

**Audited Financial Statements
of
Brac Bank Limited**

For the period ended 31 March 2012

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Correspondent Firm to Deloitte Touche Tohmatsu

AUDITORS' REPORT TO THE SHAREHOLDERS OF BRAC BANK LIMITED

We have audited the accompanying consolidated financial statements of BRAC Bank Limited and its controlled entities (together referred to as the "Group") as well as the financial statements of BRAC Bank Limited (the "Bank") which comprise the consolidated and separate balance sheets as at 31 March 2012, profit and loss accounts, statements of changes in equity, cash flow statements for the Quarter then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and the separate financial statements of the Bank in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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, 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 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of the Group and the Bank as at 31 March 2012 and of the results of their financial performance and their cash flows for the Quarter then ended and comply with the applicable sections of the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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We also report that:

- 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) 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 branches not visited by us;
- c) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 46 dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditure incurred was for the purpose of the Bank's operations.
- e) the financial position of the Bank as at 31 March 2012 and the profit for the period then ended have been properly reflected in the financial statements, the financial statements have been prepared in accordance with the generally accepted accounting principles;
- f) the financial statements of the Bank have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- g) adequate provisions have been made for advances and other assets which are in our opinion, doubtful of recovery;
- h) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- j) the information and explanations required by us have been received and found satisfactory; and
- k) Capital adequacy ratio (CAR) as required by law, has been maintained adequately during the period.

Dhaka, 03 July 2012

Hoda Vasi Chowdhury

Hoda Vasi Chowdhury & Co
Chartered Accountants

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BRAC BANK LIMITED
Consolidated Balance Sheet
As on March 31, 2012

	Note	March 2012 Taka	December 2011 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand	3.a	12,633,869,572	11,979,216,569
(Including foreign currency)		3,620,369,629	3,648,779,467
Balance with Bangladesh Bank and its agent Bank(s)		9,013,499,943	8,330,437,102
(Including foreign currency)			
Balance with other Banks and Financial Institutions			
Inside Bangladesh	4.a	6,620,678,086	3,746,866,187
Outside Bangladesh		5,645,129,717	3,138,856,331
Money at call and short notice		975,548,369	608,009,856
Investments	5.a	440,000,000	480,000,000
Government	6.a	14,846,627,622	14,674,983,791
Others		10,800,779,979	10,291,953,253
Loans and advances		4,045,847,643	4,383,030,537
Loans, cash credit, overdrafts etc.	7.a	102,502,651,312	97,478,364,517
Bills purchased & discounted		102,076,091,816	97,083,550,903
Fixed assets including premises, furniture and fixtures		426,559,496	394,813,615
Other assets	8.a	2,492,311,477	2,599,931,447
Non-banking assets	9.a	9,620,292,512	8,553,122,866
Goodwill	10	-	-
Total Property and Assets	11.a	1,409,637,597	1,409,637,597
		<u>150,566,068,178</u>	<u>140,922,122,974</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12.a	5,061,817,492	5,720,180,188
Borrowings from Central Bank	13.a	1,755,379,488	1,533,371,184
Convertible Subordinate Bonds	14.a	3,000,000,000	3,000,000,000
Money at Call and Short notice	15.a	-	-
Deposits and other accounts	16.a	112,321,132,393	103,648,725,771
Current accounts & other accounts		38,971,906,139	32,369,590,116
Bills payable		1,133,488,915	768,394,517
Savings deposits		17,474,998,701	18,421,267,314
Fixed deposits		54,287,276,065	51,763,212,319
Other deposits		453,462,572	326,261,506
Other liabilities	17.a	17,450,591,705	16,538,199,960
Total Liabilities		<u>139,588,921,077</u>	<u>130,440,477,104</u>
Capital and Shareholders' Equity			
Paid up share capital	18.2	3,212,352,000	3,212,352,000
Preference share capital	18.9	350,000,000	350,000,000
Share premium	18.8.a	1,553,052,103	1,553,052,103
Statutory reserve	19.a	2,664,778,283	2,536,431,462
Revaluation reserve	20.a	23,700,919	163,089,754
Share money deposit	20.b	193,373,502	62,333,542
Surplus in profit and loss account/Retained Earnings	21.a	2,537,042,314	2,282,951,075
Total BRAC Bank Limited shareholders' equity		<u>10,534,299,121</u>	<u>10,160,209,935</u>
Minority Interest	22	442,847,979	321,435,935
Total equity		<u>10,977,147,100</u>	<u>10,481,645,870</u>
Total Liabilities and Shareholders' Equity		<u>150,566,068,178</u>	<u>140,922,122,974</u>



BRAC BANK LIMITED
Consolidated Off Balance Sheet Items
As on March 31, 2012

	Note	March 2012 Taka	December 2011 Taka
Contingent Liabilities			
Acceptances and endorsements		160,123,883	160,105,738
Letter of guarantees		4,678,689,086	4,537,278,981
Irrevocable letter of credits		12,925,035,397	16,201,080,847
Bills for collection		483,780,393	626,623,955
Tax liability	23.1	115,398,757	115,398,757
Other contingent liabilities		1,950,603,768	753,151,898
Total Contingent Liabilities	23	20,313,631,284	22,393,640,175
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities	23.a	441,878,310	405,759,290
Undrawn formal standby facilities, credit lines and other		-	-
Commitments- lease hold assets		-	-
Total Other Commitments		441,878,310	405,759,290
Total Off-Balance Sheet items including contingent liabilities		20,755,509,594	22,799,399,465

Accompanying notes form an integral part of these financial statements


Chairman


Director


Director


Managing Director

Signed as per our annexed report of even date



Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 09 July 2012

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BRAC BANK LIMITED

Balance Sheet As on March 31, 2012

	Note	March 2012 Taka	December 2011 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand	3	12,633,328,193	11,978,646,295
(Including foreign currency)		3,619,828,250	3,648,209,193
Balance with Bangladesh Bank and its agent Bank(s)		9,013,499,943	8,330,437,102
(Including foreign currency)			
Balance with other Banks and Financial Institutions	4	6,032,845,426	3,211,368,001
Inside Bangladesh		5,114,221,208	2,657,897,194
Outside Bangladesh		918,624,218	553,470,807
Money at call and short notice	5	440,000,000	480,000,000
Investments	6	14,560,189,758	14,198,827,511
Government		10,800,779,979	10,291,953,253
Others		3,759,409,779	3,906,874,257
Loans and advances	7	95,801,869,954	90,822,174,665
Loans, cash credit, overdrafts etc.		95,375,310,458	90,427,361,050
Bills purchased & discounted		426,559,496	394,813,615
Fixed assets including premises, furniture and fixtures	8	2,246,628,546	2,349,164,755
Other assets	9	10,760,235,469	10,160,867,211
Non-banking assets	10	-	-
Total Property and Assets		142,475,097,346	133,201,048,438
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	-	650,000,000
Borrowings from Central Bank	13	517,160,617	461,882,617
Convertible Subordinate Bonds	14	3,000,000,000	3,000,000,000
Money at Call and Short notice	15	-	-
Deposits and other accounts	16	112,387,240,002	103,725,529,225
Current accounts & other accounts		38,943,762,562	32,339,880,108
Bills payable		1,133,488,915	768,394,517
Savings deposits		17,569,249,887	18,527,780,776
Fixed deposits		54,287,276,065	51,763,212,319
Other deposits		453,462,572	326,261,506
Other liabilities	17	16,766,057,761	15,761,031,757
Total Liabilities		132,670,458,380	123,598,443,600
Capital and Shareholders' Equity			
Paid up share capital	18.2	3,212,352,000	3,212,352,000
Preference share capital	18.9	350,000,000	350,000,000
Share premium	18.7	1,406,000,000	1,406,000,000
Statutory reserve	19	2,664,778,283	2,536,431,462
Revaluation reserve	20	23,700,919	163,089,754
Surplus in profit and loss account/Retained Earnings	21	2,147,807,764	1,934,731,623
Total shareholders' equity		9,804,638,966	9,602,604,839
Total Liabilities and Shareholders' Equity		142,475,097,346	133,201,048,438



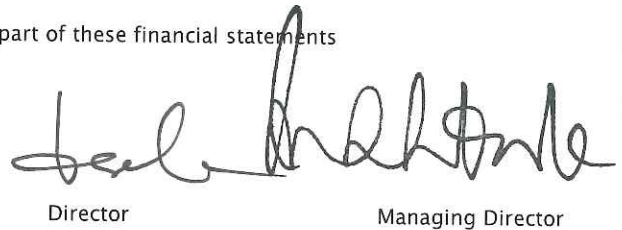
BRAC BANK LIMITED
Off Balance Sheet Items
As on March 31, 2012

	Note	March 2012 Taka	December 2011 Taka
Contingent Liabilities			
Acceptances and endorsements		160,123,883	160,105,738
Letter of guarantees		4,678,689,086	4,537,278,981
Irrevocable letter of credits		12,925,035,397	16,201,080,847
Bills for collection		483,780,393	626,623,955
Tax liability	23.1	115,398,757	115,398,757
Other contingent liabilities		1,950,603,769	753,151,898
Total Contingent Liabilities	23	20,313,631,284	22,393,640,175
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- lease hold assets		-	-
Total Other Commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		20,313,631,284	22,393,640,175

Accompanying notes form an integral part of these financial statements


Chairman


Director


Director

Managing Director

Signed as per our annexed report of even date

Dhaka, 09 July 2012



Hoda Vasi Chowdhury & Co
Chartered Accountants





BRAC BANK LIMITED
Consolidated Profit and Loss Account
For the Quarter ended 31 March 2012

Particulars	Note	March 2012 Taka	March 2011 Taka
Interest income	25.a	3,783,235,459	3,313,973,670
Interest paid on deposits and borrowing etc.	26.a	2,352,361,615	2,379,547,257
Net interest income		1,430,873,844	934,426,413
Investment income	27.a	393,941,021	951,720,993
Commission, exchange and brokerage	28.a	797,859,198	717,834,619
Other operating income	29.a	82,077,318	52,568,612
Total operating income		2,704,751,381	2,656,550,637
Salaries and allowances	30	656,909,851	584,036,957
Rent, taxes, insurance, electricity etc.	31.a	158,904,480	149,613,901
Legal expenses	32	14,786,796	6,278,385
Postage, stamps, telecommunication etc.	33.a	52,076,192	54,741,799
Stationery, printing, advertisement etc.	34.a	64,981,515	104,395,002
Chief Executive's salary & fees		2,025,000	1,875,000
Directors' fees & expenses	35.a	2,617,685	1,129,838
Auditors' fee	36.a	880,402	225,000
Depreciation on and repairs to bank's assets	37.a	258,488,961	158,244,001
Other expenses	38.a	245,187,459	242,922,364
Total operating expenses		1,456,858,341	1,303,462,246
Profit/(loss) before provisions		1,247,893,040	1,353,088,391
Provision for:			
Loans and advances	39.a	516,348,212	579,304,308
Diminution in value of investments		40,000,000	-
Off balance sheet items		-	-
Others		-	-
Total provision		556,348,212	579,304,308
Profit/(loss) before taxes		691,544,828	773,784,083
Provision for Tax:			
Current tax expense		332,597,130	423,253,993
Deferred tax expense/ (income)		(20,688,860)	(65,000,000)
Total provision for Tax	40.a	311,908,270	358,253,993
Total profit/(loss) after taxes		379,636,557	415,530,090
Appropriations:			
Statutory reserve		128,346,820	140,102,702
General reserve		-	-
Dividend etc.		-	-
		128,346,820	140,102,702
Retained earnings		251,289,737	275,427,389
Attributable to:			
Equity holders of BRAC Bank Ltd.		254,084,559	253,435,469
Minority interest		(2,794,822)	21,991,920
		251,289,737	275,427,389
Basic earnings per share	41.a	1.19	1.18

Accompanying notes form an integral part of these financial statements


Chairman


Director


Director


Managing Director

Signed as per our annexed report of even date

Dhaka, 09 July 2012


Hoda Vasi Chowdhury & Co
Chartered Accountants

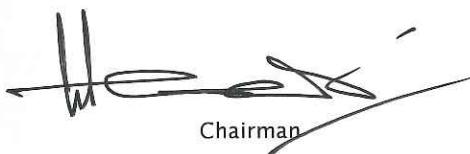
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BRAC BANK LIMITED
Profit and Loss Account
For the Quarter ended 31 March 2012

Particulars	Note	March 2012 Taka	March 2011 Taka
Interest income	25	3,644,028,069	3,231,843,060
Interest paid on deposits and borrowing etc.	26	2,262,511,076	2,320,091,452
Net interest income		1,381,516,993	911,751,608
Investment income	27	371,693,289	950,949,202
Commission, exchange and brokerage	28	711,283,092	603,178,748
Other operating income	29	76,437,550	49,085,977
Total operating income		2,540,930,923	2,514,965,535
Salaries and allowances		609,707,676	556,295,273
Rent, taxes, insurance, electricity etc.	31	146,306,592	135,561,763
Legal expenses		6,523,591	6,013,010
Postage, stamps, telecommunication etc.	33	41,986,299	51,703,907
Stationery, printing, advertisement etc.	34	59,974,455	95,000,562
Chief Executive's salary & fees		2,025,000	1,875,000
Directors' fees & expenses	35	155,250	578,385
Auditors' fee	36	880,402	225,000
Depreciation on and repairs to bank's assets	37	242,591,899	152,000,350
Other expenses	38	234,065,896	235,894,470
Total operating expenses		1,344,217,059	1,235,147,718
Profit/(loss) before provisions		1,196,713,864	1,279,817,817
Provision for:			
Loans and advances	39	514,979,762	579,304,308
Diminution in value of investments		40,000,000	-
Off balance sheet items		-	-
Others		-	-
Total provision		554,979,762	579,304,308
Profit/(loss) before taxes		641,734,102	700,513,509
Provision for Tax:			
Current tax expense		321,000,000	395,000,000
Deferred tax expense/ (income)		(20,688,860)	(65,000,000)
Total provision for Tax	40.1	300,311,140	330,000,000
Total profit/(loss) after taxes		341,422,961	370,513,509
Appropriations:			
Statutory reserve		128,346,820	140,102,702
General reserve		-	-
Dividend etc.		-	-
		128,346,820	140,102,702
Retained earnings		213,076,141	230,410,807
Basic earnings per share	41	1.06	1.11

Accompanying notes form an integral part of these financial statements


Chairman


Director


Director


Managing Director

Signed as per our annexed report of even date



Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 09 July 2012

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BRAC BANK LIMITED
Consolidated Cash Flow Statement
For the Quarter ended 31 March 2012

	Note	March 2012 Taka	March 2011 Taka
A. Cash flows from operating activities			
Interest receipts		3,972,945,017	4,048,874,732
Interest payment		(2,047,677,096)	(1,993,696,993)
Dividends receipts		2,827,777	13,717,966
Fees & commissions receipts		821,450,911	717,834,619
Cash payments to employees		(688,032,181)	(675,276,420)
Cash payments to suppliers		(158,585,640)	(172,997,668)
Income tax paid		(206,343,825)	(495,079,579)
Receipts from other operating activities	43.a	95,711,958	267,223,364
Payment for other operating activities	44.a	(875,088,199)	(537,542,563)
Operating profit/(loss) before changes in operating assets and liabilities (i)		917,208,721	1,173,057,457
Increase/decrease in operating assets & liabilities			
Loans and advances		(4,950,819,111)	(3,986,442,891)
Other assets		(513,062,720)	28,384,264
Deposits from customers		8,520,418,991	10,526,955,679
Other liabilities		(156,007,508)	(375,475,501)
Cash utilised in operating assets & liabilities (ii)		2,900,529,652	6,193,421,551
Net cash (used)/flows from operating activities (i+ii)		3,817,738,373	7,366,479,008
B. Cash flows from investing activities			
Treasury bills		(393,449,059)	(319,415,796)
Treasury bonds		(254,806,001)	(361,525,546)
Sale/ (Investment) in shares		419,590,461	(116,563,841)
Investment in prize bond		39,500	279,700
Acquisition of fixed assets		(76,918,682)	(125,796,895)
Disposal of fixed Assets		650,000	277,500
Net cash used in investing activities		(304,893,781)	(922,744,878)
C. Cash flows from financing activities			
Proceeds from issue of preference shares		-	(150,000,000)
Payment of dividend on preference share		-	(14,343,750)
Payment for lease finance		(94,560)	(94,560)
Borrowings from other banks		(724,026,168)	(3,188,427,205)
Money at call and short notice		-	(450,000,000)
Borrowings from Bangladesh Bank		222,008,304	133,746,969
Share money deposit		256,941,098	-
Donor grant received		69,356,004	-
Cash Dividend		(551,999)	-
Net cash flows from financing activities		(176,367,321)	(3,669,118,546)
Net increase/decrease in cash		3,336,477,271	2,774,615,584
Cash and cash equivalents at beginning of year		16,358,070,387	13,740,301,044
Cash and cash equivalents at end of period	42.a	19,694,547,658	16,514,916,628
Cash and cash equivalents at end of the period:			
Cash in hand (including foreign currency)		3,620,369,629	3,542,987,674
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		9,013,499,943	8,663,527,908
Balance with other banks and financial institutions		6,620,678,086	3,408,401,046
Money at call and short notice		440,000,000	900,000,000
		19,694,547,658	16,514,916,628



BRAC BANK LIMITED
Cash Flow Statement
For the Quarter ended 31 March 2012

	Note	March 2012 Taka	March 2011 Taka
A. Cash flows from operating activities			
Interest receipts		3,944,574,088	3,928,743,224
Interest payment		(1,852,616,122)	(1,896,505,110)
Dividends receipts		2,827,777	13,717,966
Fees & commissions receipts		711,283,092	603,178,748
Cash payments to employees		(641,901,858)	(609,778,554)
Cash payments to suppliers		(95,512,318)	(160,596,225)
Income tax paid		(187,456,524)	(216,843,037)
Receipts from other operating activities	43	95,618,521	263,740,729
Payment for other operating activities :	44	(461,866,911)	(430,317,038)
Operating profit/(loss) before changes in operating assets and liabilities (i)		1,514,949,746	1,495,340,702
Increase/decrease in operating assets & liabilities			
Loans and advances		(4,979,695,290)	(3,966,114,480)
Other assets		(482,480,503)	(568,025,609)
Deposits from customers		8,661,710,777	10,519,025,421
Other liabilities		(115,948,924)	(292,913,963)
Cash utilised in operating assets & liabilities (ii)		3,083,586,060	5,691,971,368
Net cash (used)/flows from operating activities (i+ii)		4,598,535,805	7,187,312,070
B. Cash flows from investing activities			
Treasury bills		(393,449,059)	(319,415,796)
Treasury bonds		(254,806,001)	(361,525,546)
Sale/ (Investment) in shares		147,464,479	24,849,976
Investment in prize bond		39,500	279,700
Acquisition of fixed assets		(67,001,403)	(114,308,132)
Disposal of Fixed Assets		650,000	277,500
Net cash used in investing activities		(567,102,484)	(769,842,298)
C. Cash flows from financing activities			
Proceeds from issue of preference shares		-	(150,000,000)
Payment of dividend on preference share		-	(14,343,750)
Borrowings from other banks		(650,000,000)	(3,500,000,000)
Money at call and short notice		-	(450,000,000)
Borrowings from Bangladesh Bank		55,278,000	133,746,969
Dividend paid		(551,999)	-
Net cash flows from financing activities		(595,273,999)	(3,980,596,781)
Net increase/decrease in cash		3,436,159,323	2,436,872,991
Cash and cash equivalents at beginning of year		15,670,014,296	13,484,961,649
Cash and cash equivalents at end of period	42	19,106,173,619	15,921,834,640
Cash and cash equivalents at end of the period:			
Cash in hand (including foreign currency)		3,619,828,250	3,542,780,068
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		9,013,499,943	8,663,527,908
Balance with other banks and financial institutions		6,032,845,426	2,815,526,664
Money at call and short notice		440,000,000	900,000,000
		19,106,173,619	15,921,834,640



BRAC BANK LIMITED

Consolidated Statement of Changes in Equity
For the Quarter ended 31 March 2012

Particulars	Paid up share capital	Preference share capital	Share Premium	Statutory Reserve	Revaluation Reserve	Share money deposit	Retained Earnings	Minority Interest	Amount in Taka	
									Total	
Balance at 01 January 2012	3,212,352,000	350,000,000	1,553,052,103	2,536,431,462	163,089,754	62,333,542	2,282,951,075	321,435,935	10,481,645,871	
Adjustment for acquisition of EPL shares	-	-	-	-	-	-	-	-	-	
Adjustment for acquisition of EPSL shares	-	-	-	-	-	-	-	-	-	
Net profit for the period	-	-	-	-	-	-	254,091,239	(2,794,822)	251,296,417	
Share money deposit	-	-	-	-	-	131,039,960	-	-	131,039,960	
Share money deposit of B-Kash Ltd.	-	-	-	-	-	-	-	124,206,866	124,206,866	
Statutory reserve	-	-	-	128,346,820	-	-	-	-	128,346,820	
Revaluation reserve of securities	-	-	-	-	(139,388,834)	-	-	-	(139,388,834)	
Dividends (Bonus share)	-	-	-	-	-	-	-	-	-	
Cash Dividends	-	-	-	-	-	-	-	-	-	
Redemption of preference share	-	-	-	-	-	-	-	-	-	
Dividend on preference share	-	-	-	-	-	-	-	-	-	
Balance as at 31 March 2012	3,212,352,000	350,000,000	1,553,052,103	2,664,778,283	23,700,919	193,373,502	2,537,042,314	442,847,979	10,977,147,100	
Balance as at 31 December 2011	3,212,352,000	350,000,000	1,553,052,103	2,536,431,462	163,089,754	62,333,542	2,282,951,075	321,435,935	10,481,645,870	



BRAC BANK LIMITED

Statement of Changes in Equity For the Quarter ended 31 March 2012

Particulars	Paid up share capital	Preference share capital	Share Premium	Statutory Reserve	Revaluation Reserve	Retained Earnings	Amount in Taka	
							Total	
Balance at January 01, 2011	3,212,352,000	350,000,000	1,406,000,000	2,536,431,462	163,089,754	1,934,731,623	9,602,604,839	
Net profit for the period	-	-	-	-	-	213,076,141	213,076,141	
Statutory reserve	-	-	-	128,346,820	-	-	128,346,820	
Exchange equalization reserve	-	-	-	-	-	-	-	
Revaluation reserve of securities	-	-	-	-	(139,388,834)	-	(139,388,834)	
Dividends (Bonus share)	-	-	-	-	-	-	-	
Cash Dividends	-	-	-	-	-	-	-	
Redemption of preference share	-	-	-	-	-	-	-	
Dividend on preference share	-	-	-	-	-	-	-	
Balance as at 31 March 2012	3,212,352,000	350,000,000	1,406,000,000	2,664,778,283	23,700,919	2,147,807,764	9,804,638,966	
Balance as at 31 December 2011	3,212,352,000	350,000,000	1,406,000,000	2,536,431,462	163,089,754	1,934,731,623	9,602,604,839	



BRAC BANK LIMITED

Consolidated Liquidity Statement (Assets & Liabilities Maturity Analysis) As on March 31, 2012

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand	5,652,769,572	-	-	-	6,981,100,000	12,633,869,572
Balance with other bank, Other Banks and financial Institutions (including foreign currencies)	5,210,678,086	330,000,000	1,080,000,000	-	-	6,620,678,086
Money at call and on short notice	440,000,000	-	-	-	-	440,000,000
Investments	1,424,368,053	516,796,510	2,315,405,830	3,931,789,425	6,658,267,803	14,846,627,622
Loans and advances	19,789,335,081	15,620,066,260	25,622,181,625	34,447,836,790	7,023,231,556	102,502,651,312
Fixed assets including premises, furniture & fixtures	58,316,782	151,248,203	418,043,657	1,224,415,757	640,287,078	2,492,311,477
Other assets	816,500,234	1,442,088,671	5,691,351,189	1,670,352,419	-	9,620,292,512
Non - banking assets	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Total Assets	33,391,967,808	18,060,199,644	35,126,982,300	41,274,394,391	22,712,524,034	150,566,068,178
LIABILITIES						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	6,817,196,980	-	-	-	-	6,817,196,980
Convertible subordinated debts	-	-	-	-	3,000,000,000	3,000,000,000
Money at call and on short notice	24,133,174,575	22,574,687,002	30,164,930,024	24,295,718,541	11,152,622,252	112,321,132,393
Deposits & other accounts	-	-	-	-	442,847,979	442,847,979
Minority Interest	1,686,677,312	1,561,889,211	5,194,725,686	9,007,299,495	-	17,450,591,705
Other liabilities	32,637,048,867	24,136,576,213	35,359,655,710	33,303,018,036	14,595,470,231	140,031,769,056
Total Liabilities	754,918,941	(6,076,376,569)	(232,673,409)	7,971,376,355	8,117,053,804	10,534,299,121
Amount of net liquidity difference						
Net result of the Liquidity Statement represents the 'Shareholders' Equity' of the Bank.						



