

## **BRAC Bank Limited**

**Audited Financial Statements as at and for  
the year ended 31 December 2015**

**Auditors' 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 2015, consolidated and separate Profit and Loss Accounts, consolidated and separate 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 (BFRSs) 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 Banking Companies 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 2015, 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.

**Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Banking Companies 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 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 three subsidiaries namely , BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and BRAC IT Services Limited have been audited by us and another two subsidiaries namely, bKash Limited and BRAC SAAJAN Exchange Limited have been audited by Rahman Rahman Huq and Reddy Siddiqui & Kabani respectively 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 spending over 3,520 person hours; and
- (xii) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.



A. Qasem & Co.  
Chartered Accountants

Dated, Dhaka  
20 April 2016

**BRAC BANK LIMITED**  
**Consolidated Balance Sheet**  
**As at 31 December 2015**

	Note	2015 Taka	2014 Taka
<b>PROPERTY AND ASSETS</b>			
Cash	3.a	16,227,438,475	17,091,323,727
Cash in hand (Including foreign currency)		5,634,556,964	7,560,169,362
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currency)		10,592,881,511	9,531,154,365
Balance with other banks and financial institutions	4.a	24,790,485,928	25,264,857,467
Inside Bangladesh		20,030,174,259	24,096,693,266
Outside Bangladesh		4,760,311,669	1,168,164,201
Money at call and on short notice			
Investments	6.a	20,017,491,682	24,225,504,521
Government		14,979,456,068	20,559,303,620
Others		5,038,035,614	3,666,200,901
Loans and advances	7.a	149,934,139,696	124,299,994,135
Loans, cash credits, overdrafts, etc.		148,646,144,849	123,717,849,561
Bills purchased and discounted		1,287,994,847	582,144,574
Fixed assets including premises, furnitures and fixtures	8.a	4,038,487,515	3,553,319,037
Other assets	9.a	15,340,369,249	13,842,134,516
Non-banking assets	10	62,230,075	-
Goodwill	11	1,412,198,710	1,442,245,491
<b>Total Assets</b>		<b>231,822,841,330</b>	<b>209,719,378,894</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions and agents	12.a	24,671,834,522	9,354,167,049
Borrowings from Central Bank	13.a	4,527,813,643	2,387,403,892
Convertible subordinate bonds	14.a	3,000,000,000	3,000,000,000
Money at call and on short notice	15.a	3,780,000,000	1,220,000,000
Deposits and other accounts	16.a	142,648,188,939	146,366,349,410
Current accounts and other accounts		58,230,154,895	58,303,386,705
Bills payable		843,532,886	1,035,003,537
Savings deposits		29,105,666,315	25,820,159,618
Fixed deposits		53,409,522,433	60,785,364,555
Other deposits		1,059,312,410	422,434,995
Other liabilities	17.a	31,704,275,372	26,853,748,425
<b>Total liabilities</b>		<b>210,332,112,476</b>	<b>189,181,668,776</b>
<b>Capital and Shareholders' equity</b>			
Paid up share capital	18.2	7,092,873,210	7,092,873,210
Share premium	18.8.a	4,781,671,715	4,781,671,715
Statutory reserve	19.a	3,470,350,332	3,470,350,332
Revaluation reserve on Government securities	20.1.a	219,539,410	176,631,280
Revaluation reserve on assets	20.2.a	516,373,535	516,373,535
Share money deposit	20.b	23,718,584	23,718,584
Surplus in profit and loss account/Retained earnings	21.a	4,088,724,423	3,189,355,328
<b>Total Shareholders' equity</b>		<b>20,193,251,209</b>	<b>19,250,973,984</b>
Minority Interest	22	1,297,477,645	1,286,736,134
<b>Total equity</b>		<b>21,490,728,854</b>	<b>20,537,710,118</b>
<b>Total liabilities and Shareholders' equity</b>		<b>231,822,841,330</b>	<b>209,719,378,894</b>

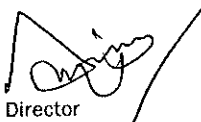
BRAC BANK LIMITED  
Consolidated Balance Sheet  
As at 31 December 2015

Off Balance Sheet Items	Note	2015 Taka	2014 Taka
<b>Contingent liabilities</b>			
Acceptances and endorsements		12,967,621,606	7,433,193,266
Irrevocable letter of credits		20,193,505,068	17,331,651,842
Letter of guarantees		5,765,094,383	4,250,216,847
Bills for collection		1,810,581,090	343,486,634
Tax liability		43,700,000	43,700,000
Other contingent liabilities		9,173,220,373	8,311,105,241
<b>Total Contingent liabilities</b>		<b>49,953,722,520</b>	<b>37,713,353,830</b>
<b>Other commitments</b>			
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		-	-
<b>Total other commitments</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>	<b>23.a</b>	<b>49,953,722,520</b>	<b>37,713,353,830</b>

These Financial Statements should be read in conjunction with the annexed notes.

  
Managing Director and CEO

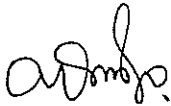
  
Hafiz G. A. Siddiqi  
Director

  
Director

  
Chairman

Auditors' report to the shareholders  
See annexed report of date

Dated, Dhaka  
20 April 2016

  
A. Qasem & Co.  
Chartered Accountants

**BRAC BANK LIMITED**  
**Balance Sheet**  
**As at 31 December 2015**

	Note	2015 Taka	2014 Taka
<b>PROPERTY AND ASSETS</b>			
Cash	3	16,206,841,383	17,089,166,467
Cash in hand (Including foreign currency)		5,613,959,872	7,558,012,102
Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currency)		10,592,881,511	9,531,154,365
Balance with other banks and financial institutions	4	22,319,441,398	24,579,061,716
Inside Bangladesh		17,705,308,414	23,483,319,659
Outside Bangladesh		4,614,132,984	1,095,742,057
Money at call and on short notice	5	-	-
Investments	6	19,779,252,144	23,898,595,008
Government		14,979,456,068	20,559,303,620
Others		4,799,796,076	3,339,291,388
Loans and advances	7	147,433,607,286	121,940,553,133
Loans, cash credits, overdrafts, etc.		146,145,612,439	121,358,408,559
Bills purchased and discounted		1,287,994,847	582,144,574
Fixed assets including premises, furnitures and fixtures	8	2,937,117,061	2,893,176,476
Other assets	9	15,754,950,853	14,191,611,497
Non-banking assets	10	62,230,075	-
<b>Total Assets</b>		<b>224,493,440,200</b>	<b>204,592,164,297</b>
<b>LIABILITIES AND CAPITAL</b>			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	22,432,693,400	7,475,201,000
Borrowings from Central Bank	13	4,527,813,643	2,387,403,892
Convertible subordinate bonds	14	3,000,000,000	3,000,000,000
Money at call and on short notice	15	3,780,000,000	1,220,000,000
Deposits and other accounts	16	143,320,511,483	148,464,104,267
Current accounts and other accounts		49,153,715,208	52,501,946,406
Bills payable		843,532,886	1,035,003,538
Savings deposits		29,105,666,315	25,820,159,617
Fixed deposits		63,154,460,049	68,677,976,034
Other deposits		1,063,137,025	429,018,672
Other liabilities	17	28,617,828,167	24,289,966,469
<b>Total liabilities</b>		<b>205,678,846,693</b>	<b>186,836,675,628</b>
Capital and Shareholders' equity			
Paid up share capital	18.2	7,092,873,210	7,092,873,210
Share premium	18.8	3,622,522,880	3,622,522,880
Statutory reserve	19	3,470,350,332	3,470,350,332
Revaluation reserve on Government securities	20.1	219,539,410	176,631,280
Revaluation reserve on assets	20.2	516,373,535	516,373,535
Surplus in profit and loss account/Retained earnings	21	3,892,934,140	2,876,737,432
<b>Total Shareholders' equity</b>		<b>18,814,593,507</b>	<b>17,755,488,669</b>
<b>Total liabilities and Shareholders' equity</b>		<b>224,493,440,200</b>	<b>204,592,164,297</b>

BRAC BANK LIMITED  
Balance Sheet  
As at 31 December 2015

Off Balance Sheet Items	Note	2015 Taka	2014 Taka
<b>Contingent liabilities</b>			
Acceptances and endorsements		12,967,621,606	7,433,193,266
Irrevocable letter of credits		20,193,505,068	17,331,651,842
Letter of guarantees		5,765,094,383	4,250,216,847
Bills for collection		1,810,581,090	343,486,634
Tax liability	23.5	43,700,000	43,700,000
Other contingent liabilities		9,173,220,373	8,311,105,241
<b>Total Contingent liabilities</b>		<b>49,953,722,520</b>	<b>37,713,353,830</b>
<b>Other Commitments</b>			
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		-	-
<b>Total Other Commitments</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>	<b>23</b>	<b>49,953,722,520</b>	<b>37,713,353,830</b>

These Financial Statements should be read in conjunction with the annexed notes.

  
Managing Director and CEO

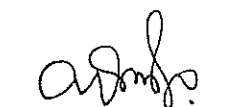
  
Hafiz G.A. Siddiqi  
Director

  
Director

  
Chairman

Auditors' report to the shareholders  
See annexed report of date

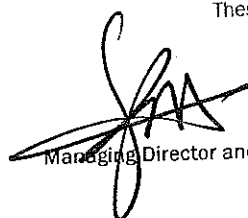
Dated, Dhaka  
20 April 2016

  
A. Qasem & Co.  
Chartered Accountants

**BRAC BANK LIMITED**  
**Consolidated Profit and Loss Account**  
**For the year ended 31 December 2015**

	Note	2015 Taka	2014 Taka
Interest income	25.a	17,700,287,627	17,254,438,866
Interest paid on deposits and borrowing etc.	26.a	8,154,477,263	8,814,205,585
Net interest income		<u>9,545,810,364</u>	<u>8,440,233,281</u>
Investment income	27.a	2,496,098,709	2,486,204,875
Commission, exchange and brokerage	28.a	5,140,114,989	4,130,642,020
Other operating income	29.a	1,300,477,492	836,380,083
Total operating income (A)		<u>18,482,501,554</u>	<u>15,893,460,259</u>
Salaries and allowances	30	4,327,901,531	3,713,356,783
Rent, taxes, insurance, electricity etc.	31.a	1,055,997,672	983,240,836
Legal expenses	32	95,536,411	161,353,121
Postage, stamps, telecommunication etc.	33.a	302,584,563	251,483,787
Stationery, printing, advertisement etc.	34.a	947,981,269	484,864,049
Chief Executive's salary and fees	35	14,260,584	13,783,916
Directors' fees and expenses	36.a	2,215,239	2,842,279
Auditors' fee	37.a	5,205,567	4,864,705
Impairment of goodwill		30,046,781	30,046,781
Depreciation and repairs to bank's assets	38.a	1,287,428,444	1,303,007,699
Other expenses	39.a	2,333,765,716	1,726,783,984
Total operating expenses (B)		<u>10,402,923,777</u>	<u>8,675,627,939</u>
Profit/(loss) before provision (C=A-B)		<u>8,079,577,777</u>	<u>7,217,832,320</u>
Provision for:			
Loans and advances		3,209,654,166	2,756,498,897
Diminution in value of investments		40,000,000	30,000,000
Off balance sheet items		69,673,337	102,732,266
Total provision (D)	40.a	<u>3,319,327,503</u>	<u>2,889,231,163</u>
Total Profit/(loss) before taxes (C-D)		<u>4,760,250,274</u>	<u>4,328,601,157</u>
Provision for Tax:			
Current tax expense		2,387,793,214	2,203,346,998
Deferred tax expense/ (income)		37,645,493	88,517,967
Total provision for Tax	41.a	<u>2,425,438,707</u>	<u>2,291,864,965</u>
Net profit/(loss) after taxes		<u>2,334,811,567</u>	<u>2,036,736,192</u>
Appropriations:			
Statutory reserve		-	188,756,234
General reserve		-	188,756,234
Retained surplus		<u>2,334,811,567</u>	<u>1,847,979,958</u>
Attributable to:			
Equity holders of BRAC Bank Limited		2,323,304,266	1,829,500,506
Minority interest		11,507,301	18,479,452
		<u>2,334,811,567</u>	<u>1,847,979,958</u>
Earnings Per Share (EPS)	42.a	<u>3.28</u>	<u>3.08</u>

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Managing Director and CEO

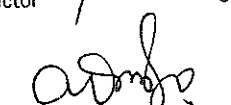
  
Director

  
Director

  
Chairmah

Auditors' report to the shareholders  
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Dated, Dhaka  
20 April 2016

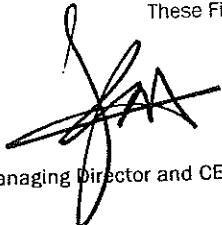
  
A. Qasem & Co.  
Chartered Accountants



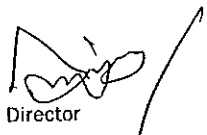
**BRAC BANK LIMITED**  
**Profit and Loss Account**  
**For the year ended 31 December 2015**

	Note	2015 Taka	2014 Taka
Interest income	25	17,372,892,072	16,794,142,526
Interest paid on deposits and borrowing etc.	26	8,657,032,539	9,192,151,178
Net interest income		<u>8,715,859,533</u>	<u>7,601,991,348</u>
Investment income	27	2,452,727,186	2,501,445,804
Commission, exchange and brokerage	28	2,880,811,788	2,566,596,779
Other operating income	29	1,078,913,770	738,246,871
Total operating income (A)		<u>15,128,312,277</u>	<u>13,408,280,802</u>
Salaries and allowances		3,283,904,177	2,918,698,470
Rent, taxes, insurance, electricity etc.	31	957,364,996	899,088,069
Legal expenses		75,358,034	140,504,345
Postage, stamps, telecommunication etc.	33	262,499,755	219,366,270
Stationery, printing, advertisement etc.	34	373,045,124	267,348,795
Chief Executive's salary and fees	35	14,260,584	13,783,916
Directors' fees and expenses	36	681,700	671,831
Auditors' fee	37	955,000	955,000
Depreciation and repairs to bank's assets	38	924,154,165	1,030,111,923
Other expenses	39	1,438,359,150	1,144,205,580
Total operating expenses (B)		<u>7,330,582,685</u>	<u>6,634,734,199</u>
Profit/(loss) before provision (C=A-B)		<u>7,797,729,592</u>	<u>6,773,546,603</u>
Provision for:			
Loans and advances		3,067,455,564	2,477,926,209
Diminution in value of investments		40,000,000	30,000,000
Off balance sheet items		69,673,337	102,732,266
Total provision (D)	40	<u>3,177,128,901</u>	<u>2,610,658,475</u>
Total Profit/(loss) before taxes (C-D)		<u>4,620,600,691</u>	<u>4,162,888,128</u>
Provision for Tax:			
Current tax expense		2,250,022,595	2,097,475,597
Deferred tax expense/ (income)		(64,193,254)	(25,476,009)
Total provision for Tax	41	<u>2,185,829,341</u>	<u>2,071,999,588</u>
Net profit/(loss) after taxes		<u>2,434,771,350</u>	<u>2,090,888,540</u>
Appropriations:			
Statutory reserve		-	188,756,234
General reserve		-	-
		-	188,756,234
		<u>2,434,771,350</u>	<u>1,902,132,306</u>
Retained surplus			
Earnings Per Share (EPS)	42	<u>3.43</u>	<u>3.19</u>

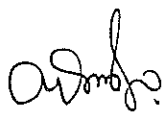
These Financial Statements should be read in conjunction with the annexed notes.

