

Unlocking Human Dimensions

sustainability report 2018

Electromagnetic Radiation (EMR) is the essential for ultramodern world along with
Electromagnetic Field (EMF) is a bombard from numerous technological devices



 Bank Asia

Sustainability Report 2018

Electromagnetic Radiation (EMR) is self-sustaining energy with electric and magnetic field components. Electromagnetic radiation is commonly referred to as “light”, EM, EMR, or electromagnetic waves. Electromagnetic radiation is classified into several types according to the frequency of its wave. These types include (in order of decreasing frequency and increasing wavelength) cosmic radiation, gamma radiation, X-ray radiation, ultraviolet radiation, visible radiation, IR radiation, terahertz radiation, microwave radiation, and radio waves.

Now a days there are certain types of electromagnetic radiation that can be harmful to us. We may not be fully aware of it but on a daily basis we use objects and appliances that give off such energy. This energy may potentially be damaging to us. Examples of hazards of Electromagnetic Radiation could be cell phones, cell phones tower, medical equipment’s power lines & transformers. As we invent new wireless technologies we introduce future new Electromagnetic Radiation hazards. These devices have become almost inseparable from us during the day.

At Bank Asia we are strongly committed to contributing to the achievement of more sustainable environment by making our efforts to build awareness among people about Electromagnetic Radiation. We have to keep in mind that new technologies may come out with newer benefits, but that cannot be greater than the health risk faced by humans, birds, plants, animals and environment.



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Mission

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

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

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

Vision

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

Core Values

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



Code of conduct

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

GRI 102-45, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54

REPORT PARAMETER

REPORT PARAMETER

Bank Asia is the pioneer in the banking industry of Bangladesh to publish Sustainability Report as per GRI guidelines. Our prior two reports were based on GRI reporting framework G3/ G3.1 guidelines. But from the year 2014 to 2017 we have prepared our sustainability report based on GRI reporting framework G4 guidelines. This is the first time from 2018 we are reporting on GRI reporting framework GRI standard with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social aspects including both positive and negative contribution.

REPORTING SCOPE

This report intends to touch upon all significant environmental, economic and social impacts resulting from Bank Asia's activities in the financial year 2018. This is our seventh sustainability report and there is no significant changes regarding scope, boundary or measurement methods and explanation of the effect of any restatement of information comparing to the previous report. The sustainability report will be prepared once in a year describing activities and achievements through-out the year.

CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS

This report has been prepared in accordance with the GRI standards: Core option.

BOUNDARY OF THE REPORT

The report boundary of the year 2018 covers only banks operation run by corporate office, its branches, SME service centers and other direct networks in Bangladesh. Impacts of the activities of our subsidiaries, NGO networks or our suppliers in other countries are not within the scope of this report. Bank Asia has three subsidiary companies, one in Bangladesh and others in UK and USA, but no joint venture. As owner, the Bank controls the activities of its subsidiaries. Bank Asia Securities Limited (BASL), a majority owned subsidiary is incorporated in Bangladesh and acts as a stock broker and stock dealer in capital market. The financial statements of the BASL are prepared on a going concern basis under historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRS). BA Exchange Company (UK) Ltd. in UK and BA Express USA Inc. at NY, USA are two wholly owned subsidiaries with a primary responsibility of remittance channeling to Bangladesh from UK and USA market. Financial statements of BA Exchange Company (UK) Ltd. and BA Express USA Inc. are prepared on a going concern basis under the historical cost convention and in accordance with the Financial Reporting Standards for smaller entities.

FEEDBACK

We welcome any feedback on our sustainability reporting. For further information and comments, please contact Sustainability Reporting Team of the Bank led by Mr. Mohammad Ibrahim Khalil, FCA, Chief Financial Officer, Mr. Md. Shamim Hasnat, Assistant Vice President, Group Finance and Ms. Nahid Tania Khan, Executive Officer, Group Finance. They may be reached through **E-mail** sustainability.ba@bankasia-bd.com

Bank Asia Limited

Corporate Office | Rangs Tower | 68, Purana Paltan, Dhaka-1000 | Bangladesh
Tel +88 - 02- 47110062 | **Fax** +88 - 02- 47175524 | **Web** www.bankasia-bd.com

STRATEGIC FOCUS FOR SUSTAINABILITY

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

GOING GREEN IN THE FUTURE OF BANKING

One of the strategic priorities of Bank Asia is to promote financial inclusion for combating poverty which the Bank firmly believes to achieve by its deposit services, agricultural credit program, small enterprise financing for productive new off farm employment of 'missing middle', Solar home system projects with NGO-MFI partners, foreign remittance of poor migrant workers channeling through partner MFIs, 'Ektee Bari Ektee Khamar' Project, Agent Banking channels, domestic remittance distribution through bank branches and agent banking outlets.

PROMOTING FINANCIAL INCLUSION

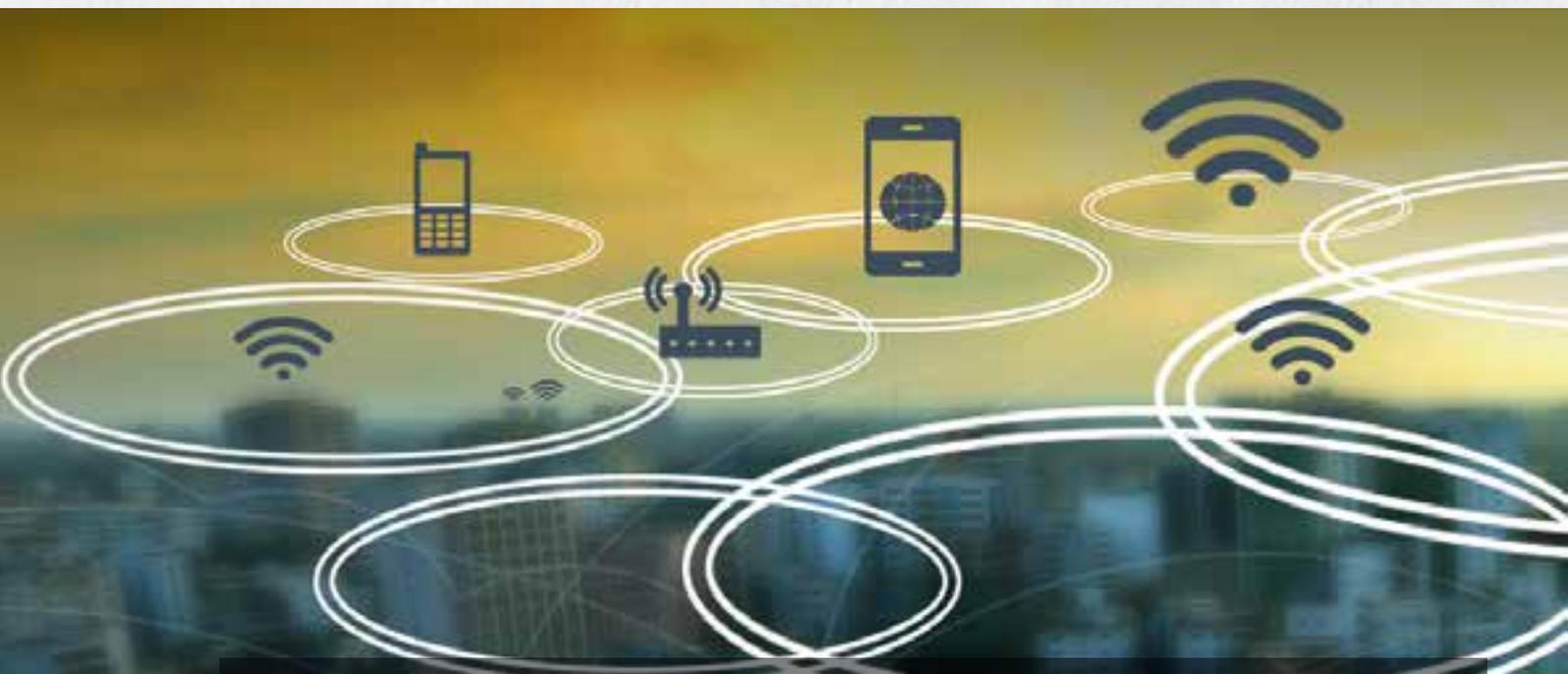
GIVING BACK

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

CUSTOMER SATISFACTION

Bank Asia is sincere to create higher customer satisfaction and loyalty by its brand enhancement programs & creating brand ambassadors, personalized banking, online product innovation, measure and reduce customer efforts for greater value proposition.

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. 3.57 million and Tk. 1.0 million respectively during 2018. 70,690 man-hours training have been provided to 3,729 employees in the year 2018 both in home and abroad. Bank Asia works with a wide range of suppliers, vendors, agents and others. To create value the Bank works with them through collaboration by applying its own policy and practice for selecting these suppliers and others.

PLANET As one of the strategic focuses of Bank Asia, 'going green' movement includes efficient energy consumption, paperless office, financing renewable energy etc. Bank Asia's achievements in green initiatives are detailed out in other parts of the report. As greening of mind, 27,144 manhours of training provided to 129 staffs regarding green banking under foundation and other trainings course in 2018.

PROFIT During 2018, Bank Asia generated operating profit of Tk. 8,060.4 million.

SUSTAINABLE BANKING OPERATIONS

KEY HIGHLIGHTS 2018

997,777

households of rural and semi-urban areas received remittance of Tk. **2,951** million through our MFIs network business

837

students received support for education under BA's higher studies scholarship amounting Tk. **42.69** million. Total beneficiaries so far **2,133**

66%

Cash transactions done through ATM

70,690

Man hours of training for development of human capital

839,375

unbanked villagers came under Bank Asia's banking service network by EBK project for poverty alleviation

65,867

rural farmers benefitted financially through our agricultural/rural credit

2,566

agent outlets in 64 districts for expanding Agent Banking in most geographically dispersed poor segment

203,356+

transactions done through Bank Asia SMART APP, an integrated internet and mobile banking solution

Tk. **324** million

in Pet bottle recycling plant as part of Green Financing

101,960

E-Statements delivered to customer

“CHAIRMAN’S MESSAGE”

Bangladesh is likely to be the biggest mover in the global gross domestic product rankings in 2030, becoming the 26th largest economy in the world from 42nd according to the latest report of HSBC Global Research. The economy of Bangladesh is going towards right direction to achieve the goal. We are also hopeful in meeting the economic target of reaching Middle Income Country (MIC) status in 2021 by ensuring an annual 8% GDP growth. Currently, a large amount of fund has been spending for generation of power, energy and infrastructure development which will excel the economic activities much more.





Diversification of business is essential for a sustainable balanced financial position. To diversify the advance portfolio and to increase the return, the bank followed the strategy of increasing the share of SME and retail business in the portfolio. This will help to go to mass people and ensure better risk management. The share of SME & Retail credit increased by 5% within last two years. Bank Asia implemented a full-fledged digitized cluster-based approach for financing to cottage, micro, small enterprises. The Bank has also a great contribution to Agricultural/ rural credit sector. In 2018, credit facility was disbursed to 65,867 rural farmers amounting to Tk. 2,880 million. Till to date, 566,757 number of farmers have received financial assistance from us.

Bank Asia has been expanded its business horizon rapidly across the country through agent banking channel, a full-fledged banking services to the doorsteps of the customers. Bank Asia is the pioneer for implementing this financial inclusion model in Bangladesh. The target group of this segment is unbanked people where bank usually does not enter to serve. But in the meantime, the Bank has spread its agent banking network in 417 upazilas of 64 districts through 2,566 agent outlets. This business model ensures social wellbeing as well as profitability of the bank as a huge potentiality lies in this segment. The government's social safety net benefits, including elderly, widow and disabled allowances are being reached to disadvantaged segments in a timely and cost effective manner. Bank Asia took the pride of disbursing highest remittance in Bangladesh through this channel. The Bank also set up RMG digital booth, first ever in Bangladesh. Recognizing the phenomenal efforts in facilitating financial inclusion in Bangladesh, Bank Asia has been awarded with "Retail Banking Award 2018" in the category "Financial Inclusion Initiative of the year" by Asian Banking & Finance (ABF).

Bank Asia embedded the value of Corporate Social Responsibility (CSR) in its business philosophy. Since inception, the bank has been contributing to the under privileged segment of the society so that they will be included in the mainstream. Bank Asia foundation established with the aim of strengthening CSR program and streamlining the activities in a more systematic, structured and sustainable manner. In the meantime, the Foundation has taken up a project to construct a 250 bed hospital cum medical college at Malkhanagar, Sirajdikhan, Munshigonj. My family members and I donated 700 decimal land and a 3 storied building of 36,000 sft for the proposed Hospital and Medical College. The Diagnostic Centre and OPD will hopefully be operational within a couple of months. At the same time the process for setting up of a 20 bed hospital for gynecological patients especially has started. The Bank spent Tk.126 million for CSR activities in 2018 which was Tk. 109 million in 2017. Scholarship is one of our most focused CSR initiatives under which poor and meritorious students are receiving Tk. 51,000 every year for their higher studies.

Every year we work on a new theme to focus on the adverse impact of economic activities over environment. This year we focused on electromagnetic radiation (EMR). Electromagnetic pollution is very much dangerous to human health that mainly caused by man-made applications. EMR emitted from cell phones, cell phone towers, micro wave oven etc. and 90% area of Bangladesh is covered under radiation from cell phone and cell phone towers. This modern world can not be thought of without cell phone. We may not avoid the use of these technologies totally but can limit its effect through awareness. Bangladesh is very much vulnerable to this pollution for lack of awareness.

Last but not the least, I take this opportunity to extend my heartfelt thanks to the members of management for their untiring efforts of making our institution a more socially responsible institution by way of extending extensive inclusive banking services through alternative banking channels and helping the society extend various social services under active guidance of the Board. I also extend my gratitude to the Sustainability Reporting Team for their sincere effort for presenting the Bank's activities under the framework of Sustainability Reporting.

A Rouf Chowdhury
Chairman

“REVIEW FROM THE
**PRESIDENT AND
MANAGING DIRECTOR**”





People, Planet, Profit are now- a- days the crux of any sustainable business. In line with this thought, we at Bank Asia firmly believe that we have strong role to play in promoting sustainable development including the transition to a low carbon economy through our green financing and green banking activities. With this belief and commitment, I am proud to share Bank Asia's sustainability report which shows how we have contributed to the community and environment in 2018.

Bank Asia firmly believes that sustainability is the core element of competitiveness and to achieve this bank business model need to create value for stakeholders in a sustainable way. With the aim of accomplishing the above beliefs Bank Asia highly focuses on the tasks which creates sustainable economic, environmental and social impact over the society.

Live Green- Save Green

Bank Asia always believes in growing in a responsible manner by maintaining an ecofriendly environment across the organization. For that purpose, the Bank circulated Green Banking Policy guidelines to all the employees for raising awareness regarding conservation of energy, water, saving paper, etc.

Bank Asia has also adopted policies to reduce energy in its in-house management by utilizing maximum natural day light, energy savings bulbs, and green computing based data center. Bank Asia is also very much focused on managing the waste generated from day to day banking activities, food consumption, physical wear and tear of computer and office equipment, obsolete furniture & fixture and newspapers. To reduce the waste, Bank has taken some necessary measures such as- usage of both sides of papers and collection of wasted papers using bins after shredding, donation of old equipment and furniture for charity, accumulation of food wastes by community cleaners on daily basis and disposition of toner, cartridges and newspapers through community cleaners.

On the other hand, Bank Asia highly encourages its customers to use E-Statement, SMS banking, SMS Alert, Net Banking, and E - Fund Transfer and E-Mail Correspondences to diminish wastage of paper. This year the Bank developed more number of green banking instruments compared to the previous year, through which the customers can save their valuable time and unnecessary paper work as well.

Now-a-days freelancing is very popular among the youths and to make the freelancing activities more feasible, Bank Asia recently launched "SHADHIN Card" for freelancing which is used by the freelancers to facilitate transactions. For enhancing public conversance and highlighting green banking activities, Bank Asia published an advertisement in the "The Daily Star" on World Environment Day 2018.

While selecting businesses for financing, the bank focuses on green financing like renewable energy generation, carbon emission project, solar home system, CNG conversion project, bio-gas, managing different waste, treatment of liquid waste, urban building safety project, and effluent treatment plant in brick fields in a continuous basis. Bank Asia has an agreement with Bangladesh Bank as a participant in the refinance scheme for Green Product / Initiatives practicing with these appreciated initiatives in Bio- Gas and Green Industries projects. During the year 2018 we disbursed Tk. 32.46 million to Green finance, which has helped sequestration of carbon and reduce adverse environmental effect.

Embracing Corporate Social Responsibility

Being committed to bring social and environmental prosperity Bank Asia spent an amount of Tk. 126.91 million for several CSR activities in the year 2018. Bank Asia donated to Prime Minister's Relief Fund for different generous activities and also distributed warm cloths among cold-hit and flood hit people. Bank Asia supports poor meritorious students by providing Higher Study Scholarship to become emergent human capital of our country. In 2018, total 837 students received support for

education under Bank Asia's higher studies scholarship scheme amounting to Tk. 42.69 million and the total beneficiaries are 2,133 so far.

Economy of Financial Inclusion

Being pioneer of Agent Banking operations, Bank Asia has always given special attention to its agent banking services. With the aid of advanced technologies and flexible Agent Banking module, Bank Asia reached to remote areas with 2,566 agent outlets covering 64 districts and 417 upazillas across Bangladesh which also ensures compatible security for the customers. We have now reached to customers' doorsteps by extending our agent outlets across Bangladesh. As a result, each and every customer can easily withdraw his allowances without any sort of complexity. Many rural customers consider it as a blessing because their requirement can be over just by putting a fingerprint. Moreover, it is also creating employment opportunities for the jobless people.

Bank Asia has been supporting the under privileged people through its EBK operation in 31 districts encompassing 222 upazilas, comprising of 839,375 beneficiaries. Bank Asia is also concentrating on school banking services with an aim to build savings habit of school going children. Bank Asia has collected deposit of Tk. 48.75 million from 19,500 school banking accounts up to 2018.

Sustainable Agri Economy

Bank Asia has facilitated 372 no. of borrowers by disbursing TK. 8.61 million under special Agricultural Credit at 4% concessional Interest Rate. In 2018, the Bank disbursed Agriculture Loan of Tk. 2,880 million to 65,867 rural farmers which has created numerous employment opportunities in that sector. Bank Asia, the pioneer of smart agriculture card (A- Card), disbursed loan of Total Tk. 9.05 million to 457 farmers in 2018. Moreover, Bank Asia has facilitated the scheme of ten-taka account holders' (1,336 nos.) by disbursing Tk. 46.28 million.

Engage – Produce - Grow

At Bank Asia, we provide our employees ample opportunities for personal growth through comprehensive training and other development programs. In 2018, Bank Asia has provided 70,690 man hours training to 3,729 participants on different operational and behavioral aspects.

Award and Recognition

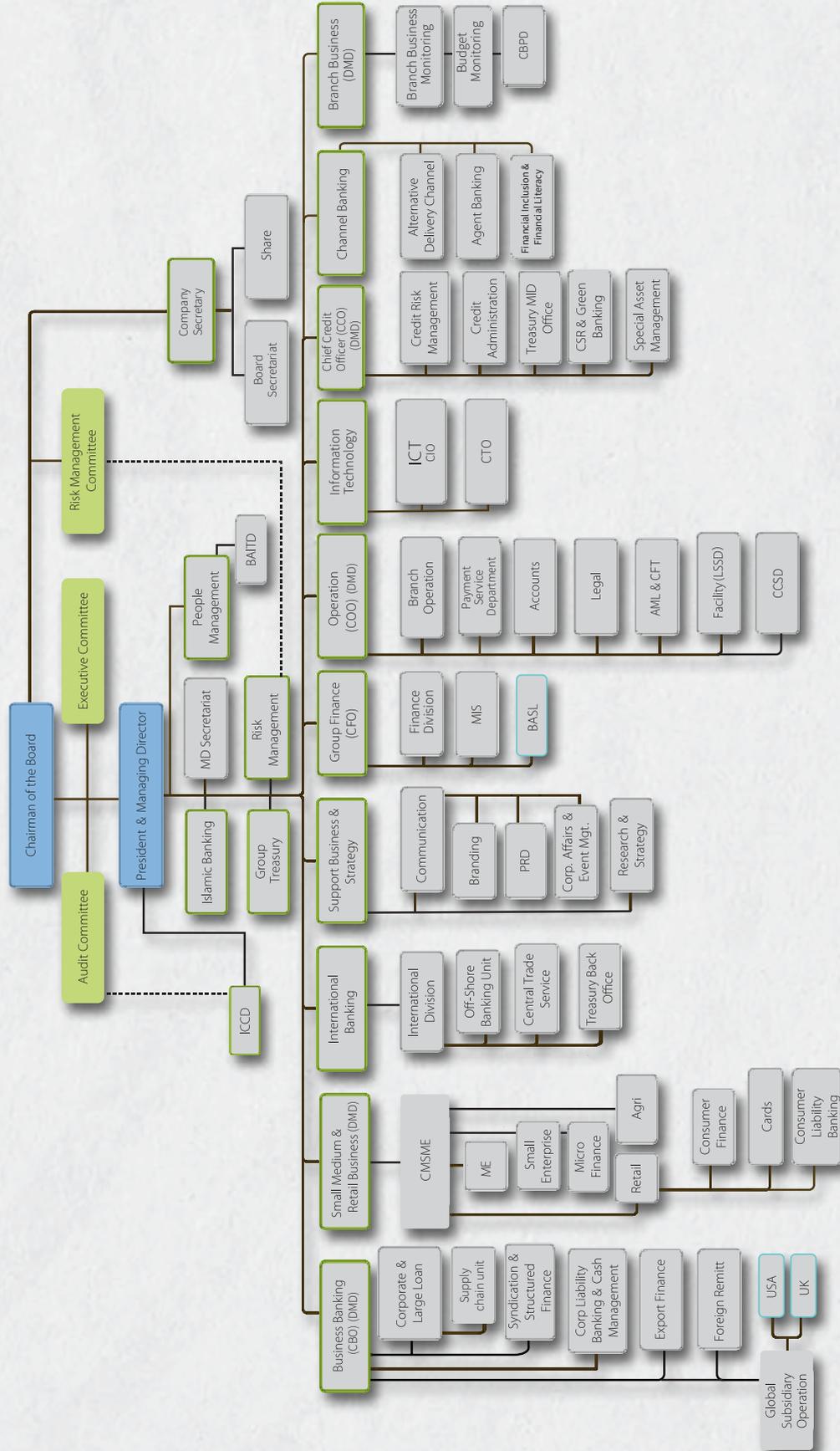
Bank Asia always believes in transparency in disseminating information to the stakeholders irrespective of different events. We are really privileged to share that, Bank Asia has been granted "GOLD RANK" in Asia Sustainability Reporting Rating 2018, in the 14th Sustainability Reporting Awards (SRA) 2018 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Jakarta, Indonesia for Sustainability Report 2017. This is noteworthy that we are achieving sustainability award every year under different category by NCSR.

In Bank Asia, we are persistently monitoring the changing environment in which we operate to ensure stakeholders' concerns are duly captured and managed on an on-going basis. We are always trying our best to ensure fairness and transparency in our all decision making process for the establishment of sustainable banking across the country. At last, I extend my sincere gratitude and appreciation to all our valuable stakeholders for their active and feasible engagement towards Bank Asia's vision to build a poverty free Bangladesh.



Md. Arfan Ali
President and Managing Director

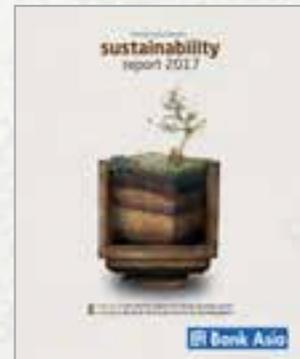
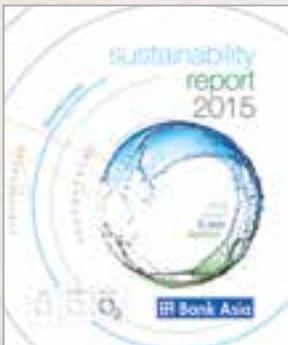
GRI 102-45
CORPORATE ORGANOGRAM



AWARDS AND RECOGNITION



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



Achievement for Sustainability Report

Bank Asia achieved Sustainability Reporting Awards (SRA) by NCSR (National Centre for Sustainability Reporting), Jakarta, Indonesia

- **Gold Rank**- Best Sustainability Report in Asia Sustainability Reporting Rating 2018 - 14th SRA 2018 for Sustainability Report 2017 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners)
- **'Winner-Best Sustainability Report in Overseas category'** - 13th SRA 2017 for Sustainability Report 2016
- **Best Sustainability Report in Bangladesh** - 12th SRA 2016 for Sustainability Report 2015
- Best Sustainability Reporting Award 2015, Runner up 1 in **Overseas Category** for Sustainability Report 2014
- Sustainability Reporting Award 2014 (SRA 14) for **Most Impressive Report 2013** for Sustainability Report 2013
- Sustainability Reporting Award 2013 (SRA 13) for **Most Progressive Report 2012** for Sustainability Report 2012
- **Commendation for the first time** - 9th SRA for Sustainability Report 2012



CORPORATE PROFILE

Bank Asia Limited was incorporated on September 28, 1999 as a private commercial bank with the aim of contributing for the development of the economy by bringing superior quality, technology driven banking products and services. In 2001, Bank Asia set a milestone by acquiring the Bangladesh operations of the Bank of Nova Scotia of Canada, first in the banking history of Bangladesh. At the beginning of the year 2002, the bank again acquired the Bangladesh operations of Muslim Commercial Bank Limited of Pakistan. Bank Asia has associated Islamic banking, Off-shore banking, Agent Banking, EBK & Social Safety Net program and many more specialized services with its core banking activities. To excel in this new era of technological triumph, Bank Asia has successfully introduced internet banking, cutting edge ICT, state of the art network solution, 24/7 ATM service and many other e-products. Bank Asia maintains an environment of strong corporate governance that helps to maintain its excellent brand image; reflected by consistent financial performance for its stakeholders. To attain sustainability, we focus more on strategic priorities measured by quantitative and qualitative determinants. Besides maintaining a steady growth, Bank Asia always prioritized in the structural and moral development of the society. From the very beginning the bank has started its Corporate Social Responsibility (CSR) activities for the development of our country's unprivileged segments in the areas of education, health, environment, sports, arts & cultures and the likes.

Nature of Ownership and Legal Form

Bank Asia Limited was formed as a public limited company under the Companies Act 1994, and governed by the Banking companies Act 1991. The Bank obtained certificate of incorporation on September 28, 1999 and banking license on October 06, 1999. It went for public offering on September 23, 2003.

Number of Countries where the Organization operates

Bank Asia runs its operation only in Bangladesh. However, the Bank has two fully owned subsidiaries in overseas. Among these subsidiaries, 'BA Exchange Company (UK) Limited' and 'BA Express USA Inc.' facilitate as speedy and dependable medium for remitting the hard-earned money of expatriates backhome. 'BA Exchange Company (UK) Limited' started its operation in London on May 16, 2011. The 3rd subsidiary of Bank Asia 'BA Express USA Inc.' started its operation on June 1, 2014 in New York. It has also opened its 2 new overseas branches in Jamaica and Brooklyn for remittance channeling to Bangladesh.

