



Annual Report 2008



BASIC Bank Limited
Serving people for progress



Gazipur Chowraha Branch Inauguration Ceremony. Inaugurated by Mr. Dewan Zakir Hussain, honorable Chairman of BASIC Bank Limited

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Bangladesh Small Industries and Commerce Bank Limited
(A State Owned Scheduled Bank)

Registered Office

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

Head Office

Sena Kalyan Bhaban (6th floor)
195, Motijheel Commercial Area
Dhaka-1000, Bangladesh

Incorporation

August 2, 1988

Commercial Operation

January 21, 1989

Contacts

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SWIFT : BKSIBDDH

The BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) established as a banking company under the Companies Act 1913 launched its operation in 1989. It is governed by the Banking Companies Act 1991.

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

Adjudged as one of the soundest banks in Bangladesh, BASIC Bank is unique in its objectives. It is a blend of development and commercial banking functions.

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



As on April 26, 2009

Mr. Dewan Zakir Hussain
Chairman
BASIC Bank Limited
& Secretary
Ministry of Industries
Govt. of the People's Republic of Bangladesh
Shilpa Bhaban, Motijheel Commercial Area,
Dhaka-1000.



Chairman

Mr. Ashraf Mohammad Iqbal
Director
BASIC Bank Limited
& Chairman
Bangladesh Small and Cottage Industries Corporation (BSCIC)
137 - 138, Motijheel Commercial Area,
Dhaka-1000



Director

Mr. Md. Ehsanul Hoque
Director
BASIC Bank Limited
& Additional Secretary
Prime Minister's Office
Old Sangsad Bhaban, Tejgaon,
Dhaka



Director

Mr. Mustafa Mohiuddin
Director
BASIC Bank Limited
& Additional Secretary
Ministry of Commerce
Govt. of the People's Republic of Bangladesh
Bangladesh Secretariat,
Dhaka



Director

As on April 26, 2009

Mr. Bijoy Bhattacharjee
Director
BASIC Bank Limited
& Joint Secretary
Finance Division
Ministry of Finance
Govt. of the People's Republic of Bangladesh
Bangladesh Secretariat,
Dhaka.



Director

Mr. Md. Abul Quasem
Director
BASIC Bank Limited
& Executive Director
Bangladesh Bank
Head Office,
Dhaka-1000.



Director

Mr. AKM. Sajedur Rahman
Managing Director
BASIC Bank Limited
Head Office,
Dhaka-1000.



Managing Director

Mr. Md. Shah Alam Bhuiyan

Company Secretary

ACNABIN

Chartered Accountants
BSRS Bhaban (13th Floor)
12 Karwan Bazar, Dhaka-1215

Company Auditor

As on April 26, 2009

Mr. Mustafa Mohiuddin Convener

Mr. Ashraf Mohammad Iqbal Member

Mr. Md. Abul Quasem Member



As a blend of development and commercial banking we provide our clients with a full range of service to help them grow their assets and net worth. We place particular emphasis on small balance sheet size composed of quality assets and steady and sustainable growth. We offer term loans to clients, especially to develop small scale enterprises. We also provide full-fledged commercial banking services like collection of deposits, short term trade finance, working capital finance in processing and manufacturing units and financing and facilitating international trade.

We attach special importance to technical and advisory support to small scale industries in order to enabling them to run their enterprises successfully.

Micro Credit to the urban poor through linkage with NGOs with a view to facilitating their access to the formal financial market for the mobilization of resources is another diversification of our services.

We provide an environment in which our staff members feel they can exercise their initiative and judgement within a clearly established framework. Our Bank is the leader in offering excellent career opportunity in transparent and participative management culture.

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



Notice is hereby given that the 20th Annual General Meeting of BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) will be held on Saturday, June 27, 2009 at 12:00 noon at Sena Kalyan Bhaban, 195 Motijheel C/A, Dhaka-1000 to transact the following businesses:

- To receive, consider and adopt the Directors' Report and Audited Statements of Accounts along with the Auditor's Report thereon for the year ended December 31, 2008.
- To declare dividend for the year ended December 31, 2008.
- To elect Directors in place of those who will retire in accordance with the provisions of Articles 105, 106 and 107 of the Articles of Association of the Bank, the retiring Directors are eligible for re-election/re-nomination.
- To appoint Auditors of the Bank as per Article 144 of the Articles of Association of the Bank for the term until the next Annual General Meeting and to fix their remuneration as per Article 145 of the Articles of Association of the Bank.

Any other business with the permission of the Chair.

By order of the Board of Directors


Md. Shah Alam Bhuiyan
Company Secretary

Dated: Dhaka
June 09, 2009

BASIC Bank at a glance 2008 2007 2006 2005 2004

A. From the Balance Sheet (Million Taka)

Authorized Capital	2000.00	2000.00	2,000.00	2,000.00	2,000.00
Paid-up Capital	1309.77	1247.40	945.00	810.00	675.00
Reserve and Surplus	1681.39	1349.17	1,294.00	916.14	816.23
Shareholders' Equity	2991.16	2596.57	2,239.00	1,726.14	1,491.23
Fixed Assets	228.36	196.11	154.52	135.78	101.41
Total Assets	4665.53	38773.91	29,417.09	27,136.37	19,436.57
Deposits	38368.23	31947.98	24,084.65	22,325.58	15,509.18
Long-term Debt	1708.4	1385.81	830.06	937.51	839.61
Loans and Advances	27269.13	22263.35	19,000.00	15,339.35	12,000.15
Placement & Investment	15653.2	13560.92	8,212.23	10,236.82	6,098.51

B. From the Income Statement (Million Taka)

Gross Income	5060.29	3549.51	2,870.32	2,228.21	1768.85
Gross Expenditure	3526.18	2458.41	1,858.69	1,599.77	1241.63
Profit before Tax	1534.11	1091.10	1,011.62	628.44	527.22
Profit after Tax	549.95	282.96	554.14	285.49	291.48
Tax Paid (cumulative)	3538.09	2790.98	2,245.16	1,777.70	1,434.76

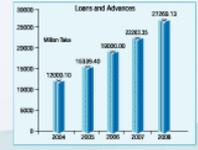
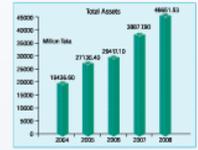
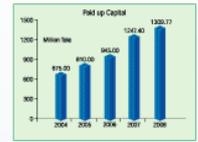
C. Others (Million Taka)

Import Business	27359.77	21266.57	17,804.27	14,094.96	12,507.80
Export Business	22270.87	16794.96	15,463.74	11,097.23	7,908.00

D. Financial Ratios (Percentage)

Capital Adequacy Ratio	12.02	12.91	11.98	11.77	12.49
Capital Fund to Deposit Liabilities	7.81	9.23	10.34	10.36	10.47
Liquid Assets to Deposit Liabilities	47.70	49.10	40.42	58.01	50.56
Loan to Deposit Liabilities	71.07	69.69	78.89	69.74	77.37
Earning Assets to Deposit Liabilities	114.69	109.70	112.99	114.56	116.70
After Tax Return on Average Assets	1.30	0.83	1.96	1.23	1.70
Net profit to Gross Income	10.87	7.97	19.31	12.81	16.48
Interest Margin Cover	137.08	176.80	211.72	214.56	205.07
After Tax Return on Equity	19.68	11.70	27.82	17.75	21.27
SMI/SSI Loan and Micro Credit to Total Loan	59.32	56.73			62.21

Number of Branches 31 30 28 27 27
Number of Employees 735 721 651 601 578



Authorized Capital
Tk. 2,000 Million

BASIC Bank at a glance 2003 2002 2001 2000 1999

A. From the Balance Sheet (Million Taka)

Authorized Capital	2,000.00	500.00	500.00	500.00	500.00
Paid-up Capital	450.00	300.00	300.00	240.00	160.00
Reserve and Surplus	799.29	712.90	461.39	457.77	424.43
Shareholders' Equity	1,249.29	1,012.90	761.39	697.77	584.43
Fixed Assets	73.49	76.68	65.73	51.11	37.83
Total Assets	14,766.32	13,019.42	9,721.93	7730.67	7,173.17
Deposits	11,266.54	10,021.24	7,512.62	5,845.15	5,647.93
Long-term Debt	690.95	676.51	582.82	555.98	368.85
Loans and Advances	9,282.20	7,957.04	6,260.78	4,618.73	3,960.11
Placement & Investment	4,361.93	3,988.76	2,605.23	2,462.17	2,021.19

B. From the Income Statement (Million Taka)

Gross Income	1,558.52	1,290.66	1,041.76	877.48	794.59
Gross Expenditure	1,004.85	856.15	685.64	573.30	528.01
Profit before Tax	553.67	434.51	356.12	304.18	266.58
Profit after Tax	236.39	251.55	213.67	173.34	159.95
Tax Paid (cumulative)	1,199.02	881.73	698.76	556.31	425.47

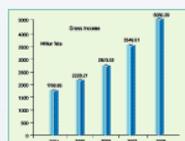
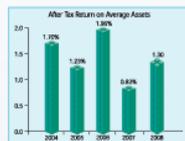
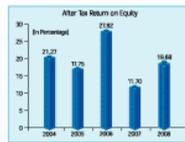
C. Others (Million Taka)

Import Business	9,882.80	8,645.00	7,542.80	7,948.00	7,391.10
Export Business	6,933.90	5,557.60	5,957.90	5,557.00	5,060.30

D. Financial Ratios (Percentage)

Capital Adequacy Ratio	12.57	13.20	12.49	15.30	14.27
Capital Fund to Deposit Liabilities	10.65	10.11	10.13	11.94	10.34
Liquid Assets to Deposit Liabilities	51.05	54.80	51.47	59.52	59.09
Loan to Deposit Liabilities	62.39	79.40	83.34	79.02	66.71
Earning Assets to Deposit Liabilities	121.10	119.20	118.01	117.74	85.34
After Tax Return on Average Assets	1.70	2.20	2.45		2.50
Net profit to Gross Income	15.17	19.35	20.51	19.75	20.45
Interest Margin Cover	210.87	187.00	173.91	150.67	112.67
After Tax Return on Equity	20.90	28.18	28.06	27.04	30.21
SMI/SSI Loan and Micro Credit to Total Loan	59.16	63.00	50.18	46.96	40.09

Number of Branches 26 26 25 25 23
Number of Employees 523 510 497 453 417



Paid-up Capital
Tk. 1,310 Million

BASIC Bank at a glance 1998 1997 1996 1995 1994

A. From the Balance Sheet (Million Taka)

Authorized Capital	500.00	500.00	100.00	100.00	100.00
Paid-up Capital	80.00	80.00	80.00	80.00	80.00
Reserve and Surplus	394.48	258.34	163.73	105.96	53.49
Shareholders' Equity	474.48	338.34	243.73	185.96	133.49
Fixed Assets	41.96	36.39	25.45	21.27	21.37
Total Assets	5620.57	4330.14	3962.55	3280.16	2,609.85
Deposits	4,551.48	3,541.60	3,357.05	2,773.73	2,241.33
Long-term Debt	344.61	273.29	196.45	168.08	119.68
Loans and Advances	3,218.90	2,630.90	1,724.81	1,561.29	1,112.24
Placement & Investment	2,040.72	1,395.59	1,320.43	995.57	483.90

B. From the Income Statement (Million Taka)

Gross Income	591.64	440.46	311.43	291.62	232.87
Gross Expenditure	364.73	268.83	207.41	191.66	181.51
Profit before Tax	226.91	171.63	104.02	99.96	51.36
Profit after Tax	136.15	94.61	57.77	52.48	25.68
Tax Paid (cumulative)	318.84	228.08	151.06	104.81	57.33

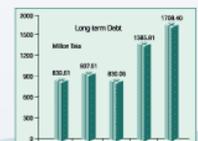
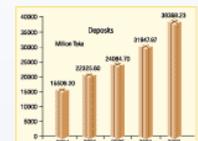
C. Others (Million Taka)

Import Business	7,208.20	7,017.56	4,986.10	4,657.86	2,613.50
Export Business	4,420.20	3,754.87	2,609.30	1,783.09	1,227.08

D. Financial Ratios (Percentage)

Capital Adequacy Ratio	14.01	12.45	12.39		
Capital Fund to Deposit Liabilities	10.42	9.55	7.26	6.70	5.96
Liquid Assets to Deposit Liabilities	62.29	59.58	70.42	66.22	68.17
Loan to Deposit Liabilities	66.81	69.86	47.82	54.17	49.62
Earning Assets to Deposit Liabilities	115.56	113.69	99.57	97.52	74.04
After Tax Return on Average Assets	2.73	2.28			1.04
Net profit to Gross Income	23.01	21.48	18.54	18.00	11.03
Interest Margin Cover	192.07	194.64	112.45	109.68	60.33
After Tax Return on Equity	28.69	27.96	23.70	28.22	21.28
SMI/SSI Loan and Micro Credit to Total Loan	42.21	35.83	40.99	43.44	46.25

Number of Branches 22 21 19 18 17
Number of Employees 372 351 315 300 238



Shareholders' Equity
Tk. 2,983 Million

BASIC Bank at a glance 1993 1992 1991 1990 1989

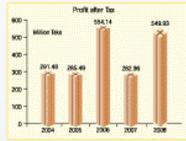
A. From the Balance Sheet (Million Taka)

Authorized Capital	100.00	100.00	100.00	100.00	100.00
Paid-up Capital	80.00	80.00	80.00	80.00	80.00
Reserve and Surplus	27.81	10.48	4.83	4.36	1.09
Shareholders' Equity	107.81	90.48	84.83	84.36	81.09
Fixed Assets	20.82	16.26	15.15	14.08	7.62
Total Assets	2,321.13	1,646.95	991.37	661.91	406.73
Deposits	1,977.60	1,367.36	843.79	529.19	317.72
Long-term Debt	122.18	125.80	30.00	30.00	-
Loans and Advances	986.61	715.75	432.80	200.00	66.45
Placement & Investment	672.29	553.61	404.60	941.11	287.52



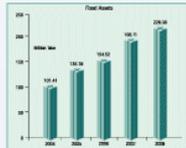
B. From the Income Statement (Million Taka)

Gross Income	197.67	126.70	98.80	61.11	28.42
Gross Expenditure	163.01	117.52	95.33	52.22	24.28
Profit before Tax	34.66	9.18	3.47	8.89	4.14
Profit after Tax	17.33	4.13	2.87	3.27	1.09
Tax Paid (cumulative)	31.65	14.32	9.27	8.67	3.05



C. Others (Million Taka)

Import Business	1,851.13	1,656.70	1,144.16	582.29	296.41
Export Business	718.63	365.50	115.64	36.76	-



D. Financial Ratios (Percentage)

Capital Adequacy Ratio					
Capital Fund to Deposite Liabilities	5.45	6.62	10.05	15.94	25.52
Liquid Assets to Deposite Liabilities	66.91	75.59	61.21	81.86	104.05
Loan to Deposite Liabilities	49.89	52.35	51.29	37.79	20.91
Earning Assets to Deposite Liabilities	83.69	92.70	101.48	102.99	111.41
After Tax Return on Average Assets	0.76	0.23	0.23	0.39	0.35
Net profit to Gross Income	8.77	3.26	2.90	5.35	3.84
Interest Margin Cover	84.98	57.85	82.15	102.43	123.1
After Tax Return on Equity	17.48	4.71	3.39	3.95	1.34
SM/SSI Loan and Micro Credit to Total Loan	22.16	15.38	15.56	23.84	28.12
Number of Branches	16	13	10	7	3
Number of Employees	196	159	124	100	48

Fixed Assets
Tk. 228 Million



To Our Shareholders, Customers, Associates and Friends:

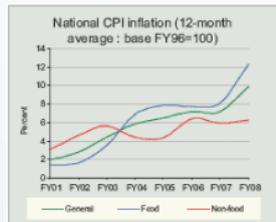
I am pleased to report to the stakeholders of BASIC Bank Limited the results of 2008, an eventful and exciting year that lies behind us. Thanks to the tireless, dedicated and often creative efforts and work of our people, and gratitude for the support and confidence of our Directors and Shareholders, for which we are able to confront all challenges successfully – as we believe the financial results in this Report clearly show. I also want to attribute the sustained success of the Bank to its innovative, entrepreneurial and cooperative customers and express my gratitude and thanks to them. As usual we continued to deliver impressive earnings compared to our peers' results despite the looming economic downturn.

Global Economic Scenario

As I write this letter to you, we are keeping a weather eye on the global economy. 2008 was the most extraordinary year for the global economy and financial services in well over half a century. It marked the first crisis of the era of globalized securitization. The crisis emerged in September 2008 with the failure, merger, or conservatorship of several large US-based financial firms and spread with the insolvency of additional companies, governments in Europe, recession, and declining stock market prices around the globe. The causes of the crisis are complex and interrelated. But we can clearly see that a number of different factors contributed to the crisis: the global financial imbalances that arose from the accelerating global economic shift towards emerging markets; cheap credit; securitization based on overly complex product structures; and excessive gearing.

