

Audited Financial Statements of

BRAC Bank Limited

For the year ended 31 December 2013

Hoda Vasi Chowdhury & Co

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRAC Bank Limited

We have audited the accompanying consolidated financial statements of BRAC Bank Limited and its subsidiaries (together referred to as the "Group") as well as the separate financial statements of BRAC Bank Limited (the "Bank") which comprise the consolidated and separate Balance Sheets as at 31 December 2013, consolidated and separate profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank.

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

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2013, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.

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Hoda Vasi Chowdhury & Co

Chartered Accountants

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 to the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (iii) financial statements of all subsidiaries of the Bank have been audited by us as well as other auditors and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and 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;
- (v) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred was for the purpose of the Bank's business;
- (vii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,640 person hours during the audit; and
- (xii) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Hoda Vasi Chowdhury & Co

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, February 2014

BRAC BANK LIMITED
Consolidated Statement of Financial Position
As at 31 December 2013

	Note	2013 Taka	2012 Taka
PROPERTY AND ASSETS			
Cash	3.a	17,145,674,282	13,581,915,641
Cash in hand		8,526,841,263	4,750,845,270
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)		8,618,833,020	8,831,070,371
(Including foreign currency)			
Balance with other Banks and Financial Institutions	4.a	11,502,822,058	10,978,155,044
Inside Bangladesh		9,214,178,364	10,338,261,494
Outside Bangladesh		2,288,643,694	639,893,550
Money at call and short notice	5.a	-	-
Investments	6.a	21,483,906,130	25,463,079,931
Government		19,365,124,617	21,858,309,744
Others		2,118,781,513	3,604,770,187
Loans and advances	7.a	119,514,547,936	114,086,283,173
Loans, cash credit, overdrafts etc.		118,683,980,593	113,485,146,984
Bills purchased & discounted		830,567,343	601,136,190
Fixed assets including premises, furniture and fixtures	8.a	2,792,707,112	2,861,824,309
Other assets	9.a	11,664,448,733	11,997,406,400
Non-banking assets	10	-	-
Goodwill	11.a	1,472,292,272	1,427,468,912
Total Property and Assets		185,576,398,523	180,396,133,411
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12.a	15,099,564,380	4,918,169,184
Borrowings from Central Bank	13.a	1,437,826,249	4,526,502,247
Convertible Subordinate Bonds	14.a	3,000,000,000	3,000,000,000
Money at Call and Short notice	15.a	2,847,513,000	1,990,000,000
Deposits and other accounts	16.a	126,679,221,827	134,244,989,307
Current accounts & other accounts		45,686,654,323	42,141,724,262
Bills payable		991,931,891	1,693,298,032
Savings deposits		20,738,609,556	18,130,936,581
Fixed deposits		59,077,741,206	71,999,644,228
Other deposits		184,284,852	279,386,204
Other liabilities	17.a	22,635,237,004	20,241,603,354
Total Liabilities		171,699,362,460	168,921,264,092
Capital and Shareholders' Equity			
Paid up share capital	18.2	4,433,045,760	3,854,822,400
Preference share capital		-	-
Share premium	18.8.a	2,133,446,272	1,740,102,253
Statutory reserve	19.a	3,281,594,097	2,934,017,286
Revaluation reserve	20.a	744,701,943	558,121,126
Share money deposit	20.b	23,715,983	23,741,603
Surplus in profit and loss account/Retained Earnings	21.a	2,407,550,889	1,914,456,975
Total shareholders' equity		13,024,054,944	11,025,261,642
Minority Interest	22	852,981,119	449,607,676
Total equity		13,877,036,063	11,474,869,319
Total Liabilities and Shareholders' Equity		185,576,398,523	180,396,133,411

BRAC BANK LIMITED
Consolidated Off Balance Sheet Items
As at 31 December 2013

	2013 Taka	2012 Taka
Contingent Liabilities		
Acceptances and endorsements	6,566,695,163	149,723,080
Letter of guarantees	6,383,222,685	4,740,297,069
Irrevocable letter of credits	11,572,885,095	10,958,226,141
Bills for collection	513,609,666	405,799,599
Tax liability	143,894,928	143,894,928
Other contingent liabilities	3,044,281,070	1,748,952,115
Total Contingent Liabilities	28,224,588,607	18,146,892,932
Other Commitments		
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	28,800,000	159,000,000
Undrawn formal standby facilities, credit lines and other	-	-
Commitments- lease hold assets	-	-
Total Other Commitments	28,800,000	159,000,000
Total Off-Balance Sheet items including contingent liabilities	28,253,388,607	18,305,892,932



Managing Director & CEO



Director



Director



Chairman

Hoda Vasi Chowdhury & Co

Dhaka, February 2014

Hoda Vasi Chowdhury & Co.
Chartered Accountants

BRAC BANK LIMITED
Statement of Financial Position
As at 31 December 2013

	Note	2013 Taka	2012 Taka
PROPERTY AND ASSETS			
Cash	3	17,144,310,884	13,580,670,498
Cash in hand		8,525,477,864	4,749,600,127
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)		8,618,833,020	8,831,070,371
(Including foreign currency)			
Balance with other Banks and Financial Institutions	4	15,838,931,243	15,320,967,135
Inside Bangladesh		8,916,887,987	9,904,922,299
Outside Bangladesh		6,922,043,256	5,416,044,836
Money at call and short notice	5	-	-
Investments	6	21,298,625,661	25,372,525,282
Government		19,365,124,617	21,858,309,744
Others		1,933,501,044	3,514,215,538
Loans and advances	7	102,728,920,850	103,624,437,957
Loans, cash credit, overdrafts etc.		101,898,353,507	103,023,301,767
Bills purchased & discounted		830,567,343	601,136,190
Fixed assets including premises, furniture and fixtures	8	2,443,303,555	2,591,451,880
Other assets	9	12,447,577,446	13,186,739,278
Non-banking assets	10	-	-
Total Property and Assets		171,901,669,638	173,676,792,029
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	7,479,234,422	39,559,407
Borrowings from Central Bank	13	1,437,826,249	4,526,502,247
Convertible Subordinate Bonds	14	3,000,000,000	3,000,000,000
Money at Call and Short notice	15	2,847,513,000	1,990,000,000
Deposits and other accounts	16	124,746,344,037	134,646,448,482
Current accounts & other accounts		39,125,148,916	42,404,819,298
Bills payable		991,931,891	1,693,298,032
Savings deposits		20,832,605,144	18,173,398,623
Fixed deposits		63,612,373,233	72,095,546,325
Other deposits		184,284,852	279,386,204
Other liabilities	17	20,803,298,461	19,319,733,341
Total Liabilities		160,314,216,168	163,522,243,477
Capital and Shareholders' Equity			
Paid up share capital	18.2	4,433,045,760	3,854,822,400
Preference share capital	18.9	-	-
Share premium	18.7	1,406,000,000	1,406,000,000
Statutory reserve	19	3,281,594,097	2,934,017,286
Revaluation reserve	20	744,701,943	558,121,126
Surplus in profit and loss account/Retained Earnings	21	1,722,111,670	1,401,587,740
Total shareholders' equity		11,587,453,470	10,154,548,552
Total Liabilities and Shareholders' Equity		171,901,669,638	173,676,792,029

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BRAC BANK LIMITED
Off Balance Sheet Items
As at 31 December 2013

	Note	2013 Taka	2012 Taka
Contingent Liabilities			
Acceptances and endorsements		6,566,695,163	149,723,080
Letter of guarantees		6,383,222,685	4,740,297,069
Irrevocable letter of credits		11,572,885,095	10,958,226,141
Bills for collection		513,609,666	405,799,599
Tax liability	23.6	143,894,928	143,894,928
Other contingent liabilities		3,044,281,070	1,748,952,115
Total Contingent Liabilities	23	28,224,588,607	18,146,892,932
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		28,224,588,607	18,146,892,932


Managing Director & CEO


Director


Director


Chairman


Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, February 2014

BRAC BANK LIMITED

**Consolidated Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 December 2013**

Particulars	Note	2013 Taka	2012 Taka
Interest income	25.a	18,715,692,063	17,528,045,159
Interest paid on deposits and borrowing etc.	26.a	11,378,701,188	10,703,575,883
Net interest income		7,336,990,875	6,824,469,276
Investment income	27.a	2,766,048,421	1,535,945,862
Commission, exchange and brokerage	28.a	3,567,356,522	2,964,000,773
Other operating income	29.a	736,633,034	432,439,952
Total operating income		14,407,028,852	11,756,855,863
Salaries and allowances	30	3,375,600,927	2,811,069,919
Rent, taxes, insurance, electricity etc.	31.a	910,750,021	724,180,923
Legal expenses	32	87,527,967	38,191,360
Postage, stamps, telecommunication etc.	33.a	259,050,809	224,191,903
Stationery, printing, advertisement etc.	34.a	897,981,495	239,889,154
Chief Executive's salary & fees		12,954,750	11,921,417
Directors' fees & expenses	35.a	3,994,064	3,526,900
Auditors' fee	36.a	3,233,067	2,842,161
Impairment of goodwill		30,046,781	
Depreciation on and repairs to bank's assets	37.a	1,266,468,354	1,143,521,168
Other expenses	38.a	1,418,216,304	1,151,410,073
Total operating expenses		8,265,824,538	6,350,744,978
Profit/(loss) before provisions		6,141,204,313	5,406,110,885
Provision for:			
Loans and advances	39.a	2,865,261,844	2,953,867,367
Diminution in value of investments		47,500,000	276,133,403
Off balance sheet items		20,941,567	-
Others		-	-
Total provision		2,933,703,411	3,230,000,770
Profit/(loss) before taxes		3,207,500,902	2,176,110,115
Provision for Tax:			
Current tax expense		1,994,013,810	1,595,434,751
Deferred tax expense/ (income)		(125,864,238)	(119,108,931)
Total provision for Tax	40.a	1,868,149,572	1,476,325,820
Total profit/(loss) after taxes		1,339,351,330	699,784,295
Appropriations:			
Statutory reserve		347,576,811	397,585,824
General reserve		-	-
Dividend etc.		-	-
		347,576,811	397,585,824
Retained earnings		991,774,519	302,198,471
Attributable to:			
Equity holders of BRAC Bank Ltd.		1,071,808,041	307,978,207
Minority interest		(80,033,522)	(5,779,736)
		991,774,520	302,198,471
EPS	41.a	3.20	1.52


Managing Director & CEO

  
Director Director Chairman


Hoda Vasi Chowdhury & Co.
Chartered Accountants

BRAC BANK LIMITED

Hoda Vasi
Chowdhury & CoStatement of Profit or Loss and other Comprehensive Income
For the Year ended 31 December 2013

Particulars	Note	2013 Taka	2012 Taka
Interest income	25	17,711,573,893	16,713,568,904
Interest paid on deposits and borrowing etc.	26	11,042,602,024	10,195,401,072
Net interest income		6,668,971,869	6,518,167,832
Investment income	27	2,672,221,040	1,530,962,408
Commission, exchange and brokerage	28	2,609,498,962	2,525,466,576
Other operating income	29	510,143,529	320,204,951
Total operating income		12,460,835,400	10,894,801,767
Salaries and allowances		2,801,760,345	2,519,815,735
Rent, taxes, insurance, electricity etc.	31	852,027,480	659,435,061
Legal expenses		67,910,910	31,384,698
Postage, stamps, telecommunication etc.	33	200,248,690	169,498,124
Stationery, printing, advertisement etc.	34	273,898,858	221,169,733
Chief Executive's salary & fees		12,954,750	11,921,417
Directors' fees & expenses	35	523,862	511,750
Auditors' fee	36	900,000	867,800
Depreciation on and repairs to bank's assets	37	1,127,039,107	1,054,578,655
Other expenses	38	1,198,694,630	1,080,422,787
Total operating expenses		6,535,958,634	5,749,605,759
Profit/(loss) before provisions		5,924,876,766	5,145,196,008
Provision for:			
Loans and advances	39	2,831,630,957	2,881,133,485
Diminution in value of investments		47,500,000	276,133,403
Off balance sheet items		20,941,567	-
Others		-	-
Total provision		2,900,072,524	3,157,266,888
Profit/(loss) before taxes		3,024,804,243	1,987,929,120
Provision for Tax:			
Current tax expense		1,797,698,269	1,530,000,000
Deferred tax expense/ (income)		(19,218,128)	(82,451,971)
Total provision for Tax	40.1	1,778,480,141	1,447,548,029
Total profit/(loss) after taxes		1,246,324,101	540,381,091
Appropriations:			
Statutory reserve		347,576,811	397,585,824
General reserve		-	-
Dividend etc.		-	-
		347,576,811	397,585,824
Retained earnings		898,747,290	142,795,267
Basic earnings per share	41	2.81	1.14


Managing Director & CEO


Director


Director


Chairman

Dhaka, February 2014


Hoda Vasi Chowdhury & Co.
Chartered Accountants

BRAC BANK LIMITED
Consolidated Statement of Cash Flows
For the Year ended 31 December 2013

	Note	2013 Taka	2012 Taka
A. Cash flows from operating activities			
Interest receipts		21,258,240,014	18,550,350,922
Interest payment		(11,984,853,512)	(10,951,162,753)
Dividends receipts		71,728,547	58,256,966
Fees & commissions receipts		6,974,267,009	3,649,224,285
Cash payments to employees		(6,734,160,635)	(2,959,633,267)
Cash payments to suppliers		(676,971,371)	(841,403,139)
Income tax paid		(1,771,189,038)	(1,435,010,399)
Receipts from other operating activities	43.a	828,626,462	272,847,411
Payment for other operating activities	44.a	(2,901,846,308)	(2,118,273,025)
Operating profit/(loss) before changes in operating assets and liabilities (i)		5,063,841,169	4,225,197,001
Increase/decrease in operating assets & liabilities			
Loans and advances		(5,291,486,493)	(16,512,011,301)
Other assets		1,426,839,014	(1,275,921,151)
Deposits from customers		(6,712,659,030)	30,444,275,904
Other liabilities		(2,720,509,410)	(1,493,901,261)
Cash utilised in operating assets & liabilities (ii)		(13,297,815,919)	11,162,442,191
Net cash (used)/flows from operating activities (i+ii)		(8,233,974,750)	15,387,639,192
B. Cash flows from investing activities			
Treasury bills		(2,417,715,154)	(1,275,747,828)
Bangladesh Bank Bills		4,908,105,325	(6,967,625,583)
Investment in bonds		(49,602,516)	926,085,811
Encumbered Securities		3,887,179,874	(4,369,480,954)
Treasury bonds		(3,511,943,084)	892,508,788
Sale/ (Investment) in shares		1,626,270,981	-
Investment in debenture		-	-
Investment in bonds		-	-
Investment in zero coupon bonds		-	-
Investment in prize bond		719,800	(930,100)
Acquisition of fixed assets		(64,730,254)	(509,186,554)
Purchase of intangible assets		(7,453,748)	-
Disposal of fixed Assets		34,309,787	9,332,708
Bank interest received		1,933,644	-
Net cash used in investing activities		4,407,074,654	(11,295,043,712)
C. Cash flows from financing activities			
Payment for lease finance		(378,240)	(378,240)
Proceeds from issue of ordinary shares		9,744,900	24,950,000
Proceeds from issue of preference shares		-	(350,000,000)
Share premium		919,440,568	366,765,000
Advance received		109,280,340	-
Proceeds from agent and customer deposit		3,025,605,669	-
Bank Charge		(2,512,849)	-
Borrowings from other banks/institutions		(100,946,555)	(897,662,105)
Payment of dividend on preference share		-	(33,468,750)
Money at call and short notice		857,513,000	1,990,000,000
Borrowings from Bangladesh Bank		(3,088,675,998)	2,993,131,063
Share money deposit		32	(102,250,745)
Donor grant received / (used)		(130,476,984)	119,162,011
Cash Dividend		(214,272)	(843,415)
Net cash flows from financing activities		1,598,379,610	4,109,404,819
Net increase/decrease in cash		(2,228,520,486)	8,202,000,299
Cash and cash equivalents at beginning of year		30,877,016,827	16,358,070,386
Cash and cash equivalents at end of period	42.a	28,648,496,341	24,560,070,685
Cash and cash equivalents at end of the period:			
Cash in hand (including foreign currency)		8,526,841,263	4,750,845,270
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		8,618,833,020	8,831,070,371
Balance with other banks and financial institutions		11,502,822,058	10,978,155,044
Money at call and short notice		-	-
		28,648,496,341	24,560,070,685

BRAC BANK LIMITED
Statement of Cash Flows
For the Year ended 31 December 2013

Hoda Vasi
Chowdhury & Co

	Note	2013 Taka	2012 Taka
A. Cash flows from operating activities			
Interest receipts		20,065,816,199	17,950,764,671
Interest payment		(11,169,965,748)	(10,246,234,577)
Dividends receipts		70,514,316	58,256,966
Fees & commissions receipts		2,609,498,962	2,525,466,576
Cash payments to employees		(2,711,508,163)	(2,485,918,472)
Cash payments to suppliers		(427,199,979)	(388,440,112)
Income tax paid		(1,697,488,124)	(1,380,511,177)
Receipts from other operating activities	43	683,049,812	328,332,822
Payment for other operating activities :	44	(2,713,963,597)	(1,902,694,746)
Operating profit/(loss) before changes in operating assets and liabilities (i)		4,708,753,679	4,459,021,952
Increase/decrease in operating assets & liabilities			
Loans and advances		895,517,107	(12,802,263,292)
Other assets		1,513,012,201	(1,302,802,342)
Deposits from customers		(9,900,104,445)	30,920,919,257
Other liabilities		(2,897,037,000)	(1,419,631,875)
Cash utilised in operating assets & liabilities (ii)		(10,388,612,138)	15,396,221,748
Net cash (used)/flows from operating activities (i+ii)		(5,679,858,459)	19,855,243,700
B. Cash flows from investing activities			
Treasury bills		(2,417,715,154)	(1,275,747,828)
Bangladesh Bank Bills		4,908,105,325	(6,967,625,583)
Treasury bonds		(3,511,943,084)	926,085,811
Encumbured Securities		3,887,179,874	(4,369,480,954)
Sale/ (Investment) in shares		1,580,714,494	392,658,720
Investment in debenture		-	-
Investment in bonds		-	-
Investment in zero coupon bonds		-	392,658,720
Investment in Bonds		-	-
Investment in prize bond		719,800	(930,100)
Acquisition of fixed assets		75,094,169	(397,780,010)
Disposal of Fixed Assets		31,009,787	9,332,708
Net cash used in investing activities		4,553,165,210	(11,683,487,236.00)
C. Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	-
Proceeds from issue of preference shares		-	-
Proceeds from issue of right shares		-	-
Share Premium		-	-
Payment of dividend on preference share		-	-
Payment for lease finance		-	-
Borrowings from other banks		7,439,675,014	(610,440,593)
Proceeds from issue of Preference shares		-	(350,000,000)
Proceeds from issue of Subordinate Debts		-	-
Payment of dividend on preference share		-	(33,468,750)
Money at call and short notice		857,513,000	1,990,000,000
Borrowings from Bangladesh Bank		(3,088,675,998)	4,064,619,630
Dividend paid		(214,272)	(843,415)
Net cash flows from financing activities		5,208,297,744	5,059,866,872
Net increase/decrease in cash		4,081,604,495	13,231,623,336
Cash and cash equivalents at beginning of year		28,901,637,632	15,670,014,296
Cash and cash equivalents at end of period	42	32,983,242,127	28,901,637,632
Cash and cash equivalents at end of the period:			
Cash in hand (including foreign currency)		8,525,477,864	4,749,600,127
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		8,618,833,020	8,831,070,371
Balance with other banks and financial institutions		15,838,931,243	15,320,967,135
Money at call and short notice		-	-
		32,983,242,127	28,901,637,632

