

ANNUAL
REPORT 2016

**TRANSPARENCY
IN EVERY DETAIL**



BASIC Bank Limited

Serving people for progress

A STATE OWNED SCHEDULED BANK

Serving People for Progress



ANNUAL
REPORT | 2016



Registered Office

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

Head Office

Sena Kalyan Bhaban
(5th, 6th, 7th, 12 th, 16th, 19th & 20th Floor)
195 Motijheel Commercial Area, Dhaka-1000

Incorporation

August 02, 1988

Commercial Operation

January 21, 1989

Contacts

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BASIC Bank Limited

Serving people for progress

A STATE OWNED SCHEDULED BANK

Letter of Transmittal

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

Dear Sir(s)/ Madam(s),

Subject: Annual Report of BASIC Bank Limited for the year ended December 31, 2016.

We are pleased to present before you the Bank's Annual Report 2016 together with the Audited Financial Statements for the year ended December 31, 2016 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.

With kinds regards,

Yours faithfully,



Md. Hasan Imam
Company Secretary



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Corporate Profile

Constitution of the Bank

BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) launched its operation on January 21, 1989 being incorporated as a banking company on August 02, 1988 under the erstwhile Companies Act 1913. It is now governed by the Bank Company Act 1991 with its amendment till 2013.

The Bank came into being as outcome of the pragmatic thinking of the policy makers on urgency for a bank in the country for financing small scale Industries (SSIs). At the outset, it had been a joint venture enterprise of the defunct BCC Foundation with 70 percent shares and the Government of Bangladesh (GOB) with the remaining 30 percent shares. After the closure of BCCI, BCC Foundation became nonfunctional and the Government of Bangladesh then took over 100 percent ownership of the Bank on June 04, 1992. Thus it is recognized as a state-owned Bank.

Introducing SME Concept in Bangladesh

Long before the concept of SME getting into surface, BASIC Bank had started practicing SME banking in exploring the potential assistance to small investors through providing financial and advisory support successfully.

Since inception, BASIC Bank has been unique in its objectives with blending of development and commercial banking activities. Once treated as one of the soundest banks in Bangladesh it takes pride itself as the pioneer in the country in financing to small and medium scale industries, being inspired by its Memorandum with a stipulation that 50 percent of loanable fund shall be invested in small and medium scale industries. Now-a-days, SME is being regarded as one of the accredited tools across the world for its role in poverty alleviation, employment generation and women empowerment.

Working with Local & International Agencies

In addition to regular banking activities, BASIC Bank works with different local entities like Government Ministries, internationally reputed local MFIs/NGOs

and international agencies like Asian Development Bank (ADB), as a development partner for implementing various development schemes carried out by the government among which government's Agro-based Project Financing Scheme, Agribusiness Development Project & Second Crop Diversification Project involving the fund of ADB are worthy to mention. The ultimate objectives of those projects are to create rural employment opportunities through scaling up agro-enterprises, encourage production of High Value Crops with a view to rising income of rural people and thereby reducing the level of poverty among them.

BASIC Bank has participated in different SME, Agri and Women Entrepreneur fairs organized at different parts of the country by different government agencies and other organizations with its own stalls. The Bank has received the "Best Stall" award in International SME Fair Bangladesh 2016 organized by The Chittagong Chamber of Commerce and Industry as recognition of its aesthetic presentation and innovative content towards building a happy society.

Financing in Agricultural & Rural Sector

For development of agriculture sector BASIC Bank is concerned from the very beginning of its operation, with providing loans to farmers directly at field level, through MFIs, and to different agro-based processing industries at affordable interest rates.

Wrapping up

Steady growth in clientele base and their high retention rate since Bank's inception testifies 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, as well as commercial and trading activities attract entrepreneurs from varied economic fields. Along with promotion of products, special importance is given to individual clients in line with individual needs. "Serving People for Progress", is the motto of the Bank which has been followed for development of clientele as well as human resources of the Bank.

Long before the concept of SME getting into surface, BASIC Bank had started practicing SME banking in exploring the potential assistance to small investors through providing financial and advisory support successfully.

vision

To finance and promote small and medium enterprises towards economic development of the country.

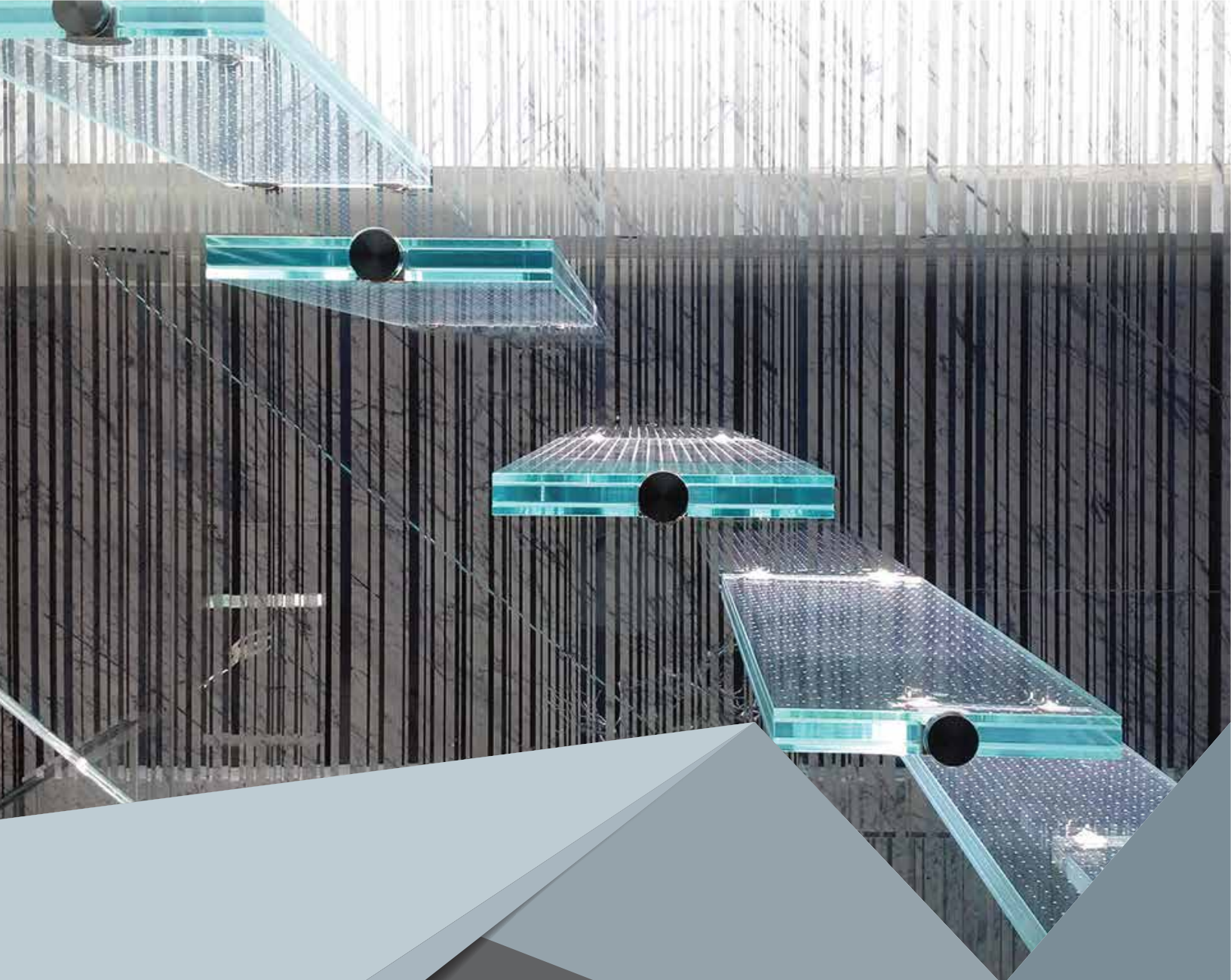
mission

To evolve as the strongest one in the banking industry by rendering quality and timely services with innovative ideas towards entrepreneurship development through utilizing human resources in an effective manner as well as ensuring corporate governance for overall betterment of the society.

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, aids or assistances, 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, shares 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 to 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 of 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, specialized in development banking, has already created stance and brand in the banking arena providing its clients with a full range of customer services to help them grow in assets and net worth.

BASIC Bank places particular emphasis on small business, quality assets and steady and sustainable growth. The Bank offers 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 providing 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 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 formal financial market for mobilization of resources which is another diversification of our services.

Coping with the competitive and rapidly changing financial market of the country, BASIC Bank maintains close connection with its clients, regulatory authorities, shareholders (the GOB), other banks and financial institutions.

In 2017, the Bank's strategic planning will be moving ahead with emphasis on following priorities and placing the Bank on a strong foothold to bring excellence in all strata:

Providing best services and attaining excellence

- To bring back glory of being number one bank in Bangladesh in all consideration.
- To grow product portfolio with focus on SME need based financial services in line with market demand under new challenging situation.
- To continue financing to agricultural and rural

sector including women entrepreneurs for its sustainability and generation of rural employment and food security also.

- To drive consumer finance to cater to the need of middle income group in urban and rural areas;
- To manage credit risk in effective manner, maintain quality asset and net-worth of the institution and 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 including recovery of bad debt, keeping regular loan on right track, and to make optimum utilization of fund and capital ensuring diversified investment with utmost precaution.

Customer Service

- To ease and simplify processes and to provide services at minimal cost to broaden areas of customer service like real time core banking facilities, ATM & Card operations, and to engage Alternative Credit Delivery Channel with assistance of MFIs/NGOs.
- To adopt new technology to make our human resources updated, efficient and competitive to ensure better customer services.

Creating a Sustainable Brand

- To ensure good governance, stability, reliability, trust and transparency and to regain ability in contributing to the national exchequer through earning profitability.

Nurturing Talent through Skill Development

- To provide on and off the job training for developing high skilled talent pool, maintain congenial working atmosphere, motivate, encourage and nurture talent base to maintain standard and practice corporate culture.

BASIC Bank attaches special importance to technical and advisory support to small and medium scale industries in order to enable them run their enterprises smoothly.



Forward Looking Statements

This Annual Report has embedded forward looking statements of BASIC Bank Limited which are reflected in Message from the Chairman, Directors' Report, Managing Director's Message, and others. These statements represent management's outlooks towards the Bank's future financial condition and performance, the economy, future events, circumstances and implications thereby. Such outlooks are based on the Bank's plans and its current goals and expectations, estimates, projections and assumptions, which always carry some intrinsic risks and uncertainties.

These statements do not carry guarantees of future performance and involve certain risk and uncertainties, words such as 'may', 'will', 'expects', 'anticipates', 'plans', 'believes', 'target' and variations of these words and similar expressions are intended to identify forward looking statements, which include but are not limited to projections of revenue earnings, recovery of classified loans and cash flows.

Actual future results and trends may differ materially from those which are forecasted in forward looking statements due to the variety of factors, but are not limited to, which are:

- National political and economic conditions;
- Changes in the monetary and fiscal policies, other government policies including policies of Bangladesh Bank;
- Volatility in interest rates and currency values;
- The effect of changes to Bank's credit rating which may eventually affect our operations, pricing and services;
- Changes in corporate tax structure along with changes in regulation of VAT on banking services;
- Changes in provisioning requirement of CRR and SLR which may affect and bring change in ROA and ROE;
- The risk that the Bank's risk management models may not take into account all relevant factors;

- Changes in customers' requirements and demands or preferences for deposit, loan and investment products and other financial services of our Bank;
- Volatility in capital market;
- Changes in international prices of essentials which put pressure on foreign exchange market resulting in instability in the overall foreign exchange market;
- International embargo on certain countries and entities which is likely to affect remittances and trade;
- Expansion of existing distribution channels and development and realization of revenues from new distribution channels which may not be attained as expected;
- Changes in competition among peers of this industry;
- Changes in accounting principles, policies, practices and guidelines in line with IFRS and Bangladesh Bank requirements;
- Changes in the priority set by the Government and the Regulator;
- Changes in judicial and regulatory proceedings; and
- Major changes in ICT policy of the country and of the Bank.

The preceding list of important factors is not exhaustive. When relying on forward looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events.

All the terms mentioned above in forward looking statement may be altered at any point of time. However, the Bank will not be accountable to update this amended information in the Annual Report, which may be affected with a future progression.

These statements represent management's outlooks towards the Bank's future financial condition and performance, the economy, future events, circumstances and implications thereby.



Board of Directors & Their Profiles

■ **Alauddin A. Majid**
Chairman

Mr. Alauddin A. Majid, a retired banker, was appointed as Chairman of the Bank on July 06, 2014 by the Financial Institutions Division, Ministry of Finance. He earned fame as an illustrious banker while he was the Chief Executive Officer of the present Bank, BASIC Bank Limited. During his incumbency for about six years in the Bank, he was able to establish it as one of the top most banks in the country. He obtained B.S. in 1963 and M.S. in 1966 from the American University of Beirut, Lebanon. Later, in 1983 he was conferred M.Agr.Ec. degree by the University of Sydney, Australia.

Mr. Majid started his banking career at Bangladesh Krishi Bank (BKB) as Agricultural Economist in 1974. As stated earlier, he was the Chief Executive Officer of BASIC Bank from 1996 to 2001. Then he was appointed as a Director of Bangladesh Krishi Bank for a period of three years since September 14, 2009. Later, he was appointed Chairman of the same Bank and remained there till July 06, 2014 when he was appointed Chairman of BASIC Bank. Mr. Majid was also an Independent Director of Industrial Promotion and Development Company of Bangladesh Limited (IPDC).





Kazi Shofiquel Azam Director

Mr. Kazi Shofiquel Azam was appointed as a Director of BASIC Bank Limited on December 30, 2015 by the Financial Institutions Division, Ministry of Finance. He belongs to Audit and Accounts Cadre. Presently, he is the Secretary of Economic Relations Division of Ministry of Finance of the Government of the People's Republic of Bangladesh. He is also Chairman on the Board of Directors of Infrastructure Investment Facilitation Company (IIFC), a Government owned company registered under Company Law. Formerly, he was Joint Secretary/Additional Secretary, Middle East and Administration Wing of Economic Relations Division, Ministry of Finance. He was the Joint Secretary of Budget-1 and Budget-2 of Finance Division, Ministry of Finance; the Deputy Secretary of Budget-4 of Finance Division; the Additional Controller General of Accounts of Bangladesh and Director of Sugar and Food Industries Corporation.

Mr. Azam worked as Government nominated Director on the Board of Directors, Investment Corporation of Bangladesh (ICB), a leading Financial Institution from July 29, 2010 to January 4, 2016 including acting as Chairman of the ICB Board from September 29, 2014 to November 10, 2014. He was also a Director of Padma Oil Co. Ltd., Meghna Petroleum Co. Ltd., Bangladesh Petroleum Institute and Teletalk Bangladesh Ltd. Besides, he was a Senate Member of the University of Dhaka and Member of the University Grant Commission.

He did his B. Com. (Honours) and M. Com. in Finance from the University of Dhaka and Diploma on Course Design and Instructional Technique in Bangkok. He got INTOSAI Development Initiative (IDI) Diploma and recognized as IDI Training Specialist. In professional career he has participated in a number of training programmes and seminars at home and abroad. Mr. Azam is the Chairman of Audit Committee and a member of Risk Management Committee of the Board of Directors of BASIC Bank since April 2016.



Parag
Director

Ms. Parag, an Additional Secretary to the Government of Bangladesh, is presently working in the Ministry of Industries. She was appointed as a Director of the Bank on July 08, 2014 by the Financial Institutions Division, Ministry of Finance. She is an M. A. in English Literature with Honours. She has also acquired M. Soc. Sci. in Development Administration from the School of Public Policy, University of Birmingham, UK.

Ms. Parag has gathered experience in different sectors through her working in the Ministries which include among others Energy & Mineral Resources, Finance, Commerce, Local Government, Road Communications, Public Administration and Cultural Affairs. She has successfully completed a number of professional development programmes at home and abroad.

Ms. Parag has also worked with the development partners when she was in the UN systems on secondment for a number of years.

Ms. Parag is a member on the Board of Nuvista Pharma Ltd, Unilever Bangladesh Ltd and is a Senate member of Dhaka University of Engineering and Technology (DUET).



Hasan Mahmood, FCA
Director

Mr. Hasan Mahmood, FCA, a prominent professional in the related field of chartered accountancy, was appointed as a Director of the Bank on July 07, 2014 by the Financial Institutions Division, Ministry of Finance. He obtained B. Com. (Honours) and M. Com. in Accounting from the University of Dhaka. He qualified as a Chartered Accountant in 1989. He is an expert in International Financial Reporting Standards, Auditing Standards, Tax laws, Company Laws and BSEC rules and regulations. Mr. Mahmood is a member of the Taxation and Companies Law Committee of Institute of Chartered Accountants of Bangladesh (ICAB). He is also a member of Tariff and Taxation Committee of Metropolitan Chamber of Commerce and Industries (MCCI). He was appointed as a member of the “Company Law Reform Committee” by the Ministry of Commerce. He is a partner of M. J. Abedin & Co., Chartered Accountants, a member firm of the Moore Stephens International Limited. He was the Chairman of Audit Committee of the Board of Directors of BASIC Bank till March, 2016 and at present he is a member of the said Committee.

Raihana Aneesa Yusuf Ali
Director

Ms. Raihana Aneesa Yusuf Ali, a seasoned banker having a bright and successful banking career, was appointed as a Director of the Bank on July 07, 2014 by the Financial Institutions Division, Ministry of Finance. She obtained B.A. (Honours) and M.A. in Economics from the University of Dhaka. She started her banking career at Bangladesh Krishi Bank (BKB) through Bankers Recruitment Committee in 1977.

Ms. Aneesa served BKB as General Manager from 1999 to 2001. Then she was posted to Agrani Bank as General Manager and discharged duties up to 2004. She served as Deputy Managing Director of Sonali Bank Limited and Managing Director of Bangladesh House Building Finance Corporation. Ms. Aneesa in her long career attended many training programmes and seminars at home and abroad. She is the Chairman of Risk Management Committee of the Board of Directors of the Bank.





Md. Mamun-Al-Rashid
Director

Mr. Md. Mamun-Al-Rashid, an Additional Secretary to the Government of the People's Republic of Bangladesh, was appointed as a Director of the Bank on July 07, 2014 by the Financial Institutions Division, Ministry of Finance. He obtained M.Com. in Management from the University of Dhaka and M.A. in Govt. Finance from the University of Ulster, UK. He has gathered experience of working in Financial Institutions Division, Ministry of Finance. Mr. Mamun was engaged in framing Rules, Regulations and Acts relating to Banking as well as Insurance. Moreover, he dealt with criminal cases relating to fraud, forgery, money laundering and negotiable instruments, while discharging his duties as Metropolitan Magistrate in Dhaka. His special interest in study is bank related laws and rules of different countries. Mr. Mamun is a member of the Risk Management Committee of the Board of Directors of the Bank.



Mr. Tabarak Hussain Director

Mr. Tabarak Hussain hails from a respectable Muslim Family of village Nandua under the District of Moulvibazar. Mr. Hussain was appointed as a Director of the Bank on May 03, 2016 by the Financial Institutions Division of the Ministry of Finance.

Mr. Hussain obtained graduation degree from MC College in 1970. During college life Mr. Hussain actively participated in student politics and was involved in the movement for establishment of Democracy, Rule of Law and the struggle for autonomy of the then East Pakistan which culminated into struggle for independence of Bangladesh. Mr. Hussain actively participated in the war of liberation in 1971. After obtaining LL.B degree he joined legal profession in 1983 and thereafter he was enrolled as an advocate of Supreme Court. He was elected as a member of the Executive Committee of Supreme Court Bar Association in 1993. He was elected as a member of Bangladesh Bar Council for two terms from 1998 to 2004 and was also Editor of Bangladesh Legal Decision (BLD) published by Bangladesh Bar Council. Mr Hussain continues his practice as a lawyer in both the Divisions of Supreme Court.

Mr. Tabarak Hussain was General Secretary of Sylhet Press Club and Vice President of the National Committee of Bangladesh Sangbadik Samity. He was also associated with various socio-cultural activities including Udichi Shilpi Goshti and Sylhet Khelaghor Ashar for several years.



**Mr. Mahabubur Rahman Bhuiyan
Director**

Mr. Mahabubur Rahman Bhuiyan was born in a respectable family of Syednagar, Narsingdi. Mr. Bhuiyan was appointed as a member of the Board of Directors of the Bank on June 06, 2016 by the Financial Institutions Division, Ministry of Finance. Earlier he was Director of Bangladesh Krishi Bank (BKB) for a period of six years. In early age Mr. Bhuiyan actively participated in student politics. He was the Vice President of Chatra Sangsad at Narsingdi College during 1967-68.

Mr. Bhuiyan is a freedom fighter as well as an organizer of our liberation war in 1971. He was also the founder President of Narsingdi Zilla Jubo League. He acted as General Secretary of Narsingdi Zilla Awami League from 1982 to 1986. He also took part in three national parliamentary elections. At present he is a member of national committee of Bangladesh Awami League, number one Senior Vice President of Narsingdi Zilla Awami League and President of Governing Body of Mannan Bhuiyan Degree College, Narsingdi.

Afroza Gul Nahar
Director

Ms. Afroza Gul Nahar, an experienced banker having long banking career, was appointed as a Director of the Bank on January 31, 2017 by the Financial Institutions Division, Ministry of Finance. Ms. Nahar obtained B.Sc (Honours) and M.Sc in Agricultural Economics from Bangladesh Krishi University, Mymensingh. She started her banking career at Bangladesh Krishi Bank (BKB) in 1983.

Ms. Nahar was posted to Rajshahi Krishi Unnayan Bank (RAKUB) as Senior Officer in 1988 and served RAKUB till 2011 as Deputy General Manager. Later, Ms. Nahar was posted to Bangladesh House Building Finance Corporation as General Manager and carried out duties from 2011 to January, 2015. She then served as Deputy Managing Director of Janata Bank Limited for about two years. Finally, she was promoted to Managing Director of Bangladesh House Building Finance Corporation. Ms. Nahar attended many training programmes and seminars in her colourful career.



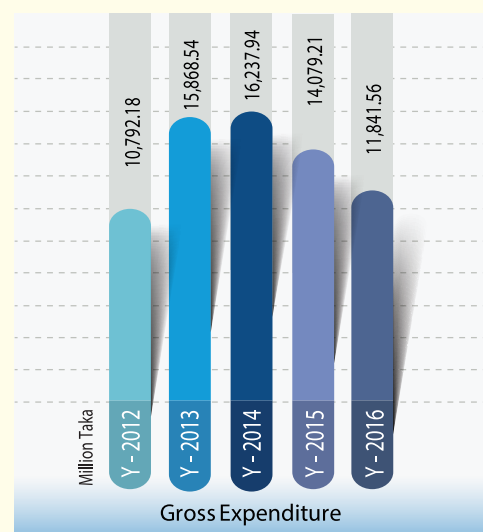
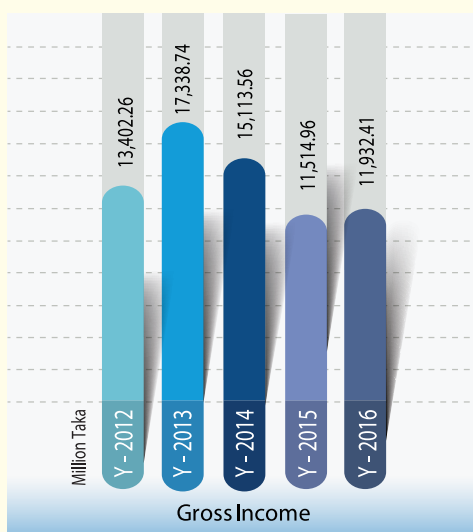
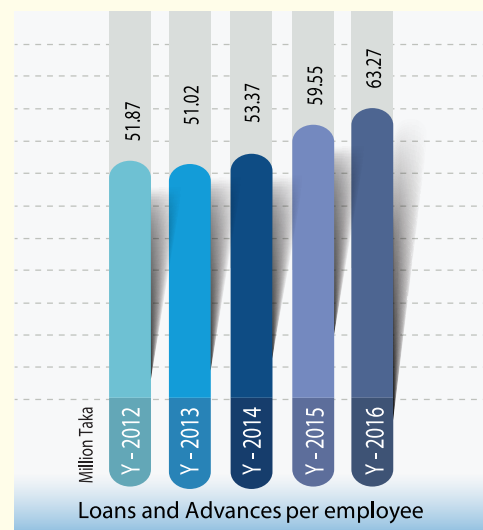
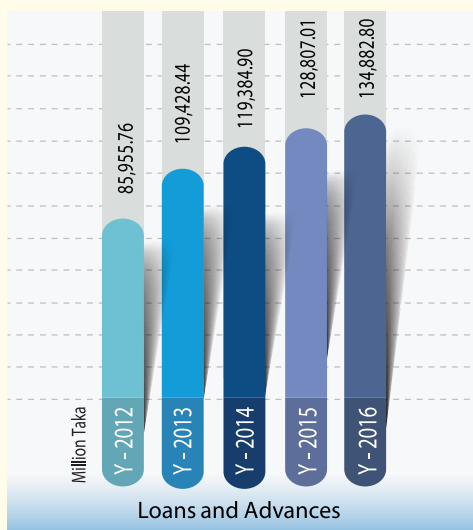
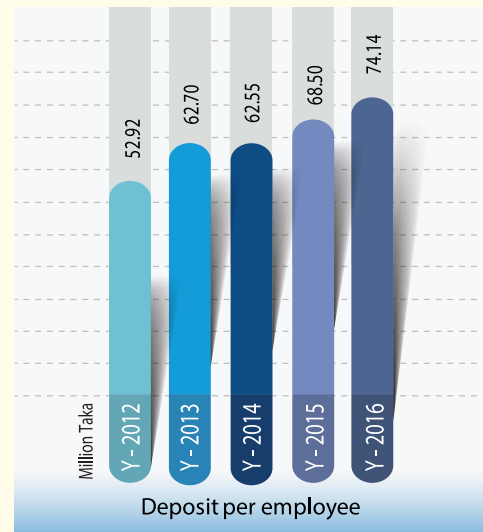
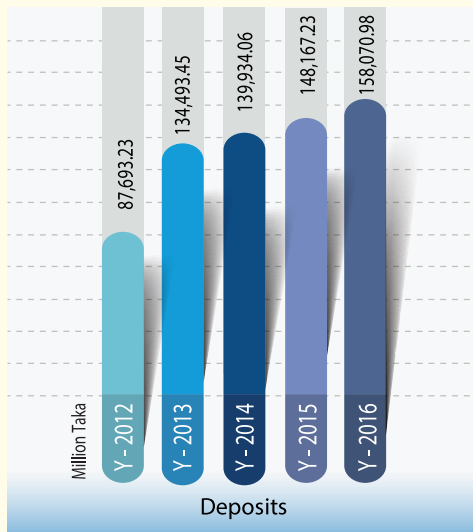


Khondoker Md. Iqbal Managing Director

Mr. Khondoker Md. Iqbal was born in a respectable muslim family in the district of Barisal. He was appointed as Managing Director by the Board of Directors of the Bank and joined the Bank on October 01, 2014. He obtained B.Com.(Honours) and Masters Degree in Accounting from the University of Dhaka. He also obtained Diploma in Banking from the Institute of Bankers, Bangladesh and in Decision Base from Stockholm, Sweden.

Mr. Iqbal started his banking career as Class-1 Officer at Investment Corporation of Bangladesh (ICB) in 1981. During his banking career, Mr. Iqbal worked in different divisions at ICB and his performance was outstanding in the respective areas of operations. He was the Chief Executive Officer (CEO) of ICB Asset Management Company Limited. He worked as General Manager at Agrani Bank Limited and Sonali Bank Limited. Then he worked as CEO of Sonali Bank (UK) Ltd and Deputy Managing Director (DMD) of Sonali Bank Limited. Prior to joining BASIC Bank, Mr. Iqbal was the Managing Director of state owned Karma-sangsthan Bank. He participated in a number of training programmes, seminars and workshops at home and abroad.

Business Position





Report of the Audit Committee

Constitution/ Formation of the Audit Committee

The Audit Committee, an important functional committee, was constituted by the Board in its 148th meeting held on April 05, 2003 in compliance with the guidelines of BRPD Circular No.12 dated December 23, 2002 of Bangladesh Bank to provide an independent oversight of the financial reporting, non-financial corporate disclosures, internal control and compliance to governing rules and laws. After issuance of BRPD Circular No.11 dated October 27, 2013 by Bangladesh Bank, reconstitution of the Committee is being made in compliance of the stipulation enunciated in the said circular.

Particulars of the Members of the Audit Committee as on 31.12.2016:

Sl. No.	Name	Status with the Bank	Status with the Committee	Educational Qualification
01	Mr. Kazi Shofiqul Azam	Director	Chairman	M. Com. in Finance
02	Ms. Parag	Director	Member	MSS in Development Administration, M.A in English
03	Mr. Hasan Mahmood, FCA	Director	Member	FCA, M.Com.

The Company Secretary of the Bank is entrusted to conduct the secretarial functions of the Audit Committee meeting.

Meetings held during 2016

During the year 2016 the Audit Committee met four times wherein efforts were there to accomplish the duties

and responsibilities that would serve the purpose of constitution of the Committee. Details of the meetings held in 2016 are as under:

Sl. No.	Meeting No.	Date
01	58	29.03.2016
02	59	27.04.2016
03	60	26.09.2016
04	61	22.12.2016


Activities of the Audit Committee during 2016:

The Committee while discharging its duties and responsibilities used to follow the guidelines enunciated in the BRPD Circular No.11 dated October 27, 2013 of Bangladesh Bank. As such, emphasis was given on the following fundamentals:

- Internal Control
- Financial Reporting
- Internal Audit
- External Audit
- Compliance

Besides, the major areas reviewed/discussed/evaluated/recommended by the Audit Committee during the year 2016 are as under:

- Statement of Accounts for the year ended December 31, 2015;
- Appointment of auditors and fixing their remuneration for the year 2016;
- Evaluation report on the activities of Audit and Inspection Division for the year 2015;
- Risk Grading of the Branches of the Bank;
- Observations/recommendations made by Department of Banking Inspection (DBI)-2, Bangladesh Bank in its Comprehensive Inspection Report (BASIC, Head Office) – 2014 and Core Risk Inspection Report (BASIC, Head Office on position dated June 30, 2014) on Internal Control and Compliance (ICC) of the Bank;
- Annual Audit Plan for conducting internal audit and inspection at the Branches and Divisions of Head Office for the year 2016;
- Audit reports of Branches on major irregularities detected by Audit and Inspection Division of the Bank during the year 2015 and compliance status there against;
- Review of Bangladesh Bank’s Inspection Report on Internal Control and Compliance (ICC) of BASIC Bank Limited, Head Office based on June 30, 2015;
- Fact sheet/status report on 54 clients of 05 Branches;
- Changes/suggestions made by Bangladesh Bank in the guidelines on Internal Control & Compliance (ICC) Policy of the Bank through BRPD Circular No. 06 dated September 04, 2016;
- Performance of the 62 executives (rank from AGM to DMD) of the Head Office in achieving their targets for recovery of the outstanding classified loans and advances;
- Status of legal suits filed by/against the Bank as on September 30, 2016;
- Communicative meeting of the Audit Committee of the Board of Directors with the field level internal auditors of the Bank regarding problems faced by the auditors during the audit and afterwards.



Kazi Shofiqul Azam
Chairman

Risk Management Committee Report

The Risk Management Committee of the Board of Directors was formed in line with the Bangladesh Bank's BRPD Circular No. 11 dated October 27, 2013 which now comprises the following members:

Sl. No.	Name	Status with the Bank	Status with the Committee	Educational Qualification
01	Ms. Raihana Aneesa Yusuf Ali	Director	Chairman	M. A. (Economics)
02	Mr. Kazi Shofiquel Azam	Director	Member	M.Com. in Finance
03	Mr. Md. Mamun-AI-Rashid	Director	Member	M.Com in Management, M. A. in Government Finance.

In the year 2016, the Risk Management Committee of the Board of Directors conducted 04 (four) meetings in which, among others, the following issues were discussed/evaluated/reviewed and delivered necessary advices/instructions to the management:

- i. Revised the 'Statement on Internal Capital Adequacy Assessment Process (ICAAP) under Supervisory Review Process' for the year 2014 and 2015 with an advice to take all out efforts to expedite the reduction of capital requirements by managing all risks prudently and to develop sound capital base of the Bank gradually.
- ii. Discussed on the Draft Internal Capital Adequacy Assessment Process (ICAAP) Policy with an advice to assess the risks properly as well as keeping the risks at minimum level.
- iii. Analyzed the risk appetite (internal limit) for risk areas of the Bank for the year 2016.
- iv. Evaluated the comprehensive risk management rating of the Bank for the year 2015 with an instruction to comply with the instructions of Bangladesh Bank meticulously.
- v. Analyzed the reformation of Risk Management Structure, all Risk Committee and Framework of Risk Management Division of the Bank with an advice to deploy skilled and adequate manpower for smooth functioning of the entire system and implementation of the changes following the guidelines of Bangladesh Bank.
- vi. Discussed on Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) Policy of the Bank along with the amendments to the said Policy as required by Bangladesh Bank.
- vii. Evaluated Core Risk Inspection Reports of Bangladesh Bank on ALM, CRM, ICC & ICT security of the Bank.
- viii. Discussed on formation and formulation of terms of reference of Sustainable Finance Unit by abolishing Green Banking and CSR units of the Bank.


