



## **Annual Report 2014**



*serving people for progress*

# ***BASIC Bank Limited***

## **Registered Office:**

Bana Shilpa Bhaban  
73, Motijheel Commercial Area  
Dhaka-1000, Bangladesh

## **Head Office**

Sena Kalyan Bhaban  
(5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 12<sup>th</sup> & 19<sup>th</sup> Floor)  
195, Motijheel Commercial Area  
Dhaka-1000, Bangladesh

## **Incorporation**

August 2, 1988

## **Commercial Operation**

January 21, 1989

## **Contacts**

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## ■ Table of Contents

1.	Letter of Transmittal	4
2.	Corporate Profile	5
3.	Vision & Mission	7
4.	Our Goals & Objectives	8
5.	Our Approach	9
6.	Board of Directors	11
7.	Executive Committee of the Board	13
8.	Audit Committee of the Board	14
9.	Risk Management Committee of the Board	14
10.	Message from the Chairman	15
11.	Managing Director's Statement	17
12.	Directors' Report	19
13.	Value Added Statement	25
14.	Economic Value Added Statement	26
15.	Disclosures on Risk Based Capital Requirement under Basel-II	27
16.	Green Banking in BASIC Bank Limited	37
17.	CSR Activities of BASIC Bank Limited	39
18.	Corporate Governance Practices of BASIC Bank Limited	41
19.	BASIC Bank at a Glance	44
20.	Audited Financial Statements	49
20.1	Auditor's Report	50
20.2	Balance Sheet	53
20.3	Profit & Loss Account	55
20.4	Cash Flow Statement	56
20.5	Statement of the Changes in Equity	57
20.6	Liquidity Statement	58
20.7	Notes to the Financial Statements	59
20.8	Schedule of Balance with other Banks -Outside Bangladesh (Nostro Account)	96
20.9	Schedule of Investment in Shares	97
20.10	Loans & Advances more than 10% of Bank's total Capital	99
20.11	Schedule of Fixed Assets	100
20.12	Highlights on the overall activities of the Bank	101
21.	Branches of BASIC Bank Limited	103
22.	ATM Network of BASIC Bank Limited	110
23.	Notice of the 26 <sup>th</sup> Annual General Meeting	111

## Letter of Transmittal

To  
The Shareholders  
Bangladesh Bank  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms

Sub: Annual Report of BASIC Bank Limited for the year ended December 31, 2014.

Dear Sir(s)

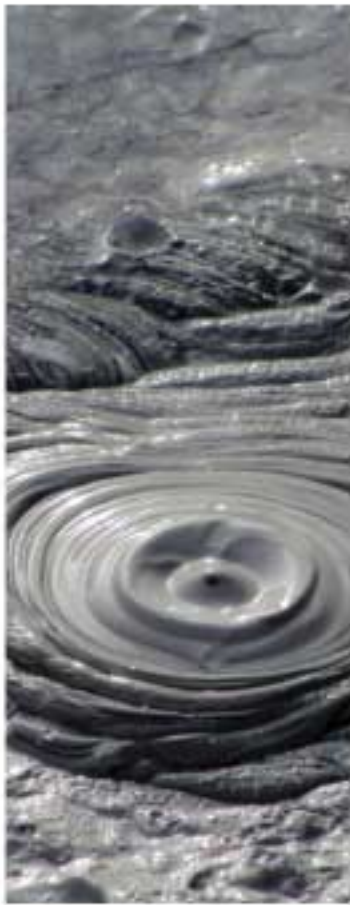
We are pleased to present before you the Bank's Annual Report 2014 together with the Audited Financial Statements for the year ended 31 December 2014 and as on that date for your kind information and record. The Financial Statements comprise Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity and Liquidity Statement along with notes thereon.

Best regards,

Yours faithfully,



Md. Hasan Imam  
Company Secretary



## Corporate Profile

### **Constitution of the Bank**

BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) was incorporated on August 2, 1988 as a banking company under the erstwhile Companies Act 1913. Its operation was launched on January 21, 1989. Now, it is governed by the Bank Company Act 1991 (amended till 2013).

The Bank started its operation as a joint venture enterprise of the then BCC Foundation having 70 percent shares and the Government of Bangladesh 30 percent shares. The BCC Foundation being nonfunctional following the closure of the BCCI, the Government of Bangladesh took over 70 percent shares of the BCC Foundation on June 4, 1992 and thus became 100 percent owner of the Bank.

### **Introducing of SME concept in Bangladesh**

BASIC Bank is the premier bank in introducing SME concept in banking arena in Bangladesh. It is the first bank in the private sector in the country which started practicing SME banking to explore the potential of exclusively assisting

small investors through providing financial and advisory support.

Since inception, BASIC Bank has been unique in its objectives. It is a blend of development and commercial banking functions. Once treated as one of the specialized banks in Bangladesh and recently changed in status as State Owned Commercial Bank, BASIC Bank takes pride in itself as the pioneer in financing small and medium scale industries. Memorandum of Association of the Bank stipulates that it has to invest 50% of its loanable funds for development and growth of Small and Medium Scale industries accommodating the growing number of non-farming labor force. Our motto is to boost Small and Medium industries for creating employment opportunities, reducing poverty and developing the country as well.

### **Working with Local & Multilateral Agencies like ADB**

In addition to regular banking activities, BASIC Bank works with local and international agencies like Government Ministries, ADB and

internationally reputed local NGOs, as a development partner for implementing various development projects. The development projects include Government's Agro-based Project Financing Scheme, Bangladesh Agribusiness Development Project (BADP) & Second Crop Diversification Project (SCDP) funded by Asian Development Bank (ADB) for agribusiness for expansion of the agriculture sector for rural employment and popularizing and enhancing High Yield crop production, aiming at reduction of poverty through creating employment opportunities side by side with ensuring food security, fair pricing of agriculture commodity and uplifting of living standard of the rural people.

Pertinent to be mentioned that under Government's Agro-based Project Financing Scheme, Bank has facilitated 133 small-scaled agro-based projects with soft loan of Tk.120.50 crore through which employment opportunity was created for 2,000 peoples. Besides, Bank disbursed Tk.129.45 crore under BADP which benefits 28,000 agro-enterprises for scaling up their activities & also distributed Tk.101.94 crore among marginal 175,000 farmers under SCDP, with assistance of BRAC, a leading MFI/NGO of the country, for production and promoting of High Value Crops (HVC) to increase income of rural people, ensuring involvement of 50% women.

Besides, BASIC Bank has been working with different renowned NGOs/MFIs under joint

venture, since inception of the Bank from the point of view of corporate social responsibility for eradication of extreme poverty of the society, especially for poor women under the Bank's own micro credit scheme.

### **Financing in Agricultural & Rural Sector**

For development of agriculture sector, BASIC Bank has been involved from the very beginning of its operation, with providing loan to farmers directly at field level and to different agro-based processing industries at affordable interest rates. As recognition of its contribution to agriculture, the Bank received Letter of Appreciation from the Governor of the Bangladesh Bank for fulfilling target set for the FY 2011-2012. Thereafter, it has upheld the spirit and continued to attain the targets set by Bangladesh Bank from time to time.

### **Conclusion**

Steady growth in clientele and their high retention rate since Bank's inception testify the immense confidence they repose on our services. Diversified products in both liability and asset sides, particularly a wide range of lending products relating to development of small and medium enterprises, and commercial and trading activities attract entrepreneurs from varied economic fields. Along with promotion of products, special importance is given to individual clients through providing personalized services. Individuals matter in this Bank. This motto has been followed for development of clientele as well as human resources of the Bank.



## Vision & Mission

### Vision

To be a bank of choice by intertwining excellence in customer service experience, optimum profitability with efficiency, imitable corporate culture in terms of compliant banking activities, efficient and motivated human resources and endless quest for becoming the best corporate citizen through serving people for progress.

### Mission

Establishing ourselves (the Bank) as a strong bank in the market and society with good fundamentals by:

- offering best value-based greener products and services;
- embracing appropriate knowledge and technology;
- creating an environment for professional, efficient and motivated pool of human resources;
- establishing a culture of innovation and continuous improvement;
- ensuring maximum return/value to shareholders;
- establishing good corporate governance and compliance culture;
- maintaining good relations with stakeholders; and
- fostering financial inclusion and opening up a compassionate and humane side of banking.



## Our Goals & Objectives

- To invest 50 percent of loanable funds in financing small and medium industries sector;
- To serve the depositors in safekeeping and growing their savings;
- To contract or negotiate all kinds of loans, aid or assistance, private or public, from any source, local or foreign and to take all such steps as may be required to complete and effectuate such deals;
- To act as agents for the sale and purchase of any stocks, share or securities or for any other monetary or mercantile transactions;
- To guarantee or become liable for the payment of money or for the performance of any obligation and generally to transact all kinds of guarantee business and also

- transact all kinds of agency business;
- To promote the development of small and medium industries and to provide finance to all kinds of banking facilities and to provide technical services to small and medium industries in Bangladesh;
- To develop a culture of compassionate banking;
- To establish and open offices and branches to carry on all or any or the above businesses within the country and abroad, provided prior permission is obtained from the Bangladesh Bank and carry on, transact, undertake and conduct the business of banking in all its branches and to transact and do all relevant matters and things; and
- To ensure secured banking.





## Our Approach

Pioneer in SME financing, BASIC Bank Limited, specialized in development banking has already created its stance in the banking arena providing its clients with a full range of customer services to help them grow in assets and net worth.

Even before the concept of SME as employment generating engine came into focus and got momentum, BASIC Bank started its journey long back in 1989 with the motto to exclusively invest in Small and Medium scale industries by allocating 50% of its loanable funds. At present the Bank has wide net-work through its branches which are acting as SME centers. BASIC Bank places particular emphasis on small businesses, quality assets and steady and sustainable growth. We offer project loan (term loan) to clients, especially to develop small and medium scale industrial enterprises for processing and manufacturing goods and services. The Bank facilitates full-fledged commercial banking services like collection of deposits, working capital finance in trading and short term trade finance along with

international trade services.

BASIC Bank attaches special importance to technical and advisory support to small and medium scale industries in order to enable them to run their enterprises smoothly. Bank's diversified services also include providing micro credit to the urban, semi urban poor people and farmers in rural areas through linkage with NGOs with a view to facilitating their access to informal financial market for mobilization of resources.

BASIC Bank provides an environment in which its staffs feel free to exercise their initiative and judgment within a clearly established framework. The Bank is the leader in offering excellent career opportunity in transparent and participative management culture.

Coping with the competitive and rapidly changing financial market of the country, BASIC Bank maintains close connections with its clients, regulatory authorities, Shareholder (the Government of Bangladesh), other banks and financial institutions.

### **Providing best services and attaining excellence**

- To be the number one bank in Bangladesh in small and medium industries sectors;
- To uphold our position as pioneer in SME financial services and to bring more momentum in the years to come;
- To grow product portfolio with focus on SME need based financial services in line with market demand under new challenging situation;
- To continue financing in agricultural and rural sectors for sustainability, generation of rural employment and food security;
- To lift the ultra poor especially women, out of abject poverty through micro credit programme of the Bank, making them self reliant, establishing their self dignity;
- To drive consumer finance to cater to the needs of middle income group people in urban and rural areas;
- To expand geographical reach in the major part of the country;
- To intensify cooperation and coordination with the Government and large national and international corporates and multilateral agencies like ADB for mutual beneficial relationship;
- To manage credit risk effectively; and
- To maintain quality assets and net-worth of the institution and to contain deviation at zero level.

### **Balance Sheet Management**

- To strengthen our capital and asset base

and to improve our funding positions with adopting diversified strategies; and

- To make optimum utilization of fund and capital ensuring diversified investment with utmost precaution.

### **Customer Service**

- To simplify processes and provide services at minimal cost;
- To broaden areas of customer service like real time core banking facilities, ATM & card operations and opening new branches;
- To prioritize sound lending to productive sectors with simplified processes at competitive price; and
- To adopt new technology to make our human resources updated, efficient and competitive to ensure better customer services.

### **Create a Sustainable Brand**

- To ensure good governance and transparency; and
- To increase contribution to the national exchequer through increasing profitability.

### **Culturing Talent through Skill Development**

- To provide on and off the job training for developing high skilled talent pool;
- To maintain congenial working atmospheres to have the best output from the employees;
- To ensure attractive competitive benefit packages and promotion; and
- To promote and nurture talent to maintain standard and to practice corporate culture.

## Board of Directors



**Mr. Alauddin A. Majid**  
Chairman



**Ms. Parag**  
Director  
&  
Additional Secretary  
Ministry of Industries



**Mr. Hasan Mahmood, FCA**  
Director  
&  
Partner, M. J. Abedin & Co.  
Chartered Accountants

## Board of Directors



**Ms. Raihana Aneesa Yusuf Ali**  
Director  
&  
Former Managing Director  
Bangladesh House Building  
Finance Corporation



**Mr. Md. Mamun-Al-Rashid**  
Director  
&  
Joint Secretary  
Bank and Financial Institutions Division  
Ministry of Finance



**Mr. Khondoker Md. Iqbal**  
Managing Director

## Executive Committee of the Board



**Mr. Alauddin A. Majid**  
Chairman



**Ms. Raihana Aneesa Yusuf Ali**  
Member



**Mr. Md. Mamun-Al-Rashid**  
Member



**Mr. Khondoker Md. Iqbal**  
Member

## Audit Committee of the Board



**Mr. Hasan Mahmood, FCA**  
Chairman



**Ms. Parag**  
Member

## Risk Management Committee of the Board



**Ms. Raihana Aneesa Yusuf Ali**  
Chairman



**Mr. Md. Mamun-AI-Rashid**  
Member

## Message from the Chairman



It is indeed a great honor and privilege for me to welcome you all to the 26<sup>th</sup> Annual General Meeting of BASIC Bank Limited. On this occasion, as usual, Annual Report of the Bank for the year 2014 is presented.

I take this opportunity to apprise the Shareholder and other stakeholders of the achievements made, challenges faced and the strategy set to turn around the Bank from its dismal financial condition, as inherited by the present Board. In 2014, the country witnessed disruptions in the economic activities that were associated with political unrest. The banking industry as a whole continued to face multiple challenges: falling credit growth, declining interest rate, weakening governance, rising NPL and deteriorating financial soundness. Set against the backdrop of a challenging domestic economy and tepid global recovery, the growth of Bangladesh banking sector was under pressure. Credit growth and maintenance of asset quality were major challenges in 2014 mainly due to a sense of uncertainty concerning long term political stability, intermittently disrupted economic activities and spillover effects of certain large scale financial scams. Non-performing Loan (NPL) rose to 9.69% for the overall banking sector of the country at the end of 2014 which was 8.93% in the previous year. Ample liquidity resulting from lower than targeted credit growth forced the banking industry to go for low yielding government treasury securities.

However, in the economic front, Bangladesh continued to show its resilience in facing a prolonged downturn of the global economy. Even in the midst of political unrest ahead of national election, Bangladesh witnessed Gross Domestic Product (GDP) growth in Fiscal Year 2014 (ended 30 June 2014) at 6.10 percent, net exports markedly contributed to the growth as exports accelerated steadily and import also got out of slow trend registering growth over the previous year. Agriculture growth

increased to 3.40 percent in FY14 from 2.50 percent in FY13 because of favourable weather and continued governmental support, while industry sector growth had declined from 9.60 percent in FY13 to 8.40 percent in FY14 due to supply disruptions and weak domestic demand caused by political unrest. Services growth slightly increased to 5.80 percent.

BASIC Bank Limited has been striving to retrieve its image that had been overcast by numerous irregularities occurred in the last few years. The present Board, from the time of its formation in July 2014, set the priority to inviting the borrowers to acknowledge their debts created during 2010-2014. This is because during the period due process was not followed in identifying borrowers, appraising, sanctioning and disbursing loans. A large number of borrowers came forward, acknowledged their debt and got their loans regularized by paying down payments. The present Board is determined to remove all irregularities as well as to bring pace in the business activities through ensuring effective governance. Although it is not practical to expect a quick fix in rectification of the inherited situation and offsetting the operating loss of Tk. 1,124.38 million and huge shortage in capital incurred in the 2014, the main defective areas have been diagnosed and irregular practices have been put to an end. Now it is time to give best level effort to turn around the Bank. I seek cooperation from our Shareholder, the Government of Bangladesh, clients, employees and other stakeholders in pulling out the Bank from such a dire situation and leading it towards positive direction.

For ensuring stable and sustainable financial health, the Bank made efforts to increase loans, particularly in small and medium industries. The Bank has been concentrating to explore new and diversified avenues for financing with the aim of developing and maintaining a sound and sustainable portfolio with mitigated risk. Besides, the Bank is also continuing diversified lending in agriculture and rural enterprises. The Bank has planned to mobilize small ticket deposits from individuals and corporates in order to diversify its investible fund base.

The Bank's operational network consists of 68 branches located throughout the country, compared to 32 branches five years back. The Bank ensures sustainability by setting standard and adhering to ethical values. Though good governance, stronger control measures, risk management practices, compliance and ethical values had been the foundation of our sustainable banking, unfortunately there were severe lapses and irregularities perpetrated in the last few years. These have been reined in, by strictly following Bangladesh Bank's instructions and guidance and by establishing internal control.

2015 is going to be a year of milestone for the Bank. Effective and rigorous recovery drive including reduction of NPL along with ensuring growth in superior asset quality will be the key challenges for the Bank to face.

Finally, on behalf of the Board of Directors, I would like to express my sincere gratitude to the Government for their continued support and guidance. We acknowledge the cordial relationship with Government autonomous bodies who have their deposits held with the Bank. Our sincere thanks to Bangladesh Bank for their support and valuable guidance. I extend my gratitude to the fellow Members of the Board of Directors for their cooperation and active participation in discussions, often very incisive, towards making right decision under each and every agenda item. Sincere thanks to the customers for giving us an opportunity to serve them. We sincerely acknowledge the devotion and dedication of all the employees of BASIC Bank, led by its Managing Director, in understanding the present predicaments of the Bank and in making all out efforts to overcome them.

The Board's commitment remains, as ever, to put the Bank on a strong financial footing, drawing attention and gaining confidence from both domestic and international financial markets. The Bank is now poised to stride ahead.



## Managing Director's Statement



Desmond Tutu, South African social rights activist and retired Anglican bishop once a clergyman serving in a church for sometime in the past in Barisal, said "**Hope is being able to see that there is light despite all of the darkness.**" It is the HOPE along with all our efforts which we have put in place to run a Bank whose all financial indicators sharply declined due to huge financial mismanagement as well as irregularities in other areas of the Bank during late-2009 to mid-2014. And it is that same Bank which was judged for many years as the Best Bank of the country. But we are stronger and more confident than ever at this moment to manage the Bank with the support of the Government of the People's Republic of Bangladesh (the lone shareholder of the Bank), Bangladesh Bank and all of our valued stakeholders.

Starting the journey in 1988, BASIC Bank Limited had been attaining constant growth in all key indicators maintaining all banking norms, high standards of service quality, enviable financial ratios, strong reputation, and compliance with regulatory obligations till 2009. Once, it was used to be adjudged as the soundest, strongest and best performing bank in the country as per the appraisals of regulator, credit rating agencies, auditors, different international agencies, business partners and competitors both locally and globally. It was one of the most reputed institutions to all stakeholders as well.

You all know that the Bank experienced an unwanted and aberrant situation during the period from September 2009 to June 2014. The trust of the stakeholders was taken to the shattered edge and all the achievements of the Bank fell in profound trouble and were smashed. All those caused

huge impairment of assets quality, loss of trustworthy clients, mounting burden of operating costs, and, as a result, the operating profit of the Bank got in the red. Consequently, all key indicators of the Bank started registering sharp decline, and ultimately, weakening Bank's financial strength.

Then came the long awaited decision of forming the new Board of Directors of the Bank which has taken over the great and challenging responsibilities of supervising the Bank since July 06, 2014, and I, myself, joined the Bank as Managing Director on October 01, 2014. With the members of the Board having highest level of integrity and commitment, we are committed to building an enduring organization where a deep sense of purpose will be the standard and we all would remain true to the core values.

Meanwhile, we, under competent guidance and dynamic leadership of the vibrant Board of Directors, have taken some initiatives, as elaborated in this Report to get the Bank turn around. Now, we believe that stability has already been restored and the Bank has been noticeably running towards achieving sustainable growth and getting back its past glory. We are strongly committed to maintaining the highest standard in all spheres of banking activities in the days ahead. I, on behalf of the management, would like to confirm all stakeholders that we are now ready to meet your expectations and do justice to your trust reposed on us and take this opportunity to express our firm conviction to reclaim BASIC Bank Limited **as it was**.





## Directors' Report

The Board of Directors of BASIC Bank Limited is pleased to present the Annual Directors' Report along with the Audited Financial Statements for the year 2014. This report comprehensively outlines the performance of the Bank for the year ended December 31, 2014. The Board of Directors has reviewed the financial statements to ensure effective financial control, transparency and accuracy of financial data and financial reporting of the Bank. The report briefly summarizes the global and local economic performance and then presents the details of the Bank's performance for the year 2014.

### Global Economic Scenario

The global economy passed through an eventful period in 2014. The global economy struggled to gain momentum largely because of a weaker-than-expected global activity throughout the year. Despite impediments, an uneven global recovery continued. High income countries continued to come to grips with the legacies of the global financial crisis but in contrast, emerging markets were adjusting to rates of economic growth lower than those reached in the pre-crisis boom and the post-crisis recovery. Overall, the pace of recovery was becoming more country specific rather than

global. The World Bank reported a 2.6% growth for the global economy in 2014, rising marginally from 2.5% documented in 2013.

The global scenario has been driven by a number of key forces: starting from soft commodity prices, persistently low interest rates but increasingly divergent monetary policies across major economies and ending with weakened world trade. In response to an acute decline of the oil price since mid 2014, asymmetric economic activities embarked upon the commercial exchange structures. As a result, as much as it supported global activity and helped offset some of the headwinds to growth in oil-importing developing economies, growth dampened for a number of oil-exporting countries with significant regional consequences and repercussions. The recent developments in Greece and the upsurge of communal militant forces in the Caucasus area may overcast shadows on the glitters of the economic potentialities of these regions in the upcoming days.

The world experienced a blend of mixed types of economic vectors in different parts. The economic activities in the United States and the United Kingdom had gathered momentum as

unemployment declined further riding mainly on extremely accommodative monetary policy. China was undergoing a carefully managed slowdown and to reach its growth target, the authorities deployed policy measures to support activity, including tax relief for small and medium enterprises, accelerated fiscal and infrastructure spending, and targeted cuts in banks' required reserves. In the Euro area, growth had been weaker than expected mainly due to weak investment and exports. In Russia and the Commonwealth of Independent States, the weakness reflected the impacts of geopolitical tensions in foreign investments, confidence and domestic production. In Japan, private domestic demand did not accelerate as expected after the increase in the consumption tax rate, despite a cushion from increases in infrastructure spending. The growth forecast in India was broadly unchanged as weaker external demand is offset by the boost to the terms of trade from lower oil prices and a pickup in industrial and investment activity after reforming of policies. Disappointing growth in other developing countries in 2014 has been in place due to weak external demand, domestic policy tightening, political uncertainties and supply-side constraints.

However, calculated signs are there for the global economy to rise moderately to 3.0% in the upcoming year of 2015. High-income countries are likely to experience growth of 2.2% with the prospect of gradually recovering labor markets, ebbing fiscal consolidation, and lowering financing costs. The domestic windstorms that acted as resistance for growth in 2014 for developing countries are expected to ease down. Therefore growth is anticipated to gradually accelerate to 4.8% in 2015 for the developing countries.

### **Economic Scenario of Bangladesh**

The year 2014 was a very eventful period for the economy of Bangladesh as it experienced multi-directional trends in terms of its recovery, investment, inflation, foreign trade and other significant economic indicators. In 2014, Bangladesh made considerable strides forward in contrast to a challenging year of 2013. A gradual

decline in political disturbances not only restored consumer confidence but also helped enhance investment climate that was evident from the higher imports of capital machinery and appreciable term loan disbursements.

The economy also benefited from a lot of other factors including global commodity price decline. Declining commodity prices worldwide and a tight monetary policy helped in reducing inflation that came down to 6.11% in December 2014 from 7.35% in December 2013. Being a net importer of oil, Bangladesh had a major improvement in its Petroleum Industry taking advantage from the falling worldwide oil prices in 2014 and was expected to reap multi-layered benefits in the years ahead. However, consumers were yet to benefit from this as retail prices had not been revised downward. Nevertheless, the government was benefiting on the fiscal side and additional benefits were accruing to the external sector.

The external sector appeared fairly stable. Foreign Exchange reserves increased to USD 22.30 bn in 2014 from USD 18.10 bn in 2013. The central bank continued to purchase US Dollars to stabilize the local currency throughout the year except towards the end when it momentarily became a net seller. Imports grew 15.50% in 2014, indicating higher business confidence, while exports grew 4.50%. The slower growth in exports was a result of some consolidation in the garments industry. Remittance grew around 8.00% in 2014. Bangladesh was on course for a potentially vibrant year as it looked promising towards the end of 2014. The government had predicted a real GDP growth of 7.30% for FY 2014-15. However, some political unrest at the beginning of the year has dampened the outlook slightly that was initially envisaged. The number would have to be revised downward as IMF has already reduced their estimate to 6.0% growth.

### **Economic Outlook**

In the year 2015, the global economic growth is forecasted to increase marginally to 3.10%. In the developed countries, fiscal tightening will continue but the pace of it is expected to slow down in due course.

Among the developed economies, the USA is expected to make progress in 2015, especially after the erratic fluctuations their market went through in the previous year. However, only a slight rise is expected in Western Europe as the region is yet to regain its pre-recession peak. In contrast, the developing countries are expected to attain greater degree of growth. East Asia will remain the fastest-growing region and is expected to see stable growth of 6.10%.

Bangladesh economy is poised to achieve a respectable growth rate in the region between 6.50% and 6.80% in 2015 if political stability prevails. To strike a balance between moderate inflation and growth, the Bangladesh Bank will pursue a monetary policy with following targets:

- Increase in Gross Domestic Investment to 31.00% of GDP
- Decline in inflation to 6.50%
- Growth in private sector credit to 15.50%
- Current account surplus equal to 1.50% of GDP

From a macroeconomic perspective, the major challenges for Bangladesh are lack of private investment, slow implementation of ADP and revenue shortfall. Though the concrete measures to address the challenges are yet not clear, the projected pickup would depend on the credit and financial policies reforms that would target environmentally sustainable growth and poverty eradication.

### **Financial Review**

Despite having some significant and encouraging measures taken by the competent authorities, the financial sector of Bangladesh could not recoup as was expected because of a slow recovery in 2014 from prolonged disruptions, aided by various factors. Credit and risk management outlook had largely been unsatisfactory in the banking sector due to deterioration of asset quality in the banks. Poor lending decisions by banks played a significant role for this adversity. Capital market activities too could not make any significant progress throughout FY14. However, the implementation of the new provisions, as instructed by Bangladesh Bank in recent years, had the propensity to prevent excessive risk-taking by the commercial banks in terms of lending. In effect, banks' exposure to stock markets had to be reduced.

### **Banking Industry in 2014**

The financial system could not come out from the stress caused by rise of non performing loans (NPLs) and several financial scams and resultant loan defaults in the state-owned commercial banks (SCBs) which placed them into a position of capital shortage. Banking sector faced numerous challenges mainly due to increase in NPL, low credit growth in private sector, poor risk management, excess liquidity, decrease in government borrowing and slack surveillance over the system. The increasing trend of gross NPL of the banking sector continued till third quarter of 2014. The ratio increased to 11.60% at the end of September 2014 from 8.93% at the end of December 2013. This rise happened due to implementation of the new guideline for loan classification and rescheduling after June 2014 and the slowing profitability due to uncertainties originating from political fronts. However, the NPL of banking sector dropped in the last quarter of 2014 to 9.69% as on 31 December 2014 due to taking strong recovery drives, conducting rescheduling and write-offs by the banks upon strong direction and supervision of central bank.

