore banking unit

The Bank obtained o□-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 o□ce is located at Zone Service Complex, Chittagong Export Processing Zone, Chittagong. O□-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 o□ce at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000 which has commenced its business on the 17 April 2011.

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

1.6 BA Exchange Company (UK) Limited

BA Exchange Company (UK) Limited was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited, BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. BA Exchange Company (UK) Limited attaches a fresh width to the Bank's remittance operation and expands its global presence for remittance services. Bank Asia stretched its business in United Kingdom through its fully owned (100%) subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home.

1.7 BA Express USA inc

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

Notes to financial statements

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 as amended by BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BAS), etc. The Bank complied with the requirement of the following regulatory and legal authorities:

i. Bank Company Act 1991
ii. Companies Act 1994
iii Rules, regulations and circulars issued by the Bangladesh Bank from time to time
iv. The Securities and Exchange Ordinance 1969
v. The Securities and Exchange Rules 1987
vi Bangladesh Securities and Exchange Commission Act 1993
vii. Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015
viii. income Tax Ordinance and Rules 1984
ix. Value Added Tax Act 1991
x. Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) and Central Depository Bangladesh Ltd. (CDBL) rules and regulations.

In case the requirement of provisions and circulars issued by Bangladesh Bank di□ers with those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail.

Bank have departed from certain contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Presentation of nancial statements

BFRS: As per BAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit and loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. BAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (amended up to 2013) and BRPD circular no. 14 dated 25 June 2003 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and Securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at costs.

iii) Revaluation gain/loss on Government securities

BFRS: As per requirement of BAS 39 where T-bills and T-bonds will fall under the category of "held for trading", any change in the fair value of held for trading assets is recognized through profit and loss account. T-bills designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit & loss account.

Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However at the year-end if there is any revaluation gain for any particular held for trading T-bills/T-bonds, such gain can be used to the extent of any revaluation loss for that particular held for trading T-bills/T-bonds. T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve.

iv) Provision on loans and advances

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 16 dated 18 November 2014, BRPD Circular 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 05 dated 29 May 2013, provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5% based on di□erent categories of loans and advances. Such provision policies are not specifically in line with those prescribed by BAS 39.

v) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive income is a component of financial statements or the elements of Other Comprehensive income are to be included in a Single Comprehensive income (OCI) Statement.

Bangladesh Bank: Bangladesh Bank has issued 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 Single 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.

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments di□erently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the accounts.

vii) Repo transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the di□erence between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BRPD guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

viii) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse to the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 financial guarantees such as L/C, L/G will be treated as O□-Balance Sheet items. No liability is recognized for the guarantee except the cash margin and 1% general provision for all contingent liabilities.

ix) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: As per BRPD Circular 14 dated 25 June 2003, Cash and cash-equivalents consist of cash with Bangladesh Bank, with its agent bank(s), government securities (prize bond) and deposits with other banks.

x) Non-banking asset

BFRS: No indication of Non-banking asset is found in any BFRS.
Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there must exist a face item named Non-banking asset.

xi) Cash ow statement

BFRS: Cash flow statement can be prepared either in direct method or in indirect method. 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.

Notes to financial statements

xii) Balance with Bangladesh Bank: (CRR)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.
Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xiii) Presentation of intangible asset

BFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.
Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no. 14 dated 25 June 2003.

xiv) O -balance sheet items

BFRS: There is no concept of o-balance sheet items in any BFRS; hence there is no requirement of disclosure of o-balance sheet items.
Bangladesh Bank: As per BRPD circular no. 14 o balance sheet items must be disclosed separately in face of balance sheet. Accordingly the Bank has recognized the following o balance sheet items:

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Foreign exchange contracts

xv) Disclosure of appropriation of pro t

BFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.
Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

xvi) Loans and advance net of provision

BFRS: Loans and advances should be presented net of provisions.
Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, provision on loans and advances are presented separately as liability and cannot be netted o against loans and advances.

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

The preparation of the financial statements in conformity with BAS/ BFRS requires management to make judgments, estimates and assumptions that a ect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may di er 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 a ected.

Key estimates include the following:
- Provision on loans and advances
- Deferred tax assets/liabilities
- Gratuity fund

2.4 Foreign currency transactions

Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is the Bank's functional currency. Functional currencies for O-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 o to the nearest Taka.

Foreign currency translation

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

In preparing solo financial statements, assets and liabilities in foreign currencies as at December 31, 2015 have been converted into Taka currency at the notional 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, 2015 have been converted into Taka currency at the closing rate as on December 31, 2015 and profit and loss accounts have been converted into monthly average rate.
Di erences arising through buying and selling transactions of foreign currencies on di erent 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 seperate 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 notional rate.

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

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

a. assets and liabilities for each statement of Balance Sheet have been translated at the closing rate on the date of Balance sheet.
b. income and expenses for Profit and Loss Statement have been translated at monthly average rate; and
c. all resulting exchange di erences 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 O -shore Banking Unit operating in Bangladesh.

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

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Separate Financial Statements and Bangladesh Financial Reporting Standard 10: Consolidated Financial Statements. The consolidated as well as separate financial statements are prepared for a common financial year ended on December 31, 2015.

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

2.5.1 Subsidiaries of the Bank

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

Name of Subsidiary	Ownership	Date of Commercial Operation	Country of Operation	Status	Regulator	Year Closing
Bank Asia Securities Limited	99.99%	17.04.2011	Bangladesh	Majority Owned	BSEC, Bangladesh	31 December
BA Exchange Company (UK) Limited	100%	16.05.2011	United Kingdom	Fully Owned	FSA, UK	31 December
BA Express USA inc	100%	01.06.2014	United States of America	Fully Owned	NYSDFS, New York	31 December

2.6 Cash flow statement

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

Notes to financial statements

2.7 Statement of changes in equity

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

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

3.1.2 Investments

Investment in securities

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

Held to maturity

Debt securities that a firm has intention to hold until maturity. These are reported at amortized cost therefore, they are not a□ected 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
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 o□ unrealilsed gain/ loss of shares from market price/ book value less cost price.

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

3.1.5 Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the BAS 27 "Separate Financial Statements" and BFRS 10 "Consolidated Financial Statements".

3.1.6 Loans and advances/investments

a) Loans and advances/investments are stated in the balance sheet on gross basis.

b) Interest/profit is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circulars no. 14 dated September 23, 2012 on Master Circular: Loan Classification and Provisioning. Interest/ profit is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) Commission and discounts on bills purchased and discounted are recognised at the time of realisation.

d) Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 16 dated November 18, 2014, BRPD circulars no. 5 dated 29 May 2013, 14 dated 23 September 2012, 16 dated 06 December 1998, 9 dated 14 May 2001, 9 and 10 dated 20 August 2005, 5 dated 05 June 2006, 8 dated 07 August 2007, 10 dated 18 September 2007, 5 dated 29 April 2008 and 32 dated 27 October 2010.
Rates of provision on loans and advances/investments are given below:

Types of loans and advances		Provision				
		STD	SMA	SS	DF	BL
Consumer	House building and professional	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		2.5%	2.5%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

In line with Bangladesh Bank BRPD Circular no. 04 dated January 29, 2015, All restructured loans treated as Special Mention Account (SMA) for the purpose of classification. Provision was made at existing applicable rate of SMA with additional 1%.

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

f) Large Loan Restructure
The Bank has restructured certain loan facilities of M/s. Samanaz Super Oil Limited, S. A. Oil Refinary Limited, Abdul Monem Suger Refinary Limited, Keya Spinning Mills Limited, Can- Am Garments (Pvt.) Limited and Shinepukur Ceramics Limited under BRPD Circular No 04 dated 29 January 2015 as confirmed vide BRPD letter dated 02 September 2015 for an aggregate amount of Tk. 3,725.98 million as per the terms and conditions of BRPD Circular No 04/2015.

g) Stay Order Cases
The unclassified loans and advances include certain customer accounts with an aggregate outstanding amount of Tk. 7,874.16 million which have not been reported under classification as at 31 December 2015 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 1,138.13 million has been kept as general provision against those customers.

3.1.7 Impairment of financial assets

At each balance sheet date, Bank Asia Limited assesses whether there is objective evidence that a financial asset or a group of financial assets ie, loans and advances, o balance sheet items and investments is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if - there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset up to the balance sheet date;
the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and
a reliable estimate of the loss amount can be made.

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

3.1.8 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

(a) its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

Subsequent costs

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

Depreciation

No depreciation is charged on land. Depreciation is charged on straight-line method. Charging depreciation against fixed assets commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. Asset category-wise depreciation rates are as follows:

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

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

Construction work in progress/Building under Construction

Building under construction is recognized and reported under Fixed Assets as per BAS 16 " Property, Plant and Equipment" as Construction work in progress until the construction work is completed and the assets is ready for intended use. This asset is stated at cost and depreciation of the asset will be charged from the date of its intended use.

3.1.9 Leased assets

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

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

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

3.1.10 Impairment of fixed assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or

sale of the asset. If this is the case, the asset is described as impaired and an impairment loss is recognised as an expense in the profit and loss statement unless the asset is carried at revalued amount in accordance with Bangladesh Accounting Standard (BAS) 16, Property, Plant and Equipment in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that Accounting Standard. No impairment loss was recognized up to the reporting period as there were no such indication existed as on Balance Sheet date.

3.1.11 Investment properties

a) Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business.

b) Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and accumulated impairment loss.

3.1.12 Other assets

Other assets include all other financial assets and include fees and other unrealised income receivable, advance for operating and capital expenditure and stocks of stationery and stamps.

3.1.13 Inventories

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

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

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

3.2.2 Deposits and other accounts

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

3.2.3 Other liabilities

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

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

3.3 Capital/shareholders' equity

Authorised capital

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

Paid-up capital

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

Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act 1991 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 e□ects on revaluation gain are measured and recognised in the financial statements as per BAS 12: Income Taxes.

Notes to financial statements

When an fixed asset's carrying amount is increased as a result of revaluation, the increased amount has been credited directly to equity under the head of revaluation reserve as per BAS 16 " Property, Plant and Equipment". The revaluation surplus included in equity transferred directly to retained earnings with the amount of the surplus from the di□erence between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost as per the para 41 of BAS 16.

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

3.4 Contingent liabilities

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or any present obligation that arises from past events but is not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with su□cient reliability.

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

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

3.5 Memorandum items

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

3.6 Revenue recognition

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

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

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

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

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

Dividend income on shares
As per BAS 18 "Revenue", dividend income from investment in shares is recognised when the Bank's right to receive dividend is established. It recognised when:
a. It is probable that the economic benefits associated with the transaction will flow to the entity; and

b. the amount of the revenue can be measured reliably.

Interest paid on borrowing and other deposits (conventional banking)
Interest paid and other expenses are recognised on accrual basis.

Profit paid on deposits (Islamic Banking)
Profit paid to mudaraba deposits is recognised on accrual basis as per provisional rate.

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

3.7 Employee benefits

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

3.7.3 Superannuation and Benevolent Fund
The Bank operates a superannuation and a benevolent fund. Superannuation fund for its employees to pay a lumpsum amount on retirement or death. The bank also operates a benevolent fund to provide one time financial assistance to its employees in the event of disability caused by any accident or disease. In case of superannuation fund the bank pays Tk. 200,000 per month and in case of benevolent fund Tk. 100 is deducted from salary per month per employee. The funds are operated by separate Board of Trustees.

3.7.4 Hospitalisation insurance

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

3.8 Provision for off-balance sheet exposures

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

3.9 Provision for nostro accounts

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

3.10 Taxation

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

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

Deferred tax
Deferred tax is recognised in respect of temporary di erences 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 di erences 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 a ects neither accounting nor taxable profit or loss, and di erences 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 di erences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are o set if there is a legally enforceable right to o set 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 di erent tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to financial statements

A deferred tax asset is recognised for unused tax credits and deductible temporary di□erences 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 2015 as per Bangladesh Accounting Standard (BAS) - 33 "Earnings Per Share". EPS for comparative period also restated by the bonus share issued for the year 2014. Details are in note 37.

Basic earnings

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

Weighted average number of ordinary shares

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

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

Diluted earnings per share

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

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 di□erences which may a□ect the financial statements significantly.

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

3.13 Risk Management at Bank Asia Ltd.

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

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

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

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

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

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

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

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

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

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

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

Notes to financial statements

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 O□cer at Corporate O□ce and Branch Compliance O□cers 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 o□cers 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 o□ce for identifying and reviewing the operational lapses and compliance of statutory requirements as well as Bank's own guidelines. The audit Committee of the Board reviews the audit and inspection reports periodically and provides necessary instructions and recommendations for rectifications of lapses and observations identified by the audit team.

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

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

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

Managing Information and communication Technology Risk : Bank Asia Limited follows the guidelines issued by Bangladesh Bank on ICT Security for Banks and Financial Institutions. IT management deals with IT policy documentation, internal IT audit, training etc. The core objective of IT management is to achieve the highest levels of technology service quality and minimize possible operational risk. Physical security involves providing environmental safeguards as well as controlling physical access to equipment and data. IT department has controls over Password, User ID maintenance, input control, network security, virus protection, internet and e-mail. Data centre has been set up and disaster recovery plan has been formulated as part of Business Continuity Planning (BCP).

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

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

3.14 Events after reporting period

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

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

3.15 Related party disclosures

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

3.16 Directors' responsibilities on statement

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

3.17 Segment Reporting

As per BFRS 8 "Operating Segments", an operating segment is a component of an equity:
(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
(c) for which discrete financial information is available.
Bank reported its segment reporting in respect of business segment and geographical segment wise. Business segment comprise Conventional Banking, Islamic Banking, O□-shore Banking, Bank Asia Securities Limited, BA Exchange Company (UK) Limited and BA Express USA Inc Geographical segments report consist location wise performance of above segments.

3.18 Changes in Accounting Policies

As per BAS 8 " Accounting Policies, Changes in Accounting Estimates and Errors" Accounting Policies are applied consistently for comparability between financial statements of di□erent accounting periods. Changes in Accounting Policies are applied retrospectively in the financial statements. Comparative amounts presented in the financial statements a□ected by the change in accounting policy for each prior period presented.

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

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	N/A
Share Based Payment	BFRS-2	N/A
Business Combinations	BFRS-3	Complied
Insurance Contracts	BFRS-4	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	N/A
Exploration for and Evaluation of Mineral Resources	BFRS-6	N/A
Financial Instruments: Disclosures	BFRS-7	Complied
Operating Segments	BFRS-8	Complied
Consolidated Financial Statements	BFRS-10	Complied
Joint Arrangements	BFRS-11	N/A
Disclosure of Interests in other entities	BFRS-12	N/A
Fair Value Measurement	BFRS-13	Partially Complied
Presentation of Financial Statements	BAS-1	Complied
Inventories	BAS-2	Complied
Statement of Cash Flows	BAS-7	Complied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Complied

Notes to financial statements

Name of the standards	Ref.	Status
Events after the Reporting Period	BAS-10	Complied
Construction Contracts	BAS-11	Complied
income Taxes	BAS-12	Complied
Property, Plant and Equipment	BAS-16	Complied
Leases	BAS-17	Complied
Revenue	BAS-18	Complied
Employee Benefits	BAS-19	Complied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	N/A
The E□ects of Changes in Foreign Exchange Rates	BAS-21	Complied
Borrowing Costs	BAS-23	Complied
Related Party Disclosures	BAS-24	Complied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	N/A
Separate Financial Statements	BAS-27	Complied
Investments in Associates and Joint Ventures	BAS-28	Complied
Financial Instruments: Presentation	BAS-32	Complied
Earnings Per Share	BAS-33	Complied
Interim Financial Reporting	BAS-34	Complied
Impairment of Assets	BAS-36	Complied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Complied
Intangible Assets	BAS-38	Complied
Financial Instruments: Recognition and Measurement	BAS-39	Complied
Investment property	BAS-40	Complied
Agriculture	BAS-41	N/A

3.20 Approval of financial statements

The financial statements were approved by the board of directors on 09 March 2016.

3.21 General

(i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.

(ii) Figures in these notes and in the annexed financial statements have been rounded o□ 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.

Amount in Taka

	31 Dec 2015	31 Dec 2014
4 Cash		
4.1 In hand (including foreign currencies)		
Conventional and Islamic banking:		
Local currency	1,684,148,099	1,314,418,826
Foreign currencies	6,273,918	19,108,180
	1,690,422,017	1,333,527,006
O□-shore banking unit	-	-
	1,690,422,017	1,333,527,006
4.1(a) Consolidated cash In hand		
Bank Asia Limited	1,690,422,017	1,333,527,006
Bank Asia Securities Limited	11,890	6,029
BA Exchange Company (UK) Limited	1,149,477	989,788
BA Express USA, Inc.	97,578	7,842
	1,691,680,962	1,334,530,665
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)	10,273,716,981	9,417,361,100
Foreign currencies	54,872,119	7,358,020
	10,328,589,100	9,424,719,120
Balance with agent bank (Sonali Bank Limited)		
Local currency	450,726,790	192,502,950
Foreign currencies	-	-
	450,726,790	192,502,950
	10,779,315,890	9,617,222,070
O□-shore banking unit	-	-
	10,779,315,890	9,617,222,070
4.2(a) Consolidated Balance with Bangladesh Bank and its agent bank (including foreign currencies)		
Bank Asia Limited:	10,779,315,890	9,617,222,070
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	10,779,315,890	9,617,222,070

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

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Bank Company Act 1991, DOS circular no. 01 dated 19 January 2014 and MPD circular no. 01 dated 23 June 2014.

The statutory Cash Reserve Ratio on the Bank's time and demand liabilities at the rate 6.5% (both conventional and islamic banking) has been calculated and maintained with Bangladesh Bank in local currency and 13% (5.5% for Islamic Banking) Statutory Liquidity Ratio, on the same liabilities has also been maintained in the form of cash in hand, balance with Bangladesh Bank and its agent bank, treasury bills, bonds and debentures. CRR and SLR maintained by the Bank are shown below:

4.3.1Cash Reserve Ratio (CRR)

Conventional Banking

As per Bangladesh Bank DOS Circular No. 01 dated January 01, 2014 and MPD circular no. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.5% on fortnightly cumulative average basis and minimum @ 6% on daily basis.

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
i. Daily Bank's CRR maintenance:		
Required reserve (6 % on Demand and Time Liabilities)	9,264,830,688	7,974,415,968
Actual reserve maintained	9,873,248,326	9,006,032,000
Surplus	608,417,638	1,031,616,032
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (6.5 % of Demand and Time Liabilities)	10,036,899,912	8,638,950,632
Actual reserve maintained (average)	10,214,093,492	8,696,864,450
Surplus	177,193,580	57,913,818
Islamic Banking		
i. Daily Bank's CRR maintenance:		
Required reserve (6% Demand and Time Liabilities)	339,354,804	302,662,272
Actual reserve maintained	374,427,389	330,813,000
Surplus	35,072,585	28,150,728
ii. Fortnightly Bank's CRR maintenance:		
Required reserve (6.5% of Demand and Time Liabilities)	367,634,371	327,884,128
Actual reserve maintained (Average)	419,834,471	330,813,000
Surplus	52,200,100	2,928,872
4.3.2 Statutory Liquidity Ratio (SLR)		
Conventional Banking		
13% of Average Demand and Time Liabilities :		
Required reserve	20,073,799,824	17,277,901,264
Actual reserve maintained	45,523,070,000	35,483,104,000
Surplus	25,449,270,176	18,205,202,736
Islamic Banking		
5.5% of Average Demand and Time Liabilities :		
Required reserve	311,075,215	277,440,416
Actual reserve maintained	344,478,000	292,091,000
Surplus	33,402,785	14,650,584
	25,482,672,961	18,219,853,320
4.3.3 Held for Statutory Liquidity Ratio		
Conventional Banking		
Cash in hand	1,669,236,000	1,086,945,632
Excess of CRR - Balance with Bangladesh Bank	-	367,081,368
Balance with agent bank (Sonali Bank Limited)	453,110,000	187,061,000
Government securities	43,397,881,000	33,834,134,000
Other securities	2,843,000	7,882,000
	45,523,070,000	35,483,104,000
Islamic Banking		
Cash in hand	21,186,000	12,163,000

Amount in Taka

	31 Dec 2015	31 Dec 2014
Excess of CRR - Balance with Bangladesh Bank	6,792,000	2,928,000
Government securities	316,500,000	277,000,000
	344,478,000	292,091,000
	45,867,548,000	35,775,195,000

5. Balance with other banks and financial institutions

In Bangladesh		
Conventional and Islamic banking (Note 5.1.1 and 5.3)	7,561,200,515	682,549,164
O□-shore banking unit	-	-
	7,561,200,515	682,549,164
Outside Bangladesh		
Conventional and Islamic banking (Note 5.2.1)	667,400,444	39,192,638
O□-shore banking unit	47,230,747	21,371,363
	714,631,191	60,564,001
	8,275,831,706	743,113,165

5.1 In Bangladesh

5.1.1 Conventional and Islamic banking

Current accounts		
AB Bank Limited	41,480	41,480
Agrani Bank Limited	826,280	826,280
National Bank Limited	766,332	739,539
Sonali Bank Limited	176,737,352	31,264,648
Standard Chartered Bank	424,319	2,585,337
Trust Bank Limited	12,978,486	(8,881,968)
	191,774,249	26,575,316
Short- notice deposit accounts		
BRAC Bank Limited	3,750,038	3,149,305
AB Bank Limited	513,475	501,161
Islami Bank Bangladesh Limited	169,835	168,009
Uttara Bank Limited	2,155,993	2,155,373
	6,589,341	5,973,848
Fixed deposit accounts/ MTDR		
Islamic Finance and Investment Limited	100,000,000	-
Hajj Finance Company Limited	500,000,000	400,000,000
Social Islami Bank Limited	300,000,000	-
Bank Alfalah limited	836,925	-
Union Bank Limited	150,000,000	250,000,000
	1,050,836,925	650,000,000
	1,249,200,515	682,549,164

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
5.2 Outside Bangladesh		
5.2.1 Conventional and Islamic banking		
Current accounts		
Interest bearing :		
Citibank N.A., London (EURO)	159,182	108,207
Citibank N.A., London (GBP)	82,968,317	3,394,848
Citibank NA, New York (USD)	302,610	11,186,740
Habib American Bank, New York	144,425,283	128,702
Mashreqbank psc, New York (USD)	850,164	2,582,588
Standard Chartered Bank, Mumbai	5,900,215	307,144
Standard Chartered Bank, New York	7,768,429	1,727,732
	242,374,200	19,435,961
Non-interest bearing :		
AB Bank Limited, Mumbai	11,400,461	143,908
Al Rajhi Bank K.S.A	1,584,110	1,584,110
Bhutan National Bank Limited, Thimphu	3,130,597	1,675,306
Casisse Centrale Desjardins	139,953	188,024
Commerzbank AG, Frankfurt (EURO)	355,026,015	2,316,074
Commerzbank AG, Frankfurt (USD)	594,622	230,799
Habib Metropolitan Bank Limited, Karachi	274,569	125,558
Habib Bank UK, London	928,580	534,923
ICICI Bank Limited, Hong Kong	832,673	101,973
ICICI Bank Limited, Mumbai	20,363,433	234,662
JP Morgan Chase Bank N.A New York, U.S.A	6,627,865	17,728
Mashreqbank psc, Mumbai (EURO)	611,632	-
Muslim Commercial Bank Limited, Colombo	6,544,592	1,826,083
Muslim Commercial Bank Limited, Karachi	5,309,756	4,765,166
National Australia Bank Limited	538,034	1,311,723
Nepal Bangladesh Bank Limited, Kathmandu	1,174,790	165,509
Sonali Bank (UK) Limited, London	5,426,143	1,452,914
Saudi Hollandi K.S.A	109,714	109,714
UBAF, Tokyo	1,694,244	1,353,200
Unicredit Bank AG, Munich (EURO)/Hypovereins Bank, Munich (EURO)	772,144	432,348
Wells Fargo Bank NA, New York, (USD)	1,419,864	3,473
Wells Fargo Bank NA, London, (Euro)	214,222	1,099,274
Zurcher Kantonal Bank, Switzerland	308,231	84,208
	425,026,244	19,756,677
	667,400,444	39,192,638
5.3 Placements		
With Banking companies (Note 5.3.1 and 5.3.2)	6,312,000,000	-
With Non-banking financial institutions (Note 5.3.3)	-	-
	6,312,000,000	-
	6,312,000,000	-

Amount in Taka

	31 Dec 2015	31 Dec 2014
5.3.1 Placement- with Banking companies (Local Currency):		
NRB Bank Limited	200,000,000	-
Jamuna Bank Limited	800,000,000	-
Midland Bank Limited	250,000,000	-
AB Bank Limited	800,000,000	-
Standard Bank Limited	800,000,000	-
Dhaka Bank Limited	1,000,000,000	-
Meghna Bank Limited	200,000,000	-
	4,050,000,000	-
5.3.2 Placement- with Banking companies (Foreign Currencies):		
Mutual Trust Bank Limited	312,000,000	-
Eastern Bank Limited	780,000,000	-
Islami Bank Bangladesh Limited	1,170,000,000	-
	2,262,000,000	-
	6,312,000,000	-
5.3.3 Placement- with Non-banking financial institutions:	-	-
5.4 Maturity grouping of balance with other banks and financial institutions		
Up to 1 month	4,783,831,706	93,113,165
More than 1 month but not more than 3 months	1,806,000,000	450,000,000
More than 3 months but not more than 6 months	1,686,000,000	200,000,000
More than 6 months but not more than 1 year	-	-
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	8,275,831,706	743,113,165
5(a) Consolidated Balance with other banks and financial institutions		
In Bangladesh		
Bank Asia Limited	7,561,200,515	682,549,164
Bank Asia Securities Limited	444,415,554	309,529,359
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	8,005,616,069	992,078,523
Less: Inter-company transactions	5,510,002	298,622,506
	8,000,106,067	693,456,017
Outside Bangladesh		
Bank Asia Limited	714,631,191	60,564,001
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	11,453,875	5,931,538
BA Express USA, Inc.	52,840,030	72,216,260
	778,925,096	138,711,799
	8,779,031,163	832,167,816

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
6. Money at call and on short notice		
Call money		
With Banking companies (Note 6.1)	1,730,000,000	-
With Non-banking financial institutions	1,500,000,000	300,000,000
	3,230,000,000	300,000,000
6.1 Call Money- with Banking companies:		
Trust Bank Limited	200,000,000	-
The City Bank Limited	550,000,000	-
AB Bank Limited	600,000,000	-
NRB Bank Limited	180,000,000	-
National Credit and Commerce Bank Limited	200,000,000	-
	1,730,000,000	-
6.2 Call Money- with non Banking financial institutions:		
Investment Corporation of Bangladesh	1,500,000,000	300,000,000
	1,500,000,000	300,000,000
6(a) Consolidated Money at call and on short notice		
Bank Asia Limited	3,230,000,000	300,000,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	3,230,000,000	300,000,000
7. Investments		
Government (Note 7.1)	43,717,224,029	34,844,385,059
Others (Note 7.2)	3,225,550,847	3,839,022,541
	46,942,774,876	38,683,407,600
7.1 Government		
Conventional and Islamic banking (Note 7.1.1)	43,717,224,029	34,844,385,059
O-shore banking unit	-	-
	43,717,224,029	34,844,385,059
7.1.1 Conventional and Islamic banking		
Treasury bills (Note 7.1.1.1)	12,398,308,492	14,847,995,557
Treasury bonds (Note 7.1.1.2)	22,826,335,573	19,991,007,302
30 Days Bangladesh Bank Bill	8,489,737,264	-
Debentures of House Building Finance Corporation	-	2,500,000
Prize bonds	2,842,700	2,882,200
	43,717,224,029	34,844,385,059
7.1.1.1 Treasury bills		
91 days treasury bills	-	1,234,632,839
182 days treasury bills	3,955,418,886	4,083,217,616
364 days treasury bills	8,442,889,606	9,530,145,102
	12,398,308,492	14,847,995,557

