

Annual Report 2007



Sena Kalyan Bhaban (6th Floor), 195, Motijheel Commercial Area, Dhaka-1000, Bangladesh
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Web-site: www.basicbanklimited.com



Annual Report 2007



Dr. Fakhruddin Ahmed, Honorable Chief Adviser to the Caretaker Govt. of the People's Republic of Bangladesh is receiving a cheque for SIDR Victims from Dr. Md. Nurul Amin, Secretary, Ministry of Industries & Chairman, BASIC Bank Limited. Mr. A.H. Ekbal Hossain, Managing Director, BASIC Bank Ltd. is also present.



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BASIC Bank Limited

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

Registered Office

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

Head Office

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

Incorporation

August 2, 1988

Commercial Operation

January 21, 1989

Contacts

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Web-site : www.basicbanklimited.com
SWIFT : BKSIBDDH



Profile

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

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

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

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





Our Approach

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

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

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

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

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



Board of Directors

as on March 31, 2008

Dr. Md. Nurul Amin **Chairman**

Secretary
Ministry of Industries
Govt. of the People's Republic of Bangladesh
Shilpa Bhaban, Motijheel Commercial Area, Dhaka

Mr. Mohammad Mahbubur Rahman **Director**

Chairman
Bangladesh Small & Cottage Industries Corporation (BSCIC)
137 – 138, Motijheel Commercial Area, Dhaka

Mr. Mahbub Ahmed **Director**

Additional Secretary, Finance Division
Ministry of Finance, Govt. of the People's Republic of Bangladesh
Bangladesh Secretariat, Dhaka

Mr. Md. Ehsanul Hoque **Director**

Director General
Chief Adviser's Office
Old Sangsad Bhaban, Tejgaon, Dhaka

Mr. Mustafa Mohiuddin **Director**

Joint Secretary
Ministry of Commerce, Govt. of the People's Republic of Bangladesh
Bangladesh Secretariat, Dhaka

Mr. Md. Asaduzzaman Khan **Director**

Executive Director
Bangladesh Bank, Head Office, Dhaka

Mr. A. H. Ekbal Hossain **Managing Director**

BASIC Bank Limited
Head Office
Dhaka

Mr. Md. Mesbahul Haque **Company Secretary**

ACNABIN **Company Auditor**

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



Audit Committee of the Board of Directors

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as on March 31, 2008

Mr. Mohammad Mahbubur Rahman

Convener

Mr. Mahbub Ahmed

Member

Mr. Md. Asaduzzaman Khan

Member



Notice of the 19th Annual General Meeting

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Notice is hereby given that the 19th Annual General Meeting of BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) will be held on Thursday, April 24, 2008 at 12:00 noon at Sena Kalyan Bhaban (6th Floor), 195 Motijheel C/A, Dhaka-1000 to transact the following business:

1. To receive, consider and adopt the Directors' Report and Audited Statements of Accounts along with the Auditor's Report thereon for the year ended December 31, 2007;
2. To declare dividend for the year ended December 31, 2007;
3. To elect Directors in place of those who will retire in accordance with the provisions of Articles 105, 106 and 107 of the Articles of Association of the Bank and the retiring Directors are eligible for re-election/re-nomination;
4. To appoint Auditors of the Bank as per Article 144 of the Articles of Association of the Bank for the term until the next Annual General Meeting and to fix their remuneration as per Article 145 of the Articles of Association of the Bank;

Any other business with the permission of the Chair.

By order of the Board of Directors

Md. Mesbahul Haque
Company Secretary

Dated; Dhaka
April 6, 2008



BASIC Bank Limited

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Progress at a glance

From the Balance Sheet (Million Taka)

	2007	2006	2005	2004
Authorized Capital	2000.00	2,000.00	2,000.00	2,000.00
Paid-up Capital	1247.40	945.00	810.00	675.00
Reserve and Surplus	1349.17	1,294.00	916.14	816.23
Shareholders' Equity	2596.58	2,239.00	1,726.14	1,491.23
Fixed Assets	196.11	154.52	135.78	101.41
Total Assets	38773.91	29,417.09	27,136.37	19,436.57
Deposits	31947.98	24,084.65	22,325.58	15,509.18
Long- term Debt	1385.81	830.06	937.51	839.61
Loans and Advances	22263.35	19,000.00	15,339.35	12,000.15
Placement & Investment	13560.92	8,212.23	10,236.82	6,098.51

From the Income Statement (Million Taka)

Gross Income	3549.51	2,870.32	2,228.21	1768.85
Gross Expenditure	2741.37	1,858.69	1,599.77	1241.63
Profit before Tax	808.14	1,011.62	628.44	527.22
Profit after Tax	282.96	554.14	285.49	291.48
Tax Paid (cumulative)	2790.98	2,245.16	1,777.70	1,434.76

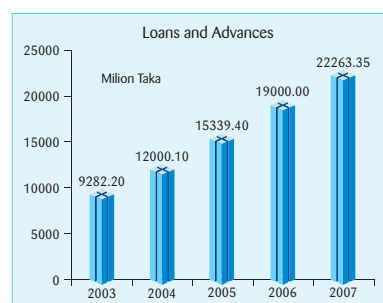
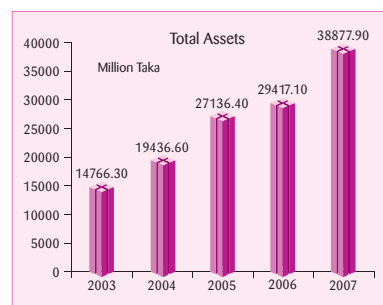
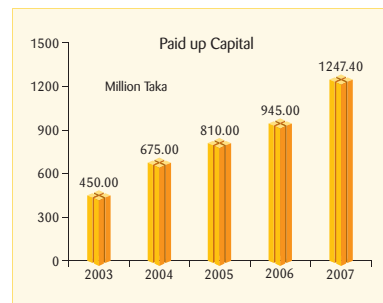
Others (Million Taka)

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

Financial Ratios (Percentage)

Capital Adequacy Ratio	12.91	11.98	11.77	12.49
Capital Fund to Deposit Liabilities	9.23	10.34	10.36	10.47
Liquid Assets to Deposit Liabilities	49.10	40.42	58.01	50.56
Loan to Deposit Liabilities	69.69	78.89	69.74	77.37
Earning Assets to Deposit Liabilities	109.70	112.99	114.56	116.70
After Tax Return on Average Assets	0.83	1.94	1.23	1.70
Net profit to Gross Income	7.97	19.31	12.81	16.48
Interest Margin Cover	176.80	211.72	214.56	205.07
After Tax Return on Equity	11.70	27.82	17.75	21.27
SMI/SSI Loan and Micro				
Credit to Total Loan	56.73	53.43	50.66	62.21

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



Authorized Capital
TK. 2,000 Million



Nineteen Years of BASIC Bank

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Progress at a glance

From the Balance Sheet (Million Taka)

	2003	2002	2001	2000	1999
Authorized Capital	2,000.00	500.00	500.00	500.00	500.00
Paid-up Capital	450.00	300.00	300.00	240.00	160.00
Reserve and Surplus	799.29	712.90	461.39	457.77	424.43
Shareholders' Equity	1,249.29	1,012.90	761.35	697.77	584.43
Fixed Assets	73.49	76.68	65.73	51.11	37.83
Total Assets	14,766.32	13,019.42	9,721.93	7730.67	7,173.17
Deposits	11,266.54	10,021.24	7,512.62	5,845.15	5,647.93
Long- term Debt	690.95	676.51	582.82	555.98	368.85
Loans and Advances	9,282.20	7,957.04	6,260.78	4,618.73	3,960.11
Placement & Investment	4,361.93	3,988.76	2,605.23	2,462.17	2,021.19

From the Income Statement (Million Taka)

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

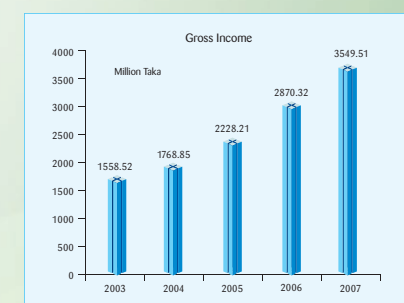
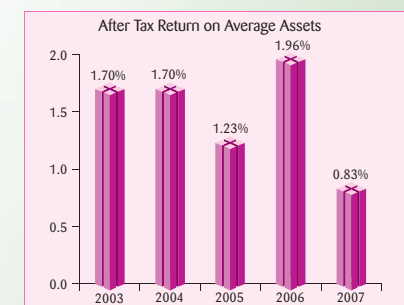
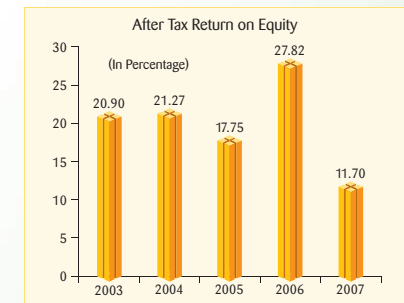
Others (Million Taka)

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

Financial Ratios (Percentage)

Capital Adequacy Ratio	12.57	13.20	12.49	15.30	14.27
Capital Fund to Deposit Liabilities	10.65	10.11	10.13	11.94	10.34
Liquid Assets to Deposit Liabilities	51.05	54.80	51.47	59.52	59.09
Loan to Deposit Liabilities	82.39	79.40	83.34	79.02	66.71
Earning Assets to Deposit Liabilities	121.10	119.20	118.01	117.74	85.34
After Tax Return on Average Assets	1.70	2.20	2.45	2.33	2.50
Net profit to Gross Income	15.17	19.35	20.51	19.75	20.45
Interest Margin Cover	210.87	187.00	173.91	150.67	112.67
After Tax Return on Equity	20.90	28.18	28.06	27.04	30.21
SMI/SSI Loan and Micro					
Credit to Total Loan	59.16	63.00	50.18	46.96	40.09

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



Paid-up Capital
TK. 1,247 Million



BASIC Bank Limited

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Progress at a glance

From the Balance Sheet (Million Taka)

	1998	1997	1996	1995	1994
Authorized Capital	500.00	500.00	100.00	100.00	100.00
Paid-up Capital	80.00	80.00	80.00	80.00	80.00
Reserve and Surplus	394.48	258.34	163.73	105.96	53.49
Shareholders' Equity	474.48	338.34	243.73	185.96	133.49
Fixed Assets	41.96	36.39	25.45	21.27	21.37
Total Assets	5620.57	4350.14	3962.55	3280.16	2,609.85
Deposits	4,551.48	3,541.60	3,357.05	2,773.73	2,241.33
Long- term Debt	344.61	273.29	196.45	166.08	119.68
Loans and Advances	3,218.90	2,630.90	1,724.81	1,561.29	1,112.24
Placement & Investment	2,040.72	1,395.59	1,320.43	995.57	483.90

From the Income Statement (Million Taka)

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

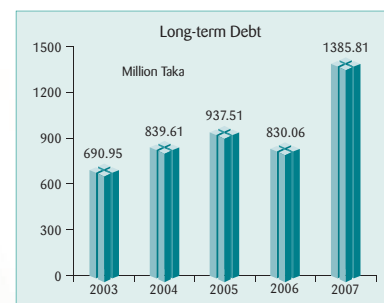
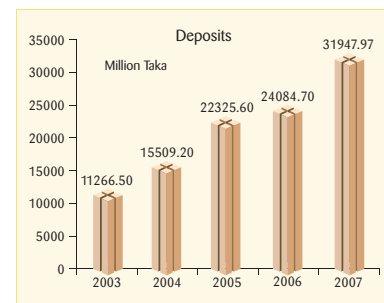
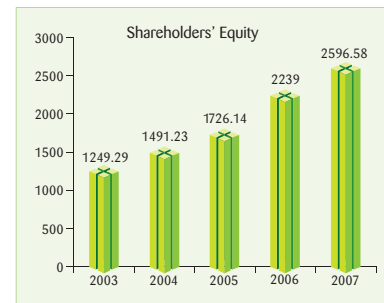
Others (Million Taka)

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

Financial Ratios (Percentage)

Capital Adequacy Ratio	14.01	12.45	12.39	Not introduced	
Capital Fund to Deposit Liabilities	10.42	9.55	7.26	6.70	5.96
Liquid Assets to Deposit Liabilities	62.29	59.58	70.42	66.22	68.17
Loan to Deposit Liabilities	66.81	69.86	47.82	54.17	49.62
Earning Assets to Deposit Liabilities	115.56	113.69	99.57	97.52	74.04
After Tax Return on Average Assets	2.73	2.28	1.60	1.78	1.04
Net profit to Gross Income	23.01	21.48	18.54	18.00	11.03
Interest Margin Cover	192.07	194.64	112.45	109.68	60.33
After Tax Return on Equity	28.69	27.96	23.70	28.22	21.28
SMI/SSI Loan and Micro					
Credit to Total Loan	42.21	35.83	40.99	43.44	46.25

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



Shareholders' Equity
TK. 2,597 Million



Nineteen Years of BASIC Bank

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Progress at a glance

From the Balance Sheet (Million Taka)

	1993	1992	1991	1990	1989
Authorized Capital	100.00	100.00	100.00	100.00	100.00
Paid-up Capital	80.00	80.00	80.00	80.00	80.00
Reserve and Surplus	27.81	10.48	4.83	4.36	1.09
Shareholders' Equity	107.81	90.48	84.83	84.36	81.09
Fixed Assets	20.82	16.26	15.15	14.08	7.62
Total Assets	2,321.13	1,646.95	991.37	661.91	406.73
Deposits	1,977.60	1,367.36	843.79	529.19	317.72
Long- term Debt	122.18	125.80	30.00	30.00	-
Loans and Advances	986.61	715.75	432.80	200.00	66.45
Placement & Investment	672.29	553.61	404.60	341.11	287.52

From the Income Statement (Million Taka)

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

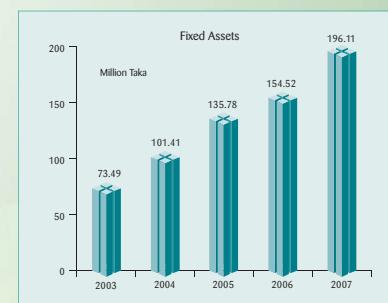
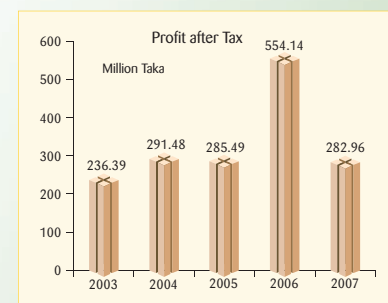
Others (Million Taka)

Import Business	1,851.13	1,656.70	1,144.16	582.39	296.41
Export Business	718.63	365.50	115.64	36.76	-

Financial Ratios (Percentage)

Capital Adequacy Ratio				Not introduced	
Capital Fund to Deposit Liabilities	5.45	6.62	10.05	15.94	25.52
Liquid Assets to Deposit Liabilities	66.91	75.59	61.21	81.86	104.05
Loan to Deposit Liabilities	49.89	52.35	51.29	37.79	20.91
Earning Assets to Deposit Liabilities	83.69	92.70	101.48	102.99	111.41
After Tax Return on Average Assets	0.76	0.23	0.23	0.39	0.35
Net profit to Gross Income	8.77	3.26	2.90	5.35	3.84
Interest Margin Cover	84.98	57.85	82.15	102.43	123.1
After Tax Return on Equity	17.48	4.71	3.39	3.95	1.34
SMI/SSI Loan and Micro					
Credit to Total Loan	22.16	15.38	15.56	23.84	28.12

Number of Branches	16	13	10	7	3
Number of Employees	196	159	124	100	48



Fixed Assets
TK.196 Million



Board of Directors of BASIC Bank Limited



Dear Shareholders,

It is an immense pleasure and honor for me to welcome you to the 19th Annual General Meeting of BASIC Bank Limited. I am indeed happy to report that year 2007 was another year of remarkable performance of your Bank. All financial indicators grew to a highly satisfactory level.

Before discussing the Bank's performance and activities during 2007 in detail I would like to say a few words about the world economy vis-à-vis the contemporary economy of Bangladesh.

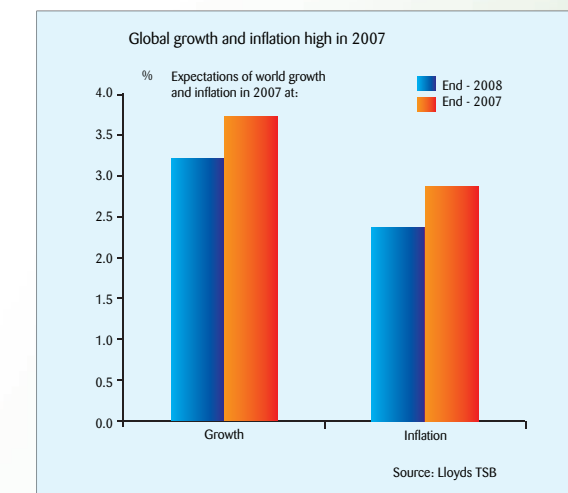
The World Economy

For the past four years ending in 2006, the world economy had grown at a 5.2 percent annual rate - a full 2 percentage points higher than what was in the '80s and '90s. While the United States and many parts of Europe were lagging, most of the rest of the planet was soaring. Between 1980 and 2000, the number of countries growing at 5 percent or more was around 50. But in 2006, the number of nations shot up to 104 which grew at that rate.

As we have already started 2008, it is worth reviewing how the year 2007 went. The results are somewhat surprising: growth was stronger in 2007 than was expected, and inflation and interest rates were also higher. This was despite oil prices roughly doubling and the sub prime crisis breaking out from August onwards. Indeed, global economic growth last year was 4.7 percent, maintaining the extremely strong pace of the last four years.