  
Managing Director and CEO

  
Director

   
Director Chairman

Auditors' report to the shareholders  
See annexed report of date

  
A. Qasem & Co.  
Chartered Accountants

Dated, Dhaka  
20 April 2016

**BRAC BANK LIMITED**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 31 December 2015**

Particulars	Paid up share capital	Share Premium	Statutory reserve	Revaluation reserve on Government securities	Revaluation reserve on assets	Share money deposit	Retained earnings	Minority Interest	Amount in Taka	
									Total	
Balance as at 01 January 2015	7,092,873,210	4,781,671,715	3,470,350,332	176,631,280	516,373,535	23,718,584	3,189,355,328	1,286,736,134	20,537,710,118	
Net profit for the period	-	-	-	-	-	-	2,323,304,266	11,507,301	2,334,811,567	
Right share issue	-	-	-	-	-	-	-	-	-	
Bonus share issue	-	-	-	-	-	-	-	-	-	
Share premium	-	-	-	-	-	-	-	-	-	
Revaluation reserve	-	-	-	42,908,130	-	-	-	-	-	
Dividends distributed by BRAC Saajan Exchange Limited	-	-	-	-	-	-	(5,360,529)	(765,790)	(6,126,319)	
Cash dividends for the year 2014	-	-	-	-	-	-	(1,418,574,642)	-	(1,418,574,642)	
Balance as at 31 December 2015	7,092,873,210	4,781,671,715	3,470,350,332	219,539,410	516,373,535	23,718,584	4,088,724,423	1,297,477,645	21,490,728,854	
Balance as at 31 December 2014	7,092,873,210	4,781,671,715	3,470,350,332	176,631,280	516,373,535	23,718,584	3,189,355,328	1,286,736,134	20,537,710,118	

**BRAC BANK LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2015**

Particulars	Paid up share capital	Share Premium	Statutory reserve	Revaluation reserve on Government securities	Revaluation reserve on assets	Retained earnings	Total
Balance as at 01 January 2015	7,092,873,210	3,622,522,880	3,470,350,332	176,631,280	516,373,535	2,876,737,432	17,755,488,669
Net profit for the period	-	-	-	-	-	2,434,771,350	2,434,771,350
Right share issue	-	-	-	-	-	-	-
Bonus share issue	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Statutory reserve	-	-	-	-	-	-	-
Revaluation reserve	-	-	-	42,908,130	-	-	42,908,130
Cash dividends for the year 2014	-	-	-	-	-	(1,418,574,642)	(1,418,574,642)
Balance as at 31 December 2015	7,092,873,210	3,622,522,880	3,470,350,332	219,539,410	516,373,535	3,892,934,140	18,814,593,507
Balance as at 31 December 2014	7,092,873,210	3,622,522,880	3,470,350,332	176,631,280	516,373,535	2,876,737,432	17,755,488,669

## BRAC BANK LIMITED

### Consolidated Cash Flow Statement

For the Year ended 31 December 2015

	Note	2015 Taka	2014 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		19,862,100,832	18,560,487,022
Interest payments		(7,762,682,375)	(8,964,890,661)
Dividends receipts		52,578,043	64,704,573
Fees and commissions receipts		5,066,755,471	3,118,301,132
Recoveries on loans previously written off		963,528,967	627,674,270
Cash payments to employees		(4,224,535,624)	(3,546,268,680)
Cash payments to suppliers		(2,140,221,349)	(6,509,665,427)
Income tax paid		(1,328,803,724)	(1,354,492,187)
Receipts from other operating activities	44.a	553,350,444	6,769,650,666
Payment for other operating activities	45.a	(2,861,335,016)	(2,070,624,377)
Operating Cash flow before changes in operating assets and liabilities (i)		8,180,735,669	6,694,876,331
Increase/decrease in operating assets and liabilities			
Loans and advances		(25,503,243,742)	(5,243,730,381)
Other assets		(293,940,042)	(106,265,661)
Deposits from other banks/borrowings		20,007,787,858	(3,446,483,856)
Deposits from customers		(3,694,146,529)	13,802,614,148
Other liabilities		(1,612,924,548)	(2,022,931,550)
Cash utilised in operating assets and liabilities (ii)		(11,096,467,003)	2,983,202,701
Net cash (used)/flows from operating activities (i+ii)		(2,915,731,333)	9,678,079,032
<b>B. Cash flows from investing activities</b>			
Treasury bills		977,394,052	2,716,068,930
Bangladesh Bank Bills		(2,176,290,860)	2,059,520,259
Treasury bonds		4,924,079,205	(4,605,879,414)
Encumbered Securities		1,896,295,784	(1,413,994,704)
Sale/ (Investment) in shares		(304,115,686)	(190,124,877)
Investment in Bonds		(1,057,546,557)	(1,423,425,605)
Acquisition of fixed assets		(1,287,026,515)	(1,301,339,560)
Disposal of Fixed Assets		15,777,557	18,703,679
Net cash (used)/flows in investing activities		2,988,566,979	(4,140,471,292)
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		-	2,216,522,880
Proceeds from issue of right shares		-	4,097,000
Proceeds from issue of preference shares		-	3,063,935,708
Share Premium		-	(435,247,946)
Dividend paid		(1,412,369,937)	
Net cash flows from financing activities		(1,412,369,937)	4,849,307,642
<b>D. Net increase/decrease in cash (A+B+C)</b>		(1,339,534,291)	10,386,915,382
<b>E. Cash and cash equivalents at beginning of the year</b>		42,359,234,694	31,972,319,312
<b>Cash and cash equivalents at end of the year (D+E)</b>	43.a	41,019,700,403	42,359,234,694
<b>Cash and cash equivalents at end of the year:</b>			
Cash in hand (including foreign currency)		5,634,556,964	7,560,169,362
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		10,592,881,511	9,531,154,365
Balance with other banks and financial institutions		24,790,485,928	25,264,857,467
Money at call and short notice		1,776,000	3,053,500
Prize Bond		41,019,700,403	42,359,234,694

**BRAC BANK LIMITED**  
**Cash Flow Statement**  
**For the year ended 31 December 2015**

	Note	2015 Taka	2014 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		19,691,188,505	18,987,800,310
Interest payments		(8,292,484,834)	(9,342,836,255)
Dividends receipts		49,099,579	63,201,789
Fees and commissions receipts		2,880,811,788	2,566,596,780
Recoveries on loans previously written off		963,528,967	627,674,270
Cash payments to employees		(3,212,733,496)	(2,755,270,723)
Cash payments to suppliers		(626,404,884)	(534,076,241)
Income tax paid		(1,214,364,423)	(1,191,087,716)
Receipts from other operating activities	44	108,419,706	75,248,810
Payment for other operating activities	45	(2,533,153,036)	(1,855,027,862)
Operating Cash flow before changes in operating assets and liabilities (i)		7,813,907,873	6,642,223,162
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(25,493,054,153)	(4,829,907,350)
Other assets		(301,953,197)	(212,569,013)
Deposits from other banks/borrowings		19,657,902,150	(4,863,229,859)
Deposits from customers		(5,143,592,783)	20,531,351,708
Other liabilities		(1,725,609,680)	(2,318,555,230)
Cash utilised in operating assets and liabilities (ii)		(13,006,307,664)	8,307,090,256
Net cash (used)/flows from operating activities (i+ii)		(5,192,399,791)	14,949,313,417
<b>B. Cash flows from investing activities</b>			
Treasury bills		977,394,052	2,716,068,930
Bangladesh Bank Bills		(2,176,290,860)	2,059,520,257
Treasury bonds		4,924,079,205	(4,605,879,413)
Encumbered Securities		1,896,295,784	(1,413,994,704)
Sale/ (Investment) in shares		(386,504,688)	36,209,656
Investment in Bonds		(1,074,000,000)	(1,442,000,000)
Acquisition of fixed assets		(718,323,043)	(1,015,586,443)
Disposal of Fixed Assets		12,770,056	18,683,679
Net cash (used)/flows in investing activities		3,455,420,507	(3,646,978,038)
<b>Cash flows from financing activities</b>			
Proceeds from issue of right shares		-	2,216,522,880
Share Premium		-	2,216,522,880
Dividend paid		(1,406,243,618)	(435,247,946)
Net cash flows from financing activities		(1,406,243,618)	3,997,797,814
<b>D. Net increase/decrease in cash (A+B+C)</b>		(3,143,222,902)	15,300,133,194
<b>E. Cash and cash equivalents at beginning of the year</b>		41,671,281,683	26,371,148,490
<b>Cash and cash equivalents at end of the year (D+E)</b>	43	38,528,058,781	41,671,281,684
<b>Cash and cash equivalents at end of the year:</b>			
Cash in hand (including foreign currency)		5,613,959,872	7,558,012,102
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		10,592,881,511	9,531,154,365
Balance with other banks and financial institutions		22,319,441,398	24,579,061,716
Money at call and short notice		1,776,000	3,053,500
Prize Bond		38,528,058,781	41,671,281,683

**BRAC BANK LIMITED**  
Consolidated Liquidity Statement  
(Assets and Liabilities Maturity Analysis)  
As at 31 December 2015

	Amount in Taka					
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash in hand and Balance with Bangladesh Bank	6,855,832,806	-	-	-	9,371,605,669	16,227,438,475
Balance with other bank, Other Banks and financial Institutions (Including foreign currencies)	5,485,207,238	17,511,499,615	1,793,779,075	-	-	24,790,485,928
Money at call and on short notice	-	-	-	-	-	-
Investments	3,520,134,128	-	2,111,054,852	3,396,119,865	10,990,182,837	20,017,491,682
Loans and advances	11,376,841,768	18,367,331,412	47,736,801,411	62,621,508,994	9,831,656,111	149,934,139,696
Fixed assets including premises, furniture and fixtures	44,056,756	58,742,341	712,724,277	1,490,065,074	1,732,899,067	4,038,487,515
Other assets	642,381,427	1,468,018,615	3,565,571,570	121,470,347	9,542,927,290	15,340,369,249
Non - banking assets	-	-	-	-	62,230,075	62,230,075
Goodwill	-	-	-	-	1,412,198,710	1,412,198,710
<b>Total Assets</b>	<b>27,924,454,123</b>	<b>37,405,591,983</b>	<b>55,919,931,185</b>	<b>67,629,164,280</b>	<b>42,943,699,759</b>	<b>231,822,841,330</b>
<b>LIABILITIES</b>						
Borrowings from Bangladesh Bank, other Banks, financial Institutions and agents	9,871,226,598	2,437,225,751	9,157,296,488	7,733,899,328	-	29,199,648,165
Convertible subordinated debts	-	-	-	3,000,000,000	-	3,000,000,000
Money at call and on short notice	3,780,000,000	-	-	-	-	3,780,000,000
Deposits and other accounts	18,894,525,273	28,051,949,421	36,657,870,382	42,755,816,252	16,288,027,611	142,648,188,939
Other liabilities	1,225,976,066	2,981,508,161	5,090,695,194	12,545,465,211	9,860,630,740	31,704,275,372
Minority Interest	-	-	-	-	1,297,477,645	1,297,477,645
<b>Total Liabilities</b>	<b>33,771,727,937</b>	<b>33,470,683,333</b>	<b>50,905,862,064</b>	<b>66,035,180,791</b>	<b>27,446,135,996</b>	<b>211,629,590,121</b>
<b>Amount of net liquidity difference</b>	<b>(5,847,273,814)</b>	<b>3,934,908,650</b>	<b>5,014,069,121</b>	<b>1,593,983,489</b>	<b>15,497,563,763</b>	<b>20,193,251,209</b>

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

**BRAC BANK LIMITED**  
**Liquidity Statement**  
**(Assets and Liabilities Maturity Analysis)**  
**As at 31 December 2015**

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash in hand and Balance with Bangladesh Bank	6,835,235,714	-	-	-	9,371,605,669	16,206,841,383
Balance with other bank, Other Banks and financial Institutions (including foreign currencies)	4,666,251,398	16,037,675,000	1,615,515,000	-	-	22,319,441,398
Money at call and on short notice	-	-	-	-	-	-
Investments	3,458,371,845	-	1,991,615,091	3,339,082,371	10,990,182,837	19,779,252,144
Loans and advances	12,221,952,427	18,367,331,412	44,391,158,342	62,621,508,994	9,831,656,111	147,433,607,286
Fixed assets including premises, furniture and fixtures	44,056,756	58,742,341	323,082,877	778,336,021	1,732,899,066	2,937,117,061
Other assets	521,392,190	1,738,189,585	1,521,874,992	86,046,240	11,887,447,846	15,754,950,853
Non - banking assets	-	-	-	-	62,230,075	62,230,075
<b>Total Assets</b>	<b>27,747,260,330</b>	<b>36,201,938,338</b>	<b>49,843,246,302</b>	<b>66,824,973,626</b>	<b>43,876,021,604</b>	<b>224,493,440,200</b>
<b>LIABILITIES</b>						
Borrowings from Bangladesh Bank, other Banks, financial institutions and agents	9,871,226,598	2,437,225,751	6,954,404,364	7,697,650,330	-	26,960,507,043
Convertible subordinated debts	-	-	-	3,000,000,000	-	3,000,000,000
Money at call and on short notice	3,780,000,000	-	-	-	-	3,780,000,000
Deposits and other accounts	20,398,712,558	26,462,237,926	40,375,278,196	39,796,255,191	16,288,027,612	143,320,511,483
Other liabilities	976,306,438	2,942,359,254	2,711,805,725	12,126,788,117	9,860,568,633	28,617,828,167
<b>Total Liabilities</b>	<b>35,026,245,594</b>	<b>31,841,822,931</b>	<b>50,041,488,285</b>	<b>62,620,693,638</b>	<b>26,148,596,245</b>	<b>205,678,846,693</b>
<b>Amount of net liquidity difference</b>	<b>(7,278,985,264)</b>	<b>4,360,115,407</b>	<b>(198,241,983)</b>	<b>4,204,279,988</b>	<b>17,727,425,359</b>	<b>18,814,593,507</b>

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 2015

**SECTION -ONE : CorPorATE PROFILE and SIGNIFICANT ACCOUNTING POLICIES**

**1.1 BRAC Bank Limited**

BRAC Bank Limited (the "Bank" or "BRAC Bank") is a scheduled commercial bank established under the Banking 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 honourable 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 106 (One hundred and six) branches, 69 SME service centers, 100 zonal offices and 479 unit offices of SME.

BRAC Bank Limited 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 and 39% shares of EPL Stock Brokerage Limited. As a result, the Bank's control has increased to 76% of EPL Investment Limited and 90% shares of EPL Stock Brokerage Limited. BRAC Bank Limited acquired 51% shares of BRAC IT Services Limited, a private Limited company by shares under the Companies Act 1994 Incorporated 9 April 2013.

BRAC Bank limited formed bKash Limited, a private Limited company by shares under the Companies Act 1994 Incorporated on 1 March 2010. BRAC Bank limited sponsored 51% shares of the company and 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.

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 Limited shall control and monitor all its operations as a 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 and Chittagong Stock Exchange as a publicly traded company from 28 January 2007 and 24 January 2007 respectively.

As a fully operational commercial bank, BRAC Bank Limited 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. With the view to reaching clients, the Bank has established 69 SME service centers and 479 regional marketing unit offices offering services in the heart of rural and urban communities and employed about 2,197 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.

**1.1.1 Principal Activities and Nature of operations of BRAC Bank Limited:**

The principal activities of the Bank are banking and related activities such as accepting deposits, personal banking, trade financing, SME, Retail and Corporate credit, lease financing, project financing, issuing debit and 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.

**1.1.2 Off Shore Banking Unit:**

The Bank commenced its off-shore banking operation after obtaining permission from Bangladesh Bank in 2010. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank. Apart from the reporting of Off shore Banking Unit with SOLO financial statements a separate Financial Statements of Off shore Banking Unit is shown in Annex H. The Principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh.

**1.2 The Bank has 5 (Five) Subsidiaries details of which are given at note from 1.2.1 to 1.2.5**

**1.2.1 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 Bangladesh Securities and Exchange Commission (BSEC). The company's services comprise of lead managing Initial Public Offerings, Domestic and International Placement, Portfolio Management and Project Development and Consultancy.



**1.2.2 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 both Dhaka Stock Exchange and Chittagong Stock Exchange.

**1.2.3 bKash Limited:**

bKash Limited was established to cater to introduce mobile money transfer service in Bangladesh. The Bank has obtained a license from Bangladesh Bank for rendering such service.

**1.2.4 BRAC SAAJAN Exchange Limited:**

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

**1.2.5 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 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 Limited and BRAC.

**2 Basis of preparation of Financial Statements:**

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

**2.1.1 Statement of Compliance and basis of preparation**

The financial statements of the Bank have been prepared in accordance with the "First Schedule (sec-38)" of the Banking Companies Act 1991 and amendment therein 2007 and 2013, BRPD Circular # 14 dated 25 June, 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), etc.

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

- i) The Banking Companies Act, 1991
- ii) The Companies Act, 1994
- iii) Rules and Regulations Issued by Bangladesh
- iv) Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange ordinance 1969, Bangladesh Securities and Exchange Act 1993, Bangladesh Securities and Exchange Commission IPO Rules 2006.
- v) The Income Tax ordinance, 1984
- vi) The Value Added Tax Act, 1991
- vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules

As such the Group and the Bank has departed 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**

BAS/BFRS: As per requirements of BAS 39 Financial Instruments: Recognition and Measurement, 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**

BAS/BFRS: As per requirement of BAS 39 Financial Instruments: Recognition and Measurement, 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 other reserve as a part of equity.

**iii) Provision on loans and advances**

BAS/BFRS: As per BAS 39 Financial Instruments: an entity should start the impairment assessment by considering weather 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, BRPD Circular no. 19 dated 27 December 2012, BRPD Circular no. 05 dated 29 May 2013 and BRPD Circular no. 16 dated 18 November 2014 a general provision at 0.25%-5% under different categories of unclassified (standard/SMA loans) should be maintained regardless of objective evidence of impairment. Also, specific provision for sub-standard loan, doubtful loans and losses should be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Moreover, 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:

BAS/BFRS: As per BAS 1 Presentation of Financial Statements: other comprehensive income is a component of financial statements or the elements of other comprehensive income are to be included in single comprehensive income 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 other comprehensive income (OCI) statements. As such the bank does not prepare the other comprehensive income statement.

#### 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 Financial Instruments. As such some disclosure and presentation requirements of BFRS 7 Financial Instruments: Disclosures and BAS 32 Financial Instruments: Presentation, cannot be made in the accounts.

#### vi) REPO transactions

BAS/BFRS: 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:

BAS/BFRS: As per BAS 39 Financial Instruments: Recognition and Measurement, 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 is 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, dated 25 June 2003, financial guarantees such as Letter of Credit, Letter of Guarantee should be treated as off balance items. no liability is recognized for the guarantee except the cash margin.