Amount in Taka

	31 Dec 2015	31 Dec 2014
7.1.1.2 Treasury bonds		
Bangladesh Bank Islamic bond	316,500,000	277,000,000
2 years Bangladesh Government treasury bonds	4,423,112,974	100,735,393
5 years Bangladesh Government treasury bonds	4,504,469,124	7,050,955,584
10 years Bangladesh Government treasury bonds	7,982,384,397	10,354,284,549
15 years Bangladesh Government treasury bonds	5,357,143,643	1,965,315,049
20 years Bangladesh Government treasury bonds	242,725,435	242,716,727
	22,826,335,573	19,991,007,302
7.2 Others		
Conventional and Islamic banking (Note 7.2.1)	3,225,550,847	2,439,022,541
O□-shore banking unit	268,320,000	1,400,000,000
Less: Adjustment with OBU	(268,320,000)	-
	3,225,550,847	3,839,022,541
7.2.1 Conventional and Islamic banking		
a) Ordinary shares (Details are shown in Annexure-B)		
Quoted shares	575,132,992	553,925,167
Unquoted shares	145,529,880	142,817,792
	720,662,872	696,742,959
b) Mutual Fund (Details are shown in Annexure-B)		
1st Janata Bank Mutual fund	50,000,000	50,000,000
EBL NRB Ist Mutual Fund	149,665,000	149,665,000
Ist Bangladesh Fixed income Fund	250,000,000	250,000,000
MBL 1st Mutual Fund	50,000,000	50,000,000
EXIM Bank 1st Mutual Fund	248,740,000	248,740,000
	748,405,000	748,405,000
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		
ACI Zero Coupon Bonds (Details are shown in Annexure-B)	-	7,891,607
MTBL subordinated bond	112,500,000	150,000,000
MTB Second subordinated bond	400,000,000	-
UCB Second subordinated bond	300,000,000	-
Premier Bank Non-convert subordinated bond	200,000,000	-
Prime Bank Limited	140,000,000	140,000,000
BSRML	88,000,000	100,000,000
SIBL subordinated Mudaraba bond	200,000,000	-
	1,440,500,000	397,891,607
e) Investment in commercial paper		
Investment in commercial paper	300,000,000	-

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
f) Placements		
With Banking companies (Note 7.2.1(a))	-	280,000,000
With Non-banking financial institutions (Note 7.2.1(b))	-	300,000,000
	-	580,000,000
	3,225,550,847	2,439,022,541
7.2.1(a) Placement- with Banking companies (Local Currency):	-	-
7.2.1(b) Placement- with Banking companies (Foreign Currency):		
National Credit and Commerce Bank Limited	-	280,000,000
7.2.1(c) Placement- with Non-banking financial institutions:		
Lanka Bangla Finance Limited	-	200,000,000
Uttara Finance	-	100,000,000
Placement with O□-shore Banking Unit	2,028,000,000	2,233,000,000
	2,028,000,000	2,533,000,000
Less : Adjustment with OBU	(2,028,000,000)	(2,233,000,000)
	-	300,000,000
7.3 Investments classified as per Bangladesh Bank circular:		
Held for trading (HFT)	26,142,981,291	19,451,266,209
Held to maturity (HTM)	17,254,900,038	15,110,736,650
Other securities	3,544,893,547	4,121,404,741
	46,942,774,876	38,683,407,600
7.4 Maturity-wise grouping		
On demand	20,717,768,294	16,985,900,000
Up to 3 months	3,768,000,000	114,200,000
More than 3 months but not more than 1 year	2,015,931,706	1,915,700,000
More than 1 year but not more than 5 years	12,193,533,983	10,238,807,161
More than 5 years	8,247,540,893	9,428,800,439
	46,942,774,876	38,683,407,600
7(a) Consolidated Investments		
Government		
Bank Asia Limited	43,717,224,029	34,844,385,059
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	43,717,224,029	34,844,385,059
Others		
Bank Asia Limited	3,225,550,847	3,839,022,541
Bank Asia Securities Limited	219,549,671	209,107,461
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	3,445,100,518	4,048,130,002
	47,162,324,547	38,892,515,061

Amount in Taka

	31 Dec 2015	31 Dec 2014
8 Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments (Note 8.1)	126,986,780,735	108,785,321,969
Bills purchased and discounted (Note 8.2)	9,409,554,946	8,023,532,590
	136,396,335,681	116,808,854,559
8.1 Loans, cash credits, overdrafts, etc/investments		
Conventional and Islamic banking		
Inside Bangladesh		
Overdrafts/ Quard against deposit	26,068,572,073	24,321,536,886
Cash credit/Bai Murabaha (Muajjal)	1,240,217,716	981,745,955
Loans (General)/ Musharaka	25,657,793,569	21,908,836,092
House building loans	363,244,511	163,889,214
Loan against trust receipts/ Bai Murabaha post import	9,778,733,091	11,205,600,235
Payment against documents	83,837,021	252,102,150
Consumer credit scheme	5,482,235,146	4,073,104,225
Transport loan	1,372,176,280	1,141,077,392
Term loan- industrial	7,089,737,174	5,857,182,563
Term loan- others/ Hire purchase under Shirkatul Melk	35,884,085,008	32,840,211,015
Sta Loan	1,241,675,689	1,090,191,930
Credit card	1,147,963,907	1,063,165,332
Small and medium enterprise (SME)	3,414,655,444	2,675,505,156
Export Development Fund (EDF)	6,856,433,607	458,290,732
Credit for poverty alleviation scheme-micro credit	8,306,310	9,133,858
	125,689,666,546	108,041,572,735
Outside Bangladesh	-	-
	125,689,666,546	108,041,572,735
O -shore banking unit	1,297,114,189	743,749,234
	126,986,780,735	108,785,321,969
8.2 Bills purchased and discounted		
Conventional and Islamic banking	1,984,645,881	2,202,147,551
O -shore banking unit	7,424,909,065	5,821,385,039
	9,409,554,946	8,023,532,590
8.3 Maturity-wise grouping		
Repayable on demand	28,470,000,000	19,956,300,000
Not more than 3 months	36,890,000,000	19,665,100,000
More than 3 months but not more than 1 year	44,766,300,000	49,731,300,000
More than 1 year but not more than 5 years	17,506,465,357	18,872,447,359
More than 5 years	8,763,570,324	8,583,707,200
	136,396,335,681	116,808,854,559
8.4 Net loans and advances/investments		
Gross loans and advances/investments	136,396,335,681	116,808,854,559
Less: Interest suspense (Note 13.4)	1,329,213,289	1,007,483,804
Provision for loans and advances/investments	5,996,663,988	5,137,046,801
	7,325,877,277	6,144,530,605
	129,070,458,404	110,664,323,954

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
8.5 Loans and advances/investments under the following broad categories		
In Bangladesh:		
Loans	99,677,990,946	83,482,039,128
Cash credits	1,240,217,716	981,745,955
Overdrafts	26,068,572,073	24,321,536,886
Bills purchased and discounted	8,274,990,805	7,271,781,516
	135,261,771,540	116,057,103,485
Outside Bangladesh:		
Bills purchased and discounted	1,134,564,141	751,751,074
	136,396,335,681	116,808,854,559
8.6 Significant concentration wise grouping		
a) Directors		
b) Chief Executive and other senior executives		
i) Managing Director	37,114,000	39,618,000
ii) Other senior executives	153,223,000	117,589,000
	190,337,000	157,207,000
c) Agriculture	1,758,344,878	745,388,605
d) Industry		
Food Manufacturing	12,589,410,605	7,848,022,727
Beverage industry	137,226,152	94,320,987
Tobacco industry	363,932,480	393,563,461
RMG industry	15,002,056,365	11,846,737,555
Textile industry	9,680,046,409	5,138,976,708
Wood cork and allied products	43,731,288	51,208,121
Furniture and Fixture	111,272,351	20,956,820
Paper and paper products	3,633,854,545	3,078,221,421
Leather and leather products	1,140,874,771	2,426,337,694
Rubber products	1,466,528,781	1,273,888,312
Chemical and chemical products	184,876,352	104,284,670
Basic metal products	4,209,128,222	4,877,305,760
Electrical machinery and apparatus	1,638,684,681	469,408,735
Other manufacturing industries	11,513,566,877	13,591,073,418
Ship building	1,508,697,227	1,792,336,749
Ship breaking	1,669,419,773	2,442,189,299
Pharmaceutical	435,057,428	897,981,102
	65,328,364,305	56,346,813,540
e) Constructions	4,913,520,108	3,982,289,868
f) Power, Gas, Water and Sanitary Services	690,115,603	2,962,258,181
g) Transport, Storage and Communication	3,551,828,290	3,133,841,256
h) Trade Services	27,009,000,921	23,849,756,816
i) Housing Services	10,443,774,077	6,899,076,581
j) Banking and Insurance	6,273,075,107	6,128,734,220
k) Professional and Misc. services	16,237,975,393	12,603,488,491
	136,396,335,681	116,808,854,559

Amount in Taka

	31 Dec 2015	31 Dec 2014
8.7 Geographical location-wise grouping		
Inside Bangladesh		
Urban		
Dhaka Division	96,511,152,242	79,086,334,912
Chittagong Division	22,655,581,079	25,051,386,983
Khulna Division	1,687,587,832	1,302,548,652
Rajshahi Division	2,636,913,917	1,897,683,219
Barisal Division	320,246,771	163,887,729
Sylhet Division	1,174,723,244	899,970,548
Rangpur Division	128,484,180	101,415,622
	125,114,689,265	108,503,227,665
Rural		
Dhaka Division	6,189,526,578	4,527,525,175
Chittagong Division	2,658,659,000	2,521,857,389
Khulna Division	430,495,191	215,763,329
Sylhet Division	433,078,723	300,741,637
Rajshahi Division	1,569,886,924	739,739,364
	11,281,646,416	8,305,626,894
Outside Bangladesh	-	-
	136,396,335,681	116,808,854,559

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

Collateral of movable/immovable assets	90,581,161,309	80,124,327,682
Local banks and financial institutions' guarantee	172,198,853	449,232,462
Foreign banks' guarantee	139,337,839	336,094,000
Export documents	11,240,162,670	2,084,461,133
Cash and quasi cash	7,820,531,705	6,371,898,082
Personal guarantee	14,760,566,031	15,494,554,950
Other securities	11,682,377,275	11,948,286,249
	136,396,335,681	116,808,854,559

8.9 Details of large loans/investments

As at 31 December 2015 there were fifteen (2014: sixteen) 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 22,836.83 million as at 31 December 2015 (Taka 17,843.22 million in 2014).

8.10 Particulars of loans and advances/investments

i) Loans/investments considered good in respect of which the Bank is fully secured	109,953,392,375	89,366,013,359
ii) Loans/investments considered good against which the Bank holds no security other than the debtors' personal guarantee	14,760,566,031	15,494,554,950
iii) Loans/investments considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	11,682,377,275	11,948,286,249
iv) Loans/investments adversely classified; provision not maintained there against	-	-
	136,396,335,681	116,808,854,559

Notes to financial statements

Amount in Taka

		31 Dec 2015	31 Dec 2014
v)	Loans/investments due by directors or o□cers of the Bank or any of them either separately or jointly with any other persons	1,241,675,689	1,090,191,930
vi)	Loans/investments due from companies or firms in which the directors or o□cers 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 o□cers of the bank or any of them either separately or jointly with any other person.	1,241,675,689	1,090,191,930
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	9,409,554,946	8,023,532,590
x)	Amount of classified loans/investments on which interest has not been charged mentioned as follows:		
	a) increase/(Decrease) of provision (specific)	(1,025,150,301)	906,825,023
	Amount of loan written o□	1,075,794,018	471,377,402
	Amount realised against the loans previously written o□	55,044,236	76,606,895
	b) Provision kept against loans/investments classified as bad debts	2,911,650,000	3,981,260,000
	Interest credited to interest suspense account	1,329,213,289	1,007,483,804
xi)	c) Cumulative amount of written o□ loans/investments		
	Opening balance	3,126,674,625	2,655,297,223
	Amount written o□ during the year	1,075,794,018	471,377,402
		4,202,468,643	3,126,674,625
	The amount of written o□ loans/investments for which law suit has been filed	4,202,468,643	3,126,674,625

8.11 Grouping as per classification rules

Unclassified:		
Standard including sta□ loan	120,546,797,905	106,002,370,559
Special mentioned account	10,040,665,935	4,605,934,000
Classified:		
Sub-standard	312,964,106	425,308,000
Doubtful	249,400,700	151,917,000
Bad/loss	5,246,507,035	5,623,325,000
	5,808,871,841	6,200,550,000
	136,396,335,681	116,808,854,559

Amount in Taka

	31 Dec 2015	31 Dec 2014

8.12 Particulars of required provision for loans and advances/investments

Status	Outstanding at 31 Dec 2015	Base for provision	Required provison %	Required provison Amount	
For loans and advances/Investments:					
Unclassified - general provision					
All unclassified loans (other than SME financing, house building loan and loan to Brokerage House (BH)					
consumer finance, sta□ loan and SMA	82,363,355,636	82,363,355,636	1% to 5%	1,435,558,124	799,148,327
Small and medium enterprise financing	14,672,976,258	14,672,976,258	0.25%	36,682,441	28,777,738
House building loan and loan for professional	4,108,512,180	4,108,512,180	2.00%	82,170,244	58,653,960
Loans to BH	7,302,302,791	7,302,302,791	2.00%	146,046,056	65,062,873
Consumer finance	2,135,952,098	2,135,952,098	5.00%	106,797,605	80,889,850
Special mentioned account	10,040,665,935	8,086,824,491	0.25% to 90%	1,162,273,786	57,602,910
Sta□ loan	1,241,675,688	-	-	-	-
				2,969,528,255	1,090,135,657
O□-shore unit					
Unclassified loans (general)	8,722,023,254	8,722,023,254	1%	87,220,233	65,651,343
Special mentioned account	-	-	-	-	-
				87,220,233	65,651,343
Classified - specific provision:					
Sub-standard	312,964,106	282,307,931	20% / 5%	48,999,356	48,556,000
Doubtful	249,400,700	117,528,908	50%	58,764,454	37,789,450
Bad/loss	5,246,507,035	2,802,826,066	100%	2,802,826,066	3,449,119,000
				2,910,589,876	3,535,464,450
Required provision for loans and advances				5,967,338,364	4,691,251,450
Total provision maintained					
Conventional and Islamic Banking (Note 13.1)				5,909,443,755	5,071,395,458
O□-shore Banking Unit				87,220,233	65,651,343
				5,996,663,988	5,137,046,801
Excess provision at 31 December				29,325,624	445,795,351

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
8.13 Suits filed by the Bank (Branch wise details)		
Agrabad	1,529,757,584	1,562,036,126
Anderkilla	675,478,880	236,276,883
Ashulia	18,425,030	14,163,464
Bahadderhat	61,924,493	92,569,803
Bashundhara	10,014,528	25,180,188
Bhatiary	355,567,422	-
Bogra	61,831,085	-
Cards Dept.	58,705	58,705
CDA Avenue	473,956,426	411,873,961
Chatkhil	17,361,013	17,361,013
Corporate	323,039,732	323,938,255
Dhanmondi	89,427,533	87,499,269
EPZ	5,519,100	-
Gulshan	155,723,299	101,159,943
Jatrabari SME Centre	851,992	851,992
Jurain SME Centre	941,349	941,349
Kamal Bazar	315,335	315,335
Khatunganj	2,014,225,997	1,991,645,961
Khulna	77,394,034	77,394,034
Lohagara	18,602,599	-
Malkhanagar	124,311,455	124,311,455
MCB Banani	40,300,342	40,300,343
MCB Dilkusha	109,418,307	85,270,398
MCB Sk. Mujib Road	1,725,777,188	1,282,530,284
Mirpur	18,886,181	18,886,181
Mitford	185,455,977	52,106,556
Moghbazar	53,513,290	-
Mohakhali	879,256	593,321
Narayangonj	2,834,027	-
North South Road	47,098,679	196,565,388
Paltan	6,708,387	-
Progoti Sarani	5,988,412	-
Principal O□ce	405,550,329	405,550,329
Rajshahi	2,752,675	2,752,675
Ramgonj SME/Agri	10,032,139	7,337,232
Rekabi bazar SME Center	348,681	348,681
Scotia	441,397,024	625,254,415
Shantingar	86,316,221	86,316,221
Station Road	154,116,307	154,116,307
Sylhet Main	22,160,533	17,534,302
Sylhet Uposhahar	172,482,880	156,159,197
Sylhet Uposhahar Islamic Window	15,253,933	-
Tarail	-	8,786,422
Uttara	157,458,561	590,000
	9,679,456,921	8,208,575,986

Amount in Taka

	31 Dec 2015	31 Dec 2014
8.14 Bills purchased and discounted		
Payable in Bangladesh	8,274,990,805	7,271,781,516
Payable outside Bangladesh	1,134,564,141	751,751,074
	9,409,554,946	8,023,532,590
8.15 Maturity-wise grouping of bills purchased and discounted		
Payable within 1 month	4,704,777,473	4,011,766,295
More than 1 month but less than 3 months	3,387,439,781	2,888,471,732
More than 3 months but less than 6 months	1,317,337,692	1,123,294,563
More than 6 months	-	-
	9,409,554,946	8,023,532,590
8.(a) Consolidated Loans and advances/investments		
Loans, cash credits, overdrafts, etc/investments		
Bank Asia Limited	126,986,780,735	108,785,321,969
Bank Asia Securities Limited	5,488,271,756	5,832,650,452
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	132,475,052,491	114,617,972,421
Less: Inter- companies transactions	2,880,012,102	2,751,500,441
	129,595,040,389	111,866,471,980
Bills purchased and discounted		
Bank Asia Limited	9,409,554,946	8,023,532,590
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	9,409,554,946	8,023,532,590
	139,004,595,335	119,890,004,570
9 Fixed assets including premises, furniture and fixtures		
Conventional and Islamic banking (Note 9.1)	5,075,506,799	5,213,383,925
O□-shore banking unit	-	223,364
	5,075,506,799	5,213,607,289
9.1 Conventional and Islamic banking		
Cost:		
Land	2,643,839,095	2,643,839,095
Building	2,481,719,434	2,481,719,434
Furniture and fixtures	1,078,978,805	1,018,231,865
Equipments	667,517,646	583,090,424
Computer and accessories	326,512,576	290,281,363
Construction work in progress	27,596,071	-
Motor vehicles	197,552,984	169,041,839
	7,423,716,612	7,186,204,021
Less: Accumulated depreciation	2,292,762,232	1,921,769,778
Adjustment of Assets revaluation	55,447,581	50,826,951
Written down value at the end of the year	5,075,506,799	5,213,607,289

Details are shown in Annex C.

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
9(a) Fixed assets including premises, furniture and fixtures		
Bank Asia Limited	5,075,506,799	5,213,607,289
Bank Asia Securities Limited	1,071,096	5,425,783
BA Exchange Company (UK) Limited	7,479,587	9,279,242
BA Express USA, Inc.	8,757,587	9,329,617
	5,092,815,069	5,237,641,931
10 Other assets		
Conventional and Islamic banking (Note 10.1)	11,941,026,682	9,997,566,025
O□-shore banking unit	16,095,737	33,642,632
	11,957,122,419	10,031,208,657
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 United Kingdom	36,000,000	39,000,000
Investment in BA Express USA Inc. - incorporated in USA	74,880,000	67,200,000
	2,110,870,000	2,106,190,000
Non-income generating other assets		
income receivable (Note 10.2)	749,621,375	582,140,959
Stock of stamps	4,437,741	4,474,167
Stationery, printing materials, etc	24,225,777	22,461,472
Prepaid expenses	4,597,953	4,118,192
Deposits and advance rent	286,441,642	312,040,642
Due from Capital Market Division of the Bank	4,999,998	9,999,998
Advances, prepayments and others (Note 10.3)	78,979,432	64,960,017
Advance income tax	8,232,300,531	6,498,450,622
Receivable against government	192,578,533	217,579,825
Sundry debtors	81,128,329	23,026,906
Protested bills	73,897,265	73,942,765
Receivable from BA Exchange Company (UK) Limited	38,788,424	34,708,663
Receivable from BA Express USA Inc.	52,180,322	39,382,567
Excise duty recoverable	5,979,360	4,089,230
	9,830,156,682	7,891,376,025
	11,941,026,682	9,997,566,025

10.2 income receivable

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

10.3 Advances, prepayments and others

Advances, prepayments and others account consist 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 Receivable from Government in connection with Rangs Properties:

The Bank has a receivable from Government in connection with demolition of Rangs Bhaban in 2008 situated at 113-116 Old Airport Road, Dhaka-1215. Bank Asia had a purchased floor at 3rd floor of the Building, where from the then Scotia Branch used to run. Total receivable in this regard is Tk. 3,19,52,365.00 (Taka three crore nineteen lac fifty two thousand three hundred sixty five) which was eventually written-o□ from the Book considering uncertainty and prolonged legal proceedings.

10(a)Consolidated Other assets

Amount in Taka

	31 Dec 2015	31 Dec 2014
Bank Asia Limited	11,957,122,419	10,031,208,657
Bank Asia Securities Limited	141,764,313	130,797,800
BA Exchange Company (UK) Limited	2,541,447	3,301,441
BA Express USA, Inc.	29,742,877	19,299,059
	12,131,171,056	10,184,606,957
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	34,248,240	35,780,220
Investment in BA Express USA, Inc.	75,120,000	74,985,254
Receivable from BASL	4,999,998	9,999,998
Receivable from BA Exchange Company (UK) Limited	38,788,424	34,708,663
Receivable from BA Exchange USA, Inc.	52,180,322	39,382,567
	9,925,844,072	7,989,760,255

10(aa) Demutualization membership of Dhaka Stock Exchange

The majority owned (99.99%) subsidiary company of the Bank, Bank Asia Securities Limited (BASL) has acquired the membership of Dhaka Stock Exchange for Tk 153,119,000. As per the scheme of Demutualization of DSE, BASL being the initial shareholders of DSE, is entitled to receive 7,215,106 shares of Tk 10 each, totalling Tk 72,151,060. The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily ascertainbale. However, management expect the fair value to be similar or more that the current revalued amount. Once more clarity about the Scheme and related factors are available a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

11 Borrowings from other banks, financial institutions and agents

Conventional and Islamic banking (Note 11.1)	6,344,881,709	3,021,476,083
O□-shore banking unit (Note 11.2)	7,979,233,839	7,099,663,886
Less: Inter borrowings between OBU and Conventional Banking	(2,028,000,000)	(2,275,000,000)
	12,296,115,548	7,846,139,969

11.1 Conventional and Islamic banking

In Bangladesh (Note 11.1.1)	6,344,881,709	3,021,476,083
Outside Bangladesh	-	-
	6,344,881,709	3,021,476,083

11.1.1 In Bangladesh

Secured:

Un secured:

	Money at call and on short notice		
	State Bank of India	150,000,000.00	230,000,000.00
	Rupali Bank	-	400,000,000.00
	United Commercial Bank Limited	-	200,000,000.00
	IFIC Bank Limited	-	600,000,000.00
	Basic Bank	-	300,000,000.00
	Dutch Bangla Bank Limited	-	450,000,000.00
		150,000,000.00	2,180,000,000.00
	Term borrowing		
	Bangladesh Bank refinance	111,663,096	811,476,083
	SME Foundation Pre Finance	45,000,000	30,000,000
	Borrowing A/C (AGRI Taka 10)	12,534,753	-
	Borrowing A/C Jute refinance	15,000,000	-
	Export development fund	6,010,683,860	-
	Onshore export discount fund	268,320,000	-
		6,463,201,709	841,476,083
Less :	Inter borrowings between OBU and Conventional Banking	(268,320,000)	-
		6,344,881,709	3,021,476,083

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
11.2 Borrowing at Off-shore banking unit		
Secured		
Un secured:		
Conventional Banking	2,034,500,000	2,275,000,000
International Finance Corporation	2,347,500,000	2,100,000,000
Bankmuscat, Oman	-	385,000,000
BMI Bank, Bahrain	-	525,000,000
Commercial Bank of Ceylon, Bangladesh	-	175,000,000
First Gulf Bank	391,250,000	-
Habib Bank Limited, Bangladesh	-	119,000,000
ICICI, Hong Kong	391,250,000	868,000,000
Mashreq, USA	782,500,000	-
National Bank of Ras Al Khaimah	694,578,770	-
Nepal Bangladesh Bank Limited	391,250,000	-
Noor Islami Bank, Dubai, UAE	-	17,690,176
United Bank Limited, UAE	855,896,955	634,973,710
United Bank Limited, USA	90,508,114	-
	7,979,233,839	7,099,663,886
11(a) Consolidated Borrowings from other banks, financial institutions and agents		
Bank Asia Limited	12,296,115,548	7,846,139,969
Bank Asia Securities Limited	2,919,350,832	3,365,276,266
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	15,215,466,380	11,211,416,235
Less: inter- companies transactions	2,880,012,102	2,751,500,441
	12,335,454,278	8,459,915,794
11(aa) Subordinated Non-Convertible Bonds		
Subordinated Non-Convertible Zero Coupon Bond		
A.K Khan & Company Limited	131,432,375	187,096,765
AB Bank 1st Mutual Fund	19,964,080	28,419,290
EBL First Mutual Fund	5,252,844	7,477,535
EBL NRB Mutual Fund	10,472,960	14,908,480
EXIM Bank 1st Mutual Fund	21,027,740	29,933,432
First Bangladesh Fixed income Fund	110,375,180	157,121,403
IFIC Bank 1st Mutual Fund	5,236,480	7,454,240
Industrial and Infrastructure Development Finance Company Limited (IIDFC)	6,442,507	9,171,045
Popular Life 1st Mutual Fund	5,236,480	7,454,240
	315,440,646	449,036,430
Subordinated Non-Convertible Floating Rate Bond		
Agrani Bank Limited	200,000,000	-
BRAC Bank Limited	100,000,000	-
Janata Bank Limited	250,000,000	-
Mercantile Bank Limited	500,000,000	-
One Bank Limited	600,000,000	-
Pubali Bank Limited	250,000,000	-
Rupali Bank Limited	600,000,000	-
Sonali Bank Limited	500,000,000	-
	3,000,000,000	-
	3,315,440,646	449,036,430

Amount in Taka

	31 Dec 2015	31 Dec 2014
11.2 Maturity-wise grouping		
Payable on demand	150,000,000	2,180,000,000
Up to 1 month	-	2,911,539,969
More than 1 month but within 3 months	6,150,000,000	700,000,000
More than 3 months but within 1 year	3,451,385,986	2,024,600,000
More than 1 year but within 5 years	4,660,170,208	479,036,430
More than 5 years	1,200,000,000	-
	15,611,556,194	8,295,176,399

11.3 Disclosure regarding REPO

Disclosure regarding REPO transactions of the bank are given as per Bangladesh Bank, DOS Circular No. 6 dated July 15, 2010

(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)	168,779,426,028	139,948,578,380
O□-shore banking unit	1,047,914,363	920,707,746
	169,827,340,391	140,869,286,126

Deposits and other accounts

Current/Al-wadeeah current accounts and other accounts

Deposits from banks	-	-
Deposits from customers	28,576,124,590	20,617,888,516
	28,576,124,590	20,617,888,516
Bills payable		
Deposits from banks	-	-
Deposits from customers	3,936,675,238	1,808,032,594
	3,936,675,238	1,808,032,594
Savings bank/Mudaraba savings bank deposits		
Deposits from banks	-	-
Deposits from customers	21,174,184,061	16,547,202,983
	21,174,184,061	16,547,202,983

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
Fixed deposits/Mudaraba fixed deposits		
Deposits from banks	28,516,974	15,574,726
Deposits from customers	115,063,925,165	100,959,879,561
	115,092,442,139	100,975,454,287
	168,779,426,028	139,948,578,380
12.1 Conventional and Islamic banking		
Deposits from banks (Note 12.1.1)	28,516,974	15,574,726
Deposits from customers (Note 12.1.2)	168,750,909,054	139,933,003,654
	168,779,426,028	139,948,578,380
12.1.1 Deposits from banks		
Fixed deposit/SND		
AB Bank Limited	40,218	1,320,235
EXIM Bank Limited	19,906,448	7,702,712
Sonali Bank Limited	7,500,000	5,504,734
Social Islami Bank Limited	534,138	522,530
Trust Bank Limited	536,170	524,515
	28,516,974	15,574,726
12.1.2 Deposits from customers		
Current/Al-wadeeah current accounts and other accounts (Note 12.1.2a)	28,576,124,590	20,617,888,516
Bills payable (Note 12.1.2b)	3,936,675,238	1,808,032,594
Savings bank/Mudaraba savings deposits	21,174,184,061	16,547,202,983
Fixed deposits/Mudaraba fixed deposits (Note 12.1.2c)	115,063,925,165	100,959,879,561
	168,750,909,054	139,933,003,654
12.1.2a Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current accounts	11,223,610,142	7,268,978,934
Other demand deposit - Local currency	13,198,114,224	10,579,482,537
Other demand deposit - Foreign currencies	3,397,550,856	2,221,246,152
Foreign currency deposits	756,849,368	548,180,893
	28,576,124,590	20,617,888,516
12.1.2b Bills payable		
Bills payable - local currency	3,930,474,264	1,801,046,700
Bills payable - foreign currencies	6,200,974	6,985,894
	3,936,675,238	1,808,032,594
12.1.2c Fixed deposits/Mudaraba fixed deposits		
Fixed deposits/Mudaraba fixed deposits	66,067,219,535	61,408,417,355
Special notice deposit	17,363,342,993	13,412,462,265
Foreign currency deposits (interest bearing)	3,132,058	5,481,257
Deposit under schemes	31,630,230,579	26,133,518,684
	115,063,925,165	100,959,879,561