Raihana Aneesa Yusuf Ali
Chairman



Message from the Chairman

On the occasion of the 28th Annual General Meeting of BASIC Bank Limited I, on behalf of the Board of Directors, extend my warm and heartiest welcome to the Representative of the lone shareholder, the Government of the People's Republic of Bangladesh, nominated shareholder-Directors and the Bangladesh Bank Observer. It is indeed a matter of honour and privilege for me to present the Annual Report along with Audited

Financial Statements of BASIC Bank Limited for the year 2016.

The year 2016 has kindled bright ray of hope for our Bank to perform better in the year 2017 and beyond.

At the outset, I would like to touch upon the scenario of the banking industry of Bangladesh during the year

2016. Banking industry has been recovering from the situation caused by several financial scams, notably in the State-owned Commercial Banks (SCBs).

The year 2016 was quite challenging for financial sector followed by hurdles like slow credit growth, excess liquidity and difficult and testing management of non-performing loans (NPLs). Amid such difficulties, most of the banks excepting a few could register growth in their operating profit in the backdrop of swelling classified loans and downturn in interest-rates. However, income of many banks remained steady for their efficiency in fund management and earnings from treasury operations.

The banking sector indicators portrayed a mixed picture in 2016 compared to that in 2015. Capital to Risk-weighted Asset Ratio (CRAR) remained steady with some improvements during Q2 of FY2017, while profitability (both ROA and ROE) and the provision shortfall position of banks against classified loans deteriorated during the period. The gross NPL ratio increased from 8.79 percent at the end of December 2015 to 9.23 percent at the end of December 2016 due to increase in classified loans, especially in state owned commercial banks, specialized banks and foreign commercial banks. In terms of year on year comparisons, both Return on Asset (ROA) and Return on Equity (ROE) declined from 0.8 percent and 10.5 percent respectively at the end of December 2015 to 0.7 percent and 9.9 percent respectively at the end of December 2016 although ROA and ROE increased in the second half of 2016. Capital to Risk Weighted Assets Ratio (CRAR) stood at 10.8 percent in December 2016 representing stable position comparing to that of 2015.

The overall economic stability aided by supportive fiscal policy of the Government and prudent monetary policy of Bangladesh Bank helped keep financial sector steady in 2016 albeit problems arising from loan default shocks in financial system at intervals during the year. However, political stability that prevailed round the year and low interest rate induced businesses for credit appetite and hopefully private sector investment will continue to grow further.

I assured in 2015, the period when the Bank had been incurring operating losses, that “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.” We are happy to reassure that BASIC Bank is on the way to come out from vulnerability inflicted upon it through irregular practices for years together and has regained the posture of operating profit earning bank at the end of 2016 marking the resumption of its journey with profit. Both Board of Directors and the management teams are still striving to pull the Bank out of dire situation; loan scams are unveiled, hidden weaknesses are assessed and core risks of the Bank are readdressed. Besides, asset liability management of the Bank has been brought under close supervision. Malpractices, maladministration and window dressing have been put to an end.

All the measures taken for rebuilding of Bank’s strength manifest in the upturn of many indicators in the year 2016 that got its culmination by a continued reform and re-arrangement in its various segments. Total asset of the Bank stood at Taka 204.74 billion at the end of year 2016, increasing 5.44 percent from Taka 194.17 billion in the previous year. Deposit reached Taka 157.16 billion posting a 6.07 percent growth in the reporting period. Loans and advances stood at Taka 134.88 billion as on December 31, 2016 registering a 4.72 percent increase. During the year under review disbursement of new loans and advances amounted to Tk. 37.16 billion.

Handling of non-performing loans and strategy for recovery drive got prime importance to retrieve health and image of the Bank. Collection of low-cost deposits, maintenance of quality of assets, enhancing non-interest income, minimizing operating expenses and maintenance of loan deposit ratio in compliance with guidelines of Bangladesh Bank remained the centre piece of attention for the management of the Bank.

The Bank financed Taka 30.38 billion of import business in 2016. Export, which has always been a priority for the Bank, was financed to the extent of Taka 23.42

billion during the reporting year.

The Bank posted operating profit of Taka 90.85 million in 2016 before keeping provisions for loans and advances and taxes for the year 2016.

BASIC Bank has always been keen to widen its operational network for financial inclusion of people. Network of branches remained at 68 (sixty eight), located at important locations throughout the country both in rural and urban area, covering 31 districts. Besides, the Bank operates 08 (eight) collection booths for collecting different types of bills. Moreover, the Bank has 16 (sixteen) ATM booths of its own. The Bank plans to expand its network by opening branches and to extend ATM services in collaboration with other banks.

ICT security has become a key concern for banks nowadays while application of information technology in the financial sector has revolutionised day to day banking operations enabling clients to receive prompt service facilitated by it. Information security risks arising from unauthorized access to the computer system are causing service interruptions and theft or alteration of data are rapidly increasing. Keeping it in view, measures have been taken to enhance ICT security system as per latest ICT Security Guideline of Bangladesh Bank for ensuring safety of banking operation. 'SSL Certificate' has been implemented to increase the security of the e-mail. While steps are taken to make security system robust, Bank is attaching more importance to the upkeep and maintenance of existing ICT related services and further expansion. Providing individual customer's account's month end balance as well as information on transactions therein to the customer's mobile through SMS, implementation of leave management and PF management software and initiation of e-tendering system improved customer service and day to day works of the Bank. The Bank has been success-

fully participating in Bangladesh Automated Cheque Processing System (BACPS), Bangladesh Electronic Fund Transfer Network (BEFTN) operations under Bangladesh Automated Clearing House (BACH) and Real Time Gross Settlement System (RTGS) of Bangladesh Bank.

The Bank believes in investing in human capital and renders effort in continual skill development of its workforce. Total of 1,899 employees attended Seminars, Workshops & Training at BBTI, BIBM, BBTA and other training institutions for attainment of professional excellence in banking during the year 2016.

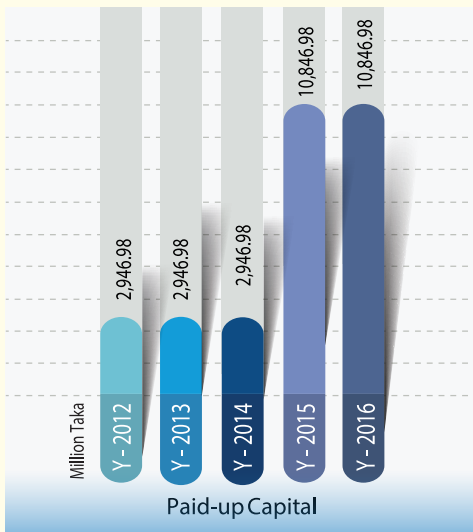
Finally, on behalf of the members of the Board, I would like to take this opportunity to convey our sincere gratitude to the Government of Bangladesh, the sole owner of the Bank, for their continued support and guidance and for injecting fresh capital to the Bank from 2014 to 2017. I acknowledge the cordial relationship with autonomous bodies who maintain their deposits with our Bank. I extend my sincere thanks to Bangladesh Bank for their support and judicious guidance. I express my sincere gratitude to the fellow members of the Board of Directors for their cooperation and active participation in the decision making process. I am thankful to the clients for giving us an opportunity to serve them. Employees of BASIC Bank Limited, led by its Managing Director, who are engaged in relentless endeavour to turn the Bank around deserve special appreciation from the Board of Directors.

We believe that team spirit and united efforts put in by Bank's management in achieving results and support of all stakeholders extended in 2016 and its continuation beyond will enable BASIC Bank to rise up to successfully face the challenges lying ahead.



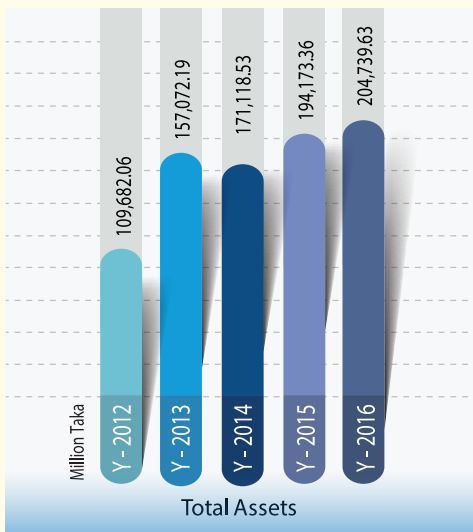
Alauddin A. Majid
Chairman
BASIC Bank Limited

Business Position



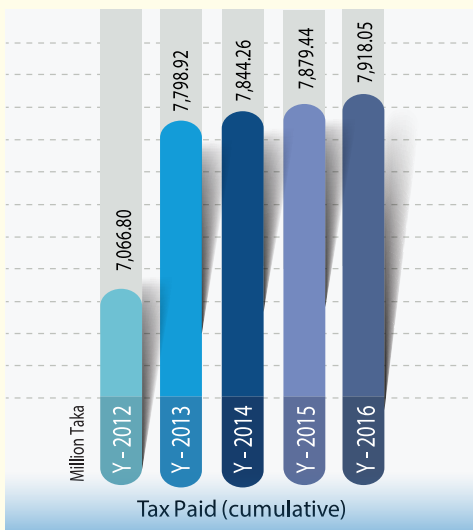
Number of Branches

68



Number of AD Branches

16



Number of Employees

2132

Cost of Fund

8.31%



Managing Director's Message

Greetings to all stakeholders,

The year 2016 witnessed our earnestness in continuing our right focus towards achieving the desired goals in the midst of recovery from the dust piled up during mid-2010 through mid-2014. We have an excellent team that has brilliantly executed the strategy we designed for the whole year. We have seen another year of struggle in bringing the Bank into the path of sustainable recovery. None of that would have been possible without the dedication and hard work of all our employees.

This report depicts the financials and other allied issues, demonstrating the challenges faced and achievements made and evidencing that all stakeholders shall continue to repose their full confidence in us in the coming days.

Looking back...

While setting targets for the reporting year, we had anticipated about entering the operating profit zone while expecting improvement in asset quality contributing to the reduction of NPL, provision and capital requirement. We also had concentrated on operational efficiency to contribute to the overall profit earning capability of the Bank.

Now, it is a pleasant feeling for me to assert that we were almost on target especially in the backdrop of the sluggish growth of the banking industry. As such, we have gained more courage to set bigger targets and at the moment I am more confident and optimistic about achieving those targets.

Stretching full ...

Although the recourse of the 2010-2014 period could not be swept away wholly, stakeholders might have sensed our achievements while noticing operating profit of BASIC Bank in 2016. By bringing the Bank back to the operating profit zone in 2016 from an operating loss of Taka 256.43 crore in 2015, we have certainly demonstrated our worth in rebuilding an almost destroyed stature of the Bank. However, that does not make us complacent, rather more innovative and resilient so as to guide the Bank to stride ahead.

On behalf of the management of the Bank, I assure you that we would continue to render our efforts like the glorious years of past to fetch best results for all of us. I feel that we have been able to rejuvenate ourselves with all the good practices to pave on the right track of banking norms.

In 2016, many of the valued business houses started banking with us to facilitate us moving towards a new destination and boost our confidence while some well-wishers came back to support us to regain the lost image of the Bank. As our strategy was clear and well understood, our customers appreciated the knowledge, expertise and commitment of our personnel. That is why I feel a sense of great pride being the CEO of, once, the best Bank of the country.

Priorities being taken care of...

In 2016, given the reality of the Bank's plight, we adopted innovative techniques and strategies which facilitated us to reach the goal of entering into the operating profit zone.

Like the previous year, we prioritized recovery of the 'Non-Performing Loans (NPL)' most in order to improve

the asset quality of the Bank. However, our endeavour for finding new areas of finance and entering some potential sectors continued with high priority. As such, our revenue streams were moderately flowing to let the Bank thrive for the operating profit.

Our strategic priority remains the same for 2017 also. Besides, we would take the opportunity of increasing revenue from other potential sectors.

In 2016, we opted for improvement in managing our human resource also through providing necessary training and motivating them in true practice of organizational culture.

Our commitment to stakeholders...

As experienced in the last few years, the whole banking sector went through several challenges in 2016 also. Even then, it is quite evident that we had successfully handled those challenges and adapted to the challenging environment to attain a new resilient status. Business environments change continuously in the wake of new local and global challenges. We had to change and so did we. We had to be innovative and so did we.

The past year was full of considerable improvements and house-keeping activities, but our focus remained on delivering quality customer service. Competition from other industry players continued to be intense and BASIC Bank's customer service oriented strategy continued to deliver. We developed several new products during the past twelve months in our efforts to meet customers' diversified needs.

In the context of 2015, we were in a 'do or die' situation because we were not habituated to make operating loss for whatever the reason was. So we exerted maximum efforts in regularizing NPL and other housekeeping. Forty branches were in the profit zone in 2016. Moreover we were also able to maintain Loan-Deposit (LD) ratio, the important indicator of a bank's liquidity, within the regulator's limit of 85% that portrays our strong liquidity position.

Looking ahead...

While 2017 looks set to be another difficult year, we continue to see opportunities in adversity. The year ahead will be difficult and so we continue to identify possible problems that might arise in time. We will continue to build on our strengths, guided by our time-tested values of dignity, boldness, unity, commitment and a strong sense of accountability to our stakeholders.

Now, looking ahead, we see our future in a hefty operating profit zone by the end of 2017 although we will have to face acute crises in recovering the non-performing assets of the Bank. Even then, we expect to see more improvement in quality of assets, reduction of provision and capital requirements. We hope that Government of Bangladesh extends more support by replenishing capital to comply 'Capital Adequacy Ratio' as necessitated in Basel accord. We are grateful to the Government for supporting us by replenishing Taka 2,390.00 crore up to December 31, 2016 as capital since 2014. Our indebtedness to the Government attains further elevation as they have injected fresh capital of Taka 1,000.00 crore on June 19, 2017.

Besides, our endeavours for achieving more improvement in operational efficiency in the coming days ahead will continue which contributes to the overall profit earnings of the Bank.

Acknowledgements...

I would like to thank and express my gratitude to our only shareholder- the Government of Bangladesh as well as the regulators - Bangladesh Bank and Bangladesh

Securities and Exchange Commission (BSEC) for their guidance and support. The Board of Directors deserves special thanks for their constant advice and continued and valuable guidance. As a witness to the Board meeting proceedings, I, on a personal note, express my highest appreciation of the distinguished Directors for their confidence in the Bank Management's commitment and dedication.

Besides, I would look forward to our regulators, patrons, valued customers and well-wishers for sharing with us their thoughts so as to enable us to accommodate to the social reality and usher in a better tomorrow for the Bank.

And finally, I appreciate all of my colleagues, from Sub-staffs to Officials to Executives, engaged in providing day to day services to our customers through crafting innovative ideas and initiatives. Let us stand together with the hope of a bright prospect of the Bank.

Last words...

At the end of my note, I would like to appeal to all to come forward with all of their well wishes and good intents so that we can serve them even in better ways than before.

I want to conclude my message by offering you a new outlook of the Bank in the words of a famous quote of a former President of an influential country: "If you live long enough, you'll make mistakes. But if you learn from them, you'll be a better person. It's how you handle adversity, not how it affects you. The main thing is never quit, never quit, never quit."



Khandoker Md. Iqbal
Managing Director
BASIC Bank Limited



Directors' Report

The Board of Directors of BASIC Bank Limited is delighted to present the Directors’ Report along with the Audited Financial Statements for the year 2016. This report highlights the encouraging performance of the Bank for the year ended December 31, 2016.

The Directors have reviewed the financial statements to assess financial control of the Bank, transparency of its processes and accuracy of financial data as well as financial reporting of the Bank. The report briefly touches upon the global and domestic economic scenario before presenting the detailed analysis of the Bank’s performance for the year 2016.

Global Economic Scenario

Growth of 3.1 percent for global economy in 2016, compared very closely with previous year’s position indicates lackluster performance of the worldwide economy which can be attributed to low levels of investment and weakening of global trade. However, despite the unimpressive turnout in 2016, global economic activity is projected to pick up pace in 2017 and 2018, especially due to improvements in emerging markets and developing economies. This prospect of growth, however, is likely to be affected by issues such as Brexit, new populist President in the United States, refugee crisis and terrorism.

The global economic growth has been projected to be 3.4 percent in 2017 and 3.6 percent in 2018 despite the forecast of uncertain changes in policy of new leaderships in the U.S. and U.K. and their global spillover effects.

The growth projection for emerging markets and developing economies has been estimated at 4.5 percent in 2017 and 4.8 percent in 2018. On the other hand, the forecast of growth for advanced economies is around 1.9 percent in 2017 and 2.0 percent in 2018 which is slightly better than that of 2016.

Since the global financial crisis in 2008, Asia has been a key engine of global growth and a source of economic stability. The near-term outlook for the region remains strong and stable. Accommodative policies and a recent easing of financial conditions will strengthen domestic demand to help offset weak export growth. Near-term growth prospects for Asia’s largest economy, China, have been revised up due to expected policy stimulus. Likewise, the growth projections have also been revised upward for Japan.

However, the forecast for India, the other major contributor of Asian economy, has been trimmed for the current and next fiscal year.

Also growth projections for other large economies of the world such as Brazil and Mexico have been revised downward. However, it is expected that the slowdown of economic growth in Russia will come to an end.

Oil prices increased in the last part of 2016 following an agreement among major producers to reduce supply.

Replacement of multilateral trade agreements with bilateral ones by the United States exiting NAFTA and initiation of Brexit by the United Kingdom are expected to generate uncertainty in trade and investment. However, developing and emerging economies are expected to continue to fuel the global economic growth in the upcoming years. Nevertheless, likely trade restrictions could hit the economies of some of the world’s poorest countries hard since growth has been considered as the main driver of poverty reduction for the last two decades for these economies.

Economic Scenario of Bangladesh

Bangladesh experienced remarkable economic and political stability in 2016 that facilitated achievement of 7.11 percent GDP growth in the Fiscal Year (FY) 2016.

Industrial sector followed by the services sector played the main roles in achieving this GDP growth. Low petroleum prices in the global market helped keep the inflation rate low as Bangladesh spends a significant amount on import of petroleum products.

Export earnings increased at a higher rate than did import payments and export-GDP ratio increased in FY2016 while import-GDP ratio decreased. Mainly higher export of ‘Ready-Made Garments (RMG)’ contributed to this growth of export earnings.

RMG sector as usual is expected to be at the forefront of driving the economic growth of the country by securing higher export earnings in the upcoming years compared to the last couple of years with new compliance and safety measures being instated following the Rana Plaza incident. Infrastructural facilities’ improvement, technological upgrading and skills development

will certainly facilitate the growth process of the sector. Over the past two decades, Bangladesh economy has undergone a major transformation, led by the rapid expansion of the garment industry, which has helped reduce poverty through rapid increase in employment, especially for women. The result has been a sustained increase in per capita income.

It is important to recognize that Bangladesh is making significant progress toward its goal of achieving 'middle-income economy' status by 2021. As a matter of fact, Bangladesh stands out among its neighbours in terms of performance in certain development indicators like reducing poverty (nearly halved since 1990), increasing life expectancy, increasing access to safe drinking water and sanitation, lowering inequality and decreasing child mortality.

In addition, there has been significant progress in financial inclusion of the people belonging to the poor and vulnerable groups of the society. Initiatives taken by the government, guidance provided by Bangladesh Bank and efforts put in by the Banking industry, particularly, State Owned Banks contributed towards achieving such progress. In fact, Bangladesh is often cited as a shining example among many other developing countries in this regard.

In 2016, macroeconomic stability has been successfully maintained which is evident in higher reserves, lower public debt as a share of GDP, and lower underlying inflation. Like the earlier years, Foreign Exchange Reserves continued to increase in 2016 reaching USD 32.1 billion by the end of December, 2016 from USD 27.5 billion as at end December 2015.

It can be assumed that Bangladesh's position in the world market as a major exporter of cheap consumer goods such as RMG, leather goods and jute goods will remain secured in the upcoming years. However, there are some major challenges which need to be addressed before Bangladesh can move on to the next level of development. It has to seize new trade opportunities that will emerge from the constantly shifting cross-currents of the global supply chain. Competition also is going to be intense, and only the most efficient producers will be able to take advantage of latest technology, changing tastes in products and innovative cost management measures.

Uninterrupted flow of investment remains a crucial

precondition for growth of Bangladesh economy as the impetus for growth has to come from both public and private investments. One of the major challenges is the need to increase private investment in potential ventures to sustain the recent high levels of growth. At the same time, a significant increase in public investment, particularly in physical infrastructure and increase in productivity and efficiency are necessary to maintain competitiveness and generate further economic growth.

Import payment of USD 41.3 billion was registered in 2016 underlining a growth of 4.6 percent compared to the previous year's import payment of USD 39.5 billion. Notably, a major share of last year's import payment was accounted for import of capital machinery pointing to the growth of industrialization. On the other hand, goods and services worth USD 35.0 billion were exported from Bangladesh in 2016.

It is important to recognize that Bangladesh is making significant progress toward its goal of achieving 'middle-income economy' status by 2021.

In FY2016, investment as a share of GDP was 29.7 percent, lower than the target for the fiscal year. This was also lower than the propensity of the people to save, indicating moderate weakness in utilizing the capacity of the economy. Keeping in mind the need for a growing economy, the Government has targeted to increase investment to 32.7 percent of GDP in FY2017 which would require enhancement of investment in infrastructure development projects.

Dismal economic performance in the oil exporting countries has led to a cut in remittance flow to the country despite increase in number of migrant workers. This is somewhat worrying since a major portion of Bangladesh's foreign currencies come from remittance. Remittance from the workforce employed abroad amounted to USD 13.6 billion in 2016.

The most shocking incident of 2016 was the terrorist attack at Holey Artisan Bakery in Dhaka which saw 20 people killed of whom 17 were foreigners. After the

incident, there were indications from some quarters that foreigners might be uninterested to visit Bangladesh for which the economy might suffer for some time. However, Bangladesh handled the situation with dexterity by tightening the security for diplomatic zone while strengthening the security measures all over the country. As a result Bangladesh's trade partners from abroad have not turned away. Consequently, the concern regarding the security situation of stakeholders and business partners of the country has significantly decreased in the last few months due to which no adverse effect on market confidence has been experienced.

Also, the recent revival of the condition of the capital market suggests that the investors are slowly but surely getting their faith back in the capital market though this process of recovery must be handled with caution and rationality.

Despite all odds, economic activities remain relatively vibrant in the country mainly due to increase in domestic demand which is reflected in the growing trend of lending and import activities. In order to keep it going, accommodative monetary policy has been developed to ensure growth of both domestic and foreign demand of our products which in turn will ensure continuous industrial growth and subsequent employment generation.

On the whole, policies and initiatives are being taken to provide the financial system long-term sustainability by supporting an inclusive, job intensive, and environmentally sustainable growth.

Economic Outlook

Bangladesh's economy is likely to be shaped by a number of positive as well as challenging developments in 2017. As most big economies of the world have been struggling to recover from the sluggish growth, Bangladesh's major economic boost will have to come from the country within.

The Government has set a target in the national budget for achieving 7.2 percent GDP growth in FY2017 while keeping inflation at 5.8 percent or lower. To attain this target complementary monetary policy has been formulated by Bangladesh Bank in which private sector credit growth is projected to be 16.5 percent by June 2017.

As Bangladesh is aiming at achieving 'middle-income economy' status by 2021, earnings from export oriented industrial sectors such as RMG and newly emerging 'thrust' sectors as well as remittances from migrant workers need to be consistently growing in order to reach the USD 70.0 billion foreign currency earning mark. Therefore, the country needs to forge new trade alliances and promote investment, both domestic and foreign, in manufacturing, infrastructure and ICT sectors. If Bangladesh adopts appropriate policy shifts to accommodate changing global economic trends, the country is highly likely to achieve its target.

Based on current and projected trends of a number of variables including global economic growth, domestic and foreign investment, private sector credit growth, adequate energy supply, capital goods' import growth, Bangladesh Bank forecasts an output growth of more than 7 percent for FY2017.

Recovery in remittance growth can be expected over the period of next couple of years due to high probability of oil price stabilization improving Middle Eastern economies and also due to recent rise in manpower exports from Bangladesh.

Structural reforms, institutional strengthening and capacity development are all going to be priorities for Bangladesh to unleash its full economic potential by the targeted time frame of 2021.

The visit of the Chinese President and his commitment to investing in Bangladesh, the assurance of continued cooperation from Japan and the visit of the World Bank President are indications of confidence in Bangladesh's uncompromising stance against terrorism and commitment for growth and prosperity.

Government's reform initiatives to improve the business environment and minimize infrastructural deficiency including development of special economic zones would help attract more domestic and foreign investments that is likely to create more jobs, reduce unemployment and raise productivity.

Review of Banking Industry in 2016

The banking sector of Bangladesh comprises four categories of scheduled banks - State-owned Commercial Banks (SCBs), Development Financial Institutions

(DFIs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs).

Banking sector passed a steady year in 2016 as there was reportedly no occurrence of any major corruption and the major indicators including deposit, advance, foreign exchange reserve, exchange rate, export earnings, import payments, inflation and private sector credit growth remained sound throughout the year. This has been reflected in the significant increase of operating profits of most of the scheduled banks in 2016.

Maximum number of banks cut their spending to raise operating profits. Special drives were taken to bring people outside banking under the banking net which ultimately resulted in an increase in the number of depositors in 2016.

Besides, credit disbursement by banks increased notably last year that also improved their operating profits. Entrepreneurs took significant amount of loans from banks to set up new industrial units and expand the existing ones. In spite of reported increase of defaulted loans in the banking sector last year, higher credit disbursement helped most of the banks maintain their profitability.

Credit to private sector by banks, non-bank financial institutions and micro finance institutions grew by 15.9 percent by the end of December, 2016 compared to the position of previous year. Besides, credit to industrial sector by banks grew by 15.1 percent by the end of December 2016, wherein term lending increased by 8.8 percent and working capital finance increased by 21.1 percent compared to the outstanding position at the end of December, 2015.

In the agriculture sector, supply of credit increased by 9.5 percent by the end of December 2016 (of which credit to crops increased by 9.9 percent while others increased by 5.5 percent) compared to the outstanding position at the end of the previous year.

The growth of loans and advances to trade and commerce was 11.7 percent at the end of December 2016 compared to lending in the sector at the end of December, 2015.

Analysis on the share of bank lending based on economic purpose, revealed that the highest share of

bank lending went to the industrial sector (37.4 percent) followed by trade and commerce (36.1 percent), the construction sector (9.5 percent) and the consumer finance sector (8.4 percent) as of December 2016.

For the last 3-4 years banking sector of Bangladesh has been plagued by the trend of increasing 'Non-Performing Loan (NPL)'. The gross NPL ratio increased from 8.8 percent at the end of December 2015 to 9.2 percent at the end of December 2016 due to increase in classification, especially in State Owned Commercial Banks (SCBs), Development Financial Institutions (DFIs) and Foreign Commercial Banks (FCBs).

Among the South Asian countries, Bangladesh stands second, only after Pakistan in terms of share of NPL in total loan. In terms of the share of NPL in their respective total loans, there is a huge divergence amongst banks. As of December, 2016 the share of NPL in their total loans was 25.1 percent for State-owned Commercial Banks (SCBs), 4.6 percent for Private Commercial Banks (PCBs), 9.6 percent for Foreign Commercial Banks (FCBs) and 26.0 percent for Development Financial Institutions (DFIs).

The Central Bank continues to undertake specific measures against defaulted borrowers and malpractices in the banking sector. On the other hand, it expects continuation and strengthening of supervisory vigilance on lending efficiency and risk management in the financial sector with particular emphasis on transparent, accountable corporate governance, and substantial reduction in loan defaults.

Despite the unpleasant scenario of high NPL, Capital Adequacy Ratio (CAR) of all banks maintained at 10.8 percent in 2016 was almost same as that of December 2015 which was more than what is required under the Basel accord, minimum 10 percent. Both Private Commercial Banks and Foreign Commercial Banks have been successfully maintaining the prevailing standard since December 2010 whereas State Owned Commercial Banks and Development Financial Institutions have rather been struggling to fulfill this regulatory requirement.

Among the profitability indicators, Return on Asset (ROA) elevated to 0.7 percent by the end of December 2016 from 0.4 percent at the end of June 2016. In addition, Return on Equity (ROE) also climbed to 9.9



Meeting of the Board of Directors of BASIC Bank Limited

percent by the end of December 2016 from 6.7 percent at the end of June 2016.

While the banking sector is yet to recover from many shocks of the recent past, new challenges continue to appear in various forms. Reserve heist from the Central Bank is an unprecedented phenomenon that underscores the importance of strengthening cyber security in the Central Bank from the point of view of technology and human capital and in the banking sector as a whole. Constant efforts toward recovering the stolen money from the reserve remain a core challenge facing by Bangladesh Bank.

Review of BASIC Bank Operations in 2016

Since 2015, BASIC Bank has been categorized as a State Owned Commercial Bank. Through a period of rebuilding strengths and keeping the performance indicators upward with significant reforms and restructuring of its various segments, BASIC Bank has developed its firm stature in line with the expectations and requirements of the stakeholders. Total asset of the Bank stood at Taka 204.7 billion by the end of year 2016, increasing about 5.4 percent from Taka 194.2 billion in the previous year.

Total deposit of the Bank reached Taka 158.1 billion by the end of 2016 registering growth of 6.7 percent compared to that of the previous year. Outstanding of total 'Loans and Advances' reached Taka 134.9 billion by the end of 2016 underlining a growth of 4.7 percent compared to the total outstanding 'Loans and Advances' at the end of 2015. The Bank gave its best efforts in

maintaining loan deposit ratio in compliance with the guidelines of Bangladesh Bank.

The Bank has also been working with domestic and multilateral institutions such as ADB for sustainable development of the people. So far the Bank has disbursed Taka 197.17 million under refinance scheme of ADB of which Taka 147.88 million (75 percent) has already been replenished by Bangladesh Bank. As on December 31, 2016, outstanding was Taka 83.66 million.

The Bank financed Taka 723.1 million to 127 women entrepreneurs up to the year 2016 for supporting them in their endeavour for self-employment and social upliftment. Disbursement in the sector posted 18.9 percent increase in 2016 compared to that in 2015.

Having been honoured as one of the implementing agents BASIC Bank entered an agreement with the GOB on September 11, 2006 under which the Bank received Taka 1.3 billion in 17 phases at an interest of 3.5 percent for onward lending to selected NGOs such as ASA, BRAC and TMSS. Cumulative disbursement of the fund up to December 31, 2016 was Taka 3.3 billion out of which Taka 210.0 million was disbursed in the year 2016. Under Wholesale Bank Financing Agreement the Bank received Taka 1.0 billion from Bangladesh Bank and subsequently lent to BRAC on different occasions in accordance with on-lending Agreement with BRAC to meet loan requirement of High Value Crops (HVC) farmers.

Effective measures within the regulatory boundaries

Directors' Report

have been devised to prevent further deterioration of non-performing loans in order to continue the improvement of the financial health of the Bank. Besides, efforts have been strengthened to recover previously and newly extended loans. Emphasis on the maintenance of quality of assets remained the main focus of the Bank's business strategy in 2016. Amount of provision kept against unclassified loans and off Balance Sheet items was Taka 546.7 million in 2016.

Loans to industrial sector were 55.1 percent of the total loans and advances of the Bank last year standing at Taka 74.3 billion compared to Taka 71.3 billion at the end of the previous year.

Wholesaling funds to NGOs (Non-Government Organizations) or Micro Finance Institutions (MFIs) for onward lending to their members was continued by the Bank in 2016 as well which has been an integral part of the Bank's lending activity since inception of the micro-credit scheme in 1994. BASIC Bank has been working with more than 97 NGOs/MFIs as co-partners and has distributed credit amounting to Taka 62.5 billion so far to the poor people of the society through MFIs benefitting near about 491,889 people through employment generation. Total outstanding balance of micro-credit related loans and advances was Taka 2.2 billion in 2016 increasing by 4.3 percent from the previous year.

Export, which has always been a priority for the Bank, was facilitated to the extent of Taka 23.4 billion in the reporting year compared to Taka 21.9 billion in the previous year. On the other hand, the Bank facilitated Taka 30.4 billion of import business in 2016.

As a result of the above achievements the Bank succeeded to enter into the operating profit zone at the end of last year by making an operating profit of Taka 90.85 million recovering from the hefty operating loss of Taka 2.6 billion in the previous year.

Branch Network

BASIC Bank, since 2013, has been operating through its 68 (sixty eight) branches, located at important locations of specific rural and urban areas of the country. Besides, the Bank operates 08 (eight) booths for collecting different types of bills. A new booth has been set up in the premises of Gas Transmission Company Limited (GTCL) to collect the payment of all kinds of

utility bills on real time basis. Besides, an ATM has also been set up inside the booth taking the total number of ATM Booths of the Bank to 16 (sixteen). The Bank plans to expand ATM related services throughout the country.

Focus on Core Customers

BASIC Bank treats its customers as development partners from the perspective of sustainable development. The Bank gives highest priority in customer service as it is considered to be the key to developing banker-customer relationship for long term sustainable growth. Quality of customer services has been improved through assessment of actual requirement of the customers. Besides, the Bank is relentlessly trying to ensure hassle free efficient services for its clients and uphold the highest standard of services for effective resolution of customer complaints.

A 'Customer Service and Complaints Management Cell (CSCMC)' has been formed to protect the interests of the customers within the organization, to safeguard the customers from harassment and unnecessary delay in receiving services from the Bank, to strengthen the confidence and reliability of people in the Bank by standardizing the quality of services and to identify necessary areas for improvement to stop recurrence of similar complaints. In the process, many of the customers have turned into valued clients of the Bank.