Branch Network

Currently we have 127 branches and SME service centers across the country spread over different zones that includes 119 branches, 4 SME/ Agricultural branches and 4 SME service centers. Geographically 65 are placed in capital Dhaka, 38 in Chattogram the 2nd largest commercial hub after Dhaka, 7 in Sylhet zone one of the leading remittance flow area, 6 in Khulna zone the 2nd international port city and adjacent to world's largest mangrove forest, 5 in Rajshahi the silk city and world's finest mango production area, 3 in Rangpur famous for one of the oldest (1916) and best reputed college, Carmichael College, 2 in Barisal, the main rice producing center of Bangladesh and 1 in Mymensingh, renowned for one of the largest Agricultural University and largest residence of Garo ethnic communities of the country. All these branches and SME centers are efficiently supervised and monitored by Zonal heads who take care of their overall performance indicators on a regular basis. Every year on an average 7 new branches are added to our branch network.

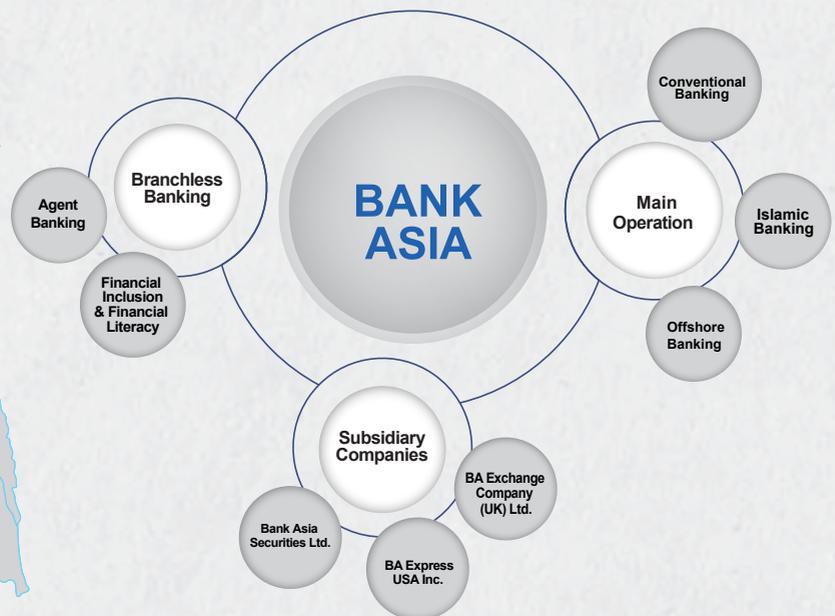
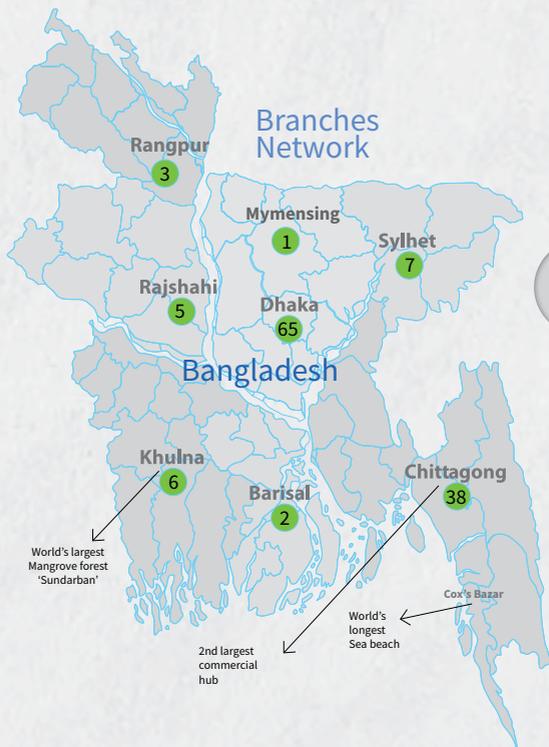
Scale of the Reporting Organization

As of the end of 2018, our Bank's operating profit is Tk. 8,060 million and total assets are Tk. 307,291 million. The Bank's Capital to Risk Weighted Assets Ratio (CRAR) is 15.05 %.

Number of employees	2,291 (2,256 of Bank and 35 of Subsidiaries)
Number of branches	127 (119 branches, 4 SME/Agri branches and 4 SME service centers)
Total operating income	Tk. 14,123 million
Total debt & equity	Tk. 283,951 million & Tk. 23,340 million
Number of ATMs	149 own ATMs and more than 10,000+ shared
Number of credit cards	48,980
Number of VISA debit cards	More than 405,771

Membership With Associations

- Bangladesh Institute of Bank Management (BIBM)
- Bangladesh Associations of Banks (BAB)
- Association of Bankers Bangladesh (ABB)
- The Institute of Bankers Bangladesh (IBB)
- The American Chamber of Commerce in Bangladesh (AMCHAM)
- Bangladesh Foreign Exchange Dealers Association (BAFEDA)
- Bangladesh Association of Publicly Listed Companies (BAPLC)
- Money Market Dealers Association
- Metropolitan Chamber of Commerce and Industry
- Islamic Banks Consultative Forum (IBCF)
- Central Shariah Board for Islamic Banks of Bangladesh (CSBIB)



GRI 102-40, 102-42, 102-43, 102-44, 102-46

STAKEHOLDERS' ENGAGEMENT

Bank Asia believes in the proper stakeholders' engagement in every aspect of its banking activities. We identify our stakeholders through conducting impact analyses in respect of

- **Responsibility:** Bank Asia has direct legal responsibility to regulators, tax authority etc.
- **Influence:** Decision making of the bank is influenced to reach its intended goals by shareholders and employees etc.

- **Proximity:** The local community that influence heavily our daily operation.
- **Dependency:** Those who are dependent on their operational performance, e.g. business partners, and those whom we are dependent, e.g. customers.
- **Representation:** Those who represent Bank Asia to the outside world, e.g. employees, board and those whom we face for various decision making purposes. e.g. business association leaders, local community leaders .

Impact analysis 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 our business.

Bank Asia prioritizes stakeholders' issues based on materiality mapping determining the level of relevance and significance on economic, environmental, social and financial impacts.



GRI 102-40, 102-43, 102-44

Stakeholders	Ways of inclusion	Their priorities	Our response
Customers	<ul style="list-style-type: none"> ○ Ongoing market research and product innovation ○ Customer Service Enhancement Program ○ Customer Relationship Management ○ Direct Customer feedback ○ Customer satisfaction survey and complaints ○ Different channels, Branches, Call Centre, Priority Centre, ATM Booth, Internet Banking & others 	<ul style="list-style-type: none"> ○ Quality service delivery ○ Good returns from deposits ○ Preferential pricing, charges and commission ○ Privacy and Information ○ SecurityDispute Resolution ○ Product Information, Affordability and Convenience ○ Product variation according to market demand ○ Strict Shariah compliance in Islamic products and services 	<ul style="list-style-type: none"> ○ Proper actions are taken of customers complaints if any service goes against the customer service policy of the Bank ○ Front desks and relationship managers ensure fast and high quality service delivery following one to one relationship ○ E-products like mobile apps, SMS banking, EGP service, E- commerce, E- payment solution, internet banking ○ ALCO sits every month to decide pricing and rates based on market analyses ○ All network nodes are run by online core banking system (CBS) ○ Separate online CBS for Islamic products ○ First day in every month is being observed as 'Customer Service Day' where Corporate Office executives met with customers in branch premises
Employees	<p>Business conferences, teleconferences, video conference etc. Training, workshops and orientation Program, Internal meeting, Group emails, intranet circulation, Future Leadership Development Program (FLDP), Safe and Clean working environment, Physical Fitness</p>	<ul style="list-style-type: none"> ○ 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 Policy formulation for safe working atmosphere ○ Ensure hygienic and congenial workplace ○ Group Health Insurance ○ Gymnasium at Corporate office and BAITD ○ Transport facilities for female employees ○ Sports Tournament ○ Correspondence program of employees regarding FLDP ○ Cleanliness Day ○ Debating Club 	<ul style="list-style-type: none"> ○ 70,690 man hours of training to 3,729 human capital in 2018 ○ 339 Claims of insurance received of Tk. 10.79 million in 2018 ○ Salary package adjusted in line with market competitiveness and inflation ○ Yearly performance Bonus for employee motivation ○ All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise ○ Well set KPIs for performance and inherent quality analysis ○ Ensure continuous learning and application ground for career build-up ○ Pick and drop facilities has been provided through 14 vehicles both in Dhaka and Chattogram region ○ Formulation of 'Female anti harassment policy' and 'Grievance handling policy' to resolve complaints in a fair manner ○ Employees under different mentors are being trained as per FLDP program ○ 'First Saturday' of every alternate months has been observing as 'Cleaning Day' where all employees of the branches and Corporate Office actively participate to clean the premises including all office equipment and fixtures
Subsidiaries	<ul style="list-style-type: none"> ○ Policies formulation ○ Agreed upon strategic goals 	<ul style="list-style-type: none"> ○ Goals and Strategic focuses are based on local environment analysis & regulatory purview 	<ul style="list-style-type: none"> ○ Review local market and environment before setting its strategic priorities ensuring proper representation from subsidiaries

GRI 102-40, 102-43, 102-44

Stakeholders	Ways of inclusion	Their priorities	Our response
Shareholders/ investors	AGM,EGM, annual & semiannual report, publishing quarterly financials, Credit rating and price sensitive information (PSI) in newspapers	<ul style="list-style-type: none"> ○ Healthy return on investments and stable dividend policy ○ Growing earnings ○ Sound governance and risk management ○ Stable Ratings of the bank based on overall financial performances 	<ul style="list-style-type: none"> ○ Maintained attractive plough back ratio ○ Timely repayment of debt with stated return ○ Each queries of the investors meet up through our share department efficiently and fairly ○ Established risk management culture ○ Transparency & integrity in financial reporting ○ Maintained consistent ratings through financial commitments
Board and Management	<ul style="list-style-type: none"> ○ Decisions based on financial and business delegation of different levels ○ Major decisions must be placed to board for approval 	<ul style="list-style-type: none"> ○ Governance principles, policies & procedures formulation ○ Strategic focus & value creation ○ Strategic business planning 	<ul style="list-style-type: none"> ○ At least one board meeting in every month, frequent executive committee meeting, audit committee meeting ○ Board members meet management on various occasions like annual & semi- annual business conferences, different remarkable day celebration
Government & regulatory Authority	Strict ethics & compliance with applicable laws, rules and regulations	<ul style="list-style-type: none"> ○ Proper compliance with laws & regulations ○ Timely reporting as per requirement ○ Timely payment of right amount income tax and VAT 	<ul style="list-style-type: none"> ○ We ensure proper compliance and timely reporting to government bodies and regulators ○ Contributed Tk. 4,424 million to National Exchequer which significantly contributed to Government's revenue collection ○ Providing timely and up-to-date information to the regulators as per their requirement
Local Communities	Promoting financial inclusion both banked and unbanked people CSR contribution Scholarship, Health, Disaster Management	<ul style="list-style-type: none"> ○ Provide banking facility to geographically dispersed poor segment of the society ○ Benefit economy by poverty reduction through banking services to rural poor people by EBK Project ○ Support to basic need for living ○ contribute towards quality of life ○ Compensation for adverse direct or indirect impact for bank's activities ○ Support to under privileged people through Social Safety Net Program ○ Bank Asia Foundation (BAF)formation 	<ul style="list-style-type: none"> ○ Strongly consider environmental and social impact and restrain from adverse impact upon society ○ Target segment is underdeveloped and under privileged people ○ Conducted larger scale CSR activities through the Foundations operation ○ Significant contribution to education, health, disaster management, Art & culture, environmental and Sports sector
Business Partners	Procurement management, training and communication	<ul style="list-style-type: none"> ○ Fair trade, fair enlistment, ○ Sustainable and stable growth of the bank 	<ul style="list-style-type: none"> ○ Free from any bias or, coercion from influencing quarters ○ Ensure fair play and competition to award work order ○ Timely payment to vendors

GRI 102-46

MATERIAL TOPICS AND BOUNDARIES

Material Topics	Boundaries inside the organization	Boundaries outside the organization
Financial Inclusion	Client base of the organization increases with diversity, tapping business opportunities, increase of revenue generation	The community including the overall economy benefitted from reduction of poverty through augmenting economic activities in the geographically dispersed areas
Energy Consumption	Efficient use of scarce resources	Sequestration of carbon emission and the national GHG inventory will be reduced
Human Capital & Talent management	Enhancement of operational level efficiency. Attaining cost savings through reducing time requirement. Customer retention rate will be higher	The clients will be benefitted from customer friendly efficient services and will be more loyal to bank
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 benefitted by lower interest rate and their poverty level will be improved
Environment friendly Investment	As a responsible corporate entity, the Bank believes in doing business without compromising with the eco system. It emphasizes conserving scarce resources for next generation	Public awareness as well as regulatory requirement enforced the organization to increase environment friendly investment gradually
Building the Community	Discharging our responsibility towards society to ensure sustainable balanced growth in economic, social and ecological arena	Overall betterment of the nation through CSR activities in different sectors like health, education, sports and culture etc.

GRI 102-40, 102-43, 102-44

STAKEHOLDERS RELATIONSHIP/ GRIEVANCE REDRESSAL

Bank Asia strongly believes in maintaining smooth and interactive relationship with the stakeholders. We pursue high quality stakeholder's redressal policy proactively to handle all types of grievance, complaints in an effective and fair manner.

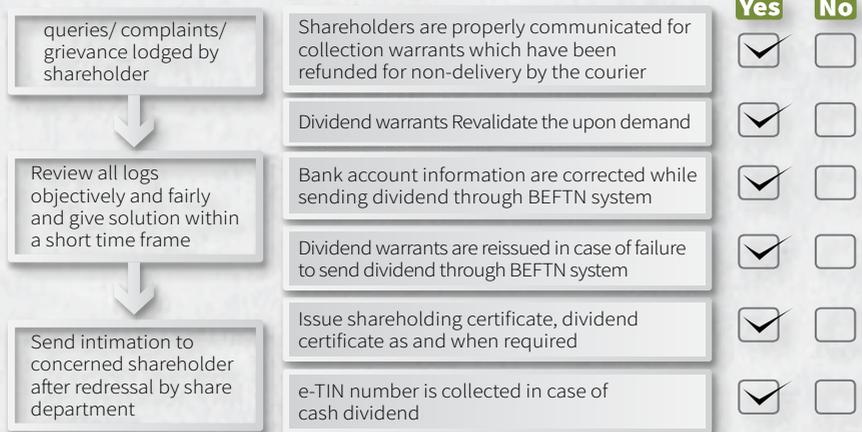
Bank Asia strongly believes in equitable treatment to every shareholder. We resolve any shareholders' complaint on a priority basis and have committed to serve the appropriate mechanism to address the shareholders' grievance within the time frame stipulated by the Bank.

SHAREHOLDER'S PERSPECTIVE

Bank Asia redressal system covers the following issues

- Receiving the complaints for non-receipt of dividend warrant, dividend intimation letter, cash dividend;
- Transfer of shares from suspense account to the shareholders BO account;
- Clarification of any price sensitive information over telephone;
- Grievance for not receiving of Annual Integrated Report, half-yearly financial position timely;
- Concerns relating to share dematerialization (DEMAT);
- Queries about and clarification on recent or upcoming price sensitive information over telephone, etc.

● PROCESS ● REDRESSAL ● CHECKLIST



Any Investors may lodge their complaint related to their investment in the company through formal letter, Bank's official e-mail ID i.e. bankasia@bankasia-bd.com and phone call to the Company Secretary and/or Share Department. We focus in addressing those complaints within the shortest possible time.

Redressal process of Bank Asia Limited

- Complaints raised by the investors/ shareholders must be dealt with courtesy and in a timely manner
- Complaints are treated and solved efficiently and treated fairly
- Communicate to the shareholders for collection of the dividend warrants which have been refunded for non-delivery by the courier
- Revalidate the dividend warrants upon demand

- Correction of bank account information while sending dividend through BEFTN system
- Re issue of dividend warrants, in case of failure to send dividend through BEFTN system
- Issue shareholding certificate, dividend certificate as and when required
- E-mail or letter must be send to all the investor who have submitted written complaints
- Request for e-TIN number in case of cash dividend

GRI 102-40, 102-43, 102-44

REDRESSAL STATISTICS 2018

Requests received from shareholders	Ways of addressing mentioned requests
<ul style="list-style-type: none"> ● Demat 2,610,290 shares; ● 19,809,044 shares credit among 29 shareholders from suspense account ● Re-issue 605 fractional dividend warrants for the year 2017 (which were returned from BEFTN) ● Issuance of 110 shareholdings certificate for income tax purpose; 	<ul style="list-style-type: none"> ● Demat confirmed 2,610,290 shares timely; ● 29 request responded; ● 605 duplicate fractional dividend warrants for the year 2017 issued ● 110 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.

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 2018, the Bank received 105 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 2018, we didn't receive any significant complain related to our employees.



GRI 102-47

MATERIALITY MAPPING



Sln.	Major Topics/ Indicators	Priorities					Bank Asia Response
		L	M			H	
		1	2	3	4	5	
1	Financial inclusion						<ul style="list-style-type: none"> 839,375 beneficiaries of 222 upazila under 31 districts came under Bank Asia’s banking service network through EBEK Expanding Agent Banking in 64 districts through 2,566 agent outlets for most geographically dispersed poor segment A- card, the Smart form of Agricultural credit facilitate marginal farmers for getting agri loan where Tk. 9.05 million disbursed to 457 beneficiaries
2	Human Capital and Talent Management						<ul style="list-style-type: none"> 3,729 participants were trained up with a duration of 70,690 man hours to build efficient, skilled and industry standard personnel Provided 6 trainings under Future Leadership and Development Program (FLDP) program with a total of 386 participants for quality and skill progression
3	Agricultural credit						<ul style="list-style-type: none"> In 2018, credit facility was disbursed to 65,867 rural farmers and achieved 108% against total target of Tk. 2,830.00 million Under special Agricultural Credit at 4% concessional interest rate, we facilitated 372 no. of borrowers by disbursing Tk.8.61million
4	Building the Community						<ul style="list-style-type: none"> During 2018, Bank Asia has spent an amount of Tk.126.91 million for the overall betterment of the nation. In the year 2018, Bank Asia spent around Tk. 39.23 million for direct scholarship and educational infrastructural development purpose and has provided scholarship for 1,750 students Bank Asia supported 1,164 born-blind children to get their eyesight back For Disaster Management & Infrastructure Improvement purpose Bank Asia donated Tk. 27.13 million in 2018
5	Lead time reduction by technological advances						<ul style="list-style-type: none"> Bank Asia developed Electronic sanction archive where 16,385 sanctions archived during 2018 About 3,086 number of account with 1316.78 million loans through OCAS (Online Credit Approval System)-Diganta project of Bank Asia
6	Environment friendly Investment						<ul style="list-style-type: none"> In 2018, Bank Asia Cards Department through its digital filling system have been archived more than 76,320 pages and saved 250,000 pages of paper and Tk. 40,000 as courier service cost. Bank Asia invested Tk. 453.59 million in different solar home system projects. During the year, we have disbursed Tk. 32.46 million for financing Green Establishment/Green Building project, which helps to reduce environmental effect In 2018, Bank Asia finance Tk.18.16 million for Waste Management plant

GOVERNANCE

COMMITMENT AND STAKEHOLDERS

Bank Asia complied with relevant guidelines of Bangladesh Bank as well as Bangladesh Securities and Exchange Commission while forming its board of directors. The number of members in the board of Bank Asia is 15 (Fifteen) excluding the managing director as of December 31, 2018. In the Board 5(five) members are Independent Director and all of them are highly educated, esteemed professional and/or successful businessman with long experience in banking industry. The board approves the bank's budget and business plan and reviews those 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 effective risk management in credit and other key areas of operations. In 2018, 23 meetings held where 1,711 memos were presented.

Meeting held by board of directors

23

Major agenda covered in 2018

1. Proposal for Amendments of Recruitment Policy
2. Introduction of Mandatory “Executive Assessment Test” for the promotions of SEO to FAVP
3. Introduction of Mandatory “Leadership Assessment” for the promotions of FVP to VP
4. Proposal for approval of ESRM (Environmental & Social Risk Management) Policy & procedure of Bank Asia Limited
5. Separate Comprehensive Policy on “Wholesale Borrowing & Funding Guideline of Treasury – 2018” as prescribed by SREP team of Bangladesh Bank as supplementary document for ICAAP 2017
6. Proposal for approval of updated Bank Asia Agent Banking Policy Guidelines & Manual.
7. Proposal for Revising Salary Scale of the Bank
8. Approval of CSR Policy of Bank Asia Limited
9. Approval of Group Financial Reporting Policy and Procedures of Bank Asia Limited
10. Proposal for Procurement of Vehicle(s) for Deputy Managing Director(s) of Bank Asia
11. Proposal for printing of Unique Account Opening Form (Individual, Institutional, Mudaraba Term Deposit & Scheme) for Islamic Banking Division of Bank Asia Ltd
12. Proposal for updating two modules viz. (1) ISR-based Profit Distribution Module and (2) Fund Management Policy of Bank Asia Islamic Banking
13. Approval for purchasing ICT and Cyber Security products including Diganta Project Milestone
14. Proposal for Revised Policy paper for extending agri/rural credit through MFI
15. Proposal for approval of brief operational guideline for Online Islamic Banking Services of Bank Asia
16. Appointment of Practicing professional Body for giving certificate regarding compliance of Corporate Governance Guidelines of BSEC
17. Absorption of Assistant Relationship Officers as “Relationship Officers” of EBEK & Social Payment Department
18. Proposal for approval of Policy Manual of Cards Department under Retail Banking
19. Proposal for approval of Policy on Valuation Methodology of security / collateral
20. Certification on the effectiveness of Internal Control Policy, Practice and Procedure to the Board of Directors by the Senior Management Team (SMT) for the Year 2017
21. Review and Approval of Information & Communication Technology (ICT) Policy

Executive Committee

The Executive Committee (EC) of the board of Bank Asia was first constituted in January 2010 to ensure efficient, competent, compliant and secured structure for approval of credit proposals and business decisions. The number of members in 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. In 2018, 45 meetings held where 582 memos were presented.

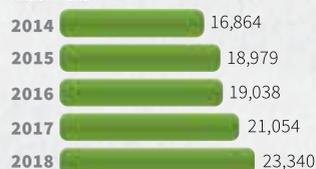
Meeting held by executive committee			
			45
Loan approval in 2018			
	No. of Memo	Funded	Non-funded
New sanction	466	8,817.51	9,666.32
Enhancement	76	230.61	358.58
Rescheduling	15	127.33	
Forced Loan	6	135.98	
Total	563	9,311.43	10,024.90

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. The Audit Committee was formed with the objectives to establish a platform for a compliant and secured banking structure in the Bank. 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 3 (three) members. Mr. Mashiur Rahman, the chairman of the audit committee is an Independent Director and has more than four decades of banking experience in nearly all areas of banking industry. All the members are financially knowledgeable and have long experience in banking industry. More information is available in the Director's Profile at pages 20 to 27 and the 'Report on the activities of the Audit Committee' at page 201 in the Annual Integrated Report 2018. 6 meetings held where 45 memos were presented in 2018.

Total Shareholders' Equity

Million Taka



Meeting held by Audit Committee	06
Major agenda covered in 2018	45
<ul style="list-style-type: none"> External Audit Report of the Bank and the recommendations of the Bank Bangladesh Bank comprehensive inspection report and the recommendations made therein Audit and Inspection reports on the branches, divisions and departments of the Corporate Office prepared by the Internal Control and Compliance Division (ICCD) of the Bank Actions taken by the management with regard to shortcomings raised in the Bangladesh Bank Inspection report and by the Internal Audit Team of the Bank The corrective measures taken by the management with regard to the lapses pointed out on the internal control and other issues raised by internal and external auditors and inspectors of the regulatory authority The compliance status of the audit objections and the recommendations made by the Bangladesh Bank Inspectors, External Auditors and the Internal Auditors in the reports Management Report on Accounts of the Bank for the year ended on 31.12.2017 Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and compliance thereof Review of status of recovery of classified loans and necessary guidelines provided to the management to reduce Non Performing Loan (NPL) 	

Capital Structure

December 31, 2018

Million Taka

Particulars	Taka	USD
Paid up Capital	11,104	134
Statutory Reserve	8,268	100
Revaluation Reserve	2,120	26
General Reserve	8	0.10
Retained Earnings	1,840	22
Total Shareholders' Equity	23,340	282

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 will supervise 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 4 (four) members are in the Risk Management Committee. In 2018, 06 meetings held where 41 memos were presented.

Meeting held by Risk Management Committee	06
Major agenda covered in 2018	
<ul style="list-style-type: none"> ● Review of Risk Appetite ● Sectoral Lending Cap ● Sustainable Financing Guideline ● Policy on Valuation Methodology of Security/Collateral ● Environmental and Social Risk Management ● Structured NPL Monitoring System ● Recruitment Policy Review ● Take Over Loan Marking ● Reporting Line of DMD & CRO ● Enlisted Surveyor for the year 2018 ● Concept of Capital Rationing ● Policy on Panel Lawyer & Solicitors Including Law Firm ● Policy on Capital Rationing of Bank Asia Limited ● Investment Policy of Bank Asia Limited ● Risk Management Guideline-Bangladesh Bank ● Internal Credit Risk Rating System for Banks-Bangladesh Bank 	

Senior Management Team (SMT)

The highest committee of Management is the Senior Management Team (SMT), which is responsible for overall management of the Bank, internal control and core risk management as well as recommending strategy and monitoring business performance of the bank and its subsidiaries. The SMT operates under delegated authority from the board and membership of the management committee consists of the President and Managing Director, Deputy Managing Directors, c-level executives and the heads of major operational departments. The current number of SMT members is 15. In 2018, 06 meetings held where 31 memos were approved. The name of the SMT members and their photos can be seen at pages 36 to 37 of the Annual Integrated Report 2018.

Meeting held by SMT	8
Major agenda covered in 2018	
<ul style="list-style-type: none"> ● Outlet (Branch & Booth except Electronic booth) Expansion Policy ● Revised Accounting Procedure for Interbranch/Co General Account Transaction ● Approval of RMG-Bondhu/Sathi Product Program Guideline (PPG) ● Product Program Guideline on Supplier 	

<ul style="list-style-type: none"> ● Review of effectiveness of Internal Control Policy, Practice and Procedure by the Senior Management Team (SMT) for the year 2017 for certification to the Board of Directors ● Review of Business Delegation ● Financial Reporting Policies and Standard Operating Procedures(SOP) on Corporate Tax Management, VAT, Withholding Tax, Master Payment Approval and Advance suspense account ● Guidelines for Exit Relationship with the Borrower ● Policy Guidelines and Delegation of authority for allowing credit with Exceptions to Bank's Policy ● Review and updating of AML Guidelines and Customer Acceptance Policy of our Bank ● Review of Opex Delegation Matrix for the Branches/SME Centers ● Revision and updating of Bank's Schedule of Charges ● Guideline for allowing credit facility under interchangeable arrangement ● KYC form for Sole Proprietorship borrowing entity ● Review of Draft ICT Policy (Version 3) of Bank Asia ● Discussion on findings and observation of Management Report submitted by the External Auditor (ACNABIN) for the year ended 2017 ● Bank Asia Employees House Building Loan Safety Scheme ● Policy Guidelines on Loan Recovery 	
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SRP Committee

The Supervisory Review Process (SRP) Committee is formed under the second pillar of Basel III capital accord. Bank Asia Limited on year basis assesses the requirement of additional capital to address other material risks that have not been considered under minimum capital requirement (MCR) i.e. credit risk, market risk and operational risk of Pillar I of Basel III. The SRP Committee is comprised with senior management where President & Managing Director is the Chairman of the Committee, other members are DMD & CCO, Head of RMD & CRO, Head of ICCD, Chief Finance Officer (CFO), and Head of Treasury. The Committee is primary responsible for ensuring that the bank has maintained an adequate level of capital and addressing appropriately the level of risks arises.

