

BASIC Bank Limited

Head Office

Sena Kalyan Bhaban

195 Motijheel Commercial Area

Dhaka 1000

BASIC Bank Limited

Auditors' report and financial statements
for the year ended 31 December 2016

S. F. AHMED & CO

Chartered Accountants

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BASIC Bank Limited

Independent Auditors' Report to the Shareholders
For the year ended 31 December 2016

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 2016, profit and loss account, statement of changes in equity, cash flow statement and liquidity statement for the year then ended, and a summary of significant accounting policies and other explanatory notes and annexes thereto.

Management's responsibility for the financial statements and internal controls

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the Bank. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements of the Bank 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. Most of the reported loans and advances of the Bank were sanctioned and disbursed during the period from 2010 to June 2014. In relation to these loans and advances there were significant weakness in the Bank's internal control regarding loans and advances management, specially loans were renewed having excess over limit and poor or nil turnover, unauthorised excess overdrawn in cash credit account, temporary overdraft was given in current deposit account, loan was approved before getting credit line proposal (CLP) from branches, loans were sanctioned having observations in CLP, grace period extended frequently to avoid classification of loan accounts, incomplete sanction advice of loans issued, unauthorised decrease of installment size, unauthorised changes in first repayment and expiry dates by branches, showing same assets as collateral security of more than one loan, loan was given without security or having shortfall of security, significant over valuation of collateral security was done, loan sanctioned/rescheduled/renewed/dispursed without credit risk grading (CRG) or having manipulated CRG and less than acceptable limit, significant weaknesses in loan documentation, the utilisation of loan facilities was not ensured by the Bank, etc.



BASIC Bank Limited

Independent Auditors' Report to the Shareholders
For the year ended 31 December 2016

2. We could not audit the security files of 56 (fifty six) loan client-accounts amounting to BDT 13,351,022,892 that represents 9.98% of total loans and advances and 18.89% of classified loans and advances of the Bank of Gulshan, Shantinagar, Main and Dilkusha branches due to seizure of the respective files by the Anti-Corruption Commission, Bangladesh.

Opinion

In our opinion, except for the effects of the matters described in the "basis for qualified opinion" paragraph, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1.

Emphasis of matter

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

1. Note 13.3 to the financial statements which describes the risk-weighted assets and capital ratios as defined in Basel capital accord which shows that the Bank has failed to maintain required capital.
2. Notes 7.7, 7.8 and 33 to the financial statements which describe the total loans and advances and provision thereon as on 31 December 2016 where the Bank's total loans and advances is BDT 13,488.28 crore of which classified loans and advances is BDT 7,300.69 crore required provision for loans and advances is BDT 4,645.87 crore against which the Bank kept total provision of BDT 1,819.99 crore only. The resulted short provision is BDT 2,825.88 crore. However, Bangladesh Bank vide its letter # BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 permitted the Bank to provide the provision shortfall of BDT 2,501 crore against classified loans and advances within a period of 5 (five) years from 2015 and provision shortfall of BDT 1,933 crore against classified blocked assets within a period of 10 (ten) years from 2015 which are also classified as loans and advances of the Bank.

Report on other legal and regulatory requirements

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

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the 'auditors' responsibility' section in forming the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the 'management's responsibility' section for the financial statements and internal control:
 - (i) internal audit, internal control and risk management arrangements of the Bank, as disclosed in note 2.16 appeared to be materially adequate;
 - (ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank except the matter as stated in para 1 of basis for qualified opinion;
- (c) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
- (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;



BASIC Bank Limited

Independent Auditors' Report to the Shareholders
For the year ended 31 December 2016

- (e) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.1 as well as with related guidance issued by Bangladesh Bank;
- (f) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (g) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (h) the information and explanations required by us have been received and found to be satisfactory; and
- (i) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 6,990 person hours for the audit of the books and account of the Bank.



Dhaka, Bangladesh
Dated, 18 April 2017


S. F. AHMED & CO
Chartered Accountants

BASIC Bank Limited

Balance Sheet
As at 31 December 2016

	Notes	2016 BDT	2015 BDT
PROPERTY AND ASSETS			
Cash	3	10,668,883,625	16,252,789,565
In hand (including foreign currencies)		556,171,378	501,228,446
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		10,112,712,247	15,751,561,119
Balance with other banks and financial institutions	4	2,378,042,140	5,152,917,726
In Bangladesh		1,645,475,504	4,119,264,828
Outside Bangladesh		732,566,636	1,033,652,898
Money at call and on short notice	5	4,120,000,000	3,610,000,000
Investments	6	47,711,374,678	35,915,015,923
Government		46,681,635,795	35,378,297,009
Others		1,029,738,883	536,718,914
Loans and advances	7	134,882,802,828	128,807,012,281
Loans, cash credits, overdrafts, etc		133,821,913,852	127,685,544,764
Bills purchased and discounted		1,060,888,976	1,121,467,517
Fixed assets including premises, furniture and fixtures	8	409,031,933	514,229,099
Other assets	9	4,569,496,855	3,921,393,513
Non-banking assets		-	-
Total assets		204,739,632,059	194,173,358,107
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	2,325,163,324	2,482,940,170
Deposits and other accounts	11	158,070,977,543	148,167,229,641
Current deposit and other accounts		4,458,119,178	4,734,855,036
Bills payable		908,206,737	619,958,708
Savings bank deposits		4,453,994,441	3,497,315,210
Fixed deposits		148,250,657,187	139,315,100,687
Other deposits		-	-
Other liabilities	12	33,535,169,125	17,576,102,244
Total liabilities		193,931,309,992	168,226,272,055
Shareholders' equity			
Paid-up capital	13.2	10,846,982,500	10,846,982,500
Share money deposit		16,000,000,000	16,000,000,000
Statutory reserve	14	2,224,690,642	2,224,690,642
Other reserves	15	182,432,883	390,795,867
Retained earnings/(losses)	16	(19,650,783,958)	(4,720,382,957)
		9,603,322,067	24,742,086,052
Non-cumulative irredeemable preference shares		1,205,000,000	1,205,000,000
Total equity		10,808,322,067	25,947,086,052
Total liabilities and shareholders' equity		204,739,632,059	194,173,358,107



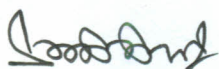
BASIC Bank Limited

Balance Sheet
As at 31 December 2016

	Notes	2016 BDT	2015 BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17	13,114,073,576	11,584,474,388
Acceptances and endorsements		2,997,524,717	2,874,507,841
Letters of guarantee		1,877,840,085	2,047,940,550
Irrevocable letters of credit		7,015,393,973	5,696,129,284
Bills for collection		718,992,723	461,746,219
Other contingent liabilities		504,322,078	504,150,494
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		13,114,073,576	11,584,474,388

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

for BASIC Bank Limited



Managing Director



Director



Director



Chairman



Dhaka, Bangladesh
Dated, 18 April 2017

See annexed report of the date


S. F. AHMED & CO
Chartered Accountants

BASIC Bank Limited

Profit and Loss Account
For the year ended 31 December 2016

	Notes	2016 BDT	2015 BDT
Interest income	18	8,098,523,197	8,218,241,570
Less: Interest paid on deposits and borrowings, etc	19	(9,154,318,946)	(11,359,027,543)
Net interest income		(1,055,795,749)	(3,140,785,973)
Investment income	20	3,141,726,351	2,628,103,917
Commission, exchange and brokerage	21	553,686,405	552,403,193
Other operating income	22	138,471,671	116,215,557
		3,833,884,427	3,296,722,667
Total operating income		2,778,088,678	155,936,694
Salaries and allowances	23	1,951,981,948	1,938,132,789
Rent, taxes, insurance, electricity, etc	24	340,464,407	323,999,278
Legal expenses	25	17,799,453	13,318,728
Postage, stamp, telecommunication, etc	26	37,084,120	49,153,957
Stationery, printing, advertisement, etc	27	27,809,856	38,724,631
Managing Director's salary and allowances	28	5,400,000	5,000,000
Directors' fees and other benefits	29	2,559,096	1,626,018
Auditors' fees		920,000	920,000
Depreciation of bank's assets	30	125,668,379	154,576,891
Repairs of bank's assets	31	32,612,632	33,199,872
Other expenses	32	144,941,955	161,531,141
Total operating expenses		2,687,241,846	2,720,183,305
Profit before provision		90,846,832	(2,564,246,611)
Provision made during the year			
Provision for loan	33	13,857,278,189	36,211,335
Provision (excess provision) for off-balance sheet exposures	33	12,721,811	(36,211,335)
Provision for other assets	33	1,171,211,956	624,081,394
Provision for Investment	33	4,201,760	
		15,045,413,716	624,081,394
Total profit/ (loss) before tax		(14,954,566,884)	(3,188,328,005)
Provision for taxation			
Current tax	34	38,609,904	34,544,893
Deferred tax	35	(62,775,787)	(82,511,325)
		(24,165,883)	(47,966,432)
Net profit/(loss) after tax		(14,930,401,001)	(3,140,361,573)
Appropriations:			
Statutory reserve	14	-	-
General reserve		-	-
Dividends, etc		-	-
		(14,930,401,001)	(3,140,361,573)
Retained surplus		(14,930,401,001)	(3,140,361,573)
Earnings per Share (EPS)	38	(13.76)	(2.90)

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

for BASIC Bank Limited


Managing Director


Director


Director


Chairman

See annexed report of the date



Dhaka, Bangladesh
Dated, 18 April 2017


S. F. AHMED & CO
Chartered Accountants

BASIC Bank Limited

Statement of Changes in Equity
For the year ended 31 December 2016

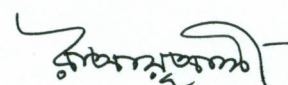
Particulars	Paid-up capital	Share money deposit	Statutory reserve	Other reserves					Retained earnings/ (losses)	Non-cumulative irredeemable preference share	Total
				General reserve	Investment revaluation reserve			Sub-Total			
					Gain on revaluation	Amortisation of discount	Loss on revaluation/A mortisation of HTM securities				
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Balance as at 01 January 2016	10,846,982,500	16,000,000,000	2,224,690,642	40,000,000	361,967,369	10,606,628	(21,778,130)	390,795,867	(4,720,382,957)	1,205,000,000	25,947,086,052
Net profit/(loss) for the year	-	-	-	-	-	-	-	-	(14,930,401,001)	-	(14,930,401,001)
Increase of revaluation reserve for securities during the year	-	-	-	-	596,669,533	3,496,336	(26,698,459)	573,467,410	-	-	573,467,410
Adjustment of revaluation reserve for securities during the year	-	-	-	-	(773,623,858)	(8,840,848)	634,312	(781,830,394)	-	-	(781,830,394)
Transferred to other reserve	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid during the year	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-
Share money received during the year	-	-	-	-	-	-	-	-	-	-	-
Issuance of bonus share	-	-	-	-	-	-	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Free reserve	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	10,846,982,500	16,000,000,000	2,224,690,642	40,000,000	185,013,044	5,262,116	(47,842,277)	182,432,883	(19,650,783,958)	1,205,000,000	10,808,322,067
Balance as at 31 December 2015	10,846,982,500	16,000,000,000	2,224,690,642	40,000,000	361,967,369	10,606,628	(21,778,130)	390,795,867	(4,720,382,957)	1,205,000,000	25,947,086,052

for BASIC Bank Limited




Managing Director


Director


Director


Chairman

Dhaka, Bangladesh
Dated, 18 April 2017

BASIC Bank Limited

Cash Flow Statement

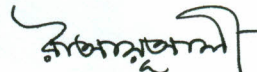
For the year ended 31 December 2016

	2016 BDT	2015 BDT
A) Cash flows from operating activities		
Interest receipts in cash	11,040,170,880	10,539,024,178
Interest payments	(9,895,060,603)	(12,423,957,543)
Dividends receipts	39,799,656	19,546,131
Fee and commission receipts in cash	553,686,405	552,403,193
Recoveries of loans previously written off	15,256,880	4,593,600
Cash payments to employees	(1,941,053,881)	(1,809,762,809)
Cash payments to suppliers	(27,809,856)	(38,724,631)
Income taxes paid	(106,338,785)	(41,988,385)
Receipts from other operating activities (item- wise)	123,187,420	111,621,957
Payments for other operating activities (item-wise)	(576,381,663)	(583,748,994)
Operating profit/ (loss) before changes in operating assets and liabilities	(774,543,547)	(3,670,993,303)
Increase/(decrease) in operating assets and liabilities		
Statutory deposits	-	-
Purchase/sale of trading securities	(12,004,721,739)	(5,160,935,805)
Loans & advances to customers	(6,075,790,547)	(39,414,153,444)
Other assets (item-wise)	(360,810,458)	30,007,275,478
Deposits from other banks	8,898,636,198	3,661,137,938
Deposits from customers	1,005,111,703	4,572,035,606
Other liabilities (item-wise)	1,641,557,552	2,397,005,655
	(6,896,017,291)	(3,937,634,572)
Net cash used in operating activities	(7,670,560,838)	(7,608,627,875)
B) Cash flows from investing activities		
Proceeds from sale of securities	-	-
Cash payments for purchase of securities	-	-
Purchase of property, plant & equipment	(20,744,649)	(19,130,673)
Sales of property, plant & equipment	300,807	6,850
Net cash from / (used in) investing activities	(20,443,842)	(19,123,823)
C) Cash flows from financing activities		
Increase/(Decrease) in long term borrowings	(157,776,846)	(191,034,152)
Receipt from Government	-	16,000,000,000
Conversion of borrowings into reserve	-	-
Payment of dividend	-	-
Net cash from/(used in) financing activities	(157,776,846)	15,808,965,848
D) Net increase in cash and cash equivalents (A+B+C)	(7,848,781,526)	8,181,214,150
E) Effects of exchange rate changes on cash and cash equivalents	-	-
	(7,848,781,526)	8,181,214,150
F) Cash and cash equivalents at beginning of the year	25,015,707,291	16,834,493,141
G) Cash and cash equivalents at end of the year (D+E+F)	17,166,925,765	25,015,707,291
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	556,171,378	501,228,446
Balances with Bangladesh Bank and its agent bank (s)	10,112,712,247	15,751,561,119
Balances with other banks and financial institutions	2,376,718,240	5,150,398,426
Money at call and on short notice	4,120,000,000	3,610,000,000
Prize bonds	1,323,900	2,519,300
	17,166,925,765	25,015,707,291

for BASIC Bank Limited


Managing Director


Director


Director


Chairman

Dhaka, Bangladesh
Dated, 18 April 2017



BASIC Bank Limited

Liquidity Statement (Analysis of Maturity of Assets and Liabilities)
As at 31 December 2016