Among other criteria, Capital adequacy ratio (CAR) decreased to 10.60% at the end of September 2014 from 11.50% in December 2013 which was still exceeding the Basel accord of the minimum 10% CAR. Private commercial banks and foreign commercial banks were successfully maintaining the prevailing standard since December 2010 whereas state-owned commercial banks and specialized banks were struggling to fulfill this regulatory requirement.

However, the central bank took various steps to improve supervision so that financial frauds could be minimized if not eliminated entirely in the banking sector. Technology had been deployed to operate big financial transactions and loans in order to stop the repetition of banking irregularities.

### **Review of BASIC Bank Operations in 2014**

BASIC Bank Limited was undergoing a period of resurrection in the year 2014 by a significant reform and re-arrangement in its various segments. Total asset of BASIC Bank stood at Taka

171,118.53 million at the end of year 2014, increasing about 9% from Taka 157,072.19 million in the previous year. Deposit reached Taka 139,934.06 million registering 4.05% growth in 2014. Loans and advances stood at Taka 119,384.80 million as on December 31, 2014 posting a 9.10% increase during the year. The Bank remained cautious in maintaining loan deposit ratio in compliance with guidelines of Bangladesh Bank.

Out of the balance of Loans and Advances of Taka 119,384.82 million some classified Loans amounting to Taka 29,991.96 million, recovery of which is uncertain, was transferred to Classified Blocked Assets after getting approval from Bangladesh Bank. As a result Loans and Advances at the end of 2014 stood at Taka 89,392.86 million. As per approval, the required provision against the Classified Blocked Assets amounting to Taka 1,933 crore is to be provided in 10 years starting from 2015. We are exerting utmost efforts to realize and regularize these Loans. As soon as any of the loans included in this Classified Blocked Assets is regularized, these will instantly be transferred back to the portfolio of Loans and Advances.

Classified Loans and Advances of the Bank increased drastically due to non-repayment of Loans distributed mainly during 2010 to mid 2014. Besides, political unrest, and overall economic turmoil also contributed to the deterioration of the situation. Classified Loans and Advances were 57.15 % (except Classified Blocked Assets) at the end of the year. Measures were taken to assess the real scenario of non-performing loans resulting from previous practice of irregularities so as to determine accurately financial health of the Bank and set strategy to come out of this dire situation. Accordingly all-out efforts were made to recover existing and newly extended loans and to control non-performing loans and advances. Emphasis on the maintenance of quality of assets remained the centerpiece of the Bank's business strategy. Amount of provision kept against unclassified loans & off Balance Sheet items is Tk. 484.13 million and provision kept for loan specific is Tk. 1,762.80 million up to the year 2014 while amount of provision kept against Classified Blocked Assets up to the year 2014 is Tk. 2,201.85 million.

Loans to industrial sector were 55% of total Loans and Advances standing at Tk. 66,182.46 million at the end of the year under review. Extending funds to NGOs for on-lending to their members, which has been an integral part of the Bank's lending activity since the inception of Micro-credit scheme in 1994, was continued by the Bank in 2014. Total outstanding for micro-credit related Loans and Advances of the Bank stood at Taka 1,641.16 million in 2014 increasing 18.63% over the same in previous year. Upward trend in commercial credit continued also. As on December 31, 2014, total outstanding commercial loans stood at Taka 50,519.49 million compared to Taka 44,819.33 million in 2013 reflecting a growth at 12.72%.

The Bank financed Taka 38,318.80 million in import business in 2014. Export, which has always been a priority, was financed to the extent of Taka 26,691.30 million during the reporting year. The Bank incurred loss of Taka 1,124.38 million in 2014 before keeping provisions for Loans and Advances and taxes for the year 2014. This loss arose due to non-receipt of interest on huge amount of bad loans and transfer of substantial amount of interest on other non-performing Loans and Advances to interest suspense account.

### **Income**

Bank's total income was Taka 15,113.56 million in 2014 compared to Taka 17,338.74 million in 2013. Interest income was decreased to Taka 12,070.32 million in 2014 from Taka 14,808.96 million in 2013. The decrease of interest income is due to transfer of substantial amount of interest on non-performing loan to interest suspense account and non-application of interest on bad loans.

### **Expenses**

The total expenditure was Taka 16,237.94 million in 2014 compared to Taka 15,868.54 million in 2013. Total expenditure increased due to increase of interest expenditure, increment of salary & allowances and depreciation on fixed assets. Higher interest expenses resulted from increase of deposit. Besides, increase of telephone expenses and swift charges, increase of some other expenses contributed to such increase.

### **Expanding Network**

BASIC Bank Limited has its presence in all the major industrial and commercial centers of Bangladesh in order to cater to the needs of industry and trade. Besides, BASIC Bank has expanded its branch network to rural areas with a view to providing modern banking services to the rural people keeping conformity of its slogan "Serving people for progress". At the end of 2014, there were 68 (sixty eight) conveniently located branches throughout Bangladesh

### **Focus on Core Customers**

BASIC Bank Limited has been enthusiastic to receive every client as a development partner and pays attention to meet clients' appropriate needs and wants by providing best services at affordable prices. In this world of competition, the law of survival of the fittest is applicable for the banks also. To explore and win the potential customers, the main tool is better customer service. We will remain caring to all customers, constantly nurturing the small and medium sized enterprises for creating a sustainable business.

### **Technology**

BASIC Bank has always been keen to deliver better and efficient services to its customers by utilizing modern technology. The Bank has been exploring all alternatives to upgrade the Bank's technology with the commitment to rendering improved service ensuring IT security.

The Bank embraces automation and new technology to meet complex dynamic needs of its customers by offering them suitable products and services and facilitating them to manage their financial transactions safely and conveniently in terms of place, time and form they prefer. The Bank had its own Banking Software developed in 1991, first for any local bank, which was replaced by a Centralized Real Time Core Banking System to further enhance customer care. All the Branches and the Head Office of the Bank have been operating through Centralized Core Banking System for the last seven years and are connected with each other, and with the Data Center through Wide Area Network (WAN). A Disaster Recovery

Site (DRS) has been maintained by BASIC Bank in order to carry out its banking operations from there in the event the Data Center of the Bank becomes inoperative or inaccessible.

The Bank has also taken initiatives to strengthen its MIS as well as to fully automate its various operations, approval processes and document management system. In addition, the Bank is continuously pursuing its efforts in developing and using new software.

The Bank is also successfully participating in Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Fund Transfer Network (BEFTN) operations under Bangladesh Automated Clearing House (BACH) of Bangladesh Bank. It provides money transfer services through all of its Branches using the facilities of Western Union.

BASIC Bank is providing transaction services to its customers under Q-Cash shared ATM and POS network. In 2014 it joined National Payment Switch of Bangladesh (NPSB) network managed by Bangladesh Bank as the first state-owned Bank. At present, debit card holders of the Bank can carry out transactions through more than 1,600 ATMs including some of its own and 9,000 POS terminals of Q-Cash network. It has already obtained membership of VISA in order to introduce Credit Card Operations.

### **Shareholders' Equity**

Shareholders' Equity of the Bank stood at Taka 13,013.92 million in 2014 compared to Taka 6,039.18 million in 2013. The shareholders' equity consists of Paid-up Capital Taka 2,946.98 million, Statutory Reserve Taka 2,224.69 million, Other Reserve Taka 9,422.27 million and Retained Loss of taka 1,580.02 million. The Government of the People's Republic of Bangladesh, the sole owner of the Bank, injected capital of Taka 7,900.00 million on December 29, 2014 with a view to meeting regulatory capital requirement of the Bank.

### **Human Capital Development**

The Bank focuses on attracting, developing and engaging best talents. To maintain the advantage

of having skilled work-force, BASIC Bank Training Institute (BBTI) conducts various training courses and workshops for officers and executives of the Bank adopting structured modular training programs. With a view to achieving professional excellence in Banking, a total of 1,404 employees attended Seminar, Workshops & Training at BBTI, BIBM, BBTA & other training institutions during the year 2014.

### **Introducing New Products**

BASIC Bank always strives to introduce new products to satisfy the needs of different strata of people to fulfill the noble objective of financial inclusion. To that endeavor, we successfully introduced 11 new loan products in the year 2014, among which few products were designed to cater to the loan requirement of low income people. Besides, the Board of Directors approved some consumer loan schemes, which would be implemented very soon. On the other hand, we introduced 5 new deposit products in 2014 and are going to launch 4 more deposit products shortly for our existing as well as potential customers.

### **Strategic Priorities**

Delivering service excellence to the customers remains our priority as the ultimate differentiator in terms of value creation in the banking industry. Our strategic priorities would include:

- All types of banking services;
- Technological Advancement;
- Operational Excellence;
- Trust and Team Spirit; and
- Growth in Profits as well as Maximizing Shareholders' Value.

### **Gratitude**

The Board expresses its appreciation for the support and cooperation received from all authorities concerned. Our gratitude to the Government of Bangladesh and Bangladesh Bank for their support and prudent guidance. Depositors and clients deserve our special thanks for their continued cooperation and for facilitating our banking business. The Board acknowledges hard work, commitment and dedication of the employees who, in spite of difficulties, discharged their duties efficiently for the betterment of the Bank.



Meeting of the Board of Directors of BASIC Bank Limited



## Value Added Statement

For the year ended December 31, 2014

The Value Added Statement 2014 of BASIC Bank Limited shows how the value is created and distributed among different stakeholders of the Bank such as employees, government and shareholders in the form of salaries and allowances, income tax, retained surplus etc. in 2014. It also indicates the value of use of fixed assets through depreciation during the same period.

Particulars	2014	%	2013	%
Income from banking services	15,113,559,231		17,338,744,887	
Less: Cost of services and supplies	14,197,529,890		13,941,798,703	
<b>Value added by the banking services</b>	<b>916,029,341</b>		<b>3,396,946,184</b>	
Non-banking income				
Loan written-off and provision	-		(1,351,713,879)	
Provision for investment written back	9,142,148		-	
<b>Total Value Added</b>	<b>925,171,489</b>		<b>2,045,232,305</b>	
<b>Distribution of Added Value</b>				
To employees as salary and allowances	1,858,690,680	200.90	1,774,051,961	86.74
To Govt. as income tax	(15,075,241)	(1.63)	650,021,651	31.78
To Statutory reserve	-		-	
To expansion and growth	(918,443,950)	(99.27)	(378,841,307)	(18.52)
Retained earnings/(loss)	(1,100,160,173)		(531,533,329)	
Depreciation	181,716,223		152,692,022	
	<b>925,171,489</b>	<b>100.00</b>	<b>2,045,232,305</b>	<b>100.00</b>

## Economic Value Added (EVA) Statement

For the year ended December 31, 2014

Economic Value Added (EVA) is the most recent innovation in measuring corporate performance. It is also the best measure of a firm's intrinsic value and the best tool of measuring Management and Owners' interest. The EVA is an estimate of the amount by which earnings exceed or fall short of the required minimum return for shareholders or lenders at comparable risk.

Particulars	2014 Taka	2013 Taka
Shareholders' Equity	13,013,921,780	6,039,176,538
Add: Cumulative provision for loans and off-balance sheet items	4,448,783,154	4,463,314,154
	<b>17,462,704,934</b>	<b>10,502,490,692</b>
Average shareholder's equity and loan loss provision	13,982,597,813	10,038,585,436
<b>Earnings:</b>		
Profit/(Loss) after tax	(1,100,160,173)	(531,533,329)
Add: Provision for investment written back/Provision for loans and off-balance sheet items during the Year	(9,142,148)	1,351,713,879
Total Earnings (a)	<b>(1,109,302,321)</b>	<b>820,180,550</b>
Average cost of equity (based on average rate of treasury bills issued by the Bangladesh Bank) plus 2% risk premium	13.00%	14.00%
Total cost of average equity (b)	1,817,737,716	1,405,401,961
<b>Economic Value Added (a-b)</b>	<b>(2,927,040,037)</b>	<b>(585,221,411)</b>



### Disclosure Overview

The following detailed qualitative and quantitative disclosures are provided in accordance with the revised guidelines of Bangladesh Bank for Risk Based Capital Adequacy Requirement under Basel-II issued through circular on December 2010. This is intended to provide the users an insight about various risk exposures, to which the Bank is exposed and maintained adequate capital against them. The users will also be able to compare the Bank's performance within the banking industry.

### Scope and Purpose

The purpose of Market Discipline in the Revised Capital Adequacy Framework is to complement the minimum capital requirements and the supervisory review process. The aim of introducing Market Discipline in the revised framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

All the quantitative disclosures furnished here are on **solo basis** and on the basis of audited financial statement of BASIC Bank Limited for the year ended 31 December 2014 prepared under relevant international accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time.

## A) Scope of Application

### Qualitative Disclosures

a. The name of the top corporate entity in the group to which this guidelines applies.	<b>BASIC Bank Limited</b>
b. An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group: (i) that are fully consolidated; (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted	The Risk Based Capital Adequacy framework applies to BASIC Bank Limited on "Solo Basis" as there are no subsidiaries of the Bank on reporting date.
c. Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	<b>Not applicable</b>

### Quantitative Disclosures

d. The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	<b>Not applicable</b>
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## B) Capital Structure

### Qualitative Disclosures

a. Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier-1 or in Tier-2.	<p><b>Paid up capital: Tk. 294.70 crore</b> As per stipulation of Memorandum and Articles of Association of the Bank at least 50% of net Profit (after tax) is re-invested in the capital of the bank and to that extent bonus share is generally issued to the shareholders.</p> <p><b>Statutory reserve: Tk. 222.47 crore</b> As per Section 24 of Bank Companies Act 1991, we have to transfer 20% of profit before tax to Statutory Reserve each year.</p> <p><b>General reserve: Tk. 4.00 crore</b> In addition to the above there is a General Reserve of Tk. 4.00 crore which was created for venture capital.</p> <p><b>Retained Earnings:</b> Tk. -158.00 crore <b>Other Reserve:</b> Tk. 910.50 crore <b>Provision Shortfall:</b> Tk. 3,959.16 crore <b>General Provision:</b> Tk. 48.41 crore</p>
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## Quantitative Disclosures

(Amount in crore Tk.)

b. The amount of Tier-1 capital, with separate disclosure of:	
Paid up capital	294.70
Non-repayable share premium account	0.00
Statutory reserve	222.47
General reserve	4.00
Retained earnings	-158.00
Minority interest in subsidiaries	0.00
Non-cumulative irredeemable preference shares	0.00
Dividend equalization account	0.00
Others, if any	910.50
c. The total amount of Tier-2 and Tier-3 capital (Since Tier-1 is negative)	0.00
d. Deductions: Shortfall in provisions required against classified assets and other assets	-3,959.16
<b>e. Total eligible capital</b>	<b>-2,685.49</b>

## C) Capital Adequacy

### Qualitative Disclosures

a. Summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.	Capital Adequacy is the cushion required to be maintained for covering the Credit Risk, Market Risk and Operational Risk for protecting the depositors' and general creditors' interest against such losses. In line with BRPD Circular no. 35 dated 29 December, 2010, the Bank has adopted Standardized Approach for Credit Risk & Market Risk and Basic Indicator Approach for Operational Risk for calculating the capital adequacy.
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### Quantitative Disclosures

(Amount in crore Tk.)

b. Capital requirement for Credit Risk	819.50	
c. Capital requirement for Market Risk	17.83	
d. Capital requirement for Operational Risk	86.31	
e. Tier-1 and Total capital ratio:	Tier-1 Capital Ratio	Total Capital Ratio
• For the consolidated group; and	N/A	N/A
• For stand alone	-29.08%	-29.08%

## D) Credit Risk

### Qualitative Disclosures

a. The general qualitative disclosure requirement with respect to Credit Risk, including:

- Definitions of past due and impaired (for accounting purposes);

Loans and advances (loans and bill discount in the nature of an advance) of a bank are classified into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines.

An NPL is defined as a loan or an advance where interest and/or installment of principal remain overdue for more than 90 days in respect of continuous credit, demand loan or a term loan etc.

Classified loan is categorized under following 03 (three) categories:

1. Sub-standard (SS);
2. Doubtful (DF);
3. Bad & Loss (BL).

**Continuous Loan:** Any continuous loan will be classified as:

1. Sub-standard if it is past due/overdue for 3 months or beyond but less than 6 months;
2. Doubtful if it is past due/overdue for 6 months or beyond but less than 9 months;
3. Bad & Loss if it is past due/overdue for 9 months or beyond.

**Demand Loan:** Any demand loan will be classified as:

1. Sub-standard if it remains past due/overdue for 3 months or beyond but not over 6 months from the date of claim by the bank or from the date of creation of forced loan;
2. Doubtful if it remains past due/overdue for 6 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of forced loan;
3. Bad & Loss if it remains past due/overdue for 9 months or beyond from the date of claim by the bank or from the date of creation of forced loan;

**Fixed Term Loan:** In case of any installment(s) or part of installment(s) of Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as "defaulted installment".

In case of Fixed Term loans amounting more than Tk. 10.00 lac,

1. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 3 months, the entire loan will be classified as Sub-standard.

2. If the amount of “defaulted installments” is equal to or more than the amount of installment(s) due within 6 months, the entire loan will be classified as Doubtful.
3. If the amount of “defaulted installments” is equal to or more than the amount of installment(s) due within 9 months, the entire loan will be classified as Bad & Loss.

In case of Fixed Term loans amounting up to Tk. 10.00 lac:

1. If the amount of “defaulted installments” is equal to or more than the amount of installment(s) due within 6 months, the entire loan will be classified as Sub-standard.
2. If the amount of “defaulted installments” is equal to or more than the amount of installment(s) due within 9 months, the entire loan will be classified as Doubtful.
3. If the amount of “defaulted installments” is equal to or more than the amount of installment(s) due within 12 months, the entire loan will be classified as Bad & Loss.

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

Type of Loans & Advances	Required Provision (% of Base for Provision)				
	Standard	SMA	SS	DF	BL
Consumer Finance					
House building and loans to Professionals	2%	2%	20%	50%	100%
Other than House building and Professional to setup business	5%	5%	20%	50%	100%
Loans to Brokerage House, Merchant Bank or Stock Dealers, etc.	2%	2%	20%	50%	100%
SME Financing	0.25%	0.25%	20%	50%	100%
Others	1%	1%	20%	50%	100%
Short term Agri. Credit and Micro Credit	5%				100%

• Discussion of the Bank’s credit risk management policy

As per guidelines of Bangladesh Bank for Risk Based Capital Adequacy for Banks, Standardized Approach for Credit Risk measurement has been applied. Standardized Approach requires risk weight based on risk assessment done by External Credit Assessment Institutions (ECAI) recognized by Bangladesh Bank. Credit exposure not rated by any ECAI will get fixed weight as per Standardized Approach.

## Quantitative Disclosures

b. Total gross credit risk exposures broken down by major types of credit exposure.	Type	Amount (in crore Tk.)	Percentage
	Continuous Loan	3,844.74	43.01%
Term Loan	2,435.50	27.24%	
Bill Portfolio	91.19	1.02%	
Other Loan Products	2,567.86	28.73%	

c. Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	Division	Amount (in crore Tk.)	Percentage
	Dhaka	7,052.69	78.90%
Chittagong	1,075.08	12.03%	
Rajshahi	220.17	2.46%	
Khulna	280.87	3.14%	
Barisal	24.43	0.27%	
Sylhet	106.46	1.19%	
Rangpur	179.58	2.01%	

d. Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Sector (only industrial loan)	Amount (in crore Tk.)	Percentage
	Food & Allied	940.07	10.52%
Textile	569.84	6.37%	
ERMG	867.37	9.70%	
Accessories	179.84	2.01%	
Jute product & Allied	394.24	4.41%	
Forest product & Allied	5.07	0.06%	
Paper, Board, Printing & Packg.	263.24	2.94%	
Tannery, Leather and Rubber	148.57	1.66%	
Chem. Pharm. and Allied	460.99	5.16%	
Glass, Crmc. and other non-metal	71.86	0.80%	
Engineering	180.37	2.02%	
Electrical & Electronics	55.22	0.62%	
Service Industry	348.90	3.90%	
Misc. Industry	991.87	11.10%	
Industry not elsewhere classified	8.80	0.10%	

e. Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Type of credit exposure	Amount (in crore Tk.)	Percentage
	Up to 01 Month	2,076.25	23.22%
Above 1 month but not more than 3 months	670.54	7.51%	
Above 3 months but not more than 1 year	3,725.08	41.67%	
Above 1 year but not more than 5 years	1,905.84	21.32%	
Above 5 years	561.59	6.28%	

f. By major industry or counterparty type:	(Amount in crore Tk.)
<ul style="list-style-type: none"> <li>■ Amount of impaired loans and if available, past due loans, provided separately;</li> <li>■ Specific and general provisions; and</li> <li>■ Charges for specific allowances and charge-offs during the period.</li> </ul>	<p>5,109.12</p> <p>430.64</p> <p>4.32</p>



g. Gross Non Performing Assets (NPAs) Non Performing Assets (NPAs) to Outstanding Loans & Advances	(Amount in crore Tk.)
<b>Movement of Non Performing Assets (NPAs)</b>	
Opening balance	3,145.53
Additions	2,712.26
Reductions	748.67
Closing balance	5,109.12
<b>Movement of Specific Provisions for NPAs</b>	
Opening balance	392.15
Provisions made during the period	4.32
Write-off/ <b>Interest Waived</b>	0.00
Write-back of excess provisions	0.00
Closing balance	396.47

## E) Equities: Disclosures for Banking Book Positions

### Qualitative Disclosures

<p>a. The general qualitative disclosure requirement with respect to equity risk, including:</p> <ul style="list-style-type: none"> <li>• differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and</li> <li>• Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.</li> </ul>	<p>Equity investments are mainly for capital gain purpose. Bank also has some equity investment for strategic purpose.</p> <p>The holding of Bank's quoted and unquoted shares are values at cost price. Provisions are made at the end of the year if market price is below the cost price.</p>
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### Quantitative Disclosures

<p>b. Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.</p>	<p>The Bank invested Tk. 35.20 crore in quoted and unquoted securities. Out of which, the Bank invested Tk. 31.23 crore in 71 quoted/ listed companies and Tk. 3.97 crore in 4 unquoted/ unlisted companies.</p>
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c. The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	In the reporting year the cumulative realized gains (as capital gain) was Tk. 27.29 crore.
d. • Total unrealized gains (losses)	At the end of 2014 market value of securities stood at Tk. 41.56 crore against cost price of Tk. 35.20 crore resulting net gain (unrealized) of Tk. 6.36 crore.
• Total latent revaluation gains (losses)	Not applicable.
• Any amounts of the above included in Tier-2 capital.	Not applicable.
e. Capital requirements broken down by appropriate equity groupings, consistent with the Bank's methodology, as well as the aggregate amount and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	Specific Market Risk: Tk. 3.55 crore General Market Risk: Tk. 3.55 crore

## F) Interest rate risk in the banking book (IRRBB)

### Qualitative Disclosures

a. The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non maturity deposits, and frequency of IRRBB measurement.	Interest rate risk in the banking book is the risk of changes in market interest rate. Any positive or negative movement in the market interest rate affects the value of the banking book. It affects the current earning as well as the net worth of the Bank.
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### Quantitative Disclosures

b. The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	Market Value of Assets : Tk. 17,153.12 crore Market Value of Liabilities : Tk. 18,383.31 crore Weighted average of Duration Gap: 0.72 yr CAR after different level of shocks: <ul style="list-style-type: none"> <li>• Minor Level : -29.80%</li> <li>• Moderate Level : -30.39%</li> <li>• Major Level : -30.97%</li> </ul>
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## G) Market Risk

### Qualitative Disclosures

a. Views of BOD on trading/investment activities	As the market risk is the probability of losing assets in balance sheet and off balance sheet position arising out of the volatility in market variables i.e., interest rate, exchange rate and price. The Board of Directors approves all necessary policies related to market risk and review them on regular basis.
Methods used to measure Market risk	Standardized approach has been used to measure the market risk.
Market Risk Management system	The Bank uses Standardized Approach to calculate market risk for trading book exposure as per instruction of Bangladesh Bank. Trading book exposures consists of position in financial instruments held with trading intent. Generally investment in Held for Trading (HFT) category is main part of trading book exposures.
Policies and processes for mitigating market risk	Trading decisions are taken after considering regular updates about the market. The Bank diversifies its assets in various categories. The Bank also has a concentration limit to mitigate unwanted market risk factors.

### Quantitative Disclosures

b. The capital requirements for:	(Amount in Crore Tk.)
Interest rate risk;	10.17
Equity position risk;	7.09
Foreign exchange risk; and	0.57
Commodity risk.	0.00

## H) Operational Risk

### Qualitative Disclosures

a. Views of BOD on system to reduce Operational Risk	<p>As the Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events the Board of Director approves all necessary policies related to Operational Risk and review them on regular basis.</p> <p>The Bank has internal manuals on Internal Control &amp; Compliance and on Human Resource where details of operational policies, procedures and HR related activities have been stated, which is approved by the Board of Directors.</p>
Performance gap of executives and staffs	<p>The Bank regularly monitor and reviews the performance of executives both quantitatively and qualitatively through analysis of achievement of business target in various parameters and behavioral, tactical and leadership aspects through confidential evaluation process.</p>
Potential external events	<p>No potential external events are expected to expose the Bank to significant Operational Risk.</p>
Policies and processes for mitigating Operational Risk	<p>For this purpose, the Bank has three divisions under Internal Control and Compliance Risk, namely Audit &amp; Inspection Division, Audit Findings Monitoring Division and Compliance Division. Audit and Inspection team regularly work to detect and remove procedural flaws, error and fraud. Compliance Division is working to ensure all sorts of regulatory and policy compliance to help smooth operation and to maintain consistency and thus to reduce risk.</p> <p>The Bank is running through centralized real time core banking system. External events like natural disaster and unauthorized access to Bank's centralized computer system can affect the Bank significantly. The Bank has alternative arrangement for disaster recovery and a highly qualified team of IT experts is working to prevent any type of unauthorized access.</p>
Approach for calculating capital charge for Operational Risk	<p>The Bank uses Basic Indicator Approach for calculating capital charge for Operational Risk as per instruction of Bangladesh Bank.</p>

### Quantitative Disclosures

b. The capital requirements for Operational Risk:	Tk. 86.31 crore
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## Green Banking in BASIC Bank Limited

### Introduction

Green Banking is a part of international initiatives. Governments and Central Banks of different countries have undertaken initiatives and formulated directives to support Green Banking activities. Global warming, climate change, green house effect, air pollution, water pollution and waste disposal have adverse impact on the environment. Green finance as a part of Green Banking makes great contribution to the transition to resource-efficient and low carbon industries i.e. green industries and green economies in general. In this context, Bangladesh Bank has directed all banks of the country to finance in Green projects.

### Green Banking initiatives in BASIC Bank Limited - A Glimpse

BASIC Bank Limited being a socially and environmentally responsible Bank endeavors to improve its own standard to promote socially responsible businesses considering the interest of customers, employees, shareholders, communities and environment. The Bank has taken initiatives at the very beginning to implement Green Banking and formulated its own Green Banking Policy approved by its Board of Directors. A High Powered

Committee comprising Directors from the Board (Risk Management Committee) has been entrusted with responsibilities for taking care of Green Banking issues of the Bank. A Green Banking Policy Implementation Unit (GBPIU) has been dedicatedly working in this connection.

The Bank is complying with the instructions stipulated in the detailed guidelines on Environmental Risk Management (ERM) of Bangladesh Bank. The Bank is assessing Environmental Risk (EnvRR) in addition to existing Credit Risk Grading for any existing/proposed/prospective industrial project financing. The Bank has already assessed EnvRR of 1,110 (One Thousand One Hundred Ten) projects/businesses amounting to Tk. 1,636.19 Crore. The Bank also takes environmental issues very cautiously while processing each and every loan proposal. As on December 31, 2014, the Bank financed 40 (Forty) projects (project loan and working capital), 01 (One) Solar panel manufacturing plant, 20 (Twenty) ETP (Effluent Treatment Plant), 03 (Three) Bio Gas Plant, 16 (Sixteen) Brick fields using 03(Three) HHK (Hybrid Holfman Kiln) and 13 (Thirteen) Zigzag kiln technology projects. To expedite finance on Green

product/industry, BASIC Bank Limited signed Participation Agreement under Financing Brick Kiln Efficiency Improvement Project with Bangladesh Bank last year.

