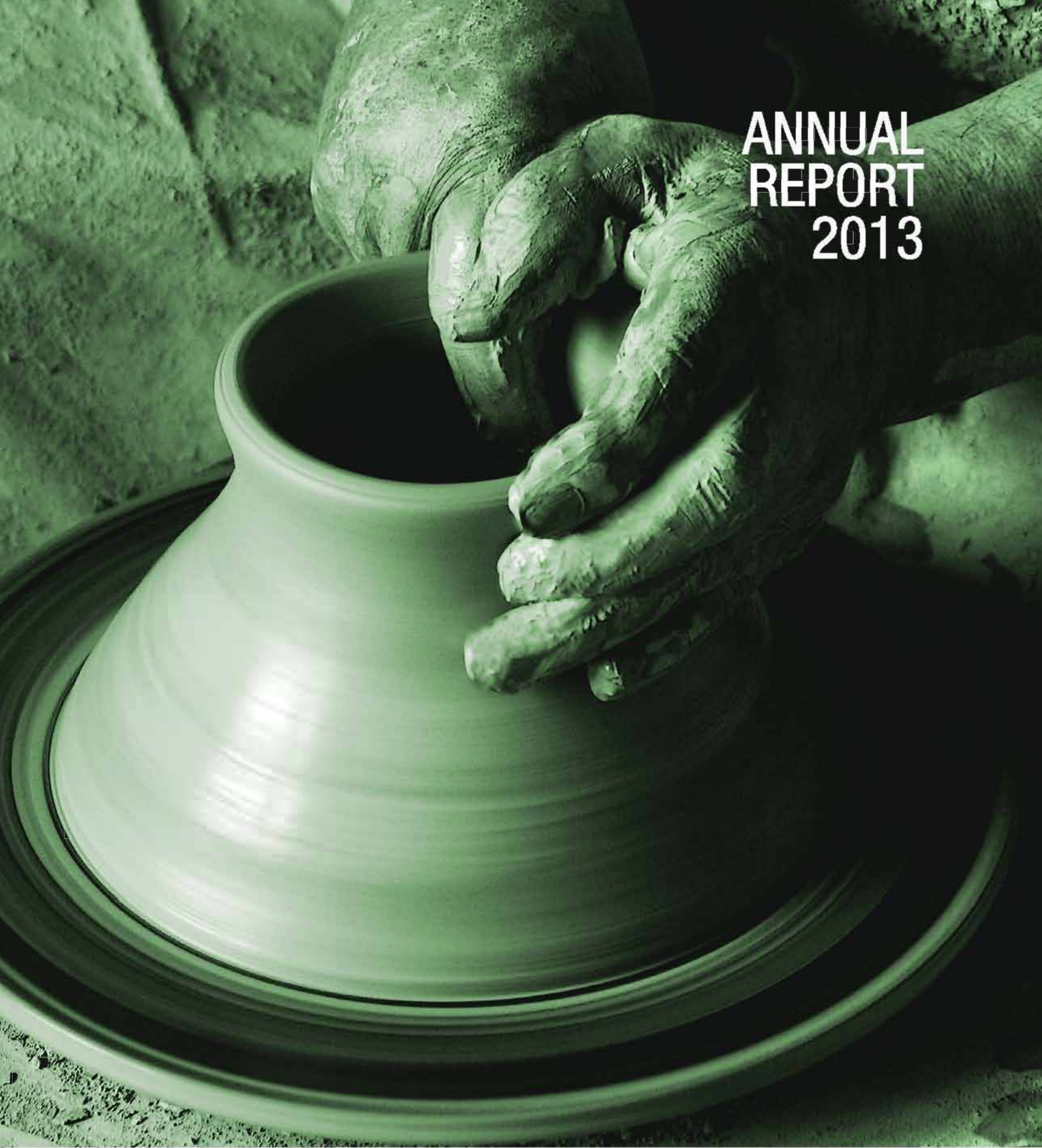


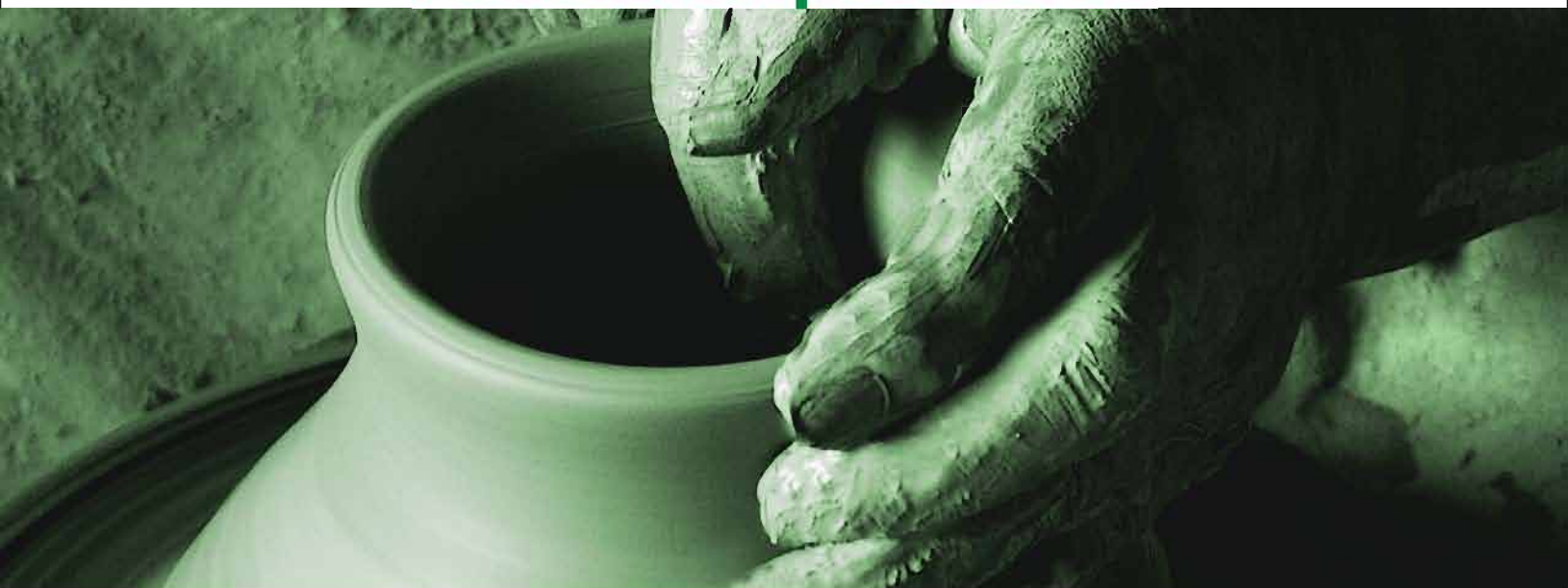


ANNUAL REPORT 2013



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

Annual Report 2013



serving people for progress

BASIC Bank Limited

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
(5th, 6th, 7th, 12th & 19th floor)
195, Motijheel Commercial Area
Dhaka-1000, Bangladesh

Incorporation
August 2, 1988

Commercial Operation
January 21, 1989

Contacts
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ICT Division: 9562960, 9555087, 9515320
BASIC Bank Training Institute (BBTI): 9131609
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E-mail: basicho@citechco.net
Website: www.basicbanklimited.com
SWIFT: BKSIBDDH

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| Corporate Profile |



BASIC Bank is unique in its objectives. It is blend of development and commercial banking function mix. It is one of the specialized banks in Bangladesh which takes pride itself as the pioneer in financing to small and medium scale industries.

BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) was established and got incorporated on August 2, 1988 as a banking company under the erstwhile Companies Act 1913 and launched its operation on January 21, 1989. Now, it is governed by the Banking Companies Act 1991 upon enactment of Banking Companies law separately. BASIC is the premier in introducing SME concept in banking arena in Bangladesh. It is the only bank in the country which first started practicing SME banking to explore as separate venue with distinct identity as it's based on the perception of exclusively assisting small investors through providing financial and advisory support.

Bank started its operation as a joint venture enterprise of the then 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 one of the soundest banks in Bangladesh, BASIC Bank is unique in its objectives. It is blend of development and commercial banking function mix. It is one of the specialized banks in Bangladesh which takes pride itself as the pioneer in financing to small and medium scale industries. By-laws of

constitution the bank is obliged to invest its 50% loanable fund for development and growth of Small and Medium Scale industries accommodating the growing number of non-farming labor force. Our motto is to boost Small and Medium industries as it is now being treated as employment generating machine across the world for creating employment opportunities and thus to reduce poverty and raise income of the developing society.

With the prudent and true guidance of the Board, BASIC continued to register growth in prime areas-expansion through opening of new branches, launching on-line services and widening ATM card facility covering broader area and targeting opening of exchange houses abroad and notable achievement in profit, capital and assets. Our achievement over the years offers ample testimony of success in the strength of our industrial-commercial focused based business mix, as well as the exercising franchise of client-oriented model of banking that allowed us to overcome all barriers and contemporary challenges of the time.

Being treated as development bank BASIC works with local and international agencies like Government Ministries, ADB and internationally reputed local NGOs, as a development partner for implementing various development project of the government for developing agribusiness in expansion of down streaming activities of the agriculture sector for

rural employment and popularizing and enhancing High Yield crop production aiming at reduction of poverty through creating employment opportunities side by side with ensuring food security, fair pricing of agriculture commodity and uplifting of living standard of the rural people.

Besides, BASIC started working with different renowned NGO/MFI under joint venture, since beginning period of the bank from the point of view of corporate social responsibility for eradication of extreme poverty of the society, specially for poor women under bank's own micro credit scheme.

Apart from this, for development of agriculture sector BASIC is concerned from the very beginning of its instituting with providing loan to farmers directly at field level and to different agro-based processing industries at soft interest rate. As recognition and feat for contribution to Agriculture, bank received Letter of Appreciation from the Governor of the

Bangladesh Bank for fulfilling target set for the FY 2011-2012. Thereafter, it keeps the spirit uphold and continues to attain the target set for the FY 2013-2014 with the achievement of Tk.140.00 Crore as against the target of Tk.118.00.

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



Mission

Establishing ourselves (the Bank) as a strong and a socially responsible bank in the market and society with good fundamentals by:

- offering best value-based greener products and services;
- embracing appropriate knowledge and technology;
- creating an environment for professional, efficient and motivated pool of human resources;
- establishing a culture of Innovation and continuous improvement;
- ensuring maximum return/value to shareholders;
- establishing good corporate governance and compliance culture;
- maintaining good relations with stakeholders and
- fostering financial inclusion and opening up a human side of banking.

Vision

To be a bank of choice by Intertwining excellence in customer service experience, optimum profitability with efficiency, imitable corporate culture in terms of compliant banking activities and efficient & motivated human resources and endless quest for becoming the best corporate citizen& serving people for progress.

Our Goals & Objectives



- To invest 50 percent of loanable funds in financing small and medium industries sector.
- Contract or negotiate all kinds of loans, aid or assistance, private or public, from any source, local or foreign and to take all such steps as may be required to complete and effectuate such deals.
- Act as agents for the sale and purchase of any stocks, share or securities or for any other monetary or mercantile transaction.
- Guarantee or become liable for the payment of money or for the performance of any obligation and generally to transact all kinds of guarantee business and also transact all kinds of agency business.
- Promote the development of small and medium industries and to provide finance to all kinds of banking facilities and technical services to small and medium industries in Bangladesh.
- Establish and open offices and branches to carry on all or any of the above business abroad and within the country, provided prior permission is obtained from the Bangladesh Bank and carry on, transact, undertake and conduct the business of banking in all its branches and to transact and do all matters and things.

Board of Directors



Mr. Alauddin A. Majid
Chairman
BASIC Bank Limited



Ms. Parag
Director
BASIC Bank Limited &
Additional Secretary
Ministry of Industries



Mr. Hasan Mahmood, FCA
Director
BASIC Bank Limited &
Partner, M. J. Abedin & Co.
Chartered Accountants



Ms. Raihana Aneesa Yusuf Ali
Director
BASIC Bank Limited &
Former Managing Director
Bangladesh House Building Finance Corporation



Mr. Md. Mamun-Al-Rashid
Director
BASIC Bank Limited &
Joint Secretary
Bank and Financial Institutions Division
Ministry of Finance



Dr. Mojib Uddin Ahmed
Director
BASIC Bank Limited &
Chairman
Dept. of Tourism & Hospitality Management
University of Dhaka



Mr. Fazlul Sobhan
Managing Director
(Current Charge)
BASIC Bank Limited

Members of the Audit Committee



**Members of the Audit Committee
since 14-07-2014**

**Members of the Audit Committee
up-to 05-07-2014**

CONVENER

Dr. Mojib Uddin Ahmed

Chairman
Audit Committee of the Board of Directors
& Director
BASIC Bank Limited
Head Office, Dhaka

Mr. Shubhashish Bose

Director
BASIC Bank Limited &
Vice Chairman
Export Promotion Bureau

MEMBER

Ms. Parag

Member
Audit Committee of the Board of Directors
& Director
BASIC Bank Limited
Head Office, Dhaka

Ms. Quamrun Naher Ahmed

Director
BASIC Bank Limited &
Additional Secretary
Bank and Financial Institutions Division
Ministry of Finance

MEMBER

Mr. Hasan Mahmood, FCA

Member
Audit Committee of the Board of Directors
& Director
BASIC Bank Limited
Head Office, Dhaka

Mr. Md. Anwarul Islam, FCMA

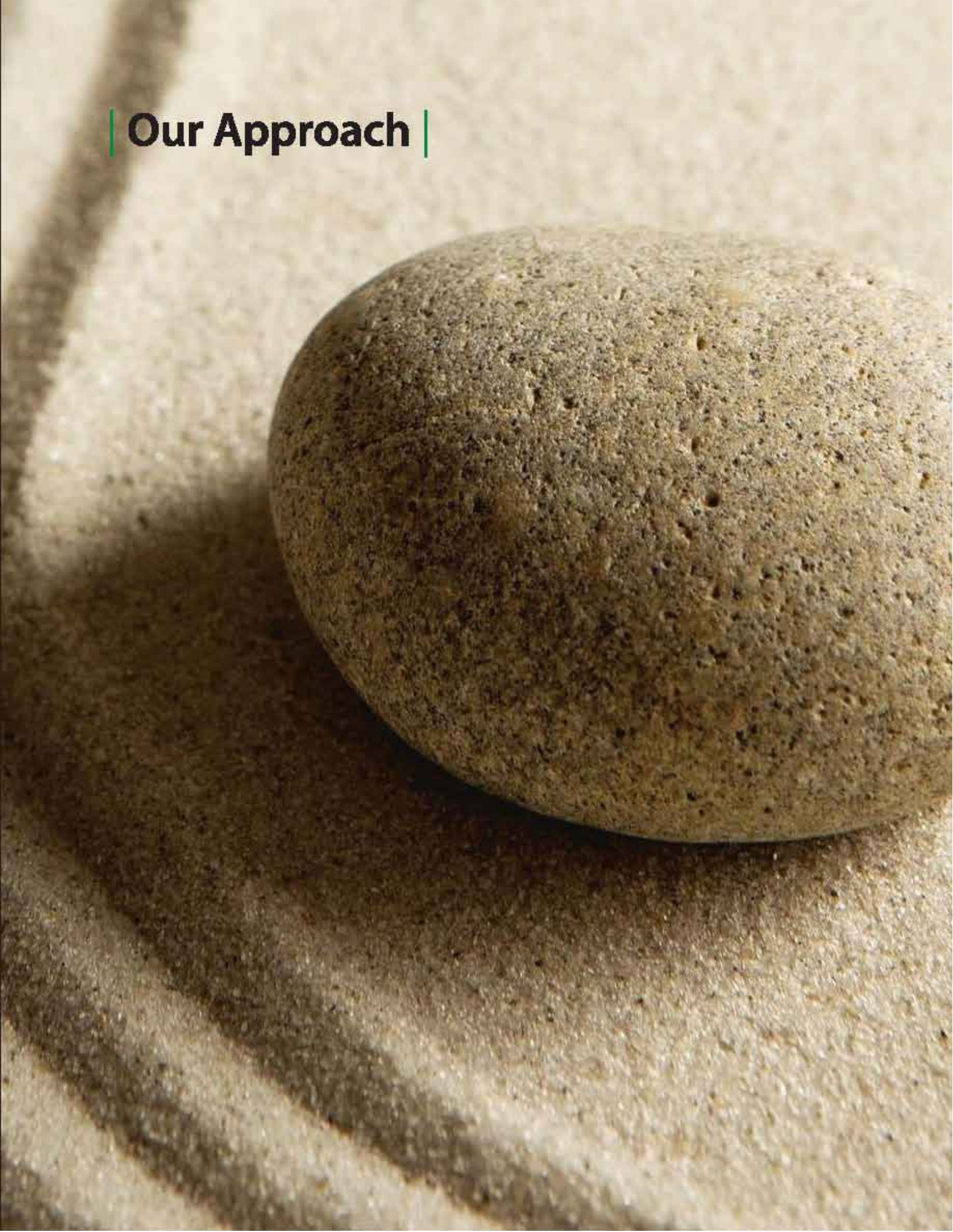
Director
BASIC Bank Limited &
Managing Director
ARS Lube Bangladesh Ltd.

COMPANY AUDITORS

Aziz Halim Khair Choudhury
Chartered Accountants

ACNABIN
Chartered Accountants

| Our Approach |



We place particular emphasis on small business, quality assets and steady and sustainable growth.

We offer project loan (term loan) to clients, especially to develop small and medium scale industrial enterprises for processing and manufacturing goods and services.

Pioneer in SME financing BASIC Bank Limited, a specialized bank blending of development and commercial banking mix, has already created its stance in the banking arena providing its clients with a full range of customer franchise services to help them grow in assets and net worth.

Before coming into focus and getting momentum the concept of SME as employment generating machine in the recent, BASIC started its journey long back in 1989 with the motto to exclusively invest in Small and Medium scale industries by allocating its 50% loanable fund. At present Bank has wider net-work through its branches which are acting as SME centre side by side with its identity as branch. We place particular emphasis on small business, quality assets and steady and sustainable growth. We offer project loan (term loan) to clients, especially to develop small and medium scale industrial enterprises for processing and manufacturing goods and services. We facilitate full-fledged commercial banking services like collection of deposits, short term trade finance and working capital finance in trading unit side by side with providing international trade services.

We attach special importance to technical and advisory support to small and medium scale industries in order to enable them to run their enterprises smoothly. Micro Credit to the urban,

semi urban poor people and farmers in rural areas through linkage with NGOs with a view to facilitate their access to formal financial market for mobilization of resources is another diversification of our services.

We provide an environment in which our staff members feel free to exercise their initiative and judgment 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, regulatory authorities, shareholders (the Government of Bangladesh), other banks and financial institutions.

Our strategic direction focuses on broad-head priorities and to execute the strategies we plan to start big and build momentum in 2014:

- Being number one bank in Bangladesh in all consideration.
- To keep uphold our position as pioneer in SME financial services and to bring more momentum in the years to come.
- To grow product portfolio with focus on SME need based financial services in line

with market demand under new challenging situation.

- To keep continued to finance to agricultural and rural sector for its sustainability and generation of rural employment and food security also.
- To lift out the ultra poor especially women, of abject poverty through micro credit programme of the bank to make them self reliant with a view to streaming them with economic activities and to build hunger free society too.
- Drive consumer finance to cater to the need of middle income group people in urban and rural area.
- Expand geographical reach in the major part of the country and abroad.
- Intensify cooperate and coordination with Government and large national and international corporate agencies like ADB for mutual beneficial relationship.
- Manage credit risk effectively.
- Maintaining quality asset and net-worth of the institution and strive to contain deviation at zero level.

Balance Sheet Management

- Strengthening our capital and asset base and improve our funding positions with adopting diversified strategies.
- Optimum utilisation of fund and capital ensuring diversified investment with utmost precaution.

Customer Service

- Simplify processes and providing services at minimal cost.
- Broadening areas of customer service like on-line facilities, ATM, opening branch and exchange houses abroad.
- Prioritize sound lending to productive sectors with simplified processes and at competitive price.
- Adopting new technology to make our human resources updated, efficient and competitive to ensure better customer services.

Create a sustainable brand

- Ensure good governance and transparency
- Increase contribution to the national exchequer through increasing profitability
- Increase support to abject poor specially women through micro credit scheme of the bank.

Culturing talent through skill development

- Provide on and off the job training for developing high skilled talent pool.
- Maintain congenial working atmospheres to have the best output from the employee.
- Ensuring attractive competitive benefit packages and promotion.
- Promote and nurturing talent to maintain standard and practice corporate culture.



Notice of The Annual General Meeting



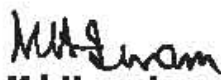
NOTICE OF THE TWENTY FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited) will be held on Thursday, September 04, 2014 at Bank's Head Office at 12:30 P.M. at Sena Kalyan Bhaban (19th Floor), 195 Motijheel C/A, Dhaka-1000 to transact the following business:

01. 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, 2013;
02. 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 where the retiring Directors are eligible for re-election/ re-nomination;
03. To appoint Auditors for 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;

By the order of the Board of Directors

Dated; Dhaka
August 12, 2014


Md. Hasan Imam
Company Secretary

| **Twenty Five Years of
BASIC Bank** |



A. From the Balance Sheet (Million Taka)

	2013	2012	2011	2010
Authorized Capital	5,000.00	5,000.00	5,000.00	2000.00
Paid-up Capital	2,946.98	2,946.98	2357.59	1964.65
Reserve and Surplus	3,092.20	3493.60	3124.17	2509.78
Shareholders' Equity	6,039.18	6,440.58	5481.76	4474.43
Fixed Assets	723.08	526.82	364.46	283.12
Total Assets	157,072.19	109,682.06	78031.73	61569.38
Deposits	134,493.45	87,693.23	62650.73	49259.60
Long- term Debt	2,780.50	3,742.93	2788.15	2718.46
Loans and Advances	109,428.44	85,955.76	56884.76	46341.51
Placement & Investment	34,584.88	14,111.57	13760.82	9294.02

B. From the Income Statement (Million Taka)

Gross Income	17,338.74	13,402.26	8825.2	6120.53
Gross Expenditure	15,868.54	10,792.18	6476.7	4403.49
Profit before Tax and provision	1,470.20	2610.08	2348.5	1717.05
Profit (Loss)after Tax	(531.53)	27.89	976.11	660.93
Tax Paid (cumulative)	7,798.92	7,066.80	5987.61	4948.64

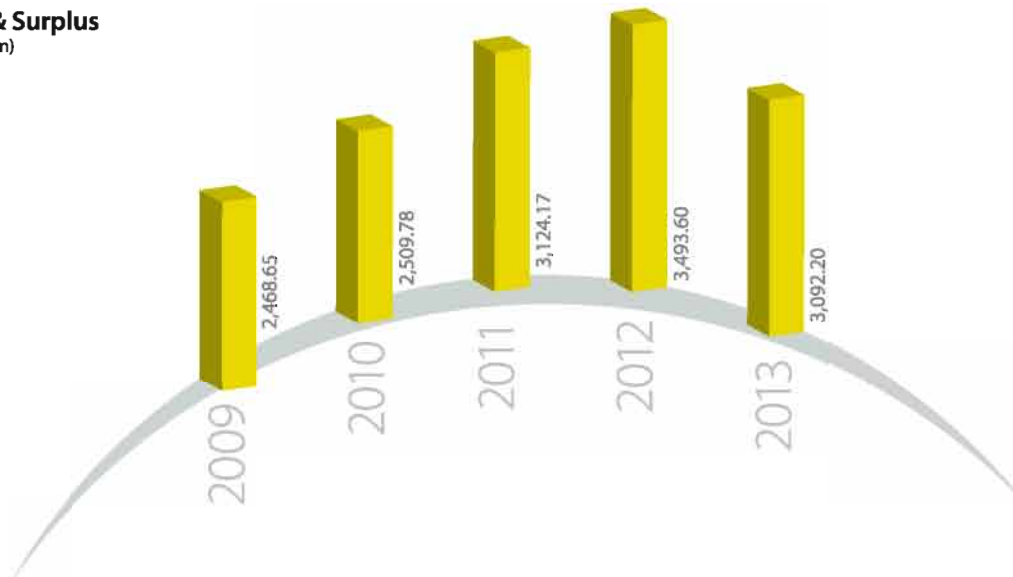
C. Others (Million Taka)

Import Business	42,007.20	37,093.50	47087.80	42205.9
Export Business	30,538.30	29,939.20	33061.10	23998.8

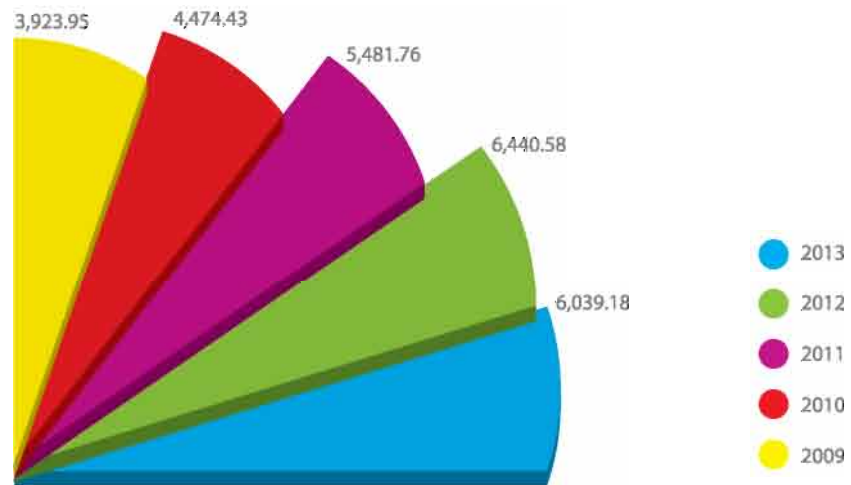
D. Financial Ratios (Percentage)

Capital Adequacy Ratio	(1.66)	10.05	10.13	9.41
Capital Fund to Deposit Liabilities	4.49	7.34	8.75	9.08
Liquid Assets to Deposit Liabilities	11.80	9.91	14.28	12.06
Loan to Deposit Ratio	78.31	91.75	87.74	94.08
Earning Assets to Deposit Liabilities	68.83	105.56	108.22	81.55
After Tax Return on Average Assets	(0.40)	0.03	1.40	1.24
Net profit to Gross Income	(3.07)	0.21	11.06	10.80
Interest Margin Cover	61.62	110.17	139.76	95.15
After Tax Return on Equity	(8.50)	0.47	19.61	14.95
SMI/SSI Loan and Micro Credit to Loanable Fund	43.07	52.12	54.67	56.78
Number of Branches	68	62	45	34
Number of Employees	2145	1,657	1132	964
Deposit per employee(Million Taka)	62.70	52.92	55.35	51.10
Advance per employee(Million Taka)	51.02	51.87	50.25	48.07
Profit before tax per employee(Million Taka)	0.69	1.58	2.07	1.78

Reserve & Surplus (Taka in million)



Shareholder's Equity (Taka in million)



Paid-up Capital (Taka in million)



A. From the Balance Sheet (Million Taka)

	2009	2008	2007	2006
Authorized Capital	2000.00	2000.00	2000.00	2,000.00
Paid-up Capital	1455.30	1309.77	1247.40	945.00
Reserve and Surplus	2468.65	1672.82	1349.17	1,294.00
Shareholders' Equity	3923.95	2982.59	2596.58	2,239.00
Fixed Assets	232.65	228.36	196.11	154.52
Total Assets	45308.31	46660.03	38773.91	29,417.09
Deposits	34501.69	38368.23	31947.98	24,084.65
Long- term Debt	2875.16	1708.4	1385.81	830.06
Loans and Advances	29261.53	27269.13	22263.35	19,000.00
Placement & Investment	12244.91	15659.03	13560.92	8,212.23

B. From the Income Statement (Million Taka)

Gross Income	5162.3	5060.29	3549.51	2,870.32
Gross Expenditure	3593.96	3526.35	2458.41	1,858.69
Profit before Tax and provision	1568.34	1533.94	1091.10	1,011.62
Profit (Loss)after Tax	648.85	549.86	282.96	554.14
Tax Paid (cumulative)	4225.37	3538.01	2790.98	2,245.16

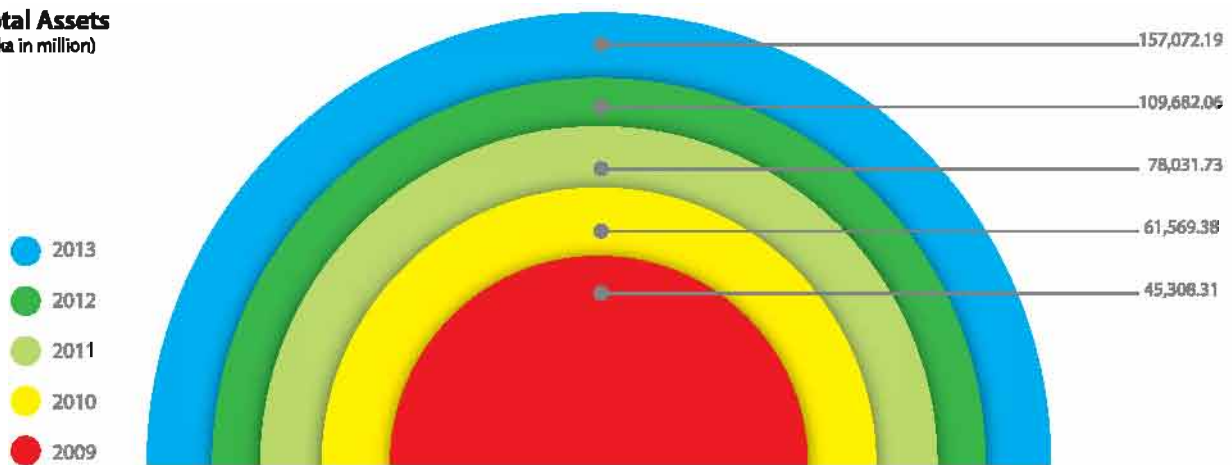
C. Others (Million Taka)

Import Business	33976.6	27359.77	21266.57	17,804.27
Export Business	19887.7	22270.87	16794.96	15,463.74

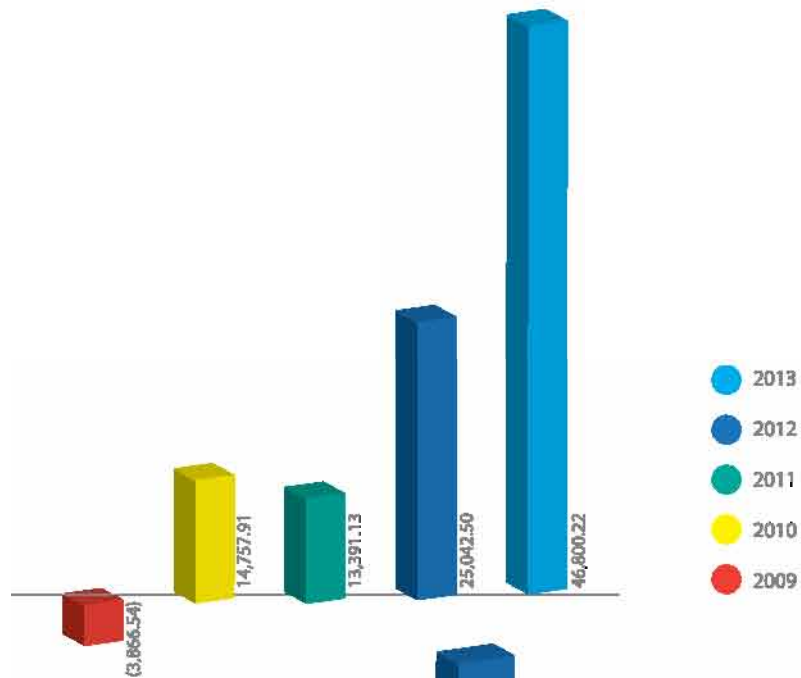
D. Financial Ratios (Percentage)

Capital Adequacy Ratio	13.48	12.04	12.91	11.98
Capital Fund to Deposit Liabilities	11.37	7.81	9.23	10.34
Liquid Assets to Deposit Liabilities	24.67	47.70	49.10	40.42
Loan to Deposit Ratio	84.81	71.07	69.69	78.89
Earning Assets to Deposit Liabilities	116.44	114.69	109.70	112.99
After Tax Return on Average Assets	1.41	1.30	0.83	1.96
Net profit to Gross Income	12.57	10.87	7.97	19.31
Interest Margin Cover	135.79	137.08	176.80	211.72
After Tax Return on Equity	18.79	19.68	11.70	27.82
SMI/SSI Loan and Micro Credit to Loanable Fund	56.93	59.32	56.73	53.43
Number of Branches	32	31	31	28
Number of Employees	776	735	721	651
Deposit per employee(Million Taka)	44.46	52.20	44.31	37.00
Advance per employee(Million Taka)	37.71	37.10	30.88	29.19
Profit before tax per employee(Million Taka)	2.02	2.09	1.51	1.55