As a consequence, economy of countries from east to west as well as from north to south suffered heavily. The International Monetary Fund (IMF) in its updated World Economic Outlook, which was released in January 2009, projected the world growth to fall to 1/2 percent in 2009, the lowest rate since World War II, from 3.4 percent in 2008. The Report stated that despite wide-ranging policy actions, financial strains remain acute, pulling down the real economy. A sustained economic recovery will not be possible until the financial sector's functionality is restored and credit markets are unlogged.

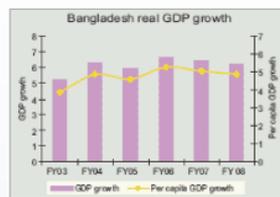
Defiant Bangladesh Economy



Source : Annual Report 2007-08, Bangladesh Bank

The economy of Bangladesh has showed somewhat resilience in 2008 despite the worldwide economic collapse. At an estimated 6.2 percent in FY08, GDP growth was slightly lower than the preceding year but slightly above the projection of 6 percent made in Asian Development Outlook (ADO 2008) of April 2008, which sought to take into account the effects of natural disasters in the first half of the fiscal year.

Thus our economy outperformed that of all except for China, India and few others. According to half-yearly report of Bangladesh Bank published in January 2009, GDP growth in FY09 is likely to be around 6.0 percent and if no drastic shock affects the economy and business confidence and investment climate improve further, the economy could grow even faster.



Source : Annual Report 2007-08, Bangladesh Bank

Our Bank

It was another busy year for our Bank. We welcomed our new managing director AKM Sajedur Rahman who enthusiastically put his talents to work for the Bank in many ways. In his first months, he concentrated especially on helping to increase the efficiency and effectiveness of our operations across the whole spectrum of the Bank. This emphasis on new efficiencies does not stand on its own: as we anticipate the world's economic downturn to reach also our country during the coming months, it is these new efficiencies that will enable us to serve our clients even better.

Logically, as is the case with banks around the world after the financial crisis hit mid-September of 2008, much effort during past year went into ensuring our Bank remained as safe as ever for its depositors, for our staff and for our shareholders. Risk management, counterparty risk, investment advice to the clients, and asset and liability analyses became the order of the day. We are proud to say that as a result of a continuous conservative banking philosophy and by sticking to the basics of what we understand and do best, our Bank did not experience any negative effects of the financial and banking crisis which affected so many banks in the US, Europe and Asia.

Built for Long-term Success

We continue to build our Bank for the long term, confident in our ability to weather any economic season. By focusing on customer service enhancement and operating efficiency gains, we are emerging as a leader

that can reach its long-term goals. Just look at what we were able to accomplish in 2008:

Total earnings for 2008 were the highest in the 20-year history of the Bank. After-tax consolidated net income for 2008 was Tk. 549.95 million compared to Tk. 282.96 million in 2007, 94.35 percent higher and very strong in the current economic environment. Return on average assets was 1.30 percent and return on average equity was 19.68 percent, both considerably better than our average peers. This was accomplished while Tk. 283.22 million was added to the reserve for loan losses to provide for potential weakness in the loan portfolio that could result from the slowing economy.

The Bank experienced strong and steady growth in 2008. Loans increased from Tk. 22,263.34 million to

Capital grew from Tk. 1,309.70 million to Tk. 1,455.30 million during the year, a significant increase. At the Bank level, capital adequacy marginally declined from 12.91 percent to 12.02 percent, remaining substantially in excess of 2.02 percent over 10 percent regulatory minimum to be categorized as well capitalized.

Capital structure and ratios

At the end of the year 2008 Bank's capitalization stood 10.51 percent for tier 1 and 12.02 percent for total capital against the total risk weighted assets exceeding the required minimum levels of 5 percent and 10 percent respectively. Thus the Bank was able to maintain the confidence of investors and depositors while providing a lucrative return to the Government, the sole shareholder of the Bank. Details of the capital structure were as follows:

Year	2008	2007
Core Capital (Tier 1)	(Amount in million taka)	
Paid up capital	1309.77	1247.40
Statutory reserve	1295.26	1045.08
Other reserve and surplus	344.51	169.48
Total of Tier 1 Capital	2949.54	2461.96
Supplementary Capital (Tier 2)		
1% general provision on unclassified loans and off balance sheet exposures	407.29	344.35
Assets revaluation reserve and exchange equalization	18.08	141.55
Total of Tier 2 capital	425.37	485.90
Total Capital	3374.91	2947.86
Risk weighted assets	28067.96	22841.32
Capital Ratios to risk weighted assets		
Tier 1 Capital	10.51%	10.78%
Tier 2 Capital	1.51%	2.13%
Total Capital	12.02%	12.91%

Tk. 27,269.13 million, an increase of 22.48 percent. Deposits grew from Tk. 31,947.98 million to Tk. 38,368.23 million, an increase of 20.09 percent. Total assets reached Tk. 46,651.53 million at year-end compared to Tk. 38,773.91 million the previous year, increased by 20.32 percent.

A Focus on Core Customers

While we have focused on new areas, we have not taken our eye off of our bread and butter – the small- and medium-sized customers who walk into our branches every day. Since our day one we placed utmost care to

make sure that we were very good at the basics of serving these customers – dedicating at least 50 percent of the Bank's loanable fund to their needs.

Dividend

In maintaining the competitive edge and creating a strong financial base the Board of Directors decided to improve its equity by issuing bonus shares to its existing shareholders and accordingly, pleased to propose to its sole shareholder, the Ministry of Finance, subject to approval of the Annual General Meeting, one bonus share against each 9 shares amounting to Tk. 145.50 million and 11.07 percent cash dividend amounting to Tk. 145.00 million subject to approval of the Bangladesh Bank.

The Board

I want to acknowledge the continued support of my fellow Directors, who have devoted themselves diligently to their Board duties throughout the year. The increasing complexity of the corporate governance environment has added significantly to the responsibilities placed on Directors. We are fortunate in the mix of skills, experience and achievement across the spectrum of industry, commerce and public affairs that is represented on the Board. These skills continue to be of great value to me and to Bank management.

Dr. Md. Nurul Amin and Mr. Md. Asaduzzaman Khan, who retired from the Board during the reporting year, epitomized the best attributes of an effective non-executive Director. They brought wise counsel combined with a deep commitment to the welfare of the Bank and I thank them for their significant contribution.

In addition to myself one other Director, Mr. Md. Abdul Matin, joined the Board during the reporting year. He has already proved to be a valuable addition.

Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors consists of three Directors namely, Mr. Mohammad Mahbubur Rahman, Mr. Mahibub Ahmed and Mr. Md. Abdul Matin. The Committee reviewed the financial statements of the

Bank from time to time and made significant contribution to the development of internal control system for conducting banking operations efficiently and in a disciplined manner. The Committee met four times during the reporting year.

The Power of BASIC People

The success of the Bank comes down to its employees; the number was 735 at the year-end. I am grateful to these committed employees who strive each day to provide quality service, professional advice and care to our customer base. This level of dedication translates into the results we continue to deliver to the shareholders of the Bank.

The Future

We know that we face a challenging future in 2009 and beyond, as do all the economies of the world and the entire global financial system. But we face these challenging times with much confidence, enthusiasm and excitement. We have confidence in the continued guidance and visionary leadership of our Central Bank and the Board and in our staff's ability to confront difficult times, should these arise. Despite the whirlwind of change around us, we know we can continue to count on the confidence of our Clients, our Staff, our Shareholders and our Well-wishers. We look with enthusiasm toward the opportunities that these challenges create: opportunities to get closer to our clients and to help them confront difficult times with success, the opportunities to serve the needs, which hard times seem often to accentuate, of our communities and especially of the less fortunate among us. And we do so with excitement as we know that we are all part of an extraordinary Bank and of the extraordinary family that is the BASIC Bank Limited.

To meet the future challenges we are committed to deploy our resources for domestic income generation through indigenous banking products, i.e., micro credit operation, SME financing etc. with more emphasis on pro-poor policy.



Board of Directors of BASIC Bank Limited

Acknowledgement

The Board extends its gratitude to Bangladesh Bank, Ministry of Finance, Ministry of Industries, Ministry of Commerce, Bangladesh Small and Cottage Industries Corporation and Prime Minister's Office for their cooperation in making the year's operation a success. The Board thanks and expresses its gratitude to all the valued customers who are the life-blood of the Bank. The Board also thanks the NGOs working with BASIC Bank in expanding the micro credit program in its efforts towards active participation in national poverty alleviation program.

On behalf of the Board

[Signature]
Dewan Zakir Hussain
Chairman

Year	Long term	Short term
2008	AA-	ST-1
2007	AA-	ST-1

Credit Rating Information and Services Limited (CRISL) has assigned AA- (pronounced as double A minus) rating in the long term and ST-1 rating in the short term to the Bank for the year 2008.

Banks rated AA- in the long term are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.

Banks rated ST-1 in the short term are considered as the highest certainty of timely payment. Short term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligation.



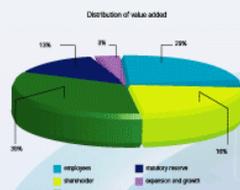
Agreement with CRISL, the credit rating agency of the Bank

Value Added Statement for the year ended 31 December 2008

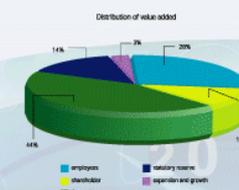
The value added statement of BASIC Bank Ltd. show how the value is created and distributed among different stakeholders of the bank.

Particulars

	2008	%	2007	%
Income from Banking Services	5,060,309,791		3,549,524,015	
Less: Cost of services and supplies	2,922,479,019		2,080,246,096	
Value added by the banking services	2,137,830,772		1,469,277,919	
Non-banking income	-		-	
Loan written-off and provision	(283,225,321)		(282,965,579)	
	1,854,605,451		1,186,312,340	
Distribution of value added				
To employees as salary and allowances	550,766,106	29	333,334,032	28
To shareholders as dividend	295,530,000	16	124,740,000	11
To Govt. as income tax	747,033,251	39	525,178,114	44
To statutory Reserve	250,144,586	13	161,628,640	14
To expansion and growth	57,133,896	3	41,431,554	3
Retained earnings	4,186,547		(3,403,554)	
Depreciation	52,947,349	0	44,835,108	
	1,900,607,839	100	1,186,312,340	100



Year - 2008



Year - 2007

Economic Value added(EVA) statement for the year ended 31 December 2008

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

Particulars

Shareholders' equity
Add: Provision for loans and advances

	2008 Taka	2007 Taka
Shareholders' equity	2,982,596,841	2,596,583,291
Add: Provision for loans and advances	823,142,010	780,893,401
	3,805,738,851	3,377,476,692

Earnings:

Profit after tax
Add: Provision for loans and advances and protested bill

Profit after tax	549,953,738	282,965,085
Add: Provision for loans and advances and protested bill	283,225,321	282,965,579
	833,179,059	565,930,664

Average cost of equity (based on weighted average rate of sanchay patra issued by the Bangladesh Government) plus 2% risk factor

	14.00%	14.00%
	502,825,088	433,315,312
	330,353,971	132,615,352

Economic Value Added



Members of the Executive Committee of BASIC Bank Limited

2008 was yet another successful year for BASIC Bank. Its emphasis on credit quality and customer's services yielded the desired: growth in profit, capital, assets and shareholders' value. We were fortunate to be able to muster adequate resources, both financial and human, and make such achievement. The years ahead will witness the Bank's growing commitment in maintaining the highest standards in all its spheres of activity.

1. Performance of the bank

1.1 Property and Assets:

During the year 2008, total assets of the bank increased by 20.31% to Tk. 46,651.53 million from Tk. 38,773.91 million in 2007. As expected, loans and advances comprised the largest share in the assets portfolio of the Bank constituting 58.45 percent. Balances with other banks and financial institutions and Investment were the second and the third largest constituents being 18.19 percent and 12.19 percent of the assets portfolio respectively. Money at call and short notice came next in size with 3.17 percent of total assets.

1.1.1 Cash in hand and balance with Bangladesh bank and its Agent:

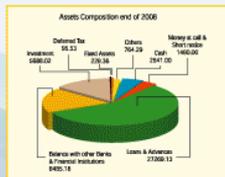
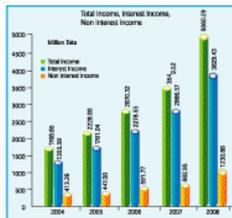
The amount of cash in hand and balance with Bangladesh bank and its agent increased to 2641.00 million in 2008 from Tk. 2125.02 million in 2007 registering a growth of 24.28%. The stated growth was required for maintaining higher amount of Cash Reserve Requirement (CRR) as a result of substantial increase of deposit in 2008 than that of 2007 and CRR was maintained adequately.

1.1.2 Balance with Other Banks and Financial Institutions:

The balance with other banks and financial institutions increased by 22.30% to Tk. 8485.18 million from Tk. 6937.53 million in previous year. The increased amount of term placement with other banks and financial institutions mainly contributed to such increase.

1.1.3 Investment:

Investment at the end of 2008 was for Tk. 5,688.02 million, compared to Tk. 5,303.39 million in previous year making a growth of 7.25% over last year. The investment was increased to cover



increased SLR arising from the growth of deposit. Investment was concentrated in long term approved securities such as Government treasury bills, treasury bond, reverse repo and a few debentures and shares. During the year 2008 treasury bills, treasury bond including reverse repo, Debenture and prize bond had the largest share (98.43%) in the investment portfolio. Shares in listed and unlisted companies constituted 1.57 percent. BASIC's placement in different Banks in Bangladesh and outside Bangladesh was Tk. 8,485.18 million in 2008 compared to Tk 6,937.53 million in 2007.

1.1.4 Money at Call and Short Notice:

This was an important area of operation of treasury operation of the bank. Money at Call and Short Notice grew from Tk. 1320.00 million to Tk. 1480.00 million registering a growth of 12.12% over last year. The amount of placement made with different banks and NBFIs.

1.1.5 Fixed assets and other assets:

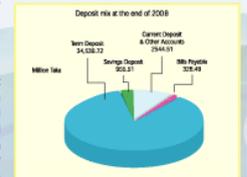
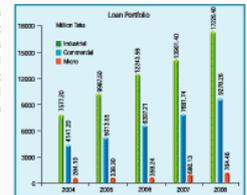
At the end of 2008 the fixed assets increased by 16.14 percent to Taka 228.36 million from Taka 196.12 million in 2007 and other assets increased to Tk. 766.96 million from Tk. 579.14 million in the previous year. Fixed assets included vehicles, equipment and computer, furniture and fixtures and leased assets. On the other hand, other assets included interest receivable from term placement, advance income tax, stock of stationery, security deposits, sundry debtors, and suspense account.

1.1.6 Loans and Advances:

Loans and advances consist of industrial loans, commercial loans, micro credit and bills increased by 22.48 percent to Tk. 27,269.13 million compared to Tk. 22,263.34 million in 2007.

1.1.7 Industrial Loans:

The industrial loan reflected a significant growth of 23.91 percent over the previous year. Total outstanding industrial loans including term and working capital stood at Tk. 17,226.40 million at the end of 2008 compared to Tk. 13,901.40 million of 2007. Total outstanding term loan stood at Tk. 6,206.75 million as on December 31, 2008 compared to Tk. 5,055.58 million in 2007 reflecting a growth of 22.77 percent. The outstanding working capital finance extended to industrial units stood at Tk. 11,784.08



million at the end of the reporting period compared to Tk. 9,525.98 million in 2007. Growth rate here was 23.70 percent. BASIC Bank's services are specially directed towards promotion and development of small industries. Its exposure to small and medium industries sector accounted for 56.52 percent of the total loans and advances. During the year total of 87 projects were sanctioned term loan. Out of which 26 were new and the rest were under BMRE of the existing projects. As on 31 December 2008, 801 projects were in the portfolio of the bank. The textile sector including garments being one of the major contributors to national economy dominated the loan portfolio of the Bank. Other sectors financed include engineering; food and allied industries; chemicals, pharmaceuticals and allied industries; paper, board, printing and packaging; and other non-metallic goods, leather and jute products. Recovery rate of project loan was 90.81 percent.



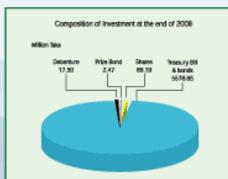
1.1.8 Commercial Credit:

The Bank also supports development of trade, business and other commercial activities in the country. It covers the full range of services to the exporters and importers extending various facilities such as cash credit, export cash credit, packing credit, short term loans, local and foreign bills purchase facilities. As on December 31 2008, total outstanding commercial loans stood at Tk. 9,278.26 million compared to Tk. 7,681.74 million in 2007.



1.1.9 Micro credit:

BASIC Bank also provides micro credit to the poor for generation of employment and income on a sustainable basis, particularly in urban and suburban areas. At the end of 2008, total amount of Tk. 764.46 million remained outstanding as against Tk. 680.13 million in 2007. Recovery rate during this period remained at a highly satisfactory level of 98.00 percent.