Meeting held by SRP Committee	2
Major agenda covered in 2018:	
<ul style="list-style-type: none"> ● Assessment of Additional Capital Requirement for 2017 ● Finalization of Additional Capital Requirement for 2016 ● Review of supplementary documents ● Calculation Methodology of ICAAP 2017 	

ALCO

The Asset Liability Committee (ALCO) comprising the senior management, take strategic decisions on fixation of asset liability pricing, on liquidity management in the context of changing market scenarios. The Member-Secretary of the ALCO will call for a meeting of the committee based on a regular schedule. When needed special ALCO meetings are held to respond to the unusual or seasonal market behavior or other volatile market scenarios. Proactive measures of ALCO kept the credit deposit ratio within a comfortable range that helped the bank to earn through foreign exchange and money market products of treasury line. In 2018, there are 9 members in ALCO. The committee may be reconstituted as and when deemed necessary.

Meeting held by ALCO	13
Major agenda covered in 2018	
<ul style="list-style-type: none"> ● Market scenario & economic outlook ● Projections on Exchange Rate and Interest rate ● Peer group analysis ● Discussion on Risk appetite and budgeting for business targets ● Review of Fund clearance process for business proposals ● Review of Fund clearance process for business proposals ● Review of key ALM indicators (LCR, NSFR, ADR, MCO, MCR, CRAR) ● Commitment position analysis and strategies for sustainable earnings ● Capital allocation calculation of business transactions ● Ratio Trend analysis and future prospect projection ● Monthly trend and variance of Deposit-Advance and planning of strategies ● Monthly trend and variance of Deposit-Advance and planning of strategies ● Balance Sheet Gap analysis as per time bucket & forecasting ● Bank's profitability analysis ● Re-pricing gap of Asset-Liability ● FC Inflow-outflow & commitments scenario ● Investment analysis and decision for Banking & Trading book ● Currency wise B/S position & gap analysis ● Fixation of asset liability pricing 	

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 declines the credit proposal and put observations where necessary. Based on the recommendations, credit proposals are approved or declined by the Managing Director or executive committee of the board or the board as per delegation of authority.

Type wise sanction for credit committee during 2018

Sanction Type	Number of Proposal	Funded Facility	Non Funded Facility	Total Facility
New	357	13,904	10,552	19,578
Enhancement	129	5,199	6,537	11,175
Renewal	769	83,058	90,325	156,871
Renewal with Enhancement	47	8,319	11,187	17,670
Renewal with Reduction	267	26,315	33,976	53,453
One-time	3048	29,141	33,223	58,922
Reduction	12	1,564	4,167	5,088
Modification	1373	4,760	2,255	6,749
Rescheduling	50	5,391	662	5,683
Grand Total	6,052	177,651	192,884	335,189

Policy Review Committee

Bank Asia Limited has formed Policy Review Committee (PRC) to review Bank's Policies, Product Program Guidelines (PPG), Manual and Standard Operating Procedure (SOP) in a timely interval. The Committee is also responsible to identify the Department/ Division/Unit specific required documentation (i.e. PPG/Policies/SOP). This Committee ensures the quality and substance to an acceptance level for the overall management of different category of risk.

Meeting held by PRC	2
Major Policies/PPG/SOP/Manual reviewed by PRC in 2018	
<ul style="list-style-type: none"> ● Listing of Bank's all Polices/PPGs/SOPs/Manuals ● Policy on Lawyer Enlistment of the Bank ● Investment Policy of the Bank ● Capital Rationing Policy ● Guideline of Loan Takeover ● Guideline on Recovery of Classified Loan ● Policy on Notional Credit Limit 	

Independent Director

Participation of independent directors 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 5 (five) Independent Directors in the Board. They are: Mr. Ashrafur Haq Chowdhury, Telecom & Corporate Leader, three renowned retired bankers - Mr. Mashiur Rahman, Mr. M Shahjahan Bhuiyan, Mr. Dilwar H Choudhury and Mr. Md. Nazrul Huda, a retired central banker. The Independent Directors are also member of the sub-committees of the Board. Two of them are the members of the Executive Committee and Risk Management Committee and two of them are members of the Audit Committee. None of the directors of the Board, except the CEO, are involved in the day-to-day operations of the Bank. They provide their valuable opinion and recommendation in the meeting of Board and its committee.

Position of the Chairman of the Board of Directors and the President and Managing Director

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 is responsible for leading the board and overseeing the entire functioning of the bank as per corporate governance framework. Mr. A Rouf Chowdhury is the current Chairman of the Board. Through his dynamic leadership, he is leading the Bank towards the success. The Managing Director leads the bank by developing, designing and implementing the business strategic plan of the Bank. The President and Managing director, Mr. Md. Arfan Ali is also responsible for developing long term business plans and the day-to-day operation. He is also accountable to the shareholders and the board of the bank. 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. But in management level no remuneration was given to any for any meeting regarding setting remuneration. During 2018, the expenditures incurred related to directors were Tk. 36,56,000 for Directors' honorarium and Tk. 69,600 for Directors Travelling purpose.

Mechanism to Provide Advice to the Board

Bank Asia maintains transparency and close communication with its shareholders. With this view we publish annual 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 different 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. In applicable cases extra ordinary general meeting (EGM) of general shareholders may be called. So far 19 AGMs and 13 EGMs have been successfully arranged.

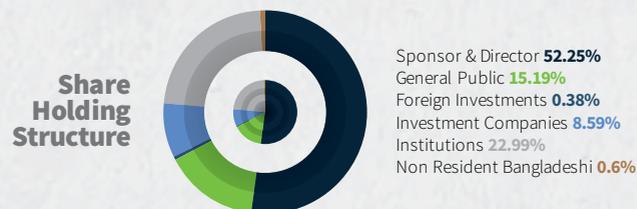
Avoiding Conflict of Interest

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 Integrated 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.
- Board of directors' approval is needed for loan re-scheduling.

Shareholding structure

Category	No. of shareholders As on 31-12-2018
Sponsor & Director	27
General Public	9,871
Foreign Investment	4
Investment Companies	75
Institutions	296
Non Resident Bangladeshi	71
Total	10,344



Credit Ratings



CREDIT RATINGS

We ensure secure banking through maintaining strong repayment capacity and very low credit risk over the years

AA₂

very high quality & very low credit risk

ST-2

strong repayment capacity & commendable liquidity

Ratings	2019	2018
Long Term	AA ₂	AA ₂
Short Term	ST-2	ST-2

Rated by **CRAB** on June 27, 2019 & valid up to June 30, 2020
 Based on Financials December 31, 2018

CAPITAL MANAGEMENT

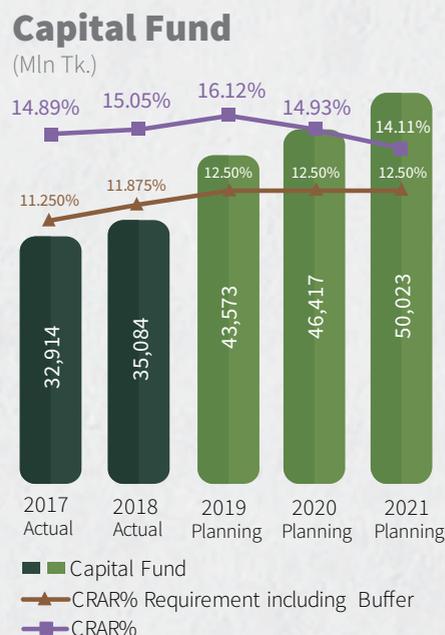
Bank Asia is very much keen about maintaining capital adequacy. The management continuously plans capital requirements considering risks and shocks of financial market movement and assess the sensitivity with regard to interest rate risk, FX risk, equity risk and liquidity risk. Currently Bangladesh banking industry is in the process of implementation of risk based capital adequacy (RBCA) in line with Basel III capital accord since January 2015 under the following three pillars:

- Pillar I – minimum capital requirement (MCR); Standardized approach for credit risk, Standardized (rule based) approach for market risk, and Basic indicator approach for operational risks;
- Pillar II- supervisory review process; and
- Pillar III – market discipline

Million Taka

Capital Fund of Bank Asia	2018		2017	
	Amount	%	Amount	%
Tier-1: Core Capital	21,165	60.33	18,853	57.28
Tier-2: Supplementary Capital	13,918	39.66	14,061	42.72
Capital Fund	35,083	100	32,914	100
Risk Weighted Asset	233,086	-	221,115	-
Capital to Risk Weighted Asset Ratio (CRAR)	-	15.05	-	14.89

- Standard MCR is 10% on risk weighted assets (RWA), which will gradually increase up to 12.50% in the year 2019 including counter cyclical capital buffer of 2.5% and some regulatory adjustment of capital.
- The Leverage ratios will by 3%, liquidity coverage ratio will be $\geq 100\%$ and net stable funding ratio will be $> 100\%$.
- Bank Asia is always committed to ensure sustainability in doing business including capital adequacy to support healthy growth of business. As on December 31, 2018 CRAR (Capital to Risk weighted Asset Ratio) reached at 15.05% against regulatory requirement of 11.75%. Moreover, Bank Asia has decided to issue further Tk. 5,000 million worth subordinated bond in 2019. In this regard, bank has appointed SCB (Standard Chartered Bank) as issue manager and received BSEC (Bangladesh Securities and Exchange Commission) consent letter along with BB's approval.
- Upon the closing of the transaction of 7 year floating rate non-convertible subordinated bond as Tier 2 capital of the Bank, CRAR will exceed 16.00% on December 31, 2019 against regulatory requirement of 12.50%.



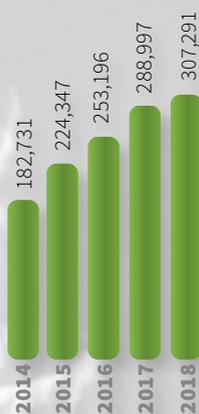
FINANCIAL PERFORMANCE

Major Financial Highlights

Million Taka

	2018	2017	2016	2015	2014
Paid up Capital	11,103.87	9,870.11	8,812.60	8,392.95	7,629.96
Deposits	222,471.72	207,041.47	191,272.58	169,827.34	140,869.29
Loans and Advances	214,618.15	197,504.14	163,609.78	136,396.34	116,808.85
Import	165,203.00	181,468.00	148,724.27	129,930.43	110,192.54
Export	136,733.00	118,172.00	103,139.15	89,275.32	77,646.91
Inward Remittance	60,113.00	51,778.00	41,665.14	42,996.80	41,732.50
Total Income	27,130.56	22,808.95	21,240.83	21,497.24	20,385.97
Total Expenditure	19,070.18	16,121.39	15,320.20	15,491.58	14,607.14
Operating Profit	8,060.38	6,687.56	5,920.63	6,005.66	5,778.83
Net Profit After Tax	2,266.28	2,047.53	1,545.91	2,573.92	2,218.69

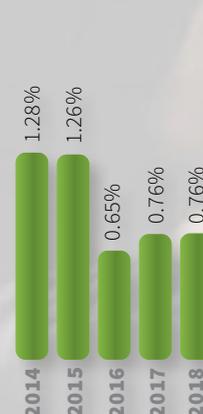
Total Assets
Million Taka



Total Capital
Million Taka



Return on Assets (ROA)



NAV per Share
Taka



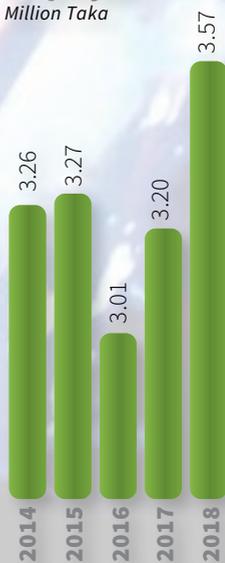
Key Management Ratios

Million Taka unless otherwise specified

	2018	2017	2016	2015	2014
Credit Deposit Ratio	81.75%	81.88%	76.15%	71.50%	77.87%
Cost of Deposit	5.65%	5.08%	5.66%	6.87%	7.53%
Administrative Cost	2.60%	2.50%	2.51%	2.85%	2.93%
Yield on Loans and Advances	9.99%	9.03%	9.86%	10.97%	12.77%
Spread	4.34%	3.95%	4.20%	4.10%	5.24%
Burden Ratio	0.70%	0.43%	0.40%	0.21%	0.52%
Salary Exp. to total Overhead Exp.	47.77%	47.99%	49.84%	50.28%	46.98%
Cost to Income/Efficiency ratio	42.93%	44.12%	44.35%	41.84%	40.34%
Earnings Per Share (Taka)	2.04	1.84	1.57	2.92	2.64
Dividend Coverage ratio	2.04	1.66	1.46	1.53	1.94

Profit per Employee

Million Taka



Return on Equity (ROE)



Non Interest Income & Non Interest Expense

Million Taka

- Non-Interest Income
- Non Interest Expense



Primary Brands Products & Services

A brand is the idea or image of a specific product or service or company that customers connect with, by identifying the name, logo, slogan or design of the company who owns the idea or image. Branding is when that idea or image is marketed so that it is recognizable by more and more people, and identified with a certain service or product when there are many other companies offering the same services or products. 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), Launching of Retail Deposit and Cards products and Agent Banking services, Rebranding of Islamic Banking Services are some of the significant activities to name a few. 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 and so on. CAB under the Public Relations Department contributed to media innovations and media support. 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 and Note book, Pocket diary etc. created huge appeal among general people. CAB also introduced E-Card in the Pohela Baishakh occasion as a part of green banking initiatives.



Launching of three new scheme deposit products

“স্বাধীন”-

A Freelancer Card

At present, freelancers are using foreign cards for bringing hard earned foreign currency which remains outside of our national economy. For propelling the freelancing sector, Bank Asia has taken an initiative to partner with BASIS, MasterCard and under supervision of ICT division of Peoples Republic of Bangladesh launched freelancer card for the very first time in Bangladesh, named “SHADHIN”. The “SHADHIN” forex card will enable freelancers to legally receive their income directly from international employers in a safe and secured environment.

BENEFITS

With the help of this “SHADHIN” card, freelancer community will get the freedom to bring in their earnings safely through a legal channel and retain 70% of their earnings in foreign currency (ERQ) account. There are approximately 650,000 registered freelancers, out of which, 500,000 are working and earning on a monthly basis in Bangladesh. The “SHADHIN” card will give this community the freedom to legally make their monetary transactions on time and in a secured ecosystem thus, creating a digitally empowered freelancer community in Bangladesh.

Recently Bank Asia has signed a MOU with Payoneer. So, “SHADHIN” card holders will also be able to transfer money from their Payoneer Account to “SHADHIN” card using Bank Asia SMART App. This will simplify the process and reduce time of Payoneer account holders for bringing money in Bangladesh.

Emphasizing the needs of freelancer for bringing their earnings, we hope that “SHADHIN” card will be more benefitted for legal and safe currency transactions around the world the banking service to the customer’s access to finance in a better and faster manner.

Product features of “SHADHIN”

- Dual Currency Master card (Foreign and Local)
- Individual and organization both can use this card.
- Maximum 70% retention facility in foreign part
- 100% convertibility facility to Local currency
- Insurance facility for card holder
- Special discount facilities in restaurants, hotels, airports etc.
- ATM withdrawal facility, 24 hours call center
- ATM/POS usage in Home & Abroad
- Online / e-commerce transaction (local and foreign currency) Chip based card to ensure data security and Transaction Alert



Launching ceremony of
“SHADHIN”- A Freelancer Card

AGENT BANKING

Bank Asia is the pioneer in introducing Agent Banking services in Bangladesh. Within four years of inception, we noticed a substantial headway in this specialized banking services in terms of the number of agents, accounts and deposits. Around 2.5 million unbanked people have already been included in Agent Banking network. In 2018, the areas where we contributed substantial growth in Financial Inclusion arena by acquiring 1069 new agent outlets in 64 districts, registering 437,207 new customers along with BDT 4,300 million incremental deposit and BDT 807 million lending value through this alternative banking channel. We also facilitated BDT 7,477 million remittances to the end mile customers through 449,285 number of transactions in 2018. This service started eliminating difference of time and distance. It is facilitating customers full-fledged banking services to their doorsteps, and making convenient channeling of remittance, depositing and withdrawal of cash and supporting small loans for cottage micro and small enterprises and also for agricultural farmers at an affordable cost. Now people in many remote corners of the country are able to receive structured banking facilities with comfort and ease. The government's social safety-net benefits, including elderly, widow and disabled allowances are being reached to disadvantaged segments in a timely and cost effective manner. Salary payment and other financial services to Ready-Made Garment (RMG) workers have been started through this platform. Advantages of Agent Banking broaden smiles of the beneficiaries of a number of government and non-government development programs. With the support from the government's Union Digital Center (UDC) Bank Asia poised to rapid expansion of its specialized banking service to grassroots. Meanwhile, 18 more private commercial banks have become encouraged to obtain licenses from the central bank and started operation to make this drive a success. To make the financial inclusion effort vibrant & vigorous, government, non-government organizations, development partners and IT innovation partners have shaken hands together. A sustainable business model heading through a journey taking along entrepreneurs, aggregators, remittance partners, development partners, Government visioning the outcomes of new employment generation, business expansion of the CMSE enterprises, strengthen farmers and digitization of mattress money for a thriving economy like Bangladesh.

Among all the Agent Banking Service providers, Bank Asia is privileged in the context of:

- Network outreach
- Product variation
- Innovation in service delivery
- Strategic partnership for gaining capabilities.

AGENT BANKING NETWORK OUTREACH 2018

Sl.	Particulars	No. of Outlets	Coverage
1	Individuals	400	District 64
2	Passport	15	
3	Institution	83	
4	UDC	2,062	Upazilla 417
5	Post Office	6	
Total Outlets		2,566	

AGENT BANKING PERFORMANCE 2018

Account & Deposit status

Sl.	Account Name	No. of Accounts	Deposit Volume (Tk.)
1	Savings	612,582	3,498,817,525
2	Current	31,558	614,188,288
3	DPS Account	52,578	981,070,234
4	TDS	7,066	1,649,753,488
5	School Banking	19,500	48,746,793
6	10 Taka	25,363	15,371,208
7	SND	420	146,348,023
Total		749,067	6,954,295,558

TRANSACTION DETAILS

Sl.	Transaction Type	No. of Transaction	Amount (Tk.)
1	Deposit	2,146,557	72,576,812,777
2	Withdrawal	1,498,775	38,086,962,133
3	Fund Transfer	1,560,580	58,483,256,839
4	Foreign Remittance	714,413	13,095,385,555
5	Palli Bidyut	4,185,182	2,232,014,264
6	Passport Fee	808,430	3,162,727,306
7	Agent Advance	62	21,206
Total		10,913,999	187,637,180,081

LENDING POSITION (DISBURSEMENT)

Sl.	Loan Type	No. of Loan Accounts	Disbursed Amount (Tk.)
1	SME	3,135	1,068,317,001
2	Retail	1,052	423,345,172
3	Agri	5,692	241,174,000
4	Handset Loan	203	980,804
Total		10,082	1,733,816,977

AGENT BANKING ACHIEVEMENT IN 2018:

1. Bank Asia launched a project “Growing Together” in collaboration with VSO and Syngenta that has been awarded with a grant fund in the 3rd round of BFPB challenge fund of UK aid-funded Business Finance for the Poor in Bangladesh (BFP-B) Project.
2. We launched the country’s first-ever complete banking services on the premises of a garment factory. The “RMG Digital Banking Booth” was set up at Echotex Ltd in Gazipur where garment workers will receive full-fledged banking services.
3. Bank Asia signed contracts with the leading telecom operators of Bangladesh Grameenphone & Robi on facilitating digital financial inclusion, providing handset loan offering e-commerce services to the rural community.
4. We joined hands with Telenor Health to provide digital healthcare services to unbanked community through the state-of-the-art Agent Banking network of the Bank.
5. Bank Asia and ACDI/VOCA signed a Memorandum of Understanding for digital financial inclusion of smallholder farmers to develop a company-led activity (initiative).
6. A Memorandum of Understanding has been signed for strategic partnership with Finoa Technologies Limited., a technology based organization to facilitate e-commerce services incorporating artisans, micro/small entrepreneurs, and creative homemakers of Bangladesh with its unique service DORPON through Bank Asia Agent Banking channel.
7. The leading digital service provider of the country, Robi, signed an MoU with the leading Bank Asia, to provide micro financial support for Robi customers to purchase 4G handsets. The MoU paves the way for Robi and Bank Asia to collaborate in providing micro financial support to the underprivileged segment of the subscriber base.
8. Bank Asia signed an agreement with Shakti Foundation, a prominent micro finance institution and the pioneer in urban micro finance, on promoting digital financial inclusion among Shakti’s beneficiaries.
9. Bank Asia collaborate with Fairbanc Ltd for digital credit solution for the underserved small-medium enterprises of Bangladesh especially for Fast-Moving Consumer Goods (FMCG) supply chain and distributors.
10. Bank Asia in collaboration with Swisscontact has been implementing a project “Sarathi – Progress through Financial Inclusion” for RMG workers of Bangladesh ensuring social assistance and balanced economic growth.
11. World Savings & Retail Banking Institute (WSBI) workshop on “Rural Financial Inclusion” was organized in Dhaka, Bangladesh from 2-4 October 2018 hosted by Bank Asia Limited. The national & international delegates from different sectors, such as Regulatory Bodies, Government Institutions, Banks, MFIs, BFIs, Donor agencies, INGOs, Technology Solution Providers, Fin Techs, MNOs and other stakeholders attended the workshop.
12. Training & Development: 31 in house trainings were arranged where 1,082 participants and agent banking stakeholders received 21,456 hours of training.



Receiving “Retail Banking Award 2018” in the category “Financial Inclusion Initiative of the year” by Asian Banking & Finance (ABF).

Social Safety Net Program

With experience to implement of EBK Project, Bank Asia is now capable enough to provide services to other government projects like Social Safety net Programs in collaboration with Social Welfare Department under Ministry of Social Welfare. The services cover under this program

Services covered under this program

- Senior citizen allowances.
- Insolvent autism allowances.
- Payments for widow or divorced women allowance.
- Wages of road maintenance workers.
- Food security allowances (Cash payments)

At a Glance Report of Bank Asia Social Payment is given below:

Particulars	EBEK (3 rd Revision)	Social Safety net	SWAPNO	UDC Based Agent Banking	SHOUHARDO III	Local Govt. salary/ Allowance Disburse	EGPP	UNICEF, ORPHAN ROHINGYA CHILD	UNDP	Total
District	31	6	2	44	8	1	8	1	3	44
Upazilas	222	10	16	314	23	1	8		25	314
UDC (union)	2200	74	76	2,355	115	12	57			2,370
Beneficiaries	839,375	93,827	3,066	332,768	54,957	271	2,691	5,583	5,773	1,338,311
Deposit / Disburse (amount in million)	5,084.89	365.49	107.85	1,336.14	222.79	12.44	41.96	13.23	44.65	7,229.44



Cash Disbursement among the Rohingya Origin



Social safety net payment for widow women allowance

Over the time we have made partnership with Social Welfare Department under Ministry of Social Welfare and providing services to Senior Citizen, Widow and Disable beneficiaries. We have completed full district coverage of Kishoreganj and Chapai Nowabganj for Safety Net payment where almost 133,500+ beneficiaries will get banking service from their own union. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and 76 unions for disbursing the daily “women worker wages payment’ from their union. “Cash for work” is another prestigious program for Bank Asia which is run in partnership with Ministry of Disaster Management and Relief. We have also started World’s another largest Non-Government funded mega project named SHOUHARDO III with CARE Bangladesh where 54,957 beneficiaries has been receiving banking service from 8 districts. From 2018, we have started another cash disbursement project (financial support for the children of Rohingya Origin) signed with Unicef & Red Cross. Besides this, we have Employment Generation Program for the Poorest (EGPP) for Bangladesh to provide short term employment to the hardcore poor in 8 districts and 57 unions.



Opening account of a disabled women under Social Safety Net (Disable Allowance) program



Cash Disbursement among the Rohingya Origin



Account opening activities observed by world bank delegators through Digital Systems and allowance disbursement at Jawar UDC , Kishoreganj



Account opening of SHOUHARDO III at Gaibandha District



Account opening through Digital Systems and allowance

SCHOOL BANKING

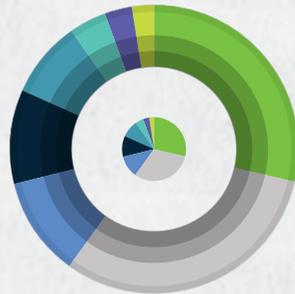


স্কুল ব্যাংকিং
আমার স্কুল আমার সম্ভার

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

Year	Conventional Agent Banking		Islamic Agent Banking	
	No. of A/C	Amount of Deposit	No. of A/C	Amount of Deposit
2018	10,972	20,435,411	1,135	2,871,631
2019	6,963	35,111,399	1,626	8,788,610



No. of schools under school banking operation

- Dhaka
- Chittagong
- Rangpur
- Rajshahi
- Sylhet
- Khulna
- Mymensing
- Barisal



School Banking Conference 2018

Disclosure on Product portfolio

Incorporation of Environment Risk in Core Risk Management

We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess a prospective borrower. This includes integrating environmental risks in the checklists, audit guidelines and reporting formats. All of this help mainstream environmental risk that covers possible sources of environmental risk such as land use, climate change related events (cyclone, drought), animal diseases/pathogens such as avian influenza, solid waste including waste feed, animal waste, carcasses, sediments, wastewater discharges, hazardous materials, etc will be reviewed under environmental due diligence (EDD) checklists.

All the branches/ SME centers are obligated to incorporate environment risk management (ERM) component in their credit proposals as per guideline.

Introducing Green Finance

Preferences are given in financing eco-friendly business activities and energy efficient industries. We encourage investment in establishing environmental infrastructure such as renewable energy project, clean water supply project, waste water treatment plant, solid & hazardous waste disposal plant, bio-gas plant, etc.

As Bank Asia has a participation agreement with Bangladesh Bank under the refinancing scheme for lending in solar energy, bio-gas, effluent treatment plant (ETP) and hybrid hoffman kiln (HHK); we periodically determine business ventures under these sectors where we can provide lending facilities.

Our corporate clients should have ETP set up in their respective factories and if they do not have it then we may provide financing for setting up ETP. Consumer loan programs may be applied for promoting environmental practices among clients. Bank Asia is continuously working for awareness building regarding environmental and social risks and opportunities for its borrowers as well as stakeholders.