BRAC BANK LIMITED

Liquidity Statement (Assets & Liabilities Maturity Analysis) As on March 31, 2012

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Amount in Taka Total
Assets						
Cash in hand	5,652,228,193	-	-	-	6,981,100,000	12,633,328,193
Balance with other bank, Other Banks and financial Institutions (Including foreign currencies)	4,622,845,426	330,000,000	1,080,000,000	-	-	6,032,845,426
Money at call and on short notice	440,000,000	-	-	-	-	440,000,000
Investments	1,352,758,587	445,187,044	2,172,186,898	3,931,789,425	6,658,267,803	14,560,189,758
Loans and advances	18,784,217,877	14,279,909,988	23,276,908,150	32,772,641,451	6,688,192,489	95,801,869,954
Fixed assets including premises, furniture & fixtures	46,032,636	114,395,763	302,572,679	1,143,340,390	640,287,078	2,246,628,546
Other assets	1,215,480,268	1,556,082,967	6,204,325,519	1,784,346,714	-	10,760,235,469
Non - banking assets						
Total Assets	32,113,562,987	16,725,575,762	33,035,993,246	39,632,117,980	20,967,847,370	142,475,097,346
LIABILITIES						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	517,160,617					517,160,617
Convertible subordinated debts					3,000,000,000	3,000,000,000
Money at call and on short notice	24,153,006,858	22,597,824,665	30,188,067,687	24,295,718,541	11,152,622,252	112,387,240,002
Deposits & other accounts	1,447,090,432	1,493,435,817	4,886,685,412	8,938,846,101	-	16,766,057,761
Other liabilities	26,117,257,907	24,091,260,482	35,074,753,098	33,234,564,641	14,152,622,252	132,670,458,380
Total Liabilities	5,996,305,081	(7,365,684,719)	(2,038,759,852)	6,397,553,339	6,815,225,118	9,804,638,966
Amount of net liquidity difference						
Net result of the Liquidity Statement represents the 'Shareholders' Equity' of the Bank.						



BRAC BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

SECTION -ONE : CORPORATE PROFILE & SIGNIFICANT ACCOUNTING POLICIES

1 Corporate Information

BRAC Bank Limited (the "Bank" or "BRAC Bank") is a scheduled commercial bank established under the Bank Companies Act, 1991 and incorporated as a public company limited by shares on 20 May, 1999 under the Companies Act, 1994 in Bangladesh. The primary objective of the Bank is to carry on all kinds of banking businesses. The Bank could not start its operations till 3 June, 2001 since the activity of the Bank was suspended by the High Court of Bangladesh. Subsequently, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 4 June, 2001 and accordingly, the Bank started its operations from 04 July, 2001. At present the Bank has 82 (eighty two) branches, 70 SME service centers, 143 zonal offices and 312 unit offices of SME.

BRAC Bank acquired 51% shares of Equity Partners Limited and Equity Partners Securities Limited on 31 July 2009. Equity Partners Limited was Incorporated in Bangladesh on 19 April 2000 as a private Limited company under the Companies Act 1994 and Equity Partners Securities Limited was Incorporated in Bangladesh on 16 May 2000 as a private Limited company under the Companies Act 1994. Subsequently the management decided to rename Equity Partners Limited as BRAC EPL Investments Limited and Equity Partners Securities Limited as BRAC EPL Stock Brokerage Limited. In 2011, the Bank acquired further, 25% shares of EPL Investments Limited & 39% shares of EPL Stock Brokerage Limited. As a result, the Bank's control has increased to 76% of EPL Investment Limited & 90% shares of EPL Stock Brokerage Limited.

BRAC Bank acquired 51% shares of bKash Limited, a private Limited company by shares under the Companies Act 1994 Incorporated dated 1 March 2010. Money in motion ULC (a company listed in USA) holds 49% shares of bKash Limited. Also, the bank has invested in 25% shares of BRAC Asset Management Company Limited that was incorporated in Bangladesh on 01 April 2010.

BRAC Bank Limited acquired 75%+1 share (250,001 shares out of the total share 333,333) of "Saajan Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank has provided necessary approval of GBP 500,000 to acquire SWMTL and setting up two other new branches in Luton and Bradford, UK. As per the permission of Bangladesh Bank, SWMTL has already been renamed as "BRAC Saajan Exchange Ltd" (BSE). BRAC Bank would control and monitor all its operations as the Holding Company.

The registered address of the Bank is situated at 1 Gulshan Avenue, Gulshan-1, Dhaka-1212, Bangladesh.

BRAC Bank Limited is listed with Dhaka Stock Exchange & Chittagong Stock Exchange as a publicly traded company from 28 January 2007 and 24 January 2007 respectively.

A fully operational Commercial Bank, BRAC Bank focuses on pursuing unexplored market niches in the Small and Medium Enterprises Business, which hitherto has remained largely untapped within the country. Significant percentage of BRAC Banks clients had no prior experience with formal banking.

The Bank operates under a "triple bottom line" agenda where profit and social responsibility shake hands as it strives towards a poverty-free, enlightened Bangladesh.

1.1 Principal Activities and Nature of operations BRAC Bank Limited:

The principal activities of the Bank are banking and related activities such as accepting deposits, personal banking, trade financing, SME, Retail & Corporate credit, lease financing, project financing, issuing debit & credit cards, SMS banking, internet banking, phone banking, call center, remittance facilities, dealing in government securities etc. There have been no significant changes in the nature of the principal activities of the Bank during the financial year under review.

BRAC EPL Investments Limited:

BRAC EPL Investments Limited was established to cater to the needs of the fast growing capital markets in Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from the Securities & Exchange Commission, the appropriate Government Regulatory agency. The company's services comprise of lead managing Initial Public Offerings, Domestic and International Placement, Portfolio Management and Project Development and Consultancy.



BRAC EPL Stock Brokerage Limited:

BRAC EPL Stock Brokerage Limited was established to cater to the needs of the stock brokerage business in Bangladesh. It has corporate membership of Dhaka Stock Exchange and Chittagong Stock Exchange.

b-Kash Limited:

b-Kash Limited was established to cater to introduce mobile money transfer service in Bangladesh. The Bank has obtained a licence from Bangladesh Bank for rendering such service.

BRAC SAAJAN Exchange Limited:

BRAC Saajan exchange Limited was established to carry our remittance and exchange business from UK.

BRAC Asset Management Company Limited:

BRAC Asset Management Company Limited was established to include the business of investment and asset management, portfolio management, capital market operation, financial intermediary services, management and launching of mutual funds, fund management and sponsorship, merchant banking activities, etc.

Off Shore Banking Unit:

The Bank obtained the Off-shore Banking Unit permission from Bangladesh Bank during 2010 and commenced operation. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank. Separate Financial Statements of Off shore Banking Unit are shown in Annex F. The Principal activities of the Bank are to provide all kinds of commercial banking services to its customers through its branches in Bangladesh.

2 Summary of Significant Accounting Policies & basis of preparation

- 2.1 A summary of the principle accounting policies which have been applied consistently (Unless otherwise stated), is set out below:

a) Statement of Compliance & basis of preparation

The consolidated financial statements of the Bank are made up to the Quarter ended 31 March 2012 and are prepared under the historical cost convention, except investments and in accordance with the "First Schedule (sec-38)" of the Bank Companies Act 1991 and amendment in 2007, BRPD Circular # 14 dated 25 June, 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as BAS and BFRS, the Companies Act 1994, the Securities and Exchange Ordinance 1969, the Securities and Exchange Rules 1987 and other prevailing laws and rules applicable in Bangladesh.

b) Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the Bank be unable to continue as a going concern.

c) Functional and presentation currency

These financial statements are presented in Taka, which is the Bank's functional currency. Except as indicated, figures have been rounded off to the nearest Taka.

d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key item which involve these judgments, estimates and assumptions are discussed below:



Impairment losses on loans and advances

In addition to the provision made for loans and advances based on the guideline of Bangladesh Bank, the bank reviews its loans and advances portfolio on a monthly basis to assess whether a further allowance for impairment should be provided in the income statement. The judgments by the management is required in the estimation of these amounts and such estimations are based on assumptions about a number of factors though actual results may differ, resulting in future changes to the provisions.

e) Materiality and aggregation

Each material item considered by management as significant has been displayed separately in the financial statements. No amounts has been set off unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

f) Comparative information

The accounting policies have been consistently applied by the bank and are consistent with those used in the previous year. Comparative information is rearranged wherever necessary to conform with the current presentation.

2.2 Basis of Consolidation

The consolidated financial statements include the financial statements of BRAC Bank Limited and its subsidiaries BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, B-Kash Limited, BRAC Saajan Exchange Limited and its associate BRAC Asset Management Company Limited made up to the end of the reporting period.

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Consolidated financial statements and accounting for investments in subsidiaries. The consolidated financial statements are prepared to a common reporting period ended 31 March 2012.

Subsidiaries

Subsidiaries are all entities over which the bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. A parent of a subsidiary should present consolidated financial statements according to BAS-27: "Consolidated financial statements and accounting for investments in subsidiaries". The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases.

Inter-company transactions, balances and intra-group gains on transaction between group companies are

Associates

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor (BAS-28: Accounting for Investments in Associates). Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Investment in associate is accounted for in consolidated financial statements under the "equity method". Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the investor's share of the profits or losses of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

2.3 Foreign Currency Translations

- (a) Foreign currency transaction are translated into equivalents Taka (Functional currency) currency at spot exchange rate at the date of transaction.
- (b) Assets and liabilities in foreign currencies are translated into Taka at mid rates prevailing on the balance sheet date, except bills for collection, stock of travellers cheque and import bills for which the buying rates are used on the date of transactions.
- (c) Gains or losses arising from fluctuation of exchange rates are recognised in profit and loss account.

2.4 Accounting for Provisions, Contingent Liabilities and Contingent Assets:

The Bank recognizes provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for-

- a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or



b) Any present obligation that arises from past events but is not recognized because–

* It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

* A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets are not recognized in the financial statement since this may result in the recognition of income that may never be realized.

2.5 Taxation

Income tax on earnings for the year comprises current and deferred tax and is based on the applicable tax law in Bangladesh. It is recognised in the income statement as tax expense.

2.5.1 Current Tax:

Current tax is the expected tax payable on taxable income for the year, based on tax rates (and tax laws) which are enacted at the reporting date, including any adjustment for tax payable in previous periods. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Provision for current income tax has been made @ 42.5% as prescribed in the Finance Act-2011 on the taxable profit.

2.5.2 Deferred Tax:

The Bank accounted for deferred tax as per BAS – 12 "Income Taxes". Deferred tax is accounted for using the comprehensive tax balance sheet method. It is generated by temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences. They are also recognised for taxable temporary differences arising on investments and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets associated with these interests are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and there will be sufficient taxable profits against which to utilise the benefits of the temporary difference.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the bank, at the reporting date, recovers or settles the carrying amount of its assets and liabilities.

2.6 Reporting period

These financial statements cover one Quarter from 01 January to 31 March 2012. The Corresponding Balance Sheet as at 31 December 2011 and the Profit and Loss Account is for the Quarter ended 31 March 2011.

2.7 Assets and the basis of their valuation

2.7.1 Cash and cash equivalents

For the purpose of presentation in the Cash flow statements, cash and cash equivalents includes Cash in Hand and Cash at Bank, highly liquid interest bearing investment/Securities with original maturities of less than three months.

Cash flow statement is prepared in accordance with BAS-7 "Cash Flow Statements". Cash flows from operating activities have been presented at "Direct Method".

2.7.2 Investment

All investments securities are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discount accreted, using the effective yield method and are taken to discount income. The valuation method of Marking to Market for investments used are:



Held to Maturity

Investments which have 'fixed or determinable payments' and fixed maturity that the group has the positive intent and ability to held to maturity, other than those that meet the definition of 'Held at amortized cost others' are classified as held to maturity. These investment are subsequently measured at amortized cost, less any provision for impairment in value. Amortized cost is calculated by taking into account any discount or premium in acquisition. Any gain or loss on such investments is recognized in the statement of income when the investment is derecognized or impaired as per BAS -39 " Financial Instruments : Recognition and Measurement"

Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing -in short trading or if designated as such by the management. After initial recognition , investment are measured at present value and any change in the fair value is recognized in the statement of income for the period in which it arises. Transaction costs, if any, are not added to the value of investments at initial recognition.

Revaluation

According to DOS Circular no.-05, dated 26th May 2008, the HFT securities are revalued once each week using Marking to Market concept and the HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are also revaluated if they are reclassified to HFT category with the Board's approval.

Value of Investments has been shown as under:

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss a/c, gain to revaluation reserve through profit and loss account
Government Treasury Bills (HTM)	Cost	Amortized cost	Increased or decreased in value to equity.
Government Treasury Bonds (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss a/c, gain to revaluation reserve through profit and loss account
Government Treasury Bonds (HTM)	Cost	Amortized cost	Amortized Gain/ Loss to Revaluation reserve
Zero Coupon Bond	Cost	None	None
Prize Bond & Other Bond	Cost	None	None
Debentures	Cost	At Cost Price	None
Un quoted Shares (ordinary)	Cost	Cost	-
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss A/c.

Available for sales

Available for sales investments are non-derivative investments that are designated as available for sale or are not classified as another category of financial assets. Unquoted securities whose fair value cannot reliably be measured are carried at cost. All other available for sale investments are carried at fair value.

2.7.3 Loans and Advances

- Interest on loans and advances is calculated on daily product basis, but charged and accounted for monthly and quarterly on accrual basis.
- Provision for loans and advances is made based on the arrear in equivalent year and reviewed by the management and instruction contained in Bangladesh Bank BRPD Circulars No. 16 of 6 December 1998, 09 of 14 May 2001, 09 and 10 of 20 August 2005, 05 of 5 June 2006, 8 of August 07, 2007, 10 of 18 September 2007, 05 of 29th April 2008 and 32 of 12 October 2010 respectively.
- Interest is calculated on classified loans and advances as per BRPD circular No. 16 of 1998, 09 of 2001 and 10 of 2005 and recognized as income on realization.



The classification rates are given below:

Consumer	Business Unit	Rate of Provision				
		Un-classified (UC)		Classified		
		Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad loan (BL)
	House building & professional	2%	5%	20%	50%	100%
	Other than house building & professional	5%	5%	20%	50%	100%
	Loans to BHs/ MBs against share etc.	2%	5%	20%	50%	100%
	Small and medium enterprise	1%	5%	20%	50%	100%
	Short term Agri credit	5%	–	5%	5%	100%
	All others	1%	5%	20%	50%	100%
	Off Balance Sheet	1%	–	–	–	–

- d) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are filed and classified as bad loss as per BRPD Circular 02 dated 13.01.2002. These write off however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

2.7.4 Leases

Lease of assets where the group has substantially all the risks and rewards of ownership are classified as finance leases. Leases in which a significant portion of the risk and rewards of ownership are retained by another party, the lessor are classified as operation lease.

The Bank as Lessor

Amount due from lessees under finance lease are recorded as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

The Bank as Lessee

In compliance with the Bangladesh Accounting Standards (BAS) – 17 "Lease", cost of assets acquired under finance lease along with obligation there against have been accounted for as assets & liabilities respectively of the company, and the interest elements has been charged as expenses.

Assets held under finance leases are recognized as non-current assets of the Bank at their fair value at the date of commencement of the lease or lower at the present value of minimum lease payments. The corresponding liabilities to the lessor is included in the Balance Sheet as finance lease obligation. Lease payments are apportioned between finance charges and reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

2.7.5.1 Property, plant & equipments

a) Recognition

The cost of an item of property, plant and equipments (Fixed assets) shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Property, plant and equipments have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.



Subsequent costs of enhancement of existing assets are recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss account during the financial period in which they are incurred.

b) Depreciation

Land is not depreciated. Depreciation is charged on straight-line basis. In case of acquisition of fixed assets, Depreciation has been charged from the following month of acquisition, whereas no depreciation on assets disposed off has been charged from the month of disposal. Asset category wise depreciation rates are as follows:

<u>Category of assets:</u>	BRAC Bank Limited	BRAC EPL Investments Limited	BRAC EPL Stock Brokerage Limited	B-Kash Limited	BRAC Saajan Exchange Limited
Furniture & fixture	10%	10% - 20%	12.5%	10%	10%
Office equipments	20%	10% - 20%	20%	20%	
IT equipments - Hardware	20%	25%	25%	20%	10%
IT equipments - Software	33%	33%	33%	20%	
Motor vehicles	20%	20%	20%	20%	
Office Decoration		15%	15%		
Air Cooler & Ceiling Fan		20%	20%		
Building & other		5%	2%		

c) Sale of Fixed Assets

Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognized in profit & loss account as per provision of BAS 16 Property plant & equipments.

d) Revaluation

The fair value of land & building is usually its market value. This value is determined by appraisal, normally undertaken by professionally qualified valuers.

The fair value of items of plant & equipment is usually their market value, this is determined by appraisal.

The frequency of revaluation depends upon the movements in the fair value of the items of property, plant & equipment being revalued.

Increases in the carrying amount as a result of revaluation is credited to shareholders equity under the heading of revaluation surplus. Decreases in the carrying amount as a result of revaluation is recognised as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same assets.

e) Impairment

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss is recognised as an expenses in the income statement.

f) Others

Useful life and method of depreciation of property plant & equipment are reviewed periodically. As useful lives of assets do not differ significantly from that previously estimated, Bank Management does not consider to revalue its assets by the meantime.

As per Bangladesh Accounting Standards (BAS) - 17 "Lease", all fixed assets taken on lease has been accounted for as finance lease whereas those were being recognized as operating lease in the earlier years.

2.7.5.2 Intangible assets

a) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Acquisitions of Minority interest (Non-controlling interests) are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Subsequently Goodwill is measured at cost less accumulated impairment losses.



b) Softwares

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases future economic benefits embodied in specific asset to which it relates. All expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three to five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

c) License

Value of the license is recognised at cost and since it has an indefinite useful life it is not amortized. The value of the license is not measured at fair value.

2.7.6 Other assets

Other assets include all other financial assets and include interest, fees and other unrealised income receivable, Prepaid interest expenses on Interest First Fixed Deposits, advance for operating and capital expenditure, security deposits and stocks of stationery & stamps etc.

2.7.7 Stock

Stocks are valued at lower of cost or net realizable value. Cost is determined by using weighted average method.

2.8 Liabilities & provisions

2.8.1 Borrowings from other banks, financial institutions & agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call, on-demand and short-term deposits lodged for periods of less than 6 months. These items are brought to account at the gross value of the outstanding balance.

2.8.2 Deposits

Deposits include non interest-bearing current deposit redeemable at call, interest bearing on-demand and short-term deposits, savings deposit and term deposit lodged for periods from 3 months to 12 years. These items are brought to account at the gross value of the outstanding balance.

2.8.3 Other Liabilities

Other liabilities comprise items such as provision for loans and advances, provision for taxes, interest payable, interest suspense, accrued expenses. Other liability is recognised in the balance sheet according to the guideline of Bangladesh bank and Income Tax Ordinance-1984 and internal policies of the bank. Provisions and accrued expenses are recognized in the financial statement when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.9 Capital and Shareholders' Equity

Capital Management

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives: exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit ratings, manage capital levels commensurate with the risk profile of the Bank and provide the Bank's shareholders with acceptable returns.

Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior management develop the capital strategy and oversee the capital management planning of the Bank. The Bank's Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.



2.9.1 Paid up share capital

Paid up share capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

2.9.2 Preference Share Capital

Preference Shares are those share which give their holders an entitlement to a fixed dividend but which do not usually carry voting rights.

2.9.3 Share Premium

Share premium is the capital that the bank raises upon issuing shares that is in excess of the nominal value of the shares. The Share Premium shall be utilized in accordance with provisions of section 57 of the Companies Act, 1994 and as directed by the Securities and Exchange Commission in this respect.

2.9.4 Statutory reserve

Transfer to the Statutory reserve has been maintained @ 20% of Profit Before Tax in accordance with provisions of section 24 of the Bank Companies Act, 1991. This is mandatory until such reserve is equal to the paid up capital together with amount in the share premium account, after this its optional.

2.9.5 Revaluation reserve

Revaluation reserve represents revaluation on Treasury bond (HFT & HTM) in accordance with the DOS Circular no.- 05, dated 26th May 2008.

2.10.1 Employee Benefits

Provident Fund (Defined Contribution Plan)

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident fund benefits are given to the staff of the bank in accordance with the registered Provident fund rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognized 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 1st January 2003. The fund is operated by a Board of Trustees consisting of 11 (eleven) members of the bank. All confirmed employees of the bank are contributing 10% of their basic salary as subscription of the fund. The bank also contributes equal amount of the employees' contribution to the fund. Interest earned from the investments is credited to the members' account on half yearly basis. Members are eligible to get both the contributions after 03 (three) years of continuous service from the date of their membership.

Gratuity Fund (Defined Benefit Plan)

Gratuity fund benefits are given to the staff of the bank in accordance with the approved Gratuity fund rules. National Board of Revenue has approved the Gratuity fund as a recognized Gratuity fund on 6th March 2006. The fund is operated by a Board of Trustees consisting of 7 (seven) members of the bank. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of service in the Company. The Gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service. Gratuity fund is a "Defined Benefit Plan" and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund. "BRAC Bank Employee Gratuity Fund" is a funded Gratuity Fund.

