

BASIC Bank Limited

Head Office

Sena Kalyan Bhaban

195 Motijheel Commercial Area

Dhaka 1000

BASIC Bank Limited

Auditors' report and financial statements
for the year ended 31 December 2018

S. F. AHMED & CO

Chartered Accountants

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Independent Auditors' Report to the Shareholders of BASIC Bank Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of BASIC Bank Limited (the Bank), which comprise the balance sheet as at 31 December 2018, and profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1.

Basis for Qualified Opinion

Most of the reported loans and advances of the Bank were sanctioned and disbursed during the period from 2010-2014. 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/dispursed without credit risk grading (CRG) or having manipulated CRG and less than acceptable limit, significant weakness in loan documentation, the utilisation of loan facilities not ensured by the Bank on the said period.

We could not audit the files of collateral security relating to 56 (fifty-six) loan clients/accounts amounting to BDT 29,450,302,000 which represents 19.37% of total loans and advances of the Bank of its Gulshan, Shantinagar, Main and Dilkusha branches due to seizure of the respective files by the Anti-Corruption Commission, Bangladesh.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

We draw attention to the following matters disclosed in the financial statements. Our opinion, however, 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.



Independent Auditors' Report to the Shareholders of BASIC Bank Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our assessed key audit matters and how we addressed those matters are outlined below:

Measurement of provision for loans and advances

The process for estimating the provision for loans and advances associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation. At the year end, the Bank reported total loans and advances of BDT 151,968 million (2017: BDT 145,567 million) and provision for loans and advances of BDT 23,553 million (2017: BDT 21,792 million) respectively as referred in notes 7.8, 12.1 and 33 to the financial statements.

We tested the design and operating effectiveness of key controls focusing on the provisioning process and identification of loss events including early warning indicator. Our substantive procedures in relation to the provision for loans were reviewing the adequacy of the provision requirement, assessing the methodology on which the provision amounts are based, recalculating the provisions and tested the completeness and accuracy of the underlying information and finally assessing the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank's guidelines.

Valuation of treasury bonds

The classification and measurement of treasury bonds require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of treasury bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment as referred in note 6.1.2 to the financial statements.

We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank's guidelines.

Impairment assessment of unquoted investments

In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.

We have assessed the processes and controls put in place by the Bank to ensure all major investment decisions are undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31 December 2018 and compared our results to the recorded value. Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank's guidelines.

Measurement of deferred tax assets

The Bank reported net deferred tax assets totaling BDT 588 million (2017: BDT 551 million) as at 31 December 2018. Significant judgment is required in relation to measurement of deferred tax assets as their recoverability is dependent on foreseeable of future probability over a number of years as referred in note 35 to the financial statements.



Independent Auditors' Report to the Shareholders of BASIC Bank Limited

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of deferred tax assets and assumption used in estimating Bank's taxable income. We also assessed the completeness and accuracy of the data used for estimation of future taxable income. Finally we assessed the appropriateness and presentation of disclosures against IAS 12 – Income Tax.

Legal and regulatory matters

We focused on this area because the Bank operates in a legal and regulatory environment that is exposed to significant litigation and risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established as other contingent liabilities. Overall, the legal provision represents the Bank's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Bank's financial position.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the Bank's provisions and contingent liabilities disclosure.

IT systems and controls

Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.

We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorised. We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Other information

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinions on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to request management and those charged with governance to correct the material misstatement.



Independent Auditors' Report to the Shareholders of BASIC Bank Limited

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

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

In preparing the financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditors' Report to the Shareholders of BASIC Bank Limited

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Bank Company 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 for the financial statements and internal control:
 - (i) internal audit, internal control and risk management arrangements of the Bank, as disclosed in in the financial statements appeared to be materially adequate; and
 - (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 other than matter disclosed in the financial statements.
- (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 together with the annexed notes 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 International Financial Reporting Standards (IFRSs) as explained in note 2.1 as well as with related guidance issued by Bangladesh Bank;
- (f) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (g) provision for loans and advances have been made in concurrence with Bangladesh Bank which is, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly as referred in notes 7.7, 7.8 and 33 to the financial statements;
- (h) the information and explanations required by us have been received and found satisfactory;
- (i) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,600 person hours for the audit of the books and account of the Bank; and
- (j) capital to risk-weighted asset ratio (CRAR) as required by Bangladesh Bank has not been maintained adequately during the year as stated in note 13.3 to the financial statements.



Dhaka, Bangladesh
Dated, 30 April 2019

S. F. AHMED & CO
Chartered Accountants

BASIC Bank Limited

Balance Sheet
As at 31 December 2018

	Notes	2018 BDT	2017 BDT
PROPERTY AND ASSETS			
Cash	3	8,836,514,002	10,513,629,333
In hand (including foreign currencies)		641,564,550	740,493,221
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		8,194,949,452	9,773,136,112
Balance with other banks and financial institutions	4	924,157,582	8,954,193,185
In Bangladesh		677,591,646	8,281,878,251
Outside Bangladesh		246,565,936	672,314,934
Money at call and on short notice	5	450,000,000	-
Investments	6	23,939,282,643	28,645,038,972
Government		22,600,651,820	27,110,157,689
Others		1,338,630,823	1,534,881,283
Loans and advances	7	151,968,053,141	145,568,587,491
Loans, cash credits, overdrafts, etc		151,110,616,317	144,586,220,625
Bills purchased and discounted		857,436,824	982,366,866
Fixed assets including premises, furniture and fixtures	8	312,294,529	349,661,112
Other assets	9	5,130,111,520	4,785,562,049
Non-banking assets		-	-
Total assets		191,560,413,416	198,816,672,142
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	8,016,776,583	4,798,152,520
Deposits and other accounts	11	131,821,582,933	143,180,240,782
Current deposit and other accounts		5,674,082,123	5,539,030,307
Bills payable		888,637,084	899,365,462
Savings bank deposits		6,373,035,687	5,866,356,817
Fixed deposits		118,885,828,039	130,875,488,196
Other deposits		-	-
Other liabilities	12	41,340,729,496	36,931,184,199
Total liabilities		181,179,089,012	184,909,577,501
Shareholders' equity			
Paid-up capital	13.2	10,846,982,500	10,846,982,500
Share money deposit		26,000,000,000	26,000,000,000
Statutory reserve	14	2,224,690,642	2,224,690,642
Other reserves	15	167,078,596	153,897,221
Retained earnings/(losses)	16	(30,062,427,334)	(26,523,475,722)
		9,176,324,404	12,702,094,641
Non-cumulative irredeemable preference shares		1,205,000,000	1,205,000,000
Total equity		10,381,324,404	13,907,094,641
Total liabilities and shareholders' equity		191,560,413,416	198,816,672,142



BASIC Bank Limited

Balance Sheet
As at 31 December 2018

	Notes	2018 BDT	2017 BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17	14,815,414,978	12,717,872,486
Acceptances and endorsements		2,353,168,476	2,815,180,213
Letters of guarantee		2,402,965,312	2,252,493,027
Irrevocable letters of credit		8,649,059,607	6,500,826,359
Bills for collection		954,904,666	655,631,942
Other contingent liabilities		455,316,916	493,740,945
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		14,815,414,978	12,717,872,486

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

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

 Chief Financial Officer
  Managing Director
  Director
  Director
  Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 30 April 2019




S. F. AHMED & CO
Chartered Accountants

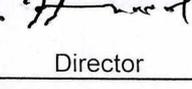
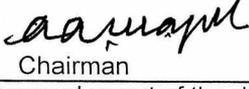
BASIC Bank Limited

Profit and Loss Account
For the year ended 31 December 2018

	Notes	2018 BDT	2017 BDT
Interest income	18	6,461,928,289	7,188,988,962
Interest paid on deposits, borrowings, etc	19	(7,721,878,671)	(7,377,135,896)
Net interest income		(1,259,950,382)	(188,146,934)
Investment income	20	2,240,391,121	2,596,094,695
Commission, exchange and brokerage	21	737,747,082	682,584,627
Other operating income	22	146,370,682	147,500,334
Total operating income		3,124,508,884	3,426,179,656
		1,864,558,502	3,238,032,722
Salaries and allowances	23	2,368,728,225	2,156,952,544
Rent, taxes, insurance, electricity, etc	24	338,197,226	327,133,925
Legal expenses	25	19,436,123	23,134,524
Postage, stamp, telecommunication, etc	26	43,632,054	38,201,606
Stationery, printing, advertisement, etc	27	33,886,147	36,338,077
Managing Director's salary and allowances	28	4,840,000	5,476,667
Directors' fees and other benefits	29	2,971,600	2,576,000
Auditors' fees		920,000	920,000
Charges on loan losses		-	8,220,772
Depreciation of bank's assets	30	57,566,719	88,857,247
Repairs of bank's assets	31	35,987,174	40,291,722
Other expenses	32	158,959,759	158,381,242
Total operating expenses		3,065,125,028	2,886,484,326
Profit/ (loss) before provision		(1,200,566,525)	351,548,396
Provision made during the year			
Provision for loan	33.a	1,758,601,438	7,073,780,710
Provision (excess provision) for off-balance sheet exposures	33.b	6,873,209	8,271,137
Provision for other assets	33.c	-	11,790,660
Provision for balance with other banks and financial institutions	33.d	300,000,000	-
Provision for diminution in value of investment	33.e	252,404,395	-
		2,317,879,042	7,093,842,507
Total profit/ (loss) before tax		(3,518,445,567)	(6,742,294,111)
Provision for taxation			
Current tax	34	57,518,623	149,408,068
Deferred tax	35	(37,012,578)	(48,012,558)
		20,506,045	101,395,510
Net profit/(loss) after tax		(3,538,951,612)	(6,843,689,621)
Appropriations:			
Statutory reserve	14	-	-
General reserve		-	-
Dividends, etc		-	-
		(3,538,951,612)	(6,843,689,621)
Retained earnings/losses		(3,538,951,612)	(6,843,689,621)
Earnings per Share (EPS)	38	(3.26)	(6.31)

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

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

 Chief Financial Officer
  Managing Director
  Director
  Director
  Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 30 April 2019



S. F. AHMED & CO
Chartered Accountants

BASIC Bank Limited

Statement of Changes in Equity
For the year ended 31 December 2018

Particulars	Paid-up capital	Share money deposit	Statutory reserve	Investment revaluation reserve					Retained earnings/ (losses)	Non-cumulative irredeemable preference share	Total
				General reserve	Gain on revaluation for HFT	Amortisation of discount of HTM	Loss on revaluation/ Amortisation of HTM securities	Sub-Total			
Balance as at 01 January 2018	10,846,982,500	26,000,000,000	2,224,690,642	40,000,000	178,779,447	5,567,593	(70,449,819)	153,897,221	(26,523,475,722)	1,205,000,000	13,907,094,641
Net profit/(loss) for the year	-	-	-	-	-	-	-	-	(3,538,951,612)	-	(3,538,951,612)
Interest waived from retained earnings during the year	-	-	-	-	-	-	-	-	-	-	-
Increase of revaluation reserve for securities during the year	-	-	-	-	811,966,286	2,694,031	(33,392,498)	781,267,819	-	-	781,267,819
Adjustment of revaluation reserve for securities during the year	-	-	-	-	(783,480,841)	(1,559,471)	16,953,868	(768,086,444)	-	-	(768,086,444)
Transfer to other reserve	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid during the year	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-
Share money received during the year	-	-	-	-	-	-	-	-	-	-	-
Issuance of bonus shares	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Free reserve	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2018	10,846,982,500	26,000,000,000	2,224,690,642	40,000,000	207,264,892	6,702,153	(86,888,449)	167,078,596	(30,062,427,334)	1,205,000,000	10,381,324,404
Balance as at 31 December 2017	10,846,982,500	26,000,000,000	2,224,690,642	40,000,000	178,779,447	5,567,593	(70,449,819)	153,897,221	(26,523,475,722)	1,205,000,000	13,907,094,641

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



[Signature]
Chief Financial Officer

[Signature]
Managing Director

[Signature]
Director

[Signature]
Director

[Signature]
Chairman

Dhaka, Bangladesh
Dated, 30 April 2019

BASIC Bank Limited

Cash Flow Statement
For the year ended 31 December 2018

	2018 BDT	2017 BDT
A) Cash flows from operating activities		
Interest receipts in cash	8,763,969,787	9,545,843,922
Interest payments	(7,417,280,197)	(7,698,344,173)
Dividends receipts	47,620,774	57,940,875
Fee and commission receipts in cash	737,747,082	682,584,627
Recoveries of loans previously written off	2,000,000	7,570,628
Cash payments to employees	(2,354,650,176)	(3,050,274,007)
Cash payments to suppliers	(33,886,147)	(36,338,077)
Income taxes paid	(37,887,004)	(367,976,721)
Receipts from other operating activities	144,363,899	138,206,153
Payments for other operating activities	(600,103,936)	(590,639,019)
	(748,105,919)	(1,311,425,792)
Operating loss before changes in operating assets and liabilities		
Increase/(decrease) in operating assets and liabilities		
Statutory deposit	-	-
Purchase/sale of trading securities	4,718,937,704	19,037,800,044
Loans and advances to customers	(6,399,465,650)	(10,685,784,663)
Other assets (item-wise)	(446,896,750)	(62,312,329)
Deposits from other banks	(17,227,805)	(16,380,810,088)
Deposits from customers	(11,341,430,045)	1,490,073,327
Other liabilities (item-wise)	1,778,606,819	(2,231,870,069)
	(11,707,475,726)	(8,832,903,778)
Net cash used in operating activities	(12,455,581,645)	(10,144,329,570)
B) Cash flows from investing activities		
Proceeds from sale of securities	-	-
Cash payments for purchase of securities	-	-
Purchase of property, plant and equipment	(20,203,472)	(29,706,301)
Sales of property, plant and equipment	10,119	1,943,428
Net cash used in investing activities	(20,193,353)	(27,762,873)
C) Cash flows from financing activities		
Increase/(decrease) in long term borrowings	3,218,624,063	2,472,989,196
Receipt from Government	-	10,000,000,000
Conversion of borrowings into reserve	-	-
Payment of dividend	-	-
Net cash from financing activities	3,218,624,063	12,472,989,196
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	(9,257,150,936)	2,300,896,753
E) Effects of exchange rate changes on cash and cash equivalents	-	-
	(9,257,150,936)	2,300,896,753
F) Cash and cash equivalents at beginning of the year	19,467,822,518	17,166,925,765
G) Cash and cash equivalents at end of the year (D+E+F)	10,210,671,584	19,467,822,518
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	641,564,550	740,493,221
Balances with Bangladesh Bank and its agent bank (s)	8,194,949,452	9,773,136,112
Balances with other banks and financial institutions	922,021,482	8,952,764,385
Money at call and on short notice	450,000,000	-
Prize bonds	2,136,100	1,428,800
	10,210,671,584	19,467,822,518