With a view to re-describing its standpoint, in 2016, the Bank tried to attract renowned corporate houses of the country some of whom conveyed their intent to accept the Bank's offers for their business. The Bank has nourished its valued clients so sophisticatedly that they have become the part of the Bank's growth plan as they pursue their own growth. The Bank will continue to take compassionate care of its customers with special focus on the small and medium sized enterprises.

The Bank has nourished its valued clients so sophisticatedly that they have become the part of the Bank's growth plan as they pursue their own growth.

Technology:

BASIC Bank always embraces automation and new technology to meet the complex dynamic needs of its customers by offering 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 adopted IT enabled banking operations at the very beginning of its journey and till date continues to attach great importance to acquisition and use of appropriate information technology. In all the Branches of the Bank as well as the Head Office, computers connected through Local Area Network (LAN) are being used to carry out the daily operations. Besides, all the Branches are connected with each other, the Head Office, the Data Center and the Disaster Recovery Site (DRS) through Wide Area Network (WAN).

The Bank developed its own Banking Software in 1991 which was later replaced by a Centralized Real Time Core Banking System to further increase employees' and customer service efficiency. Branches as well as Head Office of the Bank have been operating through this 'Centralized Core Banking System' for a number of years now. In addition, to enhance performance and to streamline day-to-day operations, the Bank is using different software developed by its own software engineers and is continuously pursuing to introduce new software to meet the need. One of the results being, the Bank is now able to collect different types of utility bills through its own online utility bill collection software.

Besides, systems for informing customers through SMS their respective accounts month-end balance as well as transactions in their accounts, and verifying NID information have been implemented in all Branches in 2016. An official Facebook page of the Bank has been launched while e-tendering system has been started through the web portal of Bangladesh Bank.

The Bank is successfully participating in Bangladesh Automated Cheque Processing System (BACPS), Bangladesh Electronic Fund Transfer Network (BEFTN) operations under Bangladesh Automated Clearing House (BACH) and Real Time Gross Settlement System (RTGS) of Bangladesh Bank.

The Bank provides money transfer services at its

branches to account holders and non-account holders alike by using the facilities of Western Union Money Transfer.

After the occurrence of hacking of reserve from the central Bank, BASIC Bank is in the process of further updating its own ICT Security Policy as well as its security measures as per latest ICT Security Guideline of Bangladesh Bank and initiated steps within the organization. In this respect, vulnerability assessment, penetration test and configuration review of the ICT Systems of the Bank have been accomplished by the External ICT Systems Auditing Firm. The security of the Bank's SWIFT System has been enhanced to protect the Bank from the threat of potential intruders. SSL Certification has been implemented to enhance the security of the e-mail systems of the Bank.

The Bank is providing ATM / Debit Card services to its customers under Q-Cash shared ATM/POS Network as well as through National Payment Switch (NPS) of Bangladesh Bank.

Capital Structure

The year-end capital position of the Bank stands as under:

Particulars	2016	2015
(Figures in million taka)		
Paid up capital	10,846.98	10,846.98
Statutory reserve	2,224.69	2,224.69
Other reserves	-2,263.35	12,875.42
Total shareholders' equity	10,808.32	25,947.09

Although year-end capital position of the Bank has posted a negative growth in 2016, provision shortfall against Loans and Advances has been reduced which improved the overall position of the Bank.

Human Resources

Over the years, BASIC Bank has opted for a corporate culture that ensures safe and sound working environment. To survive and to thrive in the globally competitive marketplace, the Bank has adopted a human resource policy which ensures that the work-force consisting of professionals and support staff is treated

with respect and diversity and differences in values of the employees are recognized and accepted. The Bank has a well-diversified pool of human resources with sound academic background and substantial professional knowledge and experiences.

BASIC Bank believes in making investment in human capital towards building strong knowledge base and improved skills and motivational level of the officials through on and off-the-job training. There is evidence that the Bank has already turned around with rejuvenated work ethics of its employees. To motivate the employees promotions were awarded last year to deserving candidates through proper assessment of knowledge, skill and performance.

To ensure appropriate professional knowledge and to increase the skills of the work-force, BASIC Bank Training Institute (BBTI) conducts various training courses and workshops based on structured modular training programmes for officers and executives of the Bank. With a view to achieving professional excellence in banking, a total of 1,899 employees attended 153 seminars, workshops and training sessions at BASIC Bank Training Institute, Bangladesh Institute of Bank Management, Bangladesh Bank Training Academy and other training institutions during the year 2016. Besides, 3 executives received training abroad during 2016.

Strategic Priorities

Building a healthy asset base by delivering quality service to the customers remains a priority of the Bank as the ultimate differentiator in terms of value creation in the banking industry. Strategic priorities of the Bank for the year 2017 include:

- Acquiring best quality assets while improving 'Asset Quality' continuously,
- 'Real Business Banking' in terms of the economic reality of the country,
- Rejuvenation through 'Technological Advancement' in line with the demand of the stakeholders,
- Operational Excellence,
- Increase in motivational level, trust and team spirit and
- Growth in profits as well as maximizing shareholders' value.

Acknowledgement

The Board expresses its sincere gratitude to Bangladesh Bank, Financial Institutions Division, Ministry of Finance and Ministry of Industries for their continued support and prudent guidance. Our debt of gratitude is due to the Government of Bangladesh for their valuable guidance and for contribution of capital fund. Special thanks to the autonomous bodies who remained with us by keeping their working funds as deposits in the Bank.

The Board wishes to place on record its appreciation for the support and cooperation received from other depositors and clients in all respects of business of the Bank. NGOs who have been working with BASIC Bank in expanding micro credit operation and also in eradicating poverty from society deserve special thanks from the Board of Directors.

The Board acknowledges the hard work, commitment and dedication of the employees, led by the Managing Director of the Bank, in discharging their duties for the betterment of the Bank, in spite of difficulties.



BASIC Bank Limited arranged a post training discussion on “Agro-based Food Processing” on 5th June, 2016 at BASIC Bank Limited, Head Office, Dhaka. The Honorable Managing Director of the Bank, Mr. Khondoker Md. Iqbal was present as Chief Guest of this event. Apart from this, other executives and high officials of the Bank were also present in the program.



BASIC Bank Limited took part in the “International SME Fair” which was held from December 03 to 05, 2016 at World Trade Centre, Agrabad, Chittagong organized by Chittagong Chamber of Commerce and Industry and was awarded 1st Prize in the Best Pavilion Category.



A project engaged in processing of different types of high quality rice financed by BASIC Bank Ltd, Khulna Branch



A project engaged in production of high quality ceramic tiles financed by BASIC Bank Ltd, Bogra Branch.



A project engaged in producing export quality shoes financed by BASIC Bank Ltd, Bangshal Branch.



Disclosures on Risk Based Capital Requirement under Basel-III

for the year ended December 31, 2016

Disclosure Overview

The following detailed qualitative and quantitative disclosures are provided in accordance with the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III) issued by Bangladesh Bank through circular no. BRPD-18 dated 21 December 2014. 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 statements of BASIC Bank Limited for the year ended 31 December 2016 prepared under relevant International Accounting And Financial Reporting Standards as adopted by the Institute of Chartered Accountant 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. An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group:
 - (a) that are fully consolidated;
 - (b) that are given a deduction treatment; and
 - (c) that are neither consolidated nor deducted
- c. Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

BASIC Bank Limited

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.

Not Applicable

Quantitative Disclosures

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

Not Applicable

Disclosures on Risk Based Capital Requirement under Basel-III

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 CET- 1, Additional Tier- 1 or Tier- 2.

For the purpose of calculating capital under Capital Adequacy Framework, the capital of banks shall be classified into two tiers-

- Tier-1 Capital (Going-Concern Capital)
- Tier-2 Capital (Gone-Concern Capital)

Tier-1 Capital is further classified into two categories-

- Common Equity Tier-1
- Additional Tier-1

Common Equity Tier-1 (CET-1) capital, which is the sum of core capitals like Paid-up Capital, Retained Earnings, Statutory Reserve, General Reserve etc. after netting regulatory adjustments like Shortfall in loan loss provision maintained, Goodwill, Deferred Tax Assets etc., of BASIC Bank as on 31st December 2016 was negative BDT 1,930.09 crore. Here, huge shortfall in maintaining specific provision against NPL of the Bank affects mostly to its strong CET-1 base.

Additional Tier-1 (AT-1) Capital shall consist of Non-cumulative Irredeemable Preference Share account, Instruments issued by the banks that meet the qualifying criteria for the same, Minority Interest etc. after netting regulatory adjustments. On 31st December 2016, the Bank only had a Non-cumulative Irredeemable Preference Share account for BDT 120.50 crore in AT-1 Capital.

On the other hand, Tier-2 Capital represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank. Tier-2 Capital shall consist of General Provisions, Subordinated Debt / Instruments issued by the banks etc. after netting regulatory adjustments. The Bank had a total of BDT 62.99 crore eligible Tier-2 Capital on 31st December 2016.

These instructions will be adopted in a phased manner starting from the January 2015, with full implementation of capital ratios from the beginning of 2019. All banks will be required to maintain the capital adequacy ratios on an ongoing basis as per following table:

Particulars	2015	2016	2017	2018	2019	2020
Minimum CET-1 Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Capital Conservation Buffer (CCB)	-	0.625%	1.25%	1.875%	2.50%	2.50%
Minimum CET-1 plus CCB	4.50%	5.125%	5.75%	6.375%	7.00%	7.00%
Minimum T-1 Capital Ratio plus CCB	5.50%	6.125%	7.25%	7.875%	8.50%	8.50%
Minimum Total Capital plus CCB	10.00%	10.625%	11.25%	11.875%	12.50%	12.50%

Quantitative Disclosures

- b. The amount of Regulatory Capital, with separate disclosure of:
- CET-1 Capital
 - Additional Tier-1 Capital
 - Total Tier-1 Capital
 - Tier-2 Capital

		(Amount in Crore BDT)
Tier- 1 Capital (Going Concern Capital)		
Common Equity Tier-1		
Fully Paid-up Capital	1,084.70	
Statutory Reserve	222.47	
General Reserve	4.00	
Retained Earnings	(1,965.08)	
Others (fresh fund provided by Govt. in the process of converting to capital)	1,600.00	
		946.09
Regulatory Adjustments (from CET-1):		
Shortfall in provisions against NPL	(2,825.89)	
Deferred Tax Assets (DTA)	(50.29)	
		(2,876.18)
• Total Common Equity Tier-1 Capital [A]		(1,930.09)
Additional Tier-1 Capital		
Non-cumulative irredeemable pref. shares	120.50	
• Total Additional Tier-1 Capital [B]		120.50
• Total Tier- 1 Capital [A+B]		(1,809.59)
Tier- 2 Capital (Gone Concern Capital)		
General Provision	54.67	
Revaluation Reserves as on 31 Dec, 2014	13.86	
		68.53
Regulatory Adjustments:		
40% phase in deduction from Rev. Reserve		(5.54)
• Total Tier- 2 Capital [C]		62.99
Total Regulatory Capital [A+B+C]		(1,746.60)

A) Capital Adequacy

Qualitative Disclosures

- a) 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 so as protecting the depositors and general creditors' interest against such losses. In line with latest Guidelines on Risk Based Capital Adequacy that has been issued through BRPD Circular no. 18 dated 21 December, 2014, the Bank has adopted Standardized Approach (SA) for computing capital requirement for Credit Risk and Market Risk and Basic Indicator Approach (BIA) for computing capital requirement for Operational Risk.

Disclosures on Risk Based Capital Requirement under Basel-III

Quantitative Disclosures

(Amount in crore TK)

b) Capital requirement for Credit Risk				958.14
c) Capital requirement for Market Risk				38.99
d) Capital requirement for Operational Risk				122.97
e) Capital Adequacy Ratio:	Total	CET-1	Tier-1	Tier-2
• For the consolidated group	N/A	N/A	N/A	N/A
• For stand alone	-15.59%	-17.23%	-16.16%	0.56%
f) Capital Conservation Buffer				70.01
g) Available Capital under Pillar-2 req.				0.00

D) Credit Risk

Qualitative Disclosures

a. The general qualitative disclosures 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:

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

Continuous Loan: Any continuous loan will be classified as:

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

Demand Loan: Any demand loan will be classified as:

- 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;
- 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;
- 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 upto Tk. 10.00 Lacs,

1. If the amount of “defaulted installments” is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Sub-standard".
2. If the amount of “defaulted installments” is equal to or more than the amount of installment(s) due within 09 (nine) 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 (twelve) months, the entire loan will be classified as "Bad/Loss".

In case of Fixed Term Loans amounting more than Tk. 10.00 Lacs,

1. If the amount of “defaulted installments” is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as "Sub-standard".
2. If the amount of “defaulted installments” is equal to or more than the amount of installment(s) due within 06 (six) 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 09 (nine) 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

Credit risk is defined as the possibility of failure of the Bank’s borrower(s) to meet the financial obligation in accordance with agreed terms. The effective management of credit risk is a critical component of a comprehensive approach to risk management. The main objective of credit risk management is to minimize the negative impact through adopting proper measures and also limiting credit risk exposures within acceptable limit.

BASIC Bank Limited has a Credit Risk Management Committee (CRMC) for prudent management of credit risk. Final authority and responsibility for all activities that expose the Bank to credit risk belong to the Board of Directors. The Board, however, delegated specific authority to the Managing Director and other executives of the Bank.

The credit assessment process of the Bank is initiated at branch as well as credit divisions which include all plausible aspects including eligibility of the borrower, requirement of information and/or documents etc. The Bank follows Bangladesh Bank's prescribed Credit Risk Grading (CRG) model which captures quantitative and qualitative issues related to management risk, business risk/industry risk, financial risk, security risk and relationship risk, while assessing the overall grading of borrowers. Credit documentation, administration and disbursement functions of BASIC Bank Limited are strictly handled by the Credit Administration Division (CAD) of the Bank. An effective monitoring procedure has been adopted by the Bank to provide an early indication of the deteriorating financial health of a customer in order to minimize credit losses. Respective branch, credit division as well as Credit Administration Division (CAD) of the Bank are simultaneously engaged in effective credit monitoring of the Bank.

Besides, Risk Management Division of the Bank reviews various parameters of credit risk, e.g. concentration, quality of assets etc. on monthly basis and places the observations to All Risk Committee of the Bank.

BASIC Bank Limited is very much concerned with managing non-performing loan which is being conducted by Recovery Division of the Bank. The Bank follows Bangladesh Bank's BRPD Circular for classification of loans & advances & provisioning. Recovery positions of the Bank are regularly reviewed and potential alternative actions are relentlessly asserted. For reducing NPL, Recovery Teams have been constituted at branches which continuously contact with the borrowers. Besides, special meetings with the defaulters are arranged by the Recovery Division. Executives in the Head Office have also been assigned with responsibility of recovery from top defaulters of the Bank.

Quantitative Disclosures

b. Total gross credit risk exposures broken down by major types of credit exposure.

Type	Amount (in crore)	Percentage
Term Loan	5,374.60	39.85%
Cash Credit	3,269.50	24.24%
Overdraft	1,615.91	11.98%
Export/Packing Credit	37.56	0.28%
Loan Against Trust Receipt	401.01	2.97%
Real Estate Loan	828.40	6.14%
Transport Loan	664.02	4.92%
Micro Credit Financing	196.45	1.46%
Staff Loan	111.43	0.83%
Bill Purchased & Discounted	106.09	0.79%
Others	883.31	6.55%
Total	13,488.28	100.00%

c. Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Division	Amount (in crore)	Percentage
Dhaka	8,716.85	64.64%
Chittagong	1,830.91	13.57%
Rajshahi	664.59	4.93%
Khulna	542.71	4.02%
Barisal	31.60	0.23%
Sylhet	143.42	1.06%
Rangpur	694.59	5.15%
Mymensingh	863.61	6.40%
Total	13,488.28	100.00%

d. Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.

Sector (only industrial loan)	Amount (in crore)	Percentage
Food & Allied	1,190.03	16.01%
Textile	518.59	6.98%
ERMG	1,139.83	15.33%
Accessories	169.90	2.29%
Jute product & Allied	385.61	5.19%
Forest product & Allied	4.29	0.06%
Paper, Board, Printing & Packaging	350.94	4.72%
Tannery, Leather and Rubber	160.70	2.16%
Chem. Pharm. and Allied	277.87	3.74%
Glass, Plastic, Ceramic & other non-metal	151.55	2.04%
Engineering	286.62	3.86%
Electrical & Electronics	20.94	0.28%
Service Industry	494.39	6.65%
Misc. Industry	2,240.03	30.13%
Industry not elsewhere classified	43.35	0.58%
Total	7,434.64	100.00%

e. Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Type of credit exposure	Amount (in crore)	Percentage
Up to 01 Month	44.16	0.33%
Above 1 month but not more than 3 months	2,637.11	19.55%
Above 3 months but not more than 1 year	2,455.60	18.21%
Above 1 year but not more than 5 years	4,281.56	31.74%
Above 5 years	4,069.85	30.17%
Total	13,488.28	100.00%

f. By major industry or counterparty type:

- Amount of impaired loans and if available, past due loans, provided separately;
- Specific and general provisions; and
- Charges for specific allowances and charge-offs during the period.

(Amount in crore)

7,300.69

1,819.99

1,378.78

Disclosures on Risk Based Capital Requirement under Basel-III

E) Equities: Disclosures for Banking Book Positions

Qualitative Disclosures

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

- differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and
- 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.

Equity investments are mainly for capital gain purpose. Bank also has some equity investment for strategic purpose.

The holding of Bank's quoted and unquoted share are values at cost price. Provisions are made at the end of the year if market price is below the cost price.

Quantitative Disclosures

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.

The Bank invested TK.99.47 crore in quoted and unquoted securities. Out of which the Bank invested TK.96.18 crore in 91 quoted/ listed companies and TK.3.29 crore in 4 unquoted/unlisted companies. Market value of the quoted securities are TK.99.31 crore and un-quoted securities are TK.3.29 crore.

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.11.05 crore.

d.

- Total unrealized gains (losses)
- Total latent revaluation gains (losses)
- Any amounts of the above included in Tier- 2 capital.

At the end of 2016, market value of quoted securities stood at TK 99.31 crore against cost price of TK 96.18 crore resulting net gain (unrealized) of TK 3.13 crore.

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e. Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Specific Market Risk: TK 9.95 crore
General Market Risk: TK 9.95 crore

g.	Movement of NPLs & Provisions:	(Amount in crore)
	Gross Non Performing Loans (NPLs)	7,300.69
	Non Performing Loans (NPLs) to Outstanding Loans & Advances	54.13%
	Movement of Non Performing Assets (NPAs)	
	Opening balance	6,581.25
	Additions	1,526.89
	Reductions	807.45
	Closing balance	7,300.69
	Movement of specific provisions for NPAs	
	Opening balance	398.43
	Provisions made during the period	1,378.78
	Write-off/Interest Waived	0.00
	Write-back of excess provisions	0.00
	Closing balance	1,777.21

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.

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 20,636.38 crore
 Market Value of Liabilities: TK 17,891.57 crore
 Weighted average of Duration Gap: 0.66 yr
 CRAR after different level of shocks:

- Minor Level : -16.96%
- Moderate Level : -18.08%
- Major Level : -19.21%

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

Treasury Division, Mid Office Division & Back Office Division of the Bank have been functioning to manage market risk covering liquidity, interest rate and foreign exchange risks with oversight by Asset-Liability Management Committee (ALCO) comprising senior executives and is chaired by the Managing Director of the Bank.

The Risk Management Division also reviews the market risk parameters on monthly basis and places the observations to All Risk Committee of the Bank.

Policies and processes for mitigating Market Risk

There are approved limits for advance deposit ratio, liquid assets to total deposit ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items etc. The limits are monitored and enforced regularly to protect the Bank against market risks. These limits are reviewed based on prevailing market and economic conditions to minimize risk due to market fluctuation.

Quantitative Disclosures

b. The capital requirements for:

(Amount in Crore Tk.)

Interest Rate Risk;

18.28

Equity Position Risk;

19.89

Foreign Exchange Risk; and

0.82

Commodity Risk.

0.00

H) Operational Risk

Qualitative Disclosures

a. Views of BOD on system to reduce Operational Risk

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 Directors approves all necessary policies related to operational risk and reviews them on regular basis.

Bank has internal manuals on Internal Control & 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.

Performance gap of executives and staffs

Bank regularly monitors 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.

Potential external events

No potential external events are expected to expose the Bank to significant Operational Risk.

Policies and processes for mitigating Operational Risk

The internal control and compliance policy is approved by the Board taking into account relevant guidelines of Bangladesh Bank for mitigating operational risks. The Bank has three Divisions under Internal Control and Compliance, namely Audit & Inspection Division, Audit Findings Monitoring Division and Compliance Division.

Audit and Inspection team regularly works to detect and remove procedural flaws, errors and frauds. Audit Findings Monitoring Division ensures compliance of internal audit report. Compliance Division works to ensure all sorts of regulatory and policy compliance to help smooth operation and maintain consistency and thus reduce risk. The Bank are using some tools for mitigating operational risk such as Self Assessment of Anti-fraud Internal Control; Quarterly Operational Report (QOR) and Departmental Control Function Check List (DCFCL) in line with the Bangladesh Bank's relevant Instructions and recommendations. It is required to submit the

Disclosures on Risk Based Capital Requirement under Basel-III

Approach for calculating capital charge for operational risk

statement on Self Assessment of Anti-fraud Internal Control to Bangladesh Bank on quarterly rest.

Bank's Anti- Money Laundering Division is devoted to thwart all money laundering and terrorist finance related activities. The Central Customer Service & Complaint Management Cell is also engaged in mitigating the operation risks of the Bank.

Bank is running through centralized real time online system. External events like natural disaster and unauthorized access to Bank's centralized computer system can affect the Bank significantly. Bank has alternative arrangement for disaster recovery and a highly qualified team of IT experts who are working to prevent any type of unauthorized access.

Bank uses Basic Indicator Approach for calculating capital charge for Operational Risk as per instruction of Bangladesh Bank.

Quantitative Disclosures

b. The capital requirements for Operational Risk:

TK. 122.97 crore

I) Liquidity Ratio

Qualitative Disclosures

a. Views of BOD on system to reduce liquidity Risk

Board of Directors (BOD) has instructed to follow all the guidelines and instructions related to liquidity risk management with utmost importance. Moreover, the BOD has also instructed to maintain liquidity at an optimum level so that no liquidity ratio can violate regulatory range.

Methods used to measure Liquidity Risk

BASIC uses 'Cash-Flow Approach' and 'Stock Approach' for measuring Liquidity Risk. Under 'Cash-Flow Approach' Liquidity Risk is tracked through maturity or cash flow mismatches. Calculation of gaps at various 'time-buckets', is adopted as standard tool for measuring Liquidity Risk. While, Liquidity Risk under 'Stock Approach' is measured liquidity position of various Balance-Sheet items.

Liquidity Risk management system

Liquidity Risk is the potential inability to meet the liabilities as they become due. 'Cash-Flow Approach' and 'Stock Approach' are used for managing, moni-

Policies and processes for mitigating Liquidity Risk

toring and measuring Liquidity Risk. The Liquidity/Funds requirements under Stress Situations, sources of raising the funds and its possible impact on Profit and Loss are also worked out at quarterly interval.

Various regulatory ratios/ limits like ADR, CRR, SLR, LCR, and NSFR, etc. are in place to apply the stock approach to monitor and to control Liquidity Risk and various liquidity related ratios are reported to Bangladesh Bank on weekly, monthly and quarterly basis.

Quantitative Disclosures

b.	Liquidity Coverage Ratio	236.03%
	Net Stable Funding Ratio (NSFR)	88.64%
	Stock of High quality liquid assets	TK 5,741.76 crore
	Total net cash outflows over the next 30 calendar days	TK 2,432.67 crore
	Available amount of stable funding	TK 12,214.10 crore
	Required amount of stable funding	TK 13,779.04 crore

J) Leverage Ratio

Qualitative Disclosures

a. Views of BOD on system to reduce excessive leverage

The Board of Directors has instructed the management to follow all guidelines and instructions that are given by regulators in order to reduce excessive leverage in the Bank.

Policies and processes for managing excessive on and off-balance sheet leverage

The Leverage Ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Leverage Ratio is intended to constrain the build-up of leverage in the Bank and to reinforce the risk based requirements with an easy to understand and a non-risk based measure.

Approach for calculating exposure

The Bank has been aware of its leverage and has been trying to increase its core capital as well has controlling the growth of on and off-balance sheet exposure.

The accounting measure of exposure is generally followed to calculate total exposure for leverage ratio. The Bank includes both on and off-balance sheet items for measuring total exposure as instruct-

ed by the Guidelines on Risk Based Capital Adequacy of Bangladesh Bank.

Quantitative Disclosures

<p>b. Leverage Ratio</p> <p>On-Balance Sheet Exposure</p> <p>Off-Balance Sheet Exposure</p> <p>Total Exposure (after related deductions)</p>	<p>-9.38%</p> <p>TK 20,066.30 crore</p> <p>TK 525.71 crore</p> <p>TK 16,484.72 crore</p>
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K) Remuneration Policy

Qualitative Disclosures

a. Information relating to the bodies that oversee remuneration.

Name, composition and mandate of the main body overseeing remuneration.

The Board of Directors of the Bank oversees the remuneration policy. At the beginning, the Board forms “Pay Scale Committee”. The committee examines the proposed pay scales, fringe benefits and allowances thoroughly and submits their recommendations after suitable adjustment, amendment or modification where applicable. Eventually, the Board approves the policy. The Human Resource Division executes the approved remuneration structure.

External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.

Not applicable.

A description of the scope of the bank’s remuneration policy (e.g., by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.

The Bank does not differentiate remuneration according to regional segmentation or business lines etc. Moreover, it has no foreign subsidiaries and branches. However, the Remuneration Policy of the Bank includes remuneration practices of the employees based on their designation. There are different provisions for those fall under disciplinary proceedings.

A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.

Senior Management, Branch Managers and Divisional Heads may be considered as material risk takers of the Bank. “Senior Manager” refers to Senior Management in the rank of Deputy General Manager to Managing Director. Presently, the number of each group is as like as DGM: 50, GM:12, DMD:1.

b. Information relating to the design and structure of remuneration processes

An overview of the key features and objectives of remuneration policy.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that was made.

A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.

c. Description of the ways in which current and future risks are taken into account in the remuneration processes.

An overview of the key risks that the bank takes into account when implementing remuneration measures.

An overview of the nature and type of the key measures used to take account of these risks; including risks difficult to measure (values need not be disclosed).

Only cash and cash equivalent remuneration is being permitted whereas there are no equity or equity linked payments.

The objectives of the remuneration policy incorporates:

- to attract and retain skilled and motivated employees; and
- to incentivize executive to lead employees to achieve goals.

Typically, the policy requires revision at every 03 (three) years. For instance, pay scales have been revised in the year 2013, 2010 and 2007. The remuneration policy has been designed to recognize and reward each employee's role with the range of wages/salaries for similar positions.

The policy aims to ensure that quality human resources are being employed, retained and compensated in accordance with their responsibilities and expertise. There is no scope of independent remuneration provision at the current pay scale of the Bank for the risk and compliance employees.

The level and composition of the remuneration deems to be appropriate and fair in the context of the interests of the Bank. The Bank aims to maintain a strong risk framework and continuous assessment of the risks in order to protect its resources.

In this context, Bank employs an array of measures based on the nature and types of business lines/segments. The most effective tools and indicators used for measuring such risks include asset quality ratio (NPL ratio), Net Interest Margin (NIM) ratio, provision coverage ratio, credit-deposit ratio, cost-income ratio as well as some non-financial indicators such as compliance status as per regulatory norms etc.

A discussion of the ways in which these measures affect remuneration.

A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.

- d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

An overview of main performance metrics for bank, top-level business lines and individuals.

A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.

A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.

- e. Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.

A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is

The key measures of the remuneration policy commensurate with the process of setting targets, Annual Performance Appraisals (APA) and the long term plans of the Bank. At the end of each financial year, the actual performance of the Bank is being assessed with target set at the beginning of the year. Bank evaluates each employee's performance on annual basis based on some pre-determined financial and non-financial indices. However, there are significant implications of the above measures on the remuneration policy of the Bank.

In the previous year, the Bank did not experience any changes of these measures affecting remuneration.

The main performance metrics is the outcome of a comprehensive review of some performance indicators such as Profitability, Capital Adequacy Ratio, Liquidity Ratio, Return on Assets (RoA), Cost to Income Ratio, Net Interest Margin (NIM), and Non-performing loans to Total Receivables, Loan Growth, and Deposit Growth etc.

Though fixed remuneration pool is defined over the years (generally after 03 years), variable remuneration package (incentives bonus) does not arise unless a predetermined level of profit is achieved despite personal achievements of employees.

A set remuneration process is in practice. Weak performance metrics/scorecards hardly affect the remuneration practice.

The bank does not offer any deferred variable remuneration.

deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.

A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.

Not Applicable

- f. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms

An overview of the forms of variable remuneration offered (i.e., cash, shares and share-linked instruments and other forms)

Only cash based remuneration exists.

A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.

Not applicable.

Quantitative Disclosures:

- g. Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.

In the financial year, remuneration policy was discussed at 03 meetings of the Board of Directors of the Bank.

h.

- Number of employees having received a variable remuneration award during the financial year.

Nil

- Number and total amount of guaranteed bonuses awarded during the financial year.

For 2 festival bonuses, 2132 employees of the Bank are awarded total Tk. 12.54 crore only.

- Number and total amount of sign-on awards made during the financial year.

No such awards during the financial year.

- Number and total amount of severance payments made during the financial year.

Nil

- i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked

Nil

Disclosures on Risk Based Capital Requirement under Basel-III

instruments and other forms. Total amount of deferred remuneration paid out in the financial year.

j. Breakdown of amount of remuneration awards for the financial year to show:

- Fixed
- Variable.
- Deferred and non-deferred.
- Different forms used (cash, shares and share linked instruments, other forms).

Tk. 20.07 crore only.

Nil

Nil

Cash only

k. Quantitative information about employees' exposure to implicit (e.g., fluctuations in the value of shares or performance units) and explicit adjustments (e.g., claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:

- Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.
- Total amount of reductions during the financial year due to ex post explicit adjustments.
- Total amount of reductions during the financial year due to ex post implicit adjustments.

Not Applicable

Not Applicable

Not Applicable



Sustainability Report

Sustainability refers to taking responsible decisions in the context of ethical, social and environmental issues for long term welfare of the country. Development of a country may not sustain in the long run unless the issues related to the environment as well as the society are considered. As one of the driving sectors for real economic growth, banking sector possesses the potential of playing a tremendous role to play in the area of sustainable development.

As a development financial institution, BASIC Bank has demonstrated its commitment towards sustainable development to foster social and economic growth. To meet the expectations of the stakeholders, the Bank is concentrating on sustainability of its business. BASIC Bank considers two dimensions for sustainability, (a) Environmental initiatives and (b) Social initiatives. Financing the Small and Medium enterprises by the Bank is treated as a social initiative, thus prioritized by ensuring investment of more than 50 percent of its loanable funds in the Small and Medium Scale Industries.

BASIC Bank attributes high importance in avoiding environmentally hazardous and socially undesirable projects. Reports related to 'Initial Environmental Examination' as well as 'Environmental and Social Impact Assessment' are taken care of while financing various projects. While the Bank is directly promoting the 'green' initiatives through effective finance, it is equally facilitating indirect 'green' initiatives. The Bank also facilitates micro credit through direct approach while it also facilitates micro credit indirectly through the roles of NGOs and MFIs.

Since inception, all branches of BASIC Bank are technologically equipped and it is one of the efficient online banks in the country. Besides, the Bank has maintained Environmental and Social Risk Rating (ESRR) categorically. Similarly, in-house environmental management has been prioritized. The following issues are considered for implementing in-house environmental management of the Bank:

1. Saving electricity, water, gas and other physical resources like paper and stationery;
2. Using on-line communication methods extensively;
3. Setting up technologies for fostering utilization of energy ;
4. Setting up energy efficient devices while using energy efficient vehicles for corporate business travels;
5. Creating awareness among the employees for efficient use of electricity, water, gas, paper, stationary, fuel and re-use of equipments.

Social Initiative and CSR

The Bank confers its commitment to social issues such as employees' health and safety factors at borrower's entity, presence of child labor as well as forced labor, wage compensation, working hours, congenial atmosphere at the factories/offices etc. while assessing business proposals and making positive decisions in favour of the applicant.

BASIC Bank is engaged in CSR activities since 2008. CSR areas of the bank include day-care center, disaster relief, health care program, education, sports and culture, poverty alleviation etc. As a part of social commitment, the Bank has established a day-care center in collaboration with other four nationalized commercial banks. This facility has been crafted for those working mothers who would not be burdened by the feeling of insecurity of their wards at home. For meeting up operational expenditure of the center the Bank is contributing an amount in every month that has resulted a total contribution of Taka 5.53 million so far. On different occasions, the Bank has donated blankets under its CSR initiatives for the cold-stricken and natural calamity hit people of home and abroad.

On the other hand the Bank has been financing people, mainly, from the ultra-poor communities of both rural as well as and urban areas through NGOs since 1995 at concessional rates of interest. So far the Bank has financed 95 NGOs of various categories such as small, medium and large. The financial support from the NGOs has facilitated employment opportunities and generated income sources contributing immensely towards poverty alleviation of mass people.

Green Banking in BASIC Bank

Green Banking is a part of global initiative that is intended for financing environment friendly projects/ventures. Green Banking concerns for ethical standard of banking addressing sustainability and social responsibility in banking. Practice of Green Banking focuses on environment-friendly practices at all levels of organization and examines environmental impact of a project before maneuvering a financing decision.