2.10.2 Other Employee Benefits

Security Fund

The objective of the fund to provide death or permanent disability benefits to its confirmed employees and on their families with a sum equal to 36 times of the last drawn basic salary to the nominee. The Bank contributes to this fund at a predetermined rate which equals to Tk.5 for each Taka one thousand of last basic salary per staff per year. There shall be at least 7 seven members of Management Committee to manage the fund. The Managing Director & CEO of the Bank will be the chairperson of this committee and other 6 members are nominated from the regular category staff.



Welfare Fund

The objective of the Employees' Welfare Fund is to provide regular category employees from Junior Officer to Senior Principal Officer of the BRAC Bank incurring severe accidents during official job, extended illness (not less than 3 months), Education for Children; Marriage of Children which costs would not be affordable by the employee and which are not covered by any other means. All regular confirmed employees of the bank shall contribute monthly to the Fund according to the designation. The sum subscribed monthly from salaries of employees shall be credited separately in an "Employee Welfare Fund" as a liability of the Bank. There shall be at least 7 (seven) Members Management Committee to manage the fund. The Managing Director & CEO of the Bank will be the chairperson of this committee and other 6 members are nominated from the regular category staff.

Hospitalization Insurance

The Bank has introduced a health insurance scheme to its confirmed employees and their respective dependants at rates provided in the health insurance coverage policy.

Incentive bonus

BRAC bank started a incentive bonus scheme for its employees. 3% of net profit before tax is given to the employees in every year as incentive bonus. This bonus amount is being distributed among the employees based on their performance. The bonus amount is paid annually, normally 1st quarter of the every following year and the costs are accounted for in the period to which it relates.

Annual leave

The provision for leave fare represents the current outstanding liability to employees at the Balance Sheet date. Leave Fare Assistance is a non-recurring benefit for all permanent employees of the Bank who are entitled to annual leave. According to Bangladesh Bank policy all permanent employees have to avail 15 consecutive days of mandatory leave and LFA will be given in this leave period.

Subsidized Scheme – Staff Loan

Personal, House building and car loan is provided to the permanent staff at a subsidized rate. Criteria and details of types wise staff loan is given below:

Personal Loan: A permanent staff completing 1 year of service can avail personal loan taking approval from department head and head of HR.

House building Loan: A permanent staff completing 5 year of service can avail house building loan taking approval from department head and head of HR.

Car Loan: All staff at job grade from PO can avail staff car loan taking approval from department head and head of Credit.

2.11 Revenue Recognition

Interest Income

In terms of provision of Bangladesh Accounting Standard (BAS -18) on revenue and disclosures in the financial statements of the Bank, the interest receivable is recognized on an accruals basis. Interest on loans and advances ceases to be taken into income when such advances are classified, kept in interest suspense account. Interest on classified advances is accounted for on a receipt basis.

Investment Income

Income on investments is recognized on an accruals basis. Investment income includes interest on Treasury bills, treasury bonds, zero coupon, shares, debentures and fixed deposit with other banks.

Income on Bills purchased & Discounted

Income on Bills purchased & Discounted is recognised upon realization since there is no uncertainty as to its realization and accrued on a monthly basis.



Interest & fees receivable on credit cards

Interest & fees receivable on credit cards are recognized on an accruals basis. Interest and fees cease to be taken into income when the recovery of interest & fees is in arrear for over three months. Thereafter, interest & fees are accounted for on a cash basis.

Fees & Commission Income

The Bank earn fees & commission from a diverse range of services provided to its customers. This include fees & commission income arising on financial and other services provided by the bank including trade finance, credit cards, debit cards, passport endorsement, visa processing, student service, loan processing, loan syndication, locker facilities and SMS banking etc. Fees & commission income arises on services rendered by the Bank are recognized on a realization basis.

Dividend income on Shares

Dividend income from shares is recognized when our right to receive the payment is established.

Gain or loss on sale of property, plant and equipment

The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognized as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

Interest Paid and other expenses

In terms of provision of the Bangladesh Accounting Standard (BAS) -1 "Presentation of Financial Statements", interest paid and other expenses are recognized on an accruals basis.

2.12 Earning Per Share

Earning per Share (EPS) has been computed by dividing the basic earning by the weighted average number of Ordinary Shares outstanding as on 31st December, 2011 as per Bangladesh Accounting Standard (BAS) - 33 "Earning Per Share".

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax less preference dividend has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

The basis of computation of number of shares is in line with the provisions of BAS 33 "Earnings per share". The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in resources generating new earnings. Therefore, the total number of shares issued in 2011 has been multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

Diluted earnings per share

No diluted earning per share is required to be calculated for the year as there was no scope for dilution during the year under review.



2.13 Statement of Liquidity

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

- a) Balances with other bank & financial institutions, money at call & short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans & advances are on the basis of their repayment/ maturity schedule.
- d) Fixed assets are on the basis of their useful life.
- e) Other assets are on the basis of their adjustment.
- f) Borrowing from other banks, financial institutions and agents as per their maturity/ repayment term
- g) Deposits & other accounts are on the basis of their maturity term and behavioral past trend.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions & other liabilities are on the basis of their settlement.

2.14 Dividend

Dividend on ordinary shares are recognised as a liability and deducted from retained earnings when they are approved by the shareholders in the annual general meeting.

Dividend on ordinary shares for the year that are recommended by the directors after the balance sheet date for approval of the shareholders at the Annual General meeting are disclosed in note- 45.6 (b) to the Financial statements.

2.15 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to interbank (in Bangladesh and outside Bangladesh) are reconciled on a monthly basis and there are no material differences which may affect the financial statements significantly.

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

2.16 Compliance of Bangladesh Accounting standard (BAS) and Bangladesh Financial Reporting Standard (BFRS)

Bangladesh Accounting Standard (BAS)	Ref.	Status
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Applied
Cash Flow Statements	BAS-7	Applied
Net profit or loss for the period, Errors and Changes in Accounting Policies	BAS-8	Applied
Events after Balance Sheet date.	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income taxes	BAS-12	Applied
Segment Reporting	BAS-14	Applied
Property Plant & Equipments	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effect of Changes in Foreign Exchanges Rate.	BAS-21	Applied
Business combination	BAS-22	Not Applicable
Borrowing Cost	BAS-23	Applied
Related party Disclosures	BAS-24	Applied
Accounting for Investment	BAS-25	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Applied
Consolidated Financial Statements and Accounting for Investments in	BAS-27	Applied
Accounting for Investment in Associates	BAS-28	Applied
Financial Reporting of Interest in Joint Ventures	BAS-31	Not Applicable
Financial Instruments: Presentation	BAS-32	Applied
Earning Per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairments of Assets	BAS-36	Applied
Provision, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition & Measurement	BAS-39	Applied
Investment property	BAS-40	Applied
Agriculture	BAS-41	Not Applicable



Bangladesh Financial Reporting Standard (BFRS)	Ref.	Status
First-time adoption of International financial Reporting Standards	BFRS-1	Not applicable
Shares Based Payment	BFRS-2	Not applicable
Business combination	BFRS-3	Not applicable
Non-current assets Held for Sale and Discounted operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied
Operating Segments	BFRS-8	Not applicable

Reason for departure of BAS / BFRS:

The Bank management has followed the principles of BAS & BFRS consistently in preparation of the financial statements to that extent these are applicable to the Bank. Some of these standards have not been complied with, as it is considered not applicable or about which Bangladesh Bank, being the Regulator has issued special guideline.

2.17 Regulatory & Legal Compliance

The Bank complied with the requirements of following regulatory & legal authorities:

- The Bank Companies Act, 1991
- The Companies Act, 1994
- Rules & Regulations Issued by Bangladesh Bank.
- Securities and Exchange Rules 1987, Securities & Exchange Ordinance 1969, Securities & Exchange Act 1993, Securities and Exchange Commission IPO Rules 2006
- The Income Tax Ordinance, 1984
- The Value Added Tax Act, 1991

2.18 Risk Management

The possibility of losses, financial or otherwise is defined as risk. The assets and liabilities of BRAC Bank Limited is managed so as to minimize, to the degree prudently possible, the Bank's exposure to risk, while at the same time attempting to provide a stable and steadily increasing flow of net interest income, an attractive rate of return on an appropriate level of capital and a level of liquidity adequate to respond to the needs of depositors and borrowers and earnings enhancement opportunities.

These objectives are accomplished by setting in place a planning, control and reporting process, the key objective of which is the coordinated management of the Bank's assets and liabilities, current banking laws and regulations, as well as prudent and generally acceptable banking practices.

The risk management of the bank covers 5 (five) Core risk areas of banking i.e. a. Credit Risk Management, b. Foreign Exchange Risk Management, c. Asset liability Management, and d. Prevention of Money Laundering and e. Internal Control & Compliance as per BRPD circular No. 17 of 07 October, 2003.

2.18.1 Credit Risk Management

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

Considering the key elements of Credit Risk the bank has segregated duties of the officers/ executives involved in credit related activities. Separate division for Corporate, SME, Retail and Credit Cards have been formed which are entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities etc. For transparency in the operations during the entire credit year i. Credit Approval Team, ii. Asset Operations Department, iii. Recovery Unit, and iv. Impaired Asset Management have been set up.

In credit management process, Sales Teams of the above-mentioned business units book the customers; the Credit Division does thorough assessment before approving the credit facility; the risk assessment included borrower risk analysis, financial analysis, industry analysis, and historical performance of the customer. Asset Operations Department ensures compliance of all legal formalities, completion of all documentation, security of the proposed credit facility and finally disburses the amount. The Sales Team reports to the Managing Director & CEO through their line; the Credit Division reports to the Managing Director & CEO, while the Asset Operations Department reports to the Deputy Managing Director & COO. The above arrangement has not only ensured segregation of duties and accountability but also helps in minimizing the risk of compromise with quality of the credit portfolio.



2.18.2 Foreign Exchange Risk Management

Foreign exchange risk is defined as the potential change in profit/loss due to change in market prices. Today's financial institutions engage in activities starting from imports, exports and remittances involving basic foreign exchange and money market to complex structured products. Within the Bank, the Treasury department is vested with the responsibility to measure and minimize the risk associated with bank's assets and liabilities.

All treasury functions are clearly demarcated between treasury front office and back office. The front office is involved only in dealing activities and the back office is responsible for all related support and monitoring functions. Treasury front and back office personnel are guided as per BB core risk management and their job description. They are barred from performing each other's job. As mentioned in the previous section, 'Treasury Front Office' and 'Treasury Back Office' has separate and independent reporting lines to ensure segregation of duties and accountability but also helps minimize the risk of compromise.

Dealing room is equipped with Reuter's information, a voice screens recorder for recording deals taking place over the telephone. Counter party limit is set by the Credit Committee and monitored by Head of treasury. Trigger levels are set for the dealers, Chief Dealer and head of Treasury. Any increase to trigger limit of the head of Treasury requires approval from the MANCOM.

Before entering into any deal with a counter party, a dealer ensures they have knowledge about the counter party's dealing style, product mix and assess whether the customer is dealing in an appropriate manner.

2.18.3 Asset Liability Management

Changes in market liquidity and or interest rate exposes Bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. Thus it is essential that the level of balance sheet risks are effectively managed, appropriate policies and procedures are established to control and limit these risks and proper resources are available for evaluating and controlling these risks. The Asset Liability Committee (ALCO) of the bank monitors Balance Sheet risk and liquidity risks of the Bank.

Asset liability Committee (ALCO) reviews the country's overall economic position, Bank's Liquidity position, ALM Ratios, Interest Rate Risk, Capital Adequacy, Deposit Advanced Growth, Cost of Deposit & yield on Advance, F.E. Gap, Market Interest Rate, Loan loss provision adequacy and deposit and lending pricing strategy.

2.18.4 Prevention of Money Laundering

In recognition of the fact that financial institutions are particularly vulnerable to be used by money launderers. BRAC Bank has established a Anti Money Laundering Policy. The purpose of the Anti Money Laundering Policy is to provide a guideline within which to comply with the laws and regulations regarding money laundering both at country and international levels and thereby to safeguard the bank from potential compliance, financial and reputational risks. KYC procedures have been set up with address verification. As apart of monitoring account transaction—the estimated transaction profile and high value transactions are being reviewed electronically. Training has been taken as a continuous process for creating/developing awareness among the officers.

2.18.5 Internal Control & Compliance

Internal Control is the mechanism in place on a permanent basis to control the activities in an organization, both at a central and at a departmental/divisional level. Management through Risk Management Department controls operational procedure of the bank. Internal Audit & Inspection team under Risk Management undertakes periodical and special audit of the branches, SME Unit Offices and Departments at Head Office for review of the operation and compliance of statutory requirement. In addition to the Internal Audit & Inspection team the Monitoring team conducts surprise inspection at the Branch, SME Unit and the Departments had Head Office. The Board Audit Committee reviews the reports of the Risk Management Department periodically.

2.18.6 Information and communication technology

BRAC Bank follows the guideline stated in BRPD Circular No. 14 dated 23 October 2005 regarding "Guideline on Information and Communication Technology for Scheduled Banks" and BRPD Circular No. 21 dated 20 May 2010 "Guideline on ICT Security:

IT management deals with IT policy documentation, internal IT audit, training and insurance.

IT operation management covers the dynamics of technology operation management including change management, asset management, operating environment procedures management. The objective is to achieve the highest levels of technology service quality by minimum operational risk.

Physical security involves providing environmental safeguards as well as controlling physical access to equipment and data.



In order to ensure that information assets are protected against risk, there are controls over:

- a) Password control
- b) User ID maintenance
- c) Input control
- d) Network security
- e) Data encryption
- f) Virus protection
- g) Internet and e-mail

The Business Continuity Plan (BCP) is formulated to cover operational risks and taking into account the potential for wide area disasters, data center disasters and the recovery plan. The BCP takes into account the backup and recovery process. Keeping this into consideration this covers BCP, Disaster Recovery Plan and Backup/Restore Plan.

2.18.7 Enterprise Risk Management (ERM)

BRAC Bank Limited, the fastest growing bank in Bangladesh, is concerned regarding risky areas, which are being identified by the Risk Management department.

The Management under the guidance of the Board of Directors has developed an Enterprise Risk Management Policy for submission of a formal report to the Board Audit Committee on quarterly basis.

Primary Objectives:

- Maximize earnings and return on capital within acceptable and controllable levels of the key risk areas.
- Provide for growth that is sound, profitable and balanced without sacrificing the quality of service.
- Manage and maintain a policy and procedures that are consistent with the short and long term strategic goals of the Board of Directors.

Development of ERM policy

The MANCOM approved the ERM policy, which contains the guidelines for reporting to the Risk Management Committee. The ERM has twelve members. Head of Risk Management, the Managing Director, COO, Head of Retail, Head of SME, Head of Credit, Head of Treasury, Head of Financial Administration, Head of HR, Head of Corporate Banking, Head of SRS, Head of External Affairs and Head of Impaired Assets Management. Head of Risk Management chairs the committee.

The policy provides guidelines & templates to the respective departments and units for producing the information on risky and vulnerable areas for the organization. ERM scrutinize and analyze the information and parameterize it according to the sensitivity and vulnerability.

The ERM meet on 15th of every month. The committee discuss the various issues raised relating to the previous month and updates the same provided by units reported to Risk Management department in the prescribed formats by 7th of the current month. The units qualify the specific risk according to the matrix provided by Bangladesh Bank. The meeting is minuted, which is reviewed by the Board Audit Committee on quarterly basis.

Outcome of ERM:

- Vulnerable areas of the Bank are being identified
- Appropriate plan and initiatives are taken to mitigate and minimize the risk.
- Follow up and monitoring are being done on the overall position of the bank regarding mitigation and minimization of risky areas.
- Upgrading the "Leading Key Risk Indicator" and DCFCLs are developing gradually through inclusion and exclusion item.

2.19 Implementation of BASEL-II

To comply with international best practices and to make the Bank's capital more risk-sensitive as well as to make the Banking industry more shock absorbent and stable, Bangladesh Bank provided revised regulatory capital framework "Risk Based Capital Adequacy for Banks" which is effective from January 2009. According to the BRPD circular no-09 dated 31st December 2008 and subsequent updates on BRPD circular no-10, 12, 24, 35 dated 10th March 2010, 29th March 2010, 3rd August 2010 and 29th December 2010 following specific approaches are suggested for implementing BASEL-II:

- a) Standardized Approach for calculating Risk Weighted Assets (RWA) against Credit Risk;
- b) Standardized (Rule Based) Approach for calculating RWA against Market Risk ; and
- c) Basic Indicator Approach for calculating RWA against Operational Risk.

Under the Standardized Approach of the Risk Based Capital Adequacy Framework (Basel II), credit rating is to be determined on the basis of risk profile assessed by the External Credit Assessment Institutions (ECAIs) duly recognized by BB.



BASEL – II is to be calculated both on separate financial statements (SOLO) basis and Consolidated basis and both are submitted to Bangladesh Bank accordingly. Details are disclosed in note 18.10.

As per BRPD Circular no – 13 dated 21 April 2010 "Guideline of Supervisory Review Evaluation Process (SREP)" the bank has initiated to establish their own supervisory review process to ensure maintenance of sufficient capital to fully cover their risk exposure.

BRAC Bank management is aware about guideline of Bangladesh Bank and prepared for implementing new capital Accord-BASEL-II. BASEL-II implementation committee is formed headed by Head of Operations. Adequate training from home & abroad to the concerned staff on BASEL-II is given for better understanding and smooth implementation of the New Capital Accord-BASEL-II.

2.20 Off Balance Sheet Items

Under general banking transactions, liabilities against acceptance, endorsements, and other obligations and bills against which acceptance has been given and claims exists there against, have been shown as Off Balance Sheet items. Provision for off balance sheet items is made as per BRPD circular No. 8 of 7th August 2007 and 10 of September 18, 2007.

2.21 Accounting for Changes in Accounting Estimates

BAS – 8 states that the effect of a change in an accounting estimate is to be applied prospectively by inclusion in the current accounting period and, if relevant, in future accounting period. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change.

As per BAS – 16 "Property plant & equipment" (para 61) any changes in the depreciation method shall be accounted for as a changes in an accounting estimate in accordance with BAS – 8.

During the year, BRAC Bank Limited changed its depreciation method for depreciating Property, plant & equipment (Annex – D). Management takes the view that this policy provides reliable and more relevant information because it deals more accurately with the components of Property, plant and equipment and is based on up-to-date values.

2.22 General:

- a) Figures appearing in the financial statements have been rounded off to the nearest Taka.
- b) Figures of previous year have been rearranged wherever considered necessary to conform to the current year's presentation. Separate Financial Statements regarding "Off shore banking unit" is disclosed under "Annex – F" and prior year numbers were restated accordingly.
- c) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the accounts.



Section -Two : Notes to the Balance Sheet

Particulars		March 2012 Taka	December 2011 Taka
3	Cash		
A.	Cash in hand:		
	Local currency	3,568,380,820	3,596,335,512
	Foreign currency	51,447,430	51,873,681
		3,619,828,250	3,648,209,193
B.	Balance with Bangladesh Bank and its agent Bank(s):		
	Local currency	6,722,123,145	6,119,957,584
	Foreign currency	1,519,735,201	1,268,745,831
		8,241,858,346	7,388,703,415
	Sonali Bank as agent of Bangladesh Bank (local currency)	771,641,597	941,733,687
		9,013,499,943	8,330,437,102
		12,633,328,193	11,978,646,295
3.1	Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and BRPD circular no. 11 and 12, dated August 25, 2005, MPD circular no. 1 and 2, dated May 4, 2010 and MDP circular no. 4 and 5, dated December 1, 2010.		
	The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6% has been calculated and maintained with Bangladesh Bank in current account and 19% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves are maintained by the Bank, as shown below:		
3.1.1	Cash Reserve Requirement (CRR) :		
	6% of Average Demand and Time Liabilities :		
	Required reserve	5,808,136,428	5,857,421,669
	Actual reserve held (as per Bangladesh Bank statement)	6,777,763,779	6,179,983,553
	Surplus/ (deficit)	969,627,351	322,561,884
3.1.2	Statutory Liquidity Ratio (SLR) :		
	13% of Average Demand and Time Liabilities :		
	Required reserve	14,256,334,868	14,377,307,733
	Actual reserve held	15,192,257,243	14,882,029,763
	Surplus/ (Deficit)	935,922,376	504,722,031
	Total Surplus/(deficit)	(3.1.1+3.1.2) 1,905,549,727	827,283,914
3.1.3	Held for Statutory Liquidity Ratio		
	Cash in hand (Note: 3)	3,619,828,250	3,648,209,193
	Balance with Bangladesh Bank as per statement	6,722,763,779	6,112,983,553
	Balance with Sonali Bank as per statement	771,649,014	941,867,317
	TT in Transit	55,000,000	67,000,000
	Government securities	-	-
	Government securities (Note: 6.1)	10,800,779,979	10,291,953,253
	FC used in BDT	-	-
		21,970,021,022	21,062,013,316
3.a	Consolidated Cash		
A.	Cash in hand:		
	BRAC Bank Limited	3,619,828,250	3,648,209,193
	Off Shore Banking Unit	-	-
	BRAC EPL Investments Ltd.	51,874	58,299
	BRAC EPL Stock Brokerage Ltd.	111,621	46,677
	B-Kash Ltd.	377,884	428,593
	BRAC Saajan Exchange Ltd.	-	36,705
		3,620,369,629	3,648,779,467
B.	Balance with Bangladesh Bank and its agent Bank(s):		
	BRAC Bank Limited	9,013,499,943	8,330,437,102
	Off Shore Banking Unit	-	-
	BRAC EPL Investments Ltd.	-	-
	BRAC EPL Stock Brokerage Ltd.	-	-
	B-Kash Ltd.	-	-
	BRAC Saajan Exchange Ltd.	-	-
		9,013,499,943	8,330,437,102
		12,633,869,572	11,979,216,569
4	Balance with Other Banks and Financial Institutions		
	A. Inside Bangladesh (Note: 4.1)	5,114,221,208	2,657,897,194
	B. Outside Bangladesh (Note: 4.2)	918,624,218	553,470,807
		6,032,845,426	3,211,368,001



