

# Annual Report 2017



***BASIC Bank Limited***

*Serving people for progress*

A STATE OWNED SCHEDULED BANK

# *BASIC Bank Limited*



**Annual Report**

**2017**



**Registered Office**

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

**Head Office**

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

**Incorporation**

August 02, 1988

**Commercial Operation**

January 21, 1989

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## Letter of Transmittal

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

**Subject: Annual Report of BASIC Bank Limited for the year ended December 31, 2017.**

Dear Sir(s)/Madam(s),

We are pleased to present before you the Annual Report 2017 of the Bank together with the Audited Financial Statements for the year ended December 31, 2017 and as on that date for your kind information and record. The Financial Statements comprise Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity and Liquidity Statement along with notes thereon.

With kind regards,

Yours faithfully,



Md. Hasan Imam  
Company Secretary

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# Corporate Profile



## Constitution of Bank :

BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) launched its operation on January 21, 1989 after being incorporated as a banking company on August 2, 1988 under the erstwhile Companies Act 1913. Now the Bank is governed by the Bank Company Act 1991 with all the amendments.

The Bank came into being as an outcome of pragmatic thinking of the policy makers on urgency for a bank in the country for financing Small Scale Industries (SSIs). At the outset, it had been founded as a joint venture enterprise of the defunct BCC Foundation with 70 percent shares and the Government of Bangladesh (GOB) with the remaining 30 percent shares. After the closure of BCCI, BCC Foundation became nonfunctional all over the world and subsequently the Government of Bangladesh took over 70 percent ownership of BCC Foundation on June 4, 1992 to transform it into another bank under full ownership of the State. Since then, it is recognized as 'A State-Owned Bank'.

## Introducing SME concept in Bangladesh:

Long before the concept of SME getting its due importance, BASIC was the lone bank in the country that started practicing SME banking in exploring the potential of small investors through providing them financial and advisory supports.

Since inception, BASIC Bank has been unique in its objectives aiming at developmental banking with commercial apprehension. Once treated as one of the best specialized banks in Bangladesh it takes pride itself as the pioneer in financing to Small and Medium Scale Industries, being inspired by its Memorandum with a stipulation that 50 percent of loanable fund shall be invested in Small and Medium Scale industries. Now-a-days, SME is being regarded as one of the accredited tools across the world for its intensity in poverty alleviation, employment generation and women empowerment.

## Working with local & International Agencies:

In addition to regular banking activities, BASIC Bank works with different local entities like Government Ministries, internationally reputed NGOs, 75 local MFIs/NGOs and international agencies like ADB, as a

development partner for implementing various development schemes undertaken by the Government among which Government's Agro-based Project Financing Scheme, Agribusiness Development Project & Second Crop Diversification Project involving the fund of Asian Development Bank (ADB) are worthy of mention. The ultimate object of those projects is to create rural employment opportunities by scaling up agro-enterprises, encouraging production of High Value Crops with a view to rising income level of rural people, thereby reducing their poverty level.

## Financing in Agricultural & Rural Sector:

BASIC is very much concerned about true development of agriculture sector from the very beginning of its operation by supportive finance to farmers directly at field level, through MFIs and to different agri-processing industries at affordable interest rates. For the last consecutive years the Bank has been rewarded with the award of the Governor of Bangladesh Bank for its contribution to the rural economy by fulfilling target in all strata.

## Wrapping up:

Steady growth in clientele base followed by their high retention rate since inception of the Bank testifies the immense confidence they repose on our services. Diversified products in both liability and asset sides, particularly a wide range of lending products relating to development of Small and Medium Enterprises, and commercial and trading activities attract entrepreneurs from diversified economic endeavors. Along with promotion of products for SME and agri-entrepreneurs special importance is given to individual clients also in line with individual needs of the people. "Serving people for progress", is the 'Tagline' of the Bank which has been followed for development of clientele as well as human resource of the Bank.

Long before the concept of SME getting its due importance, BASIC was the lone bank in the country that started practicing SME banking in exploring the potential of small investors through providing them financial and advisory supports.

# Vision

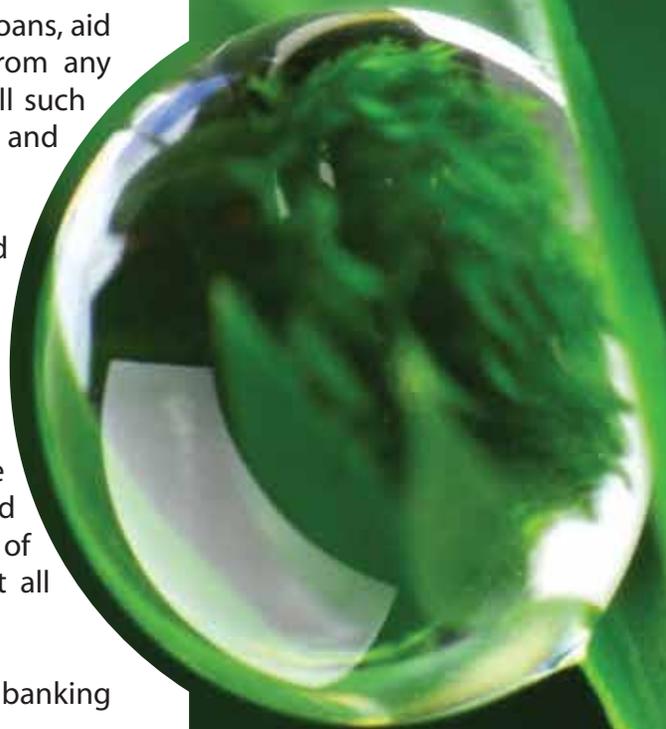
To facilitate economic development of the country by rendering all-out banking services with special emphasis on finance and promotion of Small and Medium Enterprises.

# Mission

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

# Goals and Objectives

- To invest 50 percent of loanable funds in financing small and medium scale industries;
- To provide technical services to promote and develop small and medium scale industries in Bangladesh;
- To serve the depositors in safekeeping and growing their savings;
- To contract or negotiate all kinds of loans, aid or assistance, to private or public, from any source, local or foreign, and to take all such steps as may be required to complete and effectuate such deals;
- To act as agents for the sale and purchase of any stocks, shares or securities or for any other monetary or mercantile transactions;
- To guarantee or become liable for the payment of money or for the performance of any obligation and generally and to transact all kinds of guarantee business and also transact all kinds of agency business;
- To provide all kinds of banking facilities/services;
- To establish and open offices and branches to carry on all or any of the above businesses within the country and abroad with the permission of Bangladesh Bank and carry on, transact, undertake and conduct the business of banking in all of its branches and to transact and do all relevant matters and things;
- To develop a culture of compassionate banking; and
- To ensure secured banking.





# Our Approach



Being the 'Pioneer' in SME financing and specialized in development banking BASIC Bank has already established its brand in the banking arena by providing a full range of customer franchise services to its clients to help them grow in assets and net worth.

The Bank places particular emphasis on small businesses, quality assets and steady and sustainable growth. Bank offers project loan (term loan) to clients, especially to develop Small and Medium Scale Industrial Enterprises for manufacturing goods and services. Bank facilitates full-fledged commercial banking services like maintaining and safeguarding hard-earned money of the people as deposits and financing working capital requirement in trading and short term trade finance along with providing international trade services.

BASIC Bank attaches special importance to technical and advisory support to Small and Medium Scale Industries in order to enable them run their enterprises smoothly. Bank's diversified services which include micro credit for the urban, semi-urban poor and farmers in rural areas are delivered through the widespread networks of NGOs with a view to facilitating their access to formal financial market for mobilization of resources.

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

**In 2018, bank's strategic planning sets following priorities to place the bank on a strong foothold to bring excellence in all strata:**

**Providing best services and attaining excellence:**

- To bring the glory of being the number one bank in Bangladesh back in all consideration;
- To grow product portfolio with focus on SME need based financial services in line with market demand under new challenging environment;
- To continue financing to agricultural and rural sector including women entrepreneurs for its

sustainability and generation of rural employment and food security;

- To drive consumer finance to cater to the need of middle income group in urban and rural areas;
- To manage credit risk in effective manner, maintain quality asset and net-worth of the institution and contain deviation at zero level.

**Balance Sheet Management**

- To strengthen capital and asset base as well as to improve the fund positions of the Bank by adopting diversified strategies including recovery of bad debt, keeping regular loans on right track, and make optimum utilization of fund and capital ensuring diversified investment with utmost precaution.

**Customer Service:**

- To ease and simplify processes and to provide services at minimal cost, broaden areas of customer service like real time core banking facilities, ATM & Card Operations and engage 'Alternative Credit Delivery Channel' with assistance of MFIs/NGOs.
- To adopt new technology to enable our human resources provide modern, updated, efficient and competitive services to the clients in the context of ensuring best customer services.

**Create a sustainable brand:**

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

**Culturing talent through skill development:**

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



# Forward Looking Statements



'Forward Looking' is an expression used in business which is coded for predictions about future business prospects. In that context this Annual Report of the Bank is a testimony to the 'Forward Looking Stance' of the Bank, expressed through 'The Message from the Chairman', 'Director's Report', 'Managing Director's Speech' and other reports. In view of the 'Forward Looking Stance' the Management of BASIC Bank always stands optimistic and confident and looks forward depending on its goal oriented plans, strategies and self-beliefs without regretting about the disasters of 2009 - mid 2014. The Management believes, unless it looks forward the days ahead will not change although predicting the future is not so easy in an environment where turmoils are more likely phenomena.

To restore the financial indicators back in track as those were in before the year 2010, the Management of the Bank has submitted a 03 year plan for the years 2018 – 2020 to sole Shareholder, the Government of Bangladesh.

Ways for having a bright future again lies in the root causes of the disaster of the past. The Bank is suffering now-a-days due to huge amount of bad loans, sanctioned and disbursed from 2010 to 2014. As such, the necessity for recovery of non-performing loans gets highest priority around which the Bank formulates its future plans. The Bank tends to concentrate primarily on turning the loss incurring branches into profit makers and secondarily on augmenting profit making activities for generating more profit from the current pool of profit making branches. For this, the Management makes commitment to stick to the followings-

- giving maximum emphasis on recovery of non-performing loans,
- brining classified loans within 10% in those branches where classified loans constitute more than 20% of individual total loans of respective branches,
- reducing classified loans within 5% in those branches where classified loans constitute 10% - 20% of individual total loans of respective branches as well as increasing the number of classification free branches,
- increasing quality loans,
- increasing low cost deposit,
- reducing expenditure,
- paving the way for more foreign trade business,
- reducing capital shortfall and provision shortfall gradually,
- ensuring maximum utilization of human resource,
- reducing ADR.

However, these projections do not guarantee future performances since these involve certain risk and uncertainties. Actual future results may differ materially

from that forecasted in 'Forward Looking Statement's due to various internal and external factors, but are not limited to, which are:

- National political and economic conditions;
- Changes in the monetary and fiscal policy;
- Changes in Government policy issues, including policies of Bangladesh Bank;
- Volatility of interest rates and currency values;
- Changes in Bank's credit rating affecting operations, pricing and services of the Bank;
- Changes in corporate tax structure along with changes in regulation of VAT on banking services;
- Changes in provisioning requirement of CRR and SLR which may affect and bring change in ROA and ROE;
- The risks that the Bank's risk management models may not take into account;
- Changes in customers' demand or preference for deposit, loan and investment products and other financial services of our Bank;
- Volatility of capital market and currency value;
- Changes in international prices of essentials which puts pressure on foreign exchange market resulting in instability in the overall foreign exchange market;
- International embargo on certain countries which is likely to affect remittances and trade;
- Contraction of existing distribution channels and development and realization of revenues from new distribution channels which may not be attained as expected;
- Changes in competition among peers of this industry;
- Changes in accounting standards, practices and guidelines in line with IFRS and Bangladesh Bank requirements;
- Any changes in the priority set by the Government and the Regulator;
- Changes in judicial and regulatory proceedings;
- Requirements of the customers; and
- Major changes in ICT policy of the country and of the Bank.

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

All the factors mentioned above may be altered at any point of time. However, the Bank will not be accountable to update any amendment in the Annual Report which may affect the reality of future expectations in the upcoming days.



# **Board of Directors**

**Alauddin A. Majid**  
Chairman

Mr. Alauddin A. Majid, a veteran banker, was appointed as Chairman of the Bank on July 06, 2014 by the Financial Institutions Division, Ministry of Finance. He earned fame as an illustrious banker while he was the Managing Director of BASIC Bank Limited from 1996 to 2001. During his incumbency for about six years in the Bank, he was able to establish it as one of the top most banks in the country. He obtained B.S. in 1963 and M.S. in 1966 at the American University of Beirut, Lebanon. Later, in 1983 Mr. Majid was conferred Master of Agricultural Economics degree by the University of Sydney, Australia. He is a World Bank EDI Fellow.

Mr. Majid started his banking career at Bangladesh Krishi Bank (BKB) as Agricultural Economist in 1974. Then he was appointed as a Director of Bangladesh Krishi Bank for a period of three years since September 14, 2009. Later, he was appointed Chairman of the same Bank and remained there from January 31, 2013 July 06, 2014 when he was appointed Chairman of BASIC Bank. Mr. Majid was also an Independent Director of Industrial Promotion and Development Company of Bangladesh Limited (IPDC).





**Parag  
Director**

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

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

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

Ms. Parag is the Chairman of Board of Directors, Jamuna Fertilizer Company Limited (JFCL) and a member on the Board of Nuvista Pharma Ltd, Unilever Bangladesh Ltd. She is the Chairman of Audit Committee of the Board of Directors of the Bank.

**Hasan Mahmood, FCA**  
Director

Mr. Hasan Mahmood, FCA, a prominent professional in the related field of chartered accountancy, was appointed as a Director of the Bank on July 07, 2014 by the Financial Institutions Division, Ministry of Finance. He obtained B. Com.(Honours) and M. Com. in Accounting from the University of Dhaka. He qualified as a Chartered Accountant in 1989. He is an expert in International Financial Reporting Standards, Auditing Standards, Tax laws, Company Laws and BSEC rules and regulations.

Mr. Mahmood is a member of the Taxation and Companies Law Committee of Institute of Chartered Accountants of Bangladesh (ICAB). He is also a member of Tariff and Taxation Committee of Metropolitan Chamber of Commerce and Industries (MCCI). He was appointed as a member of the "Company Law Reform Committee" by the Ministry of Commerce. He is a Partner of M. J. Abedin & Co., Chartered Accountants, a member firm of the Moore Stephens International Limited. He was the Chairman of Audit Committee of the Board of Directors of the Bank till March, 2016 and at present he is a member of the said Committee.





**Raihana Aneesa Yusuf Ali**  
**Director**

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

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



**Md. Mamun-Al-Rashid**  
Director

Mr. Md. Mamun-Al-Rashid, an Additional Secretary to the Government of the People's Republic of Bangladesh, was appointed as a Director of the Bank on July 07, 2014 by the Financial Institutions Division, Ministry of Finance. He obtained M.Com. in Management from the University of Dhaka and M.A. in Govt. Finance from the University of Ulster, UK. He has gathered experience of working in Financial Institutions Division, Ministry of Finance.

Mr. Mamun was engaged in framing Rules, Regulations and Acts relating to Banking as well as Insurance. Moreover, he dealt with criminal cases relating to fraud, forgery, money laundering and negotiable instruments, while discharging his duties as Metropolitan Magistrate in Dhaka. His special interest in study is bank related laws and rules of different countries. Mr. Mamun is a member of the Audit Committee of the Board of Directors of the Bank.





**Md. Zahidul Haque**  
**Director**

Mr. Md. Zahidul Haque, an Additional Secretary to the Government of the People's Republic of Bangladesh, was appointed as a Director of BASIC Bank on July 05, 2017 by the Financial Institutions Division of the Ministry of Finance. He obtained Bachelors Degree in Accounting from University of Dhaka and MBA Degree from Institute of Business Administration (IBA), University of Dhaka. Mr. Haque also obtained Post Graduate Diploma in Government Financial Management from University of Ulster, Northern Ireland. He attended 15-month long training course on Application of Modern Information Technology under German Foundation for International Development in Germany.

Mr. Zahidul Haque joined Bangladesh Civil Service in 1988 as Assistant Accountant General as a member of BCS Audit and Accounts cadre. He served 16 years from 1988 to 2004 in Bangladesh Audit Department in various capacities in the area of Government Accounting under the office of the Controller General of Accounts (CGA), Defense Accounts under the office of the Controller General Defense Finance (CGDF) and Government Audit under the office of the Comptroller and Auditor General (C&AG) of Bangladesh. He served as Commercial Counselor in Bangladesh Mission in Los Angeles, USA for 4 years from 2004 to 2008. From 2009 onward, he served in Finance Division of Ministry of Finance as Deputy Secretary and Joint Secretary of the Government.

Since July, 2017 Mr. Md. Zahidul Haque has been serving in the non-resident Board of Directors of the Asian Infrastructure Investment Bank as Alternate Director representing Government of Bangladesh in the Board.

Currently, since May 2017, he is posted in Economic Relations Division as Additional Secretary in the position of Wing Chief of the Asia Wing. Mr. Haque is a member of the Risk Management Committee of the Board of Directors of the Bank.

**Tabarak Hussain**  
Director

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

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

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





**Afroza Gul Nahar**  
**Director**

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

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

**Md. Shaheb Ali Mridha**  
Director

Mr. Md. Shaheb Ali Mridha, a Freedom Fighter and a retired Joint Secretary to the Government of Bangladesh was appointed Director of BASIC Bank Limited on May 03, 2018 by the Financial Institutions Division of the Ministry of Finance. Prior to this appointment he was a Director of Sonali Bank Limited and Chairman of Sonali Investment Limited. He hails from a respectable Muslim family of Gopalganj District.

Mr. Mridha obtained B.Sc (Hons) and M.Sc degrees in Physics from the University of Rajshahi in 1970 and 1971 respectively securing First Class in both the examinations. Then he joined the Bangladesh Civil Service (Admin. Cadre) in 1973. During his 34 years in public service, he worked as Magistrate, Upazila Nirbahi Officer, Additional District Magistrate, Deputy Commissioner, Deputy Secretary, Joint Secretary and Member (Finance), DESA. He is highly experienced in General Administration, Revenue Administration, Financial Management, Human Resource Development and Risk Management.

He received higher Education/Trainings in USA, Canada, Australia, Netherlands, India, Thailand, Sri Lanka, China, Malaysia, Brunei and Indonesia in the field of Public Administration & Development, Risk Project Management, Rural Development & Human Resource Development, Poverty Alleviation, Agri-Business Operations, Crops Diversification & Management, Project Management & Professional Development, Rural Employment Generation, Enhancing Employment Opportunity for Rural Women and Statistical Data Analysis etc.

Mr. Mridha received many appreciations and awards for his outstanding performance throughout his service career from home and abroad by different organizations. Some major awards are: The Title of Fellow for Research and Training in Risk Project Management by Center GP International, Montreal, Canada; Asaduzzaman Gold Medal-2001 in recognition of contributions to the field of Public Service & Administration by the Chandra Bati Academy; Atish Dipanker Gold Medal-2003 in recognition of genuine urge for social work by Atish Dipanker Gobeshana Parishad, Dhaka. He is a member of the Risk Management Committee of the Board of Directors of the Bank.





**Muhammad Awal Khan**  
Director

Mr. Muhammad Awal Khan joined BASIC Bank Limited as Managing Director on November 01, 2017. Prior to the appointment, he was the Managing Director of Bangladesh Krishi Bank (BKB). He also served as the Managing Director of Rajshahi Krishi Unnayan Bank (RAKUB).

Mr. Khan was born in 1958 in a respected Muslim family of Barisal. He obtained Master's Degree with Honours in Finance from University of Dhaka in 1979. Then Mr. Khan started his career as a Probationary Officer at BKB in 1982. He served BKB till November 26, 2008 up to the rank of Deputy General Manager and discharged duties in different capacities at different places of the country. Later, he was promoted to the rank of General Manager and posted to Sonali Bank Limited in November, 2008. He served Sonali Bank until his posting to RAKUB on February 28, 2010. Again, Mr. Khan was posted to BKB in March 2012 and served there till August 26, 2012. Mr. Khan was promoted to the rank of Deputy Managing Director in August 2012 and posted to Agrani Bank Limited. He served there till May 08, 2016. In recognition of performance, Mr. Khan was promoted to the rank of Managing Director in May 2016 and joined RAKUB and served till November 14, 2016. After that he was posted to BKB as Managing Director in November, 2016 and served there till August 11, 2017.

Mr. Khan obtained Diploma in Banking from the Institute of Bankers, Bangladesh and participated in a number of training programs, seminars and workshops at home and abroad. Mr. Khan visited India, Nepal, Bahrain, Oman, Malaysia, Thailand, China, UK, Italy, Australia and USA during his glorious career in banking.



## Message From the Chairman

On behalf of the Board of Directors of BASIC Bank Limited, I welcome the representative of sole shareholder, the Government of the People's Republic of Bangladesh, nominated shareholder-Directors, the Observer of Bangladesh Bank and other stakeholders to the 29th Annual General Meeting of the Bank.

A ray of good hope peeped at the beginning of 2017 when the Bank ended the year 2016 with a meager operating profit, against loss of about Taka 2.6 billion in the previous year. The event of achieving operating profit by the Bank kindled inspiration and encouragement among the employees. The year 2017 witnessed the fruit of our all out efforts that we had been exerting for the previous three years.

Before touching on the highlights of the performance of the Bank during 2017, it would be pertinent to share with you the overall scenario of the banking sector of Bangladesh that prevailed in 2017 and the relevant

macroeconomic scenario. Banking industry witnessed a little progress in NPL situation at the beginning of 2017 with an indication of recovery from the stressed situation caused by ever mounting NPL, high default rate and several financial scams especially in State-owned Commercial Banks (SoCBs) in the previous years. But this development turned into frustration at the end of the year followed by an increase of NPL along with new loan scam in some new generation private banks.

Amid host of challenges like increase of non-performing loans, vulnerability of liquidity scenario, difficulty in fund management and decline in capital position of SoCBs financial sector showed resilience during the year 2017 as a result of efficient handling of the situation by Bangladesh Bank and a section of bankers. As a result, operating profit of a good number of banks soared in the outgoing year backed by a resurgence of credit appetite from the private sector.

## Message From the Chairman

The Banking sector performance witnessed some improvements in the second quarter of FY 2018 in non-performing loan, liquidity condition, risk weighted asset ratio and profitability. But while comparing to 2016 position, gross NPL marginally increased from about 9.2 percent to 9.3 percent at the end of 2017. Albeit Capital position of SoCBs modestly slid, yet Capital to Risk-Weighted Assets ratio (CRAR) of Private Commercial Banks (PCBs) continued its upward trend resulting in edging up the overall capital position of the banking system.

Capital to Risk Weighted Assets Ratio (CRAR) of the sector stood at 10.83 percent in December 2017 representing a little progress compared to 10.80 percent in 2016. Profitability indicators of the banking sector showed improvement in 2017. Return on Equity (ROE) increased modestly, although Return on Asset (ROA) remained unchanged. Private Commercial Banks' ROE increased from about 11.1 percent in 2016 to 12.0 percent in 2017, supported by higher credit growth. ROE for SoCBs also showed upturn getting out of negative territories from -6.0 percent in 2016 to 3.5 percent in 2017.

Overall economic scenario with a pickup in agricultural activity, growth in industry sector, price stability and sufficient foreign exchange reserve helped financial sector to remain resilient. Macroeconomic stability aided by responsive fiscal policy and restrained monetary policy did much to face challenges of financial system although governance problem in some banks dampened the impression of banking industry and faded achievements made by most of the Banks in 2017.

Coming to discussion on BASIC Bank, I along with other members of the Board after assuming charge in 2014, was very concerned as to how to assess and address problems created as a result of reckless and selfish decisions made in a number of preceding years. We found the Bank in a dismal financial condition having weaknesses in all operational spheres. Hence, from the very onset we put our efforts altogether to lift the Bank from its deplorable condition. And on the way of our struggle we kept you informed constantly about the challenges faced, the strategy set for the Bank to turn it around from the ailing situation and achievements made so far. After suffering an operating loss of about Taka 2.6 billion in 2015, improvement in the financial position of the bank became evident in 2016 reflecting our efforts which ended with commendable operating profit of about Taka 90.9 million, receiving accolades from many of the stakeholders and others in the industry.

Since 2014 and onward BASIC Bank underwent a series of reforms that were adopted to rebuild its strength by diagnosing governance failure, system-generated fault and the weaknesses grown as sequel of maladministration. Simultaneously, corrective measures were taken to restore credit discipline to avoid any further deterioration of most rewarding banking assets and to render special emphasis in recovery efforts in order to enhance the base of performing assets. Necessary actions were also taken to remove asset liability mismatch, enhance quality in investment and to stimulate human resource performance.

All these helped to overcome the predicaments, and cemented the way for onward journey. Besides, it has to be admitted that there would be few ups and downs in the financial position of the bank associated with systemic risks and banking sector scenario as a whole. Total asset of the Bank stood at Taka 198.8 billion at the end of year 2017, sliding by 2.9 percent from Taka 204.7 billion in the previous year. Deposit stood at Taka 142.3 billion decreasing slightly in comparison to that of 2016. High credit growth in private sector of the whole industry caused liquidity crisis and many scheduled banks have been facing challenges in collecting deposits. Loans and Advances reached about Taka 145.6 billion at the end of December, 2017 registering about a 7.9 percent growth during the year over that of the previous year.

It is undeniable that all initiatives and efforts to retrieve the health of the bank partially dented due to perilous and enormous size of NPLs of a few defaulted borrowers. Although a good number of borrowers rescheduled their loans at our persuasion, yet many of them landed again in the classified zone after one or two quarters resulting in further increase in the amount of classified loans with accumulation of accrued interest. In order to get rid of this situation we are concentrating on permissible recovery efforts while pursuing multifarious recovery drives. Recovery teams consisting of both Head Office and branch officials have been exerting their earnest effort to recover and regularise stuck-up loans though the outcomes are yet to meet our expectations.

Foreign trade of the bank experienced a mixed trend during the year. The volume of import financing rose from Taka 30.4 billion in 2016 to Taka 39.0 billion in 2017 while export financing slightly declined from Taka 23.4 billion in 2016 to Taka 22.3 billion during the reporting year. The Bank registered operating profit of Taka 351.5 million in 2017 against Taka 90.9 million of the previous year.

The Bank always takes care of the financial requirements of all of its customers. Considering the requirement of its existing as well as potential customers, the Bank offers innovative deposit and loan products. Day by day our products are growing in numbers to suit specific needs of respective customers. The Bank has already launched an attractive combo product consisting of both deposit and overdraft facility in an account with both way benefits.

BASIC Bank has been continuing its operation with sixty eight branches at all prime and important locations across the country covering 31 Districts. Forty six branches are located at urban and twenty two at rural areas. In addition, it has eight collection booths for collecting different bills and seventeen ATM booths for extending customer services at their door steps. We hope to expand the bank's operational network by opening four more branches this year. We are also working to set up some new ATM Booths throughout the country shortly.

BASIC Bank always embraces automation and adopted new technology to meet the complex and diverse needs of its customers by offering suitable and time-tested products and services and facilitating them to manage their financial transactions safely and conveniently in terms of place, time and form they prefer. The Bank adopted IT enabled banking operations from inception of its journey and now it is providing a Centralized Real Time Core Banking Solution to further increase its efficiency. Besides, being a part of automation the Bank is providing every transaction information and month-end balance to all of its valued customers and has implemented NID verification system in all branches as well. Moreover, maintaining official Facebook page, inauguration of e-tendering system and successful participation in Bangladesh Automated Cheque Processing System (BACPS), Bangladesh Electronic Fund Transfer Network (BEFTN) operations under Bangladesh Automated Clearing House (BACH) and Real Time Gross Settlement System (RTGS) of Bangladesh Bank improved quality and ensure safety of customer services.

The Bank is providing ATM / Debit Card services to its customers under Q-Cash shared ATM/POS Network as well as through National Payment Switch (NPS) of Bangladesh Bank. Precautionary measures have been taken to enhance ICT security system in compliance with ICT Security Guideline of Bangladesh Bank for ensuring safety of banking operation.

BASIC Bank considers its personnel as worthiest resources to translate organizational goals into viable realities. Hence,

the bank executives participate in skill-development programs such as training, workshops and seminars at home and abroad to serve the true purpose of the Bank i.e. "Serving People for Progress". During 2017 the bank facilitated total 1604 employees to attend Workshops, Training and Seminars at its own Training Institute (BBTI) as well as other external organizations such as BIBM, BBTA etc. Moreover, the Bank sent 12 (twelve) executives abroad for training.

On behalf of the members of the Board, I would like to convey my sincere gratitude to the Government of Bangladesh, the sole owner of the Bank, for their continued support and guidance in the process of injecting fresh capital to the Bank. I acknowledge the most pleasant relationship with autonomous bodies for reposing their confidence in us by maintaining their deposits with the Bank. Bangladesh Bank, the regulator of the banking industry, deserves special thanks for their timely guidelines and valuable direction.

I extend my sincere gratitude to the fellow Members of the Board of Directors for their cooperation and active participation in discussions, often very incisive, thus contributing towards making right decision under each and every agenda. I would like to thank our clients for entrusting us and furnishing us an opportunity to serve them. All levels of employees of the Bank deserve special thanks for their endeavor for the Bank to turn it around from the dire situation.

I would conclude this statement with an optimistic note: I wish BASIC Bank soon be a successful and prosperous bank by tackling all the present and future challenges, be those visible or imperceptible, and handling the risks efficiently with innovative and constructive measures and concerted efforts made by its executives and all levels of employees.

Thank you all.



**Alauddin A. Majid**  
Chairman, Board of Directors  
BASIC Bank Limited

# Managing Director's Speech



## Greetings to all Stakeholders,

The year 2017 witnessed the Bank moving towards achieving the goals stated earlier. Astute decision-making by the management as well as the Board of Directors of the Bank coupled with unrelenting zeal and dedication shown by the employees in executing operational measure decisions taken by the management have helped the Bank achieve operating profit for the second year in a row. Keeping the magnitude of non-performing loan under check as well as bad loan recovery has proved to be more challenging for the Bank. However, the Bank has shown its firm commitment in fighting the blight spread wide during the months of October 2009 to June 2014. The stakeholders who continued their support to the Bank helped the Bank to yield results.

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

## Evaluating achievements vis-à-vis objectives...

While setting up the target for the reporting year, we emphasized on sustainable improvement of financial health of the Bank as well as achievement of optimal efficiency with a bid to boost the profitability of the Bank. The Bank achieved quite a remarkable operating profit of Taka 351.5 million in 2017 against Taka 90.8 million in 2016.

The Bank made significant improvements in some of the important areas of its business for which some of the key indicators started to exhibit positive outlook for the Bank. The most remarkable progress Bank accomplished in 2017 was in the improvement in Net Interest Margin (NIM), one of the most significant indicators for a bank. There was a positive growth of Taka 867.6 million in NIM by the end of 2017 with respect to the NIM by the end of 2016. The Cost of Deposit (COD) declined from 6.42 percent in 2016 to 5.08 percent in 2017 while Cost of Fund (COF) declined from 8.31 percent in 2016 to 6.48 percent in 2017. Number of loss incurring branches reduced

from 25 in 2016 to 21 in 2017. Besides, total operating expenses was confined as expected by our regulators which remained far below the budgeted amount.

#### **Challenges ahead and ways to fix them ...**

In spite of all those positives, it was extremely difficult to contain the NPL within tolerable limit. Despite manifold efforts NPL increased slightly, by 0.5 percent at the end of 2017. As such, converting non-performing loans to performing loans is being treated as the most inevitable challenge the Bank will have to encounter in the days ahead. Unless we regularize and/or recover NPL within a short period, financial stability of the Bank cannot be restored in the near future.

Another challenge, the crises pertaining to scarcity of liquidity in the banking industry by the end of 2017, have emerged as a major hindrance in the way of sustainable growth in the banking business. Yet, the Bank stood strong in the face of all odds.

#### **Looking up for further improvements...**

The curse of misdeeds committed during the months of October 2009 to June 2014 maligned the reputation, trust and acceptability of the Bank achieved through sweats, grit and integrity for many years from its employees, management and stakeholders. Yet, the Bank strode forward to demonstrate its commitment, dedication and sincerity under the astute guidance of the present Board of Directors. From the ashes of a huge operating loss in 2015, the Bank rose high again and achieved operating profit for consecutive years of 2016 and 2017, which indeed brought back confidence of the stakeholders revealing a bright future of the Bank.

On behalf of the management of the Bank, it is my firm commitment to all stakeholders that the Bank will strive to thrive through ensuring perfect governance and regulatory compliance, mitigating liquidity crisis and loan recovery obstacles, and knotting a tight bond with the existing customer base while adding new potential customers to bolster good assets.

During 2017, the Bank expanded its business further to more profitable business avenues and at the same

time kept a sincere effort towards demonstrating its high ethical standards to its stakeholders. As a result, some trusted clients in 'exit' mode started to repose their trust in us once again. Building into newly gained confidence and vigor, the Bank is moving towards a bright new future of promise and prosperity.

#### **Priorities being taken care of...**

During 2017, the Bank planned on increasing the operating profit by boosting recovery of non-performing loans (NPL), restricting liquidity crisis from soaring up, lending to sound customers, exploring new avenues of income, establishing governance of highest standard and optimizing the use of human resources to the benefit of our Bank.

Our strategic priority remains the same for 2018 as well. Besides, in the wake of tremendous liquidity crisis plaguing the financial sector, we strive for maintaining adequate liquidity so that we can keep exploring scopes for sound lending, which is the life blood for improvement of the financial stability of the Bank.