Being a socially and environmentally responsible bank of the country BASIC Bank is trying to improve its own standard progressively while contributing in building socially responsible business environment considering the interest of the stakeholders. The Bank is aiming to create long-term resilient, sustainable economy and sustainable environment and social value.

BASIC Bank has already introduced a 'Green Banking' product named 'BASIC Alternative Power Generation System (Solar System) Financing Scheme' to promote green initiatives of this kind. The Bank is complying with the instructions stipulated in the detailed guidelines on Environmental and Social Risk Management (ESRM) of Bangladesh Bank. Besides, the Bank is assessing Environmental Risk (EnvRR) in addition to existing Credit Risk Grading for either of new, green field and existing industrial projects. In 2016, the Bank assessed EnvRR of 548 (Five Hundred Forty eight) projects, business ventures amounting Taka 17487.40 million. The Bank also takes due care on environmental issues while processing each loan proposal. The Bank has stepped into green finance zone and financed 52 (Fifty two) projects comprising of 1 (One) 'Solar Panel Manufacturing Plant', 15 (Fifteen) ETP (Effluent Treatment Plant), 05 (Five) projects for installation of ETP, 3(three) 'Bio Gas Plant', 1(One) 'Polythene Recycling Plant', 1(One) 'Paper Recycling Plant', 3 (Three) brick fields using HHK (Hybrid Hoffman Kiln) and 23 (Twenty three) brick fields using Zigzag kiln technology projects up to December 31, 2016 under project loan and working capital finance policy.

It is a matter of fact that the modern era of civilization has adopted four 'R' dimensions, meaningfully for 'reduce', 'reuse', 'recycle' and 'replace' for sustainable growth. As a modern bank, BASIC Bank cannot ignore the necessity of learning from latest eventful activities of advanced people of the world. Thus it is acting proactively in all of its operations.

Women Empowerment

To ensure more involvement of women in country's economic activities, to make credit more available/convenient for women entrepreneurs and to promote women entrepreneurship, BASIC Bank has formed 'Women Entrepreneur Development Unit' at Head Office level and Women Entrepreneur Dedicated Desk at all of its branches. Total outstanding of disbursed loan to women entrepreneurs as on December 31, 2016 was Taka 3971.70 million.

Financial Inclusion

'Financial Inclusion' has become an issue of worldwide concern and a very popular term in the banking arena. Financial inclusion refers to delivery of banking services and credit at an affordable cost to the vast section of disadvantaged and low income group of people. The various financial services include savings, loans, insurance, payments, remittance facilities and financial counseling/advisory services within the

formal financial system.

Millions of people across the country still remain unbanked or have limited access to banking services. For achieving MDG (Millennium Development Goal) and SDG (Sustainable Development Goal) targets, financial inclusion is considered as a very important tool for Bangladesh to grow as a middle income country. BASIC Bank has always devised effective strategy for disbursing agricultural and rural credit (micro finance) targeting more financial inclusion of financially vulnerable people of the country. To promote financial inclusion, BASIC Bank has already launched different high yield deposit products and arranged promotional campaigns at divisional and district level through school banking conferences, development fairs etc. The Bank has conducted workshops, seminars, symposiums in branches in order to train its employees so that appropriate service can be delivered to the vulnerable people of the country.

Innovation in Banking and Public Service

Innovation and its practices in the banking as well as public services is of utmost importance in easing public administration functions which play a significant role in enhancing employee efficiency and keeping congenial working environment everywhere. The honourable Prime Minister of Bangladesh has taken various initiatives for institutionalizing the issues of innovation in public services. Taking the purview of the instruction from a2i under Prime Minister's Office, the Bank has constituted an 'Innovation Team' headed by a General Manager. The Central Innovation Team of BASIC Bank has been functioning as a working partner of Ministry of Finance to minimize 'TCV' (Time, Cost and Visits), enhance the functional quality, increase the efficiency of the working force as well as to modernize and develop new service rendering methods. As part of the drive, the Bank has successfully initiated the following innovative ideas:

- (1) Real-time Utility Bill Payment System and
- (2) SMS Alert Service.

Besides, the Bank is working vigorously for implementing the following innovative ideas within a shortest possible time.

- (1) BASIC Rin Prokoron Engine and
- (2) Wall Mag BASIC



Implementation of the National **Integrity Strategy**

Generally integrity refers to behavioral development influenced by ethics and honesty. The concerns for ethics and standards in public life, and strategies to control corruption are now almost global and central to democratic governance and management of public services, particularly countries like Bangladesh. There are now growing recognitions in governments all over the world including Bangladesh to integrate measures for fighting corruption to governance agenda. The present Government of Bangladesh, by giving it top priority, has formulated National Integrity Strategy (NIS) in 2012 and made National Integrity Strategy an integral part of 'Vision 2021' as the document on 'Bangladesh Perspective Plan 2010-2021' put a greater importance towards prevention of corruption and committed to launch a movement in this regard. As a consequence, through a process of wide-ranging stakeholder consultations National Integrity Strategy was approved by the Cabinet Division in October, 2012.

To implement the National Integrity Strategy, BASIC Bank Limited formed Ethics Committee and the Focal Point officer at Head Office as per instruction of the Financial Institution Division (FID), Ministry of Finance and a time bound action plan was submitted to the same Ministry and the Bangladesh Bank. Subsequently, quarterly progress report on the implementation of the National Integrity Strategy is regularly submitted to the FID and the Bangladesh Bank. Besides, quarterly meeting of Ethics Committee is convened regularly. In order to increase awareness, ethics has been included in the training module of foundation and other courses for different level of employees arranged by BASIC Bank Training Institute. As a result, 336 employees have been trained on ethics during the year 2016. Besides, the Service Rules of the Bank was revised to a great extent covering every aspects of service for betterment of employees of the Bank, and it came into effect on July 01, 2015.

The Bank assigned one official in the rank of Deputy General Manager as responsible officer to provide information as per provision of the Right to Information Act, 2009. Besides, another official in the rank of Deputy Managing Director is assigned as appellate officer under the said Act. The Bank disposed of 7 requests out of 10 during the year 2016 under the

In order to increase awareness, ethics has been included in the training module of foundation and other courses for different level of employees arranged by BASIC Bank Training Institute. As a result, 336 employees have been trained on ethics during the year 2016. Besides, the Service Rules of the Bank was revised to a great extent covering every aspects of service for betterment of employees of the Bank, and it came into effect on July 01, 2015.

Right to Information Act, 2009. Besides, to reduce GRS the BASIC Bank has "Central Customer Service and Complaints Management Cell" at Head Office. At the same time acceptance of complaint through on-line is also in force. In order to monitor and supervise the banking rules, regulations and norms, the Bank has Audit and Inspection Division, Audit Findings and Monitoring Division and Compliance Division. Besides, Audit Committee of the Board of Directors is also in existence for overall monitoring of the internal control and compliance of the Bank. In addition, the Bank has Risk Committee at management level to mitigate inherent risks involved in banking. The Risk Management Committee of the Board is also there to monitor and supervise the core risks in banking. The Risk Management Committees meet regularly at a certain interval to assess and minimize risks of the Bank.

As corruption erodes the institutional capacity of governments, increases business operational costs, discards corporate reputation, diverts essential public resources away from their rational uses and damages development efforts which all together impose direct costs on society and enhance the sufferings of the mass-people, the National Integrity Strategy would help strengthening the practice of ethics inevitably towards betterment of the nation for which BASIC Bank is also working with its stakeholders.



Corporate Governance Practices of the Bank

Preface:

Corporate governance encompasses the framework of rules, relationships, systems and processes within which fiduciary authority is exercised and controlled in companies. The parties involved in corporate governance include the governing or regulatory bodies e.g., Bangladesh Securities and Exchange Commission, the Managing Director / Chief Executive Officer, the Board of Directors, Management and Shareholders. Other Stakeholders who take part include employees, suppliers, creditors, lenders, customers and the community at large. Good governance is an essential element in corporate success and sustainable economic growth. Being a stakeholder of the society BASIC Bank is keen to augment the corporate governance practices toward accountability, sustainable growth of the Bank as well as better economy of the country.

The Board

The members of the Board of Directors of the Bank are appointed by the Financial Institutions Division, Ministry of Finance, Government of the People's Republic of Bangladesh. The present Board started its

journey through convening its first meeting (333rd Board meeting) held on July 14, 2014. As on December 31, 2016 the Board is comprised of nine members of whom five are professionals, three are bureaucrats and the rest one is the CEO of the Bank. Since January 2016, total 28 Board meetings were held up to December 2016. The Directors, having sound academic and professional background, skills and experiences, add value toward corporate governance maximizing the shareholders' value.

The Board discharges its duties through convening Board meetings on regular basis as per Memorandum and Articles of Association of the Bank, directives of Bangladesh Bank as well as usual banking norms and practices.

Chairman of the Board

The present Chairman, Mr. Alauddin A. Majid, a veteran banker, was appointed on July 6, 2014 by the Ministry of Finance. Mr. Majid was the Chairman of Bangladesh Krishi Bank prior to his appointment as Chairman of BASIC Bank Limited.

Attendance of the Directors in Board Meetings held during 2016

SI	Name of the Director	Total No. of meetings held	No. of attendance	Remarks
1.	Mr. Alauddin A. Majid Chairman	28	27	-
2.	Mr. Kazi Shofiquel Azam Director	28	25	-
3.	Ms. Parag Director	28	28	-
4.	Mr. Hasan Mahmood, FCA Director	28	25	-
5.	Ms. Raihana Aneesa Yusuf Ali Director	28	25	-
6.	Mr. Md. Mamun-Al-Rashid Director	28	27	-
7.	Mr. Tabarak Hussain Director	28	19	After appointment as Director on May 03, 2016, nineteen meetings were held
8.	Mr. Mahabubur Rahman Bhuiyan Director	28	17	After appointment as Director on June 06, 2016, seventeen meetings were held
9.	Khondoker Md. Iqbal Managing Director	28	28	-

*Ms. Afroza Gul Nahar, Former Managing Director, Bangladesh House Building Finance Corporation has been appointed as Director by the Financial Institutions Division, Ministry of Finance on January 31, 2017.

The Committees of the Board of Directors

As per Banking Companies Act 1991 (amended up to 2013), presently there are three committees of the Board, namely Executive Committee, Audit Committee and Risk Management Committee of the Board of Directors of the Bank. Each Committee operates under separate Terms of Reference (TOR) as per Banking Companies Act and the guidelines of Bangladesh Bank.

Executive Committee

The Board delegated administrative, financial and business authorities to the Executive Committee though all policy matters and strategic issues are under the jurisdiction of the Board of Directors of the Bank. The present Executive Committee of the Bank is comprised of the following members:

- | | |
|---------------------------------|------------|
| 1. Mr. Alauddin A. Majid | - Chairman |
| 2. Ms. Raihana Aneesa Yusuf Ali | - Member |
| 3. Mr. Md. Mamun-Al-Rashid | - Member |
| 4. Managing Director | - Member |

It is mentionable here that during 2016, no meeting of the Executive Committee was held as Board meetings were held regularly.

Audit Committee

The TOR of the Audit Committee is based on the guidelines of Bangladesh Bank. The present Audit Committee of the Bank is comprised of the following members:

- | | |
|---------------------------|------------|
| 1. Mr. Kazi Shofiqul Azam | - Chairman |
| 2. Ms. Parag | - Member |
| 3. Mr. Hasan Mahmood, FCA | - Member |

A total of 4 meetings of the Audit Committee were held in 2016.

Risk Management Committee

The Risk Management Committee of the Board of

Directors is a relatively new concept that was reflected through amendments to the Banking Companies Act in 2013. The TOR of the Risk Management Committee is based on the guidelines of Bangladesh Bank. The Risk Management Committee of the Bank is comprised of the following members:

- | | |
|---------------------------------|------------|
| 1. Ms. Raihana Aneesa Yusuf Ali | - Chairman |
| 2. Mr. Kazi Shofiqul Azam | -Member |
| 3. Mr. Md. Mamun-Al-Rashid | - Member |

A total of 4 meetings of the Risk Management Committee were held in 2016.

Compliance with Bangladesh Bank regulations:

The Bank as a scheduled commercial bank gives priority towards meticulous compliance with all regulatory requirements of Bangladesh Bank focusing core risk management, capital adequacy, loan classification and provisioning, foreign exchange regulations, liquidity management, anti-money laundering guidelines, Basel implementation etc.

Compliance with Corporate Governance guidelines of Bangladesh Bank

The Bank follows the guidelines of Bangladesh Bank on corporate governance (published through BRPD Circular No.11, BRPD Circular Letter No.18 and BRPD Circular Letter No.19 all dated October 27, 2013) regarding responsibilities and accountabilities of the Board of Directors, responsibilities of the Chairman of the Board focusing credit and risk management, internal control, human resources management as well as income and expenses, responsibilities and accountabilities of the CEO and the contractual appointment of Adviser/Consultant for any bank.

Compliance with BSEC regulations:

The Bank follows the applicable regulations of the Bangladesh Securities and Exchange Commission (BSEC) though it is yet to be a listed company.



Managing Director and Chief Financial Officer's Statement to the Board on Integrity of Financial Statements

We, do hereby jointly certify that the Financial Statements of the Bank as on and for the year ended December 31, 2016 have been prepared in accordance with the First Schedule (section 38) of the Bank Companies Act, 1991 (amended up to 2013) and the instructions laid down in the BRPD circular #14 dated June 25, 2003, other applicable circulars/instructions of Bangladesh Bank, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Companies Act 1994 and The Securities and Exchange Commission Rules 1987. The Accounting policies used in preparation of the Financial Statements are appropriate and the same have been applied consistently. In case of any material departure, adequate disclosures and explanations have been given in the notes to the Financial Statements.

Wherever necessary, significant estimates and judgements relating to the Financial Statements were made on a prudent manner and consulting the external auditors and the Audit Committee of the Board so that the Financial Statements reflect the state of affairs of the Bank in a true and fair manner. Sufficient care has been taken in installing effective internal control system and accounting procedures with a view to safeguarding the assets of the Bank and preventing and detecting frauds and irregularities. The estimates, assumptions, internal control and accounting procedures are reviewed, evaluated and updated on an ongoing basis.

Our internal auditors have conducted periodic audits of different branches and different divisions of Head Office to provide reasonable assurance that the established policies and procedures of the Bank were followed consistently. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Bank meets periodically, sits with the internal audit team and the external auditors to review their audit plans, assess the manner in which these auditors are performing their responsibilities and to discuss and ensure compliance of their reports on internal controls and financial reporting issues. The Audit Committee also reviews the reports of the Bangladesh Bank audit team and commercial auditors and compliance status thereof.

We confirm that the Bank has complied with all applicable laws, regulations and guidelines.

Mohammad Moniruzzaman
Chief Financial Officer

Khondoker Md. Iqbal
Managing Director



Twenty Eight Years of **BASIC Bank**

A. From the Balance Sheet (Million Taka)	2016	2015	2014	2013
Authorized Capital	55,000.00	25,000.00	25,000.00	5,000.00
Paid-up Capital	10,846.98	10,846.98	2,946.98	2,946.98
Share Money Deposit	16,000.00	16,000.00	7,900.00	
Reserve and Surplus	(16,038.66)	(899.90)	2,166.94	3,092.20
Shareholders' Equity	10,808.32	25,947.08	13,013.92	6,039.18
Fixed Assets	409.03	514.23	649.68	723.08
Total Assets	204,739.63	194,173.36	171,118.53	157,072.19
Deposits	158,070.98	148,167.23	139,934.06	134,493.45
Long-term Debt	2,325.16	2,482.94	2,673.97	2,780.50
Loans and Advances	134,882.80	128,807.01	119,384.90	109,428.44
Placement & Investment	54,209.42	44,677.93	37,299.33	34,584.88
B. From the Income Statement (Million Taka)				
Gross Income	11,932.41	11,514.96	15,113.56	17,338.74
Gross Expenditure	11,841.56	14,079.21	16,237.94	15,868.54
Profit before Tax and Provision	90.85	(2,564.25)	(1,124.38)	1,470.20
Profit/(Loss) after Tax	(14,930.40)	(3,140.36)	(1,100.16)	(531.53)
Tax Paid (cumulative)	7,918.05	7,879.44	7,844.26	7,798.92
C. Others (Million Taka)				
Import Business	30,380.20	32,104.90	38,318.80	42,007.20
Export Business	23,415.80	21,892.70	26,691.30	30,538.30
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	(15.59)	(7.55)	(29.08)	(1.66)
Capital Fund to Deposite Liabilities	6.84	17.51	9.30	4.49
Liquid Assets to Deposit Liabilities	10.86	16.88	12.03	11.80
Loan to Deposit Liabilities	83.62%	84.72	85.32	78.31
Earning Assets to Deposit Liabilities	73.50	70.47	54.14	84.52
After Tax Return on Average Assets	(7.49)	(1.72)	(0.67)	(0.40)
Net Profit to Gross Income	(125.12)	(27.27)	(7.28)	(3.07)
Interest Magin Cover	(39.29)	(115.46)	(50.36)	61.62
After Tax Return on Equity	(81.24)	(12.10)	(11.55)	(8.50)
SMI/SSI Loan and Micro Credit to Loanable Fund	40.57	44.15	41.18	43.07
Number of Branches	68	68	68	68
Number of Employees	2,132	2,163	2,237	2,145
Deposit per employee (Million Taka)	74.14	68.50	62.55	62.70
Advance per employee (Million Taka)	63.27	59.55	53.37	51.02
Profit before Tax per employee (Million Taka)	0.04	(1.19)	(0.50)	0.69

A. From the Balance Sheet (Million Taka)	2012	2011	2010	2009
Authorized Capital	5,000.00	5,000.00	2,000.00	2,000.00
Paid-up Capital	2,946.98	2,357.59	1,964.65	1,455.30
Share Money Deposit				
Reserve and Surplus	3,493.60	3,124.17	2,509.78	2,468.65
Shareholders' Equity	6,440.58	5,481.76	4,474.43	3,923.95
Fixed Assets	526.82	364.46	283.12	232.65
Total Assets	109,682.06	78,031.73	61,569.38	45,308.31
Deposits	87,693.23	62,650.73	49,259.60	34,501.69
Long-term Debt	3,742.93	2,788.15	2,718.46	2,875.16
Loans and Advances	85,955.76	56,884.76	46,341.51	29,261.53
Placement & Investment	14,111.57	13,760.82	9,294.02	12,244.91
B. From the Income Statement (Million Taka)				
Gross Income	13,402.26	8,825.20	6,120.53	5,162.30
Gross Expenditure	10,792.18	6,476.70	4,403.49	3,593.96
Profit before Tax and Provision	2,610.08	2,348.50	1,717.05	1,568.34
Profit/(Loss) after Tax	27.89	976.11	660.93	648.85
Tax Paid (cumulative)	7,066.80	5,987.61	4,948.64	4,225.37
C. Others (Million Taka)				
Import Business	37,093.50	47,087.80	42,205.90	33,976.60
Export Business	29,939.20	33,061.10	23,998.80	19,887.70
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	10.05	10.13	9.41	13.48
Capital Fund to Deposite Liabilities	7.34	8.75	9.08	11.37
Liquid Assets to Deposit Liabilities	9.91	14.28	12.06	24.67
Loan to Deposit Liabilities	91.75	87.74	94.08	84.81
Earning Assets to Deposit Liabilities	105.56	108.22	81.55	116.44
After Tax Return on Average Assets	0.03	1.40	1.24	1.41
Net Profit to Gross Income	0.21	11.06	10.80	12.57
Interest Magin Cover	110.17	139.76	95.15	135.79
After Tax Return on Equity	0.47	19.61	14.95	18.79
SMI/SSI Loan and Micro Credit to Loanable Fund	52.12	54.67	56.78	56.93
Number of Branches	62	45	34	32
Number of Employees	1,657	1,132	964	776
Deposit per employee (Million Taka)	52.92	55.35	51.10	44.46
Advance per employee (Million Taka)	51.87	50.25	48.07	37.71
Profit before Tax per employee (Million Taka)	1.58	2.07	1.78	2.02

A. From the Balance Sheet (Million Taka)	2008	2007	2006	2005
Authorized Capital	2,000.00	2,000.00	2,000.00	2,000.00
Paid-up Capital	1,309.77	1,247.40	945.00	810.00
Share Money Deposit				
Reserve and Surplus	1,672.82	1,349.17	1,294.00	916.14
Shareholders' Equity	2,982.59	2,596.58	2,239.00	1,726.14
Fixed Assets	228.36	196.11	154.52	135.78
Total Assets	46,660.03	38,773.91	29,417.09	27,136.37
Deposits	38,368.23	31,947.98	24,084.65	22,325.58
Long-term Debt	1,708.40	1,385.81	830.06	937.51
Loans and Advances	27,269.13	22,263.35	19,000.00	15,339.35
Placement & Investment	15,659.03	13,560.92	8,212.23	10,236.82
B. From the Income Statement (Million Taka)				
Gross Income	5,060.29	3,549.51	2,870.32	2,228.21
Gross Expenditure	3,526.35	2,458.41	1,858.69	1,599.77
Profit before Tax and Provision	1,533.94	1,091.10	1,011.62	628.44
Profit/(Loss) after Tax	549.86	282.96	554.14	285.49
Tax Paid (cumulative)	3,538.01	2,790.98	2,245.16	1,777.70
C. Others (Million Taka)				
Import Business	27,359.77	21,266.57	17,804.27	14,094.96
Export Business	22,270.87	16,794.96	15,463.74	11,097.23
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	12.04	12.91	11.98	11.77
Capital Fund to Deposite Liabilities	7.81	9.23	10.34	10.36
Liquid Assets to Deposit Liabilities	47.70	49.10	40.42	58.01
Loan to Deposit Liabilities	71.07	69.69	78.89	69.74
Earning Assets to Deposit Liabilities	114.69	109.70	112.99	114.56
After Tax Return on Average Assets	1.30	0.83	1.96	1.23
Net Profit to Gross Income	10.87	7.97	19.31	12.81
Interest Magin Cover	137.08	176.80	211.72	214.56
After Tax Return on Equity	19.68	11.70	27.82	17.75
SMI/SSI Loan and Micro Credit to Loanable Fund	59.32	56.73	53.43	50.66
Number of Branches	31	31	28	27
Number of Employees	735	721	651	601
Deposit per employee (Million Taka)	52.20	44.31	37.00	37.15
Advance per employee (Million Taka)	37.10	30.88	29.19	25.52
Profit before Tax per employee (Million Taka)	2.09	1.51	1.55	1.05

A. From the Balance Sheet (Million Taka)	2004	2003	2002	2001
Authorized Capital	2,000.00	2,000.00	500.00	500.00
Paid-up Capital	675.00	450.00	300.00	300.00
Share Money Deposit				
Reserve and Surplus	816.23	799.29	712.90	461.39
Shareholders' Equity	1,491.23	1,249.29	1,012.90	761.35
Fixed Assets	101.41	73.49	76.68	65.73
Total Assets	19,436.57	14,766.32	13,019.42	9,721.93
Deposits	15,509.18	11,266.54	10,021.24	7,512.62
Long-term Debt	839.61	690.95	676.51	582.82
Loans and Advances	12,000.15	9,282.20	7,957.04	6,260.78
Placement & Investment	6,098.51	4,361.93	3,988.76	2,605.23
B. From the Income Statement (Million Taka)				
Gross Income	1,768.85	1,558.52	1,290.66	1,041.76
Gross Expenditure	1,241.63	1,004.85	856.15	685.64
Profit before Tax and Provision	527.22	553.67	434.51	356.12
Profit/(Loss) after Tax	291.48	236.39	251.55	213.67
Tax Paid (cumulative)	1,434.76	1,199.02	881.73	698.76
C. Others (Million Taka)				
Import Business	12,507.80	9,882.80	8,645.00	7,542.80
Export Business	7,908.00	6,933.90	5,557.60	5,957.90
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	12.49	12.57	13.20	12.49
Capital Fund to Deposite Liabilities	10.47	10.65	10.11	10.13
Liquid Assets to Deposit Liabilities	50.56	51.05	54.80	51.47
Loan to Deposit Liabilities	77.37	82.39	79.40	83.34
Earning Assets to Deposit Liabilities	116.70	121.10	119.20	118.01
After Tax Return on Average Assets	1.70	1.70	2.20	2.45
Net Profit to Gross Income	16.48	15.17	19.35	20.51
Interest Magin Cover	205.07	210.87	187.00	173.91
After Tax Return on Equity	21.27	20.90	28.18	28.06
SMI/SSI Loan and Micro Credit to Loanable Fund	62.21	59.16	63.00	50.18
Number of Branches	27	26	26	25
Number of Employees	578	523	510	497
Deposit per employee (Million Taka)	26.83	21.54	19.65	15.12
Advance per employee (Million Taka)	20.76	17.75	15.60	12.60
Profit before Tax per employee (Million Taka)	0.91	1.06	0.85	0.72

A. From the Balance Sheet (Million Taka)	2000	1999	1998	1997
Authorized Capital	500.00	500.00	500.00	500.00
Paid-up Capital	240.00	160.00	80.00	80.00
Share Money Deposit				
Reserve and Surplus	457.77	424.43	394.48	258.34
Shareholders' Equity	697.77	584.43	474.48	338.34
Fixed Assets	51.11	37.83	41.96	36.39
Total Assets	7,730.67	7,173.17	5,620.57	4,350.14
Deposits	5,845.15	5,647.93	4,551.48	3,541.60
Long-term Debt	555.98	368.85	344.61	273.29
Loans and Advances	4,618.73	3,960.11	3,218.90	2,630.90
Placement & Investment	2,462.17	2,021.19	2,040.72	1,395.59
B. From the Income Statement (Million Taka)				
Gross Income	877.48	794.59	591.64	440.46
Gross Expenditure	573.30	528.01	364.73	268.83
Profit before Tax and Provision	304.18	266.58	226.91	171.63
Profit/(Loss) after Tax	173.34	159.95	136.15	94.61
Tax Paid (cumulative)	556.31	425.47	318.84	228.08
C. Others (Million Taka)				
Import Business	7,948.00	7,391.10	7,208.20	7,017.56
Export Business	5,557.00	5,060.30	4,420.20	3,754.87
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	15.30	14.27	14.01	12.45
Capital Fund to Deposite Liabilities	11.94	10.34	10.42	9.55
Liquid Assets to Deposit Liabilities	59.52	59.09	62.29	59.58
Loan to Deposit Liabilities	79.02	66.71	66.81	69.86
Earning Assets to Deposit Liabilities	117.74	85.34	115.56	113.69
After Tax Return on Average Assets	2.33	2.50	2.73	2.28
Net Profit to Gross Income	19.75	20.45	23.01	21.48
Interest Magin Cover	150.67	112.67	192.07	194.64
After Tax Return on Equity	27.04	30.21	28.69	27.96
SMI/SSI Loan and Micro Credit to Loanable Fund	46.96	40.09	42.21	35.83
Number of Branches	25	23	22	21
Number of Employees	453	417	372	351
Deposit per employee (Million Taka)	12.90	13.54	12.24	10.09
Advance per employee (Million Taka)	10.20	9.50	8.65	7.50
Profit before Tax per employee (Million Taka)	0.67	0.64	0.61	0.49

A. From the Balance Sheet (Million Taka)	1996	1995	1994	1993
Authorized Capital	100.00	100.00	100.00	100.00
Paid-up Capital	80.00	80.00	80.00	80.00
Share Money Deposit				
Reserve and Surplus	163.73	105.96	53.49	27.81
Shareholders' Equity	243.73	185.96	133.49	107.81
Fixed Assets	25.45	21.27	21.37	20.82
Total Assets	3,962.55	3,280.16	2,609.85	2,321.13
Deposits	3,357.05	2,773.73	2,241.33	1,977.60
Long-term Debt	196.45	166.08	119.68	122.18
Loans and Advances	1,724.81	1,561.29	1,112.24	986.61
Placement & Investment	1,320.43	995.57	483.90	672.29
B. From the Income Statement (Million Taka)				
Gross Income	311.43	291.62	232.87	197.67
Gross Expenditure	207.41	191.66	181.51	163.01
Profit before Tax and Provision	104.02	99.96	51.36	34.66
Profit/(Loss) after Tax	57.77	52.48	25.68	17.33
Tax Paid (cumulative)	151.06	104.81	57.33	31.65
C. Others (Million Taka)				
Import Business	4,986.10	4,657.86	2,613.50	1,851.13
Export Business	2,609.30	1,783.09	1,227.08	718.63
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	12.39	-	-	-
Capital Fund to Deposite Liabilities	7.26	6.70	5.96	5.45
Liquid Assets to Deposit Liabilities	70.42	66.22	68.17	66.91
Loan to Deposit Liabilities	47.82	54.17	49.62	49.89
Earning Assets to Deposit Liabilities	99.57	97.52	74.04	83.69
After Tax Return on Average Assets	1.60	1.78	1.04	0.76
Net Profit to Gross Income	18.54	18.00	11.03	8.77
Interest Magin Cover	112.45	109.68	60.33	84.98
After Tax Return on Equity	23.70	28.22	21.28	17.48
SMI/SSI Loan and Micro Credit to Loanable Fund	40.99	43.44	46.25	22.16
Number of Branches	19	18	17	16
Number of Employees	315	300	238	196
Deposit per employee (Million Taka)	10.66	9.25	9.42	10.09
Advance per employee (Million Taka)	5.48	5.20	4.67	5.03
Profit before Tax per employee (Million Taka)	0.33	0.33	0.22	0.18

A. From the Balance Sheet (Million Taka)	1992	1991	1990	1989
Authorized Capital	100.00	100.00	100.00	100.00
Paid-up Capital	80.00	80.00	80.00	80.00
Share Money Deposit				
Reserve and Surplus	10.48	4.83	4.36	1.09
Shareholders' Equity	90.48	84.83	84.36	81.09
Fixed Assets	16.26	15.15	14.08	7.62
Total Assets	1,646.95	991.37	661.91	406.73
Deposits	1,367.36	843.79	529.19	317.72
Long-term Debt	125.80	30.00	30.00	-
Loans and Advances	715.75	432.80	200.00	66.45
Placement & Investment	553.61	404.60	341.11	287.52
B. From the Income Statement (Million Taka)				
Gross Income	126.70	98.80	61.11	28.42
Gross Expenditure	117.52	95.33	52.22	24.28
Profit before Tax and Provision	9.18	3.47	8.89	4.14
Profit/(Loss) after Tax	4.13	2.87	3.27	1.09
Tax Paid (cumulative)	14.32	9.27	8.67	3.05
C. Others (Million Taka)				
Import Business	1,656.70	1,144.16	582.39	296.41
Export Business	365.50	115.64	36.76	-
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	-	-	-	-
Capital Fund to Deposite Liabilities	6.62	10.05	15.94	25.52
Liquid Assets to Deposit Liabilities	75.59	61.21	81.86	104.05
Loan to Deposit Liabilities	52.35	51.29	37.79	20.91
Earning Assets to Deposit Liabilities	92.70	101.48	102.99	111.41
After Tax Return on Average Assets	0.23	0.23	0.39	0.35
Net Profit to Gross Income	3.26	2.90	5.35	3.84
Interest Magin Cover	57.85	82.15	102.43	123.10
After Tax Return on Equity	4.71	3.39	3.95	1.34
SMI/SSI Loan and Micro Credit to Loanable Fund	15.38	15.56	23.84	28.12
Number of Branches	13	10	7	3
Number of Employees	159	124	100	48
Deposit per employee (Million Taka)	8.60	6.80	5.29	6.62
Advance per employee (Million Taka)	4.50	3.49	2.00	1.38
Profit before Tax per employee (Million Taka)	0.06	0.03	0.09	0.09



Independent Auditors' Report and Financial Statements

For the year ended 31 December 2016

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 2016, profit and loss account, statement of changes in equity, cash flow statement and liquidity statement for the year then ended, and a summary of significant accounting policies and other explanatory notes and annexes thereto.

Management's responsibility for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in the relevant notes 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 Companies Act 1991 and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. 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.

Auditors' responsibility

"Our responsibility is to express an opinion on these financial statements of the Bank 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 a reasonable assurance about whether the financial statements of the Bank are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the Bank. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements of the Bank 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 qualified audit opinion.

Basis for qualified opinion

1. 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, unauthorised excess overdrawn in cash credit account, temporary overdraft was given in current deposit account, loan was approved before getting credit line proposal (CLP) from branches, loans were sanctioned having observations in CLP, grace period extended frequently to avoid classification of loan accounts, incomplete sanction advice of loans issued, unauthorised decrease of installment size, unauthorised 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/dispursed without credit risk grading (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.
2. We could not audit the security files of 56 (fifty six) loan clients/accounts amounting to BDT 13,351,022,892 (that represents 9.98% of total loans and advances and 18.89% of classified loans and advances of the Bank) of Gulshan, Shantinagar, Main and Dilkusha branches due to seizure of the respective files by the Anti-Corruption Commission.

Opinion

In our opinion, except for the effects of the matters described in the "basis for qualified opinion" paragraph, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1.

Independent Auditors' Report to the Shareholders For the year ended 31 December 2016

Emphasis of matter

We draw attention to following matters where our opinion is not qualified in respect of those matters.