Amount in Taka

	31 Dec 2015	31 Dec 2014
12.2 Payable on demand and time deposits		
a) **Demand deposits**		
Current/Al-wadeeah current accounts and other accounts	12,257,959,194	8,162,738,970
Savings bank/Mudaraba savings deposits	1,905,676,565	1,489,248,268
Foreign currency deposits (non interest bearing)	4,154,400,224	2,769,427,045
Sundry deposits	13,198,114,224	10,579,482,537
Bills payable	3,936,675,238	1,808,032,594
	35,452,825,445	24,808,929,414
b) **Time deposits**		
Savings bank/Mudaraba savings deposits	19,268,507,496	15,057,954,715
Fixed deposits/Mudaraba fixed deposits	66,109,301,820	61,450,939,791
Foreign currency deposits (interest bearing)	3,132,058	5,481,257
Special notice deposit	17,363,342,993	13,412,462,265
Deposits under schemes	31,630,230,579	26,133,518,684
	134,374,514,946	116,060,356,712
	169,827,340,391	140,869,286,126
12.3 Sector-wise break-up of deposits and other accounts		
Government	2,097,504,000	3,029,841,834
Deposit from banks	28,516,974	15,574,726
Other public	1,678,389,000	4,591,458,051
Foreign currencies	5,211,647,619	3,702,601,942
Private	160,811,282,798	129,529,809,573
	169,827,340,391	140,869,286,126
12.4 Maturity-wise grouping		
12.4.1 Deposits from banks		
Payable on demand	28,516,974	15,574,726
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	-	-
	28,516,974	15,574,726
12.4.2 Customer deposits excluding bills payable		
Payable on demand	4,340,600,000	4,658,900,000
Up to 1 month	29,531,907,788	25,245,225,274
Over 1 month but within 6 months	51,636,400,000	60,894,067,406
Over 6 months but within 1 year	42,503,800,000	10,514,600,000
Over 1 year but within 5 years	16,953,015,639	16,635,045,039
Over 5 years	20,896,424,752	21,097,841,087
	165,862,148,179	139,045,678,806

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
Bills payable		
Payable on demand	2,037,675,238	195,900,000
Up to 1 month	-	-
Over 1 month but within 6 months	1,899,000,000	1,612,132,594
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years	-	-
	3,936,675,238	1,808,032,594
	169,827,340,391	140,869,286,126
12(a) Consolidated Deposits and other accounts		
Current/Al-wadeeah current accounts and other accounts		
Bank Asia Limited	29,610,473,642	21,511,648,552
Bank Asia Securities Limited	323,995,932	110,453,062
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	29,934,469,574	21,622,101,614
Less: Inter-company transactions	5,510,002	298,622,506
	29,928,959,572	21,323,479,108
Bills payable		
Bank Asia Limited	3,936,675,238	1,808,032,594
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	3,936,675,238	1,808,032,594
Savings bank/Mudaraba savings bank deposits		
Bank Asia Limited	21,174,184,061	16,547,202,983
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	21,174,184,061	16,547,202,983
Fixed deposits/Mudaraba fixed deposits		
Bank Asia Limited	115,106,007,450	101,002,401,997
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	115,106,007,450	101,002,401,997
13 Other liabilities		
Conventional and Islamic banking (Note 13.1)	19,901,699,382	16,702,053,325
O□-shore banking unit	27,381,536	-
	19,929,080,918	16,702,053,325
13.1 Conventional and Islamic banking		
Provision for loans and advances/investments (Note 13.2)	5,996,663,988	5,137,046,801
Provision on o□-balance sheet exposures (Note 13.3)	968,170,568	715,271,546
Interest suspense account (Note 13.4)	1,329,213,289	1,007,483,804
Provision for income tax including deferred tax (Note 13.5)	10,199,628,405	8,649,628,405

Amount in Taka

	31 Dec 2015	31 Dec 2014
Provision for performance and festival bonus	227,942,238	210,196,052
Master card and Visa card payables	852,192	6,442,077
Expenditures and other payables	69,672,602	79,210,397
Obligation under finance lease (Note 13.6)	2,137,300	6,251,573
Provision for nostro accounts (Note 13.7)	-	-
Other payable	58,670,181	31,764,540
Provision for profit equalisation	21,128,871	31,518,386
Provison for Smart Junior Saver A/c	101,196	114,983
Provision for diminution in value of shares (Note 13.8)	143,383,553	303,383,553
Payable to Government	61,196,920	29,307,621
Provision for others (Note 13.9)	134,822,336	124,822,336
Unearned income	181,953,218	181,778,928
Clearing adjustment account	63,374,050	56,793,187
Interest payable on subordinated non-covertable zero coupon bond	155,988,585	24,653,825
Branch adjustment account credit balance	286,799,890	64,385,311
Adjustment with OBU	-	42,000,000
	19,901,699,382	16,702,053,325

13.2 Provision for loans and advances/investments

A.	**General**		
	Balance at the beginning of the year	1,090,135,458	1,015,707,596
	Add: Provision made during the year		
	On unclassfied loans and advances/investments etc.	1,517,658,297	74,427,862
	Transfer from Provision for diminution in value of shares	160,000,000	-
	Transfer from Specific Provision	230,000,000	-
		1,907,658,297	74,427,862
	Less: Provision no longer required		
	On general loans and advances/investments etc.	-	-
	On special mentioned account	-	-
	Balance as at 31 December	2,997,793,755	1,090,135,458
B.	**Specific**		
	Balance at the beginning of the year	3,981,260,000	3,074,434,778
	Less: Transfer to General Provision	(230,000,000)	-
	Write o□/amicable settlement during the year	(974,270,489)	(506,121,466)
		(1,204,270,489)	(506,121,466)
	Add/ Back: Recoveries of amounts previously written o□	55,044,236	76,606,895
	Provision against malkhanagar protested bills	-	47,179,849
	Specific provision made during the year for other accounts	79,616,253	1,289,159,944
		134,660,489	1,412,946,688
	Balance as at 31 December	2,911,650,000	3,981,260,000
C.	**Total provision on loans and advances/investments (A+B)**	5,909,443,755	5,071,395,458
D.	**General provision maintained for OBU as at 01 January**	65,651,343	22,491,899
	Add: Provision made during the year	21,568,890	43,159,444
	Provision on loans and advances for OBU	87,220,233	65,651,343
E.	**Total provision on loans and advances/investments (C+D)**	5,996,663,988	5,137,046,801

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
13.3 Provision on off-balance sheet exposures		
Balance as at 1 January	713,516,428	668,513,351
Add: Provision made during the year	253,361,910	45,003,077
	966,878,338	713,516,428
Less: Adjustments made during the year	-	-
Balance at the end of the year	966,878,338	713,516,428
General provision maintained for OBU as at 01 January	1,755,118	3,129,298
Add: Provision made during the year	-	-
Less: Adjustments made during the year	(462,888)	(1,374,180)
	1,292,230	1,755,118
Balance as at 31 December	968,170,568	715,271,546
13.4 Interest suspense account		
Balance as at 1 January	1,007,483,804	687,051,851
Add: Amount transferred to interest suspense account during the year	2,293,051,562	1,975,538,924
	3,300,535,366	2,662,590,775
Less: Amount of interest suspense recovered	1,894,605,120	1,614,950,742
Interest waiver during the year	76,716,957	40,156,229
	1,971,322,077	1,655,106,971
Balance as at 31 December	1,329,213,289	1,007,483,804
13.5 Provision for taxation		
Current tax (Note 13.5.1)	9,832,107,040	8,297,368,394
Deferred tax (Note 13.5.2)	367,521,365	352,260,011
	10,199,628,405	8,649,628,405
13.5.1 Provision for current tax		
Balance as at 1 January	8,297,368,394	6,350,206,065
Add: Provision made during the year	1,534,738,646	1,947,162,329
	9,832,107,040	8,297,368,394
Less: Adjustments made during the year	-	-
Balance as at 31 December	9,832,107,040	8,297,368,394
13.5.2 Provision for deferred tax		
Balance as at 1 January	352,260,011	301,160,011
Provision made for deferred tax liabilities:		
Charged/(credited) to profit and loss statement	15,261,354	51,100,000
Charged/(credited) to revaluation reserve	-	-
	15,261,354	51,100,000
	367,521,365	352,260,011
Provision made for deferred tax assets	-	-
Balance as at 31 December	367,521,365	352,260,011

Amount in Taka

	31 Dec 2015	31 Dec 2014
13.5.1(a) Consolidated Provision for current tax		
Bank Asia Limited	1,534,738,646	1,947,162,329
Bank Asia Securities Limited	15,183,964	16,893,989
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	150,625	61,848
	1,550,073,235	1,964,118,166
13.5.2(a) Consolidated provision for deferred tax		
Bank Asia Limited	15,261,354	51,100,000
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	15,261,354	51,100,000
13.6 Obligation under finance lease		
Motor vehicles	2,137,300	6,251,573
	2,137,300	6,251,573

13.7 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPD (FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, Bank is required to make provision regarding the un-reconciled debit balance of nostro account as at balance sheet date. Adequate provision has been made for debit entries which are outstanding for more than 3 months. Details of unrecognized entries are shown in Annex I.

13.8 Provision for diminution in value of shares		
Balance as at 1 January	303,383,553	246,883,553
Less: Transfer to general provision for loans and advances/investments	(160,000,000)	-
Add: Provision made during the period	-	56,500,000
Balance as at 31 December	143,383,553	303,383,553
Provision requirement	96,659,798	303,129,012
Provision maintained	143,383,553	303,383,553
Surplus provision maintained	46,723,755	254,541
13.9 Provision for others :		
Balance as at 1 January	124,822,336	69,831,098
Adjustment made during the year	-	(8,762)
Add: Provision made during the period	10,000,000	55,000,000
Balance as at 31 December	134,822,336	124,822,336
Provision requirement	108,844,000	90,926,000
Provision maintained	134,822,336	124,822,336
Surplus provison maintained	25,978,336	33,896,336

(Provision for others made for legal expenses, protested bills, expenditure related unreconciled entries and other assets that classified as bad and loss as per Bangladesh Bank BRPD Circular 14 dated June 25, 2001)

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014

13.10 Branch adjustment accounts

This represents outstanding inter-branch and head o□ce transactions (net) which are originated but not responded by the counter transaction at the balance sheet date. The unresponded entries of 31 December 2015 are given below:

	"Number of unresponded entries (Debit)"	Amount of unresponded entries (Taka)	Number of unresponded entries (Credit)	Amount of unresponded entries (Taka)
Up to 3 months	162	58,174,263	94	43,304,589
More than 3 months				
but within 6 months	2	381,060	15	2,146,495
More than 6 months				
but within 1 year	2	675,005	5	94,844
More than 1 year				
but within 5 years	-	-	-	-
Above 5 years	-	-	-	-
	166	59,230,328	114	45,545,928

13(a) Consolidated Other liabilities

Bank Asia Limited	19,929,080,918	16,702,053,325
Bank Asia Securities Limited	1,234,291,546	1,195,047,962
BA Exchange Company (UK) Limited	47,822,793	36,237,391
BA Express USA, Inc.	57,414,346	52,426,908
	21,268,609,603	17,985,765,586
Less: Inter- companies transactions		
Receivable from BASL	4,999,998	9,999,998
Receivable from BA Exchange (UK) Limited	38,788,424	34,708,663
BA Express USA, Inc.	52,180,322	39,382,567
	21,172,640,859	17,901,674,358

14 Share capital

14.1 Authorized capital

1,500,000,000 ordinary shares of Taka 10 each	15,000,000,000	15,000,000,000

14.2 Issued, subscribed and fully paid up capital

56,372,480 ordinary shares of Taka 10 each issued for cash	563,724,800	563,724,800
364,010,770 (2010: 243,901,270) ordinary shares of Taka 10 each issued as bonus shares	3,640,107,700	3,640,107,700
Right shares issued 25% for the year 2011	1,050,958,100	1,050,958,100
Issued as bonus shares 20% for the year 2011	1,050,958,120	1,050,958,120
Issued as bonus shares 10% for the year 2012	630,574,870	630,574,870
Issued as bonus shares 10% for the year 2013	693,632,350	693,632,350
Issued as bonus shares 10% for the year 2014	762,995,590	-
	8,392,951,530	7,629,955,940

Amount in Taka

	31 Dec 2015	31 Dec 2014

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 o□ering 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 and The calculation of CAR under Basel II has been made as per BRPD Circular no. 10 dated March 10, 2010.

	In line of Basel III	In line of Basel II
Paid up capital	8,392,951,530	7,629,955,940
Statutory reserve (Note 15)	5,876,250,921	5,051,466,882
General reserve	8,166,144	-
Retained earnings (Note 17)	2,152,333,448	1,492,242,767
	16,429,702,043	14,173,665,589
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	29,600,000	-
Common Equity Tier -1 capital (Going-Concern Capital)/ Core Capital	16,400,102,043	14,173,665,589
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	16,400,102,043	14,173,665,589
Tier - 2 Capital (Gone-Concern Capital)/ Supplementary capital		
General provision maintained against unclassified loan/investments	2,048,254,188	1,155,786,801
General provision on o□-balance sheet exposure	-	715,271,546
Subordinated non-covertable zero coupon bonds	3,315,440,646	449,036,430
General reserve	-	8,166,474
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	6,704,991,051	3,669,557,468
Less: Regulatory adjustments 20 % of revaluation reserve for fixed assets, securities and equity securities	268,259,243	-
Total Tier- 2 Capital	6,436,731,807	3,669,557,468
A) Total capital	22,836,833,850	17,843,223,057
B) Total risk weighted assets (RWA)	183,247,385,000	157,574,620,000
C) Required capital	18,324,738,500	15,757,462,000
D) Capital surplus (A-C)	4,512,095,350	2,085,761,057
Capital to risk weighted asset ratio/ Capital adequacy ratio:		
Common Equity Tier- 1 / core capital to RWA (minimum 4.5% under Basel III and 5% under Basel II)	8.95%	8.99%
Tier- 1 / core capital to RWA (minimum 5.5% under Basel III and 5% under Basel II)	8.95%	8.99%
Capital to Risk Weighted Assets against minimum requirement 10%	12.46%	11.32%

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014

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 and The calculation of CAR under Basel II has been made as per BRPD Circular no. 10 dated March 10, 2010.

	In line of Basel III	In line of Basel II
Paid up capital	8,392,951,530	7,629,955,940
Non-controlling (Minority) interest	10,785	10,781
Statutory reserve (Note 15)	5,876,250,921	5,051,466,882
General reserve	8,166,144	-
Retained earnings (Note 17)	1,867,693,933	1,229,245,329
	16,145,073,313	13,910,678,932
Less: Regulatory adjustments		
Reciprocal crossholding in the CET - 1 Capital of Banking, Financial and Insurance Entities	29,600,000	-
Common Equity Tier -1 capital (Going-Concern Capital)/ Core Capital	16,115,473,313	13,910,678,932
Additional Tier 1 Capital	-	-
Total Tier- 1 Capital	16,115,473,313	13,910,678,932
Tier - 2 Capital (Gone-Concern Capital)/ Supplementary capital		
General provision maintained against unclassified loan/investments	2,044,930,000	1,155,786,801
General provision on o□-balance sheet exposure	-	715,271,546
Subordinated non-covertable zero coupon bonds	3,315,440,646	449,036,430
General reserve	-	8,166,474
Revaluation reserve of securities and fixed assets	1,341,296,217	1,341,296,217
	6,701,666,863	3,669,557,468
Less: Regulatory adjustments		
20 % of revaluation reserve for fixed assets, securities and equity securities	268,259,243	-
Total Tier- 2 Capital	6,433,407,619	3,669,557,468
A) Total capital	22,548,880,932	17,580,236,400
B) Total risk weighted assets (RWA)	182,715,722,148	159,062,557,435
C) Required capital	18,271,572,215	15,906,255,744
D) Capital surplus (A-C)	4,277,308,718	1,673,980,656
Capital to risk weighted asset ratio/ Capital adequacy ratio:		
Common Equity Tier- 1 / core capital to RWA (minimum 4.5% under Basel III and 5% under Basel II)	8.82%	8.75%
Tier- 1 / core capital to RWA (minimum 5.5% under Basel III and 5% under Basel II)	8.82%	8.75%
Capital to Risk Weighted Assets against minimum requirement 10%	12.34%	11.05%

14.5 Percentage of shareholdings at the closing date

Category	At 31 December 2015 No. of shares	At 31 December 2015 %	At 31 December 2014 No. of shares	At 31 December 2014 %
Sponsors & Directors	389,992,062	46.47	354,538,315	46.47
General public	147,851,402	17.62	141,895,144	18.60
Institutions	259,288,145	30.89	230,714,179	30.24
Investment companies	33,672,122	4.01	28,030,782	3.66
Non-resident Bangladeshi	5,824,752	0.69	5,392,928	0.71
Foreign investors	2,666,670	0.32	2,424,246	0.32
	839,295,153	100.00	762,995,594	100.00

Amount in Taka

	31 Dec 2015	31 Dec 2014

14.6 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2015	2014	2015	2014
Less than 5000	10572	13792	1.31	1.64
5,000 to 50,000	1917	2024	3.02	3.34
50,001 to 100,000	133	126	1.14	1.14
100,001 to 200,000	66	72	1.11	1.38
200,001 to 300,000	32	22	0.92	0.71
300,001 to 400,000	14	22	0.58	1.02
400,001 to 50,000	11	11	0.57	0.66
500,001 to 1,000,000	36	35	2.94	3.3
1,000,001 to 10,000,000	88	84	29.22	28.31
Over 10,000,000	23	23	59.19	58.41
	12,892	16,211	100	100

14.7 Name of the Directors and their shareholdings as at 31 December 2015

Sl	Name of the director	Status	Closing position	Opening position
1	Mr. A Rouf Chowdhury	Chairman	20,701,617	18,819,652
2	Mr. Mohd Safwan Choudhury (Representing Phulbari Tea Estates Ltd.)	Vice Chairman	32,873,520	29,885,019
3	Mr. A M Nurul Islam (Independent Director)	Vice Chairman	-	-
4	Mr. Mohammed Lakiotullah (Independent Director)	Director	-	-
5	Mrs. Hosneara Sinha	Director	38,285,809	34,805,281
6	Mr. Rumee A Hossain	Director	22,137,321	20,124,838
7	Ms. Farhana Haq Chowdhury	Director	22,832,883	20,757,167
8	Mr. M Irfan Syed (Representative director of Amiran Generations Ltd.)	Director	26,630,337	24,209,398
9	Ms. Naheed Akhter Sinha	Director	40,199,287	36,544,807
10	Mr. Shah Md. Nurul Alam (Independent Director)	Director	-	-
11	Ms. Sohana Rouf Chowdhury	Director	16,785,903	15,259,912
12	Mr. Mashiur Rahman (Independent Director)	Director	-	-
13	Mr. Mir Shahjahan	Director	17,291,222	15,719,293
14	Mr. M Shahjahan Bhuiyan (Independent Director)	Director	-	-
15	Mr. Md. Nazrul Huda (Independent Director)	Director	-	-

15 Statutory reserve

Balance as at 1 January	5,051,466,882	4,208,075,877
Add: Addition during the year (20% of pre-tax profit)	824,784,039	843,391,005
Balance as at 31 December 2015	5,876,250,921	5,051,466,882

16 Revaluation reserve

HTM securities (Note 16.1)	3,305,385	1,502,377
HFT securities (Note 16.2)	264,905,490	344,223,506
Fixed Assets revaluation (Note 16.3)	2,281,418,967	2,336,866,550
	2,549,629,842	2,682,592,433

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
16.1 Revaluation reserve on HTM securities		
Balance as at 1 January	1,502,377	2,684,722
Gain from revaluation on investments	1,808,365	938,307
Adjustment for sale/maturity of securities	(5,357)	(2,120,652)
Balance as at 31 December 2015	3,305,385	1,502,377
16.2 Revaluation reserve on HFT securities		
Balance as at 1 January	344,223,506	315,013,379
Gain from revaluation on investments	2,757,754,279	2,725,989,587
Adjustment for sale/maturity of securities	(2,837,072,295)	(2,696,779,460)
Balance as at 31 December 2015	264,905,490	344,223,506
16.3 Revaluation reserve on Fixed Assets		
Balance as at 1 January	2,336,866,550	2,387,693,502
Depreciation charged during the year	(55,447,583)	(50,826,952)
Balance as at 31 December 2015	2,281,418,967	2,336,866,550
16 (a) Consolidated Revaluation reserve		
Bank Asia Limited	2,549,629,842	2,682,592,433
Bank Asia Securities Limited	-	-
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	2,549,629,842	2,682,592,433
17 Retained earnings		
Balance as at 1 January	1,492,242,767	759,746,473
Add: Post - tax profit fot the year	2,573,920,194	2,218,692,697
Revaluation reserve transferred to retained earnings	55,447,583	50,826,952
Transfer from share premium account	330	
Less: Issue of bonus shares for the year 2014	762,995,590	
Less: Issue of cash dividend for the year 2014	381,497,797	
Less: Issue of bonus shares for the year 2013	-	693,632,350
Transfer to statutory reserve	824,784,039	843,391,005
Balance as at 31 December 2015	2,152,333,448	1,492,242,767
17(a) Consolidated Retained earnings		
Balance as at 1 January	1,229,245,329	699,449,908
Add:Foreign exchange revaluation reserve for opening retained earnings	2,208,087	3,433,584
Add:Transfer from share premium account	330	-
Revaluation reserve transferred to retained earnings	55,447,583	50,826,952
Post- tax profit for the year	2,550,070,034	2,012,557,417
Less: Non controlling interest	4	(823)
	3,836,971,359	2,766,268,684
Less : Issue of bonus shares for the year 2013	-	693,632,350
Less: Issue of bonus shares for the year 2014	762,995,590	-
Less: Issue of cash dividend for the year 2014	381,497,797	-
Transferred to statutory reserve	824,784,039	843,391,005
	1,969,277,426	1,537,023,355
Balance as at 31 December	1,867,693,933	1,229,245,329

Amount in Taka

	31 Dec 2015	31 Dec 2014
17(b) Non-controlling (Minority) interest		
Bank Asia Securities Limited	10,785	10,781
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	10,785	10,781
18 Contingent liabilities		
Conventional and Islamic banking	96,687,833,782	71,351,642,744
O□-shore banking unit	129,223,047	175,511,850
	96,817,056,829	71,527,154,594
Acceptances and endorsements (Note 18.1)		
Conventional and Islamic banking	33,090,944,368	23,707,509,508
O□-shore banking unit	87,746,341	81,112,430
	33,178,690,709	23,788,621,938
Letters of guarantee		
Conventional and Islamic banking (Note 18.2	29,263,667,968	21,663,339,317
O□-shore banking unit	-	-
	29,263,667,968	21,663,339,317
Irrevocable letters of credit		
Conventional and Islamic banking (Note 18.3)	23,063,033,545	19,895,718,625
O□-shore banking unit	30,116,156	52,947,860
	23,093,149,701	19,948,666,485
Bills for collection		
Conventional and Islamic banking (Note 18.4)	9,032,813,966	6,085,075,294
O□-shore banking unit	11,360,550	41,451,560
	9,044,174,516	6,126,526,854
Other commitments		
Conventional and Islamic banking (Note 18.5)	2,237,373,935	-
O□-shore banking unit	-	-
	2,237,373,935	-
	96,817,056,829	71,527,154,594
18.1 Acceptances and endorsements		
Conventional and Islamic banking	33,090,944,368	23,707,509,508
O□-shore banking unit	87,746,341	81,112,430
	33,178,690,709	23,788,621,938
18.2 Letters of guarantee		
Letters of guarantee (Local)	29,263,667,968	21,663,339,317
Letters of guarantee (Foreign)	-	-
	29,263,667,968	21,663,339,317
Balance for which the Bank is contingently liable in respect of guarantees issued favouring:		
Directors or o□cers	434,133	434,133
Government	10,608,865,779	8,770,364,320
Banks and other financial institutions	13,678,184,163	12,273,442,372
Others	4,976,183,892	619,098,492
	29,263,667,968	21,663,339,317

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
18.3 Irrevocable letters of credit		
Letters of credit Back to Back (Inland)	2,758,335,159	2,336,573,970
Letters of credit (General)	18,156,171,640	15,740,120,408
Back to back L/C	2,148,526,746	1,819,024,247
	23,063,033,545	19,895,718,625
18.4 Bills for collection		
Local bills for collection	4,236,763,760	3,747,243,070
Foreign bills for collection	4,796,050,206	2,337,832,224
	9,032,813,966	6,085,075,294
18.5 Other commitments		
Forward Assets Purchased and Forward Deposits Placed	2,237,373,935	-
	2,237,373,935	-

18.5 Workers' profit participation fund (WPPF)

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

19 income statement

income:		
Interest, discount and similar income (Note 19.1)	18,427,561,349	17,647,037,973
Dividend income (Note 22.1)	19,705,266	20,363,972
Fees, commission and brokerage (Note 19.2)	1,146,555,898	980,344,673
Interest on bonds and commercial paper	174,224,382	-
Interest on Orascom Telecom Bangladesh Ltd. senior secured bonds	-	8,160,000
Interest on reverse repo	29,459,889	-
Interest on ACI Convertible zero coupon bonds	-	4,978,205
Interest on Bangladesh Steel Re-rolling Mills	11,960,002	8,666,666
MTBL unsecured subordinated convertible bonds	16,802,748	18,000,009
Prime Bank Ltd. unsecured non-convertible subordinated bonds	16,006,266	16,100,000
Interest on placements	72,872,771	220,119,703
Foreign exchange gain (Note 23.1)	1,009,559,855	897,469,268
Other operating income (Note 24)	572,527,938	564,728,562
	21,497,236,364	20,385,969,031
Expenses:		
Interest paid/profit shared on deposits and borrowings, etc (Note 21)	11,170,318,446	10,699,769,024
Administrative expenses (Note 19.3)	2,943,907,565	2,492,599,207
Other expenses (Note 34)	1,001,527,229	1,043,538,876
Depreciation on banks assets	375,820,468	371,230,751
	15,491,573,708	14,607,137,858
	6,005,662,656	5,778,831,173
19.1 Interest, discount and similar income		
Interest income/profit on investments	13,877,758,406	13,914,306,656
Interest on treasury bills	896,633,842	845,489,089
Interest on treasury bonds	2,512,454,340	2,331,261,977
Interest on debentures	1,443,750	4,184,766
income from investment in shares	6,644,396	6,496,772
Capital gain on Government securities	1,132,626,615	545,298,713
	18,427,561,349	17,647,037,973

Amount in Taka

	31 Dec 2015	31 Dec 2014
19.2 Fees, commission and brokerage		
Commission	1,146,555,898	980,344,673
Brokerage	-	-
	1,146,555,898	980,344,673
19.3 Administrative expenses		
Salaries and allowances (Note 25)	2,155,844,975	1,821,359,360
Rent, taxes, insurance, electricity, etc (Note 26)	514,123,923	429,936,885
Legal expenses (Note 27)	9,632,359	10,474,191
Postage, stamp, telecommunication, etc (Note 28)	76,977,146	68,249,997
Stationery, printing, advertisement, etc (Note 29)	99,636,353	75,546,760
Managing Director's salary and fees (Note 30)	16,732,000	14,159,744
Directors' fees (Note 31)	4,692,000	2,770,000
Auditors' fees (Note 32)	915,000	690,000
Repair of Bank's assets (Note 33.1)	65,353,809	69,412,270
	2,943,907,565	2,492,599,207
20 Interest income/profit on investments		
Conventional and Islamic banking (Note 20.1)	13,510,055,660	13,818,527,443
O□-shore banking unit	434,159,152	146,536,852
	13,944,214,812	13,965,064,295
Less: inter transaction between OBU and Conventional banking	66,456,406	50,757,639
	13,877,758,406	13,914,306,656
20.1 Conventional and Islamic banking		
Loans (General)/Musharaka	4,116,404	15,603,524
Loans against trust receipts/ Bai Murabaha post import	1,118,285,176	1,745,470,417
Packing credit	22,502,538	20,226,270
House building loan	33,707,101	41,487,558
Payment against documents	215,481,273	75,582,340
Cash credit/Bai-Muajjal	109,579,057	113,836,825
Overdraft/ Quard against deposit	523,681,807	550,094,325
Consumer credit scheme	679,317,856	573,048,587
Sta□ loan	68,071,196	54,009,115
Local bills purchased	133,813,390	312,419,609
Foreign bills purchased	10,888,273	36,951,554
Interest income from credit card	223,092,300	203,146,304
Term loan- others/ Hire purchase Shirkatul Melk	3,102,573,379	3,227,995,329
Term loan- industrial	966,516,664	965,081,315
Demand loan	1,864,467,729	1,595,193,912
Transport loan	169,065,530	177,500,051
Sachsondo - SME	439,261,776	407,089,144
Other loans and advances	3,415,500,275	3,428,897,095
EDF Loan	154,700,189	72,470,119
Total interest/profit on loans and advances/investments	13,254,621,913	13,616,103,393
Interest/profit on balance with other banks and financial institutions	254,053,938	201,985,628
Interest/profit received from foreign banks	1,379,809	438,422
	13,510,055,660	13,818,527,443

