



BASIC Bank Limited

Serving people for progress

A STATE OWNED SCHEDULED BANK

Financial Statements 2012

Auditors' Report to the Shareholders' of BASIC Bank Limited

We have audited the accompanying financial statements of BASIC Bank Limited (the "Bank") which comprise the balance sheet as at 31 December 2012, profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Bank in accordance with Bangladesh Financial Reporting Standards, the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting & applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 reasonable assurance about whether the financial statements of the Bank are free from material misstatement.

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

As disclosed in Note 12 to the financial statements, the Bank has made provision for loans & advances Taka 2,985.01 million whereas we have observed that a further provision of Taka 1,359.40 million is required on account of loans & advances. As a result, provision for loans and advances is understated by Taka 1,359.40 million and net profit after tax as well as Core Capital (Tier-1) is overstated to the same extent.

However, Bangladesh Bank (Central Bank) has allowed to make provision of the said amount i.e. Taka 1,359.40 million within 30 June 2013 vide Bangladesh Bank letter no. DBI-2 (UB-5)/7034/2013-275; Dated: 26.05.2013.

Qualified Opinion:

In our opinion, except for the matter described in the basis for qualified opinion paragraph, the financial statements of the bank prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of the bank as at 31 December 2012 and of the results of its financial performance and its cash flows for the year then ended 31 December 2012 and comply with the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof except those matters mentioned in the management letter;
- 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 purposes of our audit have been received from branches not visited by us;
- the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account and returns;
- the expenditure incurred was for the purpose of the Bank's business;
- the financial position of the Bank as at 31 December 2012 & the profit for the year then ended have been properly reflected in the financial statements & that of the Bank except the matter described above in the basis for qualified opinion paragraph; the financial statements of the Bank have been prepared in accordance with the generally accepted accounting principles;
- the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- adequate provisions have been made except for the matters described above in the basis for qualified opinion paragraph;
- the financial statements of the Bank conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- the records and statements submitted by the branches have been properly maintained and in the financial statements, except those matters mentioned in the management letter;
- the information and explanations required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 5,500 man hours for the audit of the books and accounts of the Bank; we have covered 30 branches (15 branches each auditor) which have been selected by the bank authority;
- guidelines of Core Risk Management issued by Bangladesh Bank vide BRPD circular no. 17 dated 7 October 2003 were not fully complied with.

Syful Shamsul Alam & Co.
Chartered Accountants

Dhaka, 10 June 2013

Aziz Halim Khair Choudhury
Chartered Accountants

BASIC Bank Limited Balance Sheet As at 31 December 2012

Particulars	Note	31.12.2012 Taka	31.12.2011 Taka
PROPERTY AND ASSETS			
Cash:	3	6,289,262,686	4,682,116,663
Cash in hand (including foreign currencies)		530,259,947	420,532,562
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)		5,759,002,739	4,261,584,101
Balance with other banks & financial institutions	4	1,404,339,168	2,026,743,534
In Bangladesh		1,239,825,254	1,723,297,815
Outside Bangladesh		164,513,914	303,445,719
Money at call on Short Notice	5	1,000,000,000	2,240,000,000
Investments:	6	11,707,246,360	9,949,082,996
Government		11,447,739,226	9,234,513,931
Others		259,507,134	259,569,065
Loans & Advances:	7	85,955,762,411	56,884,757,885
Loans, Cash Credit & Overdraft etc.		84,091,736,283	54,266,599,661
Bills purchased & discounted		1,864,026,128	2,618,158,224
Fixed assets including premises, furniture and fixtures	8	526,822,778	364,461,024
Other assets	9	2,798,630,373	2,339,569,927
Non-banking Assets		-	-
Total Assets:		109,682,063,776	78,031,732,029
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	10	5,492,934,551	2,788,155,658
Deposits and other accounts:	11	87,693,231,680	62,650,734,774
Current Accounts and other Accounts		3,664,287,133	3,398,048,925
Bills Payable		829,492,084	591,856,053
Savings Bank Deposits		1,709,220,720	1,496,282,507
Fixed Deposits		81,490,231,743	57,164,537,289
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
Other liabilities	12	10,035,428,549	7,111,083,175
Total Liabilities:		103,221,594,780	72,549,973,607
Capital/Shareholders' Equity			
Paid up Capital	13	2,946,982,500	2,357,586,000
Statutory Reserve	14	2,224,690,642	2,224,690,642
Other Reserve	15	1,237,123,737	286,309,487
Surplus in Profit and Loss A/C	16	51,672,117	613,172,293
Total Shareholders' Equity		6,460,468,996	5,481,758,422
Total Liabilities and Shareholders' Equity		109,682,063,776	78,031,732,029

Off-Balance Sheet Items

Particulars	Note	31.12.2012 Taka	31.12.2011 Taka
Contingent liabilities:			
	17		
Acceptances and Endorsements		4,143,752,994	5,458,254,177
Letters of Guarantee		2,325,627,108	1,823,215,099
Irrevocable Letters of Credit		6,455,101,876	8,336,789,137
Bills for Collection		673,841,506	870,335,800
Other Contingent Liabilities		328,798,949	56,928,816
Total:		13,927,122,433	16,545,523,029
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:		-	-
Total Off-Balance Sheet Items including contingent liabilities:		13,927,122,433	16,545,523,029

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

Managing Director: Syful Shamsul Alam & Co.
Director: Aziz Halim Khair Choudhury
Director: Syful Shamsul Alam & Co.
Chairman: Aziz Halim Khair Choudhury

Signed as per our annexed report on same date.

Syful Shamsul Alam & Co.
Chartered Accountants
Dhaka, 10 June 2013

Profit & Loss Account For the year ended 31 December 2012

Particulars	Note	2012 Taka	2011 Taka
Interest income	18	11,020,886,815	7,099,007,386
Interest paid on deposits and borrowings etc.	19	(8,544,607,147)	(4,911,660,920)
Net interest income		2,476,279,668	2,187,346,466
Investment income	20	1,559,166,570	751,630,731
Commission, exchange and brokerage	21	693,134,330	785,349,088
Other operating income	22	1,259,095,210	1,899,022,500
Total operating income		4,857,676,778	3,913,558,783
Salary and allowances	23	1,160,050,181	993,577,829
Rent, taxes, insurance, electricity etc.	24	205,343,677	108,519,337
Legal expenses	25	8,922,961	5,775,685
Postage, stamps, telecommunication etc.	26	41,998,924	32,833,946
Stationery, Printings, Advertisements etc.	27	63,331,297	42,586,755
Managing Director's salary and fees	28	5,922,000	5,658,488
Directors' fees	29	859,750	1,727,479
Auditors' fees		697,475	657,900
Charges on loan losses		-	-
Depreciation of bank's assets	30	109,404,277	79,688,746
Repair of bank's assets	31	35,226,905	23,991,807
Other expenses	32	615,825,858	270,019,885
Total operating expenses		2,247,583,305	1,565,037,857
Profit/loss before provision		2,610,093,473	2,348,520,926
Provision for loan	33	(1,561,189,794)	(1,404,348,230)
Provision(excess provision) for Off Balance Sheet Exposures	34	(26,982,580)	(55,818,850)
Provision for diminution in value of investments		-	-
Other provisions		-	-
Total provision		(1,588,172,374)	(1,460,167,080)
Total Profit/Loss before taxes		1,021,921,099	888,353,846
Provision for Current Tax	35	(1,079,159,412)	(1,038,973,188)
Provision for Deferred Tax	36	(131,209,271)	(15,094,858)
Net Profit after Taxation		(278,967,583)	(165,714,199)
Appropriations:			
Statutory Reserve	14	-	399,998,309
General Reserve		-	-
Dividends etc.		-	-
Retained surplus		278,967,583	576,114,507
Earnings per share (EPS)	39	0.95	33.12

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

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Director: Syful Shamsul Alam & Co.
Chairman: Aziz Halim Khair Choudhury

Signed as per our annexed report on same date.