Growth in the UK was expected to be 2.4 percent in 2007, instead it is 3.1 percent and for the EU 2.6 percent growth against an expectation of 2 percent. For the US, the outturn for 2007 is set at 2.2 percent, just 0.1 percent below the 2.3 percent expected at the start of the year. For Japan, the figures are 1.8

percent, against 2.0 percent at the start of 2007. But the real reason for faster than expected growth in the world economy in 2007 was the emerging markets, where activity was strong for a broad range of countries, from oil exporters, to countries in Asia, Latin America, Africa and the Middle East.



Price inflation was higher than expected in all of the world's major economies last year - except Japan where deflation still has a grip - and in the emerging markets generally. The reason for higher than expected price inflation is clearly faster than expected economic growth, in particular that in the emerging markets. Among other things higher living standards in emerging markets has led to a change in tastes and a rise in demand for a range of goods that is leading to higher inflation in food and some other items.

The overview of the world economic outlook projections, as incorporated in the World Economic Outlook Update, January 2008, is as follows:

(Annual percent change)

	Real GDP growth		
	2006	2007 ^a	2008 ^b
World output	5.0	4.9	4.1
Advanced economies	3.0	2.6	1.8
United States	2.9	2.2	1.5
Euro Area	2.8	2.6	1.6
Japan	2.4	1.9	1.5
Other advanced economies	3.7	3.8	2.8
Emerging markets and developing economies	7.7	7.8	6.9
Central and Eastern Europe	6.4	5.5	4.6
Developing Asia	9.6	9.6	8.6
Western Hemisphere	5.4	5.4	4.3
Middle East	5.8	6.0	5.9
Commonwealth of Independent States	8.1	8.2	7.0
Africa	5.8	6.0	7.0

a Estimated

b Current projections

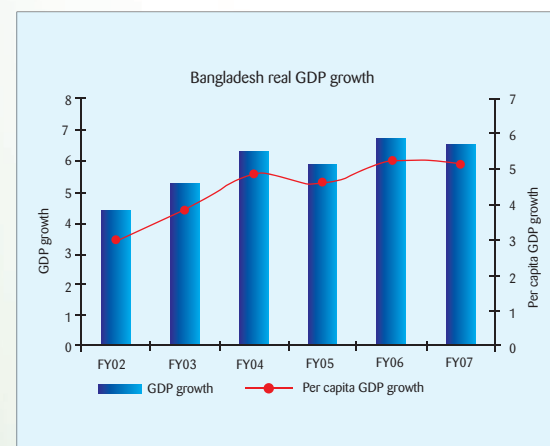
Stability gives the flexibility that makes continued economic growth in the emerging markets more likely in the face of a slowdown in the US. With faster growth occurring in an environment of greater economic and policy stability, room for policy to adjust to deal with more difficult conditions is much improved. There is scope for interest rate cuts, increased government spending and currency depreciations in the emerging markets should they be required.

The Bangladesh Economy

The economy of Bangladesh has experienced significant shifts in trade, fiscal, industrial, agricultural and financial policies over last two decades. The key sectors embodying the pace of reforms are agriculture, industry, external trade, finance and banking and foreign exchange.

The economy demonstrated resilience once again in FY07. It is believed to achieve over 6.5 percent GDP growth in FY07 compared with 6.7 percent in

Figure: Bangladesh real GDP growth



Source: Annual Report 2006-07, Bangladesh Bank

FY06 and 6 percent in FY05. This was undoubtedly a credible performance by any standard and particularly considering the internal disturbances the economy had to weather in the first half of FY07. To cope with various challenges, the Government and the Bangladesh Bank adopted a series of policies to enhance the resilience of the economy, while maintaining macroeconomic stability. These policies significantly contributed toward maintaining real GDP growth at a satisfactory level despite several manmade and natural setbacks.

Economic Growth

Based on provisional estimates of the Bangladesh Bureau of Statistics (BBS) Bangladesh Bank estimated that real GDP recorded a strong growth of 6.5 percent in FY07, marginally lower than 6.6 percent recorded in FY06. In fact, Bangladesh's economy grew on an average at above 6.0 percent in the last four years up to FY07. Measured at current market prices, the GDP of Bangladesh in FY07 was estimated at Taka 4,675 billion representing a nominal growth of 12.5 percent in FY07 compared with 12.1 percent recorded in FY06.

Agriculture

The agriculture sector achieved a moderate growth of 3.2 percent in FY07 following the post flood high growth of 4.9 percent in FY06. Overall, output of food grains increased by 2.6 percent from 27.3 million metric tons (MMT) in FY06 to 28.0 MMT in FY07, reflecting higher Boro production.

Industry

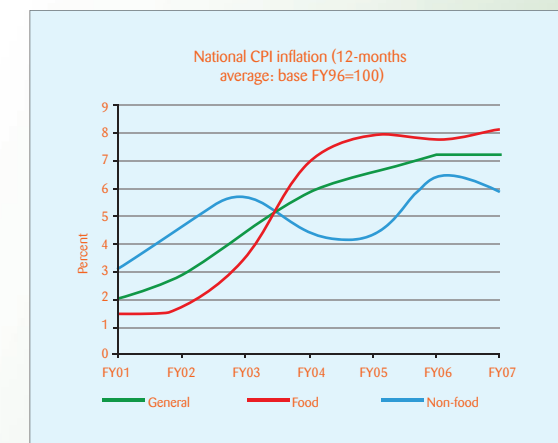
In the industry sector, which contributed about 29.8 percent of GDP, growth rate slowed down from 9.7 percent of FY06 to 9.5 percent in FY07. The growth was led by export-oriented manufacturing sub-sector and supported by strong growth in mining and quarrying subsector. This growth was commendable

as it was achieved in a challenging environment marked by high and volatile oil prices, phasing out of the MFA quota, labor unrest in the garment industry and confrontational political situation of the country in the first half of FY07.

Services Sector

The services sector contributed 49.1 percent of total GDP in FY07. Overall activities in the services sector, registered 6.7 percent growth in FY07 compared to 6.4 percent in FY06.

Figure: National CPI inflation



Source: Annual Report 2006-07, Bangladesh Bank

Inflation and Exchange Rates

The rising trend of inflation of FY06 as measured by CPI continued in FY07 due mainly to higher prices of oil and some other imported goods in the international market. Annual average CPI (base FY96) inflation as of end June 2007 was 7.20 percent, compared to 7.16 percent as of end June 2006.

The pressure on the nominal exchange rate (taka/dollar) moderated, showing the healthy buildup of foreign exchange reserves. The weighted average nominal exchange rate fell from Tk69.1:\$1 in



January 2007 to Tk68.6:\$1 in January 2008. The real effective exchange rate of the taka also appreciated, moderating the country's external competitiveness.

Fiscal Management

Revenue performance continues to be buoyant, underpinned by vigorous tax collection and reform measures implemented by the National Board of Revenue (NBR). But administered prices of energy and fertilizer, and post-flood and post-cyclone rehabilitation expenditures pose significant challenges to fiscal management. Government revenue collection by NBR increased by 24.6 percent in first half of FY08 over the corresponding period of FY07.

Monetary Policy

Continuing the declining trend during the past few months, broad money growth reached 14.7 percent in December 2007 down from 22.3 percent in December 2006. This was fostered by a decline in the growth of domestic credit to 15.6 percent. It mainly reflects slowdown in private sector credit growth (17.6 percent) despite strong growth in net foreign assets (34.8 percent) of the banking system because of the continuous increase in workers' remittances.

To support higher economic growth, Bangladesh Bank maintained an accommodating monetary policy stance without adjusting policy rates and reserve requirements. The yield of 28-day treasury bills has remained at 7.3 percent since December 2006.

External Sector

The external sector witnessed a strong performance in FY07 with both exports and imports registering a robust growth in spite of the uncertainties associated with the strike, blockade etc. in the country. The continued strong growth of exports and remittances

from workers abroad widened the surplus in the current account of the balance of payments in FY07 and the foreign exchange reserves increased by 45.7 percent to USD 5.08 billion.

During first half of FY08, exports, import payments and remittances receipts increased by 4.43 percent to US\$6495.92 million, 15.90 percent to US\$9599.80 million and 26.24 percent to US\$4827.31 million against US\$6220.61 million, US\$8282.50 million, and US\$3824.04 million respectively during the same period of the previous year. Total official foreign aid disbursement increased by 3.6 percent to USD 1625.0 million in FY07 from USD 1568.0 million received in FY06.

Development outlook in FY08

The growth of the Bangladesh economy is expected to slow down in 2008 due to a series of natural calamities including two rounds of floods and the cyclone Sidr, which never happened in one year in recent past. Some 46 out of the country's 64 districts were adversely affected with more than 16 million people marooned and over 2 million houses damaged in the floods, the worst since 1998.

Following the floods, ADB, in September '07 brought down its forecast of Bangladesh's GDP growth for the FY08 to 6.5 percent from earlier projection of 7.0 percent made in March last year. However, ADB had to lower the forecast again to below 6 percent in late November as the deadly cyclone Sidr, one of the fiercest cyclones that hit Bangladesh in the last 131 years, battered the country's southern and southwestern coast in the night following November 15, killing more than 3,000 people. However, the International Monetary Fund (IMF) put the projection at 5.5 percent following the cyclone.



The Bank

Regardless of the market challenges, the modest interest rates and continuing financial market turmoil around the globe, the Bank has performed very well during 2007. In spite of the sustained weakness in credit as well as equity markets the Bank succeeded in achieving acceptable profit growth, both in absolute terms and relative to its peers. The Bank's overall prudent strategy has helped continuing growth in net operating profits. During the year, the Bank also has strengthened its liquidity position and stability. The Board of Directors was happy with the overall performance of the Bank, particularly for maintaining quality of assets and improving shareholders' value.

The total assets of the Bank increased to Taka 38,773.9 million at the end 2007 from Taka 29,417.1 million in the previous year. The growth rate was 31.81 percent. Deposit rose from Taka 24,084.7 million in 2006 to Taka 31,948 million in 2007 showing a growth rate of 32.65 percent. Loans and advances stood at Taka 22,263.3 million as on December 31, 2007 against Taka 19,000 million at the end of 2006, recording a growth rate of 17.18 percent. All out efforts were made to improve the recovery rate and control non-performing loans and advances. Although the recovery rate of project loans remained stable in the neighborhood of 89 percent the proportion of non-performing loans to total loans decreased to 3.25 percent in 2007 from 3.70 percent in 2006. Emphasis on the maintenance of quality of assets remained the centerpiece of the Bank's business strategy.

Growth of industrial finance was moderate and loans to small and medium industries was 65.5 percent of total loans and advances. The industrial loan of Tk. 13,901.4 million was distributed among various sectors. Textile sector registered the highest

concentration being 19.10 percent of industrial loans and 11.95 percent of total loans. Textile sector is followed by: food & allied industries – 12.5 percent of industrial loans and 7.79 percent of total loans, engineering sector – 12.2 percent of industrial loans and 7.63 percent of total loans and jute products and allied industries – 11.7 percent of industrial loans and 7.32 percent of total loans.

Since starting of the micro-credit scheme in 1994, the Bank has been providing funds to NGOs for on-lending to their members. Micro-credit of the bank increased by 89.33 percent to Tk. 680.1 million during the reporting year. The Bank was quite successful to utilize its fund satisfying all conditionalities and national priorities. The Bank also successfully utilized a soft term fund of a German financial institute KfW, fund under Agribusiness Development Project of ADB and special agro-based industrial development fund provided by the Government of Bangladesh.

The Bank's financing of import business increased from Taka 17,804 million in 2006 to Taka 21,266.5 million in 2007 registering growth of 19.45 percent. On the other hand, Bank's export finance increased to Taka 16,795 million in 2007 compared to Taka 15,464 million in 2006 – a growth of 8.61 percent.

Bank's total income rose by 23.66 percent in 2007 which was 28.82 percent in 2006 while its total expenditure increased by 38.24 percent in 2007, largely due to massive growth of deposit, compared to 16.18 percent in 2006. Profit before provision rose by 12.18 percent in 2007 against 25.12 percent in 2006. After tax net profit stood at Taka 282.96 million in 2007 compared to Taka 554.13 million in 2006. The reasons behind the downtrend in after tax net profit were the transfer of revaluation reserve on HTM securities (Taka 134.62



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million) from income account to capital account, and increase in loan provision (from Taka 80.39 million in 2006 to Taka 282.96 million in 2007) as well as tax provision (from Taka 467.46 million in 2006 to Taka 545.84 million in 2007).

The Bank is growth ambitious and has demonstrated this throughout its two decade long track record by way of asset and profit expansion and exceptional returns to its shareholders. In conformity with the aspiring objective of accelerating small-scale industrial growth and to attain a greater share of such industry in the country's GDP, the Bank in the reporting year has placed particular emphasis on financing projects under small scale and micro industry of cost up to Tk 1.00 crore. The Bank will continue to pursue this strategy so as to make a true difference in this respect and to keep on its image as one of the country's most successful and profitable financial intermediaries.

Capital structure and ratios

At the end of the year 2007 Bank's capitalization stood at 10.78 percent for tier 1 and 12.91 percent for total capital against the total risk weighted assets exceeding the required minimum levels of 5 percent and 10 percent respectively. Thus the Bank was able to maintain the confidence of investors and depositors while providing a lucrative return to the Government, the sole shareholder of the Bank. Details of the capital structure were as follows:

Technology

The Board attaches great importance to acquisition and use of appropriate information technology in the Bank. Computers are being used in the Bank for day-to-day operation since its inception. Local Area Network (LAN) has been installed in the Head Office and all the Branches. A number of Branches are also connected with each other, the Head Office and the Data Center through Wide Area Network (WAN). Other branches are gradually being brought under

Year	2007	2006
Core Capital (Tier I)	(Amount in million taka)	
Paid up capital	1247.40	945.00
Statutory reserve	1045.08	883.46
Other reserve and surplus	169.48	410.54
Total of Tier I Capital	2461.96	2239.00
Supplementary Capital (Tier II)		
1% general provision on unclassified loans	300.65	250.53
Provision for off balance sheet items	43.70	0
Exchange equalization reserve	6.93	0
Revaluation of HTM securities	134.62	0
Total of Tier II capital	485.90	250.53
Total Capital	2947.86	2489.53
Risk weighted assets	22841.32	20782.19
Capital Ratios to risk weighted assets		
Tier I Capital	10.78%	10.78%
Tier II Capital	2.13%	1.20%
Total Capital	12.91%	11.98%



Chairman and Directors' Report

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WAN connectivity. The Bank's own banking software developed in 1991 is being replaced by an online banking software. Already several branches have started online operation. The online system, which includes integrated core banking, trade finance, treasury and Internet banking solutions along with ATM, POST etc., SWIFT interfaces, will allow the Bank offer its customers new products and better services. Deposit cash and withdrawal of the same from any Branch of the Bank during office hours, transfer funds and pay utility bills any time through ATM and the Internet and query on account related information, existing products, services, tariffs etc. any time through the Internet and mobile phone are some of the benefits that the customers will enjoy after completion of the project. IVR (Interactive Voice Response) and other state-of-the-art Delivery Channels will also be introduced in phases.

Besides, SWIFT is being used in the AD Branches and the Head Office of the Bank for trade finance-related operations like documentary credit, documentary collections, fund transfer, guarantee, etc. with optimum security. Reuters services are being used at the Head Office for offering the best exchange rates to its customers as well as for other treasury functions. To enhance the performance and to ease the day-to-day operations, the Bank is using different software developed by its own software development team and is continuously pursuing its efforts in using new software.

Moreover, the Bank has already signed an agreement with Information Technology Consultants Limited (ITCL) to become a member of the shared ATM network (Q-Cash) deployed by ITCL in order to provide ATM and POST services to the clients of the Bank and set up several ATM booths in locations suitable for the Bank in the existing shared ATM network of ITCL. In addition, the Bank is also going

to launch credit card operations soon; ground works are being carried out in this respect.

Shareholders' returns

As per Article no. 130 of the Memorandum and Articles of Association of the Bank, unless otherwise decided by the shareholders at least fifty percent (50%) of the net profit (after tax) to be reinvested in the capital of the Company and to that extent bonus shares to be issued to the shareholders. The Board of Directors with a view to improving its equity by issuing bonus shares to its existing shareholders is pleased to propose to its sole shareholder, the Ministry of Finance, subject to approval of the Annual General Meeting, 1 (one) bonus share against each 20 (twenty) shares amounting to Tk. 62.37 million and 5% cash dividend amounting to Tk. 62.37 million.

The Board

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

During the year 2007 three directors, Mr. Mohammad Mahbubur Rahman, Mr. Mahbub Ahmed, and Mr. Mustafa Mohiuddin, joined the Board in place of Dr. Mohammad Tareque, Mr. Md. Mosharraf Hossain Bhuiyan, and Mr. S. R. Osmani, who retired in the same year. The outgoing directors epitomized the best attributes of an effective non-executive director and brought wise counsel combined with a deep commitment to the development and welfare of the Bank. Conversely, the new directors have already



proved to be a valuable addition. I thank all of them for their significant contribution.

Audit Committee of the Board of Directors

The objectives of the Audit Committee of the BASIC Bank Board are to:

- ensure a high-quality, independent and effective audit process;
- assist the Chairman and the BASIC Bank Board in fulfilling their obligations relating to financial reporting, compliance with laws and regulations, internal control and risk assessment, employee conflicts of interest, business ethics and prevention of fraud; and
- enhance contact between management and Audit Department.

Members of the Audit Committee are Mr. Mohammad Mahbubur Rahman (Convener), Mr. Mahbub Ahmed, and Mr. Md. Asaduzzaman Khan. During 2007, the Committee met on five occasions; all members attended each of these meetings. At its March 31, 2008 meeting, the Committee considered the draft financial statements for the year ended 31 December 2007 and agreed that the statements be presented to the BASIC Bank Board with its endorsement.

Employees

The Bank's ongoing success speaks to the excellence of its team. BASIC Bank has a well-diversified pool of human resources with high academic background and positive demographic characteristic. I thank them for their valuable contributions to the performance of the Bank.

In an increasingly competitive market, we are focusing on providing a stimulating corporate environment and attractive compensation packages. The Bank attaches a great importance to the development of human resources and recruits regularly fresh graduates with

outstanding academic achievements. Total employee strength as on 31 December 2007 was 724.