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


Chief Financial Officer


Managing Director


Director


Director


Chairman



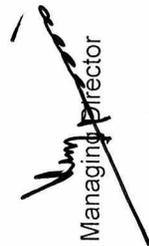
BASIC Bank Limited

Liquidity Statement (Analysis of Maturity of Assets and Liabilities)
As at 31 December 2018

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
Assets						
Cash in hand	641,564,550	-	-	-	8,194,949,452	8,836,514,002
Balances with other banks and financial institutions	40,316,852	753,365,792	-	130,474,938	-	924,157,582
Money at call and on short notice	450,000,000	-	-	-	-	450,000,000
Investments	752,200,000	-	2,293,500,000	6,012,200,000	14,881,382,643	23,939,282,643
Loans and advances	15,753,300,000	4,302,900,000	25,993,900,000	64,505,900,000	41,412,053,141	151,968,053,141
Fixed assets including land, building, furniture and fixtures	3,076,464	804,144	14,153,399	81,479,430	212,781,092	312,294,529
Other assets	-	-	-	5,130,111,520	-	5,130,111,520
Non-banking assets	-	-	-	-	-	-
Total assets	17,640,457,866	5,057,069,936	28,301,553,399	75,860,165,888	64,701,166,328	191,560,413,416
Liabilities						
Borrowings from other banks, financial institutions	2,935,200,000	3,001,100,000	5,200,000	27,200,000	2,048,076,583	8,016,776,583
Deposits and other accounts	22,028,100,000	26,582,300,000	59,264,100,000	22,694,300,000	1,252,782,933	131,821,582,933
Provision and other liabilities	771,500,000	689,700,000	1,986,000,000	3,723,543,511	34,169,985,986	41,340,729,497
Total liabilities	25,734,800,000	30,273,100,000	61,255,300,000	26,445,043,511	37,470,845,502	181,179,089,012
Net liquidity gap	(8,094,342,134)	(25,216,030,064)	(32,953,746,601)	49,415,122,377	27,230,320,826	10,381,324,404

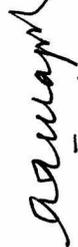
For and on behalf of Board of Directors of BASIC Bank Limited


Chief Financial Officer


Managing Director


Director


Director


Chairman



Dhaka, Bangladesh
Dated, 30 April 2019

BASIC Bank Limited

**Notes to the financial statements
For the year ended 31 December 2018**

1. The Bank and its activities

1.1 Corporate information

BASIC Bank Limited ("the Bank") was incorporated as a banking company in 1989 under the Company Act 1913 in the name of 'Bank of Small Industries and Commerce Bangladesh Limited'. In 2001 the Bank changed its earlier name and registered by its new name with the Registrar of Joint Stock Companies and Firms. Initially the Bank started its operations as a joint venture organisation with the then BCC Foundation, owner of 70% of share, a welfare trust in Bangladesh, and the Government of Bangladesh, owner of 30% of shares. 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

2.1 Statement of compliance

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

i) Investment in shares and securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income 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 measured at cost.

ii) Revaluation gains/losses on Government securities

IFRS: As per requirement of IFRS 9, where securities fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through 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 is 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 on amortisation are recognised in other reserve as a part of equity and losses on amortisation are recognised in expenditure (profit and loss) account according to DOS circular no. 5 dated 28 January 2009 of Bangladesh Bank about marking to market based revaluation.



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

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

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular no.14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 4 dated 29 January 2015 and BRPD circular no. 16 dated 18 November 2015, BRPD Circular no. 12 dated 20 August 2017, BRPD Circular no. 15 dated 27 September 2017 and BRPD circular no. 1 dated 20 February 2018 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 5%, 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, BRPD circular no. 14 dated 23 September 2012 and BRPD circular letter no. 01 dated 03 January 2018 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 IFRS 9.

iv) **Recognition of interest in suspense**

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit- impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

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. Interest on classified loan is accounted for on a cash receipt basis.

v) **Other comprehensive income**

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

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

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

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vii) **Repo transactions**

IFRS: 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.

BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

viii) **Financial guarantees**

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. 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**

IFRS: Cash and cash equivalent items should be reported as cash items as per IAS 7.

Bangladesh Bank: Some highly liquid assets such as money at call and short notice, T-bills, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as face item in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, balance with Bangladesh Bank and other banks.

x) **Non-banking asset**

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

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

xi) **Cash flow statement**

IFRS: 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)**

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

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

xiii) **Presentation of intangible asset**

IFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38.

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

xiv) **Off-balance sheet items**

IFRS: There is no concept of off-balance sheet items in any IFRS; 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**

IFRS: 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 IFRSs 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.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.



BASIC Bank Limited

**Notes to the financial statements
For the year ended 31 December 2018**

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 and 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) Functional and presentational 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 BDT which is the Bank's functional and presentation currency.

b) Foreign currencies translation

Foreign currency transactions are converted into equivalent BDT at the ruling exchange rates on the respective dates of such transactions as per IAS-21 "The effects of Changes in Foreign Exchange Rates". Assets and liabilities in foreign currencies at 31 December 2018 have been converted into BDT at the closing rates, average of the prevailing buying and selling rates of the relevant foreign currencies, at that date except "Balances with other Banks and Financial Institutions."

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting/ crediting exchange gain or loss account.

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 BDT terms at the rate of exchange ruling on the date of balance sheet.

2.4 Statement of changes in equity

Statement of changes in equity has been prepared in accordance with IAS 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 is prepared principally in accordance with IAS-7 "Cash Flow Statement" under the mixture of direct and indirect method as per guidelines of BRPD circular no. 14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. It reported cash flows during the period classified by operating activities, investing activities and financing activities.

2.6 Liquidity statement

The liquidity statement has been prepared in accordance with the remaining maturity period of the value of the assets and liabilities as on the reporting date as per the guidelines of Bangladesh Bank BRPD Circular No 14 dated 25 June 2003.

2.7 Reporting period

These financial statements cover one calendar year from 01 January 2018 to 31 December 2018.

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.



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

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 obligations.

2.9.2 Loans , advances and provisions

Interest on loans and advances is calculated on a daily basis but charged and accounted for quarterly basis. Interest on classified loans and advances is kept in interest suspense account as per directives of Bangladesh Bank and such interest is not accounted for as income until realised from borrowers.

Interest is not charged on bad and loss loans and advances as per guidelines of Bangladesh Bank.

Provision against classified loans and advances is made on the quarterly basis end reviewed by the management as per 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 and BRPD Circular No. 08 dated June 15, 2015. The rates for provisions are stated below:

Particulars		Provision Rate
General provision on		
a.	Consumer Financing (House Financing)	1%
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 and Micro Credit	1%
f.	Loans to BHs/ MBs/ Sds against Shares, etc	2%
g.	All Other Credit	1%
h.	Special Mentioned Account	0.25%, 1%,2%, 5%

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

Loans and advances are written off to the extent where there is no realistic prospect of recovery and for which the bank has already provided full provision as per guidelines of Bangladesh Bank. These written off loans, however, will not undermine/affect the claim amount against the borrowers. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up.

2.9.3 Investments

Investments have been initially recognised at cost, including acquisition charges associated with the investment. Premiums have been amortised and discount accreted, using the effective or historical yield method. The investment in government securities (Treasury bills and bonds) are classified into Held to Maturity (HTM) and 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 and 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)

Investments which have fixed or determinable payments and are intended to be held to maturity, are classified as held to maturity. These investments are subsequently measured at amortised cost using effective interest rate, less any provision for impairment in value.



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

Held for Trading (HFT)

The securities under this category include those acquired by the Bank with the intention to trade by taking advantages of short term price/interest movement, and securities those are classified as HFT by the Bank held in excess of statutory liquidity ratio (SLR) net of cash reserve ratio (CRR), at a minimum level. Held for trading securities are measured at cost. However, if the fair value of this securities fell below cost, a provision is made for the value fell below cost and charged to profit and loss accounts.

DOS Circular no. 05 dated 26 May 2008 has been taken into consideration in recognition and measurement of investments.

Investment class	Initial recognition	Subsequent measurement	Recording of changes
Bangladesh Bank Bill/ Treasury Bill /Bond (HTM)	Cost	Amortised cost	Both increase and decrease in value are transferred to revaluation reserve account.
Bangladesh Bank Bill/ Treasury Bill (HFT)	Cost	Market value	Both gains and 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 market value.

Other investments

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

Investment and related income

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

2.9.4 Fixed assets

Recognition and measurement

Items of fixed assets are measured at cost less accumulated depreciation as per IAS 16 "Property, Plant and Equipment". Cost includes expenditures that are directly attributable to the acquisition of assets. Subsequent costs are capitalised only when it is probable that the future economic benefits associated with the costs will flow to the entity. Ongoing repair and maintenance is charged in profit and loss account. Purchased software that is integral to the functionality of related equipment is capitalised as part of that equipment.



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

Depreciation

Items of fixed assets are depreciated from the date when they are installed and are ready for use. In respect of internally constructed assets, from the date when 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 ATM related assets which are depreciated following straight line method.

Category of fixed asset	Rate
Furniture and fixtures	10%
Interior decoration	10%
Machinery and equipments	20%
Computer hardware	20%
Motor vehicles	25%
Leasehold assets	1%

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

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

2.9.5 Intangible assets

- 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 IAS 38: "Intangible Assets".
Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customising 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 when due software is available for use.

2.9.6 Receivables

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

2.9.7 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 IAS-17 "Leases". All other leases are classified as operating leases as per IAS-17 "Leases". Operating lease are rental agreements and all installments are charged to the profit and loss account.

2.9.8 Non-banking assets

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

2.9.9 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.



BASIC Bank Limited

**Notes to the financial statements
For the year ended 31 December 2018**

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 and banks are recognised when the Bank enters into contractual provisions of arrangements with the counterparties, which is generally on trade date, and 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 and 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

Current tax

Provision for income tax for current year has been made as per prescribed rate in the Finance Act, 2018 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 IAS-12 "Income Taxes".

Deferred tax

Deferred tax is recognised in compliance with IAS 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.

2.14.2 Benefits to the employees

Employees benefits have been accounted for in accordance with the provision of International Accounting Standard-19, "Employee Benefit". Bases of enumerating the benefit schemes operated by the Bank are outlined below:

a) Provident Fund

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

b) Gratuity Fund

The Bank made provision for 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.



BASIC Bank Limited

**Notes to the financial statements
For the year ended 31 December 2018**

c) Benevolent Fund

The benevolent fund is subscribed monthly by 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 and 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.

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.

2.14.3 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 IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.14.4 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 2018. 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.

2.14.5 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPA (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. Since there is no unreconciled entries which are outstanding for more than 3 months, the Bank is not required to make provision.

2.15 Revenue recognition

The revenue during the year is recognised as follows which satisfy all conditions of revenue recognition as prescribed by IFRS 9 "Financial Instruments".

- (i) Interest is calculated on daily product basis on unclassified loan and advances but charged on a quarterly basis.
- (ii) Interest is charged on classified loans and advances as per Bangladesh Bank's BRPD circular no. 14 dated 23 September 2012 and other related circulars and such interest is not taken into income.
- (iii) Dividend income from investment in shares is recognised when the Bank's right to receive dividend is established
- (iv) Commission and discount on bills purchased and discounted are recognised at the time of realisation.
- (iv) 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.

2.16 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 and reputation risk arising from money laundering incidences. The prime objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguards the Bank's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank guidelines and following some best practices as under:



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

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 and 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 and 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 and 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 and 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 and 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 and its funding cost. Asset Liability Committee monitors interest rate movement on a regular basis.



BASIC Bank Limited

**Notes to the financial statements
For the year ended 31 December 2018**

Equity risk

Equity risk arises from fall in market price of shares which are regularly monitored by the management. The management keep required provision as per Bangladesh Bank guidelines when the cost price exist under the market price.

d) Reputation risk arising from money laundering incidences

Money Laundering has significant economic and social consequences, especially for developing countries and emerging markets. The adverse consequences of money laundering are reputational, operational, legal and concentration risks and include loss of profitable business, liquidity problems through withdrawals of funds, termination of correspondent banking facilities, loan losses etc.