BRAC BANK LIMITED

Consolidated Statement of Changes in Equity
For the year ended 31 December 2013

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 2013	3,854,822,400	-	1,740,102,253	2,934,017,286	558,121,126	23,741,603	1,914,456,975	449,607,678	11,474,869,320	
Net profit for the period	-	-	-	-	-	-	1,101,364,055	-	1,101,364,055	
Share Premium of B-Kash Ltd.	-	-	392,866,040	-	-	-	-	403,373,442	403,373,442	
Share Premium of Brac IT Service Ltd.	-	-	477,980	-	-	-	-	-	392,866,040	
Share money deposit of B-Kash Ltd.	-	-	-	-	-	-	-	-	477,980	
Share money deposit in BRAC Saajan Ltd. (Translation Difference)	-	-	-	-	-	16	-	-	16	
Share Capital of B-Kash Ltd.	-	-	-	-	-	(25,636)	-	-	(25,636)	
Impairment of Goodwill	-	-	-	-	-	-	-	-	-	
Statutory reserve	-	-	-	347,576,811	-	-	(30,046,781)	-	(30,046,781)	
Revaluation reserve	-	-	-	-	186,580,817	-	-	-	347,576,811	
Dividends (Bonus share)	-	-	-	-	-	-	-	-	186,580,817	
Redemption of preference share	578,223,360	-	-	-	-	-	(578,223,360)	-	-	
Dividend on preference share	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2013	4,433,045,760	-	2,133,446,272	3,281,594,097	744,701,943	23,715,983	2,407,550,889	852,981,119	13,877,036,063	
Balance as at 31 December 2012	3,854,822,400	-	1,740,102,253	2,934,017,286	558,121,126	23,741,603	1,914,456,975	449,607,678	11,474,869,320	

Hoda Vasi Chowdhury & Co

BRAC BANK LIMITED

**Statement of Changes in Equity
For the year ended 31 December 2013**

Particulars	Paid up share capital	Preference share capital	Share Premium	Statutory Reserve	Revaluation Reserve	Retained Earnings	Amount in Taka	
							Total	
Balance at January 01, 2013	3,854,822,400	-	1,406,000,000	2,934,017,286	558,121,126	1,401,587,740	10,154,548,552	
Net profit for the period	-	-	-	-	-	898,747,290	898,747,290	
Statutory reserve	-	-	-	347,576,811	-	-	347,576,811	
Revaluation reserve	-	-	-	-	186,580,816	-	186,580,816	
Dividends (Bonus share)	578,223,360	-	-	-	-	(578,223,360)	-	
Redemption of preference share	-	-	-	-	-	-	-	
Dividend on preference share	-	-	-	-	-	-	-	
Balance as at 31 December 2013	4,433,045,760	-	1,406,000,000	3,281,594,097	744,701,942	1,722,111,670	11,587,453,470	
Balance as at 31 December 2012	3,854,822,400	-	1,406,000,000	2,934,017,286	558,121,126	1,401,587,740	10,154,548,552	

**Hoda Vasi
Chowdhury & Co**

BRAC BANK LIMITED
Consolidated Liquidity Statement
(Assets & Liabilities Maturity Analysis)
As on December 31, 2013

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Amount in Taka Total
Assets						
Cash in hand and Balance with BB	8,805,786,384	-	-	-	8,339,887,898	17,145,674,282
Balance with other bank, Other Banks and financial Institutions (Including foreign currencies)	5,777,872,679	3,657,538,129	2,067,411,250	-	-	11,502,822,058
Money at call and on short notice	-	-	-	-	-	-
Investments	4,224,694,328	1,163,587,594	3,138,850,542	5,952,584,660	7,004,189,007	21,483,906,130
Loans and advances	7,364,603,001	17,719,461,981	37,468,174,608	37,701,934,168	19,260,374,177	119,514,547,936
Fixed assets including premises, furniture & fixtures	83,806,427	192,045,889	422,450,529	1,315,965,524	778,438,742	2,792,707,112
Other assets	530,759,519	1,277,200,291	2,547,241,591	4,595,044,349	2,714,202,984	11,664,448,733
Non - banking assets	-	-	-	-	-	-
Goodwill	-	-	-	-	1,472,292,272	1,472,292,272
Total Assets	26,787,522,338	24,009,833,883	45,644,128,520	49,565,528,701	39,569,385,080	185,576,398,523
LIABILITIES						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	6,101,813,260	3,699,498,664	6,736,078,705	-	-	16,537,390,629
Convertible subordinated debts	-	-	-	3,000,000,000	-	3,000,000,000
Money at call and on short notice	2,847,513,000	-	-	-	-	2,847,513,000
Deposits & other accounts	20,446,114,741	29,737,089,919	33,141,417,106	24,707,340,794	18,647,259,267	126,679,221,827
Minority Interest	-	-	-	-	852,981,119	852,981,119
Other liabilities	1,986,108,328	1,586,446,889	3,508,346,904	7,145,101,998	8,409,232,886	22,635,237,004
Total Liabilities	31,381,549,329	35,023,035,472	43,385,842,714	34,852,442,792	27,909,473,272	172,552,343,579
Amount of net liquidity difference	(4,594,026,990)	(11,013,201,589)	2,258,285,806	14,713,085,909	11,659,911,808	13,024,054,944

Net result of the Liquidity Statement represents the 'Shareholders' Equity' of the Bank.

BRAC BANK LIMITED

Liquidity Statement (Assets & Liabilities Maturity Analysis) As at 31 December 2013

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand and Balance with BB	8,805,786,384	-	-	-	-	17,144,310,884
Balance with other bank, Other Banks and financial Institutions (Including foreign currencies)	7,784,042,644	4,555,389,029	3,499,499,570	-	8,338,524,499	15,838,931,243
Money at call and on short notice	-	-	-	-	-	-
Investments	4,224,694,328	1,163,587,594	3,138,850,542	5,952,584,660	6,818,908,538	21,298,625,661
Loans and advances	7,364,603,001	16,040,899,272	32,432,486,483	30,987,683,334	15,903,248,760	102,728,920,850
Fixed assets including premises, furniture & fixtures	48,866,071	122,165,178	317,629,462	1,246,084,813	708,558,031	2,443,303,555
Other assets	530,739,519	1,277,200,291	2,547,241,591	4,595,044,349	3,497,331,696	12,447,577,446
Non - banking assets						
Total Assets	28,758,751,948	23,159,241,363	41,935,707,647	42,781,397,155	35,266,571,524	171,901,669,638
LIABILITIES						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	5,904,234,422	-	3,012,826,249	-	-	8,917,060,670
Convertible subordinated debts	-	-	-	3,000,000,000	-	3,000,000,000
Money at call and on short notice	2,847,513,000	-	-	-	-	2,847,513,000
Deposits & other accounts	20,446,114,741	29,737,089,919	33,141,417,106	24,707,340,794	16,714,381,476	124,746,344,037
Other liabilities	1,986,108,328	1,586,446,889	3,508,346,907	6,229,132,725	7,493,263,613	20,803,298,461
Total Liabilities	31,183,970,491	31,323,536,808	39,662,590,261	33,936,473,519	24,207,645,089	160,314,216,168
Amount of net liquidity difference	(2,425,218,543)	(8,164,295,445)	2,273,117,386	8,844,923,636	11,058,926,435	11,587,453,470

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 December 2013

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 88 (eighty eight) branches, 69 SME service centers, 172 zonal offices and 315 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 the year 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 BRAC IT Services Limited Limited, a private Limited company by shares under the Companies Act 1994 Incorporated dated 9 April 2013.

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. The bank has invested in 25% shares of BRAC Asset Management Company Limited that was incorporated in Bangladesh on 01 April 2010. And also invested in 24% shares of BRAC Impact Ventures Limited that was incorporated on 18th June 2012.

BRAC Bank Limited acquired 87.5%+1 share (291,667 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 has 69 SME service centers and 415 regional marketing unit offices offering services in the heart of rural and urban communities and employs about 1,380 business loan officers.

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 IT Services Limited :

BRAC IT Services Ltd. (biTS) was initially founded as Documenta™ Ltd, a Digital Archiving Firm in 1999. BRAC IT Services Ltd. (biTS) was then formed in April, 2013 through the merger of Documenta™ Ltd, a subsidiary IT company owned by BRAC and the IT Division of BRAC Bank. It is currently performing as an IT Solution and Services company and is a subsidiary jointly owned by BRAC Bank and BRAC.

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.

BRAC Impact Ventures Limited

BRAC Impact Ventures Ltd (the Company) was incorporated in Bangladesh on 18th June 2012 as a private company, limited by shares vide certificate of incorporation no. C-102567/12. The principal activities of the Company for which it was established include that its a "for profit" organization and committed to serve people who are living in the Base of the Pyramid (commonly known as BoP). BIVL aims to Provide services in Climate Change, Agriculture, Water, Housing, Education, Health, Energy, and Financial Sector by Creating Job, Reducing GHG emission, Bringing energy efficiency, facilitating asset accumulation, and Utilizing suppliers living in the Base of the financial pyramid.

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 H. 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 31 December 2013 and are prepared under the historical cost convention 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 adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Companies Act 1994, the Securities and Exchange Ordinance 1969, the Securities and Exchange Rules 1987 and other prevailing laws and rules applicable in Bangladesh. The consolidated financial statements were authorized for issue by the board of Directors on 27 February 2014.

As such the Group and the Bank has department from those contradictory of BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Investment in shares and securities

BFRSs: As per requirements of BAS 39 investments in shares and securities generally fall either under "at fair value through Profit or Loss Account" or

under "available for sale" where any change in fair value at the year end is taken to Profit or Loss Account or Revaluation Reserve Account respectively.

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

ii) Revaluation gain/loss on Government securities

BFRSs: As per requirement of BAS 39, T-bills and T-bonds fall under the category of "held for trading (HFT)" and "held to maturity (HTM)" where any change in the fair value of held for trading is recognised in Profit or loss Account and amortised cost method is applicable for held to maturity using an effective interest rate.

Bangladesh Bank: According to DOS Circular no. 05 dated 26 May 2008 and subsequent clarification in DOS Circular 05 dated 28 January 2009, loss on revaluation of Government securities (T-bills/corded under RT-bonds) which are categorised as held for trading should be charged through profit or loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However, at the revaluation loss for that particular held for trading T-bills/T-bonds. T-bills designated as held to maturity are measured at amortised cost method but interest income/gain should be recognised through reserve

iii) Provision on loans and advances

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

Bangladesh Bank: As per BRPD Circular no. 14 dated 23 September 2012 and BRPD Circular no. 19 dated 27 December 2012, a general provision at 0.25% under different categories of unclassified (standard/SMA loans) should be maintained regardless of objective evidence of impairment. And, specific provision for sub-standard loan, doubtful loans and losses should be provided at 20%, 50% and 100% respective for loans and advances depending on the duration of overdue. Also a general provision at 1% should be provided for all off balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

IV) Other comprehensive income:

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

"Bangladesh Bank: Bangladesh Bank has issued financial templates for the financial statements which would be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in Single Comprehensive Income (OCI) Statements. As such the company does not prepare the other comprehensive income statements of changes in equity.

v) Financial Instruments – presentations and disclosure

In several cases Bangladesh bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the accounts.

vi) REPO transactions

BFRSs: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or similar assets) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per circulars/guidelines, when a bank sells a financial asset and simultaneously enters in to an agreement to repurchase the asset (or similar assets) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sale transactions and the financial assets should be derecognized in the sellers book and recognized in the buyers book.

vii) Financial guarantees:

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

Bangladesh Bank: As per BRPD circular 14, 2003, financial guarantees such as L/C, L/G should be treated as off balance items. No Liability is recognized for the guarantee except the cash margin.

viii) Cash & Cash equivalents

"BFRSs: Cash & cash equivalents items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some highly liquid assets such as money at call and short notice, T-bills, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as cash and cash equivalents rather shown as face item in the balance sheet. However, in the cash flow Statement, Money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, balance with BB and other banks.

ix) Non banking assets

BFRSs: No indication of non banking assets is found in any BFRSs.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25 June 2003, there should exist a face item named non banking assets.

x) Cash flow statement

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

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, cash flow should be a mixture of direct and indirect method.

xi) BFRSs: Balance with Bangladesh Bank should be treated as cash and cash equivalents.

xii) Off Balance Sheet items

BFRSs: No requirement of disclosure for off balance sheet items in any BFRS; hence there is no requirement of disclosure of off balance sheet items.

Bangladesh Bank: As per BRPD circular No. 14 dated 25 June 2003, off balance sheet items e.g. L/C, L/G, Acceptance should be disclosed separately on the face of balance sheet.

Xiii) Disclosure of appropriation of profit

BFRSs: There is no requirement to show appropriation of profit on the face of statement or comprehensive income.

Bangladesh Bank: As per BRPD Circular No. 14 dated 25 June 2003, an appropriation of profit should be disclosed on the face of profit and Loss Account.

xiv) Loans and Advance Net of Provision

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

Bangladesh Bank: As per BRPD Circular No.14 dated 25 June 2003, an appropriation of profit should be presented separately as liability and cannot be netted off against loans and advances.

[Also refer to Note 2A(II) Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)]

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, BRAC IT Services 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 year ending 31 December 2013.

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 eliminated.

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-2013 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 calendar year from 01 January to 31 December 2013.

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 month.

Cash flow statement is prepared in accordance with BAS-7 "Statement of Cash Flows". 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 IAS -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 revalued 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		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 daily on product basis but charged and accounted monthly and quarterly on accrual basis.
- Classification and provisioning for loans and advances is created based on the period of arrears by following 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, 32 of 27 October 2010, 14 of 23 September 2012, 15 of 23 September 2012, 19 of 27 December 2012 and 05 of 29 May 2013 respectively. This is also reviewed by the management.
- Interest on classified loans and advances is calculated 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)
Consumer	House building & loans for professionals	2%	2%	20%	50%	100%
	Other than house building & professionals	5%	5%	20%	50%	100%
	Loans to BHs/ MBs against	2%	2%	20%	50%	100%
	Small and medium enterprise	0.25%	0.25%	20%	50%	100%
	Short term Agri/Micro credit	5%	5%	5%	5%	100%
	All others	1%	1%	20%	50%	100%
	Off Balance Sheet	1%	-	-	-	-

- 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 January 13, 2002 and 13 dated November 07, 2013. 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 IT Services Limited	BRAC Saaan Exchange Limited
Furniture & fixture	10%	10% -20%	12.5%	10%	10%	10%
Office equipments	20%	10% -20%	20%	20%	10%	
IT equipments – Hardware	20%	25%	25%	20%	33%	10%
IT equipments – Software	33%	33%	33%	20%		
Motor vehicles	20%	20%	20%	20%	20%	
Office Decoration		15%	15%			
Air Cooler & Ceiling Fan		20%	20%		20%	
Building & other construction		5%	2%			
Generator & Multimedia						
Projector					20%	
Server					20%	

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.

b) Depreciation

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Office equipments	20%	10% - 20%	20%	20%	10%	
IT equipments - Hardware	20%	25%	25%	20%	33%	10%
IT equipments - Software	33%	33%	33%	20%		
Motor vehicles	20%	20%	20%	20%	20%	
Office Decoration		15%	15%			
Air Cooler & Ceiling Fan		20%	20%		20%	
Building & other construction		5%	2%			
Generator & Multimedia						
Projector					20%	
Server					20%	

c) Sale of Fixed Assets

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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.

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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.

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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.

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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.

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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.

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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 05 (five) 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. 4% 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 by the 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, 2013 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 2013 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:

- Balances with other bank & financial institutions, money at call & short notice etc. are on the basis of their maturity term.
- Investments are on the basis of their residual maturity term.
- Loans & advances are on the basis of their repayment/ maturity schedule.
- Fixed assets are on the basis of their useful life.
- Other assets are on the basis of their adjustment.
- Borrowing from other banks, financial institutions and agents as per their maturity/ repayment term
- Deposits & other accounts are on the basis of their maturity term and behavioural past trend.
- Other long term liability on the basis of their maturity term.
- 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
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 subsidiaries	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	Applied

Reason for departure of BAS / BFRS:

The central Bank of Bangladesh ("Bangladesh Bank") as regulator to the Banking Industry has issued a number of circulars/directives which are not consistent with the requirements specified in the BAS/BFRS as referred above. In such cases the bank has followed the regulatory requirements specified by the Bangladesh Bank.

New and amended standards and interpretations not yet adapted by the group and the company

A number of new standards amendments to standards and interpretation are effective for annual periods beginning from 1 January 2013 or later, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group and the bank. Although International Accounting Standards Board (IASB) has issued a new standard (IFRS 9) along with related amendments to existing standards (IAS/BAS 32,39) but none of these has been adopted and/or endorsed locally as BAS/BFRS and such any possible impact could not be determined.

2.17 Regulatory & Legal Compliance

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

- a) The Bank Companies Act, 1991
- b) The Companies Act, 1994
- c) Rules & Regulations Issued by Bangladesh Bank.
- d) Securities and Exchange Rules 1987, Securities & Exchange Ordinance 1969, Securities & Exchange Act 1993, Securities and Exchange Commission IPO Rules 2006
- e) The Income Tax Ordinance, 1984
- f) 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 Internal Audit

Internal audit function plays a crucial role in ongoing assessment and maintenance of internal control, risk management and governance in banks. BRAC Bank has a strong Internal Audit team comprised of four units to carry out audit activities, namely – Head Office Audit, Retail Audit, SME Audit and Technology Audit. Internal Audit team conducts comprehensive, spot, surprise audits in various Branches, SME Service Centres, SME Krishi Branches, SME Unit Offices, Departments, Divisions of Head Office and subsidiaries of BRAC Bank Limited. Internal auditors use standard approach to determine their respective work plans and actions. Various issues, observations, lapses are identified and shared with the respective stakeholders on regular basis. Board Audit Committee periodically reviews the audit reports. Audit team also monitors the audit observations and ensures recommendations are implemented against agreed time line. Internal Audit works with the process team to update the processes and helps to prevent fraud and operational losses. Internal Audit works closely with regulators and external auditor to ensure compliance with applicable rules and regulations.

2.18.8 Fraud & Forgery

Now a day's fraud and forgery appears in diverse form. To prevent fraud & forgery, BRAC Bank Limited established a department namely "Investigation, Monitoring & Compliance" to deal with such kind of incidences. This wing exclusively deals with all kinds of fraud and forgery and act independently as the first contact point/ information unit where internal & external fraud & forgery incidences are investigated and reviewed. To protect the bank and its stakeholder's interest, "Investigation, Monitoring & Compliance" Unit performs thorough investigation to identify the perpetrator & the root cause of the reported incident. As a counteractive course of action, preventive and corrective measures are recommended to the business/functional unit to take necessary action relating to process improvement, recovery of misappropriated amount, adjustment of the operational loss and to take appropriate action against the perpetrator. The investigation reports are also place to the Board Audit Committee for their direction and guidance. This wing also makes sure of the implementation of the recommendations as made in the investigation report by performing follow up audit quarterly. All fraud & forgery which were identified in 2013 are also duly reported to the Central Bank on a quarterly basis.