#### **Our commitment to stakeholders...**

Banking system of the country is going through a strange and critical phase right now. By the end of the reporting year, the whole banking sector took a hit in terms of liquidity crisis due to aggressive lending by the banks, lower interest rates offered on bank deposits and multiple frauds in the industry for which the depositors tended to adopt conservative measures in order to safeguard their deposits. Even then the Bank held its nerve in the face of adversity and achieved credible results as a whole.

On top of that the Bank further optimized the expenditures and utilized the manpower more efficiently in order to aid the profitability. The Bank emphasized on further developments of products and services commensurate to customers' needs as deemed a necessity in present competitive scenario of the financial market. At the end of the reporting year, 47 (forty seven) branches have registered in the profit zone while quite few branches have missed out by small margin.

## **Managing Director's Speech**

### **Looking ahead...**

Although 2018 looks to be a year of difficulty and challenge, we plan to nullify all odds and achieve excellence through continual improvement in product, governance and service. We look to build upon our present achievements in generating operating profit and also in attracting new potential customers. We dedicate ourselves in bolstering our low-cost deposit base as well as maintaining existing deposits.

Besides, we aim to ensure strict regulatory compliance by heightening ethical standards for the employees as well as utilizing human resources to the best of their potentials in order to assume better business propositions for the Bank.

We are absolutely grateful to the Government of the People's Republic of Bangladesh (GoB) for extending their support by replenishing Taka 33.9 billion as capital since 2014. We hope that the GoB extends more support by replenishing adequate capital to comply with the requirement of 'Capital Adequacy Ratio' as necessitated in BASEL accord.

### **Acknowledgements...**

On behalf of the management of the Bank, I would like to express my heart-felt gratitude and utmost sincerity to our only shareholder- the Government of Bangladesh, the regulator- Bangladesh Bank,

Bangladesh Securities and Exchange Commission (BSEC) for their able leadership, able guidance and tremendous support. The Board of Directors deserves special gratitude for their constant advice and valuable guidance.

I would like to appreciate our regulators, patrons, customers and well-wishers for supporting the Bank through passion, wisdom and guidance to help move the Bank towards a prosperous future.

And finally, I appreciate my colleagues of all grades, who are entrusted to dedicate themselves in providing day to day services to our customers with professionalism, honesty, dedication and vigor. The time is ripe to drive the Bank towards the peak once again.

### **Last words...**

At the end of my note, I would urge all stakeholders to come forward with all of their good wishes and sincere efforts to rebuild the once - best Bank of the country and lift it together to the grand heights of excellence it once achieved.

I want to conclude my message by offering you a new outlook of the Bank in the words of a famous quote of a Former Prime Minister of the United Kingdom:

"The pessimist sees difficulty in every opportunity. The optimist sees opportunity in every difficulty."

Thank you all.



**Muhammad Awal Khan**  
Managing Director  
BASIC Bank Limited



# Directors' Report

The Board of Directors of BASIC Bank Limited is pleased to present the Directors' Report along with the Audited Financial Statements for the year 2017. This report focuses on the performance of the Bank for the year ended on December 31, 2017.

The Directors have reviewed the financial statements to assess financial position of the Bank, transparency of its processes and accuracy of financial data as well as financial reporting of the Bank. Before presenting the detailed analysis of the performance of the Bank for 2017, important issues which shaped the global and domestic economic scenario have been briefly addressed in this report.

### **Global Economic Scenario**

Global Economy experienced growth of 3.7 percent, 0.3 percent higher than that projected in 2017 and 0.5 percent higher than the growth experienced in 2016. This indicates a much improved performance in 2017 over that of 2016 which can be attributed to the impressive performance of 120 countries which account for 75.0 percent of the world GDP.

Economies, those have experienced a pickup in their growth has contributed most in 2017 for the broadest global growth upsurge ever after 2010. Unless there was strong growth in world trade, pick up in investment, particularly among advanced economies like Germany, Japan, Korea and the U.S.A and increase in manufacturing output in Asia, there would have not been such growth.

An important determinant of the global economic scenario, the price of crude oil, saw significant rise in 2017 due to some factors and events such as - improving global growth outlook, weather events in the United States, the extension of the OPEC+ agreement to limit oil production, and geopolitical tensions in the Middle East. In consequence of this increase in fuel prices, headline inflation in most fuel consuming economies increased, but wage and core-price inflation remained weak. Although experiencing decline in average core inflation in early 2017, emerging market economies experienced a bit higher inflation in recent months.

Keeping in line with the positive trend of global economic growth in 2017, economic activity worldwide is projected to pick up further pace in 2018 and 2019, especially due to improvements in emerging markets and developing economies.

Projecting 0.2 percent higher growth over that of 2017, the global economy is projected to grow at 3.9 percent in both the years, 2018 and 2019, with projections of notable upside surprises in Europe and Asia. These upward revisions to the global growth projection are mainly attributed to the highly expected improved performance of advanced economies, where growth is now expected to exceed 2.0 percent in 2018 and 2019.

The growth projection for emerging markets and developing economies has been estimated at 4.9 percent and 5.0 percent in 2018 and 2019 respectively. On the other hand, the forecast of growth for advanced economies is estimated at 2.3 percent in 2018 and 2019 which is slightly better than that of 2016.

Forecast of growth for the United States has been reviewed from 2.3 percent to 2.7 percent and from 1.9 percent to 2.5 percent for 2018 and 2019 respectively based on strong economic vibration experienced in 2017 coupled with several factors, such as - higher projected external demand, expected impact of the tax reform policy followed by stronger domestic demand.

Perspective for growth of other advanced economies has been reviewed positively for 2018 and 2019 in consideration of strong economic growth of advanced Asian economies, particularly - China and Japan.

Focusing on our neighboring large economy, the growth forecast for India has been revised up to 7.4 percent and 7.8 percent in 2018 and 2019 respectively, which turns the country to the fastest-growing economy of the world within a couple of years.

Growth projections for many European economies have been revised up, especially for Germany, Italy, and the Netherlands, in reflection of the stronger momentum in domestic demand and higher external demand.



Economic revival in large Latin American economies is projected to continue strongly with growth estimations of 1.9 percent and 2.6 percent in 2018 and 2019 respectively. This positive forecast can be attributed to several factors such as - improved outlook for Mexico, stronger recovery in Brazil, and effects of higher commodity prices and easier financing conditions on some commodity-exporting countries.

Growth in the Middle East and the African region, especially North Africa are expected to assume acceleration in 2018 and 2019 though it has remained subdued of late. Oil exporting economies are making gradual recovery with the help of stronger oil prices. However, required fiscal adjustments are highly likely to slow down the economic growth in these countries, especially, in Saudi Arabia.

In spite of all the easy settings there is a possibility of heightening of trade barriers and reframing of regulations by some of the economies under long-standing commercial agreements like NAFTA and agreements signed with EU which in turn would reduce global investment and production efficiency, tarnishing growth outlook.

### **Economic Scenario of Bangladesh**

The year 2017 was a challenging year for Bangladesh in many ways; some of which were expected while some were not even imagined. However, Bangladesh stood strong amidst all the adversaries that she had to encounter in 2017 and the nation, on the whole, emerged as a stronger nation than ever by continuing its journey on the track of remarkable economic progress that it has been following for the last decade.

Geo-political and socio-economic issues such as Rohingya crisis, successive rounds of flood, hike in commodity price and scams in the banking sector were some of the major obstructions in the way of country's economic growth in 2017. Some of these events were completely unexpected and had potentials of posing serious threats to the economic stability of the country in the long run. However, timely and effective actions from the Government minimized the damage on the economy inflicted by these events. As such, the march of the nation towards sustainable economic growth has not been interrupted.

The economy experienced growth of around 7.3 percent in FY 2016-17, succeeding finally to come out of the six percent cycle that continued for a decade or so. Massive public sector investment, and industrial sector followed by the services sector played the main roles in achieving this GDP growth.

Another important indicator of country's economic stability; average inflation; hovered around 5.5 percent mark in FY 2016-17, though food inflation, especially due to sudden surge in the price of the main staple food, in recent months has been a major cause of concern.

Considering investment as the major driving force behind the economic growth of the country, target was set to increase investment to 32.7 percent of GDP in FY 2016-17. However, investment as a share of GDP ended up at 30.5 percent in FY 2016-17, increasing from the position of 29.0 percent in FY 2015-16, albeit marginally. However, no significant growth in Private Sector investment was experienced after FY 2015-16 which fared around 23.0 percent. Lion's share of the country's investment growth was accounted by the Public Sector that increased to 7.4 percent in FY 2016-17 from 6.7 percent in FY 2015-16 which is a testament of the government's large spending on the infrastructural and industrial development of the country.

The growth of 'Domestic Savings' to GDP ratio and 'National Savings' to GDP ratio were insignificant as the former one registered a growth of only 0.3 percent in FY 2016-17 while the latter declined by 1.2 percent. This incident however narrowed the gap between 'National Savings' and total investment as a share of GDP, which in the recent past would usually display a gap meaning that resources are not fully utilized.

Private sector credit grew increasingly throughout the year 2017. It accelerated during the second quarter of 2017 and subsequently gained momentum to reach the mark of 18.8 percent by December, 2017 surpassing the growth estimation of 16.2 percent for the year 2017.

Bangladesh exported goods and services worth USD 55.9 billion in 2017 which is 2.6 percent up than that of 2016. However, due to strong domestic demand for

commodity, the country had to make import payment of USD 47.8 billion in 2017 registering 15.7 percent growth over that of 2016, resulting in negative balance of trade in 2017.

As usual, RMG accounted for the highest share of export earnings while consumer goods accounted a significant share of import payment pointing to the robust trend of growing domestic demand. However, import of rice marked significant increase in the second half of 2017, following a sharp decline in production due to untimely flood in Haor area during March-April followed by flood in wider areas during August-September period.

Remittance from the workforce employed abroad amounted to USD 13.5 billion in 2017 which suggests a dip from the position of 2016 when remittance of USD 13.6 billion was received from the migrant workers of Bangladesh. One major reason is assumed to be the preference of informal channels over formal banking channels by many migrant Bangladeshi workers due to informal channels being easier and more convenient.

Despite somewhat dismal performance in remittance and export earnings in 2017, Bangladesh still managed to register a growth of around 3.5 percent in 2017 as far as the foreign currency reserve is concerned, by ending up with a figure of USD 33.2 billion at the end of 2017 compared to USD 32.1 billion at the end of 2016.

In 2017, banking sector of the country, on the whole, had to weather some rough times due to certain seriously concerning issues and events, especially during the later half of 2017. These issues seem to have somewhat dented the confidence of the people in the industry on the whole. Moreover, some changes in banking laws and regulations like the one allowing more members of the same family to be directors of the privately-owned banks and extension of their tenure ignited controversies as to what extent the central bank would be able to regulate lending and other business activities of the banks. In consideration of the requirement of full implementation BASEL III accord within 2019, these issues and questions need to be addressed on priority and banks need to tighten up their lending and

investment activities in terms of security issues of all sorts.

It is important to note that Bangladesh economy has undergone a major transformation over the course of past two decades, led by the rapid expansion of the manufacturing industry, especially garment industry, which has helped reduce poverty through rapid increase in employment, especially for women. The result has been a sustained increase in per capita income and significant improvement in purchasing power and thereby living standard.

Most importantly Bangladesh has finally succeeded to initiate the process for achieving the recognition of developing country, graduating from the least developed country (LDC) category in the backdrop of the significant economic and social development over the course of the last decade in the process of achieving the 'middle-income economy' status by 2021. As a matter of fact, Bangladesh stands out superior among its neighbours in terms of performance in certain development indicators like reducing poverty, increasing life expectancy, increasing access to water and sanitation, lowering inequality and decreasing child mortality.

In addition, there has been significant progress in financial inclusion of the people belonging to the poor and vulnerable groups of the society. Initiatives taken by the Government, Bangladesh Bank's guidance and efforts put in by the banking industry, particularly the State Owned Banks, contributed towards achieving such progress.

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

### **Economic Outlook**

Certain challenges as well as opportunities await Bangladesh in 2018 which are likely to shape the route of the country's economic progress in the upcoming years. Having successfully graduated from the status of least developed country in 2017, Bangladesh needs to be more committed to accelerate her economic progress in the upcoming



years in order to graduate to the status of “Middle Income Economy” by 2021 which will be the ultimate moment of triumph for the people of the country.

Keeping this in mind, the Government has set a target in the national budget for achieving 7.4 percent GDP growth for FY 2017-18 while bringing inflation rate down to 5.5 percent by the end of the fiscal year. To attain this target complementary monetary policy has been formulated by Bangladesh Bank where emphasis has been given on proper utilization of private sector credit and robust domestic demand to ensure the desired growth of investment and economic output in FY 2017-18. However, certain factors, such as - employment generation, per capita income, export earning, foreign remittance, investment and credit growth and inflation need to be managed efficiently while setting strategic priorities.

As far as employment generation is concerned, the rate of unemployment is expected to come down below 4.2 percent in FY 2017-18. Agriculture sector followed by service sector is expected to generate the majority of employment for the country in 2018, having accounted for 40.6 percent and 39.0 percent of the country's total employment respectively in FY 2016-17. The other major sector of the economy i.e. the industrial sector accounted for 20.4 percent of the employment in FY 2016-17 and is estimated to perform similarly in the current fiscal year as well.

With more opportunities and sources available to the people of the country than ever for generation of income, per capita income is set to cross USD 1,700.0 mark in FY 2017-18, having crossed the USD 1,600.0 mark in the last fiscal year i.e. FY 2016-17.

Having acknowledged the immense importance of growth for export earnings every year, the target for export earnings for FY 2017-18 has been set at USD 41.0 billion along with a growth target of around 7.9 percent. Industrial sector, as usual, is set to play the most crucial role in achieving this target followed by the service sector. Of the targeted amount, USD 37.5 billion is expected to come from the manufacturing sector, including the RMG sector, while USD 3.5 billion is expected to come from the service sector, including computer services. RMG sector is expected to provide the major impetus to the growth of export earnings

this year with other manufacturing sectors slowly recovering from their sluggish performance of last year.

Though the economy experienced a slump in remittance earning in 2017, registering a decrease of around 0.5 percent from that of 2016, it is likely to see some improvement in remittance earning in 2018 due to stabilization of oil price in Middle Eastern economies and also due to recent rise in manpower exports from Bangladesh.

Uninterrupted flow of investment remains an important precondition for growth of Bangladesh economy and hence measures have been taken to boost investment in the upcoming years, especially from the private sector. However, economic growth over next couple of years is forecasted to be Public Sector investment driven with strengthening of government expenditure in infrastructural development of the country while private sector investment is estimated to grow by only 0.2 percent in FY 2017-18. Investment as a percentage of GDP is estimated to reach 31.9 percent by June 2018, of which 23.2 percent is estimated to come from Private Sector and the remaining 8.7 percent from Public Sector.

Private Sector credit growth has been estimated to reach 16.3 percent by June, 2018 though it seems very much likely that the growth estimation would be surpassed by a significant margin given the recent scenario of private sector credit growth. Banks are still following somewhat liberal lending policy though the latest monetary policy has been formed to regulate the growth of credit to some extent. With the advent of downward revision of lending rates of the banks, the economy is expecting more investment from the private sector investors for boosting economic vibrancy.

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

The Banking sector is expected to come out of the volatile condition that it faced in 2017, with the help of some policy and regulatory reform measures, initiated by the Central Bank, which are to be followed by all the scheduled banks of the country.

Moreover, the vibrancy that was experienced in the capital market for most part of 2017 is expected to continue in 2018 as well with the imminence of next national election and growing confidence of the investors in the capital market which they have regained recently.

Despite many undue incidents, economic activities are expected to remain relatively vibrant in the country in 2018 mainly due to increase in domestic demand which is reflected in the growing trend of industrial lending and import activities. In order to keep it going accommodative fiscal policy must be formulated to ensure growth of both domestic and foreign demand of our products which in turn will ensure continuous industrial growth and subsequent employment generation.

### **Review of Banking Industry in 2017**

Bangladesh's banking sector is comprised of four categories of scheduled banks- State-owned Commercial Banks (SoCBs), Development Financial Institutions (DFIs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs).

The year 2017 can be considered as a "mixed bag" for the banking sector of the country as it saw some negative events taking place besides some positive developments. However banking sector on the whole performed well in most parameters, such as- deposit and credit growth, foreign exchange reserve, exchange rate, export earnings and import payments where the overall performance remained steady throughout the year. However, there were some worrying issues as well such as - ominous growth of classified loans and advances, liquidity crisis experienced by some banks towards the end of the year, sudden changes in ownership of some private banks, decay in customer confidence in the industry in relation to the financial scams.

Most of the private banks' operating profits soared - ranging between 10.0 percent and 60.0 percent - in

2017 riding on a hike in demand for credit from the private sector as well as lowered cost of deposits. The upward trend of private sector credit growth in 2017, especially in the latter half of the year, helped banks record handsome profits.

Overall deposit and credit balance of the banks increased in 2017. Total deposits including time deposits and demand deposits, held in Deposit Money Banks (DMBs) at the end of 2017 was 9,261.8 billion taka which is around 10.2 percent higher than 2016 position. On the other hand, the balance of total outstanding advances in banks at the end of the same period was 8,126.2 billion taka which is 15.3 percent higher from 2016 position.

Export and import business of the banks also increased in 2017 which indicates that the banking sector's overall performance was satisfactory as far as the major parameters are concerned. Hence, despite reports of increasing defaulted loans in the banking sector last year, higher credit disbursement helped most of the banks maintain their profitability.

Private sector credit (including banks, non-banks, and micro-finance institutions) grew by 18.8 percent last year which surpassed the growth of 15.9 percent in 2016.

Bank lending to the industrial sector grew by 29.4 percent at the end of December 2017 compared to that of the previous year, of which Term Lending increased by 26.2 percent and Working Capital Finance increased by 32.4 percent compared to the outstanding position at the end of December, 2016.

Bank lending to the agriculture sector increased by 15.9 percent at the end of December 2017 compared to the position of previous year, of which credit to crops increased by 17.5 percent.

The NPL situation continued to impede the progress and well being of the banking sector last year as well. The overall NPL scenario raises concerns with the total amount of NPL reaching around Taka 720.0 billion by the end of the year under report which was around Taka 620.0 billion at the end of 2016. This NPL amount is reported to be 9.3 percent of the total amount of loans and advances outstanding of the banks at the end of 2017 and almost half of this NPL was accounted by the State Owned Commercial Banks.



Despite the decent performance of the banking sector last year, there are areas for much improvement, especially in credit administration and inclusion of the marginal people in the banking channel. Improvement of service quality through the use of latest technology to make banking transactions easier ensuring safety and security for the common folks seems to be the way forward for the banks to ensure their future progress. However, it is to be noted that under the guidance and support of a2i program of Prime Minister's Office the Ministry of Finance has been motivating the Government Banks and Financial Institutions to step ahead with implementable innovative ideas with a view to ensuring the services the people craves most.

It is to be ensured that incidents such as reserve heist from the central bank do not take place in the future. Most importantly, strategies need to be formulated and steps must be taken to reshape the attitude of the borrowers towards people's money.

### **Review of BASIC Bank's Operations in 2017**

BASIC Bank experienced a commendable year of growth in 2017, with most of the Bank's performance indicators showing encouraging developments, resulted from the extended effort of 2016 when the Bank accomplished a remarkable turn-around by registering operating profit after two years of hefty operating loss. Since 2015 BASIC Bank has been going through a rebuilding phase, recovering from the disasters of the previous years. The year 2017 was no exception where considerable progress was made by the Bank in terms of its financials on the momentum gained in 2016. As a result, the bank was able to make significant operating profit in 2017 in comparison to that of 2016.

Total asset of the Bank stood at Taka 198.8 billion at the end of the year 2017 with the operating profit for the year being Taka 351.5 million which is Taka 260.7 million higher than the operating profit of the previous year. The Bank could have not registered such a profit unless the Government, the sole owner of the Bank, had not reposed confidence in the Board of Directors of the Bank. The support of the Government in the form of capital of Taka 33.9 billion helped a lot for achieving the operating profit in 2017.

Bank completed the year with deposit balance of Taka 142.3 billion with an improvement in its deposit mix. The share of base deposit increased from 22.3 percent in 2016 to 25.5 percent in 2017 registering a growth of 3.1 percent. The balance of outstanding Loans and Advances of the Bank was Taka 145.6 billion, admitting considerable growth of 7.9 percent compared to the total outstanding Loans and Advances at the end of 2016.

It should be noted that followed by an injection of Taka 10.0 billion as capital by our sole shareholder, Government of Bangladesh, the Bank concentrated more on quick disbursement of approved Loans and Advances during the later part of 2017 with a view to optimizing the use of accumulated capital which in turn triggered upsurge in the balance of Loans and Advances exceeding the balance of Deposit at the end of 2017.

There was growth in recovery of classified Loans and Advances of the Bank in cash form of Taka 1.6 billion from classified Loans and Advances in 2017 which is Taka 182.1 million higher than that of 2016. Moreover, Bank surpassed its total loan recovery, recovering and regularizing Taka 11.1 billion of classified loans and advances which is Taka 1.8 billion higher than that of 2016.

However, containment of NPL within tolerable limit has become extremely difficult. Share of NPL in the Bank's total Loans and Advances slightly increased, by 0.5 percent, at the end of 2017 from 54.1 percent at the end of 2016. This warrants more effort from the Bank for regularizing and/or recovering NPL in order to improve its asset quality for increasing profitability to contribute towards financial stability of the Bank. Since September 2014 all new credits are administered with utmost care for which hardly newly disbursed credit turned into NPL.

BASIC Bank is still focusing on its prime objective of financing small and medium scale industries on priority basis and it has been successfully financing the endeavours of the emerging entrepreneurs of these sectors since its inception. Bank prefers to agree with the think-tanks of Bangladesh that the brand - 'Made in Bangladesh' needs to be established in the world market to boost the demand for our products and thereby increase our export earnings. As such, the

Bank participated in the International SME Fairs in 2016 and 2017 and manifested its best effort by displaying different deposit and loan products. Bank excelled over the other participants for 2 consecutive years in the 'Best Stall' category and won the 1st prize on both the occasions.

Share of loans and advances belonging to industrial sector accounted for 57.6 percent with outstanding balance of Taka 83.9 billion at the end of 2017, 12.9 percent higher compared to previous year's outstanding balance of Taka 74.3 billion commending a growth of around 7.9 percent.

BASIC Bank renders special emphasis on lending to agriculture sector to boost agricultural production and employment as expected by the people of the country. As a result of continuation of its support to this sector over the years, the outstanding balance of loans to this sector reached Taka 2.8 billion at the end of 2017.

Bank has always been one of the pioneers in financing the trade and commerce of SME sector of the country with ever growing number of import and export businesses of the country availing trade finance and trade services facilities from the Bank each year. Bank facilitated import business of Taka 39.0 billion in 2017 which is Taka 8.7 billion higher than the performance of 2016. Besides, the Bank facilitated export business of Taka 22.3 billion in 2017, slightly lower than that of 2016.

Considering the broader perspective of the country's financial progress, BASIC Bank has been involved in the process of ensuring sustainable development for the people of the country by extending support to the Government of Bangladesh in implementing its rural development programs through NGO based credits and also by working with many other domestic and multinational institutions such as ADB.

BASIC Bank has always assisted in the programs and projects of the Government for alleviation of poverty in the country by financing the ultra poor in their endeavour for creation of self employment. Continuing to view the people with immense potentials and sticking to its core purpose of "Serving people for progress" the outstanding balance of loans to the poor reached to Taka 890.9 million at the end of 2017.

Bank has been successfully playing a part in women empowerment by creating self employment opportunities for women by meeting their financing needs through allocation of separate fund for deserving women entrepreneurs. Bank has entertained entrepreneurial endeavours of 167 women entrepreneurs by an amount more than Taka 1.0 billion in 2017 as credit which is 40.3 percent higher than the amount of the previous year.

### Branch and ATM Network

BASIC bank renders various types of banking services through its 68 branches situated at important locations of specific rural and urban areas of the country. Besides, Bank collects different types of bills through its 08 collection booths, of which 6 are situated in Dhaka and the remaining 02 in Cox's Bazar.

Moreover, Bank maintains 16 ATM booths of which 12 are in Dhaka division, 2 are in Barisal division and 1 each in Chittagong and Khulna Division. Bank has plans to open new branches, collection booths and ATM booths soon in different locations across the country in order to expand its service coverage and bring more people from different corners of the country under its banking umbrella.

### Building Customer Value

BASIC Bank, after a bleak period of lack of focus on valued customers from 2009 to mid 2014, has again reverted to its original policy of building customer value through relationship based banking and transparency in dealings with customers which actually laid the foundation of the success of the Bank many years back. Besides, some important strategic changes have been effected in customer creation and retention policies by which Bank's relationships with 'old and tested' clients has been rebuilt.

It has been decided that hastiness would be avoided in the process of customer selection and inclusion, especially in case of lending, which actually was one of the main reasons for the Bank's sufferings. A steady and well thought out approach is being considered as the way forward for the Bank in view of the need for nurturing customers for materialising optimum benefits. Since the Bank perceives mutual benefits in potential business ventures of the customers, the culture of treating its customers as development



partners nurturing customer value is being re-established in the bank.

Moreover, Bank continues its pursuit to work together with renowned business houses of the country to bring them in its banking network and build strong business relationship with them for utmost mutual benefit. Besides, Bank continues to take compassionate care of its customers belonging to the micro, small and medium industries to ensure its growth as financial institutions.

### Technology

BASIC Bank always embraces automation and new technology to meet the complex dynamic needs of its customers by offering suitable products and services and facilitating them to perform and manage their financial transactions with safety, confidence and relative convenience.

Bank has adopted and practiced IT enabled banking operations from the very beginning of its journey until today and it continues to attach great importance in acquisition, adaption and use of appropriate information technology. In all the Branches of the Bank as well as the Head Office, computers connected through Local Area Network (LAN) are being used to carry out the daily operations. Besides, all the Branches are connected with each other, the Head Office, the Data Center and the Disaster Recovery Site (DRS) through Wide Area Network (WAN).

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

Besides, systems for informing customers through SMS their respective accounts' month-end balance as

well as transactions in their accounts, and verifying NID information have been implemented in all Branches. An official Facebook page is being maintained to publish the current activity of the Bank while e-tendering system has been started through the web portal of Bangladesh Bank.

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

Bank also provides money transfer services at its branches to account holders and non-account holders alike by using the facilities of Western Union Money Transfer.

After occurrence of some unexpected events in the IT arena of the banking industry, BASIC Bank is in the process of further updating its own ICT Security Policy as well as its security measures as per latest ICT Security Guideline of Bangladesh Bank and initiated steps within the organization. In this respect, vulnerability assessment, penetration test and configuration review of the ICT Systems of the Bank have been accomplished by the External ICT Systems Auditor.

The security of the Bank's SWIFT System has been enhanced to protect the Bank from the threat of potential intruders. SSL Certification and Real Time e-mail scanning system are being maintained to enhance the security of the e-mail systems of the Bank.

Bank provides e-GP services at its Branches to the tender participants using the e-tendering system of CPTU. Bank is also providing ATM / Debit Card services to its customers under Q-Cash shared ATM/POS Network as well as through National Payment Switch (NPS) of Bangladesh Bank. Besides, it is also providing e-Commerce services to its customers through Q-cash Payment gateway.

### Capital Structure

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

Particulars	2017	2016
<b>(million taka)</b>		
Paid up capital	10,846.98	10,846.98
Total shareholders' equity	13,907.09	10,808.32
Total capital	(15,833.50)	(17,466.04)
Capital Deficit	(27,806.76)	(28,667.05)

Though total capital of the bank poses negativity at the end of 2017, it testifies some positive aspects of bank operation due to reduction of negative capital. As a matter of fact capital shortfall reduced which in turn increased shareholders' equity.

### **Focus on development of Human Resources**

BASIC Bank attaches highest importance for development of human resources treating that any investment in human resource is a prerequisite for building competitive outlook among the employees for surviving and thriving in the globally competitive marketplace. As such, the Bank has always prioritized working towards the development of a corporate culture by ensuring safe and sound working environment that helps the employees attain professional excellence as well as personal benefits.

BASIC Bank perceives that there is no alternative to creating and retaining employees who adds value to the Bank, not only through efficient delivery of their regular routine tasks but also through generation of creative and fresh ideas which can create new avenues of growth for the Bank in the days ahead. Hence, certain policies have been adopted in the last couple of years that focus on the development of job related knowledge and skills of the employees so that they are better equipped for accomplishing their assignments.

Necessary budget has been allocated for training purposes, for encouraging innovation in the Bank. For the year 2018 total budget of Taka 16.2 million has been allocated for training and Human Resource Development. A specific budget of Taka 0.5 million has been allocated for innovation related training and incentive related purpose.

In order to make the training programs of the Bank

more effective and accommodative, formulation of new policy for the Bank's Training Institute has been undertaken in 2017 which would encompass all the training related issues of the employees. As a part of the Bank's regular training process, a total of 1604 employees attended 189 seminars, workshops and training sessions at BASIC Bank Training Institute, Bangladesh Institute of Bank Management, Bangladesh Bank Training Academy and other training institutions during the year 2017. Besides, BASIC Bank Training Institute is dedicatedly working year round to provide knowledge and skills development related support to the employees of the Bank by offering them training on various general and contemporary banking issues. A total of 12 (twelve) executives were sent abroad to participate in seminars, discussions and training sessions.

### **The Way Forward**

BASIC Bank, having returned to the profit making track from the disasters wreaked in the previous few years, now intends to bring back the golden days of glorious past. Hence, new strategic priorities have been set keeping in line with new aspirations. Recovery of classified loans and advances has been again brought to central focus in the context of controlled growth of fresh loans and advances that is likely to be the case in the upcoming years. Besides, improvement of asset quality through quality lending is being emphasized to ensure prevention of further degradation of the NPL scenario of the Bank.

Moreover, earning opportunities from ancillary services provided to the customers are being re-explored to open up new avenues for the Bank's growth in terms of income from diversified sources. Also, improvement in customer service quality is being given highest priority to ensure better banking services to the customers for long term sustainability of the Bank. Overall, a positive change in the culture of the Bank is being gradually effected so that the Bank may continue its progress by removing the remaining dirt that was piled on its image.

### **Acknowledgement**

The Board expresses its sincere gratitude to Bangladesh Bank, Financial Institutions Division, Ministry of Finance and Ministry of Industries for their

support and prudent guidance. Our debt of gratitude is due to the Government of Bangladesh for their valuable guidance followed by contribution of capital fund. Special thanks is due to the autonomous bodies who support us and extend their helping hands by depositing their working funds in the Bank.

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

eradicating poverty from society deserve special thanks from the Board of Directors.

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

Finally, the Board of Directors thanks all stakeholders and wishes good future for them in the coming days ahead.



Meeting of The Board of Directors of BASIC Bank Limited



MoU signing ceremony between BASIC Bank Limited and PRAN-RFL Group.



An woman entrepreneur receiving cheque from the honb'l Speaker of Bangladesh National Parliament Dr. Shirin Sharmin Chaudhury in Banker-SME Woman Entrepreneur Conference 2018. Mr. Fazole Kabir, Governor of Bangladesh Bank along with other high officials of Central Bank and BASIC Bank were also present on the occasion.



# Report of the Audit Committee

## Constitution/Formation of the Audit Committee

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

## Particulars of the Members of the Audit Committee as on 31.12.2017

#	Name	Status with the Bank	Status with the Committee	Educational Qualification
01	Ms. Parag	Director	Chairman	M.S.S. in Development Administration M.A in English
02	Mr. Hasan Mahmood, FCA	Director	Member	FCA, M.Com.
03	Mr.Md. Mamun-Al-Rashid	Director	Member	M.Com in Management M.A in Government Finance
04	Mr. Tabarak Hussain	Director	Member	B.A., L.L.B

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

## Meetings held during 2017

During the year 2017 the Audit Committee met four times wherein efforts were made there to accomplish the duties and responsibilities that would serve the purpose of constitution of the Committee. Details of the

meetings held in 2017 are as under:

#	Meeting No.	Date
01	62	29.03.2017
02	63	18.04.2017
03	64	25.09.2017
04	65	20.12.2017

#### Activities of the Audit Committee during 2017

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

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

Besides, the major areas reviewed/discussed/evaluated/recommended by the Audit Committee during the year 2017 are as under:

- Statement of Accounts for the year ended December 31, 2016.
- Annual Audit Plan for conducting internal audit and inspection at the Branches and Divisions of Head Office for the year 2017.
- Audit reports of Branches on major irregularities detected by Audit and Inspection Division of the Bank during the year 2016 and compliance status there against.
- Summary of the objections as raised by the Government Commercial Audit while conducting audit and inspection on seven branches of the Bank (Tanbazar, Khulna, Chowmuhana, Jhikargacha, Satkhira, Chitolmari and Fakirhat) based on 31.12.2016.
- Risk based grading of the Branches of the Bank.
- Audit reports of two Branches on major irregularities detected by Audit and Inspection Division of the Bank during the year 2015.
- Information on current liability vis-à-vis security position of those borrowers with whom no communication could be made for the last six months or more.
- Draft Internal Control & Compliance (ICC) Policy of the Bank.
- Status of legal suits filed by/against the Bank as on 31.12.2016.
- Status of legal suits filed by/against the Bank as on 30.11.2017.
- Appointment of auditors and fixing their remuneration for the year 2017.