Our Future

The Bank has by now met, and in some cases exceeded, its key objectives and commitments to staff, customers and shareholders. It is well positioned for the future, with proven and well defined strategies and with an evident capacity for continued growth.

The Board has every confidence in the Executive team running the Bank and the other staff backing the team. I visualize a very bright future of the Bank.

Acknowledgement

The Board extends its gratitude to Bangladesh Bank, Ministry of Finance, Ministry of Industries, Ministry of Agriculture, Bangladesh Small and Cottage Industries Corporation and Chief Advisor's Office for their cooperation and support in making the 100 percent government owned Bank a success story. The Board also thanks KfW, the ADB, other foreign allies and NGOs working with BASIC Bank in promoting agribusiness development project, and expanding the micro credit program in its efforts towards active participation in national poverty alleviation program.

On behalf of the Board



Chairman



Year	Long Term	Short term
2007	AA-	ST-1
2006	A+	ST-2

Credit Rating Information and Services Limited (CRISL) has assigned AA- (pronounced as double A minus) rating in the long term and ST-1 rating in the short term to the Bank for the year 2007.

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

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



Agreement with CRISL, the credit rating agency of the Bank



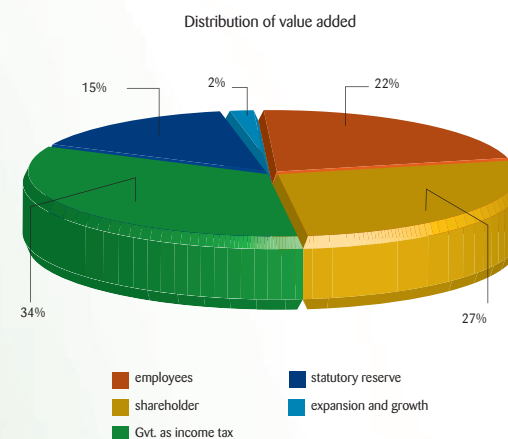
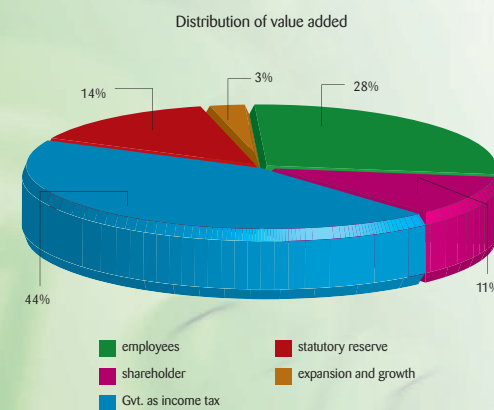
Value Added Statement

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Value Added Statement for the year ended 31 December 2007

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

Particulars	2007	%	2006	%
Income from Banking Services	3,549,524,015		2,870,322,962	
Less: Cost of services and supplies	2,080,246,096		1,453,166,773	
Value added by the banking service	1,469,277,919		1,417,156,189	
Non-banking income	–		–	
Loan written-off and provision	(282,965,579)		(80,393,610)	
	1,186,312,340		1,336,762,579	
Distribution of value added				
To employees as salary and allowances	333,334,032	28	294,116,732	22
To shareholders as dividend	124,740,000	11	362,400,000	27
To Govt. as income tax	525,178,114	44	457,482,290	34
To statutory Reserve	161,628,640	14	202,324,157	15
To expansion and growth	41,431,554	3	20,439,400	2
Retained earnings	(3,403,554)		(10,585,663)	
Depreciation	44,835,108		31,025,063	
	1,186,312,340	100	1,336,762,579	100



Economic Value Added Statement

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Economic Value Added(EVA) Statement for the year ended 31 December 2007

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

Particulars	2007 (Taka)	2006 (Taka)
Shareholders' equity	2,596,583,291	2,238,997,627
Add: Provision for loans and advances	780,893,401	573,744,423
	3,377,476,692	2,812,742,050
Average Shareholders' Equity	3,095,109,371	2,525,717,476
Earnings:		
Profit after tax	282,965,085	554,138,494
Add: Provision to loans and advances and protested bill	282,965,579	80,393,610
	565,930,664	634,532,104
Average cost of equity (based on weighted average rate of sanchay patra issued by the Bangladesh Government) plus 2% risk factor	14.00%	14.00%
	433,315,312	353,600,447
Economic Value Added	132,615,352	280,931,657



Special Events

Annual Report 2007



Dr. Md. Nurul Amin, Chairman and Mr. A.H. Ekbal Hossain, Managing Director of BASIC Bank Ltd. handing over Dividend for the year 2006 to the Honorable Finance Adviser Dr. A.B.M Mirza Azizul Islam



Senior Executives of BASIC Bank Ltd. and ITCL look on while Managing Director of the Bank and Managing Director of ITCL are signing a contract on Sharing of ATM on behalf of their respective organizations.



Special Events

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Prof. Dr. S. M. A Faiz, VC, DU; Managing Director of BASIC Bank Limited Mr. A. H. Ekbal Hossain; Dean, Business Studies Faculty and Chairman of Banking Department, DU; are seen with the recipients of Gold Medal in the BASIC Bank Gold Medal Award giving Ceremony.



Mr. A.H. Ekbal Hossain, Managing Director and other Executives of the Bank with the Participants in the workshop on "New Capital Accord-Basel II"



Head Office Executives of BASIC Bank Limited are being in a Management Committee Meeting.



2007 was yet another successful year for BASIC Bank. Its emphasis on credit quality and customer's services yielded the desired: growth in profit, capital, assets and shareholders' value. We were fortunate to be able to muster adequate resources, both financial and human, and make such achievement. The years ahead will witness the Bank's growing commitment to maintaining the highest standards in all its spheres of activity.

Financial Resources

Property and Assets:

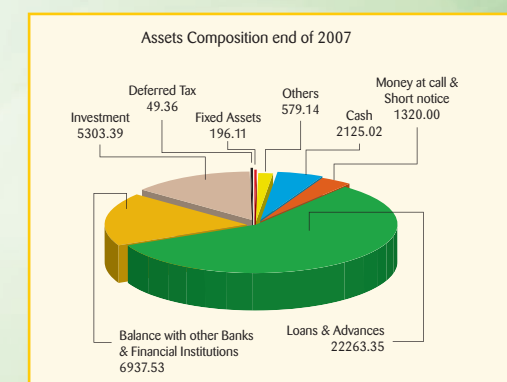
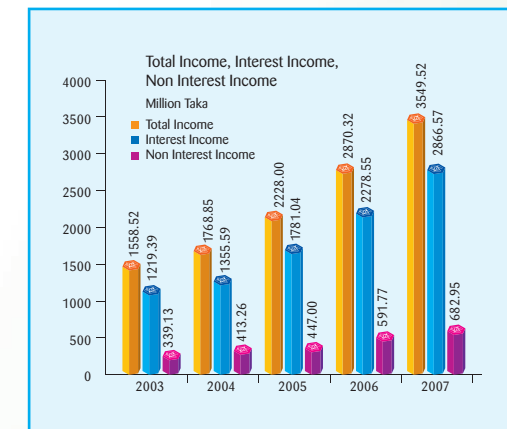
During the year 2007, total assets of the bank increased by 31.81% to Taka 38773.91 million from taka 29417.09 million in 2006. As expected, loans and advances comprised the largest share in the assets portfolio of the Bank constituting 57.41 percent. Balances with other banks and financial institutions and Investment were the second and the third largest constituents being 17.89 percent and 13.67 percent of the assets portfolio respectively. Money at call and short notice came next in size with 3.40 percent of total assets.

Loans and Advances:

Loans and advances consist of industrial loans, micro credit, commercial loans and bills increased by 17.18 percent to Taka 22,263.34 million compared to Taka 19,000.00 million in 2006.

Industrial Loans:

The industrial loan reflected a significant growth of 13.54 percent over the previous year. Total outstanding industrial loans including term and working capital stood at Taka 13,901.40 million at the end of 2007 compared to Taka 12,243.56 million of 2006. Total outstanding term loan stood at Taka 5,055.58 million as on December 31, 2007 compared to Taka 3,897.12 million in 2006 reflecting a growth of 29.72 percent. The outstanding working capital finance extended to industrial units stood at Taka 8,525.98 million at the end of the reporting period compared to Taka 8,346.44 million in 2006. Growth





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rate here was 14.13 percent. BASIC Bank's services are specially directed towards promotion and development of small industries. Its exposure to small and medium industries sector accounted for 56.73 percent of the total loans and advances. During the year total of 187 projects were sanctioned term loan. Out of which 69 were new and the rest were under BMRE of the existing projects. As on 31 December 2007, 712 projects were in the portfolio of the bank. The textile sector including garments being one of the major contributors to national economy dominated the loan portfolio of the Bank. Other sectors financed include engineering; food and allied industries; chemicals, pharmaceuticals and allied industries; paper, board, printing and packaging; and other non-metallic goods, leather and jute products. Recovery rate of project loan was 89 percent.

Micro credit:

BASIC Bank also provides micro credit to the poor for generation of employment and income on a sustainable basis, particularly in urban and suburban areas. At the end of 2007, total amount of Taka 680.13 million remained outstanding as against Taka 359.24 million in 2006. Recovery rate during this period remained at a highly satisfactory level of 100.00 percent.

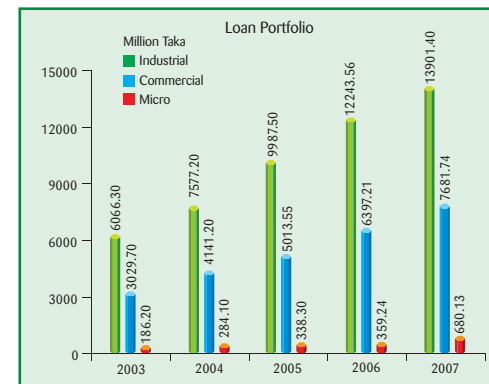
Commercial Credit:

The Bank also supports development of trade, business and other commercial activities in the country. It covers the full range of services to the exporters and importers extending various facilities such as cash credit, export cash credit, packing credit, short term loans, local and foreign bills purchase facilities. As on December 31 2007, total outstanding commercial loans stood at Taka 7,681.74 million compared to Taka 6,391.21 million in 2006.

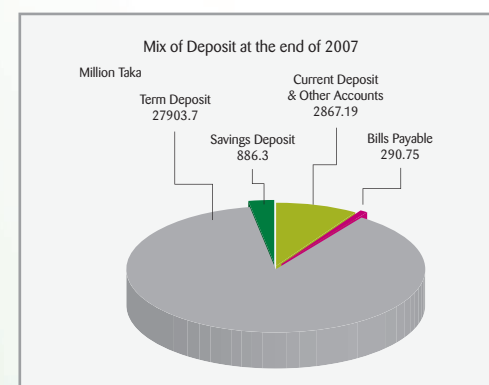
Non-performing loan:

Classified (non-performing) loans and advances was 3.25 percent at the end of the year under review which was 3.70 percent in 2006. In absolute term classified loans and advances stood at Taka 723.23 million in 2007 from Taka 703.27 million in 2006. Additional

BASIC Bank Limited



Micro Credit
TK. 680 Million



Management Review 2007

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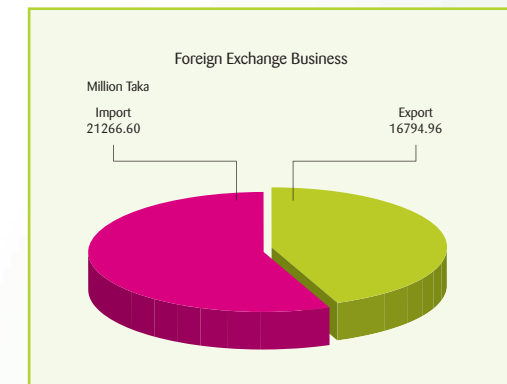
provision made in 2007 was Taka 276.57 million against classified and unclassified loans and advances. Total cumulative provision made for loans and advances amounted to Taka 780.89 million as on December 31, 2007. During the year 2007 interest Tk 694.00 million was waived out of the provision made for classified advances and loan amount of Taka 0.027 million was written off under the guidelines of Bangladesh Bank. Taka 5.62 million was recovered against written-off loans.

Export/Import:

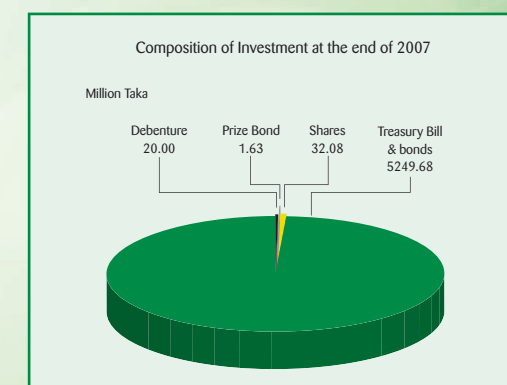
The bank achieved substantial growth in both import and export in 2007. The Bank handled total import business of Taka 21,266.53 million and export business of Taka 16,794.96 million in 2007. The import and export business grew by 19.45 percent and 8.61 percent respectively. Major items of exports were ready made knit & woven garments, sweater, jute & jute products, leather and leather goods, handicrafts etc. Items of import included mainly industrial raw materials, garments accessories, capital machinery, raw cotton, electronic consumer goods, chemicals, tyres and tubes, reconditioned vehicles, bicycle spare parts, food items such as rice, wheat, garlic, onion, sugar, chilly and other essential commodities.

Investment and Placements:

Investment at the end of 2007 was for Taka 5,303.39 million, compared to Taka 3,270.87 million in previous year. Investment was concentrated in approved securities such as Government treasury bills, treasury bond, reverse repo and a few debentures and shares. During the year 2007 treasury bills, treasury bond including reverse repo had the largest share (98.98%) in the investment portfolio. Debentures, shares in listed and unlisted companies and prize bond altogether constituted 1.02 percent. BASIC's placement in different Banks in Bangladesh and outside Bangladesh was Taka 6,937.53 million in 2007 compared to Tk 4,191.37 million in 2006.



Loans & Advances
TK. 22,263 Million





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Fixed assets and other receivables:

At the end of 2007 the fixed assets increased by 26.90 percent to Taka 196.12 million from Taka 154.52 million in 2006 and other assets increased to Taka 579.14 million from Taka 498.75 million in the previous year. Fixed assets included vehicles, equipment and computer, furniture and fixtures and leased assets. On the other hand, other assets included advance income tax, stock of stationery, security deposits, sundry debtors, and suspense account.

Liabilities and shareholders' equity

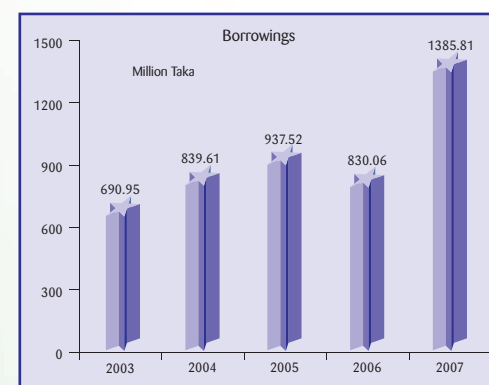
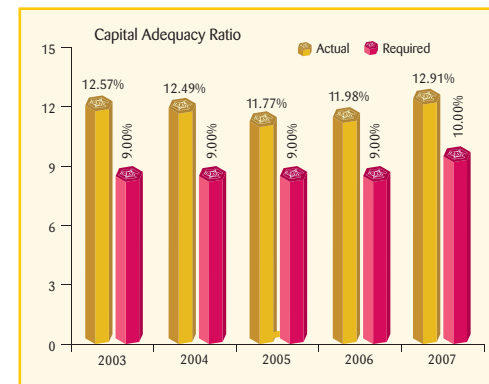
Deposit:

Deposit constitutes the core of BASIC Bank's fund mobilization. Total deposit of the Bank at the end of 2007 stood at Taka 31,947.98 million (82.40% of Total liabilities) compared to Taka 24,084.65 million (81.87% of Total liabilities) in 2006. The growth of deposit was 32.65 percent. During 2007, the fixed term deposit increased to Taka 27,903.72 million from Taka 20,467.17 million in 2006. Savings bank deposit decreased to Taka 886.30 million in 2007 compared to Taka 1007.79 million in 2006. Deposit in current and other accounts including bills payable increased to Taka 2,867.19 million in 2007 from Taka 2,370.45 million in 2006.

Borrowings:

Borrowings were made from various sources for long term funding specially for financing development-banking activities. The Bank enjoys a credit line facility from KfW, a German development bank for financing micro-credit scheme and small-scale industries. It has also utilized an ADB credit line for financing small industries. Another loan of Tk 325.56 million was also received from ADB for financing Agro business development. Ministry of Finance(GOB) and Bangladesh Bank are the other sources of finance. Total outstanding borrowing against utilization of funds from the above sources in 2007 was Taka 1,385.81 million against Taka 830.06 million in 2006. An amount of

BASIC Bank Limited



Management Review 2007

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Tk 600.00 million was allocated by the GOB and disbursed to BASIC Bank to finance Agro-based industry. BASIC was included in this scheme for its outstanding performance.

Equity:

The bank started its journey with paid-up capital of Tk. 80.00 million in 1989 and the same had increased to Taka 1,247.40 million in 2007. The bank has decided to issue 1 bonus share for every 20 shares and the paid-up capital of the bank would thus be raised to Taka 1,336.77 million if the proposed bonus share is approved. Cash dividend of Tk 62.37 million has also been proposed for the year 2007. With this cash dividend, total cumulative cash dividend of Tk 538.00 million would be paid to the government.