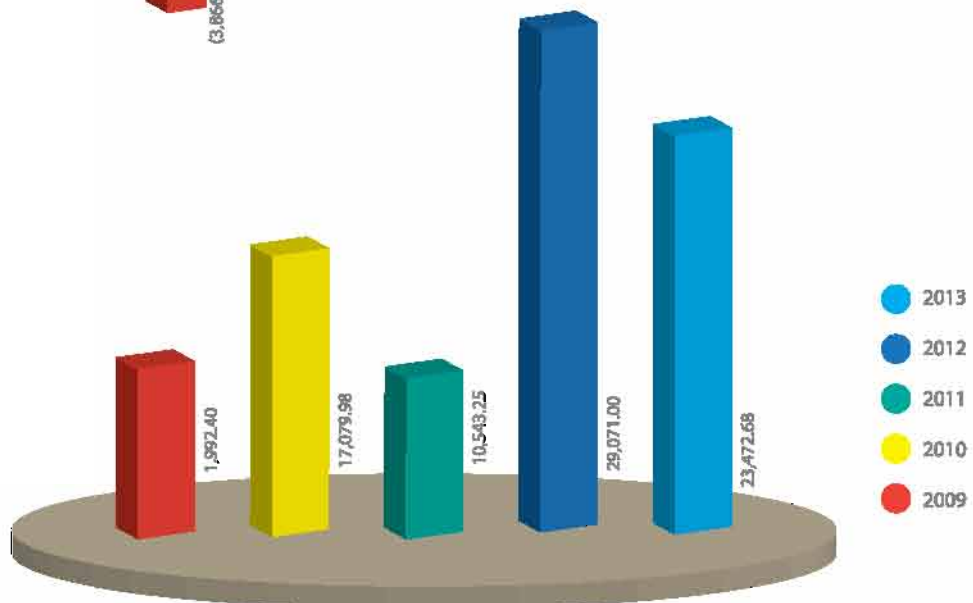
Total Assets (Taka in million)



Deposit Increased (Taka in million)



Credit Increased (Taka in million)



A. From the Balance Sheet (Million Taka)

	2005	2004	2003	2002
Authorized Capital	2,000.00	2,000.00	2,000.00	500.00
Paid-up Capital	810.00	675.00	450.00	300.00
Reserve and Surplus	916.14	816.23	799.29	712.90
Shareholders' Equity	1,726.14	1,491.23	1,249.29	1,012.90
Fixed Assets	135.78	101.41	73.49	76.68
Total Assets	27,136.37	19,436.57	14,766.32	13,019.42
Deposits	22,325.58	15,509.18	11,266.54	10,021.24
Long- term Debt	937.51	839.61	690.95	676.51
Loans and Advances	15,339.35	12,000.15	9,282.20	7,957.04
Placement & Investment	10,236.82	6,098.51	4,361.93	3,988.76

B. From the Income Statement (Million Taka)

Gross Income	2,228.21	1768.85	1,558.52	1,290.66
Gross Expenditure	1,599.77	1241.63	1,004.85	856.15
Profit before Tax and provision	628.44	527.22	553.67	434.51
Profit (Loss)after Tax	285.49	291.48	236.39	251.55
Tax Paid (cumulative)	1,777.70	1,434.76	1,199.02	881.73

C. Others (Million Taka)

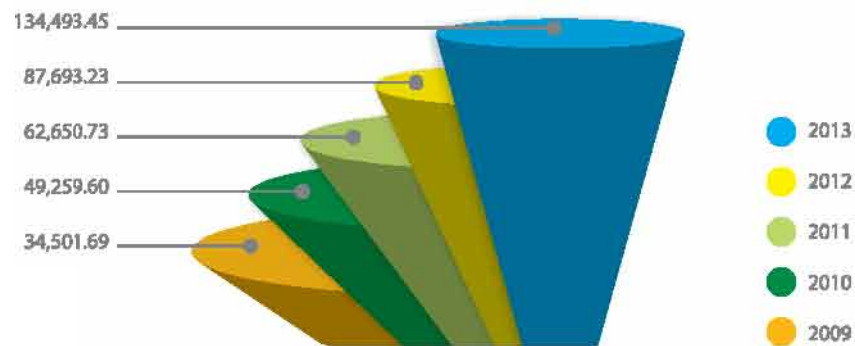
Import Business	14,094.96	12,507.80	9,882.80	8,645.00
Export Business	11,097.23	7,908.00	6,933.90	5,557.60

D. Financial Ratios (Percentage)

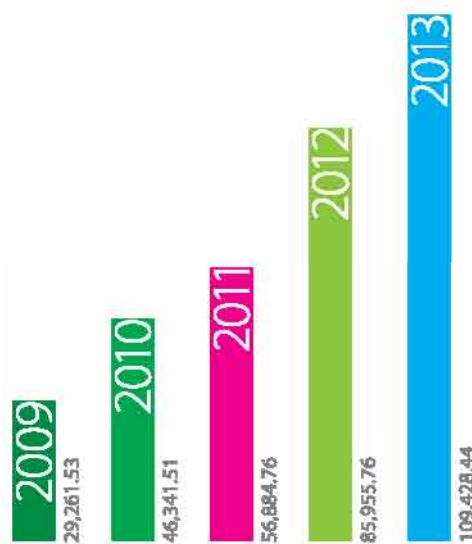
Capital Adequacy Ratio	11.77	12.49	12.57	13.20
Capital Fund to Deposit Liabilities	10.36	10.47	10.65	10.11
Liquid Assets to Deposit Liabilities	58.01	50.56	51.05	54.80
Loan to Deposit Ratio	69.74	77.37	82.39	79.40
Earning Assets to Deposit Liabilities	114.56	116.70	121.10	119.20
After Tax Return on Average Assets	1.23	1.70	1.70	2.20
Net profit to Gross Income	12.81	16.48	15.17	19.35
Interest Margin Cover	214.56	205.07	210.87	187.00
After Tax Return on Equity	17.75	21.27	20.90	28.18
SMI/SSI Loan and Micro Credit to Loanable Fund	50.66	62.21	59.16	63.00
Number of Branches	27	27	26	26
Number of Employees	601	578	523	510
Deposit per employee(Million Taka)	37.15	26.83	21.54	19.65
Advance per employee(Million Taka)	25.52	20.76	17.75	15.60
Profit before tax per employee(Million Taka)	1.05	0.91	1.06	0.85



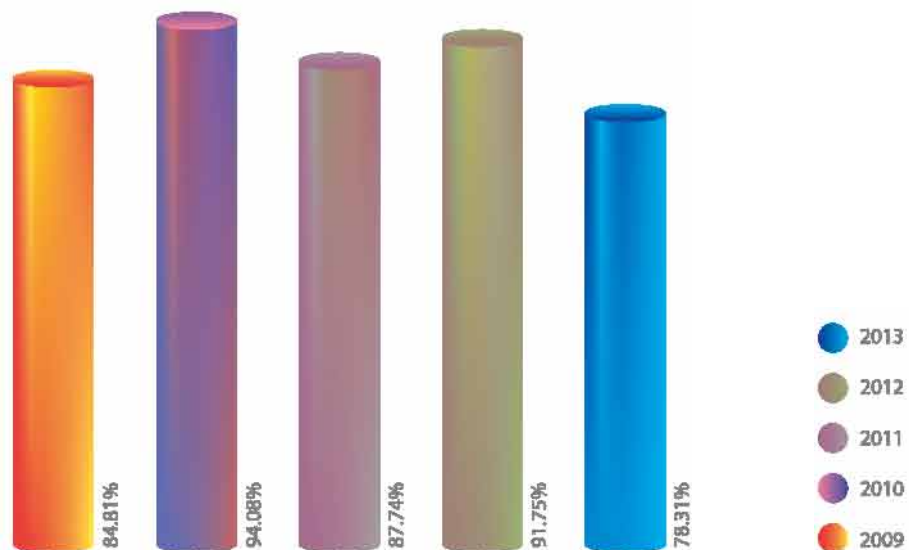
Deposit (Taka in million)



Loans & Advances (Taka in million)



Loan to Deposit Ratio (Taka in million)



A. From the Balance Sheet (Million Taka)

	2001	2000	1999	1998
Authorized Capital	500.00	500.00	500.00	500.00
Paid-up Capital	300.00	240.00	160.00	80.00
Reserve and Surplu	461.39	457.77	424.43	394.48
Shareholders' Equity	761.35	697.77	584.43	474.48
Fixed Assets	65.73	51.11	37.83	41.96
Total Assets	9,721.93	7730.67	7,173.17	5620.57
Deposits	7,512.62	5,845.15	5,647.93	4,551.48
Long- term Debt	582.82	555.98	368.85	344.61
Loans and Advances	6,260.78	4,618.73	3,960.11	3,218.90
Placement & Investment	2,605.23	2,462.17	2,021.19	2,040.72

B. From the Income Statement (Million Taka)

Gross Income	1,041.76	877.48	794.59	591.64
Gross Expenditure	685.64	573.30	528.01	364.73
Profit before Tax and provision	356.12	304.18	266.58	226.91
Profit (Loss)after Tax	213.67	173.34	159.95	136.15
Tax Paid (cumulative)	698.76	556.31	425.47	318.84

C. Others (Million Taka)

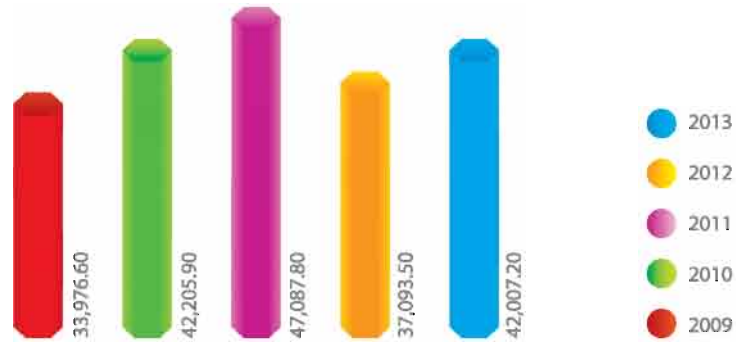
Import Business	7,542.80	7,948.00	7,391.10	7,208.20
Export Business	5,957.90	5,557.00	5,060.30	4,420.20

D. Financial Ratios (Percentage)

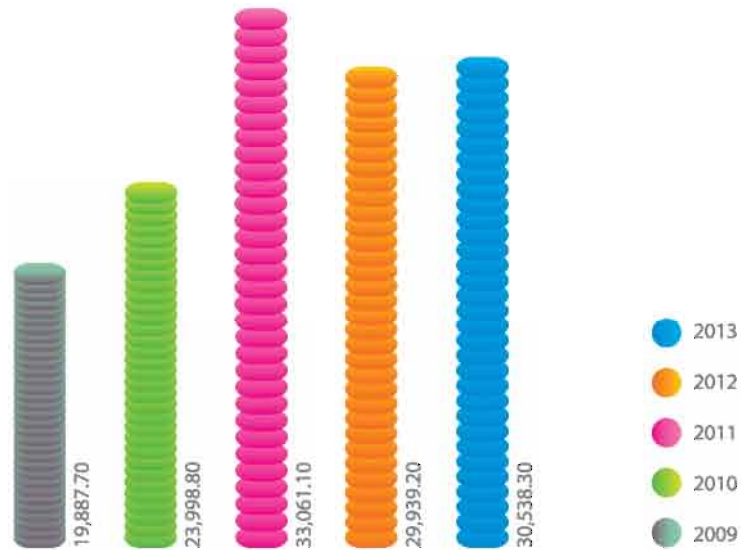
Capital Adequacy Ratio	12.49	15.30	14.27	14.01
Capital Fund to Deposit Liabilities	10.13	11.94	10.34	10.42
Liquid Assets to Deposit Liabilities	51.47	59.52	59.09	62.29
Loan to Deposit Ratio	83.34	79.02	66.71	66.81
Earning Assets to Deposit Liabilities	118.01	117.74	85.34	115.56
After Tax Return on Average Assets	2.45	2.33	2.50	2.73
Net profit to Gross Income	20.51	19.75	20.45	23.01
Interest Margin Cover	173.91	150.67	112.67	192.07
After Tax Return on Equity	28.06	27.04	30.21	28.69
SMI/SSI Loan and Micro Credit to Loanable Fund	50.18	46.96	40.09	42.21
Number of Branches	25	25	23	22
Number of Employees	497.00	453	417	372
Deposit per employee(Million Taka)	15.12	12.90	13.54	12.24
Advance per employee(Million Taka)	12.60	10.20	9.50	8.65
Profit before tax per employee(Million Taka)	0.72	0.67	0.64	0.61



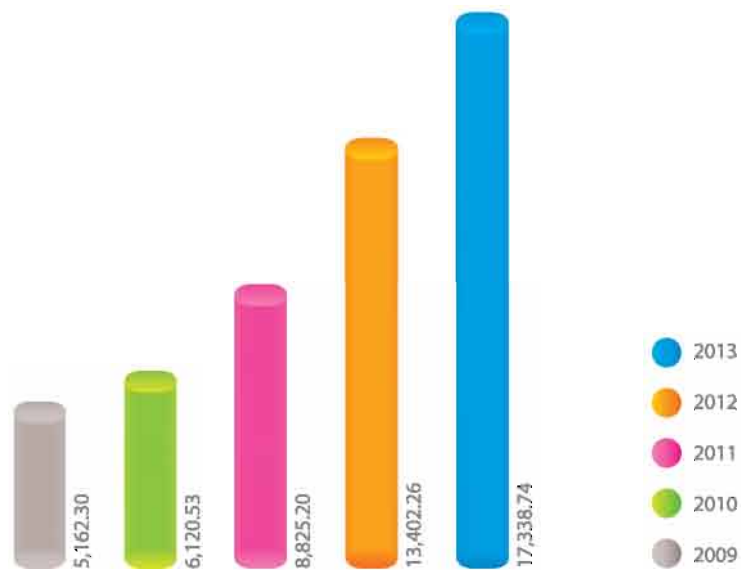
Import (Taka in million)



Export (Taka in million)



Gross Income (Taka in million)



A. From the Balance Sheet (Million Taka)

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

B. From the Income Statement (Million Taka)

Gross Income	440.46	311.43	291.62	232.87
Gross Expenditure	268.83	207.41	191.66	181.51
Profit before Tax and provision	171.63	104.02	99.96	51.36
Profit (Loss)after Tax	94.61	57.77	52.48	25.68
Tax Paid (cumulative)	228.08	151.06	104.81	57.33

C. Others (Million Taka)

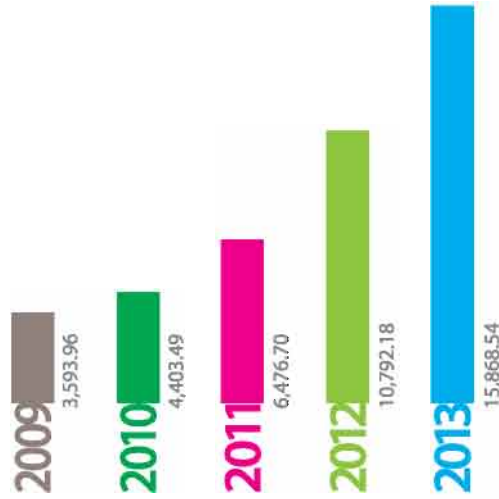
Import Business	7,017.56	4,986.10	4,657.86	2,613.50
Export Business	3,754.87	2,609.30	1,783.09	1,227.08

D. Financial Ratios (Percentage)

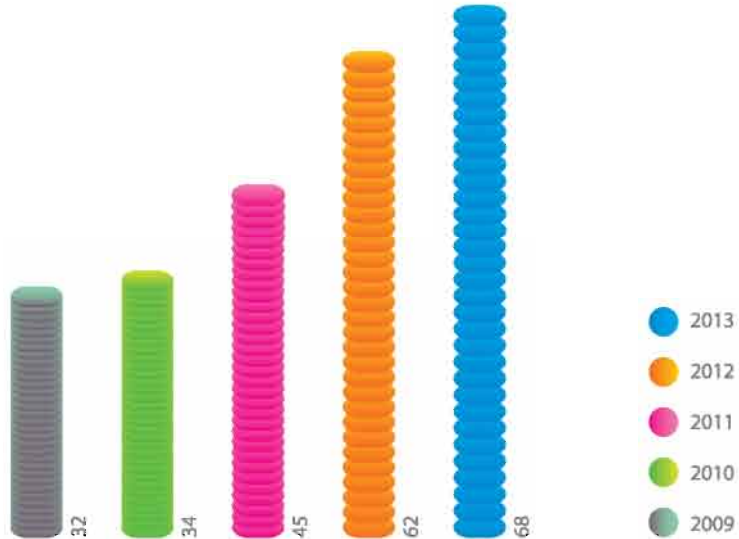
Capital Adequacy Ratio	12.45	12.39	-	-
Capital Fund to Deposit Liabilities	9.55	7.26	6.70	5.96
Liquid Assets to Deposit Liabilities	59.58	70.42	66.22	68.17
Loan to Deposit Ratio	69.86	47.82	54.17	49.62
Earning Assets to Deposit Liabilities	113.69	99.57	97.52	74.04
After Tax Return on Average Assets	2.28	1.60	1.78	1.04
Net profit to Gross Income	21.48	18.54	18.00	11.03
Interest Margin Cover	194.64	112.45	109.68	60.33
After Tax Return on Equity	27.96	23.70	28.22	21.28
SMI/SSI Loan and Micro Credit to Loanable Fund	35.83	40.99	43.44	46.25
Number of Branches	21	19	18	17
Number of Employees	351	315	300	238
Deposit per employee(Million Taka)	10.09	10.66	9.25	9.42
Advance per employee(Million Taka)	7.50	5.48	5.20	4.67
Profit before tax per employee(Million Taka)	0.49	0.33	0.33	0.22

Gross Expenditure

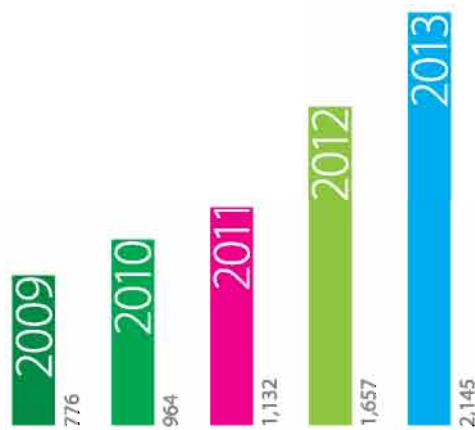
(Taka in million)



Number of Branches



Number of Employees



	1993	1992	1991	1990	1989
A. From the Balance Sheet (Million Taka)					
Authorized Capital	100.00	100.00	100.00	100.00	100.00
Paid-up Capital	80.00	80.00	80.00	80.00	80.00
Reserve and Surplu	27.81	10.48	4.83	4.36	1.09
Shareholders' Equity	107.81	90.48	84.83	84.36	81.09
Fixed Assets	20.82	16.26	15.15	14.08	7.62
Total Assets	2,321.13	1,646.95	991.37	661.91	406.73
Deposits	1,977.60	1,367.36	843.79	529.19	317.72
Long- term Debt	122.18	125.80	30.00	30.00	-
Loans and Advances	986.61	715.75	432.80	200.00	66.45
Placement & Investment	672.29	553.61	404.60	341.11	287.52
B. From the Income Statement (Million Taka)					
Gross Income	197.67	126.70	98.80	61.11	28.42
Gross Expenditure	163.01	117.52	95.33	52.22	24.28
Profit before Tax and provision	34.66	9.18	3.47	8.89	4.14
Profit (Loss)after Tax	17.33	4.13	2.87	3.27	1.09
Tax Paid (cumulative)	31.65	14.32	9.27	8.67	3.05
C. Others (Million Taka)					
Import Business	1,851.13	1,656.70	1,144.16	582.39	296.41
Export Business	718.63	365.50	115.64	36.76	-
D. Financial Ratios (Percentage)					
Capital Adequacy Ratio	-	-	-	-	
Capital Fund to 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 Ratio	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 Loanable Fund	22.16	15.38	15.56	23.84	28.12
Number of Branches	16	13	10	7	3
Number of Employees	196	159	124	100	48
Deposit per employee(Million Taka)	10.09	8.60	6.80	5.29	6.62
Advance per employee(Million Taka)	5.03	4.50	3.49	2.00	1.38
Profit before tax per employee(Million Taka)	0.18	0.06	0.03	0.09	0.09

The Bank has concentrated on exploring new and diversified avenues for financing with the aim of developing and maintaining a sound and sustainable portfolio with mitigated risk.



Message From The Chairman

It is a great pleasure and privilege for me to present Annual Report along with audited financial statements of BASIC Bank Limited for the year 2013.

At the beginning, I would like to touch upon the economic and banking environment in which the Bank performed during the year 2013. The overall profitability of banking industry was severely under stress due to deterioration of asset quality, lower non-funded income, changes in interest rate which put pressure on operating profit of the banks through increase of provision requirement against loans and equity investment. Despite low level of demand for credit in private sector, excess liquidity or idle cash in the banking sector, economy of Bangladesh continued to show its resilience in facing a prolonged downturn of the global economy.

In Bangladesh, the gross domestic product (GDP) in Fiscal Year 2013 (ended 30 June 2013) grew by 6.18%, net exports markedly contributed to growth as export growth accelerated rapidly, but imports were flat. Agriculture growth slowed to 2.18% because weather was unfavourable and rice prices fell. Manufacturing Industry grew by 10.53%, with strong expansion in construction and small-scale manufacturing. Services growth slowed slightly to 5.7%, reflecting stagnant imports and politically inspired strikes that disrupted trade.

Money supply growth was below the central bank's program target, even as banks' net foreign assets rose sharply. The reason was growth in credit to the private sector languishing below target as political uncertainty deterred investment. The Bangladesh taka strengthened against US dollar since early 2013, reflecting the large balance of payments surplus. Bangladesh's foreign currency reserves crossed \$18-billion mark for the first time due to buoyant remittance flow and rising export income. Bangladesh Government and Bangladesh Bank through their fiscal and monetary policies provided supportive help to the economy.

BASIC Bank has concentrated to explore new and diversified avenues for financing with the aim of developing and maintaining a sound and sustainable portfolio with mitigated risk. Besides, our diversified lending was also continued in agriculture, retail and SME sectors, and intensive efforts in corporate credit were still in effect. Despite economic slowdown, the bank posted operating profit of Tk1,470.20 million. For stability and sustainable development, the Bank had careful and continuous effort in credit operation.

The Bank in its expansion program opened 6 (Six) branches in 2013. We have now 68 branches compared to 32 branches four years back. The Bank ensures sustainability by setting standard and adhering ethical values. Though corporate governance, stronger control measures, risk management practices, compliance and ethical values have always been core components of our corporate values and foundation of our sustainable banking, unfortunately there have been severe lapses and irregularities in certain aspects in the first half of the year. These were reined in later in the second half, particularly, after signing of MOU with Bangladesh Bank.

Year 2014 is going to be quite challenging for our banking industry. Managing credit growth above industry-average along with superior asset quality will be the key challenge for the Bank to face during 2014.

Under various constraints, we are planning to greatly impel our deposit drive up to Taka 145,000 million to keep our liquidity position comfortable at an optimum cost. Increase of new quality loans and advances and reduction of classified loans will remain the core component of our efforts made towards turning around the Bank's financials. Year 2014 will be a year of stringent banking discipline and at the same time, advancement and progress.

Finally, I would like to take this opportunity to express our gratitude to the Government for their support and guidance. We acknowledge with gratitude cooperation extended by the Government autonomous bodies in keeping deposits with the Bank. My sincere thanks to Bangladesh Bank for continued support and guidance. I am grateful to Members of the Board of Directors for their valuable contribution, support and prudent guidance for timely decision. My appreciation to customers for giving us an opportunity to serve them and for their trust and confidence in our capability. I have to admit and acknowledge efforts dedication of all employees of BASIC Bank Limited led by Managing Director for all their hard work and commitment.

With all stake holders' sincere support and cooperation, we will steer the Bank to greater glory in the years to come, adhering to the best principles enunciated. I am quite confident that BASIC Bank will continue to successfully rise up to these challenges by managing its cost lines, driving its efficiency, and creating an enabling environment and embracing a team based culture where personnel will excel by delivering and adding value to customers.



Mr. Alauddin A. Majid

Chairman

BASIC Bank Limited



Meeting of the Board of Directors of BASIC Bank Limited

| Directors Report |





The Board of Directors of BASIC Bank Limited takes pleasure to present Annual Report along with the Audited Financial Statements for the year 2013. The report starts with a brief review of the world economy during the past year, 2013 and an update of current situation, then a concise discussion on the present scenario and forecasts of Bangladesh economy followed by the Bank's main activities and achievements during the reporting year.

Global Economic scenario

Global economic prospects have improved again, but the bumpy recovery and self-serving macroeconomic policy mix in advanced economies are complicating policymaking in emerging market economies. The Euro Area is out of recession but per capita incomes are still declining in several countries. Global economic activity is projected to slowly gain momentum, but growth will continue to be below potential and employment gains will remain weak. Growth of world gross product (WGP) is now estimated at 2.3 percent in 2013, the same pace as in 2012, before gradually strengthening to 3.1 percent in 2014.

The global slowdown and increased risks to the employment situation in developing countries will imply a much slower pace of poverty reduction and a narrowing of fiscal space for

investments in education, health, basic sanitation and other critical areas needed for accelerating the progress towards achieving the Millennium Development Goals (MDGs). This holds true in particular for the least developed countries (LDCs); they remain highly vulnerable to commodity price shocks and are receiving less external financing as official development assistance (ODA) declines in the face of greater fiscal austerity in donor countries.

The world's major economies still face many structural flaws and policy constraints that hinder more investment and faster productivity growth, making the medium-term outlook for a significantly faster path of global growth more uncertain. Inflation receded in a majority of developing countries during 2013, but remains stubbornly high in some. In the outlook, anticipated increases in world food prices provoked by droughts in various producer regions, persistently high oil prices and some country-specific supply-side constraints may continue to put pressure on inflation in developing countries in 2013 and into 2014.

Growth of world trade, as measured in volume of world imports and exports, moderated sharply for the second year in a row, dropping from 12.6 percent in 2010 to 6.4 percent in 2011 and 3.2 percent in 2012. The deceleration of world trade has been closely associated with weakening of global demand, resulting mainly

from stalling economic activity in Europe and anemic aggregate demand in the United States of America and Japan. Developing countries and the economies in transition are increasingly feeling the effects of the slowdown through integrated global networks of production and trade. As a result, global output and trade have slowed in tandem.

Global growth of GDP, adjusted for inflation, will rebound from 2.9 percent in 2013 to 3.5 percent in 2014. Across mature economies, growth will improve significantly to 2.2 percent in 2014, compared to 1.3 percent in 2013. This is primarily due to the United States, which is expected to increase its growth by more than 1 percent, from 1.9 percent in 2013 to 3.0 percent in 2014. The recovery of Eurozone from its negative growth of -0.3 percent in 2013 is expected to become 1.0 percent in 2014.

GDP growth in emerging and developing economies as a whole is projected to improve slightly by 0.3 percentage point to 4.8 percent in 2014. The slower increase is primarily driven by China, which will continue to slow down from 7.5 percent in 2013 to 7 percent in 2014, when based on official growth rates, as structural and policy challenges continue to weigh on China's economic transformation. Among the other emerging markets, India, Latin America and other developing Asian countries are to witness a slight growth improvement in 2014, up from a weaker growth performance over 2013.

Economic Scenario of Bangladesh

Political unrest in second half of the year 2013 adversely affected GDP growth in FY13 for the second year in a row, to 6.0 percent. Disruptions caused by deepening political tensions and inadequate improvements in the provision of power, gas and infrastructure were the key factors in the growth slowdown.

Growth came largely from manufacturing while services also made significant contribution. Agricultural output growth weakened to 2.2% in FY13 from 3.1% in FY12, primarily because of stagnant cereal crop production. Service growth declined from 6.3% in FY12 to 6.06% in FY13. These combined to weakening investor confidence leading to 1.2% decline in the real private investment rate. However, total exports increased by 11.2% in FY13, compared with 5.9% growth in FY12 and inward remittances grew by 12.6%, compared with 10.2% in FY12.

Inflation decelerated but remained high with annual average inflation declining from 8.7% in FY12 to 6.8% in FY13. This reflects a decline in both food and non-food prices. Increased production, decreasing demand from large importers, and increasing food stocks exerted downward pressures on international prices and reduced food inflation. Conduct of monetary policy improved remarkably in FY13, which helped reduce non-food price increases.

A sharp improvement in the Balance of Payment position from an overall \$494 million surplus in FY12 to a surplus of \$5.1 billion in FY13 due to large increases in current and financial account surplus created pressure on the exchange rate to appreciate. Bangladesh Bank intervened frequently to prevent a large appreciation, leading to historic highs in building up official foreign exchange reserves. The current reserve level is viewed adequate, but not excessive.

The financial system remains under stress and capital market activities remained weak throughout FY13. Several financial scams and resultant loan defaults in the state-owned commercial banks (SCBs) moved them into a position of capital shortage.

The overall fiscal deficit (excluding grants) stands at 4.3% of GDP and below the 5.0 percent budget target. The FY14 budget targets a modest deficit of 4.6% of GDP and a domestic financing target of 2.9%, as the authorities

confront a host of domestic challenges ranging from a rising incidence of road traffic congestions, shortages of power, water and gas, to the need for higher welfare spending to protect the poor and the vulnerable.

Review of BASIC Bank Operations in 2013

Year 2013 remains a very eventful year for banking industry. The central bank has finally approved 09 more banks in addition to existing 47 commercial banks in Bangladesh aiming to help boost the inflow of foreign exchange and strengthen the ongoing financial inclusion programs through bringing unbanked people under the banking network.

Due to low level demand for credit in private sector, excess liquidity or idle cash problems, superfluous cost of fund, deteriorating asset quality, lower non-funded income, volatility in interest rate in the reporting year was marked as an unstable year for banking industry. Some major sectors in the economy like textiles, ship-breaking, real estate, commodity import and RMG suffered from external and internal events. It may be concluded that FY 2013 was not much business friendly for financial institutions.

Total asset of BASIC Bank stood at Taka 157,072.19 million at the end of year 2013, increasing 43% from Taka 109,682.06 million in the previous year. Deposit also increased by 53% to reach Taka 134,493.45 million in 2013. More than 27 percent increase in loans and advances was posted during the year which stood at Taka 109,428.44 million as on December 31, 2013. The Bank was cautious in maintaining loan deposit ratio in compliance with guidelines of Bangladesh Bank.

All-out efforts were made to recover existing and newly extended loans and to control non-performing loans and advances. Emphasis on the maintenance of quality of assets remained the centerpiece of the Bank's business strategy. Total amount of provision

kept against loan general and nonperforming is Taka 1,351 million which was Taka 1,534 million in previous year.

Loans to industrial sector was 36% of total loans and advances standing at Tk. 62,251.41 million in 2013. The Bank was quite successful to utilize its fund satisfying all conditionality and national priorities. Providing funds to NGOs for on-lending to their members, which has been an integral part of the Bank's lending activity since the inception of Micro-credit scheme in 1994, was continued by the Bank in 2013. Total outstanding for micro-credit related loans and advances of the Bank stood at Taka 1,435 million in 2013 increasing 26.99% over the same in previous year.

The Bank financed Taka 42,007.20 million of import business in 2013, which was Taka 37,093.50 million in 2012. Export, which has always been a priority, was financed to the extent of Taka 30,538.3 million in 2013 which was Taka 29,939 million in previous year.

The Bank registered Taka 1,470 million in 2013 as profit before keeping provisions for loans and advances and taxes for the year 2013.

Branch Expansion:

Through a countrywide network of branches, linked by state-of-the-art technology, the Bank provides a portfolio of services catering to all tiers of trade and commerce. The Bank opened 06 (Six) branches in 2013. By the end of the year 2013, total number of branches of the Bank stood at 68. We are expecting to open a number of new ATM Booths all over the country to ensure maximum facilities to our clients.

Focus on Core customers:

BASIC Bank Limited takes care to make every client a development partner through addressing needs and wants by providing best services at affordable prices. We intend to provide financial services to meet customer

expectations so that they can refer us to their friends with confidence. We are committed as ever for enhancing our service quality and bond relationship with our clients. We want to regain status as a preferred bank with a distinctive identity.

Technology

With the introduction of modern technology, the Bank has been able to render better and efficient services to its customers. We are exploring all alternatives to upgrade the bank's technology into more robust state of the art domain.

The Bank adopted IT enabled banking operations at its inception and always attaches great importance to acquisition and use of appropriate information technology. The Bank had its own Banking Software developed in 1991 which was replaced by a Centralized Core Banking System to further enhance customer care. All the Branches and the Head Office of the Bank have been operating through Centralized Core Banking System for the last five years and are connected with each other, and with the Data Center through Wide Area Network (WAN). In addition, the Bank is continuously pursuing its efforts in developing and using new software.

The Bank provides money transfer services through all of its Branches using the facilities of Western Union. It is also participating in Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Fund Transfer Network (BEFTN) operations under Bangladesh Automated Clearing House (BACH) of Bangladesh Bank.

BASIC Bank is a member of the Q-Cash shared ATM and POS network. At present, debit card holders of the Bank can carry out transactions through more than 800 ATMs and 7,000 POS terminals of Q-Cash network of which several

ATMs have been set up by the Bank itself at suitable locations. Moreover, the Bank is going to start its Credit Card operations soon. The Bank has also taken initiatives to strengthen its MIS as well as to fully automate its various operations, approval processes and document management system. The Bank is maintaining a Disaster Recovery Site (DRS) in order to carry out its banking operations from there in the event the Data Center of the Bank becomes inoperative or inaccessible.

Capital Structure

Capital structure of the Bank was as follows:

Particulars	2013	2012
(Figure in million taka)		
Paid up capital	2946.98	2946.98
Statutory reserve	2224.69	2224.69
Other reserve and surplus	1347.36	1296.67

Human Resources

As the global economy becomes more and more knowledge-intensive, human capital will play key role in performing and achieving targets. High quality and competent human resource base is crucial to continued growth and success. At BASIC Bank, we believe in human capital development and competencies and are committed to improving and enhancing capabilities through on-the-job and class room training to employees.

Through structured modular training programs, BASIC Bank Training Institute (BBTI) is committed to developing the human resources, the main driving force of the Bank. With a view to achieving professional excellence in Banking, it conducts various training courses and workshops for officers and executives of the Bank. In 2013, a total of 969 employees attended Seminar, Workshops & Training at BBTI, BIBM, BBTA & other training institutions.