#### viii) Cash and Cash equivalents

"BAS/BFRS: Cash and cash equivalents items should be reported as cash item as per BAS 7 Statement of Cash Flows.

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 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 Bangladesh Bank and other banks.

#### ix) non banking assets

BAS/BFRS: no indication of non banking assets is found in any BFRSs.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, there must exist a face item named non banking assets.

#### x) Cash flow statement

BAS/BFRS: As per BAS 7 Statement of Cash Flows, 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) Balance with Bangladesh Bank:

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

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

**xii) Presentation of intangible asset**

BAS/BFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38 Intangible Assets.

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular 14, dated 25 June 2003.

**xiii) Off Balance Sheet items**

BAS/BFRS: 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. Letter of Credit, Letter of Guarantee, Acceptance should be disclosed separately on the face of balance sheet.

**xiv) Disclosure of appropriation of profit**

BAS/BFRS: There is no requirement to show appropriation of profit on the face of statement of Profit and Loss Account.

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.

**xv) Loans and Advance Net of Provision**

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

Bangladesh Bank: As per BRPD circular no.14, dated 25 June 2003 provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

[Also refer to (note 2.1.4) Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)]

**2.1.2 Going Concern**

The accompanying financial statements have been prepared on a going concern assumption that the Bank is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Bank has neither the intention nor the need to liquidate or curtail materially the scale of its operation. The accompanying financial statements do not include any adjustments should the Bank be unable to continue as a going concern.

**2.1.3 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.

**2.1.4 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.

**2.1.5 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.

**2.1.6 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, bKash Limited, BRAC Saajan Exchange Limited and BRAC IT Services Limited as those of a single economic entity.

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard (BAS) 27: Consolidated and Separate financial statements and Bangladesh Financial Reporting Standard (BFRS) 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common reporting year ended 31 December 2015.

## 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 and Separate financial statements and BFRS 10: Consolidated Financial Statements. 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.

Intra-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: 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 the 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. The investor's share of the investee's profit or loss is recognised in the investor's profit and loss account. Distributions received from an investee reduce the carrying amount of the investment.

## 2.3 Foreign Currency Translations

### Monetary Items:

Foreign currency transactions are translated into equivalents Taka (Functional currency) currency at spot exchange rate at the date of transaction.

### non-monetary Items:

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.

### Gain and Losses:

Gains or losses arising (on monetary items) from fluctuation of exchange rates are recognised in profit and loss account.

### Commitments:

Commitments for outstanding forward foreign exchange have included in the profit and loss statement, except those arising on the translation of net investment in foreign subsidiaries

### Foreign operations

The results of financial statements of the Bank whose functional currency is not Bangladesh Taka are translated into Bangladesh taka as

- assets and liabilities for each statement of balance sheet have been translated at the closing rate on the date of balance sheet .
- income and expenses for the profit and Loss account have been translated at monthly average rate.

## 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 profit 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 @ 40% as prescribed in the Finance Act-2015 on the taxable income.

## 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 2015.

## 2.7 Significant Accounting Policies:

The accounting policies set out below have applied consistently to all the periods presented in these financial statements and have been applied consistently by the bank.

### 2.7.1 Assets and the basis of their valuation

#### 2.7.1.1 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". However cash flows from operating activities have been presented according to the format mentioned in BRPD circular 14, dated 25 June 2003.

#### 2.7.1.2 Investments

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 26 May 2008, DOS Circular no.-05, dated 28 January 2009, DOS Circular no.-02, dated 19 January 2012, 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
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
Government Treasury Bonds (HTM)	Cost	Amortized cost	Amortized Gain/ Loss to Revaluation reserve
Zero Coupon Bond		none	none
Prize Bond and 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.

#### Investment in quoted securities

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income which are reported at cost. Unrealized gains are not recognized in the profit and loss statement. But required provision kept for diminution in value of investment.

#### Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

As per Bangladesh Bank DOS Circular # 04 dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealized gain/loss of shares from market price/book value less cost price.

Besides, bank complied with Bangladesh Bank BRPD Circular 14 dated June 25, 2003 as follows, "All investment in shares and securities (both dealing and investment) should be revalued at the year- end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of last audited balance sheet. Provision should be made for any loss arising from diminution in value of investment".

#### Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting and presented in the Bank's consolidated financial statements as that of a single economic entity in accordance with the BAS 27 " Consolidated and Separate Financial Statements" and BFRS 10 "Consolidated Financial Statements".

#### 2.7.1.3 Loans and Advances

a) Interest on loans and advances is calculated daily on product basis but charged and accounted monthly and quarterly on accrual basis.

b) Classification and provisioning for loans and advances is created based on the period of arrears by following Bangladesh Bank BRPD circulars no. 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.

c) Interest on classified loans and advances is calculated as per BRPD circular no. 27, dated August 31, 2010 and recognized as income on realization as per BRPD circular no. 14 and 15, dated September 23, 2012.

The classification rates are given below:

	Business Unit	Rates of Provision				
		Un-classified (UC)		Classified		
		Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad loan (BL)
Consumer	House building and loans for professionals	2%	2%	20%	50%	100%
	Other than house building and 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	2.5%	-	5%	5%	100%
	All others	1%	1%	20%	50%	100%
	Off Balance Sheet	1%	-	-	-	-

- d) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are filed and classified as bad loss as per BRPD circular no. 02 dated 13 January 2003 and 13 dated 07 november 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.

#### 2.7.1.4 Impairment of Financial Assets

At each balance sheet date, BRAC Bank Limited assesses whether there is objective evidence that a financial asset or a group of financial assets ie, loans and advances, off balance sheet items and investments are impaired. A financial asset or groups of financial assets are impaired and impairment losses are incurred if there is objectives evidence of impairment as a result of a loss event that occur after the initial recognition of the asset up to the balance sheet date; the loss event had an impact on the estimated future cash flows of the financial assets or the group of financial assets; and a reliable estimate of the loss amount can be made.

In the event of impairment loss, the bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

#### 2.7.1.5 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 and 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.

#### 2.7.1.6 Property, plant and equipment

##### a) Recognition and Measurement

All fixed assets are stated at cost less accumulated depreciation as per BAS 16 "Property Plant and Equipment". Land is measured at cost.

The cost of an item of property, plant and equipment is recognized as an asset 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.

The cost of the items of property, plant and equipment comprises:

- its purchase price, including import duties and non refundable purchase tax, after deducting trade discount and rebates
- any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as consequence of having used the item during a particular period of purpose other than to produce during that period.

##### Subsequent costs

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 and 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:

Category of assets	BRAC Bank Limited	BRAC EPL Investments Limited	BRAC EPL Stock Brokerage Limited	B-Kash Limited	BRAC IT Services Limited	BRAC Saajan Exchange Limited
Furniture and fixture	10%	10% -20%	12.5%	10%	10%	10%
Leasehold Building	2.5%	-	-	-	-	-
Office equipment	20%	10% -20%	20%	20%	10%	-
IT equipment - Hardware	20%	25%	25%	20%	33%	10%
IT equipment - PC, Laptop, UPS, Printer and Scanner	33.33%	33.33%	33.33%	20%	-	-
IT equipment - Software	20%	-	-	-	-	-
Motor vehicles	20%	20%	20%	20%	20%	-
Office Decoration	-	15%	15%	-	-	-
Air Cooler and Ceiling Fan	-	20%	20%	-	20%	-
Building and other construction	-	5%	2%	-	-	-
Generator and Multimedia	-	-	-	-	20%	-
Server	-	-	-	-	20%	-

##### c) Gain or Loss on disposal 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 and loss account as per provision of BAS 16 Property plant and equipment.

##### d) Revaluation

The fair value of land and 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 and equipment is usually their market value, determined by appraisal.

The frequency of revaluation depends upon the movements in the fair value of the items of property, plant and 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 of Property, Plant and Equipment**

At each balance sheet date, the bank assesses whether there is any indication that the carrying amount of the asset exceeds its recoverable amount. If any such indication exist, the bank should estimate the recoverable amount of the asset. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and impairment loss is recognized as an expense in the profit and loss account unless the asset is carried at revalued amount in accordance with Bangladesh Accounting Standard (BAS) 16 property plant and equipment, in which case in any impairment loss of a revalued assets should be treated as revolution decrease under the accounting standard. no impairment loss was recognized up to the reporting period as there were no such indication existed as on balance sheet date.

**2.7.1.7 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) Software**

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.

**2.7.1.8 Other assets**

Other assets include mainly advance office rent, payment of advance income tax has not been closed yet and all other financial assets, fees and other unrealized income receivable, advance for operating and capital expenditure and stocks of stationery and stamps etc.

**2.7.1.9 Inventories**

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

**2.7.2 Liabilities**

**2.7.2.1 Borrowings from other banks, financial institutions and 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.

**2.7.2.2 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.

**2.7.2.3 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, BAS and BFRS, 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.

**2.7.3 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.

#### 2.7.3.1 Capital / Shareholders equity

##### a. Authorized Capital

Authorized capital is the maximum amount of share capital that the bank is authorized by its Memorandum and Articles of Association

##### b. 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.

#### 2.7.3.2 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.

#### 2.7.3.3 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 Bangladesh Securities and Exchange Commission in this respect.

#### 2.7.3.4 Statutory reserve

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

#### 2.7.3.5 Revaluation reserve

##### Revaluation Reserve on Govt. Securities

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

##### Assets Revaluation Reserve

Other reserve comprises Investment revaluation reserve and fixed assets revaluation reserve. Where carrying amount of an item of property, plant and equipment is increased as a result of valuation, the increased amount is credited directly to equity under the heading of assets revaluation reserve as per BAS 16: property, plant and equipment.

#### 2.7.3.6 Minority (non-controlling) interest

Minority interest (non-controlling interest) in business is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. The magnitude of the minority interest in BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited, BRAC Saajan Exchange Limited and BRAC IT Services Limited are 24%, 10%, 49%, 12.5% and 49% respectively.

### 2.8 Employee Benefits

#### 2.8.1 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 09 (nine) 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.

#### 2.8.2 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 8 (eight) 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.

### 2.8.3 Worker's Profit Participation Fund (WPPF)

Consistent with the industry practice and in accordance with the Banking Companies Act, 1991, no provision has been made for WPPF.

### 2.8.4 Other Employee Benefits

#### Life Insurance

The objective of the scheme is 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.

#### Welfare Fund

The objective of the Employees' Welfare Fund is to provide regular category employees from Officer grade 1 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 3 (three) members Management Committee to manage the fund. The Managing Director and CEO of the Bank will be the chairperson of this committee and other 2 (two) 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 an 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.

### 2.9 Revenue Recognition

#### Interest Income

In terms of provision of Bangladesh Accounting Standard (BAS -18 Revenue) 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 realisation 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 and discounted

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

#### Interest and fees receivable on credit cards

Interest and 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 and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on realisation basis.

#### Fees and Commission Income

The Bank earn fees and commission from a diverse range of services provided to its customers. This include fees and 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 and commission income arises on services rendered by the Bank are recognized on a realization basis.

#### Dividend income on Shares

As per BAS 1.8 Revenue, Dividend income from investment in shares is recognized when the Banks right to receive the dividend is established. It recognised when:

- a. It is probable that the economic benefit associated with the transaction will flow to the entity; and
- b. The amount of the revenue can be measured reliably.

#### 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.

### 2.10 Earnings Per Share

Earnings Per Share (EPS) has been computed by dividing the basic earning by the weighted average number of ordinary Shares outstanding as at 31 December, 2015 as per Bangladesh Accounting Standard (BAS) - 33 "Earnings 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 2015 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

The objective of diluted earnings per share is consistent with that of basic earnings per share; that is, to provide a measure of the interest of each ordinary share in the performance of an entity taking into account dilutive potential ordinary shares outstanding during the period. In BRAC Bank Limited potential ordinary shares is in convertible subordinate Bond that may entitle their holders to ordinary shares.

### 2.11 Statement of Liquidity

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

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

## 2.12 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- 47.5 to the financial statements.

## 2.13 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.

## 2.14 Compliance of Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS)

Name of the standards	Ref.	Status
First-time adoption of International financial Reporting Standards	BFRS-1	not applicable
Share-based Payment	BFRS-2	not applicable
Business Combinations	BFRS-3	not applicable
Insurance Contracts	BFRS-4	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
Financial Instruments	BFRS-9	Applied
Consolidated Financial Statements	BFRS-10	Applied
Joint Arrangements	BFRS-11	not applicable
Disclosure of Interests in Other Entities	BFRS-12	not applicable
Fair Value Measurement	BFRS-13	not applicable
Regulatory Deferral Accounts	BFRS-14	not applicable
Revenue from Contracts with Customers	BFRS-15	not applicable
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Applied
Statement of Cash Flows	BAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	not Applicable
Income taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenues	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 Rates.	BAS-21	Applied
Borrowing Cost	BAS-23	Applied
Related party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Applied
Consolidated and Separate Financial Statements	BAS-27	Applied
Investment in Associates	BAS-28	Applied
Financial Reporting in Hyperinflationary Economies	BAS-29	not Applicable
Interest in Joint Ventures	BAS-31	not Applicable
Financial Instruments: Presentation	BAS-32	Applied
Earnings Per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applied
Investment Property	BAS-40	not Applicable
Agriculture	BAS-41	not Applicable

### 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.

A number of new standards amendments to standards and interpretation are effective for annual periods beginning from 1 January 2016 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). The ICAB has adopted IFRS 9; however it will be applicable on and after 1 January 2018. Therefore, we did not consider possible impact for the amendment or adoption of such BAS/BFRS.

## 2.15 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, d. Prevention of Money Laundering and e. Internal Control and Compliance as per BRPD circular no. 17 of 07 October, 2003.

### 2.15.1 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 and CEO through their line; the Credit Division reports to the Managing Director and CEO, while the Asset Operations Department reports to the Deputy Managing Director. 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.

### 2.15.2 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 Bangladesh Bank 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.

### 2.15.3 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 and yield on Advance, F.E. Gap, Market Interest Rate, Loan loss provision adequacy and deposit and lending pricing strategy.

#### 2.15.4 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.

#### 2.15.5 Internal Control and Compliance

Internal Control is the mechanism to ensure smooth operations of the Bank on an ongoing basis based on compliance with applicable rules and regulations. The primary objective of Internal Control and Compliance is to help the Bank perform better and add value through use of its resources. Through Internal Control system, Bank identifies its weaknesses associated with the process and adopts appropriate measures to overcome that. It objectively examines:

- Efficiency and effectiveness of activities (performance objectives).
- Reliability, completeness and timelines of financial and management information (Information objectives).
- Compliance with applicable laws and regulations (compliance objectives).

Internal audit team undertakes periodical comprehensive, special, spot and surprise audit and inspection on branches, SME unit offices and departments at Head Office. Monitoring and Compliance team ensures monitoring, compliance of internal and statutory requirement as well as conducts investigation. Internal Control and Compliance also reviews financial, operational activities of the bank to ensure the correctness of the financial information maintained in various systems.

The Board Audit Committee reviews the Audit, Inspection, Investigation and compliance and monitoring reports periodically.

#### 2.15.6 Information and communication technology

BRAC Bank Limited 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.

#### 2.15.7 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 Limited 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.

#### 2.15.8 Fraud and Forgery

now a day's fraud and forgery appears in diverse form. To prevent fraud and forgery, BRAC Bank Limited established a department namely "Investigation, Monitoring and 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 and external fraud and forgery incidences are investigated and reviewed. To protect the bank and its stakeholder's interest, "Investigation, Monitoring and Compliance" Unit performs thorough investigation to identify the perpetrator and 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 and forgery which were identified in 2015 are also duly reported to the Central Bank on a quarterly basis.

#### 2.15.9 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 fourteen members. Managing Director & CEO (Chair), Deputy Managing Director, Deputy Managing Director, Chief Risk Officer, Company Secretary & Head of Legal & Regulatory Affairs, Head of Operation, Head of Corporate Banking, Chief Financial Officer, Head of Retail Banking, Head of Treasury & Financial Institutions, Head of ICC, Head of Small Business, Head of Technology and Head of HR.

The policy provides guidelines and 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 minute, 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.

#### 2.16 Implementation of BASEL-II and III

To cope up with the international best practices and to make the bank's capital shock absorbent Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised regulatory capital framework in line with Basel II) was introduced from 01 January 2009 as a parallel run with BRPD circular no. 10, dated 25 November 2002 (Basel I). At the end of parallel run, Basel II regime started from 01 January 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance. According to the BRPD circular no. 9, dated 31 December 2008 and subsequent updates on BRPD circular no. 10, 12, 24, 35 dated 10 March 2010, 29 March 2010, 3 August 2010, 29 December 2010 and BRPD circular no. 8, dated 23 July 2012. Basel-II framework has three main components referred to as pillars:

i. Pillar I addresses minimum capital requirement.

ii. Pillar II elaborates the process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan.

iii. Finally, Pillar III gives a Framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system.

Basel - II is to be calculated both on separate financial statements (SOLO) basis and Consolidated basis and both are submitted to Bangladesh Bank accordingly.