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Assets						
Cash in hand	1,403,598,375	-	-	-	9,265,285,250	10,668,883,625
Balances with other banks and financial institutions	735,251,063	1,352,388,000	159,845,000	130,558,077	-	2,378,042,140
Money at call and on short notice	4,120,000,000	-	-	-	-	4,120,000,000
Investments	19,349,767,054	1,699,998,629	2,637,192,876	9,706,610,816	14,317,805,303	47,711,374,678
Loans and advances	13,123,475,771	13,689,191,167	24,556,030,771	42,815,600,570	40,698,504,549	134,882,802,828
Fixed assets including land, building, furniture and fixtures	9,661,561	20,492,450	92,800,689	192,245,009	93,832,224	409,031,933
Other assets	-	-	-	4,569,496,855	-	4,569,496,855
Non-banking assets	-	-	-	-	-	-
Total assets	38,741,753,824	16,762,070,246	27,445,869,336	57,414,511,327	64,375,427,326	204,739,632,059
Liabilities						
Borrowings from other banks, financial institutions and agents	500,000	1,100,000	5,200,000	37,800,000	2,280,563,324	2,325,163,324
Deposits and other accounts	37,182,731,595	37,920,396,669	63,454,245,914	11,583,134,042	7,930,469,323	158,070,977,543
Provision and other liabilities	485,955,625	413,694,565	8,451,111,550	1,907,920,090	22,276,487,296	33,535,169,125
Total liabilities	37,669,187,220	38,335,191,234	71,910,557,463	13,528,854,132	32,487,519,943	193,931,309,992
Net liquidity gap	1,072,566,604	(21,573,120,988)	(44,464,688,127)	43,885,657,195	31,887,907,383	10,808,322,067

for BASIC Bank Limited



[Signature]
Managing Director

[Signature]
Director

[Signature]
Director

[Signature]
Chairman

Dhaka, Bangladesh
Dated, 18 April 2017

BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

1. The Bank and its activities

1.1 Corporate information

BASIC Bank Limited ("the Bank") incorporated as a banking company under the Companies Act 1913 in the name of 'Bank of Small Industries and Commerce Bangladesh Limited' and governed by the Bank Companies Act 1991 (amended in 2013). In 2001 the Bank changed its earlier name and registered the new name with the Registrar of Joint Stock Companies and Firms Bangladesh. Initially the Bank started its operations as a joint venture organisation of the then BCC Foundation, a welfare trust in Bangladesh and the Government of Bangladesh. On 4 June 1992, the Government took over 70% shares held by the then BCC Foundation and became the sole owner of the Bank. It operates with 68 branches in Bangladesh. The registered office of the Bank is located at 73 Motijheel Commercial Area, Dhaka 1000.

1.2 Objectives

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

2. Basis of preparation and significant accounting policies

Basis of preparation

2.1 Statement of compliance

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

i) Investment in shares and securities

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

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

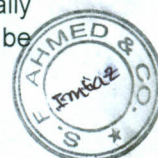
ii) Revaluation gains/losses on Government securities

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

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



BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

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

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

iv) Recognition of interest in suspense

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

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

v) Other comprehensive income

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

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

vi) Financial instruments – presentation and disclosure

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

vii) Repo transactions

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

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

viii) Financial guarantees

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



BASIC Bank Limited

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For the year ended 31 December 2016

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

ix) Cash and cash equivalent

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

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

x) Non-banking asset

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

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

xi) Cash flow statement

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

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

xii) Balance with Bangladesh Bank (Cash Reserve Requirement)

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

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

xiii) Presentation of intangible asset

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

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

xiv) Off-balance sheet items

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

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

xv) Loans and advances net of provision

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

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

2.2 Use of estimates and judgments

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

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

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

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



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

2.3 Foreign currency transaction

a) Foreign currency

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

b) Foreign currencies translation

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

c) Commitments

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

d) Transaction gains and losses

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

2.4 Statement of changes in equity

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

2.5 Cash flow statement

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

2.6 Liquidity statement

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

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

2.7 Reporting period

These financial statements cover one calendar year from 01 January 2016 to 31 December 2016.

2.8 Offsetting

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



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

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, BRPD circular No. 19 dated 27 December 2012, BRPD circular No. 05 dated 29 May 2013 and BRPD circular No. 16 dated 18 November 2014. The rates for provisions are stated below:

Particulars		Provision Rate
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	2.50%
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 as amended vide DOS Circular Letter No. 05 dated 28 January 2009, DOS Circular No. 06 dated 15 July 2010 & DOS Circular Letter No.01 dated 19 January 2014. Same procedures are followed for investment in Bangladesh Bank bills. Reclassification of HTM securities into HFT securities are also done in compliance with Bangladesh Bank's guidelines.

Held to Maturity (HTM)

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



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016**Held for Trading (HFT)**

The securities under this category are the securities acquired by the Bank with the intention to trade by taking advantages of short term price/interest movement. The government securities (Treasury Bills/Bangladesh Bank bills) under "Held for Trading" category are amortised and measured at present value on the basis of marked to market method weekly. The resulting gains & losses are transferred to profit and loss statement and then gains arising from marked to market are instantly transferred to other reserve account from profit and loss account. The government securities (Treasury bond) under "Held for Trading" category are measured at present value on the basis of marked to market method weekly. The resulting gains are transferred to other reserve account & losses are transferred to profit and loss account. The gains/(losses) arising on maturity or sale of such securities are credited/(debited) to profit and loss account.

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

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

Investment in listed (quoted) securities

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

Investment in unlisted (unquoted) securities

Subordinated Bond is reported at cost and shares are reported at lower of cost and market value.

Other investments

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

Investment and related income

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

2.9.4 Fixed assets**Recognition and measurement**

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

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



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

Depreciation

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

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

* In the schedule of fixed assets both machinery 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 statement, 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 amortisation and any impairment losses.
- Software is amortised using the straight line method over the estimated useful life of 5 (five) years commencing from the date of the application software is available for use over the best estimate of its useful economic life.

2.9.6 Other assets

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

2.9.7 Receivables

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

2.9.8 Inventories

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

2.9.9 Leasing

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

2.9.10 Non-banking assets

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



BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

2.9.11 Reconciliation of inter-bank and inter-branch account

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries / balances in the case of inter-branch transactions as on the reporting date are not material.

2.10 Share capital

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

2.11 Statutory reserve

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

2.12 Deposits and other accounts

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

2.13 Borrowings from other banks, financial institutions and agents

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

2.14 Basis for valuation of liabilities and provisions

2.14.1 Provision for taxation

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

2.14.2 Provision for deferred tax

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

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

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

a) Provident Fund

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



BASIC Bank Limited

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For the year ended 31 December 2016

b) Gratuity Fund

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

c) Benevolent Fund

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

d) Superannuation Fund

The Bank operates a contributory superannuation fund to give benefit to employees at the time of retirement and also cover group 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 utilised for various social activities as part of corporate social responsibility of the Bank.

2.14.4 Provision for liabilities

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

2.14.5 Provision for off-balance sheet exposures

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

2.14.6 Provision for nostro accounts

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

2.15 Revenue recognition

2.15.1 Interest income

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

2.15.2 Investment income

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

2.15.3 Fees and commission income

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

2.15.4 Dividend income on shares

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



BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

2.15.5 Interest paid and other expenses

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

2.16 Risk management

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

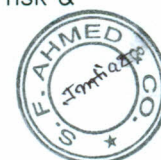
The Bank takes its lending decision based on the credit risk assessment report by the appraisal team. In determining Single borrower / Large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's & Regulatory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

b) Liquidity risk

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

c) Market risk

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



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For the year ended 31 December 2016

Foreign exchange risk

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

Treasury Division independently conducts the transactions, Back Office of Treasury is responsible for verification of the deals & passing of their entries in the books of account and Mid Office of Treasury monitors dealer's adherence to various internal, regulatory and counter party limits. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by the bank as mid rate at the month end & the mid rate is being published by the Treasury Division of the bank as per approved policy. All Nostro accounts are reconciled on a monthly basis & outstanding entry beyond 30 days is reviewed by the management for its settlement. The position maintained by bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk

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

Equity risk

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

d) Reputation risk arising from money laundering incidences

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

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

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

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

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



BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

The Bank has established a separate division namely Anti-Money Laundering Division (AMLDD) for mitigating Money Laundering and Terrorist Financing related risks. The Deputy Managing Director is acting as the Chief Anti-Money Laundering Compliance Officer (CAMLCO) of the Bank. In addition, Central Compliance Unit (CCU) has been formed to develop and review institutional strategy and program for preventing money laundering and terrorist financing of the Bank. Our Audit and Inspection Division conducts audit for an effective Anti Money Laundering System Check throughout the year. Moreover, members of CCU and employees of AMLDD pay visit to Branches to supervise the AML procedures and functions at branch level as and when required. AMLDD is continuously monitoring and reviewing overall Bank's compliance to prevent ML/TF risks. A draft "Money Laundering and Terrorist Financing Risk Assessment Guidelines" have been prepared for assessing and mitigating ML/TF risks of the Bank. The Guidelines is going to be placed before the Board of Directors for approval. Besides, a senior level executive from each Branch is working as a Branch Anti-Money Laundering Compliance Officer (BAMLCO). Sound Know Your Customer (KYC) and Transaction Monitoring Policies are in place to recognize the risk associated with accounts.

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

BASIC Bank Training Institute arranges training program throughout the year to develop awareness and skill for identifying suspicious activities/transactions.

e) Operational risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Compliance Division controls operational procedure of the Bank. Audit and Inspection Division undertakes periodical and special audit of the branches and divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Compliance Division.

f) Asset Liability Management

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

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

g) ICT Risk Management

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



BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

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

h) Internal Control and Compliance

The primary objectives of Internal Control and Compliance are to help the bank perform better through the use of its resources, identify its weaknesses, take appropriate measures to overcome the same and ensure compliance with regulatory framework including applicable laws and regulations. Internal Control and Compliance of the Bank includes three fold functions viz. Internal Audit & Inspection of Branches and Divisions of Head Office, Monitoring of operational activity of the bank to assess the risk of individual Branches/Divisions and Compliance of Internal Audit & Inspection Reports of Branches & Divisions and Bangladesh Bank Audit Reports including Bangladesh Bank Special Audit Reports on Core Risks & Cash Incentive and Government Audit Reports. These functions are being carried out by 03 (three) divisions namely Audit & Inspection Division, Audit Findings Monitoring Division and Compliance Division. The Audit Committee of the Board subsequently reviews the major lapses identified by Audit and Inspection Division as well as compliance of these lapses. The Audit Committee also reviews periodic financial statements of the bank, Bangladesh Bank Inspection Reports and other issues indicated in the Bangladesh Bank Guidelines. Necessary steps/measures are taken on the basis of observation and suggestion of the Committee.

l) Fraud and Forgeries

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

In the year 2016, Internal Control & Compliance 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. In 2016, Audit & Inspection Division of the Bank has conducted 84 regular Audit & Inspections & 12 special inspections at different Branches and 19 regular Audit & Inspections at different Divisions of Head Office.

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

2.17 Earnings per share (EPS)

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



BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

2.18 Events after the reporting period

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

2.19 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 2016. Besides, there was no material capital expenditure authorised by the board but not contracted for at 31 December 2016.

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.



BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

2.21 Board of Directors as on 01 March 2017

Name	Status	Other Position
Mr. Alauddin A. Majid	Chairman	Ex-Chairman, BKB Ex-Director, BKB, Ex-Independent Director, IPDC, Ex-Managing Director, BASIC Bank
Mr. Kazi Shofiqul Azam	Director	Secretary Economic Relations Division Ministry of Finance
Ms. Parag	Director	Additional Secretary Ministry of Industries
Mr. Hasan Mahmood, FCA	Director	Partner, M. J. Abedin & Co. Chartered Accountants
Ms. Raihana Aneesa Yusuf Ali	Director	Former Managing Director, Bangladesh House Building Finance Corporation
Mr. Md. Mamun-Al-Rashid	Director	Additional Secretary Bank and Financial Institutions Division, Ministry of Finance
Mr. Tabarak Hussain	Director	Advocate Supreme Court of Bangladesh
Mr. Mahabubur Rahman Bhuiyan	Director	Former Director, Bangladesh Krishi Bank
Ms. Afroza Gul Nahar	Director	Former Managing Director, Bangladesh House Building Finance Corporation
Mr. Khondoker Md. Iqbal	Managing Director	Ex-Managing Director Karmasangsthan Bank

The Board of Directors conducted 28 (twenty eight) meetings during the year

2.22 Audit Committee as on 01 March 2017

Members of the Audit Committee of the Board of Directors:

Name	Status with the Committee	Educational Qualification
Mr. Kazi Shofiqul Azam	Chairman	B.Com (Hons), M.Com, Finance
Ms. Parag	Member	MSS in Development Administration, M.A. in English
Mr. Hasan Mahmood, FCA	Member	M.Com, FCA

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

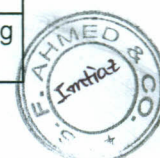
2.23 Risk Management Committee as on 01 March 2017

Name	Status	Educational Qualification
Ms. Raihana Aneesa Yusuf Ali	Chairman	M.A. (Economics)
Mr. Kazi Shofiqul Azam	Member	B.Com (Hons), M.Com, Finance
Mr. Md. Mamun-Al-Rashid	Member	M.Com in Management, M.A. in Government Finance

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

2.24 Executive Committee as on 01 March 2017

Name	Status	Educational Qualification
Mr. Alauddin A. Majid	Chairman	Masters of Agricultural Economics
Ms. Raihana Aneesa Yusuf Ali	Director	M.A. (Economics)
Mr. Md. Mamun-Al-Rashid	Director	M.Com in Management, M.A. in Government Finance
Mr. Khondoker Md. Iqbal	Managing Director	B.Com (Hons), M.Com in Accounting



BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

2.25 Head Office Management Committee

Members of the Head Office Management Committee

Sl no.	Name	Designation	Status with the Committee
1	Mr. Khondoker Md. Iqbal	Managing Director	Chairman
2	Mr. Kanak Kumar Purkayastha	Deputy Managing Director	Member
3	Mr. A. Q. M. Kibriya	Deputy Managing Director	Member
4	Mr. Md. Wahidul Alam	General Manager	Member
5	Mr. Hasan Tanvir	General Manager	Member
6	Mr. Md. Moniruzzaman	General Manager	Member
7	Mr. Md. Emdadul Hoque	General Manager	Member
8	Mr. Md. Ismail	General Manager	Member
9	Mr. Khan Iqbal Hasan	General Manager	Member
10	Mr. Md. Omar Faruque	DGM, AID	Member
11	Mr. Niranjan Chandra Debnath	DGM, FAD & In-charge, RMD	Member
12	Mr. Saifur Rahman	DGM, TD	Member
13	Mr. Niaz Musawwir Shah	DGM, ED	Member
14	Mr. Md. Al-Amin	DGM, HRD	Member
15	Mr. Md. Nurul Islam	DGM, COD	Member
16	Mr. Md. Hasan Imam	DGM, BSCAD & Company Secretary	Member Secretary

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

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

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

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



BASIC Bank Limited

Notes to the financial statements

For the year ended 31 December 2016

Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied*
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	N/A
Agriculture	41	N/A

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

* Subject to departure described in note 2.1

2.27 Corporate Social Responsibilities (CSR)

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

2.28 Regulatory and legal compliance

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

- The Bank Companies Act 1991 (amendment in 2013)
- The Companies Act 1913 (as amended in 1994)
- Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- The Income Tax Ordinance and Rules 1984
- The Value Added Tax (VAT) and Rules 1991
- The Stamp Act 1899
- The Customs Act 1969
- The Money Laundering Prevention Act, 2012
- The Anti Terrorism (Amendment) Act, 2012
- Labor Act, 2006 (amended in 2013), etc

2.29 Approval of financial statements

The financial statements were approved by the Board of Directors on 18 April 2017.