Strategic Priorities:

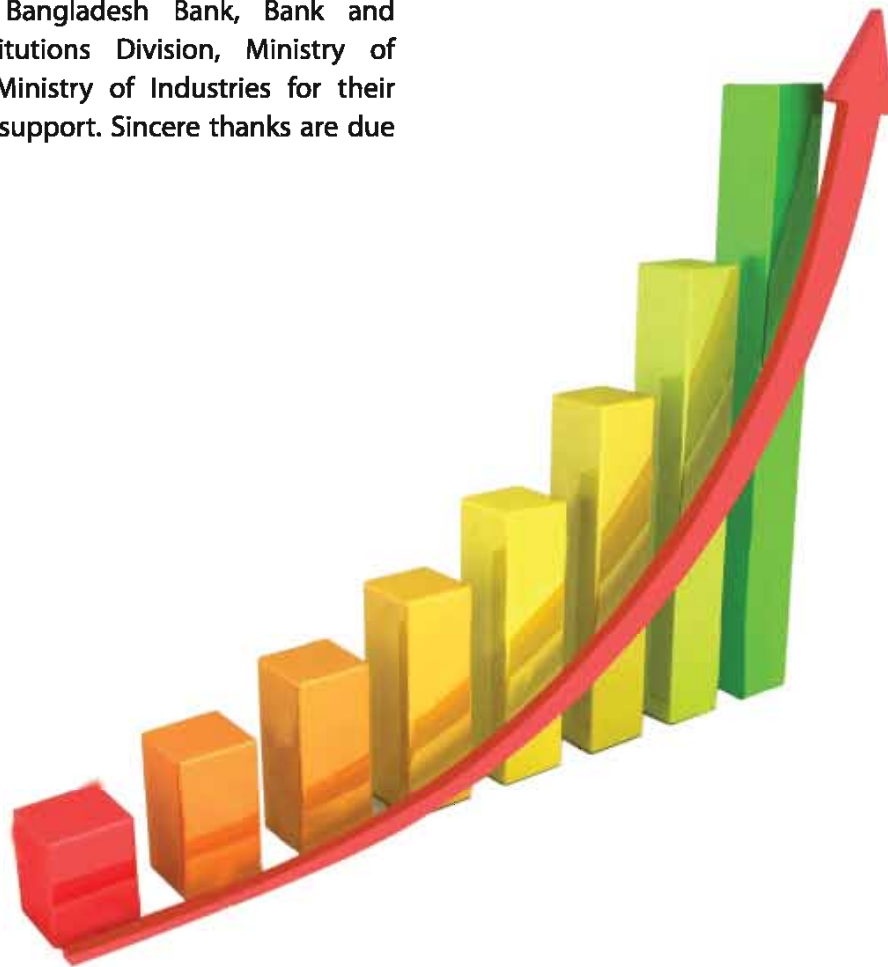
High standards of customer service remain our priority as the ultimate differentiator in terms of value creation in the banking industry. Our strategic priorities would include:

- Total Business Banking;
- Technological Advancement;
- Operational Excellence;
- Trust and Team Spirit; and
- Growth in Profits.

Acknowledgement:

The Board takes this opportunity to express its gratitude to Bangladesh Bank, Bank and Financial Institutions Division, Ministry of Finance and Ministry of Industries for their guidance and support. Sincere thanks are due

to Government and autonomous bodies for their cooperation in keeping their working funds as deposits in the Bank. The Board puts on record the support and cooperation received from other depositors and clients in all respects of business of the Bank. The Board also thanks the NGOs working with BASIC Bank in expanding micro credit program in their efforts towards active participation in national poverty alleviation program. Executives in the Bank management and employees who were dedicated in discharging their assigned duties, in spite of difficulties, deserve special thanks from the Board of Directors.



Credit Rating of the Bank

Long Term	:	BBB1 (SAR)
		A ₂ (GSR)
Short Term	:	ST-3 (SAR)
		ST-3 (GSR)
Rating year	:	2012
Date of Rating	:	July 24, 2013

*Stand Alone Rating

*Government Support Rating

Credit Rating Agency of Bangladesh Ltd. (CRAB) has assigned long term rating BBB1 as Stand Alone Rating and A2 as Government Support Rating and short term rating ST-3 for the year 2012.

Commercial Banks rated 'BBB' in the long term have adequate capacity to meet their financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Commercial Banks in higher-rated categories. BBB is subject to moderate credit risk.

Commercial Banks rated ST-3 in the short term category are considered to have below average capacity for timely repayment of obligations, although such capacity may impair by adverse changes in business, economic or financial conditions. Commercial Banks rated in this category are characterized with satisfactory level of liquidity, internal fund generation and access to alternative sources of funds is outstanding.

Value Added Statement

for the year ended 31 December 2013

The value added statement-2013 of BASIC Bank Ltd. show how the value is created and distributed among different stakeholders of the bank such as employees, government and shareholders in the form of salaries and allowances, income tax, retained surplus etc in 2013. It also indicates the value of use of fixed assets through depreciation during the same period.

Particulars	2013	%	2012	%
Income from Banking Services	17,338,744,887		13,402,283,925	
Less: Cost of services and supplies	13,941,798,703		9,516,813,994	
Value added by the banking services	3,396,946,184		3,885,469,931	
Non-banking income				
Loan written-off and provision	(1,351,713,879)		(1,534,207,214)	
Total Value Added	2,045,232,305		2,351,262,717	
Distribution of added value				
To Employees as salary and allowances	1,774,051,961	86.74	1,165,972,180	49.59
To Govt. as income tax	650,021,651	31.78	1,047,989,935	44.57
To Statutory Reserve	-		-	-
To Expansion and growth	(378,841,307)	(18.52)	137,300,602	5.84
Retained earnings	(531,533,329)		27,896,325	
Depreciation	152,692,022		109,404,277	
	2,045,232,305	100.00	2,351,262,717	100.00



Economic Value added (EVA) Statement

for the yearended 31 December 2013

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 measuring 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	2013 Taka	2012 Taka
Shareholders' equity	6,039,176,538	6,460,468,997
Add: Cumulative provision for loans and Off-balance sheet items	4,463,314,154	3,114,211,182
	10,502,490,692	9,574,680,179
Average Shareholder's equity and loan loss provision	10,038,585,436	8,351,585,599
Earnings:		
Profit (Loss) after tax	(531,533,329)	27,896,325
Add: Provision for loans and Off-balance sheet items during the year	1,351,713,879	1,534,207,214
Total earnings(a)	820,180,550	1,562,103,539
Average cost of equity (based on average rate of treasury bills issued by the Bangladesh Bank) plus 2% risk premium	14.00%	13.90%
Total cost of average equity(b)	1,395,363,376	1,160,870,398
Economic Value Added(a-b)	(575,182,826)	401,233,141





As a part of financial inclusion program, BASIC Bank Limited participated in School Banking Conference at Khulna for building awareness among the school going children to develop their savings habit and introduce them with banking services. The honorable Governor of Bangladesh Bank, Mr. Dr. Atiur Rahman distributed the BASIC School Banking Gift Bags among the school going children at BASIC Bank's Stall. The General Managers of the Bank Mr. Shahadat Hossain and Mr. Hasan Tanvir along with Branch officials were also present on that occasion.

The honorable Deputy Governor of Bangladesh Bank, Mr. Shitangshu Kumar Sur Chowdhury and Executive Director, Mr. M Mahfuzur Rahman distributed the BASIC School Banking Gift Bags among the school going children at BASIC Bank's Stall. For the outstanding performance, BASIC Bank awarded 3rd position in School Banking Conference at Sylhet. Officials of Head Office and Zindabazar Branch were also present on that occasion.



| Management Commentary |



We continue to look for new revenue streams and have already launched new products and services which make sense for our customers and help us grow steadily. This included investments in ATM and online banking capabilities, driving new product innovation and services. Our services revolve around the understanding what customers seek from the banker.

BASIC Bank Limited was able to maintain a balance between peaks and dips in the year 2013 despite macroeconomic challenges, capital and money market volatility and world economic crisis. The bank continued to increase growth in various areas, e.g. opening of 6 new branches having all of them under on-line services, widening card services, yielding remarkable growth in assets etc. Achievement of the bank over the years demonstrates the strength of our industrial-commercial focused business mix, as well as the client-oriented model of banking. This allowed us to outperform facing contemporary challenges and regulations. We believe we have the right strategy to focus on building competitive businesses to make significant progress towards achieving a leading position in the banking arena.

We continue to look for new revenue streams and have already launched new products and services which make sense for our customers and help us grow steadily. This included investments in ATM and online banking capabilities, driving new product innovation and services. Our services revolve around the understanding what customers seek from the banker.

We were able to bring financial and human resources together in such a way that brought in remarkable achievements in different areas. We were committed to maintain the highest standard in all spheres of activities in 2013 and hope to keep it up in 2014 also.

1. Performance of the bank

1.1 Property and Assets:

At the end of the year 2013, total assets of the bank stood at Taka 157,072.19 million against Taka 109,682.06 million in previous year registering an increase by 43.21%. This increase of assets was possible due to increase in investments and loans and advances to clients with economically viable projects financed out of our increased deposits mobilized throughout the year. As planned, loans and advances comprised the largest share in the assets portfolio of the Bank constituting 69.67 percent. Investment and Cash were the second and third largest constituents being 17.61 percent and 5.18 percent of the assets portfolio respectively. Money at call and short notice were 3.17 percent of total assets.

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

The amount of cash in hand and balance with Bangladesh Bank and its agent was increased to Taka 8,136.22 million in 2013 from 6,289.26 million in 2012 registering an increase of 29.37%. The increase was due to enhanced requirement for maintaining Cash Reserve Ratio (CRR) resulted from increase of deposit in 2013 than that of 2012. CRR was maintained adequately.

1.1.2 Balance with Other Banks and Financial Institutions:

The balance with other banks and financial institutions increased sharply by 102.31% to Taka 2,841.16 million in 2013 from Taka 1,404.34 million in previous year. Major portion of this fund was deposited in fixed deposit accounts for short and mid-term. The management found it remunerative to deposit in fixed terms in various banks and NBFIs rather than retaining excess idle cash or extending money at call or short notice.

1.1.3 Investment:

Investment that mainly in approved securities at the end of 2013 was Taka 27,663.73 million, compared to Taka 11,707.25 million in previous year showing a growth of 136.30% over last year. The investment was increased due to investment of more funds in Treasury Bonds to meet SLR requirement. Investment was concentrated in long term approved securities such as Government Treasury Bonds. During the year 2013 Treasury Bill & Bond had the largest share (98.88%) in the investment portfolio. Debentures, shares in listed and unlisted companies and prize bond altogether constituted only 1.12 percent.

1.1.4 Money at Call and Short Notice:

This was an important area of treasury operation of the bank. Money at Call and Short Notice was Tk. 4,980.00 million in 2013 compared to Tk. 1,000.00 million in 2012. The amount of placement was made with different Banks and NBFIs.

1.1.5 Fixed assets and other assets:

At the end of 2013 the amount fixed assets increased to Taka 723.08 million from Taka 526.82 million in 2012 with a growth of 37.25 percent whereas the other assets were increased to Taka 3,299.57 million from Taka

2,798.63 million in the previous year. Fixed assets include vehicles, equipment, computer (hardware and software), furniture and fixtures and leased assets. On the other hand, other assets included interest receivable from term placement, advance against acquisition of premises under construction for Head Office and Main Branch and advance/expenditure made against proposed branches, advance income tax, stock of stationery, security deposits, sundry debtors, deferred tax and suspense accounts.

1.1.5.1 Acquisition of Premises for Head Office and Main Branch:

BASIC Bank Limited has been in operation for 25 years through rented premises with its 68 Branches and Head Office. As per Board's approval, Management of the Bank had entered into an agreement to purchase floor spaces for Head Office and Main branch of the Bank measuring 51,500 sft in the ZAMAN BASIC TOWER at 10/1 Toyenbee Circular Road, Motijheel, Dhaka at a cost of Tk. 800.00 Million which is almost complete. Initially BASIC Bank Limited had made an advance payment of Tk. 400.00 Million. Thereafter, Tk. 333.33 Million was also paid upto 31st December 2013.

1.1.6 Loans and Advances:

Loans and advances consist of Industrial Loans, Commercial Loans, Micro Credit, Small Enterprise Financing, Loan for Women Entrepreneurs, Agro-based Industry Financing and Agricultural Loan, Bills etc. which increased by 27.31 percent to Taka 109,428.44 million in 2013 compared to Taka 85,955.76 million in 2012.

1.1.7 Industrial Loans:

The industrial loan reflected growth of 36.03 percent over the previous year. Total outstanding industrial loans including term loan and working capital stood at Taka 62,251.41 million at the end of 2013 compared

to Taka 45,762.67 million of 2012. Total outstanding of term loan stood at Taka 33,696.05 million as on December 31, 2013 compared to Taka 22,805.17 million in 2012 reflecting a growth of 47.76 percent. The outstanding working capital finance extended to industrial units stood at Taka 28,555.37 million at the end of the reporting period compared to Taka 22,957.50 million in 2012 reflecting a growth of 24.38 percent. BASIC Bank's services are specially directed towards promotion and development of small and medium industries. Its exposure to small and medium industries sector accounted for 43.07 percent of the total lendable fund. Term loan in 632 projects were in portfolio as on 31 December 2013. As on 31 December 2013, total 1,163 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. Financing in other sectors include agro-based industry like poultry, engineering; food and allied industries; chemicals, pharmaceuticals and allied industries; paper, board, printing and packaging; and other non-metallic goods, leather and jute products.

1.1.8 Commercial Credit:

The Bank also continued support in developing trade, general business and other commercial activities in the country which covers the full range of services such as cash credit, work order financing, secured overdraft etc. As on December 31 2013, total outstanding of commercial loans stood at Taka 44,819.33 million compared to Taka 38,919.92 million in 2012 reflecting a growth at 15.16 percent.

1.1.9 Financing to Agro Based Industries:

BASIC is also actively involved in financing agro-based industries. It has been utilizing the Govt. fund as well as its own fund to finance agro-based projects and so far helped setting up a total of 293 projects with Tk. 15,192.23 Million which have been running successfully.

1.1.10 Bank's role in Micro Credit Financing:

From the view point of corporate social responsibility BASIC Bank since its inception continued to concentrate on reaching credit to the poor section of the society by bringing them under the credit net of the bank through NGO linkage or its own channel and exerted efforts to improve their living standard on a sustainable basis.

BASIC is the only bank among the scheduled banks of Bangladesh which can boast of pioneering micro credit through NGO linkage which became an exemplary instance to other that two type of institution can work jointly to help eradicating poverty through micro credit operation. In this respect, BASIC is working with more than 77 NGO/MFIs as co-partner and distributed credit amounting Tk. 3684.30 Million to the poor class of our society which has benefited near about 354,685 people who had opportunity to address their economic hardships. Majority of these people are the women who particularly had no formal source of fund. It is observed that the recovery percentage is also very high in the micro credit among these segments of the society.

BASIC's micro Credit program covers self-initiated small scale enterprises at micro level, crops production, small trading, agricultural production and marketing, fish culturing, cow fattening, poultry, establishment of cottage industries and many others alike.

Apart from this, BASIC is working with GoB as one of the implementing agents for implementing different agri-farming and business development project namely Bangladesh Agribusiness Development Project (BADP) & Second Crop Diversification Project (SCDP) funded by Asian Development Bank with the object to eradicate poverty and increase income of the rural people through internationally reputed local MFIs and so far disbursed Tk 1300.00 Million upon receipt of fund from ADB. At the end of 2013, Micro Credit Finance of BASIC was almost Tk. 1,435.08 million where the same was Tk. 1,273.22 million at the

end of 2012, showing a sharp growth of almost 12.71% in 2012. Recovery rate during this period remained at a highly satisfactory level of 95.86 percent.

1.1.11 Non-performing loan:

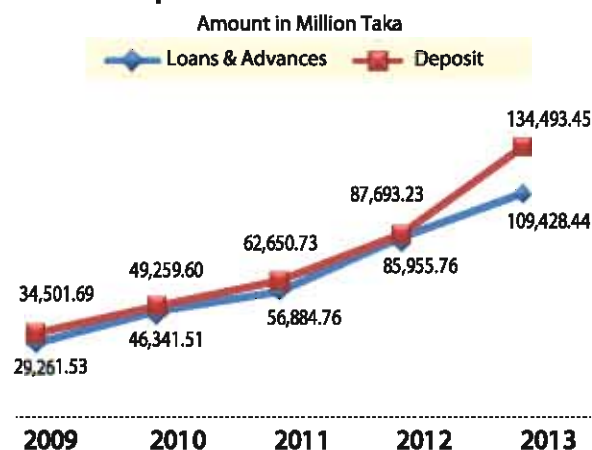
The classified loans and advances of the bank increased mainly due to unrest political condition and overall economic turmoil. The classified (non-performing) loans and advances is 28.75 percent at the end of the year. A total recovery of Taka 4,512.23 million in the year under review was also possible. Additional provision made in 2013 was Tk. 1,351.71 million against classified, unclassified credits and total off-balance sheet exposure. Total cumulative provision made for total credit and off balance sheet exposures amounted to Taka 4463.31 million as on December 31, 2013. During the year 2013 an amount of Taka 3.80 million was recovered against written-off loans.

1.2 Liabilities and shareholders' equity

1.2.1 Deposit:

Deposit is the life blood of a bank. Deposit constitutes the core of BASIC Bank's fund mobilization. Total deposit of the Bank at the end of 2013 stood at Taka 134,493.45 million (85.63% of Total liabilities & Shareholders' Equity) compared to Taka 87,693.23 million (79.95% of Total liabilities & Shareholders' Equity) in 2012. Total deposit increased by more than 53 percent, which was a result of all out effort exerted by the management and the employees for mobilization of individual and corporate deposit. At the end of 2013, the Fixed Term and SND deposit was Taka 127,143.01 million against Taka 81,093.48 million in 2012 registering a growth of 56.79 percent. Savings bank deposit increased to Taka 2,035.73 million in 2013 compared to Taka 1,709.22 million in 2012. Deposit in current and other accounts including bills payable was Taka 4,368.57 million compared to Taka 4,441.03 million in 2012.

Deposit and Loans & Advances



1.2.2 Borrowing:

At the end of 2013, total Borrowing of BASIC was Tk. 2,805.86 million. BASIC has been enjoying a fund under House Building Refinance Scheme from Bangladesh Bank having an outstanding balance of Tk. 100.92 million as on 31st December 2013. Besides, borrowings were made from various foreign sources for long term funding specially for financing development-banking activities. The Bank enjoys credit line facilities from various organizations especially from Asian Development Bank (ADB) and KFW, a German development bank for financing micro-credit scheme, small-scale industries and other special financing. Total borrowing from these foreign development organizations was Tk. 2,063.68 million as on 31st December 2013.

1.2.3 Equity:

The bank started its journey with paid-up capital of Tk. 80.00 million in 1989 and it gradually increased to Taka 2,946.98 million up to the end of 2013 by issuing stock dividend. Up to that time, the bank has paid cash dividend of Taka 537.99 million to the Government.

1.2.4 Statutory reserve:

As per section 24 of the Bank Company Act-1991, 20% of profit before tax is transferred to statutory reserve. Hence, the statutory reserve of the bank stands at Taka 2,224.69 million at the end of 2013.

1.2.5 Shareholders' Equity:

Shareholders' equity of the Bank decreased to Taka 6,039.18 million in 2013 from Taka 6,460.47 million in 2012 registering a diminutive drop of 5.89 percent. Starting from Taka 80.00 million, the shareholders equity has already reached to Taka 6,039.18 million from profit earned in 25 years of operation.

1.3 Operating results:

1.3.1 Income:

The Bank's total income was Taka 17,338.74 million in 2013 compared to Taka 13,402.28 million in 2012. Interest income from loans and advances was increased to Taka 14,808.96 million in 2013 from Taka 11,020.89 million in 2012. Average yield on lending was 14.68%. Income on investment was increased to Taka 1,672.85 million in 2013 against Taka 1,559.17 million in 2012 while other operating income and profit from sale of shares was Taka 119.73 million in 2013 against Tk. 129.10 million in 2012. The amount of commission and exchange gain was Taka 737.21 million in 2013 compared to Taka 693.14 million of previous year.

1.3.2 Expenses:

The total expenditure was Taka 15,868.54 million in 2013 compared to Taka 10,792.19 million in 2012. Total expenditure was increased significantly due to increase of interest expenditure, revision of salary and allowances and appointment of new employees to support expansion of the Bank. Higher Interest expenses were resulted from increased interest expenses for increase of deposit and mobilizing deposit at higher interest rates as the deposit market was very tight and competitive. Besides, rent, electricity and insurance, stationary, printing and advertising contributed to such increase. Depreciation, rent and establishment expenses of 6 new branches also contributed to increase of total expenditure.

1.3.3 Contribution to Exchequer:

From the very inception, BASIC Bank has been posting earning 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, 2013 amounted to Taka 7798.92 million, which is almost 97 times the amount of original paid-up capital of the Bank.

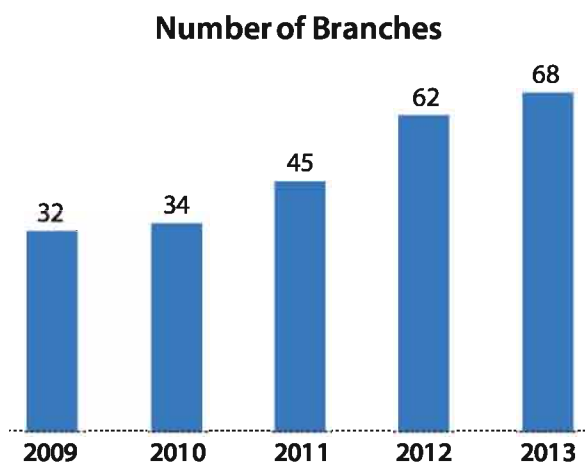
1.3.4 Trade Financing (Export/Import):

The Bank managed total import business of Taka 42,007.20 million and export business of Taka 30,538.30 million in 2013 compared to Taka 37,093.50 million and export business of Taka 29,939.20 million in 2012 respectively. Major items of exports were readymade garments, sweater, jute & jute products, leather and leather goods, handicrafts, potatoes and frozen food etc. Items of import included mainly industrial raw materials, garments accessories, capital machinery, raw cotton, electronic consumer goods, chemicals, tires and tubes, reconditioned vehicles, bicycle spare parts, poultry feeds and food items such as rice, wheat, maize, garlic, onion, sugar, chilly and other essential commodities.

1.4 Other activities:

1.4.1 Branch Network

A substantial amount 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 the needs of industry and trade. Besides, BASIC has expanded its branch network to rural areas with a view to providing modern banking services to the rural people keeping conformity of its motto "Serving people for progress". In 2013 the bank expanded its operation by opening 6 new branches. At the end of 2013, there were 68 (sixty eight) conveniently located



branches throughout Bangladesh being 30 branches in Dhaka division, 14 in Chittagong division, 9 in Khulna division, 6 in Rajshahi division, 4 in Sylhet division, 3 in Barisal division and 2 in Rangpur Division. Besides, the bank has 03 (three) bill collection booths at Ramna, Sher-e-Bangla Nagar and Gulshan Exchange Office of BTCL, Dhaka. The Bank is going to open 5 more collection booths in 2014 to expedite collection of various bills. In addition, we are expecting to open 10 more new branches including 01 overseas branch in Kolkata and 05 exchange houses in abroad. The Bank has an arrangement with Western Union for obtaining foreign currency remittances. The bank started ATM operation in 2008 with a membership of Q-Cash (payment gateway), which has a country-wide network of 952 ATMs as on 31st December 2013. Moreover, the Bank's ATM Card holder can also avail Omnibus ATM network, which has more than 1500 ATM booths in Bangladesh. Now, the Bank has its own 10 ATM booths and is going to set up another 20 ATM booths by the end of 2014. Besides, the Bank has already obtained VISA Principal Membership for issuing different types of VISA cards. Hence, BASIC is going to launch VISA Debit, Credit and prepaid cards very shortly.

1.4.2 Risk Management:

The banking business has always been a business operating within an environment involving various risks with varied degree of uncertainty. In this backdrop, the management

has taken necessary initiatives for managing different risks 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. Credit Administration Division ensures documentation before disbursement. Internal control and compliance mechanism designed to ensure proper due diligence being observed in assignment, approval, disbursement and recovery of loans and advances.

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 under its ALM guidelines. To manage the risks efficiently and effectively Bank has been continuously adhering to all instructions and guidelines of Bangladesh Bank issued under Core Risk Management, Anti Money Laundering, Credit Risk Grading (CRG), Risk Based Capital Adequacy Framework (BASEL-II), SRP and Stress Testing etc.

1.4.3 Board of Directors and Head Office:

The responsibility of making policies and operational guidelines is vested with the Board of Directors. The Board of the bank is nominated by the Bank and Financial Institutions Division, Ministry of Finance, Government of the Peoples Republic of Bangladesh and consists of Government officials, professionals, academicians and businessmen. The Managing Director is the Chief Executive of the Bank who is an ex-officio member of the Board. Six Deputy Managing Directors and thirteen General Managers are acting under him along with 30 Divisions performing daily operational activities of the Bank. The In-charges of the branches are responsible functionally to the Head Office.

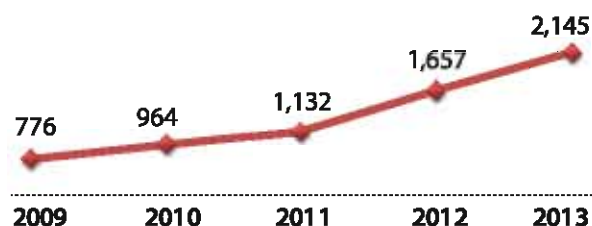
1.4.4 Human Capital Management:

BASIC has a well-diversified pool of human resources, which entails 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 the end of 2013, total number of employees was 2,145. The Bank follows a strict recruitment policy in order to ensure that only the best candidates are recruited. For fresh recruitment, comprehensive written test and viva voce are conducted through renowned institutions like IBA, BIBM, BIM etc. The Bank, so far, has recruited entry-level management staffs in seven batches, all of whom have excellent academic backgrounds. In 2013, the bank recruited 381 employees (except sub staffs) at various ranks from different academic discipline.

Intensive training programs, on a regular basis, are imparted to employees at all levels to meet the challenges in the banking industry and to help employees adapt to the changes and new working conditions. The Bank believes that quality human resource is the key for success in today's banking business.

Keeping this view in mind and recognizing the importance of training for professional excellence, BASIC Bank established its own training institute in 2012 with all modern facilities. In 2013, they arranged 20 training courses and provided training to as many as 723 employees of the bank. The Bank also sends its employees to BIBM and other local and foreign institutions with a view to enhancing and sharpening their knowledge base. During the year 2013, a total of 246 employees of the Bank were provided with training in various fields at BIBM, BBTA and other training institutions. Moreover, 5 officials were provided with overseas training programs in 5 different programs.

Number of Employees



1.4.5 Automation

The Bank had been providing computerized banking service to all its customers since its inception. To provide all modern banking services especially Information Technology based services and accelerate the speedy and accurate account ledger maintenance and to make available all potential international banking products, all the branches of the bank is already providing real time on-line services.

Besides, Online CIB, EDW, BACH and MICR related services are also accommodated in our online banking services. It is expected that in 2014 the bank will introduce new IT based products and serve its customers through the new system including ATM and internet banking facilities.

1.4.6: Introducing Consumer Loan Schemes:

Consumer financing market is one of the fastest growing avenues around the globe and has become a key driving force in the financial marketplaces today. Bankers have emerged in recent decades to become dominant providers of credit to individuals and families. It has been observed that many banks and financial institutions in the country and abroad have engaged themselves in Consumer Financing since long. This has become popular and response from the market is significant. As such, the Board of Directors of the bank has already approved the following consumer loan schemes which will be implemented gradually:

- (i) BASIC Alternative Power Generation System (Solar) Financing Scheme
- (ii) BASIC Expatriate Loan
- (iii) BASIC Professional Loan

Besides, the management of the bank also decided to introduce the following products gradually after getting board's approval:

- (i) Generator Financing for Individual
- (ii) Education Loan Scheme
- (iii) Vehicle Loan – BASIC Employees
- (iv) Salary Gain Scheme
- (v) Meet the Need

1.4.7: Introducing new Saving Products:

BASIC Bank always values highly the needs of people. To fulfill the savings desire of people/clients, The Bank always thinks to develop and present innovative products. In line with these objectives the Bank is planning to develop some innovative deposit products that will meet the saving necessity of the common people and at the same time Bank will mobilize individual level deposits to increase loanable fund to make more investment in the productive sector that will ultimately contribute to overall economic development of the country. Keeping this view in mind BASIC Bank has introduced the following deposit products to cater the saving needs for a rainy day of the common people:

1. Super Double Deposit Scheme
2. BASIC Rapid Grow Deposit Scheme.

2. Future Strategies:

2.1: Launching of deposit Products:

BASIC Bank always strives to introduce new products to satisfy the needs of different strata of people and we are on the verge of launching

the following Deposit Products:

1. Reality Pension Scheme
2. BASIC Marriage Deposit Scheme
3. BASIC Education Deposit Scheme
4. Hajj Deposit Scheme

2.2: Other Strategies:

The Bank expects to continue maintaining strong competitive edge in banking sector in Bangladesh in the years ahead. Through specialization and integrated approach, the Bank aims to build a strong position in the industrial development of Bangladesh. The Bank has the following strategies to increase the stakeholders' value and contribute to the overall economy of the country:

- As per its mandate, the Bank will continue to emphasize on small and medium enterprise financing for alleviating poverty, generation of employment and increasing the Gross Domestic Product of Bangladesh.
- To make available the superior banking service with low cost loans and advances in line with the pace of industrial development of Bangladesh to the door steps of general mass, the bank will open one branch in each district gradually with on-line banking facility and innovative banking products.
- BASIC Bank has launched Debit Card under Q-Cash network and planning to widen its coverage in 2014.
- BASIC is expecting to open overseas branches in different countries to facilitate cross border trade and to take the bank's operation in international arena. Some branches and exchange house will also be opened to expedite the remittance of our expatriate work force.
- Quality manpower is the greatest asset to us. So, the Bank would continue its efforts to recruit and retain talented and efficient human resources providing them deserving benefits.

- Initiating effective drive to arrest classified loan and to bring down the existing classified loan substantially to a minimum level.
- BASIC is providing real time online Core Banking Solution (CBS) in all 68 branches including 22 rural branches around the country.
- BASIC is expecting to provide ATM cards to all of our clients to avail 24 hour modern banking facility.
- As part of corporate social responsibility the bank will contribute more for the welfare of underprivileged quarter of the society.
- The Bank has already taken all out preparation for Implementation of BASEL-II and implementing SRP, Stress Testing and Internal Capital Adequacy Assessment Process (ICAAP) under Supervisory Review (Pillar –II) as per Bangladesh Bank guidelines.

3. Acknowledgement

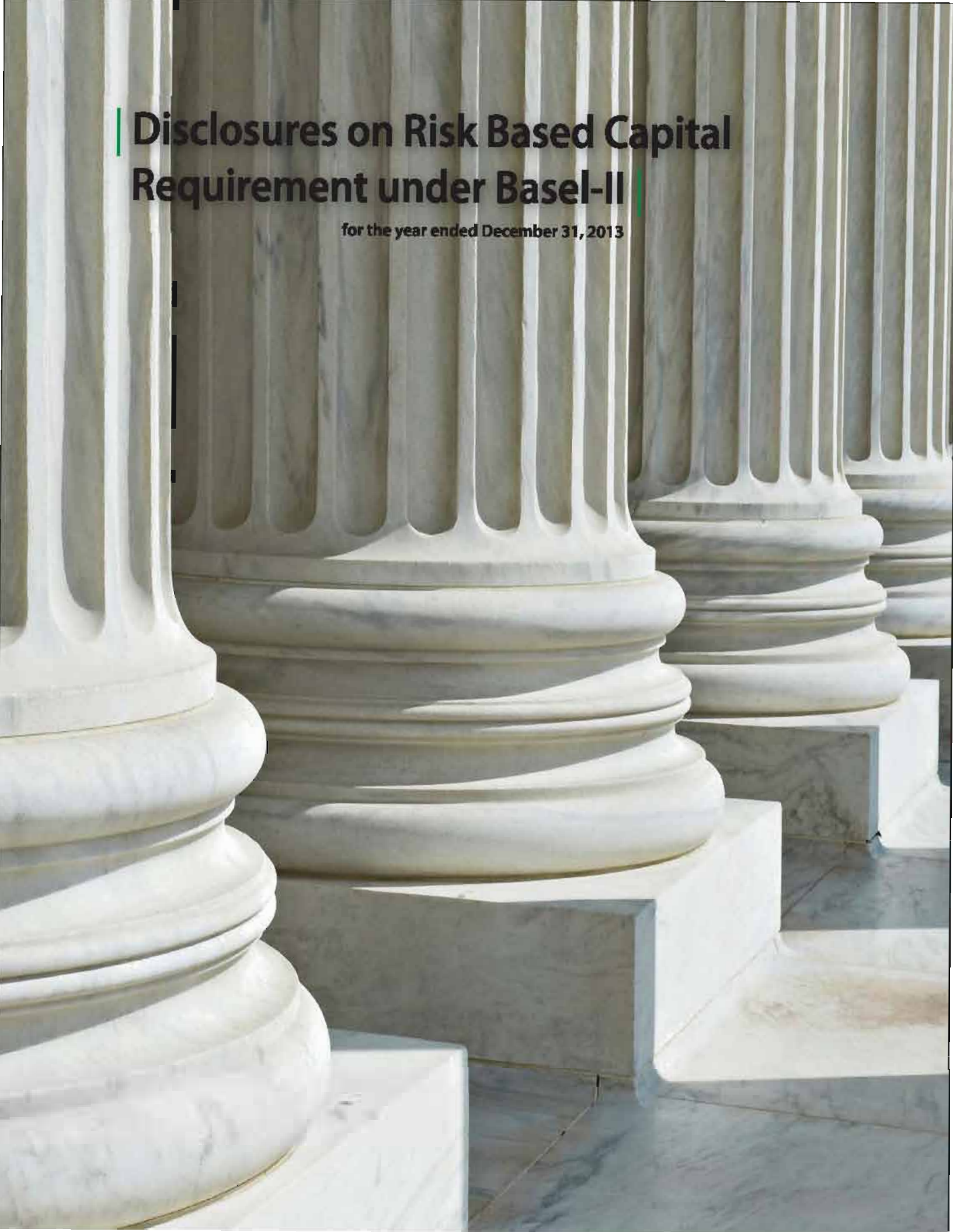
The management of the bank takes the opportunity to express its thanks and gratitude to the Chairman and all the members of the

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 of Bangladesh, the sole shareholder of the Bank, the Bank and Financial Institutions Division, the Finance Division of the Ministry of Finance, Bangladesh Bank, valued clients, correspondents, all Banks and Financial Institutions in Bangladesh, well wishers, other stakeholders and all its patrons like KFW, ADB for their confidence, continued support and cooperation.