For secured biodiversity our Bank is very concern and in 2018, total finance was Tk. 18.16 million for Waste Management Plant. Moreover the Bank also financed Tk. 324.28 million in Pet Bottle recycling plant. We have saved Tk. 7.89 million by using E-Statement, SMS Banking SMS Alert, Net Banking, E- Fund Transfer, Digital Attendance, E –Mail correspondence etc.



Bank Asia financed Pet bottle Recycling Plant

Assessing and Screening Environmental and Social Risks

Bangladesh Bank through its SFD Circular No. 02 dated 08.02.2017 and SFD Circular No. 03 dated 16.03.2017 introduced “Guidelines for Environmental & Social Risk Management (ESRM)” for Banks and Financial Institution of Bangladesh.

Exclusion List	A number of sectors/activities where the Bank will not finance
ESDD Checklist	To measure risk whether LOW, Moderate or HIGH risk based on the perspective of environment, health and safety and social issues
3 rd Party EISA	Information to be verified by 3 rd party

For assessing environment risk EDD checklists, 1 general and 10 sector specific (additional), are provided along with a guidance matrix for using as minimum standard to process credit proposals. Ten specific sectors are agriculture, cement, chemicals, engineering & basic metal, housing, pulp & paper, sugar & distilleries, tannery, textile & apparels, and ship breaking.

EDD checklist Guideline Matrix:

General	Sector Specific	Overall
low	low	low
moderate/low	moderate/low	moderate
If any one or both the general & sector specific is 'high'		high

If environment risk is rated "high" the proposals are approved by the executive committee/ board and additional environmental and social covenants are incorporated.

Sl. NO	Transaction Type	Exclusion List	ESDD checklist	3rd party ESIA
1	Agriculture activities involving farming, crop production	√	√	
2	Other agricultural activities	√		
3	Retail, Trade (of regular goods), Microfinance	√		
4	Trade of hazardous substance	√	√	
5	Small sector falling in one of the categories listed above from sl, no a to h and / or exposure greater than Tk. 10.00 lac	√	√	

6	Small sector NOT falling in one of the categories above from sl, no a to h and exposure below Tk. 10.00 lac	√		
7	Medium sector	√	√	
8	Corporate Finance	√	√	
9	Project Finance	√	√	√

Improving Staff Competency for Environmental and Social Responsibility

To achieve the business at the optimum level and to sustain with the changing nature of business environment, Bank Asia always puts enormous emphasis to improving staff competency even for environmental and social responsibility.

We frequently arrange training/workshops on ERM and green banking for our officers and executives. As greening of mind, this year Bank Asia has provided three trainings on Green Banking under Foundation training course in its training institute where a total of 129 staffs participated in this training program.



Certificate Awarding Ceremony of 48th foundation course

Moreover, our credit risk management (CRM) department has introduced e-sanction advice for the all approved credit facilities. In 2018, Electronic sanction archive system has been developed for 6 departments namely: CRM, CMSE, Islamic Window, SAMD, CFC & Agricultural wing. Total number of sanction archived during 2018 is 16,385 of tk. 360,834.30 million.

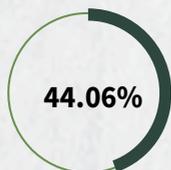
In addition to this, during 2018 through OCAS (Online Credit Approval System) Diganta software 3,086 no. of accounts of Tk. 1,316.78 million have been developed as a part of Technological improvement of the Bank. This system will reduce lead time, ensure accuracy, strengthen security and make accessibility easier and will provide a competitive edge over other banks on online banking. 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.

Business Portfolio

(As on December 31, 2018)

Corporate & Large Loan

Loans & Advance portfolio of Bank Asia has always remained focused on Corporate and Large Loan Financing.



Outstanding Tk.94,567 million

Export Finance

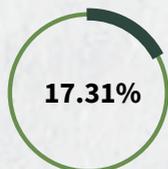
This year export finance creates new milestone for Bank Asia and achieved financing of Tk. 34,583 million.



Outstanding Tk. 34,583

CMSME

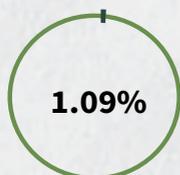
Bank Asia has been sincerely putting its efforts to amplify its CMSME related activities.



Outstanding Tk. 37,151 million

Agriculture

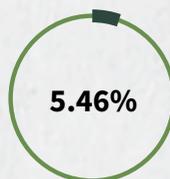
Through agriculture loan, Bank Asia finances marginalized farmers and contributes to rural development which eventually facilitates green banking culture where Tk. 2,880 million was disbursed among 65,867 beneficiaries in 2018 under agriculture and rural wing.



Outstanding Tk. 2,335 million

Islamic

To achieve sustainable economic growth with justice & equity serving a major segment of business under religious framework, Bank Asia now operates five Islamic Banking Windows. In addition to that Salamah Online Banking Service is available to all branches of the bank.



Outstanding Tk. 11,719 million

Retail

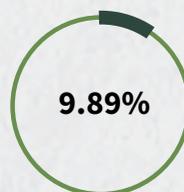
Bank Asia is trying hard to create a balanced portfolio through its retail business unit. Consumer finance and Credit cards are two important segments of Retail business. Consumer segment is expanding on continuous basis with House Loan, Auto Loan, Consumer Loan, Personal Loan, Professional and Freelancer Loan. Here, card segment is under extensive competition which enforces the Bank to offer loyalty and benefit packages to retain customer base.



Outstanding Tk. 13,029 million in Consumer Finance and Tk. 2,079 million in Credit Card

Off-Shore Banking Unit (OBU)

OBU acts as a unique solution for the banks around the globe to carry out international banking business in foreign currency denominated assets and liabilities, taking the advantages of low or non-existent taxes/levies and thereby higher return on investment.



Outstanding Tk. 21,234 million

Transport

As part of environmental responsibility 14 vehicles used for pick & drop facility and majority of the pool vehicles have been converted into CNG driven. Moreover, executives of the Bank are provided with car facility and they are encouraged to convert their cars into CNG driven (dual fuel). More than 80% of those cars have already been converted into CNG driven.

Monitoring Clients' Environmental and Social Compliances

Bank Asia has introduced sector specific environmental policies in addition to environmental risk management policies and green banking policies for cement, brick manufacturing, ship breaking, sugar, leather/ tannery, food processing, hospital & clinic, pulp & paper, rubber & plastic light engineering, agriculture. We conduct monitoring through obtaining site and environmental clearance certificate and site visit to check compliance of environmental and social covenants. Our environmental due diligence process identifies potential risks, determines their impact and severity and suggests way to mitigate them.

For better energy efficiency and lower emissions, In addition, the Bank financed Triple Apparels Ltd, having USGBC Certified LEED Certificate (energy and water efficient, healthy, comfortable and environmentally friendly construction) where the outstanding balance was Tk. 716.16 million in 2018.

Region Wise portfolio

Million Taka

Division	Urban	Rural	Total	%
Dhaka	139,810	11,671	151,481	70.58%
Chittagong	46,460	3,769	50,229	23.40%
Khulna	3,614	68	3,683	1.72%
Rajshahi	2,592	2,159	4,752	2.21%
Barisal	778	-	778	0.36%
Sylhet	1,811	367	2,178	1.01%
Rangpur	1,050	-	1,050	0.49%
Mymensingh	467	-	467	0.22%
Total	196,584	18,034	214,618	100%

Economic Environmental and Social Value Generated through Various Products

Cottage, Micro finance, Small and Medium Enterprise (CMSME)

CMSMEs have historically made significant contribution in economic advancement of different countries. Due to its manifold significance in economic development, Bank Asia has taken CMSME financing very seriously with a view to contribute to the poverty eradication and employment generation. At the end of year 2019, the CMSME portfolio stood at Tk. 32,259 million.



An agreement signed between Bank Asia & Bangladesh Bank on financial services for the development of CMSME under re-finance from ADB fund

Sectoral Distribution of Credit

The Bank's loans and advances to Tk. 214,618.15 million achieving a growth of 9%. Sectorwise distribution of loans and advances is as follows:

Million Taka

SL. No	Sectors/Sub-Sectors	2018		2017	
		Million Taka	% of Funded Loan	Million Taka	% of Funded Loan
1	Industries				
	Agriculture	5,915.90	2.76%	4,074.80	2.06%
	Food Manufacturing	11,750.70	5.48%	10,907.40	5.52%
	Beverage industry	434.40	0.20%	747.20	0.38%
	Tobacco industry	231.50	0.11%	311.90	0.16%
	RMG industry	25,513.20	11.89%	22,666.40	11.48%
	Textile industry	21,784.90	10.15%	20,274.90	10.27%
	Wood cork and allied products	50.30	0.02%	41.50	0.02%
	Furniture and Fixture	152.90	0.07%	156.00	0.08%
	Paper and paper products	5,673.20	2.64%	8,648.30	4.38%
	Leather and leather products	1,896.50	0.88%	2,073.00	1.05%
	Rubber products	2,124.50	0.99%	2,355.30	1.19%
	Chemical and chemical products	1,394.50	0.65%	1,632.80	0.83%
	Basic metal products	8,826.70	4.11%	6,225.20	3.15%
	Electrical machinery and apparatus	2,847.80	1.33%	3,794.80	1.92%
	Other manufacturing industries	16,107.94	7.51%	13,467.83	6.82%
	Ship building	2,729.90	1.27%	2,080.30	1.05%
	Ship breaking	621.50	0.29%	760.10	0.38%
	Pharmaceutical	435.50	0.20%	467.30	0.24%
	Subtotal	108,491.84	50.55%	100,685.03	50.98%
2	Constructions	3,915.60	1.82%	5,280.50	2.67%
3	Power, Gas, Water and Sanitary Services	3,624.00	1.69%	2,023.40	1.02%
4	Transport, Storage and Communication	2,620.60	1.22%	2,823.90	1.43%
5	Trade Services	45,579.00	21.24%	34,740.50	17.59%
6	Housing Services	14,305.10	6.67%	13,882.70	7.03%
7	Banking and Insurance	4,658.80	2.17%	7,178.50	3.63%
8	Professional and Misc. services	31,423.21	14.64%	30,889.62	15.64%
	Subtotal	106,126.31	49.45%	96,677.40	48.95%
	Total	214,618.15	100.00%	197,504.14	100.00%

PRODUCTS AND SERVICES

RETAIL BANKING PRODUCTS

Deposits

Low Cost/No Cost Deposit Accounts

- Current Deposit Account
- Savings Bank Account
- Star Savings Account
- Short Notice Deposit Account
- Foreign Currency Account

Term Deposit (s)

- Fixed Deposit Regular

Scheme Deposit (s)

- Monthly Benefit Plus
- Anchol(Women)
- Nirvabona(Senior Citizens)
- Bhromon(Travellers)

Consumer Finance

- Auto Loan
 - Shapner Bahan
 - 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
- Bicycle loan
- Motorcycle loan

Credit Card

- VISA Credit Platinum Card (with Priority Pass)
- VISA Credit Gold Card
- VISA Credit Classic Card
- VISA Credit Butterfly Card
- Visa Prepaid Hajj Card
- Virtual Card
- Master Credit Titanium Card (with Lounge Key)
- Master Credit Gold Card
- Master Credit Silver Card
- LankaBangla Card Cheque
- Gift Card
- Shadhin Card (Freelancer Card)
- Prepaid Travel Card

Islamic Credit Card

- Salamah Platinum Card
- Salamah Gold Card
- Salamah Silver Card

ISLAMIC BANKING PRODUCTS

Deposit Products

- Al Wadhiah Current Account (AWCA)
- Mudarba Savings Account (MSA)
- Mudarba Corporate Privilege Savings Account (MCPSA)
- Smart Junior Saver



- Account for Under-privileged Section (10 Taka, Street Urchin, Beneficiaries of National Service program, Cleaners, Garment Workers, Technicians of Small Industries, etc.)

- Double Benefit Plus
- Triple Benefit Plus
- Bank Asia Sanchay Plus
- Deposit Pension Scheme Plus
- Shonchoy E KotiPoti

PRODUCTS AND SERVICES

- (School Banking) Account
- Mudarba Savings Account (MSA) - Smart
- Mudarba Special Notice Deposit Account (MSNDA)
- Mudarba Term Deposit Account (MTDA) for different tenure
- Corporate Term Deposit Account (CTDA) for different tenure
- Mudarba Monthly Profit Paying Deposit Scheme (MMPPDS)
- Mudarba Deposit Pension Scheme (MDPS)
- Mudarba Hajj Savings Scheme (MHSS)
- Cash Waqf

Investment Products

- Bai Murabaha Muajjal (both Local and Post Import)
- Hire Purchase Shirkatul Melk (HPSM)
- Musharaka
- Murabaha Import Bills
- Guard against Accepted Bills
- Guard against MTDR
- Guard against Schemes

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

Asset Product

- Shomadhan - Over draft for Trading, Manufacturing, Service & Women Entrepreneurs
- Utshob-Collateral free Seasonal loan
- Shubidha -Collateral free Term loan for Trading
- Sristi -Collateral free Term loan for Manufacturing
- Shofol - Collateral free Term loan for Service
- Shondhi -Term loan for Trading
- Shombridhi - Term loan for Manufacturing
- Sheba -Term loan for Service
- Subarno -Term loan for Women Entrepreneur
- Probaho-Term loan for Electric Cluster at Dhaka
- Shombhabona-Term loan for New Entrepreneur
- Bondhon-Term & seasonal loan for Handloom & Specialized cloth Cluster at Bogra
- Bahun-Commercial Vehicle Finance
- Nilima-Collateral free Term Loan for Women Entrepreneur (except Dhaka

& Chittagong)

- Shopner Khamar- For dairy sector value chain entrepreneurs (through selected Agent outlets)
- Uttaran- For existing excellent CMSE loan borrowers.

Liability Product

- Astha-SME Current Account

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)
- 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
- 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 offered to help them plan, monitor and manage their liquidity and meet payments, receivables, accounts and information requirements. Specific products and services are as follows:

- Day-to-day cash control
- 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 (Work order)
- Loan against Imported Merchandize
- Loan against Cash Incentive
- Payment against Document (PAD)
- Loan against Documentary Foreign Bill
- FCY
- Forced Demand Loan against L/C
- Term Loan Industrial
- Term Loan Others
- Loan General
- Transport Loan
- Loan against Packing Credit
- Loan against Trust Receipt
- House Building Loan - General
- Lease Finance
- PAD (Export Development Fund)
- Export Development Fund (EDF)

PRODUCTS AND SERVICES

- Loan (FCY)
- Time Loan
- Demand Loan (Work order)

Non Funded Products

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

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 (IPPF/ Special fund of BB/ Agribusiness Loan etc)

OFF-SHORE BANKING UNIT (OBU) PRODUCTS

- On-shore Import & Export Bill Discounting
 - UPAS Loan
 - Bill Purchase
- Working Capital Finance
 - LTR
 - Packing Credit
 - Term Loan
 - Lease Finance
- Trade Finance
 - Import, Export
- Loans & Advances to wholly foreign owned entities
 - LTR
 - Term Loan
 - Demand Loan
- Term loan to local entities
- ECA loan to local entities
- Nostro account services to other local banks

AGENTBANKING

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
- Term Deposits
- 10 Tk. Accounts

Services

- Account Opening
- Deposit & Withdrawal
- Fund Transfer within bank and to any bank in Bangladesh
- Inward Foreign Remittance payment
- Utility Bill Payment
- Balance Inquiry
- Account Statement (mini)
- Insurance Premium Collection
- Passport Fee Collection
- SME Loan Processing
- Agricultural Loan Processing
- Retail loan processing
- Repayment of loan Installment
- Disbursement and Payment of Social Safety Net
- Salary Disbursement Solution
- A-Card for farmers
- Debit/NFC Card Services
- Mobile Top Up
- Agent Banking Apps

TREASURY PRODUCTS

Money Market, Fixed Income, & Capital Market

- Call Money
- Notice money
- LCY/FCY Term
- Fixed Income & Capital market securities
- Repo
- ALS(Assured Liquidity Support)
- Reverse Repo
- Currency Swap

Foreign Exchange

- Spot Foreign Exchange
- Forward Foreign Exchange
- Forex Swaps
- Cross Currency Swaps

- Interest Rate Swaps
- Interest Rate Cap and Collar

CAPITAL MARKET SERVICES

- Brokerage Services
- Attractive Commission Rate
- Wide Branch Network
- Margin Loan
- CDBL Services
- Research
- Daily Market Update and News Summary
- Institutional and Foreign Trade
- Panel Broking
- Portfolio and Risk Management
- Internet and Smartphone trading



AGRICULTURAL/RURAL CREDIT

Bank Asia Ltd. has a great contribution to Agricultural/ rural credit sector. FY 2017-2018 was a good continuation of target achievement like every year. We have achieved 108% against our total target of Tk. 2,830.00 million. In 2018, credit facility was disbursed to 65,867 rural farmers. Bank Asia has been achieving the target of Bangladesh Bank in most of the years successfully. Till to date, 566,757 number of farmers have received financial assistance from us.

Status of Agricultural/Rural Credit as on 31-12-2018 is given below:

Million Taka

Particulars	Direct Network	NGO Network	Total
Disbursement (01.01.2018-31.12.2018)	171.34	2,709.15	2,880.49
Outstanding (as on 31.12.2018)	192.32	2,142.27	2,334.59
No. of Beneficiary	1,874	63,993	65,867

Bank Asia has also success in the following arenas:

Partnership with different international Organization

With the aim to reach international level of agricultural/rural financing, Bank Asia has extended partnership hand to different international organization through different programs such as i. USAID ii. Green Delta iii. Care Bangladesh.

10 Taka Account

We facilitated 1,336 no. of borrowers by disbursing Tk. 46.28 million and received finance of Tk. 12.51 million from Bangladesh Bank in the year 2018. Bangladesh Bank has appreciated Bank Asia for its contribution in this sector.

Financing in special crop sector

Under special Agricultural Credit at 4% concessional interest rate, we facilitated 372 no. of borrowers by disbursing Tk.8.61 million which was 108% of the target.

A-Card

A-card, the Smart form of Agricultural credit was propagated into 457 rural farmers. Total Tk. 9.05 million was disbursed through A-card in this year.



Farmers' Group Discussion (FGD) arranged by Bank Asia

Financing Effluent Treatment Plant (ETP)

As part of our commitment for our green economy we have signed a participation agreement with Bangladesh Bank under refinance scheme in 2011 for lending in solar energy, bio- gas, and effluent treatment plant(ETP) & hybrid Hoffman kiln (HHK).

The total outstanding amount of different liquid waste management project for financing Biological & Chemical Technology Combined ETP and Waste Water Processing Plant was Tk. 827.42 million in 2018.

Financing Environment Friendly project

During the year, we have disbursed Tk. 32.46 million for financing Green Establishment/Green Building project, which helps to reduce environmental effect.

In addition, the Bank financed Triple Apparels Ltd, having USGBC Certified LEED Certificate (energy and water efficient, healthy, comfortable and environmentally friendly construction) where the outstanding balance was Tk. 716.16 million in 2018.

Online Payment Gateway Services

Bank Asia is the first Bank to set-up arrangement with OPGSPs in Bangladesh like 'Payza' and 'Payoneer' to bring hard earned money which is earned by exporting services in nonphysical form e.g. data processing, off-shore IT service, software development, business process outsourcing (BPO) etc. 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 2018, we have done 5,91,813 transactions amounting USD 65 million through 'Payoneer' and will do some promotional campaign to ensure more than USD 140 million in 2019.

Moreover the Bank has taken an initiative to partner with BASIS and Mastercard to launch freelancer card-"SHADHIN" for the very first time in Bangladesh. Bank Asia SHADHIN Mastercard collaborates with Payoneer to bring freelancer's earnings safely and faster through a legal channel.

Audit of Environmental and Social Compliances

The internal audit team under internal control and compliance department (ICCD) carries out audit & inspection of all branches and credit risk management (CRM) department at least once in a year and examine compliances of environmental covenants in the credit sanction memos along with other general reviews. Implementation of environmental and social policies and risk assessment procedures were also audited by external as well

as Bangladesh Bank audit team every year. External auditors must cover 80% of total loan portfolio.

As per approved risk-based audit plan, the ICCD completed the audit and inspection tasks of 120 Branches, 05 Islamic Banking Windows, 29 Corporate Office Divisions/Departments including subsidiaries and 65 Agent Point Outlets in 2018. Besides, ICT/IS Audits on 09 Branches & Corporate Office Divisions/Departments and Anti-money Laundering Audits/Inspections on 20 Branches were also conducted.

Policies for the Fair Design and Sale of Financial Products and Services

Our intentions to address the needs of our customers first require us to provide products and services in the way our customers want them delivered with exemplary service and convenience and at competitive pricing. Our customers also expect us to be accessible, to respond to their queries in efficient way, to be open and transparent about our products and services, and to provide knowledgeable, objective and professional advice. These expectations go beyond the need to comply with consumer protection and financial regulation; they come down to earning our customers trust by delivering suitable products and services via the right distribution channels and at fair pricing or returns.

We are also committed to enhancing consumer financial capability and invest in ways to help our customers improve their financial decision-making. All our financial products are delivered by using various methods like direct selling, cross selling by branches as well as corporate office employees'. There are divisions among corporate clients based on the loan portfolio just to ensure timely and effective services to our clients. In a way to keep pace with our objectives in mind, we have developed loan products policy. The policies are designed in a way that every rules can be well understood by the delivering channels i.e. branch as well as corporate office employees' to communicate to the customers in the most convenient way. Moreover, there are flexibility in the policies in a way so that our customers can get customized services according to their need as well as that can protect the interest of the bank.

There are loan product policies on commodity finance, export finance, work order finance, lease finance, earnest money finance etc. A few more loan product policies are under way to be developed based on our customers' expectations. Credit policy, sectoral allocation of the bank etc. are also reviewed periodically.

Initiatives to Enhance Financial Literacy by Type of Beneficiary

In addition to integrating better customer suitability in our product and service offerings, we are also committed to enhance the financial capability of our customers. We do this by providing insights, tools, and advices to improve consumers' financial decision-making. By participating in various financial information fairs and formal/informal gathering with corporate customers, we try to support our customers in understanding the advantages and risks associated with financial products and services, as this can enable them to take decisions that are better adapted to their personal circumstances. Our financial experts are also taking part in various related seminars around the country where they are sharing their insights and recommendations.

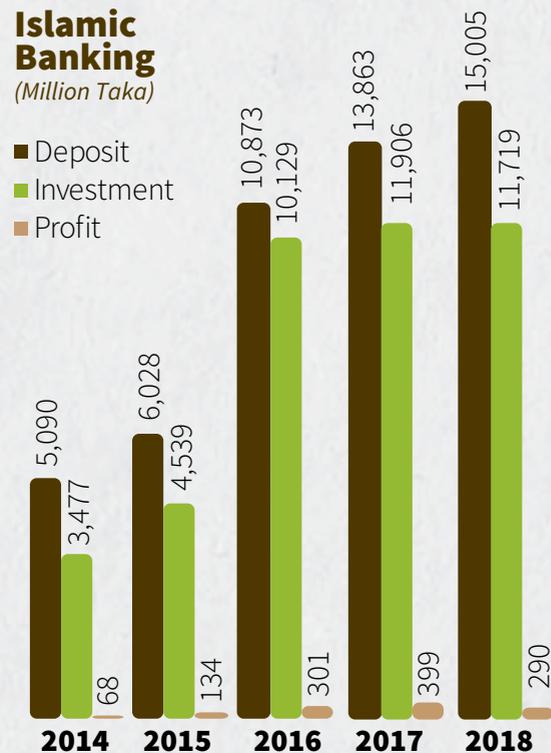
We aim to offer our financial products and services to all segments of the society. Our branches have barrier-free access, ATMs are located at convenient and with easily usable interface. As a result, our customer retention rate is comparatively higher than competitors'.

Islamic Banking Services

Islamic Banking of Bank Asia Limited has been passing the 11th year of its operations starting from the Islamic Window concept. Now, Islamic banking is following virtual Window model. For Islamic deposit and investment business, the Bank is simultaneously using all of its distribution Channels, i.e. Conventional Branches, SME Centers, and Agent Banking outlets through online services beside the dedicated Islamic Banking Windows.

We provide this services by separate Islamic Banking software i-Hikmah and real time online Islamic Banking services from our entire network under the brand 'Salamah'. Income sharing ratio (ISR) based unique profit distribution system on Mudaraba deposit has given our Islamic banking services much acclaim and wide acceptance.

Islamic Banking activities of Bank Asia have rapidly expanded within the form of Agent Banking also. In November 2017, Islamic Agent Banking services started under a pilot project through 26 outlets. As on December 31, 2018, Islamic Banking services are available in 1,238 agent outlets covering all districts of the country. We are expecting to spread Islamic Agent Banking services at all agent outlets of the Bank within 2019. Beside the diversified deposit products, we are going to introduce investment facilities among Islamic customers of Agent Outlets. It should create strong brand image of Bank Asia Islamic Banking throughout the country and would contribute more in the profitability of the Bank.



ENVIRONMENTAL PERFORMANCE

Energy Savings

Everyone knows that saving energy is a good thing, but most people will only be motivated when we can demonstrate just how much energy they are wasting, and just how much potential there is for them to improve. If your organization wants to save energy, simple changes in people's behavior can quickly lead to significant energy savings, but such changes will only happen if the people are aware of the energy consumption that they have the power to control. Since the inception of our corporate Office from 2011, Bank Asia ensuring the maximum usage of natural day light to reduce the energy consumption substantially in contrast with other mainstream constructions. Moreover, energy savings bulbs consist of a third of the total lighting system here. As a result, more than 40% electricity is saved every year using the day light in side corporate office. E-mail has been the focus of both internal and external communications with an aim to reduce the paper consumption since 2005 thereby reduce deforestation.

Energy Consumption in 2018

Million Tk

Energy Type	
Electricity	111.72
Fuel and CNG	13.95

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 Hhaban & Nimtola Branch.

Financing renewable energy and carbon offset projects

During the year 2018 we have disbursed Tk. 2,880.49 million to 65,867 farmers where through A- card, the Smart form of Agricultural credit was propagate into 457 rural farmers and Tk. 9.05 million was used in this year which helps sequestration of carbon.

Direct Energy Consumption by Bank Asia

Source	Consumption		Megajoules
Electricity	11,340,639	kwh	40,826,300
Diesel	15,947	ltrs	574,076
Octane	63,587	ltrs	2,034,798
CNG	128,700	m3	4,118,400
Total			47,553,575

Reducing Energy & Resource Consumption

Instruments of Green Banking offered by Cards 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 2018, our Cards Department through its digital filling system has been archived more than 76,320 pages. New Issuing, Replacement, Activation and PIN request are

automated which reduced Debit Card issuance time to 2-3 days from 7-9 days as well as paper saved 250,000 pages of paper and Tk. 40,000 as courier service cost. Unlike every year, the Bank has also developed e-Cards for its stakeholders in this year.

Million Tk.

Sl	Instruments	Quantity	Cost of Conventional Practice	Cost of Green Banking Concept
1	E-Statement	101,960	1.02	NIL
2	SMS Banking	143,477	1.43	0.036
3	SMS Alert	291,655	2.92	0.073
4	Net Banking	68,680	0.69	NIL
5	E Fund Transfer	56,008	0.56	NIL
6	Digital Attendance	1,890	0.000787	NIL
7	E Mail Correspondence	138,335	1.38	NIL
	Total amount		8.00	0.11
Net Savings			Taka 7.89 million	

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 off grid area. In 2018, the outstanding amount was Tk. 453.59 million in different solar home system projects including LED Bulb/ Tube Assembly Plant financed by the Bank.