2.30 General

- 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.
- The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the Bank.
- Figures of previous year have been rearranged whenever necessary to conform to current years presentation.



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
3. Cash		
Cash in hand (including foreign currencies) (note 3.1)	556,171,378	501,228,446
Balance with Bangladesh Bank & its agent bank(s) (note 3.2)	10,112,712,247	15,751,561,119
	10,668,883,625	16,252,789,565
3.1 Cash in hand (including foreign currencies)		
Local currency (note 3.1.1)	550,615,236	498,140,207
Foreign currencies	5,556,142	3,088,239
	556,171,378	501,228,446
3.1.1 Local currency		
In hand	536,740,736	483,443,707
In ATM	13,874,500	14,696,500
	550,615,236	498,140,207
3.2 Balance with Bangladesh Bank & its agent bank(s)		
Local currency (note 3.2.1)	9,872,860,476	15,545,727,443
Foreign currencies (note 3.2.2)	239,851,771	205,833,676
	10,112,712,247	15,751,561,119
3.2.1 Local currency		
Bangladesh Bank	9,759,032,840	15,406,599,713
Sonali Bank (acting as agent of Bangladesh Bank)	113,827,636	139,127,730
	9,872,860,476	15,545,727,443
3.2.2 Foreign currencies		
Bangladesh Bank - EURO	5,886,282	5,201,910
Bangladesh Bank - GBP	4,896,346	5,884,235
Bangladesh Bank (Western Union) - US\$	-	645,567
Bangladesh Bank - YEN	267,122	-
Bangladesh Bank - US\$	228,802,021	194,101,964
	239,851,771	205,833,676
3.2.2.1 Balance with Bangladesh Bank as per DB -5	9,739,538,858	15,367,362,124

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

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

3.3 Statutory deposits

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

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

3.3.1 Cash Reserve Ratio (CRR)

Required reserve (6.50% of average demand and time liabilities)	9,265,285,254	8,610,253,956
Actual reserve maintained	9,739,538,858	15,367,362,124
Surplus/(Deficit)	474,253,604	6,757,108,168

Required (%)
Maintained (%)

6.50%
6.83%

6.50%
11.60%



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
3.3.2 Statutory Liquidity Reserve (SLR)		
Required reserve	18,530,570,507	17,220,507,912
Actual reserve maintained	47,825,888,809	42,775,761,185
Surplus/(Deficit)	29,295,318,302	25,555,253,273
Required (%)	13.00%	13.00%
Maintained (%)	33.55%	32.29%

4. Balance with other banks and financial institutions

In Bangladesh - in local currencies (note 4.1)
Outside Bangladesh (note 4.2) (Annex A)

1,645,475,504	4,119,264,828
732,566,636	1,033,652,898
2,378,042,140	5,152,917,726

4.1 In Bangladesh

4.1.1 Current accounts

Sonali Bank Ltd	272,873	317,960
Agrani Bank Ltd	20,158	3,020,157
Janata Bank Ltd	655,984	6,459,198
Rupali Bank Ltd	1,691,016	77,282
	2,640,031	9,874,597

4.1.2 Short-notice deposit accounts

Sonali Bank Ltd	875,437	1,453,097
Agrani Bank Ltd	1,425	2,467
Janata Bank Ltd	3,038,496	4,035,855
Rupali Bank Ltd	3,253,788	4,684,588
Trust Bank Ltd	5,096,812	614,522
The Premier Bank Ltd	11,438	9,900
	12,277,396	10,800,429

4.1.3 Other deposit

Receivable from ICB Islamic Bank Ltd

130,558,077	148,589,802
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4.1.4 Fixed deposit account

FDR/Placement with Banks:

IFIC Bank Ltd	-	1,000,000,000
One Bank Ltd	-	1,000,000,000
BRAC Bank Ltd	-	1,300,000,000
	-	3,300,000,000

FDR/Placement with Non-Banks financial institutions:

IDLC Finance Ltd	100,000,000	-
Premier Leasing & Finance Ltd	200,000,000	-
DBH Finance Corporation Ltd	250,000,000	150,000,000
Prime Finance and Investment Ltd	100,000,000	-
BIFC Company Ltd	300,000,000	100,000,000
Lanka Bangla Finance Ltd	250,000,000	-
Union Capital Ltd	100,000,000	-
International Leasing and Financial Services Ltd	-	200,000,000
Reliance Finance Ltd	200,000,000	200,000,000
	1,500,000,000	650,000,000
	1,645,475,504	4,119,264,828

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.



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
4.2 Outside Bangladesh (Nostro and FC term placement)		
Interest-bearing accounts (note 4.2.1)	265,913,636	405,650,498
Term placement (note 4.2.2)	466,653,000	628,002,400
	732,566,636	1,033,652,898

4.2.1 Interest-bearing accounts

Banque de Commerce, Geneva - CHF	255,474	169,562
Sonali Bank, Kolkata - EURO	384,971	69,683
Sonali Bank, London - EURO	7,879,868	15,586,927
Bank of Tokyo-Mitsubishi, London - GBP	2,899,391	465,899
Sonali Bank, London - UKP	1,343,016	327,411
Bank of Tokyo Mitsubishi, Japan - JPY	550,692	662,983
Arif Habib Rupali Bank, Karachi - ACU	86,892	86,605
Mashreq Bank India, Mumbai - ACU	49,865	49,465
Mashreq Bank, New York - USD	361,902	364,634
Sonali Bank, Kolkata - USD	27,707,433	32,375,145
Bank of Ceylon, Sri Lanka - ACU	161,403	391,438
CITI Bank, New York (Export) - USD	145,059,459	315,779,629
ICICI Bank Limited, Mumbai - ACU	-	280,242
Sonali Bank, London - USD	11,768,699	21,467,401
AB Bank Limited, Mumbai - USD	19,006,749	10,592,009
Habib Metropolitan Bank Limited, Karachi - ACU	9,137,947	3,802,751
HDFC Bank Limited, Mumbai - ACU	290,550	3,178,714
United Bank of India, Mumbai - AC	6,439,127	-
Habib American Bank, New York-USD	25,823,785	-
Habib American Bank, New York-Blocked Fund - USD	6,706,414	-
	265,913,636	405,650,498

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

4.2.2 Term placement

BRAC Bank Ltd (USD)	354,420,000	314,001,200
United Commercial Bank Ltd (USD)	112,233,000	314,001,200
	466,653,000	628,002,400

4.3 Maturity grouping of balances with other banks and financial institutions

On demand	280,831,063	1,054,327,923
Upto 1 month	454,420,000	3,300,000,000
Over 1 month but not more than 3 months	1,352,388,000	200,000,000
Over 3 months but not more than 1 year	159,845,000	450,000,000
Over 1 year but not more than 5 years	130,558,077	148,589,803
Over 5 years	-	-
	2,378,042,140	5,152,917,726

5. Money at call and on short notice

Commercial banks (note 5.1)	3,250,000,000	2,820,000,000
Non-Banking financial institutions (note 5.2)	870,000,000	790,000,000
	4,120,000,000	3,610,000,000



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
5.1 Commercial banks		
Mercantile Bank Ltd	1,000,000,000	-
Uttara Bank Ltd	-	1,000,000,000
Standard Bank Ltd	-	120,000,000
NRB Commercial Bank Ltd	250,000,000	-
NRB Bank Ltd	200,000,000	-
The Farmers Bank Ltd	-	350,000,000
Dhaka Bank Ltd	-	200,000,000
Trust Bank Ltd	-	500,000,000
Jamuna Bank Ltd	800,000,000	-
The City Bank Ltd	700,000,000	250,000,000
Midland Bank Ltd	150,000,000	-
NRB Global Bank Ltd	150,000,000	-
AB Bank Ltd	-	400,000,000
	3,250,000,000	2,820,000,000
5.2 Non-Banking financial institutions		
Union Capital Ltd	-	80,000,000
IPDC	190,000,000	-
MIDAS Finance Ltd	-	50,000,000
Fareast Finance and Investment Ltd	150,000,000	200,000,000
Prime Finance and Investment Ltd	90,000,000	-
Bangladesh Finance and Investment Co. Ltd	70,000,000	90,000,000
Lanka Bangla Finance Ltd	40,000,000	100,000,000
Premier Leasing and Finance Ltd	-	140,000,000
DBH Finance Corporation Ltd	100,000,000	80,000,000
International Leasing and Financial services Ltd	90,000,000	-
United Finance Ltd	140,000,000	50,000,000
	870,000,000	790,000,000
6. Investments		
Government securities (note 6.1)	46,681,635,795	35,378,297,009
Other investments (note 6.2)	1,029,738,883	536,718,914
	47,711,374,678	35,915,015,923
6.1 Government securities		
Treasury bills and reserve repo (note 6.1.1)	1,689,326,783	5,363,051,838
Treasury bonds (note 6.1.2)	26,399,827,580	20,037,322,755
Bangladesh Bank bills	18,591,157,532	9,975,403,116
Prize bonds	1,323,900	2,519,300
	46,681,635,795	35,378,297,009
6.1.1 Treasury bills (at revalued amount) (A)		
364 days Government treasury bills	1,689,326,783	-
364 days reverse repo	-	-
182 days Government treasury bills	-	-
91 day Government treasury bills	-	-
28 days Government treasury bills	-	-
01 day reverse repo-Bangladesh Bank	-	-
	1,689,326,783	-
Reverse repo (B)		
Reverse repo-Banks and NBFIs	-	5,363,051,838
Reverse repo-Bangladesh Bank	-	-
	-	5,363,051,838
Grand total (A+B)	1,689,326,783	5,363,051,838



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
6.1.2 Treasury bonds (at revalued amount)		
02 years Government treasury bonds	2,132,346,294	320,246,185
05 years Government treasury bonds	8,090,602,590	9,252,334,409
10 years Government treasury bonds	12,529,797,314	9,054,455,237
15 years Government treasury bonds	2,016,570,199	1,021,960,918
20 years Government treasury bonds	1,630,511,183	388,326,006
	26,399,827,580	20,037,322,755
6.2 Other investments		
Shares (note 6.2.1)	994,675,883	484,152,414
Investment others (memorial coin)	63,000	66,500
Mutual Trust Bank bonds	35,000,000	52,500,000
	1,029,738,883	536,718,914
6.2.1 Shares		
a. Quoted companies		
Listed companies	961,777,483	447,954,014
b. Unquoted companies		
Karmasangsthan Bank	15,000,000	15,000,000
Bangladesh Development Company Ltd (preference shares)	10,557,750	13,857,750
Grameen IT park	4,201,760	4,201,760
Central Depository Bangladesh Ltd	3,138,890	3,138,890
	32,898,400	36,198,400
Grand total (a+b)	994,675,883	484,152,414
Details of Investment in shares in Annex B.		
6.3 Investment in securities are classified as per Bangladesh Bank circular		
Held to maturity (HTM) (note 6.3.1)	17,499,538,544	15,355,499,784
Held for trading (HFT) (note 6.3.2)	29,180,773,351	20,020,277,924
	46,680,311,895	35,375,777,708
6.3.1 Held To Maturity (HTM):		
Treasury bonds	17,499,538,544	15,355,499,784
Treasury bills and reverse repo	-	-
	17,499,538,544	15,355,499,784
6.3.2 Held For Trading (HFT):		
Treasury bonds	8,900,289,036	4,681,822,970
Bangladesh bank bills	18,591,157,532	9,975,403,116
Treasury bills and reverse repo	1,689,326,783	5,363,051,838
	29,180,773,351	20,020,277,924
Treasury bond:		
Held to maturity (HTM)	17,499,538,544	15,355,499,784
Held for trading (HFT)	8,900,289,036	4,681,822,970
	26,399,827,580	20,037,322,754

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



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
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	-	-
	<u>-</u>	<u>-</u>

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

6.5 Maturity grouping of investments

On demand	258,758,621	5,499,750,867
Upto 1 month	19,091,008,433	10,025,403,116
Over 1 month but not more than 3 months	1,699,998,629	-
Over 3 months but not more than 1 year	2,637,192,876	1,907,199,814
Over 1 year but not more than 5 years	9,706,610,816	8,981,109,174
Over 5 years	14,317,805,303	9,501,552,952
	47,711,374,678	35,915,015,923

7. Loans and advances

Loans, cash credits, overdrafts, etc (note 7.1)	133,821,913,852	127,685,544,764
Bills purchased and discounted (note 7.2)	1,060,888,976	1,121,467,517
	134,882,802,828	128,807,012,281

7.1 Loans, cash credits, overdrafts, etc

In Bangladesh

Loans (note 7.1.1)	55,993,286,235	47,240,497,186
Cash credits	32,695,034,804	32,717,103,988
Overdrafts (note 7.1.2)	16,159,067,661	18,175,424,751
Others (note 7.1.3)	28,974,525,152	29,552,518,839
	133,821,913,852	127,685,544,764

Outside Bangladesh

	<u>-</u>	<u>-</u>
	133,821,913,852	127,685,544,764

7.1.1 Loans

Loan general	2,247,261,548	2,242,613,836
Term loan	53,746,024,687	44,997,883,350
	55,993,286,235	47,240,497,186

7.1.2 Overdrafts

SOD against Bank's own FDR	255,378,800	273,628,077
SOD against other Bank's FDR	356,456,091	4,188,351
SOD against Govt. bond & securities	2,147,504	-
SOD against Bank's own DPS	381,142,207	261,608,619
SOD for issuance of CDR/SDR/PO	22,349,804	26,603,438
Temporary overdraft	452,224,206	514,440,028
Overdraft secured mortgage	12,753,029,214	15,136,838,264
Overdraft secured (other securities)	1,853,884,849	1,432,387,651
Overdraft (clean)	82,454,986	525,730,323
	16,159,067,661	18,175,424,751