Particulars	March 2012 Taka	December 2011 Taka
4.1 Balance with Other Banks and Financial Institutions (Inside Bangladesh)		
On Demand Deposit Accounts		
Standard Chartered Bank – Current Account	35,588,170	37,947,678
	<u>35,588,170</u>	<u>37,947,678</u>
On Short Term Deposit (STD) Accounts		
Southeast Bank Limited	285,172	281,781
Pubali Bank Limited	96,566,324	194,614,111
Janata Bank Limited	185,344,966	324,447,035
Bangladesh Krishi Bank Limited	124,456,697	132,818,934
The City Bank Limited	7,298,814	13,292,199
Agrani Bank Limited	84,405,593	277,609,235
Islami Bank Bangladesh Limited	52,540,170	160,100,226
United Commercial Bank Limited	11,692,747	14,700,308
National Bank Limited	13,053,424	9,306,246
Sonali Bank Limited	137,370,866	153,191,455
ICB Islamic Bank Limited	24,441	20,751
AB Bank Limited	94,610,593	-
Rupali Bank Limited	94,124,040	115,850,996
First Security Islami Bank Limited	3,615,842	3,037,229
EXIM Bank Limited	9,628,791	9,591,254
BASIC Bank Limited	1,114,557	1,087,755
Mercantile Bank Limited	2,500,000	-
	<u>918,633,037</u>	<u>1,409,949,517</u>
On Fixed Deposit with Banks		
Social Islami Bank Ltd.	200,000,000	-
First Security Islami Bank Limited	250,000,000	-
Eastern Bank Limited	1,500,000,000	-
	<u>1,950,000,000</u>	<u>-</u>
On Fixed Deposit with Financial Institutions		
International Leasing & Financial Services Limited	300,000,000	300,000,000
Uttara Finance & Investment Limited	400,000,000	100,000,000
Far East Finance & Investment Limited	100,000,000	100,000,000
Union Capital Limited	100,000,000	-
National Housing Finance Company Limited	100,000,000	100,000,000
Prime Finance & Investment Co. Limited	200,000,000	200,000,000
Phoenix Finance & Investments Limited	300,000,000	-
Bangladesh Industrial Finance Company Limited	180,000,000	280,000,000
Investment Corporation Of Bangladesh	400,000,000	-
Reliance Finance Limited	130,000,000	130,000,000
	<u>2,210,000,000</u>	<u>1,210,000,000</u>
	<u>5,114,221,208</u>	<u>2,657,897,194</u>
4.2 Balance with other banks and financial institutions (Outside Bangladesh)		
On Demand Deposit Accounts (Non interest bearing) with:		
Standard Chartered Bank–NY (USD)	(3,142,494)	16,393,927
Mashreq Bank PSCNY (USD)	2,676,630	571,589
The Bank of Nova Scotia– Canada (CAD)	9,150,337	2,584,463
ICICI Mumbai (ACU Dollar)	911,213	2,236,129
Standard Chartered Bank–UK (GBP)	58,275,786	2,711,009
Hypo Vereins Bank Germany (EURO)	6,005,844	720,247
HSBC – NewYork (USD)	(45,262,686)	106,933,192
HSBC – United Kindom (GBP)	56,852,234	21,678,415
HSBC – Australia (AUD)	739,684	605,191
HSBC Pakistan (ACU Dollar)	33,816	940,232
Zuercher Kantonal Bank, Zurich (CHF)	2,410,283	2,337,514
ING Belgium NV/SA (EURO)	1,562,822	214,113
Unicredito Italiano SPA (EURO)	1,176,462	1,541,979
Commerz Bank AG Germany (EURO)	20,827,503	10,647,589
Commerz Bank AG Germany (USD)	1,670,766	-
Standard Chartered Bank – Frankfurt (EURO)	(18,158,698)	385,881
Union DE Banques Arabes ET Francaises (JPY)	3,367,442	1,913,858
United Bank of India, Calcutta (ACU)	77,791	77,781
Westpack Banking Corporation, (AUD)	4,237,379	4,815,750
JP Morgan Chase Bank (USD)	39,332,221	6,286,887
Sonali Bank Limited (UK)	30,840	30,370
HDFC Bank Limited	248,728	2,178,654
Deutsche Bank Trust Company	10,273,617	1,414,115
Commerz Bank - Frakfut (USD)	(21,149,679)	-
Bank of America N.A New York	14,728,952	-
	<u>146,876,793</u>	<u>187,218,886</u>
On Demand Deposit Accounts (Interest bearing) with:		
CITI Bank NA (USD)	(33,019,535)	30,653,306
AB Bank Mumbai (ACU Dollar)	8,589	85,048
	<u>(33,010,946)</u>	<u>30,738,354</u>
	<u>113,865,848</u>	<u>217,957,240</u>



Particulars	March 2012 Taka	December 2011 Taka
On Fixed Deposit with On Shore to Off Shore placement		
On Shore to Off Shore placement	804,758,371	335,513,567
	<u>918,624,218</u>	<u>553,470,807</u>
4.3 Maturity grouping of balance with other banks and financial institutions		
Up to 1 months	4,622,845,426	2,001,368,001
More than 1 months to 3 months	330,000,000	400,000,000
More than 3 months to 1 Year	1,080,000,000	810,000,000
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<u>6,032,845,426</u>	<u>3,211,368,001</u>
4.a Consolidated Balance with Other Banks and Financial Institutions		
A. In Bangladesh		
BRAC Bank Limited	5,114,221,208	2,657,897,194
Off Shore Banking Unit	5,476,227	-
BRAC EPL Investments Ltd.	78,838,097	37,566,148
BRAC EPL Stock Brokerage Ltd.	208,010,084	513,961,451
B-Kash Ltd.	427,192,738	81,419,169
BRAC Saajan Exchange Ltd.	-	-
	<u>5,833,738,354</u>	<u>3,290,843,962</u>
Less: Inter Company Transaction with:		
BRAC EPL Investments Ltd.	8,775,939	20,658,044
BRAC EPL Stock Brokerage Ltd.	85,475,247	85,855,418
B-Kash Ltd.	94,357,451	45,474,169
BRAC Saajan Exchange Ltd.	-	-
	<u>5,645,129,717</u>	<u>3,138,856,331</u>
B. Outside Bangladesh		
BRAC Bank Limited	918,624,218	553,470,807
Off Shore Banking Unit	2,808,884	8,289,885
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	54,115,267	46,249,164
	<u>975,548,369</u>	<u>608,009,856</u>
	<u>6,620,678,086</u>	<u>3,746,866,187</u>
5 Money at Call and Short Notice		
Banking Company:		
Uttara Bank Limited	-	180,000,000
Jamuna Bank Limited	-	250,000,000
National Credit & Commerce Bank Limited	-	50,000,000
Sonali Bank Ltd.	200,000,000	-
	<u>200,000,000</u>	<u>480,000,000</u>
Non-banking financial institutions:		
Prime Finance Limited	70,000,000	-
Fareast Finance & Investment Ltd.	70,000,000	-
International Leasing & Financial Services Ltd.	50,000,000	-
Premier Leasing Company Ltd.	50,000,000	-
	<u>240,000,000</u>	<u>-</u>
	<u>440,000,000</u>	<u>480,000,000</u>
5.1 Maturity grouping of Money at Call and Short Notice		
Up to 1 month	440,000,000	480,000,000
More than 1 month to 3 month	-	-
More than 3 month to 1 Year	-	-
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<u>440,000,000</u>	<u>480,000,000</u>
5.a Consolidated Money at Call and Short Notice		
BRAC Bank Limited	440,000,000	480,000,000
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	<u>440,000,000</u>	<u>480,000,000</u>



Particulars	March 2012 Taka	December 2011 Taka
6 Investments		
Government Securities (Note: 6.1)	10,800,779,979	10,291,953,253
Other Investments (Note: 6.2)	3,759,409,779	3,906,874,257
	<u>14,560,189,758</u>	<u>14,198,827,511</u>
Investment in securities are classified as follows:		
Held for trading (Treasury Bond)	1,739,610,784	4,463,454,136
Held to maturity (Treasury Bond)	9,059,956,695	5,827,247,117
Other Investments	3,760,622,279	3,908,126,257
	<u>14,560,189,758</u>	<u>14,198,827,511</u>
6.1 Government Securities		
Treasury Bills	393,449,059	-
Treasury Bonds (Note: 6.1.1)	10,406,118,420	10,290,701,253
Prize Bond	1,212,500	1,252,000
	<u>10,800,779,979</u>	<u>10,291,953,253</u>
6.1.1 Treasury Bills		
28 Days Treasury bills	-	-
30 Days Bangladesh Bank Bills	-	-
2 Years Treasury Bills	-	-
5 Years Treasury Bills	-	-
21 days Reverse REPO	393,449,059	-
6 months Reverse REPO	-	-
	<u>393,449,059</u>	<u>-</u>
6.1.1 Treasury Bonds		
Treasury Bonds (3 years TNT)	-	-
Treasury Bonds (5 years BGTB)	49,886,300	49,981,400
Treasury Bonds (10 years BGTB)	4,185,091,067	4,283,736,533
Treasury Bonds (15 years BGTB)	1,455,523,711	1,498,074,561
Treasury Bonds (20 years BGTB)	3,419,341,917	3,420,972,970
Reverse REPO	1,296,275,425	1,037,935,789
	<u>10,406,118,420</u>	<u>10,290,701,253</u>
6.2 Other Investments		
Ordinary shares:		
Industrial and Infrastructure Development Finance Co. Ltd.	20,345,700	20,345,700
Bank Asia Limited	-	-
Mercantile Bank Limited	-	-
Dun & Bradstreet Rating Agency of Bangladesh Limited	12,497,600	12,497,600
Central Depository Bangladesh Ltd.	6,277,770	6,277,770
	<u>39,121,070</u>	<u>39,121,070</u>
Capital market investment		
Balance with subsidiary BRAC EPL Stock Brokerage Ltd. Managed by BRAC Bank Ltd.	2,826,837,709	2,964,302,187
	<u>2,826,837,709</u>	<u>2,964,302,187</u>
Preference Shares		
STS Holdings Limited	10,000,000	10,000,000
Summit Uttaranchal Power Co Ltd	99,360,800	99,360,800
Summit Purbanchal Power Co Ltd	151,090,200	151,090,200
	<u>260,451,000</u>	<u>260,451,000</u>
Bonds		
Orascom	400,000,000	400,000,000
Trust Bond	30,000,000	30,000,000
	<u>430,000,000</u>	<u>430,000,000</u>
Private Placement & IPO		
Private Placement & Pre IPO		
Exim Bank First Mutual fund	50,000,000	50,000,000
Prime Finance Second Mutual fund	30,000,000	30,000,000
NLI First Mutual Fund	-	10,000,000
Unique Hotel & Resorts	48,000,000	48,000,000
Bengal Windsor Thermoplastics Ltd.	40,000,000	40,000,000
Generation Next Fashion Ltd.	35,000,000	35,000,000
	<u>203,000,000</u>	<u>213,000,000</u>
	<u>3,759,409,779</u>	<u>3,906,874,257</u>



Particulars	March 2012 Taka	December 2011 Taka
6.3 Maturity Wise Grouping of Investment		
Up to 1 month	1,352,758,587	-
More than 1 month to 3 month	445,187,044	506,079,092
More than 3 month to 1 Year	2,172,186,898	2,161,971,992
More than 1 year to 5 years	3,931,789,425	3,132,242,924
More than 5 years	6,658,267,803	8,398,533,502
	<u>14,560,189,758</u>	<u>14,198,827,511</u>
6.a Consolidated Investments		
BRAC Bank Limited:		
Government Securities	10,800,779,979	10,291,953,253
Other Investments	3,759,409,779	3,906,874,257
Less:	<u>14,560,189,758</u>	<u>14,198,827,511</u>
Inter-company transaction	-	-
Balance with EPL Stock Brokerage Ltd.(Capital market investment)	-	-
Add:	<u>14,560,189,758</u>	<u>14,198,827,511</u>
Off Shore Banking Unit	-	-
Investment of subsidiaries	-	-
BRAC EPL Investments Ltd.	259,815,898	434,119,992
BRAC EPL Stock Brokerage Ltd.	26,621,966	42,036,288
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	<u>14,846,627,622</u>	<u>14,674,983,791</u>
7 Loans and Advances		
Overdrafts	3,155,730,188	2,909,965,460
Demand loans	19,971,870,457	17,613,379,489
Term loans	15,920,884,299	16,466,589,497
Lease receivables	430,750,512	462,641,045
Small & medium enterprises	52,920,855,259	50,038,618,545
Credit Cards	2,388,442,628	2,313,839,408
Staff loans	586,777,115	622,327,607
Bills purchased & discounted	<u>95,375,310,458</u>	<u>90,427,361,050</u>
	<u>426,559,496</u>	<u>394,813,615</u>
	<u>95,801,869,954</u>	<u>90,822,174,665</u>
7.1 Net Loans and Advances		
Gross loans and advances	95,801,869,954	90,822,174,665
Less:		
Interest suspense	750,340,791	624,136,298
Provision for loans & advances	5,438,753,333	4,949,801,968
	<u>6,189,094,123</u>	<u>5,573,938,266</u>
	<u>89,612,775,831</u>	<u>85,248,236,399</u>
7.2 Maturity Wise Grouping of Loans and Advances		
Repayable on demand	18,784,217,877	15,433,072,461
More than 1 months to 3 months	14,279,909,988	12,302,710,628
More than 3 months to 1 Year	23,276,908,150	27,261,169,508
More than 1 year to 5 years	32,772,641,451	30,281,978,169
More than 5 years	6,688,192,489	5,543,243,898
	<u>95,801,869,954</u>	<u>90,822,174,665</u>
7.3 Lease receivables		
Lease finance on demand	57,691,864	50,244,839
Lease finance receivables More than 1 months to 3 months	25,298,835	96,389,338
Lease finance receivables More than 3 months to 1 Year	73,373,248	67,707,586
Lease finance receivables More than 1 year to 5 years	274,386,564	248,299,282
Total Lease finance receivable	<u>430,750,512</u>	<u>462,641,045</u>
7.4 Loans and Advances under the following broad categories		
Inside Bangladesh:		
Loans	92,646,139,766	87,912,209,204
Cash Credits	-	-
Overdrafts	3,155,730,188	2,909,965,460
Outside Bangladesh:	<u>95,801,869,954</u>	<u>90,822,174,665</u>
Loans	-	-
Cash credits	-	-
Overdrafts	-	-
	<u>95,801,869,954</u>	<u>90,822,174,665</u>



Particulars	March 2012 Taka	December 2011 Taka
7.5 Geographical Location Wise Portfolio Grouping		
Inside Bangladesh:		
Dhaka Division	63,102,614,869	59,549,684,448
Chittagong Division	16,114,277,312	15,159,731,933
Khulna Division	4,807,834,354	4,688,598,033
Sylhet Division	1,789,642,445	1,737,391,914
Barisal Division	2,775,065,280	2,740,452,721
Rajshahi Division	4,994,810,090	4,760,969,055
Rangpur Division	2,217,625,604	2,185,346,560
	<u>95,801,869,954</u>	<u>90,822,174,665</u>
Outside Bangladesh:	-	-
	<u>95,801,869,954</u>	<u>90,822,174,665</u>
7.6 Significant Concentration wise Grouping		
Directors & others	-	-
Staff:		
Managing Director & CEO	7,829,340	8,182,785
Senior Executives	71,544,226	73,286,413
Others	507,403,550	540,858,408
	<u>586,777,115</u>	<u>622,327,607</u>
Industries:		
Agricultural	1,602,315,372	3,454,456,128
Large & Medium	11,699,237,391	12,993,611,459
Small & Cottage	1,435,752,456	2,070,659,552
	<u>14,737,305,220</u>	<u>18,518,727,139</u>
Consumers	18,241,142,090	12,459,605,704
Trade & Commercial	62,236,645,529	59,221,514,215
	<u>95,801,869,954</u>	<u>90,822,174,665</u>
7.7 Staff Loan		
Personal Loan	88,324,736	97,262,118
Car and motorcycle Loan	212,944,792	229,219,582
House building Loan	285,507,587	295,845,907
	<u>586,777,115</u>	<u>622,327,607</u>
7.8 Grouping as per Classification Rules		
Unclassified		
Standard including staff loan	85,803,835,948	83,364,964,314
Special Mention Account (SMA)	4,303,270,308	2,217,667,800
	<u>90,107,106,256</u>	<u>85,582,632,114</u>
Classified		
Sub standard	1,387,814,519	1,584,001,808
Doubtful	1,520,982,649	1,288,798,013
Bad / Loss	2,785,966,530	2,366,742,729
	<u>5,694,763,698</u>	<u>5,239,542,550</u>
	<u>95,801,869,954</u>	<u>90,822,174,665</u>
7.9 Loan type wise classified loan		
Overdraft	27,775,907	28,260,858
Demand Loan	193,070,504	192,062,108
Term Loan	5,253,868,930	4,833,509,523
Lease Finance	42,525,497	39,115,299
Credit Cards	177,522,860	146,594,763
	<u>5,694,763,698</u>	<u>5,239,542,550</u>
7.10 Sector-wise Allocation of Loans and Advances		
Government	-	-
Private:		
Agriculture, fishing, forestry and dairy firm	1,602,315,372	3,454,456,128
Industry (jute, textile, garments, chemicals, cements etc.)	11,699,237,391	12,993,611,459
Working capital financing	4,654,578,199	5,257,710,388
Export credit	11,668,321	11,543,611
Commercial credit	57,570,399,009	53,952,260,216
Small and cottage industries	1,435,752,456	2,070,659,552
Miscellaneous	18,827,919,205	13,081,933,311
	<u>95,801,869,954</u>	<u>90,822,174,665</u>
	<u>95,801,869,954</u>	<u>90,822,174,665</u>



Particulars	March 2012 Taka	December 2011 Taka
7.11 Securities against loans/advances including bills purchased and discounted		
Collateral of moveable/immoveable assets	40,736,639,710	37,745,386,133
Local banks & financial institutions guarantee	-	-
Government guarantee	-	-
Foreign banks guarantee	-	-
Export documents	-	-
Fixed deposit receipts (FDR)	7,122,083,058	6,632,709,069
FDR of other banks	-	-
Government bonds	-	-
Personal guarantee & other securities	47,943,147,187	46,444,079,462
Other securities	-	-
	95,801,869,954	90,822,174,665

7.12 Particulars of required provisions for loans and advances

Status	Outstanding Loans & advances 31 March 2012	Base for provision	Percentage (%) of required provision	Required provision 31 March 2012	Required provision 31 December 2011
Unclassified					
All unclassified loans	32,299,390,287	32,299,390,287	1%	322,993,903	305,654,497
Small & Medium	39,249,235,572	39,249,235,572	1%	392,492,356	384,924,574
Loans to BHs/MBs/SDs	1,885,857,536	1,885,857,536	2%	37,717,151	37,560,234
Housing & loan for	8,388,328,551	8,388,328,551	2%	167,766,571	166,722,714
Consumer finance	3,394,246,885	3,394,246,885	5%	169,712,344	173,529,112
Special Mentioned Account	4,303,270,308	4,105,026,231	5%	205,251,312	106,781,053
				1,295,933,636	1,175,172,184
Classified - Specific provision					
Sub-standard	1,387,814,519	1,320,760,201	20%	264,152,040	301,562,413
Doubtful	1,520,982,649	1,418,360,577	50%	709,180,289	595,016,389
Bad/Loss	2,785,966,530	2,519,256,402	100%	2,519,256,402	2,166,401,989
				3,492,588,731	3,062,980,791
				4,788,522,367	4,238,152,975
Required provision for loans and advances				5,438,753,333	4,949,801,968
Total provision maintained (Note 17.1)				650,230,966	711,648,993
Excess/(Short) provision at 31 March 2012					

* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = Stock Dealers Against Shares

7.13 Particulars of required provisions for off balance sheet items - General Provision

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 31 March 2012	Required provision 31 December 2011
Acceptances and endorsements	160,123,883	1%	1,601,239	1,601,057
Letter of guarantees	4,678,689,086	1%	46,786,891	45,372,790
Irrevocable letter of credits	12,925,035,397	1%	129,250,354	162,010,808
Bills for collection	483,780,393	1%	4,837,804	6,266,240
			182,476,288	215,250,895
Total required provision			234,000,000	234,000,000
Total provision maintained (note 17.2)			51,523,712	18,749,105
Excess/(Short) provision at 31 March 2012				

7.14 Particulars of Loans and Advances

i)	Debts considered good in respect of which Bank is fully secured	44,378,095,203	44,378,095,203
ii)	Debts considered good for which Bank holds no other security than the debtor's personal security	2,476,767,364	2,411,101,526
iii)	Debts considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors.	48,947,007,388	44,032,977,936
iv)	Debts considered doubtful or bad, not provided for	-	-
		95,801,869,954	90,822,174,665
v)	Debts due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	586,777,115	622,327,607
vi)	Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or in case of private companies as members;	54,672,820	54,672,820
vii)	Maximum total amount of advances, including temporary advances 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;	586,777,115	622,327,607
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 interest as directors, partners or managing agents or in case of private companies, as members;	54,672,820	54,672,820



Particulars	March 2012 Taka	December 2011 Taka
ix) Due from banking companies	-	-
x) Amount of Classified loans on which interest has not been charged should be mentioned as follows:	-	-
a) Increase/decrease of provision (specific)	403,275,647	539,873,497
amount of debts written off	59,160,590	993,872,448
amount realized against loan previously written off.	-	224,876,871
b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the	2,785,966,530	2,366,742,729
c) Interest creditable to the Interest Suspense a/c.	750,340,791	624,136,298
xi) Cumulative amount of the written off loan and the amount written off during the current year should be shown separately. The amount of written off loan for which lawsuit has been filed should also be mentioned.	-	993,872,448
- Current year	3,188,412,742	3,188,412,742
- Cumulative to date	-	-
The amount of written off loans for which law suit filed	3,188,412,742	3,188,412,742

7.15 The directors of the Bank have not taken any loan from the Bank during the year or there is no outstanding loan balances with any director of the Bank.

7.16 Bill Purchased & Discounted under the following broad categories

Inside Bangladesh	426,559,496	394,813,615
Outside Bangladesh	-	-
	<u>426,559,496</u>	<u>394,813,615</u>

7.17 Maturity Wise Grouping of Bill Purchased & Discounted

Up to 1 months	201,711,847	201,711,847
More than 1 months to 3 months	138,321,266	138,321,266
More than 3 months to 1 Year	54,780,502	54,780,502
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<u>394,813,615</u>	<u>394,813,615</u>

7.18 Write off of Loans & advances

Balance at the beginning of the year	2,707,370,879	1,938,375,302
Add: Write off during the year	-	993,872,448
	<u>2,707,370,879</u>	<u>2,932,247,750</u>
Less: Recovery of Write off loans	59,160,590	224,876,871
Balance at the end of the period	<u>2,648,210,289</u>	<u>2,707,370,879</u>

7.a Consolidated Loans & Advances

BRAC Bank Limited	95,801,869,954	90,822,174,665
Off Shore Banking Unit	4,482,315,232	4,344,938,926
BRAC EPL Investments Ltd.	3,758,429,852	3,924,682,337
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
Less: Inter-company transaction	1,539,963,726	1,613,431,410
Borrowing from BRAC Bank by BRAC EPL Investments Ltd.	<u>102,502,651,312</u>	<u>97,478,364,517</u>

8 Fixed assets including premises, furniture and fixtures

Cost

Property plant and equipments:

Land	87,940,465	87,940,465
Furniture & fixture	1,085,610,979	1,060,711,794
Office equipments **	876,147,410	872,013,588
IT Hardwares *	1,224,354,746	1,196,248,215
Motor vehicles	83,865,588	83,865,588
	<u>3,357,919,187</u>	<u>3,300,779,649</u>

Intangible Assets:

License (Indefinite useful live)	50,000	50,000
IT Softwares (Finite useful live)	726,572,647	726,572,647
	<u>4,084,541,834</u>	<u>4,027,402,296</u>

Less: Accumulated depreciation

Net Book value at the end of the year

(Details are shown in Annex - C)

	1,837,913,288	1,678,237,541
	<u>2,246,628,546</u>	<u>2,349,164,755</u>



Particulars	March 2012 Taka	December 2011 Taka
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8.a Consolidated Fixed Assets including Premises, Furniture & Fixtures

BRAC Bank Limited	2,246,628,546	2,349,164,755
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	71,347,311	76,777,723
BRAC EPL Stock Brokerage Ltd.	73,581,198	72,348,051
B-Kash Ltd.	97,931,626	99,322,987
BRAC Sajaan Exchange Ltd.	2,822,796	2,317,931
	<u>2,492,311,477</u>	<u>2,599,931,447</u>

9 Other Assets

9.1 Income Generating Other Assets

Interest receivables		
Prepaid Interest Expenses on Interest First Fixed Deposit (IFFD)	(Note - 9.1.1)	
Receivables against sanchayapatra	803,192,584	754,054,062
Receivables from Omnibus	118,121,744	80,468,181
Receivables against travelers cheque	153,573,361	161,622,019
Investment in subsidiary	45,554,373	28,952,943
Investment in associate	2,520,606	3,077,798
Balance with EPL Stock Brokerage Ltd.	(Note - 9.1.2)	
	(Note - 9.1.3)	
	2,138,505,445	2,138,505,445
	12,500,000	12,500,000
	184,779,141	116,864,049
	<u>3,458,747,254</u>	<u>3,296,044,498</u>

9.1.1 Interest Receivables

Interest Receivables consists of interest receivable on loans, investments etc.