2.18.9 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, 29th December 2010 and BRPD circular letter no-08, dated July 23, 2012 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 - H" 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		2013 Taka	2012 Taka
3	Cash		
	A. Cash in hand:		
	Local currency	8,472,453,170	4,700,623,892
	Foreign currency	53,024,694	48,976,235
		8,525,477,864	4,749,600,127
	B. Balance with Bangladesh Bank and its agent Bank(s):		
	Local currency	7,427,040,066	7,208,319,513
	Foreign currency	280,308,520	853,971,641
		7,707,348,587	8,062,291,153
	Sonali Bank as agent of Bangladesh Bank (local currency)	911,484,433	768,779,217
		8,618,833,020	8,831,070,371
		17,144,310,884	13,580,670,498
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	7,658,090,904	6,904,931,869
	Actual reserve held (as per Bangladesh Bank statement)	7,649,494,483	7,335,083,103
	Surplus/ (deficit)	(8,596,421)	430,151,234
	Referring to Circular mentioned in Point 3.1, we have maintained 6% average CRR on fortnightly basis. Because, we have excess fund in maintaining average CRR, we kept daily 5.5% CRR position on Dec 31, 2013.		
3.1.2	Statutory Liquidity Ratio (SLR) :		
	13% of Average Demand and Time Liabilities :		
	Required reserve	16,592,530,292	16,948,469,133
	Actual reserve held	28,289,805,717	22,977,204,413
	Surplus/ (Deficit)	11,697,275,425	6,028,735,280
	Total Surplus/(deficit) (3.1.1+3.1.2)	11,688,679,004	6,458,886,514
3.1.3	Held for Statutory Liquidity Ratio		
	Cash in hand (Note: 3)	8,525,477,864	4,749,600,127
	Balance with Bangladesh Bank as per statement	7,649,494,483	7,280,583,103
	Balance with Sonali Bank as per statement	881,504,316	738,775,495
	TT in Transit	-	54,500,000
	Government securities (Note: 6.1)	18,882,823,537	17,488,828,791
	FC used in BDT	-	-
		35,939,300,200	30,312,287,516
3.a	Consolidated Cash		
	A. Cash in hand:		
	BRAC Bank Limited	8,525,477,864	4,749,600,127
	Off Shore Banking Unit	-	-
	BRAC EPL Investments Ltd.	43,965	109,301
	BRAC EPL Stock Brokerage Ltd.	161,996	161,232
	B-Kash Ltd.	1,069,537	974,610
	BRAC Saajan Exchange Ltd.	84,150	-
	BRAC IT Services Limited	3,751	-
		8,526,841,263	4,750,845,270
	B. Balance with Bangladesh Bank and its agent Bank(s):		
	BRAC Bank Limited	8,618,833,020	8,831,070,371
	Off Shore Banking Unit	-	-
	BRAC EPL Investments Ltd.	-	-
	BRAC EPL Stock Brokerage Ltd.	-	-
	B-Kash Ltd.	-	-
	BRAC Saajan Exchange Ltd.	-	-
	BRAC IT Services Limited	-	-
		8,618,833,020	8,831,070,371
		17,145,674,282	13,581,915,641
4	Balance with Other Banks and Financial Institutions		
	A. Inside Bangladesh (Note: 4.1)	8,916,887,987	9,904,922,299
	B. Outside Bangladesh (Note: 4.2)	6,922,043,256	5,416,044,836
		15,838,931,243	15,320,967,135
4.1	Balance with Other Banks and Financial Institutions (Inside Bangladesh)		
	On Demand Deposit Accounts		
	Standard Chartered Bank - Current Account	41,574,039	6,480,460
	Southeast Bank Ltd- Current Account	-	-
		41,574,039	6,480,460

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Particulars	2013 Taka	2012 Taka
On Short Term Deposit (STD) Accounts		
Southeast Bank Limited	2,973,370	289,688
Jamuna Bank Limited	2,217,601	500,000
Pubali Bank Limited	167,489,822	203,822,817
Janata Bank Limited	269,486,124	387,003,692
Bangladesh Krishi Bank Limited	161,659,289	160,558,183
The City Bank Limited	8,874,122	6,742,608
Agrani Bank Limited	316,118,629	218,898,104
Islami Bank Bangladesh Limited	114,109,524	94,576,732
United Commercial Bank Limited	18,843,733	17,505,411
National Bank Limited	34,432,214	19,356,572
Sonali Bank Limited	69,188,923	86,395,660
ICB Islamic Bank Limited	24,522	24,536
AB Bank Limited	-	117,915,302
Rupali Bank Limited	124,490,615	166,648,009
Social Islami Bank Limited	2,161,286	-
First Security Islami Bank Limited	5,924,945	4,931,554
EXIM Bank Limited	9,724,857	9,628,849
BASIC Bank Limited	1,205,721	1,144,121
Mercantile Bank Limited	-	2,500,000
	1,308,925,298	1,498,441,838
On Fixed Deposit with Banks		
Local currency:		
Dhaka Bank Limited	150,000,000	-
BASIC Bank Limited	-	2,000,000,000
First Security Islami Bank Limited	-	300,000,000
Southeast Bank Limited	-	1,400,000,000
	150,000,000	3,700,000,000
Foreign currency:		
The City Bank Limited	816,388,650	-
	816,388,650	-
	966,388,650	3,700,000,000
On Fixed Deposit with Financial Institutions		
Industrial & Infrastructure Development Finance Co. Ltd.	200,000,000	-
International Leasing & Financial Services Limited	400,000,000	500,000,000
Uttara Finance & Investment Limited	500,000,000	300,000,000
Far East Finance & Investment Limited	350,000,000	300,000,000
Union Capital Limited	300,000,000	300,000,000
National Housing Finance Company Limited	200,000,000	120,000,000
Prime Finance & Investment Co. Limited	-	300,000,000
Premier Leasing & Financial Services Limited	300,000,000	150,000,000
Phoenix Finance & Investments Limited	400,000,000	400,000,000
Bangladesh Finance & Investment Co. Ltd.	200,000,000	-
Bangladesh Industrial Finance Company Limited	250,000,000	230,000,000
Investment Corporation Of Bangladesh	500,000,000	1,500,000,000
Industrial & Infrastructure Development Finance Co. Ltd.	2,500,000,000	100,000,000
Reliance Finance Limited	-	200,000,000
Peoples Leasing Company Ltd.	200,000,000	200,000,000
Lanka Bangla Finance Co. Limited	300,000,000	100,000,000
	6,600,000,000	4,700,000,000
	8,916,887,987	9,904,922,299
4.2 Balance with other banks and financial institutions (Outside Bangladesh)		
On Demand Deposit Accounts (Non interest bearing) with:		
Standard Chartered Bank-NY (USD)	2,806,721	201,357,785
Mashreq Bank PSCNY (USD)	795,382	1,890,430
The Bank of Nova Scotia- Canada (CAD)	2,703,228	2,559,467
ICICI Mumbai (ACU Dollar)	223,018	1,844,745
Standard Chartered Bank-UK (GBP)	4,073,792	13,142,506
Hypo Vereins Bank Germany (EURO)	-	802,666
HSBC - NewYork (USD)	60,955,279	88,129,574
HSBC - United Kindom (GBP)	2,914,966	48,876,719
HSBC - Australia (AUD)	703,232	18,451
HSBC Pakistan (ACU Dollar)	938,459	849,298
Zuercher Kantonal Bank, Zurich (CHF)	492,171	594,595
ING Belgium NV/SA (EURO)	2,975,651	45,615
Unicredito Italiano SPA (EURO)	1,499,597	1,064,453
Commerz Bank AG Germany (USD)	166,927	5,542,843
Commerz Bank AG Germany (EURO)	22,448,485	827,553
Standard Chartered Bank - Frakfut (EURO)	43,338	1,078,688
Union DE Banques Arabes ET Francaises (JPY)	4,605,406	1,572,525
United Bank of India, Calcutta (ACU)	36,904,835	75,960
Westpack Banking Corporation, (AUD)	5,024,809	4,271,449
JP Morgan Chase Bank (USD)	103,627,061	79,580,221
Sonali Bank Limited (UK)	1,797,686	-
HDFC Bank Limited	3,857,705	11,977,414
Deutsche Bank Trust Company	16,397,476	9,462,828
Commerz Bank - Frakfut (GBP)	11,222	-
Bank of America N.A New York	1,167,617	1,835,981
AB Bank Mumbai, India (ACU)	161,948	-
Unicredit Bank AG (Hypoveriensbank), Germany	449,214	-
Mashreq Bank -New York	11,862,265	-
	289,607,488	477,401,766

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Particulars	2013 Taka	2012 Taka
On Demand Deposit Accounts (Interest bearing) with:		
CITI Bank NA (USD)	-	69,596,675
AB Bank Mumbai (ACU Dollar)	-	44,723
	-	69,641,398
	289,607,488	547,043,164
Details are shown in Annex-B		
On Fixed Deposit with On Shore to Off Shore placement		
On Shore to Off Shore placement	6,632,435,768	4,869,001,672
	6,922,043,256	5,416,044,836
4.3 Maturity grouping of balance with other banks and financial institutions		
Up to 1 months	7,784,042,644	3,151,965,463
More than 1 months to 3 months	4,555,389,029	5,965,201,672
More than 3 months to 1 Year	3,499,499,570	6,203,800,000
More than 1 year to 5 years	-	-
More than 5 years	-	-
	15,838,931,243	15,320,967,135
4.a Consolidated Balance with Other Banks and Financial Institutions		
A. In Bangladesh		
BRAC Bank Limited	8,916,887,987	9,904,922,299
Off Shore Banking Unit	17,104,143	31,410,951
BRAC EPL Investments Ltd.	30,400,824	55,089,994
BRAC EPL Stock Brokerage Ltd.	492,513,333	478,099,661
B-Kash Ltd.	4,908,333,304	1,269,585,964
BRAC Saajan Exchange Ltd.	82,954,063	-
BRAC IT Services Limited	17,002,120	-
	14,465,195,774	11,739,108,869
Less: Inter Company Transaction with:		
BRAC EPL Investments Ltd.	4,639,519	28,551,078
BRAC EPL Stock Brokerage Ltd.	262,878,123	103,196,238
B-Kash Ltd.	4,908,333,304	1,269,100,058
BRAC Saajan Exchange Ltd.	75,166,464	-
	9,214,178,364	10,338,261,494
B. Outside Bangladesh		
BRAC Bank Limited	289,607,488	547,043,164
Off Shore Banking Unit	8,563,445,878	4,908,820,466
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	68,026,096	99,190,656
BRAC IT Services Limited	-	-
	8,921,079,463	5,555,054,285
Less: Inter Company Transaction with:		
Off Shore Banking Unit	6,632,435,768	4,869,001,672
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	46,159,064
	6,632,435,768	4,915,160,736
	2,288,643,695	639,893,550
	11,502,822,058	10,978,155,044
5 Money at Call and Short Notice		
Banking Company:	-	-
Non-banking financial institutions:	-	-
	-	-
6 Investments		
Government Securities	(Note: 6.1)	19,365,124,617
Other Investments	(Note: 6.2)	21,858,309,744
		3,514,215,538
		25,372,525,282
Investment in securities are classified as follows:		
Held for trading (Treasury Bill)	5,994,864,249	12,010,823,141
Held to maturity (Treasury Bond)	13,368,798,068	9,845,304,503
Other Investments	1,934,963,344	3,516,397,638
	21,298,625,661	25,372,525,282
6.1 Government Securities		
Treasury Bills	(Note: 6.1.1)	3,693,462,982
Bangladesh Bank Bills	(Note: 6.1.2)	1,275,747,828
Treasury Bonds	(Note: 6.1.3)	2,059,520,257
Encumbered Securities		6,967,625,583
Prize Bond		13,128,377,997
		9,243,273,280
		482,301,080
		4,369,480,954
		1,462,300
		2,182,100
		19,365,124,617
		21,858,309,744

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Particulars	2013 Taka	2012 Taka
6.1.1 Treasury Bills		
91 Days Treasury bills	127,666,760	-
182 Days Treasury Bills	1,125,959,655	1,036,975,293
364 Days Treasury Bills	2,439,836,568	238,772,535
	<u>3,693,462,982</u>	<u>1,275,747,828</u>
6.1.2 Bangladesh Bank Bills		
30 Days Bangladesh Bank Bills	<u>2,059,520,257</u>	<u>6,967,625,583</u>
6.1.3 Treasury Bonds		
Treasury Bonds (2 years BGTB)	228,234,503	-
Treasury Bonds (5 years BGTB)	1,923,372,083	-
Treasury Bonds (10 years BGTB)	5,660,700,858	4,192,853,580
Treasury Bonds (15 years BGTB)	1,698,372,636	1,533,587,620
Treasury Bonds (20 years BGTB)	3,617,697,917	3,516,832,080
Reverse REPO	-	-
6 months Reverse REPO	-	-
	<u>13,128,377,997</u>	<u>9,243,273,280</u>
6.2 Other Investments		
Ordinary shares:		
Industrial and Infrastructure Development Finance Co. Ltd.	29,683,820	24,442,502
Bangladesh Rating Agency of Bangladesh Limited	12,497,600	12,497,600
Central Depository Bangladesh Ltd.	6,277,770	6,277,770
Documenta Limited	-	10,000,000
	<u>48,459,190</u>	<u>53,217,872</u>
Capital market investment		
Balance with subsidiary BRAC EPSL Stock Brokerage Ltd. Managed by BRAC Bank Ltd.	<u>1,311,926,654</u>	<u>2,660,546,666</u>
	1,311,926,654	2,660,546,666
Preference Shares		
Summit Uttaranchal Power Co Ltd	56,777,800	99,360,800
Summit Purbanchal Power Co Ltd	86,337,400	151,090,200
	<u>143,115,200</u>	<u>250,451,000</u>
(Details are shown in Annex - C)		
Bonds		
Orascom	200,000,000	300,000,000
Trust Bond	30,000,000	30,000,000
UCBL Variable rate subordinated Bond	100,000,000	-
First Security Mudaraba Bond	100,000,000	100,000,000
	<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
Prime Finance Second Mutual fund	-	30,000,000
Bengal Windsor Thermoplastics Ltd.	-	40,000,000
	<u>-</u>	<u>120,000,000</u>
	<u>1,933,501,044</u>	<u>3,514,215,538</u>
6.3 Maturity Wise Grouping of Investment		
Up to 1 month	4,224,694,328	9,630,354,349
More than 1 month to 3 month	1,163,587,594	1,330,844,406
More than 3 month to 1 Year	3,138,850,542	3,712,353,153
More than 1 year to 5 years	5,952,584,660	4,526,527,854
More than 5 years	6,818,908,538	6,172,445,522
	<u>21,298,625,661</u>	<u>25,372,525,284</u>
6.a Consolidated Investments		
BRAC Bank Limited:		
Government Securities	19,365,124,617	21,858,309,744
Other Investments	1,933,501,044	3,514,215,538
	<u>21,298,625,661</u>	<u>25,372,525,282</u>
Less:		
Inter-company transaction	-	-
Balance with EPSL (Capital market investment)	<u>21,298,625,661</u>	<u>25,372,525,282</u>
Add:		
Off Shore Banking Unit	-	-
Investment of subsidiaries		
BRAC EPL Investments Ltd.	51,556,876	28,939,897
BRAC EPL Stock Brokerage Ltd.	122,434,140	61,614,752
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	11,289,453	-
BRAC IT Services Limited	-	-
	<u>21,483,906,130</u>	<u>25,463,079,931</u>

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Particulars	2013 Taka	2012 Taka
7 Loans and Advances		
Overdrafts	5,265,976,690	4,710,164,722
Demand loans	19,980,869,130	19,494,823,274
Term loans	26,178,759,360	18,321,674,745
Lease receivables	(Note - 7.3) 223,768,725	149,995,042
Small & medium enterprises	46,844,440,467	56,891,987,570
Credit Cards	2,791,257,311	2,833,983,083
Staff loans	(Note - 7.7) 613,281,824	620,673,330
	<u>101,898,353,507</u>	<u>103,023,301,767</u>
Bills purchased & discounted	(Note - 7.17) 830,567,343	601,136,190
	<u>102,728,920,850</u>	<u>103,624,437,957</u>
7.1 Net Loans and Advances		
Gross loans and advances	102,728,920,850	103,624,437,957
Less:		
Interest suspense	662,483,056	568,901,844
Provision for loans & advances	6,988,440,905	6,509,051,804
	<u>7,650,923,961</u>	<u>7,077,953,648</u>
	<u>95,077,996,889</u>	<u>96,546,484,309</u>
7.2 Maturity Wise Grouping of Loans and Advances		
Repayable on demand	7,364,603,001	19,658,566,821
More than 1 months to 3 months	16,040,899,272	11,396,250,882
More than 3 months to 1 Year	32,432,486,483	24,645,013,575
More than 1 year to 5 years	30,987,683,334	37,825,673,561
More than 5 years	15,903,248,760	10,098,933,117
	<u>102,728,920,850</u>	<u>103,624,437,957</u>
7.3 Lease receivables		
Lease finance on demand	7,744,487	48,327,640
Lease finance receivables More than 1 months to 3 months	16,031,255	10,642,241
Lease finance receivables More than 3 months to 1 Year	48,921,532	42,875,712
Lease finance receivables More than 1 year to 5 years	122,756,179	48,149,450
Lease finance receivables More than 5 years	28,315,271	-
Total Lease finance receivable	<u>223,768,725</u>	<u>149,995,042</u>
7.4 Loans and Advances under the following broad categories		
Inside Bangladesh:		
Loans	97,462,944,160	98,914,273,234
Cash Credits	-	-
Overdrafts	5,265,976,690	4,710,164,722
	<u>102,728,920,850</u>	<u>103,624,437,957</u>
Outside Bangladesh:		
Loans	-	-
Cash credits	-	-
Overdrafts	-	-
	<u>102,728,920,850</u>	<u>103,624,437,957</u>
7.5 Geographical Location Wise Portfolio Grouping		
Inside Bangladesh:		
Dhaka Division	70,054,885,255	69,986,225,886
Chittagong Division	18,274,580,039	16,698,358,818
Khulna Division	3,863,863,927	5,037,871,529
Sylhet Division	1,801,844,967	1,809,688,537
Barisal Division	1,966,408,083	2,437,352,934
Rajshahi Division	5,035,687,584	5,132,047,480
Rangpur Division	1,731,650,996	2,522,892,773
	<u>102,728,920,850</u>	<u>103,624,437,957</u>
Outside Bangladesh:	-	-
	<u>102,728,920,850</u>	<u>103,624,437,957</u>
7.6 Significant Concentration wise Grouping		
Directors & others	-	-
Staff:		
Managing Director & CEO	5,599,905	6,998,326
Senior Executives	57,384,741	75,984,793
Others	550,297,178	537,690,211
	<u>613,281,824</u>	<u>620,673,330</u>
Industries:		
Agricultural	897,288,489	1,008,793,926
Large & Medium	7,866,513,685	13,912,549,341
Small & Cottage	1,945,362,215	1,106,690,193
	<u>10,709,164,389</u>	<u>16,028,033,459</u>
Consumers	23,188,130,436	15,459,129,582
Trade & Commercial	68,218,344,201	71,516,601,584
	<u>102,728,920,850</u>	<u>103,624,437,956</u>
7.7 Staff Loan		
Personal Loan	98,354,194	101,018,825
Car and motorcycle Loan	196,985,314	172,929,440
House building Loan	317,942,316	346,725,065
	<u>613,281,824</u>	<u>620,673,330</u>

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Particulars	2013 Taka	2012 Taka
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7.8 Detail of Large Loan

Number of clients with amount outstanding and classification status to whom loans and advances sanctioned exceeds 10% of the total capital of the Bank. Total capital of the Bank was Taka 14,924.65 million on Consolidated basis and Taka 13,963.55 million on Solo basis as at 31 December 2013 (Taka 12,727.50 million and 12,751.62 million as at 31 December 2012 respectively). (Details are shown in Annex - E)

7.9 Grouping as per Classification Rules

Unclassified		
Standard including staff loan	92,020,445,257	92,971,558,186
Special Mention Account (SMA)	3,107,777,016	3,015,779,003
	<u>95,128,222,273</u>	<u>95,987,337,189</u>
Classified		
Sub standard	1,982,449,704	1,434,071,781
Doubtful	1,455,651,823	1,088,896,958
Bad / Loss	4,162,597,050	5,114,132,029
	<u>7,600,698,577</u>	<u>7,637,100,768</u>
	<u>102,728,920,850</u>	<u>103,624,437,957</u>

7.10 Loan type wise classified loan

Overdraft	153,493,744	56,361,863
Demand Loan	412,580,182	596,427,842
Term Loan	6,634,202,961	6,621,152,689
Lease Finance	157,762,830	38,859,799
Credit Cards	242,658,860	324,298,576
	<u>7,600,698,577</u>	<u>7,637,100,768</u>

7.11 Sector-wise Allocation of Loans and Advances

Government

Private:

Agriculture, fishing, forestry and dairy firm
Industry (Jute, textile, garments, chemicals, cements etc.)
Working capital financing
Export credit
Commercial credit
Small and cottage industries
Miscellaneous

897,288,489	1,008,793,926
7,866,513,685	13,912,549,341
20,042,115,573	5,912,717,720
29,956,033	892,858,079
48,146,272,596	64,711,025,785
1,945,362,215	1,106,690,193
23,801,412,260	16,079,802,913
<u>102,728,920,850</u>	<u>103,624,437,957</u>
<u>102,728,920,850</u>	<u>103,624,437,957</u>