We have fully complied to all the directives provided by the Central bank from time to time, starting from Pillar I, II and III reporting requirements to periodic Stress Testing activity etc. Formation of Basel Steering Committee chaired by the Deputy Managing Director of the bank help us to ensure supreme governance and strict regimentation at execution level.

nonetheless, in December 2014 Bangladesh Bank issued "Revised Regulatory Capital Framework for banks in line with Basel III". Here the reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. Consequently, Basel III capital regulations would be fully implemented as on January 1, 2019.

## 2.17 Off Balance Sheet Items

Provision for off balance sheet items is made as per BRPD circular no. 14 of September 23, 2012.

## 2.18 Accounting for Changes in Accounting Estimates

BAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors, 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 and 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 Accounting Policies, Changes in Accounting Estimates and Errors.

During the year, BRAC Bank Limited changed its depreciation rate for depreciating the leasehold building (Annex - D). Management takes the view that this estimate 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.

## 2.19 Events after reporting period

As per BAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favourable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

- (a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- (b) non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

## 2.20 Related party disclosures

Related Party A party is related to an entity if:

- (i) Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under control with, the company; has an interest in the company, that gives it significant influence over the company; or has joint control over the company;
- (ii) The party is an associate (as defined in BAS 28 Investment in Associates);
- (iii) The party is a joint venture in which the entity is a venturer ( as per BAS 31 Interests in Joint Ventures);
- (iv) The party is member of the key management of personal of the entity or its parent;
- (v) The party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) The party is post-employment benefit plan for the benefit of employees of the entity. or of any entity that is related party of the entity.

**2.21 Director's responsibilities on statement**

The board of directors takes the responsibilities for the preparation and presentation of these financial statements.

**2.22 Segment reporting**

As per BFRS 8 "Operating Segments", an operating segment is a component of an entity:

- (i) That engages in business activities from which it may earn revenues and incur expenses (include revenues and expenses relating to transactions with other components of the same entity)
- (ii) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
- (iii) For which discrete financial information is available.

Bank reported its segment reporting in respect of business segment wise. Business segment comprise SME, Retail, Corporate and Treasury under Conventional banking.

We refer to note 46 for details segment report.

**2.23 Approval of the financial statements**

The financial statements were approved by the board of directors on 20 April 2016.

**2.24 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.
- 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		2015 Taka	2014 Taka
	On-Shore	Off-shore	Total
<b>3 Cash</b>			
A. Cash in hand:			
Local currency	5,487,799,070	-	5,487,799,070
Foreign currency	126,160,802	-	126,160,802
	5,613,959,872	-	5,613,959,872
B. Balance with Bangladesh Bank and its agent Bank(s):			
Local currency	9,371,605,669	-	9,371,605,669
Foreign currency	146,742,512	160,402,586	307,145,098
	9,518,348,181	160,402,586	9,678,750,767
Sonali Bank as agent of Bangladesh Bank (local currency)	914,130,744	-	914,130,744
	10,432,478,925	160,402,586	10,592,881,511
	16,046,438,797	160,402,586	16,206,841,383
			17,089,166,467
<b>3.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of The Banking Companies Act, 1991 and MPD circular no. 02, dated December 10, 2013 and MPD circular no. 01, dated June 23, 2014.</b>			
The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6.5% has been calculated and maintained with Bangladesh Bank in current account and 19.5% 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:			
<b>3.1.1 Cash Reserve Requirement (CRR) :</b>			
Required reserve			8,956,595,436
Actual reserve maintained (as per Bangladesh Bank statement)			9,501,040,973
Surplus/ (deficit)			544,445,537
<b>3.1.2 Statutory Liquidity Ratio (SLR) :</b>			
Required reserve (including CRR)			28,382,552,214
Actual reserve maintained (including CRR) (note: 3.1.3)			30,895,889,792
Surplus/ (Deficit)			2,533,337,578
<b>3.1.3 Held for Statutory Liquidity Ratio</b>			
Cash in hand		(note: 3)	5,613,959,872
Balance with Bangladesh Bank as per statement			9,501,040,973
Balance with Sonali Bank as per statement			801,432,879
TT in Transit			-
Government securities			14,979,456,068
FC used in BDT			-
			30,895,889,792
			35,727,127,105
<b>3.a Consolidated Cash</b>			
A. Cash in hand:			
BRAC Bank Limited			5,613,959,872
BRAC EPL Investments Limited			130,843
BRAC EPL Stock Brokerage Limited			142,611
bKash Limited			20,036,318
BRAC Saaajan Exchange Limited			233,864
BRAC IT Services Limited			53,456
			5,634,556,964
B. Balance with Bangladesh Bank and its agent Bank(s):			
BRAC Bank Limited			10,592,881,511
BRAC EPL Investments Limited			-
BRAC EPL Stock Brokerage Limited			-
bKash Limited			-
BRAC Saaajan Exchange Limited			-
BRAC IT Services Limited			-
			10,592,881,511
			16,227,438,475
			17,091,323,727
<b>4 Balance with Other Banks and Financial Institutions</b>			
A. Inside Bangladesh (note: 4.1)	On-Shore	Off-shore	Total
B. Outside Bangladesh (note: 4.2)	17,705,308,414	-	17,705,308,414
	11,570,627,392	5,077,303,957	16,647,931,349
	29,275,935,806	5,077,303,957	34,353,239,763
			7,034,048,000
			4,999,750,365
			22,319,441,398
			24,579,061,716
Less: On-shore to BBL Off-shore placement			-
Less: BBL Off-shore to On-shore placement			-
<b>4.1 Balance with Other Banks and Financial Institutions ( Inside Bangladesh )</b>			
Current Accounts			35,290,431
Standard Chartered Bank			46,198
Southeast Bank Limited			(5,634,029)
Al-Arafah Bank Limited			(147,497)
Jamuna Bank Limited			20,648,936
Prime Bank Limited			500,000
NRB Global Bank Limited			1,000,000
Midland Bank Limited			2,939,073
Mutual Trust Bank Limited			150,406,676
Pubali Bank Limited			288,252,327
Janata Bank Limited			138,521,910
Bangladesh Krishi Bank Limited			4,565,637
The City Bank Limited			182,324,984
Agrani Bank Limited			46,219,417
Islami Bank Bangladesh Limited			3,627,121
United Commercial Bank Limited			20,518,919
National Bank Limited			41,627,562
Sonali Bank Limited			24,152
ICB Islamic Bank Limited			103,037,639
AB Bank Limited			173,364,070
Rupali Bank Limited			(5,094,053)
Social Islami Bank Limited			6,747,279
First Security Islami Bank Limited			12,830,352
EXIM Bank Limited			1,333,619
BASIC Bank Limited			5,892,056
Bank Asia Limited			1,737,195
Standard Bank Limited			2,228,440
Meghna Bank Limited			2,500,000
Mercantile Bank Limited			-
			1,235,308,414
			1,123,319,659

Particulars	2015 Taka	2014 Taka
<b>Fixed Deposit with Banks</b>		
Local currency:		
AB Bank Limited	1,000,000,000	1,000,000,000
Dhaka Bank Limited	-	500,000,000
IFIC Bank Limited	-	1,000,000,000
Jamuna Bank Limited	-	2,500,000,000
Midland Bank Limited	500,000,000	200,000,000
Modhumoti Bank Limited	-	1,000,000,000
National Bank of Pakistan Limited	100,000,000	100,000,000
ONE Bank Limited	-	2,500,000,000
Standard Bank Limited	1,000,000,000	1,500,000,000
The City Bank Limited	-	1,000,000,000
Southeast Bank Limited	-	800,000,000
NRB Bank Limited	300,000,000	-
Commercial Bank of Ceylon PLC	400,000,000	-
	3,300,000,000	12,100,000,000
Foreign currency:		
	-	-
	3,300,000,000	12,100,000,000
<b>Fixed Deposit with Financial Institutions</b>		
Industrial and Infrastructure Development Finance Co. Limited	160,000,000	350,000,000
International Leasing and Financial Services Limited	800,000,000	500,000,000
Uttara Finance and Investment Limited	300,000,000	550,000,000
Fareast Finance and Investment Limited	100,000,000	100,000,000
First Lease Finance and Investment Limited	-	100,000,000
GSP Finance Company (Bangladesh) Limited	250,000,000	250,000,000
IDLC Finance Limited	2,200,000,000	1,700,000,000
Union Capital Limited	400,000,000	200,000,000
National Housing Finance and Investment Limited	260,000,000	160,000,000
Prime Finance and Investment Limited	750,000,000	600,000,000
Premier Leasing and Finance Limited	350,000,000	250,000,000
Phoenix Finance and Investments Limited	400,000,000	400,000,000
Bangladesh Finance and Investment Co. Limited	250,000,000	150,000,000
Bangladesh Industrial Finance Company Limited	100,000,000	100,000,000
United Leasing Company Limited	-	500,000,000
Investment Corporation Of Bangladesh (ICB)	3,500,000,000	3,000,000,000
Delta Brac Housing Finance Corporation Limited	1,300,000,000	400,000,000
Reliance Finance Limited	200,000,000	200,000,000
Peoples Leasing and Financial Services Limited	300,000,000	300,000,000
Lanka Bangla Finance Co. Limited	1,050,000,000	450,000,000
United Finance Limited	200,000,000	-
Bay Leasing and Investment Limited	200,000,000	-
First Finance Limited	100,000,000	-
	13,170,000,000	10,260,000,000
	17,705,308,414	23,483,319,659
<b>4.2 Balance with other banks and financial institutions ( Outside Bangladesh)</b>		
<b>Current Accounts</b>		
Standard Chartered Bank-New York, USA	8,804,584	12,806,736
Standard Chartered Bank, United Kingdom	50,604,488	5,020,701
Standard Chartered Bank, Frankfurt, Germany	922,332	388,010
Mashreq Bank, New York, USA	1,148,230	3,576,031
The Bank of Nova Scotia- Canada	-	475,895
ICICI Bank Limited, Mumbai, India	771,958	5,765,373
HSBC Bank, Australia	-	65,190
Habib Bank Limited, Pakistan	332,932	6,000,685
U.B.A.F., Japan	3,894,760	2,544,840
Zuercher Kantonal Bank, Switzerland	591,103	5,657,736
ING Belgium NV/SA, Belgium	10,188,147	2,062,288
Unicredit Italiano SPA, Italy	15,086,835	1,563,728
Commerz Bank AG, Germany (USD)	20,175,582	2,828,304
Commerz Bank AG, Germany (EURO)	51,294,581	5,409,074
United Bank of India, Kolkata, India	3,224,678	5,581,660
Westpack Banking Corporation, Australia	2,266,172	4,586,251
JP Morgan Chase Bank, New York, USA	161,241,336	134,244,385
Sonali Bank Limited, United Kindom (USD)	10,485,128	3,443,160
Sonali Bank Limited, United Kindom (GBP)	8,648	-
HDFC Bank Limited, India	11,925,037	25,702,039
Deutsche Bank Trust Company Americas	20,609,644	10,894,134
AB Bank Limited, Mumbai, India	2,006,916	346,588
HypoVereinsbank, Germany	231,301	850,006
Details are shown in Annex-B	375,814,392	239,812,814
<b>Total On Shore to Off Shore placement</b>	11,194,813,000	9,506,240,000
	11,570,627,392	9,746,052,814
<b>Off Shore Banking Unit</b>		
Standard Chartered Bank, New York	38,944,948	14,243,052
Commerz Bank, Germany	26,889,932	61,762,290
ICICI Bank Limited, Mumbai, India	445,102	441,287
Habib Bank Limited, Pakistan	11,273,610	282,615
Islamic Bank Bangladesh Limited	-	779,200,000
Off-shore to On-shore placement	4,999,750,365	2,354,991,468
	5,077,303,957	3,210,920,712
	16,647,931,349	12,956,973,526
<b>4.3 Maturity grouping of balance with other banks and financial institutions</b>		
Up to 1 month	4,666,251,398	8,239,861,716
not more than 3 months	16,037,675,000	14,680,000,000
More than 3 months but not more than 1 Year	1,615,515,000	1,659,200,000
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	22,319,441,398	24,579,061,716

Particulars				2015 Taka	2014 Taka
4.a	Consolidated Balance with Other Banks and Financial Institutions				
A.	In Bangladesh				
	BRAC Bank Limited			17,705,308,414	23,483,319,659
	BRAC EPL Investments Limited			59,932,025	19,470,807
	BRAC EPL Stock Brokerage Limited			803,574,893	682,239,712
	bKash Limited			12,927,973,918	8,724,785,056
	BRAC Saajan Exchange Limited			157,642,631	99,391,748
	BRAC IT Services Limited			9,402,184	7,848,618
				<u>31,663,834,065</u>	<u>33,017,055,600</u>
	Less: Intra-company transactions:				
	Subsidiary wise balance with BRAC Bank Limited:			11,901,293	3,039,957
	BRAC EPL Investments Limited			85,804,316	118,302,685
	BRAC EPL Stock Brokerage Limited			11,457,913,286	8,724,713,545
	bKash Limited			68,638,727	66,457,529
	BRAC Saajan Exchange Limited			9,402,184	7,848,618
	BRAC IT Services Limited			<u>11,633,659,808</u>	<u>8,920,362,335</u>
				<u>20,030,174,259</u>	<u>24,096,693,265</u>
	B.	Outside Bangladesh			
	BRAC Bank Limited			4,614,132,984	1,095,742,057
	BRAC EPL Investments Limited			-	-
	BRAC EPL Stock Brokerage Limited			-	-
	bKash Limited			146,178,685	72,422,144
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			<u>4,760,311,669</u>	<u>1,168,164,201</u>
	Less: Intra-company transactions:				
	BRAC EPL Investments Limited			-	-
	BRAC EPL Stock Brokerage Limited			-	-
	bKash Limited			-	-
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			<u>4,760,311,669</u>	<u>1,168,164,201</u>
				<u>24,790,485,928</u>	<u>25,264,857,467</u>
5	Money at Call and Short notice				
	There was no investment in money at Call and Short notice at the end of the year 2015.				
6	Investments				
		On-Shore	Off-shore	Total	
	Government Securities (note: 6.1)	14,979,456,068	-	14,979,456,068	20,559,303,620
	Other investments (note: 6.2)	4,760,543,576	39,252,500	4,799,796,076	3,339,291,388
		<u>19,739,999,644</u>	<u>39,252,500</u>	<u>19,779,252,144</u>	<u>23,898,595,008</u>
	Investment in securities are classified as follows:				
	Held for trading (Treasury Bill, Bond and SB-Bill)			2,830,616,283	8,646,513,082
	Held to maturity (Treasury Bond)			12,147,063,785	11,909,737,038
	Other Investments			4,801,572,076	3,342,344,888
				<u>19,779,252,144</u>	<u>23,898,595,008</u>
6.1	Government Securities				
	Treasury Bills		(note: 6.1.1)	-	977,394,052
	Bangladesh Bank Bills		(note: 6.1.2)	2,176,290,860	-
	Treasury Bonds		(note: 6.1.3)	12,801,389,208	17,682,560,284
	Encumbered Securities			-	1,896,295,784
	Prize Bond			1,776,000	3,053,500
				<u>14,979,456,068</u>	<u>20,559,303,620</u>
6.1.1	Treasury Bills				
	91 Days Treasury bills			-	6,080,104
	182 Days Treasury Bills			-	605,912,445
	364 Days Treasury Bills			-	365,401,503
				<u>-</u>	<u>977,394,052</u>
6.1.2	Bangladesh Bank Bills				
	30 Days Bangladesh Bank Bills			2,176,290,860	-
				<u>2,176,290,860</u>	<u>-</u>
6.1.3	Treasury Bonds				
	Treasury Bonds (2 years BGTB)			73,443,780	1,722,962,085
	Treasury Bonds (5 years BGTB)			1,376,565,470	3,905,126,263
	Treasury Bonds (10 years BGTB)			5,158,620,359	6,432,944,118
	Treasury Bonds (15 years BGTB)			2,155,953,485	1,930,758,074
	Treasury Bonds (20 years BGTB)			4,036,806,114	3,690,769,744
				<u>12,801,389,208</u>	<u>17,682,560,284</u>
6.2	Other Investments				
	Ordinary shares (Unquoted):				
	Industrial and Infrastructure Development Finance Co. Limited			19,683,820	19,683,820
	Bangladesh Rating Agency of Bangladesh Limited			12,497,600	12,497,600
	Central Depository Bangladesh Limited			16,277,770	16,277,770
				<u>48,459,190</u>	<u>48,459,190</u>
	Investment in Secondary market			<u>1,280,304,986</u>	<u>1,319,880,898</u>
				1,280,304,986	1,319,880,898
	Investment in Commercial Papers				
	RFL Plastics Limited	250,000,000		250,000,000	-
	Anwara Mannan Textile Mills Limited	150,000,000		150,000,000	-
	Avant Garde Fashion Limited	-	39,252,500	39,252,500	-
		<u>400,000,000</u>	<u>39,252,500</u>	<u>439,252,500</u>	<u>-</u>
	Preference Shares				
	Summit Uttaranchal Power Co Ltd			14,194,800	35,486,300
	Summit Purbanchal Power Co Ltd			21,584,600	53,961,000
	Union Capital Preference Share			50,000,000	-
				<u>85,779,400</u>	<u>89,447,300</u>
	(Details are shown in Annex - C)				