Receivable against Govt. securities	234,761,391	248,453,694
Receivable against other securities	38,436,794	31,145,759
Receivable against balance with other bank	96,615,649	45,148,379
Receivable against loans and advances	432,183,750	428,295,859
Receivable against term deposit - OBU	1,195,000	1,010,370
	<u>803,192,584</u>	<u>754,054,062</u>

9.1.2 Investment in subsidiaries

BRAC EPL Investments Ltd.
BRAC EPL Stock Brokerage Ltd.
B-Kash Ltd.
BRAC Sajaan Exchange Ltd.

752,715,794	752,715,794
1,344,147,500	1,344,147,500
1,785,000	1,785,000
39,857,151	39,857,151
<u>2,138,505,445</u>	<u>2,138,505,445</u>

9.1.3 Investment in associate

BRAC Asset Management Company Ltd.

9.2 Non Income Generating Other Assets

Stock of stamps		
Other receivables		
Stock of security stationery	(Note - 9.2.1)	
Stock of printing stationery	3,295,860	1,159,714
Stock of furniture	756,330,118	367,164,803
Advance to staff & supplier	13,108,461	13,564,599
Advance for ELDORADO	24,684,941	26,677,406
Deferred revenue expenditure	25,795,237	25,795,237
Advance payment of income tax	7,725,447	4,757,913
Deferred tax asset	29,697,438	45,568,391
Advance to staff for motor cycle purchase	65,088,797	44,790,113
Advance to SME unit offices	(Note - 9.2.2)	
Advance against fixed assets	4,468,254,209	4,241,797,685
Advance against office rent	1,219,470,776	1,152,939,348
Advance security deposit	93,990	-
Advance for software migration	1,312,690	1,317,550
Advance for ANIK tower project	68,799,870	89,044,599
Advance to B-Kash	550,788,788	547,912,927
Advance against Pre-IPO (First Bangladesh Fixed Income Fund)	9,259,026	9,259,026
* Lease assets	53,256,942	38,886,827
Interbranch Account	462,255	112,112
	5,100	5,100
	-	250,000,000
	(Note-9.2.4)	
	3,934,484	3,945,579
	123,785	123,785
	<u>7,301,488,215</u>	<u>6,864,822,714</u>
	(Note 9.1 + 9.2)	
	<u>10,760,235,469</u>	<u>10,160,867,211</u>

The bank has taken lease an office premises under operating lease for a period of 99 years started from 2002 with an option to renew the lease after that date. Lease rentals paid Tk. 4,389,000 at the time of lease (2002) are amortised over the term of the lease.

9.2.1 Other Receivables

Receivable against remittance	167,981,773	163,767,002
Receivable against DD	82,900,000	27,500,000
Receivable against Cheques	19,725	19,725
Receivable against Cards	18,525,469	12,003,959
Account receivable-FCY(Unclaimed)	460,238	116,116
Receivable from Merchant	265,847,773	63,917,101
Receivable from Partners	79,600,071	32,234,050
Receivable in Cash Shortage	15,861,500	15,978,000
Receivable from Member Bank - ELDORADO	116,990,451	49,247,775
Sundry debtors	5,738,390	459,725
Receivable from Branch	2,404,729	1,921,349
	<u>756,330,118</u>	<u>367,164,803</u>



Particulars	March 2012 Taka	December 2011 Taka
8.a Consolidated Fixed Assets including Premises, Furniture & Fixtures		
BRAC Bank Limited	2,246,628,546	2,349,164,755
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	71,347,311	76,777,723
BRAC EPL Stock Brokerage Ltd.	73,581,198	72,348,051
B-Kash Ltd.	97,931,626	99,322,987
BRAC Saajan Exchange Ltd.	2,822,796	2,317,931
	<u>2,492,311,477</u>	<u>2,599,931,447</u>
9 Other Assets		
9.1 Income Generating Other Assets		
Interest receivables	(Note - 9.1.1)	803,192,584
Prepaid Interest Expenses on Interest First Fixed Deposit (IFFD)		754,054,062
Receivables against sanchayapatra		118,121,744
Receivables from Omnibus		80,468,181
Receivables against travelers cheque		153,573,361
Investment in subsidiary		161,622,019
Investment in associate	(Note - 9.1.2)	45,554,373
Balance with EPL Stock Brokerage Ltd.	(Note - 9.1.3)	28,952,943
		2,520,606
		3,077,798
		2,138,505,445
		12,500,000
		184,779,141
		<u>3,458,747,254</u>
		<u>3,296,044,498</u>
9.1.1 Interest Receivables		
Interest Receivables consists of interest receivable on loans, investments etc.		
Receivable against Govt. securities		234,761,391
Receivable against other securities		248,453,694
Receivable against balance with other bank		38,436,794
Receivable against loans and advances		31,145,759
Receivable against term deposit - OBU		96,615,649
		45,148,379
		432,183,750
		428,295,859
		1,195,000
		1,010,370
		<u>803,192,584</u>
		<u>754,054,062</u>
9.1.2 Investment in subsidiaries		
BRAC EPL Investments Ltd.		752,715,794
BRAC EPL Stock Brokerage Ltd.		752,715,794
B-Kash Ltd.		1,344,147,500
BRAC Saajan Exchange Ltd.		1,785,000
		1,785,000
		39,857,151
		<u>39,857,151</u>
		<u>2,138,505,445</u>
		<u>2,138,505,445</u>
9.1.3 Investment in associate		
BRAC Asset Management Company Ltd.		12,500,000
		<u>12,500,000</u>
9.2 Non Income Generating Other Assets		
Stock of stamps		3,295,860
Other receivables	(Note - 9.2.1)	1,159,714
Stock of security stationery		756,330,118
Stock of printing stationery		367,164,803
Stock of furniture		13,108,461
Advance to staff & supplier		13,564,599
Advance for ELDORADO		24,684,941
Deferred revenue expenditure		26,677,406
Advance payment of income tax		25,795,237
Deferred tax asset		25,795,237
Advance to staff for motor cycle purchase	(Note - 9.2.2)	7,725,447
Advance to SME unit offices		4,757,913
Advance against fixed assets		45,568,391
Advance against office rent		65,088,797
Advance security deposit		44,790,113
Advance for software migration		4,468,254,209
Advance for ANIK tower project		4,241,797,685
Advance to B-Kash		1,219,470,776
Advance against Pre-IPO (First Bangladesh Fixed Income Fund)		1,152,939,348
* Lease assets		93,990
Interbranch Account	(Note-9.2.4)	-
		1,312,690
		1,317,550
		68,799,870
		89,044,599
		550,788,788
		547,912,927
		9,259,026
		9,259,026
		53,256,942
		38,886,827
		462,255
		112,112
		5,100
		5,100
		-
		250,000,000
		3,934,484
		3,945,579
		123,785
		<u>123,785</u>
		<u>7,301,488,215</u>
		<u>6,864,822,714</u>
	(Note 9.1 + 9.2)	<u>10,760,235,469</u>
		<u>10,160,867,211</u>
The bank has taken lease an office premises under operating lease for a period of 99 years started from 2002 with an option to renew the lease after that date. Lease rentals paid Tk. 4,389,000 at the time of lease (2002) are amortised over the term of the lease.		
9.2.1 Other Receivables		
Receivable against remittance		167,981,773
Receivable against DD		163,767,002
Receivable against Cheques		82,900,000
Receivable against Cards		27,500,000
Account receivable-FCY(Unclaimed)		19,725
Receivable from Merchant		18,525,469
Receivable from Partners		12,003,959
Receivable in Cash Shortage		460,238
Receivable from Member Bank - ELDORADO		116,116
Sundry debtors		265,847,773
Receivable from Branch		63,917,101
		79,600,071
		32,234,050
		15,861,500
		15,978,000
		116,990,451
		49,247,775
		5,738,390
		459,725
		2,404,729
		1,921,349
		<u>756,330,118</u>
		<u>367,164,803</u>



9.2.2 Deferred Tax asset/ (Liability)

	Book Value	Tax Base	Deductable/ (Taxable) Temporary Difference	Deferred Tax Asset/ (Liability)
Balance as at 31 December 2011				
Deferred Tax Asset				1,113,939,348
Deferred Tax Liability				(287,021,562)
Net Deferred Tax Asset 2011				826,917,786
Balance as at 31 March 2012				
Loan loss provision (Note - 9.2.3)	5,438,753,333	-	2,207,454,357	938,168,102
Provision against Capital market	427,888,646	-	427,888,646	181,852,674
Provision against off balance sheet items	234,000,000	-	234,000,000	99,450,000
Deferred tax asset (a)				1,219,470,776
Interest receivable from treasury bills & bonds	234,761,391	-	(234,761,391)	(99,773,591)
Fixed assets (Annex-D)	2,158,638,081	1,518,425,047	(640,213,034)	(272,090,540)
Deferred Tax Liability (b)				(371,864,131)
Net Deferred Tax Asset 2011 (a+b)				847,606,646
Increase of deferred tax asset recognized into P&L as income				105,531,428
Decrease of deferred tax liability recognized into P&L as income				(84,842,569)
Total Deferred tax income recognized into P&L during the period 31 March 2012				20,688,860

- 9.2.3 A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Temporary difference arising from loan loss provision is recognized to the extent it is probable that taxable profit will be available in foreseeable future against which it can be utilized. According to the requirement of Bangladesh Bank BRPD Circular No. 11 dated 12 December 2011, Deferred tax asset can be created against "Loan Loss Provision" according to the requirement of BAS - 12 but such amount (i.e. BDT 938,168,102) should be excluded from Regulatory Capital (i.e. Tier - 1 Capital). Expected time to adjust the above loan loss provision through write off is 5 years.

Particulars	March 2012 Taka	December 2011 Taka
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9.2.4 Interbranch Account

Inter Branch Account - BDT	-	-
Inter Branch Account - FCY	-	-
Cost Center Account	123,785	123,785
Spot Exchange - BDT	-	-
Spot Exchange - FCY	-	-
Forward Exchange - BDT	-	-
Asset for Distribution	-	-
Liability for Distribution	-	-
Merchant POS Settlement Account	-	-
	123,785	123,785

9.a Consolidated Other Assets

BRAC Bank Limited	10,760,235,469	10,160,867,211
Off Shore Banking Unit	167,994,991	133,221,192
BRAC EPL Investments Ltd.	357,567,299	135,634,733
BRAC EPL Stock Brokerage Ltd.	398,868,942	199,161,589
B-Kash Ltd.	40,657,781	27,204,574
BRAC Saajan Exchange Ltd.	68,685,167	54,864,877
Less:		
Investment in subsidiaries		
BRAC EPL Investments Ltd.	752,715,794	752,715,794
BRAC EPL Stock Brokerage Ltd.	1,344,147,500	1,344,147,500
B-Kash Ltd.	1,785,000	1,785,000
BRAC Saajan Exchange Ltd.	39,857,151	39,857,151
	2,138,505,445	2,138,505,445
Investment in associate		
BRAC Asset Management Company Ltd.	12,500,000	12,500,000
Less: Inter-company transaction		
Payable to BRAC EPL Investment Ltd.	(80,000)	92,437
Advance to B-Kash	5,100	5,100
Receivable from B-Kash Ltd.	35,487,649	19,606,650
Balance with EPL Stock Brokerage Ltd. (Advance)	184,779,141	116,864,049
Payable to BRAC EPL Stock Brokerage Ltd by BRAC EPL Investment Ltd.	579,911	252,989
	220,771,801	136,821,225
Add:		
Investment of associate		
BRAC Asset Management Company Ltd.	(Note - 9.a.1)	
	13,280,968	13,131,311
	9,620,292,512	8,553,122,866

9.a.1 Investment in associate

BRAC Asset Management Company Ltd.		
Opening balance	13,131,311	12,571,651
Investment made during the period	-	-
Add: Share of post acquisition profit	149,658	559,660
Less: Dividend receivable	-	-
Total carrying amount of investment in associate	13,280,968	13,131,311

10 Non Banking assets

No non-banking assets is under the possession of the bank which acquired as claims. BRAC Bank limited was not acquired any such assets as on 31 March 2012.



Particulars	March 2012 Taka	December 2011 Taka			
11.a Consolidated Goodwill					
BRAC Bank Limited	-	-			
BRAC EPL Investments Ltd.	246,289,822	246,289,822			
BRAC EPL Stock Brokerage Ltd.	1,126,273,573	1,126,273,573			
B-Kash Ltd.	-	-			
BRAC Saajan Exchange Ltd.	37,074,202	37,074,202			
Less: Impairment of Goodwill	-	-			
	<u>1,409,637,597</u>	<u>1,409,637,597</u>			
11.a.1 Calculation of Goodwill					
	BRAC EPL	BRAC EPSL Stock Brokerage	B- Kash Limited	BRAC Saajan Exchange	Total
	<u>Investments Limited</u>	<u>Limited</u>		<u>Limited</u>	
Cost of investment	752,715,794	1,344,147,500	1,785,000	39,857,151	2,138,505,445
Less:					
Share of Share Capital	250,500,000	162,000,000	1,785,000	26,808,331	441,093,331
Share of Share Premium	184,935,621	-	-	-	184,935,621
Share of Pre-acquisition	70,990,351	55,873,927	-	(24,025,382)	102,838,897
	<u>506,425,972</u>	<u>217,873,927</u>	<u>1,785,000</u>	<u>2,782,949</u>	<u>728,867,848</u>
Closing Balance	<u>246,289,822</u>	<u>1,126,273,573</u>	<u>-</u>	<u>37,074,202</u>	<u>1,409,637,597</u>
12 Borrowing from other Banks, Financial Institutions and Agents:					
In Bangladesh, secured and repayable on demand					
Term Borrowing:					
Banking company:					
Uttara Bank Limited					
					650,000,000
					<u>650,000,000</u>
Non-bank financial institutions:					
Borrowing from IFC					
					650,000,000
					<u>650,000,000</u>
Outside Bangladesh					
					650,000,000
					<u>650,000,000</u>
12.1 Maturity Wise Grouping of Borrowing from Other Bank & Financial Institutions					
Up to 1 months					650,000,000
More than 1 months to 3 months					-
More than 3 months to 1 Year					-
More than 1 year to 5 years					-
More than 5 years					-
					<u>650,000,000</u>
12.a Consolidated Borrowing from other Banks, Financial Institutions and Agents					
BRAC Bank Limited					650,000,000
Off Shore Banking Unit					3,271,400,000
BRAC EPL Investments Ltd.					3,330,381,218
BRAC EPL Stock Brokerage Ltd.					-
B-Kash Ltd.					-
BRAC Saajan Exchange Ltd.					-
Less: Borrowing from BRAC Bank by BRAC EPL Investments Ltd. (Inter-Company)					1,539,963,726
					<u>5,061,817,492</u>
					<u>5,720,180,188</u>
13 Borrowings from Central Bank					
Bangladesh Bank Refinance					
					517,160,617
					<u>517,160,617</u>
					<u>461,882,617</u>
13.1 Maturity Wise Grouping grouping of Borrowing from Central Bank					
Up to 1 months					-
More than 1 months to 3 months					-
More than 3 months to 1 Year					517,160,617
More than 1 year to 5 years					-
More than 5 years					-
					<u>517,160,617</u>
					<u>461,882,617</u>
13.a Consolidated Borrowings from Central Bank					
BRAC Bank Limited					517,160,617
Off Shore Banking					1,238,218,871
BRAC EPL Investments Ltd.					-
BRAC EPL Stock Brokerage Ltd.					-
B-Kash Ltd.					-
BRAC Saajan Exchange Ltd.					-
					<u>1,755,379,488</u>
					<u>1,533,371,184</u>
14 Subordinated Convertible Bonds					
Private Placement	(Note - 14.1)				2,700,000,000
Public Subscription	(Note - 14.2)				300,000,000
					<u>3,000,000,000</u>
					<u>3,000,000,000</u>



Particulars		March 2012 Taka	December 2011 Taka
14.1 Private Placement details	No. of Unit		
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	525,000	525,000,000	525,000,000
Triodos Fair Share Fund	175,000	175,000,000	175,000,000
Triodos Microfinance Fund	175,000	175,000,000	175,000,000
Norwegian Investment Fund for Developing Countries	490,000	490,000,000	490,000,000
Agrani Bank Limited	750,000	750,000,000	750,000,000
BRAC Employee Provident Fund	482,500	482,500,000	482,500,000
Delta Life Insurance Company Ltd.	20,000	20,000,000	20,000,000
RACE Asset Management *	82,500	82,500,000	82,500,000
* PHP 1st Mutual Fund, Popular Life 1st Mutual Fund			
Total Private Placement		2,700,000,000	2,700,000,000
14.2 Public Subscription details	No. of Unit		
Other than Non-resident Bangladeshies	212,775	212,775,000	212,775,000
Non-resident Bangladeshies	2,285	2,285,000	2,285,000
Mutual Funds	84,940	84,940,000	84,940,000
Total Subscription received		300,000,000	300,000,000
Less: Refundable against excess subscription		-	-
		300,000,000	300,000,000
14.3 Maturity Wise Grouping of Subordinated Convertible Bonds			
Up to 1 months		-	-
More than 1 months to 3 months		-	-
More than 3 months to 1 Year		-	-
More than 1 year to 5 years		-	-
More than 5 years		-	-
		3,000,000,000	3,000,000,000
		3,000,000,000	3,000,000,000
14.a Consolidated Subordinated Convertible Bonds			
BRAC Bank Limited		3,000,000,000	3,000,000,000
Off Shore Banking Unit		-	-
BRAC EPL Investments Ltd.		-	-
BRAC EPL Stock Brokerage Ltd.		-	-
B-Kash Ltd.		-	-
BRAC Saajan Exchange Ltd.		-	-
		3,000,000,000	3,000,000,000
15 Money at call and short notice			
Banking Company:			
Citibank NA		-	-
Bank Al- Falah Ltd.		-	-
Standard Chartered Bank Bangladesh		-	-
Premiur Bank Ltd.		-	-
HSBC Bank		-	-
		-	-
15.1 Maturity Wise Grouping of Money at call and short notice			
Up to 1 months		-	-
More than 1 months to 3 months		-	-
More than 3 months to 1 Year		-	-
More than 1 year to 5 years		-	-
More than 5 years		-	-
		-	-
		-	-
15.a Consolidated Money at Call and Short Notice			
BRAC Bank Limited		-	-
Off Shore Banking Unit		-	-
BRAC EPL Investments Ltd.		-	-
BRAC EPL Stock Brokerage Ltd.		-	-
B-Kash Ltd.		-	-
BRAC Saajan Exchange Ltd.		-	-
		-	-
		-	-
16 Deposit and Other Accounts			
Local Currency:			
Current & other accounts		37,553,816,289	31,301,338,253
Bills payable	(Note-16.3)	1,133,488,915	768,394,517
Saving deposits		17,569,249,887	18,527,780,776
Fixed deposits		53,605,501,928	51,053,796,908
Other deposits	(Note-16.4.1)	222,604,279	120,935,996
		110,084,661,298	101,772,246,449
Foreign Currency:			
Current & other accounts		1,389,946,274	1,038,541,855
Bills payable		-	-
Saving deposits		-	-
Fixed deposits		681,774,137	709,415,411
Other deposits	(Note-16.4)	230,858,293	205,325,510
		2,302,578,704	1,953,282,776
Total Deposit and other accounts		112,387,240,002	103,725,529,225



Particulars	March 2012 Taka	December 2011 Taka
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16.1 Deposit details concentrating liquidity nature

i) Demand deposit

Current deposit
Savings deposit (10%)
Foreign currency deposit
Sundry deposit
Bills payable

34,808,101,198	27,411,912,388
30,112,670,383	23,468,441,498
1,756,924,989	1,852,778,078
1,620,804,567	1,243,867,366
184,212,345	78,430,930
1,133,488,915	768,394,517

ii) Time deposit

Savings deposit (90%)
Foreign currency deposit
Fixed deposit
Short term deposit
Deposit pension scheme
Security deposit
Other Deposit

77,579,138,804	76,313,616,837
15,812,324,898	16,675,002,699
681,774,137	709,415,411
49,232,621,763	46,804,112,552
7,441,145,906	7,832,896,754
4,372,880,165	4,249,684,356
18,092,666	21,655,406
20,299,268	20,849,659

112,387,240,002 103,725,529,225

16.2 Maturity Wise Grouping of Deposits

Payable on demand
Payable within 1 month
Over 1 month but within 6 months
Over 6 month but within 1 year
Over 1 year but within 5 years
Over 5 years but within 10 years
Over 10 years

3,318,077,059	3,405,641,785
20,834,929,799	16,864,309,592
34,485,867,245	35,613,753,504
18,300,025,107	15,333,634,058
24,295,718,541	22,384,456,057
7,861,624,668	7,449,759,015
3,290,997,584	2,673,975,215
112,387,240,002	103,725,529,225

16.3 Bills payable

Local Drafts Issued and Payable
Stamp Charges payable for Loan Clients
Insurance Premium payable for SME Loan Clients
Payment Order Issued
Sundry Creditors
Payment Order To Be Issued
Cards Settlement account

272,164	146,208
8,883,310	7,842,270
98,298,895	83,667,169
896,551,674	582,205,279
18,034,657	20,004,562
5,948,107	5,948,107
105,500,108	68,580,921
1,133,488,915	768,394,517

16.4 Other Deposits

Foreign currency
Local Currency:
Sundry deposit

230,858,293 205,325,510

(Note-16.4.1)

222,604,279	120,935,996
453,462,572	326,261,506

16.4.1 Sundry deposit

Security Deposits
Security Deposit from SME Loan client
Security Deposit from Retail Loan client
Lease Deposit
Payable against Staff, Clients Loan account and others

18,092,666	21,655,406
565,644	602,244
19,733,624	20,247,415
3,014,215	3,014,215
181,198,130	75,416,715
222,604,279	120,935,996

16.a Consolidated Deposit and Other Accounts

BRAC Bank Limited
Off Shore Banking Unit
BRAC EPL Investments Ltd.
BRAC EPL Stock Brokerage Ltd.
B-Kash Ltd.
BRAC Saajan Exchange Ltd.