**Parag**

Chairman, Audit Committee



# Report of the Risk Management Committee

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

Sl. No.	Name	Status with the Bank	Status with the Committee	Educational Qualification
01	Ms. Raihana Aneesa Yusuf Ali	Director	Chairman	M. A. (Economics)
02	Mr. Md. Zahidul Haque	Director	Member	MBA (IBA)
03	Mr. Mahabubur Rahman Bhuiyan	Director	Member	B.A.
03	Ms. Afroza Gul Nahar	Director	Member	BSC (Hons), MSc Ag. Economics (BAU, Mymensing)

During the year 2017 the Risk Management Committee met four times wherein efforts were there to accomplish the duties and responsibilities that would serve the purpose of constitution of the Committee. Details of the meetings held in 2017 are as under:

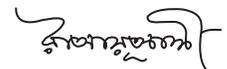
Sl. No.	Meeting No.	Date
01	14	30.03.2017
02	15	19.06.2017
03	16	08.08.2017
04	17	26.12.2017

The role and responsibilities of the Committee include, among others, the following:

- To formulate policy for overall risk management.
- To set appropriate organizational structure for controlling risks.
- To review risk management policy and guidelines.
- To give advice on the development and maintenance of a supportive culture, in relation to risk management.
- To submit observations and recommendations of the Committee to the Board.

The major areas discussed/evaluated/reviewed and recommended by the Risk Management Committee in those analyses are as under:

- Draft Internal Control and Compliance Policy of the Bank.
- New version (2.0.0) of the ICT Policy of the Bank.
- 'Statement on Internal Capital Adequacy Assessment Process (ICAAP) under Supervisory Review Process' for the year 2016.
- Draft Asset-Liability Management Policy of the Bank for the year 2017.
- Draft Treasury Risk Management Policy of the Bank for the year 2017.
- Risk appetite (internal limit) for risk areas of the Bank for the year 2017.
- Comprehensive risk management rating of the Bank for the year 2016.



**Raihana Aneesa Yusuf Ali**  
Chairman, Risk Management Committee



**Disclosures on Risk Based**  
**Capital Requirement under Basel-III**  
for the year ended December 31, 2017

**Disclosure Overview**

The following detailed qualitative and quantitative disclosures are provided in accordance with the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III) issued by Bangladesh Bank through circular no. BRPD-18 dated 21 December 2014. This is intended to provide the users an insight about various risk exposures, to which the Bank is exposed and maintained adequate capital against them. The users will also be able to compare the Bank’s performance within the banking industry.

**Scope and purpose**

The purpose of Market Discipline in the Revised Capital Adequacy Framework is to complement the Minimum Capital Requirements and the Supervisory

Review Process. The aim of introducing Market Discipline in the revised Framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

All the quantitative disclosures furnished here are on **Solo Basis** and on the basis of audited financial statements of BASIC Bank Limited for the year ended 31 December 2017 prepared under relevant International Accounting And Financial Reporting Standards as adopted by the Institute of Chartered Accountant of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time.

**A) Scope of Application**

**Qualitative Disclosures**

- a. The name of the top corporate entity in the group to which this guidelines applies.
- b. An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group:
  - (a) that are fully consolidated;
  - (b) that are given a deduction treatment; and
  - (c) that are neither consolidated nor deducted
- c. Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

**Quantitative Disclosure**

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

**BASIC Bank Limited**

The Risk Based Capital Adequacy Framework applies to BASIC Bank Limited on “Solo Basis” as there are no subsidiaries of the Bank on reporting date.

Not Applicable

Not Applicable

## Disclosures on Risk Based Capital Requirement under Basel-III

### B) Capital Structure

#### Qualitative Disclosures

- a. Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET- 1, Additional Tier- 1 or Tier- 2.

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

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

Tier -1 Capital is further classified into two categories-

- Common Equity Tier-1 (CET-1)
- Additional Tier-1

CET-1 capital, which is the sum of core capitals like Paid-up Capital, Retained Earnings, Statutory Reserve, General Reserve etc. after netting regulatory adjustments like Shortfall in loan loss provision maintained, Goodwill, Deferred Tax Assets etc., of BASIC Bank as on 31st December 2017 was negative TK.1,778.77 crore. Here, huge shortfall in maintaining specific provision against NPL of the Bank affects mostly to its strong CET-1 base.

Additional Tier-1 (AT-1) Capital shall consist of Non-cumulative Irredeemable Preference Share account, Instruments issued by the banks that meet the qualifying criteria for the same, Minority Interest etc. after netting regulatory adjustments. On 31st December 2017, the Bank only had a Non-cumulative Irredeemable Preference Share account for TK.120.50 crore in AT-1 Capital.

On the other hand, Tier-2 Capital represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank. Tier-2 Capital shall consist of General Provisions, Subordinated Debt / Instruments issued by the banks etc. after netting regulatory adjustments. The Bank had a total of TK.74.92 crore eligible for Tier-2 Capital on 31st December 2017.

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

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

## Disclosures on Risk Based Capital Requirement under Basel-III

Quantitative Disclosures	(Amount in crore TK.)			
<p>b. The amount of Regulatory Capital, with separate disclosure of:</p> <ul style="list-style-type: none"> <li>• CET-1 Capital</li> <li>• Additional Tier-1 Capital</li> <li>• Total Tier-1 Capital</li> <li>• Tier-2 Capital</li> </ul>	<b>Tier- 1 Capital (Going Concern Capital)</b>			
	<b>Common Equity Tier-1</b>			
	Fully Paid-up Capital	1,084.70		
	Statutory Reserve	222.47		
	General Reserve	4.00		
	Retained Earnings	(2,652.35)		
	Others (fresh fund provided by Govt. in the process of converting to capital)	2,600.00		
			1,258.82	
	<b>Regulatory Adjustments (from CET-1):</b>			
	Shortfall in provisions against NPL	2,982.49		
	Deferred Tax Assets (DTA)	55.09		
			3,037.59	
	<b>• Total Common Equity Tier-1 Capital [A]</b>			<b>(1,778.77)</b>
	<b>Additional Tier-1 Capital</b>			
	Non-cumulative irredeemable pref. shares	120.50		
<b>• Total Additional Tier-1 Capital [B]</b>			<b>120.50</b>	
<b>• Total Tier- 1 Capital [A+B]</b>			<b>(1,658.27)</b>	
<b>Tier- 2 Capital (Gone Concern Capital)</b>				
General Provision	69.38			
Revaluation Reserves as on 31 Dec, 2014	13.86			
		83.24		
<b>Regulatory Adjustments:</b>				
60% phase in deduction from Rev. Reserve		(8.32)		
<b>• Total Tier- 2 Capital [C]</b>			<b>74.92</b>	
<b>Total Regulatory Capital [A+B+C]</b>			<b>(1,583.35)</b>	

### C) Capital Adequacy

Qualitative Disclosures	
a. A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	<p>Capital Adequacy is the cushion required to be maintained for covering the Credit Risk, Market Risk and Operational Risk so as protecting the depositors and general creditors' interest against such losses. In line with latest Guidelines on Risk Based Capital Adequacy that has been issued through BRPD Circular no. 18 dated 21 December, 2014, the Bank has adopted Standardized Approach (SA) for computing capital requirement for Credit Risk and Market Risk and Basic Indicator Approach (BIA) for computing capital requirement for Operational Risk.</p>

Quantitative Disclosures	(Amount in crore TK.)			
b) Capital requirement for Credit Risk				992.09
c) Capital requirement for Market Risk				44.89
d) Capital requirement for Operational Risk				160.35
<b>e) Capital Adequacy Ratio:</b>	<b>Total</b>	<b>CET-1</b>	<b>Tier-1</b>	<b>Tier-2</b>
• For the consolidated group	N/A	N/A	N/A	N/A
• For stand alone	-13.22%	-14.86%	-13.85%	0.63%
f) Capital Conservation Buffer				149.67
g) Available Capital under Pillar-2 req.				0.00

### D) Credit Risk

#### Qualitative Disclosures

a. The general qualitative disclosures requirement with respect to credit risk, including:

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

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

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

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

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

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

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

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

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

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

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

1. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as "Sub-standard".
2. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as "Doubtful".
3. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as "Bad/Loss".

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

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

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

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

Discussion of the bank’s credit risk management policy

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

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

The credit assessment process of the Bank is initiated at branch as well as credit divisions which include all plausible aspects including eligibility of the borrower, requirement of information and/or documents etc. The Bank follows Bangladesh Bank’s prescribed Credit Risk Grading (CRG) model which captures quantitative and qualitative issues related to management risk, business risk/industry risk, financial risk, security risk and relationship risk, while assessing the overall grading of borrowers.

Credit documentation, administration and disbursement functions of BASIC Bank Limited are strictly handled by the Credit Administration Division (CAD) of the Bank. An effective monitoring procedure has been adopted by the Bank to provide an early indication of the deteriorating

## Disclosures on Risk Based Capital Requirement under Basel-III

- Discussion of the bank's credit risk management policy

financial health of a customer in order to minimize credit losses. Respective branch, credit division as well as Credit Administration Division (CAD) of the Bank are simultaneously engaged in effective credit monitoring of the Bank.

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

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

### Qualitative Disclosures

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

Type	Amount (in crore )	Percentage
Term Loan	5,896.71	40.51 %
Cash Credit	3,124.49	21.46 %
Overdraft	1,422.88	9.77 %
Export/Packing Credit	30.90	0.21 %
Loan Against Trust Receipt	597.52	4.10 %
Real Estate Loan	924.27	6.35 %
Transport Loan	692.52	4.76 %
Micro Credit Financing	209.49	1.44 %
Staff Loan	148.02	1.02 %
Bill Purchased & Discounted	98.24	0.67 %
Others	1,411.82	9.70 %
<b>Total</b>	<b>14,556.86</b>	<b>100.00%</b>

## Disclosures on Risk Based Capital Requirement under Basel-III

c. Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	<b>Division</b>	<b>Amount (in crore)</b>	<b>Percentage</b>
	Dhaka	9,190.73	63.14%
	Chittagong	2,152.72	14.79%
	Rajshahi	716.32	4.92%
	Khulna	725.82	4.99%
	Barisal	53.94	0.37%
	Sylhet	128.72	0.88%
	Rangpur	689.09	4.73%
	Mymensingh	899.52	6.18%
<b>Total</b>	<b>14,556.86</b>	<b>100.00%</b>	
d. Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	<b>Sector (only industrial loan)</b>	<b>Amount (in crore)</b>	<b>(Percent.)</b>
	Food & Allied	1,389.50	16.56%
	Textile	794.96	9.47%
	ERMG	1,020.88	12.16%
	Accessories	160.67	1.91%
	Jute product & Allied	425.23	5.07%
	Forest product & Allied	5.48	0.07%
	Paper, Board, Printing & Packaging	349.58	4.17%
	Tannery, Leather and Rubber	204.81	2.44%
	Chem. Pharm. and Allied	506.25	6.03%
	Glass, Plastic, Ceramic & other nonmetal	272.75	3.25%
	Engineering	314.37	3.75%
	Electrical & Electronics	21.75	0.26%
	Service Industry	488.39	5.82%
Misc. Industry	2,285.89	28.31%	
Industry not elsewhere classified	61.44	0.73%	
<b>Total</b>	<b>8,391.95</b>	<b>100.00%</b>	
e. Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	<b>Type of credit exposure</b>	<b>Amount (in crore)</b>	<b>Percentage</b>
	Up to 01 Month	-	0.00%
	Above 1 month but not more than 3 month	1,682.31	11.56%
	Above 3 month but not more than 1 year	2,045.16	14.05%
	Above 1 year but not more than 5 years	7,578.94	52.06%
	Above 5 years	3,250.45	22.33%
<b>Total</b>	<b>14,556.86</b>	<b>100.00%</b>	

## Disclosures on Risk Based Capital Requirement under Basel-III

f. By major industry or counterparty type:	(Amount in crore TK.)
<ul style="list-style-type: none"> <li>• Amount of impaired loans and if available, past due loans, provided separately;</li> <li>• Specific and general provisions; and</li> <li>• Charges for specific allowances and charge-offs during the period.</li> </ul>	<p>7,952.99</p> <p>2,179.21</p> <p>693.50</p>
g. Movement of NPLs & Provisions:	(Amount in crore TK.)
Gross Non Performing Loans (NPLs)	7,952.99
Non Performing Loans (NPLs) to Outstanding Loans & Advances	54.63%
<b>Movement of Non Performing Assets (NPAs)</b>	
Opening balance	7,300.69
Additions	2,129.75
Reductions	1,477.45
Closing balance	7,952.99
<b>Movement of specific provisions for NPAs</b>	
Opening balance	1,777.21
Provisions made during the period	693.50
Write-off/Interest Waived	(348.15)
Write-back of excess provisions	0.00
Closing balance	2122.56

### E) Equities: Disclosures for Banking Book Positions

#### Qualitative Disclosures

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

- Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and
- Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Equity investments of the Bank are mainly for capital gain purpose and dividend earnings from invested securities of various companies. Bank also has some equity investment for strategic purpose.

The holding of Bank's quoted and unquoted shares are valued at cost price. Provisions are made at the end of the year if total market value of the quoted and un-quoted shares is lower than the cost value of those shares.

**Quantitative Disclosures**

- b. Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.
- c. The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.
- d.
  - Total unrealized gains (losses)
  - Total latent revaluation gains (losses)
  - Any amounts of the above included in Tier-2 capital.
- e. Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

The Bank invested TK. 133.48 crore in quoted and unquoted securities as on December 31, 2017. Out of which, the Bank invested TK. 130.45 crore in 38 companies quoted/ listed in Dhaka Stock Exchange Ltd. and TK. 3.03 crore in 4 unquoted/unlisted companies. The market values of the quoted securities are TK. 133.31 crore and un-quoted securities are TK. 3.03 crore.

In the reporting year 2017, the cumulative realized gains were TK. 21.34 crore. Out of which, TK. 15.55 crore as realized capital gain and TK. 5.79 crore from dividend earnings.

At the end of 2017, market value of quoted securities stood at TK. 133.31 crore against cost price of TK. 130.45 crore resulting net gain (unrealized) of TK. 2.86 crore.

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Specific Market Risk: TK. 13.35 crore  
 General Market Risk: TK. 13.35 crore  
 Total capital charge on equities: TK. 26.70 crore

**F) Interest Rate Risk in the Banking Book (IRRBB)**

**Qualitative Disclosures**

- a. The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non maturity deposits, and frequency of IRRBB measurement.

Interest Rate Risk in the Banking Book is the risk of changes in market interest rate. Any positive or negative movement in the market interest rate affects the value of the banking book. It affects the current earning as well as the net worth of the Bank.

## Disclosures on Risk Based Capital Requirement under Basel-III

### Quantitative Disclosures

- b. The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).

Market Value of Assets: TK.20,042.66 crore  
 Market Value of Liabilities: TK.18,513.52 crore  
 Weighted average of Duration Gap: 0.70 yr  
 CRAR after different level of shocks:

- Minor Level : -14.46%
- Moderate Level : -15.55%
- Major Level : -16.63%

### G) Market Risk

#### Qualitative Disclosures

- a. Views of BOD on trading/investment activities

As the Market Risk is the probability of losing assets in Balance Sheet and Off Balance Sheet position arising out of the volatility in market variables i.e., interest rate, exchange rate and price; the Board of Directors approves all necessary policies related to Market Risk and review them on regular basis.

Methods used to measure Market Risk

Standardized Approach has been used to measure the Market Risk.

Market Risk Management system

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

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

Policies and processes for mitigating Market Risk

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

**Quantitative Disclosures**

b. The capital requirements for:

(Amount in crore TK.)

Interest Rate Risk;	17.89
Equity Position Risk;	26.70
Foreign Exchange Risk; and	0.31
Commodity Risk.	0.00

**H) Operational Risk**

**Qualitative Disclosures**

a. Views of BOD on system to reduce Operational Risk

As the Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events, the Board of Directors approves all necessary policies related to operational risk and reviews them on regular basis.

Bank has internal manuals on Internal Control & Compliance and on Human Resource where details of operational policies, procedures and HR related activities have been stated, which is approved by the Board of Directors.

Performance gap of executives and staffs

Bank regularly monitors and reviews the performance of executives both quantitatively and qualitatively through analysis of achievement of business target in various parameters and behavioral, tactical and leadership aspects through confidential evaluation process.

Potential external events

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

Policies and processes for mitigating Operational Risk

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

Audit and Inspection team regularly works to detect and remove procedural flaws, errors and frauds. Audit Findings Monitoring Division ensures

## Disclosures on Risk Based Capital Requirement under Basel-III

Approach for calculating capital charge for operational risk

compliance of internal audit report. Compliance Division works to ensure all sorts of regulatory and policy compliance to help smooth operation and maintain consistency and thus reduce risk. The Bank are using some tools for mitigating operational risk such as Self Assessment of Anti-fraud Internal Control; Quarterly Operational Report (QOR) and Departmental Control Function Check List (DCFCL) in line with the Bangladesh Bank's relevant Instructions and recommendations. It is required to submit the statement on Self Assessment of Anti-fraud Internal Control to Bangladesh Bank on quarterly rest.

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

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

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

### Quantitative Disclosures

b. The capital requirements for Operational Risk:

TK. 160.35 crore

**I) Liquidity Ratio**

**Qualitative Disclosures**

a. Views of BOD on system to reduce liquidity Risk

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

Methods used to measure Liquidity Risk

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

Liquidity Risk management system

Liquidity Risk is the potential inability to meet the liabilities as they become due. 'Cash-Flow Approach' and 'Stock Approach' are used for managing, monitoring and measuring Liquidity Risk. The Liquidity/ Funds requirements under Stress Situations, sources of raising the funds and its possible impact on Profit and Loss are also worked out at quarterly interval.

Policies and processes for mitigating Liquidity Risk

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

**Quantitative Disclosures**

b. Liquidity Coverage Ratio  
Net Stable Funding Ratio (NSFR)  
Stock of High quality liquid assets  
Total net cash outflows over the next 30 calendar days  
Available amount of stable funding  
Required amount of stable funding

	338.43%
	101.12%
	TK. 3,757.68 crore
	TK. 1,110.34 crore
	TK. 14,839.18 crore
	TK. 14,675.29 crore

**J) Leverage Ratio**

**Qualitative Disclosures**

a. Views of BOD on system to reduce excessive leverage

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

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

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

Approach for calculating exposure

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

The accounting measure of exposure is generally followed to calculate total exposure for leverage ratio. The Bank includes both on and off-balance sheet items for measuring total exposure as instructed by the Guidelines on Risk Based Capital Adequacy of Bangladesh Bank.

**Quantitative Disclosures**

b. Leverage Ratio  
On-Balance Sheet Exposure  
Off-Balance Sheet Exposure  
Total Exposure (after related deductions)

-10.89%  
TK. 17,759.11 crore  
TK. 511.32 crore  
TK. 15,232.84 crore

**K) Remuneration Policy**

**Quantitative Disclosures**

a. Information relating to the bodies that oversee remuneration.

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

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

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

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

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

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

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

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

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

Not applicable.

The Bank does not differentiate remuneration according to regional segmentation or business lines etc. However, the Remuneration Policy of the Bank includes remuneration practices of the employees based on their designation. There are different provisions for those falls under disciplinary proceedings.

Senior Management, Branch Managers and Divisional Heads may be considered as Material Risk Takers of the Bank. "Senior Manager" refers to Senior Management in the rank of Deputy General Manager to Managing Director. Presently, the number of each group is as like as DGM: 51, GM: 14, DMD:1, MD: 1 .

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

The objectives of the remuneration policy incorporates:

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

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

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

## Disclosures on Risk Based Capital Requirement under Basel-III

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.

The Bank does not offer any deferred variable remuneration.

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

Not Applicable

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

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

Only cash based remuneration exists.

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

Not applicable.

## Disclosures on Risk Based Capital Requirement under Basel-III

### Qualitative Disclosures

g.	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	In the financial year, remuneration policy was not discussed at the meetings of the Board of Directors of the Bank.
h.	<ul style="list-style-type: none"> <li>• Number of employees having received a variable remuneration award during the financial year.</li> <li>• Number and total amount of guaranteed bonuses awarded during the financial year.</li> <li>• Number and total amount of sign-on awards made during the financial year.</li> <li>• Number and total amount of severance payments made during the financial year.</li> </ul>	<p>Nil</p> <p>Number of employees: 2103 Total amount: Tk. 14.78 crore only (for 2 festival bonuses and Boishakhi Bonus).</p> <p>No such awards given during the financial year.</p>
i.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.	Nil
j.	Breakdown of amount of remuneration awards for the financial year to show: <ul style="list-style-type: none"> <li>• Fixed</li> <li>• Variable.</li> <li>• Deferred and non-deferred.</li> <li>• Different forms used (cash, shares and share linked instruments, other forms).</li> </ul>	Tk. 20.18 crore only. Nil Nil Cash only
k.	<b>Quantitative information about employees' exposure to implicit (e.g., fluctuations in the value of shares or performance units) and explicit adjustments (e.g., claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:</b> <ul style="list-style-type: none"> <li>• Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.</li> <li>• Total amount of reductions during the financial year due to ex post explicit adjustments.</li> <li>• Total amount of reductions during the financial year due to ex post implicit adjustments.</li> </ul>	<p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p>



# Sustainability Report

Sustainability refers to the management and coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and ongoing success. It measures an organization's progress along three lines: economic prosperity, environmental quality and social justice". Development of an organization and a country may not sustain in the long run unless the issues related to the environment as well as the society are considered. As one of the driving sectors for real economic growth, banking sector possesses the potential of playing a tremendous role to play in the area of sustainable development.

As a development financial institution, BASIC Bank has demonstrated its commitment towards sustainable development to foster social and economic growth. The Bank places due importance to the principle of the Triple Bottom Line, "people, planet and profit" in setting all its business goals. To meet the expectations of the stakeholders, the Bank is concentrating on sustainability of its business. BASIC Bank considers two dimensions for sustainability, (a) Environmental initiatives and (b) Social initiatives. Financing the Small and Medium enterprises by the Bank is treated as a social initiative, thus prioritized by ensuring investment of more than 50 percent of its loanable funds in the Small and Medium Scale Industries (SMIs).

BASIC Bank attributes high importance in avoiding environmentally hazardous and socially undesirable projects. While financing various projects reports related to 'Initial Environmental Examination' as well as 'Environmental and Social Impact Assessment' are taken care of and Environmental and Social Due Diligence (ESDD) are conducted. Moreover, the Bank performs Environmental and Social Risk Rating (ESRR) categorically as per regulatory guidelines before approving any credit proposals. While the Bank is directly promoting the 'green' initiatives through effective finance, it is equally facilitating indirect 'green' initiatives. The Bank also facilitates micro credit through direct approach while it also facilitates micro credit indirectly through the roles of NGOs and MFIs.

Since inception, all branches of BASIC Bank are technologically equipped and it is the first state owned bank that implemented real time on-line banking in the country. Here in-house environmental

management has also been prioritized. The following issues are considered for implementing in-house environmental management of the Bank:

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

### **Social initiatives and CSR:**

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

Responsible business is BASIC Bank's prime motto. Hence the Bank is engaged in CSR activities since 2008. CSR areas of the Bank include day-care facility, disaster relief, health care, scholarship for education, promoting sports and culture, poverty alleviation etc. Being a corporate citizen the Bank reaffirms its commitment towards social wellbeing of the citizens of the country. As a part of social responsibility, the Bank has established a day-care center in collaboration with other four nationalized commercial banks. This facility has been crafted for those working mothers who would not be burdened by the feeling of insecurity of their wards at home. For meeting up operational expenditure of the center the Bank is contributing a proportional amount in every month along with other co-founders. On different occasions, the Bank has donated blankets under its CSR initiatives for the cold-stricken and natural calamity hit people of home and abroad.

On the other hand, the Bank has been financing people mainly from the ultra-poor communities of



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

### Green Banking

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

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

BASIC Bank has already introduced a 'Green Banking' product named 'BASIC Alternative Power Generation System (Solar System) Financing Scheme' to promote green initiatives of this kind. The Bank is complying with the instructions stipulated in the detailed guidelines on Environmental and Social Risk Management (ESRM) of Bangladesh Bank. Besides,

the Bank is assessing Environmental Risk (EnvRR) in addition to existing Credit Risk Grading for either of new, green field and existing industrial projects. In 2017, the Bank assessed environmental risk rating of 563 projects, business ventures amounting taka 23,734.93 million. The Bank also takes care on environmental and social issues while processing each loan proposal. The Bank has stepped into green finance zone and financed 73 (Seventy Three) projects comprising of 44 (forty four) brick fields using 1(one) Tunnel Kiln, 43(forty three) ZigZag Kiln, 18 (eighteen)'Integrated Cow Rearing & Bio Gas Plant', 4(Four) Projects for installation of ETP, 3(Three)'Waste Paper Recycling Plant for production of Recycled Paper', 1(One)'Polythene Recycling Plant' 1(one)'Solar Home System', 1(one)'Solar Panel Manufacturing Plant', 1(one)'vermicomposting', up to December 31,2017 under project loan and working capital policy.

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

**In 2017, Bank assessed environmental risk rating of 563 projects, business ventures amounting taka 23,734.93 million. The bank also takes care on environmental and social issues while processing each loan proposal. The bank has stepped into green finance zone and financed 73 (Seventy Three) projects comprising of 44 (forty four) brick fields using 1(one) Tunnel Kiln, 43(forty three) ZigZag Kiln, 18 (eighteen)'Integrated Cow Rearing & Bio Gas Plant', 4(Four) Projects for installation of ETP, 3(Three)'Waste Paper Recycling Plant for production of Recycled Paper', 1(One)'Polythene Recycling Plant' 1(one)'Solar Home System', 1(one)'Solar Panel Manufacturing Plant', 1(one)'vermicomposting', up to December 31,2017 under project loan and working capital policy.**

### Women Empowerment

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

of disbursed loan to women entrepreneurs as on December 31, 2017 was Taka 4,107.90 million.

### Financial Inclusion

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

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

**Total outstanding of disbursed loan to women entrepreneurs as on December 31, 2017 was Taka 4,107.90 million.**

### Innovation in Banking and Public Service

Innovation and its practices in the banking as well as public services is of utmost importance in easing public administration functions

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

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

Besides, the Bank has already innovated the following ideas and preparing itself technically with a view to implementing these innovative ideas within a shortest possible time.

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



# **Implementation of the National Integrity Strategy**

## Implementation of the National Integrity Strategy

Generally integrity refers to behavioral development of a person which is influenced by ethics and honesty. The concerns for ethics and standards in public life, and strategies to control corruption are now almost global and central to democratic governance and management of public services, particularly in countries like Bangladesh. There are now growing recognitions in governments all over the world including Bangladesh to integrate measures for fighting corruption to their governance agenda. The present Government of Bangladesh has formulated a National Integrity Strategy (NIS) in 2012 by giving National Integrity a top priority, made National Integrity Strategy an integral part of 'Vision 2021' as the document on 'Bangladesh Perspective Plan 2010-2021'; intensified magnitude of action oriented assignments towards prevention of corruption and rendered commitment to launch a movement in this regard. As a result, a process of wide-ranged consultations with stakeholders had taken place after which National Integrity Strategy was approved by the Cabinet Division in October, 2012.

To implement the National Integrity Strategy, BASIC Bank formed an Ethics Committee and assigned an employee as the Focal Person at Head Office as per instruction of the Financial Institutions Division (FID), Ministry of Finance and submitted a time bound action plan to the Ministry of Finance and Bangladesh Bank. Subsequently, quarterly progress report on implementation of the National Integrity Strategy is regularly submitted to the FID and Bangladesh Bank. Besides, quarterly meeting of the Ethics Committee is convened on regular basis. In order to increase awareness and practice as a part of organizational philosophy, ethics has been included as a topic in the training modules of foundation and other courses for different level of employees arranged by BASIC Bank Training Institute. As a result, 469 employees have been trained on ethics during the year 2017. Besides, the Service Rules of the Bank was revised to a great extent covering every aspects of service for betterment of employees of the Bank, and it came into effect on July 01, 2015.

**In order to administer 'Grievance Redress System (GRS)', BASIC Bank has already set up a 'Central Customer Service and Complaints Management Cell' at Head Office. At the same time an opportunity for launching complaint against services provided and other issues by the use of technological option is on.**

As per provision of the Right to Information Act, 2009 Bank has assigned one official in the rank of Deputy General Manager as the responsible officer for providing information. Besides, Managing Director of the Bank is assigned as the appellate officer under the said Act.

In order to administer 'Grievance Redress System (GRS)', BASIC Bank has already set up a 'Central Customer Service and Complaints Management Cell' at Head Office. At the same time an opportunity for launching complaint against services provided and other issues by the use of technological option is on.

In order to figure out deviations from banking rules, regulations and norms, monitor and supervise meticulous compliance of the rules and regulations and devise corrective measures 3 (three) divisions, Audit and Inspection Division, Monitoring Division and Compliance Division of the Bank render their effort as per the 'Internal Control and Compliance' guidelines and set standards of Bangladesh Bank. Besides, Audit Committee of the Board of Directors meticulously monitors internal control and compliance of the Bank. In addition, the Risk Committee of the Bank at management level bestows its efforts to mitigate inherent risks involved in day-to-day banking. The Risk Management Committee of the Board also monitors the core risks in banking, supervises risk mitigation feats and devises new risk mitigation strategies for the Bank to assess and minimize risks as well as restrain the Bank from exposure to unbearable risks.

Since corruption erodes the institutional capacity of governments world-wide, increases operational costs of businesses, defames corporate reputation, diverts essential public resources away from their optimal uses and hurts development efforts which all together impose direct costs on society and escalate sufferings of the commons, the 'National Integrity Strategy' would help strengthening the practice of ethics inevitably towards development of the nation for which BASIC Bank is also working with its stakeholders.



# **Corporate Governance Practices of the Bank**

**Preface:**

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

**The Board:**

The members of the Board of Directors of the Bank are appointed by the Financial Institutions Division, Ministry of Finance, Government of Bangladesh. The present Board started its journey through convening its first meeting (333rd Board meeting) held on July 14, 2014. As on December 31, 2017 the Board is comprised of ten members of whom six are professionals, three are bureaucrats and the rest one is the CEO of the Bank. Since January 2017, total 25 Board meetings were held up to December 2017. The Directors, having sound academic and professional background, skills and experiences, add value toward corporate governance and maximizing the shareholders' value.

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

**Attendance of the Directors in Board Meetings held during 2017:**

Sl	Name of the Director	Total No. of meetings held	No. of attendance	Remarks
1.	Mr. Alauddin A. Majid Chairman	25	25	-
2.	Ms. Parag Director	25	20	-
3.	Mr. Hasan Mahmood, FCA Director	25	24	-
4.	Ms. Raihana Aneesa Yusuf Ali Director	25	22	-
5.	Mr. Md. Mamun-Al-Rashid Director	25	24	-
6.	Mr. Md. Zahidul Haque Director	25	09	After appointment as Director on 05.07.2017, 13 meetings held
7.	Mr. Tabarak Hussain Director	25	23	-
8.	Mr. Mahabubur Rahman Bhuiyan Director	25	20	-
9.	Ms. Afroza Gul Nahar Director	25	23	-
10.	Mr. Muhammad Awal Khan Managing Director	25	05	After appointment as Managing Director on 01.11.2017, 05 meetings held

■ Mr. Md. Shaheb Ali Mridha, Joint Secretary (Retired), Government of Bangladesh has been appointed as Director by the Financial Institutions Division, Ministry of Finance on May 03, 2018.



### Chairman of the Board:

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

### The Committees of the Board of Directors:

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

#### Executive Committee:

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

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

It is mentionable here that during 2017, no meeting of the Executive Committee was held since Board meetings were held regularly.

#### Audit Committee:

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

- |                            |            |
|----------------------------|------------|
| 1. Ms. Parag               | - Chairman |
| 2. Mr. Hasan Mahmood, FCA  | - Member   |
| 3. Mr. Md. Mamun-Al-Rashid | - Member   |
| 4. Mr. Md. Tabarak Hussain | - Member   |

A total of 4 meetings of the Audit Committee held in 2017.

### Risk Management Committee:

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

- |                                 |            |
|---------------------------------|------------|
| 1. Ms. Raihana Aneesa Yusuf Ali | - Chairman |
| 2. Mr. Md. Zahidul Haque        | -Member    |
| 3. Mr. Mahabubur Rahman Bhuiyan | - Member   |
| 4. Ms. Afroza Gul Nahar         | - Member   |

A total of 4 meetings of the Risk Management Committee were held in 2017.

### Compliance with Bangladesh Bank regulations:

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

### Compliance with Corporate Governance guidelines of Bangladesh Bank:

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

### Compliance with BSEC regulations:

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



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

We, do hereby jointly certify that the Financial Statements of the Bank as on and for the year ended 31 December 2017 have been prepared in accordance with the First Schedule (section 38) of the Bank Companies Act, 1991 (amended up to 2013) and the instructions laid down in the BRPD circular #14 dated 25 June 2003, other applicable circulars/instructions of Bangladesh Bank, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Companies Act 1994 and The Securities and Exchange Commission Rules 1987. The Accounting policies used in preparation of the Financial Statements are appropriate and the same have been applied consistently. In case of any material departure, adequate disclosures and explanations have been given in the notes to the Financial Statements.