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
20(a) Consolidated Interest income/profit on investments		
Bank Asia limited	13,877,758,406	13,914,306,656
BA Exchange Company (UK) Limited	-	-
Bank Asia Securities Ltd.	298,522,408	382,122,589
BA Express USA, Inc.	-	-
	14,176,280,814	14,296,429,245
Less: Inter-company transactions	231,469,133	332,572,825
	13,944,811,681	13,963,856,420
21 Interest paid/profit shared on deposits and borrowings etc.		
Conventional and Islamic banking (Note 21.1)	10,926,062,112	10,630,449,001
O-shore banking unit	310,712,740	120,077,662
	11,236,774,852	10,750,526,663
Less: inter transaction with OBU	66,456,406	50,757,639
	11,170,318,446	10,699,769,024
21.1 Conventional and Islamic banking		
Interest paid/profit shared on deposits		
Fixed deposits/ Mudaraba Fixed deposit	5,192,174,841	5,805,297,473
Scheme deposits	3,898,871,672	3,105,662,254
Sanchaya plus	142,095,271	167,894,029
Savings deposits/ Mudaraba Savings bank	652,758,494	595,915,401
Special notice deposits	515,758,099	534,417,349
	10,401,658,377	10,209,186,506
Interest on borrowings and others		
Local banks including Bangladesh Bank	162,600,992	384,355,717
Interest on subordinated non-covertable zero coupon bond	361,586,168	36,847,262
Foreign banks	216,575	59,516
	524,403,735	421,262,495
	10,926,062,112	10,630,449,001
21(a) Consolidated Interest Expenses/profit paid on Deposits		
Bank Asia limited	11,170,318,446	10,699,769,024
BA Exchange Company (UK) Limited	-	-
Bank Asia Securities Ltd.	257,826,415	391,678,480
BA Express USA, Inc.	-	-
	11,428,144,861	11,091,447,504
Less: Inter-company transactions	231,469,133	332,572,825
	11,196,675,728	10,758,874,679
22 Investment income		
Conventional and Islamic banking (Note 22.1)	4,881,382,660	4,000,884,608
O-shore banking unit	9,451,607	28,235,264
	4,890,834,267	4,029,119,872

Amount in Taka

	31 Dec 2015	31 Dec 2014
22.1 Conventional and Islamic Banking		
Interest on treasury bills	896,633,842	845,489,089
Interest on treasury bonds	2,510,835,048	2,327,701,829
Interest on Islamic bonds	1,619,292	3,560,148
SIBL Mudaraba Bond	15,823,334	-
Prime Bank Ltd. unsecured non-convertible subordinated bonds	16,006,266	16,100,000
Interest on Orascom Telecom Bangladesh Ltd. senior secured bonds	-	8,160,000
Interest on ACI Convertible zero coupon bonds	-	4,978,205
MTBL unsecured subordinated convertible bonds	16,802,748	18,000,009
Interest on placement	63,421,164	191,884,439
Capital gain from investment in shares	6,644,396	6,496,772
Dividend on shares	19,705,266	20,363,972
Interest on debentures	1,443,750	4,184,766
Capital gain on Government securities	1,132,626,615	545,298,713
Interest on Bangladesh Steel Re-rolling Mills	11,960,002	8,666,666
Interest on commercial paper	135,451,347	-
MTB second subordinated bond	8,400,000	-
Interest on reverse repo	29,459,889	-
Interest on Zero Coupon Bond	766,139	-
UCB second subordinated bond	13,783,562	-
	4,881,382,660	4,000,884,608
22(a) Consolidated investment income		
Bank Asia Limited	4,890,834,267	4,029,119,872
Bank Asia Securities Limited	10,086,792	6,076,750
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	4,900,921,059	4,035,196,622
23 Commission, exchange and brokerage		
Conventional and Islamic banking (Note 23.1)	2,150,681,855	1,871,714,801
O□-shore banking unit	5,433,898	6,099,140
	2,156,115,753	1,877,813,941
23.1 Conventional and Islamic Banking		
Commission on L/C	228,341,924	227,709,658
Commission on back to back L/C	530,181,478	453,081,713
Fees and commission	81,702,987	61,262,230
Commission on L/G	263,284,019	198,348,476
Commission on export	9,564,407	8,289,700
Commission on PO, DD, TT, TC, etc	13,467,205	10,210,689
Other commission	14,579,980	15,343,067
	1,141,122,000	974,245,533
Foreign exchange gain	1,009,559,855	897,469,268
	2,150,681,855	1,871,714,801
23(a) Consolidated Commission, exchange and brokerage		
Bank Asia limited	2,156,115,753	1,877,813,941
Bank Asia Securities Ltd.	94,457,230	116,204,857
BA Exchange Company (UK) Limited	12,328,911	7,118,757
BA Express USA, Inc.	26,781,328	7,885,554
	2,289,683,222	2,009,023,109

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
24 Other operating income		
Conventional and Islamic banking (Note 24.1)	554,641,298	554,024,017
O-shore banking unit	17,886,640	10,704,545
	572,527,938	564,728,562
24.1 Conventional and Islamic banking		
Locker charge	9,790,314	8,631,810
Service and other charges	273,226,939	272,863,536
Master/Visa card fees and charges	105,989,827	95,288,754
Postage/telex/SWIFT/fax recoveries	101,787,095	90,370,107
Profit on sale of fixed assets	2,469,486	2,680,750
Non-operating income	14,642,228	23,134,455
Rebate on nostro account	36,271,455	55,881,044
Other income from brokerage	10,463,954	5,173,561
	554,641,298	554,024,017
24 (a) Consolidated other operating income		
Bank Asia Limited	572,527,938	564,728,562
Bank Asia Securities Ltd.	8,341,802	6,628,537
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	910,581	-
	581,780,321	571,357,099
25 Salaries and allowances		
Conventional and Islamic banking (Note 25.1)	2,155,844,975	1,821,359,360
O-shore banking unit	-	-
	2,155,844,975	1,821,359,360
25.1 Conventional and Islamic banking		
Basic salary	768,415,684	670,276,081
Allowances	796,352,904	683,698,617
Festival bonus	122,913,433	109,436,191
Gratuity	186,568,379	92,816,391
Provident fund contribution	71,594,575	60,132,080
Performance bonus	210,000,000	205,000,000
	2,155,844,975	1,821,359,360
25(a) Consolidated Salaries and allowances		
Bank Asia Limited	2,155,844,975	1,821,359,360
Bank Asia Securities Ltd.	38,896,165	37,856,947
BA Exchange Company (UK) Limited	6,347,378	6,645,926
BA Express USA, Inc.	20,791,351	12,922,640
	2,221,879,869	1,878,784,873
26 Rent, taxes, insurance, electricity etc.		
Conventional and Islamic banking (Note 26.1)	513,820,868	429,637,292
O-shore banking unit	303,055	299,593
	514,123,923	429,936,885
26.1 Conventional and Islamic banking		

Amount in Taka

	31 Dec 2015	31 Dec 2014
Rent, rate and taxes	292,281,104	267,737,747
Insurance	135,184,695	95,096,930
Power and electricity	86,355,069	66,802,615
	513,820,868	429,637,292
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
Bank Asia Limited	514,123,923	429,936,885
Bank Asia Securities Ltd.	11,873,361	12,323,515
BA Exchange Company (UK) Limited	8,608,629	6,542,620
BA Express USA, Inc.	6,873,632	4,535,361
	541,479,545	453,338,381
27 Legal expenses		
Conventional and Islamic banking (Note 27.1)	9,632,359	10,474,191
O□-shore banking unit	-	-
	9,632,359	10,474,191
27.1 Conventional and Islamic Banking		
Legal expenses	9,632,359	10,474,191
Other professional charges	-	-
	9,632,359	10,474,191
27(a) Consolidated Legal expenses		
Bank Asia Limited	9,632,359	10,474,191
Bank Asia Securities Ltd.	27,378	102,078
BA Exchange Company (UK) Limited	224,992	1,084,906
BA Express USA, Inc.	1,733,428	1,937,539
	11,618,157	13,598,714
28 Postage, stamps, telecommunication etc.		
Conventional and Islamic banking (Note 28.1)	76,632,695	68,051,160
O□-shore banking unit	344,451	198,837
	76,977,146	68,249,997
28.1 Conventional and Islamic banking		
Telephone, courier and postage	53,844,741	50,004,090
Master/VISA card process fee	6,609,724	2,171,123
ATM charge	2,070,231	2,057,389
SWIFT and Reuter charge	11,806,778	11,402,162
Internet	2,301,221	2,416,396
	76,632,695	68,051,160
28(a) Consolidated Postage, stamps, telecommunication etc.		
Bank Asia Limited	76,977,146	68,249,997
Bank Asia Securities Ltd.	2,144,607	2,563,731
BA Exchange Company (UK) Limited	460,136	443,279
BA Express USA, Inc.	387,494	182,699
	79,969,383	71,439,706

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
29 Stationery, printing, advertisements etc.		
Conventional and Islamic banking (Note 29.1)	99,636,353	75,546,760
O□-shore banking unit	-	-
	99,636,353	75,546,760
29.1 Conventional and Islamic banking		
O□ce and security stationery	41,843,883	40,435,391
Calendar, diary, souvenir, etc	14,496,200	523,400
ATM card	3,039,007	417,587
Books and periodicals	1,756,523	2,022,487
Publicity and advertisement	38,500,740	32,147,895
	99,636,353	75,546,760
29(a) Consolidated Stationery, printing, advertisements etc.		
Bank Asia Limited	99,636,353	75,546,760
Bank Asia Securities Ltd.	324,261	677,192
BA Exchange Company (UK) Limited	221,607	247,184
BA Express USA, Inc.	1,214,455	1,043,223
	101,396,676	77,514,359
30 Managing Director's salary and fees		
Basic salary	8,400,000	6,903,225
House rent allowance	900,000	1,274,194
Entertainment allowances	180,000	441,936
Incentive bonus	1,000,000	1,000,000
Festival bonus	1,400,000	1,200,000
Utility allowance and others	1,692,000	1,504,904
House maintenance allowance	420,000	345,162
Provident fund	840,000	690,323
Leave fare assistance	1,900,000	800,000
	16,732,000	14,159,744
31 Directors' fees		
Directors' fees	4,692,000	2,770,000
	4,692,000	2,770,000
31(a) Consolidated Directors' fees		
Bank Asia Limited	4,692,000	2,770,000
Bank Asia Securities Ltd.	148,350	201,250
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	4,840,350	2,971,250
32 Auditors' fees		
Statutory audit fees	915,000	690,000
Others	-	-
	915,000	690,000

Amount in Taka

	31 Dec 2015	31 Dec 2014
32(a) Consolidated Auditors fees		
Bank Asia Limited	915,000	690,000
Bank Asia Securities Ltd.	95,833	86,250
BA Exchange Company (UK) Limited	681,043	751,320
BA Express USA, Inc.	1,576,126	695,787
	3,268,002	2,223,357
33 Depreciation and repair of Bank's assets		
Conventional and Islamic banking (Note 33.1)	440,926,534	440,558,108
O□-shore banking unit	247,743	84,913
	441,174,277	440,643,021
33.1 Conventional and Islamic banking		
Depreciation		
Owned assets	370,992,721	366,233,871
Leased assets	4,580,004	4,911,967
	375,572,725	371,145,838
Repairs		
Building	14,197,446	20,023,948
Furniture and fixtures	525,824	510,265
Equipments	3,948,877	4,699,211
	18,672,147	25,233,424
Maintenance	46,681,662	44,178,846
	440,926,534	440,558,108
33(a) Consolidated Depreciation and repairs of Bank's assets		
Bank Asia Limited	441,174,277	440,643,021
Bank Asia Securities Ltd.	4,814,386	4,722,446
BA Exchange Company (UK) Limited	1,689,654	2,472,344
BA Express USA, Inc.	768,000	764,287
	448,446,317	448,602,098
34 Other expenses		
Conventional and Islamic banking (Note 34.1)	989,974,309	1,038,409,564
O□-shore banking unit	11,552,920	5,129,312
	1,001,527,229	1,043,538,876
34.1 Conventional and Islamic banking		
Car expenses	242,956,324	222,743,910
Contractual service expenses	294,183,822	274,091,811
Computer expenses	142,777,486	100,100,159
Other management and administrative expenses	166,846,045	117,352,564
Entertainment	36,232,836	28,242,116
AGM/EGM expenses	12,115,155	3,687,389
O□ce plantation	5,295,104	5,903,365
Payment to superannuation fund	2,400,000	2,400,000
Finance charge for lease assets	808,038	1,362,816
Donation and subscription to institutions	48,138,375	241,280,869

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
Travelling expenses	27,495,445	27,620,298
Training and internship	10,029,089	12,869,587
Directors' travelling expenses	196,590	214,240
Sharia council fees	500,000	500,000
Write off fixed assets	-	40,440
	989,974,309	1,038,409,564
34(a) Consolidated other expenses		
Bank Asia Limited	1,001,527,229	1,043,538,876
Bank Asia Securities Ltd.	51,367,135	26,135,478
BA Exchange Company (UK) Limited	3,288,043	4,219,758
BA Express USA, Inc.	9,560,764	12,033,695
	1,065,743,171	1,085,927,807
34(b) Provision for loans and advances/investments and off-balance sheet items		
Conventional and Islamic banking	1,850,636,460	1,408,590,883
Off-shore banking unit	21,106,002	41,785,264
	1,871,742,462	1,450,376,147
Break up of provision for loans and advances/Investments is shown below:		
General provision		
Conventional and Islamic banking	1,517,658,297	74,427,862
Off-shore banking unit	21,568,890	43,159,444
	1,539,227,187	117,587,306
Specific provision		
Conventional and Islamic banking	79,616,253	1,289,159,944
Off-shore banking unit	-	-
	79,616,253	1,289,159,944
Adjust with General provision	-	-
	79,616,253	1,289,159,944
Provision for off-balance sheet items		
Conventional and Islamic banking	253,361,910	45,003,077
Off-shore banking unit	(462,888)	(1,374,180)
	252,899,022	43,628,897
	1,871,742,462	1,450,376,147
34(c) Consolidated Provision charge for the year against loans and advances/investments		
Bank Asia Limited	1,881,742,462	1,561,876,147
Bank Asia Securites Limited:		
Specific Provision	28,000,000	175,494,169
Provision for diminution in value of investments	-	6,852,383
Other provisions	-	-
	28,000,000	182,346,552
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	-	-
	1,909,742,462	1,744,222,699

Amount in Taka

	31 Dec 2015	31 Dec 2014
35 Receipts from other operating activities		
Conventional and Islamic banking (Note 35.1)	1,713,617,575	1,126,183,474
O-shore banking unit	17,886,640	10,704,545
	1,731,504,215	1,136,888,019
35.1 Conventional and Islamic banking		
Locker charge	9,790,314	8,631,810
Service and other charges	273,226,939	272,863,536
Master card fees and charges	105,989,827	95,288,754
Postage/telex/SWIFT/ fax recoveries	101,787,095	90,370,107
Non-operating income	1,222,823,400	659,029,267
	1,713,617,575	1,126,183,474
35(a) Consolidated Receipts from other operating activities		
Bank Asia Limited	1,731,504,215	1,136,888,019
Bank Asia Securities Ltd.	8,341,802	6,628,537
BA Exchange Company (UK) Limited	-	-
BA Express USA, Inc.	910,581	
	1,740,756,598	1,143,516,556
36 Payments for other operating activities		
Conventional and Islamic banking (Note 36.1)	1,612,238,699	1,568,456,877
O-shore banking unit	11,855,975	299,593
	1,624,094,674	1,568,756,470
36.1 Conventional and Islamic banking		
Rent, rates and taxes	514,123,923	429,936,885
Legal expenses	9,632,359	10,474,191
Directors' fees	4,692,000	2,770,000
Postage, stamp, telecommunication, etc	76,977,146	68,249,997
Other expenses	989,166,271	1,042,176,060
Managing Director's salary	16,732,000	14,159,744
Auditors' fee	915,000	690,000
	1,612,238,699	1,568,456,877
36(a) Payments for other operating activities		
Bank Asia Limited	1,624,094,674	1,568,756,470
Bank Asia Securities Ltd.	65,656,664	41,412,302
BA Exchange Company (UK) Limited	13,262,843	13,041,883
BA Express USA, Inc.	20,131,444	19,385,081
	1,723,145,625	1,642,595,736
37 Earnings per share (EPS)		
Net profit after tax (Numerator)	2,573,920,194	2,218,692,697
Number of ordinary shares outstanding (Denominator)	762,995,594	762,995,594
Issue of bonus shares 10%	76,299,559	76,299,559
Number of ordinary shares outstanding (Denominator)	839,295,153	839,295,153
Earnings per share (EPS)	3.07	2.64

Earnings per share has been calculated in accordance with BAS 33: "Earnings Per Share (EPS)". Earnings per share for previous year has been restated since the bonus issue is an issue without consideration of cash. It is treated as if it has occurred prior to the beginning of 2014, the earliest period reported. Actual EPS for December 2014 was Taka 2.91.

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
37(a) Consolidated Earnings per share (EPS)		
Net profit after tax (Numerator)	2,550,070,034	2,012,557,417
Number of ordinary shares outstanding (Denominator)	839,295,153	839,295,153
Earnings per share (EPS)	3.04	2.40

38 Number of employees

The number of employees receiving remuneration of Taka 36,000 or above per employee per year were 1,839 (2014: 1,773).

39 Audit committee

The Board of Directors of Bank Asia Limited constituted the Audit Committee of the Board, in compliance with the Bangladesh Bank directives in the 44th meeting held on January 18, 2003. The Audit Committee was formed with the objectives to establishing a platform for a compliant and secured banking structure in the bank. The present Audit Committee was reconstituted the Board in the 312th meeting held on March 31, 2015 consisting of the following members:

Name	Status in the Audit Committee	Educational qualification
Mr. Mohammed Lakiotullah	Chairman	M.sc
Mr. Mashiur Rahman	Vice Chairman	M.Com
Mr. A Rouf Chowdhury	Member	Graduate in Business Management from USA
Mr. Mohd. Safwan Choudhury	Member	BA (Hon's) MA
Mr. A M Nurul Islam	Member	BA (Hon's) MA

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

No. of meeting	Date	No. of meeting	Date
155th Audit	18th Jan, 2015	165th Audit	21st June, 2015
156th Audit	25th Jan, 2015	166th Audit	12th July, 2015
157th Audit	8th Feb, 2015	167th Audit	4th August, 2015
158th Audit	26th Feb, 2015	168th Audit	23rd August, 2015
159th Audit	15th March, 2015	169th Audit	15th September, 2015
160th Audit	5th April, 2015	170th Audit	21st October, 2015
161st Audit	19th April, 2015	171st Audit	17th November, 2015
162nd Audit	29th April, 2015	172nd Audit	15th December, 2015
163rd Audit	17th May, 2015		
164th Audit	7th June, 2015		

In the year 2015, the Audit Committee held 18 (eighteen) meetings in which, the following issues, among others, were reviewed and discussed:

1 External Audit Report of the Bank and the recommendations made there under.
2 Bangladesh Bank comprehensive inspection report and the recommendations made there under.
3 Audit & Inspection reports on the branches, divisions and departments of the Corporate O□ce prepared by the Internal Control and Compliance (ICC) Division of the Bank.
4 Actions taken by the management in regard to deficiencies raised in the Bangladesh Bank Inspection report and by the Internal Audit and Inspection Team of the Bank.
5 The corrective measures taken by the Management in regard to the lapses pointed out by the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority.
6 The compliance status of the audit objections and the recommendations made by the Bangladesh Bank inspectors, External Auditors and the Internal Auditors in the reports.
7 Management Report on Accounts of the Bank for the year ended on 31.12.2015.
8 Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk along with the compliance thereof.
9 The review of status of recovery of classified loans and providing with the necessary guidelines to the management to contain the NPLs.

The Audit Committee has further satisfied itself that

* The rules and regulations of the Bangladesh Bank and all other regulatory authorities and Bank's own policy guidelines approved by the Board of Directors of the Bank are to be duly complied with.
* Internal control and security measures have been adequately undertaken by the Bank towards facilitating Information Technology (IT) based banking including generation of proper Management Information System (MIS).

Amount in Taka

	31 Dec 2015	31 Dec 2014

* The system of Internal Control and the business processes have been strengthened including development of human resources towards creation of a compliance culture in the bank.
* The e□orts have been made to keep assets of the Bank safe along with liabilities and commitments are made transparent.
* The Financial Statements of the Bank have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and contained full disclosure.

40 RELATED PARTY TRANSACTIONS

While making any related party transactions the management always pays proper attention to economic e□ciency 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 2015 is given below:

Name of Organization	Relationship	Service Type	Transaction amount (TK)
Rangs Properties	Common Directors & Close family members Director	O□ce Rent	89,993,278
Agro Food Services Ltd.	Common Directors & Close family members Director	O□ce Rent	26,654,496
Ranks Telecom	-do-	Mobile Phone	16,130,533
ZRC Engineering	Close family members Director	Transportation	11,015,807
Romask Ltd	Common Directors & Close family members Director	Printing	33,630,139
Rangs Industries Ltd.	-do-	Electronics items providers	81,900
Rancon Service Ltd.	-do-	Electric equipment Maintenance	14,836,381
Rangs workshop Ltd	-do-	Car repair and Services	580,796
Ranks ITT Ltd.	-do-	Network Connectivity fees	15,609,304
DHS Motors	-do-	Car providers	25,875,384
Shield Security Service	-do-	Security Service providers	137,031,828
Green Bangla	Close family members Director	Tree Plantation	189,922
The Shokaler Khabor	-do-	Advertising	3,783,870
Reliance Insurance	-do-	Insurance Service	17,182,246
The Daily Star	-do-	Advertising	2,848,498
Hajj Finanace	Common Directors	Lease Rental	4,666,051
ERA Infotech	Associate Company	Software vendor	62,085,612
Hajj Finanace	Common Directors	Lease obligation for lease Car	1,925,526
ERA Infotech Ltd	Associate	Investment in Share	383,700
Total			464,505,269

During the year 2015 Directors and their interest in di□erent entities are given in Annexure F

The Bank sanctioned the following facilities in favor of the Phulbari Tea Estates Ltd. and M. Ahmed Tea & Lands Co. Ltd. during the year 2015.

Name of the director having interest	Nature of facility	Limit(Taka)	Outstanding balance as at 31 December 2015 (Taka)	Nature of Security
Mr. Mohd. Safwan Chowdhury	Bank Guarantee	434,133	434,133	Lien on FDR

41 COVERAGE OF EXTERNAL AUDIT

The external auditors of the Bank, Hoda Vasi Chowdhury & Co, Chartered Accountants worked about 3,825 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

42 SHARE TRADING

The bank started trading its ordinary shares in CDBL on 30 January 2006. The closing market price on 31 December 2015 was Tk. 16.50 (2014: 16.7) at DSE and Tk. 16.3 (2014: 16.9) at CSE.

43 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its 335th meeting held on 09 March 2016 has recommended stock dividend @ 5% and cash dividend @ 15% subject to the approval of the shareholders at the next Annual General Meeting.

Other than the mentioned above issues, no material events which have occurred after the reporting period which could a□ect the values stated in the financial statements.

Bank Asia Highlights on the overall activities

as at and for the year ended 31 December 2015

Sl no.	Particulars	Amount in Taka		Amount in USD	
		2015	2014	2015	2014
1	Paid-up capital	8,392,951,530	7,629,955,940	107,258,167	97,507,424
2	Total capital	22,836,833,851	17,843,223,057	291,844,522	228,028,410
3	Capital (deficit)/surplus	4,512,095,351	2,085,761,057	57,662,560	26,655,093
4	Total assets	224,347,309,388	182,730,940,346	2,867,058,267	2,335,219,685
5	Total deposits	169,827,340,391	140,869,286,126	2,170,317,449	1,800,246,468
6	Total loans and advances / investments	136,396,335,681	116,808,854,559	1,743,084,162	1,492,764,914
7	Total contingent liabilities and commitments	94,579,682,894	71,527,154,594	1,208,686,043	914,085,043
8	Credit deposit ratio	80.31%	82.92%	80.31%	82.92%
9	Percentage of classified loans / investments against total loans and advances / investments	4.26%	5.31%	4.26%	5.31%
10	Profit after tax and provision	2,573,920,194	2,218,692,697	32,893,549	28,353,900
11	Amount of classified loans/investments during current year	5,808,871,841	6,200,550,000	74,234,784	79,240,256
12	Provisions kept against classified loans / investments	2,911,650,000	3,981,260,000	37,209,585	50,878,722
13	Provision surplus against classified loans / investments	1,060,124	445,795,351	13,548	5,697,065
14	Cost of fund	10.04%	10.57%	10.04%	10.57%
15	Interest earning assets	194,844,942,263	156,535,375,324	2,490,031,211	2,000,452,081
16	Non-interest earning assets	29,502,367,125	26,195,565,022	377,027,056	334,767,604
17	Return on investment (ROI) [PAT/(Shareholders' equity + Borrowing)]	7.44%	8.82%	7.44%	8.82%
18	Return on assets (ROA) [PAT/ Average assets]	1.26%	1.28%	1.26%	1.28%
19	Income from investment	4,890,834,267	4,029,119,872	62,502,674	51,490,350
20	Capital to Risk Weighted Asset Ratio (CRAR)	12.46%	11.32%	12.46%	11.32%
21	Earnings per share	3.07	2.64	0.04	0.03
22	Net income per share	3.07	2.64	0.04	0.03
23	Price earning ratio	5.38	6.24	5.38	6.24

Exchange rate used 1 USD equivalent to BDT 78.25

Bank Asia
Balance with other banks-Outside Bangladesh (Nostro Account)

as at 31 December 2015

Name of the Bank	Account type	2015				2014		
		Currency type	FC amount	Exchange rate	Equivalent Taka	FC amount	Exchange rate	Equivalent Taka
Conventional and Islamic banking:								
Interest bearing :								
Citibank N.A., London	CD	EURO	1,872.73	85.00	159,182	1,202.30	90.00	108,207
Citibank N.A., London	CD	GBP	691,402.64	120.00	82,968,317	26,114.22	130.00	3,394,849
Citibank N.A., New York	CD	USD	3,879.62	78.00	302,610	159,810.56	70.00	11,186,739
Habib American Bank, New York	CD	USD	1,851,606.19	78.00	144,425,283	1,838.61	70.00	128,703
Mashreqbank psc, New York	CD	USD	10,899.54	78.00	850,164	36,894.11	70.00	2,582,588
Standard Chartered Bank, Mumbai	CD	ACU	75,643.78	78.00	5,900,215	4,387.77	70.00	307,144
Standard Chartered Bank, New York	CD	USD	99,595.25	78.00	7,768,430	24,681.88	70.00	1,727,732
					242,374,200			19,435,961
Non-interest bearing :								
AB Bank Ltd., Mumbai	CD	ACU	146,159.75	78.00	11,400,461	2,055.82	70.00	143,907
Bhutan National Bank Ltd., Thimphu	CD	USD	40,135.86	78.00	3,130,597	23,932.95	70.00	1,675,307
Commerzbank AG, Frankfurt	CD	USD	7,623.35	78.00	594,621	3,297.13	70.00	230,799
Caisse Centrale Desjardins	CD	CAD	2,332.54	60.00	139,952	3,418.62	55.00	188,024
Commerzbank AG, Frankfurt	CD	EURO	4,176,776.65	85.00	355,026,015	25,734.16	90.00	2,316,074
Zurcher Kantonal Bank, Switzerland	CD	CHF	3,852.89	80.00	308,231	1,684.16	50.00	84,208
Habib Metropolitan Bank Ltd., Karachi	CD	ACU	3,520.12	78.00	274,569	1,793.69	70.00	125,558
National Australia Bank Limited, Melbourne	CD	AUD	9,782.44	55.00	538,034	26,234.45	50.00	1,311,723
Unicredit Bank AG Munich	CD	EURO	9,084.05	85.00	772,144	4,803.87	90.00	432,348
Habib Bank UK. London	CD	GBP	7,738.17	120.00	928,580	4,114.79	130.00	534,923
ICICI Bank Ltd., Kowloon	CD	USD	10,675.30	78.00	832,673	1,456.75	70.00	101,973
ICICI Bank Ltd., Mumbai	CD	ACU	261,069.65	78.00	20,363,433	3,352.32	70.00	234,662
Muslim Commercial Bank Ltd., Colombo	CD	ACU	83,905.02	78.00	6,544,592	26,086.90	70.00	1,826,083
Muslim Commercial Bank Ltd., Karachi	CD	ACU	68,073.80	78.00	5,309,756	68,073.80	70.00	4,765,166
Nepal Bangladesh Bank Ltd., Kathmandu	CD	ACU	15,061.41	78.00	1,174,790	2,364.41	70.00	165,509
UBAF, Tokyo	CD	JPY	2,606,529.00	0.65	1,694,244	2,460,363.00	0.55	1,353,200
Wells Fargo Bank N.A., New York	CD	USD	18,203.38	78.00	1,419,864	49.61	70.00	3,473
Wells Fargo Bank N.A., London	CD	EURO	2,520.26	85.00	214,222	12,214.16	90.00	1,099,274
Sonali Bank (UK) Ltd.	CD	USD	69,565.93	78.00	5,426,143	20,755.92	70.00	1,452,914
Al Rajhi Bank, KSA	CD	SAR	72,005.00	22.00	1,584,110	72,005.00	22.00	1,584,110
Saudi Hollandi Bank, KSA	CD	SAR	4,987.00	22.00	109,714	4,987.00	22.00	109,714
JP Morgan Chase Bank, New York	CD	USD	84,972.63	78.00	6,627,865	253.26	70.00	17,728
Mashreqbank psc, Mumbai (EURO)	CD	EURO	7195.67	85.00	611,632	00000		
					425,026,243			19,756,677
Off-shore banking unit:								
Commerzbank AG, Frankfurt	CD	EURO	51.50	85.00	4,029	2.60	90.00	234
Habib American Bank, New York	CD	USD	603,531.08	78.25	47,226,307	305,297.33	70.00	21,370,447
Sonali Bank, London	CD	GBP	5.25	120.00	411	5.25	130.00	683
					47,230,747			21,371,364
					714,631,191			60,564,001