112,387,240,002 103,725,529,225

- -

39,831,336 31,813,178

- -

82,669,692 43,370,999

112,509,741,030 103,800,713,402

Less: Inter Company Transaction

BRAC EPL Investments Ltd.
BRAC EPL Stock Brokerage Ltd.
B-Kash Ltd.

8,775,939 20,658,044

85,475,247 85,855,418

94,357,451 45,474,169

112,321,132,393 103,648,725,771



Particulars		March 2012 Taka	December 2011 Taka
17 Other Liabilities			
Provisions for loans & advances	(Note - 17.1)	5,438,753,333	4,949,801,968
Provisions for Off Balance Sheet Items	(Note - 17.2)	234,000,000	234,000,000
Provisions for Others		61,777	61,777
Interest suspense	(Note - 17.3)	750,340,791	624,136,298
Withholding tax payable	(Note - 17.4)	100,634,308	238,412,929
VAT payable	(Note - 17.5)	80,326,408	157,140,078
Provision for taxation	(Note - 17.6)	5,742,639,560	5,421,639,560
Deferred tax liability	(Note - 9.2.2)	371,864,131	287,021,562
Interest payable		2,155,583,442	1,745,688,487
Accrued expenses		627,329,048	600,099,835
Provision for diminution in value of Investments		427,888,646	474,595,202
Excise duty Payable		47,706,294	175,440,618
Share subscription - IPO (refund warrant)		15,428,409	9,107,461
Right Share subscription		1,027,375	1,027,375
Cheque clearing account		36,668,491	30,248,226
Margin on L/C		365,822,635	421,780,586
Margin on L/G		68,779,475	60,666,852
Cash Dividend payable		30,921,008	31,473,006
Unclaimed dividend		3,491,474	3,492,714
Payable against exchange house		26,937,759	18,199,453
Payable to ELDORADO member banks		7,088,475	3,728,600
Payable against insurance		20,287,459	25,163,622
Payable against freez account		115,364,189	105,952,195
Others		97,113,277	142,153,356
		16,766,057,761	15,761,031,757

17.1 Provision for Loans and Advances :

Provision for loans and advances is created for covering the bank for possible loan losses in the future. General provision is made on outstanding loan and advance without considering the quality of loans and advances according to the prescribed rate of Bangladesh Bank. Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of the Bangladesh Bank. Specific provision is required to be made on the shortfall in security value over the amount outstanding (net of unearned interest and interest suspense) for accounts which are classified as sub-standard, doubtful or bad/loss.

A. General

Balance at the beginning of the year	1,414,099,303	1,342,261,003
Add: Provision made during the period	85,675,718	71,838,300
Balance at the end of the period	1,499,775,022	1,414,099,303

B. Specific

Balance at the beginning of the year	3,535,702,665	2,995,829,167
Add: Provision made during the period	429,304,044	1,442,477,570
	3,965,006,708	4,438,306,737
Less: Interest waiver during the year	26,028,397	-
Less: Write off during the period	-	902,604,073
Balance at the end of the period	3,938,978,311	3,535,702,665

Net actual provision at the end of period (A+B)

5,438,753,333	4,949,801,968
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17.2 Provisions for Off Balance Sheet Items

Provision for off balance sheet items is made as per BRPD circular No. 8 of 7th August 2007 and 10 of September 18, 2007 for covering the bank for possible losses on off balance sheet items in the future. Details movement of Provision for Off Balance Sheet Items is as follows:

Balance at the beginning of the year	234,000,000	230,000,000
Add: Provision made during the period	-	4,000,000
Balance at the end of the period	234,000,000	234,000,000

17.3 Interest suspense

Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of the Bangladesh Bank. Interest accrued on SMA, sub-standard, doubtful and bad/loss loans is recorded as 'Interest suspense' and not taken to income. This interest is recognized as income as and when it is realized in cash by the bank.

Balance at the beginning of the year	624,136,298	766,411,557
Add: Provision made during the year	273,358,855	1,194,933,560
	897,495,152	1,961,345,116
Less: Amount of interest suspense recovered	147,154,362	1,105,527,799
Less: Write off during the year	-	91,268,375
Less: Interest waiver during the year	-	140,412,645
Balance at the end of the period	750,340,791	624,136,298

17.4 Withholding Tax Payable

Payable On Interest	88,264,218	223,397,445
Payable (Suppliers & Rent)	5,256,135	4,443,015
Payable (Staff Salaries & Allowance)	3,644,607	8,695,644
Payable (Export)	1,057,327	625,417
Payable on Commission Paid	2,398,227	1,228,124
Payable on Export Cash Subsidy	-	-
Withholding Tax Payable on Profession Services	-	-
Withholding Tax Payable - Others	13,794	23,284
	100,634,308	238,412,929



Particulars	March 2012 Taka	December 2011 Taka
17.5 VAT Payable		
Payable On L/C Commission	1,799,030	3,895,107
Payable on Commission for Remittances	2,483,954	1,734,478
Payable on Loan Processing Fees	6,026,526	23,713,188
Payable - Credit Cards	6,083,286	16,139,119
Payable - Supplier & Rent	7,808,812	22,755,339
Payable - DESA & DESCO	4,521,338	5,281,317
Payable - BPDDB	9,571,601	11,768,624
Payable - DPDC	35,832,843	55,912,106
Payable - Others	6,199,018	15,940,800
	80,326,408	157,140,078
17.6 Provision for current taxation		
Balance at the beginning of the year	5,421,639,560	4,003,775,611
Add: Provision made during the year	321,000,000	1,460,000,000
	5,742,639,560	5,463,775,611
Less: Adjustment of tax provision for previous years	-	42,136,051
Balance at the end of the period	5,742,639,560	5,421,639,560
Assessment for the year 2001 (assessment year 2002-2003) is under appeal with the High Court preferred by the bank against tax department's demand for additional tax of Tk. 3,367,206 which has been shown as contingent liability.		
Assessment for the year 2009 (Assessment year 2010-2011) is under review with the Deputy Commissioner of Taxes.		
17.a Consolidated Other Liabilities		
BRAC Bank Limited	16,766,057,761	15,761,031,757
Off Shore Banking	57,391,939	71,051,518
BRAC EPL Investments Ltd.	132,816,725	170,680,695
BRAC EPL Stock Brokerage Ltd.	432,724,210	486,188,675
B-Kash Ltd.	180,984,900	96,117,147
BRAC Saajan Exchange Ltd.	101,382,871	89,946,294
	17,671,358,406	16,675,016,086
Less: Inter Company Transaction		
Payable to BRAC EPL Investment Ltd.	(80,000)	92,437
Receivable from B-Kash Ltd.	35,487,649	19,606,650
Payable to BRAC EPSL Stock Brokerage Ltd by BRAC EPL Investment Ltd.	579,911	252,989
Balance with BRAC EPL Stock Brokerage Ltd. (Advance)	184,779,141	116,864,049
	220,766,701	136,816,125
	17,450,591,705	16,538,199,960
18 Share Capital		
18.1 Authorized Capital		
Authorized Capital is the maximum amount of share capital that the bank is authorised by its Memorandum & article of association to issue to shareholders.		
1,200,000,000 ordinary shares of Tk. 10 each	12,000,000,000	12,000,000,000
18.2 Issued, Subscribed and Paid up Capital		
The issued share capital of the bank is the total nominal value of the shares of the bank which have been issued to shareholders and which remain outstanding.		
100,000,000 ordinary Share of Tk. 10/- each issued for cash	1,000,000,000	1,000,000,000
194,835,200 ordinary Share of Tk. 10/- each issued as bonus share	1,948,352,000	1,948,352,000
26,400,000 Right Share of Tk. 10/- each issued as right share	264,000,000	264,000,000
	3,212,352,000	3,212,352,000
18.2.1 Issued, Subscribed and Paid up Capital		
Balance at the beginning of the year	3,212,352,000	2,676,960,000
Add: Bonus share issued	-	535,392,000
Closing at the end of the period	3,212,352,000	3,212,352,000
18.3 Initial Public Offering (IPO)		
According to IPO rules 2006 "Initial public offering (IPO)" means first offering of security by an issuer to the general public. Out of the total issued, subscribed, and fully paid up capital of the bank 5,000,000 ordinary shares of Tk. 100.00 each amounting to Taka 500,000,000 was raised through Initial public offering of shares held in 2006.		
18.4 Bonus Issue		
On 22th March 2012 a bonus share at the ratio of 1:5 (one bonus shares for every five shares held) amounting to Taka 642,470,400 was approved by the shareholders in Annual General Meeting and the shares was issued accordingly.		
18.4.a The Bank held its 8th EGM on November 03,2011 and charged the face value of share from Tk. 100 per share to Tk. 10 per share and market lot of shares from 50 shares to 500 shares in each lot. The maximum limit for Authorized Share capital was increased to BDT 12,000,000,000.		
18.5 Ordinary Shares		
Sponsor	No. of Shares	% of Shareholding
BRAC	140,612,780	43.77%
ShoreCap International Ltd.	2,774,200	0.86%
International Finance Corporation	17,211,270	5.36%
Others	24,330	0.01%
Non Sponsor		
Non Resident Bangladeshis	1,234,370	0.38%
Mutual Funds	15,116,675	4.71%
Institutions & General Public	144,261,575	44.91%
	321,235,200	100%
	3,212,352,000	3,212,352,000



18.6 Classification of Shareholding

Range of Holding of Shares	No. of Shareholders	No. of Shares	Percentage of Holding of Shares
Less than 500	10,757	2,245,952	0.70%
500 to 5,000	17,011	27,471,720	8.55%
5,001 to 10,000	1,405	10,001,618	3.11%
10,001 to 20,000	680	9,446,870	2.94%
20,001 to 30,000	189	4,670,310	1.45%
30,001 to 40,000	90	3,202,660	1.00%
40,001 to 50,000	61	2,783,630	0.87%
50,001 to 100,000	117	8,254,430	2.57%
100,001 to 1,000,000	132	39,301,560	12.23%
Over 1000000	25	213,856,450	66.57%
Total	30,467	321,235,200	100.00%

Particulars	March 2012 Taka	December 2011 Taka
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18.7 Share Premium

5,000,000 ordinary shares @ Tk. 70 per share	350,000,000	350,000,000
2,640,000 ordinary shares @ Tk. 400 per share	1,056,000,000	1,056,000,000
	1,406,000,000	1,406,000,000

18.8 Particulars of Share Premium

	No. of Shares.		
Sponsor:			
BRAC	140,612,780	335,163,840	335,163,840
ShoreCap International Ltd.	2,774,200	92,473,920	92,473,920
International Finance Corporation (IFC)	17,211,270	100,298,880	100,298,880
Others	24,330	63,360	63,360
Non Sponsor:			
Non Resident Bangladeshis	1,318,610	87,800,000	87,800,000
Mutual Funds	15,132,410	87,800,000	87,800,000
General Public	144,161,600	702,400,000	702,400,000
	321,235,200	1,406,000,000	1,406,000,000

18.8.a Consolidated Share Premium

BRAC Bank Limited	1,406,000,000	1,406,000,000
BRAC EPL Investments Ltd.	147,052,103	147,052,103
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	1,553,052,103	1,553,052,103

18.9 Preference Shares

Preference Shares are those share which give their holders an entitlement to a fixed dividend but which do not usually carry voting rights.
3,500,000 preference shares (9%, 5 years cumulative redeemable) of Tk. 100 each.

Breakup of Shareholders are given below:

Trust Bank Limited	1,000,000	100,000,000	100,000,000
Prime Bank Limited	1,000,000	100,000,000	100,000,000
Bank Al-Falah Ltd.	1,000,000	100,000,000	100,000,000
Bangladesh Shilpa Bank	500,000	50,000,000	50,000,000
	3,500,000	350,000,000	350,000,000

Particulars	March 2012 Taka	March 2012 Taka	December 2011 Taka	December 2011 Taka
	Consolidated basis	SOLO Basis	Consolidated basis	SOLO Basis

18.10 Capital Adequacy Ratio - As per BASEL-II

	Consolidated basis	SOLO Basis	Consolidated basis	SOLO Basis
Tier - I (Core Capital)				
Fully paid up capital/ Capital deposited with BB	3,212,352,000	3,212,352,000	3,212,352,000	3,212,352,000
Statutory reserve	2,664,778,283	2,664,778,283	2,536,431,462	2,536,431,462
Non-repayable share premium account	1,553,052,103	1,406,000,000	1,553,052,103	1,406,000,000
General reserve	-	-	-	-
Retained Earnings	2,537,042,314	2,147,807,764	2,282,951,075	1,934,731,623
Minority interest in subsidiaries	442,847,979	-	321,435,935	-
Share money deposit	193,373,502	-	62,333,542	-
Non-cumulative irredeemable preference shares	-	-	-	-
Dividend equalization accounts	-	-	-	-
Sub-total	10,603,446,181	9,430,938,047	9,968,556,117	9,089,515,085
Deductible from Tier - I (Core Capital)				
Book value of Goodwill	1,409,637,597	-	1,409,637,597	-
Shortfall in provision required against classified	-	-	-	-
Deficit on account of revaluation of investment in	-	-	-	-
Any increase in equity capital resulting from a	-	-	-	-
Deferred tax income arising from "Loan loss	938,168,102	938,168,102	851,786,387	851,786,387
Investment in subsidiary	-	-	-	-
Other if any	-	-	-	-
Sub-total	2,347,805,698	938,168,102	2,261,423,983	851,786,387
Total eligible Tier - 1 Capital	8,255,640,482	8,492,769,945	7,707,132,133	8,237,728,699



Particulars	March 2012 Taka Consolidated basis	March 2012 Taka SOLO Basis	December 2011 Taka Consolidated basis	December 2011 Taka SOLO Basis
Tier - II (Supplementary Capital)				
General Provision	1,733,775,022	1,733,775,022	1,648,099,303	1,648,099,303
Asset revaluation reserve	11,850,460	11,850,460	81,544,877	81,544,877
Preference Share	350,000,000	350,000,000	350,000,000	350,000,000
Perpetual Subordinated debt	2,476,692,145	2,547,830,983	2,312,139,640	2,471,318,610
Exchange Equalization Fund	-	-	-	-
Sub-total	4,572,317,626	4,643,456,465	4,391,783,820	4,550,962,790
Deduction (Investment in subsidiary)	-	-	-	-
Total eligible Tier - 2 Capital (a)	4,572,317,626	4,643,456,465	4,391,783,820	4,550,962,790
Tier-3 (eligible for market risk only)				
Short term sub-ordinated debt (b)	-	-	-	-
Total Supplementary Capital	4,572,317,626	4,643,456,465	4,391,783,820	4,550,962,790
Total Capital	12,827,958,108	13,136,226,410	12,098,915,954	12,788,691,488
Total Risk Weighted Assets	119,442,176,912	112,704,251,124	117,156,393,038	110,285,639,993
Required capital based on Risk Weighted Assets	11,944,217,691	11,270,425,112	11,715,639,304	11,028,563,999
Surplus/ (Deficiency)	883,740,417	1,865,801,297	383,276,650	1,760,127,489
Capital Adequacy Ratio:				
On core capital (against standard of minimum)	6.91%	7.54%	6.58%	7.47%
On actual capital (against standard of minimum)	10.74%	11.66%	10.33%	11.60%
19 Statutory Reserve				
Balance at the beginning of the year			2,536,431,462	1,920,598,872
Add: Transferred from profit during the period			128,346,820	615,832,590
			2,664,778,283	2,536,431,462
19.a Consolidated Statutory Reserve				
BRAC Bank Limited			2,664,778,283	2,536,431,462
Off Shore Banking Unit			-	-
BRAC EPL Investments Ltd.			-	-
BRAC EPL Stock Brokerage Ltd.			-	-
B-Kash Ltd.			-	-
BRAC Saajan Exchange Ltd.			-	-
			2,664,778,283	2,536,431,462
20 Revaluation Reserve				
	HTM	HFT	Total	Total
Balance at the beginning of the year	18,124,635	144,965,119	163,089,754	1,220,932,130
Add: Addition during the period	3,677,035	-	3,677,035	1,366,651
Less: Adjustment during the period	-	(143,065,869)	(143,065,869)	(1,059,209,027)
	21,801,670	1,899,250	23,700,919	163,089,754
Revaluation reserve is made according to DOS Circular no.-05, dated 26th May 2008.				
20.a Consolidated Revaluation Reserve				
BRAC Bank Limited			23,700,919	163,089,754
Off Shore Banking Unit			-	-
BRAC EPL Investments Ltd.			-	-
BRAC EPL Stock Brokerage Ltd.			-	-
B-Kash Ltd.			-	-
BRAC Saajan Exchange Ltd.			-	-
			23,700,919	163,089,754
20.b Share money deposit				
Share money deposited by Money in motion			379,168,830	122,227,732
Less: Share money deposited by BBL			(5,100)	(5,100)
Net Share money deposit in B-Kash			379,163,730	122,222,632
Share of BRAC Bank (as Parent) on Share money deposit (51%)			193,373,502	62,333,542
In accordance with the memorandum of understanding with "Money in motion" (Minority shareholder with 49% share of B-Kash Ltd.) the banks share of "share money deposit" is disclosed.				
21 Surplus in Profit and Loss Account/ Retained Earnings				
Balance at the beginning of the year			1,934,731,623	1,693,401,098
Less: Issue of Bonus Share (20%)			-	535,392,000
Less: Cash Dividend (10%)			-	267,696,000
Less: Dividend on Preference Share			-	47,812,500
Add: HTM Loss adjustment (Prior year)			-	5,681,746
Add: Retained Surplus for the period			213,076,141	1,086,549,279
			2,147,807,764	1,934,731,623



Particulars	March 2012 Taka	December 2011 Taka
21.a Consolidated Surplus in Profit and Loss Account/ Retained Earnings		
BRAC Bank Limited	2,147,807,764	1,934,731,623
Add: Retained Surplus from Off Shore Banking (Opening)	72,909,917	(6,006,545)
Add: Retained Surplus from Off Shore Banking (During the period)	18,674,606	78,916,462
Add: Retained Surplus from BRAC EPL	101,567,310	144,528,611
Add: Retained Surplus from BRAC EPL Investments Ltd. (During the period)	22,009,882	(42,961,300)
Add: Share of Capital gain	-	-
Less: Tax on Capital gain	-	-
Less: Pre Acquisition profit from BRAC EPL Investments Ltd.	-	-
Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (Opening)	194,760,249	135,850,442
Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (During the period)	1,211,612	58,909,806
Less: Pre Acquisition profit from BRAC EPL Stock Brokerage Ltd.	-	-
Add: Retained Surplus from B-Kash Ltd. (Opening)	(28,988,682)	(11,501,616)
Add: Retained Surplus from B-Kash Ltd. (During the period)	(11,891,376)	(17,487,065)
Add: Retained Surplus from BRAC Saajan Ltd. (Opening)	7,339,346	-
Add: Retained Surplus from BRAC Saajan Ltd. (During the period)	10,860,717	7,339,346
Add: Share of profit from investment in BRAC Asset Management Company Ltd. (Opening)	631,311	71,650
Add: Share of profit from investment in BRAC Asset Management Company Ltd. (During the period)	149,658	559,661
	2,537,042,314	2,282,951,075

22 Minority Interest

BRAC EPL Investments Ltd.	245,385,874	238,435,385
BRAC EPL Stock Brokerage Ltd.	45,982,865	45,848,242
B-Kash Ltd.	148,221,892	33,752,220
BRAC Saajan Exchange Ltd.	3,257,347	3,400,088
	442,847,979	321,435,935

22.1 Calculation of Minority Interest

	BRACEPL Investments Ltd.	BRAC EPL Stock Brokerage Ltd.	B-Kash Ltd.	BRAC Saajan Exchange Ltd.	Total
Share Capital	390,000,000	350,000,000	3,500,000	42,362,958	785,862,958
Share Premium	436,825,951	-	-	-	436,825,951
Share money deposit	-	-	379,163,730	-	379,163,730
Retained Earnings	195,615,191	109,828,653	(80,170,073)	(16,304,183)	208,969,588
Total net assets as at 31	1,022,441,142	459,828,653	302,493,657	26,058,775	1,810,822,227
Minority Interest at 31	245,385,874	45,982,865	148,221,892	3,257,347	442,847,979
Total net assets as at 31	993,480,771	458,482,417	68,882,081	13,600,516	1,534,445,785
Minority Interest as at 31	238,435,385	45,848,242	33,752,220	3,400,088	321,435,935

23 Contingent Liabilities

Acceptances and endorsements	160,123,883	160,105,738
Import Letters Of Credit - Sight	8,233,659,585	9,773,346,190
Import Letters Of Credit - Usance	4,040,684,060	6,031,452,875
Import Letters Of Credit - Back to Back	650,691,752	396,281,783
Guarantees Issued	4,678,689,086	4,537,278,981
Tax Liability	115,398,757	115,398,757
Bills for collection	483,780,393	626,623,955
Contingent Assets - FX deals	1,933,426,342	735,975,000
Stock of Travelers Cheques (TC)	4,326,427	4,325,898
Stock of Govt. Sanchaya Patra	12,851,000	12,851,000
Securities under repo with other bank	-	-
	20,313,631,284	22,393,640,175

23.1 Contingent Liabilities (Taxation)

Pre-operating expenses were shown as allowable expenses in the return for the Income year 2001 (assessment year 2002-2003). After filing of the return, the Tax Authority disallowed these expenses. BRAC Bank Ltd. Filed an appeal against order of the Tax Authority to the Additional Commissioner of Taxes (Appeal) who allowed these expenses. In response, the Tax Authority filed a further appeal against the order of the Additional Commissioner of Taxes (Appeal) to the Taxes Appellate Tribunal who again disallowed these expenses. BRAC Bank Ltd. filed an appeal to The Supreme Court of Bangladesh, High Court Division for revision in this matter (BDT 3,367,206) and it is under process. Further, Local & Revenue Audit Office has issued a demand of BDT 55,165,078 against VAT audit for the Income year 2006 and the Bank has filed a writ petition to high court against the said demand. Similarly, LTU VAT has issued demand notice of BDT 56,866,473 after auditing income year 2009 and the Bank has filed an appeal at appellate Tribunal.