1. Note 13.3 to the financial statements which describes the risk-weighted assets and capital ratios as defined in Basel capital accord which shows that the Bank has failed to maintain required capital.
2. "Note 7.7, 7.8 and 33 to the financial statements which describe the total loans and advances and provision thereon as on 31 December 2016 where the Bank's total loans and advances is BDT 13,488.28 crore of which classified loans and advances is BDT 7,300.69 crore, required provision for loans and advances is BDT 4,645.87 crore against which the Bank kept total provision of BDT 1,819.99 crore only. The resulted short provision is BDT 2,825.89 crore. However, Bangladesh Bank vide its letter # BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 permitted the Bank to provide the provision shortfall of BDT 2,501 crore against classified loans and advances within a period of 5 (five) years from 2015 and provision shortfall of BDT 1,933 crore against classified blocked assets within a period of 10 (ten) years from 2015 which were also classified as loans and advances of the Bank.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, the Banking Companies Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the 'auditors' 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' section for the financial statements and internal control:

(i) internal audit, internal control and risk management arrangements of the Bank, as disclosed in note 2.16 appeared to be materially 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 the matter as stated in para 1 of basis for qualified opinion;

(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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;

(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 financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.1 as well as with related guidance issued by Bangladesh Bank;

(f) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

(g) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(h) the information and explanations required by us have been received and found to be satisfactory; and

(i) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 6,990 person hours for the audit of the books and account of the Bank.

Dhaka, Bangladesh
Dated, 18 April 2017


S. F. AHMED & CO
Chartered Accountants

BASIC Bank Limited
**Balance Sheet
As at 31 December 2016**

	Notes	2016 BDT	2015 BDT
PROPERTY AND ASSETS			
Cash	3	10,668,883,625	16,252,789,565
In hand (including foreign currencies)		556,171,378	501,228,446
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		10,112,712,247	15,751,561,119
Balance with other banks and financial institutions	4	2,378,042,140	5,152,917,726
In Bangladesh		1,645,475,504	4,119,264,828
Outside Bangladesh		732,566,636	1,033,652,898
Money at call and on short notice	5	4,120,000,000	3,610,000,000
Investments	6	47,711,374,678	35,915,015,923
Government		46,681,635,795	35,378,297,009
Others		1,029,738,883	536,718,914
Loans and advances	7	134,882,802,828	128,807,012,281
Loans, cash credits, overdrafts, etc		133,821,913,852	127,685,544,764
Bills purchased and discounted		1,060,888,976	1,121,467,517
Fixed assets including premises, furniture and fixtures	8	409,031,933	514,229,099
Other assets	9	4,569,496,855	3,921,393,513
Non-banking assets		-	-
Total assets		204,739,632,059	194,173,358,107
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	2,325,163,324	2,482,940,170
Deposits and other accounts	11	158,070,977,543	148,167,229,641
Current deposit and other accounts		4,458,119,178	4,734,855,036
Bills payable		908,206,737	619,958,708
Savings bank deposits		4,453,994,441	3,497,315,210
Fixed deposits		148,250,657,187	139,315,100,687
Other deposits		-	-
Other liabilities	12	33,535,169,125	17,576,102,244
Total liabilities		193,931,309,992	168,226,272,055
Shareholders' equity			
Paid-up capital	13.2	10,846,982,500	10,846,982,500
Share money deposit		16,000,000,000	16,000,000,000
Statutory reserve	14	2,224,690,642	2,224,690,642
Other reserves	15	182,432,883	390,795,867
Retained earnings/(losses)	16	(19,650,783,958)	(4,720,382,957)
		9,603,322,067	24,742,086,052
Non-cumulative irredeemable preference shares		1,205,000,000	1,205,000,000
Total equity		10,808,322,067	25,947,086,052
Total liabilities and shareholders' equity		204,739,632,059	194,173,358,107

OFF-BALANCE SHEET ITEMS

Contingent liabilities	17	13,114,073,576	11,584,474,388
Acceptances and endorsements		2,997,524,717	2,874,507,841
Letters of guarantee		1,877,840,085	2,047,940,550
Irrevocable letters of credit		7,015,393,973	5,696,129,284
Bills for collection		718,992,723	461,746,219
Other contingent liabilities		504,322,078	504,150,494
Other commitments			-
Documentary credits 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		-	-
Total off-balance sheet items including contingent liabilities		13,114,073,576	11,584,474,388

These financial statements should be read in conjunction with annexed notes.

for BASIC Bank Limited


Managing Director


Director


Director


Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 18 April 2017


S. F. AHMED & CO
Chartered Accountants

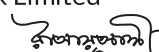
**BASIC Bank Limited
Profit and Loss Account
For the year ended 31 December 2016**

	Notes	2016 BDT	2015 BDT
Interest income	18	8,098,523,197	8,218,241,570
<u>Less:</u> Interest paid on deposits and borrowings, etc	19	(9,154,318,946)	(11,359,027,543)
Net interest income		(1,055,795,749)	(3,140,785,973)
Investment income	20	3,141,726,351	2,628,103,917
Commission, exchange and brokerage	21	553,686,405	552,403,193
Other operating income	22	138,471,671	116,215,557
		3,833,884,427	3,296,722,667
Total operating income		2,778,088,678	155,936,694
Salaries and allowances	23	1,951,981,948	1,938,132,789
Rent, taxes, insurance, electricity, etc	24	340,464,407	323,999,278
Legal expenses	25	17,799,453	13,318,728
Postage, stamp, telecommunication, etc	26	37,084,120	49,153,957
Stationery, printing, advertisement, etc	27	27,809,856	38,724,631
Managing Director's salary and allowances	28	5,400,000	5,000,000
Directors' fees and other benefits	29	2,559,096	1,626,018
Auditors' fees		920,000	920,000
Depreciation of bank's assets	30	125,668,379	154,576,891
Repairs of bank's assets	31	32,612,632	33,199,872
Other expenses	32	144,941,955	161,531,141
Total operating expenses		2,687,241,846	2,720,183,305
Profit before provision		90,846,832	(2,564,246,611)
Provision made during the year			
Provision for loan	33	13,857,278,189	36,211,335
Provision (excess provision) for off-balance sheet exposures	33	12,721,811	(36,211,335)
Provision for other assets	33	1,171,211,956	624,081,394
Provision for Investment	33	4,201,760	-
		15,045,413,716	624,081,394
Total profit/ (loss) before tax		(14,954,566,884)	(3,188,328,005)
Provision for taxation			
Current tax	34	38,609,904	34,544,893
Deferred tax	35	(62,775,787)	(82,511,325)
		(24,165,883)	(47,966,432)
Net profit/ (loss) after tax		(14,930,401,001)	(3,140,361,573)
Appropriations:			
Statutory reserve	14	-	-
General reserve		-	-
Dividends, etc		-	-
		-	-
Retained surplus		(14,930,401,001)	(3,140,361,573)
Earnings per Share (EPS)	38	(13.76)	(2.90)

These financial statements should be read in conjunction with annexed notes.
for BASIC Bank Limited


Managing Director


Director


Director


Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 18 April 2017


S. F. AHMED & CO
Chartered Accountants

BASIC Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2016

Particulars	Paid-up capital	Share money deposit	Statutory reserve	Other reserves						Retained earnings/ (losses)	Non-cumulative irredeemable preference share	Total
				General reserve	Investment revaluation reserve			Loss on revaluation/A mortisation of HTM securities	Sub-Total			
					Gain on revaluation	Amortisation of discount	BDT					
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	
Balance as at 01 January 2016	10,846,982,500	16,000,000,000	2,224,690,642	40,000,000	361,967,369	10,606,628	(21,778,130)	390,795,867	(4,720,382,957)	1,205,000,000	25,947,086,052	
Net profit/ (loss) for the year	-	-	-	-	-	-	-	-	(14,930,401,001)	-	(14,930,401,001)	
Increase of revaluation reserve for securities during the year	-	-	-	-	596,669,533	3,496,336	(26,698,459)	573,467,410	-	-	573,467,410	
Adjustment of revaluation reserve for securities during the year	-	-	-	-	(773,623,858)	(8,840,848)	634,312	(781,830,394)	-	-	(781,830,394)	
Transferred to other reserve	-	-	-	-	-	-	-	-	-	-	-	
Cash dividend paid during the year	-	-	-	-	-	-	-	-	-	-	-	
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	-	
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	
Share money received during the year	-	-	-	-	-	-	-	-	-	-	-	
Issuance of bonus share	-	-	-	-	-	-	-	-	-	-	-	
Transferred to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	
Free reserve	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2016	10,846,982,500	16,000,000,000	2,224,690,642	40,000,000	185,013,044	5,262,116	(47,842,277)	182,432,883	(19,650,783,958)	1,205,000,000	10,808,322,067	
Balance as at 31 December 2015	10,846,982,500	16,000,000,000	2,224,690,642	40,000,000	361,967,369	10,606,628	(21,778,130)	390,795,867	(4,720,382,957)	1,205,000,000	25,947,086,052	

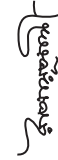
for BASIC Bank Limited



Managing Director



Director



Director




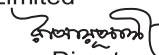
Chairman

**BASIC Bank Limited
Cash Flow Statement
For the year ended 31 December 2016**

	2016 BDT	2015 BDT
A) Cash flows from operating activities		
Interest receipts in cash	11,040,170,880	10,539,024,178
Interest payments	(9,895,060,603)	(12,423,957,543)
Dividends receipts	39,799,656	19,546,131
Fee and commission receipts in cash	553,686,405	552,403,193
Recoveries of loans previously written off	15,256,880	4,593,600
Cash payments to employees	(1,941,053,881)	(1,809,762,809)
Cash payments to suppliers	(27,809,856)	(38,724,631)
Income taxes paid	(106,338,785)	(41,988,385)
Receipts from other operating activities (item-wise)	123,187,420	111,621,957
Payments for other operating activities (item-wise)	(576,381,663)	(583,748,994)
Operating profit/ (loss) before changes in operating assets and liabilities	(774,543,547)	(3,670,993,303)
Increase/(decrease) in operating assets and liabilities		
Statutory deposits	-	-
Purchase/sale of trading securities	(12,004,721,739)	(5,160,935,805)
Loans & advances to customers	(6,075,790,547)	(39,414,153,444)
Other assets (item-wise)	(360,810,458)	30,007,275,478
Deposits from other banks	8,898,636,198	3,661,137,938
Deposits from customers	1,005,111,703	4,572,035,606
Other liabilities (item-wise)	1,641,557,552	2,397,005,655
	(6,896,017,291)	(3,937,634,572)
Net cash used in operating activities	(7,670,560,838)	(7,608,627,875)
B) Cash flows from investing activities		
Proceeds from sale of securities	-	-
Cash payments for purchase of securities	-	-
Purchase of property, plant & equipment	(20,744,649)	(19,130,673)
Sales of property, plant & equipment	300,807	6,850
Net cash from / (used in) investing activities	(20,443,842)	(19,123,823)
C) Cash flows from financing activities		
Increase/(Decrease) in long term borrowings	(157,776,846)	(191,034,152)
Receipt from Government	-	16,000,000,000
Conversion of borrowings into reserve	-	-
Payment of dividend	-	-
Net cash from/(used in) financing activities	(157,776,846)	15,808,965,848
D) Net increase in cash and cash equivalents (A+B+C)	(7,848,781,526)	8,181,214,150
E) Effects of exchange rate changes on cash and cash equivalents	-	-
	(7,848,781,526)	8,181,214,150
F) Cash and cash equivalents at beginning of the year	25,015,707,291	16,834,493,141
G) Cash and cash equivalents at end of the year (D+E+F)	17,166,925,765	25,015,707,291
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	556,171,378	501,228,446
Balances with Bangladesh Bank and its agent bank (s)	10,112,712,247	15,751,561,119
Balances with other banks and financial institutions	2,376,718,240	5,150,398,426
Money at call and on short notice	4,120,000,000	3,610,000,000
Prize bonds	1,323,900	2,519,300
	17,166,925,765	25,015,707,291


 Managing Director

 for BASIC Bank Limited

 Director


 Director


 Chairman

 Dhaka, Bangladesh
 Dated, 18 April 2017

BASIC Bank Limited

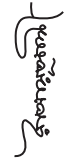
**Liquidity Statement (Analysis of Maturity of Assets and Liabilities)
As at 31 December 2016**

Particulars	Not more than 1 month term		1-3 months term		3-12 months term		1-5 years term		Above 5-years term		Total	
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Assets												
Cash in hand	1,403,598,375	-	-	-	-	-	-	-	9,265,285,250	-	10,668,883,625	
Balances with other banks and financial institutions	735,251,063	1,352,388,000	159,845,000	130,558,077	-	-	-	2,378,042,140	-	-	2,378,042,140	
Money at call and short notice	4,120,000,000	-	-	-	-	-	-	4,120,000,000	-	-	4,120,000,000	
Investments	19,349,767,054	1,699,998,629	2,637,192,876	9,706,610,816	14,317,805,303	47,711,374,678	134,882,802,828	409,031,933	93,832,224	4,569,496,855	204,739,632,059	
Loans and advances	13,123,475,771	13,689,191,167	24,556,030,771	42,815,600,570	40,698,504,549	134,882,802,828	409,031,933	4,569,496,855	-	-	204,739,632,059	
Fixed assets including land, building, furniture and fixtures	9,661,561	20,492,450	92,800,689	192,245,009	4,569,496,855	4,569,496,855	-	-	-	-	4,569,496,855	
Other assets	-	-	-	-	-	-	-	-	-	-	-	
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	
Total assets	38,741,753,824	16,762,070,246	27,445,869,336	57,414,511,327	64,375,427,326	204,739,632,059						
Liabilities												
Borrowings from other banks, financial institutions and agents	500,000	1,100,000	5,200,000	37,800,000	2,280,563,324	2,325,163,324						
Deposits and other accounts	37,182,731,595	37,920,396,669	63,454,245,914	11,583,134,042	7,930,469,323	158,070,977,543						
Provision and other liabilities	485,955,625	413,694,565	8,451,111,550	1,907,920,090	22,276,487,296	33,535,169,125						
Total liabilities	37,669,187,220	38,335,191,234	71,910,557,463	13,528,854,132	32,487,519,943	193,931,309,992						
Net liquidity gap	1,072,566,604	(21,573,120,988)	(44,464,688,127)	43,885,657,195	31,887,907,383	10,808,322,067						

for BASIC Bank Limited



Managing Director



Director



Chairman

Dhaka, Bangladesh
Dated, 18 April 2017

1. The Bank and its activities:

1.1 Corporate information:

BASIC Bank Limited ("the Bank") incorporated as a banking company under the Companies Act 1913 in the name of 'Bank of Small Industries and Commerce Bangladesh Limited' and governed by the Bank Companies Act 1991 (amended in 2013). In 2001 the Bank changed its earlier name and registered the new name with the Registrar of Joint Stock Companies and Firms, Bangladesh. Initially the Bank started its operations as a joint venture organisation of the then BCC Foundation, a welfare trust in Bangladesh and the Government of Bangladesh. On 4 June 1992, the Government 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 Commercial Area, Dhaka 1000.

1.2 Objectives:

The Memorandum and Articles of Association of BASIC Bank Limited stipulate that at least fifty percent of its loan able fund shall be used for financing Small and Medium Scale Industries. The principal 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 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 statement. 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 marked 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 statement. 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 statement 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 is not allowed to be recognised as income, rather the corresponding amount needs to be credited to interest 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 categorize, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation require-

ments of BFRS 7 and BAS 32 cannot be made in the financial statements.

vii) Repo transactions

BFRS: When an entity sells a financial asset and simultaneously entered into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for a deposit, and the underlying asset continues to be recognised in the entities financial statements. These transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expenses.

Bangladesh Bank: As per BRPD guidelines, when a bank sells a financial assets and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo and stock lending), the agreement is accounted for a normal sales transactions and the financial assets are derecognised in the seller's book and a recognised in the buyers book.

viii) 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.

ix) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash items 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 bonds 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.

x) 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.

xi) 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.

xii) 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.

- xiii) **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.

- xiv) **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.

- xv) **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 off 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 recognised 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 recognised and presented in the financial statements of the Bank are included in following notes/statements:

- a) Notes 12.1, 12.2 & 12.3 "Provision for loans and advances, off-balance sheet exposure, and other assets"
- | | | |
|----|---------------------|------------------------|
| b) | Note 30 | Depreciation |
| c) | Note 34 | Provision for taxation |
| d) | Note 35 | Deferred tax |
| 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 commit-

ment 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 recognised in the profit and loss statement.

2.4 Statement of changes in equity

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

2.5 Cash flow statement

Cash flow statement 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.

2.6 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 and 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 realisation/amortisation;
- 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.

2.7 Reporting period

These financial statements cover one calendar year from 01 January 2016 to 31 December 2016.

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 recognised amounts and there is an intention to settle on a net basis, or realise 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
General provision on		
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%

Specific provision on		
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 Investments

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 as amended vide DOS Circular Letter No. 05 dated 28 January 2009, DOS Circular No. 06 dated 15 July 2010 & DOS Circular Letter No.01 dated 19 January 2014. Same procedures are followed for investment in

Bangladesh Bank bills. 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 at fair value through profit or loss or as available for sale. These are measured at amortised value at each year end by taking into account any premium or discount on acquisition. Any increase/-decrease in value for amortisation of

such investments is transferred to revaluation reserve account and shown in the statement of changes of equity. The gains on such security at the time of maturity of the security are credited to income account.

Held for Trading (HFT)

The securities under this category are the securities acquired by the Bank with the intention to trade by taking advantages of short term price/interest movement. The government securities (Treasury Bills/Bangladesh Bank bills) under "Held for Trading" category are amortised and measured at present value on the basis of marked to market method weekly. The resulting gains & losses are transferred to profit and loss statement and then gains arising from marked to

market are instantly transferred to other reserve account from profit and loss account. The government securities (Treasury bond) under "Held for Trading" category are measured at present value on the basis of marked to market method weekly. 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/(debited) to profit and loss account.

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

Investment class	Initial recognition	Measurement after initial	Recording of changes
Bangladesh Bank Bill/ Treasury Bill /Bond (HTM)	Cost	Amortised value	Both increase and decrease in value are transferred to revaluation reserve account.
Bangladesh Bank Bill/ Treasury Bill (HFT)	Cost	Market value	Both gains & losses are transferred to profit and loss account: gains arising from marked to market are instantly transferred to other reserve account from profit and loss account.
Treasury Bond (HFT)	Cost	Market value	Increase in value to equity and decrease in value to profit or loss account.
Prize Bond	Face value	None	None
Subordinated Bond	Cost	None	None
Shares	Cost	Lower of cost and market value	"Any loss, charged in P/L account. Realised gain, recognised in P/L account. Unrealised gain, not recognised in accounts."

Notes to the financial statements

For the year ended 31 December 2016

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. Unrealised gains are not recognised in the profit and loss account. But provision for diminution in value of investment has to be made properly.

Investment in unlisted (unquoted) securities

Subordinated Bond is reported at cost and shares are reported at lower of cost and market value.

Other investments

Other investments like, prize bonds are also eligible for SLR, are shown at face value.

Investment and related income

- a) Income on investments other than shares is accounted for on accrual basis; and
- b) Dividend income on investment in shares is accounted for in the year when right has been established.

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 capitalised 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 an integral to the functionality of the related equipment is capitalised 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 asset	Rate	Method of Depreciation
Furniture and fixtures	10%	Reducing balance method
Interior decoration	10%	Reducing balance method
Machinery and equipment*	20%	Reducing balance method
Computer hardware*	20%	Straight line method
Motor vehicles	25%	Straight line method
Leasehold assets	1%	Straight line method over the lease 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 statement, which is determined with reference to the net book value of the assets and net sale proceeds.

2.9.5 Intangible assets

a) "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."

b) 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 amortisation and any impairment losses.

c) Software is amortised 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 items not covered specifically in other areas of the supervisory activity and such items may be quite insignificant in the overall financial condition of the Bank.

2.9.7 Receivables

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

2.9.8 Inventories

Inventories are measured at the lower of cost and net realisable 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 recognised 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 statement.

2.14 Basis for valuation of liabilities and provisions

2.14.1 Provision for taxation

Provision for income tax for current year has been made as per prescribed rate in the Finance Act, 2016 on the gross receipts/ 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 tax

Deferred tax is recognised 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 recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. 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 realised.

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 recognised 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 /lump sum 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, treatment and some other purposes 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 utilised for various social activities as part of corporate social responsibility of the Bank.

2.14.4 Provision for liabilities

A provision is recognised 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 exposures of the Bank as at 31 December 2016. Provision is made on the total exposures and amount of cash margin or value of eligible collateral is not deducted while computing off-balance sheet exposures

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 Bangladesh Bank, Banks are required to make provision regarding the un-reconciled 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 recognised 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 loans 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 recognised on accrual basis. Capital gain is recognised when it is realised.

2.15.3 Fees and commission income

Fees, commission and exchange income on services provided by the Bank are recognised as and when the related services are performed. Commission charged to customers on letter of credit and letter of guarantee is credited to income at the time of effecting the transactions.

2.15.4 Dividend income on shares

Dividend income from investment in shares is recognised 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 "Presenten-

tation of Financial Statements" interest and other expenses are recognised on an 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), Agriculture, Micro Credit and Special Finance Division (AMCSFD), 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 analysing/assessing borrower risk an 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 Bangladesh Bank 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 (ML) and Terrorist Financing (TF) 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 (AML) and Combating Financing of Terrorism (CFT) Policy' of the Bank has been revised and subsequently approved by the Board of Directors of the Bank in its 396th meeting held on 24 October 2016.

The Bank established a separate division namely Anti-Money Laundering Division (AML) for mitigating Money Laundering and Terrorist Financing related risks. The Deputy Managing Director is acting as the Chief Anti-Money Laundering Compliance Officer (CAMLCO) of the Bank. In addition, Central Compliance Unit (CCU) is working to develop and review institutional strategy and program for preventing money laundering and terrorist financing. 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 mitigate ML/TF risks. 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.

Cross-border transactions (both incoming and outgoing messages) are screened against UN, OFAC, EU and other Sanction lists through SWIFT screening Software. Moreover, the Bank has its own AML Screening System for screening customer against UN Sanction List, Domestic Sanction List and Private List before opening an account and making payment of foreign remittance (through Bank or Exchange House, i.e. Western Union).

The Bank is providing CTR/STR data through goAML web portal of Bangladesh Bank 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 on AML & CFT 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 proce-

dures of the Bank. Audit and Inspection 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. The Bank has successfully carried out the job of Vulnerability Assessment (VA), Penetration Test (PT) and Configuration Review (CR) by the external experts having sufficient expertise on ICT securities. The Bank has taken necessary steps to enhance the securities of the network, database and e-mail systems of the Bank. An independent ICT Security Unit comprising some ICT security experts will be established within the Bank for monitoring, identifying and overseeing all kinds of potential ICT risks and threats.

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 Compli-

ance of the Bank includes three fold functions viz. Internal Audit & Inspection 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 & Inspection Reports 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 major lapses identified by Audit and Inspection Division as well as compliance of these lapses. The Audit Committee also reviews periodic financial statements of the bank, 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 2016, Internal Control & Compliance of the bank has started to further develop the Risk & Fraud awareness culture among the employees & reduce the likeli-

hood of fraud occurring in the Bank. In 2016, Audit & Inspection Division of the Bank has conducted 84 regular Audit & Inspections & 12 special inspections at different Branches and 19 regular Audit & Inspections at different Divisions of Head Office.

In connection with dealing the situation and ensuring safety checking measures against fraud & forgery related issues, Compliance Division of the Bank quarterly prepare Self Assessment of Anti-Fraud Internal Controls report and submit the same to Bangladesh Bank with joint signature of the Managing Director & the Chairman of Audit Committee of the Board of Directors of the Bank.

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 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 2016. Besides, there was no material capital expenditure authorised by

the board but not contracted for at 31 December 2016.

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 as on 01 March 2017

Name	Status	Other Position
Mr. Alauddin A. Majid	Chairman	Former: Chairman, BKB Independent Director, IPDC, Managing Director, BASIC Bank
Mr. Kazi Shofiquil Azam	Director	Secretary Economic Relations Division Ministry of Finance"
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	Former Managing Director, Bangladesh House Building Finance Corporation "
Mr. Md. Mamun-Al-Rashid	Director	Additional Secretary Financial Institutions Division, Ministry of Finance
Mr. Tabarak Hussain	Director	Advocate Supreme Court of Bangladesh
Mr. Mahabubur Rahman Bhuiyan	Director	Former Director, Bangladesh Krishi Bank
Ms. Afroza Gul Nahar	Director	Former Managing Director, Bangladesh House Building Finance Corporation "
Mr. Khondoker Md. Iqbal	Managing Director	Former Managing Director Karmasangsthan Bank

The Board of Directors conducted 28 (twenty eight) meetings during the year

2.22 Audit Committee as on 01 March 2017

Members of the Audit Committee of the Board of Directors:

Name	Status with the Committee	Educational Qualification
Mr. Kazi Shofiquil Azam	Chairman	B.Com (Hons), M.Com, Finance
Ms. Parag	Member	MSS in Development Administration, M.A. in English
Mr. Hasan Mahmood FCA	Member	FCA, M.Com

Audit Committee conducted 04 (four) meetings during the year.

2.23 Risk Management Committee as on 01 March 2017

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

Risk Management Committee conducted 04 (four) meetings during the year.

2.24 Executive Committee as on 01 March 2017

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

2.25 Head Office Management Committee

Members of the Head Office Management Committee

SI no.	Name	Designation	Status with the Committee
1	Mr. Khondoker Md. Iqbal	Managing Director	Chairman
2	Mr. Kanak Kumar Purkayastha	Deputy Managing Director	Member
3	Mr. A. Q. M. Kibriya	Deputy Managing Director	Member
4	Mr. Md. Wahidul Alam	General Manager	Member
5	Mr. Hasan Tanvir	General Manager	Member
6	Mr. Md. Moniruzzaman	General Manager	Member
7	Mr. Md. Emdadul Hoque	General Manager	Member
8	Mr. Md. Ismail	General Manager	Member
9	Mr. Khan Iqbal Hasan	General Manager	Member
10	Mr. Md. Omar Faruque	DGM, AID	Member
11	Mr. Niranjan Chandra Debnath	DGM, FAD & In-charge, RMD	Member
12	Mr. Saifur Rahman	DGM, TD	Member
13	Mr. Niaz Musawwir Shah	DGM, ED	Member
14	Mr. Md. Al-Amin	DGM, HRD	Member
15	Mr. Md. Nurul Islam	DGM, COD	Member
16	Mr. Md. Hasan Imam	DGM, BSCAD & Company Secretary	Member Secretary

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

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

The Institute of Chartered Accountants of Bangladesh (ICAB) is the authorised body for adoption of International Accounting Standards (IAS) as Bangladesh Accounting Standards (BAS) and International Financial Reporting Standards (IFRS) as Bangladesh Financial Reporting Standards (BFRS). While preparing the financial statements, BASIC Bank applied all the applicable BAS and BFRS. 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
Revenues	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Cost	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
Financial Reporting in Hyperinflationary Economics	29	N/A
Financial Instruments: Presentation	32	Applied*
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied

Notes to the financial statements
For the year ended 31 December 2016

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 Standards	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: Disclosures	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 Corporate Social Responsibilities (CSR)

Bank authority is very much concern about responsibility to the society people. With industrialisation, the impacts of business on society and the environment assumed an entirely new dimension. For this Corporate Social Responsibility has become a criterion of socially lawful business endeavour and the acceptance of it is growing day by day. Countries of developed economy have taken the idea of "Social Responsibility". BASIC Bank Ltd. has also realised its responsibilities to the society and contributed to the improvement of the disadvantaged, etc within the framework of Bangladesh Bank guidelines being the largest state owned commercial bank in Bangladesh

2.28 Regulatory and legal compliance

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

- i. The Bank Companies Act 1991 (amendment in 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 and Rules 1984
- v. The Value Added Tax (VAT) and Rules 1991
- vi. The Stamp Act 1899
- vii. The Customs Act 1969
- viii. The Money Laundering Prevention Act, 2012
- ix. The Anti Terrorism (Amendment) Act, 2012
- x. Labor Act, 2006 (amended in 2013), etc

2.29 Approval of financial statements

The financial statements were approved by the Board of Directors on 18 April 2017.

2.30 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.

Notes to the financial statements

As at 31 December 2016

Cash

Cash in hand (including foreign currencies) (note 3.1)
Balance with Bangladesh Bank & its agent bank(s) (note 3.2)

	2016 BDT	2015 BDT
	556,171,378	501,228,446
	10,112,712,247	15,751,561,119
	10,668,883,625	16,252,789,565
3.1 Cash in hand (including foreign currencies)		
Local currency (note 3.1.1)	550,615,236	498,140,207
Foreign currencies	5,556,142	3,088,239
	556,171,378	501,228,446
3.1.1 Local currency		
In hand	536,740,736	483,443,707
In ATM	13,874,500	14,696,500
	550,615,236	498,140,207
3.2 Balance with Bangladesh Bank & its agent bank(s)		
Local currency (note 3.2.1)	9,872,860,476	15,545,727,443
Foreign currencies (note 3.2.2)	239,851,771	205,833,676
	10,112,712,247	15,751,561,119
3.2.1 Local currency		
Bangladesh Bank	9,759,032,840	15,406,599,713
Sonali Bank (acting as agent of Bangladesh Bank)	113,827,636	139,127,730
	9,872,860,476	15,545,727,443
3.2.2 Foreign currencies		
Bangladesh Bank - EURO	5,886,282	5,201,910
Bangladesh Bank - GBP	4,896,346	5,884,235
Bangladesh Bank (Western Union) - US\$	-	645,567
Bangladesh Bank - YEN	267,122	-
Bangladesh Bank - US\$	228,802,021	194,101,964
	239,851,771	205,833,676
3.2.2.1 Balance with Bangladesh Bank as per DB -5	9,739,538,858	15,367,362,124

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. Moreover, there were some entries passed by Bangladesh Bank on year ending date but the Bank passed corresponding entries on later date after receiving advice from Bangladesh Bank.

3.3 Statutory deposits

Cash Reserve Ratio and Statutory Liquidity Ratio (SLR) have been calculated and maintained as per Section 33 of the Bank Companies Act 1991 and MPD Circular No. 2 dated December 10, 2013, MPD Circular No. 01 dated June 23, 2014 and DOS Circular No. 01 dated January 19, 2014.

The Cash Reserve Requirement (CRR) on the Bank's time and demand liabilities at the rate of 6.50 % has been calculated and maintained with Bangladesh Bank in current account and 13.00% Statutory Liquidity Ratio (SLR), including excess CRR balance, on the same liabilities has also been maintained respectively in approved securities 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 (6.50% of average demand and time liabilities)	9,265,285,254	8,610,253,956
Actual reserve maintained	9,739,538,858	15,367,362,124
Surplus/(Deficit)	474,253,604	6,757,108,168
Required (%)	6.50%	6.50%
Maintained (%)	6.83%	11.60%

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
3.3.2 Statutory Liquidity Reserve (SLR)		
Required reserve	18,530,570,507	17,220,507,912
Actual reserve maintained	47,825,888,809	42,775,761,185
Surplus/(Deficit)	29,295,318,302	25,555,253,273
Required (%)	13.00%	13.00%
Maintained (%)	33.55%	32.29%
4. Balance with other banks and financial institutions		
In Bangladesh - in local currencies (note 4.1)	1,645,475,504	4,119,264,828
Outside Bangladesh (note 4.2) (Annex A)	732,566,636	1,033,652,898
	2,378,042,140	5,152,917,726
4.1 In Bangladesh		
4.1.1 Current accounts		
Sonali Bank Ltd	272,873	317,960
Agrani Bank Ltd	20,158	3,020,157
Janata Bank Ltd	655,984	6,459,198
Rupali Bank Ltd	1,691,016	77,282
	2,640,031	9,874,597
4.1.2 Short-notice deposit accounts		
Sonali Bank Ltd	875,437	1,453,097
Agrani Bank Ltd	1,425	2,467
Janata Bank Ltd	3,038,496	4,035,855
Rupali Bank Ltd	3,253,788	4,684,588
Trust Bank Ltd	5,096,812	614,522
The Premier Bank Ltd	11,438	9,900
	12,277,396	10,800,429
4.1.3 Other deposit		
Receivable from ICB Islamic Bank Ltd	130,558,077	148,589,802
4.1.4 Fixed deposit account		
FDR/Placement with Banks:		
IFIC Bank Ltd	-	1,000,000,000
One Bank Ltd	-	1,000,000,000
BRAC Bank Ltd	-	1,300,000,000
	-	3,300,000,000
FDR/Placement with Non-Banks financial institutions:		
IDLC Finance Ltd	100,000,000	-
Premier Leasing & Finance Ltd	200,000,000	-
DBH Finance Corporation Ltd	250,000,000	150,000,000
Prime Finance and Investment Ltd	100,000,000	-
BIFC Company Ltd	300,000,000	100,000,000
Lanka Bangla Finance Ltd	250,000,000	-
Union Capital Ltd	100,000,000	-
International Leasing and Financial Services Ltd	-	200,000,000
Reliance Finance Ltd	200,000,000	200,000,000
	1,500,000,000	650,000,000
	1,645,475,504	4,119,264,828

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.