4. Conclusion:

In view of overall performance and global economic condition; The Bank went through a challenging year in 2013. The Bank is confident to excel towards growth and foster continuous progress in operating performance and achievement of targets set for the year 2014.





Disclosures on Risk Based Capital Requirement under Basel-II

for the year ended December 31, 2013

Disclosure Overview

The following detailed qualitative and quantitative disclosures are provided in accordance with the revised guidelines of Bangladesh Bank for Risk Based Capital Adequacy Requirement under Basel-II issued through circular on December 2010. This is intended to provide the users an insight about various risk exposures, to which the bank is exposed and maintained adequate capital against them. The users will also be able to compare the bank's performance within the banking industry.

Scope and purpose

The purpose of Market discipline in the Revised Capital adequacy Framework is to complement the minimum capital requirements and the supervisory review process. The aim of introducing

Market discipline in the revised framework is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

All the quantitative disclosure furnished here are on solo basis and on the basis of audited financial statement of BASIC Bank Limited for the year ended 31 December 2013 prepared under relevant international accounting and financial reporting standards as adopted by the Institute of Chartered Accountant of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time.

a) Scope of application

Qualitative Disclosures

a. The name of the top corporate entity in the group to which this guidelines applies.	BASIC Bank Limited
b. An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group: (i) that are fully consolidated; (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted)	The Risk Based Capital Adequacy framework applies to BASIC Bank Limited on "Solo Basis" as there is no subsidiary of the bank on reporting date.
c. Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not applicable

Quantitative Disclosure

d. The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	Not applicable
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b) Capital Structure

Qualitative Disclosures

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

Paid up capital: TK 294.70 crore

As per stipulation of Memorandum and Articles of Association of the Bank at least 50% of net Profit (after tax) is re-invested in the capital of the bank and to that extent bonus share is generally issued to the shareholders.

Statutory reserve: TK 222.47 crore

As per Section 24 of Bank Companies Act 1991, we have to transfer 20% of profit before tax to Statutory Reserve each year.

General reserve: TK 4.00 crore

In addition to the above there is a General reserve of TK 4.00 crore which was created for venture capital.

Retained Earnings: Tk. -47.99 crore

Other Reserve (Non-cumulative irredeemable preference share): Tk. 120.50 Crore

General provision: TK 54.18 crore;

Quantitative Disclosures

(Amount in crore TK)

b. The amount of Tier-1 capital, with separate disclosure of:	
Paid up capital	294.70
Non-repayable share premium account	0.00
Statutory reserve	222.47
General reserve	4.00
Retained earnings	-47.99
Minority interest in subsidiaries	0.00
Non-cumulative irredeemable preference shares	0.00
Dividend equalization account	0.00
Others, if any	120.50
c. The total amount of Tier 2 and Tier 3 capital (Since Tier 1 is negative)	0.00
d. Deductions: Shortfall in provisions required against classified assets	-788.81
e. Total eligible capital	-195.13

c) Capital Adequacy

Qualitative Disclosures

a. Summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	Capital Adequacy is the cushion required to be maintained for covering the Credit risk, Market risk and Operational risk so as protecting the depositors and general creditors' interest against such losses. In line with BRPD Circular no. 35 dated 29 December, 2010, the bank has adopted Standardized Approach for Credit Risk & Market Risk and Basic Indicator Approach for Operational risk for calculating the capital adequacy.
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Quantitative Disclosures

(Amount in crore TK)

b. Capital requirement for Credit Risk		1,080.86
c. Capital requirement for Market Risk		17.21
d. Capital requirement for Operational Risk		78.81
e. Tier 1 and Total capital ratio:	Tier 1 Capital ratio	Total Capital Ratio
• For the consolidated group; and	N/A	N/A
• For stand alone	-1.66%	-1.66%

d) Credit Risk

Qualitative Disclosures

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

Definitions of past due and impaired (for accounting purposes);	Loans and advances (loans and bill discount in the nature of an advance) of a bank are classified in to performing and non-performing loans (NPL) in accordance with the Bangladesh bank guidelines. An NPL is defined as a loan or an advance where interest and/or installment of principal remain overdue for more than 90 days in respect of continuous credit, demand loan or a term loan etc. Classified loan is categorized under following 03 (three) categories: 1. Sub-standard (SS); 2. Doubtful (DF); 3. Bad & Loss (BL). Continuous Loan: Any continuous loan will be classified as: 1. Sub-standard if it is past due/overdue for 3 months or beyond but less than 6 month; 2. Doubtful if it is past due/overdue for 6 months or beyond but less than 9 month; 3. Bad & Loss if it is past due/overdue for 9 months or beyond.
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- Definitions of past due and impaired (for accounting purposes);

Demand Loan: Any demand loan will be classified as:

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

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

In case of Fixed Term loans amounting more than Tk. 10.00 lac,

1. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 3 month, the entire loan will be classified as Sub-standard.
2. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 6 month, the entire loan will be classified as Doubtful.
3. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 9 month, the entire loan will be classified as Bad & Loss.

In case of Fixed Term loans amounting up to Tk. 10.00 lacs:

1. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 6 month, the entire loan will be classified as Sub-standard.
2. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 9 month, the entire loan will be classified as Doubtful.
3. If the amount of "defaulted installments" is equal to or more than the amount of installment(s) due within 12 months, the entire loan will be classified as Bad & Loss.

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

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

• Discussion of the bank's credit risk management policy	As per guidelines of Bangladesh Bank for Risk Based Capital Adequacy for Banks Standardized Approach for Credit Risk measurement has been applied. Standardized approach requires risk weight based on risk assessment done by External Credit Assessment Institutions (ECAI) recognized by Bangladesh Bank. Credit exposure not rated by any ECAI will get fixed weight as per Standardized approach.
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Quantitative Disclosures

b. Total gross credit risk exposures broken down by major types of credit exposure.	Type	Amount (in crore)	Percentage
	Continuous Loan	5,614.68	51.31%
	Term Loan	3,910.16	35.73%
	Bill portfolio	142.08	1.30%
	Other loan products	1,275.92	11.66%

c. Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	Division	Amount (in crore)	Percentage
	Dhaka	9067.61	82.86%
	Chittagong	1081.19	9.88%
	Khulna	272.25	2.49%
	Rajshahi	239.2	2.19%
	Sylhet	102.56	0.94%
	Barisal	19.59	0.18%
	Rangpur	160.45	1.47%

d. Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Sector (only industrial loan)	Amount (in crore)	Percentage
	Food & Allied	1,121.47	10.25%
	Textile	680.92	6.22%
	ERMG	709.30	6.48%
	Accessories	168.25	1.54%
	Jute product & Allied	390.46	3.57%
	Forest product & Allied	7.30	0.07%
	Paper, Board, Printing & Packg.	280.94	2.57%
	Tannery, Leather and Rubber Chem.	140.81	1.29%
	Pharm. and Allied	419.98	3.84%
	Glass, Crmc. and other non-metal	33.57	0.31%
	Engineering	144.78	1.32%
	Electrical & Electronics	61.95	0.57%
	Service Industry	1,031.21	9.42%
	Misc. Industry	1,002.03	9.16%
	Industry not elsewhere classified	32.18	0.29%

e. Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Type of credit exposure	Amount (in crore)	Percentage
	Up to 01 Month	4,065.45	37.15%
	Above 1 month but not more than 3 month	908.80	8.30%
	Above 3 month but not more than 1 year	2,951.49	26.97%
	Above 1 year but not more than 5 years	2,585.70	23.63%
	Above 5 years	431.41	3.94%

f. By major industry or counterparty type:		(Amount in crore)
• Amount of impaired loans and if available, past due loans, provided separately;		3,145.53
• Specific and general provisions; and		446.33
• Charges for specific allowances and charge-offs during the period.		135.62
g. Gross Non Performing Assets (NPAs) Non Performing Assets (NPAs) to Outstanding Loans & advances		(Amount in crore)
Movement of Non Performing Assets (NPAs)		
Opening balance		706.57
Additions		2,709.29
Reductions		270.33
Closing balance		3,145.53
Movement of specific provisions for NPAs		
Opening balance		256.53
Provisions made during the period		135.62
Write-off/Interest Waived		0.00
Write-back of excess provisions		0.00
Closing balance		392.15

Additional provision required as per Bangladesh Bank Audit report-

Total additional provision required 1,235.14

Provision maintained 446.33

To be provided within 31st December 2014 788.81*

* [Bangladesh Bank, vide their letter no. ডিবিআই-২(উবি-৫)৪০/২০১৪-৯০ তারিখ- ৩০-০৪-২০১৪, has allowed time to BASIC Bank Limited up to 31st December 2014 to provide the amount of provision for Tk.788.81 crore.]

e) Equities: Disclosures for Banking Book Positions

Qualitative Disclosures

a. The general qualitative disclosure requirement with respect to equity risk, including:	
• differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Equity investments are mainly for capital gain purpose. Bank also has some equity investment for strategic purpose.
• Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	The holding of bank's quoted and unquoted share are values at cost price. Provisions are made at the end of the year if market price is below the cost price.

Qualitative Disclosures

b. Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	The bank invested TK 23.23 crore in quoted and unquoted securities. Out of which the bank invested TK 19.11 crore in 57 quoted/ listed companies and TK 4.12 crore in 4 unquoted/unlisted companies.
c. The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	In the reporting year the cumulative realized gains (as capital gain) was TK 53.25 lac.
d.	
• Total unrealized gains (losses)	At the end of 2013 market value of securities stood at TK 32.19 crore against cost price of TK 23.23 crore resulting net gain (unrealized) of TK 8.96 crore.
• Total latent revaluation gains (losses)	Not applicable.
• Any amounts of the above included in Tier 2 capital.	Not applicable.
e. Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	Specific Market Risk: 2.37 crore General Market Risk: 2.37 crore

f) Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures

a. The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non maturity deposits, and frequency of IRRBB measurement.	Interest rate risk in the banking book is the risk of changes in market interest rate. Any positive or negative movement in the market interest rate affects the value of the banking book. It affects the current earning as well as the net worth of the bank.
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Qualitative Disclosures

b. The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	Market Value of Assets: 15,742.19 crore Market Value of Liabilities: 15,100.30 crore Weighted average Duration Gap: 0.52 yr CAR after different level of shocks: • Minor Level : -2.29% • Moderate Level : -2.91% • Major Level : -3.53%
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g) Market Risk

Qualitative Disclosures

a. Views of BOD on trading/investment activities	As the market risk is the probability of losing assets in balance sheet and off balance sheet position arising out of the volatility in market variables i.e., interest rate, exchange rate and price. The Board of Director approves all necessary policies related to market risk and review them on regular basis.
Methods used to measure Market risk	Standardized approach has been used to measure the market risk.
Market Risk Management system	Bank uses standardized approach to calculate market risk for trading book exposure as per instruction of Bangladesh Bank. Trading book exposures consists of position in financial instruments held with trading intent. Generally investment in Held for Trading (HFT) category is main part of trading book exposures.
Policies and processes for mitigating market risk	Trading decisions are taken after considering regular updates about the market. Bank diversifies its assets in various categories. Bank also has a concentration limit to mitigate unwanted market risk factors.

Qualitative Disclosures

b. The capital requirements for:	(Amount in crore TK)
Interest rate risk;	11.66
Equity position risk;	4.75
Foreign exchange risk; and	0.81
Commodity risk.	0.00

h) Operational Risk

Qualitative Disclosures

a. Views of BOD on system to reduce Operational Risk	As the operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events the Board of Director approves all necessary policies related to operational risk and review them on regular basis. Bank has internal manuals on Internal Control & Compliance and on Human Resource where details of operational policies, procedures and HR related activities have been stated, which is approved by the Board of Director.
Performance gap of executives and staffs	Bank regularly monitor and reviews the performance of executives both quantitatively and qualitatively through analysis of achievement of business target in various parameters and behavioral, tactical and leadership aspects through confidential evaluation process.
Potential external events	No potential external events are expected to expose the Bank to significant operational risk.
Policies and processes for mitigating operational risk	For this purpose, the Bank has three divisions under Internal Control and Compliance Risk, namely Audit & Inspection Division, Audit Findings Monitoring Division and Compliance Division. Audit and Inspection team regularly work to detect and remove procedural flaws, error and fraud. Compliance Division is working to ensure all sorts of regulatory and policy compliance to help smooth operation and maintain consistency and thus reduce risk. Bank is running through centralized real time online system. External events like natural disaster and unauthorized access to Bank's centralized computer system can affect the bank significantly. Bank has alternative arrangement for disaster recovery and a highly qualified team of IT experts is working to prevent any type of unauthorized access.
Approach for calculating capital charge for operational risk	Bank uses Basic Indicator approach for calculating capital charge for operational Risk as per instruction of Bangladesh Bank.

Qualitative Disclosures

b. The capital requirements for operational risk:	78.80 crore
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A high powered committee comprising of Directors from the Board (Executive Committee) has been vested with responsibilities for taking care of Green Banking issues of the Bank.

Green Banking is a part of international initiative. Governments and central banks have been undertaking initiatives and formulating directives to support green banking activities. Global warming, climate change, green house effect, air pollution, water pollution, waste disposal all these have negative impact on the environment. The Green Banking is an ethical banking, sustainable banking & socially responsible banking & center focus of it is the concern of Environment. BASIC Bank being socially and environmentally responsible bank to improve its own standard is also contributing to build up socially responsible business considering the interest of customers, employees, shareholders, communities and environment. Green Banking ensures contribution to the transition to resource efficient and low Carbon industry.

BASIC Bank has taken initiative at the very beginning to implement green banking and formulated its Green Banking policy approved by the Board of Directors. A high powered committee comprising of Directors from the Board (Executive Committee) has been vested with responsibilities for taking care of Green Banking issues of the Bank. A Green Banking Policy Implementation Unit (GBPIU) has been dedicatedly working in this connection.

The Bank is complying with the instructions stipulated in the detailed guidelines on Environmental Risk Management (ERM) of Bangladesh Bank. BASIC Bank is assessing Environmental Risk (EnvRR) in addition to existing Credit Risk Grading for any existing/proposed/prospective industrial project. The Bank has already assessed EnvRR of

797 (Seven Hundred Ninety Seven) numbers of project amounting Tk. 1257.76 Crore. The Bank also takes environmental issues very cautiously while processing each & every loan proposal.

Green finance as a part of Green Banking makes great contribution to the transition to resource-efficient and low carbon industries i.e. green industry and green economy in general. Bangladesh Bank directed to all banks to finance on Green project. The BASIC has stepped into green finance and already financed 26 (Twenty Six) projects, out of which 1 (One) Solar panel manufacturing project, 18 (Eighteen) numbers are ETP (Effluent Treatment Plant), 6 (Six) Brick fields using 3 (Three) HHK (Hybrid Hoffman Kiln) & 3 (Three) Zigzag kiln technology projects (as of 31-12-2013) as under project loan & working capital. To expedite finance on Green product/Industry, BASIC Bank signed Participation Agreement under Financing Brick Kiln Efficiency Improvement Project with Bangladesh Bank last year.

So far 480 (four hundred eighty) About Five hundred employees have been trained on Green Banking which includes all executives of the Bank. The Bank has kept budgetary provision in the expenditure budget for the year 2014 to address to: a) fund for green finance, b) climate risk fund & c) marketing and capacity building.

As part of in-house environmental management, awareness building program/ plans are set forth for branches and Head Office divisions- i.e. to take measures to save electricity, water, paper and stationary consumption in the line of Bangladesh Bank's guidelines. BASIC believes in

fostering behavioral change at both the institution and individual levels to contribute to climate change mitigation efforts.

All of its sixty eight Branches including Head Office are running with online operation mode. Appropriate disclosure of Green Banking activities are being made regularly through web site (www.basicbanklimited.com/Green_Banking.php) and necessary reporting to Bangladesh Bank is regular.

BASIC Bank is following ERM (Environmental Risk Management) manual/guidelines of Bangladesh Bank in their assessment and monitoring of project and working capital loans.

BASIC Bank introduces a green product namely BASIC alternative power solution (Solar Home System).

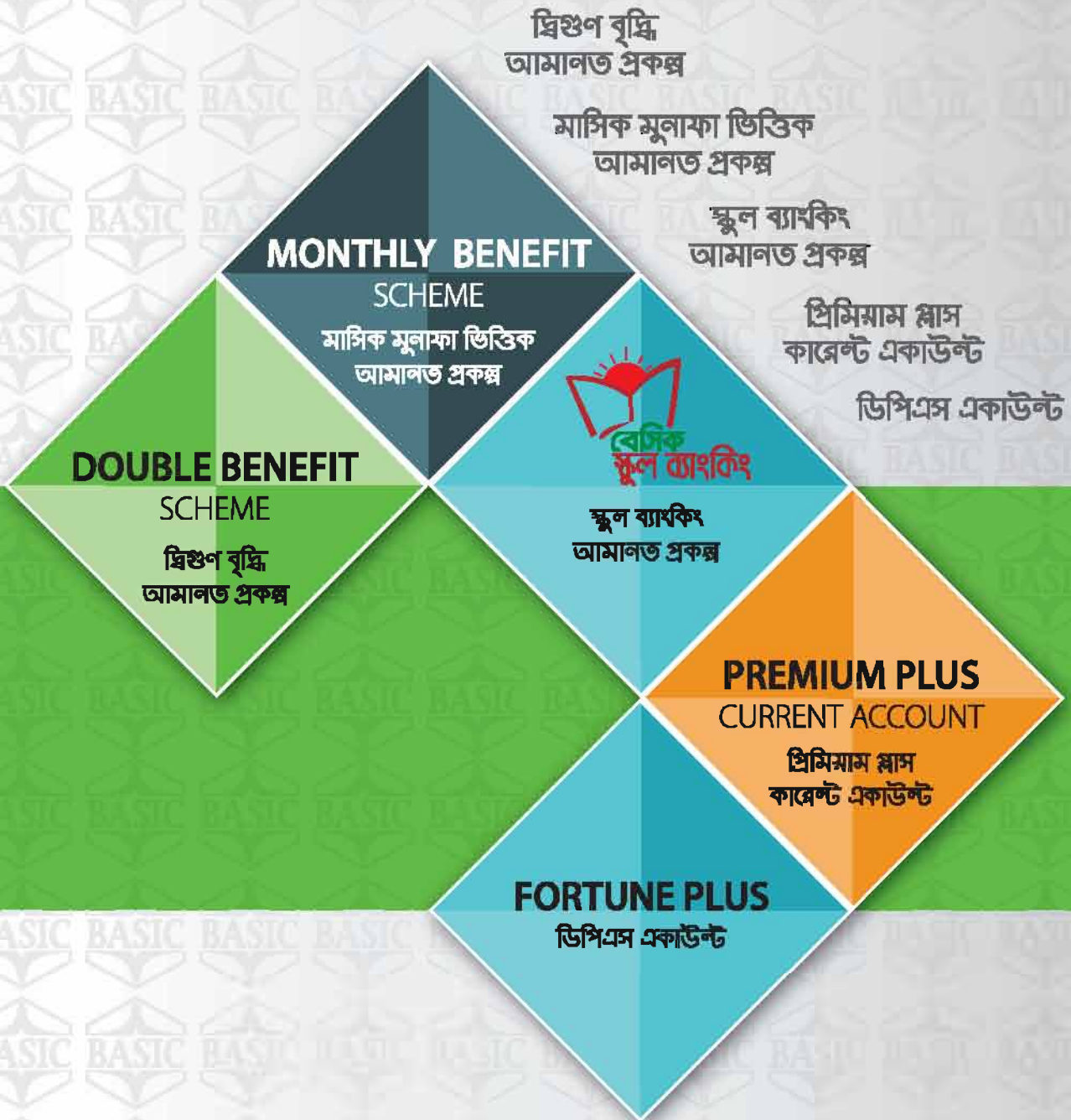
The bank is preparing specific ERM plan. It will determine a set of achievable targets and strategies, and disclose these in their annual reports and web sites for green financing and in-house environment management as well.

Bank's objective are using their resources with responsibility, avoiding waste and giving priority to environment and society. BASIC Bank exerts utmost effort to implement Green Banking and always eager to embrace latest technology and methods to ensure eco-friendly banking operation. BASIC Bank believes that, green banking ensures sustainable development and preservation of resources for next generation. All of its activities always have been propelled to take care of people and planet first then profit.

The only manufacturer of Solar Panel for commercial sale in Bangladesh is financed by BASIC Bank Limited showing its highest commitment for eco-friendly and Green Banking.



Deposit SCHEMES



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

CSR Activities of BASIC Bank Limited



Primarily CSR starts with the consideration of social implications by any body corporate which is ultimately reflected through its initiatives towards betterment of the disadvantaged peoples of a society. As a stakeholder of the society, the Bank is keen to augment CSR activities gradually in the days to come.

The concept of Corporate Social Responsibility (CSR) was considered in the early part of the 20th century but it received enormous impetus in the early 1950s. **Primarily CSR starts with the consideration of social implications by any body corporate which is ultimately reflected through its initiatives towards betterment of the disadvantaged peoples of a society. As a stakeholder of the society, the Bank is keen to augment CSR activities gradually in the days to come.** As such in broadly defining, CSR refers to the voluntary role of business towards building a better society and cleaner environment beyond its financial commitments and regulatory obligations. Considering importance of CSR, Bangladesh Bank since June 2008 officially started encouraging towards mainstreaming CSR in banks and financial institutions of Bangladesh.

We, at BASIC Bank Limited passionately believe that a better society is fundamental precondition for a better business environment. As such, CSR is viewed as one of the core corporate values of the Bank. As we all know, United Nations set eight goals (popularity known as Millennium Development Goals, such as eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality & empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability and develop a global partnership for

development) in its millennium summit held at the UN Head Quarters, New York, USA in 2000 and Bangladesh is one of the signatories to achieve those goals by 2015. As such, we have aligned our CSR activities partially with those goals. Some of our CSR activities involved are summarized below:

Poverty Alleviation

It is globally accepted that the Non-Government Organizations (NGOs) have been performing a laudable role in poverty alleviation across the globe, especially in Bangladesh. With a view to widen the access to finance by the poor and ultra poor community, BASIC Bank Limited has been financing NGOs for quite since 1995 at privileged rates of interest (between 7.00% and 11.00%). So far we have financed 65 NGOs of various categories and capacities from small to large and also from local/regional to national/international. Such activities also contributed to generation of income and employment as well.

Women Empowerment

As half of our population is woman, a sustainable national progress can not be attained, if women are left aside. Therefore, they should progressively be brought to the mainstream of our development activities. Considering this reality the bank has been mobilizing credit facilities to the capable

women entrepreneurs at a reduced rate of interest. So far we have financed several woman entrepreneurs and it will gain due momentum in the days to come.

Our Concern for the Environment

Today our planet is exposed to a severe environmental catastrophe than ever before. As a humble effort to reduce environmental pollution, we have financed 26 CNG refueling stations. Again, most of our office vehicles have already been converted to CNG fueling system. Use of CNG fuel also helps save hard earned foreign currency.

Environmental issues are taken into account while assessing credit proposal for the industrial projects. In the year 2012, BASIC Bank Limited donated Tk. 1.00 lac to Bangladesh Bannya Prani Sheba Foundation.

Sports and Cultural Activities

In the year 2012, the bank has donated Tk. 100.00 lac to Abahani Limited and Tk. 150.00 lac to Sheikh Russel Kira Chakra. Both these two teams are competing to clinch the title of Bangladesh Premier League Football. The bank also donated Tk. 15.00 lac to Bangladesh Olympic Association [BOA] for organizing the 8th Bangladesh Games. Besides, during the year 2011, the Bank extended financial support Tk. 200.00 lac to Sheikh Russel Kira Chakra and Sheikh Jamal Dhanmondi Club towards development of games and sports. The Bank also contributed Tk. 5.00 lac for making documentary on Bangabandhu Sheikh Mujibur Rahman, the father of the nation, viewing tribute and homage to him. In the year 2011, an amount of Tk. 8.00 lac was contributed for making documentary exhibition and archive of scarce footage of our great independence war. The Bank also contributed Tk. 10.00 lac to Bangladesh Table Tennis Federation in the year 2011. The Bank also sponsored 25th to 31st

National Junior Chess Championship by contributing Tk.1.00 lac in each year. It was a privilege and honor for the Bank to work with the 11th SA Games held since January 29, 2010 to February 09, 2010 in Dhaka as a co sponsor by contributing Tk.1.00 crore to Bangladesh Olympic Association. BASIC has been patronizing the Handball Federation by arranging "BASIC Bank Limited Inter district National Women Handball Tournament. The Bank also sponsored the National & International BASHAAP Championship in 2008.

The Bank has been one of the patrons for the Baishakhi Fair arranged by Bangladesh Small and Cottage Industries Corporation (BSCIC) to encourage the development of small and cottage industries since 2005. The Bank sponsored Tk. 5.00 lac each to arrange Baishakhi Fair during the year 2012 and 2013. Besides, the bank also sponsored Bangladesh Small & Cottage Industries Corporation (BSCIC) to publish supplementary/ memorandum book and organizing different events marking the 55th founding anniversary of BSCIC. During the year 2013, the bank donated Tk. 0.50 lac each to Wrishiz Shipli Gosthi and Audio Tech.

In the year 2012, BASIC Bank Limited donated Tk. 20.00 lac to various cultural organizations such as "Chitalmari Press Club", "Shilpakala Academy, Chitalmari", "Begum Fazilatunnesa Mujib Hall, Dhaka University for performing Swaraswati Puja", "Bangladesh Kuwait Moitree Hall, Dhaka University for performing Swaraswati Puja", "District Commissioner, Chandpur, for the construction of a monument at Boro Station for the memory of the victims of genocide at 1971", "National Committee for organizing 1st Bengali Convention", "Jatiyo Rabindra Sangeet Sammilan Parishad", "Dr. Humayun Azad Foundation for the construction of Dr. Azad sculpture and library at his burial premises", Officers' Club, Dhaka for observing national victory day, Islami

University, Kushtia for maintaining expenses to celebrate Bangla New Year – 1419.

Disaster Relief

From its inception, BASIC Bank Limited always participates actively at the time of national need. In the year 2013, the bank spent Tk. 60.00 lac from its CSR obligations for purchasing of blankets for distribution among cold stricken poor people of the country through Prime Minister's Relief Fund and directly. Besides, the bank donated Tk. 100.00 lac from its CSR fund to the Honorable Prime Minister's Relief and Welfare Fund for the rehabilitation of the victims of Rana Plaza Tragedy at Savar, Dhaka.

On the other hand, during the year 2012, the bank has spent from bank's CSR fund Tk. 80.00 lac for the donation of blankets to the cold stricken poor people of the country through Prime Minister's Relief Fund and directly. Moreover, in a gesture of positive point of view, the bank has donated Tk. 200.00 lac to the Prime Minister's Relief and Welfare Fund for the rehabilitation of the fire victims of Tazreen Fashions and Bahaddarhat Flyover tragedy. The bank also donated Tk. 1.00 lac to Gomostapur Union Parishad, Gomostapur, Chapainawabgonj to purchase corrugated iron sheets to be distributed among the storm affected distress poor people.

The bank also donated Tk. 1.00 lac to the Association of Banks Bangladesh [ABB] for the Tornado affected people of Brahmanbaria. In the year 2011, the Bank donated 25,000 pieces of blankets to Prime Minister's Relief and Welfare Fund. In the previous year the Bank donated an amount Tk.100.00 lac to Prime Minister's Relief and Welfare Fund for the rehabilitation of the victims of the Nimtoli Fire Tragedy. In the year 2007, the Bank donated Tk. 25.00 lac to the Chief Adviser's Relief Fund for the flood affected people and Tk. 25.00 lac for the SIDR victims.

Education

Akin to the previous years, BASIC Bank Limited has donated a sizeable amount to various educational institutions.

On the other hand, the bank donated Tk. 9.00 lac to the various educational institutions. The bank also donated Tk. 1.00 lac to Naogaon Zilla Samity, Dhaka to accolade the meritorious students of the district who have achieved CGPA 5 at the SSC and HSC examinations. During 2011, the Bank distributed Tk.5.00 lac among the meritorious students of Gopalganj Zilla Samity to accolade the meritorious students of the district.

In the year 2010, BASIC Bank Limited donated a fund of Tk. 50.00 lac to the aggrieved families of the two late secretaries of the Government of Bangladesh for maintaining the educational expenditure of their children. Besides, the Bank also contributed a fund of Tk. 5.00 lac to the daughters of late Chapa Rani Bhowmik for their education purpose. In 2009 BASIC Bank Limited donated Tk. 2.00 lac to Bangladesh Asiatic Society for publishing Bengali version of the largest National encyclopedia of Bangladesh. In publishing the first edition (English version) of the encyclopedia, BASIC Bank Limited donated Tk. 5.00 lac as well. 'BASIC Bank Limited Gold Medal' was introduced in collaboration with the Banking Department, University of Dhaka for the students of the department with outstanding academic achievements. With a view to provide a smooth interface between student life and professional life, we offer internship facility to the BBA and MBA students of different universities with commendable academic records after completion of all other academic requirements. In the year 2010, a huge numbers of interns were granted the opportunities to groom with us in a truly professional, dynamic and challenging corporate environment.

Promotion of Entrepreneurship

The promoters of the Bank envisaged fostering entrepreneurship amongst the potential, new and small entrepreneurs and generating employment through financing Small and Medium Scale Industries (SMIs) towards industrialization actually needed for economic growth of the country. Keeping the dream in mind, we never ran after the so called blue chips (the established and larger corporations) towards profit maximize of the Bank. Rather, we always remained stick to the triple bottom line: People, Planet & Profit and focused attention to the SMIs which is ultimately promotion of SMEs. In this way, a lot of entrepreneurs have grown with us through which employment opportunities are created for a large number of people.

Health Care Program

Access to healthcare facilities is one of the fundamental rights of every human being. However, most of our people, especially the underprivileged group has little or no access to health care facilities. As such, BASIC Bank Limited is committed to assist those poor people, who have no way to secure basic treatment.

BASIC Bank Limited spent Tk. 69.00 lac from its CSR fund to purchase 03 [three] units of Ambulance for Pabna Diabetic Association, Kotalipara Upazilla Health Complex and Mathbaria Pourashava Authority for carrying the poor and distressed patients of those areas. The bank also donated Tk. 1.70 lac directly to some poor and distressed patients for maintaining their expensive medical expenses.

During the year 2012, the bank has given financial assistance from its CSR fund a sum of Tk. 1.00 lac to Mr. Kamal Hossain, Senior Officer, Sonali Bank Limited, Agargaon Branch, Dhaka for the treatment of his baby who is suffering from leukemia and Tk. 0.50 lac to Mr. Borhan

Uddin Bhuiyan, Deputy Secretary of the Ministry of Youth and Sports, for the treatment of his ailing daughter. The bank donated Tk. 1.00 lac to Mr. Kamal Hossain, a Guard cum messenger of the bank for the treatment of his ailing brother suffering lung cancer. In the year 2011, the Bank distributed about Tk. 3.00 lac amongst different disadvantaged individuals. In the year 2010, the Bank patronizes some organizations, which work for improvement of public health. Also in 2009 the bank donated SANDHANI & Lions Eye Hospital in organizing their free treatment campaign held at different places across the country. The Bank also extended its assistance to some acid victims directly.

Awareness Building

Generation of awareness is a very useful tool to combat social evils, like drug addiction, smoking, pollution, terrorism, population etc. For this purpose, the Bank has continued to display banner, festoon sticker, display board and use such other communication channels for discouraging drug, smoking, pollution, population growth etc. The Bank kept continued such awareness building activities for the year 2011 and 2012. In the year 2010, the Bank donated a sum of Tk. 0.50 lac to Sundarban Supporters Committee for creating awareness to elect Sundarban as the new



BASIC Bank Limited donated blankets to the cold stricken poor people at Lalbagh of old Dhaka.

“Seven Wonders of the World”. Earlier, the Bank published such sticker and display banners and festoon In observance of the National Family Planning Day - 2010, the World Environment Day 2010, the National Tree Plantation Week - 2010 and the National Fisheries Day 2010.

Other Activities

During the year 2013, BASIC Bank Limited spent a sizeable amount from Its CSR fund to various religious, government and autonomous bodies. Details are outlined as under:

Organizations	Purpose	Donated Amount
Ministry of overseas employment and expatriates welfare	For observing International Migrants' Day-2013	Tk. 5,00,000.00
Some Mosques and religious bodies	For infrastructural development	Tk. 8,00,000.00
Jahangirnagar University	For purchase of 01 (one) unit of TATA LP - 713 AC Bus for carrying teachers	Tk. 36,00,000.00

In the year 2012, the bank subscribed Tk. 30.20 lac to the Institute of Bankers, Bangladesh [IBB].