About five hundred employees of the Bank have been trained on Green Banking. The Bank has kept budgetary provision in the expenditure budget for the year 2015 which encompasses a) fund for green finance, b) climate risk fund and c) marketing and capacity building.

### **In-house Green Banking Initiatives of the Bank**

As part of in-house environmental management, awareness building programs / plans are set forth for Branches and Divisions of the Head Office of the Bank to take measures to save electricity, water, paper and stationary consumption in accordance with Bangladesh Bank's guidelines. BASIC Bank Limited believes in fostering behavioral changes at both the institution and individual levels to contribute to climate change mitigation efforts. Appropriate disclosure of Green Banking activities are being made regularly through [web site \(www.basicbanklimited.com/Green\\_Banking.php\)](http://www.basicbanklimited.com/Green_Banking.php) and timely reporting to Bangladesh Bank.

BASIC Bank Limited is adhering to the ERM (Environmental Risk Management) manuals / guidelines of Bangladesh Bank in their assessment and monitoring of project loans and working

capital loans. The Bank launched a green product namely "BASIC Alternative Power Solution (Solar Home System)".

### **Future Plan**

The Bank is preparing specific ERM plan which will determine a set of achievable targets and strategies and disclose these in its annual report and web site for green financing and in-house environment management as well.

Recently, Bangladesh Bank set a target of Green Finance amounting to minimum 5% of total disbursed loan from the year 2015. BASIC Bank Limited instructed all of its Branches and related Divisions of Head Office to give preference to Green Projects while processing of new loans or enhancement of existing credit facilities to achieve this target.

BASIC Bank's objective is of using its resources with responsibility, avoiding waste and giving priority to environment and society. The Bank exerts utmost effort to implement Green Banking and is always eager to embrace latest technology and methodology to cater eco-friendly banking operation. BASIC Bank Limited believes that green banking ensures sustainable development and preservation of resources for next generation. All of its activities always have been propelled to take care of people and planet first than profit.



## CSR Activities of BASIC Bank Limited

BASIC Bank Limited, a state owned scheduled Bank, enthused by Bangladesh Bank's CSR mainstreaming campaign, has been engaged into a broad range of direct and indirect CSR activities including humanitarian relief and disaster response; widening of advancement opportunities for disadvantaged population segments with support in areas of healthcare, education and training; 'greening' and initiatives arresting environmental degradation. Direct and indirect budgetary CSR commitments of the Bank have increased several-fold since 2008. In order to augment its CSR commitments, the Bank formed a dedicated CSR Unit.

Although the Bank was actively engaged into various CSR related commitments during the previous years but due to unavoidable reasons, the direct CSR commitments of the Bank was downsized in 2014. Some of the direct CSR commitments of the Bank during the year 2014 are summarized below:

### Education

Akin to the previous years, BASIC Bank Limited donated a sizeable amount to various educational institutions. Some of those are mentioned as under:

Description of initiatives	Short list of CSR initiatives	Purpose	Amount of investment	Total amount of investment (Taka in lac)
Education	Various educational institutions of Elenga, Kalihati, Tangail	For infrastructural development	2.00 lac	18.00
	PROYASH, an institute for children with special needs, Dhaka Cantonment, Dhaka	For organizing its annual sports and prize giving ceremony	5.00 lac	
	Gopalganj Zilla Samity, Dhaka	To accolade the meritorious students of the district who achieved CGPA 5 at the SSC, HSC and similar examinations for the year 2013	5.00 lac	
	Mr. Shankar Narayan Debnath, a distressed Freedomfighter	For maintaining educational expenditure of his sons	0.50 lac	
	Khan Shaheb Sheikh Mosharraf Hossain School and College, Tungipara, Gopalganj	For infrastructural development	5.00 lac	
	Hazi Muhammad Mohsin Hall Masjid, Dhaka University	For infrastructural development	0.25 lac	
	Most. Nazira Begum, a poor woman of Chapainawabgonj	For purchasing of computer for her daughter	0.25 lac	

## Health Care Program

Access to healthcare facilities is one of the fundamental rights of every human being. However, most of the people in Bangladesh, especially the underprivileged group have little or no access to health care facilities. As such, BASIC Bank assists those poor people, who have no way to secure basic treatment. During the year 2014, the Bank donated a sum of Tk. 46.50 lac under its CSR related commitments to Lakshmipur Diabetic Association for purchasing medical and pathological equipment such as kidney dialysis machine, USG machine etc. Besides, the Bank donated Tk. 0.75 lac directly to some poor and distressed patients for maintaining their expensive medical costs.

## Disaster Relief

From its inception, BASIC Bank Limited has always been participating actively at the time of national need. During the year 2014, the Bank donated Tk. 109.00 lac from its CSR related initiatives for purchasing blankets for distribution among cold stricken poor people of the country through Prime Minister's Relief & Welfare Fund and directly.

## Sports and Cultural Activities

The Bank has been one of the patrons for the Baishakhi Fair arranged by Bangladesh Small and Cottage Industries Corporation (BSCIC) to encourage the development of small and cottage industries since 2005. The Bank sponsored Tk. 5.00 lac to arrange Baishakhi Fair during each of the years 2012, 2013 and 2014. Besides, the Bank also sponsored to publish supplementary / memorandum book and organize different events marking the 55th founding anniversary of BSCIC. The Bank donated Tk. 0.50 lac to Wrishiz Shipli Gosthi in the year 2014. The Bank donated Tk. 50.00 lac to Lakho Konthe Sonar Bangla Tohbil for arranging a grandiose event of singing the national anthem on the Independence Day, March 26, 2014. Besides, Tk. 50.00 lac was donated to Bangladesh Mahila Samity, Tk. 4.00 lac to Everest Academy, Bangladesh for their expedition to Mount Aconcagua, the highest peak of South America and Tk. 1.00 lac to Dhaka Metropolitan

Police [DMP] for celebrating Bangla Noboborsho.

## Other Activities

In addition to the cited areas of direct CSR engagements, there were some other indirect CSR commitments of the Bank which are summarized as under:

### Poverty Alleviation:

It is globally accepted that the Non-Government Organizations (NGOs) have been performing a laudable role in poverty alleviation across the globe, especially in Bangladesh. With a view to widening the access to finance by the poor and ultra poor community, BASIC Bank Limited has been financing NGOs since 1995 at concessional rates of interest (between 7.00% and 11.00%). So far the Bank has financed 75 NGOs of various categories and capacities from small to large and from local/ regional to national/ international. Such activities also have contributed to generation of income and employment as well.

### Women Empowerment:

As half of the population of the country is woman, a sustainable national progress cannot be attained if women are left aside. Therefore, they should progressively be brought to the mainstream of the development activities. Considering this reality, the Bank has been extending credit facilities to the capable women entrepreneurs at a reduced rate of interest. So far the Bank has financed 208 projects of woman entrepreneurs involving Tk. 512,96.87 lac. This type of financing will gain due momentum in the days to come.

## Future Plan

The Bank has an active plan to establish a charitable organization in the name of "**BASIC Bank Foundation**" to augment CSR activities through expanding both in nature and magnitude towards implementation of social obligations in an organized manner for a better Bangladesh.



# **BASIC Bank Limited**

## **Auditor's Report and Audited Financial Statements For the year ended 31 December 2014**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BASIC BANK LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of BASIC Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2014, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements and Internal Controls**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note # 2.1 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (amended in 2013) and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

### **Auditor's Responsibility**

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

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

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

### **Basis for Adverse Opinion**

1. (i) As on 31 December 2014 the Bank had total classified loans and advances amounting to Tk.8,108 crore, out of which an amount of Tk.2,999 crore has been transferred to Classified Block Assets as per permission of Bangladesh Bank. Accordingly, the amount of classified loans and advances as disclosed in Note # 7.7 to the financial statements as on the balance sheet date has stood at Tk.5,109 crore. The required provision for these classified loans and advances as on the said date was Tk.2,363.77 crore against which the Bank has kept only Tk.430.64 crore as provision. As such a provision of Tk.1,933.13 crore for classified loans & advances remained short in the financial statements as on 31 December 2014. However, Bangladesh Bank has given permission to the Bank to provide the above mentioned entire amount over a period of 5 (five) years from 2015.
- (ii) As disclosed in note # 9.1 the Bank has reported Classified Block Assets of Tk.2,999 crore as on the balance sheet date. This amount has actually been transferred from classified loans and advances considering the uncertainty of recovery thereof. The Bank has not provided any amount for these bad/doubtful assets. As on 31 December 2014 required provision against

these assets has been calculated at Tk.1,933 crore after consideration of the value of eligible securities. However, the Bank has obtained permission from Bangladesh Bank vide their letter # BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 to make provision for the above mentioned entire amount of Tk.1,933 crore over a period of 10 (ten) years from 2015.

- (iii) Interest on classified loans and advances amounting to Tk.312.61 crore has been credited to income instead of crediting the same to interest suspense account during the year 2014. Thus interest income has been overstated by the said amount.
  - (iv) Advances given for purchasing floor spaces for Tk.91.98 crore which are required to be provided for as per BRPD circular # 14 dated 15 June 2001. But no provision has been made by the Bank. The Bank has taken permission from Bangladesh Bank to provide the said amount over a period of 5 (five) years from 2015.
2. (i) As per section 13 (2) of Bank Company Act 1991 (amended in 2013) and BRPD Circular No. 35 dated 29 December 2010 to fulfill the Basel-II requirement, the required capital of the Bank as on 31 December 2014 was Tk.923.64 crore against which the Bank's capital was negative to the tune of Tk.2,685.49 crore as reported by the Bank. Thus the Bank's reported capital shortfall was Tk.3,609.13 crore as on the balance sheet date. But if the matters as discussed in paragraph 1 above have been considered in the accounts the actual shortfall of capital would have been Tk.3,921.74 crore on the balance sheet date.
- (ii) As per section 13 (2) of The Bank Company Act, 1991 (amended in 2013) and BRPD Circular No. 35 dated 29 December 2010 to fulfill the Basel-II requirement, the required Capital Adequacy Ratio (CAR) of the Bank should have been 10% of Risk Weighted Assets but the Bank has reported the same to be maintained as negative to the extent of (29.08)%. But if the matters as discussed in paragraph 1 above have been accounted for the actual Capital Adequacy Ratio (CAR) of the Bank would have been (32.46)%.

However, as disclosed in note # 13.3 to the financial statements, the Bank is likely to receive an amount of Tk.3,000 crore from the Government as recapitalization. If the said amount is received the overall capital position of the Bank will be significantly improved and the capital shortfall will be reduced substantially.

3. Most of the reported loans and advances of the Bank were sanctioned and disbursed during the period from 2010 to June 2014. In relation to these loans and advances there were significant weakness in the Bank's internal control regarding loans and advances management, specially loans were renewed having excess over limit and poor or nil turnover, unauthorized excess overdrawn in Cash Credit account, Temporary Overdraft was given in Current Deposit account, loan was approved before getting CLP from branches, loans were sanctioned having observations in credit line proposal (CLP), grace period extended frequently to avoid classification of loan accounts, incomplete sanction advice of loans issued by Head Office, unauthorized decrease of installment size, unauthorized changes in first repayment and expiry dates by branches, showing same assets as collateral security of more than one loan, loan was given without security or having shortfall of security, significant over valuation of collateral security was done, loan sanctioned/rescheduled/renewed/dispensed without CRG or having manipulated CRG and less than acceptable limit, significant weaknesses in loan documentation, the utilization of loan facilities was not ensured by the Bank etc.

### **Adverse Opinion**

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraph, the financial statements of the Bank do not give a true and fair view of the financial position of the Bank as at 31 December 2014, and of its financial performance for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note # 2.1. However, the cash flows of the Bank have been reflected fairly in the Cash Flow Statement.

## Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, The Bank Company Act, (Amendment up to 2013) 1991 and the rules and regulations issued by Bangladesh Bank, we except for as mentioned above also report the following:

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control except for the matters described in the Basis for Adverse Opinion paragraph:
  - i) internal audit, internal control and risk management arrangements of the Bank as disclosed in note # 2.16 to the financial statements appeared to be adequate;
  - ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities except for the matters described in point # 3 under the Basis for Adverse Opinion paragraph;
- (c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (d) the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (e) the expenditure incurred was for the purposes of the Bank's business;
- (f) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards (BFRSs) as explained in note # 2.1 as well as with related guidance issued by Bangladesh Bank;
- (g) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (h) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (i) the information and explanation required by us have been received and found satisfactory; and
- (j) we have reviewed over 80% of the risk weighted assets and we have spent around 6,590 person hours for the audit of the books and accounts of the Bank.

Dhaka,  
27 April 2015



**ACNABIN**  
**Chartered Accountants**

## BASIC Bank Limited

### Balance Sheet As at 31 December 2014

	Note	31.12.2014 Taka	31.12.2013 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	<b>10,215,714,009</b>	<b>8,136,217,578</b>
Cash in hand (including foreign currencies)		514,589,933	662,693,500
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)		9,701,124,076	7,473,524,078
<b>Balance with other banks &amp; financial institutions</b>	4	<b>2,078,779,132</b>	<b>2,841,160,815</b>
In Bangladesh		1,168,373,653	2,587,734,580
Outside Bangladesh		910,405,479	253,426,235
<b>Money at Call on Short Notice</b>	5	<b>4,540,000,000</b>	<b>4,980,000,000</b>
<b>Investments</b>	6	<b>30,680,554,273</b>	<b>27,663,726,114</b>
Government		30,258,473,101	27,361,324,378
Others		422,081,172	302,401,736
<b>Loans &amp; Advances</b>	7	<b>89,392,858,838</b>	<b>109,428,439,155</b>
Loans, Cash Credit & Overdraft etc.		88,480,971,622	108,007,688,524
Bills purchased & discounted		911,887,216	1,420,750,631
<b>Fixed assets including premises, furniture and fixtures</b>	8	<b>649,682,167</b>	<b>723,081,527</b>
<b>Other assets</b>	9	<b>33,560,937,978</b>	<b>3,299,568,639</b>
<b>Non-banking Assets</b>		-	-
<b>Total Assets</b>		<b>171,118,526,397</b>	<b>157,072,193,828</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Borrowings from other banks, financial Institutions and agents</b>	10	<b>2,673,974,322</b>	<b>2,805,859,259</b>
<b>Deposits and other accounts</b>	11	<b>139,934,056,098</b>	<b>134,493,447,522</b>
Current Accounts and other Accounts		3,588,638,795	3,722,816,032
Bills Payable		1,036,757,426	760,140,535
Savings Bank Deposits		2,490,512,578	2,035,729,490
Fixed Deposits		132,818,147,299	127,974,761,465
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
<b>Other liabilities</b>	12	<b>15,496,574,197</b>	<b>13,733,710,510</b>
<b>Total Liabilities</b>		<b>158,104,604,617</b>	<b>151,033,017,291</b>
<b>Capital/Shareholders' Equity</b>			
Paid up Capital	13	2,946,982,500	2,946,982,500
Statutory Reserve	14	2,224,690,642	2,224,690,642
Other Reserve	15	9,422,270,022	1,347,364,606
Retained (Loss)	16	(1,580,021,384)	(479,861,211)
<b>Total Shareholders' Equity</b>		<b>13,013,921,780</b>	<b>6,039,176,537</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>171,118,526,397</b>	<b>157,072,193,828</b>

	Note	31.12.2014 Taka	31.12.2013 Taka
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>CONTINGENT LIABILITIES</b>			
	17		
Acceptances and Endorsements		2,553,659,286	4,120,925,246
Letters of Guarantee		2,352,400,296	2,532,628,058
Irrevocable Letters of Credit		9,577,460,909	7,586,157,868
Bills for Collection		281,448,977	384,207,849
Other Contingent Liabilities		503,786,515	323,099,425
<b>Total</b>		<b>15,268,755,983</b>	<b>14,947,018,446</b>
<b>OTHER COMMITMENTS</b>			
Documentary credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>15,268,755,983</b>	<b>14,947,018,446</b>

The annexed notes form an integral part of these financial statements.

  
Managing Director

  
Director

  
Director

  
Director

This is the balance sheet referred to in our separate report of even date.

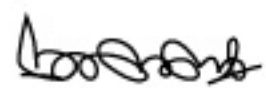
Dhaka,  
27 April 2015

  
**ACNABIN**  
Chartered Accountants

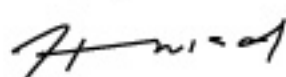
**BASIC Bank Limited**  
**Profit & Loss Account**  
**For the year ended 31 December 2014**

	Note	2014 Taka	2013 Taka
Interest income	18	12,070,318,759	14,808,958,707
Interest paid on deposits and borrowings etc.	19	(13,466,228,473)	(13,107,954,540)
<b>Net interest income</b>		<b>(1,395,909,714)</b>	<b>1,701,004,167</b>
Investment income	20	2,259,108,190	1,672,850,726
Commission, exchange and brokerage	21	658,524,734	737,205,721
Other operating income	22	125,607,548	119,729,733
<b>Total operating income</b>		<b>1,647,330,758</b>	<b>4,230,790,347</b>
Salary and allowances	23	1,855,358,487	1,767,827,961
Rent, taxes, insurance, electricity etc.	24	304,448,876	291,333,265
Legal expenses	25	11,349,435	13,737,975
Postage, stamp, telecommunication etc.	26	62,636,177	58,820,829
Stationery, Printings, Advertisements etc.	27	74,816,184	82,424,685
Managing Director's salary and fees	28	3,332,193	6,224,000
Directors' Fees & Meeting Expenses	29	1,220,710	936,493
Auditors' fees		974,500	920,000
Depreciation of bank's assets	30	181,716,223	152,692,022
Repair of bank's assets	31	34,893,976	36,642,569
Other expenses	32	240,961,559	349,028,347
<b>Total operating expenses</b>		<b>2,771,708,320</b>	<b>2,760,588,146</b>
<b>(Loss)/Profit before provision</b>		<b>(1,124,377,562)</b>	<b>1,470,202,201</b>
Provision for loan	33	-	1,338,516,767
Provision for Off Balance Sheet Exposures	34	-	13,197,112
Provision for diminution in value of investments		(9,142,148)	-
Provision for Protested Bill		-	-
Provision for other assets		-	-
<b>Total provision</b>		<b>(9,142,148)</b>	<b>1,351,713,879</b>
<b>Total (Loss)/Profit before taxes</b>		<b>(1,115,235,414)</b>	<b>118,488,322</b>
Provision for Current Tax	35	45,340,678	732,123,676
Provision for Deferred Tax	36	(60,415,919)	(82,102,024)
<b>Net (Loss) after Taxation</b>		<b>(1,100,160,173)</b>	<b>(531,533,330)</b>
<b>Appropriations:</b>			
Statutory Reserve		-	-
General Reserve		-	-
Dividends etc.		-	-
<b>Retained (Deficit)</b>		<b>(1,100,160,173)</b>	<b>(531,533,330)</b>
<b>Earning Per Share (EPS)</b>	38	<b>(37.33)</b>	<b>(18.04)</b>

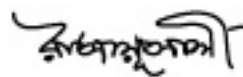
The annexed notes form an integral part of these financial statements.



**Managing Director**



**Director**



**Director**



**Director**

This is the profit & loss account referred to in our separate report of even date.



**ACNABIN**  
**Chartered Accountants**

Dhaka,  
27 April 2015

**BASIC Bank Limited**  
**Cash Flow Statement**  
**For the year ended 31 December 2014**

	2014 Taka	2013 Taka
<b><u>Cash flows from operating activities</u></b>		
Interest receipts in cash	13,666,838,128	16,072,872,578
Interest payments	(14,150,491,832)	(12,005,690,969)
Dividends receipts	20,578,916	21,263,848
Fee and commission receipts in cash	658,524,734	737,205,721
Recoveries of loans previously written off	8,323,440	3,804,496
Cash payments to employees	(1,762,070,126)	(1,650,539,707)
Cash payments to suppliers	(74,816,184)	(82,424,685)
Income taxes paid	(357,935,126)	(798,097,051)
Receipts from other operating activities (item-wise)	114,455,901	115,855,273
Payments for other operating activities (item-wise)	(656,485,233)	(751,419,478)
<b>Operating (loss)/profit before changes in operating assets and liabilities</b>	<b>(2,533,077,382)</b>	<b>1,662,830,026</b>
<b><u>(Increase)/Decrease in operating assets and liabilities</u></b>	<b>(4,252,434,278)</b>	<b>8,636,902,612</b>
Statutory deposits	-	-
Purchase/sale of trading securities	(2,841,922,743)	(15,846,238,886)
Loans & advances to customers	20,035,580,317	(23,472,676,744)
Other assets (item-wise)	(29,789,464,957)	(192,565,407)
Deposits from other banks	2,238,836,847	802,961,536
Deposits from customers	3,201,771,729	45,997,254,306
Other liabilities (item-wise)	2,902,764,529	1,348,167,807
<b>Net cash (used in)/flow from operating activities</b>	<b>(6,785,511,660)</b>	<b>10,299,732,638</b>
<b><u>Cash flows from investing activities</u></b>		
Proceeds from Sale of Securities	-	-
Cash Payments for Purchase of Securities	-	-
Purchase of property, plant & equipment	(108,753,953)	(350,765,326)
Sales of property, plant & equipment	3,265,297	1,884,519
<b>Net cash used in investing activities</b>	<b>(105,488,656)</b>	<b>(348,880,807)</b>
<b><u>Cash flows from financing activities</u></b>		
Increase/(Decrease) of Long Term Borrowing	(131,884,937)	(2,687,075,292)
Receipt from Government	7,900,000,000	-
Conversion of borrowing into reserve	-	-
Payment of Dividend	-	-
<b>Net cash flow from/(used in) financing activities</b>	<b>7,768,115,063</b>	<b>(2,687,075,292)</b>
Net increase/decreasing cash	877,114,748	7,263,776,538
Effects of Exchange Rate Changes on Cash and Cash Equivalent	-	-
Cash and cash equivalents at beginning period	15,957,378,393	8,693,601,854
<b>Cash and cash equivalents at end of year</b>	<b>16,834,493,141</b>	<b>15,957,378,393</b>
<b><u>Analysis of cash and cash equivalents at end of year</u></b>		
Cash	10,215,714,009	8,136,217,578
Balance with other banks & financial institutions	2,078,779,132	2,841,160,815
Money at call on Short Notice	4,540,000,000	4,980,000,000
	<b>16,834,493,141</b>	<b>15,957,378,393</b>

Dhaka,  
27 April 2015

  
Managing Director

  
Director

  
Director

  
Director



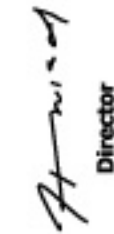
**BASIC Bank Limited**

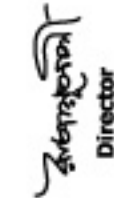
**Statement of Changes in Equity  
For the year ended 31 December 2014**

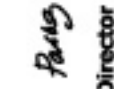
Particulars	Paid-up Capital		Statutory Reserve	Other Reserve					Sub-Total	Retained (Loss)	Total Equity
	Taka	Taka		General Reserve	Share Money Deposit	Revaluation Reserve of HFT securities	Loss on Revaluation/ Amortization of HTM securities	Taka			
Balance as at 01 January 2014	2,946,982,500	2,224,690,642		1,245,000,000	-	128,041,841	(25,677,236)	1,347,364,605	(479,861,210)	6,039,176,537	
Net (Loss) for the Year	-	-	-	-	-	-	-	-	(1,100,160,173)	(1,100,160,173)	
Revaluation Reserve for Securities	-	-	-	-	-	149,989,294	24,916,123	174,905,417	-	174,905,417	
Share Money received during the year	-	-	-	-	7,900,000,000	-	-	7,900,000,000	-	7,900,000,000	
<b>Balance as at 31 December 2014</b>	<b>2,946,982,500</b>	<b>2,224,690,642</b>	<b>2,224,690,642</b>	<b>1,245,000,000</b>	<b>7,900,000,000</b>	<b>278,031,135</b>	<b>(761,113)</b>	<b>9,422,270,022</b>	<b>(1,580,021,383)</b>	<b>13,013,921,780</b>	
Balance as at 01 January 2013	2,946,982,500	2,224,690,642		1,245,000,000	-	66,582,633	(74,458,896)	1,237,123,737	51,672,119	6,460,468,998	
Net (Loss) for the Year	-	-	-	-	-	-	-	-	(531,533,329)	(531,533,329)	
Revaluation Reserve for Securities	-	-	-	-	-	61,459,208	48,781,660	110,240,868	-	110,240,868	
<b>Balance as at 31 December 2013</b>	<b>2,946,982,500</b>	<b>2,224,690,642</b>	<b>2,224,690,642</b>	<b>1,245,000,000</b>	<b>-</b>	<b>128,041,841</b>	<b>(25,677,236)</b>	<b>1,347,364,605</b>	<b>(479,861,210)</b>	<b>6,039,176,537</b>	

Dhaka,  
27 April 2015

  
Managing Director

  
Director

  
Director

  
Director


**BASIC Bank Limited**

**Liquidity Statement**

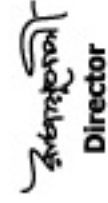
**(Asset and Liability Maturity Analysis)  
As at 31 December 2014**

Particulars	(Amount in Taka)						Total
	Up to 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years		
<b>Assets</b>							
Cash in hand	1,044,441,799	-	671,500,000	-	8,499,772,210		10,215,714,009
Balance with other banks and financial institutions	1,693,354,902	33,812,358	200,000,000	151,611,872	-		2,078,779,132
Money at call on short notice	4,540,000,000	-	-	-	-		4,540,000,000
Investment	10,791,718,674	286,696,037	1,355,801,486	10,999,451,193	7,246,886,883		30,680,554,273
Loans and Advances	19,514,071,655	7,953,782,218	37,250,768,711	19,058,372,741	5,615,863,513		89,392,858,838
Fixed assets including premises, furniture & fixtures	15,182,061	27,327,712	113,865,464	379,551,549	113,755,381		649,682,167
Other assets	-	-	2,987,237,387	21,573,700,591	9,000,000,000		33,560,937,978
Non-banking assets	-	-	-	-	-		-
<b>Total Assets</b>	<b>37,598,769,091</b>	<b>8,301,618,325</b>	<b>42,579,173,048</b>	<b>52,162,687,946</b>	<b>30,476,277,987</b>		<b>171,118,526,397</b>
<b>Liabilities</b>							
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	400,000	2,500,000	7,900,000	54,400,000	2,608,774,322		2,673,974,322
Deposits & Other accounts	22,872,577,182	13,119,706,749	88,875,308,587	11,012,054,860	4,054,408,720		139,934,056,098
Provision and other liabilities	418,902,063	360,001,056	6,562,283,077	1,561,791,815	6,593,596,186		15,496,574,197
<b>Total Liabilities</b>	<b>23,291,879,245</b>	<b>13,482,207,805</b>	<b>95,445,491,664</b>	<b>12,628,246,675</b>	<b>13,256,779,228</b>		<b>158,104,604,617</b>
<b>Net Liquidity Gap</b>	<b>14,306,889,846</b>	<b>(5,180,589,480)</b>	<b>(52,866,318,616)</b>	<b>39,534,441,271</b>	<b>17,219,498,759</b>		<b>13,013,921,780</b>

Dhaka,  
27 April 2015

  
Managing Director

  
Director

  
Director

  
Director

**BASIC Bank Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2014**

**1. The Bank and its activities**

**1.1** The BASIC Bank Limited ("the Bank") was incorporated as a banking company under the erstwhile Companies Act, 1913. In 2001 the Bank changed its earlier name 'Bank of Small Industries and Commerce Bangladesh Limited' and registered the new name with the Registrar of Joint Stock Companies and Firms. Initially the Bank started its operation as a joint venture organization of the then BCC foundation, a welfare trust in Bangladesh and the Government of the People's Republic of Bangladesh. On 4 June 1992 the Government of Bangladesh took over 70% shares held by the then BCC Foundation and became the sole owner of the bank. It operates with 68 branches in Bangladesh. The registered office of the bank is located at 73 Motijheel C/A, Dhaka-1000.