Particulars		2015 Taka	2014 Taka
<b>Bonds</b>			
First Security Islami Bank Limited Mudaraba Subordinated Bond		80,000,000	100,000,000
Trust Bank unsecured, non Convertible, Subordinated Bond		18,000,000	24,000,000
UCBL Variable rate Subordinated Bond		100,000,000	100,000,000
MBL Variable rate Subordinated Bond		1,000,000,000	1,000,000,000
AB Bank Floating Rate Subordinated Bond		100,000,000	100,000,000
City Bank Floating Rate Subordinated Bond		548,000,000	548,000,000
Bank Asia Floating Rate Subordinated Bond		100,000,000	-
EBL Floating Rate Subordinated Bond		100,000,000	-
Prime Bank Floating Rate Subordinated Bond		250,000,000	-
EXIM Bank Mudaraba Subordinated Floating Rate Bond		300,000,000	-
AB Bank Floating Rate Subordinated Bond II		250,000,000	-
MTBL Floating Rate Subordinated Bond		2,946,000,000	1,872,000,000
<b>Private Placement and Pre IPO</b>			
United Power Generation and Distribution Co. Limited		-	9,504,000
		-	9,504,000
		4,799,796,076	3,339,291,388
<b>6.3 Maturity Wise Grouping of Investment</b>			
Up to 1 month		3,458,371,846	3,897,877,724
not more than 3 months		-	68,239,970
More than 3 months but not more than 1 Year		1,991,615,091	2,220,670,147
More than 1 year but not more than 5 years		3,339,082,371	7,226,962,352
More than 5 years		10,990,182,836	10,484,844,815
		19,779,252,144	23,898,595,008
<b>6.a Consolidated Investments</b>			
BRAC Bank Limited:			
Government Securities		14,979,456,068	20,559,303,620
Other Investments		4,799,796,076	3,339,291,388
		19,779,252,144	23,898,595,008
BRAC EPL Investments Limited		61,762,282	192,698,440
BRAC EPL Stock Brokerage Limited		176,477,256	134,211,073
bKash Limited		-	-
BRAC Saajan Exchange Limited		-	-
BRAC IT Services Limited		-	-
		20,017,491,682	24,225,504,521
<b>7 Loans and Advances</b>			
		<b>On-Shore</b>	<b>Off-shore</b>
Overdrafts		3,895,889,642	146,774,079
Demand loans		33,984,146,057	6,541,114,066
Term loans		29,970,429,057	15,267,427,819
Lease receivables	(note - 7.3)	160,906,409	-
Small and medium enterprises		52,884,165,867	-
Credit Cards		2,717,537,726	-
Staff loans	(note - 7.7)	577,221,717	-
		124,190,296,475	21,955,315,964
Bills purchased and discounted	(note - 7.17)	892,663,387	395,331,460
		125,082,959,862	22,350,647,424
		147,433,607,286	121,940,553,133
<b>7.1 Net Loans and Advances</b>			
Gross loans and advances		147,433,607,286	121,940,553,133
Less: Interest suspense		833,053,798	766,084,298
Provision for loans and advances		8,417,328,266	7,181,745,173
		9,250,382,064	7,947,829,471
		138,183,225,222	113,992,723,662
<b>7.2 Maturity Wise Grouping of Loans and Advances</b>			
Repayable on demand		12,221,952,427	11,687,131,282
not more than 3 months		18,367,331,412	20,188,462,640
More than 3 months but not more than 1 Year		44,391,158,342	32,380,381,405
More than 1 year but not more than 5 years		62,621,508,994	44,991,291,469
More than 5 years		9,831,656,111	12,693,286,337
		147,433,607,286	121,940,553,133
<b>7.3 Maturity Wise Grouping of Lease receivables</b>			
Receivable on demand		-	-
not more than 3 months		-	-
More than 3 months but not more than 1 Year		160,906,409	187,782,346
More than 1 year but not more than 5 years		-	21,082,233
More than 5 years		160,906,409	208,864,579
<b>7.4 Loans and Advances under the following broad categories</b>			
		<b>On-Shore</b>	<b>Off-shore</b>
Inside Bangladesh:			
Loans		111,750,960,448	22,203,873,345
Cash Credits		-	-
Overdrafts		13,331,999,415	146,774,078
		125,082,959,863	22,350,647,423
Outside Bangladesh:			
Loans		-	-
Cash credits		-	-
Overdrafts		-	-
		125,082,959,863	22,350,647,423
		147,433,607,286	121,940,553,133
<b>7.5 Geographical Location Wise Portfolio Grouping</b>			
		<b>On-Shore</b>	<b>Off-shore</b>
Inside Bangladesh:			
Dhaka Division		94,066,228,801	22,350,647,424
Chittagong Division		16,764,815,776	-
Khulna Division		4,118,496,803	-
Sylhet Division		1,794,992,730	-
Barisal Division		1,749,764,111	-
Rajshahi Division		4,760,531,045	-
Rangpur Division		1,828,130,596	-
		125,082,959,862	22,350,647,424
Outside Bangladesh:			
		125,082,959,862	22,350,647,424
		147,433,607,286	121,940,553,133

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Particulars				2015 Taka	2014 Taka
Classified - Specific provision				21,093	39,173
Sub-standard (Short Term Agricultural Credit)	421,855	421,855	5%	151,510,706	187,460,210
Sub-standard	1,061,772,418	757,553,530	20%	218,852,797	366,928,199
Doubtful	673,482,710	438,155,818	50%	5,640,956,869	3,744,584,813
Bad/Loss	7,102,963,731	5,261,772,515	100%	6,011,341,465	4,299,012,395
Required provision for loans and advances				7,491,777,860	5,505,328,649
Total provision maintained (note 17.1)				8,417,328,266	7,181,745,173
Excess/(Short) provision				925,550,407	1,676,416,524

\* 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 2015	Required provision 2014
Acceptances and endorsements	12,967,621,606	1%	129,676,216	74,331,933
Letter of guarantees	5,765,094,383	1%	57,650,944	42,502,168
Irrevocable letter of credits	20,193,505,068	1%	201,935,051	173,316,518
Bills for collection	3,804,180,414	1%	38,041,804	3,434,867
Total required provision			427,304,015	293,585,486
Total provision maintained (note 17.2)			427,347,170	357,673,833
Excess/(Short) provision			43,155	64,088,347

Particulars of Loans and Advances	On-Shore	Off-shore	Total	
7.15 i) Debts considered good in respect of which Bank is fully secured	30,100,279,393	-	30,100,279,393	49,147,130,143
ii) Debts considered good for which Bank holds no other security than the debtor's personal security	308,911,259	-	308,911,259	22,795,264,637
iii) Debts considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors.	94,673,769,210	22,350,647,424	117,024,416,634	49,998,158,353
iv) Debts considered doubtful or bad, not provided for	125,082,959,863	22,350,647,424	147,433,607,286	121,940,553,133
v) Debts due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	577,351,777	-	577,351,777	543,974,634
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;	-	-	-	-
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;	577,351,777	-	577,351,777	543,974,634
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;	-	-	-	-
ix) Due from banking companies	-	-	-	-
x) Amount of Classified loans on which interest has not been charged should be mentioned as follows:				
a) Increase/decrease of provision (specific)	916,256,095	-	916,256,095	87,668,573
amount of debts written off	2,099,321,390	-	2,099,321,390	2,616,476,048
amount realized against loan previously written off.	963,528,967	-	963,528,967	627,674,270
b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	6,500,587,838	-	6,500,587,838	5,247,767,069
c) Interest creditable to the Interest Suspense a/c.	833,053,798	-	833,053,798	766,084,298
xi) Cumulative amount of the written off loan and the amount written off during the current year should be shown separately. The amount of written off loan for which lawsuit has been filed should also be mentioned.				
- Current year	2,099,321,390	-	2,099,321,390	2,610,282,169
- Cumulative to date	12,091,243,547	-	12,091,243,547	9,991,922,157
The amount of written off loans for which law suit filed	12,045,099,820	-	12,045,099,820	9,991,922,157
7.16 Bill Purchased and Discounted under the following broad categories			1,287,994,847	582,144,574
Inside Bangladesh				
Outside Bangladesh			1,287,994,847	582,144,574
7.17 Maturity Wise Grouping of Bill Purchased and Discounted			353,636,864	265,903,828
Payable within 1 month			634,042,476	171,079,475
Over 1 month but less than 3 months			56,104,304	57,610,923
Over 3 month but less than 6 months			244,211,203	87,550,348
6 months or more			1,287,994,847	582,144,574
7.18 Write off of Loans and advances			8,183,351,481	6,194,549,703
Balance at the beginning of the year			2,099,321,390	2,616,476,048
Add: Write off during the year			10,282,672,871	8,811,025,751
			963,528,967	627,674,270
			9,319,143,904	8,183,351,481
Less: Recovery of Write off loans				
Balance at the end of the year				
7.a Consolidated Loans and Advances			147,433,607,286	121,940,553,133
BRAC Bank Limited			3,825,562,832	3,772,066,772
BRAC EPL Investments Limited			118,200,928	119,176,705
BRAC EPL Stock Brokerage Limited			-	-
bKash Limited			-	-
BRAC Saajan Exchange Limited			-	-
BRAC IT Services Limited			-	-
Less: Intra-company transaction:			1,443,231,350	1,531,802,475
Borrowing from BRAC Bank Limited by BRAC EPL Investments Limited			149,934,139,696	124,299,994,135



Particulars		2015 Taka	2014 Taka		
8	Fixed assets including premises, furnitures and fixtures				
	Cost				
	Property plant and equipment:	1,043,648,935	1,043,298,935		
	Land	4,034,334	4,034,334		
	Leasehold Building	1,654,557,812	1,511,066,158		
	Furnitures and fixtures	1,252,196,360	1,115,077,098		
	Office equipment	1,917,986,050	1,622,069,125		
	IT Hardwares	108,567,646	95,775,700		
	Motor vehicles	5,980,991,137	5,391,321,350		
	Intangible Assets:	50,000	50,000		
	License (Indefinite useful live)	960,040,540	933,057,739		
	IT Software (Finite useful live)	960,090,540	933,107,739		
		6,941,081,677	6,324,429,089		
	Total Cost	4,003,964,616	3,431,252,613		
	Less: Accumulated depreciation	2,937,117,061	2,893,176,476		
	Net Book value at the end of the year (Details are shown in Annex - D)				
8.a	Consolidated Fixed Assets including Premises, Furnitures and Fixtures	2,937,117,061	2,893,176,476		
	BRAC Bank Limited	14,819,840	21,284,245		
	BRAC EPL Investments Limited	37,182,803	55,203,214		
	BRAC EPL Stock Brokerage Limited	739,908,919	350,267,517		
	bKash Limited	14,925,617	15,433,880		
	BRAC Saajan Exchange Limited	294,533,275	217,953,705		
	BRAC IT Services Limited	4,038,487,515	3,553,319,037		
9	Other Assets				
		On-Shore	Off-shore	Total	
9.1	Income Generating Other Assets				
	Interest receivables (note - 9.1.1)	1,255,975,049	163,704,715	1,419,679,764	1,436,851,283
	Prepaid Interest Expenses on IFFD	73,540,631	-	73,540,631	117,281,991
	Receivables against sanchayapatra	701,487,716	-	701,487,716	160,892,425
	Receivables from Omnibus	-	-	-	38,334,200
	Investment in subsidiary (note - 9.1.2)	2,356,397,625	-	2,356,397,625	2,356,397,625
	Investment in associate (note - 9.1.3)	13,527,657	-	13,527,657	16,392,572
	Balance with BRAC EPL Stock Brokerage Limited	6,464,224	-	6,464,224	53,806,202
		4,407,392,902	163,704,715	4,571,097,617	4,179,956,298
9.1.1	Interest Receivables				
	Interest Receivables consists of Interest receivable on loans, investments etc.	On-Shore	Off-shore	Total	
		362,538,323	-	362,538,323	485,260,600
	Receivable against Govt. securities	93,195,667	16,693	93,212,360	42,208,439
	Receivable against other securities	217,671,329	-	217,671,329	225,221,121
	Receivable against balance with other bank	438,247,929	144,435,383	582,683,312	563,392,675
	Receivable against loans and advances	144,321,801	19,252,639	163,574,440	120,768,448
	Receivable against term deposit	1,255,975,049	163,704,715	1,419,679,764	1,436,851,283
9.1.2	Investment in subsidiaries				
	BRAC EPL Investments Limited			752,715,794	752,715,794
	BRAC EPL Stock Brokerage Limited			1,344,147,500	1,344,147,500
	bKash Limited			168,921,800	168,921,800
	BRAC Saajan Exchange Limited			59,388,531	59,388,531
	BRAC IT Services Limited			31,224,000	31,224,000
				2,356,397,625	2,356,397,625
9.1.3	Investment in associate-carrying amount				
	BRAC Asset Management Company Limited			13,527,657	13,038,173
	BRAC Impact Ventures Limited*			-	3,354,399
				13,527,657	16,392,572
	* Fully impaired during the year due to discontinue the operation.				
9.2	non Income Generating Other Assets	On-Shore	Off-shore	Total	
		8,633,253	-	8,633,253	447,162
	Stock of stamps (note - 9.2.1)	815,397,739	-	815,397,739	812,455,525
	Other receivables	21,694,150	-	21,694,150	19,349,685
	Stock of security stationery	16,991,879	-	16,991,879	17,582,583
	Stock of printing stationery	62,843	-	62,843	-
	Stock of furniture	2,610,379	-	2,610,379	3,593,951
	Advance to staff	2,163,226	-	2,163,226	4,279,722
	Advance to supplier	26,670,519	76,969,045	103,639,564	131,422,482
	Deferred revenue expenditure	8,500,423,645	-	8,500,423,645	7,221,865,968
	Advance payment of Income tax	4,370,000	-	4,370,000	4,370,000
	Advance Value Added Tax	1,012,728,917	-	1,012,728,917	1,089,991,215
	Deferred tax asset (note - 9.2.2)	1,312,690	-	1,312,690	1,312,690
	Advance to SME unit offices	30,883,484	-	30,883,484	35,297,910
	Advance against fixed assets	590,262,799	-	590,262,799	653,189,212
	Advance against office rent	8,171,958	-	8,171,958	16,269,953
	Advance security deposit	48,635,690	-	48,635,690	103,356
	Advance for software migration	262,317,817	-	262,317,817	13,322,323
	Receivable from Off-Shore	15,116,070	631,162	15,747,232	-
	Receivable in proxy account- Interbranch Account (note-9.2.4)	123,785	-	123,785	123,785
		11,368,570,843	77,600,207	11,446,171,050	10,024,977,522
	(note 9.1 + 9.2)	15,775,963,745	241,304,922	16,017,268,667	14,204,933,820
				262,317,814	13,322,323
	Less: On-shore to Off-shore			15,754,950,853	14,191,611,497

Particulars				2015 Taka	2014 Taka
9.2.1	Other Receivables			20,201,817	15,347,518
	Receivable against remittance			10,484	4,164
	Receivable against bills pay			38,000,000	39,000,000
	Receivable against DD			66,860	19,725
	Receivable against Cheques			10,543,661	7,729,345
	Receivable against Cards			73,937,229	35,008,929
	Receivable from Merchant			269,980,543	399,258,321
	Receivable from Partners			68,759,762	68,793,400
	Receivable from CO-BRAND ATM			20,063,116	25,086,998
	Receivable against fraud and forgery			12,287,614	16,609,552
	Receivable from Member Bank - ELDORADO			282,018,541	200,097,573
	Sundry debtors			5,000,000	5,000,000
	Receivable from BACH			14,528,112	500,000
	VAT current account			815,397,739	812,455,525
9.2.2	Deferred Tax asset/ (Liability)				
		Book Value	Tax Base	Onductible/ (Taxable) Temporary Difference	Deferred Tax Asset/ (Liability)
	Balance as at 31 December 2014				1,089,991,214
	Deferred Tax Asset				(196,927,321)
	Deferred Tax Liability				893,063,893
	Net Deferred Tax Asset 2014				
	Balance as at 31 December 2015				976,833,747
	Loan loss provision (note - 9.2.3)	8,417,328,266		2,442,084,368	35,895,169
	Provision against Capital market	358,951,693		358,951,693	
	Provision against off balance sheet items				1,012,728,916
	Deferred tax asset (a)				(145,015,329)
	Interest receivable from treasury bills and bonds	362,538,323		(362,538,323)	89,543,559
	Fixed assets excluding Vehicle (Annex-D)	1,893,418,201	2,117,277,099	223,858,899	(55,471,770)
	Deferred Tax Liability (b)				957,257,147
	Net Deferred Tax Asset 31 December 2015 (a+b)				(77,262,298)
	Decrease of deferred tax asset recognized into Profit and Loss statement as expense				141,455,551
	Decrease of deferred tax liability recognized into Profit and Loss statement as income				64,193,254
	Total Deferred tax income recognized into Profit and Loss statement during the year 2015				
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 976,833,747) 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			123,785	123,785
	Inter Branch Account - FCY				
	Cost Center Account			123,785	123,785
9.a	Consolidated Other Assets			15,754,950,850	14,191,611,497
	BRAC Bank Limited			893,818,375	952,030,029
	BRAC EPL Investments Limited			345,494,421	595,388,855
	BRAC EPL Stock Brokerage Limited			811,906,971	467,896,548
	bKash Limited			132,866,305	158,688,789
	BRAC Saajan Exchange Limited			41,083,023	39,406,614
	BRAC IT Services Limited			17,980,119,945	16,405,024,332
	Less: Investment in subsidiaries				
	BRAC EPL Investments Limited			752,715,794	752,715,794
	BRAC EPL Stock Brokerage Limited			1,344,147,500	1,344,147,500
	bKash Limited			168,921,800	168,921,800
	BRAC Saajan Exchange Limited			59,388,531	59,388,531
	BRAC IT Services Limited			31,224,000	31,224,000
				2,356,397,625	2,356,397,625
	Less: Intra-company transactions:				
	BRAC Bank Limited			270,170,969	193,961,102
	BRAC EPL Investments Limited			2,165,292	2,040,932
	BRAC EPL Stock Brokerage Limited			4,368,916	2,804,595
	bKash Limited			-	2,700,000
	BRAC Saajan Exchange Limited			6,647,894	4,985,562
	BRAC IT Services Limited			283,353,071	206,492,191
				15,340,369,249	13,842,134,516
				62,230,075	-
				62,230,075	-
10	Non Banking assets				
11	Consolidated Goodwill			246,289,821	246,289,821
	BRAC EPL Investments Limited			1,126,273,572	1,126,273,572
	BRAC EPL Stock Brokerage Limited			73,393,751	73,393,751
	bKash Limited			54,905,518	54,905,518
	BRAC Saajan Exchange Limited			1,476,391	1,476,391
	BRAC IT Services Limited			(90,140,343)	(60,093,562)
	Less: Impairment of Goodwill			1,412,198,710	1,442,245,491