Water Usages

Water conservation encompasses the policies, strategies and activities to manage fresh water as a sustainable resource, to protect the water environment, and to meet current and future human demand. Population, household size and growth and affluence all affect how much water is used. If our organization wants to save energy, it's important that our staff become aware of the energy consumption that they are responsible for. Bank Asia is very much conscious about efficient use of water. As a financial institution its use of water is already very much restricted. Major consumption of water is for drinking purpose. Our bank is also non-compromising about ensuring pure and safe drinking water for its employees and visitors. But normal supply water in Bangladesh is not safe for drinking. Therefore, to overcome the situation every branches and corporate office are supplied with specially procured filtered mineral water. The management of the bank takes special care so that wastage of water as minimum as need. Total consumption is controlled by monitoring per employee drinking water cost per month.

Waste Management

This process is involved in dealing with the waste generated from day to day banking activities, food consumption, physical wear & tear of computer and office equipment, obsolete furniture & fixture and newspapers. Being a financial institution Bank Asia does not deal with any hazardous waste.

- Both sides of papers are used and wasted papers are collected using bins after shredding
- Donate old equipment and furniture for charity or sold
- Food wastes are collected by community cleaners on daily basis
- Toner, cartridges and newspapers disposed off through community cleaners.

Greenhouse Gas Emission

Saving CO2 emission

Since 2014, Bank Asia implemented Video Conferencing System to connect with remote branches for strengthening relationship between Head Office and branches. By using the system, Management can save time and money as well as CO2e 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, weapons & munitions, Gambling, casinos, pornography (goods/stores/web-based), alcoholic beverage and all offices of the bank are declared smoking free zone. We incorporated

environmental and climate change risk as part of the existing credit risk methodology prescribed to assess borrowers through Environmental & Social Due Diligence (ESDD) checklists.

Sustainable Finance with ESRM Guideline

To contribute ensuring the protection of the environment and the society, Bank Asia Ltd is adamant to integrate sustainability into overall credit management by adopting Environmental & Social Risk Management policy. Implementation of Environmental & Social Risk Management policy will benefit Bank Asia in following ways.

- Reduction of the probability of increasing NPL(Non- performing Loan) due to closing down a project as a result of environmental /social issue
- Improvement of the quality of asset portfolio by excluding the clients not capable to meet the Environmental & Social requirement
- Maintaining an environmentally and socially clean portfolio will also have impact in CAMELS rating, liquidity and capital requirements credit growth and profit distribution.
- Improvement of the Brand image of the Bank by committing to the betterment of the environment and to the society.

Reducing Carbon Footprint

Since inception Bank Asia has turned to ecofriendly 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 in 2011 for lending in solar energy, bio- gas, and Effluent Treatment Plant(ETP) & Hybrid Hoffman Kiln (HHK).



Waste water processing plant

Waste water treatment is a process used to convert wastewater into fresh water that can be returned to the water cycle with minimum impact on the environment, or directly reused. So that our environment become secure for biodiversity. Bank Asia is very concern about this. In 2018, total finance was Tk. 18.16 million for Waste Management plant.

Bank Asia financed Wastewater Recycling Project

Bank Asia is very concern about the present situation of our environment because of wastes so the future of the people is threatened with boundless destruction. The situation is worst in both cities and villages. Environmental problems like unplanned urbanization, industrialization, disposal of hazardous wastes, rivers, lakes and roads, soil pollution, water shortage, water contamination and water logging are only a few to mention. The total outstanding amount of different liquid waste management project for financing Biological & Chemical Technology Combined ETP and Waste Water Processing Plant was Tk. 827.42 million in 2018.

Green House Gas Emission Table

Source	Consumption		Co2 Emission
Electricity	11,340,639	kwh	10,206.58
Diesel	15,947	ltrs	23.36
Octane	63,587.43	ltrs	97.59
Air Travel	4,015,736	km	1,251.00
Road Travel	6,023,605	km	343.35
Paper	101,982	Reams	326.34

Source

www.carbonneutral.com.au

During the year, we have disbursed Tk. 32.46 million for financing Green Establishment/ Green Building project, which helps to reduce environmental effect. In addition, the Bank financed Triple Apparels Ltd, having USGBC Certified LEED Certificate (energy and water efficient, healthy, comfortable and environmentally friendly construction) from 2017 and the outstanding balance was Tk. 716.16 million in 2018.

Bank Asia and Green Banking

Bank Asia always believes in growing in a responsible manner maintaining ecofriendly environment by playing a major role to mitigate Environmental risks which is essential for our survival. Since its inception, Bank Asia has been committed towards Sustainable Development that makes environmentally, economically and socially responsible. As a Bank, we play an intermediary role between economic development and conservation of the environment. Our Green Banking activities are on multidimensional areas which include both in-house 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. These steps show the Bank's efforts towards encountering in-house environment management as part of supporting green banking. Our Green Banking Policy Guidelines and Green Office 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. Besides this, Bank Asia has also introduced a new department in early 2017 named Sustainable Finance Department the same in alignment with Bangladesh Bank with its proficient Sustainable Finance Committee to monitor Sustainable Banking and Sustainable Finance.

Moreover Bank Asia ICT Division has been providing automation system in different department such as

Financing on Pet Bottle Recycling Plant

PET is one of the most common consumer plastics used. PET is used as a raw material for making packaging materials such as bottles and containers for packaging a wide range of food products and other consumer goods. Examples include soft drinks, alcoholic beverages, detergents, cosmetics, pharmaceutical products and edible oils. Bank Asia finance Tk. 324.28 million in Pet bottle recycling plant.



Bank Asia financed Pet Bottle Recycling Plant

- Treasury Management System” - developed eTesero by ERA InfoTech for practicing paperless reporting and other documentations
- ICT help desk (Microsoft System Center Service Manager) - developed and implemented SCF system by Infini System Pvt Ltd
- ‘MY Family’ apps- a central contact platform of the Bank
- Deployed Smart Clients instead of conventional PCs
- Developed MISDB provides quality report with graphs

All of the above initiatives ultimately reduces time, energy/power consumption and operational expenditure as well as better and prompt customer services of the Bank. These also reduce load of repeated operations and increase manpower efficiency.

As greening of mind, a number of training was organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, financial inclusion, CSR and Green Banking this year. In 2018, Training Institute of Bank Asia has provided 5 trainings on Green Banking under Foundation training course & other training related to Green banking to 129 employees of 27,144 man-hours. Mentionable that Bank Asia organized an International Workshop on Rural Financial Inclusion.

In view of highlighting our Green Banking activities and creating awareness amongst our stakeholders, the Articles on Green Banking, sustainability reporting were published in different newspapers which reflect our Green initiatives to our employees, our stakeholders and all subscribers of those newspapers.

Like the previous year, Bank Asia has published Sustainability Report and achieved Gold Rank- Best Sustainability Report in Asia Sustainability Reporting Rating 2018 - 14th SRA 2018 by NCSR (National Center for Sustainability Reporting) and ICSP (Institute of Certified Sustainability Practitioners) in Jakarta, Indonesia for Sustainability Report 2017.

Bank Asia strongly believes that, creating awareness is very important for sustainability. In this regard, this year for enhancing public conversance and highlighting green banking activities, Bank Asia has published an advertisement in “Daily Star” on World Environment Day, 2018 where Tk. 345,000 (approx.) spent for this advertisement.

Online Banking

Technology continues to be a strong pillar in the Bank’s idea to attract the banking experience of its customers. Bank Asia has been one of the pioneers in introducing Online Banking and in 2018, it covers 119 branches, 4 Agri./SME branches, 4 SME service centers, 149 own ATMs, more than 10,000+ shared ATMs and others. Online banking system is a great way to reduce wastage of paper.

Currently Bank Asia account holder is facilitating e-commerce transaction such as e-ticket purchasing of bus, train, airways, cinemas & movies, mobile flexi-load, hotel booking, bill payment such as hospital bill payment, advertisement bill payment, passport fees payment, WASA, DESA, qubee bill payment, computer accessories & service related payment, e-shopping etc. by the debit/ credit card of Bank Asia with less expense & in faster time from any time anywhere.

We have also integrated Internet banking system to NPBS on first phase and through this connectivity our customers can transfer fund from their Account to Inter-Bank Accounts and Debit & Credit Cards real time and vice versa.

In our banking system recently ‘e-Commerce’ has incorporated for its valued customer where Bank plays as payment partner & account holders can shop online through internet banking. Through SSL, Bank Asia Limited A/C Holder can purchase products & Services from 175+ Merchant websites.

Others

Bank Asia spent Tk. 126.91 million to Prime Minister Relief and Welfare Fund, Higher Studies Scholarship, construction of HFRMCH & Ma Amiran Hospital in Sirajdikhan, Malkhanagar, support to flood & cold hit people, different socio cultural and religious program in 2018.

Compliance

During 2018, Bank Asia has not faced any penalties for non-compliance with applicable laws and regulations concerning the impacts of its operations in the social and economic area.

At Customers' Doorsteps



Farida Begum always prays for the owner of the Bank Asia Agent Outlet, from where she is collecting her widow-allowance regularly. The outlet is very close to her house in Chakaria, Cox's Bazar and all they require is just her finger print. No long walks, no long queue, no bureaucratic complexity. She remembers how difficult it was to collect Social Safety Net allowances before there was an Agent Banking outlet. She feels really blessed to have a Bank Asia Agent Outlet in her area.

Promoting Rural Entrepreneurship



Jashimuddin's story is about the local 'computer guy' becoming the 'banker to the community'. Like most other, Jashim wanted a government job but couldn't get one. Since he was good with computer and internet, he started a shop to provide computer related services at Sirajganj district. He learned that his computer skills and some basic logistics were all he needed to be a Bank Asia Agent. So he became one, and believes that now he is serving the community the best way he can.

At your Bright Future



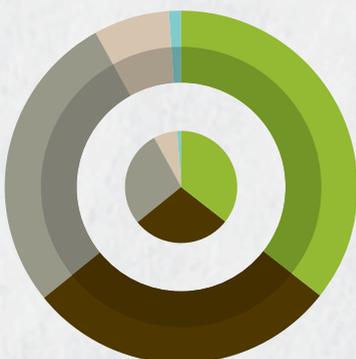
Mohammad Khalil (Rajapur, Jhalokathi) relies on the remittance his wife sends from abroad for cultivating vegetables commercially. He used to rely on money sent via the 'hundi' system. There were a lot of hassles. Getting the money in time was very rare. He was feeling hopeless. But since the Bank Asia Agent Banking Outlet started operating near his house, he opened an account there and now things are much easier. Both Khalil and his wife are feeling very optimistic about their future now.

ECONOMIC PERFORMANCE

VALUE ADDED STATEMENT

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 2018, bank's net value addition was Tk. 7,988 million; 36% distributed to employees as salaries, 25% to shareholders as dividend & reserve, 29% to government as income tax and rest of the amount used for business expansion and growth.



Value Added Statement 2017

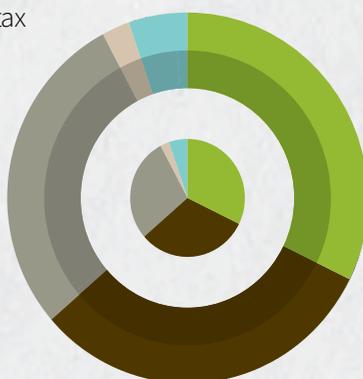
- 36%** To employees as salaries
- 29%** To providers of capital as dividend and reserve
- 28%** To Government as income tax
- 0.03%** Retained profit
- 7%** Depreciation
- 1%** Deferred Taxation

VALUE ADDED STATEMENTS

Million Taka

Items	2018	2017
Income from banking services	27,131	22,809
Less: Cost of services & supplies	(15,698)	(13,128)
Value added by banking service	11,432	9,681
Non-banking income		
Provision for loans & Off-balance sheet exposure & others	(3,444)	(2,630)
Total	7,988	7,051

Distribution of value addition	Year			
	2018		2017	
	Amount	%	Amount	%
To employees as salaries	2,534	36%	2,352	39%
To providers of capital as dividend & reserve	2,045	29%	1,715	28%
To Government as income tax	1,969	28%	1,678	27%
To expansion & growth				
Retained profit	2	.03%	(169)	-3%
Depreciation	460	7%	469	8%
Deferred Taxation	42	1%	63	1%
	504		363	
Total	7,051	100%	6,108	100%



Value Added Statement 2018

- 36%** To employees as salaries
- 25%** To providers of capital as dividend & reserve
- 29%** To Government as income tax
- 3%** Retained profit
- 6%** Depreciation

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	2018	2017	2016
Invested fund by shareholders			
Shareholders equity	23,340.13	21,054.49	19,038.48
Add: Cumulative Provision for loans/ investment/ off-balance sheet items, offshore banking units & others	10,576.78	9,589.05	8,938.44
Total invested fund by shareholders	33,916.92	30,643.54	27,976.92
Average invested fund by the shareholders [A]	32,280.23	29,310.23	27,110.26
Earnings for the year			
Profit after taxation	2,266.28	2,047.53	1,545.91
Add: Provision for loans/ investment, off-balance sheet items and Offshore banking units	3,444.10	2,630.03	2,633.73
Less: written off during the year	2,890.07	2,138.55	920.45
Earnings for the year [B]	2,820.30	2,539.01	3,259.19
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]	4,196.43	3,810.33	3,524.33
Economic Value Added [B-D]	(1,376.13)	(1,271.32)	(265.14)

MARKET VALUE ADDED STATEMENT

Market value added statement shows the difference between the market value of the bank and the capital contributed by shareholders i.e. book value of equity. During the year 2018, total market value of the bank was Tk. 19,653.86 million and total book value of equity is Tk. 19,387.72 million i.e. addition of market value was Tk. 267 million.

Million Taka

Particulars	No. of shares (in Million)	Share price (in Taka)	Taka
Market value	1,110.39	17.70	19,653.86
Book value	881.26	22	19,387.72
Market Value Added			267.00

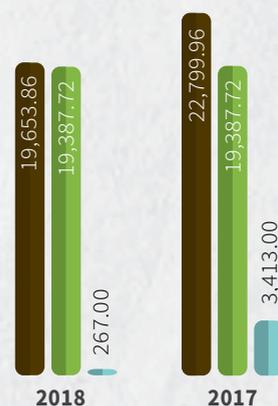
CONTRIBUTION TO NATIONAL EXCHEQUER

Bank Asia has contributed significantly to the government's effort 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 2018, the Bank contributed Tk. 4,424 million to national exchequer.

Market Value Added

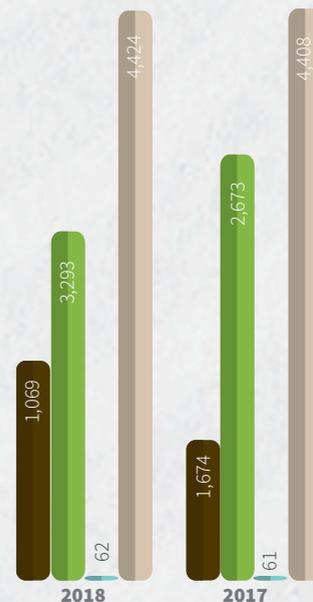
Million Taka

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 services by the bank
Income tax payment by the employees
Total Payment

CONTRIBUTION TO NATIONAL EXCHEQUER

Particulars	Million Taka	
	2018	2017
Income tax payment on bank's earnings	1,069.00	1,674.00
Income tax, VAT, and Excise duty deducted at source from various payment and services by the bank	3,293.00	2,673.21
Income tax payment by the employees	62.00	60.86
Total Payment	4,424.00	4,408.07

SUPPORTING THE ENTREPRENEURS THROUGH CMSE

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 4 SME Service Centers & 123 branches in urban & rural areas Bank Asia provides its services for promoting and expansion of businesses which ultimately created productive new off-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 2,566 Agent Banking outlet throughout the year 2018. 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. Focusing on cluster financing, grooming-

up new entrepreneurship development, promoting women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to underserved people Banks Asia's CMSE Department always engaged for opening the door of prosperity to many entrepreneurs of the country. Bank Asia also adopted a cluster-based approach for financing cottage, micro, small and medium enterprises (CMSEs) as a full-fledged commercial bank. Throughout the year, we financed 118 entrepreneurs in different CMSME clusters with the disbursement amount of Tk. 34.40 million.

In 2018, CMSE strongly focused on cottage & micro enterprise financing, cluster financing, new entrepreneurship development financing, promoting rural people as well as rural women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to the unbanked new entrepreneurs.

The Bank has created new partnership with Financial Inclusion Department, Bangladesh Bank for financing to the SME Entrepreneurs under re-finance of ADB fund in 2018 and also partnered with Infini Systems Pvt. Ltd. for financing suppliers of the corporate customers using "Veefin" software under

the title "Supply Chain Finance" jointly collaboration with International Finance Corporation (IFC) which create a platform for the countrywide entrepreneurs to get access to easy digital finance. .

CMSE Department participated "Banker-SME Women Entrepreneur Gathering & Product Fair-2018" organized by Bangladesh Bank and also in the "Entrepreneur-Banker Match Making program with SME Foundation" held at Munshigonj and Rangpur. Moreover, the Bank has set up dedicated Women Entrepreneur / SME Help desks in all branches across the country to assist SMEs and also has specialized teams for doorstep banking. During the year, the Bank arranged 6 training /seminar sessions and provided training to 150 entrepreneurs on capacity building, business development and monitoring.

The SE & SPL Department of the Bank has arranged launching of 2 new products titled "Shopner Khamar"-for dairy sector value chain entrepreneurs, "Uttaran"-for existing excellent CMSE loan borrowers. Apart from the above, the Bank arranged different business meeting with the existing and potential clients throughout the year.

EMPOWERING COMMUNITIES THROUGH AGRI/RURAL CREDIT

During 2018, Bank Asia has disbursed Tk. 2,880.49 million (Tk. 171.34 through own network and Tk. 2,709.15 million through our NGO Network) as short and long-term credit in agricultural/rural sectors. This financing helped to create enormous employment opportunities in farms, especially in the fields of crops & fisheries.



Banker-SME Women Entrepreneur Gathering & Product Fair-2018



Signing Agreement between Bank Asia and BSCL



Vegetable field financed by Bank Asia

Total number of beneficiaries was 65,867. Besides this, A- card, the Smart form of Agricultural credit was propagate into 457 rural farmers where an amount of Tk. 9.05 million was used in this year.

FINANCIAL INCLUSION IN ECONOMICALLY DISADVANTAGED AREAS Agent Banking

With the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population, Bank Asia has introduced Agent Banking services as the pioneer in Bangladesh. Our Bank made a unique Agent banking module with technology based banking concept ensuring adequate security with real time banking for customers. The Bank has implemented 2,566 Agent outlets in 64 districts in most geographically dispersed poor segment of the society. During the year, the Bank provides Agent Banking services through Union Digital Centres, E-commerce solution to be established with the Agent Banking network, introducing A-Card for farmers to be benefited in their agricultural productions, Mobile Application for Agent Banking Customer (both in English and Bengali).

In 2018 Agent Banking deposit was Tk. 6,954.29 million through 749,067 accounts. We are determined to support Government's commitment in building 'Digital Bangladesh' as charted out in the vision 2021 by bringing rural people under 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.

Mentionable that, recognizing phenomenal efforts in facilitating financial inclusion in Bangladesh, Bank Asia has been awarded with "Retail Banking Award 2018" in the category "Financial Inclusion Initiative of the year" by Asian Banking & Finance (ABF).



Cash disbursement among the daily women worker at Sathkira under SWAPNA project

সাম্বাৎকারে ব্যাংক এশিয়ার এমডি মো. আরফান আলী



ব্যাংকের শাখা নেই এমন অঞ্চলের মানুষের ব্যাংকিং সেবার আওতায় আনার প্রচেষ্টা হিসেবে যাত্রা শুরু করে এজেন্ট ব্যাংকিং। সর্বপ্রথম এটি শুরু করে ব্যাংক এশিয়া। এখন ১৭টি ব্যাংক এটি চালু করেছে। টাকা জামানো, উৎসাহ, ঋণ গ্রহণ, পরিশোধ, বিভিন্ন সেবার বিল পরিশোধ ইত্যাদি কাজ করা যাচ্ছে এজেন্ট ব্যাংকিংয়ের মাধ্যমে। ব্যাংক এশিয়ার যে কর্মকর্তার হাত ধরে সর্বপ্রথম এজেন্ট ব্যাংকিং শুরু হয় সেই আরফান আলী এখন ব্যাংকটির প্রেসিডেন্ট ও ব্যবস্থাপনা পরিচালক (এমডি) হিসেবে দায়িত্ব পালন করছেন। অভিনব এই ব্যাংকিং সম্পর্কে তার মন্তব্য - এটি ব্যাংক নয়, দেশকে ব্যাংকের মত; এখানে গেলে গ্রাহকের অনুভবও ব্যাংকে যোগ্য মতোই। এজেন্ট ব্যাংকিংয়ের স্বরূপ ও সম্ভাবনা নিয়ে তিনি কথা বলেছেন আমাদের সময়ে সঙ্গে। সাম্বাৎকার নিয়েছেন হারুন-অর-রশিদ

সুবিধা বঞ্চিত মানুষেরা পাচ্ছে ব্যাংকিং সেবা

আমাদের সময়: এজেন্ট ব্যাংকিং শুরু সম্পর্কে আপনার অজিজ্ঞতা হবেন?
আরফান আলী: সেবারঞ্চিত মানুষদের ব্যাংকিং সেবার আওতায় আনার জন্য আমরা সর্বপ্রথম ২০১৪ সালে এজেন্ট ব্যাংকিং চালু করি। শুরুতে এটি সম্পর্কে অনেকের নেতিবাচক ধারণা ছিল। স্বল্প আয়ের মানুষদের সেবা দিয়ে সেই মডেল টেকসই হবে কিনা তা নিয়ে সন্দেহ ছিল। কিন্তু এখন সেই সংকেত নেই। ১৭টি ব্যাংক এজেন্ট ব্যাংকিং চালু করেছে। কোন জিটনিস শুরু করে সফল হলে যে আদমপ পাওয়া যায় তা এখন পাচ্ছি।
আমাদের সময়: শুরুতে চ্যালেঞ্জগুলো কী ছিল?
আরফান আলী: আমরা খবর শুরু করি তখন দেশে এটি সম্পূর্ণ নতুন। সামনে কোনো মডেল ছিল না। অন্য দেশের সিস্টেম সম্পর্কে গভীরভাবে জানা আমাদের দেশের জন্য মানানসই একটি মডেল দাঁড় করিয়ে দেওয়া। শুরুতে সবচেয়ে বেশি সমস্যা ছিল গ্রাহকের আস্থা ও বিশ্বাসযোগ্যতা অর্জন করা। আসলেই এজেন্ট হিসেবে ব্যাংক আছে কিনা তা নিয়ে সন্দেহ ছিল। সেটি দূর হয়েছে। সেই সময় স্টেট-ব্যাংক ক্যাম্পেইনিটির সূর্য্যোদয় ছিল। তখন ২৬টি ছিল তাও আবার সব জায়গায় স্টেট-ব্যাংক ছিল না। এজেন্ট ব্যাংকিং পরিচালনা করা হয় সব ব্যাংকিং সফটওয়্যার দিয়ে। অনেক সময় সিস্টেম কানেক্টিভিটির কারণে কাজ করতে না। সেই কানেক্টিভিটির সমস্যা দূর হয়েছে। এগুলো এখন কেটে গেছে। দ্রুত এজেন্ট ব্যাংকিং সেবা প্রসারিত হচ্ছে।
আমাদের সময়: বর্তমানে কি চ্যালেঞ্জ মোকাবেলা করতে হচ্ছে এবং সম্ভাবনাগুলো কী? **আরফান আলী:** শুরু থেকে খেচর সংকেত ছিল এখন সেটি নেই। এখন মূল চ্যালেঞ্জ খোলাসা করা। কার্ভিক পর্যায়ে নিয়ে গিয়ে লাভবান হতে হবে। এজেন্টদের আর্থিকতা প্রচেষ্টা বাড়াতে হবে। ব্যাংকগুলোর বিনিয়োগ বাড়াতে হবে। অনেক ব্যাংক অতিরিক্ত বিনিয়োগ করছে। আর স্থাপনা হচ্ছে অনেক। খোলাসা ব্যাংকের শাখা নেই সেখানে এজেন্ট ব্যাংকিংয়ের আউটলেট করা হচ্ছে। আবার ইউনিয়ন ডিজিটাল সেন্টারকে ব্যবহার করা। আর্থিকের হাণ্ড দিয়ে মানুষ বেলনেল করতে পারবে। আধ্যাতিক সরকার ইউনিয়ন ডিজিটাল সেন্টারগুলোকে আলাদা ব্যাংকের মাধ্যমে পরিচালিত করবে। এর মাধ্যমে সরকারের ০০-৬০ টি সেবা প্রেরা হবে। সেন্টারের চেয়ারম্যান, সদস্য ও অন্যান্য স্টাফকে বেসরকারি প্রদান করা হবে। আর যেখানে সেবা সেখানে আর্থিক কর্মকর্তা হয়ে থাকে। সুতরাং এজেন্ট ব্যাংকিং গ্রামীণ অর্থনীতির সড় হাবে পলিত হবে। এছাড়া এজেন্ট ব্যাংকিংয়ের মাধ্যমে শেয়ার সেন্সেলেস জন্য বিও একাউন্ট খোলা, ই-কমার্স সেন্সেলেস, প্রিন্সিপ্যাল ইত্যাদি করা সম্ভব।
আমাদের সময়: ঋণ প্রদান করা হচ্ছে কীভাবে?
আরফান আলী: চার বছর আগেই ঋণ কার্যক্রমই এজেন্ট ব্যাংকিং পরিচালনার জন্য আমরা কেন্দ্রীয় ব্যাংকের কাছে আবেদন করি। তবে ঋণ প্রদান করতে সময় লেগেছে। এজন্য সম্পূর্ণ অলাইন সিস্টেম তৈরি করতে হয়েছে। এটি করতে সফলতা করেছে সুপ্রজাতান্ত্রিক ডাটা সংস্থা ডিএক্সআইটি। অনলাইন সিস্টেম পড়তে তোলায় জন্য সফটওয়্যার ও হার্ডওয়্যার তৈরি করে দিয়েছে এটিএনআর। এ সিস্টেম ব্যবহার করে অনলাইনে ঋণ আবেদন গ্রহণ ও সেওয়া হচ্ছে।
আমাদের সময়: গ্রাহকের ব্যাংকিং নিয়ে এজেন্ট অনলাইনে আবেদন করছেন। সেটি অনলাইনে যোগ্য-বাণী হচ্ছে। অনলাইনে ঋণ বিতরণ করা হচ্ছে। আবার সেখানে ঋণের বিধি আদায় করা হচ্ছে। অর্থাৎ ডিজিটাল ঋণ প্রদান কার্যক্রমের মাধ্যমে ঋণ সংক্রান্ত কার্যক্রম পরিচালিত হচ্ছে।
আমাদের সময়: এজেন্ট ব্যাংকিংয়ের মাধ্যমে অর্থনীতি কীভাবে এগোবে?
আরফান আলী: এজেন্ট ব্যাংকিংয়ের সবচেয়ে বড় সুফল হচ্ছে সেখান হাট্টো দেওয়া। ব্যাংকের সেবা যত হাট্টো পড়বে তুঁকি তত কমবে। একক গ্রাহককে বড় অঙ্কের ঋণ দিলে পোর্টফোলিও তুঁকির মধ্যে পড়বে, অর্থনৈতিক দ্রুতগতিতে প্রভাব পড়বে। এটি হলে আর্থিক অস্থিতিশীল বাড়বে। গ্রামীণ অর্থনীতি পরসারি প্রতিষ্ঠানিক অর্থনীতির সঙ্গে যুক্ত হবে। এতে দ্রুতগতি বাড়বে।

EBEK (Ektee Bari Ektee Khamar)

Bank Asia 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 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 is now operating EBK Banking services for Phase III to 31 districts having 222 Upazillas and 839,375 beneficiaries where the operation has spread over

2,200 unions. Bank Asia provides online banking services through this EBK project to unbanked people with good reputation in the above districts in Bangladesh.