An anti-money laundering / counter terrorist financing (AML/CFT) program is an essential component of a bank's compliance regime. The primary goal of an AML/CFT program is to protect the bank against money laundering, terrorist financing and other financial crimes and to ensure that the bank is in full compliance with relevant laws and regulations. The management of BASIC Bank Limited 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/D) 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. AML/D is performing as the secretariat of Central Compliance Committee. AML/D 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). Audit and Inspection Division conducts audit for an effective Anti Money Laundering System Check throughout the year. Moreover, members of CCC and employees of AML/D pay visit to Branches to supervise the AML procedures and functions at branch level as and when required.

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 Financial Intelligence Unit (BFIU) on regular basis. It is the requirement of BFIU 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 programs on AML and CFT throughout the year to develop awareness and skill for mitigating money laundering and terrorist financing risks.

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.



BASIC Bank Limited

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For the year ended 31 December 2018

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 and 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 been carrying out the job of Vulnerability Assessment (VA), Penetration Test (PT) 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 has already been 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. The Bank is also carrying out training programs on importance an awariness of ICT security for its employees to prevent from different malicious activities.

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 and 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 and Inspection Reports of Branches and Divisions and Bangladesh Bank Audit Reports including Bangladesh Bank Special Audit Reports on Core Risks and Cash Incentive and Government Comercial Audit Reports. These functions are being carried out by 03 (three) divisions namely Audit and 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.

l) Fraud and Forgeries

The term 'Fraud' commonly includes activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and 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 and well intentioned atmosphere within the organization. It is also committed to prevent fraud and detection of fraud. Fraud and Forgery has emerged as one of the major threats in banking sector with regular development of avenues by the fraudsters.

In connection with dealing the situation and ensuring safety checking measures against fraud and 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 and the Chairman of Audit Committee of the Board of Directors of the Bank.



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

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 IAS 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 IAS 10 "Events after the Reporting Period". Events after the reporting period that are not adjusting events are disclosed in the notes when material.

2.19 Directors' responsibility on statement

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

Memorandum items

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

Capital Expenditure Commitment

There was no capital expenditure contracted but incurred or provided for at 31 December 2018. Besides, there was no material capital expenditure authorised by the board but not contracted for at 31 December 2018.

2.20 Related party disclosures

Related Parties include the Bank's Directors, key management personnel, associates, companies under common directorship etc as per IAS 24 "Related Party Disclosures". All transactions involving related parties arising in the normal course of business are conducted at arm's length price.

2.21 Board of Directors as on 31 December 2018

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

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Notes to the financial statements
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Name	Status	Other Position
Ms. Afroza Gul Nahar	Director	Ex-Managing Director, Bangladesh House Building Finance Corporation
Mr. Md. Shaheb Ali Mridha	Director	Joint Secretary (Retd.) Government of the People's Republic of Bangladesh
Mr. Ahmad Hossain	Managing Director (Additional charge) & General Manager	Managing Director BASIC Bank Limited

The Board of Directors conducted 30 (thirty) meetings during the year

2.22 Audit Committee as on 31 December 2018

Name	Status with the Committee	Educational Qualification
Ms. Parag	Chairman	MSS 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 2018

Name	Status	Educational Qualification
Ms. Raihana Aneesa Yusuf Ali	Chairman	M.A. (Economics)
Mr. Md. Zahidul Haque	Member	MBA (IBA)
Ms. Afroza Gul Nahar	Member	BSC (Hons.), MSC. Ag., Economics (BAU, Mymensingh)
Mr. Md. Shaheb Ali Mridha	Member	B.Sc(Hons),M.Sc (Physic) University of Rajshahi

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

2.24 Executive Committee as on 31 December 2018

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. Ahmad Hossain	General Manager & Managing Director (Additional Charge)	B.Com. (Hons.), M.Com



BASIC Bank Limited

Notes to the financial statements
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2.25 Head Office Management Committee as on 31 December 2018

SI no.	Name	Designation	Status with the Committee
1	Mr. Ahmad Hossain	Managing Director (additional charge)	Chairman
2	Mr. Md. Mozammel Hossain	General Manager	Member
3	Mr. Hasan Tanvir	General Manager	Member
4	Mr. A.K.M. Masudur Rahman	General Manager	Member
5	Mr. Md. Ismail	General Manager	Member
6	Mr. Khan Iqbal Hasan	General Manager	Member
7	Mr. Abu Md. Mofazzal	General Manager	Member
8	Mr. Niranjana Chandra Debnath	General Manager	Member
9	Mr. Md. Masudul Alam	DGM, AID	Member
10	Mr. Nurur Rahman Chowdhury	DGM, HRD	Member
11	Mr. Md. Omar Faruque	DGM, COD	Member
12	Mr. Md. Mizanur Rahman	DGM, CSD	Member
13	Mr. Md. Mahmud Hasan	DGM, TCMSD	Member
14	Mr. Syed Abdullah-Al-Zaman	AGM, FAD	Member
15	Ms. Dilruba Nusrat	AGM, RMD	Member
16	Mr. Md. Hasan Imam	Company Secretary	Member Secretary

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

2.26 Compliance report on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

In preparing the financial statements, BASIC Bank applied all the applicable IAS and IFRS. Details are given below:

Name of the IAS	IAS 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
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
Investment Property	40	N/A
Agriculture	41	N/A

BASIC Bank Limited

**Notes to the financial statements
For the year ended 31 December 2018**

Name of the IFRS	IFRS 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*
Financial Instruments	9	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 Company Act 1991 (amendment in 2013)
- ii. The Company 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 2019

2.30 General

- a) These financial statements are presented in BDT, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest BDT.
- 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.



BASIC Bank Limited

Notes to the financial statements
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	2018 BDT	2017 BDT
3. Cash		
Cash in hand (including foreign currencies) (note 3.1)	641,564,550	740,493,221
Balance with Bangladesh Bank & its agent bank(s) (note 3.2)	8,194,949,452	9,773,136,112
	8,836,514,002	10,513,629,333
3.1 Cash in hand (including foreign currencies)		
Local currency (note 3.1.1)	635,577,808	733,730,349
Foreign currencies	5,986,743	6,762,872
	641,564,550	740,493,221
3.1.1 Local currency		
In hand	594,177,508	713,617,649
In ATM	41,400,300	20,112,700
	635,577,808	733,730,349
3.2 Balance with Bangladesh Bank & its agent bank(s)		
Local currency (note 3.2.1)	8,065,411,204	9,612,607,316
Foreign currencies (note 3.2.2)	129,538,247	160,528,796
	8,194,949,452	9,773,136,112
3.2.1 Local currency		
Bangladesh Bank	7,885,521,251	9,482,126,087
Sonali Bank (acting as agent of Bangladesh Bank)	179,889,953	130,481,229
	8,065,411,204	9,612,607,316
3.2.2 Foreign currencies		
Bangladesh Bank - EURO	14,678,049	6,409,093
Bangladesh Bank - GBP	5,425,050	5,651,697
Bangladesh Bank (Western Union) - USD	3,924,423	-
Bangladesh Bank - YEN	23	22
Bangladesh Bank - USD	105,510,702	148,467,984
	129,538,247	160,528,796
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 10 December 2013, MPD Circular No. 01 dated 23 June 2014 and DOS Circular No. 01 dated 19 January 2014. The Cash Reserve Ratio (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% 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 (5.50% in 2018 and 6.50% in 2017 of average demand and time liabilities)	7,440,678,245	9,349,448,554
Actual reserve maintained	7,870,569,764	9,387,629,513
Surplus/(Deficit)	429,891,519	38,180,959
Required (%)	5.50%	6.50%
Maintained (%)	5.82%	6.53%



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	2018 BDT	2017 BDT
3.3.2 Statutory Liquidity Reserve (SLR)		
Required reserve (13% of average demand and time liabilities)	17,587,057,670	18,698,897,108
Actual reserve maintained	23,851,998,324	28,019,313,139
Surplus/(Deficit)	6,264,940,654	9,320,416,031
Required (%)	13.00%	13.00%
Maintained (%)	17.63%	19.48%

4. Balance with other banks and financial institutions

In Bangladesh - in local currencies (note 4.1)	677,591,646	8,281,878,251
Outside Bangladesh (note 4.2) (Annex A)	246,565,936	672,314,934
	924,157,582	8,954,193,185

4.1 In Bangladesh

4.1.1 Current accounts

Sonali Bank Limited	6,298,956	4,102,828
Agrani Bank Limited	6,030,158	4,520,158
Janata Bank Limited	2,729,990	12,516,157
Rupali Bank Limited	2,783,460	1,970,522
NCC Bank Limited	3,000,000	-
	20,842,563	23,109,665

4.1.2 Short-notice deposit accounts

Sonali Bank Limited	5,910,156	4,945,478
Agrani Bank Limited	5	332
Janata Bank Limited	4,039,544	2,039,001
Rupali Bank Limited	27,389,611	9,569,482
Trust Bank Limited	38,425,201	11,677,743
The Premier Bank Limited	9,629	10,543
	75,774,146	28,242,579

4.1.3 Other deposit

Receivable from ICB Islamic Bank Limited	130,474,937	130,526,007
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4.1.4 Fixed deposit account

FDR/Placement with Banks:

Mercantile Bank Limited	-	1,000,000,000
AB Bank Limited	-	1,000,000,000
Dhaka Bank Limited	-	1,000,000,000
Southeast Bank Limited	-	500,000,000
National Bank Limited	-	500,000,000
Social Islami Bank Limited	-	1,000,000,000
IFIC Bank Limited	-	1,000,000,000
Jamuna Bank Limited	-	1,000,000,000
Dutch-Bangla Bank Limited	150,500,000	-
	150,500,000	7,000,000,000

FDR/Placement with Non-Banks financial institutions:

IDLC Finance Limited	-	300,000,000
DBH Finance Corporation Limited	-	250,000,000
BIFC Company Limited	300,000,000	300,000,000
Lanka Bangla Finance Limited	-	150,000,000
Reliance Finance Limited	-	100,000,000
	300,000,000	1,100,000,000
	677,591,646	8,281,878,251

Most of the fixed deposits are short term ie: for a period of 3 months (90 days) and rest of the fixed deposits are either for the period of 6 months or 1 year at the prevailing market rate.

BASIC Bank Limited

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	2018 BDT	2017 BDT
4.2 Outside Bangladesh (Nostro and FC term placement)		
Interest-bearing accounts (note 4.2.1)	246,565,936	661,977,434
Term placement (note 4.2.2)	-	10,337,500
	246,565,936	672,314,934
4.2.1 Interest-bearing accounts		
Bank of Tokyo Mitsubishi, Japan - JPY	90,119,034	1,412,443
Habib American Bank, New York-USD	45,977,651	34,307,442
United Bank of India, Mumbai - ACU	33,018,225	-
Sonali Bank, Kolkata - USD	22,223,339	52,697,599
Banque Marocaine Du Commerce, Spain - EURO	21,111,974	9,158,312
AB Bank Limited, Mumbai - USD	17,580,393	18,873,572
HDFC Bank Limited, Mumbai - USD	8,073,741	6,734,416
Bank of Tokyo-Mitsubishi, London - GBP	6,477,900	4,695,584
Habib Metropolitan Bank Limited, Karachi - USD	610,530	15,835,743
Sonali Bank, Kolkata - EURO	447,305	461,318
Bank of Ceylon, Sri Lanka - USD	392,627	1,408,201
Mashreq Bank, New York - USD	386,360	380,834
Arif Habib Rupali Bank, Karachi - USD	92,563	91,239
Mashreq Bank India, Mumbai - ACU	54,294	52,608
Banque de Commerce, Geneva - CHF	-	364,678
Sonali Bank, London - GBP	-	3,983,740
CITI Bank, New York (Export) - USD	-	457,806,565
Sonali Bank London-USD (Cash Collateral)	-	22,307,167
State Bank of India-USD	-	31,405,973
	246,565,936	661,977,434
Schedule of balance with other banks-outside Bangladesh (nostro accounts) is given in Annex A.		
4.2.2 Term placement		
Dutch-Bangla Bank Limited (USD)	-	10,337,500
	-	10,337,500
4.3 Maturity grouping of balances with other banks and financial institutions		
On demand	20,842,563	23,109,665
Upto 1 month	19,474,289	672,314,934
Over 1 month but not more than 3 months	753,365,792	8,128,210,509
Over 3 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	130,474,937	130,558,077
Over 5 years	-	-
	924,157,582	8,954,193,185
5. Money at call and on short notice		
Commercial banks (note 5.1)	450,000,000	-
Non-Banking financial institutions	-	-
	450,000,000	-
5.1 Commercial banks		
The City Bank Limited	200,000,000	-
AB Bank Limited	250,000,000	-
	450,000,000	-



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
6. Investments		
Government securities (note 6.1)	22,600,651,820	27,110,157,689
Other investments (note 6.2)	1,338,630,823	1,534,881,283
	23,939,282,643	28,645,038,972
6.1 Government securities		
Treasury bills and reserve repo (note 6.1.1)	-	-
Treasury bonds (note 6.1.2)	22,598,515,720	27,108,728,889
Bangladesh Bank bills	-	-
Prize bonds	2,136,100	1,428,800
	22,600,651,820	27,110,157,689
6.1.1 Treasury bills (A)		
364 days Government treasury bills	-	-
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	-	-
	-	-
Reverse repo (B)		
Reverse repo-Banks and NBFIs	-	-
Reverse repo-Bangladesh Bank	-	-
	-	-
Grand total (A+B)	-	-
6.1.2 Treasury bonds (at revalued amount)		
02 years Government treasury bonds	2,116,828,062	2,825,544,470
05 years Government treasury bonds	3,231,272,299	6,182,384,770
10 years Government treasury bonds	12,830,882,025	13,671,282,727
15 years Government treasury bonds	2,411,316,155	2,418,549,458
20 years Government treasury bonds	2,008,217,179	2,010,967,464
	22,598,515,720	27,108,728,889
6.2 Other investments		
Shares (note 6.2.1)	1,338,567,823	1,334,818,283
Commercial paper	-	200,000,000
Others (memorial coins)	63,000	63,000
	1,338,630,823	1,534,881,283
6.2.1 Shares		
a. Quoted shares/mutual funds	1,308,777,173	1,304,527,633
b. Unquoted securities	29,790,650	30,290,650
	1,338,567,823	1,334,818,283

Details of Investment in shares is given in **Annex B**.