7.12 Securities against loans/advances including bills purchased and discounted

Collateral of moveable/immoveable assets	17,112,237,849	59,994,818,670
Local banks & financial institutions guarantee	-	-
Government guarantee	-	-
Foreign banks guarantee	-	-
Export documents	-	-
Fixed deposit receipts (FDR)	3,649,820,462	5,871,268,190
FDR of other banks	-	-
Government bonds	-	-
Personal guarantee & other securities	59,036,587,335	37,758,351,097
Other securities	-	-
	<u>79,798,645,645</u>	<u>103,624,437,957</u>

7.13 Particulars of required provisions for loans and advances

Status	Outstanding Loans & advances 2013	Base for provision	Percentage (%) of required provision	Required provision 2013	Required provision 2012
Unclassified (Standard and Special Mention Account (SMA))					
All unclassified loans (Other than Small & Medium enterprise Financing, Consumer Financing, BHs/MBs/SDs, Housing & loans for professional)	35,004,246,782	35,004,246,782	1%	350,042,468	380,926,092
Small & Medium enterprise financing	41,567,687,757	41,567,687,757	0.25%	103,919,219	216,534,462
Loans to BHs/MBs/SDs against share etc	1,697,874,262	1,697,874,262	2%	33,957,485	35,300,668
Housing & loan for professional	7,239,503,287	7,239,503,287	2%	144,790,066	183,807,689
Consumer finance	8,753,388,170	8,753,388,170	5%	437,669,409	170,506,381
Short Term Agricultural & Micro Credit	252,240,191	252,240,191	5%	12,612,010	12,758,375
				<u>1,082,990,656</u>	<u>999,833,666</u>

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Particulars				2013 Taka	2012 Taka
Classified – Specific provision					
Sub-standard	1,982,449,704	1,719,468,247	20%	343,893,649	252,571,967
Doubtful	1,455,651,823	1,251,505,737	50%	625,752,869	503,180,863
Bad/Loss	4,162,597,050	3,675,985,192	100%	3,675,985,192	4,649,504,757
				4,645,631,709	5,405,257,587
Required provision for loans and advances				5,728,622,366	6,405,091,254
Total provision maintained (Note 17.1)				6,988,440,905	6,509,051,804
Excess/(Short) provision at 31 December 2013				1,259,818,539	103,960,550

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

7.14 Particulars of required provisions for off balance sheet items – General Provision

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 2013	Required provision 2012
Acceptances and endorsements	6,566,695,163	1%	65,666,952	1,497,231
Letter of guarantees	6,383,222,685	1%	63,832,227	47,402,971
Irrevocable letter of credits	11,572,885,095	1%	115,728,851	109,582,261
Bills for collection	513,609,666	1%	5,136,097	4,057,996
Total required provision			250,364,126	162,540,459
Total provision maintained (note 17.2)			254,941,567	234,000,000
Excess/(Short) provision at 31 December 2013			4,577,441	71,459,541

7.15 Particulars of Loans and Advances

i)	Debts considered good in respect of which Bank is fully secured	43,692,333,515	65,866,086,860
ii)	Debts considered good for which Bank holds no other security than the debtor's personal security	3,153,209,248	2,935,001,909
iii)	Debts considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors.	55,883,378,087	34,823,349,188
iv)	Debts considered doubtful or bad, not provided for	102,728,920,850	103,624,437,957
v)	Debts due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	613,281,824	620,673,330
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;	-	22,500,000
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;	613,281,824	620,673,330
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;	-	22,500,000
ix)	Due from banking companies	-	-
x)	Amount of Classified loans on which interest has not been charged should be mentioned as	-	-
a)	Increase/decrease of provision (specific) amount of debts written off amount realized against loan previously written off.	369,165,929 2,695,588,743 124,460,250	1,980,891,250 1,497,638,503 251,683,293
b)	Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	3,675,985,192	4,649,504,757
c)	Interest creditable to the Interest Suspense a/c.	662,483,056	568,901,844
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.		
	- Current year	2,695,588,743	1,497,638,503
	- Cumulative to date	7,381,639,988	4,686,051,245
	The amount of written off loans for which law suit filed	7,381,639,988	4,686,051,245

7.16 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.

7.17 Bill Purchased & Discounted under the following broad categories

Inside Bangladesh	830,567,343	601,136,190
Outside Bangladesh	-	-
	830,567,343	601,136,190

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Particulars		2013 Taka	2012 Taka
7.18	Maturity Wise Grouping of Bill Purchased & Discounted		
	Up to 1 months	252,269,193	201,711,847
	More than 1 months to 3 months	313,928,996	138,321,266
	More than 3 months to 1 Year	172,079,450	54,780,502
	More than 1 year to 5 years	92,289,704.77	-
	More than 5 years	-	-
		<u>830,567,343</u>	<u>394,813,615</u>
7.19	Write off of Loans & advances		
	Balance at the beginning of the year	3,953,326,089	2,707,370,879
	Add: Write off during the year	2,695,588,743	1,497,638,503
		<u>6,648,914,832</u>	<u>4,205,009,382</u>
	Less: Recovery of Write off loans	124,460,250	251,683,293
	Balance at the end of the year	<u>6,524,454,582</u>	<u>3,953,326,089</u>
7.a	Consolidated Loans & Advances		
	BRAC Bank Limited	102,728,920,850	103,624,437,957
	Off Shore Banking Unit	14,381,724,933	8,250,205,652
	BRAC EPL Investments Ltd.	3,669,777,230	3,679,472,517
	BRAC EPL Stock Brokerage Ltd.	88,626,587	49,691,103
	B-Kash Ltd.	-	-
	BRAC Saajan Exchange Ltd.	-	-
	BRAC IT Services Limited	-	-
	Less: Inter-company transaction	-	-
	Borrowing from BRAC Bank by BRAC EPL Investments Ltd.	1,354,501,664	1,517,524,055
		<u>119,514,547,936</u>	<u>114,086,283,173</u>
8	Fixed assets including premises, furniture and fixtures		
	Cost		
	Property plant and equipments:		
	Land	604,314,000	604,314,000
	Furniture & fixture	1,270,440,265	1,135,168,847
	Office equipments	1,049,944,705	941,004,481
	IT Hardwares	1,429,522,853	1,322,812,021
	Motor vehicles	97,278,957	94,402,419
		<u>4,451,500,780</u>	<u>4,097,701,767</u>
	Intangible Assets:		
	License (Indefinite useful live)	50,000	50,000
	IT Softwares (Finite useful live)	859,352,231	805,610,083
		<u>859,402,231</u>	<u>4,903,361,850</u>
	Less: Accumulated depreciation	2,867,599,457	2,311,909,970
	Net Book value at the end of the year	<u>2,443,303,555</u>	<u>2,591,451,880</u>
	(Details are shown in Annex - D)		
8.a	Consolidated Fixed Assets including Premises, Furniture & Fixtures		
	BRAC Bank Limited	2,443,303,555	2,591,451,880
	Off Shore Banking Unit	-	-
	BRAC EPL Investments Ltd.	37,283,241	54,980,465
	BRAC EPL Stock Brokerage Ltd.	74,788,596	73,759,856
	B-Kash Ltd.	193,035,627	126,905,445
	BRAC Saajan Exchange Ltd.	12,797,973	14,726,663
	BRAC IT Services Limited	31,498,119	-
		<u>2,792,707,112</u>	<u>2,861,824,309</u>
9	Other Assets		
9.1	Income Generating Other Assets		
	Interest receivables (Note - 9.1.1)	1,055,994,001	981,435,866
	Prepaid Interest Expenses on Interest First Fixed Deposit (IFFD)	228,079,973	1,365,470,978
	Receivables against sanchayapatra	83,549,035	420,133,936
	Receivables from Omnibus	-	23,994,415
	Penal charges Receivable	-	-
	Receivables against travellers cheque	-	343,398
	Investment in subsidiary (Note - 9.1.2)	2,356,397,625	2,171,088,125
	Investment in associate (Note - 9.1.3)	17,300,000	17,300,000
	Balance with EPSL (Advance)	1,793,579	59,856,082
		<u>3,743,114,212</u>	<u>5,039,622,799</u>
9.1.1	Interest Receivables		
	Interest Receivables consists of interest receivable on loans, investments etc.		
	Receivable against Govt. securities	355,910,517	243,569,955
	Receivable against other securities	47,690,483	37,861,375
	Receivable against balance with other bank	168,863,413	212,226,538
	Receivable against loans and advances	426,189,579	442,330,947
	Receivable against term deposit - OBU	57,340,010	45,447,051
		<u>1,055,994,001</u>	<u>981,435,866</u>

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Particulars		2013 Taka	2012 Taka
9.1.2	Investment in subsidiaries		
	BRAC EPL Investments Ltd.	752,715,794	752,715,794
	BRAC EPSL Stock Brokerage Ltd.	1,344,147,500	1,344,147,500
	B-Kash Ltd.	168,921,800	14,836,300
	BRAC Saajan Exchange Ltd.	59,388,531	59,388,531
	BRAC IT Services Limited	31,224,000	-
		<u>2,356,397,625</u>	<u>2,171,088,125</u>
9.1.3	Investment in associate		
	BRAC Asset Management Company Ltd.	12,500,000	12,500,000
	BRAC Impact Ventures Limited	4,800,000	4,800,000
		<u>17,300,000</u>	<u>17,300,000</u>
9.2	Non Income Generating Other Assets		
	Stock of stamps	2,638,733	5,636,907
	Other receivables (Note - 9.2.1)	716,414,569	594,422,701
	Stock of security stationery	14,587,439	13,966,314
	Stock of printing stationery	18,201,282	43,204,197
	Stock of furniture	25,680,526	28,185,660
	Advance to staff & supplier	3,195,429	7,245,086
	Advance for ELDORADO	-	-
	Deferred revenue expenditure	25,983,857	38,496,926
	Advance payment of income tax	6,005,302,243	5,622,308,862
	Advance Value Added Tax	2,370,000	-
	Deferred tax asset (Note - 9.2.2)	1,117,407,249	1,077,184,150
	Advance to staff for mobile phone purchase	-	-
	Advance to staff for motor cycle purchase	-	-
	Advance to SME unit offices	1,312,690	1,312,690
	Advance against fixed assets	78,536,033	50,808,910
	Advance against office rent	679,230,926	649,280,308
	Advance security deposit	9,621,651	9,207,431
	Advance against - SWIFT	-	-
	Advance for Data Center Project	-	1,819,251
	Advance for software migration	-	7,000
	Advance for ANIK tower project	-	5,100
	Advance to B-Kash	-	-
	Advance against Pre-IPO (First Bangladesh Fixed Income Fund)	3,856,823	3,901,201
	* Lease assets (Note-9.2.4)	123,785	123,785
	Interbranch Account	<u>8,704,463,233</u>	<u>8,147,116,479</u>
		<u>12,447,577,446</u>	<u>13,186,739,278</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

Remittance in transit	14,389,027	-
Receivable against remittance	52,380,875	153,591,285
Receivable against bills pay	-	500
Receivable against DD	127,220,000	133,200,000
Receivable against Cheques	19,725	19,725
Receivable against Cards	10,178,879	34,951,260
Account receivable-FCY(Unclaimed)	236,830	243,254
Receivable from Merchant	37,236,205	175,040,887
Receivable from Partners	213,270,810	15,983,059
Receivable in Cash Shortage	9,158,027	9,339,506
Receivable from Member Bank - Omnibus	-	-
Receivable from Member Bank - ELDORADO	45,044,002	61,441,845
Sundry debtors	199,780,188	8,611,380
Receivable from BACH	5,000,000	-
VAT current account	2,500,000	2,000,000
Misc Suspense Account	-	-
	<u>716,414,569</u>	<u>594,422,701</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 2012				1,077,184,150
Deferred Tax Asset				(228,814,394)
Deferred Tax Liability				<u>848,369,756</u>
Net Deferred Tax Asset 2012				
Balance as at 31 December 2013				1,087,432,941
Loan loss provision (Note - 9.2.3)	6,988,440,905		2,558,665,744	29,974,308
Provision against Capital market	299,743,075		299,743,075	-
Provision against off balance sheet items				1,117,407,249
Deferred tax asset at 31 December 2013 (a)			(355,910,517)	(151,261,970)
Interest receivable from treasury bills & bonds	355,910,517		(231,899,753)	(98,557,395)
Fixed assets (Annex-D)	1,824,491,706	1,592,591,953		(249,819,365)
Deferred Tax Liability at 31 December 2013 (b)				867,587,884
Net Deferred Tax Asset 31 December 2013 (a+b)				40,223,099
Increase of deferred tax asset recognized into P&L as income				(21,004,971)
Increase of deferred tax liability recognized into P&L as expense				19,218,128
Total Deferred tax income recognized into P&L during the year 2013				

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Particulars	2013 Taka	2012 Taka
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 1,087,432,941) 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.		
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	-	-
	<u>123,785</u>	<u>123,785</u>
9.a Consolidated Other Assets		
BRAC Bank Limited	12,447,577,446	13,186,739,278
Off Shore Banking Unit	40,107,659	106,316,049
BRAC EPL Investments Ltd.	699,302,519	592,104,555
BRAC EPL Stock Brokerage Ltd.	251,696,942	110,939,212
B-Kash Ltd.	355,235,760	115,136,159
BRAC IT Services Limited	129,803,327	-
BRAC Saajan Exchange Ltd.	124,784,742	62,778,259
	<u>14,048,508,395</u>	<u>14,174,013,512</u>
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.	168,921,800	14,836,300
BRAC Saajan Exchange Ltd.	59,388,531	59,388,531
BRAC IT Services Limited	31,224,000	-
	<u>2,356,397,625</u>	<u>2,171,088,125</u>
Investment in associate		
BRAC Asset Management Company Ltd.	12,500,000	12,500,000
BRAC Impact Ventures Limited	4,800,000	4,800,000
Less: Inter-company transaction		
BRAC Bank Ltd.	1,090,414	1,565,000
BRAC EPL Investments Ltd.	-	1,705,100
BRAC EPL Stock Brokerage Ltd.	7,555,246	2,305,951
B-Kash Ltd.	1,793,579	59,856,082
BRAC Saajan Exchange Ltd.	17,544,040	627,843
	<u>27,983,279</u>	<u>66,059,976</u>
Add:		
Investment of associate		
BRAC Asset Management Company Ltd.	(Note - 9.a.1) 14,341,770	13,718,064
BRAC Impact Ventures Limited	(Note - 9.a.2) 3,279,471	4,266,844
	<u>11,664,448,733</u>	<u>11,997,406,400</u>
9.a.1 Investment of associate		
BRAC Asset Management Company Ltd.		
Opening balance	13,718,064	13,131,311
Investment made during the year	-	-
Add: Share of post acquisition profit	623,707	586,753
Less: Dividend receivable	-	-
Total carrying amount of investment in associate	<u>14,341,770</u>	<u>13,718,064</u>
9.a.2 Investment of associate		
BRAC Impact Ventures Limited		
Investment made during the year	4,266,844	4,800,000
Add: Share of post acquisition profit	(987,373)	(533,156)
Less: Dividend receivable	-	-
Total carrying amount of investment in associate	<u>3,279,471</u>	<u>4,266,844</u>
10 Non Banking assets		
No non-banking assets is under the possession of the bank which acquired as claims. BRAC Bank limited did not acquire any such assets as on 31 December 2013.		
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.	73,393,751	-
BRAC Saajan Exchange Ltd.	54,905,518	54,905,518
BRAC IT Services Limited	1,476,391	-
Less: Impairment of Goodwill	(30,046,781)	-
	<u>1,472,292,272</u>	<u>1,427,468,912</u>

Impairment test has been performed on the intangible assets with indefinite useful life derived from the valuation of goodwill acquired in the business combination. Goodwill has been impaired on the basis of independent professional values report.

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Particulars		2013 Taka	2012 Taka	
12	Borrowing from other Banks, Financial Institutions and Agents:			
	Term Borrowing:			
	Banking company:	150,000,000	-	
	State Bank of India	2,000,000,000	-	
	Rupali Bank Ltd	300,000,000	-	
	The Hong Kong & Shanghai Banking Corporation Ltd	700,000,000	-	
	Bangladesh Krishi Bank Limited	1,000,000,000	-	
	IFIC Bank Limited	400,000,000	-	
	The Premier Bank Ltd	550,000,000	-	
	ICB Islamic Bank Ltd.	1,929,234,422	39,559,407	
	Off Shore to On Shore	450,000,000	-	
	Uttara Bank Limited	7,479,234,422	39,559,407	
	Non-bank financial institutions:	-	-	
	Borrowing from IFC	7,479,234,422	39,559,407	
	Outside Bangladesh	-	-	
	Sonali Bank Limited (UK)	7,479,234,422	39,559,407	
12.1	Maturity Wise Grouping of Borrowing from Other Bank & Financial Institutions			
	Up to 1 months	5,479,234,422	-	
	More than 1 months to 3 months	-	39,559,407	
	More than 3 months to 1 Year	2,000,000,000	-	
	More than 1 year to 5 years	-	-	
	More than 5 years	7,479,234,422	39,559,407	
12.2	Disclosure regarding outstanding Repo as on 31 December 2013:			
Sl.no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
i	Agrani Bank Ltd.	29/12/2013	2/01/2014	1,009,635,604
ii	Agrani Bank Ltd.	30/12/2013	2/01/2014	1,500,589,764
iii	Janata Bank Ltd.	30/12/2013	2/01/2014	510,840,719
iv	Sonali Bank Ltd.	30/12/2013	1/01/2014	1,003,638,936
				4,024,705,023
12.2.1	Disclosure regarding outstanding Reverse Repo as on 31 December 2013:			
Sl.no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
	NIL	N/A	N/A	NIL
12.2.2	Disclosure regarding overall transaction of Repo and Reverse repo during the year 2013:			
	Particulars	Minimum outstanding	Maximum outstanding	Daily average outstanding
	Securities sold under repo:			
	i) with Bangladesh Bank	202,640,000	7,070,680,000	1,439,247,877
	ii) with other banks & Fis	88,198,713	4,655,875,184	747,208,813
	Securities purchased under reverse repo:			
	i) with Bangladesh Bank	-	-	-
	ii) with other banks & Fis	185,071,248	1,042,174,724	43,467,702
12.a	Consolidated Borrowing from other Banks, Financial Institutions and Agents			
	BRAC Bank Limited		7,479,234,422	39,559,407
	Off Shore Banking Unit		12,784,147,518	8,063,401,672
	BRAC EPL Investments Ltd.		2,786,870,873	3,201,733,832
	BRAC EPL Stock Brokerage Ltd.		-	-
	B-Kash Ltd.		-	-
	BRAC Saajan Exchange Ltd.		36,249,000	-
	BRAC IT Services Limited		(1,354,501,664)	(1,517,524,055)
	Less: Borrowing from BRAC Bank by BRAC EPL Investments Ltd. (Inter-Company)		(6,632,435,768)	(4,869,001,672)
	Borrowing from BRAC Bank Ltd by Off-Shore Banking Unit		15,099,564,380	4,918,169,184
13	Borrowings from Central Bank			
	Bangladesh Bank Refinance		1,012,826,249	632,592,247
	Bangladesh Bank REPO		425,000,000	3,893,910,000
			1,437,826,249	4,526,502,247
13.1	Maturity Wise Grouping of Borrowing from Central Bank			
	Up to 1 months		425,000,000	3,893,910,000
	More than 1 months to 3 months		-	-
	More than 3 months to 1 Year		1,012,826,249	632,592,247
	More than 1 year to 5 years		-	-
	More than 5 years		1,437,826,249	4,526,502,247