**1.2 Objectives**

The Memorandum and Articles of Association of BASIC Bank Limited stipulate that at least fifty percent of its loanable fund shall be used for financing Small and Medium Scale Industries. The principle activities of the bank is unique in blending development financing and commercial banking.

**2. Basis of preparation and significant accounting policies**

**Basis of preparation**

**2.1 Statement of compliance**

The financial statements of the Bank are prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank and the Companies Act 1994. In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of BFRS are as follows:

**i) Investment in shares and securities**

**BFRS:** As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

**ii) Revaluation gains/losses on Government securities**

**BFRS:** As per requirement of BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.

**Bangladesh Bank:** HFT securities are revalued on the basis of mark to market at every week end and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

### iii) Provision on loans and advances/investments

**BFRS:** As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

**Bangladesh Bank:** As per BRPD Circular No. 14 (23 September 2012), BRPD Circular No. 19 (27 December 2012), BRPD Circular No. 05 (29 May 2013) and BRPD Circular No. 16 (18 November 2014) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

### iv) Recognition of interest in suspense

**BFRS:** Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

### v) Other comprehensive income

**BFRS:** As per BAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

### vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

### vii) Financial guarantees

**BFRS:** As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD 14, financial guarantees such as letter of credit, letter of guarantee and acceptance will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

### **viii) Cash and cash equivalent**

**BFRS:** Cash and cash equivalent items should be reported as cash item as per BAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

### **ix) Non-banking asset**

**BFRS:** No indication of non-banking asset is found in any BFRS.

**Bangladesh Bank:** As per BRPD 14, there must exist a face item named non-banking asset.

### **x) Cash flow statement**

**BFRS:** The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD 14, cash flow is the mixture of direct and indirect methods.

### **xi) Balance with Bangladesh Bank (Cash Reserve Requirement)**

**BFRS:** Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

**Bangladesh Bank:** Balance with Bangladesh Bank is treated as cash and cash equivalents.

### **xii) Presentation of intangible asset**

**BFRS:** An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38.

**Bangladesh Bank:** There is no regulation for intangible assets in BRPD 14.

### **xiii) Off-balance sheet items**

**BFRS:** There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD 14, off balance sheet items (e.g. Letter of Credit, Letter of Guarantee, Acceptance, etc.) must be disclosed separately on the face of the balance sheet.

### **xiv) Loans and advances net of provision**

**BFRS:** Loans and advances should be presented net of provision.

**Bangladesh Bank:** As per BRPD 14, provision on loans and advances are presented separately as liability and can not be netted of against loans and advances.

## **2.2 Use of estimates and judgments**

The preparation of the financial statements of the Bank in conformity with BFRSs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized and presented in the financial statements of the Bank are included in following notes/statements:

- a) Note 12.1 & 12.2      Provision for loans and advances and off balance sheet exposure
- b) Note 30                      Depreciation
- c) Note 35                      Current tax liabilities
- d) Note 36                      Deferred tax asset
- e) Liquidity statement

### **2.3 Foreign currency transaction**

#### **a) Foreign currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates, i.e. the functional currency. The financial statements of the Bank are presented in Taka which is the Bank's functional and presentation currency.

#### **b) Foreign currencies translation**

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are initially translated into equivalent US Dollar at buying rates taken from Reuters and then retranslated from US Dollar into equivalent Taka in the same specified above.

#### **c) Commitments**

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rate of exchange ruling on the date of giving commitment or taking liability.

#### **d) Transaction gains and losses**

Foreign exchange differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) of the monetary items are recognized in the profit and loss account.

### **2.4 Cash flow Statement**

Statements of Cash flow has been prepared in accordance with Bangladesh Accounting Standard (BAS) 7 "Statement of Cash Flows" and under the guideline of Bangladesh Bank BRPD Circular no.14 dated 25 June 2003. The Statement shows the structure of changes in cash and cash equivalents during the financial year.

### **2.5 Liquidity statement**

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

- i) Balance with other Banks and financial institutions, money at call on short notice, etc. are on the basis of their maturity term;
- ii) Investments are on the basis of their respective maturity;
- iii) Loans and advances are on the basis of their repayment schedule;
- iv) Fixed assets are on the basis of their useful lives;
- v) Other assets are on the basis of their realization/amortization;
- vi) Borrowing from other Banks, financial institutions & agents, etc. are as per their maturity/repayment terms;
- vii) Deposits & other accounts are on the basis of their maturity term & past trend of withdrawal by the depositors; and
- viii) Provisions and other liabilities are on the basis of their payment/adjustments schedule.

## 2.6 Statement of changes in equity

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

## 2.7 Reporting period

These financial statements cover one calendar year from 01 January 2014 to 31 December 2014.

## 2.8 Offsetting

Financial assets and financial liabilities are offsetted and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## 2.9 Assets and basis of their valuation

### 2.9.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Bank management for its short term commitments.

### 2.9.2 Loans, advances and provisions

Loans and advances are stated in the balance sheet on gross basis. General provisions on unclassified loans and contingent assets, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities. Provision against classified loans and advances is made on the basis of quarter end review by the management and instructions contained in BRPD Circular No. 14 dated 23 September 2012, BRPD Circular No. 19 dated 27 December 2012, BRPD Circular No. 05 dated 29 May 2013 and BRPD Circular No. 16 dated 18 November 2014. The rates for provisions are stated below:

Particulars		Provision Rate
<b>General provision on</b>		
a.	Consumer Financing (House Financing)	2%
b.	Consumer Financing (Loans to Professional)	2%
c.	Consumer Financing (Other than house finance and loans to professional)	5%
d.	Small and Medium Enterprise Financing (SMEF)	0.25%
e.	Short Term Agriculture & Micro Credit	2.50%
f.	Loans to BHs/ MBs/ Sds against Shares etc	2%
g.	All other Credit	1%
h.	Special Mention Account	0.25% to 5%
<b>Specific provision on</b>		
a.	Substandard Loans and Advances	
	i. Short Term Agri Credit & Micro Credit	5%
	ii. Other than Short Term Agri Credit & Micro Credit	20%
b.	Doubtful Loans and Advances	
	i. Short Term Agri Credit & Micro Credit	5%
	ii. Other than Short Term Agri Credit & Micro Credit	50%
c.	Bad & Loss Loans and Advances	100%

### 2.9.3 Investment

Investments have been initially recognised at cost, including acquisition charges associated with the investment. Premiums have been amortised and discount accredited, using the effective or historical yield method. The investment in government securities (Treasury bills & bonds) are classified into Held to Maturity (HTM) & Held for Trading (HFT) as per Bangladesh Bank's guidelines contained in DOS

Circular Letter No. 05 dated 26 May 2008, DOS Circular Letter No. 05 dated 28 January 2009, DOS Circular No. 06 dated 15 July 2010 & under reference Letter No. DOS (SR)1153/120-A/2011-746 dated 29 December 2011. Reclassification of HTM securities into HFT securities are also done in compliance with Bangladesh Bank's guidelines.

### **Held to Maturity (HTM)**

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the entity has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available for sale. These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Any increase or decrease in value of such investments is credited to revaluation reserve account and shown in the equity. Such gains/(losses) are credited to income account at the time of maturity or sale of the security.

### **Held for Trading (HFT)**

The government securities under "Held for Trading" category are valued at present value on basis of marking to market method. The resulting gains are transferred to other reserve account & losses are transferred to profit and loss account. The gains/(losses) arising on maturity or sale of such securities are credited to income.

Value of investments has been enumerated as per DOS Circular no. 05 dated 26 May 2008 as follows:

<b>Investment class</b>	<b>Initial recognition</b>	<b>Measurement after initial recognition</b>	<b>Recording of changes</b>
Treasury Bill / Bond (HFT)	Cost	Market value	Loss to profit and loss account (P&L), gain to revaluation reserve
Treasury Bill / Bond (HTM)	Cost	Amortised value	Increase in value to equity and decrease in value to P&L account
Debenture	Face value	None	None
Prize bond	Cost	None	None
Shares	Cost	Lower of cost and market value	Any loss, charged in P&L account Unrealized gain, not recognize in accounts

### **Investment in listed (quoted) securities**

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for diminution in value of investment has been made properly.

### **Investment in unlisted (unquoted) securities**

Investment in unlisted securities is reported at cost under cost method.

### **Other Investments**

Other investments like HBFC debenture & prize bond are also eligible for SLR, HBFC debentures are valued at redeemed value & prize bond are shown at purchase value or face value.

## **2.9.4 Fixed assets**

### **Recognition and measurement**

Items of fixed assets are measured at cost less accumulated depreciation as per BAS 16 "Property, Plant and Equipment". Cost includes expenditures that are directly attributable to the acquisition of assets. Subsequent costs is capitalized only when it is probable that the future economic benefits associated with the costs will flow to the entity. Ongoing repairs and maintenance is expensed as incurred.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.



## Depreciation

Items of fixed assets are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets other than vehicles, software and all fixed assets of ATM related on which straight line depreciation method is followed:

Category of fixed assets	Rate	Method of Depreciation
Furniture and fixtures	10%	Reducing balance method
Machinery and Equipment*	20%	Reducing balance method
Computer and Copier*	20%	Straight line method
Vehicles (straight line)	25%	Straight line method
Leasehold buildings	1%	Straight line method over the lease hold period

\* In the schedule of fixed assets both machinery and equipment and computer and copier are shown under the head of equipment and computer.

For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the profit and loss account, which is determined with reference to the net book value of the assets and net sale proceeds.

### 2.9.5 Intangible assets

- An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with BAS 38: "Intangible Assets".

Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use. Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

- Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost, less accumulated amortization and any impairment losses.
- Software is amortized using the straight line method over the estimated useful life of 5 (five) years commencing from the date of the application software is available for use over the best estimate of its useful economic life.

### 2.9.6 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Bank.

### 2.9.7 Receivables

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

### 2.9.8 Inventories

Inventories measured at the lower of cost and net realizable value.

### 2.9.9 Leasing

Leases are classified as finance leases whenever the "terms of the lease" transfer substantially all the risks and rewards of ownership to the lessee as per BAS-17 "Leases". All other leases are classified as operating leases as per BAS-17 "Leases". Operating lease are rental agreements and all installments are charged to the income statement.

### **2.9.10 Non-banking assets**

There is no asset acquired in exchange for loan during the period of financial statements.

### **2.9.11 Reconciliation of inter-bank and inter-branch account**

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly.

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

### **2.10 Share capital**

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

### **2.11 Statutory reserve**

Bank Companies Act, 1991 requires the Bank to transfer 20% of its current year's profit before tax to reserve until such reserve equals to its paid up capital and share premium account.

### **2.12 Deposits and other accounts**

Deposits by customers & banks are recognized when the Bank enters into contractual provisions of arrangements with the counterparties, which is generally on trade date, & initially measured at the consideration received.

### **2.13 Borrowings from other banks, financial institutions and agents**

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks. They are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the income statements.

### **2.14 Basis for valuation of liabilities and provisions**

#### **2.14.1 Provision for current taxation**

Provision for current income tax has been made as per prescribed rate in the Finance Ordinance, 2014 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12 "Income Taxes".

#### **2.14.2 Provision for deferred taxation**

Deferred tax is recognized in compliance with BAS 12 "Income Taxes" and BRPD Circular no. 11 dated 12 December 2011, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of balance sheet. Deferred tax assets and liabilities are offset as there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each date of balance sheet and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **2.14.3 Benefits to the employees**

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

**a) Provident Fund**

Provident fund benefits are given to the permanent employees of the Bank in accordance with Bank's service rules. Accordingly a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone - 8, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 30 September 1995. The Fund is operated by a Board of Trustees consisting at least five members. Usually all confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

**b) Gratuity Fund**

The Bank made provision of gratuity fund at discretion of the management to provide an employee with financial benefit on his ceasing the Bank's service or in the event of his death to his legal heirs/nominees or successors, in respect of which provision is made annually covering all its permanent eligible employees who have completed at least eight years of service.

**c) Benevolent Fund**

The benevolent fund is subscribed by monthly contribution of the employees. The Bank also contributes to the fund @ 0.5% of profit at the end of the year. The fund is established to sanction grant in event of death on duty or permanent disabilities of the employees & to provide financial assistance for marriage of the employees dependants.

**d) Superannuation Fund**

The Bank operates a contributory superannuation fund to give benefit to employees at the time of retirement and also cover group term life insurance. Employees are contributing to the fund monthly and the Bank also contributes a lump sum amount from the profit at the end of each year.

**e) Welfare Fund**

The Bank has been maintaining a welfare fund created from profit. This fund is utilized for various social activities as part of corporate social responsibility of the Bank.

**2.14.4 Provision for liabilities**

A provision is recognized in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

**2.14.5 Provision for Off-balance sheet exposures**

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. In accordance with BRPD circular no.14 dated 23 September 2012, general provision @ 1% has been made on the outstanding balances of Off-Balance Sheet exposure of the Bank as at 31 December 2014. Provision is made on the total exposure and amount of cash margin or value of eligible collateral is not deducted while computing Off-Balance sheet exposure.

**2.14.6 Provision for nostro accounts**

As per instructions contained in the circular letter no. FEPD (FEMO)/01/2005-677 dated 13 Sep 05 issued by Foreign Exchange Policy Department of BB, Banks are required to make provision regarding the unreconciled debit balance of nostro account for more than 3 months as on the reporting date in these financials. Since there is no unreconciled entries which are outstanding more than 3 months then Bank's are not required to make provision.

## **2.15 Revenue recognition**

### **2.15.1 Interest income**

In terms of the provisions of the BAS-18 "Revenue", the interest income is recognized on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified. It is then kept in interest suspense. After the loan is classified as bad and loss, interest ceases to apply and recorded in a memorandum account. Interest on classified advances is accounted for on a cash receipt basis.

### **2.15.2 Investment income**

Interest income on investments is recognized on accrual basis. Capital gain is recognized when it is realized.

### **2.15.3 Fees and commission income**

Fees, Commission and Exchange Income on services provided by the Bank are recognized as and when the related services are performed. Commission charged to customers on letter of credit and letter of guarantee are credited to Income at the time of effecting the transactions.

### **2.15.4 Dividend income on shares**

Dividend income from investment in shares is recognized when the Bank's right to receive dividend is established as per BAS 18 "Revenue".

### **2.15.5 Interest paid and other expenses**

In terms of the provisions of BAS-1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

## **2.16 Risk management**

The risk of BASIC Bank Limited is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking viz. credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk & reputation risk arising from money laundering incidences. The prime objective of the risk management is that the Bank evaluates & takes well calculative business risks & thereby safeguards the Bank's capital, its financial resources & profitability from various business risks through its own measures & through implementing Bangladesh Bank guidelines & following some best practices as under:

### **a) Credit Risk**

It arises mainly from lending, trade finance, leasing and treasury businesses. It can be described as the potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counterparty or deterioration in his or her financial condition.

The Bank has six credit divisions namely Industrial Credit Division (ICD), Commercial Credit Division (CCD), Micro Credit and Special Finance Division (MCSFD), Small Enterprise Division (SED), Consumer Finance Division (CFD) and Trade Finance Division (TFD) focused on different areas/sectors of the economy and entrusted with the duties of Credit Appraisal to ensure the merit of loan proposals. The bank ensures strict management of credit quality by analyzing/assessing borrower risk a historical repayment performance of the borrower, historical and projected financial statements, industry outlook, collateral coverage of the proposed credit facility, market reputation of the borrower and any other relevant aspects. To manage its credit risk at a tolerable level, the Bank prepares an Annual Credit Budget where the amount of loan to each sector is allocated on yearly basis. Budgeted allocation to each sector is monitored or adjusted periodically on the basis of national economic trends, business or sector viability, the bank's credit position and profitability, the central bank's regulations and guidelines, availability of investable fund and so on. Moreover, total aggregate loan and advances of branches are allocated and controlled on the basis of the credit budget. The bank also has a Credit Administration Division (CAD) that oversees and ensures proper documentation pertaining to the approved credit facilities.

The Bank takes its lending decision based on the credit risk assessment report by the appraisal team. In determining single borrower /large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's & Regulatory polices. Loans are classified as per BB guidelines. Concentration of single borrower/large loan limit is shown in the notes to the financial statements.

**b) Liquidity Risk**

The object of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Division under approved policy guidelines. Treasury Front Office is supported by a very structured Back Office. A Mid Office Division has also been created as per requirement of Bangladesh Bank. The Liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

**c) Market Risk**

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk & equity risk.

**Foreign Exchange Risk**

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the year.

Treasury Division independently conducts the transactions, Back Office of Treasury is responsible for verification of the deals & passing of their entries in the books of account and Mid Office of Treasury monitors dealer's adherence to various internal, regulatory and counter party limits. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by the bank as mid rate at the month end & the mid rate is being published by the Treasury Division of the bank as per approved policy. All Nostro accounts are reconciled on a monthly basis & outstanding entry beyond 30 days is reviewed by the management for its settlement. The position maintained by bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

**Interest Rate Risk**

Interest rate risk may arise either from trading portfolio or non-trading portfolio. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between future yield of an asset & its funding cost. Asset Liability Committee monitors interest rate movement on a regular basis.

**Equity Risk**

Equity risk arises from movement in market value of equities held. The risks are monitored by Investment Committee under a well designed policy framework. The market value of equities held was however higher than the cost price at the balance sheet date.

**d) Reputation risk arising from money laundering incidences**

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. Money Laundering and Terrorist Financing has been identified as a major threat to the financial services community. The management of the Bank has taken prevention of money laundering and terrorist financing as part of the Bank's risk management strategies. Anti-Money Laundering Guideline and 'Prevention of Terrorist Financing Policy' of the Bank was approved by the Board of Directors of the Bank in its 188th meeting held on 31 Jan 2006 & subsequently revised by the Board of Directors of the Bank in its 318th meeting held on 27 Dec 2012.

The Bank has established a separate division namely Anti-Money Laundering Division (AMLDD) for mitigating Money Laundering and Terrorist Financing related risks. One of the Deputy Managing

Directors is acting as the Chief Anti-Money Laundering Compliance Officer (CAMLCO) of the Bank. In addition, Central Compliance Unit (CCU) has been formed to develop and review institutional strategy and program for preventing money laundering and terrorist financing of the Bank. Our Audit and Inspection Division conducts audit for an effective Anti Money Laundering System Check throughout the year. Moreover, members of CCU and employees of AMLD pay visit to Branches to supervise the AML procedures and functions at branch level as and when required. AMLD is continuously monitoring and reviewing overall Bank's compliance to prevent ML/TF risks. A draft "Money Laundering and Terrorist Financing Risk Assessment Guidelines" have been prepared for assessing and mitigating ML/TF risks of the Bank. Besides, a senior level executive from each Branch is working as a Branch Anti-Money Laundering Compliance Officer (BAMLCO). Sound Know Your Customer (KYC) and Transaction Monitoring Policies are in place to recognize the risk associated with accounts.

Bangladesh Bank has implemented goAML software for CTR and STR reporting purpose. Bank is providing CTR/STR data through goAML software on regular basis. It is the requirement of Bangladesh Bank to report cash transaction of BDT 10 Lac and above in a single day in a single account and suspicious transaction as and when detected.

BASIC Bank Training Institute arranges training programme throughout the year to develop awareness and skill for identifying suspicious activities/transactions.

**e) Operational Risk**

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Compliance Division controls operational procedure of the Bank. Compliance Division undertakes periodical and special audit of the branches and divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Compliance Division.

**f) Asset Liability Management**

Asset Liability Management (ALM) is a risk management technique designed to earn an adequate return while maintaining a comfortable surplus of assets beyond liabilities. The scope of ALM function can be described as liquidity risk management, management of market risks, trading risk management, funding and capital planning, profit planning, growth projection, etc.

The ALM committee usually makes decisions on financial direction of the Bank. The ALCO's goal is to manage the sources and uses of funds, identify balance sheet management issues like balance sheet gap, interest rate gap etc. ALCO also reviews liquidity contingency plan and implements asset and liability pricing strategy for the Bank.

**g) ICT Risk Management**

ICT risk refers to the potential of ensuing harmful effects that an organization may suffer from intentional or unintentional threats to information and information technology systems. Managing ICT risk is part of running regular operation of the Bank now a days. Failure to manage ICT risk may lead to serious security breaches, financial losses & even business discontinuity. Hence, it is imperative that there should be a mechanism to identify, assess and mitigate ICT risk. BASIC Bank Limited, with the approval of the Board, has adopted an ICT policy in compliance with ICT security guidelines of Bangladesh Bank covering various aspects of ICT risk management. Based on the policy the Bank has taken necessary measures for mitigating ICT risk and impending hazards through implementing proper strategies and processes of identifying, appreciating, analyzing and assessing the same. The Bank has also taken necessary initiatives which would make a positive impact on improving ICT segment of core risks management. All observations by Bangladesh Bank, related to ICT segment of core risks management are being complied in time. Necessary measures are also being taken to minimize manual intervention, as much as possible, by implementing automatic handling of network level and server level failure. Moreover, necessary initiatives are also being taken to comply with the ICT related issues mentioned in the circular of Bangladesh Bank regarding Self-Assessment of Anti Fraud Internal Controls. Internal ICT audit by Audit and Inspection Division of Head Office in different branches of the Bank are being carried out regularly.

## **h) Internal Control and Compliance**

The primary objectives of Internal Control and Compliance are to help the bank perform better through the use of its resources, identify its weaknesses, take appropriate measures to overcome the same and ensure compliance with regulatory framework including applicable laws and regulations. Internal Control and Compliance of the Bank includes three fold functions viz. Internal Audit of Branches and Divisions of Head Office, Monitoring of operational activity of the bank to assess the risk of individual Branches/Divisions and Compliance of Internal Audit of Branches & Divisions and Bangladesh Bank Audit Reports including Bangladesh Bank Special Audit Reports on Core Risks & Cash Incentive and Government Audit Reports. These functions are being carried out by 03 (three) divisions namely Audit & Inspection Division, Audit Findings Monitoring Division and Compliance Division. The Audit Committee of the Board subsequently reviews the lapses identified by Audit and Inspection Division as well as compliance of these lapses. The Audit Committee also reviews Bangladesh Bank Inspection Reports and other issues indicated in the Bangladesh Bank Guidelines. Necessary steps/measures are taken on the basis of observation & suggestion of the Committee.

## **i) Fraud & Forgeries**

The term 'Fraud' commonly includes activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery & extortion. Fraud risk is one of the components of Operational risk. Operational risk focuses on the risks associated with errors or events in transaction processing or other operations. We are absolutely committed to maintain an honest, open & well intentioned atmosphere within the organization. We are also committed to prevent fraud and detection of fraud. Fraud & Forgery has emerged as one of the major threats in banking sector with regular development of avenues by the fraudsters.

In the year 2014, ICC Division of the bank has started to further develop the Risk & Fraud awareness culture among the employees & reduce the likelihood of fraud occurring in the Bank. Audit Division of BASIC Bank Limited has arranged to conduct Spot Inspection on Anti Fraud Internal Control (AFIC) systems to protect the bank from anticipated fraud & forgery in addition to regular comprehensive Audit & Inspection in the branches. In 2014, ICC Division has conducted 29 spot inspections and 68 regular spot inspections.

In connection with dealing the situation and ensuring safety checking measures against fraud & forgery related issues, ICC Division has developed a questionnaire/ checklist to perform spot AFIC, which will continue through regular review, up-gradation & improvisation.

## **2.17 Earnings Per Share (EPS)**

The Bank presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares in accordance with BAS 33 "Earnings per Share". Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank with the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods. Hence no Diluted EPS has been calculated.

## **2.18 Events after the reporting period**

All material events after the reporting period that provide additional information about the Company's/Bank's position at the balance sheet date are reflected in the financial statements as per BAS 10 "Events after the Reporting Period". Events after the reporting period that are not adjusting events are disclosed in the notes when material.

## **2.19 Directors' responsibility on statement**

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

## Memorandum items

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travelers cheques, savings certificates, wage earners bonds and other fall under the memorandum items.

## Capital Expenditure Commitment

There was no capital expenditure contracted but incurred or provided for at 31 December 2014. Besides, there was no material capital expenditure authorized by the Board but not contracted for at 31 December 2014.

## 2.20 Related party disclosures

As per BAS 24 "Related Party Disclosures", a related party is a person or entity that is related to the entity (i.e. BASIC Bank Limited) that is preparing its financial statements. Related party transaction is a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged as per BAS 24.

Related Parties include the Bank's Directors, key management personnel, associates, companies under common directorship etc. as per BAS 24 "Related Party Disclosures". All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible.

### 2.21 Board of Directors

Name	Status	Other Position
Mr. Alauddin A. Majid	Chairman	Ex-Chairman, BKB, Ex-Director, BKB, Ex-Independent Director, IPDC, Ex-Managing Director, BASIC Bank Limited
Ms. Parag	Director	Additional Secretary Ministry of Industries
Mr. Hasan Mahmood, FCA	Director	Partner, M. J. Abedin & Co. Chartered Accountants
Ms. Raihana Aneesa Yusuf Ali	Director	Ex-Managing Director Bangladesh House Building Finance Corporation
Mr. Md. Mamun-Al-Rashid	Director	Joint Secretary Bank and Financial Institutions Division Ministry of Finance
Mr. Khondoker Md. Iqbal	Managing Director	Ex-Managing Director Karmasangstan Bank

The present BOD was reconstituted by the BFID, MoF in the first week of July 2014. As such, the present Board convened 14 (fourteen) meetings in 2014. However, a total of 19 (nineteen) meetings were held in the year 2014 by the Board of Directors of the Bank.

### 2.22 Audit Committee

Members of the Audit Committee of the Board of Directors:

Name	Status with the Committee	Educational Qualification
Mr. Hasan Mahmood, FCA	Chairman	FCA, M.Com.
Ms. Parag	Member	Masters of Social Science in Development Administration, M.A in English

Audit Committee conducted 05 (five) meetings during the year.

### 2.23 Risk Management Committee

Name	Status	Educational Qualification
Ms. Raihana Aneesa Yusuf Ali	Chairman	M.A. (Economics)
Mr. Md. Mamun-Al-Rashid	Member	M.Com in Management, M.A in Government Finance

Risk Management Committee conducted 05 (five) meetings during the year.



## 2.24 Executive Committee

Name	Status	Educational Qualification
Mr. Alauddin A. Majid	Chairman	Master of Agricultural Economics
Ms. Raihana Aneesa Yusuf Ali	Member	M.A. (Economics)
Mr. Md. Mamun-Al-Rashid	Member	M.Com in Management, M.A in Government Finance
Mr. Khondoker Md. Iqbal	Member	B.Com (Hons), M.Com in Accounting

## 2.25 Head Office Management Committee

Members of the Head Office Management Committee

SI #	Name	Designation	Status with the Committee
1	Mr. Khondoker Md. Iqbal	Managing Director	Chairman
2	Mr. Fazlus Sobhan	Deputy Managing Director	Member
3	Mr. Kanak Kumar Purkayastha	Deputy Managing Director	Member
4	Mr. A. Q. M. Kibriya	Deputy Managing Director	Member
5	Mr. Md. Ruhul Alam	Deputy Managing Director	Member
6	Mr. Shahadat Hossain	General Manager	Member
7	Mr. Md. Wahidul Alam	General Manager	Member
8	Mr. Hasan Tanvir	General Manager	Member
9	Mr. Md. Moniruzzaman	General Manager	Member
10	Mr. Md. Mahbulul Alam	General Manager	Member
11	Mr. Md. Hasan Imam	Company Secretary & Member Secretary, HOMIC	Member
12	Mr. Md. Abul Hashem	Compliance Division	Member
13	Mr. Md. Emdadul Hoque	DGM, HRD	Member
14	Mr. Mahabubul Alam	DGM, BCD	Member
15	Mr. Md. Omar Faruque	DGM, AID	Member
16	Mr. Md. Ismail	DGM, Treasury Division	Member
17	Mr. Niranjana Chandra Debnath	DGM, FAD	Member
18	Ms. Helena Perveen	DGM, Consumer Finance Division	Member
19	Mr. B. M. Kamruzzaman	DGM, RDD	Member
20	Mr. Niaz Musawwir Shah	DGM, Establishment Division	Member
21	Mr. Abu Md. Mofazzal	DGM, ICTD	Member
22	Mr. Mohammed Ali	DGM, ICD	Member
23	Mr. Md. Masudul Alam	DGM, CCD	Member
24	Mr. Jan-E-Alam	DGM, Mid Office Division	Member
25	Mr. Md. Humayun Kabir	DGM, Capital Market Services Division	Member
26	Mr. Md. Masum Uddin Khan	DGM, Recovery Division	Member
27	Mr. Md. Saifur Rahman	DGM, AFMD	Member

The Head Office Management committee conducted 12 (twelve) meetings during the year.