1.1.10 Non-performing loan:

Classified (non-performing) loans and advances was 4.59 percent at the end of the year under review which was 3.25 percent in 2007. In absolute term classified loans and advances stood at Tk. 1251.21 million in 2008 from Tk. 723.23 million in 2007. Additional provision made in 2008 was Tk. 283.22 million against classified and unclassified loans and advances and off-balance sheet exposure. Total cumulative provision made for loans and advances

amounted to Tk. 823.14 million as on December 31, 2008. During the year 2008 loan amount of Tk. 304.32 million was written off under the guidelines of Bangladesh Bank. Tk. 1.39 million was recovered against written-off loans.



1.2 Liabilities and shareholders' equity

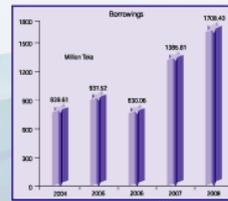
1.2.1 Deposit:

Deposit constitutes the core of BASIC Bank's fund mobilization. Total deposit of the Bank at the end of 2008 stood at Tk. 38,368.23 million (82.22% of Total liabilities) compared to Tk. 31,947.98 million (82.40% of Total liabilities) in 2007. The growth of deposit was 20.09 percent. During 2008, the fixed term deposit increased to Tk. 34,539.71 million from Tk. 27,903.72 million in 2007. Savings bank deposit increased to Taka 955.51 million in 2008 compared to Tk. 886.30 million in 2007. Deposit in current and other accounts including bills payable increased to Tk. 2,873.01 million in 2008 from Tk. 2,867.19 million in 2007



1.2.2 Borrowing:

Borrowings were made from various sources for long term funding specially for financing development-banking activities. The Bank enjoys a credit line facility from KfW, a German development bank for financing micro-credit scheme and small-scale industries. It has also utilized an ADB credit line for financing small industries. Another loan of Tk. 502.94 million was also received from ADB for financing Agro business development. Ministry of Finance (GOB) and Bangladesh Bank are the other source of finance. Total outstanding borrowing against utilization of funds from the above sources in 2008 is Tk. 1,708.40 million against Tk. 1,385.81 million in 2007. An amount of Tk. 750.00 million was allocated by the GOB and disbursed to BASIC Bank to finance Agro-based industry, BASIC was included in this scheme for its outstanding performance.

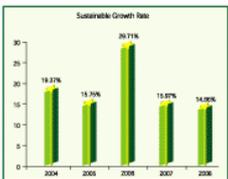


1.2.3 Equity:

The bank started its journey with paid-up capital of Tk. 80.00 million in 1989 and the same had increased to Tk. 1,309.77 million in 2008. The bank has decided to issue 1 bonus share for every 9 shares and the paid-up capital of the bank would thus be raised to Tk. 1,455.30 million if the proposed bonus share is approved. Cash dividend of Tk. 14.50 million has also been proposed for the year

2008. With this cash dividend, Tk 638.00 million would be paid to the government.

1.2.4 Statutory reserve: As per section 24 of the Bank Company Act-1991, 20% of profit before tax needs to be transferred to statutory reserve. Accordingly, the statutory reserve of the bank will stand at Taka 1,295.26 million after transfer of an amount of Taka 250.18 million from the profit of 2008.



1.2.5 Shareholders' equity of the Bank would increase by Taka 386.02 million to Taka 2,982.60 million in 2008 from Taka 2,596.58 million in 2007 registering a sustainable growth rate of 14.87 percent.

1.3 Operating results:

1.3.1 Income:

The Bank's total income was 42.56 percent higher than that of previous year. Interest income from loans and advances increased by 33.58 percent. The growth of interest on loans and advances was resultant from growth of advance. Average yield on lending was 11.99%. Income on investment increased by 226.45 percent while other operating income increased by 8.38 percent over 2007. Interest income on investment increased mainly due to an income of Tk 13.46 crore(Approx.) on HTM securities taken into income in 2008 instead of 2007 as per Bangladesh Bank circular. Besides, investment in higher rates long term Treasury bond and increased amount of investment attributed to such growth. The increase of Commission income was higher by 18.13 percent than that of previous year.



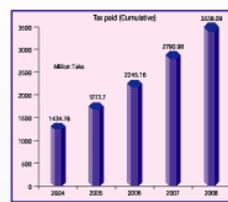
1.3.2 Expenses:

The total expenditure was 43.43 percent higher than that of 2007 due to increase of interest expenses for substantial increase of deposit and borrowing and increase of salary and allowances. Salary and allowances to employees increased by 65.75 percent mainly due revised pay scale, annual increment, and fresh recruitment. General and administrative expenses (excluding salary and allowances) increased by 35.09 percent. Hiring of space for Rangpur branch and space for ATM booths, increase of security and printing stationary and advertisement expenses contributed to the increase of administrative expenses.



1.3.3 Contribution to Exchequer

From the very inception, BASIC Bank has been posting profit and paying income tax to the Government. The cumulative figure of contribution to the Government exchequer by way of corporate tax up to December 31, 2008 amounted to Taka 3538.09 million, which is almost 44 times the amount of original paid-up capital of the Bank.



1.3.4 Export/Import:

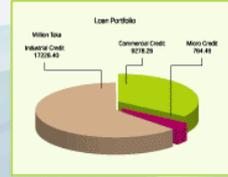
The bank achieved substantial growth in both import and export in 2008. The Bank handled total Import business of Taka 27,359.77 million and export business of Taka 22,270.87 million in 2008. The Import and export business grew by 28.65 percent and 32.60 percent respectively. Major items of exports were ready made knit & woven garments, sweater, jute & jute products, leather and leather goods, handicrafts etc. Items of Import included mainly industrial raw materials, garments accessories, capital machinery, raw cotton, electronic consumer goods, chemicals, tyres and tubes, reconditioned vehicles, bicycle spare parts, food items such as rice, wheat, maize, garlic, onion, sugar, chilly and other essential commodities.



1.4 Other activities:

1.4.1 Branch Network

A great deal of investment for developing the physical resource base of the Bank has been made. BASIC Bank has its presence in all the major industrial and commercial centers of Bangladesh in order to cater to the needs of industry and trade. At the end of 2008, there were thirty one conveniently located branches throughout Bangladesh – eleven branches in the capital city of Dhaka, seven in Chittagong and one each in Narayanganj, Narsingdi, Rahshahi, Saidpur, Bogra, Khulna, Jessore, Sylhet, Moulvibazar, Comilla, Barisal, Sirajganj and Rangpur. We are also expecting to open 4(four) new branches in 2009. Besides these, the bank has three bill collection booths at Ramna, Sher-e-Bangla Nagar and Gulshan exchange Office of BTL, Dhaka. A Foreign Exchange booth was opened at Osmani Int'l Airport, Sylhet in April '05 for mobilizing foreign exchange. This is one of the areas where BASIC Bank is relatively lagging behind. The Bank has already signed an agreement with Pisci NK Corporation, USA and



MoneyGram International, Minneapolis, USA for obtaining foreign currency remittances. The bank is expected to sign agreement with Tele Money transfer, London, UK and some similar agreement with companies located in Saudi Arabia and UAE are going to be finalized shortly. The bank started ATM operation in 2008 with 4(four) ATM booth and connection with a Q-Cash net work of 121 ATM booth which covers 14 banks. The bank is expecting to introduce more ATMs in 2009.

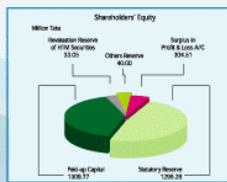
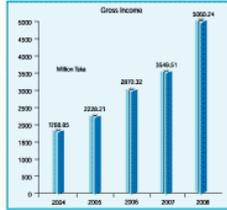
1.4.2 Risk Management

In banking environment no reward can be expected without risk. In this backdrop, the management has established a formal program for managing the business risk faced by the Bank. Considering the present non-performing loan position of the country, BASIC Bank is very much cautious about its investment. Every loan proposal is placed under careful scrutiny before approval. Proposals of large amount of loans need approval of the Board of Directors. Internal Audit team and Recovery team exercise close monitoring on every loan transaction. Management regularly reviews the Bank's overall assets and liabilities position and makes necessary changes in its mix as and when required. The Bank also has a liquidity policy to ensure financial flexibility to cope with unexpected future cash demands.



1.4.3 Head office and Board of Directors

The responsibility of making policies and operational guidelines is vested with the Board of Directors. The Board consists of the executives from the Government of Bangladesh and the Bangladesh



Bank who are appointed by the Government. The Managing Director is the Chief Executive of the Bank who is an ex-officio member of the Board. Four General Managers acting under him and nine Divisional Heads are performing daily operational activities of the Bank. The Managers of the branches being responsible functionally to the Heads of Departments in the Head Office and report direct to the Managing Director.

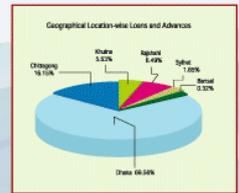
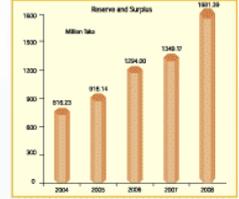
1.4.4 Human Capital Management:

BASIC has a well-diversified pool of human resource, which is composed of personnel with high academic background. Also, there is a positive demographic characteristic. Most employees are comparatively young in age yet mature in experience. As at end 2008 the total employee strength was 735. The Bank follows a strict recruitment policy in order to ensure that only the best people are recruited. The Bank, so far, has recruited six batches of entry-level management staff, all of whom have got excellent academic background.

Intensive training program, on a regular basis, is being imparted to employees of both management and non-management levels to meet the challenges in the banking industry and to help employees to adapt the changes and new working conditions. Human resource is the main driving force and quality human resources are the key sources for the success of today's banking business. Keeping this view in mind and recognizing the importance of training for professional excellence BASIC Bank Ltd. established its own training cell in 2005 with modern facilities. In 2008 the cell arranged 27 training courses and provided training to as many as 517 employees of the bank. The bank also sends its employees to BIM and other local and foreign institutions with a view to sharpening their knowledge base. During the year 2008 a total of 602 employees of the Bank were provided with training in various fields. Out of them 11 employees participated in training courses held abroad.

1.4.5 Automation

The Bank has been providing off-line computerized banking service to all its customers since its inception. To accelerate the speedy and accurate account ledger maintained and to make available all potential international banking products, the bank has already started implementing centralized On-line Banking system. Already 14 branches of the bank providing on-line services. It is expected



that within the end of 2009 the bank will be able to implement full on-line and serve its customers through the new system including ATM and internet banking facilities.

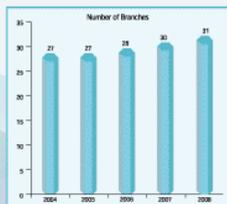
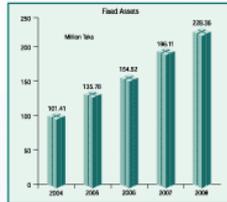
2. Future Strategies:

We expect to continue to maintain strong competitive edge in banking sector in Bangladesh in the years ahead. Through our specialization and integrated approach, we aim to build a strong position in the industrial development of Bangladesh. The Bank has the following strategies to implement to increase the stakeholders' value:

- * The Bank will continue to emphasize on small and medium enterprise financing for alleviating poverty, generation of employment and increasing the Gross Domestic Product of Bangladesh.
- * To reach the superior banking service with low cost loans and advances for industrial development of Bangladesh to the doors of general mass, the bank will open some branches with on-line banking facility and innovative banking products.
- * Initiating effective drive to arrest classified loan and to bring down the existing classified loan substantially to a minimum per cent.
- * The Bank will provide ATM cards to all of its clients to avail 24 hour modern banking facility.
- * To mobilize the deposit from small savers the bank is going to introduce monthly savings scheme for its client in the name "BASIC Fortune".
- * As part of corporate social responsibility the bank will contribute more for the welfare of underprivileged quarter of the society.
- * The Bank has already taken all out preparation for parallel implementation of BASEL-II from January 2009. The Bank will also invest considerable amount of fund in development of human resources and IT infrastructure to implement BASEL-II under Advanced IRB approach as per guidelines of the Bank.

3. Acknowledgement

The management of the bank takes this opportunity to express its thanks and gratitude to the Board of Directors for their invaluable counsel. The management also places on record its appreciation for the employees of all levels for their efforts and devotion in carrying



The Chairman in a meeting with the Management Committee

out their tasks and duties. Sincere thanks of the management also goes to the Government, the sole shareholder of the bank, the Ministry of Finance, valued clients, well wishers, other stakeholders, Bangladesh Bank and all its patrons like KfW, ADB for their confidence, continued support and cooperation.

4. Conclusion

In view of overall performance we had a good year 2008. We are confident to excel towards growth and expect further progress in operating performance and achievement of targets set for 2009.





Agreement with Western Union Money Transfer Services



Annual Banquet on the eve of New Year- 2009



Workshop on MICR Cheques & Automated Cheque Processing System Organized by BASIC Bank in Coordination with Bangladesh Bank



The Managing Director & other Executives with the participants of Credit Management Course

Today, Corporate Social Responsibility (CSR) is a fundamental part of business. The notion of CSR is gaining fast acceptance globally as every business should have its contribution voluntarily to the society, to its customers, to the employees, to the communities and to the environment. CSR is an obligation beyond statutory obligation and BASIC Bank Ltd. believes that such obligation paves the opportunity to build better relationship with all stakeholders. BASIC Bank Limited – a state owned scheduled bank, adjudged as one of the soundest banks in Bangladesh is running on slogan "Serving People for Progress". The slogan manifests the commitment of the bank to comply its social responsibility. Recognizing the importance of CSR and being a socially responsible organization BASIC Bank took some initiatives as stated below:

Financing SME:

The bank is unique in its object. It is statutorily obligated towards the promotion and development of small and medium industrial sector. As per mandate of memorandum, 50% of loan able fund of the bank is invested in small and medium industry. The bank also put emphasis on the interests of stakeholders, give due consideration to sustainable development of communities and environmental issues in all aspect of its operation.

Sports and culture:



As part of corporate social responsibility the bank engage itself in sponsoring sports. The bank sponsored "26th and 27th National Junior Chess Championship" and "Inter-district National Women Handball Tournament-2007".

Disaster relief:

BASIC provides donation to people affected by natural calamities. In 2007 the bank contributed Tk. 25.00 lac as donation to the Chief Adviser's Relief & Welfare Fund for the flood affected people. Another Tk. 25.00 lac of donation was made to the Chief Adviser's Relief & Welfare Fund for SIDR affected people.

Education:

BASIC Bank patronizes meritorious students. "BASIC Bank Gold Medal" was introduced by the bank for the meritorious students of the Department of Banking, University of Dhaka. Besides, BASIC Bank has been accommodating internship facility for the fresh and meritorious graduates from public and private universities and different business school to give them on job and practical experience about banking. Such program helps the participants to choice and plan their carried more confidently. In 2008 a total of 144 students were given same facility.

Environment protection:

As a part of CSR contribution BASIC Bank is adopting environmentally responsible practices in its operation. In its business operation BASIC Bank always considers the effects of bank's financed projects on environment. This issue is included as a part of project appraisal.

Fuel driven vehicles are a major cause of air pollution and fuel procurement is a major source of expenditure of foreign currencies. Keeping these dual issues in mind we have been financing CNG refueling projects. So far BASIC Bank financed 23 CNG refueling projects of which 09 in 2008. These projects are environment friendly, pollution free and saving foreign currencies.

Professional development and achieving employee satisfaction

Efficient human resources are real capital of an institution and professional development is a must for banking career. Banking environment is changing regularly, employees have to face new challenges and compliance issues are getting momentum. To attain sustainable growth employees must gain regular training and education. To strengthen the capacity and sharpen

the skills and productivity of our employees to face these changing situations and new challenges, we regularly arrange training on professional and contemporary banking issues. The bank recognizes the valuable contribution of its employees made to the bank. BASIC Bank invests substantial amount in training and its training institute arranges regular training program and seminar to strengthen the knowledge, competence and expertise of the employees to face challenges in this steeply competitive market. Besides a good number of employees were also attended training, workshop and seminar organized by different organizations at home and abroad on various issues. In 2008 we trained total 556 employees of our bank of which 11 was trained abroad.

Staff welfare:

Staff welfare is an issue that receives topmost importance in BASIC. BASIC Bank Ltd. has a benevolent fund. Along with giving retirement benefit another objective of the fund is contributing for humanitarian works. The bank sanction grant from this fund for treatment of its employees and their dependents. BASIC bank has introduced a Superannuation fund instead of group insurance. Besides, there are a good number of attractive retirement benefits for the employees. Deserving candidates are also given promotion and increment regularly. We are also contemplating to introduce performance awards.

Employee satisfaction is a key indicator of the attitude of the employee towards their work environment. So the bank always try to give its employees healthy, clean and congenial atmosphere in the work place.

Other activities:

Apart from above the bank sponsored Baishakhi Fair-1415 to encourage development of Small and Cottage Industries by contributing Tk. 3, 00,000.00. The bank also sponsored the alumni get together of English department Alumni Association, University of Dhaka by contributing Tk.50,000.00 only. The 10th anniversary program of American Alumni Association was also sponsored by the bank by contributing Tk.50, 000.00 only.