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Particulars		2013 Taka	2012 Taka
13.a	Consolidated Borrowings from Central Bank		
	BRAC Bank Limited	1,437,826,249	4,526,502,247
	Off Shore Banking	-	-
	BRAC EPL Investments Ltd.	-	-
	BRAC EPL Stock Brokerage Ltd.	-	-
	B-Kash Ltd.	-	-
	BRAC Saajan Exchange Ltd.	-	-
	BRAC IT Services Limited	-	-
		<u>1,437,826,249</u>	<u>4,526,502,247</u>
14	Subordinated Convertible Bonds		
	Private Placement (Note - 14.1)	2,700,000,000	2,700,000,000
	Public Subscription (Note - 14.2)	300,000,000	300,000,000
		<u>3,000,000,000</u>	<u>3,000,000,000</u>
14.1	Private Placement details		
		No. of Unit	
	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	525,000	525,000,000
	Triodos Fair Share Fund	175,000	175,000,000
	Triodos Microfinance Fund	175,000	175,000,000
	Norwegian Investment Fund for Developing Countries	490,000	490,000,000
	Agrani Bank Limited	750,000	750,000,000
	BRAC Employee Provident Fund	482,500	482,500,000
	Delta Life Insurance Company Ltd.	20,000	20,000,000
	RACE Asset Management *	82,500	82,500,000
	* PHP 1st Mutual Fund, Popular Life 1st Mutual Fund		
	Total Private Placement		<u>2,700,000,000</u>
14.2	Public Subscription details		
		No. of Unit	
	Other than Non-resident Bangladeshies	212,775	212,775,000
	Non-resident Bangladeshies	2,285	2,285,000
	Mutual Funds	84,940	84,940,000
	Total Subscription received		<u>300,000,000</u>
	Less: Refundable against excess subscription		<u>300,000,000</u>
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	3,000,000,000	3,000,000,000
	More than 5 years	-	-
		<u>3,000,000,000</u>	<u>3,000,000,000</u>
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.	-	-
	BRAC IT Services Limited	-	-
		<u>3,000,000,000</u>	<u>3,000,000,000</u>
15	Money at call and short notice		
	Banking Company:		
	Rupali Bank Ltd.	2,000,000,000	-
	Sonali Bank Ltd.	-	400,000,000
	One Bank Ltd.	70,000,000	-
	United Commercial Bank Ltd.	777,513,000	-
	Southeast Bank Limited	-	100,000,000
	IFIC Bank Ltd.	-	100,000,000
	HSBC Bank	-	140,000,000
	Jamuna Bank Limited	-	50,000,000
	Trust Bank Limited	-	1,200,000,000
		<u>2,847,513,000</u>	<u>1,990,000,000</u>
15.1	Maturity Wise Grouping of Money at call and short notice		
	Up to 1 months	2,847,513,000	1,990,000,000.00
	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>2,847,513,000</u>	<u>1,990,000,000</u>

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Particulars	2013 Taka	2012 Taka
15.a Consolidated Money at Call and Short Notice		
BRAC Bank Limited	2,847,513,000	1,990,000,000
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
BRAC IT Services Limited	-	-
	<u>2,847,513,000</u>	<u>1,990,000,000</u>
16 Deposit and Other Accounts		
Local Currency:		
Current & other accounts	37,835,464,423	38,179,207,241
Bills payable (Note-16.3)	991,931,891	1,693,298,032
Saving deposits	20,832,605,144	18,173,398,623
Fixed deposits	62,943,110,575	71,457,715,031
Other deposits (Note-16.4.1)	111,650,229	132,669,605
	<u>122,714,762,263</u>	<u>129,636,288,533</u>
Foreign Currency:		
Current & other accounts	1,289,684,493	4,225,612,056
Bills payable	-	-
Saving deposits	-	-
Fixed deposits	669,262,658	637,831,294
Other deposits (Note-16.4)	72,634,623	146,716,599
	<u>2,031,581,774</u>	<u>5,010,159,949</u>
Total Deposit and other accounts	<u>124,746,344,037</u>	<u>134,646,448,482</u>
16.1 Deposit details concentrating liquidity nature		
i) Demand deposit	35,699,549,316	38,730,074,179
Current deposit	31,185,395,566	30,747,397,433
Saving deposit (10%)	2,083,109,914	1,817,339,862
Foreign currency deposit	1,362,319,116	4,372,328,655
Sundry deposit	76,792,829	99,710,196
Bills payable	991,931,891	1,693,298,032
ii) Time deposit	89,046,794,721	95,916,374,303
Saving deposit (90%)	18,749,344,630	16,356,058,761
Foreign currency deposit	669,262,658	637,831,294
Fixed deposit	58,051,953,523	67,327,154,173
Short term deposit	6,650,068,857	7,431,809,808
Deposit pension scheme	4,891,157,052	4,130,560,859
Security deposit	18,175,131	12,668,190
Other Deposit	16,832,870	20,291,219
	<u>124,746,344,037</u>	<u>134,646,448,482</u>
16.2 Maturity Wise Grouping of Deposits		
Payable on demand	275,044,237	3,280,794,539
Payable within 1 month	20,171,070,504	19,248,819,313
Over 1 month but within 6 months	44,077,505,038	42,247,020,913
Over 6 month but within 1 year	18,801,001,987	32,864,419,471
Over 1 year but within 5 years	24,707,340,794	25,198,339,661
Over 5 years but within 10 years	9,324,876,897	8,495,860,094
Over 10 years	7,389,504,579	3,311,194,491
	<u>124,746,344,037</u>	<u>134,646,448,482</u>
16.3 Bills payable		
Local Drafts Issued and Payable	12,558	70,889,260
Stamp Charges payable for Loan Clients	8,696,594	6,195,778
Insurance Premium payable for SME Loan Clients	85,871,490	76,536,799
Payment Order Issued	691,231,496	1,275,413,126
Sundry Creditors	18,270,515	60,246,415
Payment Order To Be Issued	5,666,322	5,790,107
Cards Settlement account	182,182,914	198,226,547
	<u>991,931,891</u>	<u>1,693,298,032</u>
16.4 Other Deposits		
Foreign currency	72,634,623	146,716,599
Local Currency:		
Sundry deposit (Note-16.4.1)	111,650,229	132,669,605
	<u>184,284,852</u>	<u>279,386,204</u>
16.4.1 Sundry deposit		
Security Deposits	18,175,131	12,668,190
Security Deposit from SME Loan client	495,546	541,201
Security Deposit from Retail Loan client	16,186,724	19,750,018
Merchant POS settlement account	-	-
Lease Deposit	3,086,779	2,947,035
Payable against Staff, Clients Loan account and others	73,706,050	96,763,161
	<u>111,650,229</u>	<u>132,669,605</u>

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Particulars	2013 Taka	2012 Taka
16.a Consolidated Deposit and Other Accounts		
BRAC Bank Limited	124,746,344,037	134,646,448,482
Off Shore Banking Unit	3,145,192,274	39,542,241
BRAC EPL Investments Ltd.	39,421,277	32,035,423
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	3,999,575,268	973,969,599
BRAC Saajan Exchange Ltd.	-	-
BRAC IT Services Limited	-	-
	<u>131,930,532,856</u>	<u>135,691,995,745</u>
Less: Inter Company Transaction		
BRAC EPL Investments Ltd.	4,639,519	28,551,078
BRAC EPL Stock Brokerage Ltd.	264,035,200	103,196,238
B-Kash Ltd.	4,907,176,227	1,269,100,058
BRAC Saajan Exchange Ltd.	75,460,084	46,159,064
	<u>126,679,221,827</u>	<u>134,244,989,307</u>

17 Other Liabilities

Provisions for loans & advances	(Note - 17.1)	6,988,440,905	6,509,051,804
Provisions for Off Balance Sheet Items	(Note - 17.2)	254,941,567	234,000,000
Provisions for Others		61,777	61,777
Interest suspense	(Note - 17.3)	662,483,056	568,901,844
Withholding tax payable	(Note - 17.4)	152,112,096	212,289,800
VAT payable	(Note - 17.5)	94,874,106	115,851,679
Provision for taxation	(Note - 17.6)	7,432,473,086	6,951,639,560
Deferred tax liability	(Note - 9.2.2)	249,819,365	228,814,394
Interest payable		1,567,491,258	1,694,854,983
Accrued expenses		1,194,574,074	847,359,595
Provision for diminution in value of Investments		299,743,075	544,957,355
Excise duty Payable		156,655,041	112,295,950
Share subscription - IPO (refund warrant)		92,297,241	6,517,319
Right Share subscription		1,020,775	1,020,775
Cheque clearing account		110,438,034	121,833,178
Margin on L/C		1,135,499,699	584,064,954
Margin on L/G		64,575,237	93,969,838
Cash Dividend payable		30,415,319	30,629,591
Unclaimed dividend		3,523,517	3,487,054
Payable against exchange house		3,912,704	4,233,535
Payable against insurance		13,845,386	7,614,248
Payable against freez account		306,597,073	241,662,415
Others		(12,495,930)	204,621,694
		<u>20,803,298,461</u>	<u>19,319,733,341</u>

17.1 Provision for Loans and Advances :

Provision for loans and advances is created for covering the bank from possible loan losses in the future. General provision is made on the outstanding amount of loans and advances without considering the classification status following the prescribed rate of Bangladesh Bank. Classified loans and advances of the banks are categorised as Sub-Standard, Doubtful and Bad/Loss as per Bangladesh Bank circulars. For loans which are classified as sub-standard, doubtful or bad/loss, specific provision is created netting off security value from the amount outstanding (net of unearned interest and interest suspense).

A. General

Balance at the beginning of the year	992,457,889	1,414,099,303
Add: Provision made during the year	110,223,172	(421,641,414)
Balance at the end of the year	<u>1,102,681,061</u>	<u>992,457,889</u>

B. Specific

Balance at the beginning of the year	5,516,593,915	3,535,702,665
Add: Provision made during the year	2,721,407,785	3,302,774,899
	<u>8,238,001,700</u>	<u>6,838,477,564</u>
Less: Interest waiver during the year	-	-
Less: Write off during the year	2,352,241,856	1,321,883,649
Balance at the end of the year	<u>5,885,759,844</u>	<u>5,516,593,915</u>
Net actual provision at the end of the year (A+B)	<u>6,988,440,905</u>	<u>6,509,051,804</u>

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	234,000,000
Add: Provision made during the year	20,941,567	-
Balance at the end of the year	<u>254,941,567</u>	<u>234,000,000</u>

17.3 Interest suspense

Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of Bangladesh Bank. Interest accrued on SMA, Sub-Standard, Doubtful and Bad/Loss loans is transferred to interest suspense account and not considered as interest income. This interest is recognized as interest income when it is realized in cash by the bank.

Balance at the beginning of the year	568,901,844	624,136,298
Add: Provision made during the year	1,296,538,147	1,178,672,512
	<u>1,865,439,991</u>	<u>1,802,808,810</u>
Less: Amount of interest suspense recovered	543,887,617	883,119,285
Less: Write off during the year	343,346,887	175,754,854
Less: Interest waiver during the year	315,722,431	175,032,826
Balance at the end of the year	<u>662,483,056</u>	<u>568,901,844</u>

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Particulars	2013 Taka	2012 Taka
17.4 Withholding Tax Payable		
Payable On Interest	128,334,166	188,995,656
Payable (Suppliers)	7,933,267	7,331,764
Payable (Contractors & Consultants)	37,100	
Payable (Staff Salaries & Allowance)	3,409,830	4,545,169
Payable (Rent)	2,578,740	2,400,097
Payable (Export)	2,378,233	1,527,230
Payable on Commission Paid	3,239,504	2,793,051
Payable on Export Cash Subsidy	-	-
Payable on Profession Services	4,201,255	2,784,332
Payable on Others	-	1,912,500
Payable on Dividend	152,112,096	212,289,800
17.5 VAT Payable		
Payable On L/C Commission	5,053,737	2,643,509
Payable on Commission for Remittances	3,102,882	1,027,703
Payable on Loan Processing Fees	3,757,678	10,172,386
Payable - Credit Cards	6,310,237	6,638,318
Payable - Supplier	8,991,931	8,077,492
Payable - Rent	4,409,151	3,771,791
Payable - DESA & DESCO	5,153,159	7,559,105
Payable - BPDB	19,697,800	13,923,648
Payable - DPDC	28,312,039	48,542,466
Payable - Others	10,085,491	13,495,262
	94,874,106	115,851,679
17.6 Provision for current taxation		
Balance at the beginning of the year	6,951,639,560	5,421,639,560
Add: Provision made during the year	1,797,698,269	1,530,000,000
	8,749,337,829	6,951,639,560
Less: Adjustment of tax provision for previous years	1,316,864,743	-
Balance at the end of the year	7,432,473,086	6,951,639,560
Corporate tax position of the Bank has been shown in Annex F.		
17.a Consolidated Other Liabilities		
BRAC Bank Limited	20,803,298,461	19,319,733,341
Off Shore Banking	144,957,950	180,082,541
BRAC EPL Investments Ltd.	372,747,989	61,267,454
BRAC EPL Stock Brokerage Ltd.	527,309,597	366,686,817
B-Kash Ltd.	478,896,975	283,023,703
BRAC Saajan Exchange Ltd.	194,525,878	96,864,373
BRAC IT Services Limited	141,483,431	
	22,663,220,281	20,307,658,229
Less: Inter Company Transaction		
BRAC Bank Limited	1,090,414	65,000
BRAC EPL Investment Ltd.	7,555,246	627,843
B-Kash Ltd.	17,544,038	5,505,951
BRAC EPL Stock Brokerage Ltd.	1,793,579	59,856,082
	27,983,277	66,054,876
	22,635,237,004	20,241,603,354
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
259,082,240 ordinary Share of Tk. 10/- each issued as bonus share	3,169,045,760	2,590,822,400
26,400,000 Right Share of Tk. 10/- each issued as right share	264,000,000	264,000,000
	4,433,045,760	3,854,822,400
18.2.1 Issued, Subscribed and Paid up Capital		
Balance at the beginning of the year	3,854,822,400	3,212,352,000
Add: Bonus share issued	578,223,360	642,470,400
Closing at the end of the year	4,433,045,760	3,854,822,400
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.		

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Particulars	2013 Taka	2012 Taka
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18.4 Bonus Issue

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

	No. of Shares.	% of shareholding		
Sponsor				
BRAC	197,874,032	44.64%	1,978,740,320	1,687,353,360
ShoreCap International Ltd.	-	0.00%	-	33,290,400
International Finance Corporation	23,751,552	5.36%	237,515,520	206,535,240
Others	30,231	0.01%	302,310	291,960
Non Sponsor				
Non Resident Bangladeshis	1,297,471	0.29%	12,974,710	11,521,920
Mutual Funds	19,539,945	4.41%	195,399,450	215,871,560
Institutions & General Public	200,811,345	45.30%	2,008,113,450	1,699,957,960
	443,304,576	100%	4,433,045,760	3,854,822,400

18.6 Classification of Shareholding

Range of Holding of Shares	No. of Shareholders	No. of Shares	Percentage of Holding of Shares
Less than 500	11,382	2,109,513	0.48%
500 to 5,000	16,292	28,646,462	6.46%
5,001 to 10,000	1,558	11,245,271	2.54%
10,001 to 20,000	783	11,131,401	2.51%
20,001 to 30,000	249	6,054,750	1.37%
30,001 to 40,000	104	3,564,382	0.80%
40,001 to 50,000	79	3,598,687	0.81%
50,001 to 100,000	139	9,926,647	2.24%
100,001 to 1,000,000	131	38,301,530	8.64%
Over 1,000,000	30	328,725,933	74.15%
Total	30,747	443,304,576	100.00%

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	197,874,032	335,163,840	335,163,840
ShoreCap International Ltd.	-	92,473,920	92,473,920
International Finance Corporation (IFC)	23,751,552	100,298,880	100,298,880
Others	30,231	63,360	63,360
Non Sponsor:			
Non Resident Bangladeshis	1,297,471	87,800,000	87,800,000
Mutual Funds	19,539,945	87,800,000	87,800,000
General Public	200,811,345	702,400,000	702,400,000
	443,304,576	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.	579,916,190	187,050,150
BRAC Saajan Exchange Ltd.	-	-
BRAC IT Services Limited	477,980	-
	2,133,446,272	1,740,102,253

18.09 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	4,433,045,760	4,433,045,760	3,854,822,400	3,854,822,400
Statutory reserve	3,281,594,097	3,281,594,097	2,934,017,286	2,934,017,286
Non-repayable share premium account	2,133,446,272	1,406,000,000	1,740,102,253	1,406,000,000
General reserve	-	-	-	-
Retained Earnings	2,407,550,889	1,722,111,670	1,914,456,975	1,401,587,740
Minority interest in subsidiaries	852,981,119	-	449,607,676	-
Share money deposit	23,715,983	-	23,741,603	-
Non-cumulative irredeemable preference shares	-	-	-	-
Dividend equalization accounts	-	-	-	-
Sub-total	13,132,334,120	10,842,751,527	10,916,748,193	9,596,427,426

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Particulars	2013 Taka		2012 Taka	
	Consolidated basis	SOLO Basis	Consolidated basis	SOLO Basis
Deductible from Tier - I (Core Capital)				
Book value of Goodwill	1,472,292,272	-	1,427,468,912	-
Shortfall in provision required against classified assets irrespective of any relaxation allowed	-	-	-	-
Deficit on account of revaluation of investment in AFS category	-	-	-	-
Any increase in equity capital resulting from a securitization transaction	-	-	-	-
Deferred tax income arising from "Loan loss provision"	1,087,432,941	1,087,432,941	945,577,274	945,577,274
Investment in subsidiary	-	-	-	-
Other if any	-	-	-	-
Sub-total	2,559,725,213	1,087,432,941	2,373,046,187	945,577,274
Total eligible Tier - 1 Capital	10,572,608,907	9,755,318,586	8,543,702,006	8,650,850,151
Tier - II (Supplementary Capital)				
General Provision	1,579,694,969	1,435,877,720	1,341,623,667	1,226,457,889
Asset revaluation reserve	372,350,971	372,350,971	279,060,563	279,060,563
Preference Share	-	-	-	-
Perpetual Subordinated debt	2,400,000,000	2,400,000,000	2,563,110,602	2,595,255,045
Exchange Equalization Fund	-	-	-	-
Sub-total	4,352,045,940	4,208,228,691	4,183,794,831	4,100,773,498
Deduction (Investment in subsidiary)	-	-	-	-
Total eligible Tier - 2 Capital (a)	4,352,045,940	4,208,228,691	4,183,794,831	4,100,773,498
Tier-3 (eligible for market risk only)	-	-	-	-
Short term sub-ordinated debt (b)	-	-	-	-
Total Supplementary Capital	4,352,045,940	4,208,228,691	4,183,794,831	4,100,773,498
Total Capital	14,924,654,847	13,963,547,278	12,727,496,838	12,751,623,649
	2013 Taka	2013 Taka	2012 Taka	2012 Taka
Total Risk Weighted Assets	131,707,079,105	115,524,063,722	122,759,709,784	111,494,394,088
Required capital based on Risk Weighted Assets	13,170,707,911	11,552,406,372	12,275,970,978	11,149,439,409
Surplus/ (Deficiency)	1,753,946,936	2,411,140,905	451,525,859	1,602,184,240
Capital Adequacy Ratio:				
On core capital (against standard of minimum 5%)	8.03%	8.44%	6.96%	7.76%
On actual capital (against standard of minimum 10.00%)	11.33%	12.09%	10.37%	11.44%
19 Statutory Reserve				
Balance at the beginning of the year			2,934,017,286	2,536,431,462
Add: Transferred from profit during the year			347,576,811	397,585,824
			3,281,594,097	2,934,017,286
19.a Consolidated Statutory Reserve				
BRAC Bank Limited			3,281,594,097	2,934,017,286
Off Shore Banking Unit			-	-
BRAC EPL Investments Ltd.			-	-
BRAC EPL Stock Brokerage Ltd.			-	-
B-Kash Ltd.			-	-
BRAC Saajan Exchange Ltd.			-	-
BRAC IT Services Limited			-	-
			3,281,594,097	2,934,017,286
20 Revaluation Reserve				
Revaluation Reserve on Govt. Securities (note - 20.1)			228,328,408	41,747,591
Assets Revaluation Reserve (note - 20.2)			516,373,535	516,373,535
			744,701,943	558,121,126
20.1 Revaluation Reserve on Govt. Securities				
	HTM	HFT	Total	Total
Balance at the beginning of the year	28,973,133	12,774,458	41,747,591	163,089,754
Add: Addition during the year	24,291,379	128,399,516	152,690,895	10,848,498
Less: Adjustment during the year	-	33,889,922	33,889,922	(132,190,661)
	53,264,512	175,063,896	228,328,408	41,747,591
Revaluation reserve is made according to DOS Circular no.-05, dated 26th May 2008.				
20.2 Assets Revaluation Reserve				
Balance at the beginning of the year			516,373,535	-
Add: Reserve made during the year			-	516,373,535
			516,373,535	516,373,535
Revaluation of land property recognize in the accounts on the basis of valuation report as on 30 April 2012 which was conducted by an independent professional valuer and its historical cost is Tk. 87.9 million.				