Syful Shamsul Alam & Co.
Chartered Accountants
Dhaka, 10 June 2013

Cash Flow Statement

For the year ended 31 December 2012

Particulars	2012 Taka	2011 Taka
Cash flows from operating activities		
Interest receipts in cash	12,461,286,095	7,746,017,865
Interest payments	(7,397,093,466)	(3,737,347,531)
Dividends receipts	4,454,955	913,501
Fee and commission receipts in Cash	693,134,330	785,349,085
Recoveries on loans previously written off	17,442,440	83,737,916
Cash payments to employees	(1,124,869,202)	(894,840,152)
Cash payments to suppliers	(63,331,297)	(42,586,755)
Income taxes paid	(970,479,737)	(684,557,724)
Receipts from other operating activities (Item-wise)	111,577,865	105,470,466
Payments from other operating activities (Item-wise)	(908,875,550)	(443,526,039)
Operating profit before changes in operating assets and liabilities	2,823,246,433	2,918,630,632
Increase/Decrease in operating assets and liabilities	(6,716,593,543)	168,731,330
Statutory deposits	4,511,780,000	2,737,754,000
Purchase/sale of trading securities	(2,467,349,114)	(2,786,441,502)
Loans & advances to customers	(29,071,004,526)	(10,543,244,381)
Other assets (Item-wise)	(203,897,168)	121,339,024
Deposits from other banks	(341,481,092)	1,499,747,000
Deposits from customers	20,872,197,998	9,153,632,931
Other liabilities (Item-wise)	(16,839,641)	(14,055,742)
Net cash from operating activities	(3,893,347,110)	3,087,361,962
Cash flows from investing activities		
Purchase of property, plant & equipment	(271,766,607)	(161,643,194)
Sale of property, plant & equipment	76,481	634,168
Net cash from investing activities	(271,690,126)	(161,009,026)
Cash flows from financing activities		
Increase/(Decrease) of Long Term Borrowing	2,704,778,893	69,692,316
Conversion of borrowing into reserve	1,205,000,000	-
Net cash from financing activities	3,909,778,893	69,692,316
Net increase/decreasing cash	(255,258,343)	2,996,045,252
Cash and cash equivalents at beginning period	8,948,860,197	5,952,814,945
Cash and cash equivalents at end of period	8,693,601,854	8,948,860,197
Cash and cash equivalents at end of period		
Cash	6,289,262,686	4,682,116,663
Balance with other banks & financial institutions	1,404,339,168	2,026,743,534
Money at call on Short Notice	1,000,000,000	2,240,000,000
Total	8,693,601,854	8,948,860,197

Managing Director: Syful Shamsul Alam & Co.
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Dhaka, 10 June 2013

Statement of Changes in Equity

For the year ended 31 December 2012

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve				Sub-Total	Profit and Loss	Total
			General Reserve	Revaluation Reserve of HT Securities	Loss on Revaluation/Amortisation of HTM securities	Reserve			
Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Balance as at 01 January 2012	2,357,586,000	2,224,690,642	40,000,000	268,504,587	(22,615,100)	286,398,487	613,172,293	5,481,758,422	
Net Profit for the Year	-	-	-	-	-	-	27,896,324	27,896,324	
Revaluation Reserve for Securities	-	-	-	(100,341,954)	(51,843,796)	(152,185,750)	-	(254,185,750)	
Transferred to Other Reserve	-	-	-	-	-	-	-	-	
Cash Dividend paid during the year	-	-	-	-	-	-	-	-	
Dividend Distribution Tax	-	-	-	-	-	-	-	-	
Issuance of bonus share	589,396,500	-	-	-	-	-	(589,396,500)	-	
Free Reserve	-	-	1,205,000,000	-	-	1,205,000,000	-	1,205,000,000	
Balance as at 31 December 2012	2,946,982,500	2,224,690,642	1,245,000,000	66,582,633	(74,658,896)	1,237,123,737	51,672,117	6,460,468,996	

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

Managing Director: Syful Shamsul Alam & Co.
Director: Aziz Halim Khair Choudhury
Director: Syful Shamsul Alam & Co.
Chairman: Aziz Halim Khair Choudhury

Liquidity Statement

(Asset and Liability Maturity Analysis) As at 31 December 2012

Particulars	(Amount in Taka)					Total
	Up to 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	
Assets:						
Cash in hand	1,286,576,686	-	-	-	5,002,686,000	6,289,262,686
Balance with other banks and financial institutions	1,084,011,176	150,000,000				



1.8.5 Provision for Off-balance sheet exposures

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. As per BRPD Circular # 10 dated 18 Sep 2007, banks are advised to maintain provision @1% against off-balance sheet exposures (L/C & LG) in addition to the existing provisioning arrangement.

1.8.6 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPO (FEMO)/01/2005-677 dated 13 Sep 05 issued by Foreign Exchange Policy Department of BB, 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.

1.9 Revenue recognition

1.9.1 Interest income

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

1.9.2 Investment income

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

1.9.3 Fees and commission income

Fees & commission income arising on services provided by Bank are recognized on a cash basis. Commission charged to customers on LC & LG is credited to income at the time of effecting transactions.

1.9.4 Dividend income on shares

Dividend income on shares is recognized during the period in which it is declared and ascertained.

1.9.5 Interest paid and other expenses

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

1.10 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 BB guidelines & following some best practices as under:

1.10.1 Credit risk

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as 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 counter party or decline in his / her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

The Bank has segregated duties of the officers / executives involved in credit related activities. A separate Corporate Division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. A separate credit division has been formed at head office since the inception of the Bank, which is assigned with duties of marketing and assessment of credit products, maintaining effective relationship with the customer and exploring new business opportunities. Another division naming Credit Administration Division (CAD) has also been established to oversee mainly documentation facilities. In line with Bangladesh Bank guidelines the Bank has segregated marketing, approval and monitoring/recovery functions. The credit risk management includes borrower risk analysis, financial statement analysis, industrial analysis, historical performance of the customer, security of the proposed credit facility and market reputation of the borrower etc.

The Bank takes its lending decision based on the credit risk assessment reported by 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 policies. Loans are classified as per BB guidelines. Concentration of single borrower/large loan limit is shown in the notes to the financial statements.

1.10.2 Liquidity risk

The objective 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. 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.

1.10.3 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 & the back office of treasury is responsible for verification of the deals & passing of their entries in the books of account. 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.

1.10.4 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 has been identified as a major threat to the financial services community. The management of the Banks have taken prevention of money laundering as part of their risk management strategies. Anti-Money laundering Guideline of the Bank was approved by the Board of Directors of the Bank in its 188th meeting held on 31 Jan 2006 & subsequently revised & got approved by the Board of Directors of the bank in its 318 meeting dated 27 Dec 2012.

For mitigating the risks, the Bank has established a Central Anti-Money Laundering Compliance Unit (CCU). Deputy Managing Director is acting as Chief Anti-Money Laundering Compliance Officer (CAMLCO) and General Manager of Establishment Division is working as a head of CCU who works under direct supervision of CAMLCO. CCU continuously monitoring and reviewing all anti-money laundering issues. 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.

Bank has completed KYC procedures for the accounts opened prior 30 April 2002. It is the requirement of Bangladesh Bank to report cash transaction of BDT 10 Lac in a single day in a single account and suspicious transaction as and when detected. ICT division of the Bank has developed software to report the same to Bangladesh Bank. Internal Control and Compliance policies have been implemented to check that an effective Anti-Money Laundering system is in force. Training is continuously given to all the category of Officers and Executives for developing awareness and skill for identifying suspicious activities / transactions.

1.10.5 Operational risk

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

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 and profit planning and growth projection etc. Risks in ALM are:

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 liability pricing strategy for the Bank.

1.11 ICT Risk Management

ICT risk refers to the potential of ensuring harmful effects that an organization might 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 covering various aspects of ICT risk management. Based on the policy the Bank has taken necessary measures for mitigating ICT risk & impending hazards through implementing proper strategies & processes of identifying, appreciating, analyzing and assessing the same.