The bank sponsored Tk. 10.00 lac to Jhenidah Ex-Cadets Association for organizing Golden Jubilee Celebration of Jhenidah Cadet College and Ex-Cadets Association's 11th reunion. The bank also donated Tk. 3.00 lac to Bangladesh Arthanity Samity, Tk. 1.00 lac to Ministry of Expatriates' Welfare and Overseas Employment and Tk. 0.50 lac to Ministry of Women and Children Affairs On the other hand, the Bank donated for publishing a souvenir marking the 90 years of anniversary of Bangla Department of Dhaka University in the year 2011.

Future Plan

The Bank has an active plan to establish a charitable organization in the name of “BASIC Bank Foundation” to augment CSR activities through expanding both nature and magnitude towards implementation of social obligations in an organized manner for a better Bangladesh.



Corporate Governance Practices of BASIC Bank



A high powered committee comprising Directors of the Board (Executive Committee) has been vested with responsibilities for taking care of Green Banking issues of the Bank.

Preface:

The meaning of the term 'corporate governance' is wider to a large extent in the arena of corporate world. At its broadest, corporate governance encompasses the framework of rules, relationships, systems and processes within and by which fiduciary authority is exercised and controlled in companies. Relevant rules include applicable laws of the land as well as internal rules of a company. Relationships include those between all related parties, the most important of which are the owners, managers, directors of the board, regulatory authorities and to a lesser extent employees and the community at large. Systems and processes deal with matters such as delegation of authority, performance measures, assurance mechanisms, reporting requirements and accountabilities. The parties involved in corporate governance include the governing or regulatory body e.g., Securities and Exchange Commission, the Managing Director / Chief Executive Officer, the board of directors, management and shareholders. Other stakeholders who take part include employees, suppliers, creditors, lenders, customers and the community at large. As such good governance is an essential ingredient in corporate success and sustainable economic growth. The corporate governance framework depends on the legal, regulatory, institutional and ethical environment of the community. Being a stakeholder of the society BASIC Bank is keen to augment the corporate governance practices towards accountability, sustainable growth of the Bank as well as better economy of the country.

The Board:

The members of the Board of Directors are appointed by the Bank and Financial Institutions Division, Ministry of Finance, Government of the People's Republic of Bangladesh. The said Ministry through its notification dated July 06, 2014 reconstituted the Board of Directors of the Bank. As such present Board is comprised of seven members of whom four are professionals, two are bureaucrats and the rest one is CEO of the Bank. Likewise, the present previous Board was comprised of ten members of whom four were bureaucrats, three were professionals and the rest three were businessman, retired government high official and the CEO of the Bank. The Directors having sound academic background, skills and experience to add value towards corporate governance and maximizing the shareholders value. As such all the members of the Board are non-executive Directors except one.

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

Chairman of the Board:

The Bank and Financial Institutions Division, Ministry of Finance reconstituted the Board of Directors on July 06, 2014 through Gazette Notification. As such the present Chairman Mr. Alauddin A. Majid, a veteran banker, was appointed on July 06, 2014 by the Ministry of Finance. The immediate past Chairman of the Bank was Mr. Sheikh Abdul Hye Bacchu continued his tenure for about five years from October 2009.

Number of Board Meetings held in 2013:

Sl.	Name	Position	Meeting Held	Meetings attended
1.	Mr. Sheikh Abdul Hye Bacchu	Chairman	09	09
2.	Mr. Fakhrul Islam	Director	09	04
3.	Mr. Shubhashish Bose	Director	09	07
4.	Mr. Shyam Snder Sikder	Director	09	04
5.	Ms. Neelufar Ahmed	Director	09	07
6.	Ms. Quamrun Naher Ahmed	Director	09	09
7.	Mr. AKM Rezaur Rahman	Director	09	06
8.	Mr. AKM Kamrul Islam, FCA	Director	09	05
9.	Mr. Md. Anwarul Islam, FCMA	Director	09	08
10.	Mr. Anis Ahamad	Director	09	07
11.	Mr. Kazi Faqurul Islam	M.D.	09	09

Mentionable that Mr. Fakhrul Islam was ceased to a Director since his transfer to Bangladesh Economic Zone Authority (BEZA) as its Chairman. Besides, Mr. AKM Rezaur Rahman and Mr. AKM Kamrul Islam, FCA were ceased to be Directors as per notification of the Bank and Financial Institutions Division, Ministry of Finance.

The Committees of the present Board (Since July 14, 2014):

Pursuant to amendments to the Banking Companies Act 1991, at present there are three committees of the Board namely Executive Committee, Audit Committee and Risk Management Committee. Each Committee operates under the Terms of Reference (TOR) as stipulated by the Board and the guidelines of Bangladesh Bank.

Executive Committee (Since July 14, 2014):

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

1. Mr. Alauddin A. Majid - Chairman
2. Ms. Raihana Aneesa Yusuf Ali - Member

3. Mr. Md. Mamun-Al-Rashid - Member
4. Managing Director - Member

Audit Committee (Since July 14, 2014):

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

1. Dr. Mojib Uddin Ahmed - Chairman
2. Ms. Parag - Member
3. Mr. Hasan Mahmood, FCA - Member

Risk Management Committee (Since July 14, 2014):

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

1. Ms. Raihana Aneesa Yusuf Ali - Chairman
2. Mr. Md. Mamun-Al-Rashid - Member
3. Dr. Mojib Uddin Ahmed - Member

Various Committees of the immediate past Board:

Executive Committee of the immediate past Board (up to July 05, 2014):

The Executive Committee of the immediate past Board was comprised of the following members:

- 01. Mr. Sheikh Abdul Hye Bacchu - Chairman
- 02. Ms. Neelufar Ahmed - Member
- 03. Mr. Anis Ahamad - Member
- 04. Mr. Kazi Faqurul Islam - Member

Audit Committee of the Board (up to July 05, 2014):

The Audit Committee of the immediate past Board was comprised of the following members:

- 01. Mr. Shubhashish Bose - Convener
- 02. Ms. Quamrun Naher Ahmed - Member
- 03. Mr. Md. Anwarul Islam, FCMA - Member

Risk Management Committee of the Board (up to July 05, 2014):

The Risk Management Committee of the immediate past Board was comprised of the following members:

- 01. Mr. Shyam Sunder Sikder - Convener
- 02. Ms. Neelufar Ahmed - Member
- 03. Mr. Md. Anwarul Islam, FCMA - Member
- 04. Mr. Anis Ahamad - Member
- 05. Mr. Kazi Faqurul Islam - Member

Compliance with Bangladesh Bank regulations:

The Bank as a scheduled Bank gives top priority towards meticulous compliance with all regulatory requirements of Bangladesh Bank focusing core risk management, capital adequacy, loan classification and provisioning, foreign exchange regulations, liquidity management, anti-money laundering guidelines etc.

Compliance with Corporate Governance guidelines of Bangladesh Bank:

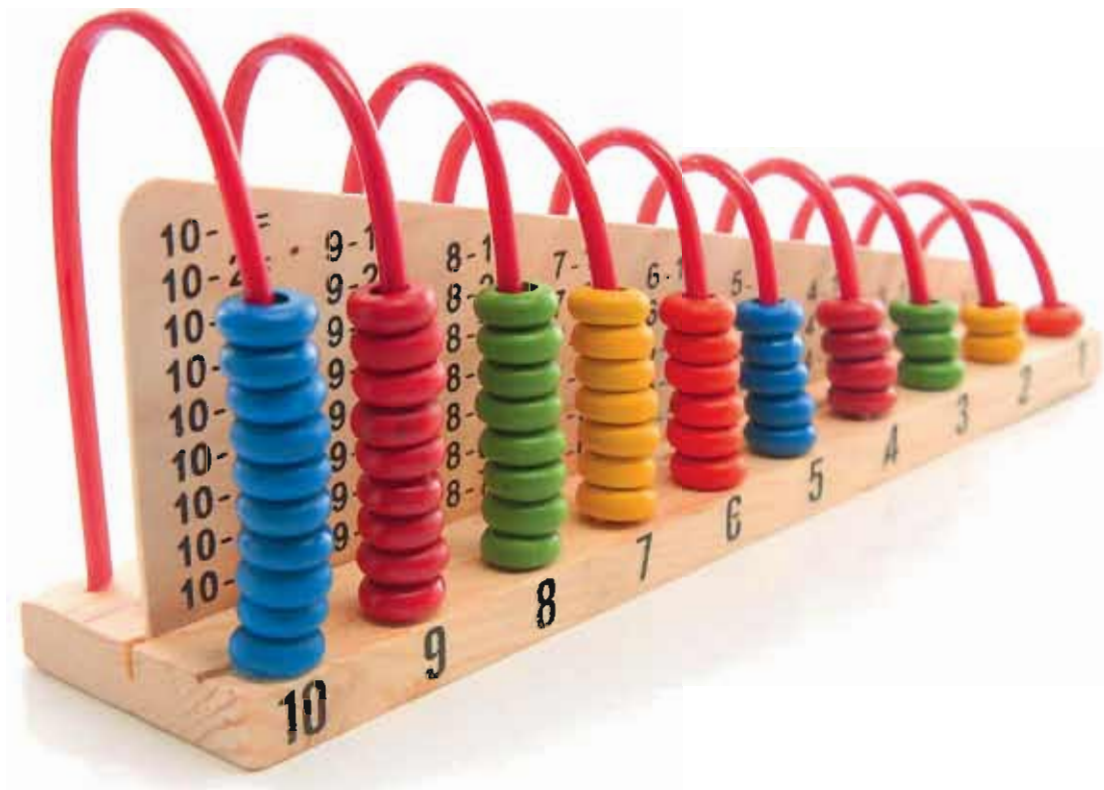
The Bank follows the guidelines of Bangladesh Bank on corporate governance (published through BRPD Circular No.11, BRPD Circular Letter No.18 and BRPD Circular Letter No.18 all dated October 27, 2013) regarding responsibilities and accountabilities of the Board of Directors, responsibilities of Chairman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

Compliance with BSEC regulations:

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



Audited Financial Statements





Auditors' Report

Balance Sheet

Profit & Loss Account

Cash Flow Statement

Statement of the changes in Equity

Liquidity Statement

Notes to the Financial Statements

Nostro Accounts- Outside Bangladesh: (Annexure-A)

Investment in shares: (Annexure-B)

Loans and advances allowed to each customer exceeding 10% of Bank's total Equity: (Annexure-C)

Fixed Assets Schedule: (Annexure-D)

Highlights on the overall activities of the Bank

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BASIC BANK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of BASIC Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2013, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

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

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the Bank.

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

Basis for Qualified Opinion

1. (i) As on 31 December 2013 the bank has reported a provision shortfall of Tk. 126 crore for loans and advances. As on the said date Bangladesh Bank has determined further provision shortfall against loans and advances for Tk. 662.74 crore. In addition to the above our audit revealed an amount of Tk. 545.30 crore

to be further provided for loans and advances of the Bank as on 31 December 2013. Thus an aggregate amount of Tk. 1,334.04 crore remained short in the accounts against provision for loans and advances as on the balance sheet date. However, Bangladesh Bank vide its letter no. DBI-2(UB-5)40/2014-90 dated 30 April 2014 has given permission to the Bank to provide the above mentioned entire amount within 31 December 2014.

- (ii) Interest on classified loans and advances aggregating Tk.208.58 crore has been credited to income instead of crediting the same to interest suspense account. This is a non-compliance with BRPD Circular # 14 dated 23 September 2012 and BRPD Circular No. 19 dated 27 December 2012 issued by Bangladesh Bank. If the matter has been considered in the financial statements, the net loss after tax for the year ended 31 December 2013 would have been Tk.261.73 crore instead of Tk.53.15 crore and the eligible capital would have been negative to the tune of Tk.315.06 crore instead of negative Tk.195.13 crore as reported by the bank;
2. Significant weakness in the Bank's internal control regarding loans and advances management, specially loans were renewed having excess over limit, loans were sanctioned having observation in credit line proposal (CLP), grace period extended frequently to avoid classification of loan, incomplete sanction advice of loan issued by Head Office, unauthorized decrease of instalment size, unauthorized changes in first repayment and expiry date, showing same asset as collateral security of more than one loan, over valuation of collateral security, loan sanctioned/rescheduled/ renewed/disbursed having CRG less than acceptable limit, amount paid by customer is shown higher (in CL) than the actual payment, significant weakness in loan documentation etc. So we can't rely on internal control established by management for fair presentation of financial statements.

Qualified Opinion

In our opinion, except for the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note # 2.1.

Report on Other Legal and Regulatory Requirements

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

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control except for the matters described in point # 2 under the Basis for Qualified Opinion paragraph:

- i) internal audit, internal control and risk management arrangements of the Bank as disclosed in note # 2.16 to the financial statements appeared to be adequate;
- ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (d) the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (e) the expenditure incurred was for the purposes of the Bank's business;
- (f) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh financial reporting standards (BFRSs) as explained in note # 2.1 as well as with related guidance issued by Bangladesh Bank;
- (g) adequate provisions have been made for advances except for the matters described in point # 1 (i) under the Basis for Qualified Opinion paragraph which are, in our opinion, doubtful of recovery;
- (h) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (i) the information and explanation required by us have been received and found satisfactory; and
- (j) we have reviewed over 80% of the risk weighted assets and we have spent around 6,590 person hours for the audit of the books and accounts of the Bank.

Dhaka,
30 April 2014



ACNABIN
Chartered Accountants



Aziz Halim Khair Choudhury
Chartered Accountants

BALANCE SHEET
As at 31 December 2013

	Note	31.12.2013 Taka	31.12.2012 Taka
PROPERTY AND ASSETS			
Cash	3	8,136,217,578	6,289,262,686
Cash in hand (including foreign currencies)		662,693,500	530,259,947
Balance with Bangladesh Bank & its agent bank(s) (including foreign currencies)		7,473,524,078	5,759,002,739
Balance with other banks & financial institutions	4	2,841,160,815	1,404,339,168
In Bangladesh		2,587,734,580	1,239,825,254
Outside Bangladesh		253,426,235	164,513,914
Money at Call on Short Notice	5	4,980,000,000	1,000,000,000
Investments	6	27,663,726,114	11,707,246,360
Government		27,361,324,378	11,447,739,226
Others		302,401,736	259,507,134
Loans & Advances	7	109,428,439,155	85,955,762,411
Loans, Cash Credit & Overdraft etc.		108,007,688,524	84,091,736,283
Bills purchased & discounted		1,420,750,631	1,864,026,128
Fixed assets including premises, furniture and fixtures	8	723,081,527	526,822,778
Other assets	9	3,299,568,639	2,798,630,373
Non-banking Assets		-	-
Total Assets		157,072,193,828	109,682,063,776
LIABILITIES AND CAPITAL			
Borrowings from other banks, financial Institutions and agents	10	2,805,859,259	5,492,934,551
Deposits and other accounts	11	134,493,447,522	87,693,231,680
Current Accounts and other Accounts		3,722,816,032	3,664,287,133
Bills Payable		760,140,535	829,492,084
Savings Bank Deposits		2,035,729,490	1,709,220,720
Fixed Deposits		127,974,761,465	81,490,231,743
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
Other liabilities	12	13,733,710,510	10,035,428,549
Total Liabilities		151,033,017,292	103,221,594,780
Capital/Shareholders' Equity			
Paid up Capital	13	2,946,982,500	2,946,982,500
Statutory Reserve	14	2,224,690,642	2,224,690,642
Other Reserve	15	1,347,364,605	1,237,123,737
Retained (Loss)/Earnings	16	(479,861,211)	51,672,118
Total Shareholders' Equity		6,039,176,536	6,460,468,997
Total Liabilities and Shareholders' Equity		157,072,193,828	109,682,063,776

OFF-BALANCE SHEET ITEMS
CONTINGENT LIABILITIES

Acceptances and Endorsements

Letters of Guarantee

Irrevocable Letters of Credit

Bills for Collection

Other Contingent Liabilities

17	14,947,018,446	13,927,122,433
	4,120,925,246	4,143,752,994
	2,532,628,058	2,325,627,108
	7,586,157,868	6,455,101,876
	384,207,849	673,841,506
	323,099,425	328,798,949

OTHER COMMITMENTS

Documentary credit and short term trade-related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

-	-
-	-
-	-
-	-

Total Off-Balance Sheet items including contingent liabilities
14,947,018,446 **13,927,122,433**

The annexed notes form an integral part of these financial statements.

Managing Director

Director

Director

Chairman

This is the balance sheet referred to in our separate report of even date.

Dhaka,
30 April 2014

ACNABIN
Chartered Accountants

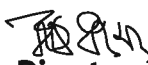
Aziz Halim Khair Choudhury
Chartered Accountants

PROFIT & LOSS ACCOUNT
For the year ended 31 December 2013

	Note	2013 Taka	2012 Taka
Interest income	18	14,808,958,707	11,020,886,815
Interest paid on deposits and borrowings etc.	19	(13,107,954,540)	(8,544,607,147)
Net interest income		1,701,004,167	2,476,279,668
Investment income	20	1,672,850,726	1,559,166,570
Commission, exchange and brokerage	21	737,205,721	693,134,330
Other operating income	22	119,729,733	129,096,210
		2,529,786,180	2,381,397,110
Total operating income (a)		4,230,790,347	4,857,676,778
Salary and allowances	23	1,767,827,961	1,160,050,181
Rent, taxes, insurance, electricity etc.	24	291,333,265	205,343,677
Legal expenses	25	13,737,975	8,922,961
Postage, stamp, telecommunication etc.	26	58,820,829	41,998,924
Stationery, printings, advertisements etc.	27	82,424,685	63,331,297
Managing Director's salary and fees	28	6,224,000	5,922,000
Directors' fees	29	936,493	859,750
Auditors' fees		920,000	697,475
Depreciation of bank's assets	30	152,692,022	109,404,277
Repair of bank's assets	31	36,642,569	35,226,905
Other expenses	32	349,028,347	615,825,858
Total operating expenses (b)		2,760,588,146	2,247,583,305
Profit before provision (c = a-b)		1,470,202,201	2,610,093,473
Provision for loans and advances	33	1,338,516,767	1,561,189,794
Provision (excess provision) for off balance sheet exposures	34	13,197,112	(26,982,580)
Provision for diminution in value of investments		-	-
Total provision (d)		1,351,713,879	1,534,207,214
Total profit before taxes (c-d)		118,488,322	1,075,886,259
Provision for taxation			
Current tax	35	732,123,676	1,079,199,412
Deferred tax	36	(82,102,025)	(31,209,477)
		650,021,651	1,047,989,935
Net (loss)/profit after taxation		(531,533,329)	27,896,325
Appropriations			
Statutory reserve	14	-	-
General reserve		-	-
Dividends etc.		-	-
Retained earnings		(531,533,329)	27,896,325
Earning Per Share (EPS)	37	(18.04)	0.95

The annexed notes form an integral part of these financial statements.


Managing Director


Director


Director


Chairman

This is the profit & loss account referred to in our separate report of even date.

Dhaka,
30 April 2014


ACNABIN
Chartered Accountants


Aziz Halim Khair Choudhury
Chartered Accountants

CASH FLOW STATEMENT

For the year ended 31 December 2013

Note	2013 Taka	2012 Taka
Cash flows from operating activities		
Interest receipts in cash	16,072,872,578	12,461,286,095
Interest payments	(12,005,690,969)	(7,397,093,466)
Dividends receipts	21,263,848	4,454,955
Fee and commission receipts in cash	737,205,721	693,134,330
Recoveries of loans previously written off	3,804,496	17,442,440
Cash payments to employees	(1,650,539,708)	(1,124,869,202)
Cash payments to suppliers	(82,424,685)	(63,331,297)
Income taxes paid	(798,097,050)	(970,479,737)
Receipts from other operating activities (item- wise)	115,855,273	111,577,865
Payments for other operating activities (item-wise)	(751,419,478)	(908,875,550)
Operating profit before changes in operating assets and liabilities (i)	1,662,830,026	2,823,246,433
Increase/(Decrease) in operating assets and liabilities (ii)	8,636,902,611	(6,716,593,543)
Statutory deposits	-	-
Purchase/sale of trading securities	(15,846,238,886)	(2,467,349,114)
Loans & advances to customers	(23,472,676,744)	(29,071,004,526)
Other assets (item-wise)	(192,565,407)	(203,897,170)
Deposits from other banks	802,961,536	49,600,749
Deposits from customers	45,997,254,306	24,992,896,157
Other liabilities (item-wise)	1,348,167,807	(16,839,639)
Net cash flow from operating activities (A)= (i+ii)	10,299,732,637	(3,893,347,110)
Cash flows from investing activities		
Proceeds from Sale of Securities	-	-
Cash Payments for Purchase of Securities	-	-
Purchase of property, plant & equipment	(350,765,326)	(271,767,607)
Sales of property, plant & equipment	1,884,519	77,481
Net cash (used in) investing activities (B)	(348,880,807)	(271,690,126)

Cash flows from financing activities

Increase/(Decrease) of Long Term Borrowing	(2,687,075,292)	2,704,778,893
Conversion of borrowing into reserve	-	1,205,000,000
Dividend Paid	-	-
Net cash (used in)/from financing activities (C)	(2,687,075,292)	3,909,778,893
Net increase/(decrease) in cash (D)=(A+B+C)	7,263,776,538	(255,258,343)
Effects of Exchange Rate Changes on Cash and Cash Equivalent (E)	-	-
Cash and cash equivalents at beginning year (F)	8,693,601,854	8,948,860,197
Cash and cash equivalents at end of year (D+E+F) (*)	15,957,378,393	8,693,601,854
(*) Analysis of cash and cash equivalents at end of year		
Cash	8,136,217,578	6,289,262,686
Balance with other banks & financial institutions	2,841,160,815	1,404,339,168
Money at call on Short Notice	4,980,000,000	1,000,000,000
	15,957,378,393	8,693,601,854

The annexed notes form an integral part of these financial statements.

Dhaka,
30 April 2014


Managing Director


Director


Director


Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

(Amount in Taka)

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve				Profit and Loss	Total
			General Reserve	Revaluation Reserve of HFT securities	Loss on Revaluation/Amortization of HTM securities	Sub-Total		
Balance as at 01 January 2013	2,946,982,500	2,224,690,642	1,245,000,000	66,582,633	(74,458,896)	1,237,123,737	51,672,118	6,460,468,996
Net Loss for the Year	-	-	-	-	-	-	(531,533,329)	(531,533,329)
Revaluation Reserve for Securities	-	-	-	61,459,208	48,781,660	110,240,868	-	110,240,868
Transferred to Other Reserve	-	-	-	-	-	-	-	-
Issuance of Bonus Share	-	-	-	-	-	-	-	-
Free Reserve	-	-	-	-	-	-	-	-
Balance as at 31 December 2013	2,946,982,500	2,224,690,642	1,245,000,000	128,041,841	(25,677,236)	1,347,364,605	(479,861,211)	6,039,176,536
Balance as at 31 December 2012	2,946,982,500	2,224,690,642	1,245,000,000	66,582,633	(74,458,896)	1,237,123,737	51,672,118	6,460,468,996

LIQUIDITY STATEMENT

(Asset and Liability Maturity Analysis)

As at 31 December 2013

(Amount in Taka)

Particulars	Up to 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets						
Cash in hand	149,685,288	-	-	-	7,986,532,290	8,136,217,578
Balance with other banks and financial institutions	2,224,125,623	50,000,000	413,606,250	153,428,942	-	2,841,160,815
Money at call on short notice	4,980,000,000	-	-	-	-	4,980,000,000
Investment	7,798,506,983	821,006,138	2,513,514,968	10,658,500,555	5,872,197,470	27,663,726,114
Loans and Advances	10,815,284,840	39,467,663,510	24,570,269,709	23,969,751,489	10,605,469,607	109,428,439,155
Fixed assets including premises, furniture & fixtures	19,381,779	34,887,204	145,363,350	484,544,500	38,904,694	723,081,527
Other assets	-	-	-	3,299,568,639	-	3,299,568,639
Non-banking assets	-	-	-	-	-	-
Total Assets	25,986,984,514	40,373,556,852	27,642,754,277	38,565,794,125	24,503,104,061	157,072,193,828
Liabilities						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	400,000	2,600,000	7,800,000	54,600,000	2,740,459,259	2,805,859,259
Deposits & Other accounts	24,338,923,725	37,682,360,606	63,411,791,484	5,957,496,262	3,102,875,445	134,493,447,522
Provision and other liabilities	292,968,090	325,671,504	5,826,249,583	1,378,312,663	5,910,508,670	13,733,710,510
Total Liabilities	24,632,291,815	38,010,632,110	69,245,841,067	7,390,408,925	11,753,843,375	151,033,017,292
Net Liquidity Gap	1,354,692,699	2,362,924,742	(41,603,086,790)	31,175,385,200	12,749,260,686	6,039,176,536

Dhaka,
30 April 2014


Managing Director


Director


Director


Chairman

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1.0 The Bank and its activities

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

1.2 Objectives

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

2.0 Basis of preparation and significant accounting policies

Basis of Preparation

2.1 Statement of compliance

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

i) Investment in shares and securities

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

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

ii) Revaluation gains/losses on Government securities

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

Bangladesh Bank: HFT securities are revalued on the basis of mark to market at every week end and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

iii) Provision on loans and advances/investments

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

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Recognition of interest in suspense

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

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

v) Other comprehensive income

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

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

vi) Financial instruments – presentation and disclosure

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

vii) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

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

viii) Cash and cash equivalent

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

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

ix) Non-banking asset

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

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

x) Cash flow statement

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

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

xi) Balance with Bangladesh Bank (Cash Reserve Requirement)

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

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

xii) Presentation of intangible asset

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

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

xiii) Off-balance sheet items

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

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

xiv) Loans and advances net of provision

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

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

2.2 Use of estimates and judgments

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

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts

recognized and presented in the financial statements of the Bank are included in following notes/statements:

- a) Note 12.1 & 12.2 Provision for loans and advances and off balance sheet exposure
- b) Note 30 Depreciation
- c) Note 35 Current tax liabilities
- d) Note 36 Deferred tax asset
- e) Liquidity statement

2.3 Foreign currency transaction

a) Foreign currency

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

b) Foreign currencies translation

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are initially translated into equivalent US Dollar at buying rates taken from Reuters and then retranslated from US Dollar into equivalent Taka in the same specified above.

c) Commitments

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

d) Transaction gains and losses

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

2.4 Cash flow Statement

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

2.5 Liquidity statement

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

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

2.6 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with BAS 1 “Presentation of Financial Statements” and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25th June 2003.

2.7 Reporting period

These financial statements cover one calendar year from 01 January 2013 to 31 December 2013.

2.8 Offsetting

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

2.9 Assets and basis of their valuation

2.9.1 Cash and cash equivalents

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

2.9.2 Loans, advances and provisions

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

interest suspense account thereon are shown under other liabilities. Provision against classified loans and advances is made on the basis of quarter end review by the management and instructions contained in BRPD Circular no. 14 dated 23 September 2012 and BRPD Circular no. 19 dated 27 December 2012 and BRPD circular no. 05 dated 29 May 2013. The rates for provisions are stated below:

Particulars		Provision Rate
General provision on		
a.	Consumer Financing (House Financing)	2%
b.	Consumer Financing (Loans to Professional)	2%
c.	Consumer Financing (Other than house finance and loans to professional)	5%
d.	Small and Medium Enterprise Financing (SMEF)	0.25%
e.	Short Term Agriculture & Micro Credit	5%
f.	Loans to BHs/ MBs/ Sds against Shares etc	2%
g.	All other Credit	1%
h.	Special Mention Account	0.25% to 5%
Specific provision on		
a.	Substandard Loans and Advances	
	i. Short Term Agri Credit & Micro Credit	5%
	ii. Other than Short Term Agri Credit & Micro Credit	20%
b.	Doubtful Loans and Advances	
	i. Short Term Agri Credit & Micro Credit	5%
	ii. Other than Short Term Agri Credit & Micro Credit	50%
c.	Bad & Loss Loans and Advances	100%

2.9.3 Investments

Investments have been initially recognised at cost, including acquisition charges associated with the investment. Premiums have been amortised and discount accredited, using the effective or historical yield method. The investment in government securities (Treasury bills & bonds) are classified into Held to Maturity (HTM) & Held for Trading (HFT) as per Bangladesh Bank's guidelines contained in DOS Circular Letter No. 05 dated 26 May 2008, DOS Circular Letter No. 05 dated 28 January 2009, DOS Circular No. 06 dated 15 July 2010 & under reference Letter No. DOS (SR)1153/120-A/2011-746 dated 29 December 2011. Reclassification of HTM securities into HFT securities are also done in compliance with Bangladesh Bank's guidelines.

Held to Maturity (HTM)

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the entity has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available

for sale. These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Any increase or decrease in value of such investments is credited to revaluation reserve account and shown in the equity. Such gains/(losses) are credited to income account at the time of maturity or sale of the security.

Held for Trading (HFT)

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

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

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Treasury Bill / Bond (HFT)	Cost	Market value	Loss to profit and loss account (P&L) gain to revaluation reserve
Treasury Bill / Bond (HTM)	Cost	Amortised value	Increase in value to equity and decrease in value to P&L account
Debenture	Face value	None	None
Prize bond	Cost	None	None
Shares	Cost	Lower of cost and market value	Any loss, charged in P&L account Unrealized gain, not recognize in accounts

Investment in listed (quoted) securities

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

Investment in unlisted (unquoted) securities

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

Other Investments

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

2.9.4 Fixed assets

Recognition and measurement

Items of fixed assets are measured at cost less accumulated depreciation as per BAS 16 "Property, Plant and Equipment". Cost includes expenditures that are directly

attributable to the acquisition of assets. Subsequent costs is capitalized only when it is probable that the future economic benefits associated with the costs will flow to the entity. Ongoing repairs and maintenance is expensed as incurred.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation

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

Category of fixed assets	Rate	Method of Depreciation
Furniture and fixtures	10%	Reducing balance method
Machinery and Equipment*	20%	Reducing balance method
Computer and Copier*	20%	Straight line method
Vehicles (straight line)	25%	Straight line method
Leasehold buildings	1%	Straight line method over the lease hold period

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

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

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

2.9.5 Intangible assets

- An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with BAS 38: "Intangible Assets".

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

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

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

2.9.6 Other assets

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

2.9.7 Receivables

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

2.9.8 Inventories

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

2.9.9 Leasing

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

2.9.10 Non-banking assets

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

2.9.11 Reconciliation of inter-bank and inter-branch account

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

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

2.10 Share capital

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

2.11 Statutory reserve

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

2.12 Deposits and other accounts

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

2.13 Borrowings from other banks, financial institutions and agents

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

2.14 Basis for valuation of liabilities and provisions

2.14.1 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Ordinance, 2013 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12 "Income Taxes".

2.14.2 Provision for deferred taxation

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

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

2.14.3 Benefits to the employees

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

a) Provident Fund

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

b) Gratuity Fund

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

c) Benevolent Fund

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

d) Superannuation Fund

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

e) Welfare Fund

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

2.14.4 Provision for liabilities

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

2.14.5 Provision for Off-balance sheet exposures

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. In accordance with BRPD circular no.14 dated 23 September 2012, general provision @ 1% has been made on the outstanding balances of Off-Balance Sheet exposure of the Bank as at 31 December 2013. Provision is made on the total exposure and amount of cash margin or value of eligible collateral is not deducted while computing Off-Balance sheet exposure.

2.14.6 Provision for nostro accounts

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

2.15 Revenue recognition

2.15.1 Interest income

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

2.15.2 Investment income

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

2.15.3 Fees and commission income

Fees, Commission and Exchange Income on services provided by the Bank are recognized as and when the related services are performed. Commission charged to customers on letter of credit and letter of guarantee are credited to Income at the time of effecting the transactions.

2.15.4 Dividend income on shares

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

2.15.5 Interest paid and other expenses

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

2.16 Risk management

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

a) Credit risk

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

The bank has six credit divisions namely Industrial Credit Division (ICD), Commercial Credit Division (CCD), Micro Credit and Special Finance Division (MCSFD), Small Enterprise Division (SED), Consumer Finance Division (CFD) and Trade Finance Division (TFD) focused on different areas/sectors of the economy and entrusted with the duties

of Credit Appraisal to ensure the merit of loan proposals. The Bank ensures strict management of credit quality by analyzing/assessing borrower risk an historical repayment performance of the borrower, historical and projected financial statements, industry outlook, collateral coverage of the proposed credit facility, market reputation of the borrower and any other relevant aspects. To manage its credit risk at a tolerable level, the Bank prepares an Annual Credit Budget where the amount of loan to each sector is allocated on yearly basis. Budgeted allocation to each sector is monitored or adjusted periodically on the basis of national economic trends, business or sector viability, the bank's credit position and profitability, the central bank's regulations and guidelines, availability of investable fund and so on. Moreover, total aggregate loans and advances of branches are allocated and controlled on the basis of the credit budget. The Bank also has Credit Administration Division (CAD) that oversees and ensures proper documentation pertaining to the approved credit facilities.

The Bank takes its lending decision based on the credit risk assessment report by appraisal team. In determining Single borrower / Large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's & Regulatory polices. Loans are classified as per BB guidelines. Concentration of single borrower/large loan limit is shown in the notes to the financial statements.

b) Liquidity risk

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

c) Market risk

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

Foreign exchange risk

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

Treasury Division independently conducts the transactions & the back office of treasury is responsible for verification of the deals & passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by the Bank as mid rate at the month end & the mid rate is being published

by the Treasury Division of the Bank as per approved policy. All Nostro accounts are reconciled on a monthly basis & outstanding entry beyond 30 days is reviewed by the management for its settlement. The position maintained by Bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk

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

Equity risk

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

d) Reputation risk arising from money laundering incidences

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

For mitigating the risks, the Bank has established a Central Anti-Money Laundering Compliance Unit (CCU). Deputy Managing Director is acting as Chief Anti-Money Laundering Compliance Officer (CAMLCO). CCU continuously monitoring and reviewing all anti-money laundering issues. A senior level executive from each branch is working as a Branch Anti-Money Laundering Compliance Officer (BAMLCO). Sound Know Your Customer (KYC) and transaction Monitoring Policies are in place to recognize the risk associated with accounts.