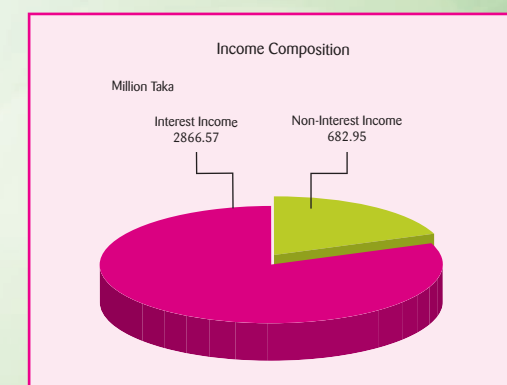
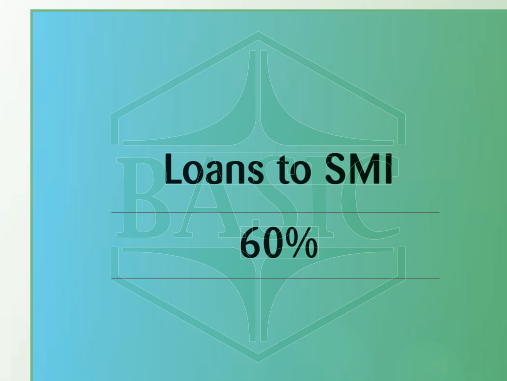
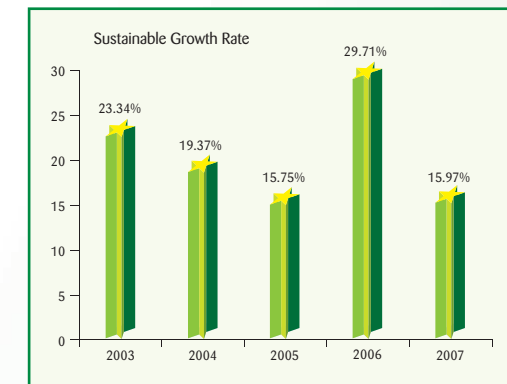
Statutory Reserve: As per section 24 of the Bank Company Act-1991, 20% of profit before tax needs to be transferred to statutory reserve until the total Statutory Reserve becomes equal to Paid-up Capital. Accordingly, the statutory reserve of the bank will stand at Taka 1045.08 million after transfer of an amount of Taka 161.62 million from the profit of 2007.

Shareholders' equity of the Bank would increase by Taka 357.59 million to Taka 2,596.58 million in 2007 from Taka 2,238.99 million in 2006 registering a sustainable growth rate of 15.97 percent.

Operating results:

Income:

The Bank's total income was 23.66 percent higher than that of previous year. Interest income from loans and advances increased by 25.81 percent while other operating income increased by 38.18 percent over 2006. Commission income was higher by 34.85 percent.





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Expenses:

The total expenditure was 47.52 percent higher than that of 2006 due to increase of interest expenses as a consequence of increase of deposit substantially. Salary and allowances to employees increased by 13.57 percent mainly due to annual increment, dearness allowance, promotion of existing employees and fresh recruitment. General and administrative expenses (excluding salary and allowances) increased by 14.72 percent. Hiring of additional space for Head Office mainly contributed to this increase.

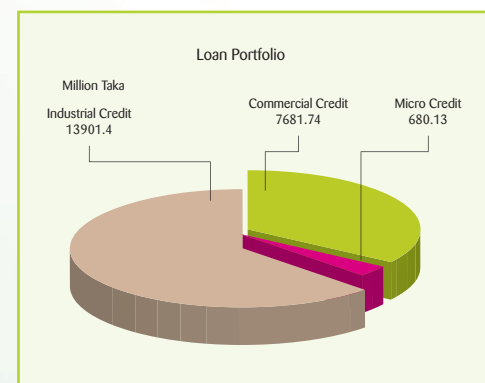
Contribution to Government Exchequer

From the very inception, BASIC Bank has been posting profit and paying income tax to the Government. The cumulative figure of contribution to the Government exchequer by way of corporate tax up to December 31, 2007 amounted to Taka 2,790.98 million, which is almost 35 times the amount of original paid-up capital of the Bank.

Other activities:

Branch Network

A great deal of investment for developing the physical resource base of the Bank has been made. BASIC Bank has its presence in all the major industrial and commercial centers of Bangladesh in order to cater to the need of industry and trade. At the end of 2007, there were thirty conveniently located branches throughout Bangladesh—eleven branches in the capital city of Dhaka, seven in Chittagong and one each in Narayanganj, Narsingdi, Rahshahi, Saidpur, Bogra, Khulna, Jessore, Sylhet, Moulvibazar, Comilla, Barisal and Sirajganj. Besides these, the bank has three bill collection booths at Ramna, Sher-e-Bangla Nagar and Gulshan exchange Office of BTTB, Dhaka. A Foreign Exchange booth was opened at Osmani Int'l Airport, Sylhet in April '05 for mobilizing foreign exchange. This is one of the areas where BASIC Bank is relatively lagging behind. The Bank has already signed an agreement with Placid NK Corporation, USA and



Management Review 2007

Annual Report 2007

MoneyGram International, Minneapolis, USA for obtaining foreign currency remittances. The bank is expected to sign agreement with Tele Money transfer, London, UK and some similar agreement with companies located in Saudi Arabia and UAE are going to be finalized shortly.

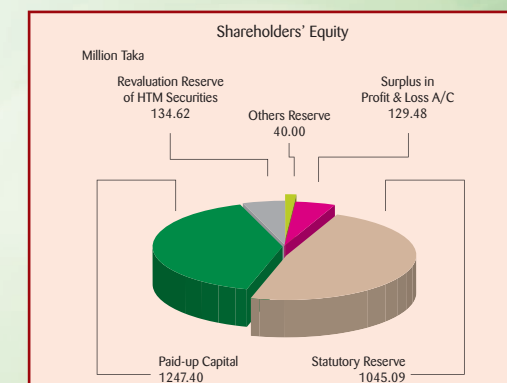
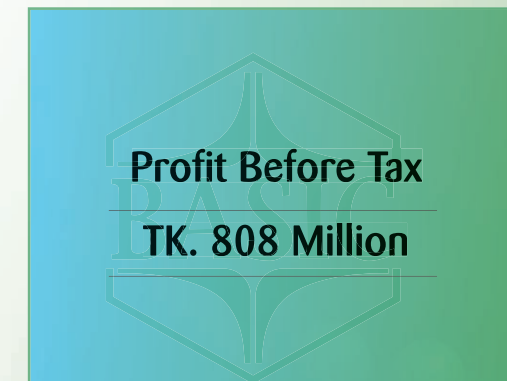
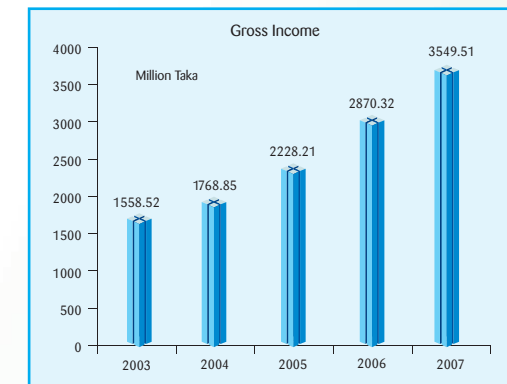
Risk Management

In banking environment no reward can be expected without risk. In this backdrop, the management has established a formal program for managing the business risk faced by the Bank. Considering the present non-performing loan position of the country, BASIC Bank is very much cautious about its investment. Every loan proposal is placed under careful scrutiny before approval. Proposals of large amount of loans need approval of the Board of Directors. Internal Audit team and Recovery team exercise close monitoring on every loan transaction.

Management regularly reviews the Bank's overall assets and liabilities position and makes necessary changes in its mix as and when required. The Bank also has a liquidity policy to ensure financial flexibility to cope with unexpected future cash demands.

Head office and Board of Directors

The responsibility of making policies and operational guidelines is vested with the Board of Directors. The Board consists of the executives from the Government of Bangladesh and the Bangladesh Bank who are appointed by the Government. The Managing Director is the Chief Executive of the Bank who is an ex-officio member of the Board. Six General Managers acting under him and Seven Divisional Heads are performing daily operational activities of the Bank. The Managers of the branches being responsible functionally to the Heads of Departments in the Head Office and report directly to the Managing Director.





BASIC Bank Limited

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Human resources:

BASIC has a well-diversified pool of human resource, which is composed of personnel with high academic background. Also, there is a positive demographic characteristic. Most employees are comparatively young in age yet mature in experience. As at end of 2007 the total employee strength was 721.

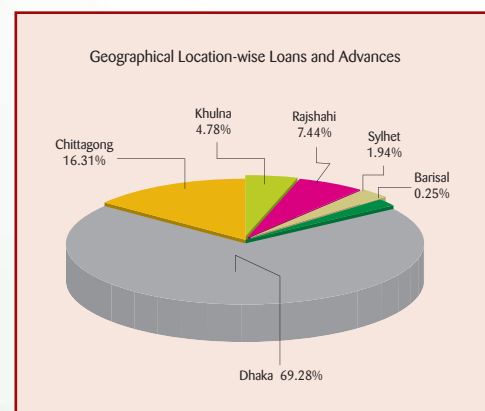
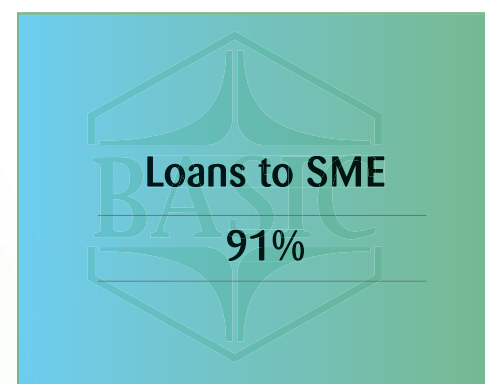
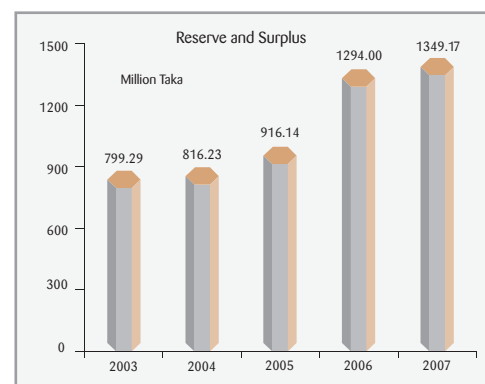
The Bank follows a strict recruitment policy in order to ensure that only the best people are recruited. The Bank, so far, has recruited five batches of entry-level management staff, all of whom have got excellent academic background.

Intensive training program, on a regular basis, is being imparted to employees of both management and non-management levels to meet the challenges in the banking industry and to help employees to adapt the changes and new working conditions. Human resource is the main driving force and quality human resources are the key sources for the success of today's banking business. Keeping this view in mind and recognizing the importance of training for professional excellence BASIC Bank Ltd. established its own training cell in 2005 with modern facilities. In 2007 the cell arranged 22 training courses and provided training to as many as 360 employees of the bank. The bank also sends its employees to BIBM and other local and foreign institutions with a view to sharpening their knowledge base. During the year 2007 a total of 379 employees of the Bank were provided with training in various fields. Out of them 16 employees participated in training courses held abroad.

In 2007 total 122 employees of various stages were given promotion which is almost 17.00 percent of total employees of the bank.

Automation

The Bank has been providing off-line computerized banking service to all its customers since its inception. To accelerate the speedy and accurate account ledger maintained and to make available all



Management Review 2007

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potential international banking products, the bank has already been in the process of implementing centralized On-line Banking system. It is expected that within the end of 2008 the bank will be able to serve its customers through the new system including ATM and internet banking facilities.

Outlook

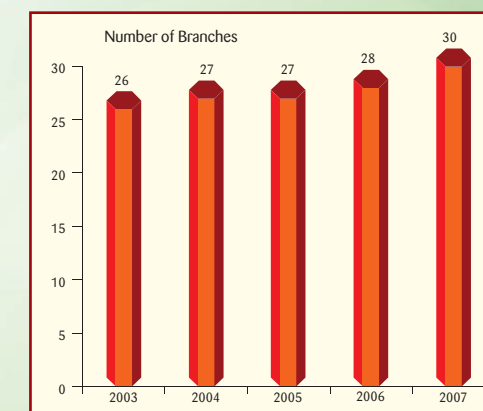
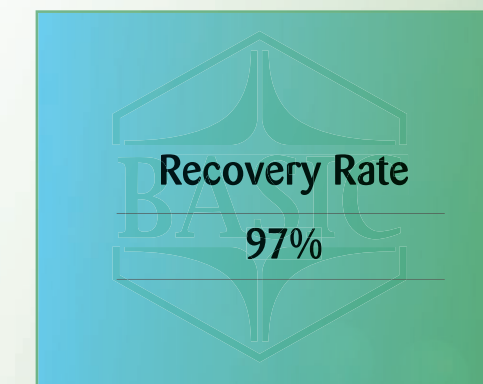
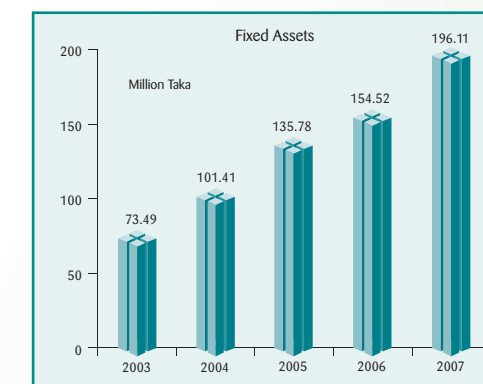
We expect to continue to maintain strong competitive edge in banking sector in Bangladesh in the years ahead. Through our specialization and integrated approach, we aim to build a strong position in the industrial development of Bangladesh. We also plan to maintain our focus on managing capital and costs to maximize shareholders' value. In this environment, we expect to make further gains in revenue, income and return on capital.

Acknowledgement

The management of the bank takes this opportunity to express its thanks and gratitude to the Board of Directors for their invaluable counsel. The management also places on record its appreciation for the employees of all levels for their efforts and devotion in carrying out their tasks and duties. Sincere thanks of the management also goes to the Government, the sole shareholder of the bank, the Ministry of Finance, valued clients, well wishers, other stakeholders, Bangladesh Bank and all its patrons like KfW, ADB for their confidence, continued support and cooperation.

Conclusion

In view of overall performance we had a good year 2007. We are confident to excel towards growth and expect further progress in operating performance and achievement of targets set for 2008.





F i n a n c i a l

S t a t e m e n t s



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Statement of Changes in Equity

Liquidity Statement

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Auditors' Report to the Shareholders

Annual Report 2007

We have audited the accompanying Balance Sheet of BASIC Bank Limited as of 31 December 2007 and the related Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and notes to the financial statements for the year then ended. These financial statements are the responsibility of the management of the Bank. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above which have been prepared in the format prescribed by Bangladesh Bank vide Circular # 14 dated 25 June 2003 give a true and fair view of the State of Affairs of the Bank as of 31 December 2007 and of the results of its operations and its cash flows for the year then ended comply with the Companies Act 1994, the Bank Company Act 1991, the Rules and Regulations issued by Bangladesh Bank and other applicable laws and regulations. We further report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
2. In our opinion, proper books of accounts as required by law were kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
3. The Bank's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts and returns;
4. The financial position of the Bank as of 31 December 2007 and the profit for the year then ended have been properly reflected in the financial statements, and the financial statements have been prepared in accordance with the generally accepted accounting principles;
5. The financial statements have been drawn up in conformity with the Bank Company Act, 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
6. Adequate provisions have been made for advances and others assets which are, in our opinion, doubtful of recovery;
7. The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
8. The financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
9. The information and explanations required by us have been received and found satisfactory;
10. Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;
11. As far as it was revealed from our test checks, the existing rules and regulations for loan sanctioning and disbursements have been followed properly;
12. It appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;
13. Adequate capital of the Bank, as required by law, has been maintained during the year under audit;
14. We were not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank; and
15. 80% of the risk-weighted assets of the Bank have been audited.