With experience to implement of EBK Project, Bank Asia is now capable enough to provide services to all government projects like Social Safety net Programs. Over the time we have made partnership with Social Welfare Department under Ministry of Social Welfare and providing services to Senior Citizen, Widow and Disabled beneficiaries. We have completed full district coverage of Kishoreganj and Chapai Nowabganj for Safety Net payment where almost 133,500+ beneficiaries will get banking service from their own union. We have another prestigious partnership with UNDP under LGED Ministry named SWAPNO where we have covered 2 districts and 76 unions for disbursing the daily “women worker wages payment” from their union. “Cash for work” is another prestigious program for Bank Asia which is run in partnership with Ministry of Disaster Management and Relief. Moreover, we have started another World’s largest Non- Government funded mega project named SHOUHARDO III with CARE Bangladesh where’s 168,000 beneficiaries will be getting banking service from 8 districts. Already 54,957 beneficiaries are getting banking service in different remote areas.

Besides this, we have started a cash disbursement project (financial support for the children of Rohingya Origin) signed with Unicef & Red Cross. Moreover, we have put another point of Employment Generation Program for the Poorest (EGPP) for Bangladesh to provide the short term employment to the hardcore poor in 8 district and 57 unions.

FOREIGN REMITTANCE

Remittance is the second most important sources of foreign exchange earnings for Bangladesh, after readymade garments (RMG). Bangladesh’s foreign exchange reserve was USD 32.94 at the end of December 2018. However, country remittance inflows reached at USD 14.98 billion in 2018,

increased by 10.72% from 2017 whereas FRD remittance inflow increased by 12.39% (2018: USD 735 million and 2017: USD 654 million).

Mentionable that, this year wage remittance inflow surpassed half a Billion mark for the first time in the history of FRD and the year ended at USD 522 Million, 12.26% higher from previous year’s volume. Bank Asia’s position was 9th in 2018 for remittance collection among all Banks’ in Bangladesh. Moreover, the Bank was initiating online collection services through INPAY to collect remittance from 8 major EU countries. Besides this, the department has executed agreements with 5 new exchange houses where operations of 3 already started.

ONLINE PAYMENT GATEWAY SERVICES (OPGS)

Bank Asia is the first Bank to set-up arrangement with OPGSPs in Bangladesh like ‘Payza’ and ‘Payoneer’ to bring hard earned money which is earned by exporting services in nonphysical form e.g. data processing, off-shore IT service, software development, business process outsourcing (BPO) etc. 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 2018, we have done 5,91,813 transactions amounting USD 65 million through ‘Payoneer’ and will do some promotional campaign to ensure more than USD 140 million in 2019. Moreover the Bank has taken an initiative to partner with BASIS and Mastercard to launch freelancer card-“SHADHIN” for the very first time in Bangladesh. Bank Asia SHADHIN Mastercard collaborates with Payoneer to bring freelancer’s money faster.

Bank Asia positioned **9th**
in 2018 for remittance collection
in Bangladesh

An agreement with INPAY-an global payment network for providing online money transfer to Bangladeshi Remitters from EU countries





Collaboration with Bank Asia SHADHIN Mastercard with Payoneer

COMMUNITY INVESTMENT STRATEGY

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 2018, Bank Asia spent an amount of Tk. 126.91 million for the overall betterment of the nation.



Community Investment 2018

Million Taka

Education 39.23|**30.91%**
 Health 1.28|**0.65%**
 Disaster Management 27.13|**21.38%**
 Sports 1.17|**0.92%**
 Art & Culture 7.23|**5.70%**
 Others 51.33|**40.44%**

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 CMSEs across Bangladesh and invests in community programs, which enable youth and those less fortunate, to create brighter economic futures for them. In 2018, total volume of disbursed CMSE loan is Tk. 47,494 million.

FINANCIAL ASSISTANCE FROM GOVERNMENT

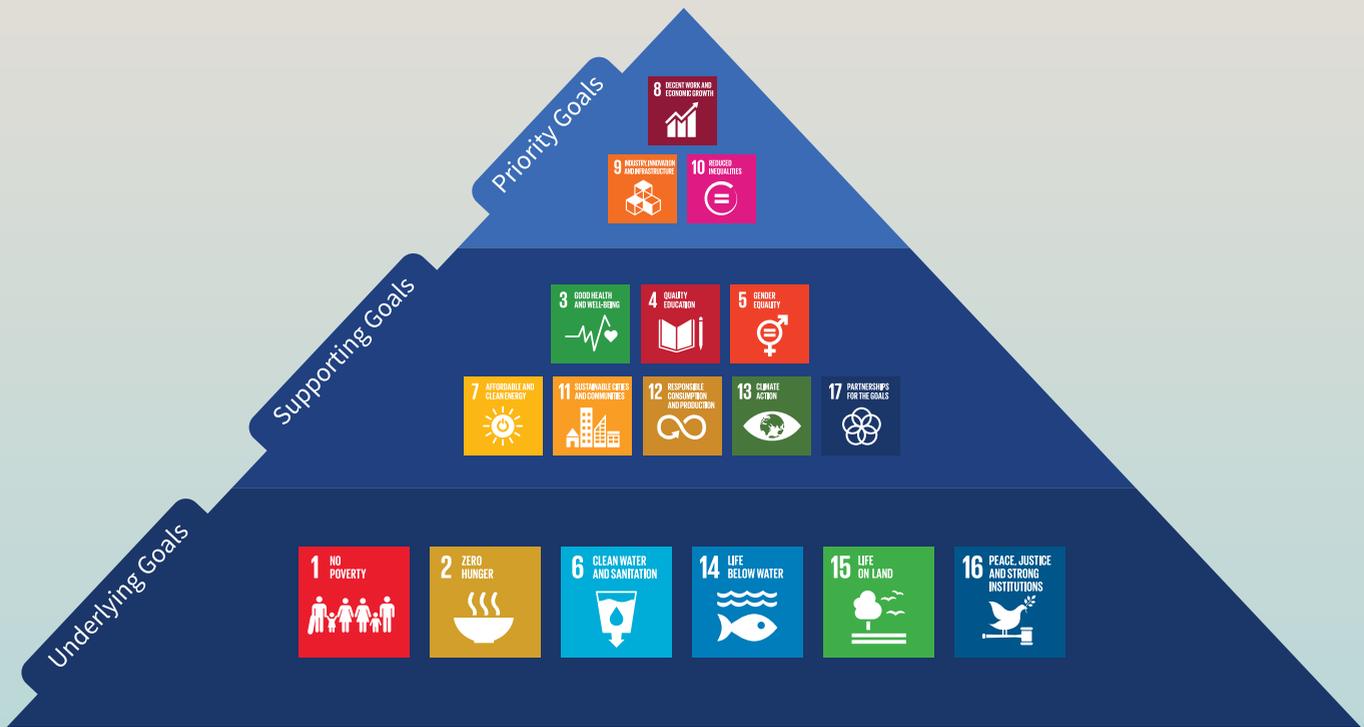
Bank Asia does not receive any financial assistance from the government and also does not contribute to any political organization. But we support all the public policy developed for the betterment of nation and we never lobby for making any policy in favor of us.

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 2018, the bank has not faced any significant penalties for non-compliance with applicable laws and regulations for running its economic activities in Bangladesh.



SUSTAINABLE DEVELOPMENT GOALS



To achieve a sustainable future for all generations, the United Nations have set 17 global goals and 169 targets to be achieved by 2030 covering mainly three areas, environmental, social and economical. The main vision of implementing these 17 global goals is to alleviating poverty, reducing inequality, protecting environment and ensuring peace and justice to everyone for prosperity.

The scale and ambition of the SDGs mean that they cannot be achieved by Governments alone. Businesses and other organizations also play crucial roles in addressing the SDGs. Bank Asia Ltd. as a responsible company is committed to ensuring that the Bank's operations are always in line with the environmental, social and good governance (ESG). The Bank plays twofold roles for achieving the SDGs. Firstly, the Bank makes indirect contribution through financing and funding to customers who operates businesses that can have a positive impact on sustainable development. Secondly, the Bank makes contribution through its corporate social responsibility activities that involve the community and environment which are in line with SDGs.

GRI-103-2, GRI-201, 202, 203, 204, 205, 206, GRI-302, 305, 307, GRI-401, 402, 403, GRI-405, 406, 407, 408, 409, 410, 411, 412, 413, GRI-417, 418, 419

Approach to Sustainability



Bank Asia’s approach to sustainability is lying under its business philosophy and business models as reflected in the mission and vision of the Bank. The vision of the Bank is to make a poverty free Bangladesh aligned with the Sustainable Development Goal (SDG 1).

Bank Asia, in principle, always averts financing in environmental hazardous business. The bank has decided not to finance any tobacco related business, weapons & munitions, gambling, casinos, pornography (goods/stores/web-based), alcoholic beverage and all offices of the bank are declared smoking free zone. We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess borrowers through Environmental & Social Due Diligence (ESDD) checklists.

Around one-third of the population in Bangladesh remain unbanked due to low level of financial literacy of the people, collateral-based system for loan disbursement and reluctance of the formal channels to serve at remote areas for cost effectiveness. Most importantly, 65% of the unbanked population belongs to woman segment. Bank Asia made a difference in this regard and has become a role model for

financial inclusion in the banking industry of Bangladesh. The Bank has already spread its footstep in 417 upazilas of 64 districts through agent banking channel. By taking banking services at the doorsteps of the underserved and marginalized people, we are trying to reach the unreached. Around 2.5 million unbanked people have already been included in Agent Banking network. Recognizing the phenomenal efforts in facilitating financial inclusion in Bangladesh, Bank Asia has been awarded with “Retail Banking Award 2018” in the category “Financial Inclusion Initiative of the year” by Asian Banking & Finance (ABF).

Cottage Micro and Small businesses are catalyst in the socio economic development of many countries of the world. In 2018, CMSE strongly focused on cottage & micro enterprise financing, cluster financing, new entrepreneurship development financing, promoting rural people as well as rural women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to the unbanked new entrepreneurs. At the end of year 2018, the CMSME portfolio stood at Tk. 32,259 million.

During 2018, Bank Asia has disbursed Tk. 2,880.49 million for short and long-term credit in agricultural/rural sectors. This financing helped to create enormous employment opportunities in farms, especially in the fields of crops & fisheries. Till to date, 566,757 number of farmers have received financial assistance from us. A- card, the Smart digitalized form of Agricultural credit, was propagated into 457 rural farmers and disbursed Tk. 9.05 million in this year. 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. In 2018, the outstanding amount was Tk. 453.59 million in different solar home system projects including LED Bulb/ Tube Assembly Plant financed by the Bank.

We encourage investment in establishing environmental infrastructure such as renewable energy project, clean water supply project, wastewater treatment plant, solid & hazardous waste disposal plant, bio-gas plant, etc. The total outstanding amount of different liquid waste management project for financing Biological & Chemical Technology, Combined ETP and Waste Water Processing Plant was Tk. 827.42 million in 2018. Our Bank is very concerned on biodiversity and financed Tk. 18.16 million for Waste Management Plant in 2018. Moreover the Bank also financed Tk. 324.28 million in Pet Bottle recycling plant.

Approach to Sustainability

Bank Asia's corporate office was built and designed to ensure maximum usage of natural day light to reduce the energy consumption substantially in contrast with other mainstream constructions. Moreover, energy savings bulbs consist of a third of the total lighting system here. As a result, more than 40% electricity is saved every year using the day light in side corporate office. We have already installed solar panels in our 11 branches. As part of environmental responsibility 14 vehicles used for pick & drop facility and majority of the pool vehicles have been converted into CNG driven. Moreover, executives of the Bank are provided with car facility and they are encouraged to convert their cars into CNG driven (dual fuel). More than 80% of those cars have already been converted into CNG driven. We have saved Tk. 7.89 million by using E-Statement, SMS Banking SMS Alert, Net Banking, E- Fund Transfer, Digital Attendance, E-Mail correspondence etc.

Bank Asia embedded the value of Corporate Social Responsibility (CSR) in its business philosophy. Since inception, the Bank has been contributing to the under privileged segment of the society so that they will be included in the mainstream. Bank Asia foundation established with the aim of strengthening CSR program and streamlining the activities in a more systematic, structured and sustainable manner. During the year 2018, Bank Asia spent an amount of Tk. 127 million on CSR which covers a vast area of education, health and other under privileged sectors for the overall betterment of the nation.

Bank Asia strongly believe safe & healthy work place is a precondition for sound mentality of employees to deliver desired services to valued customers. To improve our employees' work life balance, Bank Asia has established a combined day care center named "Pushpita" in collaboration with other private commercial banks by renting 5,666 square feet at Motijheel, Dhaka. To provide a greater peace of mind to working parents especially mothers and to encourage the inclusion of women in the job market, the child care center has established. For making the employees more effective and efficient, 111 trainings of 63,458 MH accomplished in the year 2018.



Awareness regarding cell phone radiation

Do not use your cell phone when it is charging



Switch off your cell phone when you go to bed at night



Avoid carrying your cell phone in your pocket



Put your phone on airplane mode when you are not using its wireless function



Use earphone (not a bluetooth headset)



Choose to text instead of calling a person for little things



Avoid making or receiving calls in places with bad reception



If a long conversation is in place, call in a land line



Approach to Sustainability

Material Topics	Targets	Achievements
Financial Inclusion 	To reduce poverty by promoting financial inclusion	<ul style="list-style-type: none"> ● Expanding Agent Banking in 64 districts through 2,566 agent outlets for most geographically dispersed poor segment ● 808,940 beneficiaries of 21,000 villages under 31 districts came under Bank Asia's banking service network through EBK ● 1,68,000 beneficiaries are the recipient of online cash management support through SHOUHARDO-III project under Social Safety Network ● A- card, the Smart form of Agricultural credit facilitate marginal farmers for getting agri loan where Tk. 9.05 million disbursed to 457 beneficiaries
Technological Innovation 	Reducing lead time by technological advances	<ul style="list-style-type: none"> ● About 3,086 number of account with 1316.78 million loans through OCAS (Online Credit Approval System)-Diganta project ● New Disaster Recovery site implemented ● 'MY Family' –Central contact platform Apps has been developed ● Automate " Treasury Management System" ● A-card for marginal farmers ● SHADHIN Card for freelancers
Operating efficiency through Core Business 	To maintain consistency and focus on asset quality	<ul style="list-style-type: none"> ● +25% growth in core business income ● Shifting focus from corporate to MSME and Retail business ● +7% Deposit + 9% Advance ● +12% Export and -8.7% import
Liquidity Risk Management 	To ensure smooth banking operation	<ul style="list-style-type: none"> ● Maintained AD Ratio 81.75% ● +5.65% cost of deposit ● +8.15% High Cost +1.59% Low Cost ● ROA & ROE remain stable ● Implemented liquidity tools <ul style="list-style-type: none"> ● LCR (Liquidity Coverage Ratio) 118.20% ● NSFR (Net Stable Funding Ratio) 117.34%
Paying back 	Expanding the horizon of community services	<ul style="list-style-type: none"> ● A number of initiatives like donation to old home, flood effected people, poor meritorious students etc. has been under taken by FLDP program ● Bank Asia spent Tk. 126.91 million to education, disaster management, and other social sectors as CSR activities

Approach to Sustainability

Material Topics	Targets	Achievements
Workplace safety & security 	To ensure hygienic and congenial workplace	<ul style="list-style-type: none"> ● 339 Claims of insurance received of Tk. 10.79 million in 2018 under Group Health Insurance policy ● All sorts of safety measures such as fire extinguishers, separate stairs are available and smoke free premise ● Pick and drop facilities has been provided through 14 vehicles both in Dhaka and Chattogram region ● Formulation of Healthy working environment and Policy for safe working atmosphere such as 'Female anti harassment policy' and 'Grievance handling policy' to resolve complaints in a fair manner ● 'First Saturday' of every alternate months has been observing as 'Cleaning Day' where all employees of the branches and Corporate Office actively participate to clean the premises including all office equipment and fixtures
Human Capital 	Improvement of employee productivity	<ul style="list-style-type: none"> ● 70,690 man hours of training to 3,729 participants ● Provided 6 trainings under FLDP program with a total of 386 participants
Environmental responsibility 	Reducing carbon footprint and increasing environment friendly investment	<ul style="list-style-type: none"> ● Net savings from environmental activities was Tk. 7.89 million ● Empowering communities through Agricultural credit of Tk. 2,880 million ● Disbursed Tk. 32.46 million to Green finance ● Outstanding balance for Green establishment projects ● Solar Energy Tk. 2.98 million ● Liquid Waste Management Tk. 792.13 million ● Renewable Energy Tk. 3.71 million ● Provided 10 nos. trainings regarding green banking ● 100% regulatory compliance and no fines or, non-compliance sanctions regarding environmental issues ● Publishing Sustainability Report each year that conveys a unique message to create awareness for our stakeholders regarding environmental matters
Customer relationship management 	Maintaining Customer Service Standard	<ul style="list-style-type: none"> ● Approved a new customer service policy ● Regular conducting surveys on satisfaction of customers on our provided services ● Maintained high standards of customer security and data privacy protection ● Providing services through launching of new products & services ● Implemented ICT help desk (Microsoft System Center Service Manager) for better customer services

Future Orientation

Key impacts, Challenges and Opportunities

The year 2019 reflects few challenges along with some opportunities for Bangladesh economy and banking industry. It is essential to perform an intensive effort to move forward towards achieving the goal for a better tomorrow.

CHALLENGES

- a) The banking sector has brought remarkable changes in service quality by using modern technology but still the industry is not able to meet-up the level of expectation for addressing the challenge of loan defaults.
- b) Country's current account deficit reached at USD 9.78 billion which is ever highest due to higher volume of import and moderate export performances and remittance inflows. As a result, BDT is losing its value continuously and fluctuation of exchange rate is the big concerning factor for the importers.
- c) The spread of weighted average interest rate narrowed down to 4.45% in 2018 from 4.72% in the preceding year which would reduce the profitability of the bank.
- d) Deposit growth of Private Banks stood at 11.59% as of December 2018 from 12.58% at December 31, 2017 indicating a scarcity in the availability in supply of deposits reflecting higher borrowing rate which is marking higher costs for Banks.
- e) High dependency on fuel based electricity generation might see a rise that will make business environment a bit complicated.
- f) RMG has been playing a big role to the economy of Bangladesh for the last four decades, approximately 83% of our export portfolio. European Union (EU), a major RMG importer of Bangladesh, is continuously putting pressure on RMG manufacturers on different issues like work environment, child labor, minimum wage etc. Risk on cancelation of GSP for these reasons may slow our export growth.
- g) Ten Banks has been facing Tk. 26,678 crore capital short fall made banking sector riskier, squeezing depositors' confidence, shrinks deposits and creates liquidity crisis.
- h) Banking Industry is suffering from high levels of non-performing loans stood at 10.30% as of December 2018 from 9.31% as of December 2017. Naturally, these high NPLs have affected the profitability and the overall capital.
- i) Enormous capital expenditure in gigantic Padma Bridge without external finance and other big projects like the Metro Rail project, Dhaka Elevated Express, Rooppur Nuclear Power Plant with partial external financing can reduce national savings and reserve fund which may lead an adverse economic situation.

- j) Influx of roughly one million Rohingya from Arakan of Myanmar has twisted a severe problem for Bangladesh putting an upward demand for import of foodstuffs, involvement in different anti-social activities to fulfill basic needs, disturbing social peace being spread out over the country.

OPPORTUNITIES

- a) Bangladesh is the third fastest growing economy in the world in terms of achieving high Gross Domestic Product (GDP) in FY2017-18. Bangladesh expanded at 7.86% this year and per capita income has increased to \$1,751 in FY2017-18 from \$1,610 in the previous fiscal year.
- b) Government creates a new landmark by turning Bangladesh into developing countries and relationship with china is increasing for more investment opportunities.
- c) The Executive Committee of the National Economic Council approved a total of 13 projects, and it costs Tk 9,481.77 crore will come from the national exchequer, while Tk 154.45 crore from the own funds of the organizations concerned and the remaining Tk 2,823.58 crore as project assistance.
- d) The Padma Bridge project will bring some benefit over the economy and banking industry. It was estimated that about \$2.1 billion would be injected into the economy which will add value of Tk. 45,367 crore.
- e) Agent banking is growing its extent by 1,468,797 account with deposits of Tk. 1,634.36 crore. Bangladesh has 5,791 agent banking outlets in the rural areas, whereas the countryside requires nearly 25,000 outlets to bring the unbanked people under the formal banking system.
- f) As freelancing sector is going high, Bank Asia has launched 'SHADHIN Card' for freelancing transactions.
- g) To ensuring swift communication, Information technology like smartphone and availability of internet facility makes the banking sector more attractive. Bank Asia aligns with advanced technologies introducing SMART Banking, My Family app, Online Credit Approval System (OCAS) - Diganta, Online CIB which will facilitate quick and uninterrupted automated customer servicing.
- h) GDP of Bangladesh saw an expansion of 7.86% in FY17-18 and Government is expecting growth will be 8.13% in FY2018-19 which will open up more economic opportunities in future.

Awareness is the Fundamental to Prevention

Electromagnetic Radiation (EMR)

Electromagnetic pollution is very much dangerous to human health that mainly caused by man-made applications. We may not avoid it totally but can limit its effect through awareness.

In Bangladesh
12 crores* cell phone users
20,000 cell phone towers
90% area is covered under radiation

EMR emitted from

- Cell Phones
- Cell Phone towers
- Wi-Fi
- TV and FM towers
- Microwave ovens etc.

EMR causes significant

- Biological effects on the human body
- Health of animals
- Environment

Guidelines by WHO

- New towers should be located **50 meters away** from school and hospital buildings
- Antennas should be established on or above **30 meters from ground**
- **Hotline** must be hanged where people can call or write their problems regarding radiation
- **Warning sign** must be installed near cell towers to warn people about the danger of radiation

 **Bank Asia**

Concept & Design: Bank Asia Group Finance

SUSTAINABLE HR DEVELOPMENT

EMPLOYEE PROFILE

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 intend to enable individuals to think, behave, take actions and make decision independently.

SALARY 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.

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 EMPLOYEES

Out of total number of 2,256 employees, 538 employees are female and rest 1,718 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 2018 total employees' composition in branch and corporate office was 71% and 29% respectively.

Offices	2018		2017	
Corporate office	747	33%	641	29%
Branches	1,509	67%	1,480	71%

NEW EMPLOYEES

263 new employees were recruited during 2018, among which 67% for branches as a part of network expansion of the bank and remaining 33% for corporate office to ensure effective and timely support to branches

Offices	2018		2017	
Corporate office	109		135	
Branches	154		104	

EMPLOYEES BY DIVERSITY

Bank Asia ensures equal opportunity as an employer irrespective of locality, gender or ethnicity. Local employees (99.7%) dominated in diversity composition.

Employee distribution by diversity

Officials	2018		2017	
Local	2,250		2081	
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 75% in 2018 for Corporate Office and branches in Dhaka city.

Employee distribution by Region

Region	2018	2017
Dhaka	1,687	1,540
Chattogram	367	362
Sylhet	75	73
Rajshahi	45	43
Barishal	14	15
Khulna	43	40
Rangpur	12	14
Mymensingh	13	14

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 different levels. Among our female colleagues no one is in top level management, 28 in mid-level and 510 in low-level management.

Gender Positioning of Directors

Board Level	2018		2017	
	Male	Female	Male	Female
Directors	10	5	5	4

Gender Positioning of Employees

Management Tier	2018		2017	
	Male	Female	Male	Female
Top Level	37	-	32	1
Mid-Level	313	28	309	28
Low Level	1,368	510	1,250	467

Gender Positioning by Grade

Male employees are dominating executive level which is around 93%. Comparatively female employees mainly belong to nonexecutive level and holds 27%.

Position	2018		2017	
	Male	Female	Male	Female
Executive	354	28	341	29
Non-Executive	1,348	510	1,233	467
Support Staff	16	0	17	0

Gender Positioning by Employment Level

Employment Level	2018		2017	
	Male	Female	Male	Female
Permanent	1,718	538	1,621	497

Age Distribution

Bank Asia has a relatively younger segment in its overall employee pool where 58% of the employees fall in 31-40 years age bracket.

Age Group	2018		2017	
	Male	Female	Male	Female
30 & Below	296	109	388	123
31-40	987	359	871	330
41-50	376	68	298	40
51-60	58	2	34	3
61+	1	0	0	0
Total	1,718	538	1,591	496

Employees 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 5.30% of total employees in 2018.

Gender	2018		2017	
	No.	%	No.	%
Male	92	5.56	144	9.29
Female	23	4.45	20	4.18

Employees Turnover Rate by Region

As per demographic scenario, employees of Dhaka city left the Bank in 2018 which was 87.82% of total employees left.

Region	2018	2017
Dhaka	101	135
Chattogram	5	22
Cumilla	1	0
Sylhet	3	3
Rajshahi	1	1
Barishal	1	1
Khulna	-	1
Rangpur	1	1
Jashore	0	0
Bogura	2	0

PERFORMANCE MANAGEMENT SYSTEM

To facilitate the career growth of its employees, Bank Asia emphasizes on fair evaluation of their performance and its proper appreciation. As it is known, unbiased performance evaluation culture plays a critical role in creating a sustainable workforce while also supporting the Bank's bottom line. Bank Asia established a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner to assess quantitative and/or qualitative performance vis-

à-vis set target of a given year. To evaluate the performance of Bank Asia's employees KPI is used in the following manner:



Bank Asia is solely depending on the contribution of its existing talents. 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 difficult to remain as close to the operational details as it is, in such case, KPI results can bring back to reality.
- Employees are clear about his/her obligations to deliver during the year and accordingly would be able to plan to meet the expectation.
- Last but not 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 to the officers and executives in an effort to improve their professional efficiency. The bank always lays the highest importance on training of its employees as a continuous process of human resources development. Bank Asia Training Institute for Training & Development BAITD is at new venue with new venture from 2016. Now the Bank established in its own 6 storied building at Lalmatia,

Dhaka which is equipped with all modern study aid and course materials.