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
7.1.3 Others		
Export credit/loan against packing credit	375,587,786	377,931,036
Payment against documents (PAD)	336,984,508	120,239,440
Loan against trust receipt (LATR) (note 7.1.3.1)	4,010,066,254	8,054,474,134
Other short term advance	98,917,484	77,254,769
Work order financing	436,476,231	465,313,753
Loan against Govt. fund and other scheme	202,199,506	70,185,490
Credit to NBF	1,481,384,682	1,322,596,798
Real estate loan	8,284,036,235	7,540,488,505
Transport loan	6,640,179,678	6,523,615,959
Consumer credit	131,751,617	7,009,862
Micro credit financing	1,964,515,631	2,103,241,128
Sundry/misc. loan	3,898,143,344	1,924,760,174
Staff loan	1,114,282,196	965,407,791
	28,974,525,152	29,552,518,839
7.1.3.1 Loan against trust receipt (LATR)		
Less: Adjustment for excess interest charge by Dilkusha branch in 2014	4,010,066,254	8,058,123,454
	-	3,649,320
	4,010,066,254	8,054,474,134
7.2 Bills purchased and discounted		
Payable in Bangladesh:		
Local bills purchased/LADB	955,035,873	1,014,692,484
Payable outside Bangladesh:		
Foreign bills purchased and discounted	105,853,103	106,775,033
	1,060,888,976	1,121,467,517
7.3 Residual maturity grouping of loans including bills purchased and discounted		
Payable on demand	441,558,220	327,421,972
Not more than 3 months	26,371,108,718	19,829,498,061
Above 3 months but not more than 1 year	24,556,030,771	25,263,736,045
Above 1 year but not more than 5 years	42,815,600,570	45,000,490,739
Above 5 years	40,698,504,549	38,385,865,464
	134,882,802,828	128,807,012,281
7.4 Loans on the basis of significant concentration including bills purchased and discounted		
a. Advances to Directors	-	-
b. Advances to MD and other Senior Executives	1,114,282,196	965,407,791
c. Advances to customers group	59,422,144,877	56,492,931,146
d. Advances to industrial sector (note 7.4.1)	74,346,375,755	71,348,673,344
	134,882,802,828	128,807,012,281



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

7.4.1 Advances to industrial sector

	2016 BDT	2015 BDT
Food and Allied industry	12,046,158,196	12,118,265,925
ERGM	11,006,438,923	10,115,248,274
Textile	5,622,084,809	5,068,505,023
Accessories	1,719,137,452	1,513,675,715
Jute production and allied industry	4,274,959,096	4,052,493,217
Forest production and allied Industry	46,184,501	54,387,333
Paper, board, printing, publication and packaging	3,484,285,050	2,731,808,657
Tannery leather and rubber production.	1,607,393,254	1,690,265,000
Chemical pharmaceutical and allied industry	2,662,502,365	6,645,870,751
Plastic industry	1,228,653,258	1,026,727,651
Glass ceramic and other non metal production	645,533,628	271,586,000
Engineering	2,468,212,004	2,078,298,015
Electrical and electronics Industry	209,413,189	234,090,395
Real estate and housing	10,748,713,579	10,114,503,578
Transport and communication	8,434,861,279	1,692,608,809
Ship, shipbuilding and breaking	-	5,727,914,000
Power, gas and water	469,241,187	452,391,637
Hotel and restaurant	735,350,706	758,826,000
Hospital and clinic	922,070,942	344,526,532
Brick kiln	3,194,177,523	3,033,076,106
Telecommunication and IT	303,431,604	135,136,772
Other service industry	2,169,974,088	1,322,030,946
Industry not elsewhere classified	347,599,122	166,437,008
	74,346,375,755	71,348,673,344

In 2015, a portion of loans & advances allowed to transport & communication sector was erroneously reported as loans & advances allowed to ship, shipbuilding and breaking sector. The Bank has no exposure in ship, shipbuilding and breaking sector. The same has been rectified and reported correctly in 2016.

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

Number of customers	24	21
Amount of outstanding advances	36,831,160,000	35,115,200,000
Amount of classified advances thereon	21,319,300,000	8,727,281,000
Amount of recovery	100,134,465	505,740,000
Measures taken for recovery	Persuasion and negotiation for recovery is going on	Persuasion and negotiation for recovery is going on

Details are given in Annex C.

7.6 Geographical location - wise loans and advances

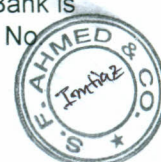
Inside Bangladesh

Dhaka division	87,168,547,957	87,504,620,216
Chittagong division	18,309,094,041	15,331,070,828
Khulna division	5,427,049,296	4,510,930,464
Rajshahi division	6,645,903,101	5,629,047,524
Sylhet division	1,434,249,368	1,231,038,397
Barisal division	315,951,538	276,721,247
Mymensingh	8,636,145,754	8,014,461,507
Rangpur division	6,945,861,773	6,312,771,418
	134,882,802,828	128,810,661,601

Outside Bangladesh

	134,882,802,828	128,810,661,601
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As the capital for considering large loan of the Bank is negative, the large loan ceiling of the Bank is ascertained on the basis of paid up capital as per approval of Bangladesh Bank vide its letter No. DOS/(BSS-1/1163/69/2015-9230 dated 15 June 2015.



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
7.7 Distribution of Loans and advances according to BRPD circular by Bangladesh Bank		
Unclassified loan (A):		
Standard	54,484,712,002	62,213,286,089
SMA	7,391,226,947	781,224,544
	61,875,938,949	62,994,510,633
Classified loan (B):		
Sub-standard	2,667,693,665	1,375,024,794
Doubtful	464,183,754	3,486,082,266
Bad and loss	69,874,986,460	60,951,394,588
	73,006,863,879	65,812,501,648
Total loans and advance (A+B)	134,882,802,828	128,807,012,281
Standard	-	62,216,935,409
Less: Adjustment for excess interest charge by Dilkusha branch	-	3,649,320.00
	-	62,213,286,089

7.8 Provision required for loans and advances

Status	Base for provision	Rate %		
Unclassified-general provision				
Agro based & micro credit	1,005,635,794	5	25,140,895	10,322,621
SMA	7,185,580,723	0.25 & 1	52,628,549	4,456,941
Others (excluding staff loan)	52,251,362,232	1,2,0.25	338,862,311	333,903,655
Staff loan	1,114,155,342	1	11,141,553	9,652,809
			427,773,308	358,336,026
Classified-specific provision				
Sub-standard	1,499,942,131	5 & 20	306,885,870	135,129,218
Doubtful	130,550,718	50	65,037,180	1,185,002,971
Bad/loss	45,659,042,136	100	45,659,042,136	36,908,140,344
			46,030,965,186	38,228,272,533
Total required provision for loans and advances			46,458,738,494	38,586,608,559
Total provision maintained for loans & advances			18,199,875,566	4,342,597,377
Excess/(short) provision as at 31 December			(28,258,862,928)	(34,244,011,182)

Note: Provision has been maintained by the Bank in accordance with Bangladesh Bank's approval letter no. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 and remaining provision shortfall will be maintained within the stipulated period as allowed by Bangladesh Bank vide the same letter. As such, there is no un-approved provision shortfall of the Bank as on 31 December 2016.

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	116,634,595,181	123,092,856,826
Cash and quasi-cash	3,060,175,738	2,829,679,338
Others	2,596,827,922	8,545,937,732
	122,291,598,841	134,468,473,896



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

7.10 Particulars of Loans and advances:

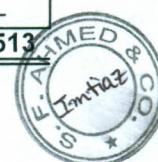
	2016 BDT	2015 BDT
(i) Loans considered good in respect of which the banking company is fully secured	54,246,695,936	51,221,272,423
(ii) Loans considered good for which the banking company holds no other security other than debtor's personal guarantee;	3,451,302,847	9,897,982,151
(iii) Loans considered good secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtor;	3,777,413,136	3,784,579,246
(iv) Loans adversely classified; provision not maintained there against	-	-
	61,475,411,918	64,903,833,820
(v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons	1,114,282,196	965,407,791
(vi) Loans due from companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in case of private companies as members;	-	-
(vii) Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	1,120,550,144	965,407,791
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members:	-	-
(ix) Due from banking companies.	-	-
(x) Amount of classified loans on which interest has not been charged	73,006,863,879	65,812,501,648
(a) (Decrease) / Increase in provision	13,787,840,908	19,607,031
Amount of loan written off	-	-
Amount realised against loan previously written off	15,256,880	4,593,600
(b) Amount of provision kept against loan classified as bad/loss	17,772,102,258	3,984,261,350
(c) Interest credited to the interest suspense account	8,557,306,864	7,268,598,515
(xi) Amount of the written off loan:		
Cumulative amount of Written off loan	688,783,000	688,783,000
Amount written off during the current year	-	-
Amount of written off loan for which law suit has been filed	548,190,000	548,190,000



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
7.11 Bills purchased and discounted		
Payable in Bangladesh	955,035,873	1,014,692,484
Payable outside Bangladesh	105,853,103	106,775,033
	1,060,888,976	1,121,467,517
7.11.1 Maturity grouping of bills purchased and discounted		
Not more than 01 months	658,586,510	660,075,663
Above 01 months but not more than 03 months	344,249,705	405,577,673
Above 03 months but not more than 06 months	58,052,761	55,814,181
Above 06 months	-	-
	1,060,888,976	1,121,467,517
8. Fixed assets including premises, furniture		
<u>Own assets</u>		
Furniture and fixtures	111,546,524	107,436,031
Interior decoration	310,973,205	307,094,717
Machinery and equipment	332,783,209	325,983,035
Computer hardware	297,981,103	294,671,833
Software	95,226,936	94,125,936
Vehicles	385,017,777	385,017,777
	1,533,528,754	1,514,329,329
<u>Less: Accumulated depreciation</u>	1,127,668,886	1,003,318,422
	405,859,868	511,010,907
<u>Leased assets</u>		
Leasehold assets	4,000,000	4,000,000
<u>Less: Accumulated depreciation</u>	827,935	781,808
	3,172,065	3,218,192
	409,031,933	514,229,099
A schedule of fixed assets is given in Annex D.		
9. Other assets		
i) Income generating	-	-
ii) Non-Income generating		
a) Stationery, stamps, printing materials etc	18,993,238	19,753,339
b) Security deposits (note 9.1)	10,854,521	10,828,550
c) Advance rent	223,555,822	267,711,298
d) Advance for space of BASIC Zaman Tower	759,999,993	759,999,993
e) Advance for space of Banani Branch	161,315,950	161,315,950
f) Other prepayments	2,613,662	2,093,237
g) Advance income tax	150,585,595	86,347,510
h) Tax deducted at source	-	-
i) Income receivable (note 9.2)	2,023,250,930	1,862,971,918
j) Deferred tax assets (note 36)	502,930,609	440,154,822
k) Suspense account (note 9.3)	43,756,914	38,567,208
l) Advances/expenditures incurred against proposed branches	-	-
m) Balance with Fakrul Islam Securities	20	20
n) ICB Securities Trading Co. Ltd.	34,205,509	3,772,303
o) Due from branches-EDF	-	-
p) Branch adjustment account	178,195,755	133,432,733
q) Sundry debtors (note 9.4)	222,198,914	132,441,517
r) Subs fees of Dun Bradstreet	-	-
s) Position clearing (net)	237,039,423	2,003,115
t) Position general ledger (net)	-	-
	4,569,496,855	3,921,393,513



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
9.1 Security deposits		
Security deposits, rent and other prepayments made to statutory authorities, other institutions and individuals are considered good.		
9.2 Income receivable		
Income receivable consists of interest income receivable from various investments and Loans have been verified and considered good.		
9.3 Suspense account		
Suspense account consists of excise duty and petty cash, etc		
9.4 Sundry debtors		
1) Protested bills:		
a) BCCI:		
Protested bill, Main Branch	6,535,881	6,535,881
Protested bill, Khatungonj Branch	244,800	244,800
Protested bill, Khulna Branch	416,367	416,367
BCCI-Bombay	1,399,580	1,399,580
BCCI-London	537	648
	8,597,165	8,597,276
b) Protested bill for SWIFT	20,244,921	20,244,921
c) Protested bill -Lawyers' fee	3,940,000	3,940,000
d) Protested bill-Bangshal Branch-Shahadat Hossain	11,198,035	-
	43,980,121	32,782,197
2) Other sundry debtors	67,161,886	27,213
3) Encashment of Sanchaya Patra	111,036,907	98,446,381
4) Encashment of bond	-	125,926
5) Cash shortage	20,000	20,000
6) Encashment of other instrument	-	300,000
7) Sundry assets	-	739,800
	178,218,793	99,659,320
	222,198,914	132,441,517

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)	133,788,951	139,345,987
Outside Bangladesh (note 10.1)	2,191,374,373	2,343,594,183
	2,325,163,324	2,482,940,170

10.1 In Bangladesh

Term Borrowing

Long term loan from Bangladesh Bank	-	-
Bangladesh Bank refinance loan for house building	81,803,651	88,175,987
Refinance scheme of Bangladesh Bank for Taka 10 account	1,950,000	1,170,000
Refinance scheme of Bangladesh Bank for jute sector	50,000,000	50,000,000
Milk production and artificial insemination	35,300	-
	133,788,951	139,345,987



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
10.2 Outside Bangladesh		
Term borrowing		
Loan for micro credit and small scale industries (KFW, Germany)	153,379,147	153,379,147
SME refinance -ADB Fund-2	59,399,012	94,116,446
Second crop diversification project	1,019,369,000	1,019,369,000
Agro-business development project of ADB	959,227,214	1,076,729,590
	2,191,374,373	2,343,594,183

10.3 Overall transaction of reverse repo:

	2016		2015	
	Minimum outstanding during the year	Maximum outstanding during the year	Minimum outstanding during the year	Maximum outstanding during the year
Securities bought under repo:				
i) with Bangladesh Bank	Nil	Nil	Nil	11,700,000,000
ii) with other banks & FIs	Nil	8,612,089,875	Nil	10,367,396,099

10.3 Overall transaction of reverse repo:

	2016		2015	
	Minimum outstanding during the year	Maximum outstanding during the year	Minimum outstanding during the year	Maximum outstanding during the year
Securities bought under repo:				
i) with Bangladesh Bank	Nil	Nil	Nil	Nil
ii) with other banks & FIs	Nil	1,029,652,870	Nil	1,113,150,618

11. Deposits and other accounts

Non-interest bearing accounts (note 11.1)	5,151,863,470	5,205,587,316
Interest bearing account (note 11.2)	152,919,114,073	142,961,642,325
	158,070,977,543	148,167,229,641

11.1 Non-interest bearing accounts

Current and other accounts (note 11.1.1)	4,243,656,733	4,585,628,608
Bills payable (note 11.1.2)	908,206,737	619,958,708
	5,151,863,470	5,205,587,316

11.1.1 Current and other accounts

Current account	2,466,541,983	2,925,707,026
Margin deposit	1,354,895,922	1,395,453,174
Sundry/other deposit	422,218,828	264,468,408
	4,243,656,733	4,585,628,608