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

e) Operational risk

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

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

f) Asset Liability Management

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

The ALM committee usually makes decisions on financial direction of the Bank. The ALCO's goal is to manage the sources and uses of funds, identify balance sheet management issues like balance sheet gap, interest rate gap etc. ALCO also reviews liquidity contingency plan and implements asset and liability pricing strategy for the Bank.

g) ICT Risk Management

ICT risk refers to the potential of ensuring harmful effects that an organization might suffer from intentional or unintentional threats to information and information technology systems. Managing ICT risk is part of running regular operation of the Bank now a days. Failure to manage ICT risk may lead to serious security breaches, financial losses & even business discontinuity. Hence, it is imperative that there should be a mechanism to identify, assess and mitigate ICT risk. BASIC Bank Limited, with the approval of the Board, has adopted an ICT policy in compliance with ICT security guidelines of Bangladesh Bank covering various aspects of ICT risk management. Based on the policy the Bank has taken necessary measures for mitigating ICT risk and impending hazards through implementing proper strategies and processes of identifying, appreciating, analyzing and assessing the same. Necessary measures are also being taken to minimize manual intervention, as much as possible, by implementing automatic handling of network level and server level failure.

h) Internal Control and Compliance

The primary objectives of internal control and compliance (ICC) are to assist the Bank perform better through the use of its resources, identify its weaknesses, take appropriate measures to mitigate the same and ensure compliance with regulatory framework including applicable laws and regulations. Internal Audit is a part of internal control and compliance, which reinforces the control activities of the Bank through regular review. Audit and Inspection Division undertakes periodical and special audit of the Branches, Divisions of Head Office to review operational effectiveness and internal & external compliance requirements. The Audit Committee of the Board subsequently review the lapses identified by Audit and Inspection Division. The Audit Committee also reviews Bangladesh Bank Inspection Reports and other issues specified in the Bangladesh Bank guidelines. Necessary steps/measures are taken on the basis of observation & suggestion of the Committee.

i) **Fraud & Forgeries**

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

In the year 2013, ICC Division of the bank has started to further develop the Risk & Fraud awareness culture among the employees & reduce the likelihood of fraud occurring in the Bank. Audit Division of BASIC Bank Limited has arranged to conduct Spot Inspection on Anti Fraud Internal Control (AFIC) systems to protect the bank from anticipated fraud & forgery in addition to regular comprehensive Audit & Inspection in the branches. In 2013, ICC Division has conducted 8 spot inspections on AFIC and 59 regular inspections.

In connection with dealing the situation and ensuring safety checking measures against fraud & forgery related issues, ICC division has developed a questionnaire/ Checklist to perform spot AFIC, which shall continue upon regular review, up-gradation & improvisation.

2.17 **Earnings per share (EPS)**

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

2.18 **Events after the reporting period**

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

2.19 **Directors' responsibility on statement**

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

Memorandum items

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal

commitment. Stock of travelers cheques, savings certificates, wage earners bonds and other fall under the memorandum items.

Capital Expenditure Commitment

There was no capital expenditure contracted but incurred or provided for at 31 December 2013 besides, there was no material capital expenditure authorized by the board but not contracted for at 31 December 2013.

2.20 Related party disclosures

As per BAS 24 "Related Party Disclosures", a related party is a person or entity that is related to the entity (i.e. BASIC Bank Limited) that is preparing its financial statements. Related party transaction is a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged as per BAS 24.

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

2.21 Present Board of Directors (Since July 06, 2014):

Sl.	Name	Status	Other Position
1.	Mr. Alauddin A. Majid	Chairman	Ex-Chairman, Bangladesh Krishi Bank, Master of Agriculture Economics
2.	Ms. Parag	Director	Additional Secretary, Ministry of Industries, Master of Social Science in Development Administration, M.A in English
3.	Mr. Hasan Mahmood, FCA	Director	Partner, M. J. Abedin & Co. FCA, M. Com.
4.	Ms. Raihana Aneesa Yusuf Ali	Director	Ex-Managing Director, Bangladesh House Building Finance Corporation, M. A in Economics
5.	Mr. Md. Mamun-Al-Rashid	Director	Joint Secretary, Bank and Financial Institutions Division, Ministry of Finance, M. A in Government Finance, M. Com in Management
6.	Dr. Mojib Uddin Ahmed	Director	Chairman, Dept. of Tourism and Hospitality Management, Ph. D in Finance, Master of Accounting Science
7.	Mr. Fazlus Sobhan	Managing Director (C.C)	BSS (Hons.), MSS

Immediate past Board of Directors (Up to July 05, 2014):

Name	Status	Other Position
Mr. Sheikh Abdul Hye Bacchu	Chairman	Former Member of Parliament, B.A.
Mr. Shubhashish Bose	Director	Vice Chairman Export Promotion Bureau M.Com, MBA
Mr. Shyam Sunder Sikder	Director	Chairman, Bangladesh Small and Cottage Industries Corporation (BSCIC)
Ms. Neelufar Ahmed	Director	Director General Prime Minister's Office M.A. in Geography, M Ed. (DU) M Phil (India)
Ms. Quamrun Naher Ahmed	Director	Additional Secretary Bank & Financial Institutions Division Ministry of Finance M. A in Economics M Phil in Social Science (Norway).
Mr. Md. Anwarul Islam, FCMA	Director	Managing Director ARS Lube Bangladesh Ltd. M. Com, MBA, FCMA
Mr. Anis Ahamad	Director	Assistant Editor, Uttaran
Mr. Kazi Faqurul Islam	Managing Director	Managing Director BASIC Bank Limited M.Com in Accounting

The Board of Directors conducted 09 (nine) meetings during the year.

2.22 Present Audit Committee (Since July 14, 2014)

Members of the present Audit Committee of the Board of Directors:

SL	Name	Status with the Committee
1.	Dr. Mojib Uddin Ahmed	Chairman
2.	Ms. Parag	Member
3.	Mr. Hasan Mahmood, FCA	Member

Immediate past members of the Audit Committee of the Board of Directors:

Name	Status with the Committee	Educational Qualification
Mr. Shubhashish Bose	Convener	Vice Chairman Export Promotion Bureau, M.Com, MBA
Ms. Quamrun Naher Ahmed	Member	Additional Secretary Bank & Financial Institutions Division Ministry of Finance M. A in Economics M Phil in Social Science (Norway).
Mr. Md. Anwarul Islam, FCMA	Member	Managing Director ARS Lube Bangladesh Ltd. M. Com, MBA, FCMA

The Board of Directors conducted 06 (six) meetings during the year.

2.23 Head Office Management Committee

Members of the Head Office Management Committee

SL	Name	Designation	Status with the Committee
1	Mr. Kazi Faqurul Islam	Managing Director	Chairman
2	Mr. Fazlus Sobhan	Deputy Managing Director	Member
3	Mr. Kanak Kumar Purkayastha	Deputy Managing Director	Member
4	Mr. Md Ruhul Alam	Deputy Managing Director	Member
5	Mr. Md. Salim	Deputy Managing Director	Member
6	Mr. Md. Shah Alam Bhuiyan	General Manager and Company Secretary and member secretary HOMC	Member
7	Mr. Md. Wahidul Alam	General Manager	Member
8	Mr. Hasan Tanvir	General Manager	Member
9	Mr. Md. Moniruzzaman	General Manager	Member
10	Mr. Md. Mahbubul Alam	General Manager	Member
11	Mr. ASM Rowshanul Haque	General Manager	Member
12	Mr. Skaikh Abdur Razzak	Deputy General Manager Audit findings Monitoring	Member
13	Mr. Md. Emdadul Haque	Deputy General Manager, BOD	Member
14	Mr. Khan Iqbal Hasan	Deputy General Manager, ICD	Member
15	Mr. Md. Ismail	Deputy General Manager Treasury Division	Member
16	Mr. Md. Momenul Hoque	Deputy General Manager Recovery Division	Member
17	Mr. Md. Masum Uddin Khan	Deputy General Manager, CCD	Member
18	Mr. Shiper Ahmed	Deputy General Manager, RMD	Member
19	Ms. Shara Khatun	Deputy General Manager Compliance Division	Member
20	Mr. Niranjana Chandra Debnath	Deputy General Manager, FAD	Member
21	Mr. Mahabubul Alam	Deputy General Manager, MIS	Member
22	Ms. Helena Perveen	Deputy General Manager, MCSFD	Member
23	Mr. B. M. Kamruzzaman	Deputy General Manager, RDD	Member
24	Mr. Md. Azizul Hoque	Deputy General Manager, CFD	Member

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

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

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

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

Investments in Associates	28	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied*
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied*
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	N/A
Agriculture	41	N/A

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

* Subject to departure described in note 2.1

2.25 Regulatory and legal compliance

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

- The Bank Company Act 1991
- The Companies Act 1994
- Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- The Income Tax Ordinance 1984 and Rules
- The Value Added Tax (VAT) 1991 and Rules

- vi. The Stamp Act-1899
- vii. The Customs Act-1969
- viii. The Money Laundering Prevention Act, 2012
- ix. The Anti Terrorism (Amendment) Act, 2012 etc.

2.26 Approval of financial statements

The financial statements were approved by the Board of directors on 30 April 2014.

2.27 General

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

		31.12.2013 Taka	31.12.2012 Taka
3. Cash			
Cash in hand (including foreign currencies) (Note 3.1)		662,693,500	530,259,947
Balance with Bangladesh Bank & its agent bank(s) (Note 3.2)		7,473,524,078	5,759,002,739
		8,136,217,578	6,289,262,686
3.1 Cash in Hand (including foreign currencies)			
In Local Currency (Note 3.1.1)		654,747,709	519,193,285
In Foreign Currencies		7,945,791	11,066,662
		662,693,500	530,259,947
3.1.1 In Local Currency			
In Hand		649,979,909	516,603,585
In ATM		4,767,800	2,589,700
		654,747,709	519,193,285
3.2 Balance with Bangladesh Bank & its agent bank(s)			
In Local Currency (Note 3.2.1)		7,086,532,290	5,103,721,972
In Foreign Currencies (Note 3.2.2)		386,991,788	655,280,767
		7,473,524,078	5,759,002,739
3.2.1 In Local Currency			
Bangladesh Bank		6,996,151,039	5,007,073,716
Sonali Bank (acting as agent of Bangladesh Bank)		90,381,251	96,648,256
		7,086,532,290	5,103,721,972

3.2.2 In Foreign Currencies

Bangladesh Bank - US\$
Bangladesh Bank - GBP
Bangladesh Bank - EURO

31.12.2013
Taka

31.12.2012
Taka

380,356,918

651,206,974

3,907,756

1,328,709

2,727,114

2,745,084

386,991,788

655,280,767

3.2.2.1 Balance with Bangladesh Bank as per DB -5

7,247,972,278

5,240,464,845

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

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

3.3 Statutory Deposits

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained as per Section 33 of the Bank Companies Act 1991 and BRPD Circular No. 11 and 12 both dated 25 August 2005, MPD Circular No. 1 and 2 dated 4 May 2010 and MPD Circular No. 4 and 5 both dated 1 December 2010.

The Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6% has been calculated and maintained with Bangladesh Bank in current account and 19% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank.

3.3.1 Cash Reserve Ratio (CRR)

Required Reserve (6% of Average Demand & Time Liabilities)

7,805,962,339

4,998,085,501

Actual reserve maintained

7,802,804,000

5,292,964,845

(Deficit)/Surplus

(3,158,339)

294,879,344

Maintained (%)

5.997%

6.06%

Note: Actually there was no cumulative CRR shortfall in the "15-31 December" fortnight and actual maintenance of CRR in the said period was Tk.7,908,686,000. But Bangladesh Bank on 30 December debited Tk.900.00 million from the bank's current account for reverse repo as per Bangladesh Bank's management decision without informing the management of BASIC Bank Limited beforehand. As a result the above apparent shortfall occurred. The matter was informed to Bangladesh Bank with a request not to impose any penalty for this apparent shortfall as the situation was not due to the bank's management fault. For this reason the balance with Bangladesh Bank has been shown after deducting Tk.900.00 million from the bank's General Ledger balance and a reverse repo has been created for the same amount on the same date.

3.3.2 Statutory Liquidity Reserve (SLR)

	31.12.2013 Taka	31.12.2012 Taka
Required Reserve (19% of Average Demand & Time Liabilities)	24,718,880,740	15,827,270,754
Actual reserve maintained including CRR	35,497,541,956	17,737,001,912
Surplus/(Deficit)	10,778,661,216	1,909,731,158
Maintained (%)	27.28%	21.29%

3.3.3 Components of Statutory Liquidity Ratio (SLR)

Cash in hand	(Note 3.1)	662,693,500	530,259,947
Balance with Bangladesh bank and its agent bank(s)	(Note 3.2)	7,473,524,078	5,759,002,739
Government securities and bonds	(Note 6.1)	27,361,324,378	11,447,739,226
		35,497,541,956	17,737,001,912

4. Balance with other banks & financial institutions

In Bangladesh	(Note 4.1)	2,587,734,580	1,239,825,254
Outside Bangladesh (Nostro Accounts)	(Note 4.2)	253,426,235	164,513,914
		2,841,160,815	1,404,339,168

4.1 In Bangladesh

Current Account

Sonali Bank Ltd.	11,345,633	9,506,749
Agrani Bank Ltd.	20,742	3,520,742
Rupali Bank Ltd.	90,667	4,579,571
Janata Bank Ltd.	-	1,000
	11,457,042	17,608,062

STD Account

Sonali Bank Ltd.	14,741,876	11,185,864
Bangladesh Krishi Bank	1,305	2,505
Janata Bank Ltd.	11,994	3,581,561
Trust Bank Ltd.	13,511,486	6,055,660
Premier Bank Ltd.	-	21,000,000
Rupali Bank Ltd.	17,424,329	19,019,060
Agrani Bank Ltd.	5,280	5,280
	45,696,270	60,849,930

Other Deposit

Receivable from ICB Islami Bank	153,428,942	154,356,012
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Fixed Deposit Account

Bangladesh Commerce Bank Ltd.	200,000,000	100,000,000
National Bank of Pakistan	300,000,000	-
Standard Bank Ltd.	800,000,000	-
First Lease Finance and Investment Ltd.	200,000,000	-
BIFC	-	50,000,000
Peoples Leasing and Finance Ltd.	100,000,000	100,000,000
Investment Corporation of Bangladesh (ICB)	777,152,326	757,011,250
	2,377,152,326	1,007,011,250
	2,587,734,580	1,239,825,254

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

4.2 Outside Bangladesh (Nostro & FC Term Placement)

Interest-bearing Accounts (a)

	31.12.2013 Taka	31.12.2012 Taka
Bank of Tokyo-Mitsubishi London	2,481,776	1,446,406
Bank of Tokyo Mitsubishi Japan	170,096	342,558
Mashreq Bank New York	5,906,489	14,576,146
Mashreq Bank India	2,033,804	7,591,268
CITI Bank Mumbai	58,323	85,023
Sonali Bank Kolkata	2,967,189	7,191,278
Sonali Bank Kolkata-EURO	99,921	230,142
Sonali Bank London	508,378	174,651
Sonali Bank London-USD	17,772,149	2,668,532
Sonali Bank London (UKP)	-	114,950
Bank of Ceylon	419,076	968,514
CITI Bank New York (Export)	82,187,986	65,776,096
Standard Chartered (Import) New York	28,291,190	15,262,887
Standard Chartered Bank Mumbai	20,653,983	2,077,365
Standard Chartered Bank Frankfurt	37,129,575	1,610,759
AB Bank Ltd.(USD)	2,367,245	288,688
ICICI Bank Ltd.	1,504,560	544,651
Habib Metropolitan Bank Ltd.	161,966	234,817
Banque de Commerce, Geneva	33,001	49,033
Arif Habib Rupali Bank	85,778	315,187
	204,832,485	121,548,951

(Details of Nostro accounts may kindly be seen in Annexure - A)

Term Placement (b)

Eastern Bank Term (USD)	34,987,500	15,969,980
Eastern Bank Term (USD)	13,606,250	26,994,983
	48,593,750	42,964,963

Total (a+b)

253,426,235 **164,513,914**

4.3 Maturity grouping of balances with other banks & financial institutions

On demand	261,985,797	139,157,013
Upto 1 month	1,962,139,826	967,861,180
Over 1 month but not more than 3 months	50,000,000	100,000,000
Over 3 months but not more than 1 year	413,606,250	42,964,963
Over 1 year but not more than 5 years	153,428,942	154,356,012
Over 5 years	-	-
	2,841,160,815	1,404,339,168

5. Money at call on Short Notice	Note	31.12.2013 Taka	31.12.2012 Taka
Commercial Banks	(Note 5.1)	3,600,000,000	950,000,000
Financial Institutions	(Note 5.2)	1,380,000,000	50,000,000
		4,980,000,000	1,000,000,000
5.1 Commercial Banks			
Uttara Bank Ltd.		-	650,000,000
Standard Bank Ltd.		900,000,000	-
Southeast Bank Ltd.		350,000,000	-
Al- Arafah Islami Bank Ltd.		300,000,000	-
Mutual Trust Bank Ltd.		1,250,000,000	300,000,000
AB Bank Ltd.		800,000,000	-
		3,600,000,000	950,000,000
5.2 Financial Institutions			
Union Capital		330,000,000	50,000,000
IPDC		50,000,000	-
IIDFC		90,000,000	-
Peoples Leasing and Finance Ltd.		50,000,000	-
Lanka Bangla Finance Ltd.		100,000,000	-
Premier Leasing and Finance Ltd.		150,000,000	-
DBH Finance Corporation Ltd.		150,000,000	-
United Leasing Company Ltd.		150,000,000	-
International Leasing		50,000,000	-
IDLC		260,000,000	-
		1,380,000,000	50,000,000
6. Investments			
Government Securities	(Note 6.1)	27,361,324,378	11,447,739,226
Other Investments	(Note 6.2)	302,401,736	259,507,134
		27,663,726,114	11,707,246,360
6.1 Government Securities			
Treasury Bills and Reverse Repo	(Note 6.1.1)	10,438,297,623	629,756,021
Treasury Bonds	(Note 6.1.2)	16,916,030,155	10,808,691,605
Prize Bond		1,996,600	1,791,600
Debenture	(Note 6.1.3)	5,000,000	7,500,000
		27,361,324,378	11,447,739,226
6.1.1 Treasury Bills and Reverse Repo (at revalued amount)			
364 Days Government Treasury Bills		2,273,455,935	186,368,028
364 Days Reverse Repo		-	-
182 Days Government Treasury Bills		859,537,841	302,544,598
91 Day Government Treasury Bills		405,303,847	140,843,395
28 Days Government Treasury Bills		-	-
01 Day Reverse Repo-Bangladesh Bank		6,900,000,000	-
		10,438,297,623	629,756,021

6.1.2 Treasury Bonds (at revalued Amount)

05 Years Government Treasury Bond
10 Years Government Treasury Bond
15 Years Government Treasury Bond
20 Years Government Treasury Bond

31.12.2013 Taka	31.12.2012 Taka
10,052,788,384	8,128,815,550
6,017,472,401	2,021,594,031
691,989,433	571,708,208
153,779,937	86,573,816
16,916,030,155	10,808,691,605

6.1.3 Debentures

20 years HBFC Debenture - 5.5%

5,000,000	7,500,000
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6.2 Other Investments

Shares
Investment others (Memorial Coin)
Mutual Trust Bank Bond

(Note 6.2.1)

232,352,736	189,458,134
49,000	49,000
70,000,000	70,000,000
302,401,736	259,507,134

6.2.1 Shares

Quoted companies
Shares in listed companies

191,112,086	151,117,484
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Unquoted companies
Share of Karmasangsthan Bank
Preference Share of BDCL
Equity Of Grameen I. T. Park
Share of CDB Ltd.

15,000,000	10,000,000
18,900,000	21,000,000
4,201,760	4,201,760
3,138,890	3,138,890
232,352,736	189,458,134

(Details of Investment in shares may kindly be seen in Annexure - B)

6.3 Investment in Securities are classified as per Bangladesh Bank Circular

Held to Maturity (HTM)
Held for Trading (HFT)

13,180,767,185	7,801,599,000
14,173,560,593	3,636,848,626
27,354,327,778	11,438,447,626

Treasury bond and treasury bills are categorized into HTM and HFT as per Bangladesh Bank Circular. HTM securities are revalued at the end of the year and revaluation loss/gain is shown in capital account. HFT securities are revalued weekly and loss on revaluation is shown in P/L account and gain is shown as Revaluation Reserve under capital account. Securities are shown at revalued amount.

6.4 Assets pledged as security

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

Liabilities to bank
Liabilities to customers

-	-
-	-
-	-

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

		31.12.2013 Taka	31.12.2012 Taka
6.5 Maturity Grouping of Investments			
On demand		6,351,937,578	1,840,600
Upto 1 month		1,446,569,405	249,841,433
Over 1 month but not more than 3 months		821,006,138	1,250,642,856
Over 3 months but not more than 1 year		2,513,514,968	3,202,108,173
Over 1 year but not more than 5 years		10,658,500,556	4,214,596,592
Over 5 years		5,872,197,470	2,788,216,706
		27,663,726,114	11,707,246,360
7. Loans & Advances			
Loans, Cash Credit & Overdraft etc.	(Note 7.1)	108,007,688,524	84,091,736,283
Bills purchased & discounted	(Note 7.2)	1,420,750,631	1,864,026,128
		109,428,439,155	85,955,762,411
7.1 Loans, Cash Credit & Overdraft etc.			
In Bangladesh			
Loans	(Note 7.1.1)	31,810,846,800	28,808,976,423
Cash credit		33,217,768,428	25,485,615,243
Overdraft	(Note 7.1.2)	20,753,953,061	13,782,782,133
Others	(Note 7.1.3)	22,225,120,235	16,014,362,484
		108,007,688,524	84,091,736,283
Outside Bangladesh		-	-
		108,007,688,524	84,091,736,283
7.1.1 Loans			
Loan General		3,306,085,716	3,446,447,752
Term Loan		28,504,761,084	25,362,528,671
		31,810,846,800	28,808,976,423
7.1.2 Overdraft			
SOD against financial obligation		330,650,619	251,768,555
Temporary Overdraft		496,661,817	233,061,359
Overdraft Secured Mortgage		16,139,664,934	9,897,995,721
Overdraft Secured (Other Securities)		2,115,708,480	2,189,422,305
Overdraft (Clean)		1,671,267,211	1,210,534,193
		20,753,953,061	13,782,782,133
7.1.3 Others			
Loan Against Foreign Bill		-	-
Export Credit/Loan Against Packing Credit		1,027,322,190	1,076,615,462
Payment Against Documents		89,829,204	326,673,401
Loan Against Trust Receipt		6,182,730,818	3,812,194,576
Real Estate Loan		5,390,178,869	3,489,176,268
Other Short Term Advance		26,555,277	43,531,844
Transport Loan		5,676,701,955	4,284,451,575
Loan Against Govt. Fund and Other Scheme		82,315,734	65,418,899
Micro Credit Financing		1,383,454,987	1,129,498,429
Work Order Financing		552,226,188	354,458,171
Staff Loan		922,654,274	784,588,894
Sundry/Misc. Loan		881,390,718	647,754,965
Loan Against Import Merchandise		9,760,021	-
		22,225,120,235	16,014,362,484

	Note	31.12.2013 Taka	31.12.2012 Taka
7.2 Bills purchased & discounted			
Payable in Bangladesh			
Local bills purchased/LADB		1,052,595,162	1,397,978,582
Payable outside Bangladesh			
Foreign bills purchased and discounted		368,155,469	466,047,546
		1,420,750,631	1,864,026,128
7.3 Residual maturity grouping of loans including bills purchased and discounted			
Payable on demand		1,330,509,495	2,012,430,589
Not more than 3 months		48,952,438,855	23,013,631,822
Above 3 months but not more than 1 year		24,570,269,709	31,923,687,818
Above 1 year but not more than 5 years		23,969,751,489	20,367,512,753
Above 5 years		10,605,469,607	8,638,499,429
		109,428,439,155	85,955,762,411
7.4 Loans on the basis of significant concentration including bills purchased & discounted			
a. Advances to Directors		-	-
b. Advances to MD and other Senior Executives		922,654,274	784,588,894
c. Advances to Customers group		46,254,370,881	39,408,473,517
d. Advances to Industrial sector (Note 7.4.1)		62,251,414,000	45,762,700,000
		109,428,439,155	85,955,762,411
7.4.1 Advances to Industrial sector			
Food and Allied Industries		11,366,583,000	7,462,900,000
Textile		6,819,047,000	6,635,300,000
ERGM		7,139,061,000	5,148,100,000
Accessories		1,599,394,000	789,800,000
Jute Product and Allied Industries		3,904,564,000	4,393,300,000
Forest Product and Allied Industries		67,910,000	72,400,000
Paper, Board, Printing, Publication and Packaging		2,805,570,000	1,991,600,000
Tannery Leather and Rubber Production		1,408,149,000	796,300,000
Chemical, Pharmaceutical and Allied Industries		4,298,900,000	1,767,500,000
Glass, Ceramic and other non Metal Product		614,321,000	386,000,000
Engineering		1,382,568,000	541,000,000
Electrical and Electronics Industries		793,625,000	2,194,700,000
Service Industries		19,735,002,000	12,634,900,000
Miscellaneous Industries		191,034,000	194,500,000
Others		125,686,000	754,400,000
		62,251,414,000	45,762,700,000
7.5 Loans & advances allowed to each customer exceeding 10% of Bank's total Equity			
Number of Customers		20	26
Amount of outstanding loans*		23,054,700,000	21,346,800,000
Classified amount thereon		-	-
Amount of recovery		-	-

* In 2013 the capital of the bank is negative. As such loans and advances allowed to customers' group exceeding 10% of banks total capital can not be reported as at 31 December 2013. However the top 20 (twenty) borrowers of the bank as on 31 December 2013 is reported as above.

(Details of loans and advances exceeding 10% of equity may kindly be seen in Annexure - c)

7.6 Geographical Location-wise Loans and Advances

	31.12.2013 Taka	31.12.2012 Taka
Inside Bangladesh		
Dhaka Division	90,676,055,033	68,159,959,427
Chittagong Division	10,811,877,775	9,894,556,559
Khulna Division	2,722,455,981	2,998,528,813
Rajshahi Division	2,392,021,547	2,521,904,022
Sylhet Division	1,025,597,476	995,118,452
Barisal Division	195,921,595	161,024,429
Rangpur Division	1,604,509,748	1,224,670,709
	109,428,439,155	85,955,762,411
Outside Bangladesh	-	-
	109,428,439,155	85,955,762,411

7.7 Distribution of Loans and Advances according to BRPD Circular of Bangladesh Bank

Unclassified loan		
Standard	72,248,613,155	78,270,032,892
SMA	5,724,515,516	620,044,258
	77,973,128,671	78,890,077,150
Classified loan		
Sub-standard	8,003,138,385	1,846,059,176
Doubtful	5,564,404,332	761,930,041
Bad and loss	17,887,767,767	4,457,696,044
	31,455,310,484	7,065,685,261
	109,428,439,155	85,955,762,411

7.8 Provision required for Loans and Advances

<u>Status of Loan</u>	<u>Base for Provision</u>	<u>Rate %</u>	<u>Required Provision</u>	
<u>Unclassified-General provision (a)</u>				
Agro based & Micro Credit	34,805,268	5	1,740,264	27,691,298
SMA	3,693,134,581	0.25&1	17,232,397	30,921,276
Others (excluding staff loan)	74,654,335,422	1.2& 0.25	322,759,062	361,086,267
			341,731,723	419,698,841
<u>Classified-Specific provision (b)</u>				
Sub-standard	3,673,513,281	5 & 20	734,702,656	140,204,912
Doubtful	2,970,819,615	50	1,485,409,807	98,302,868
Bad/Loss	9,647,134,856	100	9,647,134,856	1,510,840,275
			11,867,247,319	1,749,348,055
Additional provision			-	2,175,364,286
			11,867,247,319	3,924,712,341
Required provision for loans & advances (a+b)			12,208,979,042	4,344,411,182
Total provision maintained			4,320,917,042	2,985,011,182
Excess/(short) provision as at 31 December			(7,888,062,000)	(1,359,400,000)

Note: In response to our application Bangladesh Bank has allowed the bank to provide the provision shortfall as of 31 December 2013 within 31 December 2014 vide Bangladesh Bank letter no. DBI-2(UB-5)40/2014-90 dated 30/04/2014.

Details of provision may kindly be seen in Note 12.1 and 12.2

7.9 Listing of Assets Pledge as Security/Collaterals

Nature of the secured assets

Fixed Assets

Cash and quassi-cash

Others

31.12.2013 Taka	31.12.2012 Taka
129,199,890,749	121,360,729,021
2,057,186,875	7,728,119,053
9,835,457,515	6,640,856,341
141,092,535,139	135,729,704,415

7.10 Particulars of Loans and Advances

(i) Debts considered good in respect of which the banking company is fully secured.	93,561,528,907	82,120,695,635
(ii) Debts considered good for which the banking company holds no other security other than debtor's personal security.	11,068,639,052	2,773,702,465
(iii) Debts considered good secured by personal liabilities of one or more parties in addition to the personal security of the debtors.	1,061,681,937	1,061,364,311
(iv) Debts considered doubtful or bad not provided for.	3,736,589,259	-
	109,428,439,155	85,955,762,411
(v) Debts due by directors and officers of the banking company or any of them either severally or jointly with any other person.*	922,654,274	784,588,894
(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.*	922,654,274	784,588,894
(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private company	-	-
(ix) Due from banking companies.	-	-
(x) Classified Loans and Advances:		
(a) Classified Loans and Advances on which interest has not been credited to income	31,455,310,484	7,065,685,261
(b) (Decrease)/ Increase in provision (specific)	1,413,872,978	1,670,935,825
(c) Amount realized against loan previously written off	3,804,496	17,442,440
(d) Amount of provision kept against loan classified as bad/loss	9,647,134,856	1,510,840,275
(xi) Amount of the written off loan:		
(a) Cumulative amount of Classified Loans Which is written off	688,783,000	688,783,000
(b) Classified Loans Which is written off /interest waived in current Year	14,150,802	67,843,631
(c) The amount of written off/classified loan for which law suits have been filed	2,393,204,665	549,816,000

* There is no loans in the name of existing Directors.
This amount represents loan to employees of the bank.