1.12 Earnings per share

Basic earnings per share

Basic earnings per share has been calculated in accordance with BAS 33 "Earnings per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Calculation of weighted earnings per share

The Bank issued bonus shares to existing shareholders. In order to reflect the bonus element, the number to be used in calculating basic earnings per share, for all periods prior to the bonus issue, is the number of ordinary shares outstanding prior to the bonus issue (time apportioned if necessary) and multiplied by adjusting factor.

1.13 Events after the balance sheet date

Where necessary, all the material events after the reporting period have been considered and appropriate adjustment / disclosures have been made in the financial statements.

1.14 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 2012 besides, there was no material capital expenditure authorized by the board but not contracted for at 31 December 2012.

1.15 Subsequent Events

There is no other significant event occurred between the Balance Sheet date and the date when the financial statements were authorized for issue by the Board of Directors.

1.16 Related party transaction

Related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged as per BAS 24.

1.17 Board of Directors

Name	Status	Other Position
Mr. Sheikh Abdul Hye Bacchu	Chairman	Former Member of Parliament
Mr. Fakhru Islam	Director	Chairman, BSCIC
Mr. Shubhashish Bose	Director	Vice Chairman, Export Promotion Bureau
Ms. Neelufar Ahmed	Director	Director General, Prime Minister's Office
Ms. Quamrun Naher Ahmed	Director	Joint Secretary, Bank & Financial Institutions Division, Ministry of Finance
Mr. AKM Rezaur Rahman	Director	Retired Additional Secretary, Govt. of Bangladesh
Mr. AKM Kamrul Islam, FCA	Director	Partner, Islam Aftab Kamrul & Co., Chartered Accountants
Mr. Md. Anwarul Islam, FCMA	Director	Managing Director, ARS Lube Bangladesh Ltd.
Mr. Kazi Faqurul Islam	Managing Director	Managing Director of BASIC Bank Ltd.

The Board of Directors conduct fifteen meetings during the year.

1.18 Audit Committee

Members of the Audit Committee of the Board of Directors:

Name	Status with the Committee	Educational Qualification
Mr. Fakhru Islam	Convener	M.S.S. in Economics
Mr. Shubhashish Bose	Member	M.Com, MBA
Mr. Md. Anwarul Islam, FCMA	Member	M.Com, MBA, FCMA
Mr. AKM Kamrul Islam, FCA	Member	FCA

Audit Committee Meeting held during 2012

40th Meeting of Audit Committee held on 11 January 2012
 41th Meeting of Audit Committee held on 15 March 2012
 42th Meeting of Audit Committee held on 28 March 2012

Steps Have Been Taken

As per guidelines enunciated in BRPD Circular No. 12 dated 23 December 2002 of Bangladesh Bank the Audit Committee of the Board of Directors of the Bank has been playing an important role with regard to the process of publication of financial statements and development of internal control systems for conducting banking operations efficiently and in a disciplined manner. Besides, pursuant to the instructions of the said circular the audit committee is placing its report to the Board of Directors of the bank on its findings and recommendations acknowledging the background and purpose of constitution of the committee.

1.19 Head office Management Committee

Members of the Head Office Management Committee

Name	Designation	Status with the Committee
Mr. Kazi Faqurul Islam	Managing Director	Chairman
Mr. Fazlus Sobhan	Deputy Managing Director	Member
Mr. Kanak Kumar Purkayastha	Deputy Managing Director	Member
Mr. A. Q. M. Kibriya	Deputy Managing Director	Member
Mr. A. Monaem Khan	Deputy Managing Director	Member
Mr. Md. Shah Alam Bhuiyan	Company Secretary	Member
Mr. Zainul Abedin Choudhury	General Manager	Member
Mr. Khandakar Shamim Hasan	General Manager	Member
Mr. Md. Salim	General Manager	Member
Mr. Hasan Tanvir	General Manager	Member
Mr. Mohammad Moniruzzaman	General Manager	Member
Mr. Md. Mahbulul Alam	General Manager	Member
Mr. ASM Rowshanul Haque	General Manager	Member
Mr. Md. Ruhul Alam	General Manager	Member
Mr. Md. Abul Hashem	Deputy General Manager	Member
Mr. Shaikh Mohammad Abdur Razaq	Deputy General Manager	Member
Mr. Md. Emdadul Haque	Deputy General Manager	Member
Mr. Khan Iqbal Hasan	Deputy General Manager	Member
Mr. Md. Ismail	Deputy General Manager	Member
Mr. Md. Momenul Hoque	Deputy General Manager	Member
Ms. Sahara Khatun	Deputy General Manager	Member
Mr. Niranjana Chandra Debnath	Deputy General Manager	Member
Ms. Helena Perveen	Deputy General Manager	Member
Ms. Mariom Begum	Assistant General Manager	Member
Mr. S.M. Anisuzzaman	Assistant General Manager	Member

The Head office Management committee conduct twelve meetings during the year.

1.20 Compliance report on Bangladesh Accounting Standards (BAS) & Bangladesh Financial Reporting Standards

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

Name of the BAS	BAS no.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	8	Applied
Events after the balance sheet date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants & Disclosure of Govt. Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	Applied
Interests in Joint Ventures	31	N/A

Name of the BAS	BAS no.	Status
Financial Instruments Presentation	32	Applied to the extent of compliance with BRPD Circular No. 14 dated 25 June 2003, DOS Circular No. 05 dated 26 May 2008 and DOS Circular No. 05 dated 28 January 2009 see note 1.3.3
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied to the extent of compliance with BRPD Circular No. 05 dated 05 June 2006 and BRPD Circular No. 14 dated 23 September 2012 see note 1.3.2
Intangible Assets	38	Applied
*Financial Instruments: Recognition and Measurement	39	Applied to the extent of compliance with BRPD Circular No. 14 dated 25 June 2003, DOS Circular No. 05 dated 26 May 2008 and DOS Circular No. 05 dated 28 January 2009 see note 1.3.3
Investment Property	40	N/A
Agriculture	41	N/A

* We followed Bangladesh Bank Guidelines instead of BAS-39

Name of the BFRS	BFRS no.	Status
First Time Adoption of Bangladesh Financial Reporting Standard	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	Applied
Insurance Contracts	4	N/A
Non-current Assets Held for Sale and Discontinued	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied to the extent of compliance with core risk management guideline of Bangladesh Bank.
Operating Segments	8	N/A
Consolidated Financial Statements	10	Applied

1.21 Approval of financial statements

The financial statements were approved by the Board of directors on 10 June 2013

2.00 General

- 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.
- The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the Bank.
- Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.



Notes to the Financial Statements

As at and for the year ended 31 December 2012

1.1 Status of the Bank

The BASIC Bank Limited ("the Bank") was incorporated as a banking company under the Companies Act, 1913. In 2001 the Bank changed its earlier name 'Bank of Small Industries and Commerce Bangladesh Limited' and registered the new name with the Registrar of Joint Stock Companies. Initially the Bank started its operation as a joint venture enterprise of the then BCC foundation, a welfare trust in Bangladesh and the Government of People's Republic of Bangladesh. On 4 June 1992 the Government of Bangladesh took over 70% shares held by the then BCC Foundation and became the sole owner of the bank. It operates with 62 branches in Bangladesh. The registered office of the company is located at 73 Motijheel C/A, Dhaka-1000.

1.1.1 Objectives

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

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

Statement of compliance

The financial statements of the Bank are made up to 31 December 2012 and are prepared under the historical cost basis, except for the assets and liabilities which are stated at fair value and in accordance with the "First Schedule (Sec-38) of the Bank Companies Act, 1991, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009 and DFIM Circular # 11 dated 23 December 2009, other Bangladesh Bank Circulars, International Accounting Standards and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh titled as "BAS" and "BFRS", Companies Act, 1994, the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges' listing regulations and other laws and rules applicable in Bangladesh. All Inter-branch account balances and transactions among the head office and the branch have been taken into accounts.

The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2012 are consistent with those adopted in Bangladesh.

1.2.2 Use of estimates and judgments

In the preparation of the financial statements management required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

1.2.3 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 converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

c) Commitments

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

d) Transaction gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account.