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
6.3 Investment in securities are classified as per Bangladesh Bank circular		
Held to maturity (HTM) (note 6.3.1)	13,895,630,759	17,259,249,817
Held for trading (HFT) (note 6.3.2)	8,702,884,961	9,849,479,072
	22,598,515,720	27,108,728,889

6.3.1 Held To Maturity (HTM):

Treasury bonds	13,895,630,759	17,259,249,817
Treasury bills and reverse repo	-	-
	13,895,630,759	17,259,249,817

6.3.2 Held For Trading (HFT):

Treasury bonds	8,702,884,961	9,849,479,072
Bangladesh bank bills	-	-
Treasury bills and reverse repo	-	-
	8,702,884,961	9,849,479,072

Treasury bond:

Held to maturity (HTM)	13,895,630,759	17,259,249,817
Held for trading (HFT)	8,702,884,961	9,849,479,072
	22,598,515,720	27,108,728,889

6.4 Assets pledged as security

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

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

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

6.5 Maturity grouping of investments

On demand	2,136,100	1,428,800
Upto 1 month	750,063,900	2,356,771,200
Over 1 month but not more than 3 months	-	1,775,100,000
Over 3 months but not more than 1 year	2,293,500,000	4,819,600,000
Over 1 year but not more than 5 years	6,012,200,000	993,300,000
Over 5 years	14,881,382,643	18,698,838,972
	23,939,282,643	28,645,038,972

7. Loans and advances

Loans, cash credits, overdrafts, etc (note 7.1)	151,110,616,317	144,586,220,625
Bills purchased and discounted (note 7.2)	857,436,824	982,366,866
	151,968,053,141	145,568,587,491

In Bangladesh

Loans (note 7.1.1)	65,668,738,705	61,611,401,184
Cash credits	31,777,360,127	31,244,946,696
Overdrafts (note 7.1.2)	14,156,354,032	14,228,829,490
Others (note 7.1.3)	39,508,163,453	37,501,043,255
	151,110,616,317	144,586,220,625

Outside Bangladesh

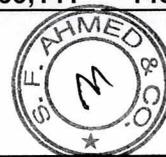
	-	-
	151,110,616,317	144,586,220,625



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
7.1.1 Loans		
Loan general	3,039,820,256	2,644,346,686
Term loan	62,628,918,449	58,967,054,498
	65,668,738,705	61,611,401,184
7.1.2 Overdrafts		
SOD against Bank's own FDR	286,531,849	255,173,054
SOD against other Bank's FDR	333,252,784	287,973,294
SOD against Govt. bond & securities	9,729,647	1,141,084
SOD against Bank's own DPS	489,201,557	478,280,441
SOD for issuance of CDR/SDR/PO	17,181,058	17,181,058
Temporary overdraft	432,543,899	443,693,879
Overdraft secured mortgage	10,623,439,351	10,917,418,452
Overdraft secured (other securities)	1,581,066,126	1,606,811,550
Overdraft- BASIC friendship	48,796	-
Overdraft (clean)	383,358,965	221,156,678
	14,156,354,032	14,228,829,490
7.1.3 Others		
Export credit/loan against packing credit	511,792,211	308,990,404
Payment against documents (PAD)	327,681,089	257,718,657
Loan against trust receipt (LTR)	5,842,342,407	5,975,182,289
Other short term advance	118,189,352	136,291,246
Work order financing	612,748,449	524,670,842
Loan against Govt. fund and other scheme	223,160,308	226,920,624
Credit to NBFi	2,775,258,780	3,034,776,686
Real estate loan	9,665,850,820	9,242,727,509
Transport loan	7,001,219,711	6,925,164,548
Consumer credit	1,289,047,207	849,888,860
Micro credit financing	1,642,322,811	2,094,881,993
Sundry/misc. loan	7,488,732,797	6,443,629,291
Staff loan	2,009,817,512	1,480,200,310
	39,508,163,453	37,501,043,255
7.2 Bills purchased and discounted		
Payable in Bangladesh:		
Local bills purchased/LADB	754,815,475	927,111,837
Payable outside Bangladesh:		
Foreign bills purchased and discounted	102,621,348	55,255,029
	857,436,824	982,366,866
7.3 Residual maturity grouping of loans including bills purchased and discounted		
Payable on demand	525,100,000	-
Not more than 3 months	19,531,100,000	16,823,100,000
Above 3 months but not more than 1 year	25,993,900,000	20,451,600,000
Above 1 year but not more than 5 years	64,505,900,000	75,789,400,000
Above 5 years	41,412,053,141	32,504,487,491
	151,968,053,141	145,568,587,491
7.4 Loans on the basis of significant concentration including bills purchased and discounted		
a. Advances to Directors	-	-
b. Advances to MD and other Senior Executives	2,009,817,512	1,480,200,310
c. Advances to customers group	59,973,546,078	60,168,844,169
d. Advances to industrial sector (note 7.4.1)	89,984,689,551	83,919,543,012
	151,968,053,141	145,568,587,491



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
7.4.1 Advances to industrial sector		
Food and Allied industry	14,616,876,662	13,895,022,862
ERGM	11,497,226,416	10,208,799,803
Textile	8,524,869,321	7,949,562,137
Accessories	1,465,999,347	1,606,697,956
Jute production and allied industry	4,392,773,735	4,252,288,638
Forest production and allied Industry	56,356,759	54,791,156
Paper, board, printing, publication and packaging	4,086,739,974	3,495,774,756
Tannery leather and rubber production.	1,884,325,086	2,048,093,252
Chemical pharmaceutical and allied industry	3,792,988,141	5,062,457,274
Plastic industry	2,157,268,222	1,897,727,442
Glass ceramic and other non metal production	1,599,062,521	829,815,081
Engineering	3,928,131,683	3,143,717,699
Electrical and electronics Industry	676,991,151	217,470,487
Real estate and housing	12,091,041,705	11,180,928,717
Transport and communication	8,198,729,226	8,831,649,692
Ship, shipbuilding and breaking	473,711,943	-
Power, gas and water	468,240,888	452,783,769
Hotel and restaurant	763,461,415	789,956,729
Hospital and clinic	836,168,554	1,458,148,028
Brick kiln	3,586,503,396	3,430,283,052
Telecommunication and IT	415,916,252	316,178,586
Other service industry	2,285,938,050	2,183,027,310
Industry not elsewhere classified	2,185,369,104	614,368,584
	89,984,689,551	83,919,543,012

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

Number of customers	27	26
Amount of outstanding advances	44,618,800,000	42,422,100,000
Amount of classified advances thereon	28,370,600,000	23,203,300,000
Amount of recovery	226,386,000	75,707,000
Measures taken for recovery	Persuasion and negotiation for recovery is going on	Persuasion and negotiation for recovery is going on

*In 2018 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 approval from Bangladesh Bank.

Details are given in **Annex C**.

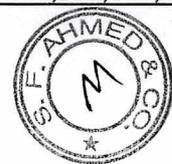
7.6 Geographical location - wise loans and advances

Inside Bangladesh

Dhaka division	95,293,355,652	91,907,315,987
Chittagong division	22,232,447,908	21,527,158,174
Khulna division	7,790,372,442	7,258,224,007
Rajshahi division	8,141,876,301	7,163,247,018
Sylhet division	1,314,010,646	1,287,199,215
Barisal division	577,879,803	539,363,714
Mymensingh division	9,293,967,498	8,995,184,904
Rangpur division	7,324,142,891	6,890,894,472
	151,968,053,141	145,568,587,491

Outside Bangladesh

	151,968,053,141	145,568,587,491
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BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
7.7 Classified and unclassified Loans and advances		
Unclassified loan (A):		
Standard	62,043,474,865	61,196,070,469
SMA	3,526,564,840	4,842,641,101
	65,570,039,705	66,038,711,570
Classified loan (B):		
Sub-standard	774,745,435	1,732,863,480
Doubtful	1,613,371,822	269,288,933
Bad and loss	84,009,896,179	77,527,723,508
	86,398,013,436	79,529,875,921
Total loans and advance (A+B)	151,968,053,141	145,568,587,491
7.8 Provision required for loans and advances		
Unclassified-general provision		
Short term agriculture and micro credit	11,892,279	41,538,106
Special mentioned account	46,217,438	32,377,464
Others (excluding staff loan)	396,641,087	478,182,604
Staff loan	19,775,378	14,455,844
	474,526,182	566,554,018
Classified-specific provision		
Sub-standard	81,415,724	239,530,056
Doubtful	448,864,374	84,609,980
Bad/loss	22,547,899,031	50,726,354,241
	23,078,179,129	51,050,494,277
Required provision for loans & advances as per Bangladesh Bank approval	23,552,705,311	51,617,048,295
Provision for current year including those deferred for next 6 years has been maintained in accordance with Bangladesh Bank approval letter No. BRPD (P-1)/ 661/13/2019-3332 dated 29 April 2019.		
Details are in note 12.1 and 12.2		
7.9 Listing of assets pledge as security/collaterals		
Nature of the secured assets:		
Fixed assets	125,879,051,691	121,530,821,621
Cash and quasi-cash	4,779,920,538	3,385,252,303
Others	7,230,414,885	7,976,789,407
	137,889,387,114	132,892,863,331



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
7.10 Particulars of Loans and advances:		
(i) Loans considered good in respect of which the banking company is fully secured	47,450,160,927	52,975,515,972
(ii) Loans considered good for which the banking company holds no other security other than debtor's personal guarantee;	6,703,839,878	10,640,683,751
(iii) Loans considered good secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtor;	9,502,124,458	4,488,461,402
(iv) Loans adversely classified; provision not maintained there against	-	-
(v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons	1,993,434,082	1,474,208,485
(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;	2,009,817,512	1,480,161,723
(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	84,009,896,179	79,529,875,921
(a) (Decrease) / Increase in provision	1,852,629,274	3,453,447,597
Amount of loan written off	-	-
Amount realised against loan previously written off	2,000,000	7,570,628
(b) Amount of provision kept against loan classified as bad/loss	23,078,179,129	21,225,549,855
(c) Interest credited to the interest suspense account	1,847,487,071	2,418,547,398
(xi) Amount of the written off loan:		
(a) Cumulative amount of Written off loan	4,435,932,317	4,435,932,317
(b) Amount written off during the current year	-	3,747,149,317
(c) Amount of written off loan for which law suit has been filed	4,420,041,000	4,150,754,000



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
7.11 Bills purchased and discounted		
Payable in Bangladesh	754,815,475	927,111,837
Payable outside Bangladesh	102,621,348	55,255,029
	857,436,824	982,366,866
7.11.1 Maturity grouping of bills purchased and discounted		
Not more than 01 months	522,822,094	525,255,029
Above 01 months but not more than 03 months	293,711,047	368,111,837
Above 03 months but not more than 06 months	40,903,683	89,000,000
Above 06 months	-	-
	857,436,824	982,366,866
8. Fixed assets including premises, furniture		
Own assets		
Furniture and fixtures	117,986,232	115,513,974
Interior decoration	323,151,627	319,352,944
Machinery and equipment	351,222,650	344,194,765
Computer hardware	309,786,155	302,979,009
Software	95,226,936	95,226,936
Vehicles	381,654,870	381,654,870
	1,579,028,470	1,558,922,498
Less: Accumulated depreciation	1,269,814,004	1,212,387,450
	309,214,466	346,535,048
Leased assets		
Leasehold assets	4,000,000	4,000,000
Less: Accumulated depreciation	919,937	873,936
	3,080,063	3,126,064
	312,294,529	349,661,112
A schedule of fixed assets is given in Annex D.		
9. Other assets		
i) Income generating	-	-
ii) Non-Income generating		
a) Stationery, stamps, printing materials etc	21,146,283	19,485,583
b) Security deposits (note 9.1)	11,262,089	11,355,997
c) Advance rent	167,490,165	196,429,195
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	5,449,036	2,909,433
g) Advance income tax	82,161,251	112,249,957
h) Income receivable (note 9.2)	2,058,055,724	2,167,326,875
i) Deferred tax assets (note 35)	587,955,745	550,943,167
j) Suspense account (note 9.3)	109,885,599	46,991,307
k) Balance with Fakrul Islam Securities	20	20
l) ICB Securities Trading Co. Limited.	7,715,611	11,937,200
m) Branch adjustment account	-	281,129,808
n) Sundry debtors (note 9.4)	480,786,020	395,274,981
o) Position clearing (net)	-	68,212,581
p) Position general ledger (net)	676,888,034	-
	5,130,111,520	4,785,562,049
9.1 Security deposits		
Security deposits, rent and other prepayments made to statutory authorities, other institutions and individuals are considered good.		
9.2 Income receivable		
Income receivable consists of interest income receivable from various investments and Loans have been verified and considered good.		

BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
9.3 Suspense account		
Suspense account consists of excise duty and petty cash, etc		
9.4 Sundry debtors		
1) Protested bills:		
a) BCCI:		
Protested bill, Main Branch	6,535,881	6,535,881
Protested bill, Khatungonj Branch	244,800	244,800
Protested bill, Khulna Branch	416,367	416,367
BCCI-Bombay	1,399,580	1,399,580
BCCI-London	592	618
	8,597,220	8,597,246
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
	43,980,176	43,980,202
2) Other sundry debtors	1,000,611	586,101
3) Encashment of Sanchaya Patra	435,773,733	350,633,703
4) Encashment of bond	-	54,975
5) Cash shortage	20,000	20,000
6) Sundry assets	11,500	-
	436,805,844	351,294,779
	480,786,020	395,274,981

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

10. Borrowings from other banks, financial institutions and agents

In Bangladesh (note 10.1)	5,949,994,830	2,770,781,109
Outside Bangladesh (note 10.2)	2,066,781,753	2,027,371,411
	8,016,776,583	4,798,152,520

10.1 In Bangladesh

a) Term Borrowing

Bangladesh Bank refinance loan for house building	68,886,754	77,106,109
Refinance scheme of Bangladesh Bank for BDT 10 account	542,500	13,125,000
Refinance scheme of Bangladesh Bank for jute sector	70,000,000	50,000,000
Milk production and artificial insemination	50,000,000	30,550,000
Financing Brick Kiln Efficiency Improvement Project	70,565,576	-
Rupali Bank Limited	2,000,000,000	-
Agrani Bank Limited	3,000,000,000	-
	5,259,994,830	170,781,109

b) Money at call and on short notice

Rupali Bank Limited	500,000,000	-
Sonali Bank Limited	190,000,000	1,500,000,000
IFIC Bank Limited	-	650,000,000
Standard Bank Limited	-	200,000,000
Uttara Bank Limited	-	250,000,000
	690,000,000	2,600,000,000
	5,949,994,830	2,770,781,109



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
10.2 Outside Bangladesh		
a) Term borrowing		
Loan for micro credit and small scale industries (KFW, Germany)	153,379,147	153,379,147
SME refinance -ADB Fund-2	-	24,841,446
Second crop diversification project	968,400,550	1,019,369,000
Agro-business development project of ADB	700,336,422	829,781,818
	1,822,116,119	2,027,371,411
a) Demand borrowing		
Demand Borrowing- Foreign Currency	244,665,634	-
	2,066,781,753	2,027,371,411

10.3 Overall transaction of reverse repo:

	2018		2017	
	Minimum outstanding during the year	Maximum outstanding during the year	Minimum outstanding during the year	Maximum outstanding during the year
Securities bought under repo:				
i) with Bangladesh Bank	Nil	Nil	Nil	Nil
ii) with other banks & FIs	Nil	2,050,706,460	Nil	1,520,269,437

10.4 Overall transaction of repo:

	2018		2017	
	Minimum outstanding during the year	Maximum outstanding during the year	Minimum outstanding during the year	Maximum outstanding during the year
Securities bought under repo:				
i) with Bangladesh Bank	Nil	455,156,773	Nil	Nil
ii) with other banks & FIs	Nil	772,966,477	Nil	1,090,076,657

11. Deposits and other accounts

Non-interest bearing accounts (note 11.1)	6,359,717,146	6,243,310,824
Interest bearing account (note 11.2)	125,461,865,787	136,936,929,957
	131,821,582,933	143,180,240,781

11.1 Non-interest bearing accounts

Current and other accounts (note 11.1.1)	5,471,080,062	5,343,945,362
Bills payable (note 11.1.2)	888,637,084	899,365,462
	6,359,717,146	6,243,310,824

11.1.1 Current and other accounts

Current account	3,179,810,077	3,142,196,356
Margin deposit	1,523,344,821	1,517,815,083
Sundry/other deposit	767,925,164	683,933,923
	5,471,080,062	5,343,945,362

11.1.2 Bills payable

Payment order	884,800,676	894,729,373
Demand draft	3,836,408	4,636,089
	888,637,084	899,365,462

11.2 Interest bearing account

Savings bank deposits (Note 11.2.1)	6,373,035,687	5,866,356,817
Fixed deposits, SND, other deposit scheme (Note 11.2.2)	118,885,828,039	130,875,488,196
Current deposit	203,002,061	195,084,945
	125,461,865,787	136,936,929,957



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
11.2.1 Savings bank deposits		
Savings account	6,373,035,687	5,866,356,817
	6,373,035,687	5,866,356,817
11.2.2 Fixed deposits, SND, other deposit scheme		
Short notice deposits	12,507,867,634	14,918,314,564
Term deposits	101,483,646,084	111,704,730,618
Other deposit scheme	4,894,314,321	4,252,443,014
	118,885,828,039	130,875,488,196
11.3 Maturity grouping of other deposits and inter-bank deposits		
<u>Deposit from bank</u>		
Repayable on demand	2,023,022	5,226,787
Repayable within 1 month	1,016,183	15,587,399
Above 01 month but not more than 6 months	547,176	-
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	-	-
	3,586,381	20,814,186
<u>Other deposits</u>		
Payable on demand	1,009,876,978	1,335,873,213
Less than 01 month	21,015,183,817	22,042,553,383
Above 01 month but not more than 6 months	46,117,352,824	64,298,900,000
Above 06 months but not more than 01 year	39,728,500,000	31,033,000,000
Above 01 year but not more than 05 years	22,694,300,000	22,865,800,000
Above 05 years not more than 10 years	1,252,782,932	1,583,300,000
Above 10 years	-	-
	131,817,996,551	143,159,426,596
	131,821,582,933	143,180,240,781
12. Other liabilities		
Provision for loan and advances (note 12.1)	23,552,705,311	21,792,103,873
Provision for off-balance sheet exposures (note 12.2)	134,051,934	127,178,725
Interest payable on deposits	2,128,222,737	1,880,702,113
Interest payable on borrowing	155,635,721	98,557,870
Provision for taxation (note 34)	555,460,907	565,917,994
Privileged creditors	256,070,351	279,229,057
Provision for welfare fund	14,253,367	14,253,367
Provision for other assets (note 12.3)	1,781,330,748	1,781,330,748
Provision for investment (note 12.4)	256,606,155	4,201,760
Interest suspense account (note 12.5)	11,259,382,781	10,070,939,185
Provision for ex-gratia/incentive bonus (note 12.7)	7,886,426	7,886,426
Provision for gratuity (note 12.8)	153,941,882	145,023,833
Provision for balance with other banks and financial institutions (note 12.9)	300,000,000	-
Deposit insurance premium payable	8,228,445	9,689,523
Provision for expenses payable	35,250,644	33,693,220
Sundry creditors	30,321,396	38,444,996
Miscellaneous creditors	8,005,851	8,332,428
Provision for benevolent fund	5,000,000	5,000,000
Provision for stationery	206,528	317,742
Provision for superannuation fund	10,000,000	-
Branch adjustment account	11,898,404	-
Position clearing(net)*	676,269,908	-
Position general ledger (net)*	-	68,381,338
	41,340,729,496	36,931,184,199

BASIC Bank Limited

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For the year ended 31 December 2018

2018
BDT

2017
BDT

*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)	23,078,179,129	21,225,549,855
Unclassified loan (note 12.1.2)	474,526,182	566,554,018
	23,552,705,311	21,792,103,873

12.1.1 Provision for classified loan

Provision held at beginning of the year	21,225,549,855	17,772,102,258
Fully provided debt written off/Interest waived	-	(3,489,123,031)
Recovery from earlier written off loan	2,000,000	7,570,628
Special provision for current year	-	-
Provision transferred from provision for unclassified loans	92,027,836	-
Provision not required	-	-
Specific provision for the year	1,758,601,438	6,935,000,000
Provision held at the end of the year	23,078,179,129	21,225,549,855

Provision for current year including those deferred for next 6 years has been maintained in accordance with Bangladesh Bank approval letter No. BRPD (P-1)/ 661/13/2019-3332 dated 29 April 2019.

12.1.2 Provision for unclassified loan

Provision held at beginning of the year	566,554,018	427,773,308
Recoveries and provisions no longer required/adjusted	(92,027,836)	-
Provision made during the year		138,780,710
Provision held at the end of the year	474,526,182	566,554,018

12.2 Provision for off-balance sheet exposures

Provision held at beginning of the year	127,178,725	118,907,588
Provision transferred from provision for classified loans	-	-
Provision made during the year	6,873,209	8,271,137
Provision held at the end of the year	134,051,934	127,178,725

A provision of Taka 134,051,934 has been made @1.00% on total off-balance sheet exposures of the Bank which will be treated as supplementary capital of the Bank.

12.3 Provision for other assets

Advance for space of BASIC Zaman Tower	759,999,993	759,999,993
Advance for space of 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	2,600
Unadjusted suspense account-Chowmuhana	114,698	114,698
Suspense Account (Head Office)-ETECH	475,327	475,327



BASIC Bank Limited

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For the year ended 31 December 2018

	2018 BDT	2017 BDT
Protested bill-Bangshal Branch-Shahadat Hossain	11,198,035	11,198,035
Suspense account (Head office) medical bill	1,149,263	1,149,263
Income receivable	810,713,397	810,713,397
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	1,781,330,748
Provision held at the beginning of the year	1,781,330,748	1,824,138,647
Less: Adjustment during the year	-	54,598,559
	1,781,330,748	1,769,540,088
Provision made during the year	-	11,790,660
Provision held at the end of the year	1,781,330,748	1,781,330,748
Provision excess/ (shortfall)	-	-
12.4 Provision for investment		
Provision required:		
Total cost/book value of shares	1,338,567,823	1,334,818,283
Total market value of shares	1,087,463,428	1,363,424,978
Required provision for investment in shares	251,104,395	-
Required Provision for Investment in Treasury Bonds	1,300,000	-
Required provision for investment in Grameem IT Park	4,201,760	4,201,760
Total provision required	256,606,155	4,201,760
Provision maintained:		
Opening balance	4,201,760	4,201,760
Add: Provision made during the year	252,404,395	-
Provision maintained/closing balance	256,606,155	4,201,760
Provision excess (shortfall)	-	-
12.5 Interest suspense account		
Balance at the beginning of the year	10,070,939,185	8,557,306,864
Transferred during the year	1,828,872,136	2,418,547,398
Recovery during the year	(659,043,475)	(708,981,235)
Suspense written off/waived during the year	-	(195,933,842)
	11,240,767,846	10,070,939,185
Add: Transferred from Interest Income account as per auditor's advice	18,614,935	-
Balance at the end of the year	11,259,382,781	10,070,939,185
Interest suspense for loans and advance	11,259,382,781	10,070,939,185
Interest suspense for classified block assets	-	-
	11,259,382,781	10,070,939,185

12.6 Branch adjustment account represents outstanding inter branch and head office transactions (net) originated. The un-responded entries of 31 December 2018 are given below:

Amount in '000

Particulars	No. of Un-responded entries		Amount of un-responded entries	
	Dr.	Cr.	Dr.	Cr.
Up to 03 months	182	212	339,376	419,233
Over 03 months but within 06 months	13	-	24,250	-
Over 06 months but within 01 year	-	-	-	-
Over 01 year but within 05 years	-	-	-	-



BASIC Bank Limited

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	2018 BDT	2017 BDT
12.7 Provision for ex-gratia/incentive bonus		
Opening balance	7,886,426	7,886,426
<u>Less:</u> Transferred to provision for gratuity fund	-	-
Closing balance	7,886,426	7,886,426
12.8 Provision for gratuity		
Opening balance	145,023,833	1,022,868,629
<u>Less:</u> Adjusted/paid during the year	-	27,292,923
<u>Less:</u> Transferred to gratuity fund savings account	145,023,833	995,575,706
<u>Add:</u> Transferred from provision for ex-gratia/Incentive bonus	-	-
<u>Add:</u> Provision made for the current year	153,941,882	145,023,833
Closing Balance	153,941,882	145,023,833
12.9 Provision for balance with other banks and financial institutions		
FDR with BIFC Limited	300,000,000	300,000,000
Total required provision	300,000,000	-
Provision created during this year	300,000,000	-
Closing balance of maintained provision	300,000,000	-
Excess Provision/Provision Shortfall	-	-
13. Capital		
13.1 Authorised		
5,500,000,000 ordinary shares of BDT 10 each	55,000,000,000	55,000,000,000
13.2 Issued, subscribed and paid up capital		
1,084,698,250 ordinary shares of BDT 10 each	10,846,982,500	10,846,982,500
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 2018 are shown below:		
Tier I capital:		
Common equity Tier I Capital		
Paid-up capital	10,846,982,500	10,846,982,500
Share money deposit	26,000,000,000	26,000,000,000
Statutory reserve	2,224,690,642	2,224,690,642
General reserve	40,000,000	40,000,000
Retained earnings/(losses)	(30,062,427,334)	(26,523,475,722)
	9,049,245,808	12,588,197,420
<u>Less:</u> Regulatory adjustments:		
Provision shortfall in loans and advance*	-	(29,824,944,422)
Deferred tax assets	(587,955,745)	(550,943,167)
Total Common Equity Tier I Capital	8,461,290,063	(17,787,690,169)
Additional Tier I capital		
Non-cumulative irredeemable preference share	1,205,000,000	1,205,000,000
Total Tier I capital	9,666,290,063	(16,582,690,169)



BASIC Bank Limited

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For the year ended 31 December 2018

	2018 BDT	2017 BDT
Tier II capital:		
General provision maintained against unclassified loan	474,526,182	566,554,018
Provision for off -balance sheet items	134,051,934	127,178,725
Exchange equalisation	-	-
Revaluation reserve of HTM and HFT securities*	27,727,002	55,454,004
Total Tier II capital	636,305,118	749,186,747
A. Total regulatory capital (Tier I + Tier II)		
Total Tier I capital	9,666,290,063	(16,582,690,169)
Total Tier II capital**	636,305,118	749,186,747
Total eligible capital (Tier I + Tier II)	10,302,595,181	(15,833,503,421)
B. Risk weighted assets		
Balance sheet	120,311,620,337	114,917,076,677
Off- balance sheet	4,591,823,948	4,815,543,828
Total risk-weighted assets	124,903,444,285	119,732,620,505
C. Required capital on risk weighted assets (10% on total risk weighted assets)		
	12,490,344,429	11,973,262,051
D. Capital surplus / (shortfall) [A-C]		
	(2,187,749,248)	(27,806,765,472)
E. Capital conservation buffer (CCB) requirement*		
	(2,341,939,580)	(1,496,657,756)
F. Capital surplus/(shortfall) under MCR including CCB		
	(4,529,688,828)	(29,303,423,228)
Total capital to risk weighted asset ratio (CRAR %)	8.25	(13.22)

*As per Basel-III Guidelines of Bangladesh Bank, required Capital Conservation Buffer (CCB) is 1.875% of Total RWA for the year 2018, which was also 1.25% of Total RWA for the year 2017.