Training by Gender

Position	2018		2017	
	Persons	Hours	Persons	Hours
Male	3,014	56,669	1,946	44,946
Female	715	14,021	514	11,872

Training by Position

Position	2018		2017	
	Persons	Hours	Persons	Hours
Executive	702	13,789	386	8,915
Non-Executive	3,027	56,901	2,074	47,903

Training by Different Institutes

Particulars	2018		2017	
	Nos.	Hours	Nos.	Hours
In House Training	3,460	63,458	2,435	56,618
Bangladesh Bank	24	952	26	376
BIBM	92	3,688	54	1,233
Overseas/Foreign Training	31	1,256	26	1,218
Training by other institutes	122	1,336	70	1,650
Total	3,729	70,690	2,611	61,095

Bank has organized 4 foundation training courses each 6 weeks long for entry level employees to improve knowledge base and proficiency in banking. Training Institute of Bank Asia has provided 5 trainings on Green Banking under Foundation training course & other training related to Green banking to 129 employees.

SUSTAINABILITY AND GREEN BANKING

- As greening of mind, a number of training and workshop was organized related to Green Banking & Environmental Risk Management, Reporting format of Green Banking activities, financial inclusion, CSR and Green Banking this year.
- Sustainability Report has been published since 2012 as per GRI guidelines by Bank Asia. To create awareness among the stakeholders each year the theme of Sustainability Report has been designed considering environmental issues of the world. With this consequence, the theme of Sustainability Report 2017 was 'E-wastage'. Moreover the articles on green banking were published in different newspapers reflects green initiatives by the Bank to our employees, stakeholders and all subscribers of those newspaper.

- During 2018, through OCAS (Online Credit Approval System) Diganta software 3,086 no. of accounts of tk. 1,316.78 million have been developed as a part of Technological improvement of the Bank. This system will reduce lead time, ensure accuracy, strengthen security and make accessibility easier and will provide a competitive edge over other banks on online banking.
- In 2018, Electronic sanction archive system has been developed for 6 departments; namely: CRM, CMSE, Islamic Window, SAMD, CFC & Agricultural wing. Total number of sanction archived during 2018 is 16,385 of Tk. 360,834.30 million

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 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



Comprehensive quiz on general knowledge for the participants of 48th Foundation training program

Bank Asia and The Daily Star signs deal on Knowledge Development

The Daily Star and Bank Asia, exchange and signed documents of a deal at The Daily Centre in Dhaka under the deal titled “Spreading

Knowledge”, 1,000 copies of the Daily Star will be distributed among the students of Jahangirnagar University.

Future Leader Development Program

The Future Leaders Development Program (FLDP) is an activity which has been taken with a perspective of focused improvement that gives hands-on involvement to all parts of the banking and escalated learning both at home and abroad upheld by tutoring and instructing for high-performing and aspiring people with a will to succeed. Through this program, a pool of talents is to be made from the officers of Bank Asia who can confront any difficulties those lie ahead. By applying dynamic learning techniques, this program strives to create a pool of skillful managers prepared to effectively and rapidly make a genuine commitment to the association. Each officer of this program gets a chance to be migrated to various capacities occasionally and into some strategic capacities in the Bank to quicken the learning procedure important for them to possess vital positions later on.

To facilitate FLDP more vividly BAITD conducted 4 trainings regarding ‘Operational Leadership for Sustainable Growth’ in 2018. A total of 386 employees from the job grades of Executive Officer to Assistant Vice President of Dhaka and Chittogram region took part in the FLDP. Representatives take an interest in the program with eagerness and assurance which is unmistakably obvious amid different leadership development sessions. Each of the members began the trip of future pioneer improvement program with a pledge of “Ready to Fight”.

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 affected for this long term leaves.

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 2018, every entitled employee has availed paternal leave facility.

HUMAN CAPITAL DISTRIBUTION

339 claims
of insurance
received for
Tk. 10.79 million



Total Employee Distribution

Branches
Corporate office



No. of Female Employees



New Employee Distribution

Corporate office
Branches

Top

6 Layers : 37

Senior Vice President to President

Mid

4 Layers : 341

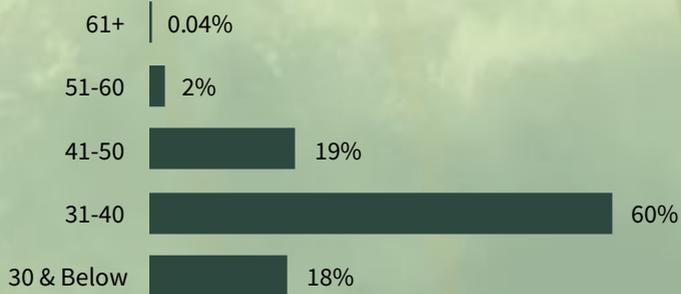
First Assistant Vice President to Vice President

Low

8 Layers : 1,878

Trainee Officer to Sr. Executive Officer

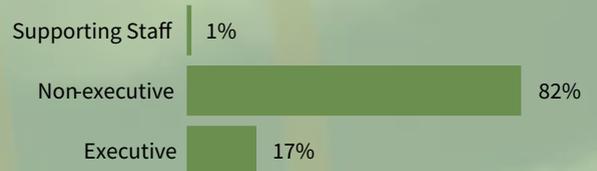
Age Distribution



Gender Positioning



Employee by Position



Employee distribution by Region



In 2018
70,690 man hours training
for human capital
development

Maternity leave availing in 2018

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 affected for this long term leaves.

No. of female employees	Average leave at a stretch
40	180

CHILD CARE CENTER FACILITIES

To improve our employees' work family balance, Bank Asia has established a combined day care center named "Pushpita" in collaboration with other private commercial banks by renting 5,666 square feet at Motijheel, Dhaka. To provide a greater peace of mind to working parents especially mothers and to encourage the inclusion of women in the job market, the child care centre has established. Care givers and teachers are very educated. Children (2-5 years) are getting pre schooling education from the teachers. Parents who will keep their babies in Puspita they get the opportunity to watch their babies in their device from anywhere, any time through Live CCTV footage. The target number of Children is 60. The age limit of the babies will be 6 month to 6 years. Equipped with a skilled staff 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. Currently the Day Care center consists of 28 babies, among them 2 are from Bank Asia's employee. There are 5 nannies, 3 teachers, 1 supervisor and 1 female security guard for overall maintenance of the center. Moreover, one Bank representative also engaged in the day care center.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

Board and management of Bank Asia strongly believe that safe & healthy work place is a precondition for sound mentality of employees to deliver desired services to valued customers. So the bank is very cautious about ensuring modern, healthy & safe workplace for its employees. All the branches, SME service centers and SME/agriculture branches and every department of corporate office are well decorated having sufficient breathing spaces and adequately equipped with fire-fighting equipment and fire drills.

A team of logistics supports and services department of the bank is specially entrusted to visit regularly to monitor cleanliness, safety measures and other amenities remains ensured in all outlets. If found any deviation, take prompt steps and thus ensuring modern, healthy and safe workplace for its employees.

Cleaning Day

Bank Asia has developed its status for tidiness and well maintenance of Branch premises and Corporate Office. Tidiness is a basic piece of our way of life. Safeguarding of vouchers, records and other office archives are additionally as essential as tidiness. The costly interior decoration and expensive furnishings end up looking plainly vain unless the premises are kept up all around. The administration, thus, chose to watch 'CLEANING DAY' on the 'FIRST SATURDAY' of each alternative month where all workers of the branch and the Corporate Office effectively take an interest. On the 'CLEANING DAY', every one of the employees turns up at their particular Branch/Department and engages themselves in cleaning the premises including all office gear and fixtures.

Customer Service Day

Clients are considered as utmost priority in Bank Asia. Their need fulfillment is the main concern among all exercises. Constant change and dynamic method of giving customer service to satisfy clients' requirement is embraced. Bank Asia is dependably a stage ahead to change over its service into warm hospitality. In accordance with that, 2019 declared as Customer Service year and first day in a month has been chosen when all individuals from top management take vigorous initiative alongside all branch employees to give service to clients. Moreover, BAITD conducted



Celebration of Bank Asia's Pohela Boishak

5 trainings & quiz contest regarding Customer service Excellence program. Such program encourages branch employees to learn more innovative mediums of giving better customer service.

Bank Asia Cricket Festival

Like every year, Bank Asia organized interbank cricket tournament where Branches and different Divisions and Departments of Corporate office participated in friendly matches. In 2018, 32 teams under 8 groups participated in this cricket festival.

Bank Asia Cycling Club

With an aim to avoid the traffic situation in Dhaka city, for maintaining physical fitness and ensure greener economy for the future Bank Asia voluntarily formed a 'Cycling Club' in the early 2016 for employee of Bank Asia and city dwellers. In every month a cycling rally has been organized along with different sports program where CEO & Senior Management Team also participates. In future Bank Asia Cycling club will go forward to build a Banker's community where everyone will intend to use cycle for day to day transportation.

Bank Asia Debating Club

Bank Asia Debating Club has started its journey in 2017 in order to create a sociable atmosphere among the members of debating club within Bank Asia. The President of Debating Club is Md. Arfan Ali, President & Managing Director of Bank Asia. Aims and objectives of the club are to provide a forum for debate, to improve presentation skill, public speaking skills, negotiation skills. Also improving mutual understanding, cultural orientation, respecting others opinions, absorbing the negativity, learning from opponents, enriching self confidence, banking knowledge, implication of finance and monetary policy in banking business and community issue. Besides this, the training Institute of the Bank BAITD organized debate competition as a comprehensive part of the Foundation training for the employees of the Bank.



Celebration of Bank Asia's Pitha Utshob

CULTURAL EVENTS AND AMUSEMENT

Bank Asia Pitha Utshob (Rice Cake Festival)

The season of winter is always considered exceptional in our country and we celebrate it with pitha & date juice that has become our age long tradition. On the eve of New Year, Bank Asia Limited always arranges for Pitha Utshob keeping conformity with our culture and to create a common ground for all employees to come and exchange pleasantries. Bank Asia Pitha utshob is marked for a new beginning of the year with a note of positivity and festivity.

Transport Facilities

At present 14 vehicles used for pick and drop facility specially for female employees of Bank Asia in Dhaka and Chittagong region where majority of the pool vehicles have been converted into CNG driven. Bank Asia provides full-fledged transport facilities for employees during and beyond usual working hours.



Debate competition in 48th foundation training program

HUMAN RIGHTS, CHILD LABOR AND 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 is a part of our strategy to reduce the risks of investment. And also we do not make any investment agreements and contracts that violate human rights. Bank Asia also does not tolerate child, forced or compulsory labor. In 2018, 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 employees as the Bank feels harassment seriously weakens the working atmosphere. The policy guides about personal measures of affected 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.

HUMAN CAPITAL

Staff Strength

- Executives
- Officers



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. Last five years manpower strength (number) was shown in the graph:

Bank Asia reported the total value of Human Capital to be Tk. 18,977 Million in the year 2018 compared to Tk. 16,911 million in 2017 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings from the year mentioned up to respective retirement.

Category wise Break down is presented in the table below

Million Taka

Category	2018			2017		
	No. of Employees	Per Capita Value	Total Value	No. of Employees	Per Capita Value	Total Value
Executives	379	17.04	6,459	370	16.11	5,961
Officer	1,877	6.66	12,496	1,717	6.37	10,935
Total	2,256		18,955	2,087		16,896

98% of employees received Anti-corruption training (AML/CFT matters)

According to the model, the total value of employees was regarded as Human Capital which saw a 12% growth in the value of human capital in 2018 over 2017 due to addition of veteran and fresh recruitments. Bank Asia, therefore, proliferates training expenditures on annual basis to aid in excelling employee performances.

Balance Sheet including Human Capital

Million Tk.

	31-Dec-18	31-Dec-17
Total Asset (Conventional)	307,291	288,997
Human Asset (Individuals' value)	18,955	16,896
Value of investments	22	15
Total Asset including Human Asset	326,269	305,908
Capital & liabilities		
Total Liabilities (Conventional)	307,291	288,996
Human Capital	18,977	16,911
Total Capital & Liabilities including Human capital	326,269	305,907

Grievance Handling Policy

With a view to resolve undesirable issues at the workplace in the most effective manner Bank Asia has 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.

POLICY, PRACTICES, 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 office. The bank applies its own policy and practice for selecting these suppliers. There is no significant changes to the supply chain management of Bank Asia in 2018 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 practice the highest standards of training and operation. Their training incorporates all aspects of the law including human rights and non-discrimination.

ANTI-MONEY LAUNDERING TRAINING

Bank Asia is committed to preventing 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 (AML/D), Corporate Office always arranges and conducts AML workshops to train all the employees of our Bank and about 98% of total employees (Branch/Corporate Office) obtained AML & CFT related training.

AML/CFT Training Recipient

Number of AML & CFT training programs	No. of Employees
17	755

As a result, officials become aware and conscious regarding AML & CFT matters.

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 in 2014.

We took initiatives to customer satisfaction survey on the basis of their satisfaction over the product & services that we offered to them. In 2018, we conducted surveys on satisfaction of customer on our provided services throughout the country. A simple random method was used on 100 branch and our target customers are both account holder and bearer who are availing cash & GB service. We intended to find out to the extent we can improve our service quality to retain the customer satisfaction and enhance it further.

In this survey we actually focus on NPS (Net Promoter Score) that represents the branch trend and customer's reference of Bank Asia. NPS score higher than 50 is considered excellent, lower than 50 but higher than 26 is considered very good and lower than 24 and higher than 10 is good. Our overall NPS is 20 seems 'good' but considering the portfolio and profile of the HoBs, CSQ will be 'very good'.

If we consider overall satisfaction of customer on Bank Asia there are 67% satisfied customer, 12% dissatisfied customer and rest 21% are neutral. We hope, the number of dissatisfied customer will be lessening by taking proper satisfactory steps for the customer.

Therefore, through segmented NPS we measured the segment wise customer satisfaction on retail, corporate, both retail & corporate and walk-in customer. Retail customers satisfaction is highest scoring 9 out of 10 and Walk-in customers' (non A/C holders) NPS is the lowest among all segments scoring only 1 out of 10. NPS varies from segment to segment proving that all customers are not treated equally and service standardization is required.

STATEMENT ON COMPLIANCE

In the year 2018, 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 incidents of fines/penalties have 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 Banks concerned personnel who is responsible for maintaining the data. We haven't received any complaints relating to breach of customer privacy and loss of data.

Brief Economic, Environmental and Social Performance

Economic responsibility	No of loans accounts	+4%
	Deposit customer accounts	+38%
	Savings customer accounts	+51%
Shareholders responsibility	Profit after Tax	2,266 million BDT
	Shareholders' fund	23,340 million BDT
	Share Price	17.70 BDT
Environmental responsibility	Electricity consumed	11,340,639 kwh
	Oil	79,534 ltrs
	CNG	1,28,700 m3
	Local business travel	10,039,341 Km
Social responsibility	Paper used	101,982 reams
	Staff strength	8%
	Benefits and emoluments	14%

Customer Satisfaction Survey

Everything starts with customer. So customers are the first and top priority of the bank. Bank Asia has declared 2019 as Customer Service Year. Based on that, a survey on overall customer satisfaction has constructed by Bank Asia.

Research Methodology:

For conducting a survey on Customer Satisfaction, a simple research methodology has taken by Bank Asia.

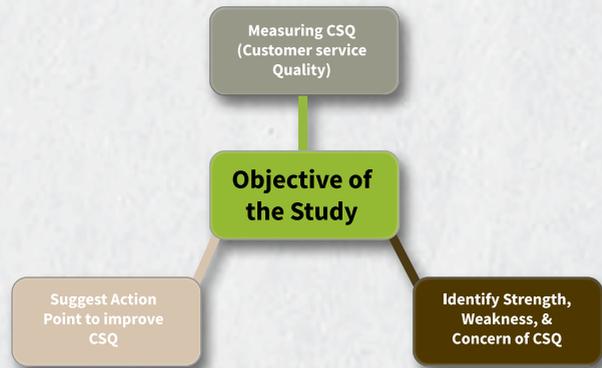
No. of Samples Per Branch: 100

Sampling method: Simple Random

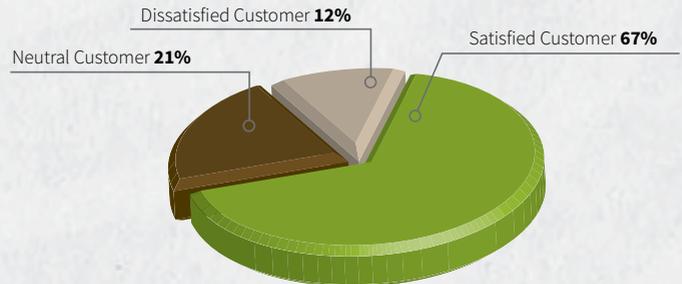
Target Customers: Both account holder and bearer who are availing cash & GB service

Interviewing Method: Branch interception (Exit Interview)
In this survey we actually focus on NPS (Net Promoter Score) that represents the branch trend and customer's reference of Bank Asia.

Note: NPS rating method = $NPS \geq 50$ = excellent, $26 \geq NPS \leq 49.99$ = Very Good, $10 \geq NPS \leq 24.99$ = Moderate.

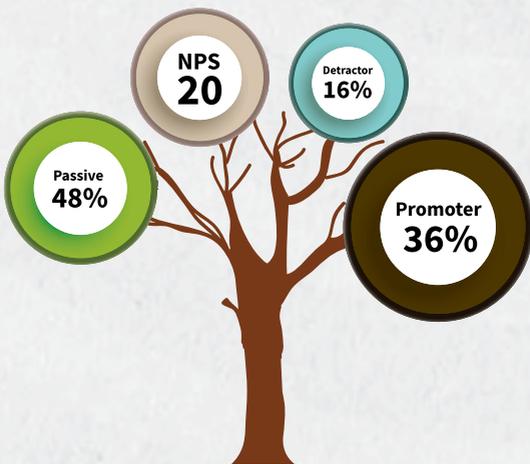


Overall Satisfaction:



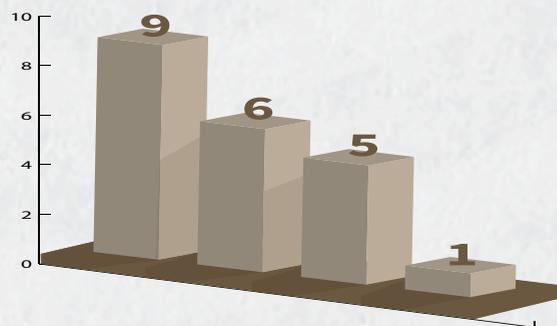
Satisfaction Level

Bank Asia focuses on customer satisfaction of bank's performance. Customer of overall bank is satisfied in Bank Asia's performance. Besides, the number of dissatisfied customer will be lessening by taking proper satisfactory steps for the customer.



Segmented NPS:

This NPS actually defines the segment wise customer satisfaction on retail, corporate, both retail & corporate and walk-in customer. NPS is lowest among walk-in customers which was mostly evident in all the branches. NPS is highest in Retail and Corporate which may give the positive impact to judge the performance.

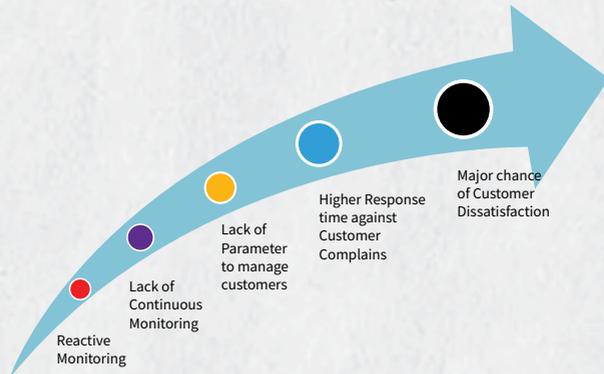


Customer Satisfaction Survey

Overall NPS

Overall NPS 20 seems 'good' but considering the portfolio and profile of the HoBs, CSQ should be at least 'very good'

Other Qualitative Findings



Guidelines for Findings

	Standardizing CSQ	To standardize CSQ handbook and AV to be developed
	Training and Workshop	Based on the handbook, training to be conducted to improve staff related skills
	CSQ Audits and Product Exams	A scoring system for CSQ in KPI of branch people required to apply
	Counsel & Care	Monitor the CSQ performance through similar studies so that proper caring get ensured
	Rewards & Awards through CSQ Campaigns	Reward and Award the top branches based on research findings

Training and Campaign

Employee Engagement Program

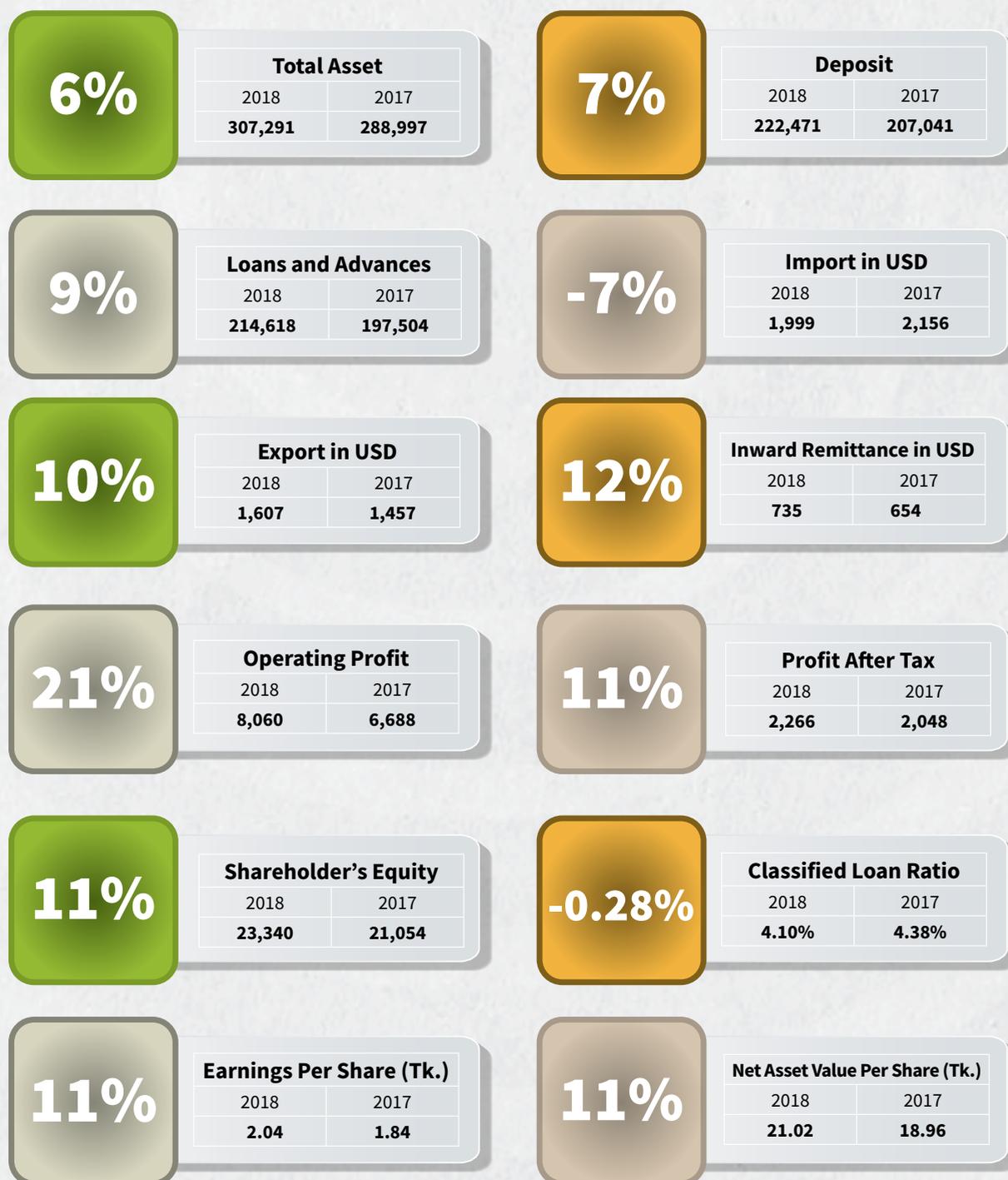
Under Training and campaign we have two segments, one for employee and another for customer satisfaction. Employees are the direct communicators with customer so they require special training.

Various types of campaign are initiated by Bank Asia for employee motivation and engagement.

- **Islamic Deposit Campaign**- Conducted by Islamic Division
- **Show You Can**- Focus on Retail Loan
- **ZABIVAKA & APON ALO**- Retail Deposit campaign
- **Service Champ**- Most voted staff by the customer for best service given by him
- **Monthly Customer Service Day**-Instead of current bi-monthly, monthly customer service day can observed in all branches where spot reward may be provided to the staff that seemed to provide the best service on that day.

Two years comparison

Million taka unless otherwise specified



BUILDING THE COMMUNITY

Bank Asia Foundation

With a view to implement the guidelines of Bangladesh Bank for conducting larger Corporate Social (CSR) Activity through Foundation, Bank Asia Foundation has started its operations from February 2017. At present, the Foundation has been carrying out activities of CSR in a more systematic, structured and sustainable manner.

The Foundation has embarked upon a plan to construct a 250 bed hospital cum medical college at Malkhanagar, Munshigonj. Mr. A Rouf Chowdhury, Chairman of Bank Asia and Bank Asia Foundation and his family members have donated 700 decimal and a 3 storied building for the Hospital. The Hospital has been constructed for establishing a hospital, renovation and interior work of which is underway.

Besides this, the Foundation has completed the detailed exercise and finalized the list of 230 (approx) students for Bank Asia Higher Studies Scholarship for the year 2018 and the distribution of scholarship money has already started.

The activities of the Foundation, amongst others, will be the following:

1. Providing treatment facilities through of hospitals, clinics, medical & eye camps;
2. Providing scholarships to poor and meritorious students;
3. Distributions of blankets and winter cloths among the poor & distressed people;
4. Providing/rendering monetary and/or other help/assistance for the relief of people affected by natural and other calamities such as food, fire, famine, cyclone, earth-quack, storm, accident, pestilence, drought, epidemic etc.;
5. Promoting educational, scientific, religious and social activities/organizations and
6. Other similar charitable activities.



BA Higher Studies Scholarship organized by BA Foundation



Bank Asia-Ma Amiran Hospital and Medical College

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to self-regulatory mechanism whereby a bank ensures its active compliance with the spirit of the law, ethical standards and national or international norms. Bangladesh Bank CSR Guideline is the guiding principle in designing our CSR roadmap. Bank Asia prioritizes on long-term programs rather than the short-term ones that have sustainable and lasting impact on the people and society of the country.

Bank Asia's Corporate Social Responsibility (CSR) in Bangladesh runs with the aforementioned philosophies which are framed by the Board of Directors of our Bank.

At Bank Asia, employees work with a greater mission. They are motivated to contribute to the bank's social initiatives like warm clothes distribution to cold hit peoples all over Bangladesh, Scholarship to meritorious student, as part of "spreading knowledge" distributing free newspaper daily to different well-known university in Bangladesh. We also provide IP Camera in different location in Bangladesh for safely and security. Bank Asia also contributed in sports like Bangabandhu Int'l Volleyball Championship-2018 and Inhouse tournament. Employees' passionate involvement in CSR adds new dimensions to the bank's CSR portfolio. During 2018, Bank Asia has spent an amount of Tk.126.91 million for the overall betterment of the nation.