	2016 BDT	2015 BDT
4.2 Outside Bangladesh (Nostro and FC term placement)		
Interest-bearing accounts (note 4.2.1)	265,913,636	405,650,498
Term placement (note 4.2.2)	466,653,000	628,002,400
	732,566,636	1,033,652,898
4.2.1 Interest-bearing accounts		
Banque de Commerce, Geneva - CHF	255,474	169,562
Sonali Bank, Kolkata - EURO	384,971	69,683
Sonali Bank, London - EURO	7,879,868	15,586,927
Bank of Tokyo-Mitsubishi, London - GBP	2,899,391	465,899
Sonali Bank, London - UKP	1,343,016	327,411
Bank of Tokyo Mitsubishi, Japan - JPY	550,692	662,983
Arif Habib Rupali Bank, Karachi - ACU	86,892	86,605
Mashreq Bank India, Mumbai - ACU	49,865	49,465
Mashreq Bank, New York - USD	361,902	364,634
Sonali Bank, Kolkata - USD	27,707,433	32,375,145
Bank of Ceylon, Sri Lanka - ACU	161,403	391,438
CITI Bank, New York (Export) - USD	145,059,459	315,779,629
ICICI Bank Limited, Mumbai - ACU	-	280,242
Sonali Bank, London - USD	11,768,699	21,467,401
AB Bank Limited, Mumbai - USD	19,006,749	10,592,009
Habib Metropolitan Bank Limited, Karachi - ACU	9,137,947	3,802,751
HDFC Bank Limited, Mumbai - ACU	290,550	3,178,714
United Bank of India, Mumbai - AC	6,439,127	-
Habib American Bank, New York-USD	25,823,785	-
Habib American Bank, New York-Blocked Fund - USD	6,706,414	-
	265,913,636	405,650,498
Schedule of balance with other banks-outside Bangladesh (nostro accounts) is given in Annex A.		
4.2.2 Term placement		
BRAC Bank Ltd (USD)	354,420,000	314,001,200
United Commercial Bank Ltd (USD)	112,233,000	314,001,200
	466,653,000	628,002,400
4.3 Maturity grouping of balances with other banks and financial institutions		
On demand	280,831,063	1,054,327,923
Upto 1 month	454,420,000	3,300,000,000
Over 1 month but not more than 3 months	1,352,388,000	200,000,000
Over 3 months but not more than 1 year	159,845,000	450,000,000
Over 1 year but not more than 5 years	130,558,077	148,589,803
Over 5 years	-	-
	2,378,042,140	5,152,917,726
5. Money at call and on short notice		
Commercial banks (note 5.1)	3,250,000,000	2,820,000,000
Financial institutions (note 5.2)	870,000,000	790,000,000
	4,120,000,000	3,610,000,000

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
5.1 Commercial banks		
Mercantile Bank Ltd	1,000,000,000	-
Uttara Bank Ltd	-	1,000,000,000
Standard Bank Ltd	-	120,000,000
NRB Commercial Bank Ltd	250,000,000	-
NRB Bank Ltd	200,000,000	-
The Farmers Bank Ltd	-	350,000,000
Dhaka Bank Ltd	-	200,000,000
Trust Bank Ltd	-	500,000,000
Jamuna Bank Ltd	800,000,000	-
The City Bank Ltd	700,000,000	250,000,000
Midland Bank Ltd	150,000,000	-
NRB Global Bank Ltd	150,000,000	-
AB Bank Ltd	-	400,000,000
	3,250,000,000	2,820,000,000
5.2 Non-Banking Financial institutions		
Union Capital Ltd	-	80,000,000
IPDC	190,000,000	-
MIDAS Finance Ltd	-	50,000,000
Fareast Finance and Investment Ltd	150,000,000	200,000,000
Prime Finance and Investment Ltd	90,000,000	-
Bangladesh Finance and Investment Co. Ltd	70,000,000	90,000,000
Lanka Bangla Finance Ltd	40,000,000	100,000,000
Premier Leasing and Finance Ltd	-	140,000,000
DBH Finance Corporation Ltd	100,000,000	80,000,000
International Leasing and Financial services Ltd	90,000,000	-
United Finance Ltd	140,000,000	50,000,000
	870,000,000	790,000,000
6. Investments		
Government securities (note 6.1)	46,681,635,795	35,378,297,009
Other investments (note 6.2)	1,029,738,883	536,718,914
	47,711,374,678	35,915,015,923
6.1 Government securities		
Treasury bills and reserve repo (note 6.1.1)	1,689,326,783	5,363,051,838
Treasury bonds (note 6.1.2)	26,399,827,580	20,037,322,755
Bangladesh Bank bills	18,591,157,532	9,975,403,116
Prize bonds	1,323,900	2,519,300
	46,681,635,795	35,378,297,009
6.1.1 Treasury bills (at revalued amount) (A)		
364 days Government treasury bills	1,689,326,783	-
364 days reverse repo	-	-
182 days Government treasury bills	-	-
91 day Government treasury bills	-	-
28 days Government treasury bills	-	-
01 day reverse repo-Bangladesh Bank	-	-
	1,689,326,783	-
Reverse repo (B)		
Reverse repo-Banks and NBFIs	-	5,363,051,838
Reverse repo-Bangladesh Bank	-	-
	-	5,363,051,838
Grand total (A+B)	1,689,326,783	5,363,051,838

	2016 BDT	2015 BDT
6.1.2 Treasury bonds (at revalued amount)		
02 years Government treasury bonds	2,132,346,294	320,246,185
05 years Government treasury bonds	8,090,602,590	9,252,334,409
10 years Government treasury bonds	12,529,797,314	9,054,455,237
15 years Government treasury bonds	2,016,570,199	1,021,960,918
20 years Government treasury bonds	1,630,511,183	388,326,006
	26,399,827,580	20,037,322,755
6.2 Other investments		
Shares (note 6.2.1)	994,675,883	484,152,414
Investment others (memorial coin)	63,000	66,500
Mutual Trust Bank bonds	35,000,000	52,500,000
	1,029,738,883	536,718,914
6.2.1 Shares		
a. Quoted companies		
Listed companies	961,777,483	447,954,014
b. Unquoted companies		
Karmasangsthan Bank	15,000,000	15,000,000
Bangladesh Development Company Ltd (preference shares)	10,557,750	13,857,750
Grameen IT park	4,201,760	4,201,760
Central Depository Bangladesh Ltd	3,138,890	3,138,890
	32,898,400	36,198,400
Grand total (a+b)	994,675,883	484,152,414
Details of Investment in shares in Annex B.		
6.3 Investment in securities are classified as per Bangladesh Bank circular		
Held to maturity (HTM) (note 6.3.1)	17,499,538,544	15,355,499,784
Held for trading (HFT) (note 6.3.2)	29,180,773,351	20,020,277,924
	46,680,311,895	35,375,777,708
6.3.1 Held To Maturity (HTM):		
Treasury bonds	17,499,538,544	15,355,499,784
Treasury bills and reverse repo	-	-
	17,499,538,544	15,355,499,784
6.3.2 Held For Trading (HFT):		
Treasury bonds	8,900,289,036	4,681,822,970
Bangladesh bank bills	18,591,157,532	9,975,403,116
Treasury bills and reverse repo	1,689,326,783	5,363,051,838
	29,180,773,351	20,020,277,924
Treasury bond:		
Held to maturity (HTM)	17,499,538,544	15,355,499,784
Held for trading (HFT)	8,900,289,036	4,681,822,970
	26,399,827,580	20,037,322,754

Treasury bonds and treasury bills are categorised into HTM and HFT as per Bangladesh Bank Circular. HTM securities are measured at amortised value at each year end by taking into account any premium or discount on acquisition. Any decrease in value for amortisation loss of such investment is transferred to profit and loss statement of respective year. Any increase in value for amortisation gain of such investments is transferred to revaluation reserve account and shown in the equity. Such gains are credited to income account at the time of maturity or sale of the security. HFT securities are revalued weekly and loss on revaluation is shown in profit and loss statement and gain is shown as revaluation reserve under capital account. Securities are shown at revalued amount.

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
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	-	-
	-	-
There are no assets pledged, mortgaged or hypothecated against bank's borrowings.		
6.5 Maturity grouping of investments		
On demand	258,758,621	5,499,750,867
Upto 1 month	19,091,008,433	10,025,403,116
Over 1 month but not more than 3 months	1,699,998,629	-
Over 3 months but not more than 1 year	2,637,192,876	1,907,199,814
Over 1 year but not more than 5 years	9,706,610,816	8,981,109,174
Over 5 years	14,317,805,303	9,501,552,952
	47,711,374,678	35,915,015,923
7. Loans and advances		
Loans, cash credits, overdrafts, etc (note 7.1)	133,821,913,852	127,685,544,764
Bills purchased and discounted (note 7.2)	1,060,888,976	1,121,467,517
	134,882,802,828	128,807,012,281
7.1 Loans, cash credits, overdrafts, etc		
In Bangladesh		
Loans (note 7.1.1)	55,993,286,235	47,240,497,186
Cash credits	32,695,034,804	32,717,103,988
Overdrafts (note 7.1.2)	16,159,067,661	18,175,424,751
Others (note 7.1.3)	28,974,525,152	29,552,518,839
	133,821,913,852	127,685,544,764
Outside Bangladesh	-	-
	133,821,913,852	127,685,544,764
7.1.1 Loans		
Loan general	2,247,261,548	2,242,613,836
Term loan	53,746,024,687	44,997,883,350
	55,993,286,235	47,240,497,186
7.1.2 Overdrafts		
SOD against Bank's own FDR	255,378,800	273,628,077
SOD against other Bank's FDR	356,456,091	4,188,351
SOD against Govt. bond & securities	2,147,504	-
SOD against Bank's own DPS	381,142,207	261,608,619
SOD for issuance of CDR/SDR/PO	22,349,804	26,603,438
Temporary overdraft	452,224,206	514,440,028
Overdraft secured mortgage	12,753,029,214	15,136,838,264
Overdraft secured (other securities)	1,853,884,849	1,432,387,651
Overdraft (clean)	82,454,986	525,730,323
	16,159,067,661	18,175,424,751

	2016 BDT	2015 BDT
7.1.3 Others		
Export credit/loan against packing credit	375,587,786	377,931,036
Payment against documents (PAD)	336,984,508	120,239,440
Loan against trust receipt (LATR) (note 7.1.3.1)	4,010,066,254	8,054,474,134
Other short term advance	98,917,484	77,254,769
Work order financing	436,476,231	465,313,753
Loan against Govt. fund and other scheme	202,199,506	70,185,490
Credit to NBF	1,481,384,682	1,322,596,798
Real estate loan	8,284,036,235	7,540,488,505
Transport loan	6,640,179,678	6,523,615,959
Consumer credit	131,751,617	7,009,862
Micro credit financing	1,964,515,631	2,103,241,128
Sundry/misc. loan	3,898,143,344	1,924,760,174
Staff loan	1,114,282,196	965,407,791
	28,974,525,152	29,552,518,839
7.1.3.1 Loan against trust receipt (LATR)	4,010,066,254	8,058,123,454
Less: Adjustment for excess interest charge by Dilkusha branch in 2014	-	3,649,320
	4,010,066,254	8,054,474,134
7.2 Bills purchased and discounted		
Payable in Bangladesh:		
Local bills purchased/LADB	955,035,873	1,014,692,484
Payable outside Bangladesh:		
Foreign bills purchased and discounted	105,853,103	106,775,033
	1,060,888,976	1,121,467,517
7.3 Residual maturity grouping of loans including bills purchased and discounted		
Payable on demand	441,558,220	327,421,972
Not more than 3 months	26,371,108,718	19,829,498,061
Above 3 months but not more than 1 year	24,556,030,771	25,263,736,045
Above 1 year but not more than 5 years	42,815,600,570	45,000,490,739
Above 5 years	40,698,504,549	38,385,865,464
	134,882,802,828	128,807,012,281
7.4 Loans on the basis of significant concentration including bills purchased and discounted		
a. Advances to Directors	-	-
b. Advances to MD and other Senior Executives	1,114,282,196	965,407,791
c. Advances to customers group	59,422,144,877	56,492,931,146
d. Advances to industrial sector (note 7.4.1)	74,346,375,755	71,348,673,344
	134,882,802,828	128,807,012,281

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
7.4.1 Advances to industrial sector		
Food and Allied industry	12,046,158,196	12,118,265,925
ERGM	11,006,438,923	10,115,248,274
Textile	5,622,084,809	5,068,505,023
Accessories	1,719,137,452	1,513,675,715
Jute production and allied industry	4,274,959,096	4,052,493,217
Forest production and allied Industry	46,184,501	54,387,333
Paper, board, printing, publication and packaging	3,484,285,050	2,731,808,657
Tannery leather and rubber production.	1,607,393,254	1,690,265,000
Chemical pharmaceutical and allied industry	2,662,502,365	6,645,870,751
Plastic industry	1,228,653,258	1,026,727,651
Glass ceramic and other non metal production	645,533,628	271,586,000
Engineering	2,468,212,004	2,078,298,015
Electrical and electronics Industry	209,413,189	234,090,395
Real estate and housing	10,748,713,579	10,114,503,578
Transport and communication	8,434,861,279	1,692,608,809
Ship, shipbuilding and breaking	-	5,727,914,000
Power, gas and water	469,241,187	452,391,637
Hotel and restaurant	735,350,706	758,826,000
Hospital and clinic	922,070,942	344,526,532
Brick kiln	3,194,177,523	3,033,076,106
Telecommunication and IT	303,431,604	135,136,772
Other service industry	2,169,974,088	1,322,030,946
Industry not elsewhere classified	347,599,122	166,437,008
	74,346,375,755	71,348,673,344

In 2015, a portion of loans & advances allowed to transport & communication sector was erroneously reported as loans & advances allowed to ship, shipbuilding and breaking sector. The Bank has no exposure in ship, shipbuilding and breaking sector. The same has been rectified and reported correctly in 2016.

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

Number of customers	24	21
Amount of outstanding advances	36,831,160,000	35,115,200,000
Amount of classified advances thereon	21,319,300,000	8,727,281,000
Amount of recovery	100,134,465	505,740,000
Measures taken for recovery	Persuasion and negotiation for recovery is going on	Persuasion and negotiation for recovery is going on

Details are given in Annex C.

7.6 Geographical location - wise loans and advances Inside Bangladesh

Dhaka division	87,168,547,957	87,504,620,216
Chittagong division	18,309,094,041	15,331,070,828
Khulna division	5,427,049,296	4,510,930,464
Rajshahi division	6,645,903,101	5,629,047,524
Sylhet division	1,434,249,368	1,231,038,397
Barisal division	315,951,538	276,721,247
Mymensingh	8,636,145,754	8,014,461,507
Rangpur division	6,945,861,773	6,312,771,418
	134,882,802,828	128,810,661,601
Outside Bangladesh	-	-
	134,882,802,828	128,810,661,601

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 vide its letter No. DOS/(BSS-1/1163/69/2015-9230 dated 15 June 2015.

		2016 BDT	2015 BDT
7.7	Distribution of Loans and advances according to BRPD circular by Bangladesh Bank		
	Unclassified loan (A):		
	Standard	54,484,712,002	62,213,286,089
	SMA	7,391,226,947	781,224,544
		<u>61,875,938,949</u>	<u>62,994,510,633</u>
	Classified loan (B):		
	Sub-standard	2,667,693,665	1,375,024,794
	Doubtful	464,183,754	3,486,082,266
	Bad and loss	69,874,986,460	60,951,394,588
		<u>73,006,863,879</u>	<u>65,812,501,648</u>
	Total loans and advance (A+B)	<u>134,882,802,828</u>	<u>128,807,012,281</u>
	Standard	-	62,216,935,409
	<u>Less:</u> Adjustment for excess interest charge by Dilkusha branch	-	3,649,320.00
		-	<u>62,213,286,089</u>

7.8 Provision required for loans and advances

Status	Base for provision	Rate %		
Unclassified-general provision				
Agro based & micro credit	1,005,635,794	5	25,140,895	10,322,621
SMA	7,185,580,723	0.25 & 1	52,628,549	4,456,941
Others (excluding staff loan)	52,251,362,232	1,2,0.25	338,862,311	333,903,655
Staff loan	1,114,155,342	1	11,141,553	9,652,809
			<u>427,773,308</u>	<u>358,336,026</u>
Classified-specific provision				
Sub-standard	1,499,942,131	5 & 20	306,885,870	135,129,218
Doubtful	130,550,718	50	65,037,180	1,185,002,971
Bad/loss	45,659,042,136	100	45,659,042,136	36,908,140,344
			<u>46,030,965,186</u>	<u>38,228,272,533</u>
Total required provision for loans & advances			<u>46,458,738,494</u>	<u>38,586,608,559</u>
Total provision maintained for loans & advances			<u>18,199,875,566</u>	<u>4,342,597,377</u>
Excess/(short) provision as at 31 December			<u>(28,258,862,928)</u>	<u>(34,244,011,182)</u>

Note: Provision has been maintained by the Bank in accordance with Bangladesh Bank's approval letter no. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 and remaining provision shortfall will be maintained within the stipulated period as allowed by Bangladesh Bank vide the same letter. As such, there is no un-approved provision shortfall of the Bank as on 31 December 2016.

Details of provision may kindly be seen in Note 12.1 and 12.2

7.9 Listing of assets pledge as security/collaterals

Nature of the secured assets:

Fixed assets	116,634,595,181	123,092,856,826
Cash and quasi-cash	3,060,175,738	2,829,679,338
Others	2,596,827,922	8,545,937,732
	<u>122,291,598,841</u>	<u>134,468,473,896</u>

7.10 Particulars of Loans and advances:

	2016 BDT	2015 BDT
(i) Loans considered good in respect of which the banking company is fully secured	54,246,695,936	51,221,272,423
(ii) Loans considered good for which the banking company holds no other security other than debtor's personal guarantee;	3,451,302,847	9,897,982,151
(iii) Loans considered good secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtor;	3,777,413,136	3,784,579,246
(iv) Loans adversely classified; provision not maintained there against	-	-
	61,475,411,918	64,903,833,820
(v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons	1,114,282,196	965,407,791
(vi) Loans due from companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in case of private companies as members;	-	-
(vii) Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	1,120,550,144	965,407,791
(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 have interests as directors, partners or managing agents or in the case of private companies as members;	-	-
(ix) Due from banking companies.	-	-
(x) Amount of classified loans on which interest has not been charged	73,006,863,879	65,812,501,648
(a) (Decrease) / Increase in provision	13,787,840,908	19,607,031
Amount of loan written off	-	-
Amount realised against loan previously written off	15,256,880	4,593,600
(b) Amount of provision kept against loan classified as bad/loss	17,772,102,258	3,984,261,350
(c) Interest credited to the interest suspense account	8,557,306,864	7,268,598,515
xi) Amount of the written off loan:		
Cumulative amount of Written off loan	688,783,000	688,783,000
Amount written off during the current year	-	-
Amount of written off loan for which law suit has been filed	548,190,000	548,190,000

	2016 BDT	2015 BDT
7.11 Bills purchased and discounted		
Payable in Bangladesh	955,035,873	1,014,692,484
Payable outside Bangladesh	105,853,103	106,775,033
	1,060,888,976	1,121,467,517
7.11.1 Maturity grouping of bills purchased and discounted		
Not more than 01 months	658,586,510	660,075,663
Above 01 months but not more than 03 months	344,249,705	405,577,673
Above 03 months but not more than 06 months	58,052,761	55,814,181
Above 06 months	-	-
	1,060,888,976	1,121,467,517
8. Fixed assets including premises, furniture		
<u>Own assets</u>		
Furniture and fixtures	111,546,524	107,436,031
Interior decoration	310,973,205	307,094,717
Machinery and equipment	332,783,209	325,983,035
Computer hardware	297,981,103	294,671,833
Software	95,226,936	94,125,936
Vehicles	385,017,777	385,017,777
	1,533,528,754	1,514,329,329
<u>Less: Accumulated depreciation</u>	1,127,668,886	1,003,318,422
	405,859,868	511,010,907
<u>Leased assets</u>		
Leasehold assets	4,000,000	4,000,000
Less: Accumulated depreciation	827,935	781,808
	3,172,065	3,218,192
	409,031,933	514,229,099
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	18,993,238	19,753,339
b) Security deposits (note 9.1)	10,854,521	10,828,550
c) Advance rent	223,555,822	267,711,298
d) Advance for space of BASIC Zaman Tower	759,999,993	759,999,993
e) Advance for space of Banani Branch	161,315,950	161,315,950
f) Other prepayments	2,613,662	2,093,237
g) Advance income tax	150,585,595	86,347,510
h) Tax deducted at source	-	-
i) Income receivable (note 9.2)	2,023,250,930	1,862,971,918
j) Deferred tax assets (note 36)	502,930,609	440,154,822
k) Suspense account (note 9.3)	43,756,914	38,567,208
l) Advances/expenditures incurred against proposed branches	-	-
m) Balance with Fakrul Islam Securities	20	20
n) ICB Securities Trading Co. Ltd.	34,205,509	3,772,303
o) Due from branches-EDF	-	-
p) Branch adjustment account	178,195,755	133,432,733
q) Sundry debtors (note 9.4)	222,198,914	132,441,517
r) Subs fees of Dun Bradstreet	-	-
s) Position clearing (net)	237,039,423	2,003,115
t) Position general ledger (net)	-	-
	4,569,496,855	3,921,393,513

	2016 BDT	2015 BDT
9.1 Security deposits		
Security deposits, rent and other prepayments made to statutory authorities, other institutions and individuals are considered good.		
9.2 Income receivable		
Income receivable consists of interest income receivable from various investments and Loans have been verified and considered good.		
9.3 Suspense account		
Suspense account consists of excise duty and petty cash, etc		
9.4 Sundry debtors		
1) Protested bills:		
a) BCCI:		
Protested bill, Main Branch	6,535,881	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	537	648
	8,597,165	8,597,276
b) Protested bill for SWIFT	20,244,921	20,244,921
c) Protested bill -Lawyers' fee	3,940,000	3,940,000
d) Protested bill-Bangshal Branch-Shahadat Hossain	11,198,035	-
	43,980,121	32,782,197
2) Other sundry debtors	67,161,886	27,213
3) Encashment of Sanchaya Patra	111,036,907	98,446,381
4) Encashment of bond	-	125,926
5) Cash shortage	20,000	20,000
6) Encashment of other instrument	-	300,000
7) Sundry assets -others	-	739,800
	178,218,793	99,659,320
	222,198,914	132,441,517

Note: 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)	133,788,951	139,345,987
Outside Bangladesh (note 10.2)	2,191,374,373	2,343,594,183
	2,325,163,324	2,482,940,170
10.1 In Bangladesh		
Term Borrowing		
Long term loan from Bangladesh Bank	-	-
Bangladesh Bank refinance loan for house building	81,803,651	88,175,987
Refinance scheme of Bangladesh Bank for Taka 10 account	1,950,000	1,170,000
Refinance scheme of Bangladesh Bank for jute sector	50,000,000	50,000,000
Milk production and artificial insemination	35,300	-
	133,788,951	139,345,987

	2016 BDT	2015 BDT
10.2 Outside Bangladesh		
Term borrowing		
Loan for micro credit and small scale industries (KFW, Germany)	153,379,147	153,379,147
SME refinance -ADB Fund-2	59,399,012	94,116,446
Second crop diversification project	1,019,369,000	1,019,369,000
Agro-business development project of ADB	959,227,214	1,076,729,590
	2,191,374,373	2,343,594,183

10.3 Overall transaction of reverse repo:

	2016		2015	
	Minimum outstanding during the year	Maximum outstanding during the year	Minimum outstanding during the year	Maximum outstanding during the year
Securities bought under repo:				
i) with Bangladesh Bank	Nil	Nil	Nil	11,700,000,000
ii) with other banks & FIs	Nil	8,612,089,875	Nil	10,367,396,099

10.4 Overall transaction of repo:

	2016		2015	
	Minimum outstanding during the year	Maximum outstanding during the year	Minimum outstanding during the year	Maximum outstanding during the year
Securities bought under repo:				
i) with Bangladesh Bank	Nil	Nil	Nil	Nil
ii) with other banks & FIs	Nil	1,029,652,870	Nil	1,113,150,618

11. Deposits and other accounts

Non-interest bearing accounts (note 11.1)	5,151,863,470	5,205,587,316
Interest bearing account (note 11.2)	152,919,114,073	142,961,642,325
	158,070,977,543	148,167,229,641

11.1 Non-interest bearing accounts

Current and other accounts (note 11.1.1)	4,243,656,733	4,585,628,608
Bills payable (note 11.1.2)	908,206,737	619,958,708
	5,151,863,470	5,205,587,316

11.1.1 Current and other accounts

Current account	2,466,541,983	2,925,707,026
Margin deposit	1,354,895,922	1,395,453,174
Sundry/other deposit	422,218,828	264,468,408
	4,243,656,733	4,585,628,608

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
11.1.2 Bills payable		
Payment order	900,347,807	612,667,956
Demand draft	7,858,930	7,290,752
	908,206,737	619,958,708
11.2 Interest bearing account		
Savings bank deposits (Note 11.2.1)	4,453,994,441	3,497,315,210
Fixed deposits, SND, other deposit scheme (note 11.2.2)	148,250,657,187	139,315,100,687
Current deposit	214,462,445	149,226,428
	152,919,114,073	142,961,642,325
11.2.1 Savings bank deposits		
Savings account	4,453,994,441	3,497,315,210
	4,453,994,441	3,497,315,210
11.2.2 Fixed deposits, SND, other deposit scheme		
Short notice deposits	16,200,153,403	21,134,620,724
Term deposits	128,682,798,848	115,864,768,683
Other deposit scheme	3,367,704,936	2,315,711,280
	148,250,657,187	139,315,100,687
11.3 Maturity grouping of other deposits and inter-bank deposits		
<u>Deposit from bank</u>		
Repayable on demand	1,624,274	2,988,076
Repayable within 1 month	11,500,000,000	7,500,000,000
Above 01 month but not more than 6 months	4,900,000,000	-
Above 6 months 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	-	-
	16,401,624,274	7,502,988,076
<u>Other deposits</u>		
Payable on demand	1,215,710,376	1,214,346,574
Less than 01 month	24,465,396,945	27,279,333,902
Above 01 month but not more than 6 months	51,526,973,224	41,554,200,000
Above 06 months but not more than 01 year	44,947,669,359	55,187,219,760
Above 01 year but not more than 05 years	11,583,134,042	10,254,482,674
Above 05 years not more than 10 years	7,930,469,323	5,174,658,656
Above 10 years	-	-
	141,669,353,269	140,664,241,566
	158,070,977,543	148,167,229,642

12. Other liabilities

	2016 BDT	2015 BDT
Provision for loan and advances (note 12.1)	18,199,875,566	4,342,597,377
Provision for off-balance sheet exposures (note 12.2)	118,907,588	106,185,777
Interest payable on deposits	2,210,091,903	2,953,496,394
Interest payable on borrowing	90,376,357	87,713,523
Provision for taxation (note 35)	822,822,285	826,313,081
Privileged creditors	246,688,877	208,162,789
Provision for welfare fund	14,253,367	14,253,367
Provision for protested bill-SWIFT	20,244,921	21,063,039
Provision for protested bill-sundry debtors	8,597,276	7,782,258
Provision for other assets (note 12.3)	1,795,296,450	624,081,394
Provision for investment (note 12.4)	4,201,760	-
Interest suspense account (note 12.5)	8,557,306,864	7,268,598,515
Provision for ex-gratia/incentive bonus (note 12.6)	7,886,426	92,886,426
Provision for gratuity (note 12.7)	1,022,868,629	921,540,562
Deposit insurance premium payable	14,233,980	10,576,580
Provision for expenses payable	42,892,770	29,326,256
Sundry creditors	102,601,445	37,567,138
Miscellaneous creditors	5,974,811	2,732,525
Benevolent fund	5,000,000	5,000,000
Provision for stationery	281,916	6,225,243
Provision for superannuation fund	10,000,000	10,000,000
Position general ledger (net)*	234,765,934	-
	33,535,169,125	17,576,102,244

*Under multi currency concept an organisation 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 GLs 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 loan and advances

Classified loan (note 12.1.1)	17,772,102,258	3,984,261,350
Unclassified loan (note 12.1.2)	427,773,308	358,336,027
	18,199,875,566	4,342,597,377

12.1.1 Provision for classified loan

Provision held at beginning of the year	3,984,261,350	3,964,654,319
Fully provided debt written off/Interest waived	-	-
Recovery from earlier written off loan	-	-
Special provision for current year	-	-
Provision not required	-	-
Specific provision for the year	13,787,840,908	19,607,031
Provision held at the end of the year	17,772,102,258	3,984,261,350

Note: Provision has been maintained by the Bank in accordance with Bangladesh Bank's approval letter no. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 and remaining provision shortfall will be maintained within the stipulated period as allowed by Bangladesh Bank vide the same letter. As such, there is no un-approved provision shortfall of the Bank as on 31 December 2016.

Notes to the financial statements
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	2016 BDT	2015 BDT
12.1.2 Provision for unclassified loan		
Provision held at beginning of the year	358,336,027	341,731,723
Recoveries and provisions no longer required/adjusted	-	-
Provision made during the year	69,437,281	16,604,304
Provision held at the end of the year	427,773,308	358,336,027
12.2 Provision for off-balance sheet exposures		
Provision held at beginning of the year	106,185,777	142,397,112
Recoveries and provisions no longer required	-	(36,211,335)
Provision made during the year	12,721,811	-
Provision held at the end of the year	118,907,588	106,185,777
A provision of Taka 118,907,588 has been made @ 1.00% on off-balance sheet exposures namely, acceptance and endorsement, letter of credit and letter of guarantee. The total amount of provision of Taka 118,907,588 will be treated as supplementary capital of the Bank.		
12.3 Provision for other assets		
BASIC Zaman tower	759,999,993	759,999,993
Banani branch	161,315,950	161,315,950
Unadjusted suspense account-Gulshan Branch	2,526,288	2,526,288
Unadjusted suspense account-Shantinagar Branch	1,053,000	1,053,000
Suspense account (Head office) medical bill	1,149,263	1,149,263
Income receivable	865,311,956	620,400,000
Provision for protested bill-legal fee	3,940,000	3,940,000
Provision for protested bill-SWIFT	20,244,921	20,244,921
Provision for protested bill-BCCI	8,597,276	8,597,276
	1,824,138,647	1,579,226,691
Provision held at the beginning of the year	652,926,691	28,845,297
Provision created during the year	1,171,211,956	624,081,394
Provision held at the end of the year (note 12.3.1)	1,824,138,647	652,926,691
Provision excess (shortfall)	-	(926,300,000)
12.3.1 Provision held at the end of the year		
Provision for protested bill-SWIFT	20,244,921	21,063,039
Provision for protested bill-sundry debtors	8,597,276	7,782,258
Provision for other assets (note 12.3)	1,795,296,450	624,081,394
	1,824,138,647	652,926,691
12.4 Provision for investment		
Provision for investment in Grameen IT park	4,201,760	-
Total provision required	4,201,760	-
Opening balance	-	-
Add: Provision made during the year	4,201,760	-
Provision maintained/closing balance	4,201,760	-
12.5 Interest suspense account		
Balance at the beginning of the year	7,268,598,515	4,186,936,536
Transferred during the year	2,782,162,772	4,469,965,369
Recovery during the year	(1,492,355,584)	(1,368,009,540)
Suspense written off/waived during the year	(1,098,839)	(20,293,850)
Balance at the end of the year	8,557,306,864	7,268,598,515
Interest suspense for loans and advance	8,557,306,864	7,268,598,515
Interest suspense for classified block assets	-	-
	8,557,306,864	7,268,598,515

2016
BDT

2015
BDT

- 12.5 Branch adjustment account represents outstanding inter branch and head office transactions (net) originated. The un-responded entries of 31 December 2016 are given below:

Particulars	No. of Un-responded entries		Amount of un-responded entries	
	Dr.	Cr.	Dr.	Cr.
Up to 03 months	95	206	220,768	86,494
Over 03 months but within 06 months	1	-	57	-
Over 06 months but within 01 year	-	-	-	-
Over 01 year but within 05 years	-	-	-	-

- 12.6 Provision for ex-gratia/incentive bonus

Opening balance	92,886,426	92,886,426
<u>Less: Transferred to provision for gratuity fund</u>	85,000,000	-
Closing balance	7,886,426	92,886,426

- 12.7 Provision for gratuity

Opening balance	921,540,562	790,670,582
<u>Less: Adjusted/paid during the year</u>	26,574,811	11,493,086
	894,965,751	779,177,496
<u>Add: Transferred from provision for ex-gratia/Incentive bonus</u>	85,000,000	-
<u>Add: Provision made for the current year</u>	42,902,878	142,363,066
Closing Balance	1,022,868,629	921,540,562

13. Capital

- 13.1 Authorised

5,500,000,000 ordinary shares of BDT 10 each (250,000,000 ordinary shares of BDT 100 each in 2015)	55,000,000,000	25,000,000,000
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- 13.2 Issued, subscribed and paid up capital

The Issued, subscribed and paid up capital of the Bank as follows:

1,084,698,250 ordinary shares of BDT 10 each (108,469,825 ordinary shares of BDT 100 each in 2015)	10,846,982,500	10,846,982,500
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- 13.3 Risk-weighted assets and capital ratios as defined the Basel capital accord

In terms of section 13(1) of Bank Companies Act 1991 (amendment in 2013) and Bangladesh Bank BRPD circular No. 18 dated 21 December 2014 required capital, available Tier I and Tier II of the Bank for the year ended as on 31 December 2016 and 2015 are shown below:

Tier I capital:

Common equity Tier I

Paid-up capital	10,846,982,500	10,846,982,500
Share money deposit	16,000,000,000	16,000,000,000
Statutory reserve	2,224,690,642	2,224,690,642
General reserve	40,000,000	40,000,000
Retained earnings/(losses)	(19,650,783,958)	(4,720,382,957)
	9,460,889,184	24,391,290,185

Less: Regulatory adjustments:

Provision shortfall in loans and advance	(28,258,862,928)	(34,244,011,182)
Deferred tax assets	(502,930,609)	(440,154,822)
Total adjustments	(28,761,793,537)	(34,684,166,004)
	(19,300,904,353)	(10,292,875,819)

Notes to the financial statements
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	2016 BDT	2015 BDT
Additional Tier I capital		
Non-cumulative irredeemable preference share	1,205,000,000	1,205,000,000
Total Tier I capital	(18,095,904,353)	(9,087,875,819)
Tier II capital		
General provision maintained against unclassified loan	427,773,308	358,336,027
Provision for off -balance sheet items	118,907,588	106,185,777
Exchange equalisation	-	-
Revaluation reserve of HTM and HFT securities*	83,181,007	110,908,009
	629,861,903	575,429,813
Total regulatory capital (Tier I + Tier II)	(17,466,042,450)	(8,512,446,006)
A. Total regulatory capital (Tier I + Tier II)		
Total capital (Tier I)	(18,095,904,353)	(9,087,875,819)
Total capital (Tier II)**	629,861,903	575,429,813
Total eligible capital (Tier I + Tier II)	(17,466,042,450)	(8,512,446,006)
B. Risk weighted assets		
Balance sheet business	107,301,656,913	108,448,200,000
Off- balance sheet business	4,708,473,428	4,285,400,000
Total risk-weighted assets	112,010,130,341	112,733,600,000
C. Required capital on risk weighted assets	11,201,013,034	11,273,360,000
(10% on total risk weighted assets)		
D. Capital surplus / (shortfall) under MCR [A-C]	(28,667,055,485)	(19,785,806,006)
E. Capital conservation buffer (CCB) requirement*	700,063,315	N/A
F. Capital surplus/(shortfall) under MCR including CCB [D-E]	(29,367,118,799)	N/A
Total capital to risk weighted asset ratio (CRAR %)	(15.59)	(7.55)
Total capital to risk weighted asset ratio including CCB (%)	(16.22)	N/A
Common equity Tier I	(17.23)	(9.13)

	2016		2015	
	Required	Held	Required	Held
Capital requirement				
Tier I	5.50%	(16.16)%	5.50%	(8.06)%
Tier II	4.50%	0.56%	4.50%	0.51%
Total	10.00%	(15.60)%	10.00%	(7.55)%

(*) As per Basel III guideline of Bangladesh Bank, the Bank has a requirement to maintain 0.625% of total risk weighted assets (RWA) as capital conservation buffer (CCB) for the year 2016

Note: Provision has been maintained by the Bank in accordance with Bangladesh Bank approval vide its letter No. BRPD(P-1)/661/13/2015-3159 dated. 27 April 2015 and remaining provision shortfall will be maintained within the stipulated period as allowed by Bangladesh Bank vide the same letter. As such, there is no un-approved provision shortfall of the Bank as on 31 December 2016.