CSR priorities for 2009 and onwards

The bank is also committed to perform the following activities in the coming days as a part of its responsibility to the society.

We expect to:

- expand the coverage of our corporate social responsibilities in the days to come. Beside continuing our existing social activities we expect to introduce some new avenues such as education facility for underprivileged people, scholarship for academic achievements, Contribution for acid victims, scholarship for dependents of employees for their good academic achievements, financial assistance for marriage of girls of poor families.,
- implement product and services that promote sustainability and reduce adverse environmental impact.
- offer high value added products and services
- maintain sound management and strengthen our capabilities in corporate governance, internal control and compliance, risk management and more disclosure of various aspect of our business.
- foster unrestricted working atmosphere showing equal respect for all casts and creeds and irrespective of gender.
- arranging vocational training for the unemployed
- contribute for the well being of the disabled, blind, orphans and elderly people
- contribute for health care
- avoid financing any project that may emit toxic gases or chemicals that may pollute air and water and cause environmental hazard, employ and exploit child labor etc.
- ensure that all of our projects have Effluent Treatment Plant (ETP)



Auditors' Report to the Shareholders

Balance Sheet

Off Balance Sheet Items

Profit and Loss Account

Cash Flow Statement

Statement of Changes in Equity

Liquidity Statement

Highlights on the overall activities of the Bank

Notes to the Financial Statements



We have audited the accompanying Balance Sheet of BASIC Bank Limited as at 31 December 2008 and the related Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and notes to the financial statements for the year then ended. These financial statements are the responsibility of the management of the Bank. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above which have been prepared in the format prescribed by Bangladesh Bank vide Circular no. 14 dated 25 June 2003 give a true and fair view of the state of affairs of the Bank as at 31 December 2008 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Bank Company Act 1991, Rules and Regulations issued by Bangladesh Bank, Securities and Exchange Rules 1987 and other applicable laws and regulations.

We further report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of accounts as required by law were 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;
- (iii) The Bank's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts and returns;
- (iv) The expenditures incurred were for the purpose of the Bank's operations;
- (v) The financial position of the Bank as at 31 December 2008 and the profit for the year then ended have been properly reflected in the financial statements, and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- (vi) The financial statements have been drawn up in conformity with the Bank Company Act, 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- (vii) Adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- (viii) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (ix) The financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (x) The information and explanations required by us have been received and found satisfactory;
- (xi) Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;
- (xii) As far as it was revealed from our test checks, the existing rules and regulations for loan sanctioning and disbursements have been followed properly;
- (xiii) It appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;
- (xiv) Adequate capital of the Bank, as required by law, has been maintained during the year under audit;
- (xv) We were not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank;
- (xvi) 80% of the risk-weighted assets of the Bank have been audited; and
- (xvii) We have spent approximately 2,000 man hours for the audit of books and accounts of the Bank.

Dhaka,
22 February 2009

A. H. A. B. N.
ACHABIN
Chartered Accountants

As on 31 December, 2008

Notes	31.12.2008 Taka	31.12.2007 Taka
PROPERTY AND ASSETS		
Cash	2,641,007,853	2,125,018,037
Cash in Hand (Including foreign currencies)	197,866,918	237,050,824
Balance with Bangladesh Bank & Sonali Bank (Including foreign currencies)	2,443,140,935	1,887,967,213
Balance With Other Banks & Financial Institutions	8,485,180,775	6,937,531,606
In Bangladesh	8,253,207,997	6,510,675,772
Outside Bangladesh	231,972,778	426,855,834
Money at Call and Short Notice	1,480,000,000	1,320,000,000
Investments	5,688,017,566	5,303,391,104
Government	5,598,825,308	5,271,306,344
Others	89,192,258	32,084,760
Loans & Advances	27,269,131,180	22,263,349,609
Loans, Cash Credit & Over Draft etc.	24,344,733,475	20,047,920,838
Bills Purchased and Discounted	2,924,397,705	2,215,428,771
Premises and Fixed Assets	228,365,377	196,107,160
Other Assets	764,296,468	579,144,820
Deferred Tax Assets	95,534,955	49,363,500
Non-Banking Assets	-	-
Total Assets	46,651,534,174	38,773,905,837
LIABILITIES & CAPITAL		
Borrowings from other banks / financial institutions and agents	1,708,404,250	1,385,810,725
Deposits and Other Accounts	38,368,237,432	31,947,979,100
Current Deposit and other Accounts etc	2,544,515,823	2,867,190,249
Bills Payable	328,491,359	290,755,264
Savings Bank Deposits	955,508,366	886,304,853
Bearer Certificate of Deposit	34,539,721,884	27,903,728,734
Other Deposits	-	-
Other Liabilities	3,592,295,651	2,843,532,721
Total Liabilities	43,668,937,333	36,177,322,546
Capital / Shareholders' Equity	-	-
Paid-up Capital	1,309,770,000	1,247,400,000
Statutory Reserve	1,295,263,804	1,045,085,405
Other Reserve	40,000,000	40,000,000
Surplus in Profit and Loss Account	304,512,647	125,477,258
Revaluation Reserve of HTM and HFT Securities	33,050,350	134,620,578
Total Shareholders' Equity	2,982,996,841	2,596,583,291
Total Liabilities & Shareholders' Equity	46,651,534,174	38,773,905,837

Managing Director: *[Signature]*
 Director: *[Signature]*
 Director: *[Signature]*
 Chairman: *[Signature]*
 Dhaka, 22 February 2009
 ACNABIN Chartered Accountants

As on 31 December, 2008

Notes	31.12.2008 Taka	31.12.2007 Taka
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES:	17	10,808,780,318
Acceptances and Endorsements	2,710,211,319	2,139,046,330
Letters of Guarantee	2,002,299,467	1,824,926,407
Irrevocable Letters of Credit	4,584,740,375	4,680,741,429
Bills for Collection	1,463,216,711	1,993,121,637
Other Contingent Liabilities	48,312,446	51,505,571
Total:	10,808,780,318	10,189,525,373
OTHER COMMITMENTS:	-	-
Documentary credit and short term trade-related transactions	-	-
Forward assets purchased and forward Deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total:	-	-
Total Off-Balance Sheet Items including Contingent Liabilities	10,808,780,318	10,189,525,373

The annexed notes form an integral part of the Balance Sheet.

Managing Director: *[Signature]*
 Director: *[Signature]*
 Director: *[Signature]*
 Chairman: *[Signature]*
 Dhaka, 22 February 2009
 ACNABIN Chartered Accountants

This is the Balance Sheet referred to in our separate report of even date.

For the year ended 31 December 2008

Notes	2008 Taka	2007 Taka
Operating Income		
Interest Income	3,829,432,686	2,866,572,741
Interest paid on Deposits & Borrowings	(2,708,915,661)	(1,928,972,617)
Net Interest Income	1,120,517,025	938,100,124
Income from Investment	674,076,718	208,480,219
Commission / Fees, Exchange Earnings & Brokerage	489,186,616	414,081,179
Other Operating Income	67,613,776	62,389,876
TOTAL OPERATING INCOME (A)	2,351,394,133	1,621,051,399
Operating Expenses		
Salary & Allowances	548,938,366	331,184,032
Rent, Taxes, Insurance, Electricity etc.	99,683,757	54,082,864
Legal & Professional Expenses	2,399,766	1,912,794
Postage, Stamp, Telecommunication etc.	26,123,490	26,863,912
Stationery, Printing, Advertisement etc.	20,750,260	12,871,200
Managing Director's Salary	1,828,590	2,150,000
Director's Fee	540,000	517,000
Audit Fee	200,000	150,000
Charges on Loan Losses	37,503,879	-
Depreciation of Bank's Assets	52,947,349	44,835,108
Repair & Maintenance of Bank's Assets	12,912,481	10,579,322
Other Expenses	53,448,873	44,796,387
TOTAL OPERATING EXPENSES (B)	817,276,813	579,942,620
Operating Profit / (Loss) before Provision (C) = (A - B)	1,534,117,320	1,041,108,779
Provision for Loan & Advances	233,945,323	232,875,540
Provision for Off Balance Sheet Exposures	49,280,000	43,700,000
Provision for Diminution in Value of Investments	-	-
Provision for Protests Bill	-	6,390,039
Total Provision (D)	283,225,323	282,965,579
Net Profit / (Loss) before Tax (C - D)	1,250,891,997	808,143,200
Provision for Current Tax	747,109,713	545,839,528
Provision for Deferred Tax (Deferred Tax Income)	(16,171,454)	(20,661,814)
Net Profit / (Loss) after Tax	549,953,738	282,965,086
Distribution :		
Statutory Reserve	250,178,399	161,628,640
General Reserve	-	-
Dividend	-	-
Retained Surplus	299,775,338	121,336,446
Earning Per Share (EPS)	41.99	21.60

The annexed notes form an integral part of the Profit and Loss Account.

Managing Director: *[Signature]*
 Director: *[Signature]*
 Director: *[Signature]*
 Chairman: *[Signature]*
 Dhaka, 22 February 2009
 ACNABIN Chartered Accountants

For the year ended 31 December 2008

Notes	2008 Taka	2007 Taka
Cash Inflows from Operating Activities		
Interest Received in Cash	4,305,245,957	3,024,156,418
Interest Paid by Cash	(2,423,325,272)	(1,618,246,317)
Dividend Received in Cash	5,429,204	5,560,480
Fees and Commission Received in Cash	489,186,614	414,081,179
Recovery of Loans Previously Written off	1,389,616	5,626,068
Cash Paid to Employees	(605,147,193)	(295,781,820)
Cash Paid to Suppliers	(20,750,260)	(12,871,200)
Income Tax Paid	(486,669,983)	(641,874,003)
Received from Other Operating Activities (Item-Wise)	64,455,317	54,687,145
Paid for Other Operating Activities (Item-Wise)	(192,812,247)	(138,902,779)
Operating Profit before Changes in Operating Assets and Liabilities	1,337,001,827	826,435,657
Changes in Operating Assets and Liabilities:	(316,504,038)	3,287,946,883
Statutory Deposit	3,155,561,000	1,339,986,000
Purchases/sales of Trading Securities	(1,512,551,048)	(1,425,400,000)
Loans and Advances to Customers	(5,805,781,571)	(3,263,344,823)
Other Assets (Item-Wise)	(40,871,902)	154,247,833
Deposits from Other Bank	(5,382,000)	(23,671,000)
Deposits from Customers	3,270,079,333	6,527,094,710
Other Liabilities (Item-Wise)	(177,557,860)	(40,871,789)
Net cash flow from Operating Activities	1,020,497,789	4,114,382,539
Cash Inflows from Investing Activities		
Proceeds from Sale of Securities	2,190,115,456	2,500,000
Cash Payments for Purchase of Securities	(1,163,761,058)	(809,616,644)
Purchase of Fixed Assets	(86,626,820)	(87,062,414)
Sales of Fixed Assets	3,190,095	2,380,266
Net cash flow from/(used in) Investing Activities	942,917,673	(691,816,672)
Cash Inflows from Financing Activities		
Increase/(Decrease) of Long Term Borrowing	322,593,528	555,744,743
Payment of Dividend	(82,370,000)	(600,000,000)
Net cash flow from Financing Activities	260,223,528	495,744,743
Net Increase of Cash and Cash Equivalent (A+B+C)	2,223,638,987	3,918,308,609
Effects of Exchange Rate Changes on Cash and Cash Equivalent	-	-
Opening Cash and Cash Equivalent	10,382,549,643	6,464,241,034
Closing Cash and Cash Equivalent	12,606,188,630	10,382,549,643
Analysis of Closing Cash and Cash Equivalent		
Cash in Hand and Balance with Bangladesh Bank and Sonali Bank	2,641,007,854	2,125,018,037
Cash with Other Banks	8,485,180,775	6,937,531,606
Money at Call and Short Notice	1,480,000,000	1,320,000,000
Total	12,606,188,630	10,382,549,643

The annexed note forms an integral part of the Cash Flow Statement.

Managing Director: *[Signature]*
 Director: *[Signature]*
 Director: *[Signature]*
 Chairman: *[Signature]*
 Dhaka, 22 February 2009
 ACNABIN Chartered Accountants

For the year ended 31 December 2008

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Profit and Loss	Revaluation Reserve	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as of 01 January 2008	1,247,400,000	1,045,085,405	40,000,000	125,477,308	134,620,578	2,596,583,291
Net Profit for the Year	-	250,178,399	-	299,775,338	-	549,953,738
Revaluation Reserve for Securities	-	-	-	-	33,050,390	33,050,390
Adjustment of Revaluation Reserve on Maturity of Securities	-	-	-	-	(134,620,578)	(134,620,578)
Transferred to Other Reserve	-	-	-	(62,370,000)	-	(62,370,000)
Cash Dividend Paid During the Year	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-
Issuance of bonus share	62,370,000	-	-	(62,370,000)	-	-
Balance as of 31 December 2008	1,309,770,000	1,295,263,804	40,000,000	304,512,647	33,050,390	2,982,596,841


Managing Director


Director


Director


Chairman

Dhaka,
22 February 2009


ACNABIN
Chartered Accountants

For the year ended 31 December 2008

(Amount in Taka)

Particulars	Upto 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
	Assets:					
Cash in Hand	2,641,007,853	-	-	-	-	2,641,007,853
Balance with Other Banks and Financial Institutions	2,110,862,034	4,757,473,309	1,460,312,350	156,533,082	-	8,485,180,775
Money at Call on Short Notice	1,480,000,000	-	-	-	-	1,480,000,000
Investment	2,472,100	896,290,186	778,881,302	3,752,442,248	257,831,730	5,688,017,566
Loans and Advances	2,240,785,462	6,053,446,921	11,763,369,453	5,806,207,430	1,405,321,914	27,269,131,180
Fixed Assets including Properties, Furniture and Fixtures	-	21,741	-	142,003,876	86,339,760	228,365,377
Other Assets	11,842,796	487,375,816	151,133,737	74,030,287	135,448,786	859,831,422
Non-banking Assets	-	-	-	-	-	-
Total Assets	8,486,970,245	12,194,607,873	14,153,796,842	9,931,216,923	1,884,942,190	46,651,534,173
Liabilities:						
Borrowing from Bangladesh Bank, Other Banks, Financial Institutions and Agents	-	-	63,300,000	-	1,645,104,250	1,708,404,250
Deposits & Other Accounts	9,396,070,396	8,867,779,479	14,395,956,776	5,708,430,781	-	38,368,237,432
Provision and Other Liabilities	162,043,198	677,502,042	1,522,486,523	466,323,608	763,940,281	3,592,295,652
Total Liabilities	9,558,113,594	9,545,281,521	15,981,743,299	6,174,754,389	2,409,044,531	42,668,937,334
Net Liquidity Gap	(1,071,143,349)	2,649,326,352	(1,827,946,457)	3,756,462,534	(524,102,341)	2,982,596,839


Managing Director


Director


Director


Chairman

Dhaka,
22 February 2009


ACNABIN
Chartered Accountants

SL	Particulars	2008	2007	Change in %
1	Paid up Capital	1,309,770,000	1,247,400,000	5.00
2	Total Capital	3,374,923,929	2,947,858,896	14.49
3	Capital Surplus / (Deficit)	568,128,029	663,726,896	(14.40)
4	Total Assets	46,651,534,174	38,773,905,836	20.32
5	Total Deposits	38,368,237,432	31,947,979,101	20.10
6	Total Loans and Advances	27,269,131,180	22,263,349,608	22.48
7	Total Contingent Liabilities and Commitments	10,808,780,317	10,189,525,373	6.08
8	Credit - Deposit Ratio	71.73%	69.69%	2.93
9	Percentage of Classified Loans against total Loans and Advances	4.59%	3.25%	41.23
10	Profit after Tax and Provision	549,953,738	282,965,086	94.35
11	Amount of Classified Loans and Advances	1,251,209,878	723,233,815	73.00
12	Provision Kept against Classified Loan	415,840,591	436,543,180	(4.74)
13	Provision Surplus/ (deficit)	-	-	-
14	Cost of Fund	8.36%	8.31%	0.60%
15	Interest Earning Assets	44,004,968,114	35,046,030,900	25.56
16	Non-Interest Bearing Assets	2,646,566,060	3,727,874,936	(28.78)
17	Return on Investment (ROI)	9.81%	7.89%	24.33
18	Return on Assets (ROA)	1.30%	0.83%	56.63
19	Incomes on Investment	674,076,715	341,100,797	97.62
20	Earnings Per Share (EPS)	41.99	21.60	94.40
21	Net Income Per Share	41.99	21.60	94.40
22	Price Earning Ratio	N/A*	N/A*	-

* N/A: Not Applicable

For the year ended 31 December 2008

1. Legal Status

BASIC Bank Limited was incorporated as a banking company under the Companies Act, 1913. In 2001 the Bank has 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 BCC Foundation, a welfare trust in Bangladesh and the Government of People's Republic of Bangladesh. In 04 June 1992 the Government of Bangladesh took over the entire share of the Bank. BASIC Bank is a scheduled bank. It operates with 31 branches in Bangladesh.

1.1 Objective

The objective of the BASIC Bank Limited 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.