**Provision for current year including those deferred for next 6 years has been maintained in accordance with Bangladesh Bank approval letter No. BRPD (P-1)/ 661/13/2019-3332 dated 29 April 2019.

***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 II capital. As such the amount of eligible revaluation reserve of (i.e., 50% of revaluation reserve as on end 2014) BDT 138,635,011 adjusted @20% each year is shown as under:

Revaluation reserve		
Opening revaluation reserve	138,635,011	138,635,011
Less: Adjustment (80%, 60% of 138,635,011)	110,908,009	83,181,007
Closing revaluation reserve	27,727,002	55,454,004

14. Statutory reserve

Opening balance	2,224,690,642	2,224,690,642
Add: Addition during the year	-	-
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 2018 and 2017 as there was no pre-tax profit.

15. Other reserves

General reserve (note 15.1)	40,000,000	40,000,000
Investment revaluation reserve (note 15.2)	127,078,596	113,897,221
	167,078,596	153,897,221



BASIC Bank Limited

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For the year ended 31 December 2018

	2018 BDT	2017 BDT
15.1 General reserve		
Opening balance	40,000,000	40,000,000
<u>Add:</u> Addition during the year	-	-
Closing balance	40,000,000	40,000,000
The Bank has been maintaining this reserve as venture capital fund since 1999 for equity support to innovative but risky project.		
15.2 Investment revaluation reserve (treasury bills & treasury bonds)		
Gain on revaluation for HFT (note 15.2.1)	207,264,892	178,779,447
Amortisation of discount of HTM (note 15.2.2)	6,702,153	5,567,593
	213,967,045	184,347,040
<u>Less:</u> Loss on revaluation/amortisation of HTM securities (note 15.2.3)	86,888,449	70,449,819
	127,078,596	113,897,221
15.2.1 Gain on revaluation for HFT		
Opening balance	178,779,447	185,013,044
<u>Add:</u> Addition during the year	811,966,286	258,375,475
	990,745,733	443,388,519
<u>Less:</u> Adjustment (Loss on revaluation/amortization) during the year	764,728,513	189,626,016
<u>Less:</u> Adjustment (due to repo transaction) during the year	18,752,328	74,983,056
Closing balance	207,264,892	178,779,447
15.2.2 Amortisation of discount of HTM		
Opening balance	5,567,593	5,262,116
<u>Add:</u> Addition during the year	2,694,031	2,350,228
	8,261,624	7,612,344
<u>Less:</u> Adjustment (loss on revaluation/amortisation) during the year	-	-
<u>Less:</u> Realisation of gain due to maturity of HTM bond	1,559,471	2,044,751
Closing balance	6,702,153	5,567,593
15.2.3 Loss on revaluation/amortisation of (HTM)		
Opening balance	70,449,819	47,842,277
<u>Add:</u> Addition during the year	33,392,498	34,433,760
	103,842,317	82,276,037
<u>Less:</u> Adjustment (loss on revaluation/amortisation) during the year	-	-
<u>Less:</u> Adjustment (due to maturity/rectification) during the year	16,953,868	11,826,218
Closing balance	86,888,449	70,449,819
16. Retained earnings/losses		
Opening balance	(26,523,475,722)	(19,650,783,958)
Profit/ (loss) during the year	(3,538,951,612)	(6,843,689,621)
Interest waived- Gulshan Branch	-	(29,002,143)
Transferred to other reserve	-	-
Cash dividend paid during the year	-	-
Issuance of bonus share	-	-
Closing balance	(30,062,427,334)	(26,523,475,722)



BASIC Bank Limited

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For the year ended 31 December 2018

	2018 BDT	2017 BDT
16.1 Item-wise profit and loss account		
Income:		
Interest, discount and similar income	8,654,698,636	9,727,142,782
Dividend income	47,620,774	57,940,875
Fees, commission and brokerage	313,909,000	299,311,406
Gains less losses arising from dealing in foreign currencies	423,838,082	383,273,221
Income from non-banking assets	-	-
Other operating income	146,370,682	147,500,334
Total income	9,586,437,174	10,615,168,618
Expenses:		
Interest, fee and commission	7,721,878,671	7,377,135,896
Losses on loans and advances	-	-
Administrative expenses	2,373,568,225	2,162,429,211
Other operating expenses	633,990,083	635,197,868
Depreciation on banking assets	57,566,719	88,857,247
Total expenses	10,787,003,699	10,263,620,222
Profit before tax and provision	(1,200,566,525)	351,548,396

17. Contingent liabilities

Local bills for collection	663,489	163,489
Foreign bills for collection	954,241,178	655,468,453
Letters of guarantee (note 17.1)	2,402,965,312	2,252,493,027
Irrevocable letters of credit	7,492,696,766	5,426,059,219
Back to back L/C	1,156,362,841	1,074,767,141
Acceptances and endorsements	2,353,168,476	2,815,180,213
Travelers cheques stock	41,950	41,350
Value of wage earners bond in hand and others	57,104,000	56,312,000
Miscellaneous- revolving fund	398,170,966	437,387,595
	14,815,414,978	12,717,872,486

17.1 Letters of guarantee

A. Claim against the Bank which is not recognized as Loan

B. Money for which the Bank is contingently liable in respect of guarantees favouring:

Directors	-	-
Government	1,503,366,573	1,500,723,969
Bank and other financial institutions	576,500	926,500
Others	899,022,239	750,842,559
	2,402,965,312	2,252,493,027



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For the year ended 31 December 2018

	2018 BDT	2017 BDT
18. Interest income		
Interest on loans and advances	6,257,011,822	6,747,431,040
Interest on money at call and short notice	103,493,944	89,061,668
Interest on placement with other banks	119,656,138	352,880,933
Interest on foreign currency balances	381,321	40,726
	6,480,543,224	7,189,414,367
<u>Less:</u> Transferred to interest suspense account as per auditor's advice	18,614,935	-
<u>Less:</u> Interest waiver	-	425,405
	6,461,928,289	7,188,988,962
19. Interest paid on deposits and borrowings, etc		
On savings bank deposit (note 19.1)	208,981,379	171,298,645
On short notice deposit	506,327,379	580,852,531
On fixed deposit (note 19.2)	6,158,398,067	6,154,924,375
On current deposit	2,350,860	2,273,569
Other deposits and deposit schemes (note 19.3)	442,693,025	381,199,258
On borrowing from Bangladesh Bank and other financial institutions (note 19.4)	403,127,961	86,587,518
	7,721,878,671	7,377,135,896
19.1 On savings bank deposit:		
On savings bank deposit	201,296,807	164,096,253
On school banking scheme	6,037,277	6,032,027
On krishok savings account	892,917	718,009
On RMG worker account	171,939	150,916
On leather industry worker	971	1,168
On pothopushpo savings account	5,028	1,724
On muktijodhashpo savings account	108,689	139,621
On BASIC chalantika	43,123	36,881
On trinomul savings account	424,628	122,046
	208,981,379	171,298,645
19.2 On fixed deposit:		
Interest paid on fixed deposit	5,477,928,158	5,390,090,597
Interest paid on double benefit scheme	357,287,728	415,333,861
Interest paid on super double benefit scheme	243,177,029	267,115,566
Interest paid on monthly benefit scheme	43,103,940	47,530,816
Interest paid on rapid grow deposit scheme	-	708,350
Interest paid on BASIC twofold winner	12,140,111	14,425,280
Interest paid on monthly gainer scheme	24,761,101	19,719,905
	6,158,398,067	6,154,924,375
19.3 Other deposits and deposit schemes		
Interest paid on BASIC fortune	16,765,134	15,852,646
Interest paid on BASIC fortune plus	372,803,362	344,495,128
Interest paid on BASIC swaponu puron	1,795,360	595,347
Interest paid on BASIC DPS plus	51,493,781	20,256,137
	442,857,637	381,199,258
<u>Less:</u> Penal interest recovered on deposit scheme	(164,612)	-
	442,693,025	381,199,258



BASIC Bank Limited

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For the year ended 31 December 2018

	2018 BDT	2017 BDT
19.4 Interest on borrowings		
Interest on Bangladesh Bank refinance-Jute sector	3,441,668	2,187,500
Interest on Bangladesh Bank refinance-Milk Production	2,059,674	832,376
Interest on Bangladesh Bank refinance- HBL	3,667,216	3,952,133
Interest on Bangladesh Bank refinance-Brick Kiln	2,156,169	-
Interest on borrowing on B.B refinance for Tk. 10 account holders	480,042	229,161
Interest on repo-Bangladesh Bank	1,292,308	982,170
Interest on term borrowing	319,238,333	-
Interest on borrowing-call money	5,374,028	6,384,653
Interest on term loan KFW	5,368,266	5,368,260
Interest on borrowing-ADB loan	26,792,210	33,865,803
SME refinance (ADB Fund-2)	175,068	1,804,378
Second crop diversified project-ADB	30,132,266	30,581,076
Interest on refinance- Export Credit	-	810
Interest on borrowing outside Bangladesh	2,950,713	399,198
	403,127,961	86,587,518
20. Investment income		
On GT bill, Bangladesh Bank bills and GT bonds, reverse repo etc (note 20.1)	2,257,869,682	2,721,813,347
Dividend on shares	47,620,774	57,940,875
On other investment	8,000,000	-
Profit on sale of investment (note 20.2)	787,441,533	406,496,321
	3,100,931,989	3,186,250,543
<u>Less:</u> Interest paid for purchase of treasury bill	33,897,569	47,270,256
<u>Less:</u> Loss on sale of investment	17,123,209	11,917,528
<u>Less:</u> Loss on revaluation of HFT securities	809,520,090	530,968,064
	860,540,868	590,155,848
	2,240,391,121	2,596,094,695
20.1 On GT bill, Bangladesh Bank bill and GT bond, reverse repo etc		
Interest on GT bond	2,250,838,713	2,692,011,088
Interest on reverse repo	6,078,279	1,121,449
Amortization of discount-Bill	952,690	28,680,810
	2,257,869,682	2,721,813,347
20.2 Profit on sale of investment		
Profit on sale of HFT Securities	21,066,073	61,341,650
Profit on sale of Share	54,324	155,482,604
Profit on repo trading	766,321,136	189,672,067
	787,441,533	406,496,321
21. Commission, exchange and brokerage		
Foreign bill purchased	359,772	646,056
Local bill purchased	4,228,470	4,556,642
Remittance	2,872,680	2,109,198
Letter of guarantee	41,727,536	33,000,197
Letter of credit	151,148,282	146,552,238
Bills for collection	10,030,823	9,417,502
Acceptances and endorsement	43,032,605	48,553,679
Export bill	9,980,251	9,464,543
Miscellaneous (includes commission on sale of PSP,TC)	50,528,583	45,011,351
	313,909,000	299,311,406
Exchange gain net of exchange loss (note 21.1)	423,838,082	383,273,221
	737,747,082	682,584,627



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
21.1 Exchange gain net of exchange loss		
Exchange earning	524,273,105	461,065,771
<u>Less: Exchange loss</u>	<u>100,435,023</u>	<u>77,792,550</u>
	423,838,082	383,273,221

Note: Exchange gain/profit (loss) on exchange on trading has been net of which was shown separately in earlier years.

22. Other operating income

Various fees	8,843,430	9,465,089
Rent (godown and locker)	1,013,978	1,076,000
Recoveries from client and staffs	46,978,810	44,269,800
Service and other charges	66,430,421	66,944,196
Income from on-line client services	3,196,799	3,536,759
Recoveries of loan previously write off	-	-
Income from ATM/card services	2,283,262	2,261,095
Export L/C advising, handling, transfer charges etc	7,200,930	7,035,409
Miscellaneous income (notes 22.1)	10,416,269	11,188,433
Profit on sale of fixed assets (notes 22.2)	6,783	1,723,553
	146,370,682	147,500,334

During the year total amount of BDT 2,00,000 has been recovered from previously written off loans which has been accounted for adjusting with provision requirement during the year rather than showing as other operating income.