	Note	31.12.2013 Taka	31.12.2012 Taka
7.11 Bills Purchased and Discounted			
Payable in Bangladesh		1,052,595,162	1,397,978,582
Payable outside Bangladesh		368,155,469	466,047,546
		1,420,750,631	1,864,026,128
7.11.1 Maturity grouping of bills purchased & discounted			
Not more than 01 months		995,396,803	1,162,052,795
Above 01 months but not more than 03 months		383,475,450	553,916,075
Above 03 months but not more than 06 months		41,878,378	148,057,258
Above 06 months		-	-
		1,420,750,631	1,864,026,128
8. Fixed Assets including Premises, Furniture and Fixtures			
A. Own Assets			
Furniture and Fixtures		370,823,485	244,598,269
Equipment and Computer		651,016,723	548,291,366
Vehicles		376,348,776	268,439,719
		1,398,188,984	1,061,329,354
Less: Accumulated depreciation		678,417,652	537,862,898
		719,771,332	523,466,456
B. Leased Assets			
Leasehold Assets		4,000,000	4,000,000
Less: Accumulated depreciation		689,805	643,678
		3,310,195	3,356,322
Total (A+B)		723,081,527	526,822,778
A Schedule of Fixed Assets is given in Annexure-D.			
9. Other Assets			
i) Income Generating		-	-
ii) Non-income Generating			
a) Stationery, stamps, printing materials etc.		17,121,726	16,907,337
b) Advance rent		332,072,215	310,955,050
c) Income receivable (Note 9.1)		933,186,835	545,513,828
d) Advance income tax		319,424,440	480,826,613
e) Security deposits (Note 9.2)		2,695,519	1,926,111
f) Suspense account (Note 9.3)		33,919,661	29,211,928
g) Other prepayments		263,513	1,489,236
h) Advances/expenditures incurred against proposed branches		24,721,828	40,604,618
i) Advance for space of HO and Main Branch		893,173,327	733,173,331
j) Balance with Fokrul Islam securities		1,020	1,020
k) ICB Securities Trading Co. Ltd.		60,040,029	34,938
l) Branch adjustment account		267,420,641	328,161,459
m) Sundry debtors (Note 9.4)		51,674,235	56,516,670
n) Deferred Tax Assets (Note 36)		297,227,579	215,125,554
o) Position General Ledger (Net)		66,626,071	38,182,680
		3,299,568,639	2,798,630,373
Total (i+ii)		3,299,568,639	2,798,630,373

9.1 Income Receivable

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

9.2 Security Deposits

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

9.3 Suspense Account

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

9.4 Sundry Debtors

	31.12.2013 Taka	31.12.2012 Taka
1) Protested Bills:		
BCCI - Main Branch	6,535,881	6,535,881
BCCI - Khatungonj Branch	244,800	244,800
BCCI - Khulna Branch	416,367	416,367
BCCI-Bombay	1,399,580	1,399,580
BCCI-London	713	719
Protested bill for SWIFT charges	20,244,921	20,244,921
Total of Protested bills	28,842,262	28,842,268
2) Encashment of Sanchaya Patra	21,244,973	21,631,601
3) Encashment of Bond	537,252	468,771
4) Cash Shortage	20,000	20,000
5) Encashment of Other Instrument	240,000	-
6) Other Sundry Debtors	789,748	5,554,030
	51,674,235	56,516,670

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

10 Borrowings from other banks, financial institutions and agents

In Bangladesh	(Note 10.1)	716,818,901	3,884,813,785
Outside Bangladesh	(Note 10.2)	2,089,040,358	1,608,120,766
		2,805,859,259	5,492,934,551

10.1 In Bangladesh

a) Money at call and on short notice

Rupali Bank Ltd.	-	300,000,000
UCBL	-	300,000,000
The premier Bank Ltd.	-	100,000,000
Bank Asia Ltd.	-	100,000,000
Trust Bank Ltd.	-	300,000,000
State Bank of India	-	150,000,000
AB Bank Ltd.	-	500,000,000
	-	1,750,000,000

	31.12.2013 Taka	31.12.2012 Taka
b) Term Borrowing		
Long term loan from Bangladesh Bank	-	27,660,000
Bangladesh Bank Refinance Loan for House building	100,920,660	107,153,785
Bangladesh Bank Refinance Loan for Solar Bio-gas, ETP, BANECO	115,898,241	-
Interbank Bank Term Borrowing	-	2,000,000,000
	216,818,901	2,134,813,785
c) Other Borrowing		
Sonali Bank Limited	500,000,000	-
Total (a+b+c)	716,818,901	3,884,813,785

10.2 Outside Bangladesh

a) Demand Borrowing		
Demand Borrowing- Foreign Currency	25,360,991	-
b) Term Borrowing		
Loan for Micro Credit and Small Scale Industries (KfW, Germany)	153,379,147	153,379,147
SME Refinance -ADB Fund-2	145,591,980	50,960,119
JDPC-ECCOMPLEX-Skyland Fame	-	9,379,000
Second Crop Diversification Project	515,086,000	106,262,000
Agro business Development Project of ADB	1,249,622,240	1,288,140,500
	2,063,679,367	1,608,120,766
Total (a+b)	2,089,040,358	1,608,120,766
Secured and unsecured borrowing from other banks		
Secured (Assets pledged as security for liabilities)	-	-
Unsecured	2,805,859,259	5,492,934,551
	2,805,859,259	5,492,934,551

10.3 Overall transaction of Repo and Reverse Repo:

	2013		2012
	Minimum outstanding	Maximum outstanding	Maximum outstanding
Securities sold under repo:			
i) with Bangladesh Bank	Nil	Nil	1,150,400,000
ii) with other banks & FIs	Nil	Nil	-

11. Deposits & Other Accounts

Non-interest bearing Accounts	(Note 11.1)	4,368,572,163	4,441,032,766
Interest bearing Account	(Note 11.2)	130,124,875,359	83,252,198,914
		134,493,447,522	87,693,231,680

11.1 Non-Interest bearing Accounts

Current and Other Accounts	(Note 11.1.1)	3,608,431,628	3,611,540,682
Bills Payable	(Note 11.1.2)	760,140,535	829,492,084
		4,368,572,163	4,441,032,766

11.1.1 Current and Other Accounts		31.12.2013	31.12.2012
		Taka	Taka
Current Account		2,151,605,361	1,700,924,729
Margin/Sundry Deposit		1,456,826,267	1,910,615,953
		3,608,431,628	3,611,540,682
11.1.2 Bills Payable			
Payment Order		740,110,192	784,370,328
Demand Draft		20,030,343	45,121,756
		760,140,535	829,492,084
11.2 Interest bearing Account			
Savings Bank Deposits	(Note 11.2.1)	2,035,729,490	1,709,220,720
Fixed Deposits, SND and			
Other Deposit Scheme	(Note 11.2.2)	127,974,761,465	81,490,231,743
Current Deposit		114,384,404	52,746,451
		130,124,875,359	83,252,198,914
11.2.1 Savings Bank Deposits			
Savings Account		2,035,729,490	1,709,220,720
11.2.2 Fixed Deposits			
Short Notice Deposits		7,436,594,224	8,232,181,707
Term Deposits		119,706,418,102	72,861,300,782
Other Deposit Scheme		831,749,139	396,749,254
		127,974,761,465	81,490,231,743
11.3 Maturity Grouping of other deposits & inter-bank deposits			
Deposit from Bank			
Repayable on demand		2,969,305	51,755
Repayable within 1 month		950,043,986	-
Above 01 Month but not more than 6 Months		650,000,000	800,000,000
Above 6 Month 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		-	-
		1,603,013,291	800,051,755
Other Deposits			
Payable on Demand		1,131,607,013	3,294,296,490
Less than 01 Month		22,254,303,421	10,767,612,527
Above 01 Month but not more than 6 Months		52,885,308,477	25,933,039,685
Above 06 Months but not more than 01 Year		47,558,843,613	35,879,370,499
Above 01 year but not more than 05 Years		5,957,496,262	8,018,159,146
Above 05 years not more than 10 years		3,102,875,445	3,000,701,578
Above 10 years		-	-
		132,890,434,231	86,893,179,925
		134,493,447,522	87,693,231,680

12. Other liabilities	31.12.2013 Taka	31.12.2012 Taka
Interest Payable on Borrowing	95,022,067	85,612,342
Interest Payable on Deposits	4,695,381,209	3,602,527,363
Provision for Loan and Advances (Note 12.1)	4,320,917,042	2,985,011,182
Provision for Off Balance Sheet Exposures (Note 12.2)	142,397,112	129,200,000
Interest Suspense Account (Note 12.3)	1,729,159,357	609,822,351
Privileged Creditors	377,585,331	188,735,679
Provision for Exgratia/Incentive Bonus	94,196,236	188,695,311
Benevolent Fund	8,884,312	14,251,867
Gratuity Fund (Note 12.5)	691,355,316	469,476,498
Sundry Creditors	41,769,327	37,647,051
Expenses Payable	7,037,147	2,838,921
Provision for Taxes (Note 35)	1,379,427,951	1,606,803,499
Miscellaneous Creditors	816,191	445,530
Provision for Sundry Debtors (Protested Bills)	7,782,258	7,782,258
Deposit Insurance Premium Payable	9,801,372	6,500,000
Provision for Investment	9,142,148	9,142,148
Provision for Loan Installment Payable	6,700,000	-
Excess Cash	87,033	57,696
Other provision	8,968,755	13,676,440
Provision for Protested Bills (SWIFT)	21,063,039	21,063,039
Provision for Superannuation Fund	5,000,590	3,500,525
Provision for Welfare Fund	14,253,367	14,253,367
Provision for electricity expenses	1,100,068	1,163,954
Clearing Adjustment	256,735	-
Various Audit and Rating Fees	977,500	713,000
Position Clearing (Net)*	64,629,047	36,508,527
	13,733,710,510	10,035,428,549

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

12.1 Provision for Loan and Advances

Provision for Classified Loan (A)

Provision held at beginning of the year	2,565,312,341	894,376,516
Fully Provided Debt Written off/Interest Waived	(2,048,862)	(66,728,628)
Recovery from Earlier Written off Loan	-	-
Specific Provision for the year	1,415,921,840	1,737,664,453
Provision held at the end of the year	3,979,185,319	2,565,312,341

Provision for Unclassified Loan (B)

Provision held at beginning of the year	419,698,841	596,173,500
Recoveries and provisions no longer required/adjusted	(562,045)	-
Specific Provision for the year	(77,405,073)	(176,474,659)
Provision held at the end of the year	341,731,723	419,698,841
Total (A+B)	4,320,917,042	2,985,011,182

12.2 Provision for off Balance Sheet Items

Provision held at beginning of the year	129,200,000	156,182,580
Recoveries and provisions no longer required	-	(26,982,580)
Specific Provision for the year	13,197,112	-
Provision held at the end of the year	142,397,112	129,200,000
Total loan loss provision	4,463,314,154	3,114,211,182

	31.12.2013 Taka	31.12.2012 Taka
12.3 Interest Suspense Account		
Balance at the beginning of the year	609,822,351	419,898,470
Transferred During the Year	1,350,167,669	486,080,744
Recovery During the Year	(230,573,346)	(287,970,494)
Suspense Written off/Waived During the Year	(257,317)	(8,186,369)
Balance at the end of the year	1,729,159,357	609,822,351

12.4 Branch adjustments account represents outstanding inter branch and head office transaction (Net) originated. The un - responded entries of 31.12.13 are given below:

(Taka in '000)

Particulars	No. of Un-responded entries		Amount of Un-responded entries	
	Dr.	Cr	Dr.	Cr
Up to 03 Months	245	181	868,111	644,275
Over 03 Month but within 06 Months	-	-	-	-
Over 06 Month but within 01 Year	-	-	-	-
Over 01 Year but within 05 Years	-	-	-	-

12.5 Gratuity Fund		
Opening Balance	469,476,498	416,499,266
Less: Adjusted/Paid during the year	16,678,848	12,410,814
	452,797,650	404,088,452
Add: Provision made during the year	238,557,666	65,388,046
	691,355,316	469,476,498

13. Capital

13.1 Authorized

50,000,000 ordinary shares of Tk 100.00 each	5,000,000,000	5,000,000,000
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13.2 Issued, Subscribed and Paid - up Capital

29,469,825 ordinary shares of Tk. 100.00 each	2,946,982,500	2,946,982,500
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The Government of People's Republic of Bangladesh is the sole shareholder of the Bank and all the ordinary shares are vested with the Ministry of Finance.

13.3 Risk-weighted Assets and Capital Ratios as Defined by the Basel Capital Accord

In terms of section 13(2) of Bank Company Act, 1991 and Bangladesh Bank BRPD Circular no. 35 dated 29 December 2010, required capital, available core capital, and supplementary capital of the Bank for the period ended as at 31 December 2013 is shown below:

Tier - 1 (Core Capital)

Paid up Capital	2,946,982,500	2,946,982,500
Statutory Reserve	2,224,690,642	2,224,690,642
General Reserve	40,000,000	40,000,000
Retained Earnings	(479,861,211)	51,672,118
Other Free Reserve	1,205,000,000	1,205,000,000
Sub-Total	5,936,811,931	6,468,345,260

Deductions from Tier-1 (Core Capital)

Shortfall in provisions required against classified assets (Loans)	7,888,062,000	-
Shortfall in provisions required against investment in shares	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities	-	-
Sub-Total	7,888,062,000	-
Total Tier-1 Capital	(1,951,250,069)	6,468,345,260

	31.12.2013 Taka	31.12.2012 Taka
Supplementary Capital (Tier - 2)		
General Provision maintained against Unclassified Loan	341,731,723	419,698,841
Provision for Off -Balance Sheet Items	142,397,112	129,200,000
Balance of Exchange Equalization Fund	-	-
Revaluation Reserve for Securities up to 50% *	51,182,303	-
Total Tier-2 Capital	535,311,138	548,898,841
Total Capital (Tier-1 + Tier-2)	(1,415,938,931)	7,017,244,101
A. Total Eligible Capital		
Eligible Capital (Tier-1)	(1,951,250,069)	6,468,345,260
Eligible Capital (Tier-2)**	-	548,898,841
Total Eligible Capital	(1,951,250,069)	7,017,244,101
B. Risk Weighted Assets (RWA)	117,688,000,000	69,838,400,000
C. Required Capital on Risk Weighted Assets (10 % of RWA)	11,768,800,000	6,983,840,000
D. Capital (Shortfall)/Surplus [A-C]	(13,720,050,069)	33,404,101
E. Capital Adequacy Ratio (CAR) (as against required above 10%)	(1.66)	10.05
F. Core capital to RWA (as against required minimum 5.00%)	(1.66)	9.26
G. Supplementary capital to RWA	-	0.79

*As there was no revaluation reserve, rather revaluation loss in 2012, so nothing has been reported as revaluation reserve.

** Eligible capital for Tier-2 is nil, since it can not be higher than the eligible capital for Tier-1, which is negative.

14. Statutory Reserve		
Opening Balance	2,224,690,642	2,224,690,642
Add: Addition During the Year (20% of Pre-tax Profit)	-	-
	2,224,690,642	2,224,690,642

As per section 24 of Bank Companies Act 1991, 20% of pre-tax profit is required to be transferred to Statutory Reserve. But in 2012 and 2013 required statutory reserve was not provided due to insufficiency of distributable profit.

15 Other Reserve			
General Reserve	(Note 15.1)	40,000,000	40,000,000
Investment Revaluation Reserve	(Note 15.2)	102,364,605	(7,876,263)
Other Free Reserve		1,205,000,000	1,205,000,000
		1,347,364,605	1,237,123,737
15.1 General Reserve			
Opening Balance		40,000,000	40,000,000
Add: Addition During 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.

		31.12.2013 Taka	31.12.2012 Taka
15.2 Investment Revaluation Reserve (Treasury Bills & Treasury Bonds)			
Held to Maturity (HTM) (Note 15.2.1)	4,629,683	1,951,377	
Loss on Revaluation/ Amortization of HTM Securities (Note 15.2.2)	(30,306,919)	(76,410,273)	
Held for Trading (Note 15.2.3)	128,041,841	66,582,633	
	102,364,605	(7,876,263)	
15.2.1 Revaluation Reserve for Held to Maturity (HTM)			
Opening Balance	1,951,377	5,164	
Add: Addition During the Year	2,678,306	1,946,213	
	4,629,683	1,951,377	
15.2.2 Loss on revaluation/amortization of Held to Maturity (HTM)			
Opening Balance*	(76,410,273)	(22,620,264)	
Add: Addition During the Year	(41,840,342)	(53,790,009)	
	(118,250,615)	(76,410,273)	
Less: Adjustment (Loss on Revaluation/ Amortization) During the Year	(87,943,696)	-	
	(30,306,919)	(76,410,273)	
*Amortization of HTM securities for Tk. 5,164 was inadvertently reported with revaluation reserve of HFT in 2012 instead of reporting the same as amortization of HFT. In 2013, the same amount is reported as amortization of HFT and corresponding rectification has been made in 2012.			
15.2.3 Revaluation Reserve for Held for Trading (HFT)			
Opening Balance	66,582,633	268,924,587	
Add: Addition During the Year	311,384,098	99,956,125	
	377,966,731	368,880,712	
Less: Adjustment (Loss on Revaluation/Amortization) During the Year	249,924,890	302,298,079	
	128,041,841	66,582,633	
16. Retained Earnings			
Opening Balance	51,672,118	613,172,293	
Net (Loss)/Profit During the Year	(531,533,329)	27,896,325	
Issuance of Bonus Share	-	(589,396,500)	
	(479,861,211)	51,672,118	
16.1 Item-Wise Profit and Loss Account			
Income			
Interest, Discount and Similar Income	16,460,545,585	12,575,598,430	
Dividend Income	21,263,848	4,454,955	
Fees, Commission and Brokerage	370,658,231	329,334,213	
Gains less Losses Arising from Dealing in Foreign Currencies	366,547,490	363,800,117	
Other Operating Income	119,729,733	129,096,210	
	17,338,744,887	13,402,283,925	
Expenses			
Interest, Fee and Commission	13,107,954,540	8,544,607,147	
Administrative Expenses	1,774,051,961	1,165,972,181	
Other Operating Expenses	833,844,163	972,206,847	
Depreciation on Banking Assets	152,692,022	109,404,277	
	15,868,542,686	10,792,190,452	
Profit Before Tax and Provision	1,470,202,201	2,610,093,473	

		31.12.2013 Taka	31.12.2012 Taka
17. Contingent Liabilities			
Acceptances and Endorsements		4,120,925,246	4,143,752,994
Letters of Guarantee	(Note 17.1)	2,532,628,058	2,325,627,108
Irrevocable Letters of Credit	(Note 17.2)	7,586,157,868	6,455,101,876
Bills for Collection	(Note 17.3)	384,207,849	673,841,506
Other Contingent Liabilities	(Note 17.4)	323,099,425	328,798,949
		14,947,018,446	13,927,122,433
17.1 Letters of guarantee			
A. Claim against the Bank which is not recognized as Loan		-	-
B. Money for which the Bank is contingently liable in respect of guarantees favouring:			
Directors		-	-
Government		1,838,894,758	773,332,615
Bank and Other Financial Institutions		21,621,820	37,393,004
Others		672,111,480	1,514,901,489
		2,532,628,058	2,325,627,108
17.2 Irrevocable Letters of Credit			
Irrevocable Letters of Credit		5,325,231,565	4,661,303,879
Back to Back L/C		2,260,926,303	1,793,797,997
		7,586,157,868	6,455,101,876
17.3 Bills for Collection			
Local Bills for Collection		377,534	1,854,920
Foreign Bills for Collection		383,830,315	671,986,586
		384,207,849	673,841,506
17.4 Other Contingent Liabilities			
Travellers Cheques Stock		54,425	4,368,015
Value of Wage Earners Bond in Hand and others		323,045,000	324,430,934
		323,099,425	328,798,949
18. Interest Income		2013 Taka	2012 Taka
Interest on Loans		14,184,835,373	10,689,107,296
Interest from Banks and Financial Institutions		622,975,148	331,170,796
Interest from Foreign Banks		1,148,186	608,723
		14,808,958,707	11,020,886,815
19. Interest Paid on Deposits and Borrowings etc.			
On Fixed Deposit		11,632,948,741	7,381,953,412
On Short Notice Deposit		727,723,873	494,750,968
On Savings Bank Deposit		101,077,104	88,241,307
On School Banking Scheme		431,885	-
Other Deposits and deposit schemes		278,083,906	25,334,887
On Borrowing from Bangladesh Bank and Other Financial Institutions		367,689,031	554,326,573
		13,107,954,540	8,544,607,147
20. Investment Income			
On Government Treasury Bill, Bangladesh Bank Bill and Treasury Bond		1,489,225,504	1,007,815,365
On Debentures		1,443,750	1,443,745
Dividend on Shares		21,263,848	4,454,955
On Other Investment		249,674,144	22,332,452
Profit on sale of investment		113,402,154	523,120,053
		1,875,009,400	1,559,166,570
Less: Interest Paid for Purchase of Treasury Bill		202,158,674	-
		1,672,850,726	1,559,166,570

	2013 Taka	2012 Taka
21. Commission, Exchange and Brokerage		
Foreign bill purchased	3,013,463	2,639,893
Local Bill Purchased	7,073,983	7,742,481
Remittance	4,858,553	4,277,589
Letter of Guarantee	44,939,614	53,873,815
Letter of Credit	197,782,538	158,737,706
Bills for Collection	11,947,271	11,515,517
Acceptances and Endorsement	66,053,997	61,391,582
Export Bill	8,104,865	7,926,932
Miscellaneous (includes commission on sale of PSP,TC)	26,883,947	21,228,697
	370,658,231	329,334,213
Exchange gain net of exchange loss (Note 21.1)	366,547,490	363,800,117
	737,205,721	693,134,330
21.1 Exchange Gain net of Exchange Loss		
Profit on Exchange Trading	374,549,819	643,635,572
Less: Exchange Loss	8,002,329	279,835,455
	366,547,490	363,800,117
22. Other Operating Income		
Various Fees	2,129,408	2,182,354
Rent (Go-down and locker)	1,048,700	961,568
Miscellaneous/Recovery of Telex/swift Charges	41,380,868	34,895,942
Service and other Charges	47,552,657	42,137,830
Recoveries of Loan Previously Written Off	3,804,496	17,442,440
Profit on Sale of Fixed Assets	69,964	75,905
Miscellaneous income	23,743,640	26,075,101
Profit on sale of share	-	5,325,070
	119,729,733	129,096,210
23. Salary and Allowances		
Salaries	603,098,058	381,441,292
Allowances	713,563,797	447,194,998
Provident Fund	40,889,923	26,136,855
Benevolent Fund	8,904,077	14,251,692
Gratuity Fund	238,557,666	65,388,046
Bonus	157,814,440	222,137,298
Superannuation Fund	5,000,000	3,500,000
	1,767,827,961	1,160,050,181
24. Rent, Taxes, Insurance, Electricity etc.		
Rent	213,856,528	150,768,996
Rates, Taxes and VAT	10,783,692	7,854,749
Utilities/Electricity and Heating	35,965,590	26,302,632
Insurance	30,727,455	20,417,300
	291,333,265	205,343,677
25. Legal & Professional Expenses		
Professional Fees	3,857,411	4,839,406
Legal Expenses	9,880,564	4,083,555
	13,737,975	8,922,961
26. Postage, Stamps, Telecommunication etc.		
Postage	165,108	126,477
Telephone	21,396,284	9,475,978
Fax	20,778	32,991
Stamp	58,470	63,500
Internet and E-mail	18,807,021	15,622,604
Courier Services	12,938,099	11,141,968
Swift Subscription and Cable Charges and web hosting charge	5,435,069	5,535,406
	58,820,829	41,998,924

		2013 Taka	2012 Taka
27. Stationery, Printing, Advertisement etc.			
Security Stationery		3,527,777	1,215,199
Printing Stationery		14,360,543	10,369,958
Other Stationery		30,779,309	23,712,649
Publicity, Advertisement and publication		33,757,056	28,033,491
		82,424,685	63,331,297
28. Managing Director's Salary			
Basic Salary		2,400,000	2,400,000
Allowances		2,424,000	2,422,000
Bonus		1,400,000	1,100,000
		6,224,000	5,922,000
29. Directors' Fees & Meeting Expenses			
Board meeting and audit committee meeting		936,493	859,750
Other meeting fees/benefits		-	-
		936,493	859,750
30. Depreciation of Bank's Assets			
Depreciation on own Assets			
Furniture and Fixture		22,810,453	12,695,314
Machinery and Equipment		68,041,332	52,726,006
Vehicles		61,794,110	43,936,980
		152,645,895	109,358,300
Depreciation on Leased Assets			
Lease Building		46,127	45,977
		152,692,022	109,404,277
31. Repair of Bank's Assets			
Furniture and Fixture		2,714,881	1,667,318
Machinery and Equipment		15,593,507	13,607,204
Vehicles		12,279,390	12,880,337
Rented Premises		6,054,791	7,072,046
		36,642,569	35,226,905
32. Other Expenses			
Commission and Brokerage		951,587	178,177
Entertainment		57,952,190	41,566,268
Car Expenses		22,839,108	21,043,896
Fuel and Lubricant		5,320,993	4,708,785
Subscription		3,354,631	3,466,463
Travelling		13,838,789	13,168,790
Cartage and Freight		229,828	204,093
ITC Expenses		34,461,517	25,374,184
Uniform and Liveries		3,337,409	2,633,171
Staff Training and HR Development Expenses		10,883,163	7,924,133
Donation		10,566,767	21,470,300
Loss on revaluation of HFT securities		131,432,338	420,633,320
Other Audit Fee		391,000	-
Corporate Social Responsibility Expenses		38,042,681	33,099,640
Directors Entertainment		-	76,800
Miscellaneous		13,201,773	17,429,073
Non-operating Loss			
(Loss on Sale of Investment and Fixed Assets)		2,224,573	2,848,765
		349,028,347	615,825,858
33. Provision for Loans			
On Classified Loans & Advances (Note 12.1)		1,415,921,840	1,737,664,453
On Unclassified Loans & Advances (Note 12.1)		(77,405,073)	(176,474,659)
		1,338,516,767	1,561,189,794
34. Provision for Off Balance Sheet Exposures		13,197,112	(26,982,580)

	31.12.2013 Taka	31.12.2012 Taka
35. Provision for Current Tax		
Opening balance	1,606,803,499	1,388,442,359
Add: Provision made during the year	732,123,676	1,079,199,412
	2,338,927,175	2,467,641,771
Less: Adjustment made during the year	959,499,224	860,838,272
	1,379,427,951	1,606,803,499
36. Deferred Tax		
a) Computation of Deferred Tax		
Tax Base of Depreciable Fixed Assets	671,527,337	513,288,622
Less: Carrying Amount	719,771,332	523,466,456
Deductible Temporary Difference (A)	(48,243,995)	(10,177,834)
Carrying Amount of Provision for Gratuity/Benevolent/Superannuation Fund:		
Provision for Gratuity	691,355,316	469,476,498
Provision for Benevolent Fund (Provision less actual payment)	45,269,355	37,934,111
Provision for Superannuation Fund (Provision less actual payment)	10,978,333	8,945,000
	747,603,005	516,355,609
Less: Tax Base	-	-
Deductible Temporary Difference (B)	747,603,005	516,355,609
Total Deductible Temporary Difference (A+B)	699,359,010	506,177,775
Effective Tax Rate	42.50%	42.50%
Deferred Tax Assets	297,227,579	215,125,554
b) Deferred Tax (Expenses)/Income		
Closing Deferred Tax Assets	297,227,579	215,125,554
Opening Deferred Tax Assets	215,125,554	183,916,077
	82,102,025	31,209,477
37. Analysis of Closing Cash and Cash Equivalent		
Cash in hand and balance with Bangladesh Bank and Sonali Bank	8,136,217,578	6,289,262,686
Balance with other banks & financial institutions	2,841,160,815	1,404,339,168
Money at Call on Short Notice	4,980,000,000	1,000,000,000
	15,957,378,393	8,693,601,854
38. Earning Per Share (EPS)		
A. Net Profit after Tax (Numerator)	(531,533,329)	27,896,325
B. Number of Ordinary Share Outstanding (Denominator)	29,469,825	29,469,825
Earning Per Share (EPS) (A ÷ B)	(18.04)	0.95
39. Litigation Pending against Bank		
There is no litigation pending against the Bank in the Year 2013.		

ANNEXURE-A
Schedule of Balance with Other Banks-Outside Bangladesh (Nostro Accounts)
As at 31 December 2013

SL	Name of the Bank	A/C Type	Currency name	2013			2012		
				Amount in FC	Conv. Rate per unit FC	Amount in BDT	Amount in FC	Conv. Rate per unit FC	Amount in BDT
1	BOTM, London	CD	GBP	19,372	128.1087	2,481,776	11,200	129.1412	1,446,406
2	AB Bank Mumbai	CD	ACU\$	30,447	77.7500	2,367,245	3,615	79.8499	288,688
3	Summit (Arif Habib)-Rupali- Bank Karachi	CD	ACU\$	1,103	77.7500	85,778	3,947	79.8499	315,188
4	Habib Metropolitan Bank Ltd.	CD	ACU\$	2,083	77.7500	161,966	2,941	79.8499	234,817
5	BOTM, Tokyo	CD	JAPY	230,326	0.7385	170,096	368,977	0.9284	342,558
6	Mashreq Bank, NY	CD	USD	75,968	77.7500	5,906,489	182,544	79.8499	14,576,146
7	CITI Bank Mumbai	CD	ACU\$	750	77.7500	58,323	1,065	79.8499	85,023
8	Sonali Bank, Kol.	CD	ACU\$	38,163	77.7500	2,967,189	90,060	79.8499	7,191,278
9	Bank of Ceylon	CD	ACU\$	5,390	77.7500	419,076	12,129	79.8499	968,514
10	Citibank NA, NY(Exp)	CD	USD	1,057,080	77.7500	82,187,986	823,747	79.8499	65,776,096
11	SCB, Newyork	CD	USD	363,874	77.7500	28,291,190	191,145	79.8499	15,262,887
12	SCB, London	CD	EURO	-	106.8674	-	-	105.5700	-
13	SCB, Mumbai	CD	ACU\$	265,646	77.7500	20,653,983	26,016	79.8499	2,077,365
14	BCP, Geneva	CD	CHF	379	87.1441	33,001	561	87.4492	49,033
15	AMEX, Frankfurt	CD	EURO	-	106.8674	-	-	105.5700	-
16	Wachovia Bank, NY	CD	USD	-	77.7500	-	-	79.8499	-
17	HSBC, Newyork	CD	USD	-	77.7500	-	-	79.8499	-
18	ICICI, Mumbai	CD	ACU\$	19,351	77.7500	1,504,560	6,821	79.8499	544,651
19	Sonali Bank, Kol ACUEUR	CD	ACUEUR	935	106.8674	99,921	2,180	105.5696	230,142
20	Mashreq Bank, Mumbai	CD	ACU\$	26,158	77.7500	2,033,804	95,069	79.8499	7,591,268
21	SCB, Frankfurt	CD	EURO	347,436	106.8674	37,129,576	15,258	105.5696	1,610,759
22	Sonali, London EUR	CD	EURO	-	106.8674	-	1,654	105.5696	174,651
23	Sonali Bank, London	CD	GBP	3,968	128.1087	508,378	890	129.1412	114,950
24	Sonali Bank, London	CD	USD	228,581	77.7500	17,772,149	33,419	79.8499	2,668,533
	Sub-total			(237,313)	106.8674	204,832,485	-	-	121,548,951
	Total					179,471,493			121,548,951

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

ANNEXURE-B
Schedule of Investment in Shares
As at 31 December 2013

A. Listed Securities

SL	Name of the company [DSE CODE]	Date of Purchase	Number of shares	Face Value		Cost Price		Market Value as on 31-12-2013		Market Value as on 31-12-2012		Gain/(Loss)		Dividend Received in 2013	
				Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
1.	AB BANK 1ST MUTUAL FUND	10-Dec-13	200,000	2,000,000	1,493,567	1,380,000	-	1,380,000	-	-	(113,567)	-	-	-	-
2.	ASIA PACIFIC GENERAL INSURANCE CO. LTD.	10-Dec-13	10,000	100,000	308,924	300,000	-	300,000	-	-	(8,924)	-	-	-	-
3.	BEACON PHARMACEUTICALS LTD.	22-Dec-10	26,250	262,500	2,150,131	346,500	433,125	346,500	433,125	433,125	(1,803,631)	-	-	-	-
4.	BEXIMCO LTD.	20-Nov-10	86,148	861,480	15,837,676	2,773,966	4,824,333	2,773,966	4,824,333	4,824,333	(13,063,710)	-	-	-	-
5.	BEXIMCO PHARMACEUTICALS LTD.	23-Dec-10	65,122	651,220	5,696,972	3,073,758	3,165,505	3,073,758	3,165,505	3,165,505	(2,623,214)	-	-	-	-
6.	BRAC BANK LTD.	8-Dec-10	81,240	812,400	3,573,138	2,648,424	2,004,480	2,648,424	2,004,480	2,004,480	(924,714)	-	-	-	-
7.	BSRM STEELS LTD.	10-Dec-13	12,000	120,000	880,433	824,400	-	824,400	-	-	(56,033)	-	-	-	-
8.	CENTRAL INSURANCE CO. LTD.	10-Dec-13	10,000	100,000	301,402	293,000	-	293,000	-	-	(8,402)	-	-	-	-
9.	CONFIDENCE CEMENT LTD.	10-Dec-13	10,000	100,000	1,265,309	1,239,000	-	1,239,000	-	-	(26,309)	-	-	-	-
10.	CONTINENTAL INSURANCE LTD.	10-Dec-13	10,000	100,000	304,912	290,000	-	290,000	-	-	(14,912)	-	-	-	-
11.	DBH FIRST MUTUAL FUND	10-Dec-13	300,000	3,000,000	1,794,066	1,680,000	-	1,680,000	-	-	(114,066)	-	-	-	-
12.	DHAKA ELECTRIC SUPPLY CO. LTD.	8-Dec-10	36,368	363,680	4,508,182	2,123,891	2,280,163	2,123,891	2,280,163	2,280,163	(2,384,290)	-	-	27,500	-
13.	EASTERN BANK LTD.	27-Apr-93	5,701,066	57,010,660	19,415,953	165,901,021	180,723,792	165,901,021	180,723,792	180,723,792	146,485,068	-	-	11,402,132	-
14.	EXIM BANK OF BANGLADESH LTD.	1-Nov-10	118,503	1,185,030	4,263,365	1,528,689	2,240,784	1,528,689	2,240,784	2,240,784	(2,734,676)	-	-	-	-
15.	FEDERAL INSURANCE LTD.	22-Dec-10	10,000	100,000	249,246	247,000	-	247,000	-	-	(2,246)	-	-	-	-
16.	FIRST JANATA BANK MUTUAL FUND	22-Dec-10	425,000	4,250,000	3,466,449	2,550,000	875,000	2,550,000	875,000	875,000	(916,449)	-	-	-	-
17.	FIRST SECURITY ISLAMI BANK LTD.	25-Nov-10	81,312	813,120	2,457,271	1,227,811	1,367,520	1,227,811	1,367,520	1,367,520	(1,229,460)	-	-	-	-
18.	FU-WANG CERAMICS INDUSTRY LTD.	19-Apr-12	12,100	121,000	396,185	249,260	248,600	249,260	248,600	248,600	(146,925)	-	-	-	-
19.	HEIDELBERG CEMENT BD. LTD.	8-Dec-10	13,000	130,000	4,822,620	4,949,100	3,441,100	4,949,100	3,441,100	3,441,100	126,480	-	-	65,000	-
20.	I.F.I.C. BANK LTD.	10-Dec-13	15,000	150,000	516,545	514,500	-	514,500	-	-	(2,045)	-	-	-	-
21.	ICB ISLAMIC BANK LTD.	23-May-08	2,684,000	26,840,000	26,840,000	16,372,400	20,130,000	16,372,400	20,130,000	20,130,000	(10,467,600)	-	-	-	-
22.	IFIL ISLAMIC MUTUAL FUND-1	10-Dec-13	400,000	4,000,000	2,380,721	2,240,000	-	2,240,000	-	-	(140,721)	-	-	-	-
23.	INDUSTRIAL PROMOTION & DEV. CO. LTD.	5-Dec-10	12,100	121,000	723,913	242,000	217,800	242,000	217,800	217,800	(481,913)	-	-	12,100	-
24.	JAMUNA OIL COMPANY LTD.	21-Sep-11	25,858	258,580	5,272,569	4,959,564	139,230	4,959,564	139,230	139,230	(313,004)	-	-	2,700	-
25.	KHULNA POWER COMPANY LTD.	22-Nov-10	130,275	1,302,750	11,125,662	6,396,503	5,766,840	6,396,503	5,766,840	5,766,840	(4,729,160)	-	-	144,750	-
26.	LAFARGE SURMA CEMENT LTD.	10-Dec-13	4,000	40,000	131,794	134,000	-	134,000	-	-	2,206	-	-	-	-
27.	M. I. CEMENT FACTORY LTD.	30-Nov-10	1,051	10,510	79,002	82,188	87,128	82,188	87,128	87,128	3,187	-	-	3,346	-
28.	MEGHNA PETROLEUM LTD.	23-Nov-10	45,054	450,540	8,644,495	9,506,394	1,988,383	9,506,394	1,988,383	1,988,383	861,899	-	-	43,425	-
29.	MITHUN KNITTING	25-Aug-94	800	8,000	8,000	64,000	58,720	64,000	58,720	58,720	56,000	-	-	-	-
30.	NCC BANK LTD.	26-Dec-10	14,015	140,150	524,903	183,597	231,886	183,597	231,886	231,886	(341,306)	-	-	-	-
31.	NAVANA CNG LIMITED	31-Oct-10	29,891	298,908	4,652,466	1,913,011	1,987,738	1,913,011	1,987,738	1,987,738	(2,739,454)	-	-	-	-
32.	NITOL INSURANCE COMPANY LTD.	10-Dec-13	10,000	100,000	348,543	336,000	-	336,000	-	-	(12,543)	-	-	-	-
33.	ONE BANK LIMITED	28-Jul-11	65,550	655,500	2,238,741	1,035,690	1,299,600	1,035,690	1,299,600	1,299,600	(1,203,051)	-	-	28,500	-