Particulars		2015 Taka	2014 Taka	
12	Borrowing from other Banks, Financial Institutions and Agents:			
	Inside Bangladesh:			
	On-Shore	Off-shore	Total	
	2,500,000,000	-	2,500,000,000	
National Bank Limited	1,000,000,000	392,525,000	1,392,525,000	
Uttara Bank Limited	600,000,000	-	600,000,000	
Prime Bank Limited	1,300,000,000	314,020,000	1,614,020,000	
Basic Bank Limited	-	-	-	
IFIC Bank Limited	-	235,515,000	235,515,000	
Bangladesh Krishi Bank Limited	-	392,525,000	392,525,000	
Commercial Bank of Ceylon	-	392,525,000	392,525,000	
Dhaka Bank Limited	-	-	-	
IDCOL	-	744,227,400	744,227,400	
Asian Development Bank	1,500,000,000	785,050,000	2,285,050,000	
Dutch-Bangla Bank Limited	4,999,750,365	-	4,999,750,365	
BBL Off Shore to On Shore	-	7,034,048,000	7,034,048,000	
On Shore to BBL Off Shore	11,899,750,365	10,290,435,400	22,190,185,765	
			13,352,254,668	
	Outside Bangladesh:			
Sonali Bank UK Ltd	-	814,576,000	814,576,000	
Habib Bank Brussels Bel	-	392,525,000	392,525,000	
The National Bank of Ras Al-Khaimah	-	471,030,000	471,030,000	
United Bank Limited Bahrain	-	-	-	
noRFUND	-	785,050,000	785,050,000	
Borrowing from IFC	-	3,140,200,000	3,140,200,000	
Borrowing from FMO	-	6,672,925,000	6,672,925,000	
	11,899,750,365	22,566,741,400	34,466,491,765	
			19,336,432,468	
			4,999,750,365	
			7,034,048,000	
			22,432,693,400	
			7,475,201,000	
	Less: BBL Off-shore to On-shore placement			
	Less: On-shore to BBL Off-shore placement			
12.1	Security against borrowings from other banks, financial institutions and agents:			
	Secured (Treasury bills)	22,432,693,400	7,475,201,000	
	Unsecured	22,432,693,400	7,475,201,000	
12.2	Maturity Wise Grouping of Borrowing from Other Bank and Financial Institutions			
	Repayable on demand	9,019,635,000	2,113,292,200	
	not more than 3 months	1,250,522,000	485,285,600	
	More than 3 months but not more than 1 Year	5,293,348,900	3,707,823,200	
	More than 1 year but not more than 5 years	6,869,187,500	1,168,800,000	
	More than 5 years	22,432,693,400	7,475,201,000	
12.3	Disclosure regarding outstanding Repo as on 31 December 2015 :			
Sl. no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
	NIL	N/A	N/A	NIL
12.3.1	Disclosure regarding outstanding Reverse Repo as on 31 December 2015 :			
Sl. no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
	NIL	N/A	N/A	NIL
12.3.2	Disclosure regarding overall transaction of Repo and Reverse repo during the year 2015 :			
	Particulars	Minimum outstanding	Maximum outstanding	Daily average
	Securities sold under repo:			
	i) with Bangladesh Bank	249,378,500	1,705,157,409	1,594,499,204
	ii) with other banks and FIs	-	-	-
	Securities purchased under reverse repo:			
	i) with Bangladesh Bank	560,000,000	586,000,000	3,139,726
	ii) with other banks and FIs	56,400,269	1,072,463,025	38,397,880
12.a	Consolidated Borrowing from other Banks, Financial Institutions and Agents			
	BRAC Bank Limited			22,432,693,400
	BRAC EPL Investments Limited			3,618,002,781
	BRAC EPL Stock Brokerage Limited			-
	bKash Limited			-
	BRAC Saajan Exchange Limited			36,249,000
	BRAC IT Services Limited			-
	Less: Intra-company transaction:			1,415,110,659
	Borrowing from BRAC Bank Limited by BRAC EPL Investments Limited			24,671,834,522
				9,354,167,049
13	Borrowings from Central Bank			
	Bangladesh Bank Refinance			828,462,829
	Bangladesh Bank EDF FUND			3,699,350,814
	Bangladesh Bank REPO			-
				4,527,813,643
13.1	Maturity Wise Grouping of Borrowing from Central Bank			
	Repayable on demand			851,591,598
	not more than 3 months			1,186,703,751
	More than 3 months but not more than 1 Year			1,661,055,465
	More than 1 year but not more than 5 years			828,462,829
	More than 5 years			-
				4,527,813,643
13.a	Consolidated Borrowings from Central Bank			
	BRAC Bank Limited			4,527,813,643
	BRAC EPL Investments Limited			-
	BRAC EPL Stock Brokerage Limited			-
	bKash Limited			-
	BRAC Saajan Exchange Limited			-
	BRAC IT Services Limited			-
				4,527,813,643
				2,387,403,892

Particulars		2015 Taka	2014 Taka		
14	Subordinated Convertible Bonds				
	Private Placement	2,700,000,000	2,700,000,000		
	Public Subscription	300,000,000	300,000,000		
		3,000,000,000	3,000,000,000		
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 Limited	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	2,700,000,000	2,700,000,000		
14.2	Public Subscription details				
	no. of Unit				
	Other than non-resident Bangladeshis	212,775	212,775,000		
	non-resident Bangladeshis	2,285	2,285,000		
	Mutual Funds	84,940	84,940,000		
	Total Subscription received	300,000,000	300,000,000		
	Less: Refundable against excess subscription				
		300,000,000	300,000,000		
14.3	Maturity Wise Grouping of Subordinated Convertible Bonds				
	Up to 1 month	-	-		
	not more than 3 months	-	-		
	More than 3 months but not more than 1 Year	3,000,000,000	3,000,000,000		
	More than 1 year but not more than 5 years	-	-		
	More than 5 years	3,000,000,000	3,000,000,000		
14.a	Consolidated Subordinated Convertible Bonds	3,000,000,000	3,000,000,000		
	BRAC Bank Limited	-	-		
	BRAC EPL Investments Limited	-	-		
	BRAC EPL Stock Brokerage Limited	-	-		
	bKash Limited	-	-		
	BRAC Saajan Exchange Limited	-	-		
	BRAC IT Services Limited	-	-		
		3,000,000,000	3,000,000,000		
15	Money at call and short notice				
	Banking Company:				
	Rupali Bank Limited	500,000,000	400,000,000		
	Hong Kong Shanghai Banking Corporation, Dhaka	100,000,000	-		
	One Bank Limited	350,000,000	-		
	Janata Bank Limited	550,000,000	-		
	National Bank Limited	500,000,000	-		
	Sonali Bank Limited	310,000,000	-		
	State Bank of India	370,000,000	120,000,000		
	Dutch Bangla Bank Limited	1,100,000,000	700,000,000		
		3,780,000,000	1,220,000,000		
15.1	Maturity Wise Grouping of Money at call and short notice				
	Up to 1 month	3,780,000,000	1,220,000,000		
	not more than 3 months	-	-		
	More than 3 months but not more than 1 Year	-	-		
	More than 1 year but not more than 5 years	-	-		
	More than 5 years	3,780,000,000	1,220,000,000		
15.a	Consolidated Money at Call and Short notice	3,780,000,000	1,220,000,000		
	BRAC Bank Limited	-	-		
	BRAC EPL Investments Limited	-	-		
	BRAC EPL Stock Brokerage Limited	-	-		
	bKash Limited	-	-		
	BRAC Saajan Exchange Limited	-	-		
	BRAC IT Services Limited	-	-		
		3,780,000,000	1,220,000,000		
16	Deposits and Other Accounts				
	On-Shore	Off-shore	Total		
	Local Currency:				
	Current and other accounts	44,535,451,389	-	44,535,451,389	47,677,856,550
	Bills payable	843,532,886	-	843,532,886	1,035,003,538
	Saving deposits	29,105,666,315	-	29,105,666,315	25,820,159,617
	Fixed deposits	61,681,567,704	-	61,681,567,704	67,330,045,958
	Other deposits	543,064,404	-	543,064,404	119,732,050
		136,709,282,698	-	136,709,282,698	141,982,797,713
	Foreign Currency:				
	Current and other accounts	1,478,189,402	3,140,074,417	4,618,263,819	4,824,089,856
	Bills payable	-	-	-	-
	Saving deposits	661,970,073	810,922,272	1,472,892,345	1,347,930,076
	Fixed deposits	520,072,621	-	520,072,621	309,286,622
	Other deposits	2,660,232,096	3,950,996,689	6,611,228,785	6,481,306,554
		139,369,514,794	3,950,996,689	143,320,511,483	148,464,104,267
	Total Deposit and other accounts				

Particulars		2015 Taka	2014 Taka
<b>16.1 Deposits details concentrating liquidity nature</b>			
	On-Shore	Off-shore	Total
i) Demand deposit			
Current deposits	35,900,665,384	-	35,900,665,384
Saving deposits (10%)	2,910,566,632	-	2,910,566,632
Foreign currency deposits	1,998,262,023	3,140,074,417	5,138,336,440
Sundry deposits	525,829,680	-	525,829,680
Bills payable	843,532,886	-	843,532,886
	42,178,856,605	3,140,074,417	45,318,931,022
ii) Time deposit			
Saving deposits (90%)	26,195,099,683	-	26,195,099,683
Foreign currency deposits	661,970,073	810,922,272	1,472,892,345
Fixed deposits	53,612,002,645	-	53,612,002,645
Short term deposits	8,634,786,005	-	8,634,786,005
Deposit pension schemes	8,069,565,059	-	8,069,565,059
Security deposits	1,048,000	-	1,048,000
Other Deposits	16,186,724	-	16,186,724
	97,190,658,189	810,922,272	98,001,580,461
	139,369,514,794	3,950,996,689	143,320,511,483
<b>16.2 Deposits and Other Accounts</b>			
Deposits from Banks			102,561,967
Deposits from Customers			143,217,949,516
			143,320,511,483
<b>16.3 Maturity Wise Grouping of Deposits</b>			
Repayable on demand			2,358,755,434
Repayable within 1 month			18,039,957,124
Over 1 month but within 6 months			39,836,996,708
Over 6 month but within 1 year			27,000,519,414
Over 1 year but within 5 years			39,798,255,191
Over 5 years but within 10 years			16,285,983,078
Over 10 years			2,044,534
Unclaimed deposits for 10 years or more			-
			143,320,511,483
			148,464,104,267
Unclaimed deposit outstanding for 10 years and above BDT 7,76,047.90 (FO no-BR 0356179) has been deposited to Bangladesh Bank at February 02, 2016, as per section 35 of Bank companies act 1991.			
<b>16.4 Bills payable</b>		80,723,009	10,783
Local Drafts Issued and Payable		-	31,117,239
Stamp Charges payable for Loan Clients		-	126,339,380
Insurance Premium payable for SME Loan Clients		762,809,877	711,342,378
Payment Order Issued		-	3,293,709
Sundry Creditors		-	5,738,212
Payment Order to be Issued		-	157,161,837
Cards Settlement account		-	-
		843,532,886	1,035,003,538
<b>16.5 Other Deposits</b>		520,072,621	309,286,622
Foreign currency			
Local Currency			
Security Deposits		1,048,000	23,037,847
Security Deposit from SME Loan clients		-	38,280
Security Deposit from Retail Loan clients		16,186,724	16,186,724
Lease Deposits		4,571,100	5,998,579
Payable against Staff, Clients Loan account and others		521,258,580	74,470,620
		543,064,404	119,732,050
		1,063,137,025	429,018,672
<b>Total other deposits</b>			
<b>16.6 Sundry deposit</b>		4,571,100	5,998,579
Lease Deposits		521,258,580	74,470,620
Payable against Staff, Clients Loan account and others		525,829,680	80,469,199
<b>16.a Consolidated Deposit and Other Accounts</b>		143,320,511,483	148,464,104,267
BRAC Bank Limited		-	-
BRAC EPL Investments Limited		-	-
BRAC EPL Stock Brokerage Limited		10,961,337,262	6,822,607,478
bKash Limited		-	-
BRAC Saajan Exchange Limited		-	-
BRAC IT Services Limited		154,281,848,745	155,286,711,745
Less: Intra-company transactions:			
BRAC EPL Investments Limited		11,901,293	3,039,957
BRAC EPL Stock Brokerage Limited		85,804,316	118,302,685
bKash Limited		11,457,913,286	9,724,713,545
BRAC Saajan Exchange Limited		68,638,727	68,457,529
BRAC IT Services Limited		9,402,184	7,848,619
		11,633,659,806	8,920,362,335
		142,648,188,939	146,366,349,410

Particulars		2015 Taka	2014 Taka		
17	Other Liabilities				
		On-Shore	Off-shore	Total	
Provisions for loans and advances	(note - 17.1)	8,142,254,341	275,073,925	8,417,328,266	7,181,745,173
Provisions for Off Balance Sheet Items	(note - 17.2)	427,347,170	-	427,347,170	357,673,833
Provisions for Others		538,731	-	538,731	538,731
Interest suspense	(note - 17.4)	832,836,776	217,022	833,053,798	766,084,298
Withholding tax payable	(note - 17.5)	232,969,342	-	232,969,342	190,095,882
VAT payable	(note - 17.6)	157,813,453	-	157,813,453	122,390,590
Provision for taxation	(note - 17.7)	11,712,364,655	67,606,624	11,779,971,279	9,529,948,684
Deferred tax liability	(note - 9.2.2)	55,471,770	-	55,471,770	196,927,321
Interest payable		1,652,542,991	186,251,455	1,738,794,446	1,481,241,847
Accrued expenses		2,586,561,378	-	2,586,561,378	2,263,041,418
Provision for diminution in value of Investments	(note - 17.3)	358,951,693	-	358,951,693	326,035,394
Excise duty Payable		85,096,907	-	85,096,907	185,018,831
Share subscription - IPO (refund warrant)		210,030	-	210,030	123,995,454
Right Share subscription		657,174	-	657,174	675,015
Payable to On-shore Banking Unit		-	262,317,814	262,317,814	13,322,320
Cheque clearing accounts		-	-	-	241,035,193
Margin on Letter of Credits		597,925,676	-	597,925,676	649,785,755
Margin on Letter of Guarantees		100,995,055	-	100,995,055	68,935,311
Cash Dividend payable		50,802,973	-	50,802,973	38,471,949
Unclaimed dividend		3,523,517	-	3,523,517	3,523,517
Suppliers payable		77,655,128	-	77,655,128	77,188,900
Payable against exchange houses		4,015,686	-	4,015,686	3,968,902
Payable against insurances		29,373,553	-	29,373,553	27,245,315
Payable to Omnibus		1,023,300	-	1,023,300	-
Payable against freeze account		-	-	-	360,351,049
Others		1,077,747,842	-	1,077,747,842	94,048,112
		28,088,679,141	791,466,840	28,880,145,981	24,303,288,792
				262,317,814	13,322,323
				28,617,828,167	24,289,966,469
Less: Off-shore to On-shore					
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 and interest suspense from the amount outstanding.					
		On-Shore	Off-shore	Total	
A. General		1,035,620,075	172,696,681	1,208,316,756	1,246,498,307
Balance at the beginning of the year		-	982,045	982,045	-
Add: Exchange difference in Off-shore book		231,347,279	86,997,674	318,344,953	(38,181,551)
Add: Provision made during the year		1,266,967,354	260,676,400	1,527,643,754	1,208,316,756
Balance at the end of the year					
B. Specific		5,973,428,417	-	5,973,428,417	5,885,759,844
Balance at the beginning of the year		2,734,713,086	14,397,525	2,749,110,611	2,516,419,807
Add: Provision made during the year		8,708,141,503	14,397,525	8,722,539,028	8,402,179,651
		1,832,854,516	-	1,832,854,516	2,428,751,234
Less: Write off during the year		6,875,286,987	14,397,525	6,889,684,512	5,973,428,417
Balance at the end of the year		8,142,254,341	275,073,925	8,417,328,266	7,181,745,173
Net actual provision at the end of the year (A+B)					
17.2	Provisions for Off Balance Sheet items				
Provision for off balance sheet items is made as per BRPD circular no. 14 of September 2012 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				357,673,833	254,941,567
Add: Provision made during the year				69,673,337	102,732,266
Balance at the end of the year				427,347,170	357,673,833
17.3	Provision for diminution in value of Investments				
Balance at the beginning of the year				326,035,394	299,743,075
Add: Provision made during the year				40,000,000	30,000,000
Less: Reversal made during the year				7,083,701	3,707,681
Balance at the end of the year				358,951,693	326,035,394
17.4	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 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				766,084,298	682,483,056
Add: Amount transferred to "Interest Suspense" Account during the year				595,666,198	979,423,783
				1,361,770,496	1,641,906,839
Less: Amount recovered in "Interest Suspense" Account during the year				240,190,475	648,305,142
Less: Amount written off during the year				266,466,874	188,630,178
Less: Interest waiver during the year				22,059,349	38,887,221
Balance at the end of the year				833,053,798	766,084,298
17.5	Withholding Tax Payable				
Payable on Interest				182,880,812	165,833,887
Payable (Suppliers)				17,762,381	9,046,404
Payable (Contractors and Consultants)				152,018	27,641
Payable (Staff Salaries and Allowance)				4,085,051	3,251,126
Payable (Rent)				3,072,948	2,573,132
Payable (Export)				11,910,245	3,260,638
Payable on Commission Paid				8,306,768	4,555,368
Payable on Others				4,799,119	1,547,686
				232,969,342	190,095,882