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

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

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

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



**Niranjana Chandra Debnath**  
Chief Financial Officer



**Muhammad Awal Khan**  
Managing Director



**BASIC Bank at a Glance:**  
**Twenty Nine Years of Banking**

## BASIC Bank at a Glance

### Twenty Nine Years of Banking

A. From the Balance Sheet (Million Taka)	2017	2016	2015	2014
Authorized Capital	55,000.00	55,000.00	25,000.00	25,000.00
Paid-up Capital	10,846.98	10,846.98	10,846.98	2,946.98
Share Money Deposit	26,000.00	16,000.00	16,000.00	7,900.00
Reserve and Surplus	(22,939.89)	(16,038.66)	(899.90)	2,166.94
Shareholders' Equity	13,907.09	10,808.32	25,947.08	13,013.92
Fixed Assets	349.66	409.03	514.23	649.68
Total Assets	198,816.67	204,739.63	194,173.36	171,118.53
Deposits	143,180.24	158,070.98	148,167.23	139,934.06
Long-term Debt	2,198.15	2,325.16	2,482.94	2,673.97
Loans and Advances	145,568.59	134,882.80	128,807.01	119,384.90
Placement & Investment	37,599.23	54,209.42	44,677.93	37,299.33
B. From the Income Statement (Million Taka)				
Gross Income	10,615.17	11,932.41	11,514.96	15,113.56
Gross Expenditure	10,263.62	11,841.56	14,079.21	16,237.94
Profit before Tax and Provision	351.55	90.85	(2,564.25)	(1,124.38)
Profit/(Loss) after Tax	(6,843.69)	(14,930.40)	(3,140.36)	(1,100.16)
Tax Paid (cumulative)	8,067.46	7,918.05	7,879.44	7,844.26
C. Others (Million Taka)				
Import Business	39,035.90	30,380.20	32,104.90	38,318.80
Export Business	22,285.70	23,415.80	21,892.70	26,691.30
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	(13.22)	(15.59)	(7.55)	(28.07)
Capital Fund to Deposit Liabilities	9.71	6.84	17.51	9.30
Liquid Assets to Deposit Liabilities	13.60	10.86	16.88	12.03
Loan to Deposit Liabilities	100.25	83.62	84.72	85.32
Earning Assets to Deposit Liabilities	67.50	73.50	70.47	54.14
After Tax Return on Average Assets	(3.39)	(7.49)	(1.72)	(0.67)
Net Profit to Gross Income	(64.47)	(125.12)	(27.27)	(7.28)
Interest Margin Cover	(6.52)	(39.29)	(115.46)	(50.36)
After Tax Return on Equity	(55.38)	(81.24)	(12.10)	(11.55)
SMI/SSI Loan and Micro Credit to Loanable Fund	40.34	40.57	44.15	41.18
Number of Branches	68	68	68	68
Number of Employees	2103	2,132	2,163	2,237
Deposit per employee (Million Taka)	68.08	74.14	68.50	62.55
Advance per employee (Million Taka)	69.22	63.27	59.55	53.37
Profit before Tax per employee (Million Taka)	0.17	0.04	(1.19)	(0.50)

<b>A. From the Balance Sheet (Million Taka)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Authorized Capital	5,000.00	5,000.00	5,000.00	2,000.00
Paid-up Capital	2,946.98	2,946.98	2,357.59	1,964.65
Share Money Deposit				
Reserve and Surplus	3,092.20	3,493.60	3,124.17	2,509.78
Shareholders' Equity	6,039.18	6,440.58	5,481.76	4,474.43
Fixed Assets	723.08	526.82	364.46	283.12
Total Assets	157,072.19	109,682.06	78,031.73	61,569.38
Deposits	134,493.45	87,693.23	62,650.73	49,259.60
Long-term Debt	2,780.50	3,742.93	2,788.15	2,718.46
Loans and Advances	109,428.44	85,955.76	56,884.76	46,341.51
Placement & Investment	34,584.88	14,111.57	13,760.82	9,294.02
<b>B. From the Income Statement (Million Taka)</b>				
Gross Income	17,338.74	13,402.26	8,825.20	6,120.53
Gross Expenditure	15,868.54	10,792.18	6,476.70	4,403.49
Profit before Tax and Provision	1,470.20	2,610.08	2,348.50	1,717.05
Profit/(Loss) after Tax	(531.53)	27.89	976.11	660.93
Tax Paid (cumulative)	7,798.92	7,066.80	5,987.61	4,948.64
<b>C. Others (Million Taka)</b>				
Import Business	42,007.20	37,093.50	47,087.80	42,205.90
Export Business	30,538.30	29,939.20	33,061.10	23,998.80
<b>D. Financial Ratios (Percentage)</b>				
Capital Adequacy Ratio	(1.66)	10.05	10.13	9.41
Capital Fund to Deposit Liabilities	4.49	7.34	8.75	9.08
Liquid Assets to Deposit Liabilities	11.80	9.91	14.28	12.06
Loan to Deposit Liabilities	78.31	91.75	87.74	94.08
Earning Assets to Deposit Liabilities	84.52	105.56	108.22	81.55
After Tax Return on Average Assets	(0.40)	0.03	1.40	1.24
Net Profit to Gross Income	(3.07)	0.21	11.06	10.80
Interest Margin Cover	61.62	110.17	139.76	95.15
After Tax Return on Equity	(8.50)	0.47	19.61	14.95
SMI/SSI Loan and Micro Credit to Loanable Fund	43.07	52.12	54.67	56.78
Number of Branches	68	62	45	34
Number of Employees	2,145	1,657	1,132	964
Deposit per employee (Million Taka)	62.70	52.92	55.35	51.10
Advance per employee (Million Taka)	51.02	51.87	50.25	48.07
Profit before Tax per employee (Million Taka)	0.69	1.58	2.07	1.78

## BASIC Bank at a Glance

### Twenty Nine Years of Banking

A. From the Balance Sheet (Million Taka)	2009	2008	2007	2006
Authorized Capital	2,000.00	2,000.00	2,000.00	2,000.00
Paid-up Capital	1,455.30	1,309.77	1,247.40	945.00
Share Money Deposit				
Reserve and Surplus	2,468.65	1,672.82	1,349.17	1,294.00
Shareholders' Equity	3,923.95	2,982.59	2,596.58	2,239.00
Fixed Assets	232.65	228.36	196.11	154.52
Total Assets	45,308.31	46,660.03	38,773.91	29,417.09
Deposits	34,501.69	38,368.23	31,947.98	24,084.65
Long-term Debt	2,875.16	1,708.40	1,385.81	830.06
Loans and Advances	29,261.53	27,269.13	22,263.35	19,000.00
Placement & Investment	12,244.91	15,659.03	13,560.92	8,212.23
B. From the Income Statement (Million Taka)				
Gross Income	5,162.30	5,060.29	3,549.51	2,870.32
Gross Expenditure	3,593.96	3,526.35	2,458.41	1,858.69
Profit before Tax and Provision	1,568.34	1,533.94	1,091.10	1,011.62
Profit/(Loss) after Tax	648.85	549.86	282.96	554.14
Tax Paid (cumulative)	4,225.37	3,538.01	2,790.98	2,245.16
C. Others (Million Taka)				
Import Business	33,976.60	27,359.77	21,266.57	17,804.27
Export Business	19,887.70	22,270.87	16,794.96	15,463.74
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	13.48	12.04	12.91	11.98
Capital Fund to Deposit Liabilities	11.37	7.81	9.23	10.34
Liquid Assets to Deposit Liabilities	24.67	47.70	49.10	40.42
Loan to Deposit Liabilities	84.81	71.07	69.69	78.89
Earning Assets to Deposit Liabilities	116.44	114.69	109.70	112.99
After Tax Return on Average Assets	1.41	1.30	0.83	1.96
Net Profit to Gross Income	12.57	10.87	7.97	19.31
Interest Margin Cover	135.79	137.08	176.80	211.72
After Tax Return on Equity	18.79	19.68	11.70	27.82
SMI/SSI Loan and Micro Credit to Loanable Fund	56.93	59.32	56.73	53.43
Number of Branches	32	31	31	28
Number of Employees	776	735	721	651
Deposit per employee (Million Taka)	44.46	52.20	44.31	37.00
Advance per employee (Million Taka)	37.71	37.10	30.88	29.19
Profit before Tax per employee (Million Taka)	2.02	2.09	1.51	1.55

<b>A. From the Balance Sheet (Million Taka)</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Authorized Capital	2,000.00	2,000.00	2,000.00	500.00
Paid-up Capital	810.00	675.00	450.00	300.00
Share Money Deposit				
Reserve and Surplus	916.14	816.23	799.29	712.90
Shareholders' Equity	1,726.14	1,491.23	1,249.29	1,012.90
Fixed Assets	135.78	101.41	73.49	76.68
Total Assets	27,136.37	19,436.57	14,766.32	13,019.42
Deposits	22,325.58	15,509.18	11,266.54	10,021.24
Long-term Debt	937.51	839.61	690.95	676.51
Loans and Advances	15,339.35	12,000.15	9,282.20	7,957.04
Placement & Investment	10,236.82	6,098.51	4,361.93	3,988.76
<b>B. From the Income Statement (Million Taka)</b>				
Gross Income	2,228.21	1,768.85	1,558.52	1,290.66
Gross Expenditure	1,599.77	1,241.63	1,004.85	856.15
Profit before Tax and Provision	628.44	527.22	553.67	434.51
Profit/(Loss) after Tax	285.49	291.48	236.39	251.55
Tax Paid (cumulative)	1,777.70	1,434.76	1,199.02	881.73
<b>C. Others (Million Taka)</b>				
Import Business	14,094.96	12,507.80	9,882.80	8,645.00
Export Business	11,097.23	7,908.00	6,933.90	5,557.60
<b>D. Financial Ratios (Percentage)</b>				
Capital Adequacy Ratio	11.77	12.49	12.57	13.20
Capital Fund to Deposit Liabilities	10.36	10.47	10.65	10.11
Liquid Assets to Deposit Liabilities	58.01	50.56	51.05	54.80
Loan to Deposit Liabilities	69.74	77.37	82.39	79.40
Earning Assets to Deposit Liabilities	114.56	116.70	121.10	119.20
After Tax Return on Average Assets	1.23	1.70	1.70	2.20
Net Profit to Gross Income	12.81	16.48	15.17	19.35
Interest Margin Cover	214.56	205.07	210.87	187.00
After Tax Return on Equity	17.75	21.27	20.90	28.18
SMI/SSI Loan and Micro Credit to Loanable Fund	50.66	62.21	59.16	63.00
Number of Branches	27	27	26	26
Number of Employees	601	578	523	510
Deposit per employee (Million Taka)	37.15	26.83	21.54	19.65
Advance per employee (Million Taka)	25.52	20.76	17.75	15.60
Profit before Tax per employee (Million Taka)	1.05	0.91	1.06	0.85

## BASIC Bank at a Glance

### Twenty Nine Years of Banking

A. From the Balance Sheet (Million Taka)	2001	2000	1999	1998
Authorized Capital	500.00	500.00	500.00	500.00
Paid-up Capital	300.00	240.00	160.00	80.00
Share Money Deposit				
Reserve and Surplus	461.39	457.77	424.43	394.48
Shareholders' Equity	761.35	697.77	584.43	474.48
Fixed Assets	65.73	51.11	37.83	41.96
Total Assets	9,721.93	7,730.67	7,173.17	5,620.57
Deposits	7,512.62	5,845.15	5,647.93	4,551.48
Long-term Debt	582.82	555.98	368.85	344.61
Loans and Advances	6,260.78	4,618.73	3,960.11	3,218.90
Placement & Investment	2,605.23	2,462.17	2,021.19	2,040.72
B. From the Income Statement (Million Taka)				
Gross Income	1,041.76	877.48	794.59	591.64
Gross Expenditure	685.64	573.30	528.01	364.73
Profit before Tax and Provision	356.12	304.18	266.58	226.91
Profit/(Loss) after Tax	213.67	173.34	159.95	136.15
Tax Paid (cumulative)	698.76	556.31	425.47	318.84
C. Others (Million Taka)				
Import Business	7,542.80	7,948.00	7,391.10	7,208.20
Export Business	5,957.90	5,557.00	5,060.30	4,420.20
D. Financial Ratios (Percentage)				
Capital Adequacy Ratio	12.49	15.30	14.27	14.01
Capital Fund to Deposite Liabilities	10.13	11.94	10.34	10.42
Liquid Assets to Deposit Liabilities	51.47	59.52	59.09	62.29
Loan to Deposit Liabilities	83.34	79.02	66.71	66.81
Earning Assets to Deposit Liabilities	118.01	117.74	85.34	115.56
After Tax Return on Average Assets	2.45	2.33	2.50	2.73
Net Profit to Gross Income	20.51	19.75	20.45	23.01
Interest Margin Cover	173.91	150.67	112.67	192.07
After Tax Return on Equity	28.06	27.04	30.21	28.69
SMI/SSI Loan and Micro Credit to Loanable Fund	50.18	46.96	40.09	42.21
Number of Branches	25	25	23	22
Number of Employees	497	453	417	372
Deposit per employee (Million Taka)	15.12	12.90	13.54	12.24
Advance per employee (Million Taka)	12.60	10.20	9.50	8.65
Profit before Tax per employee (Million Taka)	0.72	0.67	0.64	0.61

<b>A. From the Balance Sheet (Million Taka)</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>
Authorized Capital	500.00	100.00	100.00	100.00
Paid-up Capital	80.00	80.00	80.00	80.00
Share Money Deposit				
Reserve and Surplus	258.34	163.73	105.96	53.49
Shareholders' Equity	338.34	243.73	185.96	133.49
Fixed Assets	36.39	25.45	21.27	21.37
Total Assets	4,350.14	3,962.55	3,280.16	2,609.85
Deposits	3,541.60	3,357.05	2,773.73	2,241.33
Long-term Debt	273.29	196.45	166.08	119.68
Loans and Advances	2,630.90	1,724.81	1,561.29	1,112.24
Placement & Investment	1,395.59	1,320.43	995.57	483.90
<b>B. From the Income Statement (Million Taka)</b>				
Gross Income	440.46	311.43	291.62	232.87
Gross Expenditure	268.83	207.41	191.66	181.51
Profit before Tax and Provision	171.63	104.02	99.96	51.36
Profit/(Loss) after Tax	94.61	57.77	52.48	25.68
Tax Paid (cumulative)	228.08	151.06	104.81	57.33
<b>C. Others (Million Taka)</b>				
Import Business	7,017.56	4,986.10	4,657.86	2,613.50
Export Business	3,754.87	2,609.30	1,783.09	1,227.08
<b>D. Financial Ratios (Percentage)</b>				
Capital Adequacy Ratio	12.45	12.39	-	-
Capital Fund to Deposit Liabilities	9.55	7.26	6.70	5.96
Liquid Assets to Deposit Liabilities	59.58	70.42	66.22	68.17
Loan to Deposit Liabilities	69.86	47.82	54.17	49.62
Earning Assets to Deposit Liabilities	113.69	99.57	97.52	74.04
After Tax Return on Average Assets	2.28	1.60	1.78	1.04
Net Profit to Gross Income	21.48	18.54	18.00	11.03
Interest Margin Cover	194.64	112.45	109.68	60.33
After Tax Return on Equity	27.96	23.70	28.22	21.28
SMI/SSI Loan and Micro Credit to Loanable Fund	35.83	40.99	43.44	46.25
Number of Branches	21	19	18	17
Number of Employees	351	315	300	238
Deposit per employee (Million Taka)	10.09	10.66	9.25	9.42
Advance per employee (Million Taka)	7.50	5.48	5.20	4.67
Profit before Tax per employee (Million Taka)	0.49	0.33	0.33	0.22

## BASIC Bank at a Glance

### Twenty Nine Years of Banking

A. From the Balance Sheet (Million Taka)	1993	1992	1991	1990	1989
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
Share Money Deposit					
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	341.11	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 and Provision	34.66	9.18	3.47	8.89	4.14
Profit/(Loss) 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	582.39	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 Deposit Liabilities	66.91	75.59	61.21	81.86	104.05
Loan to Deposit Liabilities	49.89	52.35	51.29	37.79	20.91
Earning Assets to Deposit 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	123.10
After Tax Return on Equity	17.48	4.71	3.39	3.95	1.34
SMI/SSI Loan and Micro Credit to Loanable Fund	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
Deposit per employee (Million Taka)	10.09	8.60	6.80	5.29	6.62
Advance per employee (Million Taka)	5.03	4.50	3.49	2.00	1.38
Profit before Tax per employee (Million Taka)	0.18	0.06	0.03	0.09	0.09



**Independent Auditors'**  
**Report to the Shareholders**  
for the year ended 31 December 2017

## Report on the financial statements

We have audited the accompanying financial statements of BASIC Bank Limited (the Bank) which comprise the balance sheet as at 31 December 2017, and profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements and internal controls

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

### Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements of the Bank.

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

### Basis for qualified opinion

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

### Opinion

In our opinion, except for the effects of the matters described in the "basis for qualified opinion" paragraph, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1.

### Emphasis of matter

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

1. Note 13.3 to the financial statements which describes the risk-weighted assets and capital ratios as defined in Basel capital accord which shows that the Bank has failed to maintain required capital.
2. Notes 7.7, 7.8 and note 33 to the financial statements which describe the total loans and advances and provision thereon as on 31 December 2017 where the Bank's total loans and advances was BDT 14,556.86 crore of which classified loans and advances is BDT 7,952.99 crore required provision for loans and advances is BDT 5,161.70 crore against which the Bank kept provision of BDT 2,179.21 crore only resulting in short provision of BDT 2,982.49 crore. However, Bangladesh Bank vide its letter # BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 permitted the Bank to provide the provision shortfall of BDT 2,501 crore against classified loans and advances within a period of 5 (five) years from 2015 and provision shortfall of BDT 1,933 crore against classified blocked assets within a period of 10 (ten) years from 2015 which were also classified as loans and advances of the Bank.

### Report on other legal and regulatory requirements

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

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the 'auditors' responsibility' section in forming the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and

forgeries as stated under the 'management's responsibility' section for the financial statements and internal control:

- (i) internal audit, internal control and risk management arrangements of the Bank, as disclosed in note 2.16 appeared to be materially adequate;
  - (ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank except the matter as stated in para 1 of basis for qualified opinion;
- (c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
  - (d) the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
  - (e) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.1 as well as with related guidance issued by Bangladesh Bank;
  - (f) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery except the amount as stated in section 2 of emphasis of matter;
  - (g) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
  - (h) the information and explanations required by us have been received and found to be satisfactory; and
  - (i) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 7,250 person hours for the audit of the books and account of the Bank.

Dhaka, Bangladesh  
Dated, 30 April 2018

  
**S. F. AHMED & CO**  
Chartered Accountants

**BASIC Bank Limited**  
**Balance Sheet**  
**As at 31 December 2017**

	Notes	2017 BDT	2016 BDT
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>	<b>10,513,629,333</b>	<b>10,668,883,625</b>
In hand (including foreign currencies)		740,493,221	556,171,378
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		9,773,136,112	10,112,712,247
<b>Balance with other banks and financial institutions</b>	<b>4</b>	<b>8,954,193,185</b>	<b>2,378,042,140</b>
In Bangladesh		8,281,878,251	1,645,475,504
Outside Bangladesh		672,314,934	732,566,636
<b>Money at call and on short notice</b>	<b>5</b>		<b>4,120,000,000</b>
<b>Investments</b>	<b>6</b>	<b>28,645,038,972</b>	<b>47,711,374,678</b>
Government		27,110,157,689	46,681,635,795
Others		1,534,881,283	1,029,738,883
<b>Loans and advances</b>	<b>7</b>	<b>145,568,587,491</b>	<b>134,882,802,828</b>
Loans, cash credits, overdrafts, etc		144,586,220,625	133,821,913,852
Bills purchased and discounted		982,366,866	1,060,888,976
<b>Fixed assets including premises, furniture and fixtures</b>	<b>8</b>	<b>349,661,112</b>	<b>409,031,933</b>
<b>Other assets</b>	<b>9</b>	<b>4,785,562,049</b>	<b>4,569,496,855</b>
<b>Non-banking assets</b>		-	-
<b>Total assets</b>		<b>198,816,672,142</b>	<b>204,739,632,059</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	<b>10</b>	<b>4,798,152,520</b>	<b>2,325,163,324</b>
<b>Deposits and other accounts</b>	<b>11</b>	<b>143,180,240,782</b>	<b>158,070,977,543</b>
Current deposit and other accounts		5,539,030,307	4,458,119,178
Bills payable		899,365,462	908,206,737
Savings bank deposits		5,866,356,817	4,453,994,441
Fixed deposits		130,875,488,196	148,250,657,187
Other deposits		-	-
<b>Other liabilities</b>	<b>12</b>	<b>36,931,184,199</b>	<b>33,535,169,125</b>
<b>Total liabilities</b>		<b>184,909,577,501</b>	<b>193,931,309,992</b>
<b>Shareholders' equity</b>			
Paid-up capital			
Share money deposit	<b>13.2</b>	10,846,982,500	10,846,982,500
Statutory reserve		26,000,000,000	16,000,000,000
Other reserves	<b>14</b>	2,224,690,642	2,224,690,642
Retained earnings/(losses)	<b>15</b> <b>16</b>	153,897,221 (26,523,475,722)	182,432,883 (19,650,783,958)
Non-cumulative irredeemable preference shares		<b>12,702,094,641</b>	<b>9,603,322,067</b>
<b>Total equity</b>		<b>1,205,000,000</b>	<b>1,205,000,000</b>
<b>Total liabilities and shareholders' equity</b>		<b>13,907,094,641</b>	<b>10,808,322,067</b>
		<b>198,816,672,142</b>	<b>204,739,632,059</b>

**OFF-BALANCE SHEET ITEMS**

	17	12,717,872,486	13,114,073,576
<b>Contingent liabilities</b>			
Acceptances and endorsements		2,815,180,213	2,997,524,717
Letters of guarantee		2,252,493,027	1,877,840,085
Irrevocable letters of credit		6,500,826,359	7,015,393,973
Bills for collection		655,631,942	718,992,723
Other contingent liabilities		493,740,945	504,322,078
<b>Other commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total off-balance sheet items including contingent liabilities</b>		<b>12,717,872,486</b>	<b>13,114,073,576</b>

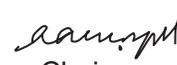
These financial statements should be read in conjunction with annexed notes.

For and on behalf of Board of Directors of BASIC Bank Limited

  
 Managing Director

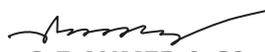
  
 Director

  
 Director

  
 Chairman

See annexed report of the date

Dhaka, Bangladesh  
 Dated, 30 April 2018

  
**S. F. AHMED & CO**  
 Chartered Accountants

**BASIC Bank Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2017**

	Notes	2017 BDT	2016 BDT
Interest income	18	7,188,988,962	8,098,523,197
Interest paid on deposits and borrowings, etc	19	(7,377,135,896)	(9,154,318,946)
<b>Net interest income</b>		<b>(188,146,934)</b>	<b>(1,055,795,749)</b>
Investment income	20	2,596,094,695	3,141,726,351
Commission, exchange and brokerage	21	682,584,627	553,686,405
Other operating income	22	147,500,334	138,471,671
		<b>3,426,179,656</b>	<b>3,833,884,427</b>
<b>Total operating income</b>		<b>3,238,032,722</b>	<b>2,778,088,678</b>
Salaries and allowances	23	2,156,952,544	1,951,981,948
Rent, taxes, insurance, electricity, etc	24	327,133,925	340,464,407
Legal expenses	25	23,134,524	17,799,453
Postage, stamp, telecommunication, etc	26	38,201,606	37,084,120
Stationery, printing, advertisement, etc	27	36,338,077	27,809,856
Managing Director's salary and allowances	28	5,476,667	5,400,000
Directors' fees and other benefits	29	3,170,739	2,559,096
Auditors' fees		920,000	920,000
Charges on loan losses		8,220,772	-
Depreciation of bank's assets	30	88,857,247	125,668,379
Repairs of bank's assets	31	40,291,722	32,612,632
Other expenses	32	157,786,503	144,941,955
<b>Total operating expenses</b>		<b>2,886,484,326</b>	<b>2,687,241,846</b>
<b>Profit before provision</b>		<b>351,548,396</b>	<b>90,846,832</b>
<b>Provision made during the year</b>			
Provision for loan	33.a	7,073,780,710	13,857,278,189
Provision (excess provision) for off-balance sheet exposures	33.b	8,271,137	12,721,811
Provision for other assets	33.c	11,790,660	1,171,211,956
Provision for diminution in value of investment	33.d	-	4,201,760
		<b>7,093,842,507</b>	<b>15,045,413,716</b>
<b>Total profit/ (loss) before tax</b>		<b>(6,742,294,111)</b>	<b>(14,954,566,884)</b>
<b>Provision for taxation</b>			
Current tax	34	149,408,068	38,609,904
Deferred tax	35	(48,012,558)	(62,775,787)
		<b>101,395,510</b>	<b>(24,165,883)</b>
<b>Net profit/(loss) after tax</b>		<b>(6,843,689,621)</b>	<b>(14,930,401,001)</b>
<b>Appropriations:</b>			
Statutory reserve	14	-	-
General reserve		-	-
Dividends, etc		-	-
		<b>-</b>	<b>-</b>
<b>Retained surplus</b>		<b>(6,843,689,621)</b>	<b>(14,930,401,001)</b>
<b>Earnings per Share (EPS)</b>	38	<b>(6.31)</b>	<b>(13.76)</b>

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

For and on behalf of Board of Directors of BASIC Bank Limited

  
Managing Director

  
Director

  
Director

  
Chairman

See annexed report of the date

Dhaka, Bangladesh  
Dated, 30 April 2018

  
S. F. AHMED & CO  
Chartered Accountants

# Statement of Changes in Equity

BASIC Bank Limited  
Statement of Changes in Equity  
For the year ended 31 December 2017

Particulars	Other reserves										Retained earnings/(losses)	Non-cumulative irredeemable preference share	Total		
	Paid-up capital	Share money deposit	Statutory reserve	General reserve	Investment revaluation reserve				Sub-Total	BDT				BDT	BDT
					Gain on revaluation for HFT	Amortisation of discount of HTM	Loss on revaluation/ Amortisation of HTM securities	BDT							
<b>Balance as at 01 January 2017</b>	10,846,982,500	16,000,000,000	2,224,690,642	40,000,000	185,013,044	5,262,116	(47,842,277)	182,432,883	(19,650,783,958)	1,205,000,000	10,808,322,067				
Net profit/(loss) for the year	-	-	-	-	-	-	-	-	(6,843,689,621)	-	(6,843,689,621)				
Interest waived from retained earnings during the year	-	-	-	-	-	-	-	-	(29,002,143)	-	(29,002,143)				
Increase of revaluation reserve for securities during the year	-	-	-	-	258,375,475	2,350,228	(34,433,760)	226,291,943	-	-	226,291,943				
Adjustment of revaluation reserve for securities during the year	-	-	-	-	(264,609,072)	(2,044,751)	11,826,218	(254,827,605)	-	-	(254,827,605)				
Transfer to other reserve	-	-	-	-	-	-	-	-	-	-	-				
Cash dividend paid during the year	-	-	-	-	-	-	-	-	-	-	-				
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	-				
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-				
Share money received during the year	-	10,000,000,000	-	-	-	-	-	-	-	-	10,000,000,000				
Issuance of bonus shares	-	-	-	-	-	-	-	-	-	-	-				
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-				
Free reserve	-	-	-	-	-	-	-	-	-	-	-				
<b>Balance as at 31 December 2017</b>	<b>10,846,982,500</b>	<b>26,000,000,000</b>	<b>2,224,690,642</b>	<b>40,000,000</b>	<b>176,779,447</b>	<b>5,567,593</b>	<b>(70,449,819)</b>	<b>153,897,221</b>	<b>(26,523,475,722)</b>	<b>1,205,000,000</b>	<b>13,907,094,641</b>				
<b>Balance as at 31 December 2016</b>	<b>10,846,982,500</b>	<b>16,000,000,000</b>	<b>2,224,690,642</b>	<b>40,000,000</b>	<b>185,013,044</b>	<b>5,262,116</b>	<b>(47,842,277)</b>	<b>182,432,883</b>	<b>(19,650,783,958)</b>	<b>1,205,000,000</b>	<b>10,808,322,067</b>				

For and on behalf of Board of Directors of BASIC Bank Limited

  
Managing Director

  
Director

  
Director

  
Chairman

**BASIC Bank Limited**  
**Cash Flow Statement**  
**For the year ended 31 December 2017**

	2017 BDT	2016 BDT
<b>A) Cash flows from operating activities</b>		
Interest receipts in cash	9,545,843,922	11,040,170,880
Interest payments	(7,698,344,173)	(9,895,060,603)
Dividends receipts	57,940,875	39,799,656
Fee and commission receipts in cash	682,584,627	553,686,405
Recoveries of loans previously written off	7,570,628	15,256,880
Cash payments to employees	(3,050,274,007)	(1,941,053,881)
Cash payments to suppliers	(36,338,077)	(27,809,856)
Income taxes paid	(367,976,721)	(106,338,785)
Receipts from other operating activities (item- wise)	138,206,153	123,187,420
Payments for other operating activities (item-wise)	(590,639,019)	(576,381,663)
<b>Operating profit/ (loss) before changes in operating assets and liabilities</b>	<b>(1,311,425,792)</b>	<b>(774,543,547)</b>
<b>Increase/(decrease) in operating assets and liabilities</b>		
Statutory deposits	-	-
Purchase/sale of trading securities	19,037,800,044	(12,004,721,739)
Loans and advances to customers	(10,685,784,663)	(6,075,790,547)
Other assets (item-wise)	(62,312,329)	(360,810,458)
Deposits from other banks	(16,380,810,088)	8,898,636,198
Deposits from customers	1,490,073,327	1,005,111,703
Other liabilities (item-wise)	(2,231,870,069)	1,641,557,552
	<b>(8,832,903,778)</b>	<b>(6,896,017,291)</b>
<b>Net cash from / (used in) operating activities</b>	<b>(10,144,329,570)</b>	<b>(7,670,560,838)</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of securities	-	-
Cash payments for purchase of securities	-	-
Purchase of property, plant and equipment	(29,706,301)	(20,744,649)
Sales of property, plant and equipment	1,943,428	300,807
<b>Net cash from / (used in) investing activities</b>	<b>(27,762,873)</b>	<b>(20,443,842)</b>
<b>C) Cash flows from financing activities</b>		
Increase/(decrease) in long term borrowings	2,472,989,196	(157,776,846)
Receipt from Government	10,000,000,000	-
Conversion of borrowings into reserve	-	-
Payment of dividend	-	-
<b>Net cash from/(used in) financing activities</b>	<b>12,472,989,196</b>	<b>(157,776,846)</b>
<b>D) Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,300,896,753</b>	<b>(7,848,781,526)</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	-	-
	<b>2,300,896,753</b>	<b>(7,848,781,526)</b>
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>17,166,925,765</b>	<b>25,015,707,291</b>
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>	<b>19,467,822,518</b>	<b>17,166,925,765</b>
<b>Cash and cash equivalents at end of the year</b>		
Cash in hand (including foreign currencies)	740,493,221	556,171,378
Balances with Bangladesh Bank and its agent bank (s)	9,773,136,112	10,112,712,247
Balances with other banks and financial institutions	8,952,764,385	2,376,718,240
Money at call and on short notice	-	4,120,000,000
Prize bonds	1,428,800	1,323,900
	<b>19,467,822,518</b>	<b>17,166,925,765</b>

For and on behalf of Board of Directors of BASIC Bank Limited

  
Managing Director

  
Director

  
Director

  
Chairman

Dhaka, Bangladesh  
Dated, 30 April 2018

**BASIC Bank Limited**  
**Liquidity Statement (Analysis of Maturity of Assets and Liabilities)**  
**As at 31 December 2017**

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
	BDT	BDT	BDT	BDT	BDT	BDT
<b>Assets</b>						
Cash in hand	740,493,221	-	-	-	9,773,136,112	10,513,629,333
Balances with other banks and financial institutions	695,424,599	8,128,210,509	-	130,558,077	-	8,954,193,185
Money at call and on short notice	-	-	-	-	-	-
Investments	2,358,200,000	1,775,100,000	4,819,600,000	993,300,000	18,698,838,972	28,645,038,972
Loans and advances	11,949,200,000	4,873,900,000	20,451,600,000	75,789,400,000	32,504,487,491	145,568,587,491
Fixed assets including land, building, furniture and fixtures	5,990,754	1,982,263	16,755,098	95,292,645	229,640,352	349,661,112
Other assets	-	-	-	4,785,562,048	-	4,785,562,048
Non-banking assets	-	-	-	-	-	-
<b>Total assets</b>	<b>15,749,308,574</b>	<b>14,779,192,772</b>	<b>25,287,955,098</b>	<b>81,794,112,770</b>	<b>61,206,102,927</b>	<b>198,816,672,141</b>
<b>Liabilities</b>						
Borrowings from other banks, financial institutions and	2,600,500,000	1,100,000	5,200,000	27,200,000	2,164,152,520	4,798,152,520
Deposits and other accounts	23,656,840,782	34,694,400,000	60,379,900,000	22,865,800,000	1,583,300,000	143,180,240,782
Provision and other liabilities	645,700,000	577,300,000	1,662,300,000	1,161,400,000	32,884,484,199	36,931,184,199
<b>Total liabilities</b>	<b>26,903,040,782</b>	<b>35,272,800,000</b>	<b>62,047,400,000</b>	<b>24,054,400,000</b>	<b>36,631,936,719</b>	<b>184,909,577,500</b>
<b>Net liquidity gap</b>	<b>(11,153,732,208)</b>	<b>(20,493,607,228)</b>	<b>(36,759,444,902)</b>	<b>57,739,712,770</b>	<b>24,574,166,208</b>	<b>13,907,094,641</b>

For and on behalf of Board of Directors of BASIC Bank Limited



Director



Director



Chairman



Managing Director

Dhaka, Bangladesh  
Dated, 30 April 2018

**1. The Bank and its activities**

**1.1 Corporate information**

BASIC Bank Limited ("the Bank") incorporated as a banking company in 1989 under the Companies Act 1913 in the name of 'Bank of Small Industries and Commerce Bangladesh Limited'. In 2001 the Bank changed its earlier name and registered the new name with the Registrar of Joint Stock Companies and Firms Bangladesh. Initially the Bank started its operations as a joint venture organisation of the then BCC Foundation, a welfare trust in Bangladesh and the Government of Bangladesh. On 4 June 1992, the Government took over 70% shares held by the then BCC Foundation and became the sole owner of the Bank. It operates with 68 branches in Bangladesh. The registered office of the Bank is located at 73 Motijheel Commercial Area, Dhaka 1000.

**1.2 Objectives**

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

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

**Basis of preparation**

**2.1 Statement of compliance**

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

**i) Investment in shares and securities**

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

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

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

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

**Bangladesh Bank:** HFT securities are revalued on the basis of marked to market at every week end and at year end. Any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss

account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

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

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

**Bangladesh Bank:** As per BRPD circular No. 14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013) and BRPD circular No. 16 (18 November 2014) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue.

Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39

**iv) Recognition of interest in suspense**

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

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

**v) Other comprehensive income**

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

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

**vi) Financial instruments—presentation and disclosure**

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

**vii) Repo transactions**

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

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

**viii) Financial guarantees**

**BFRS:** As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee

liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

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

**ix) Cash and cash equivalent**

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

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

**x) Non-banking asset**

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

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

**xi) Cash flow statement**

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

industry. The method selected is applied consistently.

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

**xii) Balance with Bangladesh Bank (Cash Reserve Requirement)**

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

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

**xiii) Presentation of intangible asset**

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

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

**xiv) Off-balance sheet items**

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

**Bangladesh Bank:** As per BRPD 14, off-balance sheet items (e.g. letter of credit, letter of guarantee, acceptance, etc) must be disclosed separately on the face of the balance sheet.

**xv) Loans and advances net of provision**

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

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

**2.2 Use of estimates and judgments**

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

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

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

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

**2.3 Foreign currency transaction**

**a) Foreign currency**

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

**b) Foreign currencies translation**

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21" The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter bank market as determined by Bangladesh Bank on the closing date of every

month. Balances held in foreign currencies other than US Dollar are initially translated into equivalent US Dollar at buying rates taken from Reuters and then retranslated from US Dollar into equivalent Taka in the same specified above.

**c) Commitments**

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

**d) Transaction gains and losses**

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

**2.4 Statement of changes in equity**

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

**2.5 Cash flow statement**

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

**2.6 Liquidity statement**

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

- i) Balance with other Banks and financial institutions, money at call and on short notice, etc are on the basis of their maturity term;

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

**2.7 Reporting period**

These financial statements cover one calendar year from 01 January 2017 to 31 December 2017.

**2.8 Offsetting**

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

**2.9 Assets and basis of their valuation**

**2.9.1 Cash and cash equivalents**

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

**2.9.2 Loans , advances and provisions**

Loans and advances are stated in the balance sheet on gross basis. General provisions on unclassified loans and contingent assets, specific provisions for classified loans and interest suspense account thereon are shown

## Notes to the Financial Statements For the Year ended 31 December 2017

under other liabilities. Provision against classified loans and advances is made on the basis of quarter end review by the management and instructions contained in BRPD circular No. 14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular

No. 05 dated 29 May 2013 and BRPD circular No. 16 dated 18 November 2014. The rates for provisions are stated below:

Particulars		Provision Rate
<b>General provision on</b>		
a.	Consumer Financing (House Financing)	2%
b.	Consumer Financing (Loans to Professional)	2%
c.	Consumer Financing (Other than house finance and loans to professional)	5%
d.	Small and Medium Enterprise Financing (SMEF)	0.25%
e.	Short Term Agriculture & Micro Credit	2.50%
f.	Loans to BHs/ MBs/ Sds against Shares, etc	2%
g.	All Other Credit	1%
h.	Special Mentioned Account	0.25% to 5%

Specific provision on		
a.	Substandard Loans and Advances	
	i. Short Term Agri Credit & Micro Credit	5%
	ii. Other than Short Term Agri Credit & Micro Credit	20%
b.	Doubtful Loans and Advances	
	i. Short Term Agri Credit & Micro Credit	5%
	ii. Other than Short Term Agri Credit & Micro Credit	50%
c.	Bad & Loss Loans and Advances	100%

### 2.9.3 Investments

Investments have been initially recognised at cost, including acquisition charges associated with the investment. Premiums have been amortised and discount accredited, using the effective or historical yield method. The investment in government securities (Treasury bills & bonds) are classified into Held to Maturity (HTM) & Held for Trading (HFT) as per Bangladesh Bank's guidelines contained in DOS Circular Letter No. 05 dated 26 May 2008 as amended vide DOS Circular Letter No. 05 dated 28 January 2009, DOS Circular No. 06 dated 15 July 2010 & DOS Circular Letter No.01 dated 19 January 2014. Same procedures are followed for investment in Bangladesh Bank bills. Reclassification of

HTM securities into HFT securities are also done in compliance with Bangladesh Bank's guidelines.

#### Held to Maturity (HTM)

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the entity has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or as available for sale. These are measured at amortised value at each year end by taking into account any premium or discount on acquisition. Any increase/decrease in value for amortisation of such investments is transferred to revaluation reserve account

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

**Held for Trading (HFT)**

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

resulting gains & losses are transferred to profit and loss statement and then gains arising from marked to market are instantly transferred to other reserve account from profit and loss account. The government securities (Treasury bond) under "Held for Trading" category are measured at present value on the basis of marked to market method weekly. The resulting gains are transferred to other reserve account & losses are transferred to profit and loss account. The gains/(losses) arising on maturity or sale of such securities are credited/(debited) to profit and loss account.

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

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

**Investment in listed (quoted) securities**

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

**Investment in unlisted (unquoted) securities**

Subordinated Bond is reported at cost and

shares are reported at lower of cost and

**Other investments**

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

**Investment and related income**

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

## Notes to the Financial Statements For the Year ended 31 December 2017

### 2.9.4 Fixed assets

#### Recognition and measurement

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

Purchased software that is an integral to the

functionality of the related equipment is capitalised as part of that equipment."

#### Depreciation

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

Category of fixed asset	Rate	Method of Depreciation
Furniture and fixtures	10%	Reducing balance method
Interior decoration	10%	Reducing balance method
Machinery and equipment*	20%	Reducing balance method
Computer hardware*	20%	Straight line method
Motor vehicles	25%	Straight line method
Leasehold assets	1%	Straight line method over the lease period

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

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

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

### 2.9.5 Intangible assets

a) "An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured

reliably in accordance with BAS 38: "Intangible Assets". Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use. Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred."

b) Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost, less accumulated amortisation and any impairment losses.

- c) Software is amortised using the straight line method over the estimated useful life of 5 (five) years commencing from the date of the application software is available for use over the best estimate of its useful economic life.

**2.9.6 Other assets**

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

**2.9.7 Receivables**

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

**2.9.8 Inventories**

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

**2.9.9 Leasing**

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

**2.9.10 Non-banking assets**

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

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

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

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

**2.10 Share capital**

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

**2.11 Statutory reserve**

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

**2.12 Deposits and other accounts**

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

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

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

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

**2.14.1 Provision for taxation**

Provision for income tax for current year has been made as per prescribed rate in the Finance Act, 2016 on the gross receipts/accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12 "Income Taxes".

#### **2.14.2 Provision for deferred tax**

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

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

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

##### **a) Provident Fund**

Provident fund benefits are given to the permanent employees of the Bank in accordance with Bank's service rules. Accordingly a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone - 8, Dhaka has approved the Provident Fund as a recognised provident fund within the meaning of section 2(52), read with the provisions of Part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 30 September 1995. The Fund is operated by a

Board of Trustees consisting of at least five members. Usually all confirmed employees of the Bank are contributing 10% of their BASIC salary as subscription to the Fund. The Bank also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

##### **b) Gratuity Fund**

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

##### **c) Benevolent Fund**

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

##### **d) Superannuation Fund**

The Bank operates a contributory superannuation fund to give benefit to employees at the time of retirement and also cover group life insurance. Employees are contributing to the fund monthly and the Bank also contributes a lump sum amount from the profit at the end of each year. But the bank made no such contribution to the fund in 2017.

##### **e) Welfare Fund**

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

#### **2.14.4 Provision for liabilities**

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

#### **2.14.5 Provision for off-balance sheet exposures**

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. In accordance with BRPD circular no.14 dated 23 September 2012, general provision @ 1% has been made on the outstanding balances of off-balance sheet exposures of the Bank as at 31 December 2016. Provision is made on the total exposures and amount of cash margin or value of eligible collateral is not deducted while computing off-balance sheet exposures.

#### **2.14.6 Provision for nostro accounts**

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

### **2.15 Revenue recognition**

#### **2.15.1 Interest income**

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

#### **2.15.2 Investment income**

Interest income on investments is recognised on accrual basis. Capital gain is recognised when it is realised.

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

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

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

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

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

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

### **2.16 Risk management**

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

**a) Credit risk**

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

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

The Bank takes its lending decision based on the credit risk assessment report by the appraisal team. In determining Single borrower / Large loan limit, the instructions of Bangladesh Bank are strictly followed.

Internal audit is conducted at periodical intervals to ensure compliance of Bank's & Regulatory polices. Loans are classified as per Bangladesh Bank guidelines. Concentration of single borrower/large loan limit is shown in the notes to the financial statements.

**b) Liquidity risk**

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

**c) Market risk**

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

**Foreign exchange risk**

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

Treasury Division independently conducts the transactions, Back Office of Treasury is responsible for verification of the deals & passing of their entries in the books of account and Mid Office of Treasury monitors dealer's adherence to various internal,

regulatory and counter party limits. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by the bank as mid rate at the month end & the mid rate is being published by the Treasury Division of the bank as per approved policy. All Nostro accounts are reconciled on a monthly basis & outstanding entry beyond 30 days is reviewed by the management for its settlement. The position maintained by bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

#### Interest rate risk

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

#### Equity risk

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

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

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. Money Laundering (ML) and Terrorist Financing (TF) has been identified as a major threat to the financial services community. The management of the Bank has taken prevention of money laundering and terrorist financing as part of the Bank's risk management strategies. 'Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) Policy' of the Bank has been revised and subsequently approved by the Board of Directors of the Bank in its 396th meeting held on 24 October 2016.

The Bank established a separate division namely Anti-Money Laundering Division (AML) for mitigating Money Laundering and

Terrorist Financing related risks. The Deputy Managing Director is acting as the Chief Anti-Money Laundering Compliance Officer (CAMLCO) of the Bank. In addition, Central Compliance Committee (CCC) is working to develop and review institutional strategy and program for preventing money laundering and terrorist financing. Audit and Inspection Division conducts audit for an effective Anti Money Laundering System Check throughout the year. Moreover, members of CCC and employees of AMLD pay visit to Branches to supervise the AML procedures and functions at branch level as and when required. AMLD is continuously monitoring and reviewing overall Bank's compliance to mitigate ML/TF risks. Besides, a senior level executive from each Branch is working as a Branch Anti-Money Laundering Compliance Officer (BAMLCO). Sound Know Your Customer (KYC) and Transaction Profile (TP) are in place to recognize the risk associated with accounts.

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

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

BASIC Bank Training Institute arranges training programmes on AML & CFT throughout the year to develop awareness and skill for identifying suspicious activities/transactions.

#### e) Operational risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Compliance Division controls operational

procedure of the Bank. Audit and Inspection Division undertakes periodical and special audit of the branches and divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Compliance Division.

#### **f) Asset Liability Management**

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

The ALM committee usually makes decisions on financial direction of the Bank. The ALCO's goal is to manage the sources and uses of funds, identify balance sheet management issues like balance sheet gap, interest rate gap etc. ALCO also reviews liquidity contingency plan and implements asset and liability pricing strategy for the Bank. The bank revised its asset liability management policy in line with Bangladesh Bank guideline. The board of the bank approved the revised policy in September 2017, which is followed meticulously.

#### **g) ICT Risk Management**

ICT risk refers to the potential of ensuing harmful effects that an organization may suffer from intentional or unintentional threats to information and information technology systems. Managing ICT risk is part of running regular operation of the Bank now a days. Failure to manage ICT risk may lead to serious security breaches, financial losses & even business discontinuity. Hence, it is imperative that there should be a mechanism to identify, assess and mitigate ICT risk. BASIC Bank Limited, with the approval of the Board, has adopted an ICT policy in compliance with ICT security guidelines of Bangladesh Bank covering various aspects of ICT risk management. Based on the policy the Bank has taken necessary measures for mitigating ICT risk and impending hazards through

implementing proper strategies and processes of identifying, appreciating, analyzing and assessing the same. The Bank has also taken necessary initiatives which would make a positive impact on improving ICT segment of core risks management. All observations by Bangladesh Bank, related to ICT segment of core risks management are being complied in time. Necessary measures are also being taken to minimize manual intervention, as much as possible, by implementing automatic handling of network level and server level failure.

Moreover, necessary initiatives are also being taken to comply with the ICT related issues mentioned in the circular of Bangladesh Bank regarding Self-Assessment of Anti Fraud Internal Controls. Internal ICT audit by Audit and Inspection Division of Head Office in different branches of the Bank are being carried out regularly. The Bank has successfully carried out the job of Vulnerability Assessment (VA), Penetration Test (PT) and Configuration Review (CR) by the external experts having sufficient expertise on ICT securities. The Bank has taken necessary steps to enhance the securities of the network, database and e-mail systems of the Bank. An independent ICT Security Unit comprising some ICT security experts will be established within the Bank for monitoring, identifying and overseeing all kinds of potential ICT risks and threats. Moreover, the Bank has taken necessary initiatives to protect its ICT System from unauthorized Network Access, Denial of Service Attack, Zero-Day Virus Attack, Advanced Persistent Threat (APT) Attack, Malware Attack, Spyware Attack etc.

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

The primary objectives of Internal Control and Compliance are to help the bank perform better through the effective use of its resources, identify its weaknesses, take appropriate measures to overcome the same and ensure compliance with regulatory framework including applicable laws and regulations. Internal Control and Compliance of the Bank includes three fold functions viz. Internal Audit & Inspection of Branches and Divisions of Head Office, Monitoring of operational activity of the bank to assess the

risk of individual Branches/Divisions and Compliance of Internal Audit & Inspection Reports of Branches & Divisions and Bangladesh Bank Audit Reports including Bangladesh Bank Special Audit Reports on Core Risks & Cash Incentive and Government Commercial Audit Reports. These functions are being carried out by 03 (three) divisions namely Audit & Inspection Division, Audit Findings Monitoring Division and Compliance Division. The Audit Committee of the Board subsequently reviews the major lapses identified by Audit and Inspection Division as well as compliance of these lapses. The Audit Committee also reviews periodic financial statements of the bank, Bangladesh Bank Inspection Reports and other issues indicated in the Bangladesh Bank Guidelines. Necessary steps/measures are taken on the basis of observation and suggestion of the Committee.

#### **I) Fraud and Forgeries**

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

In the year 2017, the bank has started to further develop the Risk & Fraud awareness culture among the employees & reduce the likelihood of fraud occurring in the Bank. In 2017, Audit & Inspection Division (AID) of the Bank has conducted 44 regular Audit & Inspections & 11 special inspections at different Branches and 22 regular Inspections at different Divisions of Head Office, where all out efforts were taken by the officials of AID to detect fraud & forgeries and to find out potential risk factors.

In connection with dealing the situation and

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

#### **2.17 Earnings per share (EPS)**

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

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

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

#### **2.19 a Memorandum items**

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

## Notes to the Financial Statements For the Year ended 31 December 2017

other fall under the memorandum items.

### 2.19 b Capital Expenditure Commitment

There was no capital expenditure contracted but incurred or provided for at 31 December 2017. Besides, there was no material capital expenditure authorised by the board but not contracted for at 31 December 2017.

### 2.20 Related party disclosures

As per BAS 24 "Related Party Disclosures", a related party is a person or entity that is related to the entity (i.e. BASIC Bank Limited) that is preparing its financial statements. Related party transaction is a transfer of

resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged as per BAS 24.

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

### 2.21 Board of Directors as on 31 December 2017

Name	Status	Other Position
Mr. Alauddin A. Majid	Chairman	Ex-Chairman, BKB Ex-Director, BKB, Ex-Independent Director, IPDC, Ex-Managing Director, BASIC Bank
Ms. Parag	Director	Additional Secretary Ministry of Industries
Mr. Hasan Mahmood, FCA	Director	Partner, M. J. Abedin & Co. Chartered Accountants
Ms. Raihana Aneesa Yusuf Ali	Director	Ex-Managing Director, Bangladesh House Building Finance Corporation
Mr. Md. Mamun-Al-Rashid	Director	Additional Secretary Information & Communication Technology Division Ministry of Posts, Telecommunications and Information Technology
Mr. Md. Zahidul Haque	Director	Additional Secretary Economic Relations Division Ministry of Finance
Mr. Tabarak Hussain	Director	Advocate Supreme Court of Bangladesh
Mr. Mahabubur Rahman Bhuiyan	Director	Ex-Director, Bangladesh Krishi Bank
Ms. Afroza Gul Nahar	Director	Ex-Managing Director, Bangladesh House Building Finance Corporation
Mr. Muhammad Awal Khan	Managing Director	Managing Director BASIC Bank Limited

The Board of Directors conducted 25 (twenty five) meetings during the year

**2.22 Audit Committee as on 31 December 2017**

Members of the Audit Committee of the Board of Directors:

Name	Status with the	Educational Qualification
Ms. Parag	Chairman	M.S.S. in Development Administration, M.A. in English
Mr. Hasan Mahmood, FCA	Member	FCA, M.Com
Mr. Md. Mamun-Al-Rashid	Member	M.Com in Management, M.A in Government Finance
Mr. Tabarak Hussain	Member	B.A., L.L.B

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

**2.23 Risk Management Committee as on 31 December 2017**

Name	Status	Educational Qualification
Ms. Raihana Aneesa Yusuf Ali	Chairman	M.A. (Economics)
Mr. Md. Zahidul Haque	Member	MBA (IBA)
Mr. Mahabubur Rahman Bhuiyan	Member	B.A.
Ms. Afroza Gul Nahar	Member	BSC (Hons.), MSC. Ag., Economics (BAU, Mymensingh)

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

**2.24 Executive Committee as on 31 December 2017**

Name	Status	Educational Qualification
Mr. Alauddin A. Majid	Chairman	Masters of Agricultural Economics
Ms. Raihana Aneesa Yusuf Ali	Director	M.A. (Economics)
Mr. Md. Zahidul Haque	Director	MBA (IBA)
Mr. Muhammad Awal Khan	Managing Director	M.Com in Finance

**2.25 Head Office Management Committee as on 31 December 2017**

Members of the Head Office Management Committee

SI no.	Name	Designation	Status with the Committee
1	Mr. Muhammad Awal Khan	Managing Director	Chairman
2	Mr. Kanak Kumar Purkayastha	Deputy Managing Director	Member
3	Mr. Md. Mozammel Hossain	General Manager	Member
4	Mr. Hasan Tanvir	General Manager	Member
5	Mr. Md. Moniruzzaman	General Manager	Member
6	Mr. Md. Emdadul Hoque	General Manager	Member
7	Mr. Md. Ismail	General Manager	Member
8	Mr. Khan Iqbal Hasan	General Manager	Member
9	Mr. Abu Md. Mofazzal	General Manager	Member
10	Mr. Md. Masum Uddin Khan	General Manager	Member
11	Mr. Niranjana Chandra Debnath	General Manager	Member
12	Mr. Md. Omar Faruque	DGM, AID	Member
13	Mr. Md. Al-Amin	DGM, HRD	Member
14	Mr. Md. Nurul Islam	DGM, COD	Member
15	Mr. Nurur Rahman Chowdhury	DGM, RMD	Member
16	Mr. Niaz Musawwir Shah	DGM, CSD	Member
17	Mr. Saifur Rahman	DGM, TCMSD	Member
18	Mr. Md. Hasan Imam	Company Secretary	Member Secretary

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

## Notes to the Financial Statements For the Year ended 31 December 2017

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

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

Name of the BAS	BAS no.	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	N/A
Statement of Cash Flows	7	Applied*
Accounting Policies, Changes in Accounting Estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenues	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Cost	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Financial Instruments: Presentation	32	Applied*
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied*
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	N/A
Agriculture	41	N/A

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

\* Subject to departure described in note 2.1

**2.27 Corporate Social Responsibilities (CSR)**

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

**2.28 Regulatory and legal compliance**

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

- i. The Bank Companies Act, 1991 (amendment in 2013)
- ii. The Companies Act 1913 (as amended in 1994)
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Income Tax Ordinance and Rules 1984

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

**2.29 Approval of financial statements**

The financial statements were approved by the Board of Directors on 30 April 2018

**2.30 General**

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

**3. Cash**

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

**3.1 Cash in hand (including foreign currencies)**

Local currency (note 3.1.1)  
Foreign currencies

**3.1.1 Local currency**

In hand  
In ATM

**3.2 Balance with Bangladesh Bank & its agent bank(s)**

Local currency (note 3.2.1)  
Foreign currencies (note 3.2.2)

**3.2.1 Local currency**

Bangladesh Bank  
Sonali Bank (acting as agent of Bangladesh Bank)

**3.2.2 Foreign currencies**

Bangladesh Bank - EURO  
Bangladesh Bank - GBP  
Bangladesh Bank (Western Union) - US\$  
Bangladesh Bank - YEN  
Bangladesh Bank - US\$

**3.2.2.1 Balance with Bangladesh Bank as per DB -5**

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

The reason of difference between balance with Bangladesh Bank and DB-5 is that the balance of foreign currency clearing account is not shown in DB-5 statement. Moreover, there were some entries passed by Bangladesh Bank on year ending date but the Bank passed corresponding entries on later date after receiving advice from Bangladesh Bank.

**3.3 Statutory deposits**

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

The Cash Reserve Requirement (CRR) on the Bank's time and demand liabilities at the rate of 6.50% has been calculated and maintained with Bangladesh Bank in current account and 13.00% Statutory Liquidity Ratio (SLR), including excess CRR balance, on the same liabilities has also been maintained respectively in approved securities in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the statutory requirements, as shown below:

**3.3.1 Cash Reserve Ratio (CRR)**

Required reserve (6.50% of average demand and time liabilities)  
Actual reserve maintained  
**Surplus/(Deficit)**

**Required (%)**  
**Maintained (%)**

	2017 BDT	2016 BDT
	740,493,221	556,171,378
	9,773,136,112	10,112,712,247
	<b>10,513,629,333</b>	<b>10,668,883,625</b>
	733,730,349	550,615,236
	6,762,872	5,556,142
	<b>740,493,221</b>	<b>556,171,378</b>
	713,617,649	536,740,736
	20,112,700	13,874,500
	<b>733,730,349</b>	<b>550,615,236</b>
	9,612,607,316	9,872,860,476
	160,528,796	239,851,771
	<b>9,773,136,112</b>	<b>10,112,712,247</b>
	9,482,126,087	9,759,032,840
	130,481,229	113,827,636
	<b>9,612,607,316</b>	<b>9,872,860,476</b>
	6,409,093	5,886,282
	5,651,697	4,896,346
	-	-
	22	267,122
	148,467,984	228,802,021
	<b>160,528,796</b>	<b>239,851,771</b>
	<b>9,387,629,513</b>	<b>9,739,538,858</b>

	9,349,448,554	9,265,285,254
	9,387,629,513	9,739,538,858
	<b>38,180,959</b>	<b>474,253,604</b>
	<b>6.50%</b>	<b>6.50%</b>
	<b>6.53%</b>	<b>6.83%</b>

	2017 BDT	2016 BDT
<b>3.3.2 Statutory Liquidity Reserve (SLR)</b>		
Required reserve (13% of average demand and time liabilities)	18,698,897,108	18,530,570,507
Actual reserve maintained	28,019,313,139	47,825,888,809
<b>Surplus/(Deficit)</b>	<b>9,320,416,031</b>	<b>29,295,318,302</b>
<b>Required (%)</b>	<b>13.00%</b>	<b>13.00%</b>
<b>Maintained (%)</b>	<b>19.48%</b>	<b>33.55%</b>
<b>4. Balance with other banks and financial institutions</b>		
In Bangladesh - in local currencies (note 4.1)	8,281,878,251	1,645,475,504
Outside Bangladesh (note 4.2) (Annex A)	672,314,934	732,566,636
	<b>8,954,193,185</b>	<b>2,378,042,140</b>
<b>4.1 In Bangladesh</b>		
<b>4.1.1 Current accounts</b>		
Sonali Bank Ltd	4,102,828	272,873
Agrani Bank Ltd	4,520,158	20,158
Janata Bank Ltd	12,516,157	655,984
Rupali Bank Ltd	1,970,522	1,691,016
	<b>23,109,665</b>	<b>2,640,031</b>
<b>4.1.2 Short-notice deposit accounts</b>		
Sonali Bank Ltd	4,945,478	875,437
Agrani Bank Ltd	332	1,425
Janata Bank Ltd	2,039,001	3,038,496
Rupali Bank Ltd	9,569,482	3,253,788
Trust Bank Ltd	11,677,743	5,096,812
The Premier Bank Ltd	10,543	11,438
	<b>28,242,579</b>	<b>12,277,396</b>
<b>4.1.3 Other deposit</b>		
Receivable from ICB Islamic Bank Ltd	<b>130,526,007</b>	<b>130,558,077</b>
<b>4.1.4 Fixed deposit account</b>		
<b>FDR/Placement with Banks:</b>		
Mercantile Bank Ltd	1,000,000,000	-
AB Bank Ltd	1,000,000,000	-
Dhaka Bank Ltd	1,000,000,000	-
Southeast Bank Ltd	500,000,000	-
National Bank Ltd	500,000,000	-
Social Islami Bank Ltd	1,000,000,000	-
IFIC Bank Ltd	1,000,000,000	-
Jamuna Bank Ltd	1,000,000,000	-
	<b>7,000,000,000</b>	<b>-</b>
<b>FDR/Placement with Non-Banks financial institutions:</b>		
IDLC Finance Ltd	300,000,000	100,000,000
Premier Leasing & Finance Ltd	-	200,000,000
DBH Finance Corporation Ltd	250,000,000	250,000,000
Prime Finance and Investment Ltd	-	100,000,000
BIFC Company Ltd	300,000,000	300,000,000
Lanka Bangla Finance Ltd	150,000,000	250,000,000
Union Capital Ltd	-	100,000,000
Reliance Finance Ltd	100,000,000	200,000,000
	<b>1,100,000,000</b>	<b>1,500,000,000</b>
	<b>8,281,878,251</b>	<b>1,645,475,504</b>

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

## Notes to the Financial Statements

### As at 31 December 2017

	2017 BDT	2016 BDT
<b>4.2 Outside Bangladesh (Nostro and FC term placement)</b>		
Interest-bearing accounts (note 4.2.1)	661,977,434	265,913,636
Term placement (note 4.2.2)	10,337,500	466,653,000
	<b>672,314,934</b>	<b>732,566,636</b>
<b>4.2.1 Interest-bearing accounts</b>		
Banque de Commerce, Geneva - CHF	364,678	255,474
Sonali Bank, Kolkata - EURO	461,318	384,971
Banque Marocaine Du Commerce, Madrid, Spain - EURO	9,158,312	-
Sonali Bank, London - EURO	-	7,879,868
Bank of Tokyo-Mitsubishi, London - GBP	4,695,584	2,899,391
Sonali Bank, London - GBP	3,983,740	1,343,016
Bank of Tokyo Mitsubishi, Japan - JPY	1,412,443	550,692
Arif Habib Rupali Bank, Karachi - USD	91,239	86,892
Mashreq Bank India, Mumbai - ACU	52,608	49,865
Mashreq Bank, New York - USD	380,834	361,902
Sonali Bank, Kolkata - USD	52,697,599	27,707,433
Bank of Ceylon, Sri Lanka - USD	1,408,201	161,403
CITI Bank, New York (Export) - USD	457,806,565	145,059,459
Sonali Bank, London - USD	-	11,768,699
Sonali Bank London-USD (Cash Collateral)	22,307,167	
AB Bank Limited, Mumbai - USD	18,873,572	19,006,749
Habib Metropolitan Bank Limited, Karachi - USD	15,835,743	9,137,947
HDFC Bank Limited, Mumbai - USD	6,734,416	290,550
United Bank of India, Mumbai - ACU	-	6,439,127
State Bank of India-USD	31,405,973	-
Habib American Bank, New York-USD	34,307,442	25,823,785
Habib American Bank, New York-Blocked Fund - USD	-	6,706,414
	<b>661,977,434</b>	<b>265,913,636</b>

Schedule of balance with other banks-outside Bangladesh (nostro accounts) is given in **Annex A**.

<b>4.2.2 Term placement</b>		
Dutch-Bangla Bank Ltd (USD)	10,337,500	-
BRAC Bank Ltd (USD)	-	354,420,000
United Commercial Bank Ltd (USD)	-	112,233,000
	<b>10,337,500</b>	<b>466,653,000</b>
<b>4.3 Maturity grouping of balances with other banks and financial institutions</b>		
On demand	23,109,665	280,831,063
Upto 1 month	672,314,934	454,420,000
Over 1 month but not more than 3 months	8,128,210,509	1,352,388,000
Over 3 months but not more than 1 year	-	159,845,000
Over 1 year but not more than 5 years	130,558,077	130,558,077
Over 5 years	-	-
	<b>8,954,193,185</b>	<b>2,378,042,140</b>
<b>5. Money at call and on short notice</b>		
Commercial banks (note 5.1)	-	3,250,000,000
Non-Banking financial institutions (note 5.2)	-	870,000,000
	<b>-</b>	<b>4,120,000,000</b>

	2017 BDT	2016 BDT
<b>5.1 Commercial banks</b>		
Mercantile Bank Ltd	-	1,000,000,000
NRB Commercial Bank Ltd	-	250,000,000
NRB Bank Ltd	-	200,000,000
Jamuna Bank Ltd	-	800,000,000
The City Bank Ltd	-	700,000,000
Midland Bank Ltd	-	150,000,000
NRB Global Bank Ltd	-	150,000,000
	-	<b>3,250,000,000</b>
<b>5.2 Non-Banking financial institutions</b>		
IPDC	-	190,000,000
Fareast Finance and Investment Ltd	-	150,000,000
Prime Finance and Investment Ltd	-	90,000,000
Bangladesh Finance and Investment Co. Ltd	-	70,000,000
Lanka Bangla Finance Ltd	-	40,000,000
DBH Finance Corporation Ltd	-	100,000,000
International Leasing and Financial services Ltd	-	90,000,000
United Finance Ltd	-	140,000,000
	-	<b>870,000,000</b>
<b>6. Investments</b>		
Government securities (note 6.1)	27,110,157,689	46,681,635,795
Other investments (note 6.2)	1,534,881,283	1,029,738,883
	<b>28,645,038,972</b>	<b>47,711,374,678</b>
<b>6.1 Government securities</b>		
Treasury bills and reserve repo (note 6.1.1)	-	1,689,326,783
Treasury bonds (note 6.1.2)	27,108,728,889	26,399,827,580
Bangladesh Bank bills	-	18,591,157,532
Prize bonds	1,428,800	1,323,900
	<b>27,110,157,689</b>	<b>46,681,635,795</b>
<b>6.1.1 Treasury bills (at revalued amount) (A)</b>		
364 days Government treasury bills	-	1,689,326,783
364 days reverse repo	-	-
182 days Government treasury bills	-	-
91 day Government treasury bills	-	-
28 days Government treasury bills	-	-
01 day reverse repo-Bangladesh Bank	-	-
	-	<b>1,689,326,783</b>
<b>Reverse repo (B)</b>		
Reverse repo-Banks and NBFIs	-	-
Reverse repo-Bangladesh Bank	-	-
	-	-
<b>Grand total (A+B)</b>	-	<b>1,689,326,783</b>

## Notes to the Financial Statements

### As at 31 December 2017

	2017 BDT	2016 BDT
<b>6.1.2 Treasury bonds (at revalued amount)</b>		
02 years Government treasury bonds	2,825,544,470	2,132,346,294
05 years Government treasury bonds	6,182,384,770	8,090,602,590
10 years Government treasury bonds	13,671,282,727	12,529,797,314
15 years Government treasury bonds	2,418,549,458	2,016,570,199
20 years Government treasury bonds	2,010,967,464	1,630,511,183
	<b>27,108,728,889</b>	<b>26,399,827,580</b>
<b>6.2 Other investments</b>		
Shares (note 6.2.1)	1,334,818,283	994,675,883
Investment others (memorial coin)	63,000	63,000
Commercial paper	200,000,000	-
Mutual Trust Bank bonds	-	35,000,000
	<b>1,534,881,283</b>	<b>1,029,738,883</b>
<b>6.2.1 Shares</b>		
<b>a. Quoted companies</b>		
Listed companies	1,304,527,633	961,777,483
<b>b. Unquoted companies</b>		
Karmasangsthan Bank	15,000,000	15,000,000
Bangladesh Development Company Ltd (preference shares)	7,950,000	10,557,750
Grameen IT park	4,201,760	4,201,760
Central Depository Bangladesh Ltd	3,138,890	3,138,890
	<b>30,290,650</b>	<b>32,898,400</b>
<b>Grand total (a+b)</b>	<b>1,334,818,283</b>	<b>994,675,883</b>
<b>Details of Investment in shares in Annex B.</b>		
<b>6.3 Investment in securities are classified as per Bangladesh Bank circular</b>		
Held to maturity (HTM) (note 6.3.1)	17,259,249,817	17,499,538,544
Held for trading (HFT) (note 6.3.2)	9,849,479,072	29,180,773,351
	<b>27,108,728,889</b>	<b>46,680,311,895</b>
<b>6.3.1 Held To Maturity (HTM):</b>		
Treasury bonds	17,259,249,817	17,499,538,544
Treasury bills and reverse repo	-	-
	<b>17,259,249,817</b>	<b>17,499,538,544</b>
<b>6.3.2 Held For Trading (HFT):</b>		
Treasury bonds	9,849,479,072	8,900,289,036
Bangladesh bank bills	-	18,591,157,532
Treasury bills and reverse repo	-	1,689,326,783
	<b>9,849,479,072</b>	<b>29,180,773,351</b>
Treasury bond:		
Held to maturity (HTM)	17,259,249,817	17,499,538,544
Held for trading (HFT)	9,849,479,072	8,900,289,036
	<b>27,108,728,889</b>	<b>26,399,827,580</b>

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

**6.4 Assets pledged as security**

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

Liabilities to bank

Liabilities to customers

2017 BDT	2016 BDT
-	-
-	-
-	-

There are no assets pledged, mortgaged or hypothecated against bank's borrowings.