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
11.1.2 Bills payable		
Payment order	900,347,807	612,667,956
Demand draft	7,858,930	7,290,752
	908,206,737	619,958,708
11.2 Interest bearing account		
Savings bank deposits (Note 11.2.1)	4,453,994,441	3,497,315,210
Fixed deposits, SND, other deposit scheme (note 11.2.2)	148,250,657,187	139,315,100,687
Current deposit	214,462,445	149,226,428
	152,919,114,073	142,961,642,325
11.2.1 Savings bank deposits		
Savings account	4,453,994,441	3,497,315,210
	4,453,994,441	3,497,315,210
11.2.2 Fixed deposits, SND, other deposit scheme		
Short notice deposits	16,200,153,403	21,134,620,724
Term deposits	128,682,798,848	115,864,768,683
Other deposit scheme	3,367,704,936	2,315,711,280
	148,250,657,187	139,315,100,687
11.3 Maturity grouping of other deposits and inter-bank deposits		
<u>Deposit from bank</u>		
Repayable on demand	1,624,274	2,988,076
Repayable within 1 month	11,500,000,000	7,500,000,000
Above 01 month but not more than 6 months	4,900,000,000	-
Above 6 months but not more than 1 year	-	-
Above 01 year but not more than 05 years	-	-
Above 05 years but not more than 10 years	-	-
Above 10 years	-	-
	16,401,624,274	7,502,988,076
<u>Other deposits</u>		
Payable on demand	1,215,710,376	1,214,346,574
Less than 01 month	24,465,396,945	27,279,333,902
Above 01 month but not more than 6 months	51,526,973,224	41,554,200,000
Above 06 months but not more than 01 year	44,947,669,359	55,187,219,760
Above 01 year but not more than 05 years	11,583,134,042	10,254,482,674
Above 05 years not more than 10 years	7,930,469,323	5,174,658,656
Above 10 years	-	-
	141,669,353,269	140,664,241,566
	158,070,977,543	148,167,229,642



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

12. Other liabilities

	2016 BDT	2015 BDT
Provision for loan and advances (note 12.1)	18,199,875,566	4,342,597,377
Provision for off-balance sheet exposures (note 12.2)	118,907,588	106,185,777
Interest payable on deposits	2,210,091,903	2,953,496,394
Interest payable on borrowing	90,376,357	87,713,523
Provision for taxation (note 35)	822,822,285	826,313,081
Privileged creditors	246,688,877	208,162,789
Provision for welfare fund	14,253,367	14,253,367
Provision for protested bill-SWIFT	20,244,921	21,063,039
Provision for protested bill-sundry debtors	8,597,276	7,782,258
Provision for other assets (note 12.3)	1,795,296,450	624,081,394
Provision for investment (note 12.4)	4,201,760	-
Interest suspense account (note 12.5)	8,557,306,864	7,268,598,515
Provision for ex-gratia/incentive bonus (note 12.6)	7,886,426	92,886,426
Provision for gratuity (note 12.7)	1,022,868,629	921,540,562
Deposit insurance premium payable	14,233,980	10,576,580
Provision for expenses payable	42,892,770	29,326,256
Sundry creditors	102,601,445	37,567,138
Miscellaneous creditors	5,974,811	2,732,525
Benevolent fund	5,000,000	5,000,000
Provision for stationery	281,916	6,225,243
Provision for superannuation fund	10,000,000	10,000,000
Position general ledger (net)*	234,765,934	-
	33,535,169,125	17,576,102,244

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

12.1 Provision for loan and advances

Classified loan (note 12.1.1)	17,772,102,258	3,984,261,350
Unclassified loan (note 12.1.2)	427,773,308	358,336,027
	18,199,875,566	4,342,597,377

12.1.1 Provision for classified loan

Provision held at beginning of the year	3,984,261,350	3,964,654,319
Fully provided debt written off/Interest waived	-	-
Recovery from earlier written off loan	-	-
Special provision for current year	-	-
Provision not required	-	-
Specific provision for the year	13,787,840,908	19,607,031
Provision held at the end of the year	17,772,102,258	3,984,261,350

Provision has been maintained by the Bank in accordance with Bangladesh Bank's approval letter no. BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 and remaining provision shortfall will be maintained within the stipulated period as allowed by Bangladesh Bank vide the same letter. As such, there is no un-approved provision shortfall of the Bank as on 31 December 2016.



BASIC Bank Limited

Notes to the financial statements

As at 31 December 2016

	2016 BDT	2015 BDT
12.1.2 Provision for unclassified loan		
Provision held at beginning of the year	358,336,027	341,731,723
Recoveries and provisions no longer required/adjusted	-	-
Provision made during the year	69,437,281	16,604,304
Provision held at the end of the year	427,773,308	358,336,027
12.2 Provision for off-balance sheet exposures		
Provision held at beginning of the year	106,185,777	142,397,112
Recoveries and provisions no longer required	-	(36,211,335)
Provision made during the year	12,721,811	-
Provision held at the end of the year	118,907,588	106,185,777
A provision of Taka 118,907,588 has been made @ 1.00% on off-balance sheet exposures namely, acceptance and endorsement, letter of credit and letter of guarantee. The total amount of provision of Taka 118,907,588 will be treated as supplementary capital of the Bank.		
12.3 Provision for other assets		
BASIC Zaman tower	759,999,993	759,999,993
Banani branch	161,315,950	161,315,950
Unadjusted suspense account-Gulshan Branch	2,526,288	2,526,288
Unadjusted suspense account-Shantinagar Branch	1,053,000	1,053,000
Suspense account (Head office) medical bill	1,149,263	1,149,263
Income receivable	865,311,956	620,400,000
Provision for protested bill-legal fee	3,940,000	3,940,000
Provision for protested bill-SWIFT	20,244,921	20,244,921
Provision for protested bill-BCCI	8,597,276	8,597,276
	1,824,138,647	1,579,226,691
Provision held at the beginning of the year	652,926,691	28,845,297
Provision created during the year	1,171,211,956	624,081,394
Provision held at the end of the year (note 12.3.1)	1,824,138,647	652,926,691
Provision excess (shortfall)	-	(926,300,000)
12.3.1 Provision held at the end of the year		
Provision for protested bill-SWIFT	20,244,921	21,063,039
Provision for protested bill-sundry debtors	8,597,276	7,782,258
Provision for other assets (note 12.3)	1,795,296,450	624,081,394
	1,824,138,647	652,926,691
12.4 Provision for investment		
Provision for investment in Grameen IT park	4,201,760	-
Total provision required	4,201,760	-
Opening balance	-	-
Add: Provision made during the year	4,201,760	-
Provision maintained/closing balance	4,201,760	-
12.5 Interest suspense account		
Balance at the beginning of the year	7,268,598,515	4,186,936,536
Transferred during the year	2,782,162,772	4,469,965,369
Recovery during the year	(1,492,355,584)	(1,368,009,540)
Suspense written off/waived during the year	(1,098,839)	(20,293,850)
Balance at the end of the year	8,557,306,864	7,268,598,515
Interest suspense for loans and advance	8,557,306,864	7,268,598,515
Interest suspense for classified block assets	-	-
	8,557,306,864	7,268,598,515



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

	2016 BDT	2015 BDT
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- 12.5 Branch adjustment account represents outstanding inter branch and head office transactions (net) originated. The un-responded entries of 31 December 2016 are given below:**

Particulars	No. of Un-responded entries		Amount of un-responded entries	
	Dr.	Cr.	Dr.	Cr.
Up to 03 months	95	206	220,768	86,494
Over 03 months but within 06 months	1	-	57	-
Over 06 months but within 01 year	-	-	-	-
Over 01 year but within 05 years	-	-	-	-

12.6 Provision for ex-gratia/incentive bonus

Opening balance	92,886,426	92,886,426
Less: Transferred to provision for gratuity fund	85,000,000	-
Closing balance	7,886,426	92,886,426

12.7 Provision for gratuity

Opening balance	921,540,562	790,670,582
Less: Adjusted/paid during the year	26,574,811	11,493,086
	894,965,751	779,177,496
Add: Transferred from provision for ex-gratia/Incentive bonus	85,000,000	-
Add: Provision made for the current year	42,902,878	142,363,066
Closing Balance	1,022,868,629	921,540,562

13. Capital

13.1 Authorised

5,500,000,000 ordinary shares of BDT 10 each (250,000,000 ordinary shares of BDT 100 each in 2015)	55,000,000,000	25,000,000,000
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13.2 Issued, subscribed and paid up capital

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

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

In terms of section 13(1) of Bank Companies Act 1991 (amendment in 2013) and Bangladesh Bank BRPD circular No. 18 dated 21 December 2014 required capital, available Tier I and Tier II of the Bank for the year ended as on 31 December 2016 and 2015 are shown below:

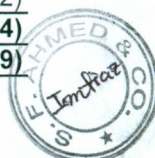
Tier I capital:

Common equity Tier I

Paid-up capital	10,846,982,500	10,846,982,500
Share money deposit	16,000,000,000	16,000,000,000
Statutory reserve	2,224,690,642	2,224,690,642
General reserve	40,000,000	40,000,000
Retained earnings/(losses)	(19,650,783,958)	(4,720,382,957)
	9,460,889,184	24,391,290,185

Less: Regulatory adjustments:

Provision shortfall in loans and advance	(28,258,862,928)	(34,244,011,182)
Deferred tax assets	(502,930,609)	(440,154,822)
Total adjustments	(28,761,793,537)	(34,684,166,004)
	(19,300,904,353)	(10,292,875,819)



BASIC Bank Limited

Notes to the financial statements
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	2016 BDT	2015 BDT
Additional Tier I capital		
Non-cumulative irredeemable preference share	1,205,000,000	1,205,000,000
Total Tier I capital	(18,095,904,353)	(9,087,875,819)
Tier II capital		
General provision maintained against unclassified loan	427,773,308	358,336,027
Provision for off -balance sheet items	118,907,588	106,185,777
Exchange equalisation	-	-
Revaluation reserve of HTM and HFT securities*	83,181,007	110,908,009
	629,861,903	575,429,813
Total regulatory capital (Tier I + Tier II)	(17,466,042,450)	(8,512,446,006)
A. Total regulatory capital (Tier I + Tier II)		
Total capital (Tier I)	(18,095,904,353)	(9,087,875,819)
Total capital (Tier II)**	629,861,903	575,429,813
Total eligible capital (Tier I + Tier II)	(17,466,042,450)	(8,512,446,006)
B. Risk weighted assets		
Balance sheet business	107,301,656,913	108,448,200,000
Off- balance sheet business	4,708,473,428	4,285,400,000
Total risk-weighted assets	112,010,130,341	112,733,600,000
C. Required capital on risk weighted assets (10% on total risk weighted assets)	11,201,013,034	11,273,360,000
D. Capital surplus / (shortfall) under MCR [A-C]	(28,667,055,485)	(19,785,806,006)
E. Capital conservation buffer (CCB) requirement*	700,063,315	N/A
F. Capital surplus/(shortfall) under MCR including CCB [D-E]	(29,367,118,799)	N/A
Total capital to risk weighted asset ratio (CRAR %)	(15.59)	(7.55)
Total capital to risk weighted asset ratio including CCB (%)	(16.22)	N/A
Common equity Tier I	(17.23)	(9.13)
Capital requirement		
Tier I	5.5%	(16.16)
Tier II	4.5%	0.56
Total	10%	(15.60)
		10%
		(7.55)

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

Note: Provision has been maintained by the Bank in accordance with Bangladesh Bank approval vide its letter No. BRPD(P-1)/661/13/2015-3159 dated. 27 April 2015 and remaining provision shortfall will be maintained within the stipulated period as allowed by Bangladesh Bank vide the same letter. As such, there is no un-approved provision shortfall of the Bank as on 31 December 2016.

Note: Revaluation reserve:

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

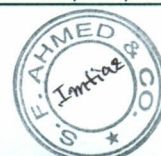
Revaluation reserve		
Opening revaluation reserve	138,635,011	138,635,011
Less: Adjustment (40%, 20% of 138,635,011)	55,454,004	27,727,002
Closing revaluation reserve	83,181,007	110,908,009



BASIC Bank Limited

Notes to the financial statements
As at 31 December 2016

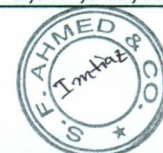
	2016 BDT	2015 BDT
14. Statutory reserve		
Opening balance	2,224,690,642	2,224,690,642
Add: Addition during the year (20% of pre-tax profit)	-	-
Closing balance	2,224,690,642	2,224,690,642
As per section 24 of Bank Companies Act 1991 no amount was transferred to statutory reserve in 2015 and 2016 as there was no pre-tax profit.		
15. Other reserves		
General reserve (note 15.1)	40,000,000	40,000,000
Investment revaluation reserve (note 15.2)	142,432,883	350,795,867
	182,432,883	390,795,867
15.1 General reserve		
Opening balance	40,000,000	40,000,000
Add: Addition during the year	-	-
Closing balance	40,000,000	40,000,000
The Bank has been maintaining this reserve as venture capital fund since 1999 for equity support to innovative but risky project.		
15.2 Investment revaluation reserve (treasury bills & treasury bonds)		
Gain on revaluation for HFT (note 15.2.1)	185,013,044	361,967,369
Amortisation of discount of HTM (note 15.2.2)	5,262,116	10,606,628
	190,275,160	372,573,997
Less: Loss on revaluation/amortisation of HTM securities (note 15.2.3)	47,842,277	21,778,130
	142,432,883	350,795,867
15.2.1 Gain on revaluation for HFT		
Opening balance	361,967,369	278,031,135
Add: Addition during the year	596,669,533	507,778,474
	958,636,902	785,809,609
Less: Adjustment (Loss on revaluation/amortization) during the year	-	-
Less: Adjustment (due to repo transaction) during the	773,623,858	423,842,240
Closing balance	185,013,044	361,967,369
15.2.2 Amortisation of discount of HTM		
Opening balance	10,606,628	8,283,285
Add: Addition during the year	3,496,336	3,947,114
	14,102,964	12,230,399
Less: Adjustment (loss on revaluation/amortisation) during the year	-	-
Less: Realisation of gain due to maturity of HTM bond	8,840,848	1,623,771
Closing balance	5,262,116	10,606,628
15.2.3 Loss on revaluation/amortisation of (HTM)		
Opening balance	21,778,130	9,044,398
Add: Addition during the year	26,698,459	12,734,325
	48,476,589	21,778,723
Less: Adjustment (loss on revaluation/amortisation) during the year	-	-
Less: Adjustment (due to maturity/rectification) during the year	634,312	593
Closing balance	47,842,277	21,778,130