ACNABIN
Chartered Accountants

Dated: Dhaka
16 March, 2008



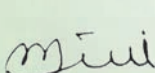
Annual Report 2007

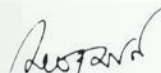
Balance Sheet

As on 31 December, 2007

	Notes	2007 Taka	2006 Taka
Property & Assets			
Cash		2,125,018,037	1,522,871,378
In hand (including foreign currency)	3	237,050,824	228,750,752
Balance with Bangladesh Bank and Sonali Bank (including foreign currency)	4	1,887,967,213	1,294,120,626
Balance with other Banks and financial institutions	6	6,937,531,606	4,191,369,656
In Bangladesh		6,510,675,772	3,927,113,757
Outside Bangladesh		426,855,834	264,255,899
Money at call and short notice	7	1,320,000,000	750,000,000
Investments	8	5,303,391,104	3,270,874,460
Government		5,271,306,344	3,241,864,700
Others		32,084,760	29,009,760
Loans and advances		22,263,349,608	19,000,004,688
Loans, cash credit, overdraft etc.	9	20,047,920,837	17,075,598,785
Bills purchased and discounted	10	2,215,428,771	1,924,405,903
Fixed Assets including premises, furniture & fixture	11	196,107,160	154,524,607
Other assets	12	579,144,820	498,748,464
Deferred Tax Assets	36	49,363,500	28,701,686
Non-banking assets		—	—
Total Assets		38,773,905,836	29,417,094,939
Liabilities and capital			
Liabilities			
Borrowings from other Banks, financial institutions & agents	13	1,385,810,725	830,065,983
Deposit and other accounts	14	31,947,979,101	24,084,659,391
Current deposit and other accounts etc		2,867,190,249	2,370,449,860
Bills payable		290,755,265	239,250,562
Savings bank deposits		886,304,853	1,007,791,880
Fixed Deposit		27,903,728,734	20,467,167,089
Bearer Certificate of Deposit		—	—
Other liabilities	15	2,843,532,719	2,263,371,938
Total Liabilities		36,177,322,545	27,178,097,312
Capital/Shareholders equity		2,596,583,291	2,238,997,627
Paid up capital	16	1,247,400,000	945,000,000
Statutory reserve	17	1,045,085,405	883,456,765
Other reserve	18	40,000,000	40,000,000
Surplus in Profit and Loss Account	19	129,477,308	370,540,862
Revaluation Reserve of HTM Securities		134,620,578	—
Total liabilities and shareholders' equity		38,773,905,836	29,417,094,939


Managing Director


Director


Director


Chairman


ACNABIN
Chartered Accountants

Signed as per our annexed report of even date

Dated: Dhaka
16 March, 2008



Off Balance Sheet Items

As on 31 December, 2007

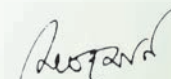
Annual Report 2007

	Notes	2007 Taka	2006 Taka
Contingent liabilities	20	10,189,525,373	8,579,394,196
Acceptances and endorsements		2,139,046,330	1,363,586,855
Letter of Guarantee		1,924,920,407	1,569,211,066
Irrevocable letter of credit		4,680,931,429	4,387,159,800
Bills for collection		1,393,121,637	1,194,159,075
Other contingent liabilities		51,505,571	65,277,400
Other commitments			
Documentary credits and short term trade related transaction		—	—
Forward assets purchased and forward deposits placed		—	—
Undrawn note issuance and revolving underwriting facilities		—	—
Undrawn formal stand by facilities, credit lines and other commitments		—	—
Total commitments		—	—
Total off balance sheet items		10,189,525,373	8,579,394,196

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


Managing Director


Director


Director


Chairman


ACNABIN
Chartered Accountants

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

Dated: Dhaka
16 March, 2008



Annual Report 2007

Profit and Loss Account

For the year ended 31st December 2007

	Notes	2007 Taka	2006 Taka
Interest income	21	2,866,572,741	2,278,549,727
Interest paid on deposits and borrowings	22	(1,928,472,617)	(1,315,864,251)
Net interest income		938,100,124	962,685,476
Income on investment	23	206,480,219	225,733,106
Commission, exchange and brokerage	24	414,081,179	307,290,200
Other operating income	25	62,389,876	58,749,929
Total operating income (a)		1,621,051,399	1,554,458,711
Salaries and allowance	26	331,184,032	292,206,732
Rent, tax, insurance, electricity etc.	27	54,082,864	44,155,004
Legal expenses	28	1,912,794	1,375,225
Postage, stamp, telecommunication etc.	29	26,863,912	21,673,470
Auditors fee		150,000	120,000
Stationery, printing, advertisements etc.	30	12,871,200	18,180,340
Managing Directors salaries		2,150,000	1,910,000
Directors' fee	31	517,000	422,500
Depreciation and repairs of fixed assets	32	55,414,430	43,170,735
Other expenditure	33	44,796,387	39,230,311
Total operating expenses (b)		529,942,619	462,444,317
Profit before provision (c) = (a - b)		1,091,108,779	1,092,014,394
Provision for Loan & Advances	15	276,575,540	80,393,610
Provision for diminution in value of investments		—	—
Provision for protested bill		6,390,039	—
Interest Subsidy Adjustment		—	—
Total provision (d)		282,965,579	80,393,610
Profit before taxation (c-d)		808,143,200	1,011,620,784
Provision for income tax	35	545,839,928	467,463,971
Deferred Tax (Income)/Expenses	36	(20,661,814)	(9,981,681)
		525,178,114	457,482,290
Profit after taxation		282,965,086	554,138,494
Appropriation :			
Statutory Reserve	17	161,628,640	202,324,157
Retained earnings for the year carried forward		121,336,446	351,814,337
		282,965,086	554,138,494
Earning Per Ordinary Share (EPS)	38	22.68	58.64

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

Managing Director

Director

Director

Chairman

ACNABIN
Chartered Accountants

This is the Profit and Loss Account referred to in our separate report of even date.

Dated: Dhaka
16 March, 2008



Cash Flow Statement

For the year ended 31st December 2007

Annual Report 2007

	Notes	2007 Taka	2006 Taka
Cash inflows from operating activities			
Interest Received in Cash		3,054,156,410	2,322,359,212
Interest paid by Cash		(1,618,246,317)	(1,166,162,508)
Dividend received in Cash		5,560,480	4,920,340
Fees and Commission received in cash		414,081,179	307,290,200
Recovery of loans previously written off		5,626,068	4,439,712
Cash paid to employees		(295,781,826)	(257,876,464)
Cash paid to suppliers		(12,871,200)	(18,180,340)
Income Tax paid		(641,874,003)	(296,255,115)
Received from other operating activities (Item- wise)		54,687,145	53,013,833
Paid for other operating activities (Item-wise)		(138,902,279)	(119,118,468)
		826,435,657	834,430,402
Operating profit before changes in operating assets and liabilities			
Changes in operating assets and liabilities			
Statutory deposit		1,359,986,000	876,121,000
Purchase/sales of Trading Securities		(1,425,400,000)	1,243,192,500
Loans and advances to other Banks		—	—
Loans and advances to customers		(3,263,344,921)	(3,660,653,841)
Other assets (item-wise)		154,247,833	(173,599,945)
Deposits from other Bank		(23,671,000)	28,949,000
Deposits from customers		6,527,004,710	854,008,051
Trading Liabilities		—	—
Other Liabilities (item-wise)		(40,875,739)	(179,538,859)
A Net cash provided by (used in) operating activities		4,114,382,539	(177,091,692)
Cash inflows from investing activities			
Proceeds from sale of securities		2,500,000	27,500,000
Cash payments for purchase of securities		(609,616,644)	(1,016,200)
Purchase of fixed assets		(87,062,414)	(50,398,179)
Sales of fixed assets		2,360,386	1,922,847
B Net cash provided by (used in) investing activities		(691,818,672)	(21,991,532)
Cash inflows from financing activities			
Increase/(decrease) of long term borrowing		555,744,742	(107,449,587)
Payment of dividend		(60,000,000)	(60,000,000)
C Net cash provided by (used in) financing activities		495,744,742	(167,449,587)
Net increase of cash and cash equivalent (A+B+C)		3,918,308,609	(366,532,811)
Effects of exchange rate changes on cash and cash equivalent			
Opening cash and cash equivalent		6,464,241,034	6,830,773,845
Closing cash and cash equivalent		10,382,549,643	6,464,241,034
Analysis of Closing Cash and Cash Equivalent			
Cash in hand and balance with Bangladesh Bank and Sonali Bank	37	2,125,018,037	1,522,871,379
Cash with other banks		6,937,531,606	4,191,369,655
Money at call and Short Notice		1,320,000,000	750,000,000
Total		10,382,549,643	6,464,241,034

The annexed notes form an integral part of the Cash Flow Statement.

Managing Director

Director

Director

Chairman

ACNABIN
Chartered Accountants

This is the Cash Flow Statement referred to in our separate report of even date.

Dated: Dhaka
16 March, 2008



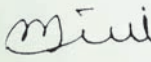
Statement of Changes in Shareholders' Equity

Annual Report 2007

For the year ended 31st December 2007

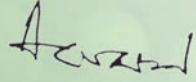
Particulars	Paid up capital	Statutory Reserve	Other Reserve	Profit and Loss	Revaluation Reserve	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as of January 01, 2007	945,000,000	883,456,765	40,000,000	370,540,862	—	2,238,997,627
Net profit for the year	—	161,628,640	—	121,336,446	134,620,578	417,585,664
Transferred to Other Reserve	—	—	—	—	—	—
Cash Dividend paid during the year	—	—	—	(60,000,000)	—	(60,000,000)
Dividend distribution Tax	—	—	—	—	—	—
Issuance of bonus share	302,400,000	—	—	(302,400,000)	—	—
Balance as on December 31, 2007	1,247,400,000	1,045,085,405	40,000,000	129,477,308	134,620,578	2,596,583,291


Managing Director


Director


Director


Chairman


ACNABIN
Chartered Accountants

Dated: Dhaka
16 March, 2008



Liquidity Statement

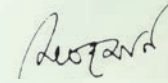
For the year ended 31st December 2007

Annual Report 2007

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets :						
Cash	2,125,018,037	-	-	-	-	2,125,018,037
Balance with other banks and financial institutions	972,755,156	5,964,776,450	-	-	-	6,937,531,606
Money at call and short notice	1,320,000,000	-	-	-	-	1,320,000,000
Investments	501,630,600	995,579,982	3,154,095,762	600,000,000	52,084,760	5,303,391,104
Loans and advances	1,243,388,282	4,357,503,705	9,116,889,607	6,582,894,667	962,673,348	22,263,349,609
Property, Plant and Equipment	-	-	-	139,499,760	56,607,399	196,107,159
Other assets	13,829,327	169,058,099	10,374,391	367,920,525	67,325,978	628,508,320
Non-banking assets	-	-	-	-	-	-
Total Assets	6,176,621,402	11,486,918,236	12,281,359,760	7,690,314,952	1,138,691,485	38,773,905,835
Liabilities						
Borrowing from Bangladesh Bank, Other banks, Financials Institutions and agents	22,382,101	-	65,624,017	36,166,803	1,261,637,804	1,385,810,725
Deposit and other accounts	6,234,181,902	8,827,806,306	11,199,888,007	5,686,102,886	-	31,947,979,101
Provision and Other liabilities	117,884,479	386,256,293	1,126,632,453	1,154,751,995	58,007,498	2,843,532,718
Total Liabilities	6,374,448,482	9,214,062,599	12,392,144,477	6,877,021,684	1,319,645,302	36,177,322,544
Net Liquidity Gap	(197,827,080)	2,272,855,637	(110,784,717)	813,293,268	(180,953,817)	2,596,583,291


Managing Director


Director


Director


Chairman


ACNABIN
Chartered Accountants

Dated: Dhaka
16 March, 2008



Notes to the Financial Statements

Annual Report 2007

For the year ended 31st December 2007

1.00 Legal Status

1.01 BASIC Bank Limited was incorporated as a banking company under the Companies Act, 1913. In 2001 the Bank has changed its earlier name 'Bank of Small Industries and Commerce Bangladesh Limited' and registered the new name with the Registrar of Joint Stock Companies. Initially the bank started its operation as a joint venture enterprise of the BCC Foundation, a welfare trust in Bangladesh and the Government of People's Republic of Bangladesh. In 04 June 1992 the Government of Bangladesh took over the entire share of the Bank. BASIC Bank is a scheduled bank. It operates with 30 branches in Bangladesh.

1.02 Objective

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

2.00 Significant Accounting Policies

2.01 Basis of Preparation of Financial Statement

- The financial statements of the Bank are made up to 31 December 2007 and are prepared under the historical cost convention, on a going concern basis and in accordance with the "first schedule (Sec- 38) of the Bank Companies Act, 1991 as amended by the Bangladesh Bank vide BRPD circular No. 14 dated 25 June, 2003 and other Bangladesh Bank circulars, International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and other laws and rules applicable in Bangladesh". All inter-branch account balances and transactions among the Head Office and the branch have been taken into accounts.
- The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2007 are consistent with those adopted in the financial statement regarding accounting of deferred tax required under Bangladesh Accounting Standard (BAS)-12. The particulars, computations and consequential effects have been shown note # 36.00.

2.02 Foreign Currencies Translation

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

2.03 Investment

Investments in Government Treasury Bills are stated at present value while investment in bonds and debentures are stated at cost value. Investments in shares are accounted for at cost or market price which ever is lower. Gain on year end valuation of outstanding Government Treasury Bills (HTM) is recognized as revaluation reserve and is reported under Capital Account (Tier-II) as per Bangladesh Bank instruction. Dividend income from shares is recognized in the period in which it is declared.



Notes to the Financial Statements

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2.04 Loans and Advances and Interest Thereon

Loans and advances have been stated at gross value. Interest is calculated on a daily product basis and charged quarterly. Interest on classified loans and advances is not credited to income and kept in interest suspense account until it is realized. Besides, no interest is charged on classified loans and advances from the date of filing suits against the borrowers. Commission and fee income are generally accounted for on the date of transaction. Provision for loans and advances are made on the basis of information furnished by the branches and instructions contained in Bangladesh Bank. BCD Circular # 12 dated 4 September 1995, BRPD Circular # 16 dated 6 December 1998, BRPD Circular # 9 dated 14 May 2001, BRPD Circular # 20 dated 20 December 2005 and BRPD Circular # 5 dated 05 June 2006 at the following rates:

2.05 Fixed Assets and Depreciation

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

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

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

2.06 Earning Per Share

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

2.07 Income Taxes:

a) Current Tax:

Provision for Income Tax has been made @45% as prescribed in the Finance Act, 2007 of accounting profit made by the bank after considering some of the taxable add backs of income and disallowance of expenditures.

b) Deferred Tax:

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



Notes to the Financial Statements

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2.08 Risk Management

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

(a) Credit Risk Management

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

(b) Foreign Exchange Risk Management

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

(c) Internal Control and Compliance Risk Management

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

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



Notes to the Financial Statements

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(d) Money Laundering Prevention

Money laundering has been identified as a major threat to the financial services community. It is important that the management of Banks and other Financial Institutions view prevention of money laundering as part of their risk management strategies and not simply as a stand-alone requirement that is being imposed by the legislation. Anti-Money Laundering Guideline of the bank was approved by the Board of Directors of the bank in its 188th meeting held on January 31, 2006. As per the guideline A Central Anti-Money Laundering Compliance Unit (CCU) has been formed at Head Office. General Manager (Operation and Administration) is acting as Chief Anti-Money Laundering Compliance Officer (CAMLCO). The Deputy General Manager of Branch Control & Establishment Division has been made the Head of this Central Compliance Unit who will work directly under the CAMLCO. This unit will monitor and review all anti-money laundering issues. A senior level executive from each branch has been nominated to act as Branch Anti-Money Laundering Compliance Officer (BAMLCO). The bank is providing training to the employees on regular basis. New employees are getting orientation to the Anti-Money Laundering issues through foundation course. Sound Know Your Customer and Transaction monitoring policies have been taken to recognize the risk associated with accounts. A detailed work plan has been formulated to complete KYC procedures for the accounts commenced prior to 30 April 2002. It is the requirement of Bangladesh Bank to report cash transaction of 5 lac in a single day in a single account and suspicious transaction as and when detected. ICT Division of the Bank has developed software to report the same to Bangladesh. Internal control and compliance policies have been implemented to cheque that an effective Anti-Money Laundering system is in force.

(e) Asset Liability Management

Asset/liability management has become an almost universally accepted approach to risk management. Since capital and profitability are intimately linked, BASIC Bank Ltd. is managing its asset / liability in order to ensure sustained profitability so that the bank can maintain and augment its capital resources. The asset/liability, management committee (ALCO) usually makes decisions, which is responsible for the financial direction of the bank. The ALCO's goal is to manage the sources and uses of funds, identify balance sheet management issues like balance sheet gaps, interest rate gap etc. ALCO also reviews liquidity contingency plan and implements liability pricing strategy for the bank.

2.09 Employees' Benefits Scheme

(a) Provident Fund

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

(b) Gratuity Fund

The Bank made a provision of a gratuity fund at the discretion of the management to provide an employee with financial benefits on his ceasing to be the Bank's service or in the event of his death, to his legal heirs / nominees or successors. The management of the bank had decided to create provision for incremental amount of gratuity each year and to provide a portion of the shortfall of Tk.46,000,323.10 as on 31 December 2006. As such, incremental requirement of Tk.16,879,126.00 as on 31 -12-2006 and 10% of shortfall Tk. 4,600,032.00 total Tk. 21,479,158.00 (16879126.00+4,600,032.00) was provided in 2006. 15% of the said shortfall i.e. Tk.6,900,048.00 has also been provided in 2007 along with incremental requirement of Tk.1,97,86,340.00 and the rest amount will be provided as 20% in 2008, 25% in 2009 and 30% in 2010.

(c) Benevolent Fund

The benevolent fund subscribed by monthly contribution of the employees. The bank also contributes to the fund @0.5% of profit before tax at the end of the year. The fund is established to cover the accidental coverage in the event of death or permanent disabilities of the employees.



Notes to the Financial Statements

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(d) Superannuation Fund

The Bank operates a contributory superannuation fund to give benefit to employees at the time of retirement and also cover group term life insurance. Employees are contributing to the fund monthly and the bank also contributes a lump sum amount to the fund from the gross profit at the end of the year.

(e) Welfare Fund

The bank has been maintaining a welfare fund with lump sum contribution from profit each year. Proposed contribution towards this fund from the profit of the year 2007 is Tk.45.00 lac. This fund is utilized for various social activities as part of corporate social responsibility of the Bank. The Bank has contributed Tk.19.75 lac and Tk.22.90 lac to Chief Adviser's Relief and Welfare Fund for the assistance of Flood and SIDR victims from this fund during the year 2007.

2.10 Capital Expenditure Commitment

There was no capital expenditure contracted but incurred or provided for at December 31, 2007 besides, there was no material capital expenditure authorized by the board but not contracted for at 31 December 2007.

2.11 Subsequent Events

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

2.12 Related Party Transaction

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

2.13 Audit Committee

Members of the Audit Committee of the Board of Directors:

Name	Status with the Bank	Status with the Committee	Educational Qualification
Mr. Mohammad Mahbubur Rahman	Director	Convener	MA in Economics
Mr. Mahbub Ahmed	Director	Member	MA in Economics
Mr. Md. Asaduzzaman Khan	Director	Member	BA (Hons), MA, (University of Dhaka) MA in Banking & Finance (UK)

Audit Committee Meeting held during 2007

21st Meeting of the Audit Committee held on 28.03.07
 22nd Meeting of the Audit Committee held on 08.05.07
 23rd Meeting of the Audit Committee held on 20.06.07
 24th Meeting of the Audit Committee held on 13.08.07
 25th Meeting of the Audit Committee held on 26.12.07

Steps Have Been Taken

As per guidelines enunciated in BRPD Circular # 12 dated 23 December 2002 of Bangladesh Bank the Audit Committee of the Board of Directors of the bank has been playing an important role with regard to the process of publication of financial statements and development of internal control system for conducting banking operations efficiently and in a disciplined manner. Besides, pursuant to the instructions of the said Circular the Audit Committee is placing its report to the Board of Directors of the Bank on its findings and recommendations acknowledging the background and purpose of constitution of the Committee.