1.2.4 Statement of cash flows

Statement of cash flows has been prepared in accordance with the Bangladesh Accounting Standard 7 "Statement of Cash Flows" under direct method as recommended in the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

1.2.5 Liquidity statement

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

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

1.2.6 Reporting period

These financial statements cover one calendar year from 01 January 2012 to 31 December 2012.

1.2.7 Offsetting

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

1.3 Assets and basis of their valuation

1.3.1 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.

1.3.2 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 and BRPD Circular no. 19 dated 27 December 2012.

Particulars	Rate
General provision on	
Unclassified general loans and advances	1%
Unclassified small and medium enterprise	0.25%
Loans to BHS/MBs/SDs against Shares etc.	2%
Unclassified loans for housing finance and loans for professionals	2%
Unclassified consumer financing other than housing finance & loans for professionals	5%
Short term agri credit and micro credit	5%
Special mention account	5%
Off balance sheet exposure	1%

Particulars	Rate
Specific provision on	
Standard loans & advances other than Short term agri credit & micro credit	20%
Doubtful loans and advances other than Short term agri credit & micro credit	50%
Bad / loss loans and advances	100%
Standard Short term agri credit & micro credit	5%
Doubtful Short term agri credit & micro credit	5%

As per BRPD Circular No. 05 dated 05 June 2006 & BRPD Circular No. 14 dated 23 September 2012 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 37. At the year end the company has recognized & accumulated general provision of Taka 419,698,841 in the Balance Sheet under liabilities as per Bangladesh Bank's requirement.

1.3.3 Investments

The investment in government securities (Treasury bills & bonds) are classified into Held to Maturity (HTM) & Held for Trading (HFT) as per Bangladesh Bank's guidelines contained in DOS Circular Letter No. 05 dated 26 May 2008, DOS Circular Letter No. 05 dated 28 January 2009, DOS Circular No. 06 dated 15 July 2010 & under reference Letter No. DOS (SR)1153/120-A/2011-746 dated 29 December 2011. Reclassification of HTM securities into HFT securities are also done in compliance with Bangladesh Bank's guidelines.

Held to Maturity (HTM)

The government securities under 'Held to Maturity (HTM)' category are valued at present value at amortized cost at the end of the year. The Held to Maturity securities are amortized to ensure a constant yield over the remaining period of maturity of the securities. The resulting gains/(losses) are credited to revaluation reserve account and shown in the equity. Such gains/(losses) are credited to income account at the time of maturity or sale of the security. Investment (HTM)-BHFBC is shown in the financial statements at cost price.

Held for Trading (HFT)

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

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

Items	Applicable accounting value
Government treasury bonds-HTM	Amortized value
Government treasury bonds-HFT	Market value
Prize bond	At cost
House Building Finance Corporation Debenture	At redeemable value
Shares (private)	At cost or market value whichever is lower

According to DOS Circular No. 05 Dated 26 May, 2008 & subsequent clarification in DOS Circular No. 05 Dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) should be charged in profit and loss account, and gain on such revaluation should be recorded under revaluation reserve account. At the year end the company has accumulated revaluation loss of Taka 7,876,263 for T-bonds & T-bills. However as per requirement of BAS 39, such T-bill and T-bonds will fall under the category of "Held for Trading" & "Held to Maturity" where any change in the fair value of held for trading is recognized in profit and loss account & amortized cost method is applicable for held to maturity using an effective interest rate.

Investment in listed securities

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

Investment in unquoted securities

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

Other Investments

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

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 as per DOS Circular # 04, dated 20 November 2011 of Bangladesh Bank, banks are allowed to kept provision by netting off unrealized gain or loss on the basis of market value of shares. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the company's market value and book value of quoted and unquoted shares was higher than cost price by Tk. 10.61 crore. However as per requirements of BAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

1.3.4 Property, plant and equipment

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

- All fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition.
- The Bank recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company.
- Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets other than vehicles, software and all fixed assets of ATM related on which straight line depreciation method is followed:

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

d) 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.

e) 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 income statement, which is determined with reference to the net book value of the assets and net sale proceeds.

f) Leasehold floor area in Sholohahar, Chittagong are treated as operating lease as the legal title of the floor area will not pass to the Bank at the end of the lease term thus the Bank has charged rentals to the income statement on a straight line basis over the lease term as per BAS 17.

1.3.5 Intangible assets

- An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.
- Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software used by computers. Intangible assets are carried at its cost, less accumulated amortization and any impairment losses. 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.
- Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.
- Software is amortized using the straight line method over the estimated useful life of 5 (five) years commencing from the date of the application software is available for use over the best estimate of its useful economic life.

1.3.6 Other assets

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

1.3.7 Receivables

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

1.3.8 Inventories

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

1.3.9 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.

1.3.10 Non-banking assets

There are no assets acquired in exchange for loan during the period of financial statements.

1.3.11 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.

1.4 Share capital

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

1.5 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.

1.6 Deposits and other accounts

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

1.7 Borrowings from other banks, financial institutions and agents

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

1.8 Basis for valuation of liabilities and provisions

1.8.1 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Ordinance, 2012 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12 "Income Taxes".

1.8.2 Provision for deferred taxation

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences.