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statement

- The financial statements of the Bank are made up to 31 December 2008 and are prepared under the historical cost convention, on a going concern basis and in accordance with the "first schedule (Sec- 38) of the Bank Companies Act, 1991 as amended by the Bangladesh Bank vide BRPD circular No. 14 dated 25 June, 2003 and other Bangladesh Bank circulars, International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) 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 account.
- The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2008 are consistent with those adopted in Bangladesh.

2.2 Foreign Currencies Translation

Foreign currencies transactions are converted into equivalent taka using the ruling exchange rates on the date of transactions. Foreign currencies balances held in US Dollar at the year end are translated in to taka currency at the weighted average rate of inter bank market as determined by Bangladesh Bank. Balances held in foreign currencies other than US Dollar are converted into Mid value of the selling and buying rate of the transaction date of the year of the Bank.

2.3 Investment

All investment securities are initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Any premium paid is amortized over the life of the security. Investment by the Bank has been made in Government approved securities (Eligible for SLR) & in equities of companies. The valuation method of approved investments used is:

- Held to Maturity (HTM)**
Investments which are intended to be held till maturity of securities are classified as held to maturity. Treasury Bill & Treasury Bond held to maturity are amortized at the year end. The increase or decrease in value due to such amortization is transferred to Revaluation Reserve under capital account, as per DOS Circular Letter No-05/2008.
- 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. Investments classified in this category are also eligible for SLR. These securities are open for secondary trading for the Bank. HFT investments are revalued on weekly basis to current market value. Revaluation gain or loss on such securities are transferred to profit & loss account. As revaluation gains on such securities are not eligible for dividend declaration such gains are transferred to Revaluation Reserve account as per DOS-05/2008.

c) 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.

Value of Investment has been enumerated as follows:

Particulars	Applicable Accounting
Government Treasury Bills / Bonds	Revalued Amount
Prize Bond	Cost Price
House Building Finance Corporation	At redeemable value
Debenture	At cost or market value at the Balance Sheet date whichever is lower
Shares (private)	

For the shortfall in the market price of shares, adequate provisions have been made.

2.4 Loans and Advances and Interest Thereon

Loans and advances have been stated at gross value. Interest is calculated on a daily product basis and charged quarterly. Interest on classified loans and advances is not credited to income are kept in interest suspense account until it is realized. Besides, no interest is charged on classified loans and advances from the date of filing suits against the borrowers. Commission and fee income are generally accounted for on the date the transaction. Provision for loans and advances are made on the basis of information furnished by the branches and instructions contained in Bangladesh Bank. BCD Circular # 12 dated 4 September 1995, BRPD Circular # 16 dated 6 December 1990, BRPD Circular # 9 dated 14 May 2001, BRPD Circular # 20 dated 20 December 2005 and BRPD Circular # 5 dated 05 June 2006 at the following rates:

Business Unit	UC	SMA	SS	DF	BL	
	Prov (%)	Prov (%)	Prov (%)	Prov (%)	Prov (%)	
Consumer:	House building & Professional	2%	5%	20%	50%	100%
	Other than House building & Professional	5%	5%	20%	50%	100%
Small & Medium	1%	5%	20%	50%	100%	
All Other	1%	5%	20%	50%	100%	

Loans and advances are written off to the extent that (i) there is no realistic prospect to recovery (ii) against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. However write off will not reduce the claim against the borrower. Detailed records for all such write off accounts are maintained.

2.5 Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Rates and methods of charging depreciation are as follows:

Particulars of Assets	Rate of Depreciation	Method of Depreciation
Furniture and Fixture	10%	Reducing balance method
Machinery and Equipment	20%	Reducing balance method
Computer and Copier	20%	Straight Line method
Vehicles	25%	Straight Line method
Leasehold buildings		Straight Line method over the lease hold period

Depreciation has been charged on fixed assets from the date of acquisition and suspended on the date of disposal.

2.6 Earning Per Share

Earning per share (EPS) has been calculated in accordance with BAS-33 which has been shown on the face of profit and loss account and computation of EPS is stated in note-39. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

2.7 Income Taxes

a) Current Tax

Provision for Income Tax has been made @45% as prescribed in the Finance Act, 2008 of accounting profit made by the bank after considering some of the taxable add backs of income and disallowance of expenditures.

b) Deferred Tax:

The Bank had adopted deferred tax in 2004 in compliance with the provisions of Bangladesh Accounting Standard (BAS-12) "Income Taxes". The company's policy of recognition of deferred tax assets/liabilities is based on temporary difference (Taxable or deductible) between the carrying amount (Book Value) of assets and liabilities for financial reporting purposes and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and Earnings Per Share (EPS).

2.8 Retirement benefits to the employees

(a) Provident Fund

The Bank operates a contributory provident fund benefits of which are given to the Staff of the Bank in accordance with the provident fund rules. The National Board of Revenue approved the provident fund as a recognized provident fund. The fund is operated by a Board of Trustees consisting of at least five members. All confirmed employees of the Bank are contributing monthly to the fund a sum equal to 10% of basic salary as a subscription of the fund. The Bank also contributes equal amount of the employee's contribution to the fund. Interest earned from the investment is credited to the members' account on yearly basis after examining the fund by its Auditor.

(b) Gratuity Fund

The Bank made a provision of gratuity fund at the 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. The management of the Bank has created full required provision for gratuity.

(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 before tax at the end of the year. The fund is established to provide financial assistance for marriage of death on duty permanent disabilities of the employees and 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. Proposed contribution towards this fund from the profit of the year 2008 is 45.00 lac. This fund is utilized for various social activities as part of corporate social responsibility of the Bank.

2.9 Revenue Recognition

The revenue during the year is recognized as following which satisfy all conditions of revenue recognition as prescribed by BAS 18 "Revenue Recognition".

a) Interest Income - The interest receivable on unclassified loans and advances / investments is recognized quarterly on accrual basis. Interest on loans and advances / investments, ceases to be taken into income when such advances are classified or treated as SMA as per Bangladesh Bank BRPD circular No. 5 dated 05 June 2006, kept in interest suspense account. Interest on classified advances is accounted for on a cash receipt basis.

b) Fees and Commission Income - Fees and commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letter of credit and letter of guarantee are credited to income at the time effecting the transactions.

c) Dividend Income - Dividend income from shares is recognized at the time when it is realized.

d) Interest paid and other expenses - The interest paid on deposits and borrowings and other expenses are recognized on accrual basis as prescribed by BAS - 1 "Presentation of Financial Statements".

2.10 Capital Expenditure Commitment

There was no capital expenditure contracted but incurred or provided for at 31 December 2008 besides, there was no material capital expenditure authorized by the Board but not contracted for at 31 December 2008.

2.11 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

2.12 Off-balance sheet items & provisions

As per Bangladesh Bank Guidelines Off-balance sheet items have been disclosed under contingent liabilities & other commitments. BASIC Bank Limited has maintained provision @ 1% against off-balance sheet exposures (L/C and Guarantee) as per BRPD Circular #10, dated September 18, 2007.

2.13 Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with BAS 7 "Cash Flow Statement" and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25th June 2003. The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. It is broken down into operating activities, investing activities and financial activities.

2.14 Statement of Changes in Equity

Statement of Changes in Equity is prepared principally in accordance with BAS 1 "Presentation of Financial Statements" and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25th June 2003.

2.15 Statement of Liquidity

The liquidity statement has been prepared in accordance with the remaining maturity grouping of the value of the assets and liabilities as on 31 December 2008 and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25th June 2003.

2.16 Reconciliation of inter-bank and inter branch accounts

Books of accounts in regard to inter-bank (in Bangladesh and outside Bangladesh) and inter-branch are reconciled and no material difference was found which might effect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as on the reporting date are not mentionable due to the time gap before finalizing the same.

2.17 Related Party Transaction

There are no related party transactions requiring disclosure under ISA - 24.

2.18 General

(a) Figures of previous year have been rearranged wherever necessary to conform to current year's presentation.

(b) Figures appearing in these financial statements have been rounded off to the nearest Taka.

2.19 Risk Management

Risk is inherent in all the core business areas of a bank. Managing risks properly is one of the main pillars of banking business. To ensure sustainable growth and performance, proper and sound risk management practice is of vital importance. As a commercial bank BASIC Bank Limited attaches full importance to manage the risk involved in its business. The risk management of the Bank covers a wide spectrum of risk issues but the 5 (five) core risk areas of banking are; Credit Risk, Foreign Exchange Risk, Internal Control and Compliance Risk, Money Laundering Risk and Asset Liability Management Risk. The principal objective of risk management is to safeguard the bank's capital, financial resources, profitability and market reputation. To this effect, the Bank took the following steps under the guidelines of Bangladesh Bank.

(a) Credit Risk Management

Credit risk is the possibility that a borrower or counter party will fail to meet its obligations in accordance with agreed terms. The failure may result from unwillingness of the counter party or decline in his/her financial condition. Credit risk, therefore, arises from the bank's dealing with or lending to corporate, individuals, other banks or financial institutions. A separate Credit Division has been formed at Head Office since the inception of the Bank, which is assigned with the duties of marketing and assessment of credit products, maintaining effective relationship with the customer and exploring new business opportunities. 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. BASIC Bank Limited takes its lending decision based on the credit risk assessment report by appraisal team. In determining Single Borrowing/Large Loan limit, the instructions of Bangladesh Bank are strictly followed.

(b) Foreign Exchange Risk Management

Foreign Exchange Risk is defined as the potential change in earnings arising due to change in market prices. The market directly affects each country's bond, equities, private property, manufacturing and all assets that are available to foreign investors. Foreign exchange rates also play a major role in determining who finances government deficits, who buys equities in companies and literally affects and influences the economic scenario. Due to high risk market the role of treasury operations is crucial. As per Bangladesh Bank's guidelines the Bank has segregated the Front and Back office for Treasury Operations. Front Office independently conducts the transactions and the Back Office is responsible for verification of the deals and passing of their entries in books of accounts. All Nostro accounts are reconciled on monthly basis and all foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank.

(c) Internal Control and Compliance Risk Management

Internal Control and Compliance (ICC) is a critical component of Bank management and foundation for the safe and sound operation of banking organization. A system of strong internal control and compliance can help to ensure that the goals and objectives of a banking organization will be met, that the bank will achieve long-term profitability targets, and maintain reliable financial and managerial reporting. Operational loss may arise from error and fraud due to lack of strong internal control and compliance culture.

Effective Internal Control & Compliance system can help to ensure that the bank will comply with laws and regulations as well policies, plans, internal rules and procedures, and decrease the risk of unexpected losses or damage to the bank's reputation. To this effect, the Bank has formed an ICC Division headed by Senior Executive. The ICC Division has been segregated to three units, which are Audit & Inspection unit, compliance unit and Monitoring unit. The Bank has also developed an Internal Control & Compliance Policy duly approved by the Board of Directors. To ensure effective control DCFCL's, Loan Documentation Check list and Quarterly Operations Report have been developed and implemented. The Audit and Inspection Team undertakes periodic and special audit. The Audit Committee of Board of Directors plays an effective role in providing bridge between the Board and Management. The Committee reviews the financial reporting process, the system of internal control, the audit process and the Bank's process for compliance with laws, regulations and code of conduct.

The Information Systems/Information Technology Audit Unit conducts audits to evaluate the system's efficacy and security protocols, in particular, to evaluate the Bank's ability to protect its information assets and properly disseminate information to authorized parties. The IS/IT audit focuses on determining risks that are relevant to information assets, and in assessing & suggesting controls in order to reduce or mitigate these risks to acceptable level.

The Compliance Unit of the division works as the point of contact when any regulatory inspection is carried out and ensures that corrective measures are taken and the appropriate responses are made on a timely fashion. If the regulatory authority identifies any major lapses then it notifies to the senior management and/or to the Audit Committee of the Bank.

(d) Money Laundering Prevention

Money laundering has been identified as a major threat to the financial services community. It is important that the management of Banks and other Financial Institutions view prevention of money laundering as part of their risk management strategies and not simply as a stand-alone requirement that is being imposed by the legislation. Anti-Money Laundering Guideline of the Bank was approved by the Board of Directors of the Bank in its 188th meeting held on January 31, 2006. As per the guideline a Central Anti-Money Laundering Compliance Unit (CAU) has been formed at Head Office. General Manager (Operation and Administration) is acting as Chief Anti-Money Laundering Compliance Officer (CAMLCO). The Deputy General Manager of Branch Control & establishment Division has been made the Head of this Central Compliance Unit who will work directly under the CAMLCO. This unit will monitor and review all anti-money laundering issues. A senior level executive from each branch has been nominated to act as Branch Anti-Money Laundering Compliance Officer (BAMLCO). The Bank is providing training to the employees on regular basis. New employees are getting orientation to the Anti-Money Laundering issues through foundation course. Sound 'Know Your Customer' and Transaction monitoring policies have been taken to recognize the risk associated with accounts. A detailed work plan has been formulated to complete KYC procedures for the accounts commenced prior to 30 April 2002. It is the requirement of Bangladesh Bank to report cash transaction of above 7 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. Internal control and compliance policies have been implemented to cheque that an effective Anti-Money Laundering system is in force.

(e) Asset Liability Management

Asset/liability management has become an almost universally accepted approach to risk management. Since capital and profitability are intimately linked, BASIC Bank Limited is managing its asset / liability in order to ensure sustained profitability so that the Bank can maintain and augment its capital resources. The Asset Liability Management Committee (ALCO) usually makes decisions, which is responsible for the 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 gaps, interest rate gap etc. ALCO also reviews liquidity contingency plan and implements liability pricing strategy for the Bank.

2.20 Audit Committee

Members of the Audit Committee of the Board of Directors:

Name	Status with the Bank	Status with the Committee	Educational Qualification
Mr. Mohammad Mahbubur Rahman	Director	Convener	MA in Economics
Mr. Mahubud Ahmed	Director	Member	MA in Economics
Mr.Md. Abdul Matin	Director	Member	MA in English

Audit Committee Meeting held during 2008

26th Meeting of Audit Committee held on 16.03.08
27th Meeting of Audit Committee held on 28.05.08
28th Meeting of Audit Committee held on 18.10.08
29th Meeting of Audit Committee held on 30.10.08

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 system 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.

2.21 Compliance report on Bangladesh Accounting Standards (BAS)

Name of the BAS	BAS no	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Cash Flow Statement	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
Segment Reporting	14	N/A
Property Plant & Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee benefits	19	Applied
Accounting for Governments Grants and Disclosure of Government Assurances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting for investments	25	Applied
Accounting & Reporting by Retirement Benefit Plans	26	Applied
Consolidated & Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Disclosures in the Financial Statements of Banks and similar Financial Institutions	30	Applied
Interest in Joint Ventures	31	N/A
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	N/A
Investment Property	40	Applied
Agriculture	41	N/A

* N/A = Not Applicable

	31.12.2008 Taka	31.12.2007 Taka
3. Cash		
Cash in Hand (including foreign currencies)	197,866,918	237,050,824
Balance with Bangladesh Bank	2,443,140,935	1,887,967,213
	2,641,007,853	2,125,018,037
3.1 Cash in Hand (including foreign currencies)		
In Local Currency	191,872,599	232,079,018
In Foreign Currencies	5,994,319	4,971,806
	197,866,918	237,050,824
3.2 Balance with Bangladesh Bank and its Agent bank (s)		
In Local Currency	2,056,128,629	1,757,059,110
In Foreign Currencies	387,012,306	1,310,908,113
	2,443,140,935	1,887,967,213
3.2.1 In Local Currency		
Bangladesh Bank	2,005,787,138	1,711,264,788
Sonali Bank (acting as agent of Bangladesh Bank)	50,341,491	45,794,312
	2,056,128,629	1,757,059,110
3.2.2 In Foreign Currencies		
Bangladesh Bank - US\$	383,231,453	128,364,067
Bangladesh Bank - UKP	2,140,844	1,143,243
Bangladesh Bank - EURO	1,640,009	1,600,803
	387,012,306	130,908,113
3.2.2.1 Balance with Bangladesh Bank as per DB -5	2,006,519,000	-

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 statements. 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.