**6.5 Maturity grouping of investments**

On demand

Upto 1 month

Over 1 month but not more than 3 months

Over 3 months but not more than 1 year

Over 1 year but not more than 5 years

Over 5 years

1,428,800	258,758,621
2,356,771,200	19,091,008,433
1,775,100,000	1,699,998,629
4,819,600,000	2,637,192,876
993,300,000	9,706,610,816
18,698,838,972	14,317,805,303
<b>28,645,038,972</b>	<b>47,711,374,678</b>

**7. Loans and advances**

Loans, cash credits, overdrafts, etc (note 7.1)

Bills purchased and discounted (note 7.2)

144,586,220,625	133,821,913,852
982,366,866	1,060,888,976
<b>145,568,587,491</b>	<b>134,882,802,828</b>

**7.1 Loans, cash credits, overdrafts, etc**

**In Bangladesh**

Loans (note 7.1.1)

Cash credits

Overdrafts (note 7.1.2)

Others (note 7.1.3)

61,611,401,184	55,993,286,235
31,244,946,696	32,695,034,804
14,228,829,490	16,159,067,661
37,501,043,255	28,974,525,152
<b>144,586,220,625</b>	<b>133,821,913,852</b>

Outside Bangladesh

-	-
<b>144,586,220,625</b>	<b>133,821,913,852</b>

**7.1.1 Loans**

Loan general

Term loan

2,644,346,686	2,247,261,548
58,967,054,498	53,746,024,687
<b>61,611,401,184</b>	<b>55,993,286,235</b>

**7.1.2 Overdrafts**

SOD against Bank's own FDR

SOD against other Bank's FDR

SOD against Govt. bond & securities

SOD against Bank's own DPS

SOD for issuance of CDR/SDR/PO

Temporary overdraft

Overdraft secured mortgage

Overdraft secured (other securities)

Overdraft (clean)

255,173,054	255,378,800
287,973,294	356,456,091
1,141,084	2,147,504
478,280,441	381,142,207
17,181,058	22,349,804
443,693,879	452,224,206
10,917,418,452	12,753,029,214
1,606,811,550	1,853,884,849
221,156,678	82,454,986
<b>14,228,829,490</b>	<b>16,159,067,661</b>

	2017 BDT	2016 BDT
<b>7.1.3 Others</b>		
Export credit/loan against packing credit	308,990,404	375,587,786
Payment against documents (PAD)	257,718,657	336,984,508
Loan against trust receipt (LTR)	5,975,182,289	4,010,066,254
Other short term advance	136,291,246	98,917,484
Work order financing	524,670,842	436,476,231
Loan against Govt. fund and other scheme	226,920,624	202,199,506
Credit to NBFi	3,034,776,686	1,481,384,682
Real estate loan	9,242,727,509	8,284,036,235
Transport loan	6,925,164,548	6,640,179,678
Consumer credit	849,888,860	131,751,617
Micro credit financing	2,094,881,993	1,964,515,631
Sundry/misc. loan	6,443,629,291	3,898,143,344
Staff loan	1,480,200,310	1,114,282,196
	<b>37,501,043,255</b>	<b>28,974,525,152</b>
<b>7.2 Bills purchased and discounted</b>		
Payable in Bangladesh:		
Local bills purchased/LADB	927,111,837	955,035,873
Payable outside Bangladesh:	-	-
Foreign bills purchased and discounted	55,255,029	105,853,103
	<b>982,366,866</b>	<b>1,060,888,976</b>
<b>7.3 Residual maturity grouping of loans including bills purchased and discounted</b>		
Payable on demand	-	441,558,220
Not more than 3 months	16,823,100,000	26,371,108,718
Above 3 months but not more than 1 year	20,451,600,000	24,556,030,771
Above 1 year but not more than 5 years	75,789,400,000	42,815,600,570
Above 5 years	32,504,487,491	40,698,504,549
	<b>145,568,587,491</b>	<b>134,882,802,828</b>
<b>7.4 Loans on the basis of significant concentration including bills purchased and discounted</b>		
a. Advances to Directors	-	-
b. Advances to MD and other Senior Executives	1,480,200,310	1,114,282,196
c. Advances to customers group	60,168,844,169	59,422,144,877
d. Advances to industrial sector (note 7.4.1)	83,919,543,012	74,346,375,755
	<b>145,568,587,491</b>	<b>134,882,802,828</b>

	2017 BDT	2016 BDT
<b>7.4.1 Advances to industrial sector</b>		
Food and Allied industry	13,895,022,862	12,046,158,196
ERGM	10,208,799,803	11,006,438,923
Textile	7,949,562,137	5,622,084,809
Accessories	1,606,697,956	1,719,137,452
Jute production and allied industry	4,252,288,638	4,274,959,096
Forest production and allied Industry	54,791,156	46,184,501
Paper, board, printing, publication and packaging	3,495,774,756	3,484,285,050
Tannery leather and rubber production.	2,048,093,252	1,607,393,254
Chemical pharmaceutical and allied industry	5,062,457,274	2,662,502,365
Plastic industry	1,897,727,442	1,228,653,258
Glass ceramic and other non metal production	829,815,081	645,533,628
Engineering	3,143,717,699	2,468,212,004
Electrical and electronics Industry	217,470,487	209,413,189
Real estate and housing	11,180,928,717	10,748,713,579
Transport and communication	8,831,649,692	8,434,861,279
Power, gas and water	452,783,769	469,241,187
Hotel and restaurant	789,956,729	735,350,706
Hospital and clinic	1,458,148,028	922,070,942
Brick kiln	3,430,283,052	3,194,177,523
Telecommunication and IT	316,178,586	303,431,604
Other service industry	2,183,027,310	2,169,974,088
Industry not elsewhere classified	614,368,584	347,599,122
	<b>83,919,543,012</b>	<b>74,346,375,755</b>

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

Number of customers	26	24
Amount of outstanding advances	42,422,100,000	36,831,160,000
Amount of classified advances thereon	23,203,300,000	21,319,300,000
Amount of recovery	75,707,000	100,134,465
Measures taken for recovery	Persuasion and negotiation for recovery is going on	Persuasion and negotiation for recovery is going on

\*In 2017 the capital of the Bank was negative. As such Loans and Advances allowed to customers' group exceeding 10% of banks' Paid-up capital are reported here as per Bangladesh Bank approval.

Details are given in Annex C.

**7.6 Geographical location - wise loans and advances**

**Inside Bangladesh**

Dhaka division	91,907,315,987	87,168,547,957
Chittagong division	21,527,158,174	18,309,094,041
Khulna division	7,258,224,007	5,427,049,296
Rajshahi division	7,163,247,018	6,645,903,101
Sylhet division	1,287,199,215	1,434,249,368
Barisal division	539,363,714	315,951,538
Mymensingh	8,995,184,904	8,636,145,754
Rangpur division	6,890,894,472	6,945,861,773
	<b>145,568,587,491</b>	<b>134,882,802,828</b>

**Outside Bangladesh**

	-	-
	<b>145,568,587,491</b>	<b>134,882,802,828</b>

	2017 BDT	2016 BDT
<b>7.7 Distribution of Loans and advances according to BRPD circular by Bangladesh Bank</b>		
Unclassified loan (A):		
Standard	61,196,070,469	54,484,712,002
SMA	4,842,641,101	7,391,226,947
	<b>66,038,711,570</b>	<b>61,875,938,949</b>
Classified loan (B):		
Sub-standard	1,732,863,480	2,667,693,665
Doubtful	269,288,933	464,183,754
Bad and loss	77,527,723,508	69,874,986,460
	<b>79,529,875,921</b>	<b>73,006,863,879</b>
<b>Total loans and advance (A+B)</b>	<b>145,568,587,491</b>	<b>134,882,802,828</b>

**7.8 Provision required for loans and advances**

Status	Base for provision	Rate %		
<b>Unclassified-general provision</b>				
STAC & micro credit	1,661,524,232	2.5	41,538,106	25,140,895
SMA	4,786,992,911	0.25, 1, 2 & 5	32,377,464	52,628,549
Others (excluding staff loan)	57,911,539,771	1,2 & 0.25	478,182,604	338,862,311
Staff loan	1,445,584,400	1	14,455,844	11,141,553
			566,554,018	427,773,308
<b>Classified-specific provision</b>				
Sub-standard	1,202,810,392	5 & 20	239,530,056	306,885,870
Doubtful	170,185,711	50	84,609,980	65,037,180
Bad/loss	50,726,354,240	100	50,726,354,241	45,659,042,136
			51,050,494,277	46,030,965,186
Total required provision for classified loans & advances			51,617,048,295	46,458,738,494
Total provision maintained for loans & advances			21,792,103,873	18,199,875,566
Excess/(short) provision as at 31 December			<b>(29,824,944,422)</b>	<b>(28,258,862,928)</b>

Note: Provision has been maintained by the Bank in accordance with Bangladesh Bank's approval letter no. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 and remaining provision shortfall will be maintained within the stipulated period as allowed by Bangladesh Bank vide the same letter. As such, there is no un-approved provision shortfall of the Bank as on 31 December 2017.

**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	121,530,821,621	116,634,595,181
Cash and quasi-cash	3,385,252,303	3,060,175,738
Others	7,976,789,407	2,596,827,922
	<b>132,892,863,331</b>	<b>122,291,598,841</b>

**7.10 Particulars of Loans and advances:**

	<b>2017 BDT</b>	<b>2016 BDT</b>
(i) Loans considered good in respect of which the banking company is fully secured	52,975,515,972	54,246,695,936
(ii) Loans considered good for which the banking company holds no other security other than debtor's personal guarantee;	10,640,683,751	3,451,302,847
(iii) Loans considered good secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtor;	4,488,461,402	3,777,413,136
(iv) Loans adversely classified; provision not maintained there against	-	-
	<b>68,104,661,125</b>	<b>61,475,411,918</b>
(v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons	1,474,208,485	1,114,282,196
(vi) Loans due from companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in case of private companies as members;	-	-
(vii) Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	1,480,161,723	1,120,550,144
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members:	-	-
(ix) Due from banking companies.	-	-
(x) Amount of classified loans on which interest has not been charged	79,529,875,921	73,006,863,879
(a) (Decrease) / Increase in provision	3,453,447,597	13,787,840,908
Amount of loan written off	-	-
Amount realised against loan previously written off	7,570,628	15,256,880
(b) Amount of provision kept against loan classified as bad/loss	21,225,549,855	17,772,102,258
(c) Interest credited to the interest suspense account	2,418,547,398	2,782,162,772
(xi) Amount of the written off loan:		
Cumulative amount of Written off loan	4,435,932,317	688,783,000
Amount written off during the current year	3,747,149,317	-
Amount of written off loan for which law suit has been filed	4,150,754,000	548,190,000

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**As at 31 December 2017**

	2017 BDT	2016 BDT
<b>7.11 Bills purchased and discounted</b>		
Payable in Bangladesh	927,111,837	955,035,873
Payable outside Bangladesh	55,255,029	105,853,103
	<b>982,366,866</b>	<b>1,060,888,976</b>
<b>7.11.1 Maturity grouping of bills purchased and discounted</b>		
Not more than 01 months	525,255,029	658,586,510
Above 01 months but not more than 03 months	368,111,837	344,249,705
Above 03 months but not more than 06 months	89,000,000	58,052,761
Above 06 months	-	-
	<b>982,366,866</b>	<b>1,060,888,976</b>
<b>8. Fixed assets including premises, furniture</b>		
<b><u>Own assets</u></b>		
Furniture and fixtures	115,513,974	111,546,524
Interior decoration	319,352,944	310,973,205
Machinery and equipment	344,194,765	332,783,209
Computer hardware	302,979,009	297,981,103
Software	95,226,936	95,226,936
Vehicles	381,654,870	385,017,777
	<b>1,558,922,498</b>	<b>1,533,528,754</b>
<u>Less: Accumulated depreciation</u>	1,212,387,450	1,127,668,886
	<b>346,535,048</b>	<b>405,859,868</b>
<b><u>Leased assets</u></b>		
Leasehold assets	4,000,000	4,000,000
<u>Less: Accumulated depreciation</u>	873,936	827,935
	<b>3,126,064</b>	<b>3,172,065</b>
	<b>349,661,112</b>	<b>409,031,933</b>
<b>A schedule of fixed assets is given in Annex D.</b>		
<b>9. Other assets</b>		
<b>i) Income generating</b>	-	-
<b>ii) Non-Income generating</b>		
a) Stationery, stamps, printing materials etc	19,485,583	18,993,238
b) Security deposits (note 9.1)	11,355,997	10,854,521
c) Advance rent	196,429,195	223,555,822
d) Advance for space of BASIC Zaman Tower	759,999,993	759,999,993
e) Advance for space of Banani Branch	161,315,950	161,315,950
f) Other prepayments	2,909,433	2,613,662
g) Advance income tax	112,249,957	150,585,595
h) Income receivable (note 9.2)	2,167,326,875	2,023,250,930
i) Deferred tax assets (note 35)	550,943,167	502,930,609
j) Suspense account (note 9.3)	46,991,307	43,756,914
k) Balance with Fakrul Islam Securities	20	20
l) ICB Securities Trading Co. Ltd.	11,937,200	34,205,509
m) Branch adjustment account	281,129,808	178,195,755
n) Sundry debtors (note 9.4)	395,274,981	222,198,914
o) Position clearing (net)	68,212,581	237,039,423
	<b>4,785,562,049</b>	<b>4,569,496,855</b>

	2017 BDT	2016 BDT
<b>9.1 Security deposits</b>		
Security deposits, rent and other prepayments made to statutory authorities, other institutions and individuals are considered good.		
<b>9.2 Income receivable</b>		
Income receivable consists of interest income receivable from various investments and Loans have been verified and considered good.		
<b>9.3 Suspense account</b>		
Suspense account consists of excise duty and petty cash, etc		
<b>9.4 Sundry debtors</b>		
1) Protested bills:		
a) BCCI:		
Protested bill, Main Branch	6,535,881	6,535,881
Protested bill, Khatungonj Branch	244,800	244,800
Protested bill, Khulna Branch	416,367	416,367
BCCI-Bombay	1,399,580	1,399,580
BCCI-London	618	537
	<b>8,597,246</b>	<b>8,597,165</b>
b) Protested bill for SWIFT	20,244,921	20,244,921
c) Protested bill -Lawyers' fee	3,940,000	3,940,000
d) Protested bill-Bangshal Branch-Shahadat Hossain	11,198,035	11,198,035
	<b>43,980,202</b>	<b>43,980,121</b>
2) Other sundry debtors	586,101	67,161,886
3) Encashment of Sanchaya Patra	350,633,703	111,036,907
4) Encashment of bond	54,975	-
5) Cash shortage	20,000	20,000
6) Encashment of other instrument	-	-
7) Sundry assets	-	-
	<b>351,294,779</b>	<b>178,218,793</b>
	<b>395,274,981</b>	<b>222,198,914</b>
Full provision for the protested bill of BCCI & SWIFT charges has been made in the account.		
<b>10. Borrowings from other banks, financial institutions and agents</b>		
In Bangladesh (note 10.1)	2,770,781,109	133,788,951
Outside Bangladesh (note 10.2)	2,027,371,411	2,191,374,373
	<b>4,798,152,520</b>	<b>2,325,163,324</b>
<b>10.1 In Bangladesh</b>		
<b>a) Term Borrowing</b>		
Bangladesh Bank refinance loan for house building	77,106,109	81,803,651
Refinance scheme of Bangladesh Bank for Taka 10 account	13,125,000	1,950,000
Refinance scheme of Bangladesh Bank for jute sector	50,000,000	50,000,000
Milk production and artificial insemination	30,550,000	35,300
	<b>170,781,109</b>	<b>133,788,951</b>

	2017 BDT	2016 BDT
<b>b) Money at call and on short notice</b>		
IFIC Bank Ltd.	650,000,000	-
Standard Bank Ltd.	200,000,000	-
Uttara Bank Ltd.	250,000,000	-
Sonali Bank Ltd	1,500,000,000	-
	<b>2,600,000,000</b>	-
	<b>2,770,781,109</b>	<b>133,788,951</b>
<b>10.2 Outside Bangladesh</b>		
<b>Term borrowing</b>		
Loan for micro credit and small scale industries (KFW, Germany)	153,379,147	153,379,147
SME refinance -ADB Fund-2	24,841,446	59,399,012
Second crop diversification project	1,019,369,000	1,019,369,000
Agro-business development project of ADB	829,781,818	959,227,214
	<b>2,027,371,411</b>	<b>2,191,374,373</b>
<b>10.3 Overall transaction of reverse repo:</b>		
	<b>2017</b>	<b>2016</b>
	Minimum outstanding during the year	Maximum outstanding during the year
	Minimum outstanding during the year	Maximum outstanding during the year
<b>Securities bought under repo:</b>		
i) with Bangladesh Bank	Nil	Nil
ii) with other banks & FIs	Nil	1,520,269,437
		Nil
		8,612,089,875
<b>10.4 Overall transaction of repo:</b>		
	<b>2017</b>	<b>2016</b>
	Minimum outstanding during the year	Maximum outstanding during the year
	Minimum outstanding during the year	Maximum outstanding during the year
<b>Securities bought under repo:</b>		
i) with Bangladesh Bank	Nil	Nil
ii) with other banks & FIs	Nil	1,090,076,657
		Nil
		1,029,652,870
<b>11. Deposits and other accounts</b>		
Non-interest bearing accounts (note 11.1)	6,243,310,824	5,151,863,470
Interest bearing account (note 11.2)	136,936,929,957	152,919,114,073
	<b>143,180,240,781</b>	<b>158,070,977,543</b>
<b>11.1 Non-interest bearing accounts</b>		
Current and other accounts (note 11.1.1)	5,343,945,362	4,243,656,733
Bills payable (note 11.1.2)	899,365,462	908,206,737
	<b>6,243,310,824</b>	<b>5,151,863,470</b>

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**As at 31 December 2017**

	2017 BDT	2016 BDT
<b>11.1.1 Current and other accounts</b>		
Current account	3,142,196,356	2,466,541,983
Margin deposit	1,517,815,083	1,354,895,922
Sundry/other deposit	683,933,923	422,218,828
	<b>5,343,945,362</b>	<b>4,243,656,733</b>
<b>11.1.2 Bills payable</b>		
Payment order	894,729,373	900,347,807
Demand draft	4,636,089	7,858,930
	<b>899,365,462</b>	<b>908,206,737</b>
<b>11.2 Interest bearing account</b>		
Savings bank deposits (Note 11.2.1)	5,866,356,817	4,453,994,441
Fixed deposits, SND, other deposit scheme (note 11.2.2)	130,875,488,196	148,250,657,187
Current deposit	195,084,945	214,462,445
	<b>136,936,929,957</b>	<b>152,919,114,073</b>
<b>11.2.1 Savings bank deposits</b>		
Savings account	5,866,356,817	4,453,994,441
	<b>5,866,356,817</b>	<b>4,453,994,441</b>
<b>11.2.2 Fixed deposits, SND, other deposit scheme</b>		
Short notice deposits	14,918,314,564	16,200,153,403
Term deposits	111,704,730,618	128,682,798,848
Other deposit scheme	4,252,443,014	3,367,704,936
	<b>130,875,488,196</b>	<b>148,250,657,187</b>
<b>11.3 Maturity grouping of other deposits and inter-bank deposits</b>		
<b><u>Deposit from bank</u></b>		
Repayable on demand	5,226,787	1,624,274
Repayable within 1 month	15,587,399	11,500,000,000
Above 01 month but not more than 6 months	-	4,900,000,000
Above 6 months but not more than 1 year	-	-
Above 01 year but not more than 05 years	-	-
Above 05 years but not more than 10 years	-	-
Above 10 years	-	-
	<b>20,814,186</b>	<b>16,401,624,274</b>
<b><u>Other deposits</u></b>		
Payable on demand	1,335,873,213	1,215,710,376
Less than 01 month	22,042,553,383	24,465,396,945
Above 01 month but not more than 6 months	64,298,900,000	51,526,973,224
Above 06 months but not more than 01 year	31,033,000,000	44,947,669,359
Above 01 year but not more than 05 years	22,865,800,000	11,583,134,042
Above 05 years not more than 10 years	1,583,300,000	7,930,469,323
Above 10 years	-	-
	<b>143,159,426,596</b>	<b>141,669,353,269</b>
	<b>143,180,240,782</b>	<b>158,070,977,543</b>

**12. Other liabilities**

	<b>2017 BDT</b>	<b>2016 BDT</b>
Provision for loan and advances (note 12.1)	21,792,103,873	18,199,875,566
Provision for off-balance sheet exposures (note 12.2)	127,178,725	118,907,588
Interest payable on deposits	1,880,702,113	2,210,091,903
Interest payable on borrowing	98,557,870	90,376,357
Provision for taxation (note 34)	565,917,994	822,822,285
Privileged creditors	279,229,057	246,688,877
Provision for welfare fund	14,253,367	14,253,367
Provision for other assets (note 12.3)	1,781,330,748	1,824,138,647
Provision for investment (note 12.4)	4,201,760	4,201,760
Interest suspense account (note 12.5)	10,070,939,185	8,557,306,864
Provision for ex-gratia/incentive bonus (note 12.7)	7,886,426	7,886,426
Provision for gratuity (note 12.8)	145,023,833	1,022,868,629
Deposit insurance premium payable	9,689,523	14,233,980
Provision for expenses payable	33,693,220	42,892,770
Sundry creditors	38,444,996	102,601,445
Miscellaneous creditors	8,332,428	5,974,811
Provision for benevolent fund	5,000,000	5,000,000
Provision for stationery	317,742	281,916
Provision for superannuation fund	-	10,000,000
Position general ledger (net)*	68,381,338	234,765,934
	<b>36,931,184,199</b>	<b>33,535,169,125</b>

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

**12.1 Provision for loan and advances**

Classified loan (note 12.1.1)	21,225,549,855	17,772,102,258
Unclassified loan (note 12.1.2)	566,554,018	427,773,308
	<b>21,792,103,873</b>	<b>18,199,875,566</b>

**12.1.1 Provision for classified loan**

Provision held at beginning of the year	17,772,102,258	3,984,261,350
Fully provided debt written off/Interest waived	(3,489,123,031)	-
Recovery from earlier written off loan	7,570,628	-
Special provision for current year	-	-
Provision not required	-	-
Specific provision for the year	6,935,000,000	13,787,840,908
<b>Provision held at the end of the year</b>	<b>21,225,549,855</b>	<b>17,772,102,258</b>

Provision has been maintained by the Bank in accordance with Bangladesh Bank's approval letter no. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 and remaining provision shortfall will be maintained within the stipulated period as allowed by Bangladesh Bank vide the same letter. As such, there is no un-approved provision shortfall of the Bank as on 31 December 2017.

	2017 BDT	2016 BDT
<b>12.1.2 Provision for unclassified loan</b>		
Provision held at beginning of the year	427,773,308	358,336,027
Recoveries and provisions no longer required/adjusted	-	-
Provision made during the year	138,780,710	69,437,281
<b>Provision held at the end of the year</b>	<b>566,554,018</b>	<b>427,773,308</b>
<b>12.2 Provision for off-balance sheet exposures</b>		
Provision held at beginning of the year	118,907,588	106,185,777
Provision made during the year	8,271,137	12,721,811
<b>Provision held at the end of the year</b>	<b>127,178,725</b>	<b>118,907,588</b>
A provision of Taka 127,178,725 has been made @1.00% on total off-balance sheet exposures of the Bank which will be treated as supplementary capital of the Bank.		
<b>12.3 Provision for other assets</b>		
BASIC Zaman Tower	759,999,993	759,999,993
Banani branch	161,315,950	161,315,950
Unadjusted suspense account-Gulshan Branch	2,526,288	2,526,288
Unadjusted suspense account-Shantinagar Branch	1,053,000	1,053,000
Unadjusted suspense account-Chitalmari	2,600	-
Unadjusted suspense account-Chowmuhana	114,698	-
Suspense Account (Head Office)-ETECH	475,327	-
Protested bill-Bangshal Branch-Shahadat Hossain	11,198,035	-
Suspense account (Head office) medical bill	1,149,263	1,149,263
Income receivable	810,713,397	865,311,956
Provision for protested bill-legal fee	3,940,000	3,940,000
Provision for protested bill-SWIFT	20,244,921	20,244,921
Provision for protested bill-BCCI	8,597,276	8,597,276
	1,781,330,748	1,824,138,647
Provision held at the beginning of the year	1,824,138,647	652,926,691
Less: Adjustment during the year	54,598,559	-
	1,769,540,088	652,926,691
Provision created during the year	11,790,660	1,171,211,956
Provision held at the end of the year	1,781,330,748	1,824,138,647
<b>Provision excess (shortfall)</b>	<b>-</b>	<b>-</b>
<b>12.4 Provision for investment</b>		
Provision for investment in Grameen IT park	4,201,760	4,201,760
Total provision required	<b>4,201,760</b>	<b>4,201,760</b>
Opening balance	4,201,760	-
Add: Provision made during the year	-	4,201,760
Provision maintained/closing balance	4,201,760	4,201,760
<b>12.5 Interest suspense account</b>		
Balance at the beginning of the year	8,557,306,864	7,268,598,515
Transferred during the year	2,418,547,398	2,782,162,772
Recovery during the year	(708,981,235)	(1,492,355,584)
Suspense written off/waived during the year	(195,933,842)	(1,098,839)
<b>Balance at the end of the year</b>	<b>10,070,939,185</b>	<b>8,557,306,864</b>
Interest suspense for loans and advance	10,070,939,185	8,557,306,864
Interest suspense for classified block assets	-	-
	<b>10,070,939,185</b>	<b>8,557,306,864</b>

**2017**  
**BDT**

**2016**  
**BDT**

- 12.6 Branch adjustment account represents outstanding inter branch and head office transactions (net) originated. The un-responded entries of 31 December 2017 are given below:**

Particulars	No. of Un-responded entries		Amount of un-responded entries	
	Dr.	Cr.	Dr.	Cr.
Up to 03 months	163	235	444,214	206,526
Over 03 months but within 06 months	-	-	-	-
Over 06 months but within 01 year	-	-	-	-
Over 01 year but within 05 years	-	-	-	-

**12.7 Provision for ex-gratia/incentive bonus**

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

**12.8 Provision for gratuity**

Opening balance	1,022,868,629	921,540,562
<u>Less:</u> Adjusted/paid during the year	27,292,923	26,574,811
<u>Less:</u> Transferred to gratuity fund savings account	995,575,706	-
	-	<b>894,965,751</b>
<u>Add:</u> Transferred from provision for ex-gratia/Incentive bonus	-	85,000,000
<u>Add:</u> Provision made for the current year	145,023,833	42,902,878
Closing Balance	<b>145,023,833</b>	<b>1,022,868,629</b>

**13. Capital**

**13.1 Authorised**

5,500,000,000 ordinary shares of BDT 10 each (250,000,000 ordinary shares of BDT 100 each in 2015)	<b>55,000,000,000</b>	<b>55,000,000,000</b>
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**13.2 Issued, subscribed and paid up capital**

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

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

In terms of section 13(1) of Bank Companies Act 1991 (amendment in 2013) and Bangladesh Bank BRPD circular No. 18 dated 21 December 2014 required capital, available Tier I and Tier II of the Bank for the year ended as on 31 December 2017 are shown below:

**Tier I capital:**

**Common equity Tier I**

Paid-up capital	10,846,982,500	10,846,982,500
Share money deposit	26,000,000,000	16,000,000,000
Statutory reserve	2,224,690,642	2,224,690,642
General reserve	40,000,000	40,000,000
Retained earnings/(losses)	(26,523,475,722)	(19,650,783,958)
	<b>12,588,197,420</b>	<b>9,460,889,184</b>

Less: Regulatory adjustments:

Provision shortfall in loans and advance	(29,824,944,422)	(28,258,862,928)
Deferred tax assets	(550,943,167)	(502,930,609)
<b>Total adjustments</b>	<b>(30,375,887,589)</b>	<b>(28,761,793,537)</b>
	<b>(17,787,690,169)</b>	<b>(19,300,904,353)</b>

**Notes to the Financial Statements**  
**As at 31 December 2017**

	2017 BDT	2016 BDT
<b>Additional Tier I capital</b>		
Non-cumulative irredeemable preference share	1,205,000,000	1,205,000,000
<b>Total Tier I capital</b>	<b>(16,582,690,169)</b>	<b>(18,095,904,353)</b>
<b>Tier II capital</b>		
General provision maintained against unclassified loan	566,554,018	427,773,308
Provision for off -balance sheet items	127,178,725	118,907,588
Exchange equalisation	-	-
Revaluation reserve of HTM and HFT securities*	55,454,004	83,181,007
	<b>749,186,747</b>	<b>629,861,903</b>
<b>Total regulatory capital (Tier I + Tier II)</b>	<b>(15,833,503,421)</b>	<b>(17,466,042,450)</b>
<b>A. Total regulatory capital (Tier I + Tier II)</b>		
Total capital (Tier I)	(16,582,690,169)	(18,095,904,353)
Total capital (Tier II)**	749,186,747	629,861,903
<b>Total eligible capital (Tier I + Tier II)</b>	<b>(15,833,503,421)</b>	<b>(17,466,042,450)</b>
<b>B. Risk weighted assets</b>		
Balance sheet business	114,917,076,677	107,301,656,913
Off- balance sheet business	4,815,543,828	4,708,473,428
<b>Total risk-weighted assets</b>	<b>119,732,620,505</b>	<b>112,010,130,341</b>
<b>C. Required capital on risk weighted assets</b> (10% on total risk weighted assets)	<b>11,973,262,051</b>	<b>11,201,013,034</b>
<b>D. Capital surplus / (shortfall) under MCR [A-C]</b>	<b>(27,806,765,472)</b>	<b>(28,667,055,485)</b>
<b>E. Capital conservation buffer (CCB) requirement*</b>	<b>1,496,657,756</b>	<b>700,063,315</b>
<b>F. Capital surplus/(shortfall) under MCR including CCB [D-E]</b>	<b>(29,303,423,228)</b>	<b>(29,367,118,799)</b>
<b>Total capital to risk weighted asset ratio (CRAR %)</b>	<b>(13.22)</b>	<b>(15.59)</b>

(\*) As per Basel III guideline of Bangladesh Bank, the Bank has a requirement to maintain 1.25% of total risk weighted assets (RWA) as capital conservation buffer (CCB) for the year 2017, which was 0.625% of total RWA for the year 2016.

Note: Provision has been maintained by the Bank in accordance with Bangladesh Bank approval vide its letter No. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 and remaining provision shortfall will be maintained within the stipulated period as allowed by Bangladesh Bank vide the same letter. As such, there is no un-approved provision shortfall of the Bank as on 31 December 2017.