1.8.3 Benefits to the employees

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

a) Provident fund

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

b) Gratuity fund

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

c) Benevolent Fund

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

e) Welfare fund

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

1.8.4 Provision for liabilities

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



Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
3. Cash			
Cash in hand (Including foreign currencies)	Note 3.1	530,259,947	420,532,562
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)	Note 3.2	5,759,002,739	4,261,584,101
Total		6,289,262,686	4,682,116,663
3.1 Cash in Hand (Including foreign currencies)			
In Local Currency		519,193,285	414,582,230
In Foreign Currencies		11,066,662	5,950,332
Total		530,259,947	420,532,562
3.2 Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)			
In Local Currency	Note 3.2.1	5,103,721,972	3,892,588,270
In Foreign Currencies	Note 3.2.2	655,280,767	368,995,831
Total		5,759,002,739	4,261,584,101
3.2.1 In Local Currency			
Bangladesh Bank		5,007,073,716	3,765,242,249
Sonali Bank (acting as agent of Bangladesh Bank)		96,648,256	127,346,021
Total		5,103,721,972	3,892,588,270
3.2.2 In Foreign Currencies			
Bangladesh Bank - US\$		651,206,974	360,784,586
Bangladesh Bank - GBP		1,328,709	6,411,409
Bangladesh Bank - EURO		2,745,084	1,799,836
Total		655,280,767	368,995,831
3.2.2.1 Balance with Bangladesh Bank as per DB-5		5,240,464,845	3,782,498,000
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. There were some entries passed by Bangladesh Bank on year ending date but we passed corresponding entries on later date after receiving advice from Bangladesh Bank.			
3.3 Statutory Deposits			
Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained as per Section 33 of the Bank Companies Act 1991 and BRPD Circular No.11 and 12 dated August 25,2005, MPD Circular No. 1 and 2 dated May 4,2010 and MPD Circular No. 4 and 5 dated December 1, 2010.			
The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6% has been calculated and maintained with Bangladesh Bank in current account and 19% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained 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)			
(6% of Average Demand & Time Liabilities)			
Required Reserve		4,998,085,501	3,573,313,000
Actual reserve maintained		5,292,964,845	3,644,729,000
		6.00%	6.00%
		6.06%	6.12%
3.3.2 Statutory Liquidity Reserve (SLR)			
(13% of Average Demand & Time Liabilities)			
Required Reserve		10,829,185,253	7,742,178,000
Actual reserve maintained including CRR		12,063,580,767	8,670,513,000
		14.30%	15.21%
3.3.3 Total Statutory Liquidity Reserve (SLR)			
(19% of Average Demand & Time Liabilities)			
Required Reserve		15,827,270,754	11,315,491,000
Actual reserve maintained including CRR		17,356,545,612	12,315,242,000
Surplus/(Deficit)		1,529,274,858	999,751,000
4. Balance with other banks & financial institutions			
In Bangladesh	Note 4.1	1,239,825,254	1,723,297,815
Outside Bangladesh	Note 4.2	164,513,914	303,445,719
Total		1,404,339,168	2,026,743,534
4.1 In Bangladesh			
Current Account			
Sonali Bank Ltd.		9,506,749	5,482,776
Agrani Bank Ltd.		3,520,742	5,020,867
Rupali Bank Ltd.		4,579,571	539,749
Janata Bank Ltd.		1,000	104,350
Sub-Total		17,608,062	11,147,742
STD Account			
Sonali Bank Ltd.		11,185,864	25,427,306
Bangladesh Krishi Bank		2,505	4,005
Janata Bank		3,581,561	-
Trust Bank Ltd.		6,055,660	1,591,919
Premier Bank Ltd.		21,000,000	-
Rupali Bank Ltd.		19,019,060	10,142,588
Agrani Bank Ltd.		5,280	6,173
Sub-Total		60,849,930	37,171,991
Other Deposit			
Receivable from ICB Islami Bank		154,356,012	154,978,082
Sub-Total		154,356,012	154,978,082
Fixed Deposit Account			
Bangladesh Commerce Bank Ltd.		100,000,000	350,000,000
IFC Bank		-	320,000,000
Premier Leasing		-	100,000,000
Prime Finance and Investment		-	100,000,000
First Lease Finance and Investment Ltd.		-	200,000,000
BIFC		50,000,000	150,000,000
Peoples Leasing		100,000,000	200,000,000
International Leasing and Finance		-	100,000,000
Investment Corporation Bangladesh		757,011,250	-
Sub-Total		1,007,011,250	1,520,000,000
Total		1,239,825,254	1,723,297,815
Most of the Fixed deposits are placed for short term maturities up to a period of 90 days or 3 months and some fixed deposits are for the period of 6 months or 1 year at the approximate market rate.			
4.2 Outside Bangladesh (Nostro & FC Term Placement)			
Interest-bearing Accounts			
Bank of Tokyo-Mitsubishi London		1,446,406	5,611,352
Bank of Tokyo Mitsubishi Japan		342,558	287,476
Mashreq Bank New York		14,576,146	17,458,439
Mashreq Bank India		7,591,268	452,970
CITI Bank Mumbai		85,023	87,155
Sonali Bank Kolkata		7,191,278	18,946,371
Sonali Bank Kolkata-EURO		230,142	230,811
Sonali Bank London		174,651	456,588
Sonali Bank London-USD		2,668,532	733,911
Sonali Bank London(UKP)		114,950	3,334,034
Bank of Ceylon		968,514	10,531,186
CITI Bank New York (Export)		65,776,096	77,895,043
Standard Chartered Import New York		15,262,887	19,501,970
Standard Chartered Bank Mumbai		2,077,365	14,998,409
Standard Chartered Bank Frankfurt		1,610,759	4,707,593
AB Bank Ltd(USD)		288,688	-
ICICI Bank Ltd.		544,651	9,802,872
Habib Metropolitan bank Ltd		234,817	-
HSBC New York		-	33,089,097
Banque de Commerce, Geneva		49,033	1,695,071
Arif Habib Rupali Bank		315,187	449,600
Total of Nostro Account		121,548,951	220,269,948
(Annexure - A may kindly be seen for details)			
Term Placement			
Eastern Bank Term(USD)		15,969,980	13,772,052
Eastern Bank Term(USD)		26,994,983	26,658,560
Eastern Bank Term(USD)		-	18,189,288
Eastern Bank Term(USD)		-	8,185,290
Commercial Bank of Ceylon-Term		-	16,370,580
Total Term Placement		42,964,963	83,175,770
Grand total (Nostro and Term Placement)		164,513,914	303,445,719
4.3 Maturity grouping of balances with other banks & financial institutions			
On demand		139,157,013	231,417,691
Upto 1 month		967,861,180	1,257,171,990
Over 1 month but not more than 3 months		100,000,000	194,847,848
Over 3 months but not more than 1 year		42,964,963	188,327,923
Over 1 year but not more than 5 years		154,356,012	154,978,082
Total		1,404,339,168	2,026,743,534
5 Money at call on Short Notice			
Commercial Banks	Note 5.1	950,000,000	2,040,000,000
Financial Institutions (Public & Private)	Note 5.2	50,000,000	200,000,000
Total		1,000,000,000	2,240,000,000
5.1 Commercial Banks			
National Bank of Pakistan		-	100,000,000
Mercantile Bank Ltd		-	150,000,000
Uttara Bank Ltd.		650,000,000	600,000,000
Agrani Bank Ltd.		-	200,000,000
National Bank Ltd.		-	100,000,000
Sonali Bank Ltd.		-	400,000,000
Mutual Trust Bank Ltd.		300,000,000	490,000,000
Total		950,000,000	2,040,000,000

5.2 Financial Institutions			
Union Capital		50,000,000	100,000,000
International Leasing		-	100,000,000
Total		50,000,000	200,000,000
6. Investments			
Government	Note 6.1	11,447,739,226	9,234,513,931
Others	Note 6.2	259,507,134	259,569,065
Total		11,707,246,360	9,494,082,996
6.1 Government			
Treasury Bills and Reverse Repo	Note 6.1.1	629,756,021	-
Treasury Bonds	Note 6.1.2	10,808,691,605	9,222,804,031
Prize Bond		1,791,600	1,709,900
Debenture	Note 6.1.3	7,500,000	10,000,000
Total		11,447,739,226	9,234,513,931
6.1.1 Treasury Bills and Reverse Repo (at revalued Amount)			
364 Days Government Treasury Bills		186,368,028	-
182 Days Government Treasury Bills		302,544,598	-
91 Days Government Treasury Bills (at present value)		140,843,395	-
Total		629,756,021	-
6.1.2 Treasury Bonds (at revalued Amount)			
05 Years Government Treasury Bond		8,128,815,550	7,224,569,348
10 Years Government Treasury Bond		2,021,594,031	1,490,192,624
15 Years Government Treasury Bond		571,708,208	508,042,059
20 Years Government Treasury Bond		86,573,816	-
Total		10,808,691,605	9,222,804,031
6.1.3 Debentures			
20 years HBFC Debenture - 5.5%		7,500,000	10,000,000
Total		7,500,000	10,000,000
6.2 Others			
Shares	Note 6.2.1	189,458,134	189,534,065
Investment others (Memorial Coin)		49,000	35,000
Mutual Trust Bank Bond		70,000,000	70,000,000
Total		259,507,134	259,569,065
6.2.1 Shares			
Quoted companies			
Shares in listed companies		151,117,484	151,193,415
Sub-Total		151,117,484	151,193,415
Unquoted companies			
Share of Karmasangsthan Bank		10,000,000	10,000,000
Preference Share of BDCL		21,000,000	21,000,000
Equity Of Grameen I. T. Park		4,201,760	4,201,760
Share of CDB Ltd.		3,138,890	3,138,890
Sub-Total		38,340,650	38,340,650
Total		189,458,134	189,534,065
(Details of Investment in shares may kindly be seen in Annexure - B)			
6.3 Investment in Securities are classified as per Bangladesh Bank Circular			
Held For Trading (HFT)		3,636,848,626	6,175,874,493
Held To Maturity (HTM)		7,801,599,000	3,046,929,538
Total		11,438,447,626	9,222,804,031
Treasury bond and treasury bills are categorized into HTM and HFT as per Bangladesh Bank circular. HTM securities are revalued at the end of the year and revaluation loss/gain is shown in capital account.HFT securities are revalued weekly and loss on revaluation is shown in P/L account and gain is shown as Revaluation Reserve under capital account. Securities are shown at revalued amount.			
6.4 Assets pledged as security			
Assets in the amounts shown below were pledged as security for the following liabilities			
Liabilities to bank		-	-
Liabilities to customers		-	-
Total		-	-
We have no assets pledged, mortgaged or hypothecated against bank's borrowings.			
6.5 Maturity Grouping of Investments			
On demand		1,840,600	1,744,900
Upto 1 month		249,841,433	-
Over 1 month but not more than 3 months		1,250,642,856	-
Over 3 months but not more than 1 year		3,202,108,173	704,083,441
Over 1 year but not more than 5 years		4,214,596,592	6,710,019,972
Over 5 years		2,788,216,706	2,078,234,683
Total		11,707,246,360	9,494,082,996
7. Loans & Advances			
Loans, Cash Credit & Overdraft etc.	Note 7.1	84,091,736,283	54,266,599,661
Bills purchased & discounted	Note 7.2	1,864,026,128	2,618,158,224
Total		85,955,762,411	56,884,757,885
7.1 Loans, Cash Credit & Overdraft etc.			
In Bangladesh			
Loans	Note 7.1.1	28,808,976,423	25,935,567,835
Cash credit		25,485,615,243	14,346,858,693
Overdraft	Note 7.1.2	13,782,782,133	6,279,490,073
Others	Note 7.1.3	16,014,362,484	7,704,683,060
Total Inside Bangladesh		84,091,736,283	54,266,599,661
Outside Bangladesh		-	-
Total		84,091,736,283	54,266,599,661
7.1.1 Loans			
Loan General		3,446,447,752	4,157,096,263
Term Loan		25,362,528,671	20,832,637,475
Loan secured		-	72,562,301
Others		-	873,271,796
Total		28,808,976,423	25,935,567,835
7.1.2 Overdraft			
SOD against financial obligation		251,768,555	-
Temporary Overdraft		233,061,359	195,977,620
Overdraft Secured Mortgage		9,897,995,721	3,760,548,963
Overdraft Secured (Other Securities)		2,189,422,305	2,322,963,490
Overdraft (Clean)		1,210,534,193	-
Total		13,782,782,133	6,279,490,073
Overdraft Secured (Other Securities)		-	2,323,983,581
Less: Adjustment for wrongly charged interest-Zindabazar Br.		-	1,020



