



BASIC Bank Limited

Serving people for progress

A STATE OWNED SCHEDULED BANK

Financial Statements 2011

Auditors' Report to the Shareholders of BASIC Bank Ltd.

We have audited the accompanying financial statements of BASIC Bank Limited (the "Bank") which comprise the balance sheet as at 31 December 2011, profit and loss account, statement of changes in equity, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Bank in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of these financial statements of the Bank that are free from material misstatement, whether due to fraud or error.

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 reasonable assurance about whether the financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements of the Bank 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 audit opinion.

Opinion

In our opinion the financial statements of the Bank prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of the Bank as at 31 December 2011 and the results of its financial performance and its cash flows for the year then ended 31 December 2011 and comply with the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- 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;
- 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 purposes of our audit have been received from branches not visited by us;
- the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account and returns;
- the expenditure incurred was for the purpose of the Bank's business;
- the financial position of the Bank as of 31 December 2011 and the profit for the year then ended have been properly reflected in the financial statements;
- the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- the financial statements of the Bank conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- the records and statements submitted by the branches have been properly maintained and in the financial statements;
- the information and explanations required by us have been received and found satisfactory.
- we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 4,200 person hours for the audit of the books and accounts of the Bank; and
- the capital adequacy ratio, in compliance with Basel II has been maintained adequately during the year.

Place : Dhaka
Dated : 28 March 2012

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants

Aziz Halim Khair Choudhury
Aziz Halim Khair Choudhury
Chartered Accountants

Balance Sheet

As at 31 December 2011

PROPERTY AND ASSETS	Notes	Amount in Taka	
		31.12.2011	31.12.2010
Cash	3	4,682,116,663	3,075,372,781
Cash in hand (including foreign currency)		420,532,562	344,012,334
Balance with Bangladesh Bank & Sonali Bank (including foreign currency)		4,261,584,101	2,731,360,447
Balance With Other Banks & Financial Institutions	4	2,026,743,534	2,627,442,164
In Bangladesh		1,723,297,815	1,992,010,143
Outside Bangladesh		303,445,719	635,432,021
Money at call and short notice	5	2,240,000,000	250,000,000
Investments	6	9,494,082,996	6,676,431,838
Government		9,304,513,931	6,506,731,752
Others		189,569,065	169,700,086
Loans & Advances	7	56,884,757,885	46,341,513,504
Loans, cash credit & over draft etc.		54,266,599,661	43,257,526,832
Bills purchased and discounted		2,618,158,224	3,083,986,672
Premises and Fixed Assets	8	364,461,024	283,116,626
Other Assets	9	2,339,569,927	2,315,509,761
Non-Banking Assets			
Total Assets		78,031,732,029	61,569,386,675
LIABILITIES & CAPITAL			
Borrowings from other banks / financial Institutions and agents	10	2,788,155,658	2,718,463,342
Deposits and Other Accounts	11	62,650,734,774	49,259,600,843
Current deposits and other accounts		3,398,048,925	4,887,144,405
Bills Payable		591,866,053	597,015,587
Savings bank deposits		1,496,282,507	1,328,222,087
Fixed deposits		57,164,537,289	42,447,218,763
Bearer certificate of deposit		-	-
Other deposits		-	-
Other Liabilities	12	7,111,083,175	5,116,886,539
Total Liabilities		72,549,973,607	57,094,950,724
Capital / Shareholders' Equity			
Paid-up capital	13	2,357,586,000	1,964,655,000
Statutory reserve	14	2,224,690,642	1,824,692,334
Other reserve	15	286,309,487	255,099,831
Retained earnings	16	613,172,293	429,988,786
Total Shareholders' Equity		5,481,758,422	4,474,435,951
Total Liabilities & Shareholders' Equity		78,031,732,029	61,569,386,675

OFF-BALANCE SHEET ITEMS

	Notes	Amount in Taka	
		31.12.2011	31.12.2010
CONTINGENT LIABILITIES:	17	16,545,523,029	22,161,472,129
Acceptances and endorsements		5,458,254,177	5,367,167,387
Letters of guarantee		1,823,215,099	1,350,964,214
Irrevocable letters of credit		833,678,913	14,482,011,411
Bills for collection		870,335,800	911,712,241
Other contingent liabilities		56,928,816	49,616,876
Total:		-	-
OTHER COMMITMENTS:			
Documentary credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total:		-	-
Total Off-Balance Sheet Items including Contingent Liabilities		16,545,523,029	22,161,472,129