2.14 General

- (a) Figures of previous year have been rearranged wherever necessary to conform to current year's presentation.
 (b) Figures appearing in these financial statements have been rounded off to the nearest Taka.



Notes to the Financial Statements

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3.00 Cash in hand (Including foreign currencies)

In local currency	232,079,018	184,369,626
In foreign currency	4,971,806	44,381,126
Total	237,050,824	228,750,752

4.00 Balance with Bangladesh Bank and Sonali Bank (Including foreign currency)

In local currency

Bangladesh Bank	1,711,264,788	1,132,142,487
Sonali Bank (acting as agent of Bangladesh Bank)	45,794,312	51,537,160
Sub-total	1,757,059,099	1,183,679,647

In Foreign Currency

Bangladesh Bank-US\$	128,364,067	109,709,912
Bangladesh Bank-UKP	1,143,243	359,829
Bangladesh Bank-EURO	1,400,803	371,238
Total	130,908,113	110,440,979
Total	1,887,967,213	1,294,120,626

5.00 Statutory Deposit

Cash Reserve Ratio and Statutory liquidity Ratio have been calculated and maintained as per Section 33 of the Bank companies Act 1991 and subsequent BCD Circular # 13 dated 24.05.1992, BRPD Circular # 12 dated 20.09.1999, BRPD Circular # 22 dated 06.11.2003 and BRPD Circular # 05 dated 21.07.2004 and BRPD Circular # 11 dated 25.08.2005.

5.01 Cash Reserve Ratio (CRR):

5% of Average Demand and Time Liabilities:

Required	Amount	1,525,702,000	1,147,928,000
	%	5.00%	5.00%
Maintained	Amount	1,575,868,000	1,181,847,000
	%	5.16%	5.14%
Surplus/(deficit)		50,166,000	33,919,000

5.02 Statutory Liquidity Reserve (SLR): 18% of Average Demand & Time Liabilities:

Required Reserved	Amount	5,492,527,000	4,132,541,000
	%	18.00%	18%
Maintained	Amount	5,492,527,000	4,493,989,000
	%	18.00%	19.57%
Surplus/(deficit)		—	361,448,000
Total surplus/(deficit)		—	361,448,000



Notes to the Financial Statements

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6.00 Balance with other banks and financial institutions

	2007 Taka	2006 Taka
Inside Bangladesh (Note-6.01)	6,510,675,772	3,927,113,757
Outside Bangladesh (Note-6.02)	426,855,834	264,255,899
Total	6,937,531,606	4,191,369,656
6.01 Inside Bangladesh,		
Current account		
Sonali Bank Ltd.	53,449,298	27,640,038
Rupali Bank Ltd.	557,850	9,062,850
Janata Bank Ltd.	1,000,456	3,000,456
Sub-total	55,007,604	39,703,344
Short Term Deposit		
Sonali Bank Ltd.	5,576,695	5,050,422
Bangladesh Krishi Bank	25,321	25,084
Rupali Bank Ltd.	30,038,144	12,312,413
Agrani Bank Ltd.	28,008	22,494
Sub-total	35,668,168	17,410,413
Fixed Deposit		
Bangladesh Commerce Bank Ltd.	100,000,000	100,000,000
The Oriental Bank Ltd.	200,000,000	200,000,000
Social Investment Bank Ltd.	—	—
Premier Bank Ltd.	—	200,000,000
IPDC	400,000,000	500,000,000
NCC Bank Ltd.	200,000,000	—
Arab Bangladesh Bank Ltd.	—	250,000,000
Southeast Bank Ltd.	400,000,000	300,000,000
Prime Bank Ltd.	300,000,000	300,000,000
Dhaka Bank Ltd.	500,000,000	300,000,000
Jamuna Bank Ltd.	400,000,000	200,000,000
Shajalal Islami Bank Ltd.	—	200,000,000
National Bank Ltd.	—	—
Eastern Bank Ltd.	400,000,000	300,000,000
Mercantile Bank Ltd.	400,000,000	350,000,000
Dutch-Bangla Bank Ltd.	470,000,000	270,000,000
Trust Bank Ltd.	200,000,000	—
United Commercial Bank Ltd.	400,000,000	200,000,000
Bank Asia	200,000,000	200,000,000
Pubali Bank Ltd.	400,000,000	—
Commercial Bank of Ceylon	250,000,000	—
BRAC Bank Ltd	200,000,000	—
One Bank Ltd	200,000,000	—
Sonali Bank Ltd	500,000,000	—
Mutual Trust Bank Ltd.	300,000,000	—
Sub-total	6,420,000,000	3,870,000,000
Grand-Total	6,510,675,772	3,927,113,757

All fixed deposits are normally placed for short-term maturities up to a maximum of 3 months at the approximate market rates.



Notes to the Financial Statements

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6.02 Outside Bangladesh (Nostro Accounts and Term placement)

	2007 Taka	2006 Taka
AMEX New York	38,909,199	16,651,319
Bank of Tokyo-Mitsubishi New York	—	—
Bank of Tokyo-Mitsubishi London	5,166,258	40,583,813
Rupali Bank Karachi	—	1,949,833
Bank of Tokyo Mitsubishi Japan	1,452,712	7,905,733
Mashreq Bank PSC UAE	491,392	494,088
Mashreq Bank New York	2,457,454	9,975,409
CITI Bank Mumbai	2,618,139	498,048
Bank of Tokyo-Mitsubishi Kolkata	—	—
Sonali Bank Kolkata	496,211	1,650,657
Bank of Ceylon	9,412,425	337,593
AMEX (Kolkata)	10,905,337	3,009,260
CITI Bank New York (Import)	40,608,711	14,988,822
CITI Bank New York (Export)	134,489,861	93,648,442
State Bank of India	582,142	587,012
Standard Chartered Import New York	62,539,352	22,948,420
Standard Chartered Bank London	7,590,048	4,838,482
Standard Chartered Bank Mumbai	17,350,851	9,559,493
ICICI Bank Ltd.	11,466,982	1,255,849
HSBC New York	20,464,755	13,879,901
Dresdner Bank Frankfurt -Euro	2,899,461	3,448,169
Banque de Commerce, Geneva	2,792,191	155,798
AMEX Frankfurt	2,590,201	1,785,335
UNION Bank of California New York	—	—
Wachovia Bank N.Y.	6,292,259	14,104,421
Arif Habib Rupali Bank	503,444	—
Total of Nostro Account	382,079,384	264,255,899
(Details are shown in Annexure-A)		
Citi bank N A New York-Term	20,697,300	—
Commercial Bank of Ceylon-Dhaka-Term	13,766,800	—
Commercial Bank of Ceylon-Tokyo-Term	10,312,350	—
Total Term placement	44,776,450	—
Grand total (Nostro and Term)	426,855,834	264,255,899
6.03 Maturity grouping of balance with other banks and financial institutions		
On demand	437,086,988	303,959,243
Upto 1 month	535,668,168	17,410,413
Over 1 month but not more than 3 months	5,964,776,450	3,870,000,000
Over 3 months but not more than 1 year	—	—
Over 1 year but not more than 5 years	—	—
Over 5 years	—	—
Total	6,937,531,606	4,191,369,656
7.00 Money at call and short notice		
Trust Bank Ltd.	150,000,000	150,000,000
Dhaka Bank Ltd.	150,000,000	—
Sonali Bank Ltd.	—	200,000,000
Prime Bank Ltd.	—	—
NCC Bank Ltd.	—	—
IFIC Bank Ltd.	200,000,000	—
Uttara Bank Ltd	200,000,000	—
Pubali Bank Ltd	100,000,000	—
Mutual Trust Bank	200,000,000	—
Mercantile Bank Ltd.	120,000,000	—
Bank Asia	200,000,000	—
Eastern Bank Ltd.	—	150,000,000
Southeast Bank Ltd.	—	150,000,000
Arab Bangladesh Bank Ltd.	—	100,000,000
Total	1,320,000,000	750,000,000



Notes to the Financial Statements

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8.00 Investments

A. Government Securities

Treasury Bills (at face value)- Note 8.01

05 Years Government Treasury Bills	381,182,812	1,800,000,000
05 Years Government Treasury Bond	600,000,000	—
02 Years Government Treasury Bills	—	150,000,000
364 Days Government Treasury Bill	3,168,492,932	970,000,000
364 Days Reverse Repo	600,000,000	—
91 Day Government Treasury Bill (at present value)	—	196,807,500
28 Days Government Treasury Bill	500,000,000	—
01 Day Reverse Repo-Bangladesh Bank	—	100,000,000

2007
Taka

2006
Taka

5,249,675,744	3,216,807,500
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Debentures

20 years HBFC Debenture - 5.5%	20,000,000	22,500,000
Prize Bond	1,630,600	2,557,200

Sub-Total

5,271,306,344	3,241,864,700
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B. Other Investments

Non-convertible Debenture - GSP Finance	—	—
Shares in listed companies (Annexure-B)	15,883,000	12,808,000
Share of Karmasangsthan Bank	10,000,000	10,000,000
Equity of Grameen I. T. Park	4,201,760	4,201,760
Share of CDB Ltd.	2,000,000	2,000,000

Sub-Total

32,084,760	29,009,760
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Grand Total

5,303,391,104	3,270,874,460
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8.01. Treasury bond is shown at cost. Treasury bills in 2007 is shown at present value and in 2006 Treasury bill include unearned interest thereon and corresponding credit is shown in other liabilities.

8.02. Assets pledge as security:

Amount of asset pledged as security against	—	—
Liabilities to Banks	—	—
Liabilities to customers	—	—

We have no assets pledged, mortgaged or hypothecated against bank's borrowings.

8.03. Maturity of grouping of investments

On demand	1,630,600	102,557,200
Upto 1 month	500,000,000	—
Over 1 month but not more than 3 months	995,579,982	596,807,500
Over 3 months but not more than 1 Year	3,154,095,762	2,120,000,000
Over 1 Year but not more than 5 Years	600,000,000	429,009,760
Over 5 Years	52,084,760	22,500,000
Total	5,303,391,104	3,270,874,460



Notes to the Financial Statements

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9.00 Loans and Advances:

9.01 Loans, cash credit, overdraft etc;

Inside Bangladesh (Note 9.01.1)	20,047,920,837	17,075,598,785
Outside Bangladesh	—	—

2007
Taka

2006
Taka

20,047,920,837	17,075,598,785
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9.01.1 Inside Bangladesh

Loans	8,505,548,005	6,634,541,417
Cash credit	5,328,108,788	4,791,364,917
Overdraft	2,331,584,083	2,359,512,849
Others	3,882,679,962	3,290,179,602

Sub Total

20,047,920,837	17,075,598,785
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9.02 Bills discounted and purchased

Inside Bangladesh	1,870,155,448	1,624,888,914
Local bills purchased/LADB	—	—
Outside Bangladesh	—	—
Foreign bills purchased and discounted	345,273,323	299,516,989

Sub Total

2,215,428,771	1,924,405,903
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Grand Total (9.01 + 9.02)

22,263,349,608	19,000,004,688
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9.03 Maturity wise distribution of Loans and Advances including Bills Purchased and Discounted

Payable on demand	1,243,388,282	845,147,715
Not more than 3 months	4,357,503,705	1,609,697,014
Above 3 months but not more than 1 year	9,116,889,607	7,898,880,482
Above 1 year but not more than 5 years	6,582,894,667	7,843,641,644
Above 5 years	962,673,348	802,637,833

Total

22,263,349,609	19,000,004,688
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9.04 Disclosure of Loans and Advances according to significant concentration

Advances to Directors	—	—
Advances to Managing Director and other senior executives	331,900,000	247,820,699
Advances to Customers group	8,030,049,609	6,508,626,989
Advances to Industrial sector (Note 9.7)	13,901,400,000	12,243,557,000

Total

22,263,349,609	19,000,004,688
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Notes to the Financial Statements

Annual Report 2007

9.05 Loans and Advances allowed to customers' group exceeding 10% of Banks total capital fund which is computed of Tk. 29.48 crore of the Bank as at 31 December 2007 (Note-16.1)

Number of the clients	12	11
Amount of outstanding advances	Tk. 77,154.00 Lac	Tk. 48,598.00 lac
Amount of recovery	Tk. 1,528.00 Lac	Tk. 957.12 Lac
Amount of classified advances	—	Tk. 3,265.00 Lac

Name of the Clients/Group	Outstanding Balance		31.12.2007 Tk. In Lac	31.12.2006 Tk. In Lac
	Funded (In Lac)	Non-funded (In Lac)		
R.M. Steel Mills Ltd.	3,417	225	3,642	3,298
Mithun Tallu Group	8,647	2,687	11,334	6,351
RMM Leather Industries Ltd.	2,288	638	2,926	—
United Group	3,313	5,257	8,570	—
Doel Group	—	—	—	3,265
Max Sweeter BD Ltd	3,975	1,599	5,574	4,057
Meghna (Fresh) Group	4,068	2,725	6,793	2,699
A. H. Jute Spinning and Belting Ltd.	—	—	—	3,104
National Tubes Ltd	1,452	2,779	4,231	—
Madina Poultry Feed	2,047	1,580	3,627	—
Fabian Group	—	—	—	2,857
Desktop Computers Connection Ltd.	2,549	868	3,417	—
Rising Spinning Mills Ltd.	3,080	—	3,080	—
Usha Paragon Group	—	—	—	2,466
Sanji-Well Group	5,845	5,878	11,723	8,245
Ananda Shipyard Group	4,208	8,029	12,237	9,450
M. Hossain Cotton Spinning Mills Ltd.	—	—	—	2,806
Total	44,889	32,265	77,154	48,598

9.06 Geographical location-wise Loans & Advances

Inside Bangladesh

	(Tk. in lac)	(Tk. in lac)
Dhaka Division	154,251	128,172
Chittagong Division	36,307	31,417
Khulna Division	10,644	10,614
Rajshahi Division	16,562	13,619
Sylhet Division	4,315	5,735
Barisal Division	555	442
	222,633	190,000
Outside Bangladesh	-	-
	222,633	190,000



Notes to the Financial Statements

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9.07 Sector wise distribution of Loans & Advances (Industrial term and working capital loans)

Industrial sector

- Food and Allied Ind.
- Textile
- ERGM
- Accessories
- Jute Prod. and Allied Ind.
- Forest Prod. and Allied Ind.
- Paper, Board, Printing, Pub. and Packaging
- Tannery Leather and Rubber Prod.
- Chem. Pharm. and Allied Ind.
- Glass, Crmc. and Other non Metal. Pr.
- Engineering
- Electrical and Electronics Ind.
- Service Ind.
- Misc. Industries
- Ind. Not Elsewhere Classified

	2007 (Tk. In Lac)	2006 (Tk. In Lac)
1. Food and Allied Ind.	17,345	16,810
2. Textile	26,616	44,324
3. ERGM	13,434	—
4. Accessories	8,330	—
5. Jute Prod. and Allied Ind.	16,293	11,913
6. Forest Prod. and Allied Ind.	782	115
7. Paper, Board, Printing, Pub. and Packaging	6,984	4,400
8. Tannery Leather and Rubber Prod.	4,662	1,912
9. Chem. Pharm. and Allied Ind.	7,425	12,453
10. Glass, Crmc. and Other non Metal. Pr.	939	686
11. Engineering	16,992	16,649
12. Electrical and Electronics Ind.	1,675	1,221
13. Service Ind.	14,542	8,243
14. Misc. Industries	481	3,382
15. Ind. Not Elsewhere Classified	2,512	326
	139,014	122,436

9.08 Distribution of Loan and Advances according to BCD Circular by Bangladesh Bank:

Unclassified loan:

Standard	21,231,194,740	17,954,336,526
SMA	308,921,054	342,398,238

Sub-total:

21,540,115,794	18,296,734,764
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Classified loan:

Sub-standard	25,738,415	27,157,497
Doubtful	88,173,184	33,957,068
Bad and loss	609,322,215	642,155,358

Sub-total:

723,233,815	703,269,923
--------------------	--------------------

Grand Total

22,263,349,609	19,000,004,687
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9.09 Particulars of required provision for Loans and Advances

Status	Base for provision	Rate (%)		
Unclassified-General provision				
Agro based and Micro Credit	686,278,913	5%	34,313,946	18,558,460
SMA	296,323,735	5%	14,816,187	16,155,694
Others (excluding staff loan)	20,213,028,282	1 and 2%	251,520,088	215,812,129
			300,650,220	250,526,283
Off-balance sheet items	8,744,898,170	0.5%	43,700,000	—
			344,350,220	250,526,282
Classified-specific provision				
Sub-standard	8,719,628	20%	1,743,926	831,556
Doubtful	45,337,622	50%	22,668,811	9,234,701
Bad/Loss	412,130,444	100%	412,130,444	308,151,884
			436,543,180	318,218,141
Required Provision for loans and advances			780,893,400	568,744,423
Total Provision maintained (Note-15.01and 15.02)			780,893,400	573,744,423
Excess/(Short) provision of 31 December			—	5,000,000



Notes to the Financial Statements

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9.10 Particulars of Loans and Advances

	2007 Taka	2006 Taka
i. Debts considered good in respect of which the banking company is fully secured.	19,993,174,682	15,744,131,685
ii. Debts considered good for which the banking company holds no other security other than debtor's personal security.	1,662,428,170	873,115,216
iii. Debts considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors.	607,746,756	2,382,757,787
iv. Debts considered doubtful or bad not provided for.	—	—
	22,263,349,609	19,000,004,688
v. Debts due by Directors and officers of the Banking company or any of them either severally or jointly with any other persons.*	331,887,545	247,820,699
vi. Debts due by companies or firms in which the directors of the banking company are Interested as directors, partners or managing agents or in the case of private companies, as members.	—	—
vii. Maximum total amount of advances Including temporary advances made at any time during the year to the directors or managers or officers of the banking company or any of them either severally or jointly with any other person.*	352,229,434	247,820,699
Viii. Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private company	—	—
ix. Due from banking companies.	—	—
x. Amount of classified debts on which interest has not been credited to income*	723,233,815	703,269,923
a) i. (Decrease)/Increase in Provision	133,897,451	(100,045,850)
ii. Amount realized against loan previously written-off	5,626,068	4,439,711
b) Amount of provision kept against loan classified as bad/loss	436,543,180	308,151,884
xi. Cumulative amount of classified Loans written off	283,385,108	283,348,054
xii. Classified loans Written off for Current Year	37,054	522,054

9.11. Listing of assets pledge as security/collaterals Nature of the secured assets

Fixed Assets	22,235,035,564	18,614,523,545
Cash and quasi-cash	2,347,943,606	2,034,340,840
Others	4,579,122,340	3,970,305,741
	29,162,101,510	24,619,170,126



Notes to the Financial Statements

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10. Bills Discounted & Purchased

Inside Bangladesh	1,870,155,448	299,516,989
Outside Bangladesh	345,273,323	1,624,888,914
Total	2,215,428,771	1,924,405,903

10.1 Maturity wise distribution of bills discounted and purchased

Not more than 01 month	267,376,656	217,126,790
Above 01 month but not more than 03 months	1,277,743,738	1,095,451,550
Above 03 months but not more than 06 months	670,308,377	608,465,592
Above 06 months	—	3,361,971
Total	2,215,428,771	1,924,405,903

11.00 Fixed Assets including premises, furniture and fixtures

Furniture and Fixtures	90,313,949	81,973,175
Equipment and Computer	225,485,725	149,675,341
Vehicles	75,140,296	74,882,016
Leased Assets	4,000,000	4,000,000
Total Cost	394,939,970	310,530,532
Less: Accumulated depreciation	198,832,810	156,005,925
Net book value at end of the year	196,107,160	154,524,607

*A schedule of fixed assets is shown in Annexure-: "C"

12.00 Other Assets

Investment in Subsidiary Companies		
Stationery, stamps etc.	15,981,647	15,374,899
Advance rent	18,265,106	13,746,183
Income receivable (Note-12.02)	149,115,363	89,426,219
Advance income tax	335,827,685	161,417,652
Security deposits (Note-12.01)	4,619,989	8,446,422
Suspense account (Note-12.03)	1,751,130	9,663,147
Other prepayments	8,124	34,124
Branch adjustment account	27,846,502	174,528,349
Sundry debtors (Note-12.04)	22,437,726	19,449,058
Subs fees of Dun Bread street	3,291,548	6,662,411
Total	579,144,820	498,748,464

12.1 Security deposits, rent and other prepayments made to statutory authorities, other institutions and individuals are considered good.