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Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
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	212,360,729,021	63,946,573,624	
Cash and quasi-cash	7,728,119,053	2,318,258,846	
Others	6,640,856,341	11,888,402,448	
Total	135,729,704,415	78,153,234,918	
7.10 Particulars of Loans and Advances:			
(i) Debts considered good in respect of which the banking company is fully secured.	82,120,695,635	54,353,665,087	
(ii) Debts considered good for which the banking company holds no other security other than debtor's personal security.	2,773,702,465	2,354,942,235	
(iii) Debts considered good secured by personal liabilities of one or more parties in addition to the personal security of the debtors.	1,061,364,308	176,150,563	
(iv) Debts considered doubtful or bad not provided for	-	-	
Total	85,955,762,408	56,884,757,885	
(v) Debts due by directors and officers of the banking company or any of them either severally or jointly with any other person.*	784,588,894	733,651,230	
(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-	
(vii) Maximum total amount of advances including temporary advances made at any time during the year to the directors or managers or officers of the banking company or any of them either severally or jointly with any other person.*	784,588,894	733,651,230	
(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private company	-	-	
(ix) Due from banking companies.	-	-	
(x) Classified Loans and Advances:			
a) Classified loans and advances on which interest has not been credited to income	7,065,685,261	2,896,681,040	
b) (Decrease)/ Increase in provision(specific)	1,670,935,825	76,466,436	
c) Amount realized against loan previously written off	17,442,440	83,737,916	
d) Amount of provision kept against loan classified as bad/loss	1,510,840,275	849,434,980	
(xi) Amount of the written off loan:			
a) Cumulative amount of Classified Loans Which is Written off	688,783,000	688,783,000	
b) Classified Loans/Interest wave Written off in current Year	67,843,631	101,075,598	
c) The amount of written off/classified loan for which law suits have been filed	549,816,000	-	
There is no loans in the name of existing Directors, the amount represents loan to employees of the bank.			
7.11 Bills Purchased and Discounted			
Payable in Bangladesh	1,397,978,582	2,228,148,433	
Payable outside Bangladesh	466,047,546	390,009,791	
Total	1,864,026,128	2,618,158,224	
7.12 Maturity grouping of bills purchased & discounted			
Not more than 01 months	1,162,052,795	624,109,962	
Above 01 months but not more than 03 months	553,916,075	914,277,457	
Above 03 months but not more than 06 months	148,057,258	1,022,651,486	
Above 06 months	-	57,119,319	
Total	1,864,026,128	2,618,158,224	
8. Fixed assets including premises, furniture and			
Own Assets			
Furniture and Fixtures	244,598,269	154,738,903	
Equipment and Computer	548,291,366	426,893,571	
Vehicles	268,439,719	217,096,177	
	1,061,329,354	798,728,651	
Less: Accumulated depreciation	537,862,898	437,669,926	
Total Own Assets	523,466,456	361,058,725	
Leased Assets			
Leasehold Assets	4,000,000	4,000,000	
Less: Accumulated depreciation	643,678	597,701	
Total Leased Assets	3,356,322	3,402,299	
Total Premises and Fixed Assets	526,822,778	364,461,024	
A Schedule of Fixed Assets is given in Annexure-D.			
9. Other assets			
i) Income generating			
ii) Non-Income generating			
a) Stationery, stamps, printing materials etc.	16,907,337	13,114,787	
b) Advance rent	310,955,050	90,079,736	
c) Income receivable	545,513,828	431,201,493	
d) Advance income tax	480,826,613	371,185,148	
e) Security deposits	1,926,111	1,384,933	
f) Suspense account	29,211,928	14,019,454	
g) Other prepayments	1,489,236	1,133,890	
h) Advances/expenditures incurred against proposed branches	40,604,618	192,109,823	
i) Advance for space of HO and Main Branch	733,173,331	466,666,667	
j) Balance with Fakrul Islam securities	1,020	1,762,850	
k) ICB Securities Trading Co. Ltd.	34,938	-	
l) Due from branches-EDF	-	805,842	
m) Branch adjustment account	328,161,459	127,602,818	
n) Sundry debtors	56,516,670	114,332,828	
o) Subs fees of Dun Breadstreet	-	3,341,176	
p) Deferred Tax Assets	215,125,554	183,916,077	
q) Position General Ledger (Net)	38,182,680	326,912,406	
Total Non-Income generating	2,798,630,373	2,339,569,928	
Total Other Assets	2,798,630,373	2,339,569,928	
9.1 Income receivable			
Income receivable consists of interest income receivable from various investments and Loans have been verified and considered good.			
9.2 Security deposits			
Security deposits, rent and other prepayments made to statutory authorities, other institutions and individuals are considered good.			
9.3 Suspense account			
Suspense account consists of DD paid without advice, clearing, petty cash etc.			
9.4 Sundry Debtors			
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	719	704	
Protested bill, SWIFT charges	20,244,921	20,244,921	
Sundry Debtors	5,554,030	-	
Encashment of Sanchaya Patra	21,631,601	-	
Encashment of Bond	468,771	-	
Cash Shortage	20,000	-	
Others	-	85,490,575	
Total	56,516,670	114,332,828	
Full provision for protested bill of BCCI & SWIFT charges has been made in the account & Others included encashment of Sanchayapatras, which will be adjusted after receiving Bangladesh Bank advice.			