## 2.26 Compliance report on Bangladesh Accounting Standards (BAS) & Bangladesh Financial Reporting Standards (BFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, BASIC Bank applied all the applicable IAS and IFRS as adopted by ICAB. Details are given below:

Name of the BAS	BAS no.	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	N/A
Statement of Cash Flows	7	Applied*
Accounting Policies, Changes in Accounting Estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied

Name of the BAS	BAS no.	Status
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants & Disclosure of Govt. Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied*
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied*
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	N/A
Agriculture	41	N/A

Name of the BFRS	BFRS no.	Status
First Time Adoption of Bangladesh Financial Reporting Standard	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied*
Operating Segments	8	Applied
Consolidated Financial Statements	10	N/A
Joint Arrangements	11	N/A
Disclosure of interests in other Entities	12	N/A
Fair Value Measurement	13	N/A

\* Subject to departure described in note 2.1

## 2.27 Regulatory and legal compliance

The Bank complied with the requirement of the following regulatory and legal authorities:

- i. The Bank Company Act (amendment) 2013
- ii. The Companies Act 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Income Tax Ordinance 1984 and Rules
- v. The Value Added Tax (VAT) 1991 and Rules
- vi. The Stamp Act-1899
- vii. The Customs Act-1969
- viii. The Money Laundering Prevention Act, 2012
- ix. The Anti Terrorism (Amendment) Act, 2012 etc.

## 2.28 Approval of financial statements

The financial statements were approved by the Board of Directors on 27 April 2015.

## 2.29 General

- a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.
- b) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the Bank.
- c) Figures of previous year have been rearranged whenever necessary to conform to current years presentation.

		<b>31.12.2014 Taka</b>	<b>31.12.2013 Taka</b>
<b>3. Cash</b>			
Cash in hand (including foreign currencies)	(Note 3.1)	514,589,933	662,693,500
Balance with Bangladesh Bank & its agent bank(s)	(Note 3.2)	9,701,124,076	7,473,524,078
		<b>10,215,714,009</b>	<b>8,136,217,578</b>
<b>3.1 Cash in Hand (including foreign currencies)</b>			
In Local Currency (3.1.a)		505,164,941	654,747,709
In Foreign Currencies		9,424,992	7,945,791
		<b>514,589,933</b>	<b>662,693,500</b>
<b>3.1(a) In Local Currency</b>			
In Hand		495,354,941	649,979,909
In ATM		9,810,000	4,767,800
		<b>505,164,941</b>	<b>654,747,709</b>
<b>3.2 Balance with Bangladesh Bank &amp; its agent bank(s)</b>			
In Local Currency	(Note 3.2.1)	9,387,622,091	7,086,532,290
In Foreign Currencies	(Note 3.2.2)	313,501,985	386,991,788
		<b>9,701,124,076</b>	<b>7,473,524,078</b>
<b>3.2.1 In Local Currency</b>			
Bangladesh Bank		9,300,830,839	6,996,151,039
Sonali Bank (acting as agent of Bangladesh Bank)		86,791,252	90,381,251
		<b>9,387,622,091</b>	<b>7,086,532,290</b>
<b>3.2.2 In Foreign Currencies</b>			
Bangladesh Bank - US\$		305,407,141	380,356,918
Bangladesh Bank - GBP		2,236,349	3,907,756
Bangladesh Bank - EURO		5,858,495	2,727,114
		<b>313,501,985</b>	<b>386,991,788</b>
<b>3.2.2.1 Balance with Bangladesh Bank as per DB -5</b>		<b>8,597,746,484</b>	<b>7,247,972,278</b>

**Reason of Difference between balance with Bangladesh Bank and DB-5:**

The reason of difference between balance with Bangladesh Bank and DB-5 is that the balance of foreign currency clearing account is not shown in DB-5 statement. Besides, there is a balance of Tk 67.15 crore kept with Bangladesh Bank as Agricultural and Rural Credit target could not be achieved which is not included in DB-5 statement. Moreover, there were some entries passed by Bangladesh Bank on year ending date but we passed corresponding entries on later date after receiving advice from Bangladesh Bank.

**3.3 Statutory Deposits**

Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained as per Section 33 of the Bank Companies Act 1991 and BRPD Circular No. 11 and 12 dated August 25, 2005, MPD circular No. 1 and 2 dated May 4, 2010, MPD Circular No. 4 and 5 dated December 1, 2010 and MPD Circular No.1 dated 23 June 2014.

The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6% upto 23 June 2014 and from 24 June 2014 the CRR has been calculated and maintained @ 6.5% with Bangladesh Bank in current account and 19% and 19.50% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained respectively in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves maintained by the bank are in excess of the statutory requirements, as shown below:

**3.3.1 Cash Reserve Ratio (CRR)**

Required Reserve (6.5% and 6% of Average Demand & Time Liabilities)	8,499,772,212	7,805,962,339
Actual reserve maintained	8,597,746,484	7,802,804,000
<b>Surplus/(Deficit)</b>	<b>97,974,272</b>	<b>(3,158,339)</b>
Maintained (%)	6.575%	5.998%

	<b>31.12.2014</b> <b>Taka</b>	<b>31.12.2013</b> <b>Taka</b>
<b>3.3.2 Statutory Liquidity Reserve (SLR)</b>		
Required Reserve (19.5% and 19% respectively of Average Demand & Time Liabilities)	25,499,316,637	24,718,880,740
Actual reserve maintained including CRR	39,546,169,774	35,497,541,956
<b>Surplus</b>	<b>14,046,853,137</b>	<b>10,778,661,216</b>
<b>Maintained</b>	<b>30.24%</b>	<b>27.28%</b>
<b>4. Balance with other banks &amp; financial institutions</b>		
In Bangladesh (Note 4.1)	1,168,373,653	2,587,734,580
Outside Bangladesh (Nostro Accounts) (Note 4.2)	910,405,479	253,426,235
	<b>2,078,779,132</b>	<b>2,841,160,815</b>
<b>4.1 In Bangladesh</b>		
<b>Current Account</b>		
Sonali Bank Limited	2,508,280	11,345,633
Agrani Bank Limited	20,157	20,742
Rupali Bank Limited	2,219,020	90,667
Janata Bank Limited	1,049,638	-
	<b>5,797,095</b>	<b>11,457,042</b>
<b>STD Account</b>		
Sonali Bank Limited	17,663,182	14,741,876
Bangladesh Krishi Bank Limited	-	1,305
Janata Bank Limited	34,015	11,994
Trust Bank Limited	3,836,387	13,511,486
Rupali Bank Limited	12,273,496	17,424,329
Agrani Bank Limited	5,280	5,280
	<b>33,812,360</b>	<b>45,696,270</b>
<b>Other Deposit</b>		
Receivable from ICB Islami Bank Limited	151,611,872	153,428,942
<b>Fixed Deposit Account</b>		
Bangladesh Commerce Bank Limited	-	200,000,000
National Bank of Pakistan	-	300,000,000
Standard Bank Limited	-	800,000,000
First Lease Finance and Investment Limited	-	200,000,000
Peoples Leasing and Finance Limited	-	100,000,000
Investment Corporation of Bangladesh (ICB)	777,152,326	777,152,326
Reliance Finance Limited	200,000,000	-
	<b>977,152,326</b>	<b>2,377,152,326</b>
	<b>1,168,373,653</b>	<b>2,587,734,580</b>

Most of the Fixed deposits are placed for short term maturities up to a period of 90 days or 3 months and some fixed deposits are for the period of 6 months or 1 year at the approximate market rate.

#### 4.2 Outside Bangladesh (Nostro & FC Term Placement)

##### Interest-bearing Accounts

Bank of Tokyo-Mitsubishi London	4,584,534	2,481,776
Bank of Tokyo Mitsubishi Japan	741,623	170,096
Mashreq Bank New York	29,004,972	5,906,489
Mashreq Bank India	47,949	2,033,804
CITI Bank Mumbai	-	58,323
Sonali Bank Kolkata	21,318,956	2,967,189
Sonali Bank Kolkata-EURO	76,701	99,921
Sonali Bank London	19,072,943	508,378
Sonali Bank London-USD	-	17,772,149
Sonali Bank London (EUR)	12,144,605	-
Sonali Bank London (UKP)	1,175,245	-
Bank of Ceylon	189,082	419,076
CITI Bank New York (Export)	652,540,249	82,187,986

	31.12.2014 Taka	31.12.2013 Taka
<b>Interest-bearing Accounts</b>		
Standard Chartered Import New York	-	28,291,190
Standard Chartered Bank Mumbai	123,394	20,653,983
Standard Chartered Bank Frankfurt	-	37,129,575
AB Bank Ltd (USD)	436,573	2,367,245
ICICI Bank Ltd.	3,760,250	1,504,560
Habib Metropolitan Bank Ltd	608,559	161,966
Banque de Commerce, Geneva	279,825	33,001
HDFC Bank Ltd	442,332	-
Habib Bank AG, Zurich(Dubai)	163,771,689	-
Arif Habib Rupali Bank	85,998	85,778
<b>Total of Nostro Account</b>	<b>910,405,479</b>	<b>204,832,485</b>

A Schedule of Balance with other banks-Outside Bangladesh (Nostro Accounts) is given in Annex - A.

#### Term Placement

Eastern Bank Term (USD)	-	34,987,500
Eastern Bank Term (USD)	-	13,606,250
<b>Total Term Placement</b>	<b>-</b>	<b>48,593,750</b>
<b>Grand total (Nostro and Term Placement)</b>	<b>910,405,479</b>	<b>253,426,235</b>

#### 4.3 Maturity grouping of balances with other banks & financial institutions

On demand	915,690,222	261,985,798
Upto 1 month	777,664,679	1,962,139,826
Over 1 month but not more than 3 months	33,812,358	50,000,000
Over 3 months but not more than 1 year	200,000,000	413,606,250
Over 1 year but not more than 5 years	151,611,872	153,428,942
Over 5 years	-	-
	<b>2,078,779,132</b>	<b>2,841,160,816</b>

#### 5. Money at call on Short Notice

##### 5.1 Classification of Money at Call & Short Notice

Commercial Banks	(Note 5.1.1)	3,650,000,000	3,600,000,000
Financial Institutions (Public & Private)	(Note 5.1.2)	890,000,000	1,380,000,000
		<b>4,540,000,000</b>	<b>4,980,000,000</b>

##### 5.1.1 Commercial Banks

Standard Bank Limited	500,000,000	900,000,000
NRB Bank Limited	150,000,000	-
Bank Al-Falah	150,000,000	-
The Farmers Bank Limited	200,000,000	-
Bank Asla Limited	300,000,000	-
NBP	100,000,000	-
Southeast Bank Limited	-	350,000,000
Jamuna Bank Limited	300,000,000	-
The City Bank Limited	1,000,000,000	-
Al- Arafah Islami Bank Limited	-	300,000,000
Mutual trust Bank Limited	-	1,250,000,000
Arab Bangladesh Bank Limited	950,000,000	800,000,000
	<b>3,650,000,000</b>	<b>3,600,000,000</b>

##### 5.1.2 Financial Institutions

Union Capital Ltd.	80,000,000	330,000,000
IPDC	-	50,000,000
IIDFC	50,000,000	90,000,000
Peoples Leasing and Finance Ltd.	-	50,000,000
Lanka Bangla Finance Ltd.	50,000,000	100,000,000
BIFCL	60,000,000	-
Premier Leasing and Finance Ltd.	150,000,000	150,000,000
DBH Finance Corporation Ltd.	150,000,000	150,000,000
United Leasing Company Ltd.	-	150,000,000
International Leasing and Finance Ltd.	150,000,000	50,000,000
IDLC	200,000,000	260,000,000
	<b>890,000,000</b>	<b>1,380,000,000</b>

		<b>31.12.2014</b> <b>Taka</b>	<b>31.12.2013</b> <b>Taka</b>
<b>6. Investments</b>			
Government Securities	(Note 6.1)	30,258,473,101	27,361,324,378
Other Investments	(Note 6.2)	422,081,172	302,401,736
		<b>30,680,554,273</b>	<b>27,663,726,114</b>
<b>6.1 Government Securities</b>			
Treasury Bills and Reserve Repo	(Note 6.1.1)	11,968,330,182	10,438,297,623
Treasury Bonds	(Note 6.1.2)	18,285,167,719	16,916,030,155
Prize Bond		2,475,200	1,996,600
Debenture	(Note 6.1.3)	2,500,000	5,000,000
		<b>30,258,473,101</b>	<b>27,361,324,378</b>
<b>6.1.1 a) Treasury Bills (at revalued Amount)</b>			
364 Days Government Treasury Bills		776,319,038	2,273,455,935
364 Days Reverse Repo		-	-
182 Days Government Treasury Bills		334,331,228	859,537,841
91 Day Government Treasury Bills		238,909,085	405,303,847
28 Days Government Treasury Bills		-	-
01 Day Reverse Repo-Bangladesh Bank		-	6,900,000,000
		<b>1,349,559,351</b>	<b>10,438,297,623</b>
<b>b) Reverse Repo</b>			
Reverse Repo-Banks and NBFIs		10,618,770,831	-
Reverse Repo-Bangladesh bank		-	-
<b>Total</b>		<b>10,618,770,831</b>	<b>-</b>
<b>Grand Total (a+b)</b>		<b>11,968,330,182</b>	<b>10,438,297,623</b>
<b>6.1.2 Treasury Bonds (at revalued Amount)</b>			
02 Years Government Treasury Bond		496,765,694	-
05 Years Government Treasury Bond		9,429,758,664	10,052,788,384
10 Years Government Treasury Bond		7,394,874,410	6,017,472,401
15 Years Government Treasury Bond		740,408,218	691,989,433
20 Years Government Treasury Bond		223,360,733	153,779,937
		<b>18,285,167,719</b>	<b>16,916,030,155</b>
<b>6.1.3 Debentures</b>			
20 years HBFC Debenture - 5.5%		<b>2,500,000</b>	<b>5,000,000</b>
<b>6.2 Other Investments</b>			
Shares	(Note 6.2.1)	352,032,172	232,352,736
Investment others (Memorial Coin)		49,000	49,000
Mutual Trust Bank Bond		70,000,000	70,000,000
		<b>422,081,172</b>	<b>302,401,736</b>
<b>6.2.1 Shares</b>			
Quoted companies			
Shares in listed companies		312,297,772	191,112,086
Unquoted companies			
Share of Karmasangsthan Bank		15,000,000	15,000,000
Preference Share of BDCL		17,393,750	18,900,000
Equity Of Grameen I. T. Park		4,201,760	4,201,760
Share of CDB Ltd.		3,138,890	3,138,890
		<b>352,032,172</b>	<b>232,352,736</b>

A Schedule of Investment in Share is given in Annex - B.

	31.12.2014 Taka	31.12.2013 Taka
<b>6.3 Investment in Securities are classified as per Bangladesh Bank Circular</b>		
Held To Maturity (HTM)	14,304,359,653	13,180,767,185
Held For Trading (HFT)	15,949,138,248	14,173,560,594
	<b>30,253,497,901</b>	<b>27,354,327,779</b>

Treasury bond and treasury bills are categorized into HTM and HFT as per Bangladesh Bank Circular. HTM securities are revalued at the end of the year and revaluation loss/gain is shown in capital account. HFT securities are revalued weekly and loss on revaluation is shown in P/L account and gain is shown as Revaluation Reserve under capital account. Securities are shown at revalued amount.

#### 6.4 Assets pledged as security

**Assets in the amounts shown below were pledged as security for the following liabilities**

Liabilities to bank	-	-
Liabilities to customers	-	-
	-	-

We have no assets pledged, mortgaged or hypothecated against bank's borrowings.

#### 6.5 Maturity Grouping of Investments

On demand	2,475,200	6,351,937,578
Upto 1 month	10,789,243,474	1,446,569,405
Over 1 month but not more than 3 months	286,696,037	821,006,138
Over 3 months but not more than 1 year	1,355,801,486	2,513,514,968
Over 1 year but not more than 5 years	10,999,451,194	10,658,500,556
Over 5 years	7,246,886,883	5,872,197,470
	<b>30,680,554,273</b>	<b>27,663,726,115</b>

#### 7. Loans & Advances

Loans, Cash Credit & Overdraft etc.	(Note 7.1)	88,480,971,622	108,007,688,524
Bills purchased & discounted	(Note 7.2)	911,887,216	1,420,750,631
		<b>89,392,858,838</b>	<b>109,428,439,155</b>

**Classified Blocked Assets:** Some classified loans, recovery of which are uncertain have been transferred to Classified Blocked Assets after getting approval from Bangladesh Bank vide its letter No. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 with a condition that the required provision after considering eligible securities of Tk.1,933 crore against these Classified Block assets to be provided in 10 years starting from 2015. All out and utmost efforts will be made to realize and regularize these loan accounts. As soon as any of these loans included in this Blocked Assets is regularized will instantly be transferred back to Loans and Advance.

#### 7.1 Loans, Cash Credit & Overdraft etc.

<b>In Bangladesh</b>			
Loans	(Note 7.1.1)	27,602,545,292	31,810,846,800
Cash credit		26,207,124,141	33,217,768,428
Overdraft	(Note 7.1.2)	12,240,255,205	20,753,953,061
Others	(Note 7.1.3)	22,431,046,984	22,225,120,235
		<b>88,480,971,622</b>	<b>108,007,688,524</b>
Outside Bangladesh		-	-
		<b>88,480,971,622</b>	<b>108,007,688,524</b>

#### 7.1.1 Loans

Loan General	3,247,550,751	3,306,085,716
Term Loan	24,354,994,541	28,504,761,084
	<b>27,602,545,292</b>	<b>31,810,846,800</b>

	31.12.2014 Taka	31.12.2013 Taka
<b>7.1.2 Overdraft</b>		
Overdraft agst Bank's Own FDR	281,093,727	249,177,437
Overdraft agst Other Bank's FDR	2,653,603	2,244,009
Overdraft agst Bank's Own DPS	164,905,430	47,496,418
SOD for issuance of CDR/SDR/PO	32,332,879	31,732,755
Temporary Overdraft	208,557,150	496,661,817
Overdraft Secured Mortgage	7,909,247,557	16,139,664,934
Overdraft Secured (Other Securities)	1,876,482,385	2,115,708,480
Overdraft (Clean)	1,764,982,474	1,671,267,211
	<b>12,240,255,205</b>	<b>20,753,953,061</b>
<b>7.1.3 Others</b>		
Loan Against Foreign Bill	-	-
Export Credit/Loan Against Packing Credit	497,126,837	1,027,322,190
Payment Against Documents	121,618,008	89,829,204
Loan Against Trust Receipt	5,803,057,430	6,182,730,818
Real Estate Loan	4,923,329,146	5,390,178,869
Other short term advance	71,615,529	26,555,277
Transport loan	6,257,475,622	5,676,701,955
Loan against Govt. Fund and other scheme	82,734,757	82,315,734
Micro Credit Financing	1,641,159,296	1,383,454,987
Work order financing	522,800,851	552,226,188
Staff Loan	1,041,717,984	922,654,274
Credit to NBFIs	100,144,444	-
Sundry/Misc. Loan	1,368,267,080	881,390,718
Loan Against Import Merchandise	-	9,760,021
	<b>22,431,046,984</b>	<b>22,225,120,235</b>
<b>7.2 Bills purchased &amp; discounted</b>		
<u>Payable in Bangladesh</u>		
Local bills purchased/LADB	722,956,657	1,052,595,162
<u>Payable outside Bangladesh</u>		
Foreign bills purchased and discounted	188,930,559	368,155,469
	<b>911,887,216</b>	<b>1,420,750,631</b>
<b>7.3 Residual maturity grouping of loans including bills purchased and discounted</b>		
Payable on demand	630,469,055	1,330,509,495
Not more than 3 months	26,837,384,818	48,952,438,855
Above 3 months but not more than 1 year	37,250,768,711	24,570,269,709
Above 1 year but not more than 5 years	19,058,372,741	23,969,751,489
Above 5 years	5,615,863,513	10,605,469,607
	<b>89,392,858,838</b>	<b>109,428,439,155</b>
<b>7.4 Loans on the basis of significant concentration including bills purchased &amp; discounted</b>		
a. Advances to Directors	-	-
b. Advances to MD and other Senior Executives	1,041,717,984	922,654,274
c. Advances to Customers group	33,488,688,821	46,254,370,881
d. Advances to Industrial sector (Note 7.4.1)	54,862,457,033	62,251,414,000
	<b>89,392,863,838</b>	<b>109,428,439,155</b>
<b>7.4.1 Advances to Industrial sector</b>		
Food and Allied Ind.	9,400,700,784	11,205,865,922
Textile	5,698,355,005	6,678,512,720
ERGM	8,673,733,411	7,231,228,792
Accessories	1,798,431,742	1,782,500,685
Jute Prod. and Allied Ind.	3,942,363,732	3,904,564,308
Forest Prod. and Allied Ind.	50,719,676	73,002,000
Paper, Board, Printing, Pub. and Packaging	2,632,361,202	2,812,615,783
Tannery Leather and Rubber Prod.	1,485,690,640	1,195,549,000
Chem. Pharm. and Allied Ind.	4,609,877,075	4,041,909,173
Plastic Ind.	571,042,103	547,139,236
Glass, Crmc. and Other non Metal. Pr.	147,509,000	216,691,619



	31.12.2014 Taka	31.12.2013 Taka
<b>Advances to Industrial sector</b>		
Engineering	1,803,718,344	1,448,453,160
Electrical and Electronics Ind.	552,150,816	619,462,239
Real Estate & Housing	6,577,154,871	8,847,155,000
Transport and Communication	1,539,725,366	1,498,234,000
Ship, Shipbuilding and Breaking	1,146,667,000	4,377,807,000
Power, Gas and Water	542,981,569	1,192,174,691
Hotel and Restaurant	616,991,000	545,437,679
Hospital and Clinic	284,708,683	447,628,241
Brick Kiln	2,194,918,012	2,494,446,466
Telecommunication & IT	113,492,155	140,789,000
Other Service Ind.	391,165,753	681,315,339
Industries Not Elsewhere Classified	87,999,094	268,930,869
	<b>54,862,457,033</b>	<b>62,251,412,922</b>

#### 7.5 Loans & Advances allowed to each customer exceeding 10% of Bank's total Equity

Number of Customers	20	20
Amount of outstanding loans*	32,156,500,000	26,265,100,000

As the capital for considering large loan of the bank is negative, the large loan ceiling of the bank is ascertained on the basis of paid up capital as per approval of Bangladesh Bank. Due to reducing the large loan ceiling a good number of customers of the Bank has come newly under the purview of large loan. As a consequence the number and total amount of large loan as on 31 December 2014 has abruptly increased.

(Details are given in Annexure - C)

#### 7.6 Geographical Location - wise Loans and Advances

##### Inside Bangladesh

Dhaka Division	70,526,929,298	90,676,055,033
Chittagong Division	10,750,814,458	10,811,877,775
Khulna Division	2,808,684,418	2,722,455,981
Rajshahi Division	2,201,743,304	2,392,021,547
Sylhet Division	1,064,566,587	1,025,597,476
Barisal Division	244,346,783	195,921,595
Rangpur Division	1,795,773,990	1,604,509,748
<b>Total Inside Bangladesh</b>	<b>89,392,858,838</b>	<b>109,428,439,155</b>

##### Outside Bangladesh

-	-
<b>89,392,858,838</b>	<b>109,428,439,155</b>

#### 7.7 Distribution of Loans and Advances according to BRPD Circular by Bangladesh Bank

Unclassified loan:		
Standard	35,277,073,988	72,248,613,155
SMA	3,024,623,217	5,724,515,516
<b>Sub-Total</b>	<b>38,301,697,205</b>	<b>77,973,128,671</b>
Classified loan:		
Sub-standard	3,874,316,261	8,003,138,385
Doubtful	9,515,869,995	5,564,404,332
Bad and loss	37,700,975,377	17,887,767,767
<b>Sub-Total</b>	<b>51,091,161,633</b>	<b>31,455,310,484</b>
<b>Grand Total</b>	<b>89,392,858,838</b>	<b>109,428,439,155</b>

			31.12.2014 Taka	31.12.2013 Taka
<b>7.8 Provision required for loans and advances</b>				
<b>Status</b>	<b>Base for Provision</b>	<b>Rate %</b>	<b>Required Provision</b>	
<u>Unclassified-General provision</u>				
Agro based & Micro Credit	122,490,069	5	3,062,252	1,740,264
SMA	3,024,529,792	0.25&1	171,953,511	17,232,397
Others (excluding staff loan)	34,112,865,936	1,2,0.25	192,919,376	322,759,062
<b>Sub-Total</b>			<b>367,935,139</b>	<b>341,731,723</b>
<u>Classified-specific provision</u>				
Sub-standard	1,552,882,428	5 & 20	310,255,591	734,702,656
Doubtful	4,276,007,559	50	2,137,968,157	1,485,409,807
Bad/Loss	20,821,514,917	100	20,821,514,917	9,647,134,856
<b>Sub-Total</b>			<b>23,269,738,665</b>	<b>11,867,247,319</b>
Required provision for loans & advances			<b>23,637,673,804</b>	<b>12,208,979,042</b>
Total provision maintained			4,306,386,042	4,320,917,042
<b>Excess/(short) provision as at 31 December</b>			<b>(19,331,287,762)</b>	<b>(7,888,062,000)</b>

Note: Bangladesh Bank vide its letter No. BRPD(P-1)/661/13/2015-3159 dated on 27 April 2015 allowed the bank to provide provision shortfall of Tk. 2,364.00 crore against classified loans in 5 years starting from 2015.

Details of provision are given in Note 12.1 and Note 12.2

#### 7.9 Listing of Assets Pledge as Security/Collaterals

##### Nature of the secured assets

Fixed Assets	113,091,933,465	129,199,890,749
Cash and quasi-cash	1,858,135,884	2,057,186,875
Others	8,538,779,284	9,835,457,515
	<b>123,488,848,633</b>	<b>141,092,535,139</b>

#### 7.10 Particulars of Loans and Advances:

(i) Debts considered good in respect of which the banking company is fully secured.	77,983,373,250	93,561,528,907
(ii) Debts considered good for which the banking company holds no other security other than debtor's personal security.	10,575,538,051	11,068,639,052
(iii) Debts considered good secured by personal liabilities of one or more parties in addition to the personal security of the debtors.	833,947,538	1,061,681,936
(iv) Debts considered doubtful or bad not provided for.	-	3,736,589,259
	<b>89,392,858,839</b>	<b>109,428,439,154</b>
(v) Debts due by directors and officers of the banking company or any of them either severally or jointly with any other person.*	1,041,717,984	922,654,274
(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-
(vii) Maximum total amount of advances including temporary advances made at any time during the year to the directors or managers or officers of the banking company or any of them either severally or jointly with any other person.*	1,041,717,984	922,654,274
(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private company	-	-
(ix) Due from banking companies	-	-
(x) Classified Loans and Advances:		

	<b>31.12.2014</b> <b>Taka</b>	<b>31.12.2013</b> <b>Taka</b>
a) Classified loans and advances on which interest has not been credited to income	51,091,161,633	31,455,310,484
(b) (Decrease)/ Increase in provision (specific)	(14,531,000)	1,413,872,978
(c) Amount realized against loan previously written off	8,323,440	3,804,496
(d) Amount of provision kept against loan classified as bad/loss	3,964,654,319	3,979,185,319
xi) Amount of the written off loan:		
a) Cumulative amount of Classified Loans Which is Written off	688,783,000	688,783,000
b) Classified Loans Which is Written off/interest waived in current Year	45,997,478	14,150,802
c) The amount of written off/classified loan for which law suits have been filed	548,389,000	560,770,000

\* There is no loans in the name of existing Directors. This amount represents loan to employees of the bank.