Particulars			2015 Taka	2014 Taka
17.6	VAT Payable		3,382,481	2,398,678
	Payable on Letter of Credit Commission		2,861,251	239,698
	Payable on Commission for Remittances		10,052,609	6,978,335
	Payable on Loan Processing Fees		7,466,104	6,363,137
	Payable - Credit Cards		18,216,735	11,482,477
	Payable - Supplier		5,283,575	4,373,462
	Payable - Rent		11,496,539	9,192,499
	Payable - DESA and DESCO		24,061,315	20,080,220
	Payable - BPDB		66,423,309	51,999,898
	Payable - DPDC		8,569,435	9,292,186
	Payable - Others		157,813,453	122,390,590
17.7	Provision for current taxation		9,529,948,684	7,432,473,086
	Balance at the beginning of the year		2,250,022,595	2,097,475,598
	Add: Provision made during the year		11,779,971,279	9,529,948,684
	Less: Adjustment of tax provision for previous years		-	-
	Balance at the end of the year		11,779,971,279	9,529,948,684
	Corporate tax position of the Bank has been shown in Annex F.			
17.a	Consolidated Other Liabilities		28,617,828,167	24,289,966,469
	BRAC Bank Limited		514,885,986	523,798,570
	BRAC EPL Investments Limited		846,750,147	1,032,077,027
	BRAC EPL Stock Brokerage Limited		1,281,676,794	702,113,097
	bKash Limited		313,728,913	221,998,355
	BRAC Saajan Exchange Limited		446,879,130	290,287,099
	BRAC IT Services Limited		32,015,749,137	27,060,240,617
	Less: Intra-company transactions:		-	2,700,000
	BRAC Bank Limited		33,250,304	3,559,838
	BRAC EPL Investment Limited		22,084,259	21,301,467
	BRAC EPL Stock Brokerage Limited		266,840	3,288,515
	bKash Limited		9,882,335	3,815,936
	BRAC Saajan Exchange Limited		245,990,027	171,826,436
	BRAC IT Services Limited		311,473,765	206,492,192
			31,704,275,372	26,853,748,425
18	Share Capital			
18.1	Authorized Capital			
	Authorized Capital is the maximum amount of share capital that the bank is authorised by its Memorandum and Article of Association to issue to shareholders.		12,000,000,000	12,000,000,000
	1,200,000,000 ordinary shares of Tk. 10 each			
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
	361,235,033 ordinary Share of Tk. 10/- each issued as bonus share		3,612,350,330	3,612,350,330
	26,400,000 Right Share of Tk. 10/- each issued as right share in the year 2008		264,000,000	264,000,000
	221,652,288 Right Share of Tk. 10/- each issued as right share in the year 2014		2,216,522,880	2,216,522,880
			7,092,873,210	7,092,873,210
18.2.1	Issued, Subscribed and Paid up Capital			
	Balance at the beginning of the year		7,092,873,210	4,433,045,760
	Add: Bonus share issued		-	443,304,570
	Add: Right share issued		-	2,216,522,880
	Closing at the end of the year		7,092,873,210	7,092,873,210
18.3	Initial Public Offering (IPO)			
	According to IPO rules 2006 "Initial public offering (IPO)" means first offering of security by an issuer to the general public. Out of the total issued, subscribed, and fully paid up capital of the bank 5,000,000 ordinary shares of Tk. 100.00 each amounting to Taka 500,000,000 was raised through Initial public offering of shares held in 2006.			
18.4	Cash Dividend/Bonus Issue			
	On 23rd April 2015 Cash Dividend @20% (Tk. 2 per Share of. 10 each) amounting to Taka 1,418,574,642.00 was approved by the shareholders in 16th Annual General Meeting and the cash dividend was paid accordingly.			
18.4.a	The Bank held its 8th EGM on november 03, 2011 and changed 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 BOT 12,000,000,000.			
18.5	Ordinary Shares	no. of Shares.	% of shareholding	
	Sponsor			
	BRAC	316,598,451	44.64%	3,165,984,510
	International Finance Corporation	38,002,483	5.36%	380,024,830
	Others	47,694	0.01%	476,940
	non Sponsor			
	non Resident Bangladeshis	846,201	0.12%	8,462,010
	Mutual Funds	18,505,848	2.61%	185,058,480
	Institutions and General Public	335,286,644	47.27%	3,352,866,440
		709,287,321	100%	7,092,873,210

Particulars		2015 Taka	2014 Taka	
18.6	Classification of Shareholding			
	Range of Holding of Shares	no. of Shareholders	no. of Shares	
			Percentage of Holding of Shares	
	Less than 500	7,790	1,398,501	0.20%
	500 to 5,000	8,859	16,791,931	2.37%
	5,001 to 10,000	823	5,777,411	0.81%
	10,001 to 20,000	486	6,783,834	0.96%
	20,001 to 30,000	131	3,231,374	0.46%
	30,001 to 40,000	75	2,623,140	0.37%
	40,001 to 50,000	32	1,480,097	0.21%
	50,001 to 100,000	65	4,596,123	0.65%
	100,001 to 1,000,000	97	34,527,124	4.87%
	Over 1000000	60	632,077,786	89.11%
	Total	18,418	709,287,321	100.00%
18.7	Share Premium			
	5,000,000 ordinary shares @ Tk. 70 per share in the year 2006		350,000,000	350,000,000
	2,640,000 ordinary shares @ Tk. 400 per share in the year 2008		1,056,000,000	1,056,000,000
	221,652,288 ordinary shares @ Tk. 10 per share in the year 2014		2,216,522,880	2,216,522,880
			3,622,522,880	3,622,522,880
18.8	Particulars of Share Premium	no. of Shares.		
	Sponsor:			
	BRAC	316,598,451	1,324,534,000	1,324,534,000
	ShoreCap International Limited	-	92,473,920	92,473,920
	International Finance Corporation (IFC)	38,002,483	219,056,640	219,056,640
	Others	47,694	192,580	192,580
	non Sponsor:			
	non Resident Bangladeshis	1,096,669	91,555,530	91,555,530
	Mutual Funds	45,196,879	189,254,190	189,254,190
	General Public	308,345,145	1,705,456,020	1,705,456,020
		709,287,321	3,622,522,880	3,622,522,880
18.8.a	Consolidated Share Premium			
	BRAC Bank Limited		3,622,522,880	3,622,522,880
	BRAC EPL Investments Limited		147,052,103	147,052,103
	BRAC EPL Stock Brokerage Limited		-	-
	bKash Limited		1,012,096,732	1,012,096,732
	BRAC Saajan Exchange Limited		-	-
	BRAC IT Services Limited		-	-
			4,781,671,715	4,781,671,715



Particulars	2015 Taka	2015 Taka	2014 Taka	2014 Taka
<b>18.09 Capital Adequacy Ratio - As per BASEL-II and III</b>				
	Consolidated basis	SOLO Basis	Consolidated basis	SOLO Basis
<b>Common Equity Tier-1(Going Concern Capital)</b>				
Fully Paid-up capital/funds from Head office for the purpose of meeting the capital adequacy	7,092,873,210	7,092,873,210	7,092,873,210	7,092,873,210
Non-Repayable Share Premium account	4,781,671,715	3,622,522,880	4,781,671,715	3,622,522,880
Statutory Reserve	3,470,350,332	3,470,350,332	3,470,350,332	3,470,350,332
General reserve				
Retained Earnings	4,088,724,423	3,892,934,140	3,189,355,329	2,876,737,432
Dividend Equalization Reserve				
Minority Interests in Subsidiaries	1,297,477,645	-	1,286,736,135	-
Actuarial gain/loss (Actuarial gain/loss kept in books in Bangladesh for foreign banks)	-	-	-	-
Non-repatriable interest free funds from Head Office for the purpose of acquisition of property and held in a separate account and have the ability to absorb Losses regardless of their losses. (Applicable for foreign banks)	-	-	-	-
Others (If any item approved by Bangladesh Bank)	-	-	-	-
<b>Sub-total</b>	<b>23,718,584</b>	<b>23,715,993</b>	<b>23,715,993</b>	<b>17,062,483,854</b>
	<b>20,754,815,909</b>	<b>18,078,680,562</b>	<b>19,844,702,703</b>	<b>17,062,483,854</b>
<b>Regulatory Adjustments</b>				
Shortfall in Provision required against Non-performing Loans(NPLs)	-	-	-	-
Shortfall in Provision required against Investment in shares(Result of the cell No. F-26/2)	-	-	-	-
Remaining deficit on account of revocation of Investments in Securities after netting off from any other surplus of the securities.	-	-	-	-
Goodwill and all other intangible assets	1,412,198,710	-	1,442,246,491	-
Deferred Tax Assets (DTA)	963,887,229	963,887,229	1,057,387,675	1,057,387,675
Defined benefit pension fund assets	-	-	-	-
Gain on sale related to securitization Transactions	-	-	-	-
Investment in Own CET-1 Instruments/shares(as per Para 3.4.7 of Basel III Guidelines)	-	-	-	-
Reciprocal Crossholdings in The CET-1 Capital of Banking, financing and insurance entities.	-	-	-	-
Any investment exceeding the approved limit under section 26(2) of the Bank Company Act, 1991(50% of investment)	-	-	-	-
Investment of subsidiaries which are not Consolidated(50% of investment)	-	-	-	-
Others if any	-	-	-	-
<b>Sub-total</b>	<b>2,376,085,939</b>	<b>963,887,229</b>	<b>2,499,633,166</b>	<b>1,057,387,675</b>
<b>Total common equity Tier-1 capital</b>	<b>18,378,729,970</b>	<b>17,114,793,333</b>	<b>17,345,069,537</b>	<b>16,005,096,179</b>
<b>Additional Tier-1 Capital</b>				
Non-Cumulative Irredeemable Preference Shares	-	-	-	-
Instruments issued By the Banks that meet the qualifying Criteria For AT1( As specified in Annex-4 of Basel III Guidelines)	-	-	-	-
Minority Interest Le AT1 issued by Consolidated subsidiaries to third parties as specified In Annex-4 of Basel III Guidelines( For Consolidated Reporting)	-	-	-	-
Head Office Borrowing in foreign currency by Foreign Banks' operation in Bangladesh for inclusion In Additional Tier-1 capital which comply with the regulatory requirements as specified In Annex-4 of Basel III Guidelines(Applicable for foreign banks)	-	-	-	-
Any other item especially allowed by Bangladesh Bank from time to time for inclusion in Additional Tier-1 capital ( applicable for foreign banks).	-	-	-	-
Others(If any item approved by Bangladesh Bank)	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Regulatory Adjustments:</b>				
Investment in own AT-1 Instrument/Shares(as per para 3.4.7 of Basel III Guidelines)	-	-	-	-
Reciprocal Crossholdings in The AT-1 Capital of Banking, financing and insurance entities.	-	-	-	-
Others(If any)	-	-	-	-
<b>Total Additional Tier-1 Capital Available</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Maximum limit of Additional Tier-1 Capital(AT-1 Capital can be maximum Up to 1.5% Of the Total RWA or 33.33% of CET1, Whichever is higher)	-	-	-	-
Excess amount over maximum limit Of AT-1	-	-	-	-
<b>Subtotal</b>	<b>18,378,729,970</b>	<b>17,114,793,333</b>	<b>17,345,069,537</b>	<b>16,005,096,179</b>
<b>Total Admissible Additional Tier-1 Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier-2 Capital ( Gone-Concern Capital)</b>				
General Provision ( Eligible For inclusion in Tier 2 will be limited to 1 maximum 1.25 percentage points of Credit Risk Weighted Assets calculated under the Standardised Approach)	1,857,726,067	1,783,186,562	1,565,990,590	1,565,990,590
All other preference shares	-	-	-	-
Subordinated debt/instruments issued by the Banks that meet the qualifying criteria for tier-2 Capital (as per Annex 4 of Basel III Guidelines)	1,200,000,000	1,200,000,000	1,800,000,000	1,800,000,000
Minority Interest i.e. Tier 2 issued by Consolidated Subsidiaries to third Parties( For Consolidated Reporting Only)	-	-	-	-
Head Office(HO) borrowings in foreign Currency Received that meet the Criteria Of tier 2 Debt Capital (Applicable For Foreign banks).	-	-	-	-
Revaluations Reserve as on 30th June, 2015(50% Of Fixed Assets And Securities and 10% of equities)	346,502,408	346,502,408	346,502,408	346,502,408
<b>Others ( If any item approved by Bangladesh Bank)</b>	<b>3,404,228,475</b>	<b>3,329,688,970</b>	<b>3,712,492,998</b>	<b>3,712,492,998</b>
<b>Sub-total</b>	<b>3,404,228,475</b>	<b>3,329,688,970</b>	<b>3,712,492,998</b>	<b>3,712,492,998</b>
<b>Regulatory Adjustments</b>				
Revaluation Reserve for Fixed Assets and Security and equity securities( Follow Phase-in deduction as per Basel (III) guidelines)	69,300,482	69,300,482	-	-
Investment in OWN T2 Instruments/Shares(as Per para 3.4.7 of Basel III Guidelines)	-	-	-	-
Reciprocal Crossholdings in The AT-2 Capital of Banking, financing and insurance entities.	-	-	-	-
Any investment exceeding the approved limit under section 26(2) of the Banking Companies Act, 1991(50% of investment)	-	-	-	-
Investment of subsidiaries which are not Consolidated(50% of investment)	-	-	-	-
Others if any	-	-	-	-
<b>Total Tier-2 Capital Available</b>	<b>3,334,927,993</b>	<b>3,260,388,488</b>	<b>3,712,492,998</b>	<b>3,712,492,998</b>
Maximum limit of Tier-2 Capital(Tier-2 Capital can be maximum Up to 4% Of the Total RWA or 88.89% of CET1, Whichever is higher)	16,041,957,396	14,717,636,047	-	-
Excess amount over maximum limit of T-2	3,334,927,993	3,260,388,488	3,712,492,998	3,712,492,998
<b>Total Admissible Tier-2 capital</b>	<b>3,334,927,993</b>	<b>3,260,388,488</b>	<b>3,712,492,998</b>	<b>3,712,492,998</b>
<b>Total Capital</b>	<b>21,713,657,963</b>	<b>20,375,181,821</b>	<b>21,057,562,535</b>	<b>19,717,589,177</b>
<b>Total Risk Weighted Assets</b>	<b>176,714,095,576</b>	<b>166,622,161,980</b>	<b>139,298,730,957</b>	<b>133,930,441,824</b>
<b>Required capital based on Risk Weighted Assets (10%)</b>	<b>17,671,409,558</b>	<b>16,662,216,198</b>	<b>13,929,873,098</b>	<b>13,393,044,182</b>
<b>Surplus/ (Deficiency)</b>	<b>4,042,248,405</b>	<b>3,712,965,623</b>	<b>7,127,689,439</b>	<b>6,324,544,995</b>
<b>Capital Adequacy Ratio:</b>				
On core capital (against standard of minimum 5%)	10.40%	10.27%	12.45%	11.95%
On actual capital (against standard of minimum 10%)	12.29%	12.23%	15.12%	14.72%