23.a Consolidated Contingent liabilities

BRAC Bank Limited	20,313,631,284	22,393,640,175
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	441,878,310	405,759,290
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	20,755,509,594	22,799,399,465



Particulars	March 2012 Taka	March 2011 Taka
Section -Three: Notes to Profit & loss Account		
24 Income statement		
Income:		
Interest, discount and similar income (Note-24.1)	3,901,473,627	3,946,533,380
Dividend income (Note-27)	23,874,372	22,277,189
Fees, commission and brokerage (Note-24.2)	535,048,594	460,546,896
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	19,180,972	214,654,751
Gains less losses arising from dealing from foreign currencies (Note-28)	176,234,497	142,631,852
Gain less losses arising from REPO	243,596,883	169,834,457
Income from non-banking assets	-	-
Other operating income (Note-29)	76,437,550	49,085,977
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
	<u>4,975,846,495</u>	<u>5,005,564,502</u>
Expenses:		
Interest, fees and commission (Note-26)	2,262,511,076	2,320,091,453
Losses arising from dealing securities	172,404,496	170,507,515
Administrative expenses (Note-24.3)	945,737,847	883,726,521
Other operating expenses (Note-38)	234,065,896	235,894,470
Depreciation on banking assets (Note-37)	164,413,317	115,526,727
Operating Profit	<u>3,779,132,631</u>	<u>3,725,746,686</u>
	<u>1,196,713,864</u>	<u>1,279,817,816</u>
24.1 Interest, discount and similar income		
Interest on loans and advances	3,517,418,906	3,041,864,497
Interest on money at call and short notice	28,583,042	40,716,181
Interest on balance with other banks	5,495,689	10,137,730
Interest on treasury bills & bonds	242,860,627	697,815,320
Interest on fixed deposits with other banks	92,530,432	139,124,653
Interest on coupon bearing bond	14,584,931	16,875,000
Interest on zero coupon bond	-	-
	<u>3,901,473,627</u>	<u>3,946,533,380</u>
24.2 Fees, commission and brokerage		
Fees	416,812,844	370,773,386
Commission	118,235,751	89,773,510
	<u>535,048,594</u>	<u>460,546,896</u>
24.3 Administrative expenses		
Salaries and allowances	609,707,676	556,295,273
Rent, taxes, insurance, electricity etc.	146,306,592	135,561,763
Legal expenses	6,523,591	6,013,010
Postage, stamps, telecommunication etc.	41,986,299	51,703,907
Stationery, printing, advertisement etc.	59,974,455	95,000,562
Chief Executive's salary & fees	2,025,000	1,875,000
Directors' fees & expenses	155,250	578,385
Auditors' fee	880,402	225,000
Repairs & maintenance of fixed assets	78,178,582	36,473,623
	<u>945,737,847</u>	<u>883,726,521</u>
25 Interest Income		
Interest on loans and advances -		
Retail	599,080,988	622,128,031
Corporate	998,804,206	829,439,973
Lease Finance	108,349,261	71,369,861
SME	1,684,598,069	1,409,985,889
Credit Cards	121,010,809	103,534,065
Staff	5,575,573	5,406,679
Interest on money at call and short notice	3,517,418,906	3,041,864,497
Interest on balance with other banks	28,583,042	40,716,181
Interest on fixed deposits with other banks	5,495,689	10,137,730
	<u>92,530,432</u>	<u>139,124,653</u>
	<u>3,644,028,069</u>	<u>3,231,843,060</u>
25.a Consolidated Interest Income		
BRAC Bank Limited	3,644,028,069	3,231,843,060
Off Shore Banking Unit	64,796,379	119,866,688
BRAC EPL Investments Ltd.	162,105,531	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
Less: Inter-company transaction:	-	-
Interest income from BRAC EPL	87,694,520	37,736,078
	<u>3,783,235,459</u>	<u>3,313,973,670</u>



Particulars	March 2012 Taka	March 2011 Taka
26 Interest Paid on Deposits and Borrowing etc.		
Interest on deposits		
Current	248,529,527	279,378,736
STD	111,231,451	510,126,046
Savings	182,556,975	56,671,827
Term	1,571,238,797	866,920,795
	2,113,556,750	1,713,097,404
Interest on money at call and short notice	13,623,542	25,489,417
Interest on local bank accounts	11,997,452	37,012,301
Interest on dealing of securities - HFT Instruments	-	32,565,937
Interest on Off shore banking	-	16,125,509
Interest on REPO	-	417,675,884
Interest on BBL bond issue	123,333,333	78,125,000
	<u>2,262,511,076</u>	<u>2,320,091,452</u>
26.a Consolidated Interest Paid on Deposits and Borrowing etc.		
BRAC Bank Limited	2,262,511,076	2,320,091,452
Off Shore Banking Unit	41,558,608	97,191,883
BRAC EPL Investments Ltd.	135,986,451	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
Less: Inter-company transaction:		
Interest income from BRAC EPL	87,694,520	37,736,078
	<u>2,352,361,615</u>	<u>2,379,547,257</u>
27 Investment Income		
Interest on treasury bills & bonds	242,860,627	697,815,320
Gain/ (Loss) on dealing of securities - HFT	(172,404,496)	(170,507,515)
Gain on reverse REPO	243,596,883	169,834,457
Dividend on preference shares	6,649,595	11,381,762
Interest on coupon bearing bond	14,584,931	16,875,000
Capital gain on coupon bearing bond	-	-
Gain on trading shares (Realized)	19,180,972	214,654,751
Dividend on ordinary shares	17,224,777	10,895,427
Interest on zero coupon bond	-	-
Interest income in public traded share	-	-
	<u>371,693,289</u>	<u>950,949,202</u>
27.a Consolidated Investment Income		
BRAC Bank Limited	371,693,289	950,949,202
Off Shore Banking Unit	-	-
Subsidiaries:		
BRAC EPL Investments Ltd.	18,860,353	506,971
BRAC EPL Stock Brokerage Ltd.	3,237,722	129,708
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
Associate:		
Share of profit/ (loss) from associate	149,658	135,113
	<u>393,941,021</u>	<u>951,720,993</u>
28 Commission, Exchange and Brokerage		
Commission from sale of sanchaya patra	114,397	627,985
Commission from issue of payment orders, DD & TT	4,737,771	8,402,977
Commission from issue of letter of guarantee	20,700,694	4,521,719
Commission from issue of letters of credit (Import & Export)	56,752,443	26,308,121
Commission on visa processing	2,265,706	1,918,877
Commission on Travellers Cheques	225,363	1,641,060
Commission on remittance	32,821,547	45,356,928
Other commission	617,829	995,843
Foreign exchange earnings	176,234,497	142,631,852
Loan processing fees	163,433,605	174,304,231
Account activity fees	58,434,825	47,814,584
Import & export related fees	3,094,692	2,358,460
Fees & Commission-Cards	103,546,783	80,023,071
Relationship Fees	1,028,141	1,838,661
Loan Early Settlement Fees	6,545,897	12,140,590
Loan Penal Interest	1,387,476	482,147
Service Charges for ATM Card	70,848,050	43,579,873
Fund Collection/ Transfer Fees	146,100	66,450
Student Service Center Fees	443,500	1,394,500
Cancellation fees	29,800	21,700
Cheque collection fees	1,602,429	448,871
Trade Finance Charges	-	1,900,000
Other fees (Note : 28.1)	6,271,546	4,400,250
	<u>711,283,092</u>	<u>603,178,748</u>



Particulars	March 2012 Taka	March 2011 Taka
28.1 Other fees		
Passport Endorsement Fees	1,149,900	1,792,949
Locker fees	1,149,433	970,100
Merchant Service Fee	140,000	308,000
Service fees – BIT	272,225	222,631
IOM Service Fees	237,800	716,500
Annual Membership Fees–Premium Banking	11,800	11,800
Membership Fees–ELDORADO	434,829	377,370
Annual Fees–SMS Banking	1,320,422	-
Cash withdrawal from branch POS	150	900
Syndication Fees	766,118	-
Valuation fees	788,868	-
	<u>6,271,546</u>	<u>4,400,250</u>
28.a Consolidated Commission, Exchange and Brokerage		
BRAC Bank Limited	711,283,092	603,178,748
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	22,418,666	43,950,413
BRAC EPL Stock Brokerage Ltd.	33,507,397	70,705,458
B–Kash Ltd.	(375,026)	-
BRAC Saajan Exchange Ltd.	31,025,069	-
	<u>797,859,198</u>	<u>717,834,619</u>
29 Other operating income		
Recovery of written off bad debts	59,160,590	42,532,189
Profit on sale of assets	(260,961)	(879,600)
Rebate income from other bank	3,755,864	1,093,857
Miscellaneous Income	13,782,057	6,339,531
	<u>76,437,550</u>	<u>49,085,977</u>
29.a Consolidated Other operating income		
BRAC Bank Limited	76,437,550	49,085,977
Off Shore Banking Unit	30,231	-
BRAC EPL Investments Ltd.	1,811,413	856,222
BRAC EPL Stock Brokerage Ltd.	1,702,820	2,626,413.00
B–Kash Ltd.	2,095,304	-
BRAC Saajan Exchange Ltd.	-	-
	<u>82,077,318</u>	<u>52,568,612</u>
30 Consolidated Salaries and allowances		
BRAC Bank Limited	609,707,676	556,295,273
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	15,498,567	9,499,283
BRAC EPL Stock Brokerage Ltd.	15,149,077	14,238,850
B–Kash Ltd.	11,379,640	4,003,551
BRAC Saajan Exchange Ltd.	5,174,892	-
	<u>656,909,851</u>	<u>584,036,957</u>
31 Rent, Taxes, Insurance, Electricity etc.		
Rent, rates & taxes	120,459,977	107,659,007
Insurance	4,854,629	13,261,229
Power & electricity	19,955,847	13,610,388
WASA & Sewerage	1,036,138	1,031,139
	<u>146,306,592</u>	<u>135,561,763</u>
31.a Consolidated Rent, Taxes, Insurance, Electricity etc.		
BRAC Bank Limited	146,306,592	135,561,763
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	5,208,277	4,073,387
BRAC EPL Stock Brokerage Ltd.	3,433,983	9,202,501
B–Kash Ltd.	3,213,973	776,250
BRAC Saajan Exchange Ltd.	741,655	-
	<u>158,904,480</u>	<u>149,613,901</u>
32 Consolidated Legal expenses		
BRAC Bank Limited	6,523,591	6,013,010
Off Shore Banking Unit	3,224,946	-
BRAC EPL Investments Ltd.	3,826,030	265,375
BRAC EPL Stock Brokerage Ltd.	154,268	-
B–Kash Ltd.	993,000	-
BRAC Saajan Exchange Ltd.	64,960	-
	<u>14,786,796</u>	<u>6,278,385</u>
33 Postage, Stamp, Telecommunication etc		
Postage & courier	9,674,809	12,686,644
Telegram, telex, fax & Network	16,242,615	17,509,679
Court fees & stamps	848,693	1,165,313
Telephone–Office	15,220,182	20,342,270
	<u>41,986,299</u>	<u>51,703,907</u>



Particulars	March 2012 Taka	March 2011 Taka
33.a Consolidated Postage, Stamp, Telecommunication etc		
BRAC Bank Limited	41,986,299	51,703,907
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	1,329,160	1,268,319
BRAC EPL Stock Brokerage Ltd.	6,688,359	1,755,753
B-Kash Ltd.	1,247,717	13,820
BRAC Saajan Exchange Ltd.	824,657	-
	<u>52,076,192</u>	<u>54,741,799</u>
34 Stationery, Printing, Advertisement etc.		
Stationery & Printing	23,387,089	28,948,004
Security Stationery	7,518,715	5,169,874
Advertisement	29,068,652	60,882,684
Billboard Rent	7,043,804	5,770,185
Printing	527,792	8,014,357
Publications	20,438,618	38,328,148
Campaign	1,058,437	8,769,993
	<u>59,974,455</u>	<u>95,000,562</u>
34.a Consolidated Stationery, Printing, Advertisement etc.		
BRAC Bank Limited	59,974,455	95,000,562
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	874,923	3,317,828
BRAC EPL Stock Brokerage Ltd.	1,265,718	6,022,463
B-Kash Ltd.	2,129,216	54,150
BRAC Saajan Exchange Ltd.	737,203	-
	<u>64,981,515</u>	<u>104,395,002</u>
35 Directors' Fees & Expenses		
Director's fees represent fees paid for attending board meeting, board audit committee meeting, board recruitment committee meeting @ Tk. 5,000 per director per meeting and travel & accommodation expenses of foreign Director for attending the Board meeting.		
Breakup of Directors fees & expenses are given below:		
Directors Fees	90,000	45,000
Traveling & Others	65,250	533,385
	<u>155,250</u>	<u>578,385</u>
35.a Consolidated Director's Fees & Expenses		
BRAC Bank Limited	155,250	578,385
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	310,500	263,250
BRAC EPL Stock Brokerage Ltd.	150,000	180,000
B-Kash Ltd.	248,014	108,203
BRAC Saajan Exchange Ltd.	1,753,921	-
	<u>2,617,685</u>	<u>1,129,838</u>
36 Auditors' Fee	<u>880,402</u>	<u>225,000</u>
36.a Consolidated Auditors' fee		
BRAC Bank Limited	880,402	225,000
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	<u>880,402</u>	<u>225,000</u>
37 Depreciation on and repairs to bank's assets		
Depreciation of Property plant and equipments		
Furniture & fixtures	26,783,950	21,518,499
Office equipments	39,933,595	30,376,985
IT hardware	60,876,381	38,028,874
Motor vehicles	3,988,632	4,233,017
Amortization of Intangible assets		
IT software	32,830,759	21,369,352
	<u>164,413,317</u>	<u>115,526,727</u>
Repairs & Maintenance expenses		
Transport Maintenance	24,899,690	19,428,431
Equipment Maintenance	9,137,414	9,191,027
Hardware & Software Maintenance	38,731,626	2,778,154
Premises Maintenance	5,409,852	5,076,012
	<u>78,178,582</u>	<u>36,473,623</u>
	<u>242,591,899</u>	<u>152,000,350</u>



Particulars	March 2012 Taka	March 2011 Taka
37.a Consolidated Depreciation on and repairs to bank's assets		
BRAC Bank Limited	242,591,899	152,000,350
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	5,500,741	2,850,652
BRAC EPL Stock Brokerage Ltd.	4,496,779	2,717,148
B-Kash Ltd.	5,472,894	675,851.00
BRAC Saajan Exchange Ltd.	426,649	-
	<u>258,488,961</u>	<u>158,244,001</u>
38 Other Expenses		
Transportation & conveyance	16,578,323	19,355,068
Fuel expenses	6,958,748	7,041,447
Traveling	9,334,389	12,549,649
Professional fees	1,155,137	5,577,103
Entertainment	843,014	1,399,872
Staff welfare	6,093,881	8,633,411
SWIFT	942,211	1,473,477
Business development	5,220,273	1,315,907
Books, news papers and periodicals	138,750	593,943
Donation and subscription	1,500,910	3,913,592
VAT & excise duty	759,185	827,682
Fraud, forgeries & operating loss	3,067,000	1,500,000
Staff training	1,983,185	6,731,714
Staff liveries	276,000	630,000
Staff recruitment	207,846	25,991
Payment to outsourcing staff	49,313,698	59,501,328
Bank charges	43,344,038	60,436,827
Crockery's	94,356	222,137
IPO Expenses	3,750,000	-
Credit card expenses	22,033,613	14,838,888
AGM expenses	2,625,000	2,400,000
Bond issue expenses	254,576	10,619,696
Outsource agency fees	40,449,984	2,460,645
Commission paid	1,757,351	4,920,281
Cash carrying charges	15,287,307	8,798,675
Miscellaneous	97,119	127,137
	<u>234,065,896</u>	<u>235,894,470</u>
38.a Consolidated Other Expenses		
BRAC Bank Limited	234,065,896	235,894,470
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	1,551,139	5,329,844
BRAC EPL Stock Brokerage Ltd.	316,195	1,316,991
B-Kash Ltd.	365,346	381,059.00
BRAC Saajan Exchange Ltd.	8,888,884	-
	<u>245,187,459</u>	<u>242,922,364</u>
39 Provisions		
For Loans & Advances:		
For classified loans & advances	429,304,044	514,165,111
For unclassified loans & advances	85,675,718	65,139,197
	<u>514,979,762</u>	<u>579,304,308</u>
For Off Balance Sheet items		
For diminution in value of Investments	40,000,000	-
	<u>554,979,762</u>	<u>579,304,308</u>
39.a Consolidated Provisions		
BRAC Bank Limited	554,979,762	579,304,308
Off Shore Banking Unit	1,368,450	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	<u>556,348,212</u>	<u>579,304,308</u>
40 Income Tax		
40.1 Provision for Income Tax		
Current Tax		
Provision for Income Tax has been made according to the Income Tax Ordinance, 1984. During the period, an amount of Tk. 321,000,000 (March 2011 : 395,000,000) has been provided for current Income Tax.		
Deferred Tax		
Deferred tax is provided using the liability method for timing differences arising between the tax base of assets and liabilities and their carrying values for reporting purposes as per Bangladesh Accounting Standard (BAS) - 12. During the period net amount of Tk.-20,688,860 (2011 : 65,000,000) has been provided as deferred Tax income.		
The charge for taxation is based upon the profit for the year comprises:		
Current tax on taxable income @ 42.5%	321,000,000	395,000,000
Adjustment - prior year	-	-
	<u>321,000,000</u>	<u>395,000,000</u>
Net deferred Tax liability/(asset) originated for temporary differences	(20,688,860)	(65,000,000)
Income Tax on Profit	<u>300,311,140</u>	<u>330,000,000</u>



Particulars	March 2012 Taka	March 2011 Taka
40.a Consolidated Provision for Income Tax		
Current Tax:		
BRAC Bank Limited	321,000,000	395,000,000
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	6,149,805	15,420,178
BRAC EPL Stock Brokerage Ltd.	5,447,325	12,833,815
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	<u>332,597,130</u>	<u>423,253,993</u>
Deferred Tax:		
BRAC Bank Limited	(20,688,860)	(65,000,000)
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	<u>(20,688,860)</u>	<u>(65,000,000)</u>
	<u>311,908,270</u>	<u>358,253,993</u>
41 Weighted Average Earnings Per Share		
Profit after taxation	341,422,961	370,513,508
Less: Preference dividend	-	14,343,750
Profit attributable for distribution to ordinary	<u>341,422,961</u>	<u>356,169,758</u>
Weighted average number of shares	321,235,200	321,235,200
Weighted average/ adjusted earnings per share (Taka)	1.06	1.11
Weighted average earnings per share (EPS) of March 2011 has been restated as per BAS-33 "Earnings per Share".		
41.a Consolidated Weighted Average Earnings Per Share		
Profit after taxation	379,636,557	415,530,090
Less:		
Preference dividend	-	14,343,750
Profit attributable to Minority	<u>(2,794,822)</u>	<u>21,991,920</u>
Profit attributable for distribution to ordinary shareholders	<u>382,431,379</u>	<u>379,194,421</u>
Weighted average number of shares	321,235,200	321,235,200
Weighted average/ adjusted earnings per share (Taka)	1.19	1.18
Weighted average earnings per share (EPS) of March 2011 has been restated as per BAS-33 "Earnings per Share".		
Section -Four : Notes to Cash Flow Statement		
42 Cash & Cash Equivalent		
Cash in hand (including foreign currency)	3,619,828,250	3,542,780,068
Balance with Bangladesh Bank and its agents banks (including foreign currency)	9,013,499,943	8,663,527,908
Balance with other banks and financial institutions	6,032,845,426	2,815,526,664
Money at call and on short notice	440,000,000	900,000,000
	<u>19,106,173,619</u>	<u>15,921,834,640</u>
42.a Consolidated Cash & Cash Equivalent		
BRAC Bank Limited	19,106,173,619	15,921,834,640
Off Shore Banking Unit	8,285,111	-
BRAC EPL Investments Ltd.	70,114,032	19,308,583
BRAC EPL Stock Brokerage Ltd.	122,646,458	538,846,523
B-Kash Ltd.	333,213,171	34,926,882.00
BRAC Saajan Exchange Ltd.	54,115,267	-
	<u>19,694,547,658</u>	<u>16,514,916,628</u>
43 Receipts from other operating activities		
Recovery of written off bad debts	59,160,590	42,532,189
Profit on sale of assets	(260,961)	(879,600)
Misc. Income	13,782,057	6,339,531
Capital gain on coupon bearing bond	-	-
Gain on trading shares	19,180,972	214,654,751
Rebate income from other bank	3,755,864	1,093,857
	<u>95,618,521</u>	<u>263,740,729</u>
43.a Consolidated Receipts from other operating activities		
BRAC Bank Limited	95,618,521	263,740,729
Off Shore Banking Unit	30,231	-
BRAC EPL Investments Ltd.	(259,776)	856,222
BRAC EPL Stock Brokerage Ltd.	-	2,626,413
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	322,981	-
	<u>95,711,958</u>	<u>267,223,364</u>



Particulars	March 2012 Taka	March 2011 Taka
44 Payment for other operating activities		
Rent, taxes, insurance, electricity etc.	140,507,456	146,955,303
Audit fees	1,544,377	847,500
Directors fees & expenses	155,250	578,385
Repair & maintenance	61,004,099	36,472,133
Other expenses	248,375,125	242,335,284
Legal expenses	10,280,605	3,128,434
	461,866,911	430,317,038

44.a Consolidated Payment for other operating activities

BRAC Bank Limited	461,866,911	430,317,038
Off Shore Banking Unit	3,224,946	-
BRAC EPL Investments Ltd.	62,521,279	(81,011,701)
BRAC EPL Stock Brokerage Ltd.	317,462,688	194,638,181
B-Kash Ltd.	-	(6,400,954)
BRAC Saajan Exchange Ltd.	30,012,375	-
	875,088,199	537,542,563

Section -Five : General Disclosures

45 General Disclosure

45.1 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank in its 23rd meeting held on March 02, 2003. Subsequently, the Board of directors in its 91st meeting held on May 14, 2008 reconstituted the Audit Committee as under:

Sl No	Name of Director	Status with The Bank	Status with the	Educational
01	Mr. Shib Narayan Kairv	Director	Chairman	M.Com (Accounting)
02	Mr. Muhammad A (Rume) Ali	Chairman	Member	MA (Economics)
03	Ms. Nihad Kabir	Director	Member	L.L.B., L.L.M.,(UK),

During the year, the Audit Committee of the Board conducted 6 (Six) meetings in which among others, the following issues were discussed:

Facts Discussed

- Discuss the Inspection report of Bangladesh Bank on Foreign trade & foreign exchange of Gulshan Branch.
- Discuss the audit report of different Head Office departments, Branches and SME Sales & service centers conducted by the Bank's internal audit team from time to time.
- Discuss the Enterprise Risk Management Report that prepared and conducted by ERM team
- Discuss the fraud/forgeries & operational loss report
- Review the position of reconciliation with other bank and Nostro Account
- Review the status of the SMA and Bad/Loss loan
- Review the position of reconciliation with other bank and Nostro Account
- Reviewing the Impaired Asset Management Policy - SME & Retail Banking.
- Reviewing the Anti money laundering policy of the Bank.

45.2 Related Party/(ies) Transactions

i) The bank carried out transactions with related parties in the normal course of business on an arm length basis. As on 31 March 2012, the bank had following transactions with the 'Related Party/(ies)' as defined in the BRPD Circulars No. 14 issued by the Bangladesh Bank on 25 June 2003.