12.2 Income receivable consists of interest income receivable from various investments have been verified and considered good.

12.3 Suspense account consists of DD paid without advice, clearing, petty cash etc.



Notes to the Financial Statements

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12.4 Sundry debtors

	2006 Taka	2005 Taka
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	584,884	584,884
BCCI-London	326	326
Protested bill, SWIFT charges	6,390,039	—
	<u>14,172,297</u>	<u>7,782,258</u>
Others	8,265,429	11,666,801
Total	<u>22,437,726</u>	<u>19,449,058</u>

*Full provision for the protested bill of BCCI and SWIFT charges has been made in the account and Others included encashment of Sanchaypatras amount which will be adjusted after receiving Bangladesh Bank advice .

13.00 Borrowing from other bank companies and agents

In Bangladesh	846,160,971	585,723,266
Outside Bangladesh	539,649,754	244,342,717
Total	<u>1,385,810,725</u>	<u>830,065,983</u>

Borrowing from other bank companies and agents

Long term loan from Bangladesh Bank	237,383,575	300,756,860
Loan from Bangladesh Bank under ESP scheme	94,800	189,630
Small and Cottage Industries Project loan under ADB loan No. - 1070 - BAN(SF)	5,348,862	16,418,425
Loan for Micro Credit and Small Scale Industries (KfW, Germany)	208,735,121	227,924,292
Loan for JDPC-Eccomp - Sky Land Fam	—	6,389,000
Loan from Bangladesh Bank under EDF	—	19,705,180
Government Placement for Agro based Industries	608,682,596	258,682,596
Agro business Development Project of ADB	325,565,771	—
	<u>1,385,810,725</u>	<u>830,065,983</u>

Secured and unsecured borrowing from other banks

Secured	—	—
Unsecured	1,385,810,725	830,065,983
	<u>1,385,810,725</u>	<u>830,065,983</u>



Notes to the Financial Statements

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14.00 Deposit and other accounts

A. Deposit from Banks

Payable on demand	6,534,000	—
Less than 01 month	—	30,162,953
Above 01 month but not more than 6 months	—	—
Above 06 months but not more than 1 year	—	—
Above 01 year but not more than 05 years	—	—
Above 05 years but not more than 10 years	—	—
Above 10 years	—	—

B. Other Deposits

Payable on demand	415,181,410	2,181,385,091
Less than 01 month	5,812,466,492	2,527,854,970
Above 01 month but not more than 6 months	12,561,102,308	2,869,596,859
Above 06 months but not more than 01 year	7,466,592,005	8,195,892,271
Above 01 year but not more than 05 years	5,686,102,886	8,254,996,833
Above 05 years not more than 10 years	—	24,770,414
Above 10 years	—	—

Total	<u>31,947,979,101</u>	<u>24,084,659,391</u>
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15.00 Other Liabilities

Interest payable on borrowing	105,307,625	95,331,978
Interest payable on term deposits	997,384,571	697,133,918
Privileged creditors	21,931,651	17,960,382
Benevolent fund	5,505,572	5,487,510
Gratuity fund	84,303,645	59,554,508
Bonus payable	62,148,214	50,926,541
Sundry creditors	57,000,535	27,217,643
Telephone and telex charges payable	795,677	1,306,051
Expenses payable	1,006,557	1,550,237
Provision for taxes (Note-35)	601,416,654	523,040,696
Miscellaneous creditors	35,827	35,077
Provision for loans and advances (Note- 15.1 and 15.2)	780,893,401	573,744,423
Provision for sundry debtors	14,172,297	7,782,258
Provision for investment	331,890	331,890
Suspense interest (Note-15.3)	93,891,617	101,347,496
Excess Cash	5,000	30,000
Provision for Superannuation Fund	3,500,000	3,500,000
Provision for Welfare Fund	5,053,367	2,000,000
Electricity	1,243,189	963,826
Clearing	680,047	—
Exchange equalization fund	6,925,385	—
Unearned interest on G.T. bill	—	88,267,504
Staff training	—	1,358,000
Printing stationary	—	4,500,000
Fax	—	2,000
Total	<u>2,843,532,719</u>	<u>2,263,371,938</u>



Notes to the Financial Statements

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15.01 Provision for classified loan

Opening balance	323,218,141	274,846,946
Fully provided debt written off/interest waived (-)(15.1.1)	(69,426,562)	(482,955)
Recovery from earlier written off loan (+)	—	—
Special provision for current year (+)	—	—
Provision not required (-)	—	—
Charge against current year's profit (+)	182,751,601	48,854,150

Closing balance

2007 Taka	2006 Taka
436,543,180	323,218,141

15.1.1 Loan written off	27,562	482,955
Interest waived	69,399,000	—

69,426,562	482,955
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15.02 Provision for unclassified loan

(a) Provision for unclassified loan

Opening balance	250,526,282	218,986,822
Provision not required (-)	—	—
Charge against current year's profit (+)	50,123,939	31,539,460

Closing balance

300,650,221	250,526,282
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(b) Provision for off balance sheet items

Opening balance	—	—
Provision not required (-)	—	—
Charge against current year's profit (+)	43,700,000	—

Closing balance

43,700,000	—
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Total closing balance for unclassified loan(a+b)

344,350,221	250,526,282
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Total of 15.1 and 15.2

780,893,401	573,744,423
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15.03 Suspense interest

Opening balance	101,347,496	70,061,736
Transferred during the year (+)	82,578,773	37,402,212
Recovery during the year (-)	(62,248,718)	(6,077,354)
Suspense written off/waived during the year (-)	(27,785,934)	(39,099)

Closing balance

93,891,617	101,347,496
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15.04 Branch adjustments account represents outstanding inter branch and Head Office transaction (Net) originated. The un-responded entries of 31.12.07 are given below:

	No. of Un-responded entries		Amount of Un-responded entries	
	Dr.	Cr.	Dr.	Cr.
Up to 03 months	107	236	155,776,942	151,260,656
Over 03 months but within 06 months	-	-	-	-
Over 06 months but within 01 year	-	-	-	-
Over 01 year but within 05 years	-	-	-	-
Total	107	236	155,776,942	151,260,656

- By March 2008 all the entries were responded.



Notes to the Financial Statements

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16.00 Share Capital

Authorized Capital

20,000,000 Ordinary shares of Tk. 100.00 each

Issued and fully paid up

Ordinary shares of Tk. 100.00 each

2007 Taka	2006 Taka
2,000,000,000	2,000,000,000
1,247,400,000	945,000,000

The Government of People's Republic of Bangladesh is the sole owner shareholder of the Bank and all the ordinary shares are vested with the Ministry of Finance.

16.01 Capital Adequacy Ratio

Calculated as per BRPD Circular No. 10 dated 25 November 2002 and subsequent amended Circular No.3 dated 09 May 2004 and BRPD circular 05 dated 14.05.2007 respectively issued by Bangladesh Bank.

Core Capital (Tier-I)

Paid up Capital	1,247,400,000	945,000,000
Statutory Reserve	1,045,085,405	883,456,765
General Reserve/Capital Reserve	40,000,000	40,000,000
Retained Earnings	129,477,308	370,540,862
	<u>2,461,962,713</u>	<u>2,238,997,627</u>

Supplementary Capital (Tier-II)

General Provision maintained against unclassified loan	300,650,220	250,526,282
Provision for off -balance sheet items	43,700,000	—
Exchange Equalization	6,925,385	—
Revaluation of HTM Securities	134,620,578	—
	485,896,183	250,526,282

A. Total Capital (Tier- I+Tier- II)

2,947,858,896	2,489,523,909
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B. Total Risk Weighted Assets

C. Required Capital (10% for the year 2007 and

9% for the year 2006 of Total Risk Weighted Assets)

D. Surplus/(Deficiency)

Capital Adequacy Ratio

663,726,896	619,126,909
12.91%	11.98%

Capital requirement	31-12-2007		31-12-2006	
	Required	Held	Required	Held
Teir-I	5.00%	10.78%	4.50%	10.78%
Teir-II	5.00%	2.13%	4.50%	1.20%
Total	10.00%	12.91%	9.00%	11.98%

17.00 Statutory Reserve

Balance at opening of the year

Transferred from profit of the year

Balance at closing of the year

883,456,765	681,132,608
161,628,640	202,324,157
1,045,085,405	883,456,765



Notes to the Financial Statements

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18.00 Other Reserve

Balance at opening of the year	40,000,000	40,000,000
Transferred from profit of the year	—	—
Balance at closing of the year	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.

19.00 Surplus in Profit and Loss Account

Balance as on 1st January	370,540,862	213,726,525
Change in accounting policy (Deferred tax effect upto 2004)	—	—
Profit during the year	121,336,446	351,814,337
Transferred to other reserve	—	—
Cash Dividend paid during the year	(60,000,000)	(60,000,000)
Dividend Distribution Tax	—	—
Issuance of bonus Share	(302,400,000)	(135,000,000)
Total	129,477,308	370,540,862

19.01 Item wise Profit and Loss Account

Income:

Interest, discount and similar income	3,067,492,480	2,499,362,493
Dividend income	5,560,480	4,920,340
Fees, commission and brokerage	191,235,958	157,649,764
Gains <u>less</u> Losses arising from dealing securities	—	—
Gains <u>less</u> Losses arising from investment securities	—	—
Gains <u>less</u> Losses arising from dealing in foreign currencies	222,845,221	149,640,436
Income from non-banking assets	—	—
Other Operating income	62,389,876	58,749,929
Total	3,549,524,015	2,870,322,962

Expenses:

Interest, fee and commission	1,928,472,617	1,315,864,251
Losses on loans and advances	—	—
Administrative expenses	333,334,032	294,116,732
Other operating expenses	152,065,400	137,302,521
Depreciation on banking assets	44,543,187	31,025,064
Total	2,458,415,236	1,778,308,568
Profit before tax and provision	1,091,108,779	1,092,014,394



Notes to the Financial Statements

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20.00 Contingent Liabilities

Letters of guarantee (Note-20.01)	1,924,920,407	1,569,211,066
Local bills for collection	587,734,401	600,491,612
Foreign bills for collection	805,387,236	593,667,463
Acceptances	2,139,046,330	1,363,586,855
Letters of credit	4,457,653,429	4,080,542,800
Back to Back L/C	223,278,000	306,617,000
Travellers Cheques Stock	11,507,300	25,279,400
Value of wage earners bond in hand	39,998,271	39,998,000
Total	10,189,525,373	8,579,394,196

20.01 Letter of Guarantee

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

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

Directors	—	—
Government	476,380,729	533,277,698
Bank and Other financial institutions	—	4,779,084
Others	1,448,539,678	1,031,154,284
Total	1,924,920,407	1,569,211,066

21.00 Interest Income

Interest from clients	2,324,428,194	1,786,148,407
Interest from banks and financial institutions	518,606,674	461,439,532
Interest from foreign banks	23,537,873	30,961,788
Total	2,866,572,741	2,278,549,727

22.00 Interest expenditure on deposit and borrowings

On fixed deposit	1,689,217,777	1,139,602,336
On short term deposit	144,089,412	108,589,162
On savings bank deposit	48,313,960	28,797,803
On borrowing from Bangladesh bank and other financial institutions	46,851,468	38,874,950
Total	1,928,472,617	1,315,864,251

23.00 Income on Investment

On Government treasury bill	199,480,002	217,764,164
On Debentures	1,439,737	—
On Shares	5,560,480	4,920,340
On other investment	—	3,048,602
Total	206,480,219	225,733,106



Notes to the Financial Statements

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	2007 Taka	2006 Taka
24.00 Commission, exchange and brokerage commission		
Foreign bill purchased	628,965	654,329
Local bill purchased	9,041,451	8,646,784
Remittance	8,280,081	7,968,002
Letter of guarantee	39,869,621	23,360,370
Letter of credit	106,869,561	96,433,989
Bills for collection	8,691,916	7,926,820
Acceptances	10,792,897	8,747,327
Export bill	570,415	599,694
Miscellaneous (includes commission on sale of PSP,TC)	6,491,052	3,312,449
	191,235,959	157,649,764
Exchange Gain		
Profit on exchange trading	222,845,221	149,640,436
	414,081,179	307,290,200
25.00 Other operating income		
Rent (Go-down and locker)	583,566	367,288
Postage charges	8,410,225	8,634,572
Telephone and cable charges	725,811	762,137
Telex charges	12,626,600	13,230,195
Service charges	6,186,504	5,866,834
Recoveries and miscellaneous earnings	31,780,506	28,592,518
Profit on sale of fixed assets	2,076,663	1,296,385
	62,389,876	58,749,929
26.00 Salaries & Allowance		
Salaries	103,013,486	89,516,427
Allowances	112,849,376	95,430,249
Provident fund	8,327,647	7,266,176
Pension fund	75,722	68,349
Benevolent fund	5,505,572	5,487,510
Gratuity fund	26,739,749	21,500,046
Bonus	71,172,480	69,437,975
Superannuation Fund	3,500,000	3,500,000
	331,184,032	292,206,732
27.00 Rent, taxes, insurances, lighting etc.		
Rent	31,531,480	27,561,443
Rates, taxes and VAT	1,775,042	1,305,275
Electricity and heating	8,690,956	8,110,157
Insurance	12,085,386	7,178,129
	54,082,864	44,155,004



Notes to the Financial Statements

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	2007 Taka	2006 Taka
28.00 Legal expenses		
Professional fees	1,694,907	1,152,129
Stamps and court fees	217,887	223,096
	1,912,794	1,375,226
29.00 Postage, Stamp, Telegram, Telephone		
Postage	787,947	625,216
Telephone	8,881,373	8,113,926
Telex	20,926	265,337
Courier services	4,876,634	5,512,593
Swift Subscription Charges	9,733,253	6,468,554
Cables	2,563,778	687,844
Reuters Subscription Charges	—	—
	26,863,912	21,673,470
30.00 Stationary, printing, advertising etc.		
Security stationery	791,413	956,848
Printed stationery	3,453,040	8,097,392
Other stationery	6,008,450	5,983,150
Publicity, advertisement and publication	2,618,297	3,142,950
	12,871,200	18,180,340
31.00 Directors Fees		
Board meeting and audit committee meeting	412,000	422,500
Other meeting/benefits	105,000	—
Participation fee @ Tk 4000.00 each member per meeting	—	—
	517,000	422,500
32.00 Depreciation on and repairs to the banking company's property		
Depreciation	44,835,108	31,025,063
Repairs, improvement and maintenance	10,579,322	12,145,672
	55,414,430	43,170,735
32.01 Depreciation		
Furniture and fixture	5,519,662	4,993,601
Machinery and equipment	27,642,775	17,294,073
Vehicles	11,626,694	8,691,412
Lease Equipment/ Assets	45,977	45,977
	44,835,108	31,025,063
32.02 Repairs, improvement and maintenance		
Furniture and fixture	859,123	832,272
Machinery and equipment	3,459,002	3,791,245
Vehicles	3,517,310	3,082,795
Rented premises	2,743,888	4,439,360
	10,579,322	12,145,672



Notes to the Financial Statements

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33.00 Other Expenditure

Discount	31,586	45,920
Commission and brokerage	1,931,661	2,764,595
Entertainment	12,155,336	12,346,731
Car expenses	6,064,868	8,276,502
Subscription	1,761,053	1,132,646
Travelling	6,615,834	6,475,206
Cartage and freight	300,665	71,208
Computer expenses	4,125,858	3,593,236
Staff training expenses	613,520	3,210,818
Donation	5,000	257,000
Management fees	93,646	8,000
Miscellaneous	6,124,161	1,044,736
Welfare Fund	4,500,000	—
Various meeting fee	220,000	—
Other audit fee	253,200	—
Loss on sale of other banking assets	—	3,713