#### 7.11 Bills Purchased and Discounted

Payable in Bangladesh	722,956,657	1,052,595,162
Payable outside Bangladesh	188,930,559	368,155,469
	<b>911,887,216</b>	<b>1,420,750,631</b>

##### 7.11.1 Maturity grouping of bills purchased & discounted

Not more than 01 months	562,005,411	995,396,803
Above 01 months but not more than 03 months	320,852,365	383,475,450
Above 03 months but not more than 06 months	29,029,440	41,878,378
Above 06 months	-	-
	<b>911,887,216</b>	<b>1,420,750,631</b>

#### 8. Fixed assets including premises, furniture

##### Own Assets

Furniture and Fixtures	105,453,419	96,955,368
Interior Decoration	302,543,541	273,868,116
Machine and Equipment	316,079,826	283,863,540
Computer Hardware	291,985,008	275,526,597
Software	94,125,936	91,626,586
Motor Vehicles	385,017,777	376,348,777
	<b>1,495,205,507</b>	<b>1,398,188,984</b>
Less: Accumulated depreciation	848,787,533	678,417,652
	<b>646,417,974</b>	<b>719,771,332</b>

##### Leased Assets

Leasehold Assets	4,000,000	4,000,000
Less: Accumulated depreciation	735,807	689,805
	<b>3,264,193</b>	<b>3,310,195</b>
	<b>649,682,167</b>	<b>723,081,527</b>

A Schedule of Fixed Assets is given in Annex - D.

#### 9. Other assets

##### i) Income generating

-	-
---	---

##### ii) Non-Income generating

a) Stationery, stamps, printing materials etc.		21,385,701	17,121,726
b) Classified block assets (Note 9.1)	29,991,965,730	-	-
c) Advance rent	309,770,388	332,072,215	-
d) Income receivable (Note 9.2)	1,575,196,740	933,186,835	-
e) Advance income tax	88,902,999	319,424,440	-
f) Security deposits (Note 9.3)	10,660,539	2,695,519	-
g) Suspense account (Note 9.4)	30,664,945	33,919,661	-
h) Other prepayments	592,260	263,513	-
i) Advances/expenditures incurred against proposed branches	9,405	24,721,828	-
j) Advance for space of HO and Main Branch	919,839,993	893,173,327	-

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>Taka</b>	<b>Taka</b>
k) Balance with Fakrul Islam securities	20	1,020
l) ICB Securities Trading Co. Ltd.	512,333	60,040,029
m) Branch adjustment account	-	267,420,641
n) Sundry debtors (Note 9.5)	81,755,762	51,674,235
o) Deferred Tax Assets (Note 36)	357,643,497	297,227,579
p) Position Clearing(Net)	172,037,666	-
q) Position General Ledger (Net)	-	66,626,071
	<b>33,560,937,978</b>	<b>3,299,568,639</b>
<b>Total (i+ii)</b>	<b>33,560,937,978</b>	<b>3,299,568,639</b>

**9.1 Classified Blocked Assets:** Some classified loans, recovery of which are uncertain have been transferred to Classified Blocked Assets after getting approval from Bangladesh Bank vide its letter No. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 with a condition that the required provision after considering eligible securities of Tk.1,933 crore against these Classified Block assets to be provided in 10 years starting from 2015. All out and utmost efforts will be made to realize and regularize these loan accounts. As soon as any of these loans included in this Blocked Assets is regularized will instantly be transferred back to Loans and Advance.

### 9.2 Income receivable

Income receivable consists of interest income receivable from various investments and Loans have been verified and considered good.

### 9.3 Security deposits

Security deposits, rent and other prepayments made to statutory authorities, other institutions and individuals are considered good.

### 9.4 Suspense account

Suspense account consists of DD paid without advice, clearing, petty cash etc.

### 9.5 Sundry Debtors

#### 1) Protested Bill

##### a)BCCI:

Protested bill, Main branch	6,535,880	6,535,881
Protested bill, Khatungonj branch	244,800	244,800
Protested bill, Khulna branch	416,367	416,367
BCCI-Bombay	1,399,580	1,399,580
BCCI-London	674	713
b)Protested bill for SWIFT	20,244,921	20,244,921
c) Protested Bill -Lawyers' Fee	3,940,000	-
	<b>32,782,222</b>	<b>28,842,262</b>
2)Other Sundry Debtors	19,433	789,748
3) Encashment of Sanchaya Patra	48,259,598	21,244,973
4)Encashment of Bond	674,509	537,252
5)Cash Shortage	20,000	20,000
6)Encashment of Other Instrument	-	240,000
	<b>81,755,762</b>	<b>51,674,235</b>

Full provision for the protested bill of BCCI & SWIFT charges has been made in the account.

### 10. Borrowings from other banks, financial institutions and agents

In Bangladesh (Note 10.1)	189,993,932	716,818,901
Outside Bangladesh (Note 10.2)	2,483,980,390	2,089,040,358
	<b>2,673,974,322</b>	<b>2,805,859,259</b>

		<b>31.12.2014</b> <b>Taka</b>	<b>31.12.2013</b> <b>Taka</b>
<b>10.1 In Bangladesh(a+b)</b>			
<b>a) Term Borrowing</b>			
Bangladesh Bank Refinance Loan for House building		94,548,323	100,920,660
Bangladesh Bank Refinance Loan for Solar, Bio-gas, ETP, BANECO		95,445,609	115,898,241
<b>Sub-total</b>		<b>189,993,932</b>	<b>216,818,901</b>
<b>b) Other borrowing</b>			
Sonali Bank Limited		-	500,000,000
<b>Sub-total</b>		<b>-</b>	<b>500,000,000</b>
<b>Grand Total (a+b)</b>		<b>189,993,932</b>	<b>716,818,901</b>
<b>10.2 Outside Bangladesh</b>			
<b>a) Demand Borrowing</b>			
Demand Borrowing- Foreign Currency		-	25,360,991
<b>b) Term Borrowing</b>			
Loan for Micro Credit and Small Scale Industries (KfW, Germany)		153,379,147	153,379,147
SME Refinance -ADB Fund-2		126,215,887	145,591,980
Second Crop Diversification Project		1,019,369,000	515,086,000
Agro business Development Project of ADB		1,185,016,356	1,249,622,240
		<b>2,483,980,390</b>	<b>2,063,679,367</b>
<b>Grand Total</b>		<b>2,483,980,390</b>	<b>2,089,040,358</b>
<b>Secured and unsecured borrowing from other banks</b>			
Secured (Assets pledged as security for liabilities)		-	-
Unsecured		2,673,974,322	2,805,859,259
		<b>2,673,974,322</b>	<b>2,805,859,259</b>
<b>10.3 Overall transaction of Reverse Repo:</b>			
		<b>2014</b>	<b>2013</b>
		Minimum outstanding during the year	Maximum outstanding during the year
<b>Securities bought under repo:</b>			Maximum outstanding during the year
i) with Bangladesh Bank		Nil	6,000,000,000
ii) with other banks & FIs		38,560,961	Nil
		1,903,654,000	
<b>10.4 Overall transaction of Repo:</b>			
		<b>2014</b>	<b>2013</b>
		Minimum outstanding during the year	Maximum outstanding during the year
<b>Securities sold under repo:</b>			Maximum outstanding during the year
i) with Bangladesh Bank		Nil	Nil
ii) with other banks & FIs		Nil	Nil
<b>11. Deposits &amp; Other Accounts</b>			
Non-Interest bearing Accounts	(Note 11.1)	4,479,438,664	4,368,572,163
Interest bearing Account	(Note 11.2)	135,454,617,434	130,124,875,359
		<b>139,934,056,098</b>	<b>134,493,447,522</b>
<b>11.1 Non-Interest bearing Accounts</b>			
Current and Other Accounts	(Note 11.1.1)	3,442,681,238	3,608,431,628
Bills Payable	(Note 11.1.2)	1,036,757,426	760,140,535
		<b>4,479,438,664</b>	<b>4,368,572,163</b>

	<b>31.12.2014</b> <b>Taka</b>	<b>31.12.2013</b> <b>Taka</b>
<b>11.1.1 Current and Other Accounts</b>		
Current Account	1,836,176,833	2,151,605,361
Margin Deposit	1,345,850,145	1,284,339,377
Sundry/Other Deposit	260,654,260	172,486,890
	<b>3,442,681,238</b>	<b>3,608,431,628</b>
<b>11.1.2 Bills Payable</b>		
Payment Order	1,024,868,335	740,110,192
Demand Draft	11,889,091	20,030,343
	<b>1,036,757,426</b>	<b>760,140,535</b>
<b>11.2 Interest bearing Account</b>		
Savings Bank Deposits (Note 11.2.1)	2,490,512,578	2,035,729,490
Fixed Deposits,SND,Other Deposit Scheme (Note 11.2.2)	132,818,147,299	127,974,761,465
Current Deposit	145,957,557	114,384,404
	<b>135,454,617,434</b>	<b>130,124,875,359</b>
<b>11.2.1 Savings Bank Deposits</b>		
Savings Account	2,490,512,578	2,035,729,490
	<b>2,490,512,578</b>	<b>2,035,729,490</b>
<b>11.2.2 Fixed Deposits</b>		
Short Notice Deposits	15,638,838,658	7,436,594,224
Term Deposits	111,794,656,352	119,706,418,102
Other Deposit Scheme	5,384,652,289	831,749,139
	<b>132,818,147,299</b>	<b>127,974,761,465</b>
<b>11.3 Maturity Grouping of other deposits &amp; inter-bank deposits</b>		
<b><u>Deposit from Bank</u></b>		
Repayable on demand	1,506,489	2,969,305
Repayable within 1 month	1,000,343,649	950,043,986
Above 01 Month but not more than 6 Months	2,840,000,000	650,000,000
Above 6 Month but not more than 1 Year	-	-
Above 01 Year but not more than 05 Years	-	-
Above 05 Years but not more than 10 Years	-	-
Above 10 Years	-	-
	<b>3,841,850,138</b>	<b>1,603,013,291</b>
<b><u>Other Deposits</u></b>		
Payable on Demand	1,160,133,299	1,131,607,013
Less than 01 Month	20,710,593,745	22,254,303,421
Above 01 Months but not more than 6 Months	50,237,161,652	52,885,308,477
Above 06 Months but not more than 01 Year	48,917,853,685	47,558,843,613
Above 01 year but not more than 05 Years	11,012,054,860	5,957,496,262
Above 05 years not more than 10 years	4,054,408,720	3,102,875,445
Above 10 years	-	-
	<b>136,092,205,960</b>	<b>132,890,434,231</b>
	<b>139,934,056,098</b>	<b>134,493,447,522</b>
<b>12. Other liabilities</b>		
Interest Payable on Borrowing	88,415,832	95,022,067
Interest Payable on Deposits	4,017,724,085	4,695,381,209
Provision for classified Loan and Advances (Note 12.1)	3,964,654,319	3,979,185,319
Provision for unclassified Loan and Advances (Note 12.2)	341,731,723	341,731,723
Provision for Off Balance Sheet Exposures (Note 12.3)	142,397,112	142,397,112
Provision for Other assets (Note 12.4)	-	-
Interest Suspense Account (Note 12.5)	4,186,936,536	1,729,159,357
Privileged Creditors	188,028,308	377,585,331
Provision for Ex-gratia/Incentive Bonus	92,886,426	94,196,236
Benevolent Fund	2,500,000	8,884,312

	<b>31.12.2014</b> <b>Taka</b>	<b>31.12.2013</b> <b>Taka</b>
<b>Other liabilities</b>		
Provision for Gratuity	790,670,582	691,355,316
Provision of salary of reinstated employees	16,466,840	-
Sundry Creditors	35,930,201	41,769,327
Provision for Expenses Payable	6,462,698	7,037,147
Provision for Taxes (Note 35)	836,312,062	1,379,427,951
Miscellaneous Creditors	1,806,743	816,191
Provision for protested bill-Sundry Debtors	7,782,258	7,782,258
Deposit Insurance Premium Payable	7,898,393	9,801,372
Provision for Investment	-	9,142,148
Amount kept for Loan installment repayment	946,000	6,700,000
Excess Cash	69,000	87,033
Other provision	1,872,199	8,968,755
Provision for protested bill-SWIFT	21,063,039	21,063,039
Provision for Superannuation Fund	10,000,000	5,000,590
Provision for Welfare Fund	14,253,367	14,253,367
Provision for electricity expenses	-	1,100,068
Clearing Adjustment	-	256,735
Provision for stationary	6,399,002	-
Branch Adjustments Account	542,334,335	-
Various Audit and Rating Fees	977,500	977,500
Position General Ledger(Net)*	170,055,637	-
Position Clearing (Net)*	-	64,629,047
	<b>15,496,574,197</b>	<b>13,733,710,510</b>

\*Under multi currency concept an organization maintains different statement of affairs for each currency it deals in including base(BDT) currency and one consolidated statement of affairs of all currencies converted into base currency. In the consolidated affairs all the assets and liabilities in foreign currencies are converted in base currency and presented with other assets and liabilities in base currency. This consolidated affairs reflects the overall position of the bank expressed in base currency. Two GL are maintained in the bank to account any foreign currency transaction. These GLs are Position GL for foreign currency position and Position Clearing GL. Position GL, accounts for original currency units other than base currency and Position Clearing GL accounts for corresponding value of foreign currency converted into base currency. Position, from the treasury point of view, means the available funds in different currencies with which the bank can trade. As value of any currency undergo change, Position in that currency need to be evaluated from time to time and necessary adjustments are made through these GLs.

#### 12.1 Provision for Classified Loan ( A )

Provision held at beginning of the year	3,979,185,319	2,565,312,341
Fully Provided Debt Written off/Interest Waived (Note 12.1.1)	(14,531,000)	(2,048,862)
Recovery from Earlier Written off Loan	-	-
Special Provision for Current Year	-	-
Provision not Required	-	-
Specific Provision for the year	-	1,415,921,840
<b>Provision held at the end of the year</b>	<b>3,964,654,319</b>	<b>3,979,185,319</b>

#### 12.2 Provision for Unclassified Loan (B)

Provision held at beginning of the year	341,731,723	419,698,841
Recoveries and provisions no longer required/(adjusted)	-	(562,045)
Specific Provision for the year	-	(77,405,073)
<b>Provision held at the end of the year</b>	<b>341,731,723</b>	<b>341,731,723</b>
<b>Total loan loss provision (A+B)</b>	<b>4,306,386,042</b>	<b>4,320,917,042</b>

#### 12.3 Provision for off Balance Sheet Items ( C )

Provision held at beginning of the year	142,397,112	129,200,000
Recoveries and provisions no longer required	-	-
Specific Provision for the year	-	13,197,112
<b>Provision held at the end of the year</b>	<b>142,397,112</b>	<b>142,397,112</b>
<b>Total loan loss Provision (A+B+C)</b>	<b>4,448,783,154</b>	<b>4,463,314,154</b>

	31.12.2014 Taka	31.12.2013 Taka
<b>12.4 Provision for other assets</b>		
Provision for Classified Block Account	19,330,000,000	-
BASIC Zaman Tower	759,999,993	-
Banani Branch	159,840,000	-
Unadjusted suspense account-Gulshan Branch	2,300,000	-
Investment in Grameen IT park	4,201,760	-
Provision for protested bill-Legal Fee	3,940,000	-
<b>Provision required for other asset</b>	<b>20,260,281,753</b>	-
Provision kept	-	-
<b>Provision shortfall</b>	<b>(20,260,281,753)</b>	-

Classified Blocked Assets: Some classified loans, recovery of which are uncertain have been transferred to Classified Blocked Assets after getting approval from Bangladesh Bank vide its letter No. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 with a condition that the required provision after considering eligible securities of Tk.1,933 crore against these Classified Block assets to be provided in 10 years starting from 2015. All out and utmost efforts will be made to realize and regularize these loan accounts. As soon as any of these loans included in this Blocked Assets is regularized will instantly be transferred back to Loans and Advance.

Bangladesh Bank vide its letter No. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 have permitted the Bank to provide provision for other asset other than classified block asset to Tk.137crore within 5 years from 2015.

#### 12.5 Interest Suspense Account

Balance at the beginning of the year	1,729,159,357	609,822,351
Transferred During the Year	2,698,368,890	1,350,167,669
Recovery During the Year	(240,204,458)	(230,573,346)
Suspense Written off/Waived During the Year	(387,253)	(257,317)
<b>Balance at the end of the year</b>	<b>4,186,936,536</b>	<b>1,729,159,357</b>

#### 12.5a Segregation of Interest Suspense Account

Interest suspense for loans and advances	2,344,088,725	1,729,159,357
Interest suspense for classified block assets	1,842,847,812	-
	<b>4,186,936,536</b>	<b>1,729,159,357</b>

#### 12.6 Branch adjustments account represents outstanding inter branch and head office transaction (Net) originated. The un - responded entries of 31.12.14 are given below:

Particulars	No. of Un-responded entries		Amount of Un-responded entries	
	Dr.	Cr.	Dr.	Cr.
Up to 03 Months	165	250	163,006	748,891
Over 03 Month but within 06 Months	-	-	-	-
Over 06 Month but within 01 Year	-	-	-	-
Over 01 Year but within 05 Years	-	-	-	-

### 13. Capital

#### 13.1 Authorized

250,000,000 and 50,000,000 ordinary shares of Tk 100.00 each respectively

<b>25,000,000,000</b>	<b>5,000,000,000</b>
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#### 13.2 Issued, Subscribed and Paid up Capital

The Issued, Subscribed and Paid up Capital of the Bank as follows:

2,94,69,825 Ordinary Shares of Tk. 100.00 Each

<b>2,946,982,500</b>	<b>2,946,982,500</b>
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The Government of People's Republic of Bangladesh is the Sole Owner-Shareholder of the Bank and all the Ordinary Shares are Vested with the Ministry of Finance.

#### 13.3 Risk-weighted Assets and Capital Ratios as Defined by the Basel Capital Accord

In terms of section 13(2) of Bank Company Act 1991 and Bangladesh bank BRPD Circular No. 35 dated 29 December 2010 required capital, available core and supplementary capital of the Bank for the period ended as on 31 December 2014 is shown below:



	31.12.2014 Taka	31.12.2013 Taka
<b>Core Capital (Tier - 1)</b>		
Paid up Capital	2,946,982,500	2,946,982,500
Statutory Reserve	2,224,690,642	2,224,690,642
General Reserve	40,000,000	40,000,000
Retained (Loss)	(1,580,021,384)	(479,861,211)
Other Free Reserve	9,105,000,000	1,205,000,000
<b>Sub-Total</b>	<b>12,736,651,758</b>	<b>5,936,811,931</b>
<b>Deductions from Tier-1 (Core Capital)</b>		
Shortfall in provisions required against classified assets (Loans)	19,331,287,762	7,888,062,000
Shortfall in provisions required against other asset	20,260,281,753	-
Shortfall in provisions required against investment in shares	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities	-	-
<b>Sub-Total</b>	<b>39,591,569,515</b>	<b>7,888,062,000</b>
<b>Total Tier-1 Capital</b>	<b>(26,854,917,756)</b>	<b>(1,951,250,069)</b>
<b>Supplementary Capital (Tier - 2)</b>		
General Provision maintained against Unclassified Loan	341,731,723	341,731,723
Provision for Off -Balance Sheet Items	142,397,112	142,397,112
Balance of Exchange Equalization Fund	-	-
Revaluation Reserve for Securities up to 50% *	138,635,011	51,182,303
<b>Total Tier-2 Capital</b>	<b>622,763,846</b>	<b>535,311,138</b>
<b>Total Capital (Tier-1 + Tier-2)</b>	<b>(26,232,153,910)</b>	<b>(1,415,938,931)</b>
<b>A. Total Eligible Capital (Tier-1 + Tier-2)</b>		
Total Capital (Tier-1)	(26,854,917,756)	(1,951,250,069)
Total Capital (Tier-2)**	-	-
<b>Total Eligible Capital (Tier-1 + Tier-2)</b>	<b>(26,854,917,756)</b>	<b>(1,951,250,069)</b>
<b>B. Risk Weighted Assets</b>		
Balance Sheet Business	87,599,200,000	111,467,600,000
Off- Balance Sheet Business	4,765,000,000	6,220,400,000
<b>Total Risk-weighted Assets</b>	<b>92,364,200,000</b>	<b>117,688,000,000</b>
<b>C. Required Capital on Risk Weighted Assets</b>		
(10% and 9% on Total Risk Weighted Assets)	<b>9,236,420,000</b>	<b>11,768,800,000</b>
<b>D. Capital (Shortfall) [A-C]</b>	<b>(36,091,337,756)</b>	<b>(13,720,050,069)</b>
<b>Capital Requirement</b>		
Core Capital (Tier-I)	(29.08)	(1.66)
Supplementary Capital (Tier - II)	-	-
<b>Total</b>	<b>(29.08)</b>	<b>(1.66)</b>

\*As there was no revaluation reserve, rather revaluation loss in 2014, so nothing has been reported as revaluation reserve.

\*\* As per Guidelines on Risk Based Capital Adequacy the amount of Tier-2 capital will be limited to 100% of the amount of Tier-1 capital. As Tier -1 capital is negative, Tier-2 capital has been shown "Zero" in consultation with Bangladesh Bank.

\*\*\* However, we have further applied for additional capital of Tk.3,000 crore to the Government, the sole owner of the Bank, as recapitalization. We are hopeful to receive the said amount. If the capital is received then the overall capital position of the bank will be significantly improved and the capital shortfall will be reduced substantially.

#### 14. Statutory Reserve

Opening Balance at the Beginning of the Year	2,224,690,642	2,224,690,642
Add: Addition During the Year (20% of pre-tax Profit)	-	-
<b>Closing Balance at the End of the Year</b>	<b>2,224,690,642</b>	<b>2,224,690,642</b>

As per section 24 of Bank Companies Act 1991, 20% of pre-tax profit has been transferred to Statutory Reserve Account in 2011. In 2012 required statutory reserve was not provided due to insufficiency of distributable profit.

		<b>31.12.2014</b>	<b>31.12.2013</b>
		<b>Taka</b>	<b>Taka</b>
<b>15. Other Reserve</b>			
General Reserve	(Note 15.1)	40,000,000	40,000,000
Investment Revaluation Reserve	(Note 15.2)	277,270,022	102,364,606
Share Money deposit		7,900,000,000	-
Other Free Reserve		1,205,000,000	1,205,000,000
		<b>9,422,270,022</b>	<b>1,347,364,606</b>
<b>15.1 General Reserve</b>			
Opening Balance at the Beginning of the Year		40,000,000	40,000,000
Add: Addition During the Year		-	-
<b>Closing Balance at the End of the Year</b>		<b>40,000,000</b>	<b>40,000,000</b>
<b>15.2 Investment Revaluation Reserve (Treasury Bills &amp; Treasury Bonds)</b>			
Revaluation Reserve for:			
Held to Maturity (HTM)	(Note 15.2.1)	8,283,285	4,629,683
Loss on revaluation/amortization of HTM Securities	(Note 15.2.2)	(9,044,398)	(30,306,919)
Held for Trading	(Note 15.2.3)	278,031,135	128,041,842
		<b>277,270,022</b>	<b>102,364,606</b>
<b>15.2.1 Revaluation Reserve for Held to Maturity (HTM)</b>			
Opening Balance at the Beginning of the Year		4,629,683	1,951,377
Add: Addition during the Year		3,653,602	2,678,306
		<b>8,283,285</b>	<b>4,629,683</b>
<b>15.2.2 Loss on revaluation/amortization of Held to Maturity (HTM)</b>			
Opening Balance at the Beginning of the Year		(30,306,919)	(76,410,273)
Add: Addition during the Year		(9,337,161)	(41,840,342)
		<b>(39,644,080)</b>	<b>(118,250,615)</b>
Less :Adjustment (Loss on revaluation/amortization) during the year		(30,599,682)	(87,943,696)
		<b>(9,044,398)</b>	<b>(30,306,919)</b>
<b>15.2.3 Revaluation Reserve for Held for Trading (HFT)</b>			
Opening Balance at the Beginning of the Year		128,041,841	66,582,633
Add: Addition during the Year		493,737,168	311,384,098
		<b>621,779,009</b>	<b>377,966,731</b>
Less :Adjustment (Loss on revaluation/amortization) during the year		343,747,874	249,924,890
		<b>278,031,135</b>	<b>128,041,841</b>
<b>16. Retained (Loss)</b>			
Opening Balance		(479,861,211)	51,672,118
(Loss) during the Year		(1,100,160,173)	(531,533,329)
<b>(Deficit) in Profit and Loss Account during the year</b>		<b>(1,580,021,384)</b>	<b>(479,861,211)</b>
<b>16.1 Item-Wise Profit and Loss Account</b>			
<b>Income</b>			
Interest, Discount and Similar Income		14,308,848,033	16,460,545,585
Dividend Income		20,578,916	21,263,848
Fees, Commission and Brokerage		322,691,861	370,658,231
Gains less Losses Arising from Dealing in Foreign Currencies		335,832,873	366,547,490
Other Operating Income		125,607,548	119,729,733
		<b>15,113,559,231</b>	<b>17,338,744,887</b>
<b>Expenses</b>			
Interest, Fee and Commission		13,466,228,473	13,107,954,540
Administrative Expenses		1,858,690,680	1,774,051,961
Other Operating Expenses		731,301,417	833,844,163
Depreciation on Banking Assets		181,716,223	152,692,022
<b>Total Expenses</b>		<b>16,237,936,793</b>	<b>15,868,542,686</b>
<b>Profit Before Tax and Provision</b>		<b>(1,124,377,562)</b>	<b>1,470,202,201</b>

		<b>31.12.2014</b>	<b>31.12.2013</b>
		<b>Taka</b>	<b>Taka</b>
<b>17. Contingent Liabilities</b>			
Letters of Guarantee	(Note 17.1)	2,352,400,297	2,532,628,058
Local Bills for Collection		1,635,427	377,534
Foreign Bills for Collection		279,813,550	383,830,315
Acceptances and Endorsements		2,553,659,286	4,120,925,246
Irrevocable Letters of Credit		7,376,257,941	5,325,231,565
Back to Back L/C		2,201,202,968	2,260,926,303
Travellers Cheques Stock		54,565	54,425
Value of Wage Earners Bond in Hand and others		53,176,604	323,045,000
Miscellaneous- Revolving Fund		450,555,346	-
		<b>15,268,755,984</b>	<b>14,947,018,446</b>

**17.1 Letters of guarantee**

A. Claim against the Bank which is not recognized as Loan  
 B. Money for which the Bank is contingently liable in respect of guarantees favouring:

Directors	-	-
Government	2,033,272,593	1,838,894,758
Bank and Other Financial Institutions	31,445,995	21,621,820
Others	287,681,709	672,111,480
	<b>2,352,400,297</b>	<b>2,532,628,058</b>