Name of the Related Parties	Relationship	Nature of Transaction	Balance as at 31 March 2012
BRAC & its associated organization	Director	Deposits made with us	5,836,467,194
Delta Brac Housing Finance Corporation Ltd.	Director	Deposits made with us	1,698,795
Industrial & Infrastructure Development Finance Co. Ltd.	Director	Loans & advances	45,063,122
BRAC EPL Investments Ltd.	Subsidiary	Loans & advances	1,584,957,908
BRAC EPL Investments Ltd.	Subsidiary	Deposits made with us	54,770,580
BRAC EPL Stock Brokerage Ltd.	Subsidiary	Deposits made with us	85,149,806
BRAC EPL Stock Brokerage Ltd.	Subsidiary	Portfolio Investments	-
b-Kash limited	Subsidiary	Deposits made with us	428,463,063

ii) Name of Directors and the entities in which they have interest as on 31 December 2011

Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have	Educational
01	Mr. Muhammad A (Rume) Ali	Chairman	BRAC BD Mail Network Limited Delta Brac Housing Finance Corp. Ltd. BRAC Karnaphuli Tea Co. Ltd. BRAC Kayachora Tea Co. Ltd. BRAC Bashkhali Tea Co. Ltd., Square Informatics Limited BRAC Kodala Tea Estate BRAC Services Ltd. Bangladesh Netting Factory Ltd. BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. BRAC Afghanistan Bank, bKash Ltd. Documenta Ltd.	MA (Economics)
02	Mr. Quazi Md. Shariful Ala, FCA	Director	Delta Brac Housing Finance Corp. Ltd. MJL Bangladesh Limited Mobil Jamuna Lubricants Limited	Graduate in Economics FCA



Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have	Educational
03	Ms. Nihad Kabir (Independent and Depositor Director)	Director	Kedarpur Tea Company Ltd. Shaistaganj CNG Co. Ltd. Sathgao Tea Estate Ltd. Infrastructure Development Company Ltd. (IDCOL)	L.L.B., L.L.M.,(UK) (Barrister at Law)
04	Ms. Tamara Hasan Abed	Director	BRAC Dairy Food Project, Ayesha Abed Foundation (AAF)	MBA (Finance), USA
05	Mr. Shib Narayan Kairy	Director	BRAC Services Ltd. BRAC Industries Ltd. Documenta TM Ltd. BRAC Karnafuli Tea Co. Ltd. BRAC Banshkhali Tea Company Ltd. BRAC Kalyacherra Tea Company Ltd. BRAC Kodala Tea state Ltd. Bangladesh Netting Factory Ltd.	M.Com (Accounting)
06	Mr. Hafiz G.A Siddiqi	Director	North South University	Ph.D (Manchester Business School), UK, MBA (IBA)
07	Mr. Syed Mahbubur Rahman	Managing Director & CEO	BRAC EPL Investments Limited BRAC EPL Stock Brokerage Limited Industrial and Infrastructure Development Finance Company Limited (IIDFC) Dun & Bradstreet Bangladesh Bangladesh Limited bKash Limited BRAC Saajan Exchange Limited	

iii) Significant contracts where bank is a party and wherein Directors have interest:

Nil

iv) Shares Issued to Directors and executives without consideration or exercisable at discount

Nil

v) Lending Policies to related parties:

Lending to related parties is effected as per requirement of section 27(1) of the Bank Companies Act -1991.

Nil

vi) Loan and advances to Directors and their related concern:

Industrial & Infrastructure Development Finance Co. Ltd.
Classification Status

45,063,122
Unclassified

vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act-1991.

Nil

viii) Investment in the Securities of Directors and their related concern:

Nil

45.3 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on 31.03.2012.

45.4 Number of Employees

The number of Employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of Tk. 36,000 or above were 6,562(2011: 6,619).

45.5 Post Balance Sheet Events:

- a) The Board of Directors in its 140th Board meeting held on 22 February, 2012 has proposed dividend of 20% Stock Dividend (i.e. Bonus Share at Ratio 1:5) subject to the approval of the Shareholders at the next Annual General Meeting.

45.6 Share trading

The bank traded its ordinary shares in CDBL through DSE and CSE on 31 January 2007. The closing market price on 29 March 2012 was Tk. 34.90 at DSE and Tk. 34.60 at CSE.



BRAC Bank Ltd.
Highlights on the overall Activities
As on March 31, 2012

Particulars	Amount in Taka	
	31 March 2012	31 December 2011
Paid-up capital	3,212,352,000	3,212,352,000
Total capital including general provisions	13,136,226,410	12,788,691,488
Capital surplus/(deficit)	1,865,801,297	1,760,127,489
Total assets	142,475,097,346	133,201,048,438
Total deposits	112,387,240,002	103,725,529,225
Total loans & advances	95,801,869,954	90,822,174,665
Total contingent liabilities & commitments	20,313,631,284	22,393,640,175
Credit deposit ratio (Loans & advances/Deposits)	85.24%	84.82%
Percentage of classified loans against total loans & advances	5.94%	5.47%
Profit after tax & provisions	341,422,961	1,702,381,869
Amount of classified loans during the current year	5,694,763,698	5,239,542,550
Provision kept against classified loans	3,938,978,311	3,535,702,665
Provisions surplus/deficit	650,230,966	711,648,993
Cost of fund	8.40%	8.66%
Interest earning assets	132,926,980,585	123,987,060,969
Non-Interest earning assets	9,548,116,761	9,213,987,469
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	10.25%	12.41%
Return on assets (ROA) [PAT/Average assets]	0.99%	1.36%
Return on Equity (ROE) [PAT/Average shareholders equity]	14.07%	17.90%
Income from investments	371,693,289	1,704,955,227
Weighted average earning per share	4.25	5.15
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)]	4.25	5.15
Price earning ratio (Market price per share/EPS)	8.21	8.87
Net Asset Value per Share (NAV) [(Shareholders equity-Preference Share)/No. of Ordinary Share]	29.43	28.80



BRAC Bank Limited
Balance with other bank and financial institutions (Outside Bangladesh on Demand Deposit Accounts)
As on March 31, 2012

Name of Bank	A/C Type	March 2012			December 2011		
		FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Standard Chartered Bank-NY (USD)	CD	(38,423.84)	81.79	(3,142,494)	158,080.18	70.800	11,192,077
Mashreq Bank PSCNY (USD)	CD	32,728	81.79	2,676,630	6,128.32	70.800	433,885
The Bank of Nova Scotia- USA (USD)	CD		81.79	-	-	70.800	-
The Bank of Nova Scotia- Canada (CAD)	CD	111,485.60	82.08	9,150,337	136,581.01	70.931	9,687,855
CITI Bank NA (USD)	CD	(403,735.83)	81.79	(33,019,535)	287,286.90	70.800	20,339,913
AB Bank Mumbai (ACU Dollar)	CD	105.02	81.79	8,589	121,537.32	70.800	8,604,842
Crescent Comm. Bank Karachi (ACU Dollar)	CD		81.79	-			
ICICI Mumbai (ACU Dollar)	CD	11,141.57	81.79	911,213	42,925.66	70.800	3,039,137
Standard Chartered Bank-UK (GBP)	CD	447,833.99	130.13	58,275,786	2,905.56	108.876	316,347
Hypo Vereins Bank Germany (EURO)	CD	54,996.86	109.20	6,005,844	145,206.83	92.968	13,499,516
HSBC - NY (USD)	CD	(553,435.05)	81.79	(45,262,686)	496,615.40	70.800	35,160,370
HSBC - UK (GBP)	CD	436,894.37	130.13	56,852,234	227,406.67	108.876	24,759,158
HSBC - AUS (AUD)	CD	8,671.79	85.30	739,684	9,454.11	71.731	678,153
Standard Chartered Bank - UK (EURO)	CD		109.20	-		92.968	-
Union DE Banques Arabes ET Francaises (JPY)	CD	3,411,795.00	0.99	3,367,442	1,521,229.00	0.861	1,310,235
Westpack Banking Corporation, (AUD)	CD	49,677.53	85.30	4,237,379	122,621.31	71.731	8,795,749
HSBC - Pakistan (ACU Dollar)	CD	413.47	81.79	33,816	7,452.67	70.800	527,649
HSBC - India (ACU Dollar)	CD		81.79	-	6,120.06	70.800	433,300
Mashreq Bank - UK (GBP)	CD		130.13	-		108.876	-
Mashreq Bank - UK (EURO)	CD		109.20	-		92.968	-
Zuercher Kantonal Bank, Zurich (CHF)	CD	26,616.70	90.56	2,410,283	17,207.25	74.307	1,278,624
ING Belgium NV/SA (EURO)	CD	14,311.11	109.20	1,562,822	10,987.13	92.968	1,021,446
Commerz Bank AG Germany (EURO)	CD	190,722.11	109.20	20,827,503	41,269.46	92.968	3,836,719
JP Morgan Chase Bank (USD)	CD	480,922.19	81.79	39,332,221	73,125.27	70.800	5,177,269
Unicredito Italiano SPA (EURO)	CD	10,773.13	109.20	1,176,462	100,771.82	92.968	9,368,504
SCB Frankfurt (EURO)	CD	(166,283.27)	109.20	(18,158,698)	7,538.00	92.968	700,789
United Bank of India (USD)	CD	951.16	81.79	77,791	58,605.81	70.800	4,149,291
Commerz Bank, AG Germany (USD)	CD	20,429	81.79	1,670,766	-	-	-
Sonali Bank Limited (UK)	CD	237	130.13	30,840	-	-	-
HDFC Bank Limited (ACU)	CD	3,041	81.79	248,728	-	-	-
Deutsche Bank Trust Company (USD)	CD	125,617	81.79	10,273,617	-	-	-
Commerz Bank - Frankfurt (USD)	CD	(258,601)	81.79	(21,149,679)	-	-	-
Bank of America N.A New York	CD	180,094	81.79	14,728,952	-	-	-
Total				113,865,848			164,310,828



BRAC Bank Limited
Schedule of Fixed assets including premises, furniture and fixtures
As on March 31, 2012

Particulars	C O S T			Rate of Dep. %	D E P R E C I A T I O N			Written down value 31.03.2012
	Balance as on 01.01.2012	Addition during the period	Adjustment during the period		Balance as on 01.01.2012	Charged during the period	Adjustment during the period	
Property, plant & equipments								
Land	87,940,465	-	-		-	-	-	87,940,465
Furniture & fixture	1,060,711,794	25,112,519	213,334	10	261,683,624	26,783,950	-	797,143,404
Office equipments **	872,013,588	9,782,352	5,648,530	20	415,483,640	39,933,595	4,737,569	425,467,743
IT Hardwares *	1,196,248,215	32,106,531	4,000,000	20	587,956,765	60,876,381	-	575,521,600
Motor vehicles	83,865,588	-	-	20	41,099,155	3,988,632	-	38,777,801
	3,300,779,649	67,001,402	9,861,864		1,306,223,184	131,582,558	4,737,569	1,924,851,014
Intangible assets								
with Indefinite useful lives:								
License	50,000	-	-		-	-	-	50,000
with definite useful lives								
IT Softwares	726,572,647	-	-	20	372,014,356	32,830,759	-	321,727,532
	726,622,647	-	-		372,014,356	32,830,759	-	321,777,532
Total	4,027,402,296	67,001,402	9,861,864		1,678,237,540	164,413,317	4,737,569	2,246,628,546
As at 31 Dec. 2011	2,909,787,607	1,181,195,585	63,580,896		1,160,882,100	550,215,900	32,860,459	2,349,164,755

* IT Hardware includes Computers/ PC's which were depreciated @ 33.33%.

** Office equipment includes telephone sets which were depreciated @50% instead of 20% on other office equipment.



BRAC Bank Ltd.
Statement of Tax position
As on 31 March 2012

Accounting Year	Assessment Year	Tax provision	Tax as per assessment	(Short)/Excess provision	Advance Tax as per assessment order	Present Status
2001	2002-2003	-	956,739	(956,739)	1,107,927	Appeal with Supreme Court
2002	2003-2004	-	375,000	(375,000)	1,119,440	Completed
2003	2004-2005	-	3,156,103	(3,156,103)	1,587,297	Completed
2004	2005-2006	111,000,000	82,698,385	28,301,615	78,337,409	Completed
2005	2006-2007	147,680,000	150,074,971	(2,394,971)	143,306,036	Completed
2006	2007-2008	371,100,000	385,558,644	(14,458,644)	145,000,000	Completed
2007	2008-2009	766,000,000	799,810,239	(33,810,239)	395,000,000	Completed
2008	2009-2010	1,220,000,000	1,254,976,871	(34,976,871)	742,800,000	Completed
2009	2010-2011	1,140,000,000	-	1,140,000,000	1,203,171,272	Assessment under Process
2010	2011-2012	1,416,240,000	-	1,416,240,000	1,151,898,179	Tax Return is submitted u/s 82BB
2011	2012-2013	1,460,000,000	-	-	130,000,000	Not due yet



BRAC Bank Limited
Statement of outstanding unreconciled entries
As on March 31, 2012

(Amount in USD)

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	5	13,728.63	99	6,243,773.94	59	1,998,036.52	280	6,842,505.10
02	More than 03 months but less than 06 months	0	-	0	-	0	-	0	-
03	More than 06 months but less than 09 months	0	-	0	-	0	-	0	-
04	More than 09 months but less than 12 months	0	-	0	-	0	-	0	-
05	More than 12 months	0	-	0	-	0	-	0	-
	Total	5	13,728.63	99	6,243,773.94	59	1,998,036.52	280	6,842,505.10



Off-shore Banking Units

Balance Sheet
As on March 31, 2012

	Note	March 2012 Taka	December 2011 Taka
PROPERTY AND ASSETS			
Cash		-	-
Cash in hand		-	-
(Including foreign currency)		-	-
Balance with Bangladesh Bank and its agent Bank(s)		-	-
(Including foreign currency)		-	-
Balance with other Banks and Financial Institutions	3	8,285,111	8,289,885
Inside Bangladesh		5,476,227	-
Outside Bangladesh		2,808,884	8,289,885
Money at call and short notice		-	-
Investments		-	-
Government		-	-
Others		-	-
Loans and advances	4	4,482,315,232	4,344,938,926
Loans, cash credit, overdrafts etc.		4,482,315,232	4,344,938,926
Bills purchased & discounted		-	-
Fixed assets including premises, furniture and fixtures		-	-
Other assets	5	167,994,991	133,221,192
Total Property and Assets		<u>4,658,595,333</u>	<u>4,486,450,002</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	6	3,271,400,000	3,271,000,000
Borrowings from Central Bank	7	1,238,218,871	1,071,488,567
Deposits and other accounts	8	-	-
Current accounts & other accounts		-	-
Bills payable		-	-
Savings deposits		-	-
Fixed deposits		-	-
Other deposits		-	-
Other liabilities	9	57,391,939	71,051,518
Total Liabilities		<u>4,567,010,810</u>	<u>4,413,540,085</u>
Capital and Shareholders' Equity			
Paid up share capital		-	-
Statutory reserve		-	-
Revaluation reserve		-	-
Surplus in profit and loss account/Retained Earnings	10	91,584,523	72,909,917
Total shareholders' equity		<u>91,584,523</u>	<u>72,909,917</u>
Total Liabilities and Shareholders' Equity		<u>4,658,595,333</u>	<u>4,486,450,002</u>



Off-shore Banking Units

Off Balance Sheet Items

As on March 31, 2012

	March 2012 Taka	December 2011 Taka
Contingent Liabilities		
Acceptances and endorsements	-	-
Letter of guarantees	-	-
Irrevocable letter of credits	-	-
Bills for collection	-	-
Tax liability	-	-
Other contingent liabilities	-	-
Total Contingent Liabilities	-	-
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- lease hold assets	-	-
Total Other Commitments	-	-
Total Off-Balance Sheet items including contingent liabilities	-	-



Off-shore Banking Units

Profit and Loss Account For the period ended 31 March 2012

Particulars	Note	March 2012 Taka	2011 Taka
Interest income	11	64,796,379	194,125,146
Interest paid on deposits and borrowing etc.	12	41,558,608	86,732,803
Net interest income		23,237,771	107,392,343
Investment income		-	-
Other operating income		30,231	-
Total operating income		23,268,002	107,392,343
Salaries and allowances		-	-
Rent, taxes, insurance, electricity etc.		-	-
Legal expenses		3,224,946	6,271,488
Postage, stamps, telecommunication etc.		-	-
Stationery, printing, advertisement etc.		-	-
Chief Executive's salary & fees		-	-
Directors' fees & expenses		-	-
Auditors' fee		-	-
Depreciation on and repairs to bank's assets		-	-
Other expenses		-	22,305
Total operating expenses		3,224,946	6,293,793
Profit/(loss) before provisions		20,043,056	101,098,550
Provision for:			
Loans and advances	13	1,368,450	22,182,088
Off balance sheet items		-	-
Others		-	-
Total provision		1,368,450	22,182,088
Profit/(loss) before taxes		18,674,606	78,916,462
Provision for Tax:			
Current tax expense		-	-
Deferred tax expense/ (income)		-	-
Total provision for Tax		-	-
Total profit/(loss) after taxes		18,674,606	78,916,462
Retained earnings brought from previous years		72,909,917	-
Retained earnings		91,584,523	78,916,462



Off-shore Banking Units
Cash Flow Statement
For the period ended 31 March 2012

A. Cash flows from operating activities

	March 2012 Taka	2011 Taka
Interest receipts	26,792,774	94,215,026
Interest payment	(56,591,949)	(70,651,408)
Receipts from other operating activities	30,231	-
Payment for other operating activities :	(3,224,946)	(6,293,793)
Operating profit/(loss) before changes in operating assets and liabilities (i)	(32,993,891)	17,269,825
Increase/decrease in operating assets & liabilities		
Loans and advances	(137,376,306)	(2,503,636,597)
Other assets	3,229,805	(33,172,887)
Other liabilities	5,313	2,854,279
Cash utilised in operating assets & liabilities (ii)	(134,141,187)	(2,533,955,205)
Net cash (used)/flows from operating activities (i+ii)	(167,135,078)	(2,516,685,380)

B. Cash flows from investing activities

Acquisition of fixed assets	-	-
Disposal of Fixed Assets	-	-
Net cash used in investing activities	-	-

C. Cash flows from financing activities

Borrowings from other banks	400,000	1,442,394,996
Money at call and short notice	-	-
Borrowings from Bangladesh Bank	166,730,304	1,071,488,567
Net cash flows from financing activities	167,130,304	2,513,883,563
Net increase/decrease in cash	(4,774)	(2,801,817)
Cash and cash equivalents at beginning of year	8,289,885	11,091,702
Cash and cash equivalents at end of period	8,285,111	8,289,885
Cash and cash equivalents at end of the period:		
Cash in hand (including foreign currency)	-	-
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	8,285,111	8,289,885
Balance with other banks and financial institutions	-	-
	8,285,111	8,289,885



Off-shore Banking Units
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2012

1.1 Status of the units

Off-shore Banking Units of BRAC Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The bank commenced the operation of its Off-shore banking Unit from 2010 after obtaining necessary approval from Bangladesh Bank.

1.1.1 Principal Activities

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its off-shore Banking units in Bangladesh.

2 Summary of Significant Accounting Policies & basis of preparation

2.1 A summary of the principle accounting policies which have been applied consistently (Unless otherwise stated), is set out below:

a) Basis of accounting

The Off-shore Banking Units maintain its accounting records in USD from which accounts are prepared according to the Bank Companies Act 1991, Bangladesh Accounting Standards and other applicable directives issued by Bangladesh Bank.

b) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, Actual results may differ from these estimates.

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

c) Foreign currency transaction

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 converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

Commitments for outstanding forward foreign exchange contracts disclosed in the financials are translated at contracted rates. Contingent liabilities/ commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

The resulting exchange transaction gains and losses are included in the profit and loss account, except those arising on the transaction of net investment in foreign subsidiary.



d) Cash flow statement

Cash flow statement has been prepared in accordance with the Bangladesh Accounting Standard – 7 – "Cash flow statement" under direct method as recommended in the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.2 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2011.

2.3 Cash and cash equivalents

For the purpose of presentation in the Cash flow statements, cash and cash equivalents includes Cash in Hand and Cash at Bank, highly liquid interest bearing investment/Securities with original maturities of less than three month.

Cash flow statement is prepared in accordance with BAS 7 titled "Cash Flow Statements". Cash flows from operating activities have been presented at "Direct Method".

2.4 Loans and Advances / investment

- a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.
- b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

2.5 Provision for liabilities

A provision is recognised in the balance sheet when the unit 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".

2.6 Revenue & Expense recognition

2.6.1 Interest income

In terms of the provisions of the BAS – 18 "Revenue", the interest income is recognized on accrual basis.

2.6.2 Interest paid and other expenses

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

2.7 General

- a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.
- b) Assets and liabilities & income and expenses have been converted into Taka currency @ US \$ 1 = Taka 81.785 (Closing rate as at 31st March 2012).



Particulars	March 2012 Taka	December 2011 Taka
3 Balance with Other Banks and Financial Institutions		
A. Inside Bangladesh	5,476,227	-
B. Outside Bangladesh	2,808,884	8,289,885
	<u>8,285,111</u>	<u>8,289,885</u>
4 Loans and Advances		
Overdrafts	-	-
Demand loans	-	-
Term loans	4,482,315,232	4,344,938,926
Lease receivables	-	-
Small & medium enterprises	-	-
Credit Cards	-	-
	<u>4,482,315,232</u>	<u>4,344,938,926</u>
Bills purchased & discounted	-	-
	<u>4,482,315,232</u>	<u>4,344,938,926</u>
4.1 Bill Purchased & Discounted under the following broad categories		
Inside Bangladesh	-	-
Outside Bangladesh	-	-
	<u>-</u>	<u>-</u>
5 Other Assets		
Interest receivables	138,051,910	100,048,305
Deferred revenue expenditure	29,020,784	32,241,787
Other assets	922,297	931,099
	<u>167,994,991</u>	<u>133,221,192</u>
6 Borrowing from other Banks, Financial Institutions and Agents:		
Term Borrowing	-	-
Borrowing from IFC	3,271,400,000	3,271,000,000
	<u>3,271,400,000</u>	<u>3,271,000,000</u>
7 Borrowings from Central Bank		
Borrowings from Central Bank (Bangladesh Bank)	1,238,218,871	1,071,488,567
	<u>1,238,218,871</u>	<u>1,071,488,567</u>



Particulars	March 2012 Taka	December 2011 Taka
8 Deposit and Other Accounts		
Local Currency:		
Current & other accounts	-	-
Bills payable	-	-
Saving deposits	-	-
Fixed deposits	-	-
Other deposits	-	-
	-	-
Foreign Currency:		
Current & other accounts	-	-
Bills payable	-	-
Saving deposits	-	-
Fixed deposits	-	-
Other deposits	-	-
	-	-
Total Deposit and other accounts	-	-
9 Other Liabilities		
Provisions for loans & advances	44,823,153	43,449,390
Interest payable	12,568,787	27,602,128
	<u>57,391,939</u>	<u>71,051,518</u>
10 Surplus in Profit and Loss Account/ Retained Earnings		
Balance at the beginning of the year	72,909,917	(6,006,545)
Add: Retained Surplus for the period	18,674,606	78,916,462
	<u>91,584,523</u>	<u>72,909,917</u>
11 Interest Income		
Interest on loans and	9,255,040	60,509,371
Interest on bill discounted	55,541,338	133,615,775
	<u>64,796,379</u>	<u>194,125,146</u>
12 Interest Paid on Deposits and Borrowing etc.		
Interest on deposits	-	-
Interest on local bank borrowing	41,558,608	86,732,803
Interest on Bangladesh Bank borrowing	-	-
	<u>41,558,608</u>	<u>86,732,803</u>
13 Provisions		
For Loans & Advances:		
For classified loans & advances	-	-
For unclassified loans & advances	1,368,450	22,182,088
	<u>1,368,450</u>	<u>22,182,088</u>