22.1 Miscellaneous income

Income from ICT services	-	-
Discount	3,250	550
Project examination fee	465,000	148,399
Other operating income	9,948,019	11,039,484
	10,416,269	11,188,433

22.2 Profit on sale of fixed assets

Cost of assets sold	97,500	4,312,557
<u>Less: Accumulated depreciation of assets sold</u>	<u>94,164</u>	<u>4,092,682</u>
Book value of assets sold	3,336	219,875
Sale value of fixed assets	10,119	1,943,428
Profit on sale of fixed assets	6,783	1,723,553

23. Salary and allowances

Salaries (note 23.1)	872,004,698	825,132,247
Allowances (note 23.2)	1,007,571,712	953,947,739
Provident fund	84,533,371	80,133,026
Benevolent fund	5,000,000	5,000,000
Gratuity fund	233,941,882	145,023,833
Bonus	155,676,563	147,715,699
Superannuation fund	10,000,000	-
	2,368,728,225	2,156,952,544

23.1 Salaries

Salary- Basic salary	851,418,819	805,332,788
MD's salary	(2,100,000)	(2,193,333)
Wages sub-staff	578,671	615,445
Casual wages menial staff	22,107,208	21,377,347
	872,004,698	825,132,247

23.2 Allowances

Allowances	938,545,617	889,503,201
MD's allowance	(2,300,000)	(2,843,334)
Leave fare assistance	71,326,095	67,287,872
	1,007,571,712	953,947,739



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
24. Rent, taxes, insurance, electricity, etc		
Rent	264,156,284	256,450,644
Rates, taxes and VAT	3,597,236	3,888,172
Utilities/electricity and heating	44,649,901	44,619,362
Insurance	25,793,805	22,175,747
	338,197,226	327,133,925
25. Legal expenses		
Legal expenses (note 25.1)	17,375,233	21,204,289
Professional fees (note 25.2)	2,060,890	1,930,235
	19,436,123	23,134,524
25.1 Legal expenses		
Lawyers fees	4,630,518	4,164,601
Law charges	2,336,859	4,038,153
Stamp charges and court fees	949,453	926,471
Other legal expenses	9,444,603	11,974,844
Other professional expenses	13,800	100,220
	17,375,233	21,204,289
25.2 Professional expenses		
Consultancy fee	627,700	1,119,750
Other professional fee	1,433,190	810,485
	2,060,890	1,930,235
26. Postage, stamps, telecommunication, etc		
Postage	90,081	58,410
Courier services	7,589,688	6,800,791
Telephone	23,473,104	23,803,075
Fax	18,755	19,578
Swift subscription and cable charges and web hosting charge	11,069,769	7,100,135
Stamp	76,500	57,500
Internet and e-mail	1,314,158	362,117
	43,632,054	38,201,606
27. Stationery, printing, advertisement, etc		
Printing stationery	6,347,157	6,927,535
Security stationery	2,875,364	2,795,000
Publicity, advertisement and publication	1,460,334	2,945,773
Other stationery (note 27.1)	23,203,292	23,669,769
	33,886,147	36,338,077
27.1 Other stationery		
Office stationery	5,810,432	6,552,406
Petty stationery	41,375	35,759
Photograph and photocopy	389,652	450,752
Crockery and utensils	468,672	493,105
Other stationary	8,995,615	9,417,316
Calendar	5,512,720	5,192,500
Annual report	277,070	270,216
Souvenir	-	-
Greeting cards	165,750	234,000
Other greeting items	39,515	56,705
Invitation card	2,576	240
Other printing expenses	1,499,915	966,770
	23,203,292	23,669,769



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
28. Managing Director's salary		
Basic salary	2,100,000	2,193,333
Allowances	2,740,000	3,283,334
	4,840,000	5,476,667
29. Directors' fees and other benefits		
VAT on directors fee	387,600	336,000
Directors honorarium	2,224,000	1,856,000
Directors remuneration	360,000	384,000
	2,971,600	2,576,000
30. Depreciation of Bank's assets		
Depreciation on own assets		
Furniture and fixtures	5,588,071	5,855,947
Interior decoration	17,545,730	19,034,417
Computer hardware and peripherals	12,273,534	18,900,232
Computer software	1,178,119	5,068,210
Machinery and equipment	19,893,433	23,097,365
Vehicles	1,041,831	16,855,075
	57,520,718	88,811,246
Depreciation on leased assets		
Lease equipment/assets	46,001	46,001
	57,566,719	88,857,247
31. Repair of Bank's assets		
Furniture and fixtures	1,274,963	1,467,591
Interior decoration	397,393	1,274,448
Machinery and equipment	15,279,921	17,626,693
Vehicles	10,066,462	12,801,507
Rented premises	2,695,613	7,121,483
Electric fittings	4,266,545	-
Other	2,006,278	-
	35,987,174	40,291,722
32. Other expenses		
Entertainment	28,289,491	25,898,095
Car expenses (note 32.1)	20,816,390	21,760,282
Travelling	15,824,780	15,406,668
Computer consumables and accessories	14,505,673	13,600,899
Staff training and HR development expenses	7,162,924	10,715,943
Card related expenses	8,183,801	8,858,507
Miscellaneous (note 32.2)	12,446,528	12,377,231
Fuel and lubricant expenses-generator (note 32.3)	3,688,138	3,910,109
Subscription	3,486,047	2,748,553
Service charge paid to clearing house, banks and others	2,389,167	2,267,496
Corporate social responsibility expenses	1,416,021	1,382,116
Commission paid to bank	42,478	75,388
Donation	41,600	82,517
Other audit fee (note 32.4)	120,750	115,000
Information and Communication (ICT) expenses (note 32.5)	40,545,971	39,182,438
	158,959,759	158,381,242



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
32.1 Car Expenses		
Fuel and lubricant	6,824,031	7,608,398
CNG/POL-vehicle	11,230,134	11,545,598
Vehicle expenses	2,762,226	2,606,286
	20,816,390	21,760,282
32.2 Miscellaneous		
Furniture expenses	14,950	4,700
Expenses equipment	111,285	194,480
Business promotion and development	594,588	622,672
Books, journals and periodicals	1,184,351	927,726
Conveyance expenses	2,830	36,712
Expenses for multimedia	3,000	3,534
Transport expenses	10,600	-
Carrying charges	396,831	193,010
Commitment and other fees	458,724	457,099
Remittance charges	60,220	59,713
Cartage and freight	121,929	69,900
Issue expenses	26,824	2,205,106
Interior decoration expenses	1,161,644	1,117,648
AGM expenses	98,770	232,153
Nostro account related expenses	635,499	214,756
Financial assistance expenses	442,408	570,794
Managers conference expenses	248,263	414,428
Security service expense	5,913,145	4,020,463
Miscellaneous expenses	960,669	1,032,337
	12,446,528	12,377,231
32.3. Fuel and lubricant		
Fuel and lubricant -generator	3,667,206	3,879,296
Fuel and lubricant-others	20,932	30,813
	3,688,138	3,910,109
32.4 Other Audit fee		
PF audit	28,750	28,750
Various fund audit	46,000	40,250
Reconciliation audit	-	23,000
Nostro account audit	46,000	23,000
	120,750	115,000
32.5 Information and communication (ICT) expenses		
Yearly rent	2,787,430	1,347,205
License fee	143,217	238,422
Internet charge	15,190,840	18,452,893
SMS alert charge	2,518,587	2,374,338
Mobile phone banking expenses		4,333
Software maintenance expenses	18,198,210	15,784,497
ICT auditing, penetration testing & risk management services	500,000	975,000
Hardware maintenance	1,207,686	5,750
	40,545,971	39,182,438



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
33. Provision made during the year:		
a. For loans and advances:		
On classified loans and advances as per Bangladesh Bank circular (note 12.1)	1,850,629,274	6,935,000,000
On unclassified loans & advances (note 12.2)	(92,027,836)	138,780,710
	1,758,601,438	7,073,780,710
b. For off-balance sheet items (note 12.3)	6,873,209	8,271,137
c. For other assets (note 12.3)	-	11,790,660
d. Provision for balance with other banks and financial institutions:	300,000,000	-
e. For investment	252,404,395	-
	2,317,879,042	7,093,842,507
Provision for current year including those deferred for next 6 years has been maintained in accordance with Bangladesh Bank approval letter No. BRPD (P-1)/ 661/13/2019-3332 dated 29 April 2019.		
34. Provision for taxation - Current tax		
Opening balance	565,917,994	822,822,285
Add: Provision made during the year	57,518,623	149,408,068
	623,436,617	972,230,353
Less: Adjustment made during the year	67,975,710	406,312,359
Closing balance	555,460,907	565,917,994
35. Provision for taxation - Deferred tax		
a) Computation of deferred tax		
Tax base of depreciable fixed assets	379,749,079	427,162,988
Less: Carrying amount	309,214,466	346,535,047
Deductible temporary difference (A)	70,534,613	80,627,941
Carrying amount of provision for gratuity/benevolent/superannuation fund:		
Provision for gratuity	1,321,002,201	1,140,599,539
Provision for benevolent fund (provision less actual payment)	53,530,384	55,089,218
Provision for superannuation fund (provision less actual payment)	24,822,165	20,020,165
	1,399,354,750	1,215,708,922
Less: Tax base	-	-
Deductible temporary difference (B)	1,399,354,750	1,215,708,922
Total deductible temporary difference (A+B)	1,469,889,363	1,296,336,863
Effective tax rate	40.00%	42.50%
Deferred tax assets	587,955,745	550,943,167
b) Deferred tax (expenses)/income		
Closing deferred tax assets	587,955,745	550,943,167
Opening deferred tax assets	550,943,167	502,930,609
Deferred tax (expenses)/income	37,012,578	48,012,558
36 Proposed Dividends		
Bonus Share :	-	-
Cash Dividend	-	-
	-	-



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
37. Analysis of closing cash and cash equivalents		
Cash in hand (including foreign currencies)	641,564,550	740,493,221
Balances with Bangladesh Bank and its agent bank (s)	8,194,949,452	9,773,136,112
Balances with other banks and financial institutions	922,021,482	8,952,764,385
Money at call and on short notice	450,000,000	-
Prize bonds	2,136,100	1,428,800
	10,210,671,584	19,467,822,518
38. Earnings Per Share (EPS)		
Net profit/(loss) after tax (numerator)	(3,538,951,612)	(6,843,689,621)
Number of ordinary share outstanding (denominator)	1,084,698,250	1,084,698,250
Earnings Per Share (EPS)	(3.26)	(6.31)

39. Coverage of external audit

The external auditors have covered 80% of the risk-weighted assets and have spent around 3,600 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


Chief Financial Officer


Managing Director


Director


Director


Chairman

Dhaka, Bangladesh
Dated, 30 April 2019



BASIC Bank Limited

Annex A

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

As at 31 December 2018

Name of the Bank	A/C Type	Currency name	2018			2017		
			Amount in FC	Conv. Rate per unit FC	Amount in BDT	Amount in FC	Conv. Rate per unit FC	Amount in BDT
1 BOTM, Tokyo	CD	JPY	119,157,787	0.756	90,119,034	1,932,471	0.73	1,412,443
2 Habib American Bank New York	CD	USD	548,005	83.90	45,977,651	414,842	82.70	34,307,442
3 United Bank of India	CD	USD	393,543	83.90	33,018,225	379,758	82.70	31,405,973
4 Sonali Bank, Kolkata	CD	ACU\$	264,879	83.90	22,223,339	637,214	82.70	52,697,599
5 Bank Marocaine DU Commerce	CD	EURO	221,040	95.51	21,111,974	92,974	98.50	9,158,312
6 AB Bank Mumbai	CD	ACU\$	209,540	83.90	17,580,393	228,217	82.70	18,873,572
7 HDFC Bank Limited	CD	USD	96,231	83.90	8,073,741	81,432	82.70	6,734,416
8 BOTM, London	CD	GBP	60,982	106.23	6,477,900	42,306	110.99	4,695,584
9 Habib Metropolitan Bank Limited., Pk	CD	ACU\$	7,277	83.90	610,530	191,484	82.70	15,835,743
10 Sonali Bank Kolkata, ACUEUR	CD	ACUEUR	4,683	95.51	447,305	4,683	98.50	461,318
11 Bank of Ceylon	CD	ACU\$	4,680	83.90	392,627	17,028	82.70	1,408,201
12 Mashreq Bank, NY	CD	USD	4,605	83.90	386,360	4,605	82.70	380,834
13 Summit (Arif Habib)-Rupali- Bank Karachi	CD	ACU\$	1,103	83.90	92,563	1,103	82.70	91,239
14 Mashreq Bank, Mumbai	CD	ACU\$	647	83.90	54,294	636	82.70	52,608
15 Citibank NA, NY(Exp)	CD	USD	-	-	-	5,535,750	82.70	457,806,565
16 BCP, Geneva	CD	CHF	-	-	-	4,343	83.98	364,678
17 Sonali Bank London, GBP	CD	GBP	-	-	-	35,892	110.99	3,983,740
18 Sonali Bank London-USD (Cash Collateral)	CD	USD	-	-	-	269,736	82.70	22,307,167
Total					246,565,936			661,977,434

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 are no un-reconciled entries that may affect financial statements significantly.