	2014 Taka	2013 Taka
<b>18. Interest income</b>		
Interest on Loans and Advances	11,670,017,804	14,184,835,373
Interest on balance with Banks and Financial Institutions	399,991,218	622,975,148
Interest from Foreign Banks/Nostro accounts	309,737	1,148,186
	<b>12,070,318,759</b>	<b>14,808,958,707</b>
<b>19. Interest paid on deposits and borrowings etc.</b>		
On Fixed Deposit	12,084,703,090	11,632,948,741
On Short Notice Deposit	593,370,876	727,723,873
On Savings Bank Deposit	121,697,474	101,077,104
On School Banking Scheme	2,261,042	431,885
On Krishok Savings Account	40,436	-
On Savings Bank Deposit	9,982	-
On RMG Worker Account	505,953,978	278,083,906
On Borrowing from Bangladesh Bank and Other Financial Institutions	158,191,595	367,689,031
	<b>13,466,228,473</b>	<b>13,107,954,540</b>
<b>20. Investment income</b>		
On GT Bill, Bangladesh Bank Bill and GT Bond, Reverse Repo etc.	2,176,689,054	1,489,225,504
On Debentures	1,443,755	1,443,750
Dividend on Shares	20,578,916	21,263,848
On Other Investment	-	249,674,144
Profit on sale of investment	101,334,728	113,402,154
	<b>2,300,046,453</b>	<b>1,875,009,400</b>
Less: Interest Paid for Purchase of Treasury Bill	40,938,263	202,158,674
	<b>2,259,108,190</b>	<b>1,672,850,726</b>
<b>21. Commission, exchange and brokerage</b>		
Foreign Bill Purchased	1,395,533	3,013,463
Local Bill Purchased	6,923,323	7,073,983
Remittance	3,160,362	4,858,553
Letter of Guarantee	41,746,837	44,939,614
Letter of Credit	167,385,649	197,782,538
Bills for Collection	10,618,263	11,947,271
Acceptances and endorsement	57,107,759	66,053,997
Export Bill	7,446,316	8,104,865
Miscellaneous (includes commission on sale of PSP,TC)	26,907,819	26,883,947
	<b>322,691,861</b>	<b>370,658,231</b>
Exchange gain net of exchange loss (Note 21.1)	335,832,873	366,547,490
	<b>658,524,734</b>	<b>737,205,721</b>
<b>21.1 Exchange gain net of exchange loss</b>		
Exchange Earning	353,418,437	374,549,819
Less: Exchange Loss	17,585,564	8,002,329
	<b>335,832,873</b>	<b>366,547,490</b>
Note: Exchange gain/profit(loss) on exchange trading has been net of which was shown separately in earlier years.		
<b>22. Other operating income</b>		
Various Fees	1,842,622	2,129,408
Rent (Go-down and locker)	1,106,200	1,048,700
Recoveries from client and staffs	36,242,625	41,380,868
Service and other Charges	53,240,509	47,552,657
Recoveries of Loan Previously Write Off	8,323,440	3,804,496
Income from Card services	897,160	-
Expopt L/C advising, handling, transfer charges etc.	7,222,694	-
Miscellaneous income	13,885,371	23,743,640
Profit on Sale of Fixed Assets	2,828,207	69,964
Other Non-Operating income	18,720	-
	<b>125,607,548</b>	<b>119,729,733</b>

	2014 Taka	2013 Taka
<b>23. Salary and Allowances</b>		
Salaries	712,568,196	603,098,058
Allowances	826,554,568	713,563,797
Provident Fund	58,027,816	40,889,923
Benevolent Fund	2,500,000	8,904,077
Gratuity Fund	112,432,728	238,557,666
Bonus	116,808,339	157,814,440
Superannuation Fund	10,000,000	5,000,000
Provision of salary of reinstated employees	16,466,840	-
	<b>1,855,358,487</b>	<b>1,767,827,961</b>
<b>24. Rent, Taxes, Insurance, Electricity Etc.</b>		
Rent	237,686,307	213,856,528
Rates, Taxes and VAT	2,708,926	10,783,692
Utilities/Electricity and Heating	40,529,072	35,965,590
Insurance	23,524,571	30,727,455
	<b>304,448,876</b>	<b>291,333,265</b>
<b>25. Legal &amp; Professional Expenses</b>		
Professional Fees	3,122,736	3,857,411
Legal Expenses	8,226,699	9,880,564
	<b>11,349,435</b>	<b>13,737,975</b>
<b>26. Postage, Stamps, Telecommunication etc.</b>		
Postage	97,939	165,108
Telephone	24,349,620	21,396,284
Fax	79,060	20,778
Stamp	175,750	58,470
Internet and E-mail	18,596,270	18,807,021
Courier Services	11,190,912	12,938,099
Swift Subscription and cable Charges and web hosting charge	8,146,626	5,435,069
	<b>62,636,177</b>	<b>58,820,829</b>
<b>27. Stationery, Printing, Advertisement Etc.</b>		
Security Stationery	3,653,742	3,527,777
Printing Stationery	8,483,491	14,360,543
Other Stationery	24,304,424	30,779,309
Publicity, Advertisement and publication	38,374,527	33,757,056
	<b>74,816,184</b>	<b>82,424,685</b>
<b>28. Managing Director's Salary</b>		
Basic Salary	1,561,290	2,400,000
Allowances	1,770,903	2,424,000
Bonus	-	1,400,000
	<b>3,332,193</b>	<b>6,224,000</b>
<b>29. Directors' Fees &amp; Meeting Expenses</b>		
Directors Honorarium	685,000	460,000
Directors Remuneration	50,000	50,000
VAT on directors fee	110,250	76,500
Travel Expenses(transferred to Travel Local)	-	4,060
Entertainment	329,423	345,933
Other expenses	46,037	-
	<b>1,220,710</b>	<b>936,493</b>

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>30. Depreciation of Bank's Assets</b>		
<b>Depreciation on own Assets</b>		
Furniture and Fixture	6,772,764	22,810,453
Interior Decoration	23,339,550	-
Computer Hardware and Peripherals	30,452,566	-
Computer Software	12,903,319	-
Machinery and Equipment	34,021,211	68,041,331
Vehicles	74,180,812	61,794,110
	<b>181,670,222</b>	<b>152,645,894</b>
Lease Equipment/ Assets	46,001	46,128
	<b>181,716,223</b>	<b>152,692,022</b>
<b>31. Repair of Bank's Assets</b>		
Furniture and Fixture	1,413,305	2,714,881
Interior Decoration	902,827	-
Machinery and Equipment	15,520,567	15,593,507
Vehicles	10,297,794	12,279,390
Rented Premises	6,759,483	6,054,791
	<b>34,893,976</b>	<b>36,642,569</b>
<b>32. Other Expenses</b>		
Commission and Brokerage	7,295	951,587
Entertainment	46,216,510	57,952,190
Information and Communication (ICT) expenses	10,203,013	16,662,457
Car Expenses	22,531,630	22,839,108
Fuel and Lubricant Expenses-Generator	4,909,005	5,320,993
Subscription	3,122,831	3,354,631
Travelling	11,575,122	13,838,789
Cartage and Freight	-	229,828
Computer Consumables and Accessories	12,447,311	11,120,997
Card Related Expenses	6,679,500	6,678,063
Uniform and Liveries	209,163	3,337,409
Service charge paid to Clearing House, Banks etc	2,014,674	-
Staff Training and HR development Expenses	6,259,829	10,883,163
Donation	2,119,264	10,566,767
Loss on revaluation of HFT securities	71,443,854	131,432,338
Other Audit Fee	-	391,000
Corporate Social Responsibility Expenses	30,489,456	38,042,681
Non-operating loss (loss on sale of investment and fixed assets)	1,256,286	2,224,573
Miscellaneous	9,476,816	13,201,773
	<b>240,961,559</b>	<b>349,028,347</b>
<b>33. Provision for Loans</b>		
On Classified Loans & Advances As Per Bangladesh Bank Circular (Note 12.1)	-	1,415,921,840
On Unclassified Loans & Advances (Note 12.2)	-	(77,405,073)
	-	<b>1,338,516,767</b>
<b>34. Provision for Off Balance Sheet Exposures</b>	-	<b>13,197,112</b>
<b>35. Provision for Current Tax</b>		
Opening balance	1,379,427,951	1,606,803,499
Add: Provision made for current years tax	45,340,678	732,123,676
	<b>1,424,768,629</b>	<b>2,338,927,175</b>
Less: Adjustment made during the year	588,456,567	959,499,224
	<b>836,312,062</b>	<b>1,379,427,951</b>

	2014 Taka	2013 Taka
<b>36. Deferred Tax</b>		
<b>a) Computation of Deferred Tax</b>		
Tax Base of Depreciable Fixed Assets	632,786,315	671,527,337
Less: Carrying Amount	646,417,974	719,771,332
<b>Deductable/(Taxable) Temporary Difference (A)</b>	<b>(13,631,659)</b>	<b>(48,243,995)</b>
Carrying Amount of Provision for Gratuity/Benevolent/Superannuation Fund:		
Provision for Gratuity	790,670,582	691,355,316
Provision for Benevolent Fund (Provision -actual payment)	46,500,188	45,269,355
Provision for Superannuation Fund (Provision -actual payment)	17,975,000	10,978,333
	<b>855,145,770</b>	<b>747,603,004</b>
Less: Tax Base		
<b>Deductable Temporary Difference (B)</b>	<b>855,145,770</b>	<b>747,603,004</b>
<b>Total Deductable Temporary Difference (A+B)</b>	<b>841,514,111</b>	<b>699,359,009</b>
Effective Tax Rate	42.50%	42.50%
<b>Deferred Tax Assets</b>	<b>357,643,497</b>	<b>297,227,579</b>
<b>b) Deferred Tax (Expenses)/Income</b>		
Closing Deferred Tax Assets	357,643,497	297,227,578
Opening Deferred Tax Assets	297,227,578	215,125,554
<b>Deferred Tax (Expenses)/Income</b>	<b>60,415,919</b>	<b>82,102,024</b>
<b>37. Analysis of Closing Cash and Cash Equivalent</b>		
Cash in hand and balance with Bangladesh Bank and Sonali Bank	10,215,714,009	8,136,217,578
Balance with other banks & financial institutions	2,078,779,132	2,841,160,815
Money at Call on Short Notice	4,540,000,000	4,980,000,000
	<b>16,834,493,141</b>	<b>15,957,378,393</b>
<b>38. Earning Per Share (EPS)</b>		
Net (Loss) after Tax (Numerator)	(1,100,160,173)	(531,533,330)
Number of Ordinary Share Outstanding (Denominator)	29,469,825	29,469,825
<b>Earning Per Share (EPS)</b>	<b>(37.33)</b>	<b>(18.04)</b>
<b>39. Coverage of External Audit</b>		
The external auditor has covered 80% of the risk-weighted assets and have spent around 5,500 man hours to complete the audit as per Bangladesh Standards on Auditing (BSA). The external auditor has audited 30 branches and Head office of the Bank.		

**BASIC Bank Limited**

**Schedule of Balance with other banks-Outside Bangladesh (Nostro Accounts)**

Sl #	Name of the Bank	A/C Type	Currency name	31.12.2014		31.12.2013			
				Amount in FC	Conv. Rate per unit FC	Amount in BDT	Amount in FC	Conv. Rate per unit FC	Amount in BDT
1	BOTM, London	CD	GBP	37,890.87	120.99	4,584,534	19,372.42	128.11	2,481,776
2	AB Bank Mumbai	CD	ACU\$	5,600.73	77.95	436,574	30,446.88	77.75	2,367,245
3	Summit(Arif Habib)-Rupali- Bank Karachi	CD	ACU\$	1,103.25	77.95	85,998	1,103.25	77.75	85,778
4	Habib Metropolitan Bank Ltd.	CD	ACU\$	7,807.10	77.95	608,559	2,083.17	77.75	161,966
5	BOTM, Tokyo	CD	JAPY	1,145,894.28	0.65	741,623	230,325.78	0.74	170,096
6	Mashreq Bank, NY	CD	USD	372,100.00	77.95	29,004,972	75,967.70	77.75	5,906,489
7	CITI Bank Mumbai	CD	ACU\$	-	77.95	-	750.14	77.75	58,323
8	Sonali Bank, Kol.	CD	ACU\$	273,497.37	77.95	21,318,956	38,163.20	77.75	2,967,189
9	Bank of Ceylon	CD	ACU\$	2,425.70	77.95	189,082	5,390.04	77.75	419,076
10	Citibank NA, NY(Exp)	CD	USD	8,371,331.26	77.95	652,540,249	1,057,080.21	77.75	82,187,986
11	SCB, Newyork	CD	USD	-	77.95	-	363,873.83	77.75	28,291,190
12	SCB, Mumbai	CD	ACU\$	1,583.00	77.95	123,394	265,646.08	77.75	20,653,983
13	BCP, Geneva	CD	CHF	3,556.45	78.68	279,825	378.70	87.14	33,001
14	ICICI Mumbai	CD	ACU\$	48,239.63	77.95	3,760,250	19,351.25	77.75	1,504,560
15	Sonali Bank Kol ACUEUR	CD	ACUEUR	810.53	94.63	76,701	935.00	106.87	99,921
16	Mashreq Bank, Mumbai	CD	ACU\$	615.13	77.95	47,949	26,158.25	77.75	2,033,804
17	SCB Frankfurt	CD	EURO	-	94.63	-	347,435.94	106.87	37,129,576
18	Sonali, London EUR	CD	EURO	128,336.98	94.63	12,144,605	-	106.87	-
19	Sonali Bank London	CD	GBP	9,713.32	120.99	1,175,245	3,968.33	128.11	508,378
20	Sonali Bank London	CD	USD	244,683.64	77.95	19,072,943	228,580.70	77.75	17,772,149
21	HDFC Bank Ltd	CD	USD	5,674.61	77.95	442,332	-	77.75	-
22	Habib Bank AG, Zurich (Dubai)	CD	USD	2,101,000.00	77.95	163,771,689	-	77.75	-
	<b>Sub-total</b>					<b>910,405,479</b>			<b>204,832,485</b>
23	Sonali, London EUR	CD	EURO	-	-	-	(237,312.70)	106.87	(25,360,991)
	<b>Grand Total</b>					<b>910,405,479</b>			<b>179,471,493</b>



Investment In Shares as on 31 December 2014

A. Listed Securities

Sl #	Name of the company	Date of Purchase	No of shares	Face Value Taka	Cost Price Taka	Market Value as on 31.12.2014 Taka	Market Value as on 31.12.2013 Taka	Gain/(Loss) Taka	Dividend Received In 2014 Taka
1.	AB BANK 1ST MUTUAL FUND	10-Dec-13	788,150	7,881,500	5,498,596	4,965,345	1,380,000	(533,251)	-
2.	ASIA PACIFIC GENERAL INSURANCE CO. LTD.	10-Dec-13	28,000	280,000	920,253	537,600	300,000	(382,653)	33,600
3.	APPOLLO ISPAT LTD.	20-Aug-14	19,550	195,500	477,127	389,045	-	(88,082)	-
4.	BEACON PHARMACEUTICALS LTD.	22-Dec-10	26,250	262,500	2,150,131	472,500	346,500	(1,677,631)	-
5.	BEXIMCO LTD.	20-Nov-10	99,070	990,700	15,837,819	3,606,155	2,773,966	(12,231,664)	-
6.	BEXIMCO PHARMACEUTICALS LTD.	23-Dec-10	77,128	771,280	5,488,056	4,527,414	3,073,798	(960,643)	100,122
7.	BRAC BANK LTD.	8-Dec-10	200,584	2,005,840	7,208,028	7,461,725	2,648,424	253,697	109,740
8.	BSRM STEELS LTD.	10-Dec-13	25,000	250,000	1,974,505	2,192,500	824,400	217,995	60,000
9.	CENTRAL INSURANCE CO. LTD.	10-Dec-13	25,000	250,000	743,524	607,500	293,000	(136,024)	35,000
10.	CENTRAL PHARMACEUTICALS LTD.	11-Sep-14	5,750	57,500	202,155	164,450	-	(37,705)	2,500
11.	CITY BANK LTD.	16-Sep-14	50,000	500,000	1,086,223	1,090,000	-	3,777	-
12.	CONFIDENCE CEMENT LTD.	10-Dec-13	12,000	120,000	1,629,109	1,280,400	1,239,000	(348,709)	33,000
13.	CONTINENTAL INSURANCE LTD.	10-Dec-13	48,000	480,000	1,430,228	988,800	290,000	(441,428)	38,000
14.	DIBH FIRST MUTUAL FUND	10-Dec-13	750,500	7,505,000	4,637,872	3,452,300	1,680,000	(1,185,572)	39,030
15.	DHAKA ELECTRIC SUPPLY CO. LTD.	8-Dec-10	40,004	400,040	4,508,089	2,780,278	2,123,891	(1,727,811)	31,625
16.	EASTERN BANK LTD.	27-Apr-93	5,701,066	57,010,660	19,415,953	155,068,995	165,901,021	135,653,043	11,401,862
17.	EXIM BANK OF BANGLADESH LTD.	1-Nov-10	131,538	1,315,380	4,263,365	1,460,075	1,528,689	(2,803,290)	-
18.	FEDERAL INSURANCE LTD.	10-Dec-13	8,880	88,800	208,078	149,184	247,000	(58,894)	-
19.	FIRST JANATA BANK MUTUAL FUND	22-Dec-10	1,040,625	10,406,250	6,836,529	5,307,188	2,550,000	(1,529,342)	-
20.	FIRST SECURITY ISLAMI BANK LTD.	25-Nov-10	81,312	813,120	2,457,271	886,301	1,227,811	(1,570,971)	81,312
21.	FU-WANG CERAMICS INDUSTRY. LTD.	19-Apr-12	17,710	177,100	477,227	258,566	249,260	(218,661)	-
22.	GOLDEN HARVEST AGRO INDUSTRIES LTD.	8-Apr-14	9,900	99,000	372,785	272,250	-	(100,535)	-
23.	GRAMREEN PHONE LTD.	16-Feb-14	40,000	400,000	14,571,330	14,476,000	-	(95,330)	174,000
24.	GREEN DELTA MUTUAL FUND	4-Feb-14	400,000	4,000,000	2,577,710	1,840,000	-	(737,710)	-
25.	HEIDELBERG CEMENT BD. LTD.	8-Dec-10	5,000	50,000	2,478,534	2,497,000	4,949,100	18,466	114,000
26.	I.F.I.C. BANK LTD.	10-Dec-13	113,165	1,131,650	3,123,641	2,953,607	514,500	(170,035)	-
27.	ICB ISLAMIC BANK LTD.	23-May-08	2,684,000	26,840,000	26,840,000	14,762,000	16,372,400	(12,078,000)	-
28.	JFL ISLAMIC MUTUAL FUND-1	10-Dec-13	1,760,781	17,607,810	10,878,515	10,036,452	2,240,000	(842,064)	782,500
29.	INDUSTRIAL PROMOTION & DEV. CO. LTD.	5-Dec-10	58,310	583,100	1,495,721	1,061,242	242,000	(434,479)	6,050
30.	JAMUNA OIL COMPANY LTD.	21-Sep-11	17,993	179,930	3,765,366	3,704,759	4,959,564	(60,608)	7,020
31.	KHULNA POWER COMPANY LTD.	22-Nov-10	136,788	1,367,880	11,125,601	7,796,916	6,396,503	(3,328,685)	325,688
32.	LAFARGE SURMA CEMENT LTD.	10-Dec-13	-	-	-	-	134,000	-	5,000
33.	MALEK SPINNING MILLS LTD.	29-Sep-14	100,000	1,000,000	2,342,005	1,910,000	-	(432,005)	-
34.	MBL 1ST MUTUAL FUND	3-Feb-14	227,500	2,275,000	1,739,904	1,023,750	-	(716,154)	68,250
35.	MEGHNA CEMENT MILLS LTD.	14-Oct-14	5,000	50,000	656,965	605,500	-	(51,465)	-
36.	M. I. CEMENT FACTORY LTD.	30-Nov-10	1,051	10,510	79,002	75,882	82,188	(3,120)	4,204
37.	MEGHNA PETROLEUM LTD.	23-Nov-10	55,169	551,690	13,253,530	11,640,659	9,506,394	(1,612,871)	87,815
38.	MITHUN KNITTING	25-Aug-94	800	8,000	8,000	55,920	64,000	47,920	-
39.	MUTUAL TRUST BANK LTD.	8-Oct-14	15,000	150,000	255,971	297,000	-	41,029	-
40.	N C C BANK LTD.	26-Dec-10	46,215	462,150	956,678	517,608	183,597	(439,070)	26,409
41.	NAVANA CNG LIMITED	31-Oct-10	29,890	298,900	4,652,341	1,954,806	1,913,011	(2,697,535)	44,884
42.	NITOL INSURANCE COMPANY LTD.	10-Dec-13	23,520	235,200	755,290	689,136	336,000	(66,154)	10,500
43.	ONE BANK LIMITED	28-Jul-11	72,105	721,050	2,238,741	1,139,259	1,035,690	(1,099,482)	58,995
44.	ORION PHARMA LTD.	10-Dec-13	145,000	1,450,000	9,427,979	6,597,500	1,174,000	(2,830,479)	217,500
45.	PADMA OIL COMPANY LTD.	2-Oct-14	10,000	100,000	3,481,232	2,516,000	-	(965,232)	-
46.	PHOENIX INSURANCE CO.LTD.	10-Dec-13	9,400	94,000	393,324	329,940	420,000	(63,384)	16,000

SI #	Name of the company	Date of Purchase	No of shares	Face Value Taka	Cost Price Taka	Market Value as on 31.12.2014 Taka	Market Value as on 31.12.2013 Taka	Gain/(Loss) Taka	Dividend Received in 2014 Taka
47.	PHP 1ST MUTUAL FUND	10-Dec-13	695,200	6,952,000	3,919,674	3,267,440	1,100,000	(652,234)	-
48.	PIONEER INSURANCE COMPANY LTD	10-Dec-13	32,400	324,000	1,995,769	1,441,800	664,000	(553,969)	27,000
49.	POPULAR LIFE FIRST MUTUAL FUND	10-Dec-13	841,680	8,416,800	4,994,489	4,208,400	1,200,000	(786,089)	-
50.	POWER GRID CO. OF BANGLADESH LTD.	2-Dec-10	58,650	586,500	3,828,000	2,369,460	1,750,320	(1,458,540)	27,225
51.	PRIME FINANCE & INVESTMENT LTD.	9-Nov-10	84,192	841,920	5,728,635	1,801,709	645,926	(3,926,926)	96,288
52.	PRIME INSURANCE COMPANY LTD.	10-Dec-13	26,450	264,500	807,014	523,710	323,000	(283,304)	-
53.	PRIME ISLAMI LIFE INSURANCE COMP. LTD.	2-Mar-14	11,500	115,000	1,148,385	913,100	-	(235,285)	-
54.	R. N. SPINNING MILLS LTD.	10-Dec-13	70,000	700,000	2,388,143	2,030,000	369,000	(358,143)	-
55.	RANATA LTD.	13-Oct-14	7,000	70,000	7,062,133	6,888,000	-	(174,133)	-
56.	RAK CERAMICS(BANGLADESH) LTD.	31-Oct-10	37,875	378,750	3,967,234	2,185,399	1,568,726	(1,781,835)	51,658
57.	REPUBLIC INSURANCE COMPANY LTD.	10-Dec-13	33,750	337,500	1,384,140	867,375	438,000	(516,765)	-
58.	SHAHJALAL ISLAMI BANK LTD.	3-Feb-14	66,000	660,000	1,017,042	759,000	-	(258,042)	-
59.	SINGER BANGLADESH	23-Jan-14	-	-	-	-	-	-	100,000
60.	SOCIAL ISLAMI BANK LTD.	18-Apr-12	78,500	785,000	1,226,268	1,067,600	219,450	(158,668)	94,200
61.	SONAR BANGLA INSURANCE LTD.	10-Dec-13	39,200	392,000	941,215	713,440	247,000	(227,775)	-
62.	SOUTHEAST BANK LTD.	18-Apr-12	210,502	2,105,020	4,068,330	4,083,739	537,000	15,408	53,600
63.	SQUARE PHARMACEUTICALS LTD.	23-Dec-10	56,070	560,700	13,921,270	14,494,095	15,672,480	572,825	30,000
64.	SQUARE TEXTILE LTD.	10-Dec-13	55,000	550,000	5,420,288	5,005,000	1,356,000	(415,288)	100,000
65.	STANDARD BANK LTD.	2-Dec-10	126,312	1,263,120	2,175,810	1,604,162	803,818	(571,648)	114,312
66.	SUMMIT POWER LTD.	8-Dec-10	170,662	1,706,620	9,130,409	6,536,374	2,620,800	(2,594,036)	-
67.	SUNLIFE INSURANCE COMPANY LTD.	2-Mar-14	15,750	157,500	973,412	681,975	-	(291,437)	-
68.	TAMIZUDDIN TEXTILES MILLS LTD.	2-Jan-92	5,000	50,000	500,000	385,000	385,000	(115,000)	-
69.	THE PREMIER BANK LTD.	25-Nov-10	67,100	671,000	1,345,112	671,000	337,900	(674,112)	-
70.	TITAS GAS TRANSMISSION & DIST.CO.LTD.	26-Dec-10	227,750	2,277,500	20,892,992	18,151,675	10,018,350	(2,741,317)	422,625
71.	TRUST BANK LTD.	10-Dec-13	61,600	616,000	1,126,570	1,201,200	300,000	74,630	-
72.	UNITED COMMERCIAL BANK LTD.	10-Dec-13	192,173	1,921,730	5,218,233	5,630,669	376,500	412,436	80,000
73.	UTTARA BANK LTD.	10-Dec-13	80,000	800,000	2,196,901	2,072,000	622,000	(124,901)	60,000
<b>A.</b>	<b>Sub-Total</b>			<b>184,930,200</b>	<b>312,297,772</b>	<b>375,952,827</b>	<b>280,754,936</b>	<b>63,655,056</b>	<b>15,171,513</b>

#### B. Non-Listed & Preference Shares

SI #	Name of the company	Date of Purchase	No of shares	Face Value	Total Cost/ Book Value	Market Value as on 31-12-2014	Market Value as on 31-12-2013	Unrealized Gain/(Loss)	Dividend Received in 2014
1.	BANGLADESH DEVELOPMENT CO.LTD.	--	173,938	17,393,800	17,393,750	17,393,750	18,900,000	-	2,551,500
2.	CENTRAL DEPOSITORY BANGLADESH LTD.	--	1,142,361	11,423,610	3,138,890	3,138,890	3,138,890	-	2,855,903
3.	EQUITY OF GRAMEEN IT PARK	--	42,018	4,201,800	4,201,760	4,201,760	4,201,760	-	-
4.	KARMAANGSTHAN BANK	--	150,000	15,000,000	15,000,000	15,000,000	15,000,000	-	-
<b>B.</b>	<b>Sub-Total</b>			<b>3,773,796,100</b>	<b>39,734,400</b>	<b>39,734,400</b>	<b>41,240,650</b>	<b>-</b>	<b>5,407,403</b>
<b>Grand Total (A+B)</b>				<b>3,958,726,300</b>	<b>352,032,172</b>	<b>415,687,227</b>	<b>321,995,586</b>	<b>63,655,056</b>	<b>20,578,916</b>

**BASIC Bank Limited**

Detail of information on advances more than 10% of bank's total capital (funded &amp; non-funded)

(Taka in Lac)

Sl. No.	Name of the Client	Outstanding as on 31.12.2014			Outstanding as on 31.12.2013	Remarks
		Funded	Non funded	Total		
1	BD CHEMICALS INDS CORP (BCIC)	32,606	46,822	79,428	50,111	
2	ADIB DYEING & WELL ALLIED	22,070	689	22,759	13,195	
3	EMERALD AUTO BRICKS & ALLIED	18,054	-	18,054	14,988	
4	VASAVI FASHIONS & ALLIED	15,006	210	15,216	12,782	
5	S. SUHI SHIPPING & ALLIED	14,770	-	14,770	13,915	
6	NILSAGOR AGRO & ALLIED	11,491	2,283	13,774	13,139	
7	OPE PROPERTIES LTD. & ALLIED	13,718	-	13,718	11,609	
8	BANGLADESH DEVELOPMENT COMPANY LTD.	12,931	-	12,931	11,228	
9	DELTA SYSTEMS LIMITED	12,842	-	12,842	11,215	
10	NEW DHAKA CITY DEVELOPMENT LTD	12,514	-	12,514	10,773	
11	HG AVIATION LTD. & ALLIED	11,356	1	11,357	9,882	
12	CRYSTAL STEELS & SHIP BREAKING LIMITED	11,024	-	11,024	10,248	
13	SONAR BANGLA NATURAL AGRO & ALLIED	10,880	-	10,880	10,040	
14	AMADER BARI LIMITED	10,874	-	10,874	10,375	
15	A.R.S.S ENTERPRISE	10,609	-	10,609	10,626	
16	PROFUSION TEXTILES LIMITED	9,803	561	10,364		
17	TECHNO DESIGN & DEVELOPMENT LTD.	10,243	-	10,243		
18	NEW AUTO DEFINE	10,187	-	10,187	10,187	
19	WESTERN HOUSING LTD. & ALLIED	10,154	-	10,154		
20	IG NAVIGATION LIMITED	9,867	-	9,867		
21	Sanji-Well Group	-	-	-	9,985	
22	EMERALD OIL & ALLIED	-	-	-	9,941	
23	FEAZ ENTERPRISE	-	-	-	9,372	
24	Regent Group	-	-	-	9,040	
	<b>Total</b>	<b>270,999</b>	<b>50,566</b>	<b>321,565</b>	<b>262,651</b>	

Note: In 2014 the capital of the Bank is negative. As such loans allowed to customers/customers group exceeding 10% of capital can not be given. However the top twenty borrowers of the Bank as on 31.12.2014 has been given here.