BASIC Bank Limited

Notes to the financial statements
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	2016 BDT	2015 BDT
16. Retained earnings/losses		
Opening balance	(4,720,382,957)	(1,580,021,384)
Change in accounting policy (deferred tax effect upto 2004)	-	-
Profit/ (loss) during the year	(14,930,401,001)	(3,140,361,573)
Transferred to other reserve	-	-
Cash dividend paid during the year	-	-
Issuance of bonus share	-	-
Closing balance	(19,650,783,958)	(4,720,382,957)
16.1 Item-wise profit and loss account		
Income:		
Interest, discount and similar income	11,200,449,892	10,826,799,356
Dividend income	39,799,656	19,546,131
Fees, commission and brokerage	279,885,393	275,015,328
Gains less losses arising from dealing in foreign currencies	273,801,012	277,387,865
Income from non-banking assets		
Other operating income	138,471,671	116,215,557
Total income	11,932,407,624	11,514,964,237
Expenses:		
Interest, fee and commission	9,154,318,946	11,359,027,543
Losses on loans and advances	-	-
Administrative expenses	1,957,381,948	1,943,132,789
Other operating expenses	604,191,519	622,473,625
Depreciation on banking assets	125,668,379	154,576,891
Total expenses	11,841,560,792	14,079,210,848
Profit before tax and provision	90,846,832	(2,564,246,611)
17. Contingent liabilities		
Local bills for collection	396,697	1,021,937
Foreign bills for collection	718,596,026	460,724,282
Letters of guarantee (note 17.1)	1,877,840,085	2,047,940,550
Irrevocable letters of credit	5,973,830,913	4,739,081,817
Back to back L/C	1,041,563,060	957,047,467
Acceptances and endorsements	2,997,524,717	2,874,507,841
Travelers cheques stock	55,132	54,950
Value of wage earners bond in hand and others	53,711,600	53,540,198
Miscellaneous- revolving fund	450,555,346	450,555,346
	13,114,073,576	11,584,474,388
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	1,534,773,323	1,586,991,580
Bank and other financial institutions	918,769	1,057,372
Others	342,147,994	459,891,598
	1,877,840,085	2,047,940,550



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
18. Interest income		
Interest on advances	7,761,198,208	7,894,827,132
Interest on money at call and short notice	338,688,386	539,463,436
Interest on placement with other banks	349,230	21,496
Interest on foreign currency balances	8,100,235,824	8,434,312,064
<u>Less:</u> Interest waiver	1,712,627	-
	8,098,523,197	8,434,312,064
<u>Less:</u> Adjustment of excess interest charged in 2014 on some LTRs of BCCI by Dilkusha Branch	-	3,649,320
<u>Less:</u> Interest income transferred to interest suspense account	-	212,421,174
	8,098,523,197	8,218,241,570
19. Interest paid on deposits and borrowings, etc		
On savings bank deposit (note 19.1)	159,715,125	167,655,667
On short notice deposit	593,419,846	619,684,866
On fixed deposit (note 19.2)	8,033,448,868	10,209,233,994
On current deposit	2,105,290	1,950,627
Other deposits and deposit schemes (note 19.3)	282,243,724	194,869,658
On borrowing from Bangladesh Bank and other financial institutions (note 19.4)	83,386,093	165,632,731
	9,154,318,946	11,359,027,543
19.1 On savings bank deposit:		
On savings bank deposit	151,878,522	159,996,765
On school banking scheme	6,856,882	7,086,025
On krishok savings account	579,160	358,797
On RMG worker account	130,713	98,339
On leather industry worker	2,017	1,334
On pothopushpo savings account	705	400
On muktijoddhashpo savings account	45,895	25,305
On BASIC chalanika	53,528	23,929
On trinomul savings account	167,703	64,773
	159,715,125	167,655,667
19.2 On fixed deposit:		
Interest paid on fixed deposit	7,277,166,584	9,597,003,691
Interest paid on double benefit scheme	416,405,311	338,113,522
Interest paid on super double benefit scheme	238,796,454	215,395,238
Interest paid on monthly benefit scheme	88,326,912	52,818,532
Interest paid on rapid grow deposit scheme	5,369,422	5,903,011
Interest paid on BASIC twofold winner	3,411,205	-
Interest paid on monthly gainer scheme	3,972,980	-
	8,033,448,868	10,209,233,994
19.3 Other deposits and deposit schemes		
Interest paid on BASIC fortune	13,653,818	18,343,027
Interest paid on BASIC fortune plus	266,088,480	176,466,425
Interest paid on BASIC swaponon puron	235,072	60,206
Interest paid on BASIC DPS plus	2,266,354	-
	282,243,724	194,869,658



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
19.4 Interest on borrowings		
Interest on Bangladesh Bank refinance-Jute sector	2,000,411	1,721,810
Interest on Bangladesh Bank refinance-Milk Production	1,093	-
Interest on Bangladesh Bank refinance- HBL	4,277,817	4,593,434
Interest on borrowing on B. B. refinance for funding solar, Bio-Gas and ETP scheme	-	10,680,819
Interest on borrowing on B.B refinance for Tk. 10 account holders	117,628	33,149
Interest on repo-Bangladesh Bank	975,690	1,523,748
Interest on term borrowing	-	18,750,000
Interest on borrowing-call money	880,555	46,504,444
Interest on term loan KFW	5,368,260	5,368,260
Interest on borrowing-ADB loan	35,633,102	40,463,527
SME refinance (ADB Fund-2)	3,550,461	5,412,464
Second crop diversified project-ADB	30,581,076	30,581,076
	83,386,093	165,632,731
20. Investment income		
On GT bill, Bangladesh Bank bill and GT bond, reverse repo etc (note 20.1)	2,869,116,474	2,405,026,908
On debentures	-	120,313
Dividend on shares	39,799,656	19,546,131
On other investment	-	12,517,394
Profit on sale of investment (note 20.2)	902,837,155	450,902,308
	3,811,753,285	2,888,113,054
<u>Less:</u> Interest paid for purchase of treasury bill	114,799,147	45,495,792
<u>Less:</u> Loss on sale of investment	641,433	-
<u>Less:</u> Loss on revaluation of HFT securities	554,586,354	214,513,345
	670,026,934	260,009,137
	3,141,726,351	2,628,103,917
20.1 On GT bill, Bangladesh Bank bill and GT bond, reverse repo etc		
Interest on GT bond	2,622,267,123	2,124,128,021
Interest on reverse repo	10,027,931	208,440,483
Amortization of discount-Bill	236,821,420	72,458,404
	2,869,116,474	2,405,026,908
20.2 Profit on sale of investment		
Profit on sale of HFT Securities	58,981,155	9,421,451
Profit on sale of Share	110,472,308	17,348,381
Profit on repo trading	733,383,692	424,132,476
	902,837,155	450,902,308
21. Commission, exchange and brokerage		
Foreign bill purchased	570,566	528,315
Local bill purchased	4,741,697	4,521,509
Remittance	3,045,971	3,906,719
Letter of guarantee	35,834,808	51,081,179
Letter of credit	127,954,113	115,081,179
Bills for collection	8,855,193	9,418,702
Acceptances and endorsement	54,873,992	51,976,738
Export bill	8,733,411	8,261,865
Miscellaneous (includes commission on sale of PSP,TC)	35,275,642	30,239,122
	279,885,393	275,015,328
Exchange gain net of exchange loss (note 21.1)	273,801,012	277,387,865
	553,686,405	552,403,193



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Notes to the financial statements
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	2016 BDT	2015 BDT
21.1 Exchange gain net of exchange loss		
Exchange earning	285,971,099	297,691,605
<u>Less: Exchange loss</u>	12,170,087	20,303,740
	273,801,012	277,387,865

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

22. Other operating income

Various fees	5,436,046	2,333,506
Rent (godown and locker)	1,228,000	1,062,000
Recoveries from client and staffs	39,051,296	34,476,437
Service and other charges	56,791,224	55,469,666
Income from on-line client services	3,223,425	3,044,919
Recoveries of loan previously write off	15,256,880	4,593,600
Income from ATM/card services	1,551,925	1,104,624
Export L/C advising, handling, transfer charges etc	7,609,607	7,721,177
Miscellaneous income (notes 22.1)	8,295,897	6,409,628
Profit on sale of fixed assets (notes 22.2)	27,371	-
	138,471,671	116,215,557

22.1 Miscellaneous income

Income from ICT services	50	300
Discount	2,500	24,500
Project examination fee	195,000	130,000
Other operating income	8,098,347	6,254,828
	8,295,897	6,409,628

22.2 Profit on sale of fixed assets

Cost of assets sold	1,545,224	6,850
<u>Less: Accumulated depreciation of assets sold</u>	1,271,788	-
Book value of assets sold	273,436	6,850
Sale value of fixed assets	300,807	6,850
Profit on sale of fixed assets	27,371	-

23. Salary and allowances

Salaries (note 23.1)	777,858,462	743,237,107
Allowances (note 23.2)	915,741,583	851,871,584
Provident fund	75,125,457	64,526,357
Benevolent fund	5,000,000	5,000,000
Gratuity fund	42,902,878	142,363,066
Bonus	125,353,568	121,134,675
Superannuation fund	10,000,000	10,000,000
	1,951,981,948	1,938,132,789

23.1 Salaries

Salary-BASIC salary	759,972,680	724,556,426
MD's salary	(2,400,000)	(2,400,000)
Wages sub-staff	528,278	636,044
Casual wages menial staff	19,757,504	20,444,637
	777,858,462	743,237,107

23.2 Allowances

Allowances	855,555,752	793,289,101
MD's allowance	(3,000,000)	(2,600,000)
Leave fare assistance	63,185,831	61,182,483
	915,741,583	851,871,584



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

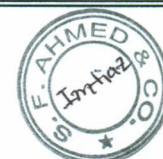
	2016 BDT	2015 BDT
24. Rent, taxes, insurance, electricity, etc		
Rent	260,968,431	248,369,783
Rates, taxes and VAT	3,801,331	2,875,171
Utilities/electricity and heating	44,994,639	41,812,970
Insurance	30,700,006	30,941,354
	340,464,407	323,999,278
25. Legal expenses		
Legal expenses (note 25.1)	17,556,543	12,310,516
Professional fees (note 25.2)	242,910	1,008,212
	17,799,453	13,318,728
25.1 Legal expenses		
Lawyers fees	3,821,921	2,113,351
Law charges	2,405,695	546,332
Stamp charges and court fees	888,481	199,536
Other legal expenses	10,417,246	9,451,297
Other professional expenses	23,200	-
	17,556,543	12,310,516
25.2 Professional expenses		
Consultancy fee	223,750	304,000
Management fees	-	2,250
Other professional expenses	-	26,350
Other professional fee	19,160	675,612
	242,910	1,008,212
26. Postage, stamps, telecommunication, etc		
Postage	69,625	85,890
Courier services	6,932,857	9,496,198
Telephone	23,052,525	23,804,649
Fax	21,384	40,040
Swift subscription and cable charges and web hosting charge	6,657,084	6,152,112
Stamp	67,500	234,185
Internet and e-mail	283,145	9,340,883
	37,084,120	49,153,957
27. Stationery, printing, advertisement, etc		
Printing stationery	6,587,750	8,842,717
Security stationery	3,246,959	3,065,011
Publicity, advertisement and publication	1,737,675	8,242,396
Other stationery (note 27.1)	16,237,472	18,574,507
	27,809,856	38,724,631
27.1 Other stationery		
Office stationery	5,907,887	3,059,968
Petty stationery	16,745	500
Photograph and photocopy	649,715	227,250
Crockery and utensils	285,167	302,856
Other stationery	8,936,404	10,598,049
Calendar	44,790	3,944,083
Annual report	109,464	229,600
Souvenir	-	300
Greeting cards	235,400	
Other greeting items	1,440	178,735
Invitation card	980	2,331
Other printing expenses	49,480	30,835
	16,237,472	18,574,507



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
28. Managing Director's salary		
Basic salary	2,400,000	2,400,000
Allowances	3,000,000	2,600,000
	5,400,000	5,000,000
29. Directors' fees and other benefits		
VAT on directors fee	280,950	160,200
Directors honorarium	1,768,000	1,003,000
Entertainment (transferred to entertainment in 2012)	405,146	395,658
Directors remuneration	105,000	65,000
Other expenses	-	2,160
	2,559,096	1,626,018
30. Depreciation of Bank's assets		
Depreciation on own assets		
Furniture and fixtures	6,071,203	6,394,167
Interior decoration	20,357,609	21,968,488
Computer hardware and peripherals	25,876,047	28,556,902
Computer software	8,345,547	9,204,444
Machinery and equipment	26,455,027	30,528,929
Vehicles	38,516,819	57,877,960
	125,622,252	154,530,890
Depreciation on leased assets		
Lease equipment/assets	46,127	46,001
	125,668,379	154,576,891
31. Repair of Bank's assets		
Furniture and fixtures	1,216,033	1,227,405
Interior decoration	749,725	99,586
Machinery and equipment	15,197,282	17,542,491
Vehicles	9,426,690	8,085,869
Rented premises	6,022,902	6,244,521
	32,612,632	33,199,872
32. Other expenses		
Entertainment	22,800,997	25,471,146
Car expenses (note 32.1)	20,718,806	18,686,684
Travelling	14,057,974	12,820,907
Computer consumables and accessories	12,118,056	13,190,264
Staff training and HR development expenses	9,210,235	6,471,795
Card related expenses	8,423,063	8,221,649
Miscellaneous (note 32.2)	6,681,397	6,927,794
Fuel and lubricant expenses-generator (note 32.3)	4,097,022	4,208,896
Uniform and liveries	3,917,260	-
Subscription	2,875,355	2,698,496
Service charge paid to clearing house, banks and others	2,246,896	1,927,692
Corporate social responsibility expenses	1,329,587	974,152
Non-operating loss(loss on sale of investment and fixed assets)	185,801	16,151
Commission paid to bank	142,518	4,025
Donation	114,310	560,000
Other audit fee (note 32.4)	94,750	4,502,250
Information and Communication (ITC) expenses (note 32.5)	35,927,928	43,578,479
Capital related fees and charges	-	11,270,761
	144,941,955	161,531,141



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
32.1 Car Expenses		
Fuel and lubricant	7,495,233	7,562,220
CNG/POL-vehicle	10,819,561	8,867,322
Vehicle expenses	2,404,012	2,257,142
	20,718,806	18,686,684
32.2 Miscellaneous		
Furniture expenses	-	18,500
Expenses equipment	1,079,723	188,815
Business promotion and development	386,840	1,256,507
Books, journals and periodicals	865,043	793,749
Conveyance expenses	41,470	24,293
Expenses for multimedia	1,000	-
Transport expenses	40,388	5,000
Head office and branch renovation expenses	-	-
Carrying charges	103,133	608,529
Commitment and other fees	16,825	-
Card issue expenses	-	-
Remittance charges	134,400	68,345
Expenses related with different agents	-	-
Cartage and freight	106,787	44,959
Issue expenses	684,450	109,379
Interior decoration expenses	1,073,405	1,060,946
Bad debt written off and interest waiver	-	-
Technical service fee	-	966,000
AGM expenses	147,382	900
Nostro account related expenses	241,588	220,173
Financial assistance expenses	503,196	201,837
Managers conference expenses	252,514	126,530
Miscellaneous expenses	1,003,253	1,233,332
	6,681,397	6,927,794
32.3. Fuel and lubricant		
Fuel and lubricant -generator	4,067,361	4,143,507
Fuel and lubricant-others	29,661	65,389
	4,097,022	4,208,896
32.4 Other Audit fee		
Special audit	-	4,347,000
PF audit	5,750	66,250
Various fund audit	46,000	69,000
Nostro account audit	43,000	20,000
	94,750	4,502,250
32.5 Information and communication (ITC) expenses		
Set-up charge	-	70,700
Yearly rent	1,700,000	1,500,000
License fee	93,505	112,548
Other fees and charges	-	7,100
Internet charge	17,895,085	12,047,620
SMS alert charge	1,937,972	527,506
Internet banking expenses	1,500	-
Mobile phone banking expenses	15,000	11,823
Software maintenance expenses	12,212,575	20,682,471
Hardware maintenance	2,072,291	8,441,111
Other	-	177,600
	35,927,928	43,578,479



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
33. Provision made during the year:		
a. For loans and advances:		
On classified loans and advances as per Bangladesh Bank circular (note 12.1)	13,787,840,908	19,607,031
On unclassified loans & advances (note 12.2)	69,437,281	16,604,304
	13,857,278,189	36,211,335
b. For off-balance sheet items (note 12.3)	12,721,811	(36,211,335)
c. For other assets	1,171,211,956	624,081,394
d. For investment	4,201,760	
	15,045,413,716	624,081,394

Bangladesh Bank vide its letter # BRPD(P-1)/661/13/2015-3159 dated 27 April 2015 gave permission to the Bank to provide the provision shortfall of BDT 2,501 crore against classified loans & advances within a period of 5 (five) years from 2015. Further, Bangladesh Bank vide the same letter gave permission to the Bank to provide the provision shortfall BDT 1,933 crore against classified blocked assets (which were also classified loans & advances of the Bank) within a period of 10 (ten) years from 2015. As no provision was created in the year 2015, a total provision of BDT 1,387 crore {(BDT 2,501 crore*20%*2) + (BDT 1,933 crore*10%*2); or BDT 1,000.40 crore + BDT 386.60 crore} has been created in the year 2016. Remaining provision shortfall will be maintained by the Bank within the stipulated period as allowed by Bangladesh Bank vide the above mentioned letter.