Annex B

Bank Asia Investment in Shares

as at 31 December 2015

Provision Requirement

SL. No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Per Share cost	Quoted rate per share 31 December 2015	Total market value as at 31 December 2015	31 December 2015 Unrealized profit /(loss)
	Quoted Share							
1	Khulna Power Company	10	4,265	406,760	95.37	74.90	319,449	(87,311)
2	Advanced Chemical Ind. Ltd.	10	37,768	5,429,490	143.76	561.60	21,210,509	15,781,019
3	AB Bank Limited	10	112,128	9,721,497	86.70	20.90	2,343,475	(7,378,022)
4	BSRM Limited	10	315,789	11,999,982	38.00	131.60	41,557,832	29,557,850
5	Dhaka Bank	10	409,134	15,813,029	38.65	19.70	8,059,940	(7,753,089)
6	Exim Bank	10	1,877,123	38,574,878	20.55	8.60	16,143,258	(22,431,620)
7	Goldenson	10	119,185	8,587,279	72.05	26.00	3,098,810	(5,488,469)
8	IDLC Finance	10	393,121	31,288,500	79.59	63.60	25,002,496	(6,286,005)
9	Islami Bank	10	196,158	6,974,560	35.56	27.80	5,453,192	(1,521,368)
10	Lanka Bangla Finance	10	585,050	55,895,677	95.54	29.00	16,966,450	(38,929,227)
11	Mercant Bank	10	3,617,290	99,660,403	27.55	10.70	38,705,003	(60,955,400)
12	National Housing Fin & Inv Ltd.	10	263,500	13,094,325	49.69	34.80	9,169,800	(3,924,525)
13	Phoenix Finance	10	1,024,148	49,442,462	48.28	20.90	21,404,693	(28,037,768)
14	Prime Finance	10	72,576	12,001,824	165.37	11.40	827,366	(11,174,458)
15	Prime Insurance	10	60,564	5,467,112	90.27	15.00	908,460	(4,558,652)
16	Pubali Bank	10	6	208	34.65	21.60	130	(78)
17	Reliance Insurance	10	91,451	7,343,515	80.30	49.00	4,481,099	(2,862,416)
18	Southeast Bank	10	1,072,181	34,732,696	32.39	17.60	18,870,386	(15,862,311)
19	United Commercial Bank	10	2,163,993	63,772,870	29.47	21.30	46,093,051	(17,679,819)
20	Premier Bank	10	3,196,083	66,798,135	20.90	8.60	27,486,314	-39,311,821
	Sub total			537,005,201			308,101,712	(228,903,489)
	Available cash balance			38,127,791				
				575,132,992				
	Mutual Fund		Total Units	Total cost	NAV*0.85	Cost Price		
21	1st Janata Bank MF	10	6,110,730	50,000,000	8.18	4.30	26,276,139	-
22	MBL 1ST MF	10	5,000,000	50,000,000	10.00	5.70	28,500,000	(1,550,000)
23	EBL NRB MF	10	18,670,375	149,665,000	8.02	4.10	76,548,538	-
24	FBDF income	10	32,298,689	250,000,000	7.74	6.30	203,481,741	-
25	EXIM BANK 1ST MF	10	15,000,000	150,000,000	8.47	5.50	82,500,000	-
26	EXIM BANK 1ST MF	10	14,381,990	98,740,000	8.47	5.50	79,100,945	-
	Sub total			748,405,000			496,407,362	(1,550,000)
	A. Provision requirement for quoted stocks							(230,453,489)

SL. No.	Name of the company	Face value	No. of shares including bonus shares	Cost of holding	Average cost	Uquoted rate		31 December 2015 Unrealized profit/ (loss)
						per share (NAV)	Total book value as at 31 December 2015	
	Unquoted Share							
1	Industrial & Infrastructure Development Finance Co. Limited	10	7,329,110	29,683,838	4.05	15.03	110,152,598	80,468,760
2	Central Depository Bangladesh Limited	10	1,142,361	3,138,890	2.75	29.36	33,538,586	30,399,696
3	Era-Infotech Limited	100	3,837	383,700	100.00	5,041.49	19,344,206	18,960,506
4	Bangladesh Rating Agency Limited	100	32,015	3,201,512	100.00	22.03	705,374	(2,496,138)
5	MSF Asset Management Co. Ltd.	10	200,000	2,000,000	10.00	10.00	2,000,000	-
6	ACME Laboratories Ltd.	10	1,000,000	52,000,000	52.00	70.37	70,370,000	18,370,000
7	Investment in SWIFT share	233,543	22	5,137,940	22	233,543	5,137,940	-
8	Energypac Power Generation Limited	10	1,192,800	49,984,000	41.90	31.92	38,074,867	(11,909,133)
	B. Provision requirement for unquoted stocks			145,529,880			279,323,571	133,793,691
	C. Provision Requirement for quoted and unquoted stocks (A+B)							(96,659,798)
	D. Provision maintained							143,383,553
	E. Provision Excess / (Shortfall)							46,723,755

Annex C-1

Bank Asia
Conventional Banking, Islamic Banking and Off-shore Banking unit
Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2015

Particulars	Cost					Rate %	Depreciation					Written down value as at 31 Dec 2015
	Balance as at 01 Jan 2015	Addition during the year	Revaluation	Disposal/ adjustment during the year	Balance as at 31 Dec 2015		Balance as at 01 Jan 2015	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2015	
Own assets												
Land	2,643,839,095	-	-	-	2,643,839,095	-	-	-	-	-	-	2,643,839,095
Building	2,432,146,347	-	-	-	2,432,146,347	5	488,091,636	78,680,508	51,717,241	-	618,489,385	1,813,656,962
Furniture and fixtures	851,069,017	62,396,940	-	(1,650,000)	911,815,957	20	521,979,778	121,840,103	-	(894,167)	642,925,714	268,890,243
Equipments	476,889,285	84,427,222	-	-	561,316,507	20	330,444,904	63,867,873	-	-	394,312,777	167,003,730
Computer and accessories	218,077,263	36,231,213	-	-	254,308,476	20	152,246,405	28,914,293	-	-	181,160,698	73,147,778
Motor vehicles	150,141,839	28,511,145	-	-	178,652,984	20	102,690,472	23,176,890	-	-	125,867,362	52,785,622
Sub-total	6,772,162,847	211,566,520	-	(1,650,000)	6,982,079,367		1,595,453,195	316,479,667	51,717,241	(894,167)	1,962,755,936	5,019,323,431
Leased assets												
Building	49,573,087	-	-	-	49,573,087	5	16,455,450	800,000	3,730,340	-	20,985,790	28,587,297
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	-	18,900,000	20	15,120,000	3,780,000	-	-	18,900,000	-
Sub-total	414,041,174	-	-	-	414,041,174		377,143,537	4,580,000	3,730,340	-	385,453,877	28,587,297
Total	7,186,204,021	211,566,520	-	(1,650,000)	7,396,120,541		1,972,596,732	321,059,667	55,447,581	(894,167)	2,348,209,813	5,047,910,728
Work in Progress												
Building-Kawran Bazar*	-	11,476,071.00	-	-	11,476,071.00		-	-	-	-	-	11,476,071.00
Building Lalmatia**	-	16,120,000.00	-	-	16,120,000.00		-	-	-	-	-	16,120,000.00
Total	-	27,596,071.00	-	-	27,596,071.00		-	-	-	-	-	27,596,071.00
Grand Total	7,186,204,021	239,162,591	-	(1,650,000)	7,423,716,612		1,972,596,732	321,059,667	55,447,581	(894,167)	2,348,209,813	5,075,506,799

* For construction of 12 storied commercial building with 22 stored foundation
** For construction of 6 storied building over the existing 2 storied building

Bank Asia
Conventional and Islamic banking
Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2014

Particulars	Cost					Rate of dep. %	Depreciation					Written down value as at 31 Dec'2014
	Balance as at 01 Jan '2014	Additions during the year	Revaluation	Disposal/ adjustment during the year	Balance as at 31 Dec 2014		Balance as at 01 Jan '2014	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec'2014	
Own assets												
Land	2,643,839,095	-		-	2,643,839,095	-	-	-	-	-	-	2,643,839,095
Building	2,432,146,347	-		-	2,432,146,347	5	362,003,673	78,680,493	47,407,470	-	488,091,636	1,944,054,711
Furniture and fixtures	673,363,445	178,855,572		(1,150,000)	851,069,017	20	404,245,452	118,290,267	-	(555,944)	521,979,775	329,089,236
Equipments	405,463,926	71,425,359		-	476,889,285	20	262,431,826	68,013,078	-	-	330,444,904	146,444,381
Computer and accessories	184,233,790	33,843,473		-	218,077,263	20	123,653,129	28,593,276	-	-	152,246,405	65,830,858
Motor vehicles	139,108,575	13,833,264		(2,800,000)	150,141,839	20	82,369,892	23,120,580	-	(2,800,000)	102,690,472	47,451,367
Sub-total	6,478,155,178	297,957,669	-	(3,950,000)	6,772,162,847		1,234,703,972	316,697,694	47,407,470	(3,355,944)	1,595,453,192	5,176,709,652
Leased assets												
Building	49,573,087	-	-	-	49,573,087	5	12,235,966	800,003	3,419,481	-	16,455,450	33,117,637
Furniture and fixtures	167,162,848	-	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	-
Equipments	106,201,139	-	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	-	18,900,000	20	11,340,000	3,780,000	-	-	15,120,000	3,780,000
Sub-total	414,041,174	-	-	-	414,041,174		369,144,053	4,580,003	3,419,481	-	377,143,537	36,897,637
Total	6,892,196,352	297,957,669	-	(3,950,000)	7,186,204,021		1,603,848,025	321,277,697	50,826,951	(3,355,944)	1,972,596,729	5,213,607,289

Annex C-3

Bank Asia Limited and its Subsidiaries
Consolidated Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2015

Particulars	Cost				Rate of dep. %	Depreciation					Written down value as at 31 Dec 2015
	Balance as at 01 Jan 2015	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2015		Balance as at 01 Jan 2015	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2015	
Own assets											
Land	2,643,839,095	-	-	2,643,839,095	0	-	-	-	-	-	2,643,839,095
Building	2,432,146,347	-	-	2,432,146,347	5	488,091,636	78,680,508	52,485,241	-	619,257,385	1,812,888,962
Furniture and fixtures	862,347,554	62,442,592	(1,650,000)	923,140,145	20	530,482,249	122,425,157	-	(894,167)	652,013,239	271,126,906
Equipments	483,477,089	84,640,819	-	568,117,908	20	334,876,224	66,515,323	-	-	401,391,547	166,726,361
Computer and accessories	225,601,486	36,261,600	-	261,863,086	20	157,851,126	30,496,175	-	-	188,347,301	73,515,785
Motor vehicles	150,141,839	28,511,145	-	178,652,984	20	102,690,472	23,176,890	-	-	125,867,362	52,785,622
Sub-total	6,797,553,410	211,856,155	(1,650,000)	7,007,759,565		1,613,991,707	321,294,053	52,485,241	(894,167)	1,986,876,834	5,020,882,731
Leased assets											
Leasehold (BA Exchange (UK) Ltd.	-	-	-	-	0	-	-	-	-	-	-
Building	72,964,732	-	-	72,964,732	5	22,664,503	2,233,622	3,730,340	-	28,628,465	44,336,267
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	(0)
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	15,120,000	3,780,000	-	-	18,900,000	-
Sub-total	437,432,819	-	-	437,432,819		383,352,590	6,013,622	3,730,340	-	393,096,552	44,336,267
Total	7,234,986,229	211,856,155	(1,650,000)	7,445,192,384		1,997,344,298	327,307,675	56,215,581	(894,167)	2,379,973,387	5,065,218,998
Work in Progress											
Building-Kawran Bazar*	-	11,476,071.00	-	11,476,071.00						-	11,476,071.00
Building Lalmatia**	-	16,120,000.00	-	16,120,000.00						-	16,120,000.00
Total	-	27,596,071.00	-	27,596,071.00		-	-	-	-	-	27,596,071.00
Grand Total	7,234,986,229	239,452,226	(1,650,000)	7,472,788,455	-	1,997,344,298	327,307,675	56,215,581	(894,167)	2,379,973,387	5,092,815,069

* For construction of 12 storied commercial building with 22 stored foundation
** For construction of 6 storied building over the existing 2 storied building

Bank Asia Limited and its Subsidiaries
Consolidated Schedule of fixed assets including premises, furniture and fixtures

as at 31 December 2014

Particulars	Cost				Rate of dep. %	Depreciation					Written down value as at 31 Dec 2014
	Balance as at 01 Jan 2014	Additions during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2014		Balance as at 01 Jan 2014	Charged during the year	Charged from Revaluation reserve during the year	Disposal/ adjustment during the year	Balance as at 31 Dec 2014	
Own assets											
Land	2,643,839,095	-	-	2,643,839,095	0	-	-	-	-	-	2,643,839,095
Building	2,432,146,347	-	-	2,432,146,347	5	362,003,673	78,680,493	47,407,470	-	488,091,636	1,944,054,711
Furniture and fixtures	686,450,148	179,589,556	(3,692,150)	862,347,554	20	412,170,963	121,152,683	-	(2,841,398)	530,482,249	331,865,305
Equipments	410,782,401	72,694,688	-	483,477,089	20	265,547,698	69,328,526	-	-	334,876,224	148,600,865
Computer and accessories	191,687,413	33,914,073	-	225,601,486	20	127,753,006	30,098,120	-	-	157,851,126	67,750,360
Motor vehicles	139,108,575	13,833,264	(2,800,000)	150,141,839	20	82,369,892	23,120,580	-	(2,800,000)	102,690,472	47,451,367
Sub-total	6,504,013,979	300,031,581	(6,492,150)	6,797,553,410		1,249,845,232	322,380,403	47,407,470	(5,641,398)	1,613,991,707	5,183,561,703
Leased assets											
Leasehold (BA Exchange (UK) Ltd.	-	-	-	-	0	-	-	-	-	-	-
Building	65,543,048	8,323,429	(901,745)	72,964,732	5	16,494,600	2,750,422	3,419,481	-	22,664,503	50,300,229
Furniture and fixtures	167,162,848	-	-	167,162,848	20	167,162,848	-	-	-	167,162,848	(0)
Equipments	106,201,139	-	-	106,201,139	20	106,201,139	-	-	-	106,201,139	-
Computer and accessories	72,204,100	-	-	72,204,100	20	72,204,100	-	-	-	72,204,100	-
Motor vehicles	18,900,000	-	-	18,900,000	20	11,340,000	3,780,000	-	-	15,120,000	3,780,000
Sub-total	430,011,135	8,323,429	(901,745)	437,432,819		373,402,687	6,530,422	3,419,481	-	383,352,590	54,080,229
Total	6,934,025,114	308,355,010	(7,393,895)	7,234,986,229		1,623,247,919	328,910,825	50,826,951	(5,641,398)	1,997,344,298	5,237,641,931

Annex D

Bank Asia Limited
Statement of tax position

as at 31 December 2015

Accounting year	Assessment year	Tax provision as per accounts	Tax demand as per assessment order	Excess/(Short) provision	Status
2000	2001-2002	2,000,000	7,080,931	(5,080,931)	Assessment finalized
2001	2002-2003	42,626,674	38,156,227	4,470,447	Assessment finalized
2002	2003-2004	91,950,000	83,933,056	8,016,944	Assessment finalized
2003	2004-2005	165,000,000	155,712,331	9,287,669	Assessment finalized
2004	2005-2006	166,807,728	187,552,594	(20,744,866)	Assessment finalized
2005	2006-2007	220,089,576	273,929,209	(53,839,633)	Assessment finalized
2006	2007-2008	432,447,206	433,037,008	(589,802)	Assessment finalized
2007	2008-2009	704,871,326	707,990,638	(3,119,312)	Assessment finalized
2008	2009-2010	790,000,000	715,369,681	74,630,319	Assessment finalized
2009	2010-2011	779,000,000	928,407,967	(149,407,967)	Assessment finalized
2010	2011-2012	1,498,735,610	1,874,438,423	(375,702,813)	Tax Appellate commissioner
2011	2012-2013	1,515,992,334	1,738,409,929	(222,417,595)	Tax Appellate tribunal
2012	2013-2014	1,788,554,541	1,757,614,602	30,939,939	Assessment finalized
2013	2014-2015	2,041,583,693	1,598,721,337	442,862,356	Assessment finalized
2014	2015-2016	1,947,162,329	1,700,830,400	246,331,929	Return submitted
2015	2016-2017	1,534,738,646	-	-	

Bank Asia Limited Details of Large Loan

as at 31 December 2015

	2015	2014
Number of clients	15	16
Amount of outstanding advances (Taka)	44,569.68	40,802.60
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) 2015			Outstanding (Taka) 2014		
		Funded	Non Funded	Total	Funded	Non Funded	Total
1	Abul Khair Steel Industries Ltd.	662.13	2,523.83	3,185.96	1,423.60	975.50	2,399.10
2	Abdul Monem Ltd.	-	-	-	1,764.00	965.40	2,729.40
3	Apex adelchi footwear	1,768.11	614.99	2,383.10	2,122.30	813.80	2,936.10
4	Bank asia securities Ltd.	2,880.01	300.00	3,180.01	2,751.20	300.00	3,051.20
5	BRAC	50.48	3,685.59	3,736.07	596.50	1,939.60	2,536.10
6	Basundhara Group	1,568.02	721.21	2,289.23	1,435.00	504.70	1,939.70
7	City Sugar Industries Ltd.	1,000.26	1,586.82	2,587.08	561.20	1,698.00	2,259.20
8	Echotex	819.64	1,902.40	2,722.04	232.50	2,041.00	2,273.50
9	Kabir Steel Re-Rolling Mills Ltd.	-	-	-	1,472.60	1,923.10	3,395.70
10	Meghna Group	0.09	2,517.46	2,517.55	-	-	-
11	Partex Group	835.96	3,372.31	4,208.27	304.80	1,620.20	1,925.00
12	Pran RFL Group	1,153.12	1,864.09	3,017.21	914.00	1,540.80	2,454.80
13	Prime ship recycling limited	-	-	-	2,018.80	-	2,018.80
14	S.A group	3,122.93	-	3,122.93	2,543.90	465.60	3,009.50
15	Summit Group	594.38	2,547.61	3,141.99	1,000.40	2,491.90	3,492.30
16	Spectra Engineers Limited	866.41	1,807.97	2,674.38	-	-	-
17	Thermax Group	1,436.11	867.06	2,303.17	1,612.30	548.10	2,160.40
18	Western Marine Group	1,077.70	2,422.99	3,500.69	1,237.40	984.40	2,221.80
	Total	17,835.35	26,734.33	44,569.68	21,990.50	18,812.10	40,802.60

Annex F

Bank Asia Limited
Names of Directors and their interest in different entities

as at 31 December 2015

Sl. no.	Name	Status with the Bank	Names of firms/companies in which interested as proprietor/director/managing agent/guarantor/ employee/partner, etc.
1.	**Mr. A Rouf Chowdhury**	Chairman	Rangs Limited
			Rangs Workshop Limited
			Rangs Industries Limited
			Rangs Properties Limited
			Rangs Motors Limited
			Rancon Engineering Limited
			Rangs Pharmaceuticals Limited
			Ranks ITT Limited
			Ranks Telecom Limited
			Ranks Petroleum Limited
			Ranks Interiors Limited
			Rancon Motors Limited
			Rancon Services Limited
			Shield Security Services Limited
			Ranks Agro Bioteq Limited
			Rancon Autos Limited
			Ranks FC properties Limited
			Rancon Automobiles Limited
			Ranks Steel Limited
			Ranks Real Estate Limited
			Ranks Motors Workshop Limited
			Metro Foils Limited
			Sea Resources Limited
			Sea Fishers Limited
			Deep Sea Fishers Limited
			Sea Resources Agencies Limited
			Fishers Shipyard Limited
			Sea Resources Cold Storage Limited
			Sea Mans Dockyard & Fish Meal Limited
			Rancon Motor Bikes Limited
			Zest Polymer Limited
			The Daily Star
			Daily Shokaler Khabor Publications Limited
			Bank Asia Limited
2.	**Mr. Mohd. Safwan Choudhury**	Vice Chairman	M. Ahmed Tea & Lands Co.
			Phulbari Tea Estates Limited
			M. Ahmed Cold Storage Limited
			M. Ahmed Food & Spices Limited
			Premier Dyeing & Calendaring Limited
			Anandaniketan Limited
			Bank Asia Limited
3.	**Mr. A.M.Nurul Islam**	Vice Chairman & Independent Director	Bank Asia Limited
4.	**Mr.Rumee A Hossain**	Director	Rangs Industries Limited
			Ranks ITT Limited
			Romask Limited
			Rangs Pharmaceuticals Limited
			Ranks Telecom Limited
			Ranks Petroleum Limited
			Bank Asia Limited
5.	**Ms. Hosneara Sinha**	Director	Sinha Apparels Limited
			ZMS Fashions Limited
			Sinha Auto Spinning Mills Limited
			Sattar Jute Mills Limited
			Pritha Apparels Limited
			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.
6.	**Ms. Farhana Haq Chowdhury**	Director	Rangs Pharmaceuticals Limited
			Ranks Telecom Limited
			Rancon Automobiles Limited
			DHS Motors Limited
			Rancon Motor Bikes Limited
			Bank Asia Limited
7.	**Mr.Mohammed Lakiotullah**	Independent Director	Bank Asia Limited
8.	**Mr. M Shahjahan Bhuiyan**	Independent Director	Bank Asia Limited
9.	**Ms. Sohana Rouf Chowdhury**	Director	Rangs Limited
			Rangs Workshop Limited
			Rangs Industries 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
			Rancon Services Limited
			Shield Security Services Limited
			Ranks Agro Bioteq Limited
			Rancon Automobiles Limited
			Ranks Steel Limited
			Ranks Real Estate Limited
			Sash Limited
			Ranks Motors Workshop Limited
			Rancon Engineering Limited
			Rancon Autos Limited
			Metro Foils Limited
			Sea Resources Limited
			Sea Fishers Limited
			Deep Sea Fishers Limited
			Sea Resources Agencies Limited
			Fishers Shipyard Limited
			Sea Resources Cold Storage Limited
			Sea Mans Dockyard & Fish Meal Limited
			Zest Polymer Limited
			Bank Asia Limited
10.	**Mr. Mohammed Irfan Syed** (Representing Amiran Generations Limited)	Director	Bank Asia Limited
11.	**Ms. Naheed Akhter Sinha**	Director	Sinha Apparels Limited
			ZMS Fashions Limited
			BP Wears (Pvt.) Limited
			Bank Asia Limited
12.	**Mr. Shah Md. Nurul Alam**	Independent Director	Bank Asia Limited
13.	**Mr. Md Nazrul Huda**	Independent Director	Bank Asia Limited
14.	**Mr. Mashiur Rahman**	Independent Director	Bank Asia Limited
15.	**Mr. Mir Shahjahan**	Director	ZMS Fashions Limited
			Bank Asia Limited

Bank Asia Limited Islamic Banking Operations

as at and for the year ended 31 December 2015

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

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

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

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

The ISR declared on Mudaraba deposits for the year 2015

Types of Mudaraba Deposit	Distributable Investment income Sharing Ratio (ISR) w.e.f. 01.01.2015	
	Client	Bank
1. Mudaraba Term Deposit Account (MTDA) 1 month	50%	50%
2. Mudaraba Term Deposit Account (MTDA) 2 months	50%	50%
3. Mudaraba Term Deposit Account (MTDA) 3 months	75%	25%
4. Mudaraba Term Deposit Account (MTDA) 6 months	75%	25%
5. Mudaraba Term Deposit Account (MTDA) 12 months	77%	23%
6. Mudaraba Term Deposit Account (MTDA) 24 months	78%	22%
7. Mudaraba Term Deposit Account (MTDA) 36 months	80%	20%
8. Mudaraba Term Deposit Account (MTDA) 60 months	80%	20%
9. Mudaraba Special Notice Deposit Account (MSND)	35%	65%
10. Mudaraba Savings Account (MSA)	45%	55%
11. Smart Junior Saver (School Banking) Account	70%	30%
12. Mudaraba Deposit Pension Scheme (MDPS) 3-10 Years	87%	13%
13. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 1 & 2 year	80%	20%
14. Mudaraba Monthly Profit Paying Deposit (MMPPD)- 3-5 years	85%	15%
15. Mudaraba Hajj Savings Scheme (MHSA)	90%	10%
16 Cash Waqf	90%	10%

2. Investment Operation and Return Thereon

Investments of our Islamic Banking are broadly categorised in the following two types in respect of charging (rate of) return:

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

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

Variable return based income is applied for our Musaharaka mode of investment. In these cases, only ratio of income Sharing is stated in the agreement. Bank bags income on the basis of the concerned venture according to the agreed ratio (comparable to our Mudaraba deposit products). Genuine loss, if any, is borne according to capital ratio of the client & the Bank.