**Note: Revaluation reserve:**

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

Revaluation reserve		
Opening revaluation reserve	138,635,011	138,635,011
<u>Less: Adjustment (60%, 40% of 138,635,011)</u>	83,181,007	55,454,004
<b>Closing revaluation reserve</b>	<b>55,454,004</b>	<b>83,181,007</b>

## Notes to the Financial Statements

### As at 31 December 2017

	2017 BDT	2016 BDT
<b>14. Statutory reserve</b>		
Opening balance	2,224,690,642	2,224,690,642
<u>Add:</u> Addition during the year (20% of pre-tax profit)	-	-
Closing balance	2,224,690,642	2,224,690,642
As per section 24 of Bank Companies Act 1991 no amount was transferred to statutory reserve in 2016 and 2017 as there was no pre-tax profit.		
<b>15. Other reserves</b>		
General reserve (note 15.1)	40,000,000	40,000,000
Investment revaluation reserve (note 15.2)	113,897,221	142,432,883
	<b>153,897,221</b>	<b>182,432,883</b>
<b>15.1 General reserve</b>		
Opening balance	40,000,000	40,000,000
<u>Add:</u> Addition during the year	-	-
Closing balance	40,000,000	40,000,000
The Bank has been maintaining this reserve as venture capital fund since 1999 for equity support to innovative but risky project.		
<b>15.2 Investment revaluation reserve (treasury bills &amp; treasury bonds)</b>		
Gain on revaluation for HFT (note 15.2.1)	178,779,447	185,013,044
Amortisation of discount of HTM (note 15.2.2)	5,567,593	5,262,116
	184,347,040	190,275,160
<u>Less:</u> Loss on revaluation/amortisation of HTM securities (note 15.2.3)	70,449,819	47,842,277
	<b>113,897,221</b>	<b>142,432,883</b>
<b>15.2.1 Gain on revaluation for HFT</b>		
Opening balance	185,013,044	361,967,369
<u>Add:</u> Addition during the year	258,375,475	596,669,533
	443,388,519	958,636,902
<u>Less:</u> Adjustment (Loss on revaluation/amortization) during the year	189,626,016	-
<u>Less:</u> Adjustment (due to repo transaction) during the year	74,983,056	773,623,858
<b>Closing balance</b>	<b>178,779,447</b>	<b>185,013,044</b>
<b>15.2.2 Amortisation of discount of HTM</b>		
Opening balance	5,262,116	10,606,628
<u>Add:</u> Addition during the year	2,350,228	3,496,336
	7,612,344	14,102,964
<u>Less:</u> Adjustment (loss on revaluation/amortisation) during the year	-	-
<u>Less:</u> Realisation of gain due to maturity of HTM bond	2,044,751	8,840,848
<b>Closing balance</b>	<b>5,567,593</b>	<b>5,262,116</b>
<b>15.2.3 Loss on revaluation/amortisation of (HTM)</b>		
Opening balance	47,842,277	21,778,130
<u>Add:</u> Addition during the year	34,433,760	26,698,459
	82,276,037	48,476,589
<u>Less:</u> Adjustment (loss on revaluation/amortisation) during the year	-	-
<u>Less:</u> Adjustment (due to maturity/rectification) during the year	11,826,218	634,312
<b>Closing balance</b>	<b>70,449,819</b>	<b>47,842,277</b>

	2017 BDT	2016 BDT
<b>16. Retained earnings/losses</b>		
Opening balance	(19,650,783,958)	(4,720,382,958)
Profit/ (loss) during the year	(6,843,689,621)	(14,930,401,001)
Interest waived- Gulshan Branch	(29,002,143)	-
Transferred to other reserve	-	-
Cash dividend paid during the year	-	-
Issuance of bonus share	-	-
<b>Closing balance</b>	<b>(26,523,475,722)</b>	<b>(19,650,783,958)</b>
<b>16.1 Item-wise profit and loss account</b>		
<b>Income:</b>		
Interest, discount and similar income	9,727,142,782	11,200,449,892
Dividend income	57,940,875	39,799,656
Fees, commission and brokerage	299,311,406	279,885,393
Gains less losses arising from dealing in foreign currencies	383,273,221	273,801,012
Income from non-banking assets	-	-
Other operating income	147,500,334	138,471,671
<b>Total income</b>	<b>10,615,168,618</b>	<b>11,932,407,624</b>
<b>Expenses:</b>		
Interest, fee and commission	7,377,135,896	9,154,318,946
Losses on loans and advances	-	-
Administrative expenses	2,162,429,211	1,957,381,948
Other operating expenses	635,197,868	604,191,519
Depreciation on banking assets	88,857,247	125,668,379
<b>Total expenses</b>	<b>10,263,620,222</b>	<b>11,841,560,792</b>
<b>Profit before tax and provision</b>	<b>351,548,396</b>	<b>90,846,832</b>
<b>17. Contingent liabilities</b>		
Local bills for collection	163,489	396,697
Foreign bills for collection	655,468,453	718,596,026
Letters of guarantee (note 17.1)	2,252,493,027	1,877,840,085
Irrevocable letters of credit	5,426,059,219	5,973,830,913
Back to back L/C	1,074,767,141	1,041,563,060
Acceptances and endorsements	2,815,180,213	2,997,524,717
Travelers cheques stock	41,350	55,132
Value of wage earners bond in hand and others	56,312,000	53,711,600
Miscellaneous- revolving fund	437,387,595	450,555,346
	<b>12,717,872,486</b>	<b>13,114,073,576</b>
<b>17.1 Letters of guarantee</b>		
A. Claim against the Bank which is not recognized as Loan		
B. Money for which the Bank is contingently liable in respect of guarantees favouring:		
Directors	-	-
Government	1,500,723,969	1,534,773,323
Bank and other financial institutions	926,500	918,769
Others	750,842,559	342,147,993
	<b>2,252,493,027</b>	<b>1,877,840,085</b>

**Notes to the Financial Statements**  
**For the Year ended 31 December 2017**

	<b>2017 BDT</b>	<b>2016 BDT</b>
<b>18. Interest income</b>		
Interest on loans and advances	6,747,431,040	7,761,198,208
Interest on money at call and short notice	89,061,668	113,974,917
Interest on placement with other banks	352,880,933	224,713,469
Interest on foreign currency balances	40,726	349,230
	<b>7,189,414,367</b>	<b>8,100,235,824</b>
<u>Less: Interest waiver</u>	425,405	1,712,627
	<b>7,188,988,962</b>	<b>8,098,523,197</b>
*In 2016, interest on money at call and short notice was erroneously reported with interest on placement with banks. Now, the same has been rectified and reported correctly for both the year 2016 and 2017.		
<b>19. Interest paid on deposits and borrowings, etc</b>		
On savings bank deposit (note 19.1)	171,298,645	159,715,125
On short notice deposit	580,852,531	593,419,846
On fixed deposit (note 19.2)	6,154,924,375	8,033,448,868
On current deposit	2,273,569	2,105,290
Other deposits and deposit schemes (note 19.3)	381,199,258	282,243,724
On borrowing from Bangladesh Bank and other financial institutions (note 19.4)	86,587,518	83,386,093
	<b>7,377,135,896</b>	<b>9,154,318,946</b>
<b>19.1 On savings bank deposit:</b>		
On savings bank deposit	164,096,253	151,878,522
On school banking scheme	6,032,027	6,856,882
On krishok savings account	718,009	579,160
On RMG worker account	150,916	130,713
On leather industry worker	1,168	2,017
On pothopushpo savings account	1,724	705
On muktijoddha savings account	139,621	45,895
On BASIC chalantika	36,881	53,528
On trinomul savings account	122,046	167,703
	<b>171,298,645</b>	<b>159,715,125</b>
<b>19.2 On fixed deposit:</b>		
Interest paid on fixed deposit	5,390,090,597	7,277,166,584
Interest paid on double benefit scheme	415,333,861	416,405,311
Interest paid on super double benefit scheme	267,115,566	238,796,454
Interest paid on monthly benefit scheme	47,530,816	88,326,912
Interest paid on rapid grow deposit scheme	708,350	5,369,422
Interest paid on BASIC twofold winner	14,425,280	3,411,205
Interest paid on monthly gainer scheme	19,719,905	3,972,980
	<b>6,154,924,375</b>	<b>8,033,448,868</b>
<b>19.3 Other deposits and deposit schemes</b>		
Interest paid on BASIC fortune	15,852,646	13,653,818
Interest paid on BASIC fortune plus	344,495,128	266,088,480
Interest paid on BASIC swaponon puron	595,347	235,072
Interest paid on BASIC DPS plus	20,256,137	2,266,354
	<b>381,199,258</b>	<b>282,243,724</b>

**Notes to the Financial Statements**  
**For the Year ended 31 December 2017**

	<b>2017 BDT</b>	<b>2016 BDT</b>
<b>19.4 Interest on borrowings</b>		
Interest on Bangladesh Bank refinance-Jute sector	2,187,500	2,000,411
Interest on Bangladesh Bank refinance-Milk Production	832,376	1,093
Interest on Bangladesh Bank refinance- HBL	3,952,133	4,277,817
Interest on borrowing on B.B refinance for Tk. 10 account holders	229,161	117,628
Interest on repo-Bangladesh Bank	982,170	975,690
Interest on borrowing-call money	6,384,653	880,555
Interest on term loan KFW	5,368,260	5,368,260
Interest on borrowing-ADB loan	33,865,803	35,633,102
SME refinance (ADB Fund-2)	1,804,378	3,550,461
Second crop diversified project-ADB	30,581,076	30,581,076
Interest on refinance- Export Credit	810	-
Interest on borrowing outside Bangladesh	399,198	-
	<b>86,587,518</b>	<b>83,386,093</b>
<b>20. Investment income</b>		
On GT bill, Bangladesh Bank bill and GT bond, reverse repo etc (note 20.1)	2,721,813,347	2,869,116,474
Dividend on shares	57,940,875	39,799,656
Profit on sale of investment (note 20.2)	406,496,321	902,837,155
	<b>3,186,250,543</b>	<b>3,811,753,285</b>
<u>Less:</u> Interest paid for purchase of treasury bill	47,270,256	114,799,147
<u>Less:</u> Loss on sale of investment	11,917,528	641,433
<u>Less:</u> Loss on revaluation of HFT securities	530,968,064	554,586,354
	<b>590,155,848</b>	<b>670,026,934</b>
	<b>2,596,094,695</b>	<b>3,141,726,351</b>
<b>20.1 On GT bill, Bangladesh Bank bill and GT bond, reverse repo etc</b>		
Interest on GT bond	2,692,011,088	2,622,267,123
Interest on reverse repo	1,121,449	10,027,931
Amortization of discount-Bill	28,680,810	236,821,420
	<b>2,721,813,347</b>	<b>2,869,116,474</b>
<b>20.2 Profit on sale of investment</b>		
Profit on sale of HFT Securities	61,341,650	58,981,155
Profit on sale of Share	155,482,604	110,472,308
Profit on repo trading	189,672,067	733,383,692
	<b>406,496,321</b>	<b>902,837,155</b>
<b>21. Commission, exchange and brokerage</b>		
Foreign bill purchased	646,056	570,566
Local bill purchased	4,556,642	4,741,697
Remittance	2,109,198	3,045,971
Letter of guarantee	33,000,197	35,834,808
Letter of credit	146,552,238	127,954,113
Bills for collection	9,417,502	8,855,193
Acceptances and endorsement	48,553,679	54,873,992
Export bill	9,464,543	8,733,411
Miscellaneous (includes commission on sale of PSP,TC)	45,011,351	35,275,642
	<b>299,311,406</b>	<b>279,885,393</b>
Exchange gain net of exchange loss (note 21.1)	383,273,221	273,801,012
	<b>682,584,627</b>	<b>553,686,405</b>

**Notes to the Financial Statements**  
**For the Year ended 31 December 2017**

	<b>2017 BDT</b>	<b>2016 BDT</b>
<b>21.1 Exchange gain net of exchange loss</b>		
Exchange earning	461,065,771	285,971,099
<u>Less: Exchange loss</u>	77,792,550	12,170,087
	<b>383,273,221</b>	<b>273,801,012</b>
<p>Note: Exchange gain/profit (loss) on exchange on trading has been net of which was shown separately in earlier years.</p>		
<b>22. Other operating income</b>		
Various fees	9,465,089	5,436,046
Rent (godown and locker)	1,076,000	1,228,000
Recoveries from client and staffs	44,269,800	39,051,296
Service and other charges	66,944,196	56,791,224
Income from on-line client services	3,536,759	3,223,425
Recoveries of loan previously write off	-	15,256,880
Income from ATM/card services	2,261,095	1,551,925
Export L/C advising, handling, transfer charges etc	7,035,409	7,609,607
Miscellaneous income (notes 22.1)	11,188,433	8,295,897
Profit on sale of fixed assets (notes 22.2)	1,723,553	27,371
	<b>147,500,334</b>	<b>138,471,671</b>
<b>22.1 Miscellaneous income</b>		
Income from ICT services	-	50
Discount	550	2,500
Project examination fee	148,399	195,000
Other operating income	11,039,484	8,098,347
	<b>11,188,433</b>	<b>8,295,897</b>
<b>22.2 Profit on sale of fixed assets</b>		
Cost of assets sold	4,312,557	1,545,224
<u>Less: Accumulated depreciation of assets sold</u>	4,092,682	1,271,788
Book value of assets sold	219,875	273,436
Sale value of fixed assets	1,943,428	300,807
Profit on sale of fixed assets	<b>1,723,553</b>	<b>27,371</b>
<b>23. Salary and allowances</b>		
Salaries (note 23.1)	825,132,247	777,858,462
Allowances (note 23.2)	953,947,739	915,741,583
Provident fund	80,133,026	75,125,457
Benevolent fund	5,000,000	5,000,000
Gratuity fund	145,023,833	42,902,878
Bonus	147,715,699	125,353,568
Superannuation fund	-	10,000,000
	<b>2,156,952,544</b>	<b>1,951,981,948</b>
<b>23.1 Salaries</b>		
Salary- Basic salary	805,332,788	759,972,680
MD's salary	(2,193,333)	(2,400,000)
Wages sub-staff	615,445	528,278
Casual wages menial staff	21,377,347	19,757,504
	<b>825,132,247</b>	<b>777,858,462</b>
<b>23.2 Allowances</b>		
Allowances	889,503,201	855,555,752
MD's allowance	(2,843,334)	(3,000,000)
Leave fare assistance	67,287,872	63,185,831
	<b>953,947,739</b>	<b>915,741,583</b>

**Notes to the Financial Statements**  
**For the Year ended 31 December 2017**

	<b>2017 BDT</b>	<b>2016 BDT</b>
<b>24. Rent, taxes, insurance, electricity, etc</b>		
Rent	256,450,644	260,968,431
Rates, taxes and VAT	3,888,172	3,801,331
Utilities/electricity and heating	44,619,362	44,994,639
Insurance	22,175,747	30,700,006
	<b>327,133,925</b>	<b>340,464,407</b>
<b>25. Legal expenses</b>		
Legal expenses (note 25.1)	21,204,289	17,556,543
Professional fees (note 25.2)	1,930,235	242,910
	<b>23,134,524</b>	<b>17,799,453</b>
<b>25.1 Legal expenses</b>		
Lawyers fees	4,164,601	3,821,921
Law charges	4,038,153	2,405,695
Stamp charges and court fees	926,471	888,481
Other legal expenses	11,974,844	10,417,246
Other professional expenses	100,220	23,200
	<b>21,204,289</b>	<b>17,556,543</b>
<b>25.2 Professional expenses</b>		
Consultancy fee	1,119,750	223,750
Other professional fee	810,485	19,160
	<b>1,930,235</b>	<b>242,910</b>
<b>26. Postage, stamps, telecommunication, etc</b>		
Postage	58,410	69,625
Courier services	6,800,791	6,932,857
Telephone	23,803,075	23,052,525
Fax	19,578	21,384
Swift subscription and cable charges and web hosting charge	7,100,135	6,657,084
Stamp	57,500	67,500
Internet and e-mail	362,117	283,145
	<b>38,201,606</b>	<b>37,084,120</b>
<b>27. Stationery, printing, advertisement, etc</b>		
Printing stationery	6,927,535	6,587,750
Security stationery	2,795,000	3,246,959
Publicity, advertisement and publication	2,945,773	1,737,675
Other stationery (note 27.1)	23,669,769	16,237,472
	<b>36,338,077</b>	<b>27,809,856</b>
<b>27.1 Other stationery</b>		
Office stationery	6,552,406	5,907,887
Petty stationery	35,759	16,745
Photograph and photocopy	450,752	649,715
Crockery and utensils	493,105	285,167
Other stationary	9,417,316	8,936,404
Calendar	5,192,500	44,790
Annual report	270,216	109,464
Greeting cards	234,000	235,400
Other greeting items	56,705	1,440
Invitation card	240	980
Other printing expenses	966,770	49,480
	<b>23,669,769</b>	<b>16,237,472</b>

**Notes to the Financial Statements**  
**For the Year ended 31 December 2017**

	<b>2017 BDT</b>	<b>2016 BDT</b>
<b>28. Managing Director's salary</b>		
Basic salary	2,193,333	2,400,000
Allowances	3,283,334	3,000,000
	<b>5,476,667</b>	<b>5,400,000</b>
<b>29. Directors' fees and other benefits</b>		
VAT on directors fee	336,000	280,950
Directors honorarium	1,856,000	1,768,000
Entertainment	594,739	405,146
Directors remuneration	384,000	105,000
	<b>3,170,739</b>	<b>2,559,096</b>
<b>30. Depreciation of Bank's assets</b>		
<b>Depreciation on own assets</b>		
Furniture and fixtures	5,855,947	6,071,203
Interior decoration	19,034,417	20,357,609
Computer hardware and peripherals	18,900,232	25,876,047
Computer software	5,068,210	8,345,547
Machinery and equipment	23,097,365	26,455,027
Vehicles	16,855,075	38,516,819
	<b>88,811,246</b>	<b>125,622,252</b>
<b>Depreciation on leased assets</b>		
Lease equipment/assets	46,001	46,127
	<b>88,857,247</b>	<b>125,668,379</b>
<b>31. Repair of Bank's assets</b>		
Furniture and fixtures	1,467,591	1,216,033
Interior decoration	1,274,448	749,725
Machinery and equipment	17,626,693	15,197,282
Vehicles	12,801,507	9,426,690
Rented premises	7,121,483	6,022,902
	<b>40,291,722</b>	<b>32,612,632</b>
<b>32. Other expenses</b>		
Entertainment	25,303,356	22,800,997
Car expenses (note 32.1)	21,760,282	20,718,806
Travelling	15,406,668	14,057,974
Computer consumables and accessories	13,600,899	12,118,056
Staff training and HR development expenses	10,715,943	9,210,235
Card related expenses	8,858,507	8,423,063
Miscellaneous (note 32.2)	12,377,231	6,681,397
Fuel and lubricant expenses-generator (note 32.3)	3,910,109	4,097,022
Uniform and liveries	-	3,917,260
Subscription	2,748,553	2,875,355
Service charge paid to clearing house, banks and others	2,267,496	2,246,896
Corporate social responsibility expenses	1,382,116	1,329,587
Non-operating loss (loss on sale of investment and fixed assets)	-	185,801
Commission paid to bank	75,388	142,518
Donation	82,517	114,310
Other audit fee (note 32.4)	115,000	94,750
Information and Communication (ICT) expenses (note 32.5)	39,182,438	35,927,928
	<b>157,786,503</b>	<b>144,941,955</b>

**Notes to the Financial Statements**  
**For the Year ended 31 December 2017**

	<b>2017 BDT</b>	<b>2016 BDT</b>
<b>32.1 Car Expenses</b>		
Fuel and lubricant	7,608,398	7,495,233
CNG/POL-vehicle	11,545,598	10,819,561
Vehicle expenses	2,606,286	2,404,012
	<b>21,760,282</b>	<b>20,718,806</b>
<b>32.2 Miscellaneous</b>		
Furniture expenses	4,700	-
Expenses equipment	194,480	1,079,723
Business promotion and development	622,672	386,840
Books, journals and periodicals	927,726	865,043
Conveyance expenses	36,712	41,470
Expenses for multimedia	3,534	1,000
Transport expenses	-	40,388
Carrying charges	193,010	103,133
Commitment and other fees	457,099	16,825
Remittance charges	59,713	134,400
Cartage and freight	69,900	106,787
Issue expenses	2,205,106	684,450
Interior decoration expenses	1,117,648	1,073,405
AGM expenses	232,153	147,382
Nostro account related expenses	214,756	241,588
Financial assistance expenses	570,794	503,196
Managers conference expenses	414,428	252,514
Security service expense	4,020,463	-
Miscellaneous expenses	1,032,337	1,003,253
	<b>12,377,231</b>	<b>6,681,397</b>
<b>32.3. Fuel and lubricant</b>		
Fuel and lubricant -generator	3,879,296	4,067,361
Fuel and lubricant-others	30,813	29,661
	<b>3,910,109</b>	<b>4,097,022</b>
<b>32.4 Other Audit fee</b>		
PF audit	28,750	5,750
Various fund audit	40,250	46,000
Reconciliation audit	23,000	-
Nostro account audit	23,000	43,000
	<b>115,000</b>	<b>94,750</b>
<b>32.5 Information and communication (ICT) expenses</b>		
Yearly rent	1,347,205	1,700,000
License fee	238,422	93,505
Internet charge	18,452,893	17,895,085
SMS alert charge	2,374,338	1,937,972
Internet banking expenses	-	1,500
Mobile phone banking expenses	4,333	15,000
Software maintenance expenses	15,784,497	12,212,575
ICT auditing, penetration testing & risk management services	975,000	-
Hardware maintenance	5,750	2,072,291
	<b>39,182,438</b>	<b>35,927,928</b>

## Notes to the Financial Statements For the Year ended 31 December 2017

	2017 BDT	2016 BDT
<b>33. Provision made during the year:</b>		
a. For loans and advances:		
On classified loans and advances as per Bangladesh Bank circular (note 12.1)	6,935,000,000	13,787,840,908
On unclassified loans & advances (note 12.2)	138,780,710	69,437,281
	<b>7,073,780,710</b>	<b>13,857,278,189</b>
b. For off-balance sheet items (note 12.3)	8,271,137	12,721,811
c. For other assets (note 12.3)	11,790,660	1,171,211,956
d. For investment	-	4,201,760
	<b>7,093,842,507</b>	<b>15,045,413,716</b>
<p>Bangladesh Bank vide its letter # BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 gave permission to the Bank to provide the provision shortfall of BDT 2,501 crore against classified loans &amp; advances within a period of 5 (five) years from 2015. Further, Bangladesh Bank vide the same letter gave permission to the Bank to provide the provision shortfall BDT 1,933 crore against classified blocked assets (which were also classified loans &amp; advances of the Bank) within a period of 10 (ten) years from 2015. As no provision was created in the year 2015, a total provision of BDT 693.50 crore {(BDT 2,501 crore*20%) + (BDT 1,933 crore*10%); or BDT 520.20 crore + BDT 193.30 crore} has been created in the year 2017. Remaining provision shortfall will be maintained by the Bank within the stipulated period as allowed by Bangladesh Bank vide the above mentioned letter.</p>		
<b>34. Provision for taxation - Current tax</b>		
Opening balance	822,822,285	826,313,081
Add: Provision made during the year	149,408,068	38,609,904
	<b>972,230,353</b>	<b>864,922,985</b>
Less: Adjustment made during the year	406,312,359	42,100,700
Closing balance	<b>565,917,994</b>	<b>822,822,285</b>
<b>35. Provision for taxation - Deferred tax</b>		
<b>a) Computation of deferred tax</b>		
Tax base of depreciable fixed assets	427,162,988	478,967,190
Less: Carrying amount	346,535,047	405,859,868
<b>Deductible temporary difference (A)</b>	<b>80,627,941</b>	<b>73,107,322</b>
<b>Carrying amount of provision for gratuity/benevolent/superannuation fund:</b>		
Provision for gratuity	1,140,599,539	1,022,868,629
Provision for benevolent fund (provision less actual payment)	55,089,218	53,240,188
Provision for superannuation fund (provision less actual payment)	20,020,165	34,150,000
	<b>1,215,708,922</b>	<b>1,110,258,817</b>
Less: Tax base	-	-
<b>Deductible temporary difference (B)</b>	<b>1,215,708,922</b>	<b>1,110,258,817</b>
<b>Total deductible temporary difference (A+B)</b>	<b>1,296,336,863</b>	<b>1,183,366,139</b>
Effective tax rate	42.50%	42.50%
Deferred tax assets	<b>550,943,167</b>	<b>502,930,609</b>
<b>b) Deferred tax (expenses)/income</b>		
Closing deferred tax assets	550,943,167	502,930,609
Opening deferred tax assets	502,930,609	440,154,822
Deferred tax (expenses)/income	<b>48,012,558</b>	<b>62,775,787</b>
<b>36 Proposed Dividends</b>		
Bonus Share :	-	-
Cash Dividend	-	-
	-	-

**Notes to the Financial Statements**  
**For the Year ended 31 December 2017**

	2017 BDT	2016 BDT
<b>37. Analysis of closing cash and cash equivalents</b>		
Cash in hand (including foreign currencies)	740,493,221	556,171,378
Balances with Bangladesh Bank and its agent bank (s)	9,773,136,112	10,112,712,247
Balances with other banks and financial institutions	8,952,764,385	2,376,718,240
Money at call and on short notice	-	4,120,000,000
Prize bonds	1,428,800	1,323,900
	<b>19,467,822,518</b>	<b>17,166,925,765</b>
<b>38. Earnings Per Share (EPS)</b>		
Net profit/(loss) after tax (numerator)	(6,843,689,621)	(14,930,401,001)
Number of ordinary share outstanding (denominator)	1,084,698,250	1,084,698,250
Earnings Per Share (EPS)	<b>(6.31)</b>	<b>(13.76)</b>

**39. Coverage of external audit**

The external auditors have covered 80% of the risk-weighted assets and have spent around 7,250 person hours to complete the audit as per Bangladesh Bank's requirement. The external auditors have audited 35 branches and Head office of the Bank.

for BASIC Bank Limited

  
Managing Director

  
Director

  
Director

  
Chairman

Dhaka, Bangladesh  
Dated, 30 April 2018

## Schedule of balance with other banks - Outside Bangladesh (Nostro Accounts)

As at 31 December 2017

	Name of the Bank	A/C Type	Currency name	2017			2016		
				Amount in FC	Conv. Rate per unit FC	Amount in BDT	Amount in FC	Conv. Rate per unit FC	Amount in BDT
1	BOTM, London	CD	GBP	42,306	110.99	4,695,584	30,069	96.43	2,899,391
2	AB Bank Mumbai	CD	ACU\$	228,217	82.70	18,873,572	241,325	78.76	19,006,749
3	Summit (Arif Habib)-Rupali- Bank Karachi	CD	ACU\$	1,103	82.70	91,239	1,103	78.76	86,892
4	Habib Metropolitan Bank Limited, Pk	CD	ACU\$	191,484	82.70	15,835,743	116,023	78.76	9,137,947
5	BOTM, Tokyo	CD	JPY	1,932,471	0.73	1,412,443	816,445	0.67	550,692
6	Mashreq Bank, NY	CD	USD	4,605	82.70	380,834	4,595	78.76	361,902
7	Sonali Bank, Kolkata	CD	ACU\$	637,214	82.70	52,697,599	351,796	78.76	27,707,433
8	Bank of Ceylon	CD	ACU\$	17,028	82.70	1,408,201	2,049	78.76	161,403
9	Citibank NA, NY(Exp)	CD	USD	5,535,750	82.70	457,806,565	1,841,791	78.76	145,059,459
10	BCP, Geneva	CD	CHF	4,343	83.98	364,678	3,331	76.69	255,474
11	Sonali Bank Kolkata, ACUEUR	CD	ACUEUR	4,683	98.50	461,318	4,683	82.20	384,971
12	Mashreq Bank, Mumbai	CD	ACU\$	636	82.70	52,608	633	78.76	49,865
13	Sonali Bank London, EUR	CD	EURO	-	98.50	-	95,860	82.20	7,879,868
14	Sonali Bank London, GBP	CD	GBP	35,892	110.99	3,983,740	13,928	96.43	1,343,016
15	Sonali Bank London, USD	CD	USD	-	82.70	-	149,425	78.76	11,768,699
16	Bank Marocaine DU Commerce	CD	EURO	92,974	98.50	9,158,312	-	-	-
17	HDFC Bank Limited	CD	USD	81,432	82.70	6,734,416	3,689	78.76	290,550
18	United Bank of India	CD	USD	379,758	82.70	31,405,973	81,756	78.76	6,439,127
19	Habib American Bank New York	CD	USD	414,842	82.70	34,307,442	327,879	78.76	25,823,765
20	Habib American Bank NY, (Blocked Fund)	CD	USD	-	82.70	-	85,150	78.76	6,706,414
21	Sonali Bank London-USD (Cash Collateral)	CD	USD	269,736	82.70	22,307,167	-	-	-
	<b>Total</b>					<b>661,977,434</b>			<b>265,913,636</b>

As per Bangladesh Bank Circular No. FEPD(FEMO)/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.

Details of investment in shares  
As at 31 December 2017

A. Listed securities:

Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 December 2017	Market value as on 31 December 2016	Gain/(Loss)	Amount in BDT	
									Dividend received in 2017	
1.	ACI Limited	27-Mar-16	-	-	-	-	26,792,250	-	-	236
2.	ACME Laboratories Limited	26-Feb-17	439,569	4,395,690	51,428,024	50,110,866	-	(1,317,158)	-	-
3.	Active Fine Chemicals Limited	7-Nov-17	20,000	200,000	-	-	-	-	-	10,000
4.	Agni Systems Limited	22-Jun-17	665,527	6,655,270	17,113,824	14,575,041	-	(2,538,783)	-	-
5.	Al-Arata Islami Bank Limited	11-Jan-16	1,832,580	18,325,800	-	-	-	-	-	3,665,160
6.	Appolo Ispat Complex Limited	20-Aug-14	1,930,193	19,301,930	36,438,543	31,848,185	4,478,000	(4,590,358)	448,930	-
7.	Asia Pacific General Insurance Co. Limited	10-Dec-13	-	-	-	-	3,385,536	-	-	-
8.	Asian Tiger Sandhani Life Growth Fund	2-Aug-17	2,383,659	23,836,590	31,439,706	28,603,908	-	(2,835,798)	3,185,052	-
9.	Bangladesh Gen. Insurance Co.	25-Sep-17	666	6,660	14,067	14,785	-	718	-	-
10.	Bangladesh Steel Re-Rolling Mills	26-Oct-16	-	-	-	-	12,760,000	-	-	-
11.	Bangladesh Submarine Cable Co. Limited	28-Dec-16	-	-	-	-	3,754,164	-	-	-
12.	Baraka Power Limited	27-Dec-16	-	-	-	-	1,718,555	-	-	-
13.	Beximco Limited	20-Nov-10	137,569	1,375,690	16,199,203	3,714,363	3,406,499	(12,484,840)	-	-
14.	Beximco Pharmaceuticals Limited	23-Dec-10	826,705	8,267,050	92,583,480	85,811,979	36,314,914	(6,771,501)	-	-
15.	Brac Bank Limited	8-Dec-10	-	-	-	-	24,874,069	-	-	-
16.	BSRM Steels Limited	10-Dec-13	632,160	6,321,600	58,886,952	49,624,560	27,840,000	(9,262,392)	1,402,850	-
17.	Central Insurance Co. Limited	10-Dec-13	-	-	-	-	1,476,000	-	-	-
18.	Central Pharmaceuticals Limited	11-Sep-14	-	-	-	-	-	-	-	15
19.	City Bank Limited	18-Sep-14	-	-	-	-	10,824,621	-	-	-
20.	City General Insurance Co. Limited	25-Sep-17	207,704	2,077,040	4,077,151	3,780,213	-	(296,938)	-	-
21.	Confidence Cement Limited.	10-Dec-13	-	-	-	-	8,045,604	-	-	-
22.	Continental Insurance Limited	10-Dec-13	-	-	-	-	2,576,000	-	-	-
23.	Dhaka Electric Supply Co. Limited	8-Dec-10	504,658	5,046,580	28,805,944	22,911,473	2,201,565	(5,894,471)	47,550	-
24.	Dutch Bangla Bank Limited	1-Sep-16	-	-	-	-	282,297	-	-	-
25.	Eastern Bank Limited	8-Dec-10	3,803,849	38,038,490	20,648,743	194,376,684	143,665,797	173,727,941	8,519,291	-
26.	Envoy Textiles Limited	9-Nov-16	30,874	308,740	-	-	4,706,906	-	-	37,058
27.	Exim Bank Of Bangladesh Limited	1-Nov-10	-	-	-	-	13,770,319	-	-	-
28.	Far Chemical Industries Limited	27-Dec-16	-	-	-	-	3,036,017	-	-	-
29.	First Security Islami Bank Limited	25-Nov-10	611,871	6,118,710	-	-	-	-	-	305,943
30.	Fu-Wang Ceramics Inds. Limited	19-Apr-12	-	-	-	-	453,653	-	-	4
31.	GPH Ispat Limited	5-Oct-16	541,964	5,419,640	-	-	5,324,835	-	-	650,357
32.	Grameen Phone Limited	16-Feb-14	-	-	-	-	77,479,468	-	-	-
33.	Heidelberg Cement BD Limited	8-Dec-10	169,206	1,692,060	89,579,293	71,895,629	43,371,014	(17,683,664)	3,322,890	-
34.	I.D.L.C Finance Limited	26-May-15	269,062	2,690,620	24,380,566	22,950,989	1,834,146	(1,429,577)	1,309,206	-
35.	I.F.I.C. Bank Limited	10-Dec-13	144,361	1,443,610	2,776,143	2,598,498	-	(177,645)	-	-
36.	ICB Islami Bank Limited.	23-May-08	2,684,000	26,840,000	26,840,000	18,788,000	13,688,400	(8,052,000)	-	-
37.	Industrial Promotion & Dev. Co. Limited.	5-Dec-10	-	-	-	-	8,540,000	-	-	-
38.	Islami Bank Bangladesh Limited.	24-Nov-16	-	-	-	-	25,006,450	-	-	-
39.	Jamuna Oil Company Limited.	21-Sep-11	235,052	2,350,520	49,296,780	44,589,364	37,259,744	(4,707,416)	1,485,460	-
40.	Lafarge Surma Cement Limited.	10-Dec-13	1,288,611	12,886,110	100,636,994	90,073,909	26,272,000	(10,563,085)	1,073,611	-

Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 December 2017	Market value as on 31 December 2016	Gain/(Loss)	Dividend received in 2017
41.	Linde Bangladesh Limited	3-Feb-16	55,230	552,300	72,708,665	70,953,981	37,214,640	(1,754,684)	2,290,816
42.	Malek Spinning Mills Limited.	29-Sep-14	556,413	5,564,130	-	-	9,737,228	-	556,413
43.	Meghna Petroleum Limited.	23-Nov-10	81,000	810,000	15,994,974	15,300,900	40,896,000	(694,074)	2,415,000
44.	Mercentile Bank Limited	6-Nov-16	462,957	4,629,570	12,382,543	12,222,065	3,384,892	(160,478)	1,541,310
45.	MJL Bangladesh Limited.	31-May-15	207,882	2,078,820	24,899,593	22,679,926	7,176,000	(2,219,667)	27,362
46.	NCC Bank Limited	26-Dec-10	953,397	9,533,970	17,898,740	16,875,127	-	(1,023,613)	-
47.	Navana Cng Limited	31-Oct-01	258,958	2,589,580	20,501,484	17,376,082	4,561,863	(3,125,402)	-
48.	Nitol Insurance Company Limited	10-Dec-13	-	-	-	-	715,877	-	-
49.	Olympic Industries Limited	19-Oct-15	191,371	1,913,710	55,677,859	55,172,259	5,899,364	(505,600)	183,575
50.	One Bank Limited	28-Jul-11	1,474,832	14,748,320	36,994,719	35,395,968	6,405,000	(1,598,751)	1,157,271
51.	Orion Infusion Limited.	18-Jul-16	-	-	-	-	7,032,000	-	-
52.	Orion Pharma Limited.	10-Dec-13	-	-	-	-	17,682,000	-	-
53.	Padma Oil Company.	2-Oct-14	175,899	1,758,990	44,502,752	42,039,861	26,135,307	(2,462,891)	1,330,850
54.	Phoenix Insurance Co.Limited.	10-Dec-13	82,228	822,280	2,524,838	2,425,726	-	(99,112)	-
55.	Pioneer Insurance Company Limited	10-Dec-13	-	-	-	-	11,128,670	-	-
56.	Power Grid Co. Of Bangladesh Limited.	2-Dec-10	340,427	3,404,270	19,036,095	17,770,289	25,110,000	(1,265,806)	447,575
57.	Prime Bank 1st Icb Amcl M Fund	11-Apr-16	-	-	-	-	280,655	-	-
58.	Prime Bank Limited.	14-Jun-17	987,088	9,870,880	27,261,950	27,046,211	-	(215,739)	-
59.	Prime Finance & Investment Limited.	9-Nov-10	1,408,302	14,083,020	21,654,891	17,181,284	3,955,329	(4,473,607)	-
60.	Prime Insurance Company Limited.	10-Dec-13	-	-	-	-	1,816,110	-	-
61.	Prime Islami Life Insurance Limited.	2-Mar-14	-	-	-	-	1,263,076	-	-
62.	Purabi General Insurance Co. Limited.	26-Sep-17	383,862	3,838,620	7,321,502	6,640,813	-	(680,689)	-
63.	Rak Ceramics(Bangladesh) Limited.	31-Oct-10	922,186	9,221,860	57,256,266	55,238,941	24,760,012	(2,017,325)	-
64.	Renata Limited.	13-Oct-14	19,000	190,000	-	-	20,624,500	-	123,799
65.	Shahjalal Islami Bank Limited.	3-Feb-14	2,376,637	23,766,370	-	-	8,273,955	-	2,376,651
66.	Sonar Bangla Insurance Limited.	10-Dec-13	-	-	-	-	741,693	-	-
67.	Southeast Bank Limited.	18-Apr-12	655,804	6,558,040	14,773,882	14,558,849	3,009,428	(215,033)	6,000,000
68.	Square Pharmaceuticals Limited.	22-Dec-10	-	-	-	-	14,549,931	-	-
69.	Square Textile Mills Limited.	10-Dec-13	-	-	-	-	9,489,396	-	-
70.	Summit Power Limited.	8-Dec-10	-	-	-	-	28,040,728	-	-
71.	Sunlife Insurance Company Limited.	2-Mar-14	138,000	1,380,000	4,574,572	3,408,600	2,004,060	(1,165,972)	-
72.	Titas Gas Transmission & D.C.L	26-Dec-10	1,385,908	13,859,080	81,201,088	61,257,134	23,712,000	(19,943,954)	888,568
73.	Trust Bank Limited.	10-Dec-13	679,056	6,790,560	-	-	14,748,479	-	1,018,599
74.	U.C.B.L.	10-Dec-13	107,566	1,075,660	-	-	4,934,145	-	161,349
75.	Ultara Power Gen. & Distr Co. Limited.	6-Nov-16	-	-	-	-	16,769,971	-	-
76.	Ultara Finance & Invest. Limited	24-Mar-15	233,522	2,335,220	17,352,431	16,977,049	11,301,513	(375,382)	317,274
77.	Mutual Trust Bank Limited.	8-Oct-14	-	-	-	-	13,167,000	-	-
<b>A. Sub-Total</b>				334,973,650	1,205,664,257	1,246,789,511	981,689,645	41,125,254	46,300,025

B. Mutual fund:										Amount in BDT	
Sl. No.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 December 2017	Market value as on 31 December 2016	Gain/(Loss)	Dividend received in 2017		
1.	First Janata Bank Mutual Fund	22-Dec-10	-	-	-	-	1,770,000	-	-	-	-
2.	ICB AMCL 2nd Mutual Fund	11-Apr-16	2,814,801	28,148,010	32,231,930	29,836,891	-	(2,395,039)	2,129,700		
3.	JFIL Islamic Mutual Fund-1	2-Dec-15	7,534,390	75,343,900	66,631,446	56,507,925	9,602,076	(10,123,521)	5,902,997		
4.	Prime Bank 1st Icb Amcl Mutual Fund	11-Apr-16	-	-	-	-	280,655	-	-		
<b>B. Sub-Total</b>				103,491,910	98,863,376	86,344,816	11,372,076	(12,518,560)	8,032,697		
<b>Total (A+B)</b>				<b>438,465,560</b>	<b>1,304,527,633</b>	<b>1,333,134,327</b>	<b>993,061,721</b>	<b>28,606,694</b>	<b>54,332,722</b>		

C. Non-listed & preference shares:										Amount in BDT	
Sl. No.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 December 2017	Market value as on 31 December 2016	Gain/(Loss)	Dividend received in 2017		
1.	Bangladesh Development Co.Limited	19-Jul-11	79,500	7,950,000	7,950,000	7,950,000	10,557,750	-	752,250		
2.	Central Depository Bangladesh Limited	23-Jun-02	1,142,361	11,423,610	3,138,890	3,138,890	3,138,890	-	2,855,903		
3.	Equity Of Grameen IT Park	1-Feb-01	42,018	4,201,800	4,201,760	4,201,760	4,201,760	-	-		
4.	Karmasangsthan Bank	15-Mar-99	150,000	15,000,000	15,000,000	15,000,000	15,000,000	-	-		
<b>C. Sub-Total</b>				38,575,410	30,290,650	30,290,650	32,898,400	-	3,608,153		
<b>Grand Total (A+B+C)</b>				<b>477,040,970</b>	<b>1,334,818,283</b>	<b>1,363,424,977</b>	<b>1,025,960,121</b>	<b>28,606,694</b>	<b>57,940,875</b>		

**Detail of information on advances exceeding 10% of bank's total capital (funded & non-funded)  
As at 31 December 2017**

(Taka in Lac)

Sl. No.	Name of the Client	Outstanding as on 31 December 2017			Outstanding as on 31 December 2016	CL status as on 31 December 2017
		Funded	Non funded	Total		
1	Amader Bari Limited Group	51,573	-	51,573	46,875	STD
2	BD Chemicals Inds Corp (BCIC)	27,424	738	28,162	12,949	STD
3	Emerald Auto Bricks & Allied	23,634	-	23,634	23,144	BL
4	Feaz Group	19,560	-	19,560	19,560	BL
5	Well Tex And Allied (Adib Dyeing)	19,114	81	19,195	19,342	BL
6	Nilsagor Agro & Allied	14,964	1,960	16,924	14,045	STD
7	New Dhaka City Development Limited	16,923	-	16,923	15,502	SMA
8	Mymco Carbon Limited And Allied	16,597	-	16,597	15,483	BL
9	Vasavi Fashions & Allied	15,808	2	15,810	15,808	BL
10	Bangladesh Development Company Limited	15,735	-	15,735	14,874	BL
11	Borshon/Bithi Group	15,293	-	15,293	13,784	STD
12	Max Sweater (BD) Limited	11,216	3,409	14,625	6,949	STD
13	Aristocrat Group	13,407	-	13,407	12,560	BL
14	Rising Group	13,265	18	13,283	13,319	STD
15	R. I. Enterprise	13,174	-	13,174	12,515	BL
16	Delta Systems Limited	12,842	-	12,842	12,842	BL
17	Emerald Oil & Allied	12,331	142	12,473	12,460	BL
18	Map & Muller Group	12,313	-	12,313	11,160	BL
19	Regent Weaving Limited	12,147	1	12,148	12,050	SMA
20	Ig Navigation Limited	11,995	-	11,995	11,995	BL
21	AB Group	8,642	3,258	11,900	5,891	STD
22	Bay Navigation Limited	11,638	-	11,638	11,678	BL
23	Crystal Steels & Ship Breaking Ltd	11,383	-	11,383	11,561	BL
24	Ajbiha, Youth	11,357	-	11,357	9,583	STD
25	Profusion Textiles Limited	11,155	-	11,155	11,159	BL
26	Ma Tex	11,122	-	11,122	11,122	BL
27	Sea Blue Textile Limited	10,563	531	11,094	10,618	STD
28	BRAC	10,333	-	10,333	9,669	STD
29	A.R.S.S Enterprise	10,219	-	10,219	10,540	BL
	<b>Total</b>	<b>445,727</b>	<b>10,140</b>	<b>455,867</b>	<b>409,037</b>	<b>-</b>

Note 1: In 2017 the capital of the Bank was negative. As such, loans allowed to customers/customers group exceeding 10% of paid-up capital has been reported here as per Bangladesh Bank approval.

Schedule of fixed assets  
As at 31 December 2017

Particulars	Cost			Depreciation				Written down value at 31 December 2017		
	At 01 January 2017	Addition	Disposal/Transfer during the year	Total at 31 December 2017	Rate (%)	Upto 01 January 2017	Charge		Disposal/ adjustment	Upto 31 December 2017
Furniture and fixtures	111,546,524	3,967,450	-	115,513,974	10%	54,670,027	5,855,947	-	60,525,974	54,988,000
Interior decoration	310,973,205	8,379,739	-	319,352,944	10%	125,666,175	19,034,417	-	144,700,592	174,652,352
Machine and equipment	332,783,209	12,361,206	949,650	344,194,765	20%	227,576,497	23,097,365	729,778	249,944,084	94,250,681
Computer hardware	297,981,103	4,997,906	-	302,979,009	20%	264,458,990	18,900,232	-	283,359,222	19,619,787
Software	95,226,936	-	-	95,226,936	20%	88,176,462	5,068,210	-	93,244,672	1,982,264
Motor vehicles	385,017,777	-	3,362,907	381,654,870	25%	367,120,735	16,855,075	3,362,904	380,612,906	1,041,964
Leasehold assets	4,000,000	-	-	4,000,000	1%	827,935	46,001	-	873,936	3,126,064
<b>Total 2017</b>	<b>1,537,528,754</b>	<b>29,706,301</b>	<b>4,312,557</b>	<b>1,562,922,498</b>		<b>1,128,496,821</b>	<b>88,857,247</b>	<b>4,092,682</b>	<b>1,213,261,386</b>	<b>349,661,112</b>
<b>Total 2016</b>	<b>1,518,329,330</b>	<b>20,744,649</b>	<b>1,545,224</b>	<b>1,537,528,755</b>		<b>1,004,100,231</b>	<b>125,668,379</b>	<b>1,271,788</b>	<b>1,128,496,822</b>	<b>409,031,933</b>

**Highlights on the activities of the Bank  
As at 31 December 2017**

**(Amount in BDT)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>2017</b>	<b>2016</b>
1	Paid up capital	10,846,982,500	10,846,982,500
2	Total capital	(15,833,503,421)	(17,466,042,450)
3	Capital surplus/(deficit)	(27,806,765,472)	(28,667,055,485)
4	Total assets	198,816,672,142	204,739,632,059
5	Total deposits	143,180,240,782	158,070,977,543
6	Total loans and advances	145,568,587,491	134,882,802,828
7	Total contingent liabilities and commitments	12,717,872,486	13,114,073,576
8	Credit - deposit ratio	100.25%	83.62%
9	Percentage of classified loans against total loans and advances	54.63%	54.13%
10	Profit/(loss) after tax and provision	(6,843,689,621)	(14,930,401,001)
11	Amount of classified loans and advances	79,529,875,921	73,006,863,879
12	Provision kept against classified loan	21,225,549,855	17,772,102,258
13	Provision surplus/(deficit)	(29,824,944,422)	(28,258,862,928)
14	Cost of fund	6.98%	8.31%
15	Interest earning assets	96,643,408,051	116,183,979,116
16	Non-interest bearing assets	102,173,264,091	88,555,652,943
17	Return on Investment (ROI)***	-42.99%	-71.84%
18	Return on Assets (ROA)	-3.39%	-7.49%
19	Incomes on investment	2,596,094,695	3,141,726,351
20	Earnings per share (EPS)	(6.31)	(13.76)
21	Net income per share	(6.31)	(13.76)
22	Price earning ratio**	N/A	N/A

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

\*\* N/A: Not Applicable



# List of Executives

<b>Managing Director</b>
Muhammad Awal Khan
<b>Deputy Managing Director</b>
Kanak Kumar Purkayastha
<b>General Managers</b>
Md. Mozammel Hossain
Ahmad Hossain
Hasan Tanvir
Mohammad Moniruzzaman
Abu Sayed Md. Rowshanul Haque
A.K.M. Masudur Rahman
Md. Ismail
Khan Iqbal Hasan
Md. Abul Kalam Azad
Abu Md. Mofazzal
Md. Momenul Hoque
Niranjan Chandra Debnath

**Deputy General Managers**

Md. Omar Faruque

Abdul Adud

Md. Kabir Uddin

Mohammed Ali

Nurur Rahman Chowdhury

Saifur Rahman

Md. Fida Hasan

Md. Masudul Alam

Mahbub Alam Khan

Md. Mahabubul Alam

Helena Perveen

Md. Hasan Imam

Debasish Karmaker

B.M. Kamruzzaman

Mohammad Musa Khan

Niaz Musawwir Shah

Arif Hossain

Md. Rabiul Alam Tipu

Mariom Begum

Abdus Sabur

Md. Ashrafuzzaman

Mohammad Al- Amin

A.M. Shahed Husain

Md. Abdus Satter Khan

Md. Khosh Newaz

Shakir Mahmud Sharafuddin

Md. Mahmud Hasan

Md. Abdul Maleque Kibria



Jahir Uddin Ahmed
Md. Nurul Islam
Md. Helal Uddin
Md. Ruhul Amin
Muhammad Imrul Islam
Mohammad Didarul Alam
Md. Nashir Uddin
Sumit Ranjan Nath
Palash Das Gupta
Md. Ghulam Sayeed Khan
Sanjay Kumar Datta
Faisal Shah Qureshi
Md. Zahir Uddin
Md. Rezaul Alam
Md. Nasir Uddin
Saidur Rahman Sohel
Dominic Sampson
Md. Mizanur Rahman
Shehab Chowdhury
A. B. M Zahid Hossain



### Assistant General Managers

Mohammed Idrish Bhuiyan

Md. Kamrul Islam

S.M. Anisuzzaman

Md. Billal Hossain

Sadia Akhter Shahin

Shamima Akther

A.S.M. Anisur Rahman Choudhury

Md. Ekhwanul Islam

Iftekhar Ahmed

Md. Mafizur Rahman Talukdar

Ferdousi Begum

Rabiul Hossain Chowdhury

Md. Abu Sahid

Golam Kabir

Mohammed Yusuf

Sk. Nazrul Islam

Ekramul Bari

Md. Abdul Ali

Md. Abul Kalam Azad

Md. Shariful Islam

Muhammad Nazmul Hasan

Md. Abdul Hannan Howlader

Md. Raihan Ali

Mahbubor Rahman

Md. Salequr Rahman

Md. Gahar Ali Khan

Md. Rakibul Hassan

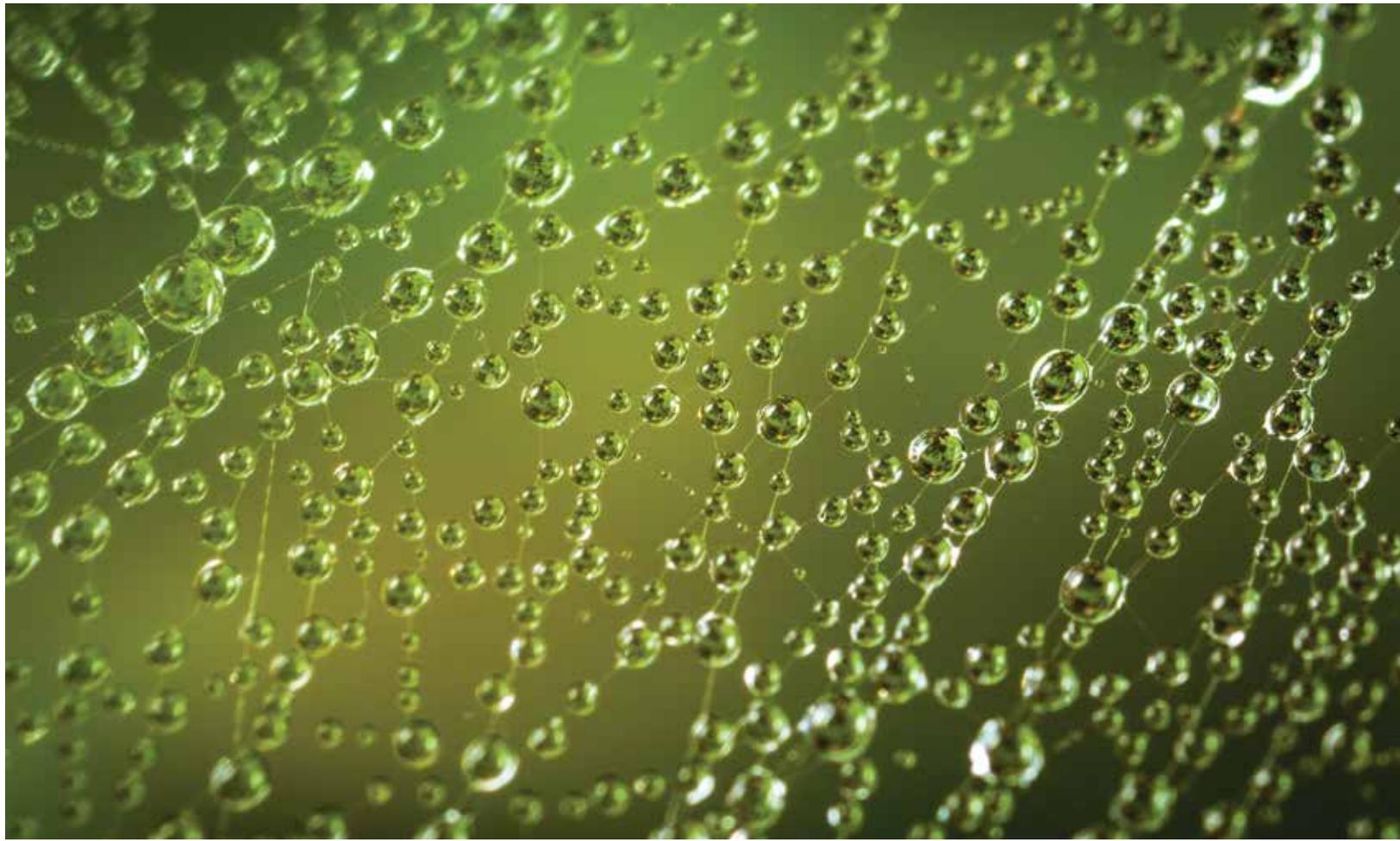
S. M. Zahid Hassan Sayed

Md. Taslim Uddin
S. M. Hasibur Rahman
Md. Ismail Hossain
Nitul Kanti Saha
Md. Ashraf Hossain
Md. Abdul Matin
Razia Khatun
Atikuzzaman Khan
Sk. Mahfuzur Rahman
Syed Md. Humayun Kabir
Md. Mashiur Rahman
Md. Abul Hossain
Md. Mominul Haque Chowdhury
Md. Masud Hasan
Md. Shamim Khan
Md. Anwar Hossain Rubel
Md. Sayem Abul Khair
Mohammad Mahmudul Hasan
Chowdhury Tanbir Ahmed
Mohammad Jasim Uddin
Md. Golam Ershad
Farbina Rahman
Syed Abdullah-Al- Zaman
Md. Ahsanul Mamun Chowdhury
Mohammad Shafiqul Alam
Kazi Abdullah Al - Mahmud
Abdus Samad Majumder
Imrul Islam
Tania Tamassum

Nazibur Rahman
Debashish Dasgupta
Sharif Ahmed
Md. Khalilur Rahman Bhuiyan
Abul Hashem Mozumder
Sahidul Alam Mohammad Kabir
Abu Musa Md. Golam Mostafa
Md. Nazir Uddin Ahamad
Majir Uddin Ahmed Chowdhury
Md. Shahadat Hossain Khan
Md. Nazrul Islam
Md. Fazlul Karim
Md. Jalal Uddin
Rumana Ahad
Ranjan Chakraborty
Shoyeb Ahmed
Md. Jahangir Hossain
Mia Muhammad Mustafiz Munir
Md. Anower Ul Haq
Mohammad Anisur Rahman
Md. Mamunur Rahman
Mohammad Tariqul Islam
Mohammad Majadul Haque Chowdhury
Md. Nazmul Islam
A.H.M. Mazadur Rahaman
Saifuna Begum
Md. Khalekuzzaman Talukder
Afroza Haque Jolly
Shafi Ahamad



Kazi Reza Azmin Rashid
Sazzad Hossain
Abul Kalam Md. Shumsuddin
Dilruba Nusrat
Abu Saleh Mohammad Mahbubul Amin
Md. Zahadul Hoque
Mohammad Golam Azam
Md. Anwar Hossain
Md. Dulal Hossain
Md. Matiur Rahman
Md. Khorshed Alam
Masud Reza Mohammad Amanul Bari
Mohammad Ishtiaque Azad



# **Head Office and Branches of BASIC Bank Limited**



### HEAD OFFICE

Sena Kalyan Bhaban  
195 Motijheel C/A, Dhaka-1000  
Tel: 02-9568190, 9564830, 9590548, 9590549, 9591002-6  
Fax: 02-9564829, 7115612, 7124911, 7125653  
SWIFT: BKSIBDDH  
Branch Code: 01  
E-mail: basicho@basicbanklimited.com

### ICT DIVISION

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

### BASIC BANK TRAINING INSTITUTE (BBTI)

Gause-Pak Biponi Bitan (10th & 11th Floors)  
28/G/1, Toyenbee Circular Road,  
Motijheel C/A, Dhaka-1000  
E-mail: basicti@basicbanklimited.com

## Dhaka Division

### MAIN BRANCH

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

### BANGSHAL BRANCH

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

### SHANTINAGAR BRANCH

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

### MOULVIBAZAR BRANCH

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

### TANBAZAR BRANCH

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

### NARSINGDI BRANCH

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

### GULSHAN BRANCH

33, Gulshan Commercial Area  
Gulshan South Avenue, Gulshan-1, Dhaka  
Tel: 02-9883501-2, 9862127  
Fax: 02-9857307  
SWIFT: BKSIBDDH021  
Branch Code: 21  
E-mail: gulshan@basicbanklimited.com

### MIRPUR BRANCH

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

### BABUBAZAR BRANCH

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

### UTTARA BRANCH

Plot No. 67/A (1st floor), Rabindra Saroni  
Sector-7, Uttara Model Town, Dhaka-1230.  
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Fax: 02-48951031  
SWIFT:  
Branch Code: 26  
E-mail: uttara@basicbanklimited.com

### DILKUSHA BRANCH

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

### MADHABDI BRANCH

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



#### GAZIPUR CHOWRASTA BRANCH

Noor Plaza (1st floor), Gazipur Chowrasta  
Mymensingh Road, Gazipur  
Tel: 02-49263115, 02-49263134  
Fax: 02-49263197  
SWIFT:  
Branch Code: 33  
E-mail: gazipurchowrasta@basicbanklimited.com

#### TUNGIPARA BRANCH

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

#### SAVAR BRANCH

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

#### ISLAMPUR BRANCH

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

#### DHANMONDI BRANCH

54, Manna's Tower (1st floor), Road # 4/A,  
Satmasjid Road, Dhanmodi R/A, Dhaka-1209  
Tel: 02-9666912, 9614892  
Fax: 02-9611560  
SWIFT:  
Branch Code: 28  
E-mail: dhanmondi@basicbanklimited.com

#### KARWAN BAZAR BRANCH

Latif Tower, 47 Karwan Bazar  
Dhaka-1215  
Tel: 02-8180208, 9146294, 02-9146282  
Fax: 02-9146364  
SWIFT:  
Branch Code: 31  
E-mail: karwanbazar@basicbanklimited.com

#### BASHUNDHARA BRANCH

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

#### KOTALIPARA BRANCH

Holding no : 281  
Bank Bhaban, Sultan Market,  
Ghagore Bazar, Kotalipara, Gopalganj  
Tel: 02-6651344, 02-6651343  
Fax: 02-6651342  
SWIFT:  
Branch Code: 50  
E-mail: kotalipara@basicbanklimited.com

#### SHYAMOLI BRANCH

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

#### MATUAIL BRANCH

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

#### MAWNA BRANCH

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

#### FARIDPUR BRANCH

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Kotwali, Faridpur  
Tel: 0631-67228, 67229  
Fax: 0631-67230  
SWIFT:  
Branch Code: 46  
E-mail: faridpur@basicbanklimited.com

**BANANI BRANCH**

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

**KERANIGANJ BRANCH**

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

**DHAKA CANTONMENT BRANCH**

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

**ELENGA BRANCH**

Holding no: 1665  
Dr. Hasen Ali Super Market  
Elenga Bazar Road, Elenga, Kalihati, Tangail  
Mob: 01730057338  
Fax:  
SWIFT:  
Branch Code: 65  
E-mail: elenga@basicbanklimited.com

**Chittagong Division**

**KHATUNGONJ BRANCH**

193 Khatungonj, Chittagong-4000  
Tel: 031-614200, 616280  
Fax: 031-622435  
SWIFT: BKSIBDDH004  
Branch Code: 04  
E-mail: khatungonj@basicbanklimited.com

**AGRABAD BRANCH**

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

**JUBILEE ROAD BRANCH**

G.R. Plaza, 5 Jubilee Road  
Chittagong-4100  
Tel: 031-63447, 638305  
Fax: 031-2851738  
SWIFT: BKSIBDDH013  
Branch Code: 13  
E-mail: jubileeroad@basicbanklimited.com

**ASADGONJ BRANCH**

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

**SHOLASHAHAR BRANCH**

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

**DEWANHAT BRANCH**

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

**CHANDPUR BRANCH**

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

**PAHARTOLI BRANCH**

Plot No. 9 & 10, Block-G, Firoz Shah Housing Estate  
Pahartoli, Chittagong  
Tel: 031-2773449, 031-2773450, 031-750001  
Fax: 031-2773448  
SWIFT:  
Branch Code: 45  
E-mail: pahartoli@basicbanklimited.com



#### DOHAZARI BRANCH

Janakalyan Tower (1st floor), Main Raod,  
Dohazari, Chandanaish, Chittagong  
Tel: 0443-9009133  
Fax:  
SWIFT:  
Branch Code: 59  
E-mail: dohazari@basicbanklimited.com

#### PATHERHAT BRANCH

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

#### CEPZ BRANCH

Islam Plaza, Holding no-1279/1685  
Ward-39, South Haliahar,  
M.A. Aziz Road, CEPZ Chittagong -4100  
Tel: 031-740094, 740733  
Fax: 031-800512  
SWIFT:  
Branch Code: 25  
E-mail: cepz@basicbanklimited.com

#### COX'S BAZAR BRANCH

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

#### COMILLA BRANCH

Holding No.- 03, A.M.D. Complex Market,  
Chatipatty, Rajgonj, Comilla-3500  
Tel: 081-65886, 081-73444  
Fax: 081-71444  
SWIFT:  
Branch Code: 17  
E-mail: comilla@basicbanklimited.com

#### JORARGANJ BRANCH

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

### Khulna Division

#### KHULNA BRANCH

107, Sir Iqbal Road, Khulna-9100  
Tel: 041-720361, 721672, 041-810521  
Fax: 041-812255  
SWIFT: BKSIBDDH025  
Branch Code: 05  
E-mail: khulna@basicbanklimited.com

#### JHIKARGACHA BRANCH

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

#### JESSORE BRANCH

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

#### FAKIRHAT BRANCH

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

#### SATKHIRA BRANCH

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

**KUSHTIA BRANCH**

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

**KDA AVENUE BRANCH**

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

**JHENAIDAH BRANCH**

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

**CHITALMARI BRANCH**

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

**Rajshahi Division**

**RAJSHAHI BRANCH**

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

**CHAPAINAWABGANJ BRANCH**

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

**SIRAJGANJ BRANCH**

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

**NATORE BRANCH**

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

**BELKUCHI BRANCH**

Bhuiya Plaza  
Mukundagati Bazar, Belkuchi, Sirajganj  
Tel: 07522-56317, 07522-56540  
Fax: 07522-56539  
SWIFT:  
Branch Code: 40  
E-mail: belkuchi@basicbanklimited.com

**BOGRA BRANCH**

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



## Rangpur Division

### SAIDPUR BRANCH

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

### RANGPUR BRANCH

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

## Barisal Division

### BARISAL BRANCH

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

### MOHIPUR BRANCH

Nazibpur, Mohipur  
Kalapara, Patuakhali  
Mobil: 01795126161  
Fax:  
SWIFT:  
Branch Code: 69  
E-mail: mohipur@basicbanklimited.com

### MATHBARIA BRANCH

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

## Sylhet Division

### ZINDABAZAR BRANCH

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

### CHOWMUHANA BRANCH

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

### MIRPUR BAZAR BRANCH

Chowdhury Complex, Dhulia Khal Road,  
Mirpur Bazar, Bahubal, Habiganj  
Mobil: 01714166946  
Fax:  
SWIFT:  
Branch Code: 62  
E-mail: mirpurbazar@basicbanklimited.com

### SONARPARA (RAYNAGAR) BRANCH

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

### Mymensingh Division

**MYMENSINGH BRANCH**

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

**ISHWARGANJ BRANCH**

41, Patbazar Road, Ishwarganj  
Mymensingh  
Tel: 0902-756153, 756152  
Fax: 0902-756152  
SWIFT:  
Branch Code: 66  
E-mail: [ishwarganj@basicbanklimited.com](mailto:ishwarganj@basicbanklimited.com)

### List of proposed Branches to be opened in the year 2018

Sl.	Division	District	Upazila	Proposed	Status
1.	Mymensingh	Jalalpur	Jalalpur Sadar	Jalalpur Sadar	Urban
2.	Chittagong	Feni	Feni Sadar	Feni Sadar	Urban
3.	Dhaka	Munshiganj	Munshiganj Sadar	Muktarpur	Rural
4.	Rangpur	Dinajpur	Chirirbandar	Chirirbandar Bazar	Rural

## List of Collection Booths

### **Cox's Bazar College Collection Booth**

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

### **Cox's Bazar Pourashava Collection Booth**

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

### **Dhaka Polli Biddut Shamity-3 Collection Booth**

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

### **Savar Pourashava Collection Booth**

Holding : 01, Road: Pourashava Road  
Savar, Dhaka

### **BTCL Collection Booth**

Ramna BTCL Exchange Bhaban  
Ramna Dhaka  
Phone: 02-9566042

### **BTCL Collection Booth**

Gulshan BTCL Exchange Bhaban  
Gulshan, Dhaka  
Phone: 02-8949807

### **BTCL Collection Booth**

Sher-e- Bangla Nagar BTCL Exchange Bhaban  
Sher-e- Bangla Nagar, Dhaka  
Phone: 02-9140302

### **GTCL Collection Booth**

GTCL Bhaban, Holding: F 18/A,  
Sher-e-Bagnla Nagar, Ward No: 28,  
Dhaka

## List of ATM Booths

### Basundhara City Market ATM Booth

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

### Uttara ATM Booth

Uttara Tower-1, Jashimuddin Avenue, Sector-3, Uttara, Dhaka.

### Rifles Square Market ATM Booth

Shop-3, Rifle Square Market, Dhanmondi, Dhaka

### Kachukhet Cantonment ATM Booth

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

### Bashundhara Branch ATM Booth

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

### Dilkusha Branch ATM Booth

14, Dilkusha C/A, Dhaka

### Khulna Branch ATM Booth

107, Sir Iqbal Road, Khulna-9100

### Mirpur-1 ATM Booth

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

### Gulshan BTCL Bhaban ATM Booth

Gulshan BTCL Complex, Gulshan-1 Gulshan, Dhaka

### Main Branch ATM Booth

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

### Agrabad Branch ATM Booth

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

### Shantinagar Branch ATM Booth

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

### IEB Ramna ATM Booth

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

### Shymoli ATM Booth

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

### Mohipur Branch ATM Booth

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

### Mathbaria Branch ATM Booth

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

### GTCL Bhaban ATM Booth

GTCL Bhaban, Holding: F 18/A, Sher-e-Bagnla Nagar, Ward No: 28, Dhaka



Type of Rating	Entity (Standalone Basis)	Government support entity
Long Term	B+	A
Short Term	ST - 5	ST-3
Outlook	Stable	
Year of Rating	2017	
Rating Date	June 28, 2018	

Credit Rating Information and Services Limited (CRISL) has assigned `B+' (pronounced as Single B Plus) to BASIC Bank Limited for Long Term and `ST-5' for Short Term with stable outlook for the year 2017. Rating `B+' in Long term reflected that timely repayment of financial obligation is impaired by serious problems which the entity is faced with. On the other hand, `ST-5' rating in Short Term showed that liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.

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



## বেসিক ব্যাংক লিমিটেড

প্রধান কার্যালয়, ঢাকা

### ২৯-তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এতদ্বারা সংশ্লিষ্ট সকলকে জানানো যাচ্ছে যে, বেসিক ব্যাংক লিমিটেড এর ২৯-তম বার্ষিক সাধারণ সভা সেপ্টেম্বর ৩০, ২০১৮, রবিবার, দুপুর ১২:৩০ মিনিটে ব্যাংকের প্রধান কার্যালয়, ১৯৫, মতিঝিল বাণিজ্যিক এলাকা, ঢাকায় অবস্থিত সেনা কল্যাণ ভবনের সপ্তম তলায় নিম্নলিখিত কার্য সম্পন্ন করার লক্ষ্যে অনুষ্ঠিত হবে-

১. ৩১ ডিসেম্বর, ২০১৭ তারিখের স্থিতি অনুযায়ী কোম্পানীর নিরীক্ষিত বার্ষিক হিসাব, পরিচালকমণ্ডলীর প্রতিবেদন ও নিরীক্ষকগণের প্রতিবেদন গ্রহণ ও অনুমোদনের জন্য উপস্থাপন।
২. নিরীক্ষকগণের নিয়োগ ও পারিশ্রমিক নির্ধারণ।
৩. পরিচালকগণের নির্বাচন।

সেপ্টেম্বর ০৬, ২০১৮

পরিচালনা পর্ষদের আদেশক্রমে

মোঃ হাসান ইমাম  
কোম্পানী সচিব









***BASIC Bank Limited***

*Serving people for progress*

A STATE OWNED SCHEDULED BANK

Head Office: Sena Kalyan Bhaban (5th floor), 195 Motijheel C/A, Dhaka-1000

Tel: 880-2-9568190, 9564830, 9590548, 9590549, 9556616

[www.basicbanklimited.com](http://www.basicbanklimited.com)