	Amount	%	Amount	%
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 BCD Circular No. 13 dated 24 May 1992, BRPD Circular No. 12 dated 20 September 1999 & BRPD Circular No. 22 dated 06 November 2003 and BRPD Circular No. 05 dated 21.07.2004 and BRPD Circular No. 11 dated 25.08.2005.				
3.3.1 Cash Reserve Ratio (CRR) (5% of Average Demand & Time Liabilities)				
Required Reserve	1,880,019,000	5.00%	1,525,702,000	5.00%
Maintained	1,930,197,000	5.13%	1,575,868,000	5.16%
3.3.2 Statutory Liquidity Reserve (SLR) (13% of Average Demand & Time Liabilities)				
Required Reserve	4,888,050,000	13%	3,966,825,000	13%
Maintained	5,815,609,000	15.47%	3,916,659,000	12.84%
3.3.3 Total Amount of CRR & SLR				
Required	6,768,069,000	18.00%	5,492,527,000	18.00%
Maintained	7,745,806,000	20.60%	5,492,527,000	18.00%

4. Balance With Other Banks & Financial Institutions

	31.12.2008 Taka	31.12.2007 Taka
4. Balance With Other Banks & Financial Institutions		
In Bangladesh	8,253,207,992	6,510,675,772
Outside Bangladesh (Nostro Accounts)	231,972,783	426,855,834
	8,485,180,775	6,937,531,606
4.1 In Bangladesh		
Form of Deposits		
Current Account		
Sonali Bank Ltd.	3,020,663	53,449,298
Agrani Bank Ltd.	15,034,982	15,034,982
Rupali Bank Ltd.	552,300	557,850
Janata Bank Ltd.	4,850,456	1,000,456
	23,458,401	55,007,604
STD Account		
Sonali Bank Ltd.	41,690,111	5,576,695
Bangladesh Krishi Bank Ltd.	25,201	25,201
Trust Bank Ltd.	223,023	223,023
Rupali Bank Ltd.	31,278,172	30,038,144
Agrani Bank Ltd.	73,216,509	28,008,168
	156,533,082	35,668,168
Other Deposit		
Receivable from ICB Islami Bank Ltd.	-	-
Fixed Deposit Account		
Bangladesh Commerce Bank Ltd.	100,000,000	100,000,000
The Oriental Bank Ltd.	-	-
IPDC	200,000,000	400,000,000
IDLC	200,000,000	-
WFC	300,000,000	-
IDFC	200,000,000	-
Ultaara Finance and Investment	100,000,000	-
Lanka Bangla Finance	100,000,000	-
Phonix Leasing and Finance	50,000,000	-
Union Capital	50,000,000	-
International Leasing and Finance	100,000,000	-
NCC Bank Ltd.	300,000,000	200,000,000
Arab Bangladesh Bank Ltd.	200,000,000	200,000,000
Southeast Bank Ltd.	500,000,000	400,000,000
Prime Bank Ltd.	700,000,000	300,000,000
Dhaka Bank Ltd.	400,000,000	500,000,000
Januna Bank Ltd.	300,000,000	400,000,000
Shajalee Islami Bank Ltd.	200,000,000	200,000,000
National Bank Ltd.	100,000,000	-
Eastern Bank Ltd.	400,000,000	400,000,000
Mercantile Bank Ltd.	600,000,000	400,000,000
Dutch-Bangla Bank Ltd.	-	470,000,000
Trust Bank Ltd.	-	200,000,000
United Commercial Bank Ltd	-	400,000,000
Bank Asia	300,000,000	200,000,000
Pubali Bank Ltd.	-	400,000,000
Commercial Bank of Ceylon	-	250,000,000
BRAC Bank Ltd	400,000,000	200,000,000
Bank Al-Falah	50,000,000	-
The City Bank Ltd.	200,000,000	-
Standard Bank Ltd.	150,000,000	-
One Bank Ltd	400,000,000	200,000,000
Sonali Bank	750,000,000	500,000,000
Bangladesh Krishi Bank	150,000,000	-
First Security Bank	100,000,000	-
Habib Bank	400,000,000	300,000,000
Mutual Trust Bank Ltd.	-	-
Sub-Total	8,000,000,000	6,420,000,000
	8,253,207,992	6,510,675,772

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

4.2 Outside Bangladesh (Nostro Accounts and Term Placement)

	31.12.2008	31.12.2007
	Taka	Taka
Interest-bearing Accounts		
AMEX New York	6,109,533	38,909,199
Bank of Tokyo-Mitsubishi London	3,881,220	5,166,298
Bank of Tokyo-Mitsubishi Japan	2,477,314	1,452,712
Habib Bank FSC UAE	-	491,392
Habib Bank New York	66,730,535	2,457,454
CITI Bank Mumbai	1,021,483	2,618,139
Sonal Bank Kolkata	57,636	496,211
Bank of Ceylon	2,040,359	9,412,425
AMEX (Kolkata)	-	19,905,337
CITI Bank New York (Import)	-	40,608,711
CITI Bank New York (Export)	23,246,373	134,489,861
State Bank of India	-	552,142
Standard Chartered Import New York	36,320,526	62,539,352
Standard Chartered Bank London	4,949,844	7,590,948
Standard Chartered Bank Mumbai	10,855,994	17,550,851
ICICI Bank Ltd.	9,927,929	11,466,982
HSCC New York	10,625,562	20,464,755
Dresdner Bank Frankfurt -Euro	-	2,899,461
Banque de Commerce, Geneva	475,326	2,752,191
AMEX Frankfurt	6,344,108	2,590,001
Wachovia Bank N.Y.	-	6,292,239
Aff Habib Rupali Bank	1,239,881	503,444
Total of Nostro Account	187,403,633	382,079,384
(Annexure - A may kindly be seen for details)		
Term Placement		
Citi Bank N A New York-Term	-	20,697,300
Commercial Bank of Ceylon-Dhaka-Term	13,766,800	13,766,800
Commercial Bank of Ceylon-Term	20,490,000	-
Commercial Bank of Ceylon-Tokyo-Term	10,312,350	10,312,350
Total Term Placement	44,569,150	44,776,450
Grand total (Nostro and Term Placement)	231,972,783	426,855,834
4.3 Maturity grouping of balances with other banks & financial institutions		
On demand	210,862,035	437,086,988
Up to 1 month	1,900,000,000	535,668,168
Over 1 month but not more than 3 months	4,757,473,309	5,964,776,450
Over 3 months but not more than 1 year	1,466,312,350	-
Over 1 year but not more than 5 years	156,533,081	-
Over 5 years	-	-
	8,485,180,775	6,937,531,606
5. Money at Call and Short Notice :		
5.1 Classification of Money at Call & Short Notice		
Commercial Banks (Note: 5.1.1)	1,330,000,000	1,320,000,000
Financial Institutions (Public & Private) (Note: 5.1.2)	150,000,000	-
	1,480,000,000	1,320,000,000
5.1.1 Commercial Banks		
Trust Bank Ltd.	150,000,000	150,000,000
Dhaka Bank Ltd.	50,000,000	150,000,000
BRAC Bank Ltd.	150,000,000	-
Habib Bank Ltd.	100,000,000	-
National Bank of Pakistan	70,000,000	-
The City Bank Ltd.	100,000,000	-
NCC Bank Ltd.	50,000,000	-
JFIC Bank Ltd.	-	200,000,000
Uttara Bank Ltd.	-	200,000,000
Pubali Bank Ltd.	-	100,000,000
Mutual Trust Bank Ltd.	-	200,000,000
Mercantile Bank Ltd.	100,000,000	120,000,000
Bank Asia Ltd.	60,000,000	200,000,000
Eastern Bank Ltd.	200,000,000	-
Southeast Bank Ltd.	170,000,000	-
Arab Bangladesh Bank Ltd.	130,000,000	-
	1,330,000,000	1,320,000,000

5.1.2 Financial Institutions

	31.12.2008	31.12.2007
	Taka	Taka
JFIC	100,000,000	-
IBFC	50,000,000	-
	150,000,000	-
6. Investments		
Government Securities (Note: 6.1)	5,598,825,306	5,271,306,344
Other Investments (Note: 6.2)	89,192,260	32,084,760
	5,688,017,566	5,303,391,104
6.1 Government Securities		
Treasury Bills and Reserve Repo (Note 6.1.1)	1,675,271,483	4,649,675,744
Treasury Bonds (Note 6.1.2)	3,903,581,723	600,000,000
Prime Bond	2,472,109	1,630,000
Debenture (Note: 6.1.3)	17,500,000	20,000,000
	5,598,825,306	5,271,306,344
6.1.1 Treasury Bills and Reverse Repo (at revalued Amount)		
05 Years Government Treasury Bills	-	381,182,812
02 Years Government Treasury Bills	-	-
364 Days Government Treasury Bills	575,271,483	3,168,492,932
364 Days Reverse Repo	1,100,000,000	600,000,000
91 Day Government Treasury Bills (at present value)	-	-
28 Days Government Treasury Bills	-	500,000,000
01 Day Reverse Repo-Bangladesh Bank	-	-
	1,675,271,483	4,649,675,744
6.1.2 Treasury Bonds (at revalued Amount)		
05 Years Government Treasury Bond	3,752,442,252	600,000,000
10 Years Government Treasury Bond	151,139,471	-
	3,903,581,723	600,000,000
6.1.3 Debentures		
20 years HBFC Debenture - 5.5%	17,500,000	20,000,000
6.2 Other Investments		
Shares (Note: 6.2.1)	89,192,260	32,084,760
	89,192,260	32,084,760
6.2.1 Shares		
Quoted companies		
Shares in listed companies	72,990,500	15,883,000
Unquoted companies		
Share of Karmasangsthan Bank	10,000,000	10,000,000
Equity of Gramen I. T. Park	4,201,760	4,201,760
Share of CDB Ltd.	2,000,000	2,000,000
	89,192,260	32,084,760
(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)	3,850,739,802	1,786,847,904
Held To Maturity (HTM)	1,745,613,405	3,484,438,440
	5,596,353,207	5,271,306,344

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 gain is shown in capital account as Revaluation Reserve. HFT securities are revalued weekly and gain on revaluations shown as Revaluation Reserve under capital account. Securities are shown at revalued amount.

	31.12.2008	31.12.2007
	Taka	Taka
7.8 Provision required for loans and advances		
Status		
Unclassified-General provision		
Agro based and Micro Credit	602,788,600	5
SMA	413,875,472	5
Others (excluding staff loan)	24,613,463,400	1 & 2
	314,321,419	300,650,221
Classified specific provision		
Sub-standard	275,030,835	20
Doubtful	102,935,401	50
Bad/loss	309,366,725	100
	415,840,593	1,743,927
Required provision for loans & advances	730,162,012	737,193,403
Total provision maintained	730,162,012	737,193,403
Excess / short provision as at 31 December	-	-
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	27,879,508,162	22,235,035,564
Cash and quasi-cash	2,256,762,037	2,347,943,606
Others	7,327,572,543	4,579,122,340
	38,463,842,742	29,162,101,510
7.10 Particulars of Loans and Advances:		
(i) Debts considered good in respect of which the banking company is fully secured.	22,714,428,328	19,993,174,682
(ii) Debts considered good for which the banking company holds no other security other than debtor's personal security.	4,239,276,688	1,662,428,170
(iii) Debts considered good secured by personal liabilities of one or more parties in addition to the personal security of the debtors.	315,426,164	607,746,756
(iv) Debts considered doubtful or bad not provided for.	-	-
	27,269,131,180	22,263,349,609
(v) Debts due by directors and officers of the banking company or any of them either severally or jointly with any other person.*	513,319,000	331,887,545
(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 company as members.	-	-
(vii) Maximum total amount of advances including temporary advances made at any time during the year to the director or manager or officers of the banking company or any of them either severally or jointly with any other person.*	528,020,818	352,229,434
(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 as members.	-	-
(ix) Amount of provision kept against loan classified as bad/loss	309,366,726	436,543,180
(x) Cumulative amount of Classified Loans which is written off	587,707,402	283,285,108
(xi) Classified Loans which is written off for current year	395,326,978	37,054
* There is no loans in the name of existing Directors. This amount represents loan to officers of the Bank.		
7.11 Bills Purchased and Discounted		
Payable in Bangladesh	2,665,214,485	1,870,155,448
Payable outside Bangladesh	259,183,220	345,273,322
	2,924,397,705	2,215,428,771

	31.12.2008	31.12.2007
	Taka	Taka
7.11.1 Maturity grouping of bills purchased & discounted		
Not more than 01 month	315,185,857	267,376,656
Above 01 month but not more than 03 months	1,455,029,165	1,277,743,758
Above 03 months but not more than 06 months	1,088,877,880	670,308,377
Above 06 months	65,309,808	65,309,808
	2,924,397,705	2,215,428,771
8. Premises and Fixed Assets		
Own Assets		
Furniture and Fixtures	106,399,544	90,313,949
Equipment and Computer	273,559,015	225,485,725
Vehicles	93,111,369	75,140,296
Less: Accumulated depreciation	472,585,929	390,339,870
	287,769,763	198,419,017
Sub total	224,825,147	192,520,953
Leased Assets		
Leasehold Assets	4,000,000	4,000,000
Less: Accumulated depreciation	459,770	413,793
Sub total	3,540,230	3,586,207
Total	228,365,377	196,107,160
A Schedule of Fixed Assets is given in Annexure-D.		
9. Other Assets		
a) Investment in Shares of subsidiary companies;		
1) In Bangladesh	-	-
2) Outside Bangladesh	-	-
b) Stationery, stamps, printing materials etc.	14,762,041	15,981,647
c) Advance rent;	22,556,155	18,255,106
d) Income receivable	341,949,604	149,115,363
e) Advance income tax	287,273,190	335,827,685
f) Security deposits	5,900,396	4,619,989
g) Suspense account	1,829,483	1,751,130
h) Other prepayments	231,680	8,124
i) Suspense account (Proposed Gazipur Chowrasta Branch)	12,054,911	12,054,911
j) Branch adjustment account	16,486,397	27,846,502
k) Sundry debtors	48,254,593	48,254,593
l) Subs fees of Dun Bradstreet	2,997,622	3,251,548
	764,296,466	579,144,820
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 have been verified and considered good.		
9.3 Suspense account		
Suspense account consists of DO paid without advice, clearing, petty cash etc.		
9.4 Sundry Debtors		
Protested bill, Main branch	6,535,881	6,535,881
Protested bill, Khairpur branch	244,800	244,800
Protested bill, Khairpur branch	416,367	416,367
BCCI-Bombay	584,884	584,884
BCCI-London	326	326
Protested bill, SWIFT charges	5,571,921	6,390,029
Others	13,354,179	14,172,297
	34,900,414	37,655,429
	48,254,593	22,437,726
Full provision for the protested bill of BCCI and SWIFT charges has been made in the account and Others included encashment of Sanchaypatras amount which will be adjusted after receiving Bangladesh Bank advice.		

	31.12.2008	31.12.2007
	Taka	Taka
10 Borrowing from other banks including Financial Institutions & Agents		
In Bangladesh	1,015,312,703	846,160,971
Outside Bangladesh	693,001,547	539,649,754
	1,708,404,250	1,385,810,725
Borrowing from other bank companies and agents		
Long term loan from Bangladesh Bank	174,010,290	237,383,575
Bangladesh Bank Reference Loan for Housebuilding	33,895,000	94,800
Loan from Bangladesh Bank under ESP scheme	-	-
Small and Cottage Industries Project loan under ADB loan No. - 1070 - BAN(SF)	605,051	5,348,862
Loan for Micro Credit and Small Scale Industries (KW, Germany)	189,545,990	208,735,121
Government consent for Agro based Industries	807,407,413	608,682,598
Agro business development Project of ADB	502,940,546	325,565,771
	1,708,404,250	1,385,810,725
Secured and unsecured borrowing from other banks		
Secured	-	-
Unsecured	1,708,404,250	1,385,810,725
	1,708,404,250	1,385,810,725
11. Deposits & Other Accounts		
11.1 Non-Interest bearing Accounts		
11.1.1 Current and Other Accounts		
Current Account	1,029,676,534	1,166,016,812
Sundry Deposit	1,514,839,299	1,701,173,437
	2,544,515,833	2,867,190,249
11.1.2 Bills Payable		
Payment Order	292,936,770	260,333,250
Demand Draft	35,554,589	30,427,014
	328,491,359	290,755,264
Sub-total	2,873,007,182	3,157,945,513
11.2 Interest bearing Account		
11.2.1 Savings Bank Deposits		
Savings Account	955,506,366	886,304,853
11.2.2 Fixed Deposits		
Short Term Deposits	5,206,029,651	4,056,140,541
Term Deposits	29,333,692,233	23,847,588,193
	34,539,721,884	27,903,728,734
Sub-total	35,495,230,250	28,790,033,587
Total	38,368,237,432	31,947,979,100
11.3 Maturity Grouping of Deposits and Other Accounts		
Deposit from Bank		
Payable on Demand	1,150,881	6,534,000
Less than 01 Month	-	-
Above 01 Month but not more than 6 Months	-	-
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	-	-
	1,150,881	6,534,000