3. income/ Revenue Recognition Principle

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

For Bai-Murabaha Muajjal Investment

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

For Hire Purchase Shirkatul Melk (HPSM) Investment

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

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

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

For Musharaka Investment

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

4. Cost Recognition Principle

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

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

Annex G-1

Bank Asia Limited
Islamic Banking Unit
Balance Sheet

as As at 31 December 2015

Amount in Taka

	31 Dec 2015	31 Dec 2014
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	21,185,850	12,163,015
Balance with Bangladesh Bank and its agent bank	374,427,389	330,813,158
(including foreign currencies)	395,613,239	342,976,173
Balance with other banks and financial institutions		
In Bangladesh	1,051,520,235	650,669,170
Outside Bangladesh	-	-
	1,051,520,235	650,669,170
Placement with other banks and financial institutions	-	-
Investments in shares and securities		
Government	316,500,000	277,000,000
Others	200,000,000	-
	516,500,000	277,000,000
Investments		
General Investment	4,519,181,765	3,476,923,095
Bills purchased and discounted	20,022,953	-
	4,539,204,718	3,476,923,095
Fixed assets including premises, furniture and fixtures	13,170,622	10,145,585
Other assets	45,512,104	673,649,174
Non - banking assets	-	-
Total assets	6,561,520,918	5,431,363,197
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other banks, financial institutions and agents	-	-
Deposits and other Accounts :		
Al-wadeeah current and other deposits accounts, etc.	408,990,067	210,878,177
Bills payable	29,902,770	27,410,556
Mudaraba savings deposits	752,390,416	522,868,210
Mudaraba term deposits	4,836,488,983	4,328,345,866
	6,027,772,236	5,089,502,809
Other liabilities	533,748,682	341,860,388
Total liabilities	6,561,520,918	5,431,363,197
OFF- BALANCE SHEET ITEMS	-	-
Contingent liabilities		
Acceptances and endorsements	38,537,816	27,260,135
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other commitments:	-	-
Total Off-Balance Sheet items including contingent liabilities	38,537,816	27,260,135

Bank Asia Limited
Islamic Banking Unit
Profit and Loss Statement

for the year ended 31 December 2015

Amount in Taka

	31 Dec 2015	31 Dec 2014
Investment income	511,090,710	516,916,684
Profit paid on deposits, borrowings, etc.	350,270,903	394,218,963
Net investment income	160,819,807	122,697,721
Profit on Investment with bank and financial institutions	17,442,626	3,560,148
Commission, exchange and brokerage	32,793,719	22,021,548
Other operating income	4,328,753	3,471,583
Total operating income	215,384,905	151,751,000
Salaries and allowances	52,599,244	46,358,410
Rent, taxes, insurance, electricity, etc.	6,443,305	5,041,218
Legal expenses	76,073	-
Postage, stamp, telecommunication, etc.	599,557	487,771
Stationery, printing, advertisement, etc.	585,268	1,452,947
Depreciation and repair of Bank's assets	3,745,587	2,047,418
Repair and maintenance	-	-
Entertainment expenses	-	-
Travelling expenses	-	-
Other expenses	25,679,849	28,452,806
Total operating expenses	89,728,883	83,840,570
Profit before provision	125,656,022	67,910,430
Provision for investments		
General provision	11,047,958	(1,785,500)
Specific provision	(1,857,740)	8,899,400
	9,190,218	7,113,900
Provision for diminution in value of investments	-	-
Other provision	-	-
Total provision	9,190,218	7,113,900
Total profit/(loss) before taxes	116,465,804	60,796,530

Annex H

Bank Asia Limited Off-shore Banking Unit Balance Sheet

as at 31 December 2015

	Notes	31 Dec 2015 USD	31 Dec 2015 Taka	31 Dec 2014 USD	31 Dec 2014 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		603,588	47,230,747	305,305	21,371,363
		603,588	47,230,747	305,305	21,371,363
Investments					
Government		-	-	-	-
Others		3,440,000	269,180,000	20,000,000	1,400,000,000
		3,440,000	269,180,000	20,000,000	1,400,000,000
Loans and advances	4				
Loans, cash credits, overdrafts, etc.		16,576,539	1,297,114,189	10,624,989	743,749,234
Bills purchased and discounted		94,887,017	7,424,909,065	83,162,643	5,821,385,039
		111,463,556	8,722,023,254	93,787,632	6,565,134,273
Fixed assets including premises, furniture and fixtures		-	-	3,191	223,364
Other assets	5	205,696	16,095,737	480,609	33,642,632
Non - banking assets		-	-	-	-
Total assets		115,712,840	9,054,529,738	114,576,738	8,020,371,632
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	6	101,971,039	7,979,233,839	101,423,770	7,099,663,886
Deposits and other accounts	7				
Current deposits		13,218,518	1,034,349,052	12,768,001	893,760,036
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Fixed deposits		173,359	13,565,311	384,967	26,947,710
Bearer certificate of deposit		-	-	-	-
		13,391,877	1,047,914,363	13,152,968	920,707,746
Other liabilities	8	349,924	27,381,536	-	-
Total liabilities		115,712,840	9,054,529,738	114,576,738	8,020,371,632
OFF- BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements	9	1,121,359	87,746,341	1,158,749	81,112,430
Letters of guarantee		-	-	-	-
Irrevocable letters of credit	10	384,871	30,116,156	756,398	52,947,860
Bills for collection	11	145,183	11,360,550	592,165	41,451,560
Other contingent liabilities		-	-	-	-
		1,651,413	129,223,047	2,507,312	175,511,850
Total Off-Balance Sheet items including contingent liabilities		1,651,413	129,223,047	2,507,312	175,511,850

Bank Asia Limited
Off-shore Banking Unit
Profit and Loss Statement

for the year ended 31 December 2015

	Notes	31 Dec 2015 USD	31 Dec 2015 Taka	31 Dec 2014 USD	31 Dec 2014 Taka
Interest income	12	5,591,952	434,159,152	2,093,384	146,536,852
Interest paid on deposits and borrowings, etc.	13	4,001,967	310,712,740	1,715,395	120,077,662
Net interest/net profit on investments		1,589,985	123,446,412	377,988	26,459,190
Investment income		121,736	9,451,607	403,361	28,235,264
Commission, exchange and brokerage	14	61,442	5,433,898	87,131	6,099,140
Other operating income	15	230,379	17,886,640	152,922	10,704,545
Total operating income (A)		2,003,542	156,218,557	1,021,402	71,498,139
		-		-	
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, electricity, etc.		3,903	303,055	4,280	299,593
Postage, stamp, telecommunication, etc.		4,437	344,451	2,841	198,837
Stationery, printing, advertisements, etc.		-	-	-	-
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		3,191	247,743	1,213	84,913
Other expenses		148,801	11,552,920	73,276	5,129,312
Total operating expenses (B)		160,332	12,448,169	81,609	5,712,655
Profit before provision (C=A-B)		1,843,210	143,770,388	939,793	65,785,484
Provision for loans and advances		-		-	
General provision		277,806	21,568,890	616,563	43,159,444
Specific provision		-	-	-	-
		277,806	21,568,890	616,563	43,159,444
Provision for o□-balance sheet items		(5,962)	(462,888)	(19,631)	(1,374,180)
Provision for diminution in value of investments		-	-	-	-
Other provision		-	-	-	-
Total provision (D)		271,844	21,106,002	596,932	41,785,264
Total profit/(loss) (C-D)		1,571,366	122,664,386	342,860	24,000,220

Annex H-2

Bank Asia Limited
Off-shore Banking Unit (OBU)
Notes to the Financial Statements

for the year ended 31 December 2015

1 Status of the unit

O□-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 O□-shore banking unit permission vide letter no.BRPD(P-3)744(94)/2007-1853 dated 21 June 2007. The Bank commenced the operation of its O□-shore Banking Unit from 28 January 2008 and its o□ce 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 O□-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, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs) and other rules and regulations where necessary.

2.2 Foreign currency

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

2.3 Loans and advances

a) Loans and advances are stated in the balance sheet on gross basis.

b) Interest is calculated on daily product basis, but charged and accounted for quarterly on accrual basis. Interest on classified loans and advances/ investments is kept in interest suspense account as per BRPD circulars no. 16 of 1998, 9 of 2001 and 10 of 2005 and recognised as income on realisation. Interest is not charged on bad and loss loans and advances/investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) As per BRPD circular no. 16 dated 18 November 2014, BRPD Circular 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 05 dated 29 May 2013, provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Provision for unclassified loan was made at the specified rate i.e. 0.25% to 5%

2.4 General

Assets and liabilities have been translated into Taka currency @USD 1 = BDT 78.25 (2014 : BDT 70). Income and expenses are translated at an average rate @ USD 1 = BDT 77.64 (2014 : BDT 70). Assets and liabilities and Income and expenses of Conventional Banking have been translated into Taka currency @ USD 1 = BDT 78.00.

	31 Dec 2015 USD	31 Dec 2015 Taka	31 Dec 2014 USD	31 Dec 2014 Taka
3 Balance with other banks and financial institutions				
In Bangladesh	-	-	-	-
Outside Bangladesh				
Commerzbank A.G, Frankfurt	51	4,029	3	182
Habib American Bank, New York	603,531	47,226,307	305,297	21,370,813
Sonali Bank (UK) Limited	5	411	5	368
	603,588	47,230,747	305,305	21,371,363
4 Loans and advances				
Loans, cash credit, overdrafts etc. (Note 4.1)	16,576,539	1,297,114,189	10,624,989	743,749,234
Bills purchased and discounted (Note 4.2)	94,887,017	7,424,909,065	83,162,643	5,821,385,039
	111,463,556	8,722,023,254	93,787,632	6,565,134,273

	31 Dec 2015 USD	31 Dec 2015 Taka	31 Dec 2014 USD	31 Dec 2014 Taka
4.1 Loans, cash credit, overdrafts etc.				
Term loan industrial	1,442,099	112,844,258	-	-
Term loan others	14,679,157	1,148,644,036	10,028,739	702,011,742
Loan against trust receipts	150,437	11,771,673	182,163	12,751,432
Loan others	304,846	23,854,222	414,087	28,986,060
	16,576,539	1,297,114,189	10,624,989	743,749,234
4.2 Bills purchased and discounted				
Payable in Bangladesh	94,877,417	7,424,157,865	83,162,643	5,821,385,039
Payable outside Bangladesh	9,600	751,200	-	-
	94,887,017	7,424,909,065	83,162,643	5,821,385,039
5 Other assets				
Interest receivable	-	-	206,275	14,439,237
Branch adjustment account	44,553	3,486,300	(10,610)	(742,689)
Prepaid expenses	161,143	12,609,437	284,944	19,946,084
	205,696	16,095,737	480,609	33,642,632
6 Borrowings from other banks, financial institutions and agents				
Borrwoing from other banks (Note 6.1)	45,971,039	3,597,233,839	38,923,770	2,724,663,886
Borrowing from corporate o□ce, Dhaka	26,000,000	2,034,500,000	32,500,000	2,275,000,000
Borrowing from IFC	30,000,000	2,347,500,000	30,000,000	2,100,000,000
	101,971,039	7,979,233,839	101,423,770	7,099,663,886
6.1 Borrwoing from other banks				
Bankmuscat, Oman	-	-	5,500,000	385,000,000
BMI Bank, Bahrain	-	-	7,500,000	525,000,000
Commercial Bank of Ceylon, Bangladesh	-	-	2,500,000	175,000,000
First Gulf Bank	5,000,000	391,250,000	-	-
Habib Bank Limited, Bangladesh	-	-	1,700,000	119,000,000
ICICI, Hong Kong	5,000,000	391,250,000	12,400,000	868,000,000
Mashreq, USA	10,000,000	782,500,000	-	-
National Bank of Ras Al Khaimah	8,876,406	694,578,770	-	-
Nepal Bangladesh Bank Limited	5,000,000	391,250,000	-	-
Noor Islami Bank, Dubai, UAE	-	-	252,717	17,690,176
United Bank Limited, UAE	10,937,980	855,896,955	9,071,053	634,973,710
United Bank Limited, USA	1,156,653	90,508,114	-	-
	45,971,039	3,597,233,839	38,923,770	2,724,663,886
7 Deposits and other accounts				
Customer deposits and other accounts (Note 7.1)	13,391,877	1,047,914,363	13,152,968	920,707,746
	13,391,877	1,047,914,363	13,152,968	920,707,746

Notes to financial statements

	31 Dec 2015 USD	31 Dec 2015 Taka	31 Dec 2014 USD	31 Dec 2014 Taka
7.1 Customer deposits and other accounts				
Foreign currency (Current)	12,678,615	992,101,592	12,059,315	844,152,053
Other demand deposits(Current)	539,904	42,247,460	708,685	49,607,983
Fixed depost	173,359	13,565,311	384,967	26,947,710
	13,391,877	1,047,914,363	13,152,968	920,707,746
8 Other liabilities				
Interest expenses payable	349,924	27,381,536	-	
	349,924	27,381,536	-	-
9 Acceptances and endorsements				
Letters of credit (Back to Back)	352,549	27,586,959	613,765	42,963,550
Letters of credit (Acceptances)	768,810	60,159,382	544,984	38,148,880
	1,121,359	87,746,341	1,158,749	18,112,430
10 Irrevocable letters of credit				
Letters of credit (Back to Back)	190,120	14,876,890	268,615	18,803,050
Letters of credit (cash)	194,751	15,239,266	487,783	34,144,810
	384,871	30,116,156	756,398	52,947,860
11 Bills for collection:	145,183	11,360,550	592,165	41,451,560
12 Interest income				
Demand loan	577	44,837	-	-
Packing credit	20,782	1,613,537	3,662	256,323
Loan against trust receipt	13,681	1,062,165	32,063	2,244,428
Payment against documents	82	6,402	-	-
Term loan -industrial	13,732	1,066,183	188,142	13,169,927
Term loan -others	419,707	32,586,022	-	
Foreign bill purchased	5,123,390	397,780,006	1,840,720	128,850,389
Lease finance	-	-	28,797	2,015,785
	5,591,952	434,159,152	2,093,384	146,536,852
13 Interest paid on deposits and borrowings etc.				
Interest on deposit	200,646	15,578,160	249,629	17,474,042
Interest on borrowings	3,801,321	295,134,580	1,465,766	102,603,620
	4,001,967	310,712,740	1,715,395	120,077,662
14 Commission, exchange and brokerage				
Commission on L/C	65,290	5,069,106	72,720	5,090,366
Commission on export	8,263	641,539	5,637	394,590
Commission on PO, DD, TT, TC, etc	5,999	465,733	8,936	625,520
Foreign exchange gain & charges	(18,110)	(1,406,036)	(162)	(11,336)
Exchange gain/(loss) net o exchange gains	-	663,556	-	-
	61,442	5,443,898	87,131	6,099,140
15 Other operating income				
SWIFT charge recovery	10,441	810,619	15,992	1,119,440
Other	219,938	17,076,021	136,930	9,585,105
	230,379	17,886,640	152,922	10,704,545

Annex I

Bank Asia Limited
Statement of outstanding unreconciled entries (nostro account)

as at 31 December 2015

Sl. no.	Period of unreconciliation	As per local book				As per correspondents' book			
		Debit entries No.	USD	Credit entries No.	USD	Debit entries No.	USD	Credit entries No.	USD
1	Upto 3 months	25	15,778,548	115	12,610,181	30	296,033	261	9,437,664
2	More than 3 months but less than 6 months	-	-	-	-	-	-	-	-
3	More than 6 months but less than 9 months	-	-	-	-	-	-	-	-
4	More than 9 months but less than 12 months	-	-	-	-	-	-	-	-
5	More than 12 months	-	-	-	-	-	-	-	-
	Total	25	15,778,548	115	12,610,181	30	296,033	261	9,437,664

Annex J

Bank Asia Limited Reconciliation between Bangladesh Bank statement and Bank's book

as at 31 December 2015

The reconciling items relates to clearing of the following:

a. Bangladesh Bank cheques
b. Foreign currency demand drafts
c. Government bonds

Local currency :	As per Bangladesh Bank Statement BDT	As per Bank's General ledger BDT	Reconciling Difference BDT
Bangladesh Bank, Dhaka	9,736,090,498.18	9,699,621,114.13	36,469,384.05
Bangladesh Bank, Dhaka (Al-wadeeah current account)	374,427,389.17	374,427,389.17	-
Bangladesh Bank, Chittagong	28,529,488.07	90,530,138.07	(62,000,650.00)
Bangladesh Bank, Sylhet	9,899,314.61	9,909,314.61	(10,000.00)
Bangladesh Bank, Khulna	47,938,305.44	48,438,305.44	(500,000.00)
Bangladesh Bank, Rajshahi	2,259,469.95	2,259,469.95	-
Bangladesh Bank, Bogra	48,130,432.01	48,130,432.01	-
Bangladesh Bank, Barishal	400,818.22	400,818.22	-
Total	10,247,675,715.65	10,273,716,981.60	(26,041,265.95)
Bank credited but not debited by Bangladesh Bank			368,042,644.83
Bank debited but not credited by Bangladesh Bank			(4,653,461,453.09)
Bangladesh Bank credited but not debited by Bank			4,575,568,175.65
Bangladesh Bank debited but not credited by Bank			(316,190,633.34)
			(26,041,265.95)

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	USD	USD	BDT	USD
USD Clearing account	2,917,844.71	649,790.34	50,683,646.63	2,268,054.37
Total	2,917,844.71	649,790.34	50,683,646.63	2,268,054.37
Bank credited but not debited by Bangladesh Bank				13,663,722.70
Bank debited but not credited by Bangladesh Bank				(1,900,371.66)
Bangladesh Bank credited but not debited by Bank				1,823,358.76
Bangladesh Bank debited but not credited by Bank				(11,318,655.43)
				2,268,054.37

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	GBP	GBP	BDT	GBP
GBP Clearing account	1,238.55	2,142.35	160,849.00	1.25
	1,238.55	2,142.35	160,849.00	1.25
Bank credited but not debited by Bangladesh Bank				-
Bank debited but not credited by Bangladesh Bank				-
Bangladesh Bank credited but not debited by Bank				1.25
Bangladesh Bank debited but not credited by Bank				-
				1.25

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	EUR	EUR	BDT	EUR
EUR Clearing account	17,183.43	47,183.43	4,010,591.55	(30,000.00)
	17,183.43	47,183.43	4,010,591.55	(30,000.00)
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				30,000.00
				30,000.00

Foreign currency	As per Bangladesh Bank statement	As per Bank's general ledger		Reconciling difference
	JPY	JPY	BDT	JPY
JPY Clearing account	45,238	45,238	24,881	-
	45,238	45,238	24,881	-
Total (BDT)			10,328,596,950	

Annex K

Bank Asia Limited
Segment Reporting

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

Amount in Taka

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated
	Inside Bangladesh				In side Bangladesh	Outside Bangladesh			
	Conventional Banking	Islamic Banking	Off-shore Banking unit	Total	Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd	BA Express USA Inc.		
Interest income	12,932,508,544	511,090,710	434,159,152	13,877,758,406	298,522,408	-	-	(231,469,133)	13,944,811,681
Interest paid on deposits and borrowings, etc	10,509,334,803	350,270,903	310,712,740	11,170,318,446	257,826,415	-	-	(231,469,133)	11,196,675,728
Net interest income	2,423,173,741	160,819,807	123,446,412	2,707,439,960	40,695,993	-	-	-	2,748,135,953
Investment income	4,863,940,034	17,442,626	9,451,607	4,890,834,267	10,086,792	-	-	-	4,900,921,059
Commission, exchange and brokerage	2,117,888,136	32,793,719	5,433,898	2,156,115,753	94,457,230	12,328,911	26,781,328	-	2,289,683,222
Other operating income	550,312,545	4,328,753	17,886,640	572,527,938	8,341,802	-	910,581	-	581,780,321
Total operating income (A)	9,955,314,456	215,384,905	156,218,557	10,326,917,918	153,581,817	12,328,911	27,691,909	-	7,772,384,602
									-
Salaries and allowances	2,103,245,731	52,599,244	-	2,155,844,975	38,896,165	6,347,378	20,791,351	-	2,221,879,869
Rent, taxes, insurance, electricity, etc	507,377,563	6,443,305	303,055	514,123,923	11,873,361	8,608,629	6,873,632	-	541,479,545
Legal expenses	9,556,286	76,073	-	9,632,359	27,378	224,992	1,733,428	-	11,618,157
Postage, stamp, telecommunication, etc	76,033,138	599,557	344,451	76,977,146	2,144,607	460,136	387,494	-	79,969,383
Stationery, printing, advertisements, etc	99,051,085	585,268	-	99,636,353	324,261	221,607	1,214,455	-	101,396,676
Managing Director's salary and fees	16,732,000	-	-	16,732,000	-	-	-	-	16,732,000
Directors' fees	4,692,000	-	-	4,692,000	148,350	-	-	-	4,840,350
Auditors' fees	915,000	-	-	915,000	95,833	681,043	1,576,126	-	3,268,002
Depreciation and repairs of Bank's assets	437,180,947	3,745,587	247,743	441,174,277	4,814,386	1,689,654	768,000	-	448,446,317
Other expenses	964,294,460	25,679,849	11,552,920	1,001,527,229	51,367,135	3,288,043	9,560,764	-	1,065,743,171
Total operating expenses (B)	4,219,078,210	89,728,883	12,448,169	4,321,255,262	109,691,476	21,521,482	42,905,250	-	4,495,373,470
Profit before provision (C=A-B)	5,736,236,246	125,656,022	143,770,388	6,005,662,656	43,890,341	(9,192,571)	(15,213,341)	-	6,025,147,085
Provision:									
Provision for loans and advances/investments				1,618,843,440	28,000,000	-	-	-	1,646,843,440
Provision for o□-balance sheet items				252,899,022	-	-	-	-	252,899,022
Other provisions				10,000,000	-	-	-	-	10,000,000
Profit before tax provision (C=A-B)				4,123,920,194	15,890,341	(9,192,571)	(15,213,341)	-	4,115,404,623
Provision for taxation				1,550,000,000	15,183,964	-	150,625	-	1,565,334,589
Profit after tax provision (C=A-B)				2,573,920,194	706,377	(9,192,571)	(15,363,966)	-	2,550,070,034

Bank Asia Limited
Segment Reporting

Annex K-1

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

Amount in Taka

Particulars	Bank Asia Limited				Bank Asia Limited and its subsidiaries			Inter company transaction	Consolidated
	Inside Bangladesh				In side Bangladesh	Outside Bangladesh			
	Conventional Banking	Islamic Banking	Off-shore Banking unit	Total	Bank Asia Securities Ltd	BA Exchange Company (UK) Ltd	BA Express USA Inc.		
PROPERTY AND ASSETS									
Cash	12,074,124,668	395,613,239	-	12,469,737,907	11,890	1,149,477	97,578	-	12,470,996,852
Balance with other banks and financial institutions	7,177,080,724	1,051,520,235	47,230,747	8,275,831,706	444,415,554	11,453,875	52,840,030	(5,510,002)	8,779,031,163
Money at call and on short notice	3,230,000,000	-	-	3,230,000,000	-	-		-	3,230,000,000
Investments	46,157,094,876	516,500,000	269,180,000	46,942,774,876	219,549,671	-	-	-	47,162,324,547
Loans and advances/investments	123,135,107,709	4,539,204,718	8,722,023,254	136,396,335,681	5,488,271,756	-		(2,880,012,102)	139,004,595,335
Fixed assets including premises, furniture and fixtures	5,062,336,177	13,170,622	-	5,075,506,799	1,071,096	7,479,587	8,757,587	-	5,092,815,069
Other assets	11,895,514,578	45,512,104	16,095,737	11,957,122,419	141,764,313	2,534,867	29,742,877	(2,205,320,404)	9,925,844,072
Non - banking assets	-	-	-	-					-
Total assets	208,731,258,732	6,561,520,918	9,054,529,738	224,347,309,388	6,295,084,280	22,617,806	91,438,072	(5,090,842,508)	225,665,607,038
LIABILITIES AND CAPITAL									
Liabilities									
Borrowings from other banks, financial institutions and agents	4,316,881,710	-	7,979,233,839	12,296,115,548	2,919,350,832	-	-	(2,880,012,102)	12,335,454,278
Subordinated Non-Convertible Zero Coupon Bond	3,315,440,646	-	-	3,315,440,646	-	-	-	-	3,315,440,646
Deposits and other accounts	162,751,653,792	6,027,772,236	1,047,914,363	169,827,340,391	323,995,932	-	-	(5,510,002)	170,145,826,321
Other liabilities	19,484,416,504	417,282,878	27,381,536	19,929,080,918	1,234,291,546	47,822,793	57,414,346	(95,968,744)	21,172,640,859
Total liabilities	189,868,392,652	6,445,055,114	9,054,529,738	205,367,977,503	4,477,638,310	47,822,793	57,414,346	(2,981,490,848)	206,969,362,104
Total shareholders' equity	18,862,866,081	116,465,804	-	18,979,331,885	1,817,445,969	(25,204,987)	34,023,726	(2,109,351,659)	18,696,244,934
Total liabilities and shareholders' equity	208,731,258,732	6,561,520,918	9,054,529,738	224,347,309,388	6,295,084,280	22,617,806	91,438,072	(5,090,842,508)	225,665,607,038

Annex-L

Independent Auditor's Report to the Shareholders of Bank Asia Securities Limited

We have audited the accompanying financial statements of Bank Asia Securities Limited (the "Company") which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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.

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 Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and 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 e□ectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and other applicable rules & regulations, we also report that:

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

Hoda Vasi Chy & Co

Hoda Vasi Chowdhury & Co
Chartered Accountants
BTMC Bhaban (7th Level)
7-9 Karwan Bazar, Dhaka-1215

Dhaka, 24 February 2016

Bank Asia Securities Limited Statement of Financial Position

as at 31 December 2015

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
Non-Current Assets			
Property, plant and equipment	4	1,071,096	5,425,781
Membership of Dhaka Stock Exchange Ltd.	5	153,119,000	153,119,000
Total non- current assets		154,190,096	158,544,781
Current Assets			
Advances, deposits and prepayments	6	7,078,352	9,256,439
Investment in shares at cost	7	66,430,671	55,988,460
Margin loans	8	5,488,271,756	5,832,650,452
Accounts receivable	9	2,018,249	10,737,266
Advance income tax	10	132,667,712	110,804,095
Cash and cash equivalents	11	444,427,444	309,535,388
Total current assets		6,140,894,183	6,328,972,100
Total assets		6,295,084,279	6,487,516,881
Equity			
Share capital	12	2,000,000,000	2,000,000,000
Retained earnings/(Accumulated losses)	13	(182,554,031)	(183,260,408)
		1,817,445,969	1,816,739,592
Current Liabilities			
Customer deposits	14	323,995,932	110,453,062
Loans and borrowings	15	2,919,350,832	3,365,276,266
Accounts payable	16	5,864,549	12,368,402
Liability for expenses	17	9,883,064	7,319,590
Interest suspense account	18	890,799,213	890,799,213
Provision for diminution in value of investments	19	7,243,012	7,243,012
Provision for client margin loan	19.1	203,494,169	175,494,169
Provision for taxation	20	117,007,539	101,823,575
Total current liabilities		4,477,638,310	4,670,777,289
Total equity and liabilities		6,295,084,279	6,487,516,881

These Financial Statements should be read in conjunction with the annexed notes

Chairman | Director | Chief Executive O□cer

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 24 February 2016

Bank Asia Securities Limited Statement of Comprehensive income

for the year ended 31 December 2015

Amount in Taka

	Notes	31 Dec 2015	31 Dec 2014
Interest income	21	298,522,408	382,122,589
Interest expense	22	(257,826,415)	(391,678,480)
Net interest income		40,695,993	(9,555,891)
Brokerage commission		94,457,230	116,204,855
Other operating income	23	13,096,967	6,030,670
Total operating income		148,250,190	112,679,634
Operating expenses	24	(104,359,849)	(77,994,270)
Profit before provision		43,890,341	34,685,364
Provision for diminution in value of investments	19	-	(6,852,383)
Provision for client margin loan	19.1	(28,000,000)	(175,494,169)
Profit /(Loss)before tax		15,890,341	(147,661,188)
income tax expense	20	(15,183,964)	(16,893,989)
Profit/ (Loss) after tax		706,377	(164,555,177)
Total comprehensive income/(loss)		706,377	(164,555,177)
Earnings per share		0.04	(8.23)

These Financial Statements should be read in conjunction with the annexed notes

Chairman | Director | Chief Executive O□cer

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 24 February 2016

Bank Asia Securities Limited Statement of Cash Flows

for the year ended 31 December 2015

Amount in Taka

		31 Dec 2015	31 Dec 2014
A.	**Cash flows from operating activities**		
	Cash received from		
	Interest income	298,522,408	382,122,589
	Brokerage commission	94,457,230	116,204,854
	Cash payment to		
	Interest expenses	(257,826,415)	(391,678,480)
	Operating expenses	(68,186,249)	(71,301,013)
	Customers' deposits	213,542,870	(84,511,568)
	income tax paid	(21,863,618)	(16,893,989)
	Net cash flows from/(used in) operating activities	258,646,227	(66,057,606)
B.	**Cash flows from investing activities**		
	Loans and advances to customers	328,679,924	3,044,268
	Other assets	10,897,104	(4,205,801)
	Accounts Payable	(6,503,853)	(176,162)
	Investment in listed securities	(10,442,211)	(30,911,432)
	Acquisition of property, plant and equipment	(459,700)	(295,576)
	Advance for o□ce premises	-	(100,000)
	Net cash flows/(used in) investing activities	322,171,265	(32,644,702)
C.	**Cash flows from financing activities**		
	Loans and borrowings	(445,925,434)	401,919,977
	Net cash flows/(used in) from financing activities	(445,925,434)	401,919,977
D.	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**	134,892,058	303,217,669
E.	Opening cash and cash equivalents	309,535,386	6,317,718
F.	**Closing cash and cash equivalents**	444,427,444	309,535,388

These Financial Statements should be read in conjunction with the annexed notes

Chairman | Director | Chief Executive O□cer

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 24 February 2016

Bank Asia Securities Limited Statement of Changes in Equity

for the year ended 31 December 2015

Amount in Taka

Particulars	Share capital	Retained earnings/ (Accumulated Losses)	Total
Year ended 31 Dec 2014			
Opening balance	2,000,000,000	(18,705,231)	1,981,294,769
Net loss for the year	-	(164,555,177)	(164,555,177)
Closing balance	2,000,000,000	(183,260,408)	1,816,739,592
Year ended 31 Dec 2015			
Opening balance	2,000,000,000	(183,260,408)	1,816,739,592
Net Profit for the year	-	706,377	706,377
Closing balance	2,000,000,000	(182,554,031)	1,817,445,969

These Financial Statements should be read in conjunction with the annexed notes

Chairman | Director | Chief Executive O□cer

Bank Asia Securities Limited Notes to the Financial Statements

as at and for the year ended 31 December 2015

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 o□ce at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000.