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Particulars		2013 Taka	2012 Taka			
20.a	Consolidated Revaluation Reserve	744,701,943	558,121,126			
	BRAC Bank Limited	-	-			
	Off Shore Banking Unit	-	-			
	BRAC EPL Investments Ltd.	-	-			
	BRAC EPL Stock Brokerage Ltd.	-	-			
	B-Kash Ltd.	-	-			
	BRAC Saajan Exchange Ltd.	-	-			
	BRAC IT Services Limited	744,701,943	558,121,126			
20.b	Share money deposit					
20.b.1	Share money deposit in B-Kash Ltd	500,030	122,222,632			
	Share money deposited by Money in motion	32	-			
	Less: Share money deposited by BBL	-	(121,722,602)			
	Less: Share money transfer to Share	500,062	500,030			
	Net Share money deposit in B-Kash	255,032	255,015			
	Share of BRAC Bank (as Parent) on Share money deposit (51%)					
	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.					
20.b.2	Share money deposit in BRAC Saajan Ltd	26,841,814	26,841,814			
	Share money deposited by BRAC Saajan Ltd.	(29,298)	-			
	Exchange difference on translation	-	-			
	Less: Share money deposited by BBL	26,812,516	26,841,814			
	Share money deposit in BRAC Saajan Ltd.	23,460,952	23,486,587			
	Share of BRAC Bank (as Parent) on Share money deposit (87.5%)	23,715,983	23,741,603			
21	Surplus in Profit and Loss Account/ Retained Earnings					
	Balance at the beginning of the year	1,401,587,740	1,934,731,623			
	Less: Issue of Bonus Share (15%)	578,223,360	642,470,400			
	Less: Cash Dividend	-	-			
	Less: Dividend on Preference Share	-	33,468,750			
	Add: HTM Loss adjustment (Prior year)	898,747,290	142,795,267			
	Add: Retained Surplus for the year	1,722,111,670	1,401,587,740			
21.a	Consolidated Surplus in Profit and Loss Account/ Retained Earnings					
	BRAC Bank Limited	1,722,111,670	1,401,587,740			
	Less: Impairment of Goodwill	(30,046,781)	-			
	Add: Retained Surplus from Off Shore Banking (Opening)	144,724,991	72,909,917			
	Add: Retained Surplus from Off Shore Banking (During the year)	150,924,112	71,815,075			
	Add: Retained Surplus from BRAC EPL Investments Ltd. (Opening)	193,946,381	101,567,310			
	Add: Retained Surplus from BRAC EPL Investments Ltd. (During the year)	132,462,178	92,379,070			
	Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (Opening)	203,382,703	194,760,249			
	Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (During the year)	31,364,167	8,622,455			
	Add: Retained Surplus from B-Kash Ltd. (Opening)	(71,456,741)	(28,988,682)			
	Add: Retained Surplus from B-Kash Ltd. (During the year)	(104,852,118)	(42,468,059)			
	Add: Retained Surplus from BRAC Saajan Ltd. (Opening)	41,586,993	7,339,346			
	Add: Retained Surplus from BRAC Saajan Ltd. (During the year)	22,536,510	34,247,647			
	Add: Retained Surplus from BRAC IT Services Ltd. (Opening)	-	-			
	Add: Retained Surplus from BRAC IT Services Ltd. (During the year)	(29,454,418)	-			
	Add: Share of profit from investment in BRAC Asset Management Company Ltd. (Opening)	1,218,064	631,311			
	Add: Share of profit from investment in BRAC Asset Management Company Ltd. (During the year)	623,707	586,753			
	Add: Share of profit from investment in BRAC Impact Ventures Limited (Opening)	(533,156)	-			
	Add: Share of profit from investment in BRAC Impact Ventures Limited (During the year)	(987,373)	(533,156)			
		2,407,550,889	1,914,456,975			
22	Minority Interest					
	BRAC EPL Investments Ltd.	309,437,884	267,607,722			
	BRAC EPL Stock Brokerage Ltd.	50,291,200	46,806,292			
	B-Kash Ltd.	479,808,973	125,245,850			
	BRAC IT Services Ltd.	281,694	-			
	BRAC Saajan Exchange Ltd.	13,161,368	9,947,812			
		852,981,119	449,607,676			
22.1	Calculation of Minority Interest					
	<u>BRACEPL Investments Ltd.</u>	<u>BRAC EPL Stock Stock Brokerage Ltd.</u>	<u>B-Kash Ltd.</u>	<u>BRAC Saajan Exchange Ltd.</u>	<u>BRAC IT Services Ltd.</u>	
	Share Capital	585,000,000	451,500,000	38,194,900	42,889,757	61,224,000
	Share Premium	436,825,951	-	1,286,205,568	-	937,215
	Share money deposit	-	-	505,162	26,812,516	-
	Retained Earnings	267,498,566	51,411,997	(345,703,644)	35,588,669	(61,586,329)
	Total net assets as at 31 December 2013	1,289,324,517	502,911,997	979,201,986	105,290,942	574,886
	Minority Interest at 31 December 2013	309,437,884	50,291,200	479,808,973	13,161,368	281,694
	Total net assets as at 31 December 2012	1,115,032,178	468,062,922	255,603,775	79,582,500	-
	Minority Interest as at 31 December 2012	267,607,723	46,806,292	125,245,850	9,947,812	-

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Particulars	2013 Taka	2012 Taka
23 Contingent Liabilities		
Acceptances and endorsements	-	149,723,080
Import Letters Of Credit - Sight	3,421,341,644	3,815,766,460
Import Letters Of Credit - Usance	13,624,203,874	6,432,561,469
Import Letters Of Credit - Back to Back	1,094,034,739	709,898,212
Guarantees Issued (Note 23.2)	6,383,222,685	4,740,297,069
Tax Liability (Note 23.6)	143,894,928	143,894,928
Bills for collection (Note 23.4)	513,609,666	405,799,599
Contingent Assets - FX deals	3,027,317,026	1,731,876,521
Stock of Travellers Cheques (TC)	4,113,044	4,224,594
Stock of Govt. Sanchaya Patra	12,851,000	12,851,000
Securities under repo with other bank	-	-
	28,224,588,607	18,146,892,932
23.1 Significant concentration wise grouping		
i) Documentary credits and short term trade related transactions:	25,036,412,610	16,254,045,889
ii) Forward asset purchased and forward deposits placed	-	-
iii) Undrawn formal standby facilities, credit lines and commitments to lend	-	-
Under one year	-	-
One year and over	-	-
iv) Other exchange contracts	3,044,281,070	1,748,952,115
iv) Others	143,894,928	143,894,928
	28,224,588,607	18,146,892,932
23.2 Letter of Guarantee		
Letter of Guarantee (Local)	5,387,532,976	3,815,187,461
Letter of Guarantee (Foreign)	995,689,889	925,109,608
Foreign counter Guarantee	-	-
	6,383,222,865	4,740,297,069
Less: margin	64,575,237	93,969,838
	6,318,647,629	4,646,327,231
Balance for which the Bank is contingently liable in respect of guarantee issued favouring:		
Directors	2,234,128,002	1,422,089,121
Government	1,277,800,000	521,432,678
Bank and other financial institution	2,871,294,863	2,796,775,271
Others	6,383,222,865	4,740,297,069
	64,575,237	93,969,838
Less : Margin	6,318,647,629	4,646,327,231
23.3 Irrevocable Letter of Credit		
Letter of Credit (Inland)	271,196,676	276,091,845
Letter of Credit (General)	11,021,917,444	9,972,236,084
Back to Back L/C	279,770,975	709,898,212
Back to Back Bills	1,329,623,703	-
Back to Back Bills (EDF)	1,171,678,343	-
Bank's Liabilities - PAD (DEF)	-	-
	14,074,187,141	10,958,226,141
Less: Margin	759,827,987	584,064,954
	13,314,359,154	10,374,161,187
23.4 Bills for collection		
Outward local bills for collection	513,609,666	405,799,599
Outward foreign bills for collection	-	-
Inward local bills for collection	-	-
Inward foreign bills for collection	-	-
	513,609,666	405,799,599
23.5 Suit filed by the Bank		
No law suit filed by the bank against contingent liabilities.		
23.6 Contingent Liabilities (Taxation)		
Local & Revenue Audit Office has issued a demand of BDT 55,165,078 against VAT audit for the Income year 2006 and BDT 88,729,850 against VAT audit for the Income year 2010. The Bank has filed a writ petition to The Supreme Court of Bangladesh, High Court Division against the said demand. Writ petition numbers are 5005 and 692.		
23.a Consolidated Contingent liabilities		
BRAC Bank Limited	28,224,588,607	18,146,892,932
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	28,800,000	159,000,000
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
BRAC IT Services Limited	-	-
	28,253,388,607	18,305,892,932

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Particulars	2013 Taka	2012 Taka
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Section -Three: Notes to Profit & loss Account

24 Income statement

Income:

Interest, discount and similar income (Note-24.1)	19,928,508,112	17,896,383,838
Dividend income (Note-27)	77,954,797	74,546,545
Fees, commission and brokerage (Note-24.2)	2,223,769,188	2,192,097,885
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	172,906,284	8,127,871
Gains less losses arising from dealing from foreign currencies (Note-28)	385,729,774	333,368,691
Gain less losses arising from REPO	232,271,533	459,191,524
Income from non-banking assets	-	-
Other operating income (Note-29)	510,143,529	320,204,951
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
	<u>23,531,283,217</u>	<u>21,283,921,305</u>

Expenses:

Interest, fees and commission (Note-26)	11,042,602,024	10,195,401,072
Losses arising from dealing securities	27,845,793	193,718,466
Administrative expenses (Note-24.3)	4,755,977,308	4,001,057,456
Other operating expenses (Note-38)	1,198,694,630	1,093,617,786
Depreciation on banking assets (Note-37)	581,286,696	654,930,517
	<u>17,606,406,451</u>	<u>16,138,725,297</u>
	<u>5,924,876,766</u>	<u>5,145,196,008</u>

Operating Profit

24.1 Interest, discount and similar income

Interest on loans and advances	16,840,503,017	15,988,599,386
Interest on money at call and short notice	50,202,400	92,544,821
Interest on balance with other banks	12,662,017	14,523,099
Interest on treasury bills & bonds	2,154,572,610	1,130,851,373
Interest on fixed deposits with other banks	808,206,459	617,901,598
Interest on coupon bearing bond	62,361,609	51,963,561
Interest on zero coupon bond	-	-
	<u>19,928,508,112</u>	<u>17,896,383,838</u>

24.2 Fees, commission and brokerage

Fees	1,713,488,875	1,717,567,834
Commission	510,280,313	474,530,051
	<u>2,223,769,187</u>	<u>2,192,097,885</u>

24.3 Administrative expenses

Salaries and allowances	2,801,760,345	2,506,620,735
Rent, taxes, insurance, electricity etc.	852,027,480	659,435,061
Legal expenses	67,910,910	31,384,698
Postage, stamps, telecommunication etc.	200,248,690	169,498,124
Stationery, printing, advertisement etc.	273,898,858	221,169,733
Chief Executive's salary & fees	12,954,750	11,921,417
Directors' fees & expenses	523,862	511,750
Auditors' fee	900,000	867,800
Repairs & maintenance of fixed assets	545,752,411	399,648,138
	<u>4,755,977,308</u>	<u>4,001,057,456</u>

25 Interest Income

Interest on loans and advances -

Retail	2,720,401,206	2,770,853,363
Corporate	5,029,916,734	4,299,673,332
Lease Finance	216,030,859	232,649,605
SME	8,303,131,048	8,154,651,681
Credit Cards	547,689,344	508,676,956
Staff	23,333,826	22,094,449
	<u>16,840,503,017</u>	<u>15,988,599,386</u>
Interest on money at call and short notice	50,202,400	92,544,821
Interest on balance with other banks	12,662,017	14,523,099
Interest on fixed deposits with other banks	808,206,459	617,901,598
	<u>17,711,573,893</u>	<u>16,713,568,904</u>

25.a Consolidated Interest Income

BRAC Bank Limited	17,711,573,893	16,713,568,904
Off Shore Banking Unit	510,642,769	347,170,400
BRAC EPL Investments Ltd.	701,673,200	678,154,382
BRAC EPL Stock Brokerage Ltd.	-	9,487,822
B-Kash Ltd.	340,723,584	-
BRAC Saajan Exchange Ltd.	1,933,644	-
BRAC IT Services Limited	-	-
Less: Inter-company transaction:	550,855,028	220,336,349
Interest income from BRAC EPL Investment Ltd.	<u>18,715,692,063</u>	<u>17,528,045,159</u>

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Particulars	2013 Taka	2012 Taka
26 Interest Paid on Deposits and Borrowing etc.		
Interest on deposits	1,216,645,213	1,185,193,215
Current	319,877,356	422,906,719
STD	745,925,102	742,999,129
Savings	7,472,675,793	7,052,174,268
Term	9,755,123,465	9,403,273,331
Interest on money at call and short notice	354,199,379	93,235,070
Interest on local bank accounts	368,751,402	135,212,116
Interest on dealing of securities - HFT Instruments	-	-
Interest on Off shore banking	-	-
Interest on REPO	-	-
Interest on BBL bond issue	564,527,779	563,680,555
	<u>11,042,602,024</u>	<u>10,195,401,072</u>
26.a Consolidated Interest Paid on Deposits and Borrowing etc.		
BRAC Bank Limited	11,042,602,024	10,195,401,072
Off Shore Banking Unit	328,407,933	207,140,757
BRAC EPL Investments Ltd.	494,800,641	521,370,403
BRAC EPL Stock Brokerage Ltd.	20,294,179	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	39,645,294	-
BRAC IT Services Limited	3,806,145	-
Less: Inter-company transaction:	550,855,028	220,336,349
Interest income from BRAC EPL Investment Ltd.	<u>11,378,701,188</u>	<u>10,703,575,883</u>
27 Investment Income		
Interest on treasury bills & bonds	2,154,572,610	1,130,851,373
Gain/ (Loss) on dealing of securities - HFT	(27,845,793)	(193,718,466)
Gain on reverse REPO	232,271,533	459,191,524
Dividend on preference shares	19,951,620	26,078,768
Interest on coupon bearing bond	62,361,609	51,963,561
Capital gain on coupon bearing bond	-	-
Gain on trading shares (Realized)	172,906,284	8,127,871
Dividend on ordinary shares	58,003,177	48,467,777
Dividend income from Subsidiaries	-	-
Interest on zero coupon bond	-	-
Interest income in public traded share	-	-
	<u>2,672,221,040</u>	<u>1,530,962,408</u>
27.a Consolidated Investment Income		
BRAC Bank Limited	2,672,221,040	1,530,962,408
Off Shore Banking Unit	-	-
Subsidiaries:		
BRAC EPL Investments Ltd.	90,935,769	(551,293)
BRAC EPL Stock Brokerage Ltd.	3,255,277	4,947,994
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
BRAC IT Services Limited	-	-
Associate:	(363,666)	586,753
Share of profit/ (loss) from associate	<u>2,766,048,421</u>	<u>1,535,945,862</u>
28 Commission, Exchange and Brokerage		
Commission from sale of sanchaya patra	4,826,981	1,861,901
Commission from issue of payment orders, DD & TT	20,297,146	17,492,502
Commission from issue of letter of guarantee	51,452,055	58,653,514
Commission from issue of letters of credit (Import & Export)	314,754,138	256,403,345
Commission on visa processing	10,856,119	9,721,654
Commission on Travellers Cheques	163	309,242
Commission on remittance	105,350,389	127,619,635
Other commission	2,743,321	2,468,257
Foreign exchange earnings	385,729,774	333,368,691
Loan processing fees	510,963,624	637,598,907
Account activity fees	266,026,670	233,025,230
Import & export related fees	23,316,558	13,746,007
Fees & Commission-Cards	520,573,579	436,734,580
Relationship Fees	12,058,714	16,383,264
Loan Early Settlement Fees	30,520,775	25,993,117
Loan Penal Interest	19,972,265	10,227,059
Service Charges for ATM Card	231,373,158	264,464,411
Fund Collection/ Transfer Fees	7,500	171,200
Student Service Center Fees	2,526,200	1,954,500
Cancellation fees	120,100	120,600
Cheque collection fees	431,527	3,045,352
Trade Finance Charges	1,677,437	-
Other fees (Note : 28.1)	93,920,769	74,103,605
	<u>2,609,498,962</u>	<u>2,525,466,576</u>

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Particulars	2013 Taka	2012 Taka
28.1 Other fees		
Passport Endorsement Fees	4,179,710	4,304,894
Locker fees	5,810,430	5,058,163
Service fees – ATM	49,761	-
DPS Early Settlement Fees	-	-
Merchant Service Fee	-	140,000
Service fees – BIT	927,170	1,164,542
IOM Service Fees	1,713,511	1,289,049
Annual Membership Fees–Premium Banking	165,200	177,000
Membership Fees–ELDORADO	5,349,361	7,160,894
Annual Fees–SMS Banking	62,959,657	46,246,749
Cash withdrawal from branch POS	50	350
Syndication Fees	7,879,107	4,805,113
Valuation fees	4,886,810	3,756,853
Omnibus settlement fees	-	-
	<u>93,920,769</u>	<u>74,103,605</u>
28.a Consolidated Commission, Exchange and Brokerage		
BRAC Bank Limited	2,609,498,962	2,525,466,576
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	137,603,218	126,203,567
BRAC EPL Stock Brokerage Ltd.	231,978,370	153,864,398
B–Kash Ltd.	352,534,427	34,240,668
BRAC Saajan Exchange Ltd.	146,086,090	124,225,564
BRAC IT Services Limited	89,655,455	-
	<u>3,567,356,522</u>	<u>2,964,000,773</u>
29 Other operating income		
Recovery of written off bad debts	454,365,129	251,683,293
Profit on sale of assets	(4,569,664)	2,804,189
Rebate income from other bank	23,869,078	25,319,669
Miscellaneous Income	36,478,986	40,397,799
	<u>510,143,529</u>	<u>320,204,951</u>
29.a Consolidated Other operating income		
BRAC Bank Limited	510,143,529	320,204,951
Off Shore Banking Unit	12,290,417	17,115,471
BRAC EPL Investments Ltd.	3,495,399	7,323,057
BRAC EPL Stock Brokerage Ltd.	67,959,477	38,540,563
B–Kash Ltd.	132,246,591	44,272,022
BRAC Saajan Exchange Ltd.	10,497,622	4,983,887
BRAC IT Services Limited	-	-
	<u>736,633,034</u>	<u>432,439,952</u>
30 Consolidated Salaries and allowances		
BRAC Bank Limited	2,801,760,345	2,519,815,735
Off Shore Banking Unit	8,186,914	8,187,503
BRAC EPL Investments Ltd.	91,010,949	81,004,915
BRAC EPL Stock Brokerage Ltd.	91,577,149	70,223,608
B–Kash Ltd.	257,452,032	100,736,669
BRAC Saajan Exchange Ltd.	47,114,231	31,101,489
BRAC IT Services Limited	78,499,307	-
	<u>3,375,600,927</u>	<u>2,811,069,919</u>
31 Rent, Taxes, Insurance, Electricity etc.		
Rent, rates & taxes	639,313,304	524,988,611
Insurance	73,891,874	29,422,768
Power & electricity	128,715,083	99,121,012
WASA & Sewerage	10,107,219.22	5,902,670
	<u>852,027,480</u>	<u>659,435,061</u>
31.a Consolidated Rent, Taxes, Insurance, Electricity etc.		
BRAC Bank Limited	852,027,480	659,435,061
Off Shore Banking Unit	2,519,051	2,519,232
BRAC EPL Investments Ltd.	24,528,834	23,270,021
BRAC EPL Stock Brokerage Ltd.	19,191,600	18,178,604
B–Kash Ltd.	5,959,260	16,864,033
BRAC Saajan Exchange Ltd.	6,523,796	3,913,973
BRAC IT Services Limited	-	-
	<u>910,750,021</u>	<u>724,180,924</u>
32 Consolidated Legal expenses		
BRAC Bank Limited	67,910,910	31,384,698
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	4,654,574	5,801,052
BRAC EPL Stock Brokerage Ltd.	-	391,884
B–Kash Ltd.	12,791,572	109,794
BRAC Saajan Exchange Ltd.	2,170,910	503,932
BRAC IT Services Limited	-	-
	<u>87,527,967</u>	<u>38,191,360</u>