BASIC Bank Limited

Annex B

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Details of investment in shares
As at 31 December 2018

a. Quoted shares/mutual funds

Amount in BDT

Listed securities: shares

Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 Dec 2018	Market value as on 31 Dec 2017	Accumulated unrealised Gain/(Loss)	Dividend received in 2018
1.	ACME Laboratories Limited	26-Feb-17	444,569	4,445,690	51,997,661	38,188,477	50,110,866	(13,809,184)	1,409,226
2.	Agni Systems Limited	22-Jun-17	698,803	6,988,030	17,113,824	14,674,863	14,575,041	(2,438,961)	316,935
3.	Appolo Ispat Complex Limited	20-Aug-14	1,988,098	19,880,980	36,438,543	16,302,404	31,848,185	(20,136,139)	1
4.	Asian Tiger Sandhani Life Growth Fund	2-Aug-17	2,432,802	24,328,020	32,008,098	23,111,619	28,603,908	(8,896,479)	2,919,362
5.	Bangladesh Gen. Insurance Co.	25-Sep-17	666	6,660	14,067	13,320	14,785	(747)	666
6.	Beximco Limited	20-Nov-10	144,447	1,444,470	16,211,435	3,394,504	3,714,363	(12,816,931)	65,536
7.	Beximco Pharmaceuticals Limited	23-Dec-10	801,968	8,019,680	89,773,753	63,435,669	85,811,979	(26,338,084)	1,015,285
8.	BSRM Steels Limited	10-Dec-13	695,376	6,953,760	58,886,952	41,653,022	49,624,560	(17,233,930)	-
9.	City General Insurance Co. Limited	25-Sep-17	228,474	2,284,740	4,077,151	3,061,552	3,780,213	(1,015,599)	5
10.	Dhaka Electric Supply Co. Limited	8-Dec-10	504,658	5,046,580	28,805,944	20,388,183	22,911,473	(8,417,761)	504,658
11.	Eastern Bank Limited	8-Dec-10	3,875,099	38,750,990	24,125,116	139,503,564	194,376,684	115,378,448	7,750,198
12.	Grameen Phone Limited	11-Jul-18	1,400	14,000	535,232	514,220	-	(21,012)	17,500
13.	Heidelberg Cement BD Limited	8-Dec-10	169,206	1,692,060	89,579,293	56,633,248	71,895,629	(32,946,045)	2,538,090
14.	Ibn Sina Pharmaceutical Industry Limited	17-Aug-10	-	-	-	-	-	-	467,856
15.	I.D.L.C Finance Limited	26-May-15	293,619	2,936,190	26,320,486	20,465,244	22,950,989	(5,855,242)	880,857
16.	I.F.I.C. Bank Limited	10-Dec-13	161,684	1,616,840	2,776,143	1,762,356	2,598,498	(1,013,787)	4
17.	ICB Islami Bank Limited	23-May-08	2,684,000	26,840,000	26,840,000	12,883,200	18,788,000	(13,956,800)	-
18.	Jamuna Oil Company Limited	21-Sep-11	235,052	2,350,520	49,296,780	44,777,406	44,589,364	(4,519,374)	2,585,572
19.	Lafargeholcim Bangladesh Limited	10-Dec-13	1,288,611	12,886,110	100,636,994	56,054,579	90,073,909	(44,582,415)	644,306
20.	Linde Bangladesh Limited	3-Feb-16	51,155	511,550	67,292,948	61,304,152	70,953,981	(5,988,796)	762,594
21.	Meghna Petroleum Limited	23-Nov-10	81,000	810,000	15,994,974	15,276,600	15,300,900	(718,374)	891,000
22.	Mercentile Bank Limited	6-Nov-16	473,887	4,738,870	12,018,714	8,529,966	12,222,065	(3,488,748)	767,247
23.	MJL Bangladesh Limited	31-May-15	218,276	2,182,760	24,899,593	21,652,979	22,679,926	(3,246,614)	890,469
24.	NCC Bank Limited	26-Dec-10	953,397	9,533,970	17,898,740	15,159,012	16,875,127	(2,739,728)	1,239,416
25.	Navana Cng Limited	31-Oct-01	258,958	2,589,580	20,501,484	12,326,401	17,376,082	(8,175,083)	388,437
26.	Olympic Industries Limited	19-Oct-15	191,957	1,919,570	55,842,444	41,501,103	55,172,259	(14,341,341)	861,170
27.	One Bank Limited	28-Jul-11	1,568,980	15,689,800	37,430,672	23,534,700	35,395,968	(13,895,972)	2,241,406
28.	Padma Oil Company	2-Oct-14	175,899	1,758,990	44,502,752	39,612,455	42,039,861	(4,890,297)	1,934,889
29.	Phoenix Insurance Co. Limited	10-Dec-13	82,228	822,280	2,524,838	2,376,389	2,425,726	(148,449)	131,565
30.	Power Grid Co. of Bangladesh Limited	2-Dec-10	342,427	3,424,270	19,139,204	16,436,496	17,770,289	(2,702,708)	465,641
31.	Prime Bank Limited	14-Jun-17	1,107,796	11,077,960	27,791,006	20,051,108	27,046,211	(7,739,898)	704,976
32.	Prime Finance & Investment Limited	9-Nov-10	1,408,302	14,083,020	21,654,891	13,378,869	17,181,284	(8,276,022)	-
33.	Purabi General Insurance Co. Limited	26-Sep-17	429,925	4,299,250	7,321,502	5,546,033	6,640,813	(1,775,469)	-
34.	Rak Ceramics(Bangladesh) Limited	31-Oct-10	1,014,404	10,144,040	57,256,266	39,561,756	55,238,941	(17,694,510)	922,213
35.	Southeast Bank Limited	18-Apr-12	815,053	8,150,530	15,872,998	12,714,827	14,558,849	(3,158,171)	4
36.	Square Pharmaceuticals Limited	11-Jul-18	1,219	12,190	321,867	309,870	-	(11,997)	-
37.	Sunlife Insurance Company Limited	2-Mar-14	140,760	1,407,600	4,574,572	3,899,052	3,408,600	(675,520)	-
38.	Titas Gas Transmission & D.C.L	26-Dec-10	1,385,908	13,859,080	81,201,088	50,447,051	61,257,134	(30,754,037)	3,012,819
39.	Uttara Finance & Invest. Limited	24-Mar-15	242,923	2,429,230	18,034,835	15,887,164	16,977,049	(2,147,671)	728,769
A.	Sub-Total		27,592,986	275,929,860	1,207,512,860	976,323,413	1,246,789,511	(231,189,447)	37,058,670



BASIC Bank Limited

Annex B

Details of investment in shares
As at 31 December 2018

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Listed securities: Mutual funds

Amount in BDT

Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 Dec 2018	Market value as on 31 Dec 2017	Gain/(Loss)	Dividend received in 2018
1.	ICB AMCL 2nd NRB Mutual Fund	11-Apr-16	3,041,971	30,419,710	34,632,867	30,115,513	29,836,891	(4,517,354)	-
2.	IFIL Islamic Mutual Fund-1	2-Dec-15	7,534,390	75,343,900	66,631,446	51,233,852	56,507,925	(15,397,594)	6,780,951
			10,576,361	105,763,610	101,264,312.33	81,349,365.00	86,344,816	(19,914,947)	6,780,951.00
a.	Sub-Total		38,169,347	381,693,470	1,308,777,173	1,057,672,778	1,333,134,327	(251,104,394)	43,839,621

b. Unquoted securities

Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 Dec 2018	Market value as on 31 Dec 2017	Gain/(Loss)	Dividend received in 2018
1.	Bangladesh Development Co.Limited	19-Jul-11	74,500	7,450,000	7,450,000	7,450,000	7,950,000	-	925,250
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.	Sub-Total			38,075,410	29,790,650	29,790,650	30,290,650	-	3,781,153

Grand Total (a+b)

419,768,880	1,338,567,823	1,087,463,428	1,363,424,977	(251,104,394)	47,620,774
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Detail of information on advances exceeding 10% of bank's total capital (funded & non-funded)
As at 31 December 2018

Sl. No.	Name of the Client	Outstanding as on 31 December 2018			Outstanding as on 31 December 2017	CL status as on 31 December 2018
		Funded	Non funded	Total		
1	Amader Bari Limited Group	54,322	-	54,322	51,573	BL
2	Emerald Auto Bricks & Allied	23,633	-	23,633	23,634	BL
3	BD Chemicals Inds Corp (BCIC)	20,140	738	20,878	28,162	STD
4	AB Group	15,643	4,209	19,852	11,900	STD
5	Feaz Group	19,560	-	19,560	19,560	BL
6	Well Tex And Allied (Adib Dyeing)	19,074	81	19,155	19,195	BL
7	Nilsagor Agro & Allied	16,763	1,960	18,723	16,924	STD
8	New Dhaka City Development Limited	18,036	-	18,036	16,923	STD
9	Borshon/Bithi Group	16,861	-	16,861	15,293	STD
10	Mymco Carbon Limited And Allied	16,595	-	16,595	16,597	BL
11	Bangladesh Development Company Limited	16,489	-	16,489	15,735	STD
12	Vasavi Fashions & Allied	15,805	26	15,831	15,810	BL
13	Max Sweater (BD) Limited	12,317	3,431	15,748	14,625	STD
14	Aristocrat Group	13,397	-	13,397	13,407	BL
15	Rising Group	13,207	18	13,225	13,283	BL
16	R. I. Enterprise	13,174	-	13,174	13,174	BL
17	Delta Systems Limited	12,842	35	12,877	12,842	BL
18	Ajbiha, Youth	12,563	-	12,563	11,357	STD
19	Emerald Oil & Allied	12,268	142	12,410	12,473	BL
20	Map & Muller Group	12,245	-	12,245	12,313	BL
21	Ig Navigation Limited	11,945	-	11,945	11,995	BL
22	Regent Weaving Limited	11,893	1	11,894	12,148	STD
23	Bay Navigation Limited	11,638	39	11,677	11,638	BL
24	Sea Blue Textile Limited	10,907	531	11,438	11,094	SMA
25	Crystal Steels & Ship Breaking Ltd	11,383	-	11,383	11,383	BL
26	Profusion Textiles Limited	11,155	-	11,155	11,155	BL
27	Ma Tex	11,122	-	11,122	11,122	BL
	Total	434,977	11,211	446,188	435,315	

Note: In 2018 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.



BASIC Bank Limited

Annex D

Schedule of fixed assets
As at 31 December 2018

Particulars	Cost				Rate (%)	Depreciation				Written down value at 31 December 2018
	At 01 January 2018 BDT	Addition BDT	Disposal/Transfer during the year BDT	Total at 31 December 2018 BDT		Upto 01 January 2018 BDT	Charge BDT	Disposal/adjustment BDT	Upto 31 December 2018 BDT	
Furniture and fixtures	115,513,974	2,472,258	-	117,986,232	10%	60,525,974	5,588,071	-	66,114,045	51,872,187
Interior decoration	319,352,944	3,798,683	-	323,151,627	10%	144,700,592	17,545,730	-	162,246,322	160,905,305
Machine and equipment	344,194,765	7,125,385	97,500	351,222,650	20%	249,944,084	19,893,433	94,164	269,743,353	81,479,297
Computer hardware	302,979,009	6,807,146	-	309,786,155	20%	283,359,222	12,273,534	-	295,632,756	14,153,399
Software	95,226,936	-	-	95,226,936	20%	93,244,672	1,178,119	-	94,422,791	804,145
Motor vehicles	381,654,870	-	-	381,654,870	25%	380,612,906	1,041,831	-	381,654,737	133
Leasehold assets	4,000,000	-	-	4,000,000	1%	873,936	46,001	-	919,937	3,080,063
Total 2018	1,562,922,498	20,203,472	97,500	1,583,028,470		1,213,261,386	57,566,719	94,164	1,270,733,941	312,294,529
Total 2017	1,537,528,754	29,706,301	4,312,557	1,562,922,498		1,128,496,821	88,857,247	4,092,682	1,213,261,386	349,661,112



Highlights on the activities of the Bank
As at 31 December 2018

		(Amount in BDT)	
No.	Particulars	2018	2017
1	Paid up capital	10,846,982,500	10,846,982,500
2	Total capital-Rregulatory capital (Basel accord)	10,302,595,181	(15,833,503,422)
3	Capital deficit	(2,187,749,248)	(27,806,765,472)
4	Total assets	191,560,413,416	198,816,672,142
5	Total deposits	131,821,582,933	143,180,240,782
6	Total loans and advances	151,968,053,141	145,568,587,491
7	Total contingent liabilities and commitments	14,815,414,978	12,717,872,486
8	Credit - deposit ratio	109.45%	100.25%
9	Classified loans against total loans and advances	56.85%	54.63%
10	Profit/(loss) after tax and provision	(3,538,951,612)	(6,843,689,622)
11	Amount of classified loans and advances	86,398,013,436	79,529,875,921
12	Provision kept against classified loan	23,078,179,129	21,225,549,855
13	Provision surplus/(deficit)	-	(29,824,944,422)
14	Cost of fund	7.56%	6.98%
15	Interest earning assets	90,939,084,216	96,643,408,051
16	Non-interest bearing assets	100,621,329,200	102,173,264,090
17	Return on Investment (ROI)***	-11.79%	-42.99%
18	Return on Assets (ROA)	-1.81%	-3.39%
19	Incomes on investment	2,240,391,121	2,596,094,695
20	Earnings per share (EPS)	(3.26)	(6.31)
21	Net income per share	(3.26)	(6.31)
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