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

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentational currency

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

2.3 Use of estimates and judgments

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

3. Significant accounting policies

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

3.1 Interest income

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

3.2 income from brokerage commission

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

3.3 Statement of cash flows

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

3.4 Property, plant and equipment

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

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

Notes to financial statements

servicing items of property, plant and equipment are expensed when incurred.

Depreciation

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

Asset category	Rate of depreciation (%)
Computer and accessories	20
Furniture and fixtures	20
O□ce equipment	20
O□ce renovation	20

Details are given in Annexure-I.

3.5 Intangible assets

Computer software

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

Subsequent costs

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

Amortisation of intangible assets

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

Amount in Taka

	31 Dec 2015	31 Dec 2014
4. Property, plant and equipment		
Opening balance	5,425,781	9,852,651
Add: Addition during the period	459,700	295,576
Less: Depreciation charge for the period	4,814,386	4,722,446
Closing balance	1,071,096	5,425,781

Details are given in Annex I.

5. Membership of Dhaka Stock Exchange Limited

The Company has acquired the membership of Dhaka Stock Exchange for Tk 153,119,000.
As per the scheme of Demutualization of DSE, the Company being the initial shareholders of DSE, is entitled to receive 7,215,106 shares of Tk 10 each, totalling Tk 72,151,060.

The Scheme is not yet completed and these shares are also currently not traded. Hence the actual fair value is not readily ascertainbale. However, management expects the fair value to be similar or more that the current revalued amount. Once more clarity about the Scheme and related factors are available, a determination of fair value and related adjustments including impairment assessment, if any shall be made at that time.

Amount in Taka

	31 Dec 2015	31 Dec 2014
6. Advances, deposits and prepayments		
Opening Balance	9,256,439	851,670
Advance o□ce rent	-	8,284,349
Advance for branch o□ces	-	20,420
Advance for Nikunjo o□ce premises	-	100,000
Less: Adjustment during the period	2,178,087	-
Closing Balance	7,078,352	9,256,439
The balance represents advance o□ce rent of Hadi Mansion, Nikunjo o□ce premises & other.		
7. Investment in shares (at cost) Details are given in Annex II.	66,430,671	55,988,461
8. Margin loans to customers		
Opening balance	5,832,650,452	5,580,299,642
Add: Interest chared during the period	283,341,385	629,894,390
	6,115,991,837	6,210,194,032
Less: Repayment of Margin Loan during the period	627,720,081	377,543,580
Closing balance	5,488,271,756	5,832,650,452

The Company extends margin loan facilities to customers for trading of shares on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio during the year based on directives issued by Bangladesh Securities and Exchange Commission.

9. Accounts receivable		
Receivable from Dhaka Stock Exchange Ltd.	1,084,699	10,333,566
Receivable from Bank Asia Limited	362,000	7,700
Receivable Dividend (Dealer)	245,550	-
Cheques in transit	326,000	396,000
	2,018,249	10,737,266
10. Advance income tax		
Opening balance	110,804,095	93,910,106
Tax deducted at source from brokerage commission	14,020,427	16,519,062
Tax deducted at source from dividend income	260,606	159,090
Advance for appeal to the high court	6,061,500	-
Tax deducted at source from bank interest	1,521,085	215,837
	21,863,618	16,893,989
Closing balance	132,667,712	110,804,095
11. Cash and cash equivalents		
Cash in hand (note 11.1)	11,890	6,029
Bank balances (note 11.2)	444,415,554	309,529,359
	444,427,444	309,535,388
11.1 Cash in hand		
Head-o□ce	11,890	6,029
	11,890	6,029

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
11.2 Bank balances		
Bank Asia Limited	5,452,818	296,949,246
Bank Asia Limited (IPO)	57,184	1,673,260
ONE Bank Limited (Consolidated Customer A/C)	5,049,456	5,965,174
ONE Bank Limited (Dealer)	14,240,172	4,931,679
NRB Bank Limited (Consolidated Customer A/C)	419,609,187	-
Premier Bank Limited	6,733	10,000
NRB Global Bank Limited	3	-
	444,415,554	309,529,359

12. Share capital

Authorised capital :		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000
Issued, subscribed and paid up capital:		
20,000,000 ordinary shares of Taka 100 each	2,000,000,000	2,000,000,000

The Company's shareholding position as at 31 December 2015 was as under:

Name of shareholder	Number of shares	% of holding	Value/Taka
Bank Asia Limited	19,999,900	99.99778	1,999,990,000
Mr. Anisur Rahman Sinha	100	0.002222	10,000
	20,000,000	100	2,000,000,000

13.Retained earnings/(Accumulated losses)

Opening balance	(183,260,408)	(18,705,231)
Less: Dividend	-	-
	(183,260,408)	(18,705,231)
Add: Total comprehensive income/(loss) during the period	706,377	(164,555,177)
Closing balance	(182,554,031)	(183,260,408)

14. Customer deposits

	323,995,932	110,453,062

Customer deposits represent uninvested funds lying with the Company's account at the reporting date.

15. Loans and borrowings

Bank Asia Limited	2,880,012,102	2,751,500,441
NRB Global Bank Limited	-	200,562,937
Investment Corporation of Bangladesh	39,333,120	
Prime Bank Limited	5,610	413,212,889
	2,919,350,832	3,365,276,266

16. Accounts payable

Bank Asia Limited	5,000,000	10,000,000
Payable for IPO Application Process	-	2,204,000
Dhaka Stock Exchange Limited	864,549	164,402
	5,864,549	12,368,402

Amount in Taka

	31 Dec 2015	31 Dec 2014
17. Liabilities for expenses	9,883,064	7,319,590

The amount represents provisions against operating expenses during the period.

18.Interest suspense account

Opening balance	890,799,213	641,342,452
Add: Interest suspense during the year	-	249,456,761
Closing Balance	890,799,213	890,799,213

The amount represents interest income from loan accounts of the clients who have negative equity with Bank Asia Securities Limited during the year. The amount will be recognised as income when client equity become positive balance.

19.Provision for diminution in value of investments

Opening Balance	7,243,012	390,629
Add: Provision made during the period	-	6,852,383
Closing balance	7,243,012	7,243,012

These exists a shortfall of Tk 11,685,353 between the cost of investement and respective market value as at 31 December 2015.The Company has taken the option provided by BSEC direction dated 08 December, 2015 and considering that an aggregate amont of Tk 7,243,012 representing 62% of the shortfall has already been provided for, no additional provision has been made.

19.1 Provision for Client Margin Loan

Opening Balance	175,494,169	-
Add: Provision made during the period	28,000,000	175,494,169
Closing Balance	203,494,169	175,494,169

This represents provision made as per BSEC directive to maintain at least 20% shortfall in negative equity against unrealised loss on margin loan extended to customer.

20.Provision for corporate income tax

Opening balance	101,823,575	84,929,586
Add: Provision made during the period	15,183,964	16,893,989
Closing balance	117,007,539	101,823,575

Provision for corporate income tax was made following applicable tax law. income tax was withheld from the transections of traded securities @ 0.05% under section 53BBB is the final tax liability of the Company under section 82C of income Tax Ordiance 1984 and the details of year wise tax position are given in Annex III

21.Interest income

income from bank deposits	15,181,023	1,684,960
income from margin loan	283,341,385	380,437,628
	298,522,408	382,122,589

22.Interest expense

Interest on loan	257,826,415	391,678,480

23.Other operating income

Others operating income (note 23.1)	18,428,594	12,705,287
Less: CDBL charges	5,331,627	6,674,617
	13,096,967	6,030,670

23.1 Others operating income

BO account opening fees	275,500	248,000

Notes to financial statements

Amount in Taka

	31 Dec 2015	31 Dec 2014
Margin account renewal fees	3,042,000	2,140,000
income from transfer/transmission/corporate action	1,855,211	3,183,558
Margin account opening fees	22,000	19,000
BO account maintenance fees	2,437,500	1,037,979
Other income	709,591	-
Dividend income	1,548,580	795,450
Capital gain from investment in shares	8,538,212	5,281,300
	18,428,594	12,705,287

24.Operating expenses

Amortisation of pre-operating expenses	-	1,970,812
Audit fees	95,833	86,250
Bank charges	152,002	293,291
Bank guarantee commission	2,100,000	787,500
BO Maintenance	1,949,600	1,856,400
Business and promotional expenses	108,000	-
Cleaning expenses	442,535	412,297
Computer accessories	177,550	227,420
Conveyance	123,276	121,028
Depreciation	4,814,386	4,722,446
Directors' remuneration	148,350	201,250
Entertainment	689,339	819,761
Fuel and oil	276,560	272,460
Hawla charges	7,800	1,156,598
Insurance premium	49,885	71,146
Internet charges	1,350,637	1,955,466
Laga charges	6,952,827	6,681,922
License and renewal fees	563,730	350,237
Written o upon final settlement	28,795,741	-
Newspaper	69,525	33,904
O ce rent	11,134,137	11,432,608
Others	57,672	145,149
Plantation	259,741	255,171
Postage and courier	32,549	33,998
Printing and stationery	324,261	677,192
Professional fees	27,378	102,078
Repair and maintenance	408,693	533,408
Salaries and allowances	38,896,165	37,840,847
Service Charge	18,400	705,680.00
Telephone & Mobile Bill	761,421	574,267
Training Expenses	69,151	108,596
Transportation	13,100	118,981
Utilities	3,489,607	3,446,109
	104,359,849	77,994,270

25.Others

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

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

Bank Asia Securities Limited
Schedule of Fixed Assets

Annexure-I

as at 31 December 2015

Amount in Taka

Particulars	Cost				Rate (%)	Depreciation				Written down value at 31 Dec 2015
	At 01 Jan 2015	Addition during the year	Adjustment/ disposal	Total at 31 Dec 2015		At 01 Jan 2015	Charge for the period	Adjustment on disposal	Total at 31 Dec 2015	
Computer and accessories	6,028,583	-	-	6,028,583	20	4,518,209	1,205,714	-	5,723,923	304,660
Furniture and fixtures	2,915,764	9,500	-	2,925,264	20	2,332,610	585,054	-	2,917,664	7,600
O□ce equipment	5,543,451	65,000	-	5,608,451	20	4,224,562	1,121,693	-	5,346,255	262,196
O□ce renovation	7,628,789	-	-	7,628,789	20	6,024,552	1,525,757	-	7,550,309	78,480
Computer software	1,495,640	385,200	-	1,880,840	20	1,086,512	376,168	-	1,462,680	418,160
Total	23,612,227	459,700	-	24,071,927		18,186,446	4,814,386	-	23,000,831	1,071,096

Annexure-II

Bank Asia Securities Limited
Investment in shares

as at 31 December 2015

Amount in Taka

SL No	Name of the company	Nature of shares	Types of shares	Face value	Number of shares including bonus	Cost of holdings	Average cost	Quoted value per share as at 31 Dec 2015	Total market value as at 31 Dec 2015
1	EMERALDOIL	Quoted	A	10.00	100,000	5,478,020	54.78	65.00	6,500,000
2	FEKDIL	Quoted	A	10.00	350,000	7,462,210	21.32	16.50	5,775,000
3	TUNGHAI	Quoted	A	10.00	220,000	4,403,300	20.02	10.20	2,244,000
4	PADMAOIL	Quoted	A	10.00	20,000	5,341,341	267.07	184.20	3,684,000
5	ONEBANKLtd.	Quoted	A	10.00	148,500	2,233,146	15.04	15.30	2,272,050
6	POWERGRID	Quoted	A	10.00	150,000	7,304,985	48.70	45.90	6,885,000
7	LANKABAFIN	Quoted	A	10.00	187,275	11,469,023	61.24	29.00	5,430,975
8	POPULAR1MF	Quoted	A	10.00	121,563	695,495	5.72	4.20	510,565
9	MJLBD	Quoted	A	10.00	5,100	591,615	116.00	94.30	480,930
10	ABB1STMF	Quoted	A	10.00	120,983	780,558	6.45	4.50	544,424
11	CVOPRL	Quoted	B	10.00	1,250	672,979	538.38	336.30	420,375
12	Energypac Limited	Unquoted	-	10.00	477,225	19,998,000	41.90	-	19,998,000
						66,430,671			54,745,318

Bank Asia Securities Limited
Statement of year wise Tax Position

Annexure-III

as at 31 December 2015

Amount in Taka

Accounting Year	Assessment Year	Tax Provision as per accounts	Tax demand as per assessment order	Excess/(Short) Provision	Status
2011	2012-13	54,812,943.00	76,262,269.00	(21,449,326.00)	Appeal under High Court Division
2012	2013-14	16,070,482.00	-	-	Assessment under process in DCT level
2013	2014-15	14,046,161.00	-	-	Assessment under process in DCT level
2014	2015-16	16,893,989.00	-	-	Assessment under process in DCT level

Annex-M

Registered number: 07314397

BA EXCHANGE COMPANY (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

BA EXCHANGE COMPANY (UK) LIMITED

COMPANY INFORMATION

DIRECTORS	A R Chowdhury Md Mehmood Husain Mr Abm Kamrul Huda Azad
REGISTERED NUMBER	07314397
REGISTERED OFFICE	125 Whitechapel Road London E1 1DT
TRADING ADDRESS	125 Whitechapel Road London E1 1DT
INDEPENDENT AUDITORS	AGP Chartered Accountants Chartered Accountants & Registered Auditors Unit 8 Quebec Wharf 14 Thomas Road London E14 7AF

BA EXCHANGE COMPANY (UK) LIMITED

CONTENTS

Directors' report

Independent auditors' report

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Notes to the financial statements

The following pages do not form part of the statutory financial statements:
Detailed profit and loss account and summaries

BA EXCHANGE COMPANY (UK) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

The directors present their report and the financial statements for the year ended December 31, 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £73,718 *(2014 - loss £127,146)*.

The directors who served during the year were:

A R Chowdhury
Md Mehmood Husain
Mr Abm Kamrul Huda Azad

FUTURE DEVELOPMENTS

The Company is constantly looking at opportunities to develop and refine its business models and is constantly speaking with third parties for potentials of expanding the business and network further and parent entity is willing to support this.

BA EXCHANGE COMPANY (UK) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

AUDITORS

The auditors, AGP Chartered Accountants, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

A Rouf Chowdhury
Director

BA EXCHANGE COMPANY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BA EXCHANGE COMPANY (UK) LIMITED

We have audited the financial statements of BA Exchange Company (UK) Limited for the year ended December 31, 2015, set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

BA EXCHANGE COMPANY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BA EXCHANGE COMPANY (UK) LIMITED

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at December 31, 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

-Sd-

Forhad Ahmed FCA (Senior statutory auditor)

for and on behalf of
AGP Chartered Accountants

Chartered Accountants
Registered Auditors

Unit 8 Quebec Wharf
14 Thomas Road
London
E14 7AF

BA EXCHANGE COMPANY (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 £	*2014 £*
Turnover	2	**105,649**	*56,850*
Cost of sales		**(26,683)**	*(27,268)*
Gross profit		**78,966**	*29,582*
Administrative expenses		**(152,676)**	*(156,682)*
Operating loss		**(73,710)**	*(127,100)*
Interest payable and similar charges		**(8)**	*(46)*
Loss on ordinary activities before taxation		**(73,718)**	*(127,146)*
Loss for the financial year		**(73,718)**	*(127,146)*
Other comprehensive income for the year			
Total comprehensive income for the year		**(73,718)**	*(127,146)*

There were no recognised gains and losses for 2015 other than those included in the income statement.

BA EXCHANGE COMPANY (UK) LIMITED
REGISTERED NUMBER:07314397

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	Note		2015 £		*2014 £*
Fixed assets					
Tangible assets	6		**65,517**		*77,802*
			65,517		*77,802*
Current assets					
Debtors: Amounts falling due within one year	7	**22,262**		*22,627*	
Cash at bank and in hand	8	**110,400**		*58,034*	
		132,662		*80,661*	
Creditors: Amounts falling due within one year	9	**(418,964)**		*(305,530)*	
Net current assets			**(286,302)**		*(224,869)*
Total assets less current liabilities			**(220,785)**		*(147,067)*
Net assets			**(220,785)**		*(147,067)*
Capital and reserves					
Called up share capital	12		**300,000**		*300,000*
Profit and loss account			**(520,785)**		*(447,067)*
			(220,785)		*(147,067)*

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

A Rouf Chowdhury
Director

BA EXCHANGE COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
AS AT DECEMBER 31, 2015

	Share capital £	Retained earnings £	Total equity £
At January 1, 2015	300,000	(447,067)	(147,067)
Comprehensive income for the year			
Loss for the year	-	(73,718)	(73,718)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(73,718)	(73,718)
Total contributions by and distributions to owners	-	-	-
At December 31, 2015	300,000	(520,785)	(220,785)

BA EXCHANGE COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
AS AT DECEMBER 31, 2014

	Share capital £	Retained earnings £	Total equity £
At January 1, 2014	300,000	(319,921)	(19,921)
Comprehensive income for the year			
Loss for the year	-	(127,146)	(127,146)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(127,146)	(127,146)
Total contributions by and distributions to owners	-	-	-
At December 31, 2014	300,000	(447,067)	(147,067)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note).

The following principal accounting policies have been applied:

1.2 GOING CONCERN

The Company reported a loss during the year as it is in a very competitive market and has not yet managed to achieve the level of business initially anticipated and income is not sufficient to meet the overheads. The results though negative 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 2015.

1.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

BA EXCHANGE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. ACCOUNTING POLICIES (continued)

1.4 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

1.5 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.6 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1. ACCOUNTING POLICIES (continued)

1.7 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

BA EXCHANGE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. ACCOUNTING POLICIES (continued)

1.8 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 accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

i) At fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;

ii) At cost less impairment for all other investments.

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 Income statement.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. ACCOUNTING POLICIES (continued)

1.9 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 FINANCE COSTS

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. TURNOVER

100% Turnover of the company for the year ended 31 December 2015 (2014- 100%) have arisen from within the United Kingdom.

3. OPERATING LOSS

The operating profit is stated after charging/(crediting):

	2015	*2014*
	£	*£*
Depreciation of tangible fixed assets	**12,285**	*17,141*
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**3,000**	*3,000*

4. AUDITORS' REMUNERATION

	2015	*2014*
	£	*£*
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**3,000**	*3,000*
	3,000	*3,000*
	-	*-*

5. DIRECTORS' REMUNERATION

	2015	*2014*
	£	*£*
Directors' emoluments	**22,000**	*22,000*

BA EXCHANGE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	22,000	*22,000*

6. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2015	**122,846**	**19,684**	**142,530**
At December 31, 2015	**122,846**	**19,684**	**142,530**
Depreciation			
At 1 January 2015	**45,044**	**19,684**	**64,728**
Charge owned for the period	**12,285**	**-**	**12,285**
At December 31, 2015	**57,329**	**19,684**	**77,013**
At December 31, 2015	**65,517**	**-**	**65,517**
At December 31, 2014	*77,802*	*-*	*77,802*

The net book value of land and building may be further analysed as follows:

	2015 £	*2014 £*
Short leasehold	**65,518**	*77,802*
	65,518	*77,802*

7. DEBTORS

	2015 £	*2014 £*
Due within one year		
Other debtors	**10,500**	*10,500*
Prepayments and accrued income	**11,762**	*12,127*
	22,262	*22,627*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

8. CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Cash at bank and in hand	**110,400**	*58,032*
	110,400	*58,032*

9. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	**348,187**	*237,220*
Taxation and social security	**-**	*97*
Other creditors	**61,157**	*62,389*
Accruals and deferred income	**9,620**	*5,824*
	418,964	*305,530*

10. FINANCIAL INSTRUMENTS

	2015 £	2014 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**10,500**	*10,500*
	10,500	*10,500*
Financial liabilities		
Financial liabilities measured at amortised cost	**(418,964)**	*(305,328)*
	(418,964)	*(305,328)*

Financial assets measured at amortised cost comprise deposits held with third parties.

Financial Liabilities measured at amortised cost comprise trade creditors and other business creditors and accruals.

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.

BA EXCHANGE COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

12. SHARE CAPITAL

	2015	*2014*
	£	*£*
Allotted, called up and fully paid		
300,000 Ordinary shares of £1 each	**300,000**	*300,000*

13. COMMITMENTS UNDER OPERATING LEASES

At December 31, 2015 the company had annual commitments under non-cancellable operating leases as follows:

	2015	*2014*
	£	*£*
Later than 5 years	**42,000**	*42,000*
Total	**42,000**	*42,000*

14. RELATED PARTY TRANSACTIONS

All of the Company's remittances are routed through it's parent entity Bank Asia Limited as part of the normal business cycles, these transactions are at arms length, these amounts have no transactional value and purely for settlement. All revenues are earned from the remitters. There is a position at the year end included in Trade Creditors £348,187 (2014 - £237,220)

15. CONTROLLING PARTY

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

16. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

BA EXCHANGE COMPANY (UK) LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 £	*2014* *£*
Turnover	**105,649**	*56,850*
Cost of sales	**(26,683)**	*(27,268)*
Gross profit	**78,966**	*29,582*
Gross profit %	**74.7 %**	*52.0 %*
	78,966	*29,582*
Less: overheads		
Administration expenses	**(152,676)**	*(156,682)*
Operating loss	**(73,710)**	*(127,100)*
Share of operating profit of joint ventures	**-**	-
Interest payable	**(8)**	*(46)*
Loss for the year	**(73,718)**	*(127,146)*

BA EXCHANGE COMPANY (UK) LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2015

TURNOVER

	2015 £	2014 £
Commission Income	105,432	75,462
F/X Loss	(5,283)	(18,612)
Other income	5,500	-
	105,649	56,850

COST OF SALES

	2015 £	2014 £
Cost of sales		
Bank Charges	26,683	27,268
	26,683	27,268

ADMINISTRATION EXPENSES

	2015 £	2014 £
Administration expenses		
Directors national insurance	-	-
Directors salaries	22,000	22,000
Staff salaries	32,392	31,074
Staff training	-	180
Hotels, travel and subsistence	208	458
Printing and stationery	760	582
Postage	251	291
Telephone and fax	3,692	3,248
Computer costs	9,404	9,234
General office expenses	1,276	3,628
Advertising and promotion	1,139	1,392
Legal and professional	1,928	8,664
Auditors' remuneration	3,000	3,000
Auditors' remuneration - non-audit	2,836	3,000
Rent - operating leases	42,000	42,000
Rates	13,985	2,365
Light and heat	2,340	2,596
Sub-total carried forward	137,211	133,712

BA EXCHANGE COMPANY (UK) LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 £	*2014* *£*
ADMINISTRATION EXPENSES (continued)		
Sub-total brought forward	**137,211**	*133,712*
Insurances	**986**	*1,107*
Repairs and maintenance	**2,194**	*2,603*
Depreciation - plant and machinery	**-**	*4,856*
Depreciation - leasehold property	**12,285**	*12,285*
Profit/loss on sale of tangible assets	**-**	*2,119*
	152,676	*156,682*

INTEREST PAYABLE

	2015 £	*2014* *£*
Interest payable		
Bank overdraft interest payable	**(8)**	*(46)*
	8	*46*

Annex-N

Management & Executives

President and Managing Director
Mr. Md. Mehmood Husain

Additional Managing Director
Mr. Aminul Islam
Mr. Md. Arfan Ali

Deputy Managing Director
Mr. Mohammed Roshangir
Ms. Humaira Azam
Mr. Md. ZahirulAlam
Mr. Mamun-Ur Rashid
Mr. Mian Quamrul Hasan Chowdhury

Senior Executive Vice President
Mr. Syed Nazimuddin
Mr. Mohammad Borhanuddin
Mr. Barun Kanti Saha
Mr. Md. Sazzad Hossain
Mr. Mohammad Ziaul Hasan Molla
Mr. Adil Raihan
Mr. Sarder Akhter Hamed
Mr. Shafiuzzaman
Mr. Md. Ariful Islam Choudhury
Mr. Junaid Masroor

Executive Vice president
Mr. Md. Shariful Islam Khan
Mr. S.M. Iqbal Hossain
Mr. Md.Shahabullah
Mr. Imran Ahmed, FCA, CISA
Mr. Md. Moza□or Hossain
Mr. Mohammad Abdul Qaium Khan
Mr. Md. Zahid Hossain
Mr. Md. Zia Arfin
Mr. Tanfiz Hossain Chowdhury
Mr. Md. Fayezur Rahman Talukder
Mr. Alamgir Hossain
Mr. Sheikh Mohammad Anisuzzaman

Senior Vice President
Mr. Md. Ashrafuddin Ahmed
Mr. A.K.M. Shaiful Islam Chowdhury
Mr. Md. Raja Miah
Mr. Md. Shaminoor Rahman
Mr. Md. Mostafizur Rahman
Mr. Khandker Sayeed Nazmul Hasan
Mr. Mohammed Aminul Islam Mintu, FCCA
Mr. Arequl Arefeen
Mr. Afzalul Haq
Mr. Md. Ekramul Hossain
Mr. Md. Murshid-Al-Amin
Mr. Tahmidur Rashid
Mr. Md. Abdul Latif

Vice President
Mr. Md. Azharul Islam
Mr. Md. Azizul Haque Khan
Mr. A.K.M.Mizanur Rahman
Mr. Sumon Das
Mr. Ali Tarek Parvez
Mr. Minto Lal Saha
Mr. Humayun Yusuf Kabir
Mr. Md. Saiful Islam Laskar
Mr. Md. Ilias Khan
Mr. Md. Shahinur Rahman
Mr. Md. Jahangir Alam
Mr. Syed Md. Ali Reza
Mr. Zahirul Haque
Mr. Golam Ga□ar Imtiaz Chowdhury
Mr. Mohammad Mashiur Rahman Khan
Mr. Mohammad Shah Emran
Mr. Mohammed Rashidul Kabir Rajib
Mr. Md. Shamsuddin (Project Director)

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Corporate Branch	Noor Tower (1st floor), 110, Bir Uttam C.R. Dutta Road, Dhaka	Ph: 880-2-9674501-2 9677031, 9614061-3 Fax: 880-2-9677032	BALBBDDH002
Principal Office Branch	Tea Board Building, 111-113, Motijheel C/A. Dhaka - 1000	Ph: 880-2-9571450-1, 9563652, 9571020-1, 9571023 Fax: 880-2-9566223	BALBBDDH003
Gulshan Branch	Bay's Gallaria, 57, Gulshan Avenue (Ground Floor) Dhaka - 1212	Ph: 880-2-9889268-9, 8828103,8828387 Fax: 880-2-8816739	BALBBDDH004
Agrabad Branch	69, Agrabad C/A, Chittagong	Ph: 880-31-714665, 724876, 714703, 2517303 Fax: 880-31-714548	BALBBDDH005
Malkhanagar Branch	Union Parishad Bhaban, Taltola Bazar, Malkhanagar, Munshigonj	Ph: 01711831040 Fax: 06924-63225	
Scotia Branch	"Rangs Bhaban" Holding # 117/A, Old Airport Road, Tejgaon, Dhaka	Ph: 880-2-8142290, 9137512-5 Fax: 880-2-8155858	BALBBDDH007
MCB Dilkusha Branch	4, Dilkusha C/A, Dhaka	Ph: 880-2-9568871 - 3 Fax: 880-2-9563649	BALBBDDH008
MCB Sk. Mujib Road Branch	1269/b Sk. Mujib Road, Agrabad C/A, Chittagong	Ph: 880-31-715125 - 7 Fax: 880-31-710352	BALBBDDH009
Sylhet Main Branch	60, Niloy Darga Gate, Chowhatta, Sylhet	Ph: 880-821-724722, 712256 Fax: 880-821-722616	
Tarail Branch	Tarail Bazar, Kishoreganj	Ph: 09434-75099 Fax: 09434-75099	
MCB Banani Branch	A. R. Tower, 24, Kamal Ataturk Road, Banani, Dhaka - 1213	Ph: 880-2-9885610, 9894699, 9889104 Fax: 880-2-9882181	BALBBDDH012
Khatunganj Branch	Asia Center, 273/268 Khatunganj, Chittagong	Ph: 880-31-610036, 638013-4, 618419, 63841 Fax: 880-31-632905	BALBBDDH013
Lohagara Branch	Mostafa Centre Lohagara , Chittagong.	Ph: 03034-56304 Fax: 03034-56305	
North South Road Branch	89, Shaheed Syed Nazrul Islam Shoroni, (16,16/1, Malitola Lane) North South Road, Dhaka- 1100	Ph: 880-2-9563768-9, 9567671 Fax: 880-2-9563223	BALBBDDH017
Uttara Branch	House # 79A, Road #07, Uttara Model Town, Dhaka	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBBDDH015
Ashulia Branch	Chowdhury Plaza (1st Floor), Zamgara Bazar, Ashulia, Savar, Dhaka	Ph: 880-2-7702447 Fax: 880-2-7790448	
Mitford Branch	Bismillah Tower (1st & 2nd floor), 147/148, Mitford Road, Dhaka	Ph: 880-2-7320620 - 1 Fax: 880-2-7314999	BALBBDDH014