Note: Revaluation reserve:

As per Basel III revaluation reserve as on December 2014 to be gradually adjusted in five years @20% each year and after five years revaluation reserve will not be considered as part of tier two capital. As such the amount of eligible revaluation reserve(i.e., 50% of revaluation reserve as on end 2014) Tk. 13,86,35,011 adjusted @20% each year and shown in accounts as under:

Revaluation reserve		
Opening revaluation reserve	138,635,011	138,635,011
<u>Less: Adjustment (40%, 20% of 138,635,011)</u>	<u>55,454,004</u>	<u>27,727,002</u>
Closing revaluation reserve	83,181,007	110,908,009

	2016 BDT	2015 BDT
14. Statutory reserve		
Opening balance	2,224,690,642	2,224,690,642
<u>Add:</u> Addition during the year (20% of pre-tax profit)	-	-
Closing balance	2,224,690,642	2,224,690,642
As per section 24 of Bank Companies Act 1991 no amount was transferred to statutory reserve in 2015 and 2016 as there was no pre-tax profit.		
15. Other reserves		
General reserve (note 15.1)	40,000,000	40,000,000
Investment revaluation reserve (note 15.2)	142,432,883	350,795,867
	182,432,883	390,795,867
15.1 General reserve		
Opening balance	40,000,000	40,000,000
<u>Add:</u> Addition during the year	-	-
Closing balance	40,000,000	40,000,000
The Bank has been maintaining this reserve as venture capital fund since 1999 for equity support to innovative but risky project.		
15.2 Investment revaluation reserve (treasury bills & treasury bonds)		
Gain on revaluation for HFT (note 15.2.1)	185,013,044	361,967,369
Amortisation of discount of HTM (note 15.2.2)	5,262,116	10,606,628
	190,275,160	372,573,997
<u>Less:</u> Loss on revaluation/amortisation of HTM securities (note 15.2.3)	47,842,277	21,778,130
	142,432,883	350,795,867
15.2.1 Gain on revaluation for HFT		
Opening balance	361,967,369	278,031,135
<u>Add:</u> Addition during the year	596,669,533	507,778,474
	958,636,902	785,809,609
<u>Less:</u> Adjustment (Loss on revaluation/amortization) during the year	-	-
<u>Less:</u> Adjustment (due to repo transaction) during the year	773,623,858	423,842,240
Closing balance	185,013,044	361,967,369
15.2.2 Amortisation of discount of HTM		
Opening balance	10,606,628	8,283,285
<u>Add:</u> Addition during the year	3,496,336	3,947,114
	14,102,964	12,230,399
<u>Less:</u> Adjustment (loss on revaluation/amortisation) during the year	-	-
<u>Less:</u> Realisation of gain due to maturity of HTM bond	8,840,848	1,623,771
Closing balance	5,262,116	10,606,628
15.2.3 Loss on revaluation/amortisation of (HTM)		
Opening balance	21,778,130	9,044,398
<u>Add:</u> Addition during the year	26,698,459	12,734,325
	48,476,589	21,778,723
<u>Less:</u> Adjustment (loss on revaluation/amortisation) during the year	-	-
<u>Less:</u> Adjustment (due to maturity/rectification) during the year	634,312	593
Closing balance	47,842,277	21,778,130

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
16. Retained earnings/losses		
Opening balance	(4,720,382,957)	(1,580,021,384)
Change in accounting policy (deferred tax effect upto 2004)	-	-
Profit/ (loss) during the year	(14,930,401,001)	(3,140,361,573)
Transferred to other reserve	-	-
Cash dividend paid during the year	-	-
Issuance of bonus share	-	-
Closing balance	(19,650,783,958)	(4,720,382,957)
16.1 Item-wise profit and loss account		
Income:		
Interest, discount and similar income	11,200,449,892	10,826,799,356
Dividend income	39,799,656	19,546,131
Fees, commission and brokerage	279,885,393	275,015,328
Gains less losses arising from dealing in foreign currencies	273,801,012	277,387,865
Income from non-banking assets		
Other operating income	138,471,671	116,215,557
Total income	11,932,407,624	11,514,964,237
Expenses:		
Interest, fee and commission	9,154,318,946	11,359,027,543
Losses on loans and advances	-	-
Administrative expenses	1,957,381,948	1,943,132,789
Other operating expenses	604,191,519	622,473,625
Depreciation on banking assets	125,668,379	154,576,891
Total expenses	11,841,560,792	14,079,210,848
Profit before tax and provision	90,846,832	(2,564,246,611)
17. Contingent liabilities		
Local bills for collection	396,697	1,021,937
Foreign bills for collection	718,596,026	460,724,282
Letters of guarantee (note 17.1)	1,877,840,085	2,047,940,550
Irrevocable letters of credit	5,973,830,913	4,739,081,817
Back to back L/C	1,041,563,060	957,047,467
Acceptances and endorsements	2,997,524,717	2,874,507,841
Travelers cheques stock	55,132	54,950
Value of wage earners bond in hand and others	53,711,600	53,540,198
Miscellaneous- revolving fund	450,555,346	450,555,346
	13,114,073,576	11,584,474,388
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	1,534,773,323	1,586,991,580
Bank and other financial institutions	918,769	1,057,372
Others	342,147,994	459,891,598
	1,877,840,085	2,047,940,550

	2016 BDT	2015 BDT
18. Interest income		
Interest on advances	7,761,198,208	7,894,827,132
Interest on money at call and short notice		
Interest on placement with other banks	338,688,386	539,463,436
Interest on foreign currency balances	349,230	21,496
	8,100,235,824	8,434,312,064
<u>Less:</u> Interest waiver	1,712,627	-
	8,098,523,197	8,434,312,064
<u>Less:</u> Adjustment of excess interest charged in 2014 on some LTRs of BCCI by Dilkusha Branch	-	3,649,320
<u>Less:</u> Interest income transferred to interest suspense account	-	212,421,174
	8,098,523,197	8,218,241,570
19. Interest paid on deposits and borrowings, etc		
On savings bank deposit (note 19.1)	159,715,125	167,655,667
On short notice deposit	593,419,846	619,684,866
On fixed deposit (note 19.2)	8,033,448,868	10,209,233,994
On current deposit	2,105,290	1,950,627
Other deposits and deposit schemes (note 19.3)	282,243,724	194,869,658
On borrowing from Bangladesh Bank and other financial institutions (note 19.4)	83,386,093	165,632,731
	9,154,318,946	11,359,027,543
19.1 On savings bank deposit:		
On savings bank deposit	151,878,522	159,996,765
On school banking scheme	6,856,882	7,086,025
On krishok savings account	579,160	358,797
On RMG worker account	130,713	98,339
On leather industry worker	2,017	1,334
On pothopushpo savings account	705	400
On muktijodddhashpo savings account	45,895	25,305
On BASIC chalantika	53,528	23,929
On trinomul savings account	167,703	64,773
	159,715,125	167,655,667
19.2 On fixed deposit:		
Interest paid on fixed deposit	7,277,166,584	9,597,003,691
Interest paid on double benefit scheme	416,405,311	338,113,522
Interest paid on super double benefit scheme	238,796,454	215,395,238
Interest paid on monthly benefit scheme	88,326,912	52,818,532
Interest paid on rapid grow deposit scheme	5,369,422	5,903,011
Interest paid on BASIC twofold winner	3,411,205	
Interest paid on monthly gainer scheme	3,972,980	
	8,033,448,868	10,209,233,994
19.3 Other deposits and deposit schemes		
Interest paid on BASIC fortune	13,653,818	18,343,027
Interest paid on BASIC fortune plus	266,088,480	176,466,425
Interest paid on BASIC swaponon puron	235,072	60,206
Interest paid on BASIC DPS plus	2,266,354	-
	282,243,724	194,869,658

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
19.4 Interest on borrowings		
Interest on Bangladesh Bank refinance-Jute sector	2,000,411	1,721,810
Interest on Bangladesh Bank refinance-Milk Production	1,093	-
Interest on Bangladesh Bank refinance- HBL	4,277,817	4,593,434
Interest on borrowing on B. B. refinance for funding solar, Bio-Gas and ETP scheme	-	10,680,819
Interest on borrowing on B.B refinance for Tk. 10 account holders	117,628	33,149
Interest on repo-Bangladesh Bank	975,690	1,523,748
Interest on term borrowing	-	18,750,000
Interest on borrowing-call money	880,555	46,504,444
Interest on term loan KFW	5,368,260	5,368,260
Interest on borrowing-ADB loan	35,633,102	40,463,527
SME refinance (ADB Fund-2)	3,550,461	5,412,464
Second crop diversified project-ADB	30,581,076	30,581,076
	83,386,093	165,632,731
20. Investment income		
On GT bill, Bangladesh Bank bill and GT bond, reverse repo etc (note 20.1)	2,869,116,474	2,405,026,908
On debentures	-	120,313
Dividend on shares	39,799,656	19,546,131
On other investment	-	12,517,394
Profit on sale of investment (note 20.2)	902,837,155	450,902,308
	3,811,753,285	2,888,113,054
<u>Less:</u> Interest paid for purchase of treasury bill	114,799,147	45,495,792
<u>Less:</u> Loss on sale of investment	641,433	-
<u>Less:</u> Loss on revaluation of HFT securities	554,586,354	214,513,345
	670,026,934	260,009,137
	3,141,726,351	2,628,103,917
20.1 On GT bill, Bangladesh Bank bill and GT bond, reverse repo etc		
Interest on GT bond	2,622,267,123	2,124,128,021
Interest on reverse repo	10,027,931	208,440,483
Amortization of discount-Bill	236,821,420	72,458,404
	2,869,116,474	2,405,026,908
20.2 Profit on sale of investment		
Profit on sale of HFT Securities	58,981,155	9,421,451
Profit on sale of Share	110,472,308	17,348,381
Profit on repo trading	733,383,692	424,132,476
	902,837,155	450,902,308
21. Commission, exchange and brokerage		
Foreign bill purchased	570,566	528,315
Local bill purchased	4,741,697	4,521,509
Remittance	3,045,971	3,906,719
Letter of guarantee	35,834,808	51,081,179
Letter of credit	127,954,113	115,081,179
Bills for collection	8,855,193	9,418,702
Acceptances and endorsement	54,873,992	51,976,738
Export bill	8,733,411	8,261,865
Miscellaneous (includes commission on sale of PSP,TC)	35,275,642	30,239,122
	279,885,393	275,015,328
Exchange gain net of exchange loss (note 21.1)	273,801,012	277,387,865
	553,686,405	552,403,193

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
21.1 Exchange gain net of exchange loss		
Exchange earning	285,971,099	297,691,605
<u>Less: Exchange loss</u>	12,170,087	20,303,740
	273,801,012	277,387,865
Note: Exchange gain/profit (loss) on exchange on trading has been net of which was shown separately in earlier years.		
22. Other operating income		
Various fees	5,436,046	2,333,506
Rent (godown and locker)	1,228,000	1,062,000
Recoveries from client and staffs	39,051,296	34,476,437
Service and other charges	56,791,224	55,469,666
Income from on-line client services	3,223,425	3,044,919
Recoveries of loan previously write off	15,256,880	4,593,600
Income from ATM/card services	1,551,925	1,104,624
Export L/C advising, handling, transfer charges etc	7,609,607	7,721,177
Miscellaneous income (notes 22.1)	8,295,897	6,409,628
Profit on sale of fixed assets (notes 22.2)	27,371	-
	138,471,671	116,215,557
22.1 Miscellaneous income		
Income from ICT services	50	300
Discount	2,500	24,500
Project examination fee	195,000	130,000
Other operating income	8,098,347	6,254,828
	8,295,897	6,409,628
22.2 Profit on sale of fixed assets		
Cost of assets sold	1,545,224	6,850
<u>Less: Accumulated depreciation of assets sold</u>	1,271,788	-
Book value of assets sold	273,436	6,850
Sale value of fixed assets	300,807	6,850
Profit on sale of fixed assets	27,371	-
23. Salary and allowances		
Salaries (note 23.1)	777,858,462	743,237,107
Allowances (note 23.2)	915,741,583	851,871,584
Provident fund	75,125,457	64,526,357
Benevolent fund	5,000,000	5,000,000
Gratuity fund	42,902,878	142,363,066
Bonus	125,353,568	121,134,675
Superannuation fund	10,000,000	10,000,000
	1,951,981,948	1,938,132,789
23.1 Salaries		
Salary-BASIC salary	759,972,680	724,556,426
MD's salary	(2,400,000)	(2,400,000)
Wages sub-staff	528,278	636,044
Casual wages menial staff	19,757,504	20,444,637
	777,858,462	743,237,107
23.2 Allowances		
Allowances	855,555,752	793,289,101
MD's allowance	(3,000,000)	(2,600,000)
Leave fare assistance	63,185,831	61,182,483
	915,741,583	851,871,584

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
24. Rent, taxes, insurance, electricity, etc		
Rent	260,968,431	248,369,783
Rates, taxes and VAT	3,801,331	2,875,171
Utilities/electricity and heating	44,994,639	41,812,970
Insurance	30,700,006	30,941,354
	340,464,407	323,999,278
25. Legal expenses		
Legal expenses (note 25.1)	17,556,543	12,310,516
Professional fees (note 25.2)	242,910	1,008,212
	17,799,453	13,318,728
25.1 Legal expenses		
Lawyers fees	3,821,921	2,113,351
Law charges	2,405,695	546,332
Stamp charges and court fees	888,481	199,536
Other legal expenses	10,417,246	9,451,297
Other professional expenses	23,200	-
	17,556,543	12,310,516
25.2 Professional expenses		
Consultancy fee	223,750	304,000
Management fees	-	2,250
Other professional expenses	-	26,350
Other professional fee	19,160	675,612
	242,910	1,008,212
26. Postage, stamps, telecommunication, etc		
Postage	69,625	85,890
Courier services	6,932,857	9,496,198
Telephone	23,052,525	23,804,649
Fax	21,384	40,040
Swift subscription and cable charges and web hosting charge	6,657,084	6,152,112
Stamp	67,500	234,185
Internet and e-mail	283,145	9,340,883
	37,084,120	49,153,957
27. Stationery, printing, advertisement, etc		
Printing stationery	6,587,750	8,842,717
Security stationery	3,246,959	3,065,011
Publicity, advertisement and publication	1,737,675	8,242,396
Other stationery (note 27.1)	16,237,472	18,574,507
	27,809,856	38,724,631
27.1 Other stationery		
Office stationery	5,907,887	3,059,968
Petty stationery	16,745	500
Photograph and photocopy	649,715	227,250
Crockery and utensils	285,167	302,856
Other stationary	8,936,404	10,598,049
Calendar	44,790	3,944,083
Annual report	109,464	229,600
Souvenir	-	300
Greeting cards	235,400	
Other greeting items	1,440	178,735
Invitation card	980	2,331
Other printing expenses	49,480	30,835
	16,237,472	18,574,507

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
28. Managing Director's salary		
Basic salary	2,400,000	2,400,000
Allowances	3,000,000	2,600,000
	5,400,000	5,000,000
29. Directors' fees and other benefits		
VAT on directors fee	280,950	160,200
Directors honorarium	1,768,000	1,003,000
Entertainment (transferred to entertainment in 2012)	405,146	395,658
Directors remuneration	105,000	65,000
Other expenses (reported under miscellaneous expense under other expense)	-	2,160
	2,559,096	1,626,018
30. Depreciation of Bank's assets		
Depreciation on own assets		
Furniture and fixtures	6,071,203	6,394,167
Interior decoration	20,357,609	21,968,488
Computer hardware and peripherals	25,876,047	28,556,902
Computer software	8,345,547	9,204,444
Machinery and equipment	26,455,027	30,528,929
Vehicles	38,516,819	57,877,960
	125,622,252	154,530,890
Depreciation on leased assets		
Lease equipment/assets	46,127	46,001
	125,668,379	154,576,891
31. Repair of Bank's assets		
Furniture and fixtures	1,216,033	1,227,405
Interior decoration	749,725	99,586
Machinery and equipment	15,197,282	17,542,491
Vehicles	9,426,690	8,085,869
Rented premises	6,022,902	6,244,521
	32,612,632	33,199,872
32. Other expenses		
Entertainment	22,800,997	25,471,146
Car expenses (note 32.1)	20,718,806	18,686,684
Travelling	14,057,974	12,820,907
Computer consumables and accessories	12,118,056	13,190,264
Staff training and HR development expenses	9,210,235	6,471,795
Card related expenses	8,423,063	8,221,649
Miscellaneous (note 32.2)	6,681,397	6,927,794
Fuel and Lubricant expenses-generator (note 32.3)	4,097,022	4,208,896
Uniform and liveries	3,917,260	-
Subscription	2,875,355	2,698,496
Service charge paid to clearing house, banks and others	2,246,896	1,927,692
Corporate social responsibility expenses	1,329,587	974,152
Non-operating loss(loss on sale of investment and fixed assets)	185,801	16,151
Commission paid to bank	142,518	4,025
Donation	114,310	560,000
Other audit fee (note 32.4)	94,750	4,502,250
Information and Communication (ITC) expenses (note 32.5)	35,927,928	43,578,479
Capital related fees and charges	-	11,270,761
	144,941,955	161,531,141

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
32.1 Car Expenses		
Fuel and lubricant	7,495,233	7,562,220
CNG/POL-vehicle	10,819,561	8,867,322
Vehicle expenses	2,404,012	2,257,142
	20,718,806	18,686,684
32.2 Miscellaneous		
Furniture expenses	-	18,500
Expenses equipment	1,079,723	188,815
Business promotion and development	386,840	1,256,507
Books, journals and periodicals	865,043	793,749
Conveyance expenses	41,470	24,293
Expenses for multimedia	1,000	-
Transport expenses	40,388	5,000
Head office and branch renovation expenses	-	-
Carrying charges	103,133	608,529
Commitment and other fees	16,825	-
Card issue expenses	-	-
Remittance charges	134,400	68,345
Expenses related with different agents	-	-
Cartage and freight	106,787	44,959
Issue expenses	684,450	109,379
Interior decoration expenses	1,073,405	1,060,946
Bad debt written off and interest waiver	-	-
Technical service fee	-	966,000
AGM expenses	147,382	900
Nostro account related expenses	241,588	220,173
Financial assistance expenses	503,196	201,837
Managers conference expenses	252,514	126,530
Miscellaneous expenses	1,003,253	1,233,332
	6,681,397	6,927,794
32.3. Fuel and lubricant		
Fuel and lubricant -generator	4,067,361	4,143,507
Fuel and lubricant-others	29,661	65,389
	4,097,022	4,208,896
32.4 Other Audit fee		
Special audit	-	4,347,000
PF audit	5,750	66,250
Various fund audit	46,000	69,000
Nostro account audit	43,000	20,000
	94,750	4,502,250
32.5 Information and communication (ICT) expenses		
Set-up charge	-	70,700
Yearly rent	1,700,000	1,500,000
License fee	93,505	112,548
Other fees and charges	-	7,100
Internet charge	17,895,085	12,047,620
SMS alert charge	1,937,972	527,506
Internet banking expenses	1,500	-
Mobile phone banking expenses	15,000	11,823
Software maintenance expenses	12,212,575	20,682,471
Hardware maintenance	2,072,291	8,441,111
Other	-	177,600
	35,927,928	43,578,479

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
33. Provision made during the year:		
a. For loans and advances:		
On classified loans and advances as per Bangladesh Bank circular (note 12.1)	13,787,840,908	19,607,031
On unclassified loans & advances (note 12.2)	69,437,281	16,604,304
	13,857,278,189	36,211,335
b. For off-balance sheet items (note 12.3)	12,721,811	(36,211,335)
c. For other assets	1,171,211,956	624,081,394
d. For investment	4,201,760	
	15,045,413,716	624,081,394

Bangladesh Bank vide its letter # BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 gave permission to the Bank to provide the provision shortfall of BDT 2,501 crore against classified loans & advances within a period of 5 (five) years from 2015. Further, Bangladesh Bank vide the same letter gave permission to the Bank to provide the provisionshort-fall BDT 1,933 crore against classified blocked assets (which were also classified loans & advances of the Bank) within a period of 10 (ten) years from 2015. As no provision was created in the year 2015, a total provision of BDT 1,387 crore {(BDT 2,501 crore*20%*2) + (BDT 1,933 crore*10%*2); or BDT 1,000.40 crore + BDT 386.60 crore} has been created in the year 2016. Remaining provision shortfall will be maintained by the Bank within the stipulated period as allowed by Bangladesh Bank vide the above mentioned letter.

34. Provision for taxation - Current tax		
Opening balance	826,313,081	836,312,062
Add: Provision made during the year	38,609,904	34,544,893
	864,922,985	870,856,955
Less: Adjustment made during the year	42,100,700	44,543,874
Closing balance	822,822,285	826,313,081
35. Provision for taxation - Deferred tax		
a) Computation of deferred tax		
Tax base of depreciable fixed assets	478,967,190	548,343,560
Less: Carrying amount	405,859,868	511,010,906
Deductible temporary difference (A)	73,107,322	37,332,654
Carrying amount of provision for gratuity/benevolent/superannuation fund:		
Provision for gratuity	1,022,868,629	921,540,562
Provision for benevolent fund (provision less actual payment)	53,240,188	50,490,188
Provision for superannuation fund (provision less actual payment)	34,150,000	26,295,000
	1,110,258,817	998,325,750
Less: Tax base	-	-
Deductible temporary difference (B)	1,110,258,817	998,325,750
Total deductible temporary difference (A+B)	1,183,366,139	1,035,658,404
Effective tax rate	42.50%	42.50%
Deferred tax assets	502,930,609	440,154,822
b) Deferred tax (expenses)/income		
Closing deferred tax assets	502,930,609	440,154,822
Opening deferred tax assets	440,154,822	357,643,497
Deferred tax (expenses)/income	62,775,787	82,511,325
36 Proposed Dividends		
Bonus Share :	-	-
Cash Dividend	-	-
	-	-

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
37. Analysis of closing cash and cash equivalents		
Cash in hand (including foreign currencies)	556,171,378	501,228,446
Balances with Bangladesh Bank and its agent bank (s)	10,112,712,247	15,751,561,119
Balances with other banks and financial institutions	2,376,718,240	5,150,398,426
Money at call and on short notice	4,120,000,000	3,610,000,000
Prize bonds	1,323,900	2,519,300
	17,166,925,765	25,015,707,291
38. Earnings Per Share (EPS)		
Net profit after tax (numerator)	(14,930,401,001)	(3,140,361,573)
Number of ordinary share outstanding (denominator)	1,084,698,250	1,084,698,250
Earnings Per Share (EPS)	(13.76)	(2.90)

39. Coverage of external audit

The external auditors have covered 80% of the risk-weighted assets and have spent around 6,990 person hours to complete the audit as per Bangladesh Bank's requirement. The external auditors have audited 35 branches and Head office of the Bank.

for BASIC Bank Limited


 Managing Director


 Director


 Director


 Chairman

Dhaka, Bangladesh
 Dated, 18 April 2017

Schedule of balance with other banks - Outside Bangladesh (Nostro Accounts)
As at 31 December 2016

Name of the Bank	A/C Type	Currency name	2016			2015		
			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	30,069	96.43	2,899,391	4,003	116.38	465,899
2 AB Bank Mumbai	CD	ACU\$	241,325	78.76	19,006,749	134,930	78.50	10,592,009
3 Summit (Arif Habib)-Rupali- Bank Karachi	CD	ACU\$	1,103	78.76	86,892	1,103	78.50	86,605
4 Habib Metropolitan Bank Ltd.	CD	ACU\$	116,023	78.76	9,137,947	48,443	78.50	3,802,752
5 BOTM, Tokyo	CD	JAPY	816,445	0.67	550,692	1,016,689	0.65	662,983
6 Mashreq Bank, NY	CD	USD	4,595	78.76	361,902	4,645	78.50	364,634
7 CITI Bank Mumbai	CD	ACU\$	-	-	-	-	-	-
8 Sonali Bank, Kolkata	CD	ACU\$	351,796	78.76	27,707,433	412,421	78.50	32,375,145
9 Bank of Ceylon	CD	ACU\$	2,049	78.76	161,403	4,986	78.50	391,438
10 Citibank NA, NY(Exp)	CD	USD	1,841,791	78.76	145,059,459	4,022,655	78.50	315,779,629
11 SCB, Newyork	CD	USD	-	-	-	-	-	-
12 SCB, London	CD	EURO	-	-	-	-	-	-
13 SCB, Mumbai	CD	ACU\$	-	-	-	-	78.50	-
14 BCP, Geneva	CD	CHF	3,331	76.69	255,474	2,133	79.48	169,562
15 AMEX Frankfurt	CD	EURO	-	-	-	-	-	-
16 Wachovia Bank, NY	CD	USD	-	-	-	-	-	-
17 HSBC Newyork	CD	USD	-	-	-	-	-	-
18 ICICI Mumbai	CD	ACU\$	-	-	-	3,570	78.50	280,242
19 Sonali Bank Kolkata ACUEUR.	CD	ACUEUR	4,683	82.20	384,971	811	85.97	69,683
20 Mashreq Bank, Mumbai	CD	ACU\$	633	78.76	49,865	630	78.50	49,465
21 SCB Frankfurt	CD	EURO	-	-	-	-	-	-
22 Sonali Bank London EUR	CD	EURO	95,860	82.20	7,879,868	181,302	85.97	15,586,927
23 Sonali Bank London	CD	GBP	13,928	96.43	1,343,016	2,813	116.38	327,411
24 Sonali Bank London	CD	USD	149,425	78.76	11,768,699	273,469	78.50	21,467,401
25 HDFC Bank Ltd	CD	USD	3,689	78.76	290,550	40,493	78.50	3,178,714
26 Habib Bank AG, Zurich (Dubai)	CD	USD	-	-	-	-	-	-
27 Commercial Bank of Ceylon (TD)	CD	USD	-	-	-	-	-	-
28 Commercial Bank of Ceylon (TD)	CD	USD	-	-	-	-	-	-
29 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
30 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
31 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
32 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
33 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
34 United Bank of India	CD	USD	81,756	78.76	6,439,127	-	-	-
35 Habib American Bank New York	CD	USD	327,879	78.76	25,823,785	-	-	-
36 Habib American Bank NY, (Blocked Fund)	CD	USD	85,150	78.76000	6,706,414	-	-	-
Total					265,913,636			405,650,498

Details of investment in shares
As at 31 December 2016

A. Listed securities:

Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 December 2016	Market value as on 31 December 2015	Gain/(Loss)	Amount in BDT	
									Dividend received in 2016	
1.	FIRST JANATA BANK MUTUAL FUND	22-Dec-10	300,000	3,000,000	1,639,324	1,770,000	4,861,086	130,676	-	-
2.	AB BANK 1ST MUTUAL FUND	10-Dec-13	-	-	-	-	3,900,830	-	-	-
3.	ACI LIMITED	27-Mar-16	69,500	695,000	29,707,049	26,792,250	-	(2,914,799)	453,731	-
4.	AL-ARAF AISLAMI BANK LTD.	11-Jan-16	-	-	-	-	-	-	500,000	-
5.	APPOLO ISPAT COMPLEX LTD.	20-Aug-14	218,439	2,184,390	4,149,127	4,478,000	380,990	328,873	4,692	-
6.	ASIA PACIFIC GENERAL INSURANCE CO.LTD.	10-Dec-13	176,330	1,763,300	3,559,030	3,385,536	448,000	(173,494)	48,120	-
7.	BANGLADESH SUBMARINE CABLE CO.LTD	28-Dec-16	31,654	316,540	3,740,985	3,754,164	-	13,179	-	-
8.	BANGLADESH STEEL RE-ROLLING MILLS	26-Oct-16	100,000	1,000,000	13,453,094	12,760,000	-	(693,094)	-	-
9.	BARAKA POWER LIMITED	27-Dec-16	55,979	559,790	1,722,189	1,718,555	-	(3,634)	-	-
10.	BEXIMCO LTD.	20-Nov-10	131,019	1,310,190	15,875,169	3,406,499	3,303,970	(12,468,670)	12	-
11.	BEXIMCO PHARMACEUTICALS LTD.	23-Dec-10	449,442	4,494,420	36,815,851	36,314,914	-	(500,937)	565,768	-
12.	BRAC BANK LTD.	8-Dec-10	388,051	3,880,510	25,329,432	24,874,069	950,186	(455,363)	311,853	-
13.	BSRM STEELS LTD.	10-Dec-13	300,000	3,000,000	28,889,429	27,840,000	33,705,000	(1,049,429)	1,668,417	-
14.	CENTRAL INSURANCE CO.LTD.	10-Dec-13	82,000	820,000	1,708,824	1,476,000	445,500	(232,824)	77,000	-
15.	CENTRAL PHARMACEUTICALS LTD.	11-Sep-14	-	-	-	-	138,852	-	-	-
16.	CITY BANK LTD.	18-Sep-14	397,964	3,979,640	10,745,372	10,824,621	-	79,249	1,699,771	-
17.	CONFIDENCE CEMENT LTD.	10-Dec-13	73,543	735,430	8,252,866	8,045,604	1,040,400	(207,262)	143,000	-
18.	CONTINENTAL INSURANCE LTD.	10-Dec-13	140,000	1,400,000	2,718,505	2,576,000	691,200	(142,505)	-	-
19.	DBH FIRST MUTUAL FUND	10-Dec-13	-	-	-	-	3,677,450	-	-	-
20.	DHAKA ELECTRIC SUPPLY CO. LTD.	8-Dec-10	47,550	475,500	4,809,839	2,201,565	2,175,807	(2,608,274)	40,014	-
21.	DUTCH BANGLA BANK LIMITED	1-Sep-16	2,419	24,190	259,720	282,297	-	22,577	-	-
22.	EASTERN BANK LTD.	8-Dec-10	4,953,993	49,539,930	32,712,865	143,665,797	163,581,418	110,952,932	11,512,245	-
23.	ENVOY TEXTILES LTD.	9-Nov-16	121,312	1,213,120	4,762,451	4,706,906	-	(55,545)	-	-
24.	EXIM BANK OF BANGLADESH LTD.	1-Nov-10	1,176,950	11,769,500	15,359,349	13,770,319	1,419,000	(1,589,030)	-	-
25.	FEDERAL INSURANCE CO.LTD.	10-Dec-13	-	-	-	-	102,564	-	4	-
26.	FIRST SECURITY ISLAMI BANK LTD.	25-Nov-10	-	-	-	-	787,098	-	434,443	-
27.	FAR CHEMICAL INDUSTRIES LTD.	27-Dec-16	127,030	1,270,300	3,047,694	3,036,017	-	(11,677)	-	-
28.	FU-WANG CERAMICS INDS.LTD.	19-Apr-12	24,926	249,260	400,437	453,653	222,083	53,216	-	-
29.	GOLDEN HARVEST AGRO INDUST. LTD.	8-Apr-14	-	-	-	-	249,381	-	-	-
30.	GRAMEEN PHONE LTD.	16-Feb-14	272,719	2,727,190	81,178,418	77,479,468	31,797,546	(3,698,950)	2,844,071	-
31.	GREEN DELTA MUTUAL FUND	4-Feb-14	-	-	-	-	1,880,000	-	-	-
32.	GPH ISPAT LTD.	5-Oct-16	155,243	1,552,430	5,415,466	5,324,835	-	(90,631)	-	-
33.	HEIDELBERG CEMENT BD.LTD.	8-Dec-10	78,528	785,280	42,629,663	43,371,014	2,393,422	741,351	412,050	-
34.	ICB AMCL 2ND MUTUAL FUND	11-Apr-16	-	-	-	-	-	-	830,919	-
35.	ICB ISLAMIC BANK LTD.	23-May-08	2,684,000	26,840,000	26,840,000	13,688,400	12,078,000	(13,151,600)	-	-
36.	IDLC FINANCE LTD.	26-May-15	32,178	321,780	1,819,527	1,834,146	542,254	14,619	554,995	-
37.	I.F.I.C. BANK LTD.	10-Dec-13	-	-	-	-	3,606,947	-	11	-
38.	IFIL ISLAMIC MUTUAL FUND-1	2-Dec-15	1,552,405	13,524,050	9,119,601	9,602,076	3,150,000	482,475	1,822,633	-