Particulars		2015 Taka	2014 Taka
19	Statutory Reserve	3,470,350,332	3,281,594,098
	Balance at the beginning of the year	-	188,756,234
	Add: Transferred from profit during the year	3,470,350,332	3,470,350,332
Refer to the section no-24 of The Banking Companies Act 1991, there is no requisite to transfer fund from profit into the statutory reserve during the year because the sum of share premium and statutory reserve exceeded the paid up capital.			
19.a	Consolidated Statutory Reserve	3,470,350,332	3,470,350,332
	BRAC Bank Limited	-	-
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		3,470,350,332	3,470,350,332
20	Revaluation Reserve	219,539,410	176,631,280
	Revaluation Reserve on Govt. Securities (note - 20.1)	516,373,535	516,373,535
	Assets Revaluation Reserve (note - 20.2)	735,912,945	693,004,815
20.1	Revaluation Reserve on Govt. Securities	176,631,281	194,438,486
	Balance at the beginning of the year	757,748,003	797,124,320
	Add: Addition during the year	714,839,874	814,931,526
	Less: Adjustment during the year	219,539,410	176,631,280
20.2	Assets Revaluation Reserve	516,373,535	516,373,535
	Balance at the beginning of the year	-	-
	Add: Reserve made during the year	516,373,535	516,373,535
20.1.a	Consolidated Revaluation Reserve on Govt. Securities	219,539,410	176,631,280
	BRAC Bank Limited	-	-
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		219,539,410	176,631,280
20.2.a	Consolidated Assets Revaluation Reserve	516,373,535	516,373,535
	BRAC Bank Limited	-	-
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		516,373,535	516,373,535
20.b	Share money deposit		
20.b.1	Share money deposit in bKash Ltd	505,162	505,162
	Share money deposit in bKash	505,162	505,162
		257,633	257,633
Share of BRAC Bank (as Parent) on Share money deposit (51%) (I)			
In accordance with the memorandum of understanding with "Money in motion" (Minority shareholder with 49% share of bKash Limited) the banks share of "share money deposit" is disclosed.			
20.b.2	Share money deposit in BRAC Saajan Ltd	26,812,516	26,812,516
	Share money deposited by BRAC Saajan Limited	-	-
	Exchange difference on translation	26,812,516	26,812,516
		23,460,951	23,460,951
	Share of BRAC Bank (as Parent) on Share money deposit (87.5%+1) (II)	23,718,584	23,718,584
	Total share of BRAC Bank (as Parent) on Share money deposit (I+II)		
21	Surplus in Profit and Loss Account/ Retained Earnings		
		On-Shore	off-shore
	Balance at the beginning of the year	2,423,339,539	453,397,893
	Adjustment for prior year	-	-
	Adjusted opening balance	2,423,339,539	453,397,893
	Less: Issue of Bonus Share (10%)	-	-
	Less: Cash Dividend	1,418,574,642	1,418,574,642
	Add: Retained Surplus for the year	2,328,462,783	106,308,567
		3,333,227,680	559,706,460
21.a	Consolidated Surplus in Profit and Loss Account/ Retained Earnings	3,892,934,140	2,876,737,432
	BRAC Bank Limited	(90,140,343)	(60,093,562)
	Less: Impairment of Goodwill	151,584,437	326,408,559
	Add: Retained Surplus from BRAC EPL Investments Limited (Opening)	(255,478,065)	(174,824,122)
	Add: Retained Surplus from BRAC EPL Investments Limited (During the year)	281,708,185	234,746,870
	Add: Retained Surplus from BRAC EPL Stock Brokerage Limited (Opening)	71,308,376	46,961,315
	Add: Retained Surplus from BRAC EPL Stock Brokerage Limited (During the year)	(80,154,207)	(176,308,859)
	Add: Retained Surplus from bKash Limited (Opening)	121,156,479	96,154,652
	Add: Retained Surplus from bKash Limited (During the year)	80,585,135	64,123,503
	Add: Retained Surplus from BRAC Saajan Limited (Opening)	17,677,081	16,461,632
	Add: Retained Surplus from BRAC Saajan Limited (During the year)	(5,360,529)	-
	Less: Dividend distributed by BRAC Saajan Limited	(61,012,092)	(29,454,418)
	Add: Retained Surplus from BRAC IT Services Limited (Opening)	-	(4,306,149)
	Adjustment 2013 for Sales of BRAC International	-	86,970
	Adjustment 2013 for Sales of BRAC Bank	(36,084,174)	(27,338,496)
	Add: Retained Surplus from BRAC IT Services Limited (During the year)	4,088,724,423	3,189,355,328

Particulars		2015 Taka	2014 Taka
22	Minority Interest (Detail in note - 22.1) BRAC EPL Investments Limited BRAC EPL Stock Brokerage Limited bKash Limited BRAC Saajan Exchange Limited BRAC IT Services Limited	173,552,983 63,432,276 1,107,927,383 17,272,537 (64,707,534) <u>1,297,477,645</u>	254,230,267 55,509,123 991,522,140 15,513,029 (30,038,425) <u>1,286,736,134</u>
22.1	Calculation of Minority Interest		
	<div> <div>BRAC EPL Investments Limited</div> <div>BRAC EPL Stock Stock Brokerage Limited</div> <div>bKash Limited</div> <div>BRAC Saajan Exchange Limited</div> <div>BRAC IT Services Limited</div> </div>		
	Share Capital	585,000,000	451,500,000
	Preference share	-	-
	Share Premium	436,825,951	-
	Share money deposit	-	-
	Retained Earnings	(298,688,521)	182,822,764
	Total net assets as at 31 December 2015	723,137,430	634,322,764
	Minority Interest at 31 December 2015	173,552,983	63,432,276
	Total net assets as at 31 December 2014	1,059,292,778	555,091,234
	Minority Interest as at 31 December 2014	254,230,267	55,509,123
23	Contingent Liabilities		
	Acceptances and endorsements	12,967,621,606	7,433,193,266
	Import Letter of Credits - Sight	9,493,957,028	7,752,643,652
	Import Letter of Credits - Usance	8,314,887,899	8,030,491,120
	Import Letter of Credits - Back to Back	2,384,660,141	1,548,517,070
	Total Letter of Credits and Acceptances and endorsements:	(Note 23.2) 33,161,126,674	24,764,845,108
	Guarantees Issued	(Note 23.3) 5,765,094,383	4,250,216,847
	Bills for collection	(Note 23.4) 1,810,581,090	343,486,634
	Tax Liability	(Note 23.5) 43,700,000	43,700,000
	Contingent Assets - FX deals	7,175,468,134	8,294,132,273
	Forward contract	1,993,599,324	-
	Stock of Travellers Cheques (TC)	4,152,915	4,121,968
	Stock of Govt. Sanchaya Patra	-	12,851,000
		<u>49,953,722,520</u>	<u>37,713,353,830</u>
23.1	Significant concentration wise grouping		
	i) Documentary credits and short term trade related transactions;	40,736,802,147	29,358,548,589
	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) Spot and forward foreign exchange rate contracts;	9,173,220,373	8,311,105,241
	v) Other exchange contracts	43,700,000	43,700,000
	vi) Others	<u>49,953,722,520</u>	<u>37,713,353,830</u>
23.2	Irrevocable Letter of Credit including Acceptances and endorsements		
	Letter of Credit (Inland)	122,870,363	518,982,681
	Letter of Credit (General)	22,854,193,985	19,897,874,438
	Back to Back L/C	2,384,660,141	1,548,517,070
	Back to Back Bills	4,118,849,941	8,737,489
	Back to Back Bills (EDF)	3,680,552,243	2,790,733,430
		<u>33,161,126,673</u>	<u>24,764,845,108</u>
	Less: Margin	597,925,676	649,785,755
		<u>32,563,200,997</u>	<u>24,115,059,353</u>
23.3	Letter of Guarantee		
	Letter of Guarantee (Local)	5,627,174,341	3,501,218,399
	Letter of Guarantee (Foreign)	137,920,042	644,685,333
	Foreign counter Guarantee	-	104,313,114
		<u>5,765,094,383</u>	<u>4,250,216,846</u>
	Less: margin	100,995,055	68,935,311
		<u>5,664,099,328</u>	<u>4,181,281,535</u>
	Balance for which the Bank is contingently liable in respect of guarantee issued favoring:		
	Directors	2,110,734,256	2,550,569,911
	Government	177,231,458	198,624,346
	Bank and other financial institution	3,477,128,669	1,501,022,589
	Others	5,765,094,383	4,250,216,846
		<u>100,995,055</u>	<u>68,935,311</u>
	Less : Margin	5,664,099,328	4,181,281,535
23.4	Bills for collection		
	Outward local bills for collection	1,513,429,660	304,368,704
	Outward foreign bills for collection	297,151,430	39,117,930
	Inward local bills for collection	-	-
	Inward foreign bills for collection	-	-
		<u>1,810,581,090</u>	<u>343,486,634</u>
23.5	Contingent Liabilities (Taxation)		
	Large Tax Payers (VAT) office has issued a Demand Order of BDT 2,37,00,000 against VAT audit for the Income year 2009 and BDT 2,00,00,000 against VAT audit for the Income year 2010. The Bank has filed appeal before the Honorable High Court Division against the order no. VAT- 123/2013 dated 05 August 2013 and VAT-44/2014 dated 08 May 2014 respectively of the Customs, Excise and VAT Appellate Tribunal on the said demand.		
23.6	Suit filed by the Bank		
	No law suit filed by the bank against contingent liabilities.		

Particulars		2015 Taka	2014 Taka
23.a	Consolidated Contingent liabilities	49,953,722,520	37,713,353,830
	BRAC Bank Limited	-	-
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		<u>49,953,722,520</u>	<u>37,713,353,830</u>
Section -Three: Notes to Profit and loss Account			
24	Income statement		
	Income:	20,505,027,252	19,533,867,152
	Interest, discount and similar income (Note-24.1)	69,355,506	55,552,839
	Dividend income (Note-27)	2,031,374,734	1,884,882,564
	Fees, commission and brokerage (Note-24.2)	(4,492,413)	(34,064,247)
	Gains less losses arising from investment securities	849,437,054	681,714,216
	Gains less losses arising from dealing from foreign currencies (Note-28)	(820,362,856)	107,648,878
	Gain less losses arising from REPO	-	-
	Income from non-banking assets	1,078,913,770	738,246,871
	Other operating income (Note-29)	(818,197)	(907,427)
	Share of profit/(loss) of equity in associate company	<u>23,708,434,850</u>	<u>22,966,940,846</u>
	Expenses:	8,764,027,645	9,496,521,444
	Interest, fees and commission (Note-26)	(185,951,789)	62,138,598
	Losses arising from dealing securities	5,290,368,525	4,937,056,316
	Administrative expenses (Note-24.3)	1,438,359,150	1,144,205,582
	Other operating expenses (Note-39)	601,855,010	553,472,303
	Depreciation on banking assets (Note-38)	2,046,717	-
	Impairment Loss	<u>15,910,705,258</u>	<u>16,193,394,243</u>
		<u>7,797,729,592</u>	<u>6,773,546,603</u>
	Operating Profit		
24.1	Interest, discount and similar income	15,715,334,969	15,882,581,242
	Interest on loans and advances	10,543,973	57,205,225
	Interest on money at call and short notice	10,315,708	10,835,732
	Interest on balance with other banks	2,689,139,460	2,311,567,786
	Interest on treasury bills and bonds	1,743,692,528	1,147,890,593
	Interest on fixed deposits with other banks	286,501,282	123,786,574
	Interest on coupon bearing bond	49,499,332	-
	Interest on zero coupon bond	<u>20,505,027,252</u>	<u>19,533,867,152</u>
24.2	Fees, commission and brokerage	1,682,591,781	1,510,434,223
	Fees	348,782,953	374,448,341
	Commission	<u>2,031,374,734</u>	<u>1,884,882,564</u>
24.3	Administrative expenses	3,283,904,177	2,918,698,470
	Salaries and allowances	957,364,996	899,088,069
	Rent, taxes, insurance, electricity etc.	75,358,034	140,504,345
	Legal expenses	262,499,755	219,366,270
	Postage, stamps, telecommunication etc.	373,045,124	267,348,795
	Stationery, printing, advertisement etc.	14,260,584	13,783,916
	Chief Executive's salary and fees	681,700	671,831
	Directors' fees and expenses	955,000	955,000
	Auditors' fee	322,299,155	476,639,620
	Repairs and maintenance of fixed assets	<u>5,290,368,525</u>	<u>4,937,056,316</u>
25	Interest Income		
	Interest on loans and advances -		
	Retail	2,268,496,452	2,268,496,452
	Corporate	4,191,489,225	5,079,255,559
	SME	7,310,906,205	7,288,490,735
	Lease Finance	188,435,062	281,214,883
	Credit Cards	541,739,891	544,418,374
	Staff	22,395,490	52,804,066
		<u>14,523,462,325</u>	<u>15,712,681,992</u>
	Interest on money at call and short notice	10,513,661	57,205,225
	Interest on balance with other banks	10,315,708	10,835,732
	Interest on fixed deposits with other banks	2,047,798,838	1,317,789,844
		<u>16,592,090,532</u>	<u>17,098,512,793</u>
	Less: Interest Income from OBU		97,364,596
	Less: Interest Income from BBL		9,630,510
			<u>17,372,892,072</u>
			<u>16,794,142,526</u>
25.a	Consolidated Interest Income	17,372,892,072	16,794,142,525
	BRAC Bank Limited	324,161,399	614,643,530
	BRAC EPL Investments Limited	54,995,375	60,708,914
	BRAC EPL Stock Brokerage Limited	898,509,972	641,158,260
	bKash Limited	2,594,160	2,742,977
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	950,865,351	858,957,340
	Less: Intra-company transactions:	<u>17,700,287,627</u>	<u>17,254,438,866</u>

Particulars		2015 Taka	2014 Taka
26	Interest Paid on Deposits and Borrowing etc.		
A.	Interest paid on deposits:		
	Current	1,371,404,350	1,317,798,697
	STD	389,370,192	465,124,293
	Savings	741,547,616	768,395,591
	Term	4,636,696,384	5,369,946,043
		7,139,018,542	7,921,264,624
	B. Interest paid for borrowings:		
	Interest on money at call and short notice	225,246,133	244,864,883
	Interest on local bank accounts	15,893,472	723,275,729
	Bangladesh Bank-refinance	38,995,315	47,714,595
	Interest on Repurchase agreement (REPO)	253,077,909	81,289,039
	Interest on BBL Bond	439,802,632	478,112,575
		973,015,461	1,575,256,821
		649,426,500	9,496,521,445
		8,112,034,003	651,993,642
		8,764,027,645	9,630,510
		97,364,596	253,250,641
		8,657,032,539	9,192,151,178
	Less: Interest pay to OBU		
	Less: Interest pay to BBL		
26.a	Consolidated Interest Paid on Deposits and Borrowing etc.	8,657,032,540	9,192,151,178
	BRAC Bank Limited	447,442,970	481,011,747
	BRAC EPL Investments Limited	867,104	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
	Less: Intra-company transactions:	950,865,351	858,957,340
		8,154,477,263	8,814,205,585
27	Investment Income		
	Interest on treasury bills and bonds	2,689,139,460	2,311,567,786
	Gain/ (Loss) on dealing of securities - HFT Instruments	185,951,789	(62,138,598)
	Gain/ (Loss) on reverse REPO	(820,362,856)	107,648,878
	Dividend on preference shares	13,786,265	14,510,291
	Dividend from subsidiary	5,251,565	-
	Interest on coupon bearing bond	286,501,282	123,786,574
	Interest on commercial paper	49,482,639	49,499,332
	Gain on trading shares (Realized)	(4,492,413)	(34,064,247)
	Dividend on ordinary shares	50,317,676	41,042,548
	Share of profit/(loss) of equity in associate company	(818,197)	(907,428)
	Impairment Loss in associate company	(2,046,717)	(2,046,717)
		2,452,710,493	2,501,445,804
27.a	Consolidated Investment Income	2,452,727,186	2,501,445,804
	BRAC Bank Limited	(10,502,145)	(23,170,107)
	BRAC EPL Investments Limited	53,873,668	7,929,178
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		2,496,098,709	2,486,204,875
28	Commission, Exchange and Brokerage		
	Commission from sale of sanchaya patra	12,284,558	14,322,789
	Commission from issue of payment orders, DD and TT	19,205,909	22,443,338
	Commission from issue of letter of guarantee	32,838,505	44,510,150
	Commission from issue of letters of credit (Import and Export)	268,053,202	277,720,308
	Commission on visa processing	6,083,961	12,103,649
	Commission on Travellers Cheques	2,726	495
	Other commission	3,464,788	3,347,613
	Gain or (Loss) on Foreign currency dealings	849,437,