2007 Taka	2006 Taka
31,586	45,920
1,931,661	2,764,595
12,155,336	12,346,731
6,064,868	8,276,502
1,761,053	1,132,646
6,615,834	6,475,206
300,665	71,208
4,125,858	3,593,236
613,520	3,210,818
5,000	257,000
93,646	8,000
6,124,161	1,044,736
4,500,000	—
220,000	—
253,200	—
—	3,713
44,796,387	39,230,310

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

34.00 Proposed Dividends

Proposed bonus share (1:20 and 8:25)	62,370,000	302,400,000
Cash Dividend (@ 5.00% and 6.34%)	62,370,000	60,000,000

62,370,000	302,400,000
62,370,000	60,000,000
124,740,000	362,400,000

35.00 Provision for tax

Opening balance	55,576,726	55,576,725
Current Year's Tax	505,839,928	467,463,971
Previous Years Tax	40,000,000	—

55,576,726	55,576,725
505,839,928	467,463,971
40,000,000	—
601,416,654	523,040,696

36.00 Deferred Tax:

a) Computation of Deferred Tax:

Book value of depreciable fixed assets	192,520,953	150,892,423
Less: Tax Base	204,783,041	155,119,439
Deductable Temporary Difference	(12,262,088)	(4,227,016)
Book value/provision for Gratuity/Benevolent/Superannuation Fund	—	59,554,507
Book value of Gratuity payable	—	59,554,507
Provision for Gratuity(Provision -actual payment)	24,749,136	—
Provision for Benevolent Fund(Provision -actual payment)	5,865,449	—
Provision for Superannuation Fund(Provision -actual payment)	3,038,469	—

33,653,054	59,554,507
-	-
33,653,054	59,554,508
45,915,142	63,781,524
45%	45%
20,661,814	28,701,686



Notes to the Financial Statements

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b) Deferred Tax (Expenses)/Income:

Closing Deferred Tax Assets	49,363,500	28,701,686
Opening Deferred Tax Assets	28,701,686	18,720,005

Deferred Tax (Expenses)/Income

2007 Taka	2006 Taka
49,363,500	28,701,686
28,701,686	18,720,005
20,661,814	9,981,681

37.00 Analysis of closing cash and cash equivalent

Cash in hand and balance with Bangladesh Bank and Sonali Bank Ltd.	2,125,018,037	1,522,871,379
Cash with other Banks	6,937,531,606	4,191,369,655
Money at Call and Short Notice	1,320,000,000	750,000,000

2,125,018,037	1,522,871,379
6,937,531,606	4,191,369,655
1,320,000,000	750,000,000
10,382,549,643	6,464,241,034

38.00 Earning Per Share (EPS)

Net Profit after Tax (Numerator)	282,965,086	554,138,494
Number of ordinary share outstanding (Denominator)	12,474,000	9,450,000

Earning per Share (EPS)

282,965,086	554,138,494
12,474,000	9,450,000
22.68	58.64

39.00 Litigation pending against Bank

There is no litigation pending against the Bank in year 2007

40.00 Coverage of External Audit

The external auditor has covered 80% of the risk-weighted assets and have spent around 2,000 hours to complete the audit as per Bangladesh Standards on Auditing (BSA). The external auditor has audited 3 branches and Head office of the Bank.

41.00 Highlight on the overall activities of the Bank for the year 2007 and 2006.

Sl. No. Particulars

1	Paid up capital	1,247,400,000	945,000,000
2	Total capital	2,947,858,896	2,489,523,909
3	Capital surplus / (deficit)	663,726,896	619,126,000
4	Total assets	38,773,905,836	29,417,094,939
5	Total deposits	31,947,979,101	24,084,659,391
6	Total loans and advances	22,263,349,608	19,000,004,688
7	Total contingent liabilities and commitments	10,189,525,373	8,579,394,196
8	Credit - deposit ratio	69.69%	78.89%
9	Percentage of classified loans against total loans and advances	3.25%	3.70%
10	Profit after tax and provision	282,965,086	554,138,494
11	Amount of classified loans and advances	723,233,815	703,269,923
12	Provision kept against classified loan	436,543,180	323,218,141
13	Provision surplus/ (deficit)	—	—
14	Cost of fund	8.31%	6.77%
15	Interest earning assets	35,046,030,900	26,469,275,536
16	Non-interest bearing assets	3,727,874,936	2,947,819,403
17	Return on investment (ROI)	7.89%	5.78%
18	Return on assets (ROA)	.83%	1.94%
19	Incomes on Investment	206,480,219	225,733,106
20	Earnings per share (EPS)	22.68%	58.64%
21	Net Income per share	22.68%	58.64%
22	Price earning ratio	N/A	N/A

2007 Taka	2006 Taka
1,247,400,000	945,000,000
2,947,858,896	2,489,523,909
663,726,896	619,126,000
38,773,905,836	29,417,094,939
31,947,979,101	24,084,659,391
22,263,349,608	19,000,004,688
10,189,525,373	8,579,394,196
69.69%	78.89%
3.25%	3.70%
282,965,086	554,138,494
723,233,815	703,269,923
436,543,180	323,218,141
—	—
8.31%	6.77%
35,046,030,900	26,469,275,536
3,727,874,936	2,947,819,403
7.89%	5.78%
.83%	1.94%
206,480,219	225,733,106
22.68%	58.64%
22.68%	58.64%
N/A	N/A

Managing Director

Director

Director

Chairman



Balance with Other Bank- Outside Bangladesh (Nostro Accounts)

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Annexure- A

Name of The Bank	A/C Type	Currency name	2007			2006		
			Amount in FC	Conv.Rate per unit Fc	Amount in BDT	Amount in FC	Conv.Rate per unit Fc	Amount in BDT
1 AMEX Newyork	CD	US\$	567,414	68.57	38,909,199	241,096	69.07	16,651,319
2 BOTM, London	CD	UKP	37,438	138.00	5,166,258	298,410	136.00	40,583,813
3 Rupali Bank Karachi	CD	ACUS	7,342	68.57	503,444	28,232	69.07	1,949,833
4 BOTM, Tokyo	CD	JAPY	2,328,810	0.62	1,452,712	13,176,222	0.60	7,905,733
5 Mashreq Bank ,UAE	CD	UAED	25,872	18.99	491,392	25,872	19.10	494,088
6 Mashreq Bank, NY	CD	US\$	35,837	68.57	2,457,454	144,435	69.07	9,975,409
7 CITI Bank Mumbai	CD	ACUS	38,180	68.57	2,618,139	7,211	69.07	498,048
8 Sonali Bank, Kol.	CD	ACUS	7,236	68.57	496,211	23,900	69.07	1,650,657
9 Bank of Ceylon	CD	ACUS	137,262	68.57	9,412,425	4,888	69.07	337,593
10 AMEX Kolkata	CD	ACUS	159,033	68.57	10,905,337	43,571	69.07	3,009,260
11 Citibank NA, NY(Imp)	CD	US\$	592,199	68.57	40,608,711	217,025	69.07	14,988,822
12 Citibank NA, NY(Exp)	CD	US\$	1,969,105	68.30	134,489,861	1,362,159	68.75	93,648,442
13 State Bank of India	CD	ACUS	8,489	68.57	582,142	8,499	69.07	587,012
14 SCB, Newyork	CD	US\$	912,014	68.57	62,539,352	332,272	69.07	22,948,420
15 SCB, London	CD	EURO	74,350	102.09	7,590,048	52,592	92.00	4,838,482
16 SCB, Mumbai	CD	ACUS	253,028	68.57	17,350,851	138,413	69.07	9,559,493
17 Dresdner Bank,F.furt	CD	EURO	28,402	102.09	2,899,461	37,480	92.00	3,448,169
18 BCP, Geneva	CD	CHF	44,922	62.16	2,792,191	2,719	57.30	155,798
19 AMEX Frankfurt	CD	EURO	25,373	102.09	2,590,201	19,406	92.00	1,785,335
20 Wachovia Bank,NY	CD	US\$	91,760	68.57	6,292,259	204,219	69.07	14,104,421
21 HSBC Newyork	CD	US\$	298,438	68.57	20,464,755	200,968	69.07	13,879,901
22 ICICI Mumbai	CD	ACUS	167,223	68.57	11,466,982	18,184	69.07	1,255,849
Total					382,079,384			264,255,899



Investment (Shares in listed company)

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Annexure- B

Particulars	Date of Purchase	No. of Shares	Face value (in Taka)	Cost price (in Taka)	Market value as at 31.12.06 (in Taka)	Provision exists in the accounts (in Taka)	Current Market Value as at 31.12.07	Dividend received in 2007 (in Taka)
1. Tamijuddin Textile Mills Ltd.	02-01-92	5,000	500,000	500,000	240,000	328,750	206,250	25,000
2. Eastern Bank Ltd.	27-04-93	153,750	15,375,000	15,375,000	97,477,500	-	177,581,250	5,535,000
3. Mithun Corporation Ltd.	25-08-94	80	8,000	8,000	6,500	3,140	8,400	480
Total		158,830	15,883,000	15,883,000	97,724,000	331,890	177,795,900	5,560,480

Schedule of Fixed Assets & Leased Assets as at 31.12.2007

Annexure- C

Particulars	Cost				Rate	Decpreciation				Written down value	
	Balance at 1 January, 2007	Additions during the year	Disposal during the year	Balance at 31 Dec, 2007		Balance at 1 January, 2007 (Dep up to date)	Charged for the year	Adjustment / disposal during the year	Balance at 31 Dec, 2007	At 31 Dec, 2007	At 31Dec, 2006
	1	2	3	4		5	6	7	8	9	10
				(1+2-3)							
	Tk.	Tk.	Tk.	Tk.		Tk.	Tk.	Tk.	Tk.	Tk.	Tk.
Furniture and Fixtures	81,973,175	8,434,740	(93,966)	90,313,949	10%	32,141,045	5,519,662	(655)	37,660,052	52,653,897	49,832,130
Equipment and Computer	149,675,341	76,242,956	(432,572)	225,485,725	20%	80,937,882	27,642,775	(164,852)	108,415,805	117,069,920	68,737,459
Vehicles	74,882,016	2,384,719	(2,126,439)	75,140,296	25%	42,559,182	11,626,694	(1,842,716)	52,343,160	22,797,136	32,322,834
Leasehold Assets	4,000,000	-	-	4,000,000		367,816	45,977	-	413,793	3,586,207	3,632,184
Total	310,530,532	87,062,414	(2,652,977)	394,939,970		156,005,925	44,835,108	(2,008,223)	198,832,810	196,107,160	154,524,607



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MAIN BRANCH

Bana Shilpa Bhaban (Ground floor)
73 Motijheel C/A Dhaka 1000
Tel: 02-9563068, 9553322, 9570713
Fax: 02-9569417
SWIFT: BKSIBDDH002



DILKUSHA BRANCH

13 Dilkusha C/A, Dhaka 1000
Tel: 02-9563793-4, 7169528
Fax: 02-7169528
SWIFT: BKSIBDDH015



BANGSHAL BRANCH

230 North South Road, Bangshal, Dhaka 1100
Tel: 02-9562615, 9563686, 9557141
Fax: 02-9557141
SWIFT: BKSIBDDH006



SHANTINAGAR BRANCH

14 Kakrail (1st floor) Dhaka 1000
Tel: 02-9337441, 8314057, 9348056, 9347547
Fax: 02-9332674
SWIFT: BKSIBDDH009



GULSHAN BRANCH

112 Gulshan Avenue, Gulshan, Dhaka 1212
Tel: 02-9883501-2, 9862127, 8857307
Fax: 02-8857307
SWIFT: BKSIBDDH021



MIRPUR BRANCH

BSCIC Electronics Complex
Industrial Plot # 1/1 Section # 7
Avenue # 4, Road # 3, Pallabi, Dhaka 1221
Tel: 02-9006249-50, 9011732
Fax: 02-9011732
SWIFT: BKSIBDDH022



BABUBAZAR BRANCH

Hajee Yusuf Mansion (1st floor)
56 Mitford Road, Babubazar, Dhaka 1100
Tel: 02-7391335, 7393875
Fax: 02-7393875



UTTARA BRANCH

67/A (1st floor) Rabindra Sarani, Sector # 7
Uttara Model Town, Uttara, Dhaka 1230
Tel: 8961031-2
Fax: 02-8961031



MOULVIBAZAR BRANCH

Gulbadan Market (1st floor)
4 Moulvibazar, Dhaka 1211
Tel: 02-7315356, 7316991, 7341740
Fax: 02-7315356-111



DHANMONDI BRANCH

Manna's Tower (1st floor) House # 54 Road # 4/A Satmasjid
Road Dhanmondi Residential Area
Dhaka 1205 Tel: 02-8652189, 8650863
Fax: 02-9676156/101



TANBAZAR BRANCH

55/21 S.M Maleh Road, Tanbazar, Narayanganj 1400
Tel: 7631862, 7616233
Fax: 02-7616233
SWIFT: BKSIBDDH014



NARSINGDI BRANCH

Sutapatty Road, Narsingdi 1600
Tel: 0628-63145
Fax: 0628-51631



ASADGANJ BRANCH

40/41 Ramjoy Mohajan Lane
Asadganj, Chittagong 4000
Tel: 031-614942, 614569, 632112
Fax: 031-614942
SWIFT: BKSIBDDH016



AGRABAD BRANCH

Pine View (Ground floor)
100 Agrabad C/A, Chittagong 4100
Tel: 031-725527, 810080, 814041
Fax: 031-714822
SWIFT: BKSIBDDH008



KHATUNGANJ BRANCH

193 Khatunganj, Chittagong 4000
Tel: 031-614200, 616280
Fax: 031-622435
SWIFT: BKSIBDDH004



JUBILEE ROAD BRANCH

G.R. Plaza, 5 Jubilee Road, Chittagong 4000
Tel: 031-634879, 638305, 2851738
Fax: 031-2851738
SWIFT: BKSIBDDH013



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SHOLASHAHAR BRANCH

Proskov Bhaban (1st floor), 110 CDA Avenue
Nasirabad Muradpur, Chittagong 4203
Tel: 031-651066, 650855
Fax: 031-655304



CEPZ BRANCH

Moon Tower (1st floor), EPZ Gate South Halishahar
Chittagong 4100
Tel: 031-740094, 740733, 800512
Fax: 031-800512



COMILLA BRANCH

156/162 A.K Fazlul Haque Road
Monohorpur, Comilla 3500
Tel: 081-65886
Fax: 081-71444



ZINDABAZAR BRANCH

Wahid View (1st floor)
5477 East Zindabazar, Sylhet 3100
Tel: 0821-718462, 712548
Fax: 0821-712548



CHOWMUHANA BRANCH

152 Shamsernagar Road
Chowmuhana, Moulvibazar 3200
Tel: 0861-53238
Fax: 0861-61368



KHULNA BRANCH

107 Sir Iqbal Road, Khulna 9100
Tel: 041-720361, 721672, 812255
Fax: 041-812255



KARWAN BAZAR BRANCH

Latif Tower, 47 Karwan Bazar, Dhaka 1215
Tel: 02-9146282, 9146294
Fax: 02-9146364



RAJSHAHI BRANCH

Anam Plaza (1st floor)
9 Shaheb Bazar, Rajshahi 6100
Tel: 0721-776278, 770976
Fax: 0721-770976



BOGRA BRANCH

Bhabani Shachin Bhaban, Hari Dashi Market
120 Baragola, Bogra 5800
Tel: 051-73793, 65672
Fax: 051-65672/111



SAIDPUR BRANCH

T. R. Road (Dinajpur Road), Saidpur 5310 Nilphamari
Tel: 05526-72299, 72211
Fax: 05526-72288



JESSORE BRANCH

35 M.K Road (1st floor), Jessore 7400
Tel: 0421-68586, 64288
Fax: 0421-68587



BARISAL BRANCH

102 Chawk Bazar Road (1st floor)
Barisal
Tel: 0431-65022, 61022



SIRAJGANJ BRANCH

Shapneel Shopping Complex
S. S. Plaza, S. S. Road, Sirajganj
Tel: 0751-64355, 0751-64356
Fax: 0751-64357



DEWANHAT BRANCH

4/B D.T. Road, Postarpar, Dewanhat
Tel: 031-2512480-1
Fax: 031-2512482

Proposed Branches

• Rangpur • Faridpur • Savar/Gazipur

T&T BILLS COLLECTION BOOTHS

Sher-E-Bangla Nagar
Telephone Exchange Bhaban
Sher-E-Bangla Nagar, Dhaka-1215
Tel: 8154040

Gulshan Telephone Exchange Bhaban
Gulshan-1, Dhaka 1212
Tel: 8819907

Ramna Telephone Exchange Bhaban
Ramna, Dhaka 1000
Tel: 9566042

FOREIGN EXCHANGE BOOTH

Osmani International Airport, Sylhet



Executives of BASIC Bank Limited



The Managing Director along with the Executives of the Bank attending Training on UCP-600



Mr. A.H. Ekbal Hossain, Managing Director and other Executives of the bank with the newly recruited Assistant Managers participating in the foundation Course

Managing Director

A.H. Ekbal Hossain

Deputy Managing Director

Md. Mosaddiqur Rahman

Deputy General Managers

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

Executives on Contract

Md. Mahtab Uddin
Shamsuddin Yousuf Khaled
A.H.M. Wali Khan
T.I.M. Taimur Hossain
Md. Majibur Rahman
Kajjal Kanti Datta
Md. Abdul Gofur Talukder

General Managers

Md. Abdul Jabber
Shaikh Ahmed
Golam Moinuddin
Sk. Monzur Morshed
Md. Mesbahul Haque
Mobarak Hossain Chowdhury

Assistant General Managers

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

Managers as Branch In-Charge

Md. Rezaul Alam



Branch Network

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