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Particulars		2013 Taka	2012 Taka
33	Postage, Stamp, Telecommunication etc		
	Postage & courier	38,416,154	33,924,962
	Telegram, telex, fax & Network	71,825,150	63,349,262
	Court fees & stamps	7,941,947	4,180,216
	Telephone-Office	82,065,439	68,043,684
	Telephone-Residence	-	-
		<u>200,248,690</u>	<u>169,498,124</u>
33.a	Consolidated Postage, Stamp, Telecommunication etc		
	BRAC Bank Limited	200,248,690	169,498,124
	Off Shore Banking Unit	-	-
	BRAC EPL Investments Ltd.	11,318,578	8,702,473
	BRAC EPL Stock Brokerage Ltd.	19,949,318	33,639,164
	B-Kash Ltd.	19,482,864	10,299,549
	BRAC Saajan Exchange Ltd.	8,051,359	2,052,593
	BRAC IT Services Limited	-	-
		<u>259,050,809</u>	<u>224,191,903</u>
34	Stationery, Printing, Advertisement etc.		
	Stationery & Printing	91,775,814	94,267,310
	Security Stationery	38,517,062	28,176,975
	Advertisement	143,605,982	98,725,448
	Billboard Rent	20,253,161	31,992,931
	Printing	24,571,778	4,513,889
	Publications	37,197,509	24,665,956
	Campaign	61,583,533	37,552,671
		<u>273,898,858</u>	<u>221,169,733</u>
34.a	Consolidated Stationery, Printing, Advertisement etc.		
	BRAC Bank Limited	273,898,858	221,169,733
	Off Shore Banking Unit	125,953	125,962
	BRAC EPL Investments Ltd.	2,496,296	3,777,229
	BRAC EPL Stock Brokerage Ltd.	1,625,890	6,968,256
	B-Kash Ltd.	611,980,518	3,678,141
	BRAC Saajan Exchange Ltd.	7,853,980	4,169,833
	BRAC IT Services Limited	-	-
		<u>897,981,495</u>	<u>239,889,154</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	360,000	360,000
	Travelling & Others	163,862	151,750
		<u>523,862</u>	<u>511,750</u>
35.a	Consolidated Director's Fees & Expenses		
	BRAC Bank Limited	523,862	511,750
	Off Shore Banking Unit	-	-
	BRAC EPL Investments Ltd.	931,500	900,750
	BRAC EPL Stock Brokerage Ltd.	615,000	525,000
	B-Kash Ltd.	1,923,702	1,589,400
	BRAC Saajan Exchange Ltd.	-	-
	BRAC IT Services Limited	-	-
		<u>3,994,064</u>	<u>3,526,900</u>
36	Auditors' Fee		
		<u>900,000</u>	<u>867,800</u>
36.a	Consolidated Auditors' fee		
	BRAC Bank Limited	900,000	867,800
	Off Shore Banking Unit	-	-
	BRAC EPL Investments Ltd.	253,000	230,000
	BRAC EPL Stock Brokerage Ltd.	115,500	114,500
	B-Kash Ltd.	405,094	150,000
	BRAC Saajan Exchange Ltd.	1,559,473	1,479,861
	BRAC IT Services Limited	-	-
		<u>3,233,067</u>	<u>2,842,161</u>
37	Depreciation on and repairs to bank's assets		
	Depreciation of Property plant and equipments		
	Furniture & fixtures	119,293,199	110,000,660
	Office equipments	152,778,700	160,756,062
	IT hardware	194,304,384	231,762,283
	Motor vehicles	16,152,937	15,954,526

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Particulars	2013 Taka	2012 Taka
Amortization of Intangible assets		
IT software	98,757,476 581,286,696	136,456,986 654,930,517
Repairs & Maintenance expenses		
Transport Maintenance	126,916,944	105,122,918
Equipment Maintenance	54,019,027	43,707,259
Hardware & Software Maintenance	328,522,338	229,055,722
Premises Maintenance	36,294,103	21,762,239
	545,752,411	399,648,138
	1,127,039,107	1,054,578,655
37.a Consolidated Depreciation on and repairs to bank's assets		
BRAC Bank Limited	1,127,039,107	1,054,578,655
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	20,900,973	23,841,351
BRAC EPL Stock Brokerage Ltd.	21,570,991	20,892,583
B-Kash Ltd.	94,301,674	40,229,700
BRAC Saajan Exchange Ltd.	2,655,608	3,978,879
BRAC IT Services Limited	-	-
	1,266,468,354	1,143,521,168
38 Other Expenses		
Transportation & conveyance	41,894,600	44,504,281
Fuel expenses	51,056,691	49,026,334
Travelling	44,278,788	45,003,372
Professional fees	29,225,108	27,980,828
Entertainment	9,431,944	3,662,063
Staff welfare	27,940,028	19,935,102
SWIFT	4,618,633	2,706,557
Business development	20,406,770	19,428,079
Books, newspapers and periodicals	589,217	508,438
Donation and subscription	11,473,940	10,955,653
VAT & excise duty	38,039,031	74,802,486
Fraud, forgeries & operating loss	15,016,898	24,276,779
Staff training	31,096,052	11,050,071
Staff liveries	1,512,000	1,348,500
Staff recruitment	1,050,725	464,277
Payment to outsourcing staff	196,322,448	193,266,461
Bank charges	113,475,972	148,459,924
Finance charge on leased assets	-	-
Croceries	801,902	556,910
IPO Expenses	8,620,300	14,967,000
Documentation Charges - CIB	5,321,421	3,359,400
IT enabled services	81,122,815	-
Credit card expenses	190,417,501	112,170,591
AGM expenses	3,875,000	10,500,000
Right issue expenses	12,000,000	1,207,500
Bond issue expenses	4,550,102	2,950,826
Outsource agency fees	187,074,362	175,113,213
Commission paid	8,931,998	16,990,265
Cash carrying charges	56,550,265	64,804,298
Miscellaneous	2,000,119	423,576
	1,198,694,630	1,080,422,787
38.a Consolidated Other Expenses		
BRAC Bank Limited	1,198,694,630	1,080,422,787
Off Shore Banking Unit	1,763,335	1,763,462
BRAC EPL Investments Ltd.	8,585,209	6,713,794
BRAC EPL Stock Brokerage Ltd.	26,551,418	5,677,538
B-Kash Ltd.	117,862,918	20,573,557
BRAC Saajan Exchange Ltd.	9,384,567	36,258,935
BRAC IT Services Limited	55,374,227	-
	1,418,216,304	1,151,410,073
39 Provisions		
For Loans & Advances:		
For classified loans & advances	2,721,407,785	3,302,774,899
For unclassified loans & advances	110,223,172	(421,641,414)
	2,831,630,957	2,881,133,485
For Off Balance Sheet items	20,941,567	-
For diminution in value of Investments	47,500,000	276,133,403
	2,900,072,524	3,157,266,888
39.a Consolidated Provisions		
BRAC Bank Limited	2,900,072,524	3,157,266,888
Off Shore Banking Unit	31,005,888	72,733,882
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
BRAC IT Services Limited	2,625,000	-
	2,933,703,411	3,230,000,770

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Particulars	2013 Taka	2012 Taka
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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 year, an amount of Tk. 1,797,698,269 (2012 : 1,530,000,000) 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. 19,218,128 (2012 : 82,451,971) 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%
Adjustment - prior year

1,797,698,269	1,530,000,000
-	-
1,797,698,269	1,530,000,000
(19,218,128)	(82,451,971)
1,778,480,141	1,447,548,029

Net deferred Tax liability/(asset) originated for
Income Tax on Profit

40.a Consolidated Provision for Income Tax

Current Tax:

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

1,797,698,269	1,530,000,000
-	-
99,934,693	14,584,413
66,853,004	40,649,135
(84,920,393)	3,591,416
7,802,126	6,609,787
1,887,367,700	1,595,434,751

Deferred Tax:

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

(19,218,128)	(82,451,971)
-	-
-	(618,096)
-	-
-	(36,038,865)
-	-
(19,218,128)	(119,108,931)
1,868,149,572	1,476,325,820

41 Weighted Average Earnings Per Share

Profit after taxation
Less: Preference dividend
Profit attributable for distribution to ordinary
Weighted average number of shares

1,246,324,101	540,381,091
-	(33,468,750)
1,246,324,101	506,912,341
443,304,576	443,304,576
2.81	1.14

Weighted average/ adjusted earnings per share (Taka)

Weighted average earnings per share (EPS) of 2012 has been restated as per BAS-33 "Earnings per Share".

41.a Consolidated Weighted Average Earnings Per Share

Profit after taxation
Less:
Preference dividend
Profit attributable to Minority
Profit attributable for distribution to ordinary
Weighted average number of shares

1,339,351,330	699,784,295
-	33,468,750
(80,033,522)	(5,779,736)
1,419,384,852	672,095,281
443,304,576	443,304,576
3.20	1.52

Weighted average/ adjusted earnings per share (Taka)

Weighted average earnings per share (EPS) of 2012 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)
Balance with Bangladesh Bank and its agents banks (including foreign currency)
Balance with other banks and financial institutions
Money at call and on short notice

8,525,477,864	4,749,600,127
8,618,833,020	8,831,070,371
15,838,931,243	15,320,967,135
-	-
32,983,242,127	28,901,637,632

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Particulars	2013 Taka	2012 Taka
42.a Consolidated Cash & Cash Equivalent		
BRAC Bank Limited	32,983,242,127	24,032,635,960
Off Shore Banking Unit	1,948,114,253	71,229,745
BRAC EPL Investments Ltd.	30,444,789	26,648,217
BRAC EPL Stock Brokerage Ltd.	492,675,329	375,064,655
B-Kash Ltd.	4,909,402,841	1,460,516
BRAC Saajan Exchange Ltd.	151,064,309	53,031,592
BRAC IT Services Limited	17,005,871	
Less: Inter-company balances	(11,883,453,178)	
	<u>28,648,496,341</u>	<u>24,560,070,685</u>
43 Receipts from other operating activities		
Recovery of written off bad debts	454,365,129	251,683,293
Profit on sale of assets	(4,569,664)	2,804,189
Misc. Income	36,478,986	40,397,799
Capital gain on coupon bearing bond	-	-
Gain on trading shares	172,906,284	8,127,871
Rebate income from other bank	23,869,078	25,319,669
	<u>683,049,812</u>	<u>328,332,822</u>
43.a Consolidated Receipts from other operating activities		
BRAC Bank Limited	683,049,812	328,332,822
Off Shore Banking Unit	12,290,417	17,115,471
BRAC EPL Investments Ltd.	92,149,445	(99,169,842)
BRAC EPL Stock Brokerage Ltd.	30,639,167	21,922,325
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	10,497,622	4,646,634
BRAC IT Services Limited	-	-
	<u>828,626,462</u>	<u>272,847,411</u>
44 Payment for other operating activities		
Rent, taxes, insurance, electricity etc.	835,218,158	649,372,671
Audit fees	847,500	747,800
Directors fees & expenses	523,862	511,750
Repair & maintenance	385,076,525	331,356,009
Other expenses	1,437,845,669	902,597,339
Legal expenses	41,256,883	31,304,177
	<u>2,700,768,597</u>	<u>1,915,889,745</u>
44.a Consolidated Payment for other operating activities		
BRAC Bank Limited	2,700,768,597	1,915,889,745
Off Shore Banking Unit	12,595,253	12,596,158
BRAC EPL Investments Ltd.	66,178,848	-
BRAC EPL Stock Brokerage Ltd.	-	122,167,812
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	122,303,610	80,814,309
BRAC IT Services Limited	-	-
	<u>2,901,846,308</u>	<u>2,131,468,025</u>

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, in the 45th Audit Committee Meeting held on December 17, 2012 reconstituted the Audit Committee as under:

Sl No	Name of Director	Status with The Bank	Status with the Committee	Educational Qualification
01	Mr. Hafiz G.A Siddiqi	Director	Chairman	Ph.D (Manchester Business School), UK, MBA, (Graduate School of Business Indiana University), USA
02	Mr. Shib Narayan Kairi	Director	Member	M.Com (Accounting)
03	Mr. Muhammad A (Rumee) Ali	Chairman	Member	MA (Economics)
04	Ms. Nihad Kabir	Director	Member	L.L.B., L.L.M.(UK), (Barrister at Law)

During the period ended 31 December 2013, the Audit Committee of the Board conducted 06 (Six) meeting in which among others, the following issues were discussed:

- Facts Discussed
- Discussed the audit report of different Head Office departments, Branches and SME Sales & service centers, IT conducted by the Bank's internal audit team from time to time.
 - Discussed the Enterprise Risk Management Report prepared and conducted by ERM team
 - Discussed the fraud/forgeries & operational loss report
 - Discussed technology incidents
 - Reviewed service quality report of the Bank.
 - Reviewed the ERM policy of the Bank.

Particulars	2013 Taka	2012 Taka
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- 45.2 Related Party/(ies) Transactions
i) The bank carried out transactions with related parties in the normal course of business on an arms length basis. As on 31 December 2013, 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 at the end of period
BRAC & Its Associated Organization	Director	Deposits made with us	9,256,263,390
Delta BRAC Housing Finance Corporation Ltd.	Director	Deposits made with us	1,112,028
Industrial & Infrastructure Dev. Finance Co Ltd.	Director	Deposits made with us	471
BRAC EPL Investments Ltd.	Subsidiary	Deposits made with us	25,638,867
BRAC EPL Stock Brokerage Ltd.	Subsidiary	Deposits made with us	265,484,929
bKash	Subsidiary	Deposits made with us	4,909,804,385
BRAC IT Services Limited (bITS)	Subsidiary	Deposits made with us	28,585,433
BRAC Saajan Exchange Limited	Subsidiary	Deposits made with us	75,340,715
BRAC EPL Investments Ltd.	Subsidiary	Loans & Advances	1,373,126,108
BRAC Impact Ventures Limited	Associates	Deposits made with us	10,366,035
BRAC Asset Management Company Ltd	Associates	Deposits made with us	61,276,726

ii) Name of Directors and the entities in which they have interest as on 31 December 2013

Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
01	Sir Fazle Hasan Abed	Chairman	BRAC Industries BRAC Kodala Tea BRAC Kaiyacherra Tea BRAC Karnafuli Tea BRAC Banskhal Tea BRAC Foundation	FCMA, London
02	Mr. Muhammad A (Rume) Ali	Director	Enterprises of BRAC Delta Brac Housing Finance Corp. Ltd. BRAC Karnaphuli Tea Co. Ltd. BRAC Kayachora Tea Co. Ltd. BRAC Banskhal Tea Co. Ltd., BRAC SAAJAN Exchange Ltd. BRAC Kodala Tea Estate BRAC Services Ltd. BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. bKash Ltd. BRAC IT Services Ltd.	MA (Economics)
03	MS. Zahida Ispahani (Independent Director)	Director	Ispahani Islamia Eye Institute & Hospital	Graduate
04	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)
05	Mr. Hafiz G.A Siddiqi (Independent Director)	Director	North South University BRAC IT Services Ltd.	Ph.D (Manchester Business School), UK, MBA, (Graduate School of Business Indiana University), USA
06	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	MBA (IBA)

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:

Nil

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 31.12.2013.

45.4 Number of Employees

The number of Employees including contractual engaged for the whole year or part there of who received a total monthly remuneration of Tk. 42,273 or above were 6,624 (2012: 7,315).

45.5 Post Balance Sheet Events:

- a) The Board of Directors in its 168th Board meeting held on 27 February, 2014 has proposed dividend of 10% Stock and 10% cash dividend subject to the approval of the Shareholders at the next Annual General Meeting.

45.6 Coverage of External Audit:

The external auditor of the Bank, M/s Hoda Vasi Chowdhury & Co. Chartered Accountants worked about in excess of 3370 man hour at head office, 20 Branches and 20 SME Unit Offices and 20 SME Sales and Service Centre. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

45.7 Share trading

The bank traded its ordinary shares in CDBL through DSE and CSE on 31 January 2007. The closing market price on 31 December 2013 was Tk.32.60 at DSE and Tk. 32.10 at CSE.



Managing Director & CEO



Director



Director



Chairman

BRAC Bank Ltd.
Highlights on the overall Activities
As at 31 December 2013

Particulars	Amount in Taka	
	2013	2012
Paid-up capital	4,433,045,760	3,854,822,400
Total capital including general provisions	13,963,547,278	12,751,623,649
Capital surplus/(deficit)	2,411,140,905	1,602,184,240
Total assets	171,901,669,638	173,676,792,029
Total deposits	124,746,344,037	134,646,448,482
Total loans & advances	102,728,920,850	103,624,437,957
Total contingent liabilities & commitments	28,224,588,607	18,146,892,932
Credit deposit ratio (Loans & advances/Deposits)	82.35%	76.96%
Percentage of classified loans against total loans & advances	7.40%	7.37%
Profit after tax & provisions	1,246,324,101	540,381,091
Amount of classified loans during the current year	7,600,698,577	7,637,100,768
Provision kept against classified loans	5,885,759,844	5,516,593,915
Provisions surplus/deficit	1,259,818,539	103,960,550
Cost of fund	8.13%	8.43%
Interest earning assets	160,753,902,850	162,938,223,671
Non-Interest earning assets	11,147,766,788	10,738,568,359
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	6.05%	3.44%
Return on assets (ROA) [PAT/Average assets]	0.72%	0.35%
Return on Equity (ROE) [PAT/Average shareholders equity]	11.46%	5.47%
Income from investments	2,672,221,040	1,530,962,408
Weighted average earning per share	2.81	1.14
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)]	2.81	1.14
Price earning ratio (Market price per share/EPS)	11.60	26.46
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share]	26.14	26.34

BRAC Bank Limited

Balance with other bank and financial institutions (Outside Bangladesh on Demand Deposit Accounts)
As at 31 December 2013

Name of Bank	A/C Type	December 2013		December 2012		Amount in Taka
		FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate
Standard Chartered Bank-NY (USD)	CD	36,098.70	77.75	2,806,721	2,521,384.74	79.86
Mashreq Bank PSCNY (USD)	CD	162,797	77.75	12,657,647	23,671.80	79.86
The Bank of Nova Scotia- Canada (CAD)	CD	37,218.75	72.63	2,703,228	31,764.20	80.58
CITI Bank NA - NY(USD)	CD	-	77.75	-	871,483.53	79.86
AB Bank Mumbai (ACU Dollar)	CD	2,082.90	77.75	161,948	560.02	79.86
ICICI Mumbai (ACU Dollar)	CD	2,868.35	77.75	223,018	23,099.74	79.86
Standard Chartered Bank-UK (GBP)	CD	31,790.31	128.15	4,073,792	101,686.45	129.25
Hypo Vereins Bank Germany (EURO)	CD	4,204.32	106.85	449,214	7,577.30	105.93
HSBC - NY (USD)	CD	783,977.62	77.75	60,955,279	1,103,550.89	79.86
HSBC - UK (GBP)	CD	22,747.28	128.15	2,914,966	378,169.89	129.25
HSBC - AUS (AUD)	CD	10,198.04	68.96	703,232	222.57	82.90
Union DE Banques Arabes ET Francaises (JPY)	CD	6,229,414.00	0.74	4,605,406	1,689,797.00	0.93
Westpack Banking Corporation, (AUD)	CD	72,868.09	68.96	5,024,809	51,526.13	82.90
HSBC - Pakistan (ACU Dollar)	CD	12,070.01	77.75	938,459	10,634.84	79.86
HSBC - India (ACU Dollar)	CD	-	77.75	-	-	-
Zuercher Kantonal Bank, Zurich (CHF)	CD	5,643.89	87.20	492,171	6,782.45	87.67
ING Belgium NV/SA (EURO)	CD	27,849.96	106.85	2,975,651	430.61	105.93
Commerz Bank AG Germany (EURO)	CD	210,101.71	106.85	22,448,485	52,325.38	105.93
JP Morgan Chase Bank (USD)	CD	1,332,801.65	77.75	103,627,061	996,496.63	79.86
Unicredito Italiano SPA (EURO)	CD	14,035.15	106.85	1,499,597	10,048.62	105.93
SCB Frankfurt (EURO)	CD	405.61	106.85	43,338	10,183.00	105.93
United Bank of India (USD)	CD	474,652.32	77.75	36,904,835	951.16	79.86
Commerz Bank, AG Germany (USD)	CD	2,147	77.75	166,927	10,362.55	79.86
Sonali Bank Limited (UK)	CD	14,028	128.15	1,797,686	-	129.25
HDFC Bank Limited (ACU)	CD	49,616	77.75	3,857,705	149,980.14	79.86
Deutsche Bank Trust Company (USD)	CD	210,896	77.75	16,397,476	118,492.71	79.86
Commerz Bank - Frankfurt (GBP)	CD	88	128.15	11,222	-	79.86
Bank of America N.A New York	CD	15,017	77.75	1,167,617	22,989.99	79.86
Total				289,607,488		547,043,164

BRAC Bank Limited
Investment in Shares
As at 31 December 2013

Sl. no	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31/Dec/13	Amount in Taka Total market value at 31/Dec/13
Quoted							
Ordinary shares							
1	ARGONDENIM	10.00	678,000	65,345,724	96.38	94.90	64,342,200
2	BATBC	10.00	2,750	4,365,700	1,587.53	1,603.10	4,408,525
3	BENGALWTL	10.00	80,000	2,962,972	37.04	62.90	5,032,000
4	BSCCL	10.00	184,110	44,225,817	240.21	168.10	30,948,891
5	BSRMSTEEL	10.00	463,840	73,258,257	157.94	68.70	31,865,808
6	EHLNRBMF	10.00	4,711,133	42,710,189	9.07	7.80	36,746,837
7	EXIM1STMIF	10.00	5,000,000	50,000,000	10.00	7.80	39,000,000
8	FBIIF	10.00	27,586,058	250,176,052	9.07	9.30	256,550,339
9	JAMUNAOIL	10.00	88	15,615	177.45	191.80	16,878
10	LRGLOBMFI	10.00	31,038,090	297,596,597	9.59	7.30	226,578,057
11	MPETROLEUM	10.00	36,924	5,711,760	154.69	211.00	7,790,964
12	PADMAOIL	10.00	387,860	124,525,945	321.06	252.30	97,857,078
13	PREMIERCEM	10.00	404,000	46,514,038	115.13	99.60	40,238,400
14	TITASGAS	10.00	3,000,000	274,468,507	91.49	73.80	221,400,000
15	UNIQUEHRL	10.00	306,400	30,049,482	98.07	78.00	23,899,200
				1,311,926,654			

Annex - C (Cont.)