**BASIC Bank Limited**  
**Schedule of Fixed Assets**  
**As of 31 December 2014**

Particulars	Cost Price			Depreciation			Written Down Value as of 31.12.2014
	Balance as of 01.01.2014	Addition during the year	Disposal / transfer during the year	Balance as of 01.01.2014	Addition during the year	Transfer / Adjustment during the year	
Furniture and Fixtures	96,955,368	9,126,329	(628,278)	105,453,419	6,777,764	(490,309)	42,204,657
Interior Decoration	273,868,117	28,746,872	(71,448)	302,543,541	23,339,550	(26,202)	84,074,136
Machine and Equipment	283,863,540	34,702,567	(2,486,281)	316,079,826	34,021,211	(2,243,944)	171,130,270
Computer Hardware	275,526,597	18,618,834	(2,160,423)	291,985,008	30,452,566	(2,148,891)	210,026,042
Software	91,626,586	2,499,350	-	94,125,936	12,903,319	-	70,626,471
Motor Vehicles	376,348,777	15,060,000	(6,391,000)	385,017,777	74,180,812	(6,390,994)	270,725,957
Leasehold Assets	4,000,000	-	-	4,000,000	46,001	-	735,807
<b>Total as of 31.12.2014</b>	<b>1,402,188,985</b>	<b>108,753,952</b>	<b>(11,737,430)</b>	<b>1,499,205,507</b>	<b>181,716,223</b>	<b>(11,300,340)</b>	<b>849,523,340</b>
<b>Total as of 31.12.2013</b>	<b>1,065,329,355</b>	<b>350,765,326</b>	<b>(13,905,697)</b>	<b>1,402,188,985</b>	<b>152,692,022</b>	<b>(12,091,142)</b>	<b>679,107,456</b>
							<b>723,081,528</b>

## BASIC Bank Limited

### Highlights on the overall activities of the Bank

SI #	Particulars	2014	2013
1	Paid up Capital	2,946,982,500	2,946,982,500
2	Total Capital	(26,854,917,756)	(1,951,250,069)
3	Capital (Deficit)	(36,091,337,756)	(13,720,050,069)
4	Total Assets	171,118,526,397	157,072,193,828
5	Total Deposits	139,934,056,098	134,493,447,522
6	Total Loans and Advances	89,392,858,838	109,428,439,155
7	Total Contingent Liabilities and Commitments	15,268,755,983	14,947,018,446
8	Credit - Deposit Ratio	82.46%	78.31%
9	Percentage of Classified Loans against total Loans & Advances	57.15%	28.75%
10	(Loss) after Tax and Provision	(1,100,160,173)	(531,533,330)
11	Amount of Classified Loans and Advances	51,091,161,633	31,455,310,484
12	Provision Kept against Classified Loan	3,964,654,319	3,979,185,319
13	Provision Surplus/ (deficit)*	(39,591,569,515)	(7,888,062,000)
14	Cost of Fund	11.87%	11.38%
15	Interest Earning Assets	75,754,648,428	113,678,124,804
16	Non-interest Bearing Assets	95,363,877,969	43,394,069,024
17	Return on Investment (ROI)	-8.97%	-5.73%
18	Return on Assets (ROA)	-0.67%	-0.40%
19	Income on Investment	2,259,108,190	1,672,850,726
20	Earnings Per Share (EPS)	(37.33)	(18.04)
21	Net Income Per Share	(37.33)	(18.04)
22	Price Earning Ratio**	N/A	N/A

\* Bangladesh Bank vide its letter No. BRPD(P-1)/661/13/2015-3159 dated on 27 April 2015 allowed the Bank to provide provision shortfall of Tk. 2,364.00 crore against classified loans in 5 years starting from 2015.

\*\* N/A: Not Applicable

## Credit Rating of BASIC Bank Limited

**For the year 2014**

Type of Rating	Entity (Stand-alone Basis)	Government support entity
Long Term	B	A
Short Term	ST - 5	ST-3
Year of Rating	2014	
Rating Date	September 02, 2015	

Credit Rating Information and Services Ltd. (CRISL) has assigned B (pronounced as Single B) to BASIC Bank Limited in Long Term and ST-5 in Short Term for the year 2014 as stand-alone basis. Rating B in Long Term reflected that timely repayment of financial obligation is impaired by serious problems which the entity is faced with. On the other hand, ST-5 in Short Term showed that liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.

Besides, BASIC was rated A (pronounced as Single A) in the Long Term and ST-3 in the Short Term as Government support entity. This level of rating indicates adequate capacity for timely payment of financial commitments in both Long Term and Short Term with small risk involved.

## Branches of BASIC Bank Limited

### Dhaka Division

#### **BABUBAZAR BRANCH**

Hajee Yusuf Mansion (1st floor)  
56 Mitford Road, Babubazar, Dhaka-1100  
Tel: 02-57391335, 02-57393875  
Fax: 02-7341828  
SWIFT: BKSIBDDH023  
Branch Code: 23  
E-mail: babubazar@basicbanklimited.com

#### **BANGSHAL BRANCH**

230 North South Road  
Bangshal, Dhaka-1100  
Tel: 02-9563686, 9562615  
Fax: 02-9557141  
SWIFT: BKSIBDDH006  
Branch Code: 06  
E-mail: bangshal@basicbanklimited.com

#### **DHAKA CANTONMENT BRANCH**

CB 211/4, VIP Road, Kochukhet, Bhashantek,  
Dhaka Cantonment, Dhaka-1206  
Tel: 02-8871159, 8871857  
Fax: 02-8871858  
Branch Code: 64  
E-mail: dhakacantonment@basicbanklimited.com

#### **DILKUSHA BRANCH**

14 Dilkusha C/A  
Dhaka-1000  
Tel: 02-9563793-4  
Fax: 02-9587150  
SWIFT: BKSIBDDH015  
Branch Code: 15  
E-mail: dilkusha@basicbanklimited.com

#### **BANANI BRANCH**

6, Kemal Ataturk Avenue,  
Banani-1213  
Tel: 02-8833402, 8833403, 8833407  
Fax: 02-8833035  
Branch Code: 47  
E-mail: banani@basicbanklimited.com

#### **BASHUNDHARA BRANCH**

Plot: 13, Block: A, Main Road,  
Bashundhara R/A, Dhaka-1229  
Tel: 02-8419650, 8419657, 8419658  
Fax: 02-8402495  
Branch Code: 49  
E-mail: bashundhara@basicbanklimited.com

#### **DHANMONDI BRANCH**

54, Manna's Tower (1st floor), Road # 4/A,  
Satmasjid Road, Dhanmodi R/A, Dhaka-1209  
Tel: 02-9666912, 9614892  
Fax: 02-9676156/101  
Branch Code: 28  
E-mail: dhanmondi@basicbanklimited.com

#### **GAZIPUR CHOWRASTA BRANCH**

Noor Plaza (1st floor), Gazipur Chowrasta  
Mymensingh Road, Gazipur  
Tel: 02-9263115, 9263134  
Fax: 02-9263197  
Branch Code: 33  
E-mail: gazipurchowrasta@basicbanklimited.com

**GULSHAN BRANCH**

Ridge Park, Crystal Palace(1st Floor),  
SE(D) 22(New), Road No. 140,  
Gulshan South Avenue, Gulshan-1, Dhaka  
Tel: 02-9883501-2, 9862127  
Fax: 02-8857307  
SWIFT: BKSIBDDH021  
Branch Code: 21  
E-mail: gulshan@basicbanklimited.com

**KARWAN BAZAR BRANCH**

Latif Tower, 47 Karwan Bazar  
Dhaka-1215  
Tel: 02-8180208, 9146294  
Fax: 02-9146364  
Branch Code: 31  
E-mail: karwanbazar@basicbanklimited.com

**MADHABDI BRANCH**

Bank Para  
Madhabdi Bazar, Narsingdi-1604  
Tel: 02-9446984, 9446985  
Fax: 02-9446987  
Branch Code: 37  
E-mail: madhabdi@basicbanklimited.com

**MATUAIL BRANCH**

Asiatic Shopping Mall Complex, Mominbagh  
Chowrasta, Paradogair, Matuail, Demra, Dhaka  
Tel: 02-7559797  
Fax: 02-7559025  
Branch Code: 61  
E-mail: matuail@basicbanklimited.com

**MIRPUR BRANCH**

BSCIC Electronics Complex,  
Industrial Plot No. 1/1  
Section 7, Avenue 4, Road No. 3 Pallabi, Dhaka-1221  
Tel: 02-9006249-50  
Fax: 02-9011732  
SWIFT: BKSIBDDH022  
Branch Code: 22  
E-mail: mirpur@basicbanklimited.com

**ISLAMPUR BRANCH**

6-7, Islampur Road (2nd floor), Islampur  
Dhaka-1100  
Tel: 02-57394422, 02-57394722  
Fax: 02-7394799  
Branch Code: 39  
E-mail: islampur@basicbanklimited.com

**KERANIGANJ BRANCH**

Century City Complex, Shaheed Delwar Hossain  
Road, East Aganagar, South Keraniganj, Dhaka  
Tel: 02-7764283, 7764284  
Branch Code: 63  
E-mail: keraniganj@basicbanklimited.com

**MAIN BRANCH**

Bana Shilpa Bhaban (Ground floor)  
73 Motijheel C/A, Dhaka-1000  
Tel: 02-9563068, 9553322, 9570713  
Fax: 02-9569417  
SWIFT: BKSIBDDH002  
Branch Code: 02  
E-mail: main@basicbanklimited.com

**MAWNA BRANCH**

Hamida Complex, Telihati  
Sripur, Gazipur-1741  
Tel: 0682-551155  
Fax: 0682-552666  
Branch Code: 41  
E-mail: mawna@basicbanklimited.com

**MOULVIBAZAR BRANCH**

Gulbadan Market (1st Floor)  
4 Moulvibazar, Dhaka-1211  
Tel: 02-7315356, 7316991  
Fax: 02-7341740  
SWIFT: BKSIBDDH024  
Branch Code: 10  
E-mail: moulvibazar@basicbanklimited.com



**MYMENSINGH BRANCH**

76/A, Chhoto Bazar Road  
Mymensingh-2200  
Tel: 091-51612, 51613, 51617  
Fax: 091-51614  
Branch Code: 52  
E-mail: mymensingh@basicbanklimited.com

**SAVAR BRANCH**

Savar New Market  
Holding # 3, Ward # 7, Savar, Dhaka-1340  
Tel: 02-7745582  
Fax: 02-7745581  
Branch Code: 35  
E-mail: savar@basicbanklimited.com

**SHYAMOLI BRANCH**

House# 24/1, Mohammadpur Housing Estate  
Block B, Ring Road, Shyamoli, Dhaka-1207  
Tel: 02-9142412, 02-9142413  
Fax: 02-9120516  
Branch Code: 53  
E-mail: shyamoli@basicbanklimited.com

**UTTARA BRANCH**

Plot No. 67/A (1st floor), Rabindra Saroni  
Sector-7, Uttara Model Town, Dhaka-1230.  
Tel: 02-8961032  
Fax: 02-8961031  
Branch Code: 26  
E-mail: uttara@basicbanklimited.com

**ELENGA BRANCH**

Dr. Hasen Ali Super Market  
Elenga Bazar Road, Elenga, Kalihati, Tangail  
Branch Code: 65  
E-mail: elenga@basicbanklimited.com

**NARSINGDI BRANCH**

Sutapatti Road  
Narsingdi-1600  
Tel: 02-9463145, 02-9452445  
Fax: 02-9451631  
Branch Code: 19  
E-mail: narsingdi@basicbanklimited.com

**SHANTINAGAR BRANCH**

Concord Grand (1st floor)  
169/1, Shantinagar Road, Dhaka-1217  
Tel: 02-9337441, 8314057, 9348056, 9347547  
Fax: 02-9332674  
SWIFT: BKSIBDDH009  
Branch Code: 09  
E-mail: shantinagar@basicbanklimited.com

**TANBAZAR BRANCH**

55/21 S.T.S Tower, S.M Maleh Road  
Tanbazar, Narayanganj-1400  
Tel: 02-7631862, 02-7648601, 02-7646233  
Fax: 02-7647161  
SWIFT: BKSIBDDH014  
Branch Code: 14  
E-mail: tanbazar@basicbanklimited.com

**ISHWARGANJ BRANCH**

41, Patbazar Road, Ishwarganj  
Mymensingh  
Tel: 0902-756153, 756152  
Fax: 0902-756152  
Branch Code: 66  
E-mail: ishwarganj@basicbanklimited.com

## Chittagong Division

### **AGRABAD BRANCH**

Pine View (Ground floor)  
100 Agrabad C/A, Chittagong-4100  
Tel: 031-2520080, 725527, 814041  
Fax: 031-714822  
SWIFT: BKSIBDDH008  
Branch Code: 08  
E-mail: agrabad@basicbanklimited.com

### **CEPZ BRANCH**

Islam Plaza (1st Floor),  
Holding no: 1279/1685,  
M A Aziz Road, Ward no: 39,  
Thana: Bandar, District: Chittagong  
Tel: 031-740094, 800512  
Fax: 031-800512  
Branch Code: 25  
E-mail: cepz@basicbanklimited.com

### **COMILLA BRANCH**

Holding No.- 03, A.M.D. Complex Market,  
Chatipatty, Rajgonj, Comilla-3500  
Tel: 081-65886  
Fax: 081-71444  
Branch Code: 17  
E-mail: comilla@basicbanklimited.com

### **DEWANHAT BRANCH**

4/B D.T. Road, Postarpar  
Dewanhat, Chittagong-4100  
Tel: 031-2512480-1  
Fax: 031-2512482  
Branch Code: 30  
E-mail: dewanhat@basicbanklimited.com

### **JORARGANJ BRANCH**

Gopinathpur, Jorarganj, Mirersharai  
Chittagong  
Branch Code: 68  
E-mail: Jorarganj@basicbanklimited.com

### **ASADGONJ BRANCH**

M.A. Salam Market  
774, Asadgonj, Chittagong-4100  
Tel: 031-614569, 632112, 614942  
Fax: 031-614942  
SWIFT: BKSIBDDH016  
Branch Code: 16  
E-mail: asadgonj@basicbanklimited.com

### **CHANDPUR BRANCH**

Holding No.- 121, (Kalibari More), Comilla Road  
Ward No-7, Pourashava Chandpur,  
Chandpur-3600  
Tel: 0841-67201, 0841-67202  
Fax: 0841-67203  
Branch Code: 38  
E-mail: chandpur@basicbanklimited.com

### **COX'SBAZAR BRANCH**

Holding no.: 30 (Rashid Complex)  
Main Road, Cox'sbazar Sadar, Cox'sbazar-4700  
Tel: 0341-63585, 0341-63580  
Fax: 0341-63589  
Branch Code: 56  
E-mail: coxsbazar@basicbanklimited.com

### **DOHAZARI BRANCH**

Janakalyan Tower (1st floor), Main Raod,  
Dohazari, Chandanaish, Chittagong  
Tel: 04439009133  
Branch Code: 59  
E-mail: dohazari@basicbanklimited.com

### **JUBILEE ROAD BRANCH**

G.R. Plaza, 5 Jubilee Road  
Chittagong-4100  
Tel: 031-634879, 638305  
Fax: 031-2851738  
SWIFT: BKSIBDDH013  
Branch Code: 13  
E-mail: jubileeroad@basicbanklimited.com

**KHATUNGOJ BRANCH**

193 Khatungonj,  
Chitagong-4000  
Tel: 031-614200, 614280  
Fax: 031-622435  
SWIFT: BKSIBDDH004  
Branch Code: 04  
E-mail: khatungonj@basicbanklimited.com

**PATHERHAT BRANCH**

Ibrahim Soban Tower, Patherhat, Noapara,  
Raozan, (Kaptai Road), Chittagong  
Tel: 031-2573404, 2573406  
Branch Code: 60  
E-mail: patherhat@basicbanklimited.com

**PAHARTOLI BRANCH**

Plot No. 9 & 10, Block-G,  
Firoz Shah Housing Estate  
Pahartoli, Chittagong  
Tel: 031 2773449, 031 2773450  
Fax: 031 2773448  
Branch Code: 45  
E-mail: pahartoli@basicbanklimited.com

**SHOLOSHAHAH BRANCH**

Proskov Bhaban (1st floor), 110 CDA  
Avenue, Nasirabad, Muradpur, Chittagong  
Tel: 031-651066, 650855  
Fax: 031-655304  
Branch Code: 24  
E-mail: sholoshahar@basicbanklimited.com

**Rajshahi Division****BELKUCHI BRANCH**

Bhuyan Plaza  
Mukundagati Bazar, Belkuchi, Sirajganj  
Tel: 07522-56317  
Fax: 07522-56539  
Branch Code: 40  
E-mail: belkuchi@basicbanklimited.com

**BOGRA BRANCH**

Bhabani Shachin Bhaban  
Hari Dashi Market, 120 Baragola, Bogra-5800  
Tel: 051-78793, 65672  
Fax: 051-6572/111  
SWIFT: BKSIBDDH012  
Branch Code: 12  
E-mail: bogra@basicbanklimited.com

**CHAPAINAWABGANJ BRANCH**

Holding No.- 449, Huzrapur Road,  
Chapainawabganj  
Tel: 0781-51570, 0781-51580  
Fax: 0781-51585  
Branch Code: 54  
E-mail: chapainawabganj@basicbanklimited.com

**NATORE BRANCH**

Holding No.- 327, Rosy Market  
Station Bazar, Natore  
Tel: 0771-66374, 0771-66574  
Fax: 0771-66572  
Branch Code: 55  
E-mail: natore@basicbanklimited.com

**RAJSHAHI BRANCH**

Anam Plaza (1st floor)  
Shaheb Bazar, Rajshahi-6100  
Tel: 0721-776278, 770976  
Fax: 0721-770976  
Branch Code: 03  
E-mail: rajshahi@basicbanklimited.com

**SIRAJGANJ BRANCH**

Shapneel Shopping Complex  
305, S.S. Plaza, S.S. Road, Sirajganj  
Tel: 0751-64355, 64356  
Fax: 0751-64357  
Branch Code: 29  
E-mail: sirajganj@basicbanklimited.com

## Khulna Division

### CHITALMARI BRANCH

Meem Sargical Clinic, Vill: Aruaborni,  
Shaheed Minar Road, Chitalmari, Bagerhat  
Tel: 04652-56035  
Fax: 04652-56025  
Branch Code: 44  
E-mail: chitalmari@basicbanklimited.com

### FARIDPUR BRANCH

Holding no. 29/D, Ward no. 2,  
Kotwali, Faridpur  
Tel: 0631-67228, 67229  
Fax: 0631-67230  
Branch Code: 46  
E-mail: faridpur@basicbanklimited.com

### JHENAIDAH BRANCH

203, Hossain Shaheed Suhrawardy Road,  
Jhenaidah Sadar, Jhenaidah  
Tel: 0451-62880, 0451-62881  
Fax: 0451-62885  
Branch Code: 67  
E-mail: jhenaidah@basicbanklimited.com

### KDA AVENUE BRANCH

Al-Mumin Centre(1st floor), 58, KDA Avenue  
Sonadanga, Khulna-9100  
Tel: 041-2832920, 041-2832924  
Fax: 041-2832709  
Branch Code: 42  
E-mail: kdaavenue@basicbanklimited.com

### KOTALIPARA BRANCH

Bank Bhaban, Sultan Market,  
Ghagore Bazar, Kotalipara, Gopalganj  
Tel: 02-6651344, 02-6651343  
Fax: 02-6651342  
Branch Code: 50  
E-mail: kotalipara@basicbanklimited.com

### SATKHIRA BRANCH

12478(Old), Itagacha Bazar Mor,  
Sultanpur Bara Bazar Road, Satkhira-9400  
Tel: 0471-64010, 0471-64011  
Fax: 0471-64012  
Branch Code: 51  
E-mail: satkhira@basicbanklimited.com

### FAKIRHAT BRANCH

Sheikh Matiur Rahman Market  
Old Dhaka Road, Fakirhat, Bagerhat  
Tel: 04653-56340  
Fax: 04653-56339  
Branch Code: 43  
E-mail: fakirhat@basicbanklimited.com

### JESSORE BRANCH

35, M.K. Road (1st floor),  
Jessore-7400  
Tel: 0421-68586, 64288  
Fax: 0421-68587  
Branch Code: 18  
E-mail: jessore@basicbanklimited.com

### JHIKARGACHA BRANCH

Samad Market, Krishnanagar, Jhikargacha  
Jessore  
Tel: 04225-71635, 04225-71636  
Fax: 04225-71655  
Branch Code: 48  
E-mail: jhikargacha@basicbanklimited.com

### KHULNA BRANCH

107, Sir Iqbal Road,  
Khulna-9100  
Tel: 041-720361, 721672  
Fax: 041-812255  
SWIFT: BKSIBDDH025  
Branch Code: 05  
E-mail: khulna@basicbanklimited.com

### KUSHTIA BRANCH

Biswas Super Market (1st floor)  
95/170, N.S. Road, Shapla Chattar,  
Thanapara, Kushtia-7000  
Tel: 071-63041  
Fax: 071-63042  
Branch Code: 36  
E-mail: kushtia@basicbanklimited.com

### TUNGIPARA BRANCH

220, Powra Super Market, Patgati Bazar  
Tungipara, Gopalganj  
Tel: 02-6656465  
Fax: 02-6656466  
Branch Code: 34  
E-mail: tungipara@basicbanklimited.com

## Sylhet Division

### **CHOWMUHANA BRANCH**

152, Shamsernagar Road  
Chowmuhana, Moulvibazar-3200  
Tel: 0861-53238  
Fax: 0861-53060  
Branch Code: 11  
E-mail: chowmuhana@basicbanklimited.com

### **SONARPARA (RAYNAGAR) BRANCH**

61, Monsuf-Rowshan Plaza, Sylhet-Tamabil Road,  
Raynagar, Sonarpara, Sylhet  
Tel: 0821-728780, 728802  
Branch Code: 58  
E-mail: sonarpara@basicbanklimited.com

### **ZINDABAZAR BRANCH**

Wahid View (1st floor)  
5477 East Zindabazar, Sylhet-3100  
Tel: 0821-718462, 712548  
Fax: 0821-712548  
SWIFT: BKSIBDDH026  
Branch Code: 07  
E-mail: zindabazar@basicbanklimited.com

### **MIRPUR BAZAR BRANCH**

Chowdhury Complex, Dhulia Khal Road,  
Mirpur Bazar, Bahubal, Habiganj  
Branch Code: 62  
E-mail: mirpurbazar@basicbanklimited.com

## Rangpur Division

### **RANGPUR BRANCH**

97/1, Central Point, Central Road,  
Rangpur-5400  
Tel: 0521-67811,67812  
Fax: 0521-67813  
Branch Code: 32  
E-mail: rangpur@basicbanklimited.com

### **SAIDPUR BRANCH**

T. R. Road (Dinajpur Road),  
Saidpur 5310, Nilphamari  
Tel: 05526-72299, 72211  
Fax: 05526-72288  
Branch Code: 20  
E-mail: saidpur@basicbanklimited.com

## Barisal Division

### **BARISAL BRANCH**

102, Chawkbazar Road,  
Barisal  
Tel: 0431-65022, 61022  
Fax: 0431-61022  
Branch Code: 27  
E-mail: barisal@basicbanklimited.com

### **MATHBARIA BRANCH**

Thanapara Road, Ward no. 09  
Mathbaria, Pirojpur  
Tel: 04625-75896, 04625-75897  
Fax: 04625-75898  
Branch Code: 57  
E-mail: mathbaria@basicbanklimited.com

### **MOHIPUR BRANCH**

Nazibpur, Mohipur  
Kalapara, Patuakhali  
Branch Code: 69  
E-mail: mohipur@basicbanklimited.com

## ATM Network of BASIC Bank Limited

SN	ATM	Location of ATM
1	<b>Bashundhara City Market ATM</b>	Basement-1, 13/KA/1, Bashundhara City Market, Panthopath, Dhaka.
2	<b>Uttara ATM</b>	Uttara Tower -1, Jashimuddin Avenue, Sector-3, Uttara, Dhaka.
3	<b>Agrabad Branch ATM</b>	Pine View, 100, Agrabad C/A, Ground Floor, Chittagong.
4	<b>Simanto Square Market ATM</b>	Shop-3, Simanto Square Market, Dhanmondi, Dhaka.
5	<b>Shantinagar Branch ATM</b>	Concord Grand, 169/1, Ground Floor, Shantinagar Road, Dhaka.
6	<b>Dhaka Cantonment Branch ATM</b>	CB 211/4, VIP Road, Kochukhet, Bhashantek, Dhaka Cantonment, Dhaka.
7	<b>IEB Ramna ATM</b>	Institution of Engineer Bangladesh (IEB), Ramna, Dhaka.
8	<b>Bashundhara Branch ATM</b>	Plot # 13, Block-A, Main Road, Bashundhara R/A, Dhaka.
9	<b>Shyamoli ATM</b>	13/2, Ring Road, Ward # 43, Mohammadpur, Dhaka.
10	<b>Dilkusha Branch ATM</b>	14, Dilkusha C/A, Dhaka.
11	<b>Mohipur Branch ATM</b>	Vill: Nazibpur, Union+P.O: Mohipur, P.S: Kalapara, Dist.: Patuakhali.
12	<b>Mathbaria ATM</b>	Holding 241, Ward#06, Mathbaria Pourashava, Mathbaria.
13	<b>Khulna Branch ATM</b>	107, Sir Iqbal Road, Khulna-9100.
14	<b>Mirpur-1 ATM</b>	20, Darus Salam Road, South Bishil, Mirpur -1, Ward # 12, Dhaka (Near Chinese restaurant bus stop).
15	<b>Main Branch ATM</b>	Bana Shilpa Bhaban (Ground floor), 73, Motijheel C/A, Dhaka-1000.



## Notice of the 26<sup>th</sup> Annual General Meeting

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) will be held on Thursday, October 29, 2015 at 4:00 p.m. at Bank's Head Office, Sena Kalyan Bhaban (19<sup>th</sup> Floor), 195, Motijheel C.A., Dhaka-1000 to transact the following business:

01. To receive, consider and adopt the Directors' Report and Audited Statements of Accounts along with the Auditor's Report thereon for the year ended December 31, 2014;
02. To elect Directors in place of those who will retire in accordance with the provisions of Articles 105, 106 and 107 of the Articles of Association of the Bank whereas the retiring Directors are eligible for re-election/ re-nomination;
03. To appoint Auditors for the Bank as per Article 144 of the Articles of Association of the Bank for the term until the next Annual General Meeting and to fix their remuneration as per Article 145 of the Articles of Association of the Bank.

Dated; Dhaka  
October 14, 2015

By order of the Board of Directors

Md. Hasan Imam  
Company Secretary