34. Provision for taxation - Current tax

Opening balance	826,313,081	836,312,062
Add: Provision made during the year	38,609,904	34,544,893
	864,922,985	870,856,955
Less: Adjustment made during the year	42,100,700	44,543,874
Closing balance	822,822,285	826,313,081

35. Provision for taxation - Deferred tax

a) Computation of deferred tax

Tax base of depreciable fixed assets	478,967,190	548,343,560
Less: Carrying amount	405,859,868	511,010,906
Deductible temporary difference (A)	73,107,322	37,332,654

Carrying amount of provision for gratuity/benevolent/superannuation fund:

Provision for gratuity	1,022,868,629	921,540,562
Provision for benevolent fund (provision less actual payment)	53,240,188	50,490,188
Provision for superannuation fund (provision less actual payment)	34,150,000	26,295,000
	1,110,258,817	998,325,750

Less: Tax base

Deductible temporary difference (B)	1,110,258,817	998,325,750
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Total deductible temporary difference (A+B)

	1,183,366,139	1,035,658,404
Effective tax rate	42.50%	42.50%
Deferred tax assets	502,930,609	440,154,822

b) Deferred tax (expenses)/income

Closing deferred tax assets	502,930,609	440,154,822
Opening deferred tax assets	440,154,822	357,643,497
Deferred tax (expenses)/income	62,775,787	82,511,325

36 Proposed Dividends

Bonus Share :	-	-
Cash Dividend	-	-
	-	-



BASIC Bank Limited

Notes to the financial statements
For the year ended 31 December 2016

	2016 BDT	2015 BDT
37. Analysis of closing cash and cash equivalents		
Cash in hand (including foreign currencies)	556,171,378	501,228,446
Balances with Bangladesh Bank and its agent bank (s)	10,112,712,247	15,751,561,119
Balances with other banks and financial institutions	2,376,718,240	5,150,398,426
Money at call and on short notice	4,120,000,000	3,610,000,000
Prize bonds	1,323,900	2,519,300
	17,166,925,765	25,015,707,291
38. Earnings Per Share (EPS)		
Net profit/(loss) after tax (numerator)	(14,930,401,001)	(3,140,361,573)
Number of ordinary share outstanding (denominator)	1,084,698,250	1,084,698,250
Earnings Per Share (EPS)	(13.76)	(2.90)

39. Coverage of external audit

The external auditors have covered 80% of the risk-weighted assets and have spent around 6,990 person hours to complete the audit as per Bangladesh Bank's requirement. The external auditors have audited 35 branches and Head office of the Bank.

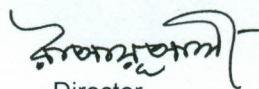
for BASIC Bank Limited



Managing Director



Director



Director



Chairman

Dhaka, Bangladesh
Dated, 18 April 2017



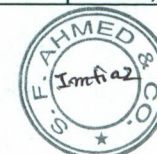
BASIC Bank Limited

Annex A

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

As at 31 December 2016

Name of the Bank	A/C Type	Currency name	2016			2015		
			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	30,069	96.43	2,899,391	4,003	116.38	465,899
2 AB Bank Mumbai	CD	ACU\$	241,325	78.76	19,006,749	134,930	78.50	10,592,009
3 Summit (Arif Habib)-Rupali- Bank Karachi	CD	ACU\$	1,103	78.76	86,892	1,103	78.50	86,605
4 Habib Metropolitan Bank Ltd.	CD	ACU\$	116,023	78.76	9,137,947	48,443	78.50	3,802,752
5 BOTM, Tokyo	CD	JAPY	816,445	0.67	550,692	1,016,689	0.65	662,983
6 Mashreq Bank, NY	CD	USD	4,595	78.76	361,902	4,645	78.50	364,634
7 CITI Bank Mumbai	CD	ACU\$	-	-	-	-	-	-
8 Sonali Bank, Kolkata	CD	ACU\$	351,796	78.76	27,707,433	412,421	78.50	32,375,145
9 Bank of Ceylon	CD	ACU\$	2,049	78.76	161,403	4,986	78.50	391,438
10 Citibank NA, NY(Exp)	CD	USD	1,841,791	78.76	145,059,459	4,022,655	78.50	315,779,629
11 SCB, Newyork	CD	USD	-	-	-	-	-	-
12 SCB, London	CD	EURO	-	-	-	-	-	-
13 SCB, Mumbai	CD	ACU\$	-	-	-	-	78.50	-
14 BCP, Geneva	CD	CHF	3,331	76.69	255,474	2,133	79.48	169,562
15 AMEX Frankfurt	CD	EURO	-	-	-	-	-	-
16 Wachovia Bank, NY	CD	USD	-	-	-	-	-	-
17 HSBC Newyork	CD	USD	-	-	-	-	-	-
18 ICICI Mumbai	CD	ACU\$	-	-	-	3,570	78.50	280,242
19 Sonali Bank Kolkota ACUEUR.	CD	ACUEUR	4,683	82.20	384,971	811	85.97	69,683
20 Mashreq Bank, Mumbai	CD	ACU\$	633	78.76	49,865	630	78.50	49,465
21 SCB Frankfurt	CD	EURO	-	-	-	-	-	-
22 Sonali Bank London EUR	CD	EURO	95,860	82.20	7,879,868	181,302	85.97	15,586,927
23 Sonali Bank London	CD	GBP	13,928	96.43	1,343,016	2,813	116.38	327,411
24 Sonali Bank London	CD	USD	149,425	78.76	11,768,699	273,469	78.50	21,467,401
25 HDFC Bank Ltd	CD	USD	3,689	78.76	290,550	40,493	78.50	3,178,714
26 Habib Bank AG, Zurich (Dubai)	CD	USD	-	-	-	-	-	-
27 Commercial Bank of Ceylon (TD)	CD	USD	-	-	-	-	-	-
28 Commercial Bank of Ceylon (TD)	CD	USD	-	-	-	-	-	-
29 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
30 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
31 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
32 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
33 Eastern Bank Limited (TD)	CD	USD	-	-	-	-	-	-
34 United Bank of India	CD	USD	81,756	78.76	6,439,127	-	-	-
35 Habib American Bank New York	CD	USD	327,879	78.76	25,823,785	-	-	-
36 Habib American Bank NY, (Blocked Fund)	CD	USD	85,150	78.76000	6,706,414	-	-	-
Total					265,913,636			405,650,498



BASIC Bank Limited

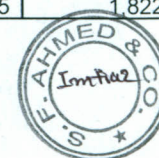
Annex B

Details of investment in shares
As at 31 December 2016

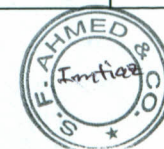
A. Listed securities:

Amount in BDT

Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 December 2016	Market value as on 31 December 2015	Gain/(Loss)	Dividend received in 2016
1.	FIRST JANATA BANK MUTUAL FUND	22-Dec-10	300,000	3,000,000	1,639,324	1,770,000	4,861,086	130,676	-
2.	AB BANK 1ST MUTUAL FUND	10-Dec-13	-	-	-	-	3,900,830	-	-
3.	ACI LIMITED	27-Mar-16	69,500	695,000	29,707,049	26,792,250	-	(2,914,799)	453,731
4.	AL-ARAFI ISLAMI BANK LTD.	11-Jan-16	-	-	-	-	-	-	500,000
5.	APPOLO ISPAT COMPLEX LTD.	20-Aug-14	218,439	2,184,390	4,149,127	4,478,000	380,990	328,873	4,692
6.	ASIA PACIFIC GENERAL INSURANCE CO. LTD.	10-Dec-13	176,330	1,763,300	3,559,030	3,385,536	448,000	(173,494)	48,120
7.	BANGLADESH SUBMARINE CABLE CO. LTD	28-Dec-16	31,654	316,540	3,740,985	3,754,164	-	13,179	-
8.	BANGLADESH STEEL RE-ROLLING MILLS	26-Oct-16	100,000	1,000,000	13,453,094	12,760,000	-	(693,094)	-
9.	BARAKA POWER LIMITED	27-Dec-16	55,979	559,790	1,722,189	1,718,555	-	(3,634)	-
10.	BEXIMCO LTD.	20-Nov-10	131,019	1,310,190	15,875,169	3,406,499	3,303,970	(12,468,670)	12
11.	BEXIMCO PHARMACEUTICALS LTD.	23-Dec-10	449,442	4,494,420	36,815,851	36,314,914	-	(500,937)	565,768
12.	BRAC BANK LTD.	8-Dec-10	388,051	3,880,510	25,329,432	24,874,069	950,186	(455,363)	311,853
13.	BSRM STEELS LTD.	10-Dec-13	300,000	3,000,000	28,889,429	27,840,000	33,705,000	(1,049,429)	1,668,417
14.	CENTRAL INSURANCE CO. LTD.	10-Dec-13	82,000	820,000	1,708,824	1,476,000	445,500	(232,824)	77,000
15.	CENTRAL PHARMACEUTICALS LTD.	11-Sep-14	-	-	-	-	138,852	-	-
16.	CITY BANK LTD.	18-Sep-14	397,964	3,979,640	10,745,372	10,824,621	-	79,249	1,699,771
17.	CONFIDENCE CEMENT LTD.	10-Dec-13	73,543	735,430	8,252,866	8,045,604	1,040,400	(207,262)	143,000
18.	CONTINENTAL INSURANCE LTD.	10-Dec-13	140,000	1,400,000	2,718,505	2,576,000	691,200	(142,505)	-
19.	DBH FIRST MUTUAL FUND	10-Dec-13	-	-	-	-	3,677,450	-	-
20.	DHAKA ELECTRIC SUPPLY CO. LTD.	8-Dec-10	47,550	475,500	4,809,839	2,201,565	2,175,807	(2,608,274)	40,014
21.	DUTCH BANGLA BANK LIMITED	1-Sep-16	2,419	24,190	259,720	282,297	-	22,577	-
22.	EASTERN BANK LTD.	8-Dec-10	4,953,993	49,539,930	32,712,865	143,665,797	163,581,418	110,952,932	11,512,245
23.	ENVOY TEXTILES LTD.	9-Nov-16	121,312	1,213,120	4,762,451	4,706,906	-	(55,545)	-
24.	EXIM BANK OF BANGLADESH LTD.	1-Nov-10	1,176,950	11,769,500	15,359,349	13,770,319	1,419,000	(1,589,030)	-
25.	FEDERAL INSURANCE CO. LTD.	10-Dec-13	-	-	-	-	102,564	-	4
26.	FIRST SECURITY ISLAMI BANK LTD.	25-Nov-10	-	-	-	-	787,098	-	434,443
27.	FAR CHEMICAL INDUSTRIES LTD.	27-Dec-16	127,030	1,270,300	3,047,694	3,036,017	-	(11,677)	-
28.	FU-WANG CERAMICS INDS. LTD.	19-Apr-12	24,926	249,260	400,437	453,653	222,083	53,216	-
29.	GOLDEN HARVEST AGRO INDUST. LTD.	8-Apr-14	-	-	-	-	249,381	-	-
30.	GRAMEEN PHONE LTD.	16-Feb-14	272,719	2,727,190	81,178,418	77,479,468	31,797,546	(3,698,950)	2,844,071
31.	GREEN DELTA MUTUAL FUND	4-Feb-14	-	-	-	-	1,880,000	-	-
32.	GPH ISPAT LTD.	5-Oct-16	155,243	1,552,430	5,415,466	5,324,835	-	(90,631)	-
33.	HEIDELBERG CEMENT BD. LTD.	8-Dec-10	78,528	785,280	42,629,663	43,371,014	2,393,422	741,351	412,050
34.	ICB AMCL 2ND MUTUAL FUND	11-Apr-16	-	-	-	-	-	-	830,919
35.	ICB ISLAMIC BANK LTD.	23-May-08	2,684,000	26,840,000	26,840,000	13,688,400	12,078,000	(13,151,600)	-
36.	I.D.L.C FINANCE LTD.	26-May-15	32,178	321,780	1,819,527	1,834,146	542,254	14,619	554,995
37.	I.F.I.C. BANK LTD.	10-Dec-13	-	-	-	-	3,606,947	-	11
38.	IFIL ISLAMIC MUTUAL FUND-1	2-Dec-15	1,352,405	13,524,050	9,119,601	9,602,076	3,150,000	482,475	1,822,633



Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 December 2016	Market value as on 31 December 2015	Gain/(Loss)	Dividend received in 2016
39.	INDUSTRIAL PROMOTION & DEV. CO. LTD.	5-Dec-10	200,000	2,000,000	8,502,925	8,540,000	-	37,075	-
40.	ISLAMI BANK BANGLADESH LTD.	24-Nov-16	841,968	8,419,680	25,030,438	25,006,450	-	(23,988)	-
41.	JAMUNA OIL COMPANY LTD.	21-Sep-11	205,340	2,053,400	39,221,736	37,289,744	-	(1,931,992)	-
42.	KULNA POWER COMPANY LTD.	22-Nov-10	-	-	-	-	-	-	-
43.	LAFARGE SURMA CEMENT LTD.	10-Dec-13	320,000	3,200,000	26,709,264	26,272,000	3,901,580	(437,264)	189,300
44.	LINDE BANGLADESH LIMITED	3-Feb-16	28,715	287,150	40,181,637	37,214,640	-	(2,966,997)	269,425
45.	MALEK SPINNING MILLS LTD.	29-Sep-14	556,413	5,564,130	9,946,204	9,737,228	1,570,000	(208,976)	120,000
46.	MBL 1ST MUTUAL FUND	3-Feb-14	-	-	-	-	1,296,750	-	1,868,500
47.	MEGHNA CEMENT MILLS LTD.	14-Oct-14	-	-	-	-	534,500	-	-
48.	M. I. CEMENT FACTORY LTD.	30-Nov-10	-	-	-	-	-	-	-
49.	MJL BANGLADESH LTD.	31-May-15	60,000	600,000	7,192,025	7,176,000	20,071,661	(16,025)	5,748
50.	MEGHNA PETROLEUM LTD.	23-Nov-10	240,000	2,400,000	48,159,877	40,896,000	18,264,389	(7,263,877)	1,256,724
51.	MERCENTILE BANK LIMITED	6-Nov-16	224,165	2,241,650	3,272,650	3,384,892	-	112,242	-
52.	MITHUN KNITTING & DYEING (CEPZ) LTD.	25-Aug-94	-	-	-	-	-	-	-
53.	MUTUAL TRUST BANK LTD.	8-Oct-14	570,000	5,700,000	13,253,355	13,167,000	-	(86,355)	6
54.	NAVANA CNG LTD.	31-Oct-01	62,577	625,770	6,143,890	4,561,863	1,485,533	(1,582,027)	44,835
55.	N C C BANK LTD.	26-Dec-10	-	-	-	-	462,608	-	380,057
56.	NITOL INSURANCE COMPANY LTD.	10-Dec-13	31,261	312,610	776,628	715,877	654,562	(60,751)	16
57.	OLYMPIC INDUSTRIES LTD.	19-Oct-15	19,160	191,600	5,840,777	5,899,364	9,690,710	58,587	91,119
58.	ONE BANK LTD.	28-Jul-11	350,000	3,500,000	6,327,637	6,405,000	1,241,105	77,363	101,407
59.	ORION INFUSION LTD.	18-Jul-16	120,000	1,200,000	7,436,702	7,032,000	-	(404,702)	-
60.	ORION PHARMA LTD.	10-Dec-13	420,000	4,200,000	19,703,235	17,682,000	5,336,000	(2,021,235)	-
61.	PADMA OIL COMPANY.	2-Oct-14	145,035	1,450,350	28,876,532	26,135,307	1,842,000	(2,741,225)	100,000
62.	PHOENIX INSURANCE CO. LTD.	10-Dec-13	-	-	-	-	217,140	-	199,759
63.	PHP 1ST MUTUAL FUND	10-Dec-13	-	-	-	-	3,020,495	-	-
64.	PIONEER INSURANCE COMPANY LTD	10-Dec-13	368,499	3,684,990	11,711,244	11,128,670	1,320,300	(582,574)	60,750
65.	POPULAR LIFE FIRST MUTUAL FUND	10-Dec-13	-	-	-	-	3,836,914	-	-
66.	POWER GRID CO. OF BANGLADESH LTD.	2-Dec-10	465,000	4,650,000	27,194,702	25,110,000	2,692,035	(2,084,702)	87,975
67.	PREMIER BANK LTD.	26-Nov-10	-	-	-	-	634,766	-	-
68.	PRIME BANK 1ST ICB AMCL M FUND	11-Apr-16	50,117	501,170	249,441	280,655	-	31,214	317,053
69.	PRIME FINANCE & INVESTMENT LTD.	9-Nov-10	403,605	4,036,050	8,382,266	3,955,329	959,789	(4,426,937)	-
70.	PRIME INSURANCE COMPANY LTD.	10-Dec-13	99,241	992,410	1,923,350	1,816,110	416,580	(107,240)	34,715
71.	PRIME ISLAMI LIFE INSURANCE LTD.	2-Mar-14	18,602	186,020	1,184,809	1,263,076	497,145	78,267	68,673
72.	RAK CERAMICS(BANGLADESH) LTD.	31-Oct-10	400,000	4,000,000	26,161,687	24,760,012	2,533,838	(1,401,675)	264,688
73.	RENATA LTD.	13-Oct-14	19,000	190,000	20,844,230	20,624,500	-	(219,730)	-
74.	REPUBLIC INSURANCE COMPANY LTD.	10-Dec-13	-	-	-	-	545,738	-	3
75.	R. N. SPINNING MILLS LTD.	10-Nov-13	-	-	-	-	1,547,000	-	-
76.	SHAHJALAL ISLAMI BANK LTD.	3-Feb-14	551,597	5,515,970	7,890,294	8,273,955	891,000	383,661	1,035,132
77.	SOCIAL ISLAMI BANK LTD.	18-Apr-12	-	-	-	-	1,949,126	-	834,768
78.	SONAR BANGLA INSURANCE LTD.	10-Dec-13	43,629	436,290	941,215	741,693	627,435	(199,522)	20,784
79.	SOUTHEAST BANK LTD.	18-Apr-12	160,932	1,609,320	2,824,103	3,009,428	10,794,221	185,325	979,962
80.	SQUARE TEXTILE MILLS LTD.	10-Dec-13	137,130	1,371,300	9,581,860	9,489,396	5,231,471	(92,464)	411,203
81.	SQUARE PHARMACEUTICALS LTD.	22-Dec-10	58,410	584,100	14,467,678	14,549,931	68,499,000	82,253	136,608
82.	STANDARD BANK LTD	2-Dec-10	-	-	-	-	1,336,374	-	-



Sl. no.	Name of the company	Date of purchase	No of shares	Face value	Cost price	Market value as on 31 December 2016	Market value as on 31 December 2015	Gain/(Loss)	Dividend received in 2016
83.	SUMMIT POWER LTD.	8-Dec-10	757,857	7,578,570	31,235,815	28,040,728	7,114,042	(3,195,087)	617,959
84.	SUNLIFE INSURANCE COMPANY LTD.	2-Mar-14	97,759	977,590	3,602,057	2,004,060	452,435	(1,597,997)	-
85.	TAMIZUDDIN TEXTILES MILLS LTD.	2-Jan-92	-	-	-	-	-	-	-
86.	TITAS GAS TRANSMISSION & D.C.L	26-Dec-10	480,000	4,800,000	33,033,165	23,712,000	10,795,350	(9,321,165)	341,625
87.	TRUST BANK LTD.	10-Dec-13	619,684	6,196,840	14,416,459	14,748,479	-	332,020	142,904
88.	U.C.B.L.	10-Dec-13	231,650	2,316,500	4,891,356	4,934,145	4,911,929	42,789	701,220
89.	UNITED POWER GEN. & DISTR CO. LTD.	6-Nov-16	118,432	1,184,320	16,895,893	16,769,971	-	(125,922)	-
90.	UTTARA BANK LTD.	10-Dec-13	-	-	-	-	4,540,000	-	1,500,000
91.	UTTARA FINANCE & INVEST. LTD	24-Mar-15	184,364	1,843,640	11,109,068	11,301,513	1,049,003	192,445	597,090
A. Sub-Total				236,033,160	961,777,483	993,061,721	480,293,504	31,284,238	36,703,754

B. Non-listed & preference shares:

Amount in BDT

Sl. No.	Name of the company	Date of Purchase	No of shares	Face Value	Total Cost/ Book Value	Market value as on 31 December 2016	Market Value as on 31 December 2015	Unrealized Gain/(Loss)	Dividend received in 2016
1.	BANGLADESH DEVELOPMENT CO.LTD.	19-Jul-11	105,578	10,557,800	10,557,750	10,557,750	10,557,750	-	240,000
2.	CENTRAL DEPOSITORY BANGLADESH LTD.	20-Aug-00	1,142,361	11,423,610	3,138,890	3,138,890	3,138,890	-	2,855,903
3.	EQUITY OF GRAMEEN IT PARK	1-Feb-01	42,018	4,201,800	4,201,760	4,201,760	4,201,760	-	-
4.	KARMASANGSTHAN BANK	15-Mar-99	150,000	15,000,000	15,000,000	15,000,000	15,000,000	-	-
B. Sub-Total				41,183,210	32,898,400	32,898,400	32,898,400	-	3,095,903

Grand Total (A+B)

277,216,370 994,675,883 1,025,960,121 513,191,904 31,284,238 39,799,656



BASIC Bank Limited

Annex C

Detail of information on advances exceeding 10% of bank's total capital (funded & non-funded)
As at 31 December 2016

(Taka in Lac)

Sl. No.	Name of the Client	Outstanding as on 31 December 2016			Outstanding as on 31 December 2015	CL status as on 31 December 2016
		Funded	Non funded	Total		
1	AMADER BARI LIMITED GROUP	46,875	-	46,875	42,462	UC
2	EMERALD AUTO BRICKS & ALLIED	23,144	-	23,144	20,428	SS
3	FEAZ GROUP	19,560	-	19,560		BL
4	WELL TEX AND ALLIED(ADIB DYEING)	19,261	81	19,342	19,802	BL
5	VASAVI FASHIONS & ALLIED	15,808	-	15,808	15,824	BL
6	NEW DHAKA CITY DEVELOPMENT LTD	15,502	-	15,502	14,106	UC
7	MYMCO CARBON LTD AND ALLIED	15,483	-	15,483	14,085	BL
8	BANGLADESH DEVELOPMENT COMPANY LTD.	14,874	-	14,874	13,616	SMA
9	NILSAGOR AGRO & ALLIED	14,045	-	14,045	13,963	SMA
10	BORSHON/BITHI GROUP	13,784	-	13,784	11,726	UC
11	RISING GROUP	13,301	18	13,319	12,941	BL
12	BD CHEMICALS INDS CORP (BCIC)	12,211	738	12,949	53,065	UC
13	DELTA SYSTEMS LIMITED	12,842	-	12,842	12,842	BL
14	ARISTOCRAT GROUP	12,560	-	12,560	11,296	BL
15	OPE PROPERTIES LTD. & ALLIED	12,529	-	12,529	15,243	UC
16	R. I. ENTERPRISE	12,515	-	12,515		UC
17	EMERALD OIL & ALLIED	12,330	130	12,460	12,133	BL
18	REGENT WEAVING LTD	12,049	1	12,050	11,777	UC
19	IG NAVIGATION LIMITED	11,995	-	11,995	11,396	BL
20	BAY NAVIGATION LTD	11,639	39	11,678	10,983	BL
21	CRYSTAL STEELS & SHIP BREAKING LIMITED	11,561	-	11,561	11,176	BL
22	MAP & MULLER GROUP	11,160	-	11,160		SS
23	PROFUSION TEXTILES LIMITED	11,159	-	11,159	11,166	BL
24	MA TEX	11,122	-	11,122	11,122	BL
	TOTAL	367,309	1,007	368,316	351,152	-

Note 1: In 2016 the capital of the Bank was negative. As such, loans allowed to customers/customers group exceeding 10% of paid-up capital has been reported here as per Bangladesh Bank approval.



BASIC Bank Limited

Annex D

Schedule of fixed assets
As at 31 December 2016

Particulars	Cost				Rate (%)	Depreciation				Written down value at 31 December 2016
	At 01 January 2016	Addition	Disposal/Transfer during the year	Total at 31 December 2016		Upto 01 January 2016	Charge	Disposal/adjustment	Upto 31 December 2016	
	BDT	BDT	BDT	BDT		BDT	BDT	BDT	BDT	
Furniture and fixtures	107,436,031	4,110,493	-	111,546,524	10%	48,598,824	6,071,203	-	54,670,027	56,876,497
Interior decoration	307,094,718	4,793,724	915,236	310,973,206	10%	106,042,625	20,357,609	734,059	125,666,175	185,307,031
Machine and equipment	325,983,035	7,430,162	629,988	332,783,209	20%	201,659,199	26,455,027	537,729	227,576,497	105,206,712
Computer hardware	294,671,833	3,309,270	-	297,981,103	20%	238,582,943	25,876,047	-	264,458,990	33,522,113
Software	94,125,936	1,101,000	-	95,226,936	20%	79,830,915	8,345,547	-	88,176,462	7,050,474
Motor vehicles	385,017,777	-	-	385,017,777	25%	328,603,917	38,516,819	-	367,120,736	17,897,041
Leasehold assets	4,000,000	-	-	4,000,000	1%	781,808	46,127	-	827,935	3,172,065
Total 2016	1,518,329,330	20,744,649	1,545,224	1,537,528,755		1,004,100,231	125,668,379	1,271,788	1,128,496,822	409,031,933
Total 2015	1,499,205,507	19,130,673	6,850	1,518,329,330		849,523,340	154,576,891	-	1,004,100,231	514,229,099



BASIC Bank Limited

Highlights on the activities of the Bank
As at 31 December 2016

(Amount in BDT)

Sl. No.	Particulars	2016	2015
1	Paid up capital	10,846,982,500	10,846,982,500
2	Total capital	(17,466,042,450)	(8,512,446,006)
3	Capital surplus/(deficit)	(28,667,055,484)	(19,785,806,006)
4	Total assets	204,739,632,059	194,173,358,107
5	Total deposits	158,070,977,543	148,167,229,641
6	Total loans and advances	134,882,802,828	128,807,012,281
7	Total contingent liabilities and commitments	13,114,073,576	11,584,474,388
8	Credit - deposit ratio	83.62%	84.72%
9	Percentage of classified loans against total loans and advances	54.13%	51.09%
10	Profit/(loss) after tax and provision	(14,930,401,001)	(3,140,361,573)
11	Amount of classified loans and advances	73,006,863,879	65,812,501,648
12	Provision kept against classified loan	17,772,102,258	3,984,261,350
13	Provision surplus/(deficit)*	(28,258,862,928)	(35,170,311,182)
14	Cost of fund	8.31%	10.24%
15	Interest earning assets	116,183,979,116	104,417,294,259
16	Non-interest bearing assets	88,555,652,943	89,756,063,848
17	Return on Investment (ROI)***	-71.84%	-14.24%
18	Return on Assets (ROA)	-7.49%	-1.72%
19	Incomes on investment	3,141,726,351	2,628,103,917
20	Earnings per share (EPS)	(13.76)	(2.90)
21	Net income per share	(13.76)	(2.90)
22	Price earning ratio**	N/A	N/A

*** ROI has been calculated by dividing profit after tax by average shareholders equity plus average long term debt.

** N/A: Not Applicable