	31.12.2008	31.12.2007
	Taka	Taka
Other Deposits		
Payable on Demand	5,152,023,028	4,151,181,410
Less than 01 Month	4,242,896,487	5,812,466,492
Above 01 Month but not more than 6 Months	5,891,091,146	12,361,102,308
Above 06 Months but not more than 01 Year	18,172,735,109	7,466,592,005
Above 01 Year but not more than 05 Years	5,708,430,781	5,686,102,885
Above 05 years not more than 10 years	-	-
Above 10 years	-	-
	38,367,086,581	31,941,445,100
Sub-total	38,367,086,581	31,947,979,100
12. Other Liabilities		
Interest Payable on Borrowing	100,072,218	105,307,625
Interest Payable on Term Deposits	1,288,210,367	997,384,571
Privileged Creditors	27,235,420	21,931,651
Benevolent Fund	7,731,745	5,505,572
Gratuity Fund	184,539,862	84,303,645
Provision for Incentive Bonus	105,305,659	62,148,214
Sundry Creditors	17,667,416	15,000,335
Telephone and Telex Charges Payable	1,061,073	795,677
Expenses Payable	1,496,138	1,006,557
Provision for Taxes	813,301,889	601,416,654
Miscellaneous Creditors	-	35,827
Provision for Loan and Advances	730,162,011	737,193,403
Provision for Off Balance Sheet Exposures	92,980,000	43,700,000
Provision for Sundry Debtors	14,172,297	14,172,297
Provision for Investment	331,890	331,890
Suspense Interest	174,868,951	93,891,617
Excise Cash	-	5,000
Provision for Superannuation Fund	3,500,000	3,500,000
Provision for Welfare Fund	9,533,366	5,033,367
Electricity	1,243,096	1,243,189
Clearing	2,727,124	680,047
Exchange Equalization Fund	6,925,385	6,925,385
Printing Stationery	266,759	-
Verocast Audit and Rating Fees	640,120	-
Proposed Gazipur Branch	8,301,859	-
	3,592,295,651	2,843,532,721
12.1 Provision for Classified Loan (A)		
Opening Balance	436,543,180	323,218,141
Fully Provided Debt Written off/Interest Waived	(240,976,713)	(69,426,562)
Recovery from Earlier Written Off Loan	(+)	(-)
Special Provision for Current Year	(+)	(-)
Provision Not Required	(-)	(-)
Charge against Current Year's Profit	(-)	(-)
Closing Balance	415,840,593	436,543,182
12.1.1 Fully Provided Debt Written off/Interest Waived		
Loan Written off	240,976,713	27,562
Interest Waived	-	69,399,000
	240,976,713	69,426,562
12.2 Provision for Unclassified Loan (B)		
Opening Balance	300,650,221	250,526,282
Provision Not Required	(-)	(-)
Charge against Current Year's Profit	(-)	(-)
Closing Balance	314,321,419	300,650,221
Total of 12.1 and 12.2	730,162,011	737,193,403
12.3 Provision for off Balance Sheet Items (C)		
Opening Balance	43,700,000	-
Provision Not Required	(-)	(-)
Charge against Current Year's Profit	(+)	(+)
Closing Balance	92,980,000	43,700,000
Total Provision (A+B+C)	823,142,011	780,893,403

	31.12.2008 Taka	31.12.2007 Taka
12.4 Suspense Interest		
Opening Balance	93,891,617	101,347,496
Transferred During the Year	(-)	82,578,773
Recovery During the Year	(-)	(62,248,718)
Suspense Written off/Waived During the Year	(-)	(27,285,034)
Closing Balance	174,868,951	93,891,617
12.5 Branch adjustments account represents outstanding inter branch and head office transaction (Net) originated. The un-respended entries of 31.12.08 are given below:		
	(Amount in thousand)	
	No. of Un-respended	Amount of Un-respended entries
	Dr.	Cr.
Up to 03 Months	177	235
Over 03 Month but within 06 Months	-	210,099
Over 06 Month but within 01 Year	-	-
Over 01 Year but within 05 Years	-	-
By 31 January 2009 all the Entries are responded		
13. Capital		
13.1 Authorized		
20,000,000 Ordinary Shares of Tk.100.00 Each	2,000,000,000	2,000,000,000
13.2 Issued and Fully Paid		
The Issued, Subscribed and Paid up Capital of the Bank as follows:		
Ordinary Shares of Tk. 100.00 Each	1,309,770,000	1,247,400,000
The Government of People's Republic of Bangladesh is the Sole Owner-Shareholder of the Bank and all the Ordinary Shares are vested with the Ministry of Finance.		
13.3 Risk-weighted Assets and Capital Adequacy Ratios as Defined by the Basel Capital Accord		
Calculated as per BRPD Circular No. 10 dated 25 November 2002 and subsequent amended Circular No. 03 Dated 09 May 2004 and BRPD Circular No.05 dated 14.05.2007 respectively issued by Bangladesh Bank.		
Core Capital (Tier - 1)		
Paid up Capital	1,309,770,000	1,247,400,000
Statutory Reserve	1,295,263,804	1,045,085,405
General Reserve/Capital Reserve	40,000,000	40,000,000
Retained Earnings	304,512,647	159,477,208
	2,949,546,451	2,461,962,713
Supplementary Capital (Tier - 2)		
General Provision maintained against Unclassified Loan	314,321,419	300,650,220
Provision for Off-Balance Sheet Items	92,080,000	43,700,000
Exchange Equalization	6,925,385	6,925,385
Revaluation of HTM Securities	11,150,674	19,620,578
	424,377,478	469,895,183
A. Total Eligible Capital (Tier-1 + Tier-2)	3,374,923,929	2,947,858,896
B. Risk Weighted Assets		
Balance Sheet Business	25,447,401,000	20,549,370,000
Off-Balance Sheet Business	2,620,538,000	2,621,959,000
Total Risk-weighted Assets	28,067,939,000	22,841,329,000
C. Required Capital on Risk Weighted Assets	2,806,795,900	2,284,132,000
(10% on Total Risk Weighted Assets)		
D. Capital Surplus / (Shortfall) (A-C)	568,128,029	663,726,896
Total Capital Ratio (%)	12.02	12.91
Capital Requirement		
Core Capital (Tier-1)	Required (%) 5.00	Held (%) 10.51
Supplementary Capital (Tier - II)	1.25	10.78
Total	10.00	12.62

	31.12.2008 Taka	31.12.2007 Taka
14. Statutory Reserve		
Opening balance at the beginning of the year	1,045,085,405	883,456,765
Add: Addition during the year from Net Profit	250,178,399	161,628,640
Closing balance at the end of the year	1,295,263,804	1,045,085,405
15. Other Reserve		
Opening balance at the beginning of the year	40,000,000	40,000,000
Add: Addition during the year	-	-
Closing balance at the end of the year	40,000,000	40,000,000
16. Surplus in Profit and Loss Account		
Balance as on 1st January	129,477,308	370,540,862
Change in Accounting Policy (Deferred tax effect upto 2004)	299,775,338	121,336,446
Profit during the Year	-	-
Transferred to Other Reserve	(62,370,000)	(60,000,000)
Cash dividend paid during the year	(62,370,000)	(302,400,000)
Issuance of Bonus Share	304,512,647	129,477,308
16.1 Item-Wise Profit and Loss Account		
Income:		
Interest, Discount and Similar Income	4,498,080,197	3,067,492,480
Dividend Income	5,426,204	5,560,480
Fees, Commission and Brokerage	238,482,223	191,235,958
Gains less Losses Arising from Dealing Securities	-	-
Gains less Losses Arising from Investment Securities	-	-
Gains less Losses Arising from Dealing in Foreign Currencies	250,704,092	222,845,221
Income from Non-Banking Assets	67,613,775	62,389,876
Other Operating Income	5,060,309,791	3,549,524,015
Expenses:		
Interest, Fee and Commission	2,708,915,661	1,928,472,617
Losses on Loans and Advances	552,766,106	333,334,032
Administrative Expenses	213,563,356	152,065,401
Other Operating Expenses	52,947,249	44,243,187
Depreciation on Banking Assets	3,526,192,472	2,458,415,277
Profit Before Tax and Provision	1,534,117,319	1,091,108,778
16.2 Revaluation Reserve for Securities		
Revaluation Reserve for HTM	22,301,347	134,620,578
Revaluation Reserve for HFT	10,749,043	-
	33,050,390	134,620,578
Note: 50% of revaluation reserve for HTM is treated as Supplementary Capital.		
17. Contingent Liabilities		
Letter of Guarantee	2,002,289,467	1,924,520,407
Local Bills for Collection	699,863,214	807,734,401
Foreign Bills for Collection	803,413,397	805,387,236
Acceptances	2,710,211,320	2,199,046,330
Letter of Credit	4,215,262,275	4,457,653,429
Travel to Back L/C	369,458,000	223,278,000
Travellers Cheques Stock	7,546,400	11,507,300
Value of Wage Earners Bond in Hand	40,766,046	39,998,271
	10,808,780,318	10,189,525,373

	31.12.2008 Taka	31.12.2007 Taka
17.1 Letters of guarantee		
A. Claim against the bank which is not recognized as Loan		
Money for which the Bank is contingently liable in respect of guarantees favouring:		
Directors	-	-
Government	533,361,554	476,380,729
Bank and Other Financial Institutions	53,923	-
Others	1,415,014,465	1,448,539,678
	2,002,299,467	1,924,920,407
18. Interest Income		
Interest from Clients	3,006,428,346	2,324,428,194
Interest from Banks and Financial Institutions	814,270,112	518,606,674
Interest from Foreign Banks	8,734,228	23,577,873
	3,829,432,686	2,866,572,741
19. Interest Paid on Deposits & Borrowings		
On Fixed Deposit	2,232,128,279	1,689,217,777
On Short Term Deposit	273,986,360	144,089,412
On Savings Bank Deposit	46,195,001	48,313,960
On borrowing from Bangladesh Bank and Other Financial Institutions	85,996,121	46,851,468
	2,708,915,661	1,928,472,617
20. Income from Investment		
On Government Treasury Bill and Bond	667,199,751	199,480,002
On Debentures	1,447,761	1,439,737
On Shares	5,429,204	5,560,480
On Other Investment	674,076,716	206,480,219
21. Commission / Fees, Exchange Earnings & Brokerage		
Foreign bill purchased	1,118,585	638,965
Local Bill Purchased	7,791,613	9,041,451
Remittance	8,698,956	8,280,081
Letter of Guarantee	38,310,375	39,869,621
Letter of Credit	146,230,971	106,869,561
Bills for Collection	15,230,622	8,691,916
Acceptances	14,049,618	10,762,897
Export Bill	1,629,488	570,415
Miscellaneous (includes commission on sale of PSP/TC)	5,422,296	6,491,652
Exchange Gain	238,482,223	191,235,959
Profit on Exchange Trading	250,704,092	222,845,221
	489,186,616	414,081,179
22. Other Operating Income		
Rent (Go-down and locker)	301,500	583,566
Postage Charges	10,979,430	8,410,225
Telephone and Cable Charges	623,320	725,811
Recovery of Telex/ Swift Charges	16,850,941	12,656,600
Service Charges	9,225,687	6,186,504
Recoveries of Loan Previously Write Off	1,389,616	5,626,068
Recoveries and miscellaneous earnings	26,374,439	26,154,438
Profit on Sale of Fixed Assets	1,768,843	2,076,663
	67,613,776	62,389,876
23. Salary and Allowances		
Salaries	147,959,600	103,013,486
Allowances	150,981,530	112,849,376
Provident Fund	11,679,352	8,327,647
Reserve Fund	309,414	75,722
Benevolent Fund	7,731,745	5,505,572
Gratuity Fund	110,401,928	26,729,749
Bonus	116,333,797	71,172,480
Superannuation Fund	3,500,000	3,500,000
	548,938,366	331,184,032

	2008 Taka	2007 Taka
24. Rent, Taxes, Insurance, Lighting Etc.		
Rent	38,945,210	31,531,480
Rates, Taxes and VAT	2,001,408	1,775,042
Electricity and Heating	10,461,286	8,690,596
Insurance	8,775,853	12,085,386
	59,683,757	54,082,864
25. Legal & Professional Expenses		
Professional Fees	1,983,033	1,694,907
Stamps and Court Fees	416,733	217,887
	2,399,766	1,912,794
26. Postage, Stamps, Telecommunication Etc.		
Postage	700,647	787,947
Telephone	9,110,255	8,885,379
Telex	-	20,926
Courier Services	4,891,565	4,876,634
SWIFT Subscription Charges	5,134,445	39,733,253
Cables	6,286,478	2,563,778
	26,123,490	26,863,912
27. Stationery, Printing, Advertisement Etc.		
Security Stationery	1,065,036	791,413
Printing Stationery	6,838,486	3,433,040
Other Stationery	7,605,358	6,008,450
Publicity, Advertisement and publication	5,221,380	2,618,259
	20,750,260	12,871,200
28. Managing Director's Salary		
Basic Salary	525,344	666,000
Allowances	1,157,246	1,050,000
Bonus	146,000	446,000
	1,828,590	2,162,000
29. Directors' Fees & Meeting Expenses		
Board meeting and audit committee meeting	540,000	412,000
Other meeting/benefits	-	105,000
	540,000	517,000
Each Director is paid for Tk.4000.00 per meeting. There was no other financial benefits provided to the Directors of the Bank.		
30. Depreciation of Bank's Assets		
Depreciation on Own Assets		
Furniture and Fixture	5,919,205	5,519,662
Machinery and Equipment	30,627,527	27,642,775
Vehicles	10,954,640	11,626,694
	52,901,372	44,789,131
Depreciation on Leased Assets		
Lease Equipment/ Assets	45,977	45,977
	52,947,349	44,835,108
31. Repair & Maintenance of Bank's Assets		
Furniture and Fixture	854,228	859,123
Machinery and Equipment	3,862,444	3,499,002
Vehicles	4,159,910	3,577,310
Repaired Premises	2,415,889	2,743,888
	12,912,481	10,979,322

32. Other Expenses

	2008 Taka	2007 Taka
Discount	26,900	31,586
Commission and Brokerage	1,010,496	1,931,861
Entertainment	15,574,422	12,155,336
Car Expenses	9,518,305	6,064,868
Subscription	1,964,090	1,761,053
Travelling	8,620,017	6,615,834
Cartage and Freight	103,503	300,665
Computer Expenses	5,327,299	4,125,858
Staff Training Expenses	2,456,025	613,520
Donation	115,000	5,000
Management Fees	44,198	53,546
Welfare Fund	4,500,000	4,500,000
Other Audit Fee	18,178	253,200
Loss on exchange Trading	107,308	-
Loss on Sale of Other Banking Assets	39,171	-
Various Committee Members Fees and Allowances	129,000	220,000
Miscellaneous	3,774,873	6,124,161
	53,448,875	44,796,387

Note: No item of the miscellaneous expenses exceeds 1 percent of the total revenue expenses.

33. Provision for Loans & Advances

On Classified Loans & Advances As Per Bangladesh Bank Circular	(Note: 12.1)	220,274,126	180,751,601
On Unclassified Loans & Advances	(Note: 12.2)	13,871,198	30,123,959
		233,945,323	210,875,560

34. Provision for Off Balance Sheet Exposures

A provision of Tk.92,980,000 has been made @ 1.00% on off balance sheet exposure (Acceptance & Endorsement, Letter of Credit & Letter of Guarantee) of which Tk.49,280,000 made provision from current year profit as per BRPD Circular # 10 dated 18 September 2007. The total amount of provision of Tk.92,980,000 will be treated as Supplementary Capital of the Bank.

35. Provision for Tax

Opening balance	66,192,176	55,576,726
Current Year's Tax	747,109,713	505,839,928
Previous Years Tax	40,000,000	-
	813,301,889	601,416,654

36. Deferred Tax

a) Computation of Deferred Tax			
Tax Base of Depreciable Fixed Assets			
Less: Carrying Amount	244,591,845	204,783,041	
Deductible Temporary Difference (A)	224,825,148	192,520,953	
	19,766,697	12,262,088	
Carrying Amount of Provision for Gratuity/Benevolent/Superannuation Fund:			
Provision for Gratuity	184,539,862	88,530,661	
Provision for Benevolent Fund(Provision-actual payment)	5,443,240	5,865,469	
Provision for Superannuation Fund(Provision-actual payment)	1,500,000	3,038,469	
	192,533,202	97,434,579	
Less: Tax Base	40,000,000	-	
Deductible Temporary Difference (B)	192,533,202	97,434,579	
	212,299,899	109,696,667	
Total Deductible Temporary Difference (A-B)			
Effective Tax Rate	45%	45%	
Deferred Tax Assets	95,534,955	49,363,500	
b) Deferred Tax (Expenses)/Income			
Closing Deferred Tax Assets	95,534,954	49,363,500	
Opening Deferred Tax Assets	49,363,500	28,701,686	
Deferred Tax (Expenses)/Income	46,171,454	20,661,814	

37. Proposed Dividends

	2008 Taka	2007 Taka
Bonus Share (1:9 and 1:20)	145,530,000	62,370,000
Cash Dividend (@ 11.07% and 5.00%)	145,000,000	52,370,000
	290,530,000	114,740,000

38. Analysis of Closing Cash and Cash Equivalent

Cash in hand and balance with Bangladesh Bank and Sonali Bank	2,641,007,854	2,125,018,037
Cash with other Banks	8,485,180,776	6,937,531,606
Money at Call and Short Notice	1,480,000,000	1,300,000,000
	12,606,188,630	10,362,549,643

39. Earning Per Share (EPS)

Net Profit after Tax (Numerator)	549,953,738	282,965,086
Number of Ordinary Share Outstanding (Denominator)	13,097,700	12,475,000
Earning Per Share (EPS)	41.99	22.68

39.1 Adjusted Earning per Share (Adjusted EPS) for 2007**

	-	21.60
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** Previous year's figure has been adjusted for the issue of 623700 bonus shares.

40. Litigation Pending against Bank

There is no litigation pending against the Bank in the Year 2008.