10 Borrowings from other banks, financial institutions and agents			
In Bangladesh	Note 10.1	3,884,813,785	1,293,427,511
Outside Bangladesh	Note 10.2	1,608,120,766	1,494,728,147
Total		5,492,934,551	2,788,155,658
10.1 In Bangladesh			
a) Money at call and on short notice			
Rupali Bank Ltd		300,000,000	-
UCBL		300,000,000	-
The premier Bank Ltd.		100,000,000	-
Bank Asia Ltd		100,000,000	-
Trust Bank Ltd		300,000,000	-
State Bank of India		150,000,000	-
AB Bank Ltd		500,000,000	-
Sub total		1,750,000,000	-
b) Term Borrowing			
Long term loan from Bangladesh Bank		27,660,000	55,319,000
Bangladesh Bank Refinance Loan for House building		107,153,785	113,860,545
Loan from Bangladesh Bank under EDF scheme		-	805,842
Interbank Term Borrowing		2,000,000,000	-
Government Placement for Agro based Industries		-	1,123,442,124
Sub-total		2,134,813,785	1,293,427,511
Total		3,884,813,785	1,293,427,511
10.2 Outside Bangladesh			
Term Borrowing			
Loan for Micro Credit and Small Scale Industries (KfW, Germany)		153,379,147	200,274,147
SME Refinance -ADB Fund-2		50,960,119	-
JDFC-ECCOMPLEX-Skyland Fame		9,379,000	-
Second Crop Diversification Project		105,262,000	-
Agro business Development Project of ADB		1,288,140,500	1,294,454,000
Total		1,608,120,766	1,494,728,147
Secured and unsecured borrowing from other banks			
Secured		-	-
Unsecured		5,492,934,551	2,788,155,658
Total		5,492,934,551	2,788,155,658
10.3 Overall transaction of Repo and Reverse Repo:			
		Minimum outstanding during the year	Maximum outstanding during the year
			Maximum outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank		135,320,000	1,150,400,000
ii) with other banks & FIs		-	-
11. Deposits and other accounts			
Current Accounts and other Accounts			
Bills Payable	Note 11.1	3,664,287,133	3,398,048,925
Savings Bank Deposits	Note 11.2	829,492,084	591,866,053
Fixed Deposits	Note 11.3	1,709,220,720	1,496,282,507
Bearer Certificates of Deposit		81,490,231,743	57,164,537,289
Total		87,693,231,680	62,650,734,774
11.1 Current Accounts and other Accounts			
Current Account		1,700,974,729	1,518,792,326
Margin/Sundry Deposit		1,910,615,953	1,873,853,895
Current Account (Interest bearing)		52,746,451	5,402,704
Total		3,664,287,133	3,398,048,925
11.2 Bills Payable			
Payment Order		784,370,328	556,342,175
Demand Draft		45,121,756	35,523,878
Total		829,492,084	591,866,053
11.3 Fixed Deposits			
Short Term Deposits		8,232,181,707	6,177,898,653
Term Deposits		72,863,300,782	72,184,844,928
Other Deposit Scheme		395,749,254	185,934,305
Total		81,490,231,743	57,164,537,289
11.4 Maturity Grouping of other deposits & inter-bank deposits			
Other Deposits			
Repayable on demand		3,294,296,490	3,793,645,573
Repayable within 1 month		10,767,612,527	7,218,844,928
Over 1 month but within 6 months		25,933,039,685	13,654,771,488
Over 6 months but within 1 year		35,879,370,499	31,477,597,641
Over 1 year but within 5 years		8,018,159,146	4,480,447,737
Over 5 years but within 10 years		3,000,701,578	1,274,976,401
Sub-Total		86,893,179,925	61,900,283,768
Inter-bank Deposits			
Repayable on demand		51,755	100,451,006
Repayable within 1 month		-	-
Over 1 month but within 6 months		800,000,000	650,000,000
Over 6 months but within 1 year		-	-
Over 1 year but within 5 years		-	-
Over 5 years but within 10 years		-	-
Sub-Total		800,051,755	750,451,006
Total		87,693,231,680	62,650,734,773
12. Other liabilities			
Interest Payable on Borrowing		85,612,342	111,847,510
Interest Payable on Deposits		3,602,527,353	2,428,778,514
Provision for Loan and Advances	Note 12.1	2,985,011,182	1,490,550,016
Provision for Off Balance Sheet Exposures	Note 12.2	129,200,000	156,182,580
Interest Suspense Account	Note 12.3	609,822,351	419,898,470
Privileged Creditors		188,735,679	99,104,053
Provision for Incentive Bonus		188,695,311	201,706,222
Benevolent Fund		14,251,867	13,115,734
Gratuity Fund	Note 12.5	469,476,498	416,499,266
Sundry Creditors		37,647,051	29,969,162
Telephone and Telex Charges Payable		-	646,854
Expenses Payable		2,838,921	7,275,044
Provision for Taxes	Note 35	1,606,803,499	1,388,442,359
Miscellaneous Creditors		445,530	117,067
Provision for Sundry Debtors		7,782,258	7,782,258
Deposit Insurance Premium Payable		6,500,000	3,538,788
Provision for Investment		9,142,148	9,142,148
Excess Cash		57,696	13,912
Other provision		13,676,440	6,314,931
Provision for SWIFT		21,063,039	21,063,039
Provision for Superannuation Fund		3,500,525	3,500,000
Provision for Welfare Fund		14,253,367	14,253,367
Provision for electricity expenses		1,163,954	1,071,668
Various Audit and Rating Fees		713,000	680,526
Position Clearing(Net)*		36,508,527	279,589,688
Total		10,035,428,549	7,111,083,175
*Under multi currency concept an organization maintains different statement of affairs for each currency it deals in including base(BDT) currency and one consolidated statement of affairs of all currencies converted into base currency. In the consolidated affairs all the assets and liabilities in foreign currencies are converted in base currency and presented with other assets and liabilities in base currency. This consolidated affairs reflects the overall position of the bank expressed in base currency. Two GL are maintained in the bank to account any foreign currency transaction. These GLs are Position GL for foreign currency position and Position Clearing GL. Position GL, accounts for original currency units other than base currency and Position Clearing GL accounts for corresponding value of foreign currency converted into base currency. Position, from the treasury point of view, means the available funds in different currencies with which the bank can trade. As value of any currency undergo change, Position in that currency need to be evaluated from time to time and necessary adjustments are made through these GLs.			
12.1 Provision for Loans & Advances			
Provision for classified loans & advances (A)			
Provision held at beginning of the year		894,376,516	734,544,770
Fully provided debt written off		(66,728,628)	(142,528,354)
Specific Provision for the year		1,737,664,453	302,360,100
Provision held at the end of the year		2,565,312,341	894,376,516
Provision for unclassified loans & advances (B)			
Provision held at beginning of the year		596,173,500	494,185,370
Recoveries and provisions no longer required		(176,474,659)	-
Specific Provision for the year		-	101,988,130
Provision held at the end of the year		419,698,841	596,173,500
Total (A+B)		2,985,011,182	1,490,550,016
12.2 Provision for Off Balance Sheet Exposures			
Provision held at beginning of the year		156,182,580	212,001,430
Recoveries and provisions no longer required		(26,982,580)	(55,818,850)
Specific Provision for the year		-	156,182,580
Provision held at the end of the year		129,200,000	156,182,580
Total Provision (12.1+12.2)		3,114,211,182	1,646,732,596
12.3 Interest Suspense Account			
Balance at the beginning of the year		419,898,470	361,342,695
Amount transferred to "Interest suspense" Account during the year		486,080,744	256,425,252
Amount recovered in "Interest suspense" Account during the year		(287,970,494)	(169,672,789)
Amount written off during the year		(8,186,369)	(28,196,689)
Balance at the end of the year		609,822,351	



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Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
17. Contingent Liabilities			
Acceptances and Endorsements		4,143,752,994	5,458,254,177
Letters of Guarantee	Note 17.1	2,325,627,108	1,823,215,099
Irrevocable Letters of Credit	Note 17.2	6,455,101,876	8,336,789,137
Bills for Collection	Note 17.3	673,841,506	700,335,800
Other Contingent Liabilities	Note 17.4	328,798,949	56,928,816
Total		13,927,122,433	16,545,523,029

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
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 favoring:			
Directors		-	-
Government		773,332,615	882,544,986
Bank and Other Financial Institutions		37,393,004	1,415,115
Others		1,514,901,489	939,254,998
Total		2,325,627,108	1,823,215,099

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
17.2 Irrevocable Letters of Credit			
Irrevocable Letters of Credit		4,661,303,879	7,141,464,587
Back to Back L/C		1,793,797,997	1,195,324,550
Total		6,455,101,876	8,336,789,137

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
17.3 Bills for Collection			
Local Bills for Collection		1,854,920	7,264,750
Foreign Bills for Collection		671,986,586	863,071,050
Total		673,841,506	870,335,800