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
CDA Avenue Branch	665, CDA Avenue, East Nasirabad, Panchlaish, Chittagong	Ph: 880-31-2850091-2, 2863640 Fax:880-31-612933	BALBBDDH018
Sylhet Uposhohor Branch	Sylhet Tower, Subhani Ghat, Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821-2830791	
Dhanmondi Branch	Meher Plaza, House # 13/A (2nd Floor), Road # 5, Dhaka-1205	Ph: 880-2-9668361, 8624872-5, 9675918 Fax: 880-2-9664640	
Station Road Branch	Mohiuddin Market (1st floor), 170, Station Road, Chittagong	Ph: 88-031-2850934-5 Fax: 88-031-2850936	BALBBDDH022
Bashundhara Branch	Plot # 25, Block-A, Avenue Road, Bashundhara R/A, Dhaka.	Ph: 880-2-8402021, 8845182 Fax: 880-2-8401322, 8845181	
Khulna Branch	Al-Mashah Complex, 44, Mojid Sarani, KDA Avenue (Shib Bari Mor), Khulna-9100	Ph: 88-041-2830136-7, 2831451, 2831361 Fax: 041-2830135	
Rajshahi Branch	Ahmed Plaza, 182, Alu Patti Mor, Rajshahi-6100	Ph: 880-721-812503-4 Fax: 880-0721-812502	
Chatkhil Branch	Khilpara Road, 3147 Chatkhil Bazar, Chatkhil, Noakhali	Ph: 03222-75179 Fax: 03222-75179, 75224	
EPZ Branch	Zone Service Complex (Ground Floor), CEPZ, Chittagong	Ph: 880-31-800340, 800406 Fax: 880-31-801391	BALBBDDH027
Mohakhali Branch	82, Mohakhali C/A, Dhaka-1212	Ph: 02-9857236, 9857420, 9857429 Fax: 8855431	BALBBDDH028
Mirpur Branch	Nishi Plaza, Plot # 1, Avenue 4, Section 6, Block C, Pallabi, Mirpur, Dhaka-1216	Ph: 9013814, 9013841, 9013844 Fax: 880-2-9012122	
Anderkilla Branch	184, J.M Sen Avenue, Anderkilla, Chittagong	Ph: 880-31-2854882-3, 2854556 Fax: 880-31-2854881	BALBBDDH030
Rohitpur Branch	Rima Plaza, Rohitpur Boarding, Keranigonj, Dhaka	Ph: 880-2-7766677 Fax: 880-2-7766600, 7766444	
Bogra Branch	Jamil Shopping Centre, Baragola, Bogra	Ph: 880-51-51642-3 Fax: 880-5178641	
Jessore Branch	Jess Tower (1st Floor), 39/M.K. Road, Jessore	Ph: 0421-67783-4, 67748 Fax: 0421-67738	
Bahadderhat Branch	Mamtaz Tower, 4540 Bahadderhat, Chittagong	Ph: 031-2553741-3 Fax: 88-031-2553745	BALBBDDH018
Shantinagar Branch	Treasure Island, 42/43, Siddeshwari Circular Road, Dhaka-1217	Ph: 8333979, 8332836, 8312729 Fax: 8333978	
Tongi Branch	Mariom Tower (1st floor), 13 Anarkoli Road, Tongi Bazar, Tongi, Gazipur	Ph: 9816303-4 Fax: 880-9816306	
Konabari Branch	Rupjan Tower, Nilnagar ,Konabari, Gazipur	Ph: 02-9298882-3 Fax: 02-9298885	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Bhatiary Branch	Bhatiary Bazar, Sitakunda, Chittagong	Ph: 031-2781077-79 Fax: 031-2781080	
Progoti Shoroni Branch	Venus Complex, Pragati Shoroni ,Badda, Dhaka	Ph:8824653,8824467, 8824687 Fax: 8825368	
Ishwardi Branch	Central Jame Masjid Market (1st floor), Station Road, Ishwardi, Pabna.	Ph: 0732664463-5 Fax: 0732664462	
Savar Branch	B-70/1 Bazar Road, Savar, Dhaka	Ph: 88-02-7744857, 7744889, 7744890 Fax: 7744891	
Beani Bazar Branch	Tajma shopping Center (1st floor), Beani Bazar, Sylhet	Ph: 08223-56103-4 Fax: 08223-56105	
Donia Branch	Hossain tower (1st & 2nd Floor), 1050, Donia, Dhaka Ctg high way, Shampur, Dhaka	Ph: 880-2-7540055, 7540095 Fax: 880-2-7551188	
Moghbazar Branch	Tropical M.L. Point (1st Floor), 43, New Circular Road, Moghbazar, Dhaka-1217	Ph: 8321578, 8321245 Fax: 8312056	
Kamal Bazar Branch	Kabir Tower, Kamal Bazar, Mohora Kalurghat, Chittagong	Ph: 031-2572872-3 Fax: 031-2572874	
Cox's Bazar Branch	J.N Plaza (1st Floor), Plot # 226 (New), Tekpara Main Road, Cox's Bazar	Ph: 88-0341-52240-42 Fax: 88-0341-52244	
Faridpur Branch	Plot #2354, Goalchamot, Chak Bazar, Thana Road, Faridpur	Ph: 0631-67206-7 Fax: 0631-67204	
Narayangonj Branch	Jahan plaza (1st Floor),20, Sirajuddoula Road, Falpatty, Narayangonj	Ph: 88-02-7648801-5 Fax: 88-02-7648805	
Paltan Branch	Rangs Tower (1st Floor), 68, Purana Paltan, Dhaka-1000	Ph: 7113844, 7110488, 7115594, 7119664 Fax: 7111164	
Jagannathpur Branch	76, T&T Road, Ward-07, Haji Ashid Ullah Market, Jagannathpur Bazar, Sunamganj	Ph: 0872-756013 Fax: 0872-756014	
Moulvibazar Branch	Shah Mostafa Garden City, M. Saifur Rahman Road (Central Road), Moulavi Bazar	Ph: 0861-63601, 63602 Fax: 0861-636000	
Bhairab Branch	167 Kalibari Road, East Bhairab, Bhairab Bazar, Bhairab, Kishoregonj	Ph: 09424-72328-31 Fax: 09424-72332	
Strand Road Branch	S. A. Chamber (1st Floor), Strand Road, Majhirghat, Chittagong	Ph: 031-2513611-2317 Fax: 031-2513906	
Shyamoli Branch	23/4 Khiljee Road, Block B, Shyamoli, Dhaka	Ph: 02-9103565-6 Fax: 02-9115239	
Patherhat Branch	Ibrahim Sobhar Tower (1st Floor), Patherhat, Noapara, Raozan, Chittagong	Ph: 031-2573111-2 Fax: 031-2573113	
Tejgaon Link Road Branch	Shanta Western Tower,186, Tejgaon I/A, Dhaka	Ph: 88-02-8870081-4 Fax: 88-02-8870086	

Branch Name	Address	Phone/Fax Number	Swift Code
Rupnagar Branch	Plot #34 (1st Floor), Road#16, Rupnagar, Mirpur, Dhaka	Ph: 9016692-3 Fax: 9008757	
Laldighirpar Branch	Laldighirpar Main Road, Laldighirpar, Sylhet	Ph: 0821-719901, 719904 Fax: 0821-719907	
Madhabdi Branch	Shitlabari Bazar Road, Narshigndi	Ph: 880-2-9446553-4 Fax: 880-2-9446555	
Barisal Branch	Fakir Complex, 112, Birsreshtho Captain Mohiuddin Jahangir Sarak, Barisal	Ph: 0431-2177510-1 Fax: 0431-62227	
Oxygen Moor Branch	422, Oxygen Moor, Kulgaon, Bayezid Bostami, Chittagong	Ph: 031-2583701-2 Fax: 031-2583704	
Laldighirpar, Sylhet	Laldighirpar Main Road, Laldighirpar, Sylhet	Ph: 0821-719901, 719904, Fax:0821-719907	
Elephant Road Branch	64, Elephant Road, Dhaka	Ph: 9669351,9669331 Fax: 880-2-9669296	
Lalmatia Branch	Plot 4/3, Block-D, Lalmatia Housing Estate ,Dhaka	Ph: 8100067, 8100071-2 Fax: 880-2-8100070	
Dohazaria Branch	SadekTower (1st Floor), Dohajari, Chandanaish, Chittagong	Ph: 01755591572-74	
Haziganj Branch	Munshi Plaza (1st Floor), Main Road, Haziganj, Chandpur	Ph: 88424-75142 Fax: 08424-75144	
KEPZ Branch	Zone Service Complex (Ground Floor) , North Potenga, Chittagong	Ph: 031-2502391-3 Fax: 031-2502934	
Aglabazar Branch	Shophy Plaza, Aglabazar, Nawabgang, Dhaka	Mob: 01911403703, 01713920853	
Hemayetpur Branch	Molla Market (1st Floor), Hemayetpur Bus stand, Tetuljhora Union, Savar, Dhaka	Mob: 01711072110	
Dakkhinkhan Branch	KC Plaza (1st Floor), Noapara , Dakkhinkhan bazar, Uttara, Dhaka	Mob: 0119818707 Fax: 07426-75173	
Mohadevpur Branch	Saif Uddin Haider & Sons Complex, Mohadevpur, Naogaon	Ph: 01426-75194	
Nimtala Branch	Hemanta Shoping Complex (1st Floor), Nimtala , Sirajdikhan, Munshiganj	Mob:01712942590	
Comilla Branch	Chowdhury Plaza 2, House-465/401, Race Course, Comilla	Mob: 01717578720, 01771425266	
Sonaimuri Branch	United Plaza, Bank Road, Sonaimuri Bazar, Noakhali	Mob:01711008820	
Feni Branch	Holding No.- 34, Ward No.- 10, S.S.K. Road, Feni	Mob:01714112681	
Satmasjid Road Branch	Plot # 78, Bir Uttam M A Rob Sarak, Zigatola, Dhanmondi, Dhaka	Phone 9634926-7	
Paragram Branch	Mamtaj Plaza, Koilail Union Parishad, Nawabgonj, Dhaka	HOB-01713378991, 04470009132	
Sonargaon Janapath Road Branch	"Circle Windflower" Plot No.-30, Sonargaon Janapath Road, Section-11, Uttara, Dhaka	HOB-01670761210; 04470009678, MOB-01819185190	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Dinajpur Branch	"Torab Uddin Complex", Road No.-01, Butibabu Road, Ward No.-3, Kotwali, Dinajpur	HOB-01712 192519	
Lichubagan Branch	"Al-Emarat Shopping Complex", Chandragona Kadamtola Union Parishad, Rangunia, Chittagong	HOB-01818 127403	
Gazipur Branch	"Akbar Trade Centre", BIDC Road, Ward No.- 26, Gazipur City Corporation, Gazipur Sadar, Gazipur	HOB-01913 494546	
Kalatiya Branch	"Kalatiya Shopping Centre", Kalatiya Union Parishad, Keranigonj, Dhaka	769182,7769183,7769184 Mob:01777-792164	
Chandragonj Branch	"Sharif Plaza", Chandragonj, Lakshmipur	HOB-01727760638	
Bank Asia Bhaban Branch	"Bank Asia Bhaban", Agrabad C/A, Sabder Ali Road, Ward No.- 28, Chittagong City Corporation, Doublemuring, Chittagong	HOB-01713106206	
Kushtia Branch	"Hira Super Market", Siraj-ud-Dowla Road, Ward No- 03, Kushtia Sadar, Kushtia	HOB-01971 733140	
Holy Family Red Crescent Medical College Hospital Branch	"OPD Building" HFRCMCH, 1 Eskaton Garden, Moghbazar Road, Ward No.- 19, Dhaka South City Corporation, Ramna, Dhaka	Cell: 01715023337	
Fatullah Branch	"Swiss Point", (opposite of Fatullah Police Station), Fatullah, Narayangonj	Cell: 01711663609	
BSMMU Branch	"Nurses Hostel Building" 1170, Paribagh, Kazi Nazrul Islam Avenue,Shahbagh, Dhaka	Cell: 01819299518	
Ring Road Branch	Plot No- 842, North Adabar, Ring Road, Shyamoli, Adabar, Dhaka.	Cell-04470009363, 01711969794	
Tangail Branch	Al-hajj Super Market, 279, Masjid Road, Tangail Sadar, Tangail	HOB-01712965527 MOB-01714038273	
Rangpur Branch	"Rangpur Bhaban", Plot# 4737, Station Road, Kotwali, Rangpur	Cell: 01716438242	
Muksudpur Branch	Faridmia Complex, Muksudpur, Gopalgonj	Cell: 01713462602 Ph: -7648801-4	
Nangolkot Branch	"Haji Nurul Amin Tower" Nangolkot, Comilla		
Rupsha Branch	"Ma Plaza" School Road, Rupsha, Faridgonj, Chandpur		
Brahmanbaria Branch	"Muktijoddha Complex Bhaban" (Ground & 1st floor), Sadar Hospital Road, Brahmanbaria.	Cell: 01753711966	
Mirpur-1 Branch	"VTCB Tower Shopping Complex", Holding# 3 Main Road, Section-1, Mirpur, Dhaka-1216	Cell: 01715158993	
Ashulia SME/Agri Branch	Tanvir Super Market (1st Floor) , Ashulia Bazar Bus Stand, Ashulia , Savar, Dhaka	Ph: 88-02-7744975-6 Fax: 88-02-7744978	

Branch Name	Address	Phone/Fax Number	Swift Code
Baligaon SME/ Agri Branch	Dewan Super Market , Baligaon Bazar, Tongibari, Munshigonj	Ph: 0693251004-5 Fax: 0693251004	
Shirajdikhan SME/Agri Branch	Shirajdikhan Bazar, Sikder Market Shirajdikhan, Munshiganj	Ph: 06924-63364 Fax: 06924-63225	
Ramgonj SME/ Agri Branch	Anupom Super Market (1st Floor) , Bypass Road, Ramgonj, Laxmipur	Ph: 03824-75080,75171 Fax: 03824-75124	
SME CENTRES			
Jatrabari SME Service Center	Noor Tower, 76/Ga Bibir Bagicha North Jatrabari, Dhaka	Ph: 88-02-7554861-2 Fax: 7554863	
Rekabi Bazar SME Service Center	Rekabi Bazar, Sylhet	Ph: 0821-710419, 710409 Fax: 0821-710406	
Jurain SME Service Center	Anaz Tower 495 East Jurain, Kadamtali, Dhaka	Ph: 88-02-7453414-5 Fax: 88-02-7453416	
Khulna SME Service Center	28, Sir Iqbal Road, Khulna	Ph: 041-731208-9 Fax: 041-723306	
Chaktai SME Service Center	1676/G/1 River City Market, New Chaktai, Bakolia Chittagong	Ph: 031-2866395-6 Fax: 031-2866398	
Bashabo SME Service Center	87, East Bashabo, Dhaka	Ph: 88-02-7218462-3 Fax: 88-02-7218460	
ISLAMIC WINDOWS			
Principal Office Branch	Tea Board Building 111-113, Motijheel C/A. Dhaka - 1000.	Ph: 880-2-9571450, 9571451 Fax: 880-2-9566223	BALBBDDH003
Uttara Branch	House # 79A, Road #07, Sector # 4, Uttara Model Town, Dhaka - 1230	Ph: 880-2-8957427 – 9 Fax: 880-2-8957431	BALBBDDH015
Shantinagar Branch	Treasure Island 42-43, Siddeshwari Circular Road Shantinagar, Dhaka-1217	Ph: 8333979, 8312729 Fax: 880-8333978	
Bank Asia Bhaban Branch	"Bank Asia Bhaban", Agrabad C/A, Sabder Ali Road, Ward No.- 28, Chittagong City Corporation, Doublemuring, Chittagong	Mobile: 88-01755650731	
Sylhet Uposhohor Branch	Sylhet Tower Subhanighat Bishwa Road, Sylhet	Ph: 880-821-2833448-9 Fax: 880-821- 2830791	

Branches at a Glance

Branch Name	Address	Phone/Fax Number	Swift Code
Islamic Banking Division, Corporate Office	Rangs Tower (2nd to 6th floor) Corporate O□ce 68 Purana Paltan Dhaka-1000	Ph: 880-2- 7110042, 7110062, 7110147 7110173, 7110218, 7110247, 7110278 7110468, 7113867, 7115813, 7115881 7118667, 7118828 bankasia@bankasia.com.bd	BALBBDDH
OFF SHORE BANKING UNIT			
EPZ Branch	Zone Service Complex (Ground floor), CEPZ, Chittagong	Ph: 031-800320 Fax: 031-801391	
Subsidiary-1: Bank Asia Securities Limited			
Dilkusha (Head Office)	Hadi Mansion (7th Floor), 2 Dilkusha C/A, Dhaka-1000	Phone: 7124743, 7170896 Fax: 88-02-9567884 Email: cmd.bankasia@gmail.com	
Dhanmondi Branch	Meher Plaza, House # 13/A, R # 05 Dhanmondi, Dhaka	Phone: 8624874-5	
Mirpur Branch	Nishi Plaza, Plot # 01, Avenue-04 Section-06, Block-C, Mirpur	Phone: 9013814, 9013841	
Khulna Branch	28, Sir Iqbal Road (1st Floor), Khulna	Phone: 041-2830136-7	
Jurain Branch	Anaz Plaza (2nd Floor)495,East Jurain Kadamtali, Dhaka	Phone: 7453414	
Uttara Branch	H # 79/A, (4th Floor), R# 07, Sector # 04 Uttara Model Town, Dhaka-1000	Phone: 8958371	
Extension Office	158-160, Ground Floor Motijheel, C/A Dhaka-1000	Phone: 7124805, 7124816	
Subsidiary-2: BA Exchange Company (UK) Ltd.			
Office in UK	125 Whitechapel Road, London E1 1DT	Tel: 0203 005 4845-6 Fax: 0207 426 0097 Mob: 0795 081 4675	
Subsidiary-3: BA EXPRESS USA inc			
Office in Jamaica	168/29 Hill Side Avenue, Suite 2B, Jamaica, NY-11432 New York, USA	CEO: 0019173487207	
Office in Brooklyn	484, Mc Donald Avenue (1st floor), Brooklyn, NY-11218, New York, USA	CEO: 0019173487207	

Integrated Reporting Checklist

Summary checklist for Integrated Reporting

		Page Reference
1	**Elements of an Integrated Report**	
1.1	Organizational overview and external environment	8-9,15,53-54,57,61,141, 142, 153-155, 162-166, 243-244
1.2	Governance	176-177, 327-344,178-221
1.3	Stakeholder Identification/ relationships and capitals	4, 108-110, 117-118,150-152,167-170,199, 203, 225,228
1.4	Business Model	17,59,61,88-89, 144-149, 150-152,153-155,157,161,167-170,171-173,174-175, 201-203
1.5	Performance	32-35, 36-39, 46-47, 57-83
1.6	Risks and opportunities	94-133
1.7	Strategy and resource allocation	8-9, 87, 90-91, 141, 150-152
1.8	Outlook	51, 54, 87,141
1.9	Basis of preparation and presentation	244-258
2	**Responsibility for an Integrated Report**	84-85
3	**Other Qualitative Characteristics of an Integrated Report**	Other Qualitative Characteristics of an Integrated Report
3.1	Conciseness	6-7, 12, 32-35, 36-39,84-85, 90,91,132
3.2	Reliability and Completeness	
3.3	Consistency and Comparability	
3.4	Connectivity of Information	
3.5	Materiality	
3.6	Assurance on the Report	

SAFA standard disclosure checklist

Items	Page No
Corporate Objectives, Values & Structure Clarity and presentation:	
Vision and Mission	8
Overall strategic objectives	47, 87, 113, 141
Core values and code of conduct/ethical principles	9, 12, 196
Profile of the Company	10, 15, 16, 142
Director's profiles and their representation on Board of other companies & Organization Chart	17, 20-25, 100, 287
Management Report and analysis including Director's Report Chairman's Review/CEO's Review etc.	
A general review of the performance of the company	15, 32-39, 57
Description of the performance of the various activities / products / segments of the company and its group companies during the period under review. (weightage to be given for pictorial / graphical / tabular presentations used for this purpose)	15, 57-83, 326-327
A brief summary of the Business and other Risks facing the organization and steps taken to e□ectively manage such risks	94-131, 254
A general review of the future prospects/outlook.	50, 51, 52, 86
Information on how the company contributed to its responsibilities towards the sta□ including health & safety)	128, 129, 130, 162-163, 202
Information on company's contribution to the national exchequer & to the economy	157
Sustainability Reporting	
Social Responsibility Initiatives (CSR)	47, 167-171
Environment related Initiatives	82, 85, 136
Environmental & Social Obligations	138-139, 153-155, 160
Integrated Reporting	84-85, 140, 383
Disclosure of Accounting policies and General Disclosure	
Disclosure of adequate and property worded accounting policies relevant to assets, liabilities, income and expenditure in line with best reporting standards.	243-258
Any Specific accounting policies	248-258
Impairment of Assets	249-251
Changes in accounting policies/Changes in accounting estimates	248-258
Segment Information	
Comprehensive segment related information bifurcating Segment revenue, segment results and segment capital employed	
Segment analysis of	
• Segment Revenue	15, 57-83, 326-327
• Segment Results	
• Turnover	
• Operating profit	
• Carrying amount of Net Segment assets	
Financial Statements (including Formats)	
Disclosures of all contingencies and commitments	238, 247, 252
Comprehensive related party disclosures	257, 301
Disclosures of Remuneration & Facilities provided to Directors & CEO	202

SAFA standard disclosure checklist

Items	Page No
Statement of Financial Position / Balance Sheet and relevant schedules	232-233, 237-238, 259-290
income Statement / Profit and Loss Account and relevant schedules	234, 239, 290-300
Statement of Changes in Equity / Reserves & Surplus Schedule	236, 241
Disclosure of Types of Share Capital	116-117, 251-252, 285-286
Statement of Cash Flow	235, 240, 247, 299
Consolidated Financial Statement (CFS)	232-236
Extent of compliance with the core IAS/IFRS or equivalent National Standards	257-258
Disclosures / Contents of Notes to Accounts	243-301
Information about Corporate Governance	
Board Of Directors, Chairman And CEO	20-25, 186-194
Vision / Mission And Strategy	8, 87
Audit Committee (Composition, role, meetings, attendance, etc) Internal Control & Risk Management	180-181, 190-191, 199
Ethics And Compliance	11-12, 196-197
Remuneration and other Committees of Board	202, 198-199
Human Capital	162-166, 228
Communication To Shareholders & Stakeholders	4, 150-152, 194, 203
Management Review And Responsibility	44-47, 94-97, 184, 193-196, 224-229
Disclosure by Board of Directors or Audit Committee on Evaluation of quarterly reports	83
Any other investor friendly information	14, 32-35
Risk Management & Control Environment	
Description of the Risk Management Framework	94-97, 98-107, 109-113, 254-256
Risk Mitigation Methodology	99-102, 108-109, 119-131
Disclosure of Risk Reporting	107-108, 114-131
Stakeholders Information	
Distribution of shareholding (Number of shares as well as category wise, e.g Promoter group, Fil etc)	199-200, 286-287
Shares held by Directors/ Executives and relatives of Directors/ Executive	200-201, 286-287
Redressal of investors complaints	176
Graphical/ Pictorial Data	
Earnings per Share	35
Net Assets	35
Stock Performance	174-175
Shareholders' Funds	34
Return on Shareholders Fund	34
Horizontal/Vertical Analysis including followings	

SAFA standard disclosure checklist

Items	Page No
Operating Performance (income Statement)	35, 36, 38
Total Revenue	
Operating profit	
Profit Before Tax	
Profit after Tax	
EPS	
Statement of Financial Position (Balance Sheet)	37, 39, 226
Shareholders Fund	
Property Plant & Equipment	
Net Current Assets	
Long Term Liabilities/Current Liabilities	
Profitability/Dividends/ Performance and Liquidity Ratios	32-35, 259-260
Gross Profit Ratio	
Earning before Interest, Depreciation and Tax	
Price earning ratio	
Current Ratios	
Return on Capital Employed	
Debt Equity Ratio	
Statement of Value Added and Its Distribution	
Government as Taxes	156-157
Shareholders as dividend	156
Employees as bonus/ remuneration	156
Retained by the entity	156
Market share information of the Company's product/ services	55-56, 144-149
Economic value added	156-157
Timeliness in issuing Financial Statement and holding AGMs	
3 months time to produce the Annual Report and hold AGM are considered reasonable for full marks	-
Delay after the initial period of 3 months - deduction of 2 marks is to be made for each month	-
If the period is over 6 months - no marks shall be awarded	-
Additional Disclosures	
Any other good additional Disclosure (GRI, GNV)	6-7, 136
Human Resource Accounting	228
Specific Areas for Banking Sector	
Disclosure of Ratings given by various rating agencies for Instruments issued by /of Bank. For eg. FD, CD, Tier I perpetual Bonds	204
Details of Advances portfolio Classification wise as per the direction issued by the central bank of the respective countries	249-271
Disclosure for Non Performing assets	122, 132-133
Movements in NPA	122

Items	Page No
Movement of Provisions made against NPA	122, 281-282
Details of accounts restructured as per regulatory guidelines	269-270
Maturity Pattern of Key Assets and Liabilities (ALM)	242
Classification and valuation of investments as per regulatory guidelines/Accounting Standards	248-249, 264-266
Business Ratio/ Information	32-35, 259-261, 285-286, 302
Statutory Liquidity Reserve (Ratio)	
Net interest income as a percentage of working funds / Operating cost	
- E□ciency ratio	
Return on Average Asset	
Cost / income ratio	
Net Asset Value Per Share	
Profit per employee	
Capital to Risk Weighted Asset ratio	
Operating profit as a percentage of working funds	
Cash Reserve Ratio / Liquid Asset ratio	
Dividend Cover ratio	
Gross Non-Performing assets to gross advances /Non- Performing Loans (Assets) to Total Loans (Assets	
Details of credit concentration / Sector Wise exposures	61, 269, 311
The break-up of `Provisions and contingencies' included in the Profit and Loss Account	234, 239, 298
Disclosure under regulatory guidelines	114, 131, 204-221
Details of Non-Statutory investment portfolio	265-266, 304-305
Disclosure in respect of assets given on operating & finance lease	250, 306-307
Disclosures for derivative investments	248-249, 264-265
Bank's Network : List of Centers or Branches	378-382

NOTES

Corporate Office (Registered Office)
Rangs Tower (2nd to 6th floor)
68 Purana Paltan, Dhaka-1000
Tell : 02-7110042, 7110062, 7110147, 7110173, 7110177, 71100218
Fax : 00-02-7175524
E-mail : bankasia@bankasia.com.bd
Web : www.bankasia-bd.com, https://www.bankasia.net

I/we,.....of

.....

a Member of BANK ASIA LIMITED do hereby appoint Mr./Ms.....of

.....,or failing him/her Mr./Ms. .....of

..... as my/our proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Members of the Company to be held on the 18th April 2016 (Monday) and at any adjournment thereof.

In witness my hand this ..... day of ..... 2016.

		Signature of the Member :
Witnesses:	Revenue Stamp	Name :
1.		Folio No.
2.		BO ID :
		Signature of the Proxy :
		Folio No :
		BO ID :

Corporate Office (Registered Office)
Rangs Tower (2nd to 6th floor)
68 Purana Paltan, Dhaka-1000
Tell : 02-7110042, 7110062, 7110147, 7110173, 7110177, 71100218
Fax : 00-02-7175524
E-mail : bankasia@bankasia.com.bd
Web : www.bankasia-bd.com, https://www.bankasia.net

I hereby record my presence at the Seventeenth Annual General Meeting of Bank Asia Limited held today the 18th April 2016 at 11.00 am at Dhaka Ladies Club, 36 Eskaton Garden Road, Dhaka-1000.

I give my particulars and put my signature below.

Name :

Folio No.

BO ID :

Signature

(Please complete this slip and deposit at the registration counter on the day of the meeting)