41. Coverage of External Audit

The external auditor has covered 80% of the risk-weighted assets and have spent around 2,000 hours to complete the audit as per Bangladesh Standards on Auditing (BSA). The external auditor has audited 9 branches and Head office of the Bank.

Annexure-A

Name of the Bank	A/C Type	Currency name	2008			2007		
			Amount In FC	Conv. Rate per unit FC	Amount In BDT	Amount In FC	Conv. Rate per unit FC	Amount In BDT
1 AMEX Newyork	CD	US\$	88,647	68.92	6,109,533	567,414	68.57	38,909,199
2 BOTM London	CD	UKP	38,077	101.93	3,881,220	37,438	138.00	5,166,258
3 Rupali Bank Karachi	CD	ACLS	17,990	68.92	1,239,881	7,342	68.57	503,444
4 BOTM Tokyo	CD	JAPY	3,145,396	0.79	2,477,314	2,328,810	0.62	1,452,712
5 Mashreq Bank ,UAE	CD	UAED	-	-	-	25,872	18.99	491,392
6 Mashreq Bank, NY	CD	US\$	997,251	68.92	68,730,535	35,837	68.57	2,457,454
7 CITI Bank Mumbai	CD	ACLS	14,821	68.92	1,021,483	38,180	68.57	2,618,139
8 Sonali Bank, Kolkata	CD	ACLS	836	68.92	57,636	7,236	68.57	496,211
9 Bank of Ceylon	CD	ACLS	29,605	68.92	2,040,359	137,262	68.57	9,412,425
10 AMEX Kolkata	CD	ACLS	-	-	-	159,033	68.57	10,905,337
11 Citibank NA, NY (Imp)	CD	US\$	-	-	-	592,199	68.57	40,608,711
12 Citibank NA, NY(Exp)	CD	US\$	337,295	68.92	23,246,373	1,969,105	68.30	134,489,861
13 State Bank of India	CD	ACLS	-	-	-	8,489	68.57	582,142
14 SCB, Newyork	CD	US\$	526,995	68.92	36,320,526	912,014	68.57	62,539,352
15 SCB, London	CD	EURO	40,787	99.29	4,049,844	74,350	102.09	7,590,048
16 SCB, Mumbai	CD	ACLS	157,516	68.92	10,855,994	253,028	68.57	17,330,851
17 Dresdner Bank, Frankfurt	CD	EURO	-	-	-	28,402	102.09	2,899,461
18 BOP, Geneva	CD	CHF	7,045	67.48	475,336	44,922	62.16	2,792,191
19 AMEX Frankfurt	CD	EURO	63,893	99.29	6,344,108	25,373	102.09	2,590,201
20 Wexovia Bank,NY	CD	US\$	-	-	-	91,760	68.57	6,292,259
21 HSBC Newyork	CD	US\$	154,172	68.92	10,625,562	298,438	68.57	20,464,755
22 ICICI Mumbai	CD	ACLS	144,050	68.92	9,927,929	167,223	68.57	11,466,982
Total					187,463,633			382,079,384

As per Bangladesh Bank Circular No. FEPO(FEO)/01/2005-677 dated 13th September 2005, the books of accounts of Nostro account are reconciled and there exist no un-reconciled entries that may affect financial statements significantly.

Investment in Shares

Annexure-B

Particulars	Date of Purchase	No. of shares	Face Value (In Taka)	Cost Price (In Taka)	Market Value as at 31.12.07 (In Taka)	Provision exists in the accounts (In Taka)	Current market value as at 31.12.08	Dividend received in 2008 (In Taka)
1. Tanjavin Textile Mills Ltd.	02-01-92	5,000	500,000	500,000	206,250	328,750	200,000	-
2. Eastern Bank Ltd.	27-04-93	206,025	20,602,500	20,602,500	237,958,875	-	121,400,231	5,228,404
3. Mithun Corporation Ltd.	25-08-94	80	8,000	8,000	8,400	3,140	13,200	800
4. ICB Islami Bank	29-05-08	51,880	51,880,000	51,880,000	-	-	63,254,690	-
Total		262,985	72,990,500	72,990,500	238,173,225	331,890	184,868,121	5,229,204

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

Annexure - C

Name of the Client	Outstanding as on 31.12.2008			Outstanding as on 31.12.2007
	Funded	Non funded	Total	
1 R. M. Steel Mills Ltd.	3,673	-	3,673	3,642
2 Mithun Tailu Group	4,317	1,905	6,222	11,334
3 United Group	7,025	3,280	10,305	8,370
4 Max Sweeter BD Ltd.	3,419	1,486	4,905	5,574
5 Meghna(Fresh) Group	-	-	-	6,793
6 A. H. Jute Spinning and Belling Ltd.	3,539	-	3,539	3,539
7 Arwar Jute	3,446	153	3,599	-
8 National Tubes Ltd	3,747	801	4,548	4,231
9 Madina Poultry Feed	-	-	-	3,627
10 Desktop Computers Connection Ltd.	-	-	-	3,417
11 Rising Spinning Mills Ltd.	3,931	-	3,931	3,080
12 Sanji-Well Group	8,142	4,524	12,666	11,723
13 M M Spinning Mills Ltd	3,466	835	4,301	-
14 Ananda Shipyard Group	4,979	4,688	9,667	12,237
Total	49,684	17,672	67,356	77,767

As of 31 December 2008

Annexure-D

Particulars	Cost Price				Rate of Dep.	Depreciation				Written Down Value as at 31.12.2008
	Balance as at 01.01.2008	Addition during the year	Disposal/Transfer during the year	Balance as at 31.12.2008		Balance as at 01.01.2008	Addition during the year	Transfer / Adjustment during the year	Balance as at 31.12.2008	
Buildings and Fixtures	93,313,949	16,490,472	(404,876)	106,399,545	10%	37,660,052	5,919,205	(186,003)	43,393,252	63,006,293
Equipment and Computer	225,485,725	49,053,274	(1,463,883)	273,075,016	20%	106,415,805	36,027,527	(504,560)	143,338,772	129,736,244
Vehicles	75,140,296	21,083,074	(3,112,081)	93,111,389	20%	52,343,160	10,954,641	(2,469,043)	60,828,758	32,282,631
Leasehold Assets	4,000,000	-	-	4,000,000	-	413,793	45,977	-	459,770	3,540,230
Total 2008	394,939,970	86,626,820	(4,980,840)	476,585,950		198,832,810	52,947,350	(3,559,608)	248,220,552	228,365,377
Total 2007	316,536,532	87,662,414	(1,651,977)	394,939,969		156,065,925	44,835,108	(2,008,223)	198,832,810	196,167,160



as on 31 May, 2009

Managing Director

AKM. Sajedur Rahman

Deputy General Managers

- Kazi Shamsul Huda
- Kanak Kumar Purkayastha
- Abdul Hadi Gholam Sanjari
- S. Ashif Ahmed
- Md. Shah Alam Bhuiyan
- Abdul Qayum Mohammad Kibriya
- Md. Shahabud Doza
- Fazlus Sobhan
- Md. Zainul Abedin Choudhury
- Shahadat Hossain
- Md. Wahidul Alam
- Hasan Tanvir
- Mohammad Mosharraf Hossain
- Kh. Shamim Hasan
- Md. Abul Hashem
- Md. Mozammel Hossain
- S.A.K. Nazmul Huq

Executives on Contract

- Md. Mahtab Uddin
- A.H.M. Wali Khan
- Kajjal Kanti Datta
- Md. Abdul Gofur Talukder

General Managers

- Shaikh Ahmed
- Sk. Monzur Morshed

Assistant General Managers

- S.M.A. Razzaque
- Syed Mushahid Ahmed
- Md. Omar Faruque
- Mohammad Moniruzzaman
- Abdul Uddin
- Md. Kabir Uddin
- Md. Abul Kalam Azad
- Emdadul Haque
- A.K.M Masudur Rahman
- Md. Moktadir Hossain
- Khan Iqbal Hasan
- Md. Salim
- Md. Ismail
- Md. Mahboobur Rahman
- Mohammed Ali
- Ahmad Hossain
- Abu Md. Mofazzal
- Golam Faruk Khan
- Md. Anwar Hossain
- Kazi Siddiqur Rahman
- Jan-E-Alam
- Humayun Kabir
- Nurur Rahman Chowdhury
- Ms. Mariom Begum
- S.M. Ataur Rahman
- Saifur Rahman
- Menomul Haque
- Abdus Sabur
- Md. Masum Uddin Khan

Managers as Branch In-Charge

- Mohammad Faruk Hossain
- Mahbub Alam Khan
- Md. Rezaul Alam

- MAIN BRANCH**
Bena Shilpa Bhavan (Ground floor)
73 Moulteef C/A, Dhaka-1000
Tel : 88-02-9603968, 9503322, 9570713
Fax : 88-02-9699417
SWIFT : BKSDBD0002
E-mail : basicma@btb.net.bd
- DILKUSHA BRANCH**
13 Dilkusha C/A, Dhaka-1000
Tel : 02-9603793-4
Fax : 02-7169298
SWIFT : BKSDBD0015
E-mail : basicdi@btb.net.bd
- BANGSHAL BRANCH**
230 North South Road
Bengshal, Dhaka-1100
Tel : 02-9603698, 9562615
Fax : 88-02-9507141
SWIFT : BKSDBD0006
E-mail : basicba@btb.net.bd
- SHANTINAGAR BRANCH**
Concord Grand (1st floor)
169/1, Shantinagar Road, Dhaka-1000
Tel : 02-9603441, 9314057, 9348056, 9347547
Fax : 88-02-9333074, SWIFT : BKSDBD0009
E-mail : basican@btb.net.bd
- GULSHAN BRANCH**
112 Gulshan Avenue
Gulshan, Dhaka-1212
Tel : 02-988501-2, 9862127
Fax : 02-8857307
SWIFT : BKSDBD0021
E-mail : basicgu@btb.net.bd
- MIRPUR BRANCH**
BSCIC Electronics Complex, Industrial Plot No. 1/1
Section 7, Avenue 4, Road No. 3 Pallisa, Dhaka-1221
Tel : 02-9006249-50, Fax : 02-9011732
SWIFT : BKSDBD0022
E-mail : basicmi@btb.net.bd
- BABUBAZAR BRANCH**
Hajee Yusuf Mansion (1st floor)
56 Mitford Road, Babubazar, Dhaka-1100
Tel : 02-7991335, 7203875, 7342989 Fax : 02-7341828
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E-mail : basicba@btb.net.bd
- UTTARA BRANCH**
Plot No. 67/A (1st floor), Rabindra Sarani
Sector - 7, Uttara Model Town, Dhaka-1230.
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- MOULVIBAZAR BRANCH**
Gubadhan Market (1st floor)
4 Moulvibazar, Dhaka-1211
Tel : 02-7215326, 7316991, Fax : 02-7341740
SWIFT : BKSDBD0024
E-mail : basicmo@btb.net.bd
- DHANMONDI BRANCH**
Manna's Tower (1st floor), House # 54
Road # 4/A, Setemajid Road,
Dhanmondi K/A, Dhaka-1209
Tel : 02-8602159, 8602063
Fax : 02-9676156/101
E-mail : basicdh@btb.net.bd
- KARWAN BAZAR BRANCH**
Latf Tower, 47 Karwan Bazar
Dhaka-1215
Tel : 02-914 6282, 914 6294
Fax : 02-914 6294
- TANBAZAR BRANCH**
55/21 S.T.S Tower, S.M Maleh Road
Tanbazar, Miranagar-1400
Tel : 02-7631882, Fax : 02-7646233
SWIFT : BKSDBD0014
E-mail : basican@btb.net.bd
- NARSINGDI BRANCH**
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Narsingdi - 1600
Tel : 0628-63145
Fax : 0628-51631
- Gezipur Chowrasta Branch**
Noor Plaza (1st floor), Gezipur Chowrasta
Mymerasingh Road, Gezipur
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Fax : 02-9263137
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100 Agrabad C/A, Chittagong-4100
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Fax : 031-614942
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Fax : 031-2512482
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E-mail : basiczi@btb.net.bd
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E-mail : basicco@btb.net.bd

- BARISAL BRANCH**
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Barisal
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E-mail : basicbar@btb.net.bd
- BOGRA BRANCH**
Bhabari Shachin Bhaban
Hari Datta Market
120 Baragata, Bogra-5800
Tel : 051-78793, Fax : 051-65672/111
E-mail : basicbo@btb.net.bd
- SAIDPUR BRANCH**
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Fax : 05526-72288
E-mail : basicsp@btb.net.bd
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Shahid Bazar, Rajshahi-6100
Tel : 0721-776278, Fax : 0721-770976
E-mail : basicra@btb.net.bd
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Shapneel Shopping Complex
S.S. Plaza House No. 305 (1st floor)
S.S. Road, Sirajganj
Tel : 0751-64355, 64356, Fax : 0751-64357
- RANGPUR BRANCH**
97/1, Central Point, Central Road,
Rangpur-5400
Tel : 0521-63811, 67812
Fax : 0521-67813
- KHULNA BRANCH**
107, Sir Jobai Road,
Khulna-9100
Tel : 041-720361, 721672,
Fax : 041-812255
- JESSORE BRANCH**
35, M.K. Road (1st floor), Jessore-7400
Tel : 0421-66586, 64288
Fax : 0421-68987

T&T BILLS COLLECTION BOOTHS

- Sher-E-Bangla Nagar Telephone Exchange Bhaban Telephone Exchange Bhaban Sher-E-Bangla Nagar, Dhaka-1215 Tel : 8154040
- Gulshan Telephone Exchange Bhaban Gulshan-1, Dhaka 1212 Tel : 8819907
- Ramma Telephone Exchange Bhaban Ramma, Dhaka 1000 Tel : 9566042

FOREIGN EXCHANGE BOOTH

Omani International Airport, Sylhet

ATM Booths of the Bank

Gulshan Booth

DCC Market
Plot # 14, Shop # 13
Gulshan South C/A, Gulshan-1
Dhaka-1212

Uttara Booth

Uttara Tower
1, Jasimuddin Avenue
Sector # 3
Uttara, Dhaka.

Bashundhara City Booth

Bashundhara City Complex
13/KA/1, Panthapath
Dhaka-1205

Rifles Square Booth

Rifles Square Market Complex
Peelkhana, Dhaka-1209

CDA Booth

1105, Asian Highway
M.M. Tower, CDA Avenue
East Nasirabad
Chittagong.

Places of Proposed Booths :

Sena Kalyan Bhaban, Dhaka
Zindabazar, Sylhet
Monohorpur, Comilla
Gazipur Chowrasta, Gazipur
Madhobdi, Narshingdi



IT Division of BASIC Bank Limited



State-of-the-art computer equipment used in BASIC Bank



The Managing Director & Senior Executives of the Bank while Signing the MOU with JDPC for Specialized Loans in Jute Sector



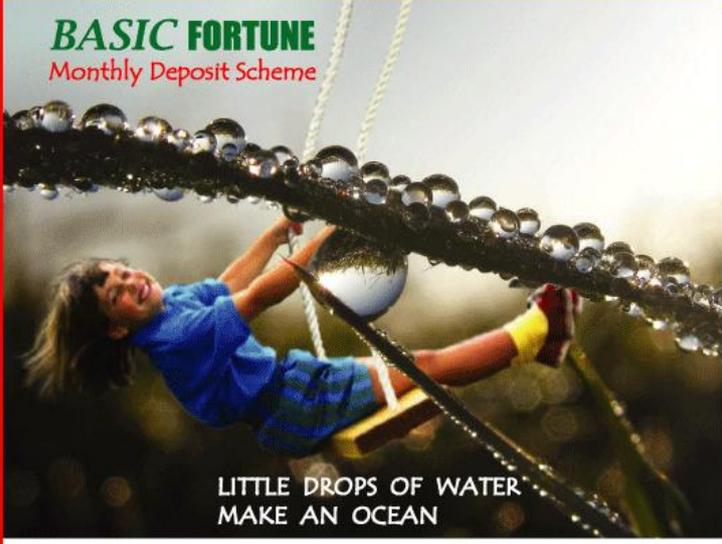
The Managing Director & General Managers of BASIC Bank Ltd. with Executive Director of Bangladesh Bank in a workshop on New Capital Accord BASEL- II



Executives of BASIC Bank Limited

BASIC FORTUNE

Monthly Deposit Scheme



LITTLE DROPS OF WATER
MAKE AN OCEAN

**Basically
for a
SECURED
FUTURE** by a
100% Government
Owned Bank.

For details of BASIC FORTUNE Monthly Deposit Scheme Please Contact the following **Online** branches:

Bangshal, Dhanmondi, Karwan Bazar, Uttara, Gazipur Chowrasta, Rajshahi, Rangpur, Saidpur, Comilla, Jessore, Barisal, Chowmuhana, Sholashahar, CEPZ Dewanhat & Dilkusha Branch.



BASIC Bank Limited
Serving people for progress
A STATE OWNED SCHEDULED BANK

**WESTERN
UNION**

মানি ট্রান্সফার

বিদেশ থেকে টাকা পাওয়ার দ্রুত
বিশ্বস্ত ও সুবিধাজনক উপায়

BASIC Bank Limited
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