Handing over a cheque of Tk. 50 Million to the Prime Minister's Relief Fund

Donation for Societal Improvement by CSR in matrix:

Million Taka

Initiatives	Donation	%
Education	39.23	30.91%
Health	0.82	0.65%
Disaster Management	27.13	21.38%
Sports	1.17	0.92%
Art & Culture	7.23	5.70%
Others	51.33	40.44%
Total	126.91	100.00%

Education

Bank Asia Higher Studies Scholarship

One of the major CSR activities of Bank Asia Ltd. is Higher Study Scholarship program for rural poor and meritorious students, who are studying in public universities. 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. Bank Asia has provided the scholarship for 1,750 students. Each of the students gets Tk.51,000/- annually as scholarship. In the year 2018, Bank Asia spent around Tk. 39.23 million for direct scholarship and educational infrastructural development purpose.



BA Higher Studies Scholarship at ICCB, Bashundhara

Begum Badrunnessa Govt. Women College

Bank Asia provided financial contribution to Begum Badrunnessa Govt. Women College continuously for increasing its living facilities. In this project Bank Asia contributed Tk. 0.043 million for its construction purpose.

Holy Family Red Crescent Medical College & Hospital

For better living of HFRCMCH students in hostel, Bank Asia provided financial support to Holy Family Red Crescent Medical College & Hospital and in 2018, the amount was Tk. 3.30 million for the construction purpose.

Sharing Knowledge as a CSR initiative

With an aim to knowledge development and to make a tangible change in the society The Daily Star, the highest circulated and prestigious English national daily, plans to provide newspaper copies to meritorious students in different reputed public institutions. As a part of this, Bank Asia providing 1,000 copies of newspaper everyday under a joint venture initiative titled “Spreading Knowledge” as a CSR initiative and in 2018 Bank Asia provided Tk. 2.98 million for the purpose.

Health

Born Blind Baby Treatment

Every child in the society has the right to go ahead in their own eyesight. In the view of this, Bank Asia is providing treatment support under privileged born-blind children in our country since 2005. Bangladesh Eye Hospital is only partner in this great social work through a sophisticated treatment and nursing. So far, 1,164 born-blind infants from all over the county acquired their eyesight through the support of Bank Asia.

Other health related donations

Bank Asia donated Tk. 0.81 million for 11 individual patients’ treatment. The Bank has also extended support to individuals and institutions as a part of its CSR activities.

COMMUNITY INVESTMENT

Education

Initiatives	Taka
BA Higher Studies Scholarship	32,423,700
Infrastructural Development of Begum Badrunnessa Govt. Women College	428,375
Holy Family Red Crescent Medical College & Hospital	3,304,370
Jagoroni Chakra Foundation	100,008
Providing The Daily Star among meritorious students all over Bangladesh	2,975,400
Total	39,231,853

Health

Initiatives	Taka
Curative treatment of 11 individual patients	812,008
Sirajdikhan Ma-Amiran Hospital deep tube well construction	11,100
Total	823,108

Disaster Management

Initiatives	Taka
Support to flood-hit & cold- hit people	26,349,160
IP Camera for Dinajpur & Cox's Bazar	114,708
Sponsorship for setting up a water foundation at Nairpool in Sylhet	669,484
Total	27,133,352

Arts & Culture

Initiatives	Taka
Bangladesh Association of Banks for Development cultural Act	5,360,012
Baridhara Cosmopolitan club(Social Club)	575,012
Scolarstica Ltd	178,500
International Disability Day 2018	57,500
Sobuje Sajai Munshigonj for construction of A Children Park	500,000
Bangladesh Disabled Development Trust published advertisement	59,500
Economic Reporter's Forum for development of office space	500,000
Total	7,230,524

Other Social Projects

Initiatives	Taka
Prime Minister's Relief Fund	50,000,000
Notre Dame College 3rd National English Carnival- 2017	345,000
Beparipara Baitunnur Jame Masjid, Savar	100,000
Financial support to Ms. Rashida Kabir Reba, widow of martyred Army officials killed in BDR munity	480,000
Contribution to Child Day Care Centre	400,000
Advertisement on World Environmental Day	345,000
Total	51,325,000

Health

Sirajdikhan Ma-Amiran Hospital at Makhnagar, Sirajdikhan, Munshigonj

With a view to implement the guidelines of Bangladesh Bank for conducting larger Corporate Social (CSR) activity through Foundation, Bank Asia Foundation has started its journey after its registration with Registrar of Joint Stock Companies & Firms in 2014. Mr. A Rouf Chowdhury, honorable Chairman, Bank Asia and Chairman, Governing Body, Bank Asia Foundation, has recently donated a huge quantum of land along with a three storied building at Malkhanagar, Sirajdikhan, Munshigonj for establishing a hospital, renovation and interior work of which is underway.

Disaster Management & Infrastructure Improvement

Bank Asia is committed to the welfare of the community at large. The Bank responds promptly to support the affected humanity. In 2018, the Bank distributed warm cloths among cold-hit people in different parts of the country during severe cold spell of winter to carry out its humanitarian activities and also to support flood-hit people. For this purpose the Bank donated Tk. 27.13 million in 2018.

Bank Asia provides born-blind treatment support

Business Desk

Bank Asia is providing treatment support to the underprivileged born-blind children (0-8 years) of our country as a part of social responsibility since 2005.

Under this project, all the expenses for the treatment like primary health check-up, operation, medicine and accessories of born-blind infants are carried out by Bank Asia. Bangladesh Eye Hospital is working as a partner with Bank Asia in this project. The organization is working to revive the vision of the born-blind through a sophisticated treatment and nursing, says a media release.

So far, 1164 born-blind infants from all over the country acquired their eyesight through the support of



Bank Asia. Currently, three different born-blind infants are undergoing treatment at Bangladesh Eye Hospital. Bank Asia is always committed to provide treatment support to the born blind of the underprivileged family of the country and constantly looking for new patients

every year. Guardians of born-blind infants from any part of the country can get all the information of treatment support by contacting the nearest branch of Bank Asia. The Bank believes that every child in the society has the right to go ahead in his own eyesight.

Arts & Culture

Bank Asia always supports promotion of art and culture where the Bank distributed Tk. 7.23 million in 2018.



Celebration of Bank Asia's Mezbaan program

Sports

During 2018 Bank Asia contributed Tk.1.15 million to the Bangabandhu Int'l Volleyball Championship-2018 & Dhaka City Club as sponsorship and also organized different in house tournament for encouraging the employees of the Bank.



Bank Asia Cricket Festival 2018

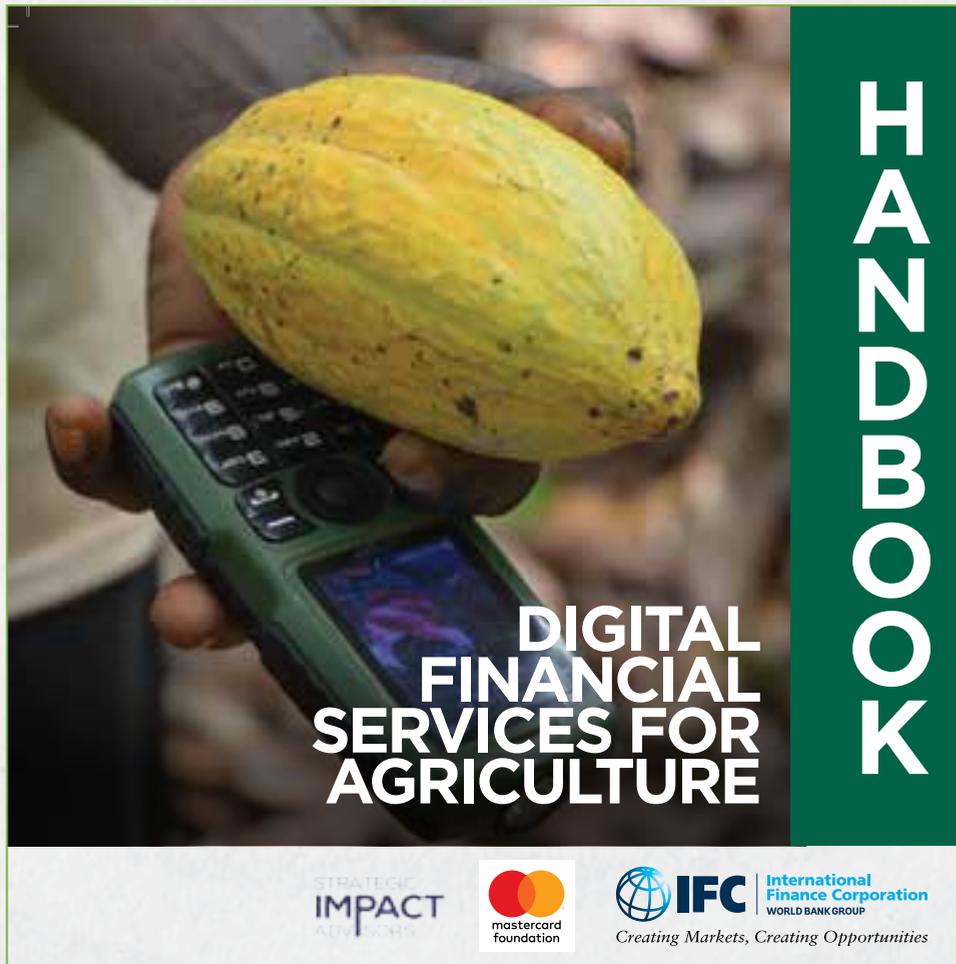
Other Social Projects

In 2018, Bank Asia donated/ sponsored/ spent Tk.51.33 million on the occasion of social project including Beparipara Baitunnur Jame Masjid, Savar, Prime Minister's Relief Fund, BDR victim Family to help government to carry out its humanitarian activities smoothly.



Child Day Care Center of Bank Asia

A handbook named DIGITAL FINANCIAL SERVICES FOR AGRICULTURE by IFC & Mastercard Foundation where a case study on Bank Asia is published regarding Financial Inclusion in Agriculture



CASE STUDY

Bank Asia

Key Attributes

Provider Type

- Commercial Bank

Years in Existence (Service Offering)

- 2-3 years

Product Offering

- Savings
- Lending/Credit
- Payments
- Money Transfer
- International Remittance
- Insurance

Target User(s)

- Farmers
- Input Side Value Chain Actors
- Outputs Side Value Chain Actors

Digital Product Form Factors

- Basic mobile device
- NFC-enabled card
- Tablet/smartphone
- SaaS/Cloud Services
- Traditional software

Revenue Model/Pricing

- Interest
- Fees (transaction-based)
- Fees (service based)

Target Partners

- Farmer Associations
- Inputs Side Value Chain Actors
- Outputs Side Value Chain Actors
- MNOs
- Third-party technology partners
- NGOs

64 DIGITAL FINANCIAL SERVICES FOR AGRICULTURE

Bank Asia offers its retail, enterprise, and corporate clients residing or operating in rural areas with a branchless banking service to their bank accounts via authorized agents to conduct the same transactions they can conduct within a banking hall.

Origin of the idea

Bank Asia launched its agency banking service with the goal to include the financially excluded; particularly those citizens or enterprises located in rural areas where agriculture is a dominant revenue source. The exclusion of a large percentage of people from formal financial services is a chronic problem for many modernizing economies, including Bangladesh. Exclusion makes individuals and households vulnerable to a range of risks such as overreliance on or exploitation by informal money lenders. Exclusion also creates risks at a macroeconomic level if key sectors become saturated with unregulated financing schemes. Enhancing financial inclusion, therefore, is not only a development objective but a strategic pillar for broad, economic growth.

What are the market problems this offering seeks to solve?

The primary problem Bank Asia's rural agent network addresses is proximity and accessibility. Agents are physically closer to remote populations and many operate out of pre-existing locations that are well-established and known to local communities. These locations also maintain longer hours of operation than traditional brick and mortar branches. This is particularly helpful for MSMEs that have high cash handling requirements and large cash inventories later in the day after branches close.

The second problem the service addresses is product availability. Unlike earlier deployments in Bangladesh that were restricted to a smaller set of offerings such as domestic money transfer, airtime purchase, and limited bill payment, Bank Asia is a regulated financial institution and its network of rural banking agents provides customers with access to the full complement of banking services and financial products. Agents offer deposits, withdrawal, savings, payments, money transfers, credit, lending and insurance.

Another problem Bank Asia addresses is pricing and affordability. The combination of digital solutions and reduced infrastructure costs allows Bank Asia to offer rural customers "no frills" accounts that have minimal or no balance requirements, and limited transaction or servicing fees. With respect to savings, individual and enterprise customers can open short-term, long-term or variable accounts. With respect to credit and lending, Bank Asia offers a range of financing with more flexible terms and conditions around funding limits, funding use, and repayment schedules. Agents also serve as collection points for credit, loan, or insurance payments.

Finally, Bank Asia addresses the need for financing and transaction services within agri-value chains. Through its digital payments and disbursement processing capabilities, Bank Asia adopts a holistic approach to lending and payments whereby farmers and other agri-value chain actors can transact digitally in person (e.g., at a rural collection point such as a cooperative) or remotely via mobile device or rural banking agent. These services improve both the availability of working capital to increase trading activity and the timeliness of payment collection, especially for farmers, so that earnings can be accessed more quickly.

How are digital channels used throughout the offering?

Digital channels are an integral part of Bank Asia's branchless banking agent network offering. Agents are equipped with one of several devices depending on their on-site configuration (i.e. power supply, mobile internet connectivity). An agent might have a desktop, laptop, POS terminal, tablet, or smartphone. All devices have an NFC-enabled component or a biometric scanning capability. Bank Asia acquisition agents are similarly outfitted with hardware and software that allows them to originate applications and that functions online and offline to minimize the number of touch points required to activate an agent on their core agent banking system. Because its target customers are rural and less affluent, Bank Asia made a conscious decision not to impose any technology (mobile or otherwise) requirements. An individual rural client can access her or his account through biometric identification along with a PIN entry.

Implementation: the experience thus far

Bank Asia has issued over 550,000 accounts since the launch of its branchless banking service. Its agents average 2,000 new account enrollments

per day. The typical average deposit per rural retail customer is 9,000 to 10,000 taka (about \$115). Its deposit portfolio is 435 crore taka (\$54.37 million) and its lending portfolio has reached 135 crore taka (\$16.87 million) with a PAR at 3 per cent. Given the nascence of the service offering and the target customer segment which is accustomed to more flexible, informal repayment terms, Bank Asia is confident the PAR figure will improve. Bank Asia is also partnering with multiple MNOs in the market to provide micro-finance to rural customers with mobile subscriptions using an alternative credit scoring algorithm tied to voice and data consumption patterns. It is worthwhile to note that enrollment and deposit mobilization figures are driven by a customer segment with the highest percentage (60%) of less formally educated customers (below Grade 5) of any of Bank Asia's service delivery channels.

Bank Asia currently has about 2,350 registered agents. A majority of these agents currently operate as local municipal centers of the government but a growing percentage are for-profit entities or NGOs providing micro-finance services to specific rural regions. Bank Asia relies on a range of selection criteria and licensing requirements, which

03_ DIGITAL SOLUTIONS

include a minimum capital reserved, a vault for temporary case storage, a fixed location with a stable power supply, and extended operating hours (which is also a stipulation from the central bank in its recent guidance on agent banking services). Based on a blended commission structure that draws from float interest and per transaction revenues, agents have thus far demonstrated a motivation to mobilize and effectively safeguard deposits as opposed to simply drive account activation without emphasizing product comprehension and usage. Bank Asia believes that its current commission structure will offer its agents break-even potential on a monthly basis.

Looking ahead: growth opportunities and challenges

Bank Asia is engaging UN agencies and USAID around issues of digitizing social safety net stipends as well as micro-credit or micro-loan issuance to farmers for agro-inputs. With NGOs, Bank Asia is pursuing options to provide rural credit unions and VLAs with a digital deposit mobilization capability tied to a loan disbursement and collection capability. In some cases, Bank Asia is also considering partnering with established local NGOs as potential agents, as initial platform data suggest that the commission-based revenue could provide a meaningful funding source for these NGOs and reduce

reliance on development funding. In terms of private sector partnerships, Bank Asia has opened talks with companies like Unilever to integrate an enterprise payments solution that can be rolled out in stages where different payments legs are digitized or merchants are issued branchless banking accounts and migrate to a digital payments channel all at once. Finally, Bank Asia is open to partnerships with MNOs and other banks as it sees growth opportunities in extending micro-finance to qualifying mobile subscribers based on an alternative credit scoring methodology and providing other mobile banking agents with a way to deposit excess cash float following a large cash delivery.

KEY TAKEAWAYS

- Bank Asia prioritized enrollment of smaller farmers and adopted a holistic approach to serving agri-value chains by acquiring enterprises based on production activities of farmers, including those involved in input supply or output trading and processing.
- Agent banking service includes 2,350 registered agents and 550,000 rural customers, 60 percent of customer base falls within the lowest segment of formal education. Rural agent network has mobilized \$54.37 million and maintains a lending portfolio of \$ 16.87 million.
- Current lending PAR is 3 percent but leadership expects levels to further decline as the service becomes more established and customers adjust to more formal repayment processes.
- Commission structure is blended to incentivize deposit mobilization, payments and money transfer services, and new product issuance. Break-even on a monthly basis is achievable at the individual agent given current commission structure.
- Agents are equipped with hardware (laptop, desktop, tablet, smartphone or POS terminals) but customers have flexibility vis-à-vis account access method, including biometric, PIN, card, or mobile handset.

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DIGITAL FINANCIAL SERVICES FOR AGRICULTURE 65

GRI Content Index

‘In Accordance’ Option: Core

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The 2016 GRI Standards have been adopted for this report. GRI 403 Occupational Health and Safety is also based on the 2016 Standards.



Disclosure No.	Disclosure Title	Page no.	Remarks
GRI 101 Foundation 2016			
Organizational Profile			
GRI-102: General Disclosures 2016			
GRI 102-1	Name of the organisation	18	
GRI 102-2	Activities, brands, products, and services	36	
GRI 102-3	Location of headquarters	6	
GRI 102-4	Location of operations	18	
GRI 102-5	Ownership and legal form	18	
GRI 102-6	Markets served	18-19, 45-47, 84-85	
GRI 102-7	Scale of the organisation	18	
GRI 102-8	Information on employees and other workers	72-77	
GRI 102-9	Supply chain	82	
GRI 102-10	Significant changes to the organisation and its supply chain	6,82	
GRI 102-11	Precautionary principle or approach	28-29, 55	
GRI 102-12	External initiatives		Policy set by Bangladesh Bank regarding environmental risk management, green banking are adopted by Bank Asia
GRI 102-13	Membership of associations	19	
STRATEGY			
GRI 102-14	Statement from senior decision-maker	10-14	
GRI 102-15	Key impacts, risks, and opportunities	70	
ETHIC AND INTEGRITY			
GRI 102-16	Values, principles, standards, and norms of behavior	4-5	
GRI 102-17	Mechanisms for advice and concerns about ethics	31	
GOVERNANCE			
GRI 102-18	Governance structure	27-34	
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	“Annual Report 2018 (Page-205, 210, 211)”	
GRI 102-22	Composition of the highest governance body and its committee	27-31	
GRI 102-23	Chair of the highest governance body	31	
GRI 102-24	Nominating and selecting the highest governance body	“Annual Report 2018 (Page- 208, 210)”	

GRI Content Index

Disclosure No.	Disclosure Title	Page no.	Remarks
GRI 102-25	Conflicts of interest	31	
GRI 102-35	Remuneration policies	“Annual Integrated Report 2018 (Page- 217, 218)”	
GRI 102-36	Process for determining remuneration		
GRI 102-37	Stakeholders’ involvement in remuneration		
STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholder groups	20-22,24-25	Disclosures 102-40 to 102-49 are properly addressed. There is no omission for these disclosures.
GRI 102-41	Collective bargaining agreements		No employees are covered by collective bargaining agreements. In Bangladesh, this is not allowed for Private Commercial Banks.
GRI 102-42	Identifying and selecting stakeholders	20	
GRI 102-43	Approach to stakeholder engagement	20-22,24-25	
GRI 102-44	Key topics and concerns raised	20-22,24-25	
REPORTING PRACTICES			
GRI 102-45	Entities included in the consolidated financial statements	6,15	
GRI 102-46	Defining report content and topic Boundaries	20,23	
GRI 102-47	List of material topics	26	
GRI 102-48	Restatements of information	6	
GRI 102-49	Changes in reporting	6	
GRI 102-50	Reporting period	6	
GRI 102-51	Date of most recent report	6	
GRI 102-52	Reporting cycle	6	
GRI 102-53	Contact point for questions regarding the report	6	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	6,96	“This report has been prepared in accordance with the GRI Standards: Core option”
GRI 102-55	GRI content index	96	
GRI 102-56	External assurance		In Bangladesh, this service is yet to be started.
Specific Disclosures			
Material Topics			
GRI 200 Economic Topics			
GRI 103: Management Approach 2016			
GRI 103-1	Explanation of the material topic and its Boundary	23, 68	
GRI 103-2	The management approach and its components	66-67	

GRI Content Index

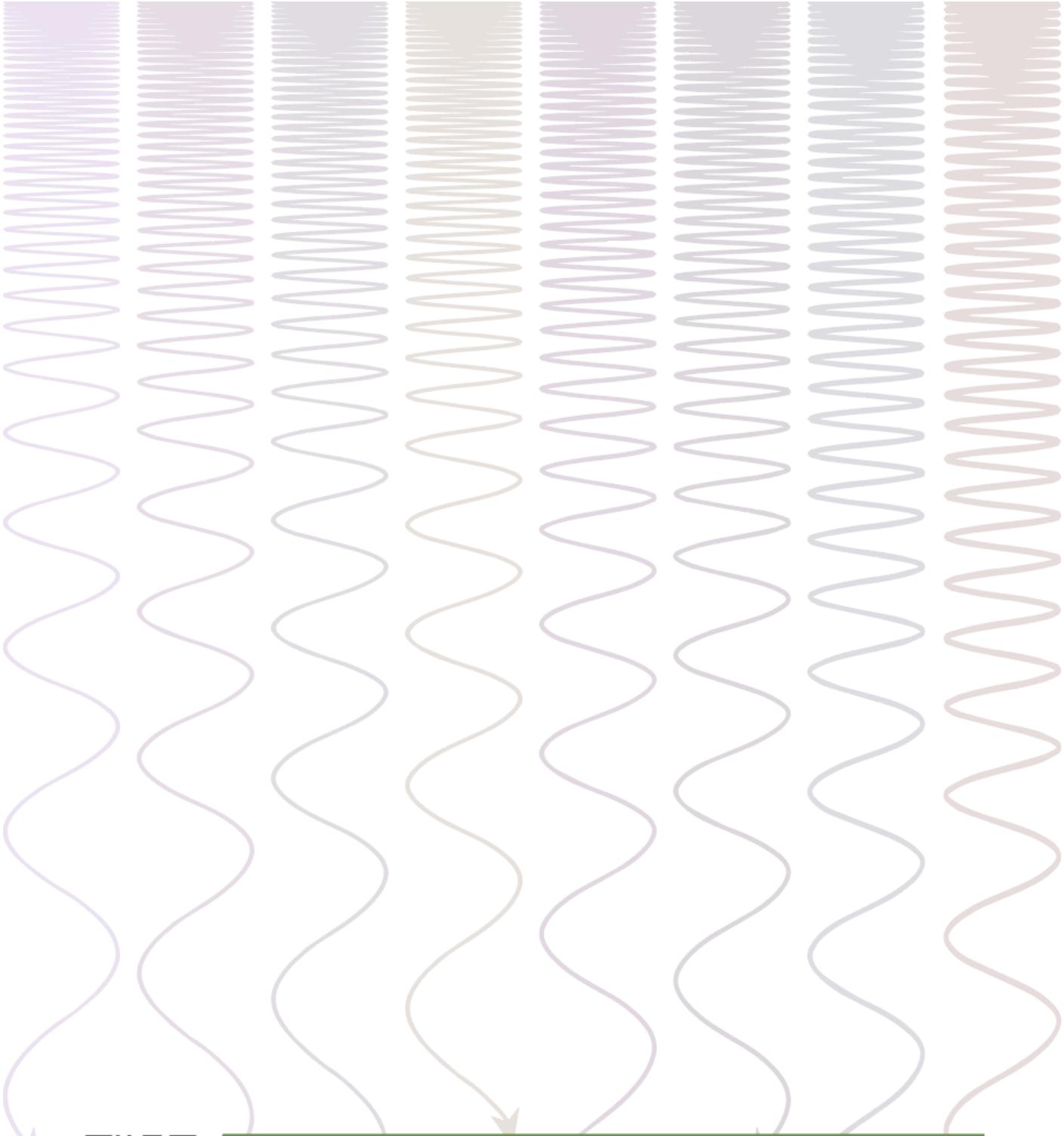
Disclosure No.	Disclosure Title	Page no.	Remarks
GRI 103-3	Evaluation of the management approach	24-25, 32, 59-60, 68-69, 70, 86	
GRI 201: ECONOMIC PERFORMANCE 2016			
GRI 201-1	Direct economic value generated and distributed	59-60, 87-93	
GRI 201-3	Defined benefit plan obligations and other retirement plans	72	
GRI 201-4	Financial assistance received from government	64	
GRI 202: MARKET PRESENCE 2016			
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Bank Asia practices competitive salary package in all level in line with industry best practices
GRI 202-2	Proportion of senior management hired from the local community		All the employees of Senior Management are hired from Bangladesh
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
GRI 203-1	Infrastructure investments and services supported	59-64	
GRI 203-2	Significant indirect economic impacts	64	
GRI 204: PROCUREMENT PRACTICES 2016			
GRI 204-1	Proportion of spending on local suppliers		All of our suppliers are local
GRI 205: ANTI-CORRUPTION 2016			
GRI 205-1	Operations assessed for risks related to corruption	“28,52, Annual Integrated Report 2018 (Page-79, 201)”	
GRI 205-2	Communication and training about anti-corruption and procedures/policies	82	
GRI 205-3	Confirmed incidents of corruption and actions taken		After proper investigation, corrective actions were taken against corruption in 2018
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016			
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	64	
GRI 300 Environmental Topics			
			“As a financial institution, banking activities have no direct material impact over the environment. For this reason, we did not treat it as material topic. But Bank Asia is very much concerned and complied on financing to the entities that will not affect the environment adversely”.
GRI 302: ENERGY 2016			
GRI 302-1	Energy consumption within the organization	56	
GRI 302-4	Reduction of energy consumption	54-56	
GRI 302-5	Reductions in energy requirements of products and services	54-56	
GRI 305: EMISSIONS 2016			
GRI 305-1	Direct (Scope 1) GHG emissions	55	

GRI Content Index

Disclosure No.	Disclosure Title	Page no.	Remarks
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
GRI 307-1	Non-compliance with environmental laws and regulations	57	
Material Topics			
GRI 400 Social Topics			
GRI 103: Management Approach 2016			
GRI 103-1	Explanation of the material topic and its Boundary	23, 68-69	
GRI 103-2	The management approach and its components	66-67	
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YOUR FEEDBACK

If you have any feedback on our sustainability approach and reporting, we would like to hear from you.



EMAIL & WEB

Email us at:
sustainability.ba@bankasia-bd.com
web: www.bankasia-bd.com



CONTACT

contact us on
Phone : +88 02 47110062
Fax: +88 02 49577841



WRITE

write us at:
Sustainability Reporting Team
Bank Asia, Corporate Office
Rangs Tower
68,Purana Paltan, Dhaka-1000