BRAC Bank Limited
Investment in Shares
As at 31 December 2013

Unquoted							
1	Industrial and Infrastructure Development Finance Co. Ltd.	100.00	732,911	29,683,820	40.50	-	-
2	Central Depository Bangladesh Ltd.	10.00	800,000	6,277,770	7.85	-	-
3	BRAC EPL Investments Ltd.	10.00	44,459,962	752,715,794	16.93	-	-
4	BRAC EPL Stock Brokerage Ltd.	100.00	4,063,498	1,344,147,500	330.79	-	-
5	B-Kash Ltd.	100.00	194,800	168,921,800	867.16	-	-
6	BRAC Asset Management Company Ltd.	100.00	125,000	12,500,000	100.00	-	-
7	BRAC Saajan Exchange Limited	100.00	291,616	59,388,531	203.65	-	-
8	Bangladesh Rating Agency of Bangladesh Limited	100.00	124,976	12,497,600	100.00	-	-
9	BRAC IT Service (bitts) Limited	1,000.00	31,224	31,224,000	1,000.00	-	-
10	BRAC Impact Ventures Limited	10.00	480,000	4,800,000	10.00	-	-
Preference shares							
1	Summit Purbanchal & Uttaranchal Power Co Ltd	10.00	1,431,152	143,115,200	100.00	-	-
				52,223,915	2,529,248,015		

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BRAC Bank Limited
Schedule of Fixed assets including premises, furniture and fixtures
As at 31 December 2013

Particulars	C O S T			Rate of Dep. %	D E P R E C I A T I O N				Written down value 31.12.2013
	Balance as on 01.01.2013	Addition during the year	Adjustment during the year		Balance as on 01.01.2013	Charged during the year	Adjustment during the year	Balance as on 31.12.2013	
Property, plant & equipments									
Land	604,314,000	-	-		604,314,000	-	-	-	604,314,000
Furniture & fixture	1,135,168,847	139,046,116	3,137,796	10	1,271,077,166	119,293,899	1,577,802	485,222,966	785,854,201
Office equipments **	941,004,481	121,305,521	13,002,197	20	1,049,307,804	152,778,700	8,169,027	708,830,596	340,477,208
Office machineries	-	-	-	20	-	-	-	-	-
IT Hardwares *	1,322,812,021	120,138,910	13,428,037	20	1,429,522,894	191,045,838	13,101,884	992,601,109	436,921,785
Motor vehicles	94,402,419	6,398,000	3,521,504	20	97,278,915	16,152,937	2,099,826	71,106,793	26,172,123
Intangible:									
IT equipment - software									
	4,097,701,767	386,888,546	33,089,534		4,451,500,779	479,271,374	24,948,539	2,257,761,463	2,193,739,316

Intangible assets

with Indefinite useful

lives:

License	50,000	-	-		50,000	-	-	-	50,000
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with definite useful lives

IT Softwares

	805,610,083	53,742,150	-	20	859,352,233	101,366,652	-	609,837,994	249,514,239
	805,660,083	53,742,150	-		859,402,233	101,366,652	-	609,837,994	249,564,239
Total	4,903,361,850	440,630,696	33,089,534		5,310,903,012	580,638,026	24,948,539	2,867,599,457	2,443,303,555
As at 31 Dec. 2012	4,027,402,296	914,153,545	38,193,991		4,903,361,850	654,930,517	21,258,087	2,311,909,970	2,591,451,880

* IT Hardware includes Computers/ PCs which were depreciated @ 33.33%.

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

**BRAC Bank Ltd.
Detail of Large Loan
As at 31 December 2013**

Number of Clients	4
Amount of outstanding advances	13,603,313,476
Amount of classified advances	NIL
Measures taken for recovery	NIL

Client wise break-up is as follows:

Name of Clients	December 2013				December 2012	
	Outstanding (Taka)					
	Funded	Non Funded	Total	Total		
SUMMIT MEGHNAGHAT POWER COMPANY LIMITED		4,676,946,109	4,676,946,109	-		
ACORN INFRASTRUCTURE SERVICES LIMITED	2,449,946,947	1,163,579,408	3,613,526,355	-		
ABUL KHAIR STEEL LIMITED	534,188,738	2,812,281,660	3,346,470,398	1,542,045,931		
CITY SEED CRUSHING INDUSTRIES LTD.	968,473,764	997,896,849	1,966,370,613	1,797,718,890		
ACORN INFRASTRUCTURE SERVICES LIMITED	-	-	-	5,339,559,259		
BRAC EPLINVESTMENTS LIMITED	-	-	-	1,517,524,054		
AUGERE WIRELESS BROADBAND BANGLADESH LIMITED	-	-	-	3,450,475,648		
Total	3,952,609,450	9,650,704,026	13,603,313,476	13,647,323,782		

BRAC Bank Ltd.
Statement of Tax position
As at 31 December 2013

Accounting Year	Assessment Year	Tax provision	Tax as per assessment	(Short)/Excess provision	Advance Tax as per assessment order	Present Status
2001	2002-2003	-	1,056,739	(1,056,739)	1,107,927	Completed
2002	2003-2004	-	375,000	(375,000)	375,000	Completed
2003	2004-2005	-	2,411,653	(2,411,653)	1,587,297	Completed
2004	2005-2006	111,000,000	82,779,311	28,220,689	78,337,409	Completed
2005	2006-2007	139,777,786	150,891,910	(11,114,124)	143,306,036	Completed
2006	2007-2008	334,920,000	385,558,644	(50,638,644)	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	1,226,332,530	(86,332,530)	1,225,978,580	Assessment complete, appealed
2010	2011-2012	1,416,240,000	1,244,495,264	171,744,736	1,220,637,458	Tax Return is submitted u/s 82BB
2011	2012-2013	1,460,000,000	1,304,653,579	155,346,421	1,250,301,019	Tax Return is submitted u/s 82BB
2012	2013-2014	1,530,000,000	1,467,791,564	62,208,436	1,304,653,579	Tax Return is submitted u/s 82BB
2013	2013-2014	1797698269	-	-	-	Not due Yet

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BRAC Bank Limited
Statement of outstanding unreconciled entries
As at 31 December 2013

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	34,821,027.50	83	2,831,557.44	233	18,920,719.10	331	58,395,158.84
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	34,821,028	83	2,831,557.44	233	18,920,719	331	58,395,159

**Off-shore Banking Units
Statement of Financial Position
As at 31 December 2013**

Note	2013		2012	
	USD	Taka	USD	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	25,055,713	1,948,114,253	891,932
Inside Bangladesh		219,985	17,104,143	393,325
Outside Bangladesh		24,835,728	1,931,010,110	498,607
Money at call and short notice	-	-	-	-
Investments	-	-	-	-
Government	-	-	-	-
Others	-	-	-	-
Loans and advances	4	184,970,861	14,381,724,933	103,308,360
Loans, cash credit, overdrafts etc.		184,970,861	14,381,724,933	103,308,360
Bills purchased & discounted		-	-	-
Fixed assets including premises, furniture and fixtures	-	-	-	-
Other assets	5	515,846	40,107,659	1,331,280
Total Property and Assets		210,542,420	16,369,946,845	105,531,572
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions & agents	6	164,423,585	12,784,147,519	100,969,217
Borrowings from Central Bank	7	-	-	-
Deposits and other accounts	8	40,451,958	3,145,192,274	495,145
Current accounts & other accounts		39,759,440	3,091,348,102	-
Bills payable		-	-	-
Savings deposits		-	-	-
Fixed deposits		692,518	53,844,172	495,145
Other deposits		-	-	-
Other liabilities	9	1,864,380	144,957,950	2,144,761
Total Liabilities		206,739,923	16,074,297,743	103,609,123
Capital and Shareholders' Equity				
Paid up share capital	-	-	-	-
Statutory reserve	-	-	-	-
Revaluation reserve	-	-	-	-
Surplus in profit and loss account/Retained Earnings	10	3,802,497	295,649,102	1,922,451
Total shareholders' equity		3,802,497	295,649,102	1,922,451
Total Liabilities and Shareholders' Equity		210,542,420	16,369,946,845	105,531,574

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Off-shore Banking Units

**Off Balance Sheet Items
As at 31 December 2013**

Note	2013		2012	
	USD	Taka	USD	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	-	-	-	-


Managing Director & CEO


Director


Director


Chairman

Dhaka, February 2014


Hoda Vasi Chowdhury & Co.
Chartered Accountants

**Hoda Vasi
Chowdhury & Co**

Off-shore Banking Units
Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 December 2013

Particulars	Note	2013		2012	
		USD	Taka	USD	Taka
Interest income	11	6,567,643	510,642,767	4,347,238	347,170,400
Interest paid on deposits and borrowing etc.	12	4,223,826	328,407,933	2,593,799	207,140,757
Net interest income		2,343,817	182,234,834	1,753,439	140,029,643
Investment income		-	-	-	-
Other operating income		158,073	12,290,417	345,915	17,115,471
Total operating income		2,501,891	194,525,251	2,099,354	157,145,114
Salaries and allowances		105,296	8,186,914	102,523	8,187,503
Rent, taxes, insurance, electricity etc.		32,399	2,519,051	31,546	2,519,232
Legal expenses		-	-	-	-
Postage, stamps, telecommunication etc.		-	-	-	-
Stationery, printing, advertisement etc.		1,620	125,953	1,577	125,962
Chief Executive's salary & fees		-	-	-	-
Directors' fees & expenses		-	-	-	-
Auditors' fee		-	-	-	-
Depreciation on and repairs to bank's		-	-	-	-
Other expenses		22,679	1,763,335	22,082	1,763,461
Total operating expenses		161,994	12,595,253	157,728	12,596,158
Profit/(loss) before provisions		2,339,897	181,929,998	1,941,626	144,548,956
Provision for:					
Loans and advances	13	398,783	31,005,888	910,767	72,733,882
Off balance sheet items		-	-	-	-
Others		-	-	-	-
Total provision		398,783	31,005,888	910,767	72,733,882
Profit/(loss) before taxes		1,941,114	150,924,110	1,030,859	71,815,074
Provision for Tax:					
Current tax expense		-	-	-	-
Deferred tax expense/ (income)		-	-	-	-
Total provision for Tax		-	-	-	-
Total profit/(loss) after taxes		1,941,114	150,924,110	1,030,859	71,815,074
Retained earnings brought from previous years		1,861,295	144,724,992	891,592	72,909,917
Retained earnings		3,802,409	295,649,102	1,922,451	144,724,991


Managing Director & CEO


Director


Director


Chairman

Dhaka, February 2014


Hoda Vasi Chowdhury & Co.
Chartered Accountants

**Off-shore Banking Units
Statement of Cash Flows
For the period ended 31 December 2013**

	2013		2012	
	USD	Taka	USD	Taka
A. Cash flows from operating activities				
Interest receipts	6,231,022	484,470,029	4,647,942	371,184,639
Interest payment	(4,116,807)	(320,087,123)	(2,236,765)	(178,628,030)
Receipts from other operating activities	158,073	12,290,417	214,318	17,115,471
Payment for other operating activities :	(161,994)	(12,595,253)	(157,728)	(12,596,158)
Operating profit/(loss) before changes in assets and liabilities (i)	2,110,294	164,078,069	2,467,767	197,075,922
Increase/decrease in operating assets & liabilities				
Loans and advances	(79,198,205)	(6,157,763,403)	(48,901,412)	(3,905,266,726)
Other assets	1,188,162	92,381,128	36,200	2,890,904
Deposit	40,789,497	3,171,436,396	495,145	39,542,241
Other liabilities	(1,466,130)	(113,993,529)	97,476	7,784,414
Cash utilised in operating assets & liabilities	(38,686,677)	(3,007,939,408)	(48,272,591)	(3,855,049,167)
Net cash (used)/flows from operating activities (i+ii)	(36,576,383)	(2,843,861,339)	(45,804,824)	(3,657,973,245)
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	60,715,973	4,720,745,847	46,592,952	3,720,913,105
Money at call and short notice	-	-	-	-
Borrowings from Bangladesh Bank	-	-	-	-
Net cash flows from financing activities	60,715,973	4,720,745,847	46,592,952	3,720,913,105
Net increase/decrease in cash	24,139,590	1,876,884,508	788,128	62,939,860
Cash and cash equivalents at beginning of year	916,123	71,229,745	103,805	8,289,885
Cash and cash equivalents at end of year	25,055,713	1,948,114,253	891,933	71,229,745
Cash and cash equivalents at end of the year:				
Cash in hand (including foreign currency)	-	-	-	-
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	-	-	-	-
Balance with other banks and financial institutions	25,055,713	1,948,114,253	891,933	71,229,745
	25,055,713	1,948,114,253	891,933	71,229,745

Off-shore Banking Units
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

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 2013.

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 and rearranged wherever necessary.

b) Assets and liabilities & income and expenses have been converted into Taka currency @ US \$ 1 = Taka 77.751405 (Closing rate as at 31st December 2013).

Particulars	2013		2012	
	USD	Taka	USD	Taka

3 Balance with Other Banks and Financial Institutions

A. Inside Bangladesh	219,985	17,104,143	393,325	31,410,951
B. Outside Bangladesh	24,835,728	1,931,010,110	498,607	39,818,794
	<u>25,055,713</u>	<u>1,948,114,253</u>	<u>891,933</u>	<u>71,229,745</u>

4 Loans and Advances

Overdrafts	144,726	11,252,636	-	-
Demand loans	-	-	-	-
Term loans	184,826,135	14,370,472,297	103,308,360	8,250,205,652
Lease receivables	-	-	-	-
Small & medium enterprises	-	-	-	-
Credit Cards	-	-	-	-
	<u>184,970,861</u>	<u>14,381,724,933</u>	<u>103,308,360</u>	<u>8,250,205,652</u>
Bills purchased & discounted	-	-	-	-
	<u>184,970,861</u>	<u>14,381,724,933</u>	<u>103,308,360</u>	<u>8,250,205,652</u>

Hoda Vasi Chowdhury & Co

Particulars	2013		2012	
	USD	Taka	USD	Taka
5 Other Assets				
Interest receivables	1,314,535	102,206,804	952,092	76,034,066
Deferred revenue expenditure	226,328	17,597,281	236,546	18,890,594
Other assets	(1,025,017)	(79,696,426)	142,642	11,391,389
	<u>515,846</u>	<u>40,107,659</u>	<u>1,331,280</u>	<u>106,316,049</u>
6 Borrowing from other Banks, Financial Institutions and Agents:				
Term Borrowing				
BORROWING FROM FMO	15,000,000	1,166,269,500	-	-
Borrowings from Central Bank	109,423,585	8,507,826,019	60,969,217	4,869,001,672
Borrowing from IFC	40,000,000	3,110,052,000	40,000,000	3,194,400,000
	<u>164,423,585</u>	<u>12,784,147,519</u>	<u>100,969,217</u>	<u>8,063,401,672</u>
7 Borrowings from Central Bank borrowings from Central Bank (Bangladesh Bank)				
		-	-	-
8 Deposit and Other Accounts				
Local Currency:				
Current & other accounts	39,759,440	3,091,348,102	-	-
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	692,518	53,844,172	495,145	39,542,241
Other deposits	-	-	-	-
	<u>40,451,958</u>	<u>3,145,192,274</u>	<u>495,145</u>	<u>39,542,241</u>
Foreign Currency:				
Current & other accounts	-	-	-	-
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	-	-	-	-
Other deposits	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deposit and other accounts	<u>40,451,958</u>	<u>3,145,192,274</u>	<u>495,145</u>	<u>39,542,241</u>
9 Other Liabilities				
Provisions for loans & advances	1,849,709	143,817,247	1,442,096	115,165,778
Interest payable	828,741	64,435,665	702,665	56,114,855
Others	(814,069)	(63,294,962)	110,217	8,801,908
	<u>1,864,380</u>	<u>144,957,950</u>	<u>2,144,761</u>	<u>180,082,541</u>
10 Surplus in Profit and Loss Account/ Retained Earnings				
Balance at the beginning of the year	1,861,384	144,724,992	891,592	72,909,917
Add: Retained Surplus for the year	1,941,114	150,924,110	1,030,859	71,815,075
	<u>3,802,497</u>	<u>295,649,102</u>	<u>1,922,451</u>	<u>144,724,992</u>
11 Interest Income				
Interest on loans and advances	3,148,729	244,817,761	1,044,373	83,403,635
Interest on bill discounted	3,418,914	265,825,006	3,302,865	263,766,765
	<u>6,567,643</u>	<u>510,642,767</u>	<u>4,347,238</u>	<u>347,170,400</u>
12 Interest Paid on Deposits and Borrowing etc.				
Interest on deposits	24,971	1,941,489	13,206	1,054,626
Interest on local bank borrowing	4,198,855	326,466,444	2,580,593	206,086,131
Interest on Bangladesh Bank borrowing	-	-	-	-
	<u>4,223,826</u>	<u>328,407,933</u>	<u>2,593,799</u>	<u>207,140,757</u>
13 Provisions				
For Loans & Advances:				
For classified loans & advances	(104,303)	(8,109,710)	104,303	8,329,654
For unclassified loans & advances	503,086	39,115,598	806,464	64,404,228
	<u>398,783</u>	<u>31,005,888</u>	<u>910,767</u>	<u>72,733,882</u>


Managing Director & CEO


Director


Director


Chairman