34.	ORION PHARMA LTD.	10-Dec-13	20,000	200,000	1,270,079	1,174,000	-	(96,079)	-
35.	PHOENIX INSURANCE CO.LTD.	10-Dec-13	10,000	100,000	431,350	420,000	-	(11,350)	-
36.	PHP 1ST MUTUAL FUND	10-Dec-13	200,000	2,000,000	1,153,450	1,100,000	-	(53,450)	-
37.	PIONEER INSURANCE COMPANY LTD	10-Dec-13	10,000	100,000	688,058	664,000	-	(24,058)	-
38.	POPULAR LIFE FIRST MUTUAL FUND	10-Dec-13	200,000	2,000,000	1,269,798	1,200,000	-	(69,798)	-
39.	POWER GRID CO. OF BANGLADESH LTD.	2-Dec-10	33,150	331,500	2,350,480	1,750,320	1,009,140	(600,160)	16,500
40.	PRIME FINANCE & INVESTMENT LTD.	9-Nov-10	24,192	241,920	3,975,892	645,926	661,248	(3,329,966)	20,160
41.	PRIME INSURANCE COMPANY LTD.	10-Dec-13	10,000	100,000	337,510	323,000	-	(14,510)	-
42.	R. N. SPINNING MILLS LTD.	10-Dec-13	10,000	100,000	376,727	369,000	-	(7,727)	-
43.	RAK CERAMICS(BANGLADESH) LTD.	31-Oct-10	29,432	294,320	3,678,852	1,568,726	1,003,429	(2,110,126)	26,499
44.	REPUBLIC INSURANCE COMPANY LTD.	10-Dec-13	10,000	100,000	436,305	438,000	-	1,695	-
45.	SOCIAL ISLAMI BANK LTD.	18-Apr-12	16,500	165,000	329,987	219,450	291,000	(110,537)	7,500
46.	SONAR BANGLA INSURANCE LTD.	10-Dec-13	10,000	100,000	256,267	247,000	-	(9,267)	-
47.	SOUTHEAST BANK LTD.	18-Apr-12	30,000	300,000	632,893	537,000	300,000	(95,893)	22,500
48.	SQUARE PHARMACEUTICALS LTD.	23-Dec-10	82,400	824,000	13,336,069	15,672,480	8,092,800	2,336,411	120,000
49.	SQUARE TEXTILE LTD.	10-Dec-13	15,000	150,000	1,396,522	1,356,000	-	(40,522)	-
50.	STANDARD BANK LTD.	2-Dec-10	54,312	543,120	1,117,244	803,818	645,120	(313,426)	-
51.	SUMMIT POWER LTD.	8-Dec-10	68,250	682,500	5,220,114	2,620,800	3,031,438	(2,599,314)	-
52.	TAMIZUDDIN TEXTILES MILLS LTD.	2-Jan-92	5,000	50,000	500,000	385,000	385,000	(115,000)	-
53.	THE PREMIER BANK LTD.	25-Nov-10	31,000	310,000	979,017	337,900	456,548	(641,117)	-
54.	TITAS GAS TRANSMISSION & DIST.CO.LTD.	26-Dec-10	135,750	1,357,500	13,358,756	10,018,350	7,884,975	(3,340,406)	345,000
55.	TRUST BANK LTD.	10-Dec-13	15,000	150,000	324,972	300,000	-	(24,972)	-
56.	UNITED COMMERCIAL BANK LTD.	10-Dec-13	15,000	150,000	374,622	376,500	-	1,878	-
57.	UTTARA BANK LTD.	10-Dec-13	20,000	200,000	643,971	622,000	-	(21,971)	-
	Sub-Total		11,700,689	117,006,888	191,112,086	280,754,936	257,272,425	89,642,850	12,287,612

B. Non-Listed & Preference Shares

SL	Name of the company	Date of Purchase	Number of shares	Face Value	Cost/Book Value	Market Value as on 31-12-2013	Market Value as on 31-12-2012	Unrealized Gain/(Loss)	Dividend Received in 2013
1.	BANGLADESH DEVELOPMENT CO.LTD.	--	189,000	18,900,000	18,900,000	18,900,000	21,000,000	-	2,693,250
2.	CENTRAL DEPOSITORY BANGLADESH LTD.	--	1,142,361	11,423,610	3,138,890	3,138,890	3,138,890	-	6,282,986
3.	EQUITY OF GRAMEEN IT PARK	--	42,018	4,201,800	4,201,760	4,201,760	4,201,760	-	-
4.	KARMA SANGSTHAN BANK	--	150,000	15,000,000	15,000,000	15,000,000	10,000,000	-	-
	Sub-Total		1,523,379	49,525,410	41,240,650	41,240,650	38,340,650	-	8,976,236
	Grand Total (A+B)		13,224,068	166,532,298	232,352,736	321,995,586	295,613,075	89,642,850	21,263,848

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

SL	Name of the Client	Outstanding as on 31.12.2013			Outstanding as on 31.12.2012	Remarks
		Funded	Non funded	Total		
1	Bangladesh Chemical Industries Corporation (BCIC)	25,135	24,976	50,111	-	
2	Emerald-1 Group	14,988	-	14,988	8,588	
3	S.Suhi Shipping Group	13,915	-	13,915	11,776	
4	Adib Dying and Well Allied	13,195	-	13,195	13,706	
5	Nilsagor Group	10,342	2,797	13,139	11,342	
6	Vasavi Group	12,189	593	12,782	11,509	
7	OPE Group	11,609	-	11,609	10,311	
8	Bangladesh Development Company Ltd.	11,228	-	11,228	9,443	
9	Delta Systems Ltd	11,215	-	11,215	-	
10	New Dhaka City Development Ltd.	10,773	-	10,773	8,925	
11	A.R.S.S. Enterprise	10,626	-	10,626	9,124	
12	Amader Bari Ltd.	10,375	-	10,375	8,063	
13	Crystal Steel and Ship Breaking Ltd.	10,248	-	10,248	-	
14	New Auto Define	10,187	-	10,187	8,972	
15	Sonar Bangla Natural Agro and Allied	10,040	-	10,040	-	
16	Sanji-Well Group	7,159	2,826	9,985	12,977	
17	Emerald Oil and Allied	9,050	891	9,941	-	
18	HG Aviation and Allied	9,861	21	9,882	-	
19	Feaz Enterprise	9,372	-	9,372	7,947	
20	Regent Group	9,040	-	9,040	8,203	
21	SQ Hues Limited	-	-	-	11,912	
22	IG Navigation Limited	-	-	-	7,820	
23	MA Tex	-	-	-	7,185	
24	R.K.Foods Ltd.	-	-	-	7,290	
25	Azad and Little Allied	-	-	-	7,025	
26	A.H.Jute Spinnners & Belting Ltd.	-	-	-	8,628	
27	Western Group	-	-	-	7,842	
28	Bay Navigation Ltd.	-	-	-	7,485	
29	R.I. Enterprise	-	-	-	7,395	
	Total	230,547	32,104	262,651	213,468	

Note: In 2013 the capital of the bank is negative. As such loans allowed to customers/customers group exceeding 10% of capital can not be given. However the top 20 (twenty) borrowers of the bank as on 31 December 2013 has been given here.

ANNEXURE-D
Schedule of Fixed Assets
As at 31 December 2013

Amount in Taka

Particulars	Cost			Depreciation					Written Down Value as at		
	Balance as at 01.01.2013	Addition during the year	Disposal/Transfer during the year	Balance as at 31.12.2013	Rate	Balance as at 01.01.2013	Addition during the year	Transfer/ Adjustment during the year	Balance as at 31.12.2013	31.12.2013	31.12.2012
Furniture and Fixtures	244,598,270	131,281,904	(5,056,689)	370,823,485	10%	77,325,610	22,810,453	(3,453,072)	96,682,991	274,140,494	167,272,660
Equipment and Computer	548,291,367	111,522,962	(8,797,606)	651,016,723	20%	319,343,860	68,041,332	(8,586,669)	378,798,523	272,218,200	228,947,507
Vehicles	268,439,718	107,960,460	(51,402)	376,348,776	25%	141,193,429	61,794,110	(51,401)	202,936,138	173,412,638	127,246,289
Leasehold Assets	4,000,000	-	-	4,000,000	1%	643,678	46,127	-	689,805	3,310,195	3,356,322
Total as of 31.12.2013	1,065,329,355	350,765,326	(13,905,697)	1,402,188,984		538,506,577	152,692,022	(12,091,142)	679,107,457	723,081,527	526,822,778
Total as of 31.12.2012	802,728,651	271,767,607	(9,166,903)	1,065,329,355		438,267,627	109,404,277	(9,165,327)	538,506,577		526,822,778

BASIC Bank Limited

HIGHLIGHTS ON THE OVERALL ACTIVITIES OF THE BANK

SL	Particulars	2013	2012
1	Paid up Capital	2,946,982,500	2,946,982,500
2	Total Capital	(1,951,250,069)	7,017,244,101
3	Capital Surplus / (Deficit)	(13,720,050,069)	33,404,101
4	Total Assets	157,072,193,828	109,682,063,776
5	Total Deposits	134,493,447,522	87,693,231,680
6	Total Loans and Advances	109,428,439,155	85,955,762,411
7	Total Contingent Liabilities and Commitments	14,947,018,446	13,927,122,433
8	Credit - Deposit Ratio	78.31%	91.75%
9	Percentage of Classified Loans against total Loans & Advances	28.75%	8.22%
10	Profit(Loss) after Tax and Provision	(531,533,329)	27,896,325
11	Amount of Classified Loans and Advances	31,455,310,484	7,065,685,261
12	Provision Kept against Classified Loan	3,979,185,319	2,565,312,341
13	Provision Surplus/ (deficit)*	(7,888,062,000)	-
14	Cost of Fund	11.38%	11.71%
15	Interest Earning Assets	113,678,124,804	92,568,399,870
16	Non-interest Bearing Assets	43,394,069,024	17,113,663,906
17	Return on Investment (ROI) ***	-5.73%	0.30%
18	Return on Assets (ROA)	-0.40%	0.03%
19	Incomes on Investment	1,672,850,726	1,559,166,570
20	Earnings Per Share (EPS)	(18.04)	0.95
21	Net Income Per Share	(18.04)	0.95
22	Price Earning Ratio**	N/A	N/A

* In response to our application Bangladesh Bank has allowed the bank to provide the provision shortfall as of 31 December 2013 within 31 December 2014 vide Bangladesh Bank letter no. DBI-2(UB-5)40/2014-90 dated 30/04/2014.

** N/A: Not Applicable

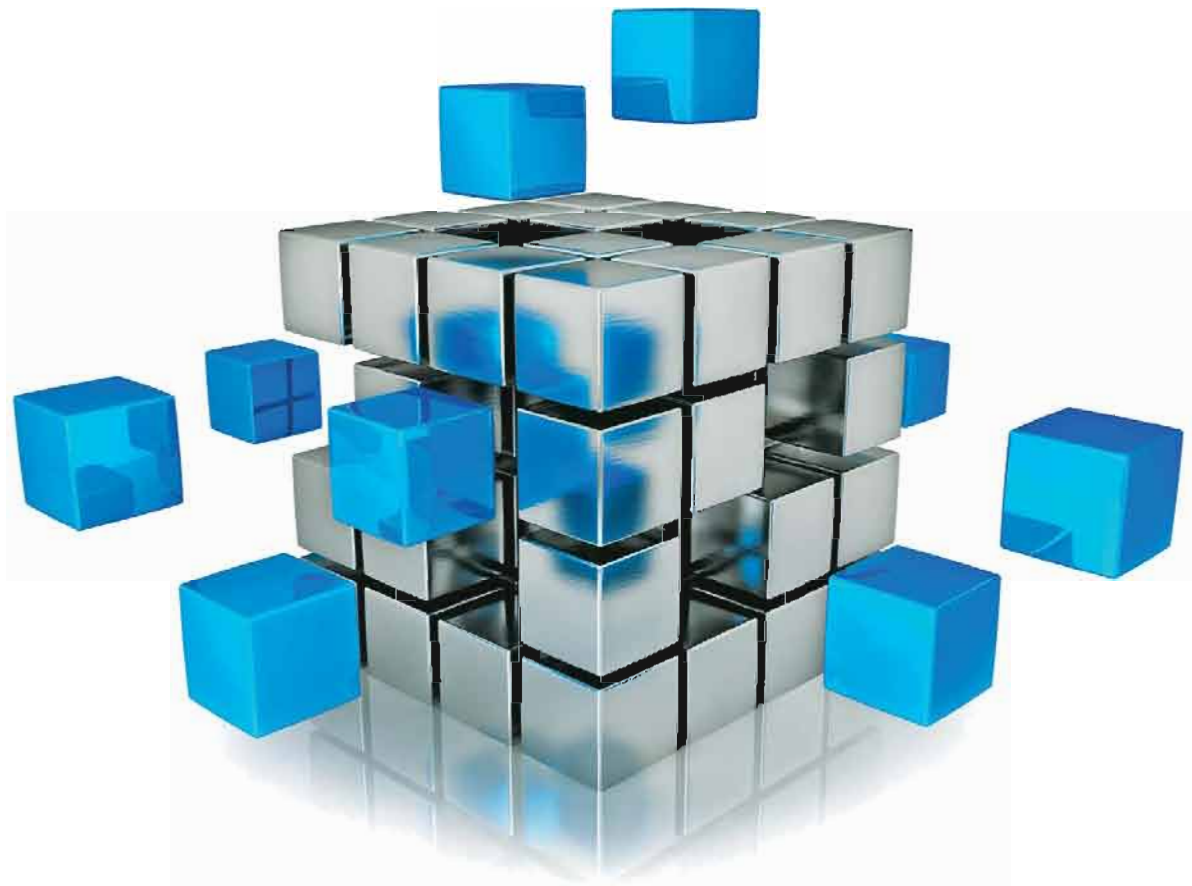
*** ROI has been calculated by dividing profit after tax by average shareholders' equity plus average long term debt. In 2012 it was calculated by dividing the income from investment by average investment. The ROI of 2012 has been shown as per revised method of calculation.

SERVING PEOPLE FOR PROGRESS



A STATE OWNED SCHEDULED BANK

| List of Executives |



Managing Director (Current Charge)

Mr. Fazlus Sobhan

Deputy Managing Directors

Kanak Kumar Purkayastha

Abdul Qayum Mohammad Kibriya

A. Monaem Khan

Md. Ruhul Alam

Md. Salim

General Manager

Md. Zainul Abedin Choudhury

Shahadat Hossain

Md. Wahidul Alam

Khandakar Shamim Hasan

Md. Mozammel Hossain

Golam Faruk Khan

Mohammad Ali

Ahmad Hossain

Hasan Tanvir

Mohammad Moniruzzaman

Md. Mahbubul Alam

ASM Rowshanul Haque

Deputy General Managers:

Md. Abul Hashem

Shaikh Mohammad Abdur Razzaque

Md. Omar Faruque

Syed Mushahid Ahmed

Abdul Adud

Md. Kabir Uddin

Md. Abul Kalam Azad

Md. Emdadul Haque

A.K.M. Masudur Rahman

Khan Iqbal Hasan

Md. Ismail

Mohammed Ali

Abu Md. Mofazzal

Md. Momenul Hoque

Shiper Ahmed

Jan-E-Alam

Nurur Rahman Chowdhury

Md. Masum Uddin Khan

Niranjan Chandra Debnath

Saifur Rahman

Md. Fida Hasan

Md. Masudul Alam

Mahbub Alam Khan

Md. Mahabubul Alam

Helena Perveen

Md. Hasan Imam (Company Secretary)

Debasish Karmaker

B. M. kamruzzaman

M. Kamran Hamid

Mohammad Musa Khan

Md. Humayun Kabir

Niaz Musawwir Shah

Arif Hossain

Md. Harun-Ur-Rashid

Md Rabiul Alam Tipu

Mushfequr Rahman Chowdhury

S. M. Waliullah

Assistant General Managers:

Mariom Begum

S.M. Ataur Rahman

Abdus Sabur

Mohammad Faruk Hossain

Mohammed Idris Bhuiyan

Md. Ashrafuzzaman

Md. Al-Amin

A.M. Shahed Husain

Abdus Satter Khan

Md. Khosh Newaz

Shakir Mahmud Sharafuddin

Shawkot Mahmood

Md. Mahmud Hasan

Md. Rezaul Alam

Md. Abdul Maleque Kibria

Jahir Uddin Ahmed

Md. Abdul Gofur Talukder

Md. Kamrul Islam

Md. Nurul Islam

Md. Helal Uddin

Md. Ruhul Amin

Muhammad Imrul Islam

Mohammad Didarul Alam

Dominic Philip Sampson

Md. Nashir Uddin

Sumit Ranjan Nath

Palash Das Gupta

Faisal Shah Qureshi
 A.K.M. Kamruzzaman
 Md. Zahir Uddin
 Ghulam Sayeed Khan
 Sanjay Kumar Datta
 Md. Jahangir Kabir
 Md. Mizanur Rahman
 Md. Shamsul Huq
 Shehab Chowdhury
 S.M. Anisuzzaman
 Md. Nasir Uddin
 Md. Billal Hossain
 Sadia Akhter Shahin
 Shamima Akther
 ASM Anisur Rahman Chowdhury
 Md. Ekhwanul Islam
 Iftekhar Ahmed
 Md. Mafizur Rahman Talukdar
 Ferdousi Begum
 Saidur Rahman Sohel
 Rabiul Hossain Chowdhury
 Md Abu Sahid
 Golam Kabir
 Mohammed Yusuf
 Sk. Nazrul Islam
 Md. Abdul Ali
 Ekramul Bari
 Md Abul Kalam Azad
 Md Shariful Islam
 Mohammad Nazmul Hasan
 Md Raihan Ali
 Md. Salequr Rahman
 Mahbubor Rahman
 Md Gahar Ali Khan
 Md. Abdul Hannan Howlader
 A.B.M. Zahid Hossain
 Md Taslim Uddin
 S. M. Zahid Hassan Sayed
 Md Rakibul Hassan
 Nilotpall Sarker
 S M Hasibur Rahman

Md Ismail Hossain
 Nitul Kanti Saha
 Md. Sharif Uddin Ahammed- Al Mahmud
 Md. Ashraf Hossain

Executives on Contract:

Md. Azizul Hoque
 Asoke Bandhu Das

Managers as Branch In-Charge:

Md. Abdul Matin
 Md. Masud Hasan
 Md Mominul Haque Chowdhury
 Md. Shamim Khan
 Md. Golam Ershad
 Majir Uddin Ahmed Chowdhury
 Md. Anower-Ul- Haq
 Md. Nazmul Islam
 Md. Khalekuzzaman Talukder
 Shafi Ahmed
 Md Khorshed Alam
 Mohammad Abu Sufian

Deputy Managers as Branch In-Charge:

Mohammad Rafiqul Islam
 Md. Belal Hossen
 A.K.M. Mamunur Rashid
 Farid Ahamed
 Dinu Pramanik
 Md. Akther Hossain
 Ali Reza Masud
 Md. Neyamot Hossain
 Md. Saifuddin Khaled
 Nirmal Kanti Talukder
 Sumon Roy
 Md. Ziaul Islam
 Md. Mosharrof Hossain
 Md. Abul Kalam
 Md. Rashedul Haque

DHAKA DIVISION**MAIN BRANCH**

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73 Motijheel C/A, Dhaka-1000
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6, Kemal Ataturk Avenue,
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Tel: + 88 02 8833402

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BASHUNDHARA BRANCH

Plot: 13, Block: A, Main Road,
Bashundhara R/A, Dhaka-1229
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DHANMONDI BRANCH

54, Manna's Tower (1st Floor), Road # 4/A
Satmasjid Road, Dhanmodi R/A, Dhaka-1209
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DILKUSHA BRANCH

14 Dilkusha C/A
Dhaka- 1000
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GULSHAN BRANCH

Ridge Park, Crystal Palace(1st Floor)
SE (D) 22 (New), Road No. 140
Gulshan South Avenue, Gulshan-1, Dhaka
Tel: + 88 02 9883501-2

ISLAMPUR BRANCH

6-7, Islampur Road (2nd floor), Islampur
Dhaka- 1100
Tel: + 88 02 7394422

KARWAN BAZAR BRANCH

Latif Tower, 47 Karwan Bazar
Dhaka- 1215
Tel: + 88 02 9146282

MIRPUR BRANCH

BSCIC Electronics Complex, Industrial Plot No. 1/1
Section 7, Avenue 4, Road No. 3 Pallabi, Dhaka-1221
Tel: + 88 02 9006249-50

MOULVIBAZAR BRANCH

Gulbadan Market (1st Floor)
4 Moulvibazar, Dhaka- 1211
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SHANTINAGAR BRANCH

Concord Grand (1st Floor)
169/1, Shantinagar Road, Dhaka-1217
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SHYAMOLI BRANCH

House # 24/1, Mohammadpur Housing Estate
Block B, Ring Road, Shyamoli, Dhaka-1207
Tel: + 88 02 9142412

UTTARA BRANCH

Plot No. 67/A (1st Floor), Rabindra Saroni
Sector-7, Uttara Model Town, Dhaka- 1230
Tel: + 88 02 8961032

KERANIGANJ BRANCH

Century City Complex, (2nd Floor)
Shaheed Delwar Hossain, Road
East Aganagar, South Keraniganj, Dhaka
Tel: + 88 02 7764284

MATUAIL BRANCH

Asiatic Shopping Mall Complex, Mominbagh
Chowrasta, Paradogair, Matuail, Demra, Dhaka
Tel: + 88 02 7550792

GAZIPUR CHOWRASTA BRANCH

Noor Plaza (1st floor), Gazipur Chowrasta
Mymensingh Road, Gazipur
Tel: 02-9263115

MAWNA BRANCH

Hamida Complex, Telihati
Sripur, Gazipur-1741
Tel: 0682 - 551155

SAVAR BRANCH

Savar New Market
Holding # 3, Ward # 7, Savar, Dhaka-1340
Tel: 02 - 7745582

MYMENSINGH BRANCH

76/A, Chhoto Bazar Road
Mymensingh- 2200
Tel: 091-51612

TANBAZAR BRANCH

55/21 S.T.S Tower, S.M Maleh Road
Tanbazar, Narayanganj- 1400
Tel: 02-7631862

**NARSINGDI BRANCH**

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Narsingdi-1600
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MADHABDI BRANCH

Bank Para, Madhabdi Bazar
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Holding no. 29/D, Ward No. 2
Kotwali, Faridpur
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KOTALIPARA BRANCH

Bank Bhaban, Sultan Market
Ghagore Bazar, Kotalipara, Gopalganj
Tel: 02-6651344

TUNGIPARA BRANCH

220, Powra Super Market
Patgati Bazar, Tungipara, Gopalganj
Tel: 02-6656465

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Fax: 02- 8871858
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E-mail: dhakacantonment@basicbanklimited.com

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Tangail, Branch Code: 65
E-mail: elenga@basicbanklimited.com

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Mymensingh
Tel: 0902-756153, 756152
Fax: 0902-756152
Branch Code: 66
E-mail: ishwarganj@basicbanklimited.com

CHITTAGONG DIVISION**AGRABAD BRANCH**

Pine View (Ground Floor)
100 Agrabad C/A, Chittagong- 4100
Tel: 031-2520080

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M.A. Salam Market
774, Asadgonj
Chittagong-4100
Tel: 031-614569

CEPZ BRANCH

Moon Tower (1st Floor), E.P.Z. Gate
South Haliahar, Chittagong- 4100
Tel: 031-740094

DEWANHAT BRANCH

4/B D.T. Road, Postarpar
Dewanhat, Chittagong- 4100
Tel: 031-2512480-1

DOHAZARI BRANCH

Janakalyan Tower (1st Floor), Main Road
Dohazari, Chandanaish, Chittagong- 4100
Tel: 044 39009133

JUBILEE ROAD BRANCH

G.R. Plaza, 5 Jubilee Road
Chittagong- 4100
Tel: 031- 634879

KHATUNGOJ BRANCH

193 Khatungonj
Chittagong- 4000
Tel: 031-614200

PAHARTOLI BRANCH

Plot No. 9 & 10, Block-G
Firoz Shah Housing Estate
Pahartoli, Chittagong
Tel: 031 2773449

PATHERHAT BRANCH

Ibrahim Soban Tower, Patherhat, Noapara
Raozan, (Kaptai Road), Chittagong
Tel: 031-2573404

SHOLOSHAHAH BRANCH

Proskov Bhaban (1st Floor), 110 CDA
Avenue, Nasirabad, Muradpur, Chittagong
Tel: 031- 651066

COX'SBAZAR BRANCH

Holding No.: 30 (Rashid Complex)
Main Road, Cox'sbazar Sadar
Cox'sbazar- 4700
Tel: 0341-63585

COMILLA BRANCH

Holding No- 03, A.M.D. Complex Market
Chatipatty, Rajgonj, Comilla-3500
Tel: 081-65886

CHANDPUR BRANCH

Holding No. 121, (Kalibari More)
Comilla Road, Ward No-7
Pourashava Chandpur, Chandpur- 3600
Tel: 0841- 67201

JORARGANJ BRANCH

Gopinathpur, Jorarganj, Mirersharai
Chittagong, Branch Code: 68
E-mail: Jorarganj@basicbanklimited.com

SYLHET DIVISION**ZINDABAZAR BRANCH**

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

CHOWMUHANA BRANCH

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

MIRPUR BAZAR BRANCH

Chowdhury Complex, Dhulia Khal Road,
Mirpur Bazar, Bahubal, Habiganj

SONARPARA (RAYNAGAR) BRANCH

RASOS 61, Monsuf Rowshan Plaza, Sylhet Tamabil Road
Raynagar, Sonarpara, Sylhet
Tel: 0821 728780

RAJSHAHI DIVISION**RAJSHAHI BRANCH**

Anam Plaza (1st Floor) Shaheb Bazar
Rajshahi- 6100, Tel: 0721- 776278

CHAPAINAWABGANJ BRANCH

Holding No. 449, Huzrapur Road
Chapainawabganj- 6300, Tel: 0781-51570

NATORE BRANCH

Holding No.- 327, Rosy Market
Station Bazar, Natore, Sadar, Natore
Tel: 0771-66374, 66514

SIRAJGANJ BRANCH

Shapneel Shopping Complex, 305, S.S. Plaza,
S.S. Road, Sirajganj, Tel: 0751-64355

BELKUCHI BRANCH

Bhuyan Plaza, Mukundagati Bazar
Belkuchi, Sirajganj, Tel: 07522-56317

BOGRA BRANCH

Bhabani Shachin Bhaban
Hari Dashi Market, 120 Baragola
Bogra-5800, Tel: 051-78793

RANGPUR DIVISION**RANGPUR BRANCH**

97/1, Central Point
Central Road
Rangpur-5400
Tel: 0521-67811

SAIDPUR BRANCH

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

KHULNA DIVISION**KHULNA BRANCH**

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

KDA AVENUE BRANCH

Al-Mumin Centre(1st Floor), 58, KDA Avenue
Sonadanga, Khulna-9100, Tel: 041-2832920

SATKHIRA BRANCH

12478 (Old), Itagacha Bazar More
Sultanpur Bara Bazar Road
Satkhira- 9400, Tel: 0471-64010

CHITALMARI BRANCH

Meem Sargical Clinic, Vill: Aruaborni
Shaheed Minar Road, Chitalmari, Bagerhat
Tel: 04652-56035

FAKIRHAT BRANCH

Sheikh Matiur Rahman Market
Old Dhaka Road, Fakirhat, Bagerhat
Tel: 04653-56340

JESSORE BRANCH

35, M.K. Road (1st Floor)
Jessore- 7400, Tel: 0421- 68586

JHIKARGACHA BRANCH

Samad Market, Krishnanagar
Jhikargacha, Jessore
Tel: 04225-71635

KUSHTIA BRANCH

Biswas Super Market (1st Floor)
95/170, N.S. Road, Shapla Chattar
Thanapara, Kushtia-7000
Tel: 071-63041

JHENAIDAH BRANCH

203, Hossain Shaheed Suhrawardy Road
Jhenaidah Sadar, Jhenaidah
Tel: 0451-62880, 0451-62881
Fax: 0451-62885, Branch Code: 66
E-mail: jhenaidah@basicbanklimited.com

BARISAL DIVISION**BARISAL BRANCH**

102, Chawkbazar Road, Barisal
Tel: 0431-65022

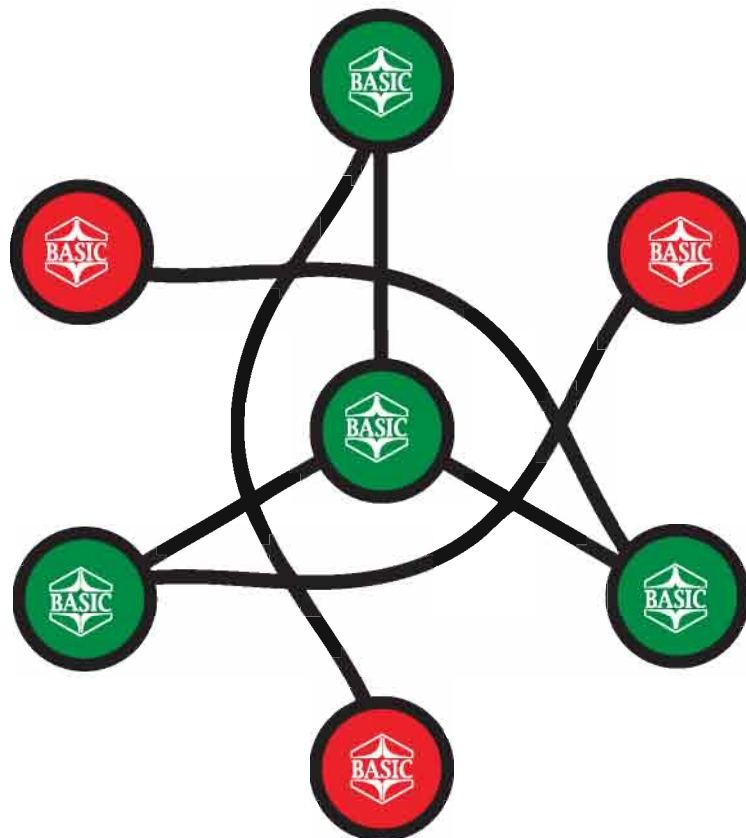
MATHBARIA BRANCH

Thanapara Road, Ward no. 09
Mathbaria, Pirojpur, Tel: 04625-75896

MOHIPUR BRANCH

Nazibpur, Mohipur
Kalapara, Patuakhali
Branch Code: 69
E-mail: mohipur@basicbanklimited.com

| Our ATM Networks |



BASIC Bank is a member of the Q-cash shared ATM and POS network. Amongst the Government bank BASIC Bank is the first one to obtain VISA Principal Membership for issuing different types of Credit and Debit cards, in the beginning of the year 2014 we will launch VISA Debit, Credit and Prepaid cards. We have been connected to NPS (National Payment System), a payment gateway managed and controlled by the Central Bank. Presently our card holders have access with 1800+ ATMs and 10,000+ POS terminals countrywide, but as soon as we launch Visa cards all the ATMs and POS terminals of the country can be accessed by our cardholders. We are in a process of rapid expansion of ATM network and going to set up 20 ATMs by this year.

Present ATM Booths

1. Agrabad Branch ATM
2. Bashundhara City ATM
3. Bashundhara Branch ATM
4. Shimanto Square ATM
5. Gulshan ATM
6. Uttara ATM
7. Shantinagar Branch ATM
8. Shyamoli Branch
9. IEB Ramna ATM
10. Dilkusha Branch ATM
11. Dhaka Cantonment Branch ATM

Proposed ATM Booths

1. Khulna KDA
2. Main Branch
3. Zindabazar
4. Comilla Branch
5. Narsingdi Branch
6. Jublee Road Branch
7. Jessore Branch
8. Matuail Branch
9. Chandpur ATM
10. Gazipur Chowrasta ATM
11. Narayangonj ATM
12. Gopalganj ATM
13. Mirpur ATM
14. Khulna ATM
15. Mohipur ATM
16. Mothbaria ATM
17. Cox's Bazar ATM
18. Tungipara ATM
19. Elenga Branch ATM
20. BASIC Tower ATM