Amount in BDT

Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 December 2016	Market value as on 31 December 2015	Gain/(Loss)	Dividend received in 2016
39.	INDUSTRILA PROMOTION & DEV. CO. LTD.	5-Dec-10	200,000	2,000,000	8,502,925	8,540,000	-	37,075	-
40.	ISLAMI BANK BANGLADESH LTD.	24-Nov-16	841,968	8,419,680	25,030,438	25,006,450	-	(23,988)	-
41.	JAMUNA OIL COMPANY LTD.	21-Sep-11	205,340	2,053,400	39,221,736	37,289,744	-	(1,931,992)	-
42.	KULNA POWER COMPANY LTD.	22-Nov-10	-	-	-	-	-	-	-
43.	LAFARGE SURMA CEMENT LTD.	10-Dec-13	320,000	3,200,000	26,709,264	26,272,000	3,901,580	(437,264)	189,300
44.	LINDE BANGLADESH LIMITED	3-Feb-16	28,715	287,150	40,181,637	37,214,640	-	(2,966,997)	269,425
45.	MALEK SPINNING MILLS LTD.	29-Sep-14	556,413	5,564,130	9,946,204	9,737,228	1,570,000	(208,976)	120,000
46.	MBL 1ST MUTUAL FUND	3-Feb-14	-	-	-	-	1,296,750	-	1,868,500
47.	MEGHNA CEMENT MILLS LTD.	14-Oct-14	-	-	-	-	534,500	-	-
48.	M. I. CEMENT FACTORY LTD.	30-Nov-10	-	-	-	-	-	-	-
49.	MJL BANGLADESH LTD.	31-May-15	60,000	600,000	7,192,025	7,176,000	20,071,661	(16,025)	5,748
50.	MEGHNA PETROLEUM LTD.	23-Nov-10	240,000	2,400,000	48,159,877	40,896,000	18,264,389	(7,263,877)	1,256,724
51.	MERCENTILE BANK LIMITED	6-Nov-16	224,165	2,241,650	3,272,650	3,384,892	-	112,242	-
52.	MITHUN KNITTING & DYEING (CEPZ) LTD.	25-Aug-94	-	-	-	-	-	-	-
53.	MUTUAL TRUST BANK LTD.	8-Oct-14	570,000	5,700,000	13,253,355	13,167,000	-	(86,355)	6
54.	NAVANA CNG LTD.	31-Oct-01	62,577	625,770	6,143,890	4,561,863	1,485,533	(1,582,027)	44,835
55.	N C C BANK LTD.	26-Dec-10	-	-	-	-	462,608	-	380,057
56.	NITOL INSURANCE COMPANY LTD.	10-Dec-13	31,261	312,610	776,628	715,877	654,562	(60,751)	16
57.	OLYMPIC INDUSTRIES LTD.	19-Oct-15	19,160	191,600	5,840,777	5,899,364	9,690,710	58,587	91,119
58.	ONE BANK LTD.	28-Jul-11	350,000	3,500,000	6,327,637	6,405,000	1,241,105	77,363	101,407
59.	ORION INFUSION LTD.	18-Jul-16	120,000	1,200,000	7,436,702	7,032,000	-	(404,702)	-
60.	ORION PHARMA LTD.	10-Dec-13	420,000	4,200,000	19,703,235	17,682,000	5,336,000	(2,021,235)	-
61.	PADMA OIL COMPANY.	2-Oct-14	145,035	1,450,350	28,876,532	26,135,307	1,842,000	(2,741,225)	100,000
62.	PHOENIX INSURANCE CO. LTD.	10-Dec-13	-	-	-	-	217,140	-	199,759
63.	PHP 1ST MUTUAL FUND	10-Dec-13	-	-	-	-	3,020,495	-	-
64.	PIONEER INSURANCE COMPANY LTD	10-Dec-13	368,499	3,684,990	11,711,244	11,128,670	1,320,300	(582,574)	60,750
65.	POPULAR LIFE FIRST MUTUAL FUND	10-Dec-13	-	-	-	-	3,836,914	-	-
66.	POWER GRID CO. OF BANGLADESH LTD.	2-Dec-10	465,000	4,650,000	27,194,702	25,110,000	2,692,035	(2,084,702)	87,975
67.	PREMIER BANK LTD.	26-Nov-10	-	-	-	-	634,766	-	-
68.	PRIME BANK 1ST ICBAMCLM FUND	11-Apr-16	50,117	501,170	249,441	280,655	-	31,214	317,053
69.	PRIME FINANCE & INVESTMENT LTD.	9-Nov-10	403,605	4,036,050	8,382,266	3,955,329	959,789	(4,426,937)	-
70.	PRIME INSURANCE COMPANY LTD.	10-Dec-13	99,241	992,410	1,923,350	1,816,110	416,580	(107,240)	34,715
71.	PRIME ISLAMI LIFE INSURANCE LTD.	2-Mar-14	18,602	186,020	1,184,809	1,263,076	497,145	78,267	68,673
72.	RAK CERAMICS (BANGLADESH) LTD.	31-Oct-10	400,000	4,000,000	26,161,687	24,760,012	2,533,838	(1,401,675)	264,688
73.	RENATA LTD.	13-Oct-14	19,000	190,000	20,844,230	20,624,500	-	(219,730)	-
74.	REPUBLIC INSURANCE COMPANY LTD.	10-Dec-13	-	-	-	-	545,738	-	3
75.	R. N. SPINNING MILLS LTD.	10-Nov-13	-	-	-	-	1,547,000	-	-
76.	SHAHJALAL ISLAMI BANK LTD.	3-Feb-14	551,597	5,515,970	7,890,294	8,273,955	891,000	383,661	1,035,132
77.	SOCIAL ISLAMI BANK LTD.	18-Apr-12	-	-	-	-	1,949,126	-	834,768
78.	SONAR BANGLA INSURANCE LTD.	10-Dec-13	43,629	436,290	941,215	741,693	627,435	(199,522)	20,784

Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Amount in BDT			Dividend received in 2016
						Market value as on 31 December 2016	Market value as on 31 December 2015	Gain/(Loss)	
79.	SOUTHEAST BANK LTD.	18-Apr-12	160,932	1,609,320	2,824,103	3,009,428	10,794,221	185,325	979,962
80.	SQUARE TEXTILE MILLS LTD.	10-Dec-13	137,130	1,371,300	9,581,860	9,489,396	5,231,471	(92,464)	411,203
81.	SQUARE PHARMACEUTICALS LTD.	22-Dec-10	58,410	584,100	14,467,678	14,549,931	68,499,000	82,253	136,608
82.	STANDARD BANK LTD.	2-Dec-10	-	-	-	-	1,336,374	-	-
83.	SUMMIT POWER LTD.	8-Dec-10	757,857	7,578,570	31,235,815	28,040,728	7,114,042	(3,195,087)	617,959
84.	SUNLIFE INSURANCE COMPANY LTD.	2-Mar-14	97,759	977,590	3,602,057	2,004,060	452,435	(1,597,997)	-
85.	TAMIZUDDIN TEXTILES MILLS LTD.	2-Jan-92	-	-	-	-	-	-	-
86.	TITAS GAS TRANSMISSION & D.C.L	26-Dec-10	480,000	4,800,000	33,033,165	23,712,000	10,795,350	(9,321,165)	341,625
87.	TRUST BANK LTD.	10-Dec-13	619,684	6,196,840	14,416,459	14,748,479	-	332,020	142,904
88.	U.C.B.L.	10-Dec-13	231,650	2,316,500	4,891,356	4,934,145	4,911,929	42,789	701,220
89.	UNITED POWER GEN. & DISTR CO. LTD.	6-Nov-16	118,432	1,184,320	16,895,893	16,769,971	-	(125,922)	-
90.	UTTARA BANK LTD.	10-Dec-13	-	-	-	-	4,540,000	-	1,500,000
91.	UTTARA FINANCE & INVEST. LTD	24-Mar-15	184,364	1,843,640	11,109,068	11,301,513	1,049,003	192,445	597,090
A.	Sub-Total			236,033,160	961,777,483	993,061,721	480,293,504	31,284,238	36,703,754

B. Non-listed & preference shares:

Sl. No.	Name of the company	Date of Purchase	No of shares	Face Value	Total Cost/ Book Value	Amount in BDT			Dividend received in 2016
						Market value as on 31 December 2016	Market Value as on 31 December 2015	Unrealized Gain/(Loss)	
1.	BANGLADESH DEVELOPMENT CO.LTD.	19-Jul-11	105,578	10,557,800	10,557,750	10,557,750	10,557,750	-	240,000
2.	CENTRAL DEPOSITORY BANGLADESH LTD.	20-Aug-00	1,142,361	11,423,610	3,138,890	3,138,890	3,138,890	-	2,855,903
3.	EQUITY OF GRAMEEN IT PARK	1-Feb-01	42,018	4,201,800	4,201,760	4,201,760	4,201,760	-	-
4.	KARMA SANGSTHAN BANK	15-Mar-99	150,000	15,000,000	15,000,000	15,000,000	15,000,000	-	-
B.	Sub-Total			41,183,210	32,898,400	32,898,400	32,898,400	-	3,095,903
Grand Total (A+B)				277,216,370	994,675,883	1,025,960,121	513,191,904	31,284,238	39,799,656

Detail of information on advances exceeding 10% of bank's total capital (funded & non-funded)
As at 31 December 2016

(Taka in Lac)

Sl. No.	Name of the Client	Outstanding as on 31 December 2016			Outstanding as on 31 December 2015	CL status as on 31 December 2016
		Funded	Non funded	Total		
1	AMADER BARI LIMITED GROUP	46,875	-	46,875	42,462	UC
2	EMERALD AUTO BRICKS & ALLIED	23,144	-	23,144	20,428	SS
3	FEAZ GROUP	19,560	-	19,560		BL
4	WELL TEX AND ALLIED(ADIB DYEING)	19,261	81	19,342	19,802	BL
5	VASAVI FASHIONS & ALLIED	15,808	-	15,808	15,824	BL
6	NEW DHAKA CITY DEVELOPMENT LTD	15,502	-	15,502	14,106	UC
7	MYMCO CARBON LTD AND ALLIED	15,483	-	15,483	14,085	BL
8	BANGLADESH DEVELOPMENT COMPANY LTD.	14,874	-	14,874	13,616	SMA
9	NILSAGOR AGRO & ALLIED	14,045	-	14,045	13,963	SMA
10	BORSHON/BITHI GROUP	13,784	-	13,784	11,726	UC
11	RISING GROUP	13,301	18	13,319	12,941	BL
12	BD CHEMICALS INDS CORP (BCIC)	12,211	738	12,949	53,065	UC
13	DELTA SYSTEMS LIMITED	12,842	-	12,842	12,842	BL
14	ARISTOCRAT GROUP	12,560	-	12,560	11,296	BL
15	OPE PROPERTIES LTD. & ALLIED	12,529	-	12,529	15,243	UC
16	R. I. ENTERPRISE	12,515	-	12,515		UC
17	EMERALD OIL & ALLIED	12,330	130	12,460	12,133	BL
18	REGENT WEAVING LTD	12,049	1	12,050	11,777	UC
19	IG NAVIGATION LIMITED	11,995	-	11,995	11,396	BL
20	BAY NAVIGATION LTD	11,639	39	11,678	10,983	BL
21	CRYSTAL STEELS & SHIP BREAKING LIMITED	11,561	-	11,561	11,176	BL
22	MAP & MULLER GROUP	11,160	-	11,160		SS
23	PROFUSION TEXTILES LIMITED	11,159	-	11,159	11,166	BL
24	MA TEX	11,122	-	11,122	11,122	BL
	TOTAL	367,309	1,007	368,316	351,152	

Note 1: In 2016 the capital of the Bank was negative. As such, loans allowed to customers/customers group exceeding 10% of paid-up capital has been reported here as per Bangladesh Bank approval.

Particulars	Cost				Depreciation				Written down value at 31 December 2016 BDT	
	At 01 January 2016 BDT	Addition BDT	Disposal/Transfer during the year BDT	Total at 31 December 2016 BDT	Rate (%)	Upto 01 January 2016 BDT	Charge BDT	Disposal/adjustment BDT		Upto 31 December 2016 BDT
Furniture and fixtures	107,436,031	4,110,493	-	111,546,524	10%	48,598,824	6,071,203	-	54,670,027	56,876,497
Interior decoration	307,094,718	4,793,724	915,236	310,973,206	10%	106,042,625	20,357,609	734,059	125,666,175	185,307,031
Machine and equipment	325,983,035	7,430,162	629,988	332,783,209	20%	201,659,199	26,455,027	537,729	227,576,497	105,206,712
Computer hardware	294,671,833	3,309,270	-	297,981,103	20%	238,582,943	25,876,047	-	264,458,990	33,522,113
Software	94,125,936	1,101,000	-	95,226,936	20%	79,830,915	8,345,547	-	88,176,462	7,050,474
Motor vehicles	385,017,777	-	-	385,017,777	25%	328,603,917	38,516,819	-	367,120,736	17,897,041
Leasehold assets	4,000,000	-	-	4,000,000	1%	781,808	46,127	-	827,935	3,172,065
Total 2016	1,518,329,330	20,744,649	1,545,224	1,537,528,755		1,004,100,231	125,668,379	1,271,788	1,128,496,822	409,031,933
Total 2015	1,499,205,507	19,130,673	6,850	1,518,329,330		849,523,340	154,576,891	-	1,004,100,231	514,229,099

Highlights on the activities of the Bank
As at 31 December 2016

(Amount in BDT)

Sl. No.	Particulars	2016	2015
1	Paid up capital	10,846,982,500	10,846,982,500
2	Total capital	(17,466,042,450)	(8,512,446,006)
3	Capital surplus/(deficit)	(28,667,055,484)	(19,785,806,006)
4	Total assets	204,739,632,059	194,173,358,107
5	Total deposits	158,070,977,543	148,167,229,641
6	Total loans and advances	134,882,802,828	128,807,012,281
7	Total contingent liabilities and commitments	13,114,073,576	11,584,474,388
8	Credit - deposit ratio	83.62%	84.72%
9	Percentage of classified loans against total loans and advances	54.13%	51.09%
10	Profit/(loss) after tax and provision	(14,930,401,001)	(3,140,361,573)
11	Amount of classified loans and advances	73,006,863,879	65,812,501,648
12	Provision kept against classified loan	17,772,102,258	3,984,261,350
13	Provision surplus/(deficit)*	(28,258,862,928)	(35,170,311,182)
14	Cost of fund	8.31%	10.24%
15	Interest earning assets	116,183,979,116	104,417,294,259
16	Non-interest bearing assets	88,555,652,943	89,756,063,848
17	Return on Investment (ROI)**	-71.84%	-14.24%
18	Return on Assets (ROA)	-7.49%	-1.72%
19	Incomes on investment	3,141,726,351	2,628,103,917
20	Earnings per share (EPS)	(13.76)	(2.90)
21	Net income per share	(13.76)	(2.90)
22	Price earning ratio**	N/A	N/A

*** ROI has been calculated by dividing profit after tax by average shareholders equity plus average long term debt.

** N/A: Not Applicable



List of Executives

Managing Director

Khondoker Md. Iqbal

Deputy Managing Director

Kanak Kumar Purkayastha

General Manager

Md. Mozammel Hossain

Ahmad Hossain

Hasan Tanvir

Mohammad Moniruzzaman

Abu Sayed Md. Rowshanul Haque

Md. Emdadul Haque

A.K.M. Masudur Rahman

Md. Ismail

Khan Iqbal Hasan

Md. Abul Kalam Azad

Abu Md. Mofazzal

Md. Momenul Hoque

Deputy General Manager	
Md. Omar Faruque	Md. Ashrafuzzaman
Abdul Adud	Mohammad Al- Amin
Md. Kabir Uddin	A.M. Shahed Husain
Mohammed Ali	Md. Abdus Satter Khan
Jan - E - Alam Sheikh	Md. Khosh Newaz
Nurur Rahman Chowdhury	Shakir Mahmud Sharafuddin
Md. Masum Uddin Khan	Md. Mahmud Hasan
Niranjan Chandra Debnath	Md. Abdul Maleque Kibria
Saifur Rahman	Jahir Uddin Ahmed
Md. Fida Hasan	Md. Abdul Gofur Talukder
Md. Masudul Alam	Md. Nurul Islam
Mahbub Alam Khan	Md. Helal Uddin
Md. Mahabubul Alam	Md. Ruhul Amin
Helena Perveen	Muhammad Imrul Islam
Md. Hasan Imam	Mohammad Didarul Alam
Debasish Karmaker	Md. Nashir Uddin
B.M. Kamruzzaman	Sumit Ranjan Nath
Mohammad Musa Khan	Palash Das Gupta
Md. Humayun Kabir	Md. Ghulam Sayeed Khan
Niaz Musawwir Shah	Sanjay Kumar Datta
Md. Harunur Rashid	Faisal Shah Qureshi
Arif Hossain	Md. Zahir Uddin
Md. Rabiul Alam Tipu	Md. Rezaul Alam
Mariom Begum	Md. Nasir Uddin
Abdus Sabur	Saidur Rahman Sohel

List of Executives

Assistant General Manager	Razia Khatun
Mohammad Faruk Hossain	Atikuzzaman Khan
Mohammed Idrish Bhuiyan	Sk. Mahfuzur Rahman
Md. Kamrul Islam	Syed Md. Humayun Kabir
Dominic Sampson	Md. Mashiur Rahman
A.K.M. Kamruzzaman	Md. Abul Hossain
Md. Mizanur Rahman	Md. Mominul Haque Chowdhury
Shehab Chowdhury	Md. Masud Hasan
S.M. Anisuzzaman	Md. Shamim Khan
Md. Billal Hossain	Md. Anwar Hossain Rubel
Sadia Akhter Shahin	Md. Sayem Abul Khair
Shamima Akther	Mohammad Mahmudul Hasan
A.S.M. Anisur Rahman Choudhury	Chowdhury Tanbir Ahmed
Md. Ekhwanul Islam	Mohammad Jasim Uddin
Iftekhar Ahmed	Md. Golam Ershad
Md. Mafizur Rahman Talukdar	Farbina Rahman
Ferdousi Begum	Syed Abdullah-Al- Zaman
Rabiul Hossain Chowdhury	Md. Ahsanul Mamun Chowdhury
Md. Abu Sahid	Mohammad Shafiqul Alam
Golam Kabir	Kazi Abdullah Al - Mahmud
Mohammed Yusuf	Abdus Samad Majumder
Sk. Nazrul Islam	Imrul Islam
Ekramul Bari	Tania Tamassum
Md. Abdul Ali	Nazibur Rahman
Md. Abul Kalam Azad	Debashish Dasgupta
Md. Shariful Islam	Sharif Ahmed
Muhammad Nazmul Hasan	Md. Khalilur Rahman Bhuiyan
Md. Abdul Hannan Howlader	Abul Hashem Mozumder
Md. Raihan Ali	Sahidul Alam Mohammad Kabir
Mahbubor Rahman	Abu Musa Md. Golam Mostafa
Md. Salequr Rahman	Md. Nazir Uddin Ahamad
Md. Gahar Ali Khan	Majir Uddin Ahmed Chowdhury
Md. Rakibul Hassan	Md. Shahadat Hossain Khan
A. B. M Zahid Hossain	Md. Nazrul Islam
S. M. Zahid Hassan Sayed	Md. Fazlul Karim
Md. Taslim Uddin	Md. Jalal Uddin
S. M. Hasibur Rahman	Rumana Ahad
Md. Ismail Hossain	Ranjan Chakraborty
Nitul Kanti Saha	Shoyeb Ahmed
Md. Ashraf Hossain	Md. Jahangir Hossain
Md. Abdul Matin	



Head Office and Branches of **BASIC Bank**

HEAD OFFICE

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195 Motijheel C/A, Dhaka-1000
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Fax: 02-9564829, 7115612, 7124911, 7125653
SWIFT: BKSIBDDH
Branch Code: 01
E-mail: basicho@basicbanklimited.com

ICT DIVISION

Peoples Insurance Bhaban (5th)
36, Dilkusha Commercial Area
Dhaka-1000
Tel : 02-9562960, 02-9555087,
02-9515319-21
Fax: 02-9555518

BASIC BANK TRAINING INSTITUTE (BBTI)

EDB Trade Center (4th & 5th Floors)
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Karwan Bazar, Dhaka
Tel: 02-9131609
E-mail: basicti@basicbanklimited.com

Dhaka Division

MAIN BRANCH

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E-mail: main@basicbanklimited.com

BANGSHAL BRANCH

230 North South Road, Bangshal, Dhaka-1100
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SWIFT: BKSIBDDH006
Branch Code: 06
E-mail: bangshal@basicbanklimited.com

SHANTINAGAR BRANCH

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

MOULVIBAZAR BRANCH

Gulbadan Market (1st Floor)
4 Moulvibazar, Dhaka-1211
Tel: 02-57315356, 57316991, Fax: 02-7341740
SWIFT: BKSIBDDH024
Branch Code: 10
E-mail: moulvibazar@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

DILKUSHA BRANCH

14 Dilkusha C/A, Dhaka-1000
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SWIFT: BKSIBDDH015
Branch Code: 15
E-mail: dilkusha@basicbanklimited.com

MADHABDI BRANCH

Holding no: 11, Bank Para
Madhabdi Bazar, Narsingdi-1604
Tel: 02-9446984, 9446985
Fax: 02-9446987
Branch Code: 37
E-mail: madhabdi@basicbanklimited.com

NARSINGDI BRANCH

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

GULSHAN BRANCH

33, Gulshan Commercial Area
Gulshan South Avenue, Gulshan-1, Dhaka
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SWIFT: BKSIBDDH021
Branch Code: 21
E-mail: gulshan@basicbanklimited.com

MIRPUR BRANCH

BSCIC Electronics Complex, Industrial Plot No. 1/1
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SWIFT: BKSIBDDH022
Branch Code: 22
E-mail: mirpur@basicbanklimited.com

BABUBAZAR BRANCH

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

UTTARA BRANCH

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

DHANMONDI BRANCH

54, Manna's Tower (1st floor), Road # 4/A,
Satmasjid Road, Dhanmodi R/A, Dhaka-1209
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E-mail: dhanmondi@basicbanklimited.com

KARWAN BAZAR BRANCH

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GAZIPUR CHOWRASTA BRANCH

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Mymensingh Road, Gazipur
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Branch Code: 33
E-mail: gazipurchowrasta@basicbanklimited.com

TUNGIPARA BRANCH

220, Powra Super Market, Patgati Bazar
Tungipara, Gopalganj
Tel: 066-5556465, Fax: 02-6656466
Branch Code: 34
E-mail: tungipara@basicbanklimited.com

SAVAR BRANCH

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

ISLAMPUR BRANCH

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

MAWNA BRANCH

Hamida Complex, Telihati
Sripur, Gazipur-1741
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Fax: 0682-552666
Branch Code: 41
E-mail: mawna@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

BANANI BRANCH

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Banani-1213
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Fax: 02-8833035
Branch Code: 47
E-mail: banani@basicbanklimited.com

BASHUNDHARA BRANCH

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

KOTALIPARA BRANCH

Holding no : 281
Bank Bhaban, Sultan Market,
Ghagore Bazar, Kotalipara, Gopalganj
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Fax: 02-6651342
Branch Code: 50
E-mail: kotalipara@basicbanklimited.com

SHYAMOLI BRANCH

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Block B, Ring Road, Shyamoli, Dhaka-1207
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Fax: 02-9120516
Branch Code: 53
E-mail: shyamoli@basicbanklimited.com

MATUAIL BRANCH

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

KERANIGANJ BRANCH

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Road, East Aganagar, South Keraniganj, Dhaka
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Branch Code: 63
E-mail: keraniganj@basicbanklimited.com

DHAKA CANTONMENT BRANCH

CB 211/4, VIP Road, Kochukhet, Bhashantek,
Dhaka Cantonment, Dhaka-1206
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Fax: 02-8871858
Branch Code: 64
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ELENGA BRANCH

Holding no: 1665
Dr. Hasen Ali Super Market
Elenga Bazar Road, Elenga, Kalihati, Tangail
Mob: 01730057338
Branch Code: 65

Chittagong Division

KHATUNGONJ BRANCH

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Branch Code: 04
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Branch Code: 08
E-mail: agrabad@basicbanklimited.com

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Fax: 031-2851738
SWIFT: BKSIBDDH013
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Fax: 031-614942
SWIFT: BKSIBDDH016
Branch Code: 16
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Proskov Bhaban (1st floor), 110 CDA
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Fax: 031-655304
Branch Code: 24
E-mail: sholoshahar@basicbanklimited.com

CEPZ BRANCH

Islam Plaza, Holding no-1279/1685
Woard-39, South Halishahar,
M.A. Aziz Road, CEPZ Chittagong-4100
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Fax: 031-800512
Branch Code: 25
E-mail: cepz@basicbanklimited.com

DEWANHAT BRANCH

4/B D.T. Road, Postarpar, Dewanhat, Chittagong-4100
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Branch Code: 30
E-mail: dewanhat@basicbanklimited.com

CHANDPUR BRANCH

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

PAHARTOLI BRANCH

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Pahartoli, Chittagong
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Branch Code: 45
E-mail: pahartoli@basicbanklimited.com

DOHAZARI BRANCH

Janakalyan Tower (1st floor), Main Raod,
Dohazari, Chandanaish, Chittagong
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PATHERHAT BRANCH

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

COX'S BAZAR BRANCH

Holding no.: 30 (Rashid Complex)
Main Road, Cox's Bazar Sadar, Cox's Bazar-4700
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Branch Code: 56
E-mail: coxsbazar@basicbanklimited.com

JORARGANJ BRANCH

Gopinathpur, Jorarganj, Mirersharai, Chittagong
Mobil: 01730057311
Branch Code: 68
E-mail: Jorarganj@basicbanklimited.com

Khulna Division

KHULNA BRANCH

107, Sir Iqbal Road, Khulna-9100
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JHIKARGACHA BRANCH

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

JESSORE BRANCH

35, M.K. Road (1st floor), Jessore-7400
Tel: 0421-51096, 64288
Fax: 0421-68587, Branch Code: 18
E-mail: jessore@basicbanklimited.com

FAKIRHAT BRANCH

Sheikh Matiur Rahman Market
Old Dhaka Road, Fakirhat, Bagerhat
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E-mail: fakirhat@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

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

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

JHENAI DAH BRANCH

203, Hossain Shaheed Suhrawardy Road, Jhenaidah
Sadar Jhenaidah
Tel: 045162880, 0451-62881
Fax: 0451-62885, Branch Code: 67
E-mail: jhenaidah@basicbanklimited.com

CHITALMARI BRANCH

Holding No: 48, Meem Sargical Clinic,
Vill: Aruaborni,
Shaheed Minar Road, Chitalmari, Bagerhat
Tel: 04652-56035,
Fax: 04652-56025, Branch Code: 44
E-mail: chitalmari@basicbanklimited.com

Rajshahi Division

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

BELKUCHI BRANCH

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

BOGRA BRANCH

Holding no.489, Bhabani Shachin Bhaban
Hari Dashi Market, 120 Baragola, Bogra-5800
Tel: 051-78793, 69494
Fax: 051-65672
SWIFT: BKSIBDDH012, Branch Code: 12
E-mail: bogra@basicbanklimited.com

Rangpur Division

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

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

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
Mobil: 01795126161
Branch Code: 69
E-mail: mohipur@basicbanklimited.com

Sylhet Division

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
Mobil: 01714166946
Branch Code: 62
E-mail: mirpurbazar@basicbanklimited.com

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

Mymensingh Division

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

ISHWARGANJ BRANCH

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

List of Collection Booths

Cox's Bazar College Collection Booth

Cox's Bazar Government College
Road: Arakan Road, Jhilonga
Cox's Bazar

Cox's Bazar Pourashava Collection Booth

Holding: 408, Ward No: 10
Cox's Bazar Pourashava
Cox's Bazar

Dhaka Polli Biddut Shamity-3 Collection Booth

Shimultola Zonal Office
Road: C.R.P Road, Ward: 07
Savar, Dhaka

Savar Pourashava Collection Booth

Holding : 01, Road: Pourashava Road
Savar, Dhaka

Ramna BTCL Collection Booth

Ramna BTCL Exchange Bhaban
Ramna Dhaka

Gulshan BTCL Collection Booth

Gulshan BTCL Exchange Bhaban
Gulshan, Dhaka

Sher-e-Bangla Nagar BTCL Collection Booth

Sher-e- Bangla Nagar BTCL Exchange Bhaban
Sher-e- Bangla Nagar, Dhaka

GTCL Collection Booth

GTCL Bhaban, Holding: F 18/A,
Shere Bagnla Nagar, Ward No: 28,
Dhaka

List of ATM Booths

Dhaka Division

Basundhara City Market ATM Booth

Basement-1, 13/ka/1, Bashundhara City
Market Panthapath, Dhaka

Uttara ATM Booth

Uttara Tower-1, Jashimiddin Avenue, Dhaka

Shantinagar Branch ATM Booth

Concord Grand, 169/1, Ground Floor
Shantinagar Road, Dhaka

Bashundhara Branch ATM Booth

Plot-13, Block-A, Main Road, Bashundhara
R/A, Dhaka

Dilkusha Branch ATM Booth

14, Dilkusha C/A, Dhaka

GTCL Bhaban ATM Booth

GTCL Bhaban, Holding: F 18/A,
Shere Bagnla Nagar, Ward No: 28, Dhaka

Main Branch ATM Booth

73, Bana Shilpa Bhaban, Motijheel, C/A, Dhaka

Simanta Square Market ATM Booth

Shop-3, Simanta Square Market, Dhanmondi,
Sector-3, Uttara, Dhaka.

Kachukhet Cantonment ATM Booth

CB 211/4, VIP Road Kachukhet
Bhasantek, Dhaka Cantonment

Shymoli ATM Booth

13/2, Ring road, Ward-43, Mohammadpur, Dhaka

Mirpur-1, ATM Booth

20, Darus Salam Road, South Bishil
Mirpur-1, Ward-12, Dhaka

IEB Ramna ATM Booth

Hoding No. 8/A, Institution of Engineer Bangladesh
(IEB), Ramna Road, Dhaka

Chittagong Division

Agrabad Branch ATM Booth

Pine View, 100, Agrabad C/A,
Ground Floor, Chittagong.

Khulna Division

Khulna Branch ATM Booth

107, Sir Iqbal Road, Khulna-9100

Barisal Division

Mohipur Branch ATM Booth

Vill-Nazibpur, Union+P.O- Mohipur, Ground Floor,
P.S-Kalapara, Dist: Patuakhali

Mathbaria Pourashava ATM Booth

Holding-241, Ward-06, Mathbaria
Pourashava, Mathbaria

Type of Rating	Entity (Standalone Basis)	Government support entity
Long Term	B+	A
Short Term	ST - 5	ST-3
Outlook	Stable	
Year of Rating	2016	
Rating Date	June 28, 2017	

Credit Rating Information and Services Limited (CRISL) has assigned 'B+' (pronounced as Single B Plus) to BASIC Bank Limited for Long Term and 'ST-5' for Short Term with stable outlook for the year 2016. 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' rating 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 is 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.

বেসিক ব্যাংক লিমিটেড

প্রধান কার্যালয়, ঢাকা।


বেসিক ব্যাংক লিমিটেড-এর ২৮তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এতদ্বারা সংশ্লিষ্ট সকলকে জানানো যাচ্ছে যে, বেসিক ব্যাংক লিমিটেড-এর ২৮-তম বার্ষিক সাধারণ সভা ২৭ জুলাই, ২০১৭ তারিখ বৃহস্পতিবার সকাল ১১.০০ টায় ব্যাংকের প্রধান কার্যালয়, ১৯৫, মতিঝিল বাণিজ্যিক এলাকা, ঢাকায় অবস্থিত সেনা কল্যাণ ভবনের সপ্তম তলায় নিম্নলিখিত কার্য সম্পন্ন করার লক্ষ্যে অনুষ্ঠিত হবে:

- ৩১ ডিসেম্বর, ২০১৬ তারিখের স্থিতি অনুযায়ী কোম্পানীর নিরীক্ষিত বার্ষিক হিসাব, পরিচালকমন্ডলীর প্রতিবেদন ও নিরীক্ষকগণের প্রতিবেদন গ্রহণ ও অনুমোদনের জন্য উপস্থাপন;
- নিরীক্ষকগণের নিয়োগ ও পারিশ্রমিক নির্ধারণ; এবং
- পরিচালক নির্বাচন।

৬ জুন, ২০১৭

পরিচালনা পর্ষদের আদেশক্রমে


মোঃ হাসান ইমাম
কোম্পানী সচিব

Note

Date

Note

Date