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

Syful Shamsul Alam & Co.
Aziz Halim Khair Choudhury
Chartered Accountants

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

Place: Dhaka

Date: 28 March 2012

Syful Shamsul Alam & Co.
Aziz Halim Khair Choudhury
Chartered Accountants

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants

Profit and Loss Account

For the year ended 31 December 2011

	Notes	Amount in Taka	
		31.12.2011	31.12.2010
Operating Income			
Interest income	18	7,099,007,386	4,337,044,641
Interest paid on deposits & borrowings	19	(4,911,660,920)	(3,033,562,579)
Net Interest Income		2,187,346,466	1,303,482,062
Investments income	20	751,630,731	651,524,002
Commission / fees, exchange earnings & brokerage	21	785,349,085	642,576,792
Other operating income	22	189,232,500	476,671,354
TOTAL OPERATING INCOME (A)		3,913,558,783	3,074,254,210
Operating Expenses			
Salary & allowances	23	993,577,829	877,127,579
Rent, taxes, insurance, electricity etc.	24	108,519,337	85,968,179
Legal & professional expenses	25	5,775,685	4,135,727
Postage, stamp, telecommunication etc.	26	32,833,946	27,853,213
Stationery, printing, advertisement etc.	27	42,586,755	30,772,319
Managing director's salary	28	5,658,488	6,200,000
Directors' fee	29	1,727,479	1,140,000
Audit fee		657,900	235,125
Depreciation of Bank's assets	30	79,688,746	67,569,180
Repair & Maintenance of Bank's Assets	31	23,991,807	19,823,786
Other expenses	32	270,019,885	236,378,633
TOTAL OPERATING EXPENSES (B)		1,565,037,857	1,357,203,742
Operating profit / (loss) before Provision (C) = (A - B)		2,348,520,926	1,717,050,468
Provision for loans & advances	33	404,348,230	326,277,982
Provision for off-balance sheet exposures	34	(55,818,850)	65,597,080
Provision for diminution in value of investments		-	-
Other provision		-	-
Total Provision (D)		348,529,380	391,875,062
Net Profit / (Loss) before Tax (C - D)		1,999,991,546	1,325,175,406
Provision for current tax	35	1,038,973,188	723,274,196
Provision for deferred tax	36	(15,094,458)	(59,035,060)
Net Profit / (Loss) after Tax		976,112,816	660,936,269
Distribution :			
Statutory reserve	14	399,998,309	265,035,082
General reserve		-	-
Dividend		-	-
Retained earnings		576,114,507	395,901,187
Earnings per share (EPS)	39	41.40	28.03

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

Syful Shamsul Alam & Co.
Aziz Halim Khair Choudhury
Chartered Accountants

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

Place: Dhaka

Date: 28 March 2012

Syful Shamsul Alam & Co.
Aziz Halim Khair Choudhury
Chartered Accountants

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants

Cash Flow Statement

For the year ended 31 December 2011

	Notes	Amount in Taka	
		31.12.2011	31.12.2010
A Cash Inflows from Operating Activities			
Interest received in cash		7,746,017,865	4,935,127,321
Interest paid by cash		(3,737,347,531)	(3,044,386,504)
Dividend received in cash		913,501	7,698,339
Fees and commission received in cash		785,349,085	642,576,791
Recovery of loans Previously written off		83,737,916	7,570,819
Cash Paid to employees		(894,840,152)	(667,744,406)
Cash paid to suppliers		(42,586,755)	(30,772,319)
Income tax paid		(684,557,724)	(606,784,827)
Received from other operating activities		105,470,466	463,586,389
Paid for other operating activities		(443,526,039)	(375,534,667)
Operating Profit before changes in operating assets and liabilities		2,918,630,632	1,331,336,936
Changes in operating assets and liabilities:			
Statutory deposits		168,731,330	(3,620,380,967)
Purchase/sales of trading securities		2,737,754,000	2,487,494,000
Loans and advances to customers		(2,786,441,502)	(448,152,641)
Other assets		(10,543,244,381)	(17,079,979,162)
Deposits from other Bank		121,339,024	(1,249,019,373)
Deposits from customers		1,499,747,000	13,771,000
Deposits from customers		9,153,632,931	12,256,637,578
Other liabilities		(14,055,742)	398,867,631
Net cash flow from operating activities		3,087,361,962	(2,289,044,031)

	Amount in Taka	
	31.12.2011	31.12.2010
B Cash Inflows from investing activities		
Proceeds from sale of securities	-	-
Cash Payments for purchase of securities	-	-
Purchase of fixed assets	(161,643,194)	(118,338,650)
Sales of fixed assets	634,168	5,822,769
Net cash flow from (used in) Investing Activities	(161,009,026)	(112,515,881)
C Cash inflows from financing activities		
Increase/(decrease) of long term borrowing	69,692,316	(156,694,576)
Payment of dividend	-	-
Net cash flow from financing activities	69,692,316	(156,694,576)
Net increase of cash and cash equivalents (A+B+C)	2,996,045,252	(2,558,254,488)
Effects of exchange rate changes on cash and cash equivalents	-	-
Opening Cash and Cash Equivalent	5,952,814,945	8,511,069,433
Closing cash and cash equivalents (note 38)	8,948,860,197	5,952,814,945
Analysis of closing cash and cash equivalents		
Cash in Hand and Balance with Bangladesh Bank and Sonali Bank	4,682,116,663	3,075,372,781
Cash with Other Banks	2,026,743,534	2,627,442,164
Money at Call and Short Notice	2,240,000,000	250,000,000
	8,948,860,197	5,952,814,945

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

Syful Shamsul Alam & Co.
Aziz Halim Khair Choudhury
Chartered Accountants

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

Place: Dhaka

Date: 28 March 2012

Syful Shamsul Alam & Co.
Aziz Halim Khair Choudhury
Chartered Accountants

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2011

Particulars	Paid-up Capital	Statutory reserve	General reserve	Investment revaluation reserve	Retained surplus	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as of 01 January 2011	1,964,655,000	1,824,692,334	40,000,000	215,099,831	429,988,786	4,474,435,950
Net Profit for the Year	-	399,998,309	-	-	576,114,507	976,112,816
Revaluation Reserve for Securities	-	-	-	42,360,716	-	42,360,716
Surplus/deficit on revaluation of investments	-	-	-	(11,151,060)	-	(11,151,060)
Transferred to Other Reserve	-	-	-	-	-	-
Cash Dividend Paid During the Year	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-
Issuance of bonus share	392,931,000	-	-	-	(392,931,000)	-
Balance as of 31 December 2011	2,357,586,000	2,224,690,642	40,000,000	246,309,487	613,172,293	5,481,758,422

Syful Shamsul Alam & Co.
Aziz Halim Khair Choudhury
Chartered Accountants

Place: Dhaka

Date: 28 March 2012

Syful Shamsul Alam & Co.
Aziz Halim Khair Choudhury
Chartered Accountants

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants

Liquidity Statement (Asset and Liability Maturity Analysis)