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
17.4 Other Contingent Liabilities			
Travelers Cheques Stock		4,368,015	1,175,902
Value of Wage Earners Bond in Hand and others		324,430,934	55,752,914
Total		328,798,949	56,928,816

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
18. Interest income			
Interest on Loans		10,689,107,296	6,517,144,190
Interest from Banks and Financial Institutions		331,170,796	581,015,866
Interest from Foreign Banks		608,723	1,867,422
Total		11,020,886,815	7,100,027,478
Less: Adjustment for interest inadvertently charged-Zindabazar Branch		-	(1,020,092)
Total		11,020,886,815	7,099,007,386

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
19. Interest paid on deposits and borrowings etc.			
On Fixed Deposit		7,381,953,412	4,180,594,101
On Short Notice Deposit		494,750,968	435,313,121
On Savings Bank Deposit		88,241,307	75,506,443
Other Deposits and deposit schemes		25,334,887	11,329,209
On Borrowing from Bangladesh Bank and Other Financial Institutions		554,326,573	208,918,046
Total		8,544,607,147	4,911,660,920

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
20. Investment income			
On Government Treasury Bill and Bond		1,007,815,365	748,709,080
On Debentures		1,443,745	1,712,452
Dividend on Shares		4,454,955	913,501
On Other Investment		22,332,452	295,698
Profit on sale of investment		523,120,053	-
Total		1,559,166,570	751,630,731

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
21. Commission, exchange and brokerage			
Foreign bill purchased		2,639,893	3,360,444
Local Bill Purchased		7,742,481	7,160,924
Remittance		4,277,589	4,784,982
Letter of Guarantee		53,873,815	41,793,607
Letter of Credit		158,737,706	195,270,416
Bills for Collection		11,515,517	11,853,873
Acceptances and endorsement		61,391,582	63,833,901
Export Bill		7,926,932	5,871,532
Miscellaneous		21,228,697	21,597,953
Exchange gain net of exchange loss	Note 21.1	363,800,117	429,821,812
Total		693,134,330	785,349,085

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
21.1 Exchange gain net of exchange loss			
Profit on exchange trading		643,635,572	730,998,422
Less Exchange Loss		(279,835,455)	(301,176,610)
Total		363,800,117	429,821,812

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
22. Other operating income			
a) Operating income			
Various Fees		2,182,354	4,828,363
Rent (Go-down and locker)		961,568	625,005
Recovery of Telex/swift Charges		34,895,942	31,972,501
Service and other Charges		42,137,830	37,414,617
Recoveries of Loan Previously Write Off		17,442,440	83,737,916
Profit on Sale of Fixed Assets		75,905	24,118
Miscellaneous income		26,075,101	21,778,208
Total Operating income		123,771,140	180,380,728
b) Non-operating income			
Profit on sale of share		5,325,070	8,851,772
Total Non-operating income		5,325,070	8,851,772
Total Other Operating Income (a+b)		129,096,210	189,232,500

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
23. Salary and allowances			
Salaries		381,441,292	298,830,089
Allowances		447,194,998	347,945,884
Provident Fund		26,136,855	23,417,217
Benevolent Fund		14,251,692	13,115,734
Gratuity Fund		65,388,046	85,961,636
Bonus		222,137,298	220,807,269
Superannuation Fund		3,500,000	3,500,000
Total		1,160,050,181	993,577,829

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
24. Rent, taxes, insurance, electricity etc.			
Rent		150,768,996	78,074,642
Rates, Taxes and VAT		7,854,749	2,938,714
Utilities/Electricity and Heating		26,302,632	15,609,488
Insurance		20,417,300	11,896,493
Total		205,343,677	108,519,337

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
25. Legal expenses			
Legal Expenses		4,083,555	4,279,382
Professional Expenses		4,839,406	1,496,303
Total		8,922,961	5,775,685

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
26. Postage, stamp, telecommunication etc.			
Postage		126,477	219,296
Telephone		9,475,978	8,366,994
Fax		32,991	23,688
Stamp		63,500	58,430
Internet and E-mail		15,622,604	11,405,584
Courier Services		11,141,968	7,828,512
Swift Subscription and cable Charges		5,535,406	4,931,442
Total		41,998,924	32,833,946

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
27. Stationery, Printings, Advertisements etc.			
Security Stationery		1,215,199	1,367,799
Printing Stationery		10,369,958	10,857,782
Other Stationery		23,712,649	13,476,430
Publicity, Advertisement and publication		28,033,491	16,884,744
Total		63,331,297	42,586,755

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
28. Managing Director's salary and fees			
Basic Salary		2,400,000	2,116,223
Allowances		2,422,000	2,179,770
Bonus		1,100,000	1,362,495
Total		5,922,000	5,658,488

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
29. Directors' fees			
Board meeting and audit committee meeting		859,750	1,727,479
Travel Expenses(transferred to Travel Local)		-	-
Total		859,750	1,727,479

Each Director is paid for Tk.5000 per meeting. There was no other financial benefits provided to the directors of the bank.

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
30. Depreciation of bank's assets			
Depreciation on own Assets			
Furniture and Fixture		12,695,314	8,135,100
Machinery and Equipment		52,726,006	45,344,734
Vehicles		43,936,980	26,162,935
Total		109,358,300	79,642,769
Depreciation on Leased Assets			
Lease Equipment/ Assets		45,977	45,977
Total		109,404,277	79,688,746

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
31. Repair of bank's assets			
Furniture and Fixture		1,667,318	2,409,709
Machinery and Equipment		13,607,204	9,549,431
Vehicles		12,880,337	8,055,113
Rented Premises		7,072,046	3,977,554
Total		35,226,905	23,991,807

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
32. Other expenses			
Discount		-	120
Commission and Brokerage		178,177	246,143
Entertainment		41,566,268	26,928,628
Car Expenses		21,043,896	15,444,568
Fuel and Lubricant		4,708,785	-
Subscription		3,466,463	3,938,834
Travelling		13,168,790	9,381,087
Cartage and Freight		204,093	415,997
ITC expenses		25,374,184	27,855,137
Uniform and Leverage		2,633,171	2,713,060
Staff Training and HR development Expenses		7,924,133	4,431,423
Donation		21,470,300	2,743,000
Loss on revaluation of HFT securities		420,633,320	138,761,897
Corporate Social Responsibility Expenses		33,099,640	29,956,043
Directors entertainment		76,800	-
Miscellaneous		17,429,073	7,195,342
Non-operating loss(loss on sale of investment and fixed assets)		2,848,765	8,605
Total		615,825,858	270,019,885

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
33. Provision for loan			
Provision for classified loans & advances	Note 12.01	1,737,664,453	302,360,100
Provision for unclassified loans & advances	Note 12.02	(176,474,659)	101,988,130
Total		1,561,189,794	404,348,230

A provision of Tk. 129,200,000 has been made @ 1.00% on off balance sheet exposure (Acceptance & Endorsement, Letter of Credit & Letter of Guarantee). The total amount of provision of Tk. 129,200,000 will be treated as Supplementary Capital of the Bank.

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
35. Provision for Current Tax			
Opening balance		1,388,442,359	1,007,428,915
Add: Provision made for current year's tax		1,079,199,412	1,038,973,188
		2,467,641,771	2,046,402,103
Less: Adjustment made during the year		(860,838,272)	(657,959,744)
Closing balance		1,606,803,499	1,388,442,359

Note	Particulars	31.12.2012 Taka	31.12.2011 Taka
36. Deferred Tax			
a) Computation of Deferred Tax			
Tax Base of Depreciable Fixed Assets		513,288,622	357,406,486
Carrying Amount		(523,466,456)	(361,058,726)
Deductible Temporary Difference (A)		(10,177,834)	(3,652,240)
Carrying Amount of Provision for Gratuity/ Benevolent/ Superannuation Fund:			
Provision for Gratuity		469,476,498	416,499,266
Provision for Benevolent Fund		37,934,111	11,746,685
Provision for Superannuation Fund		8,945,000	8,150,000
Total		516,355,609	436,395,951
Less: Tax Base		(516,355,609)	(436,395,951)
Deductible Temporary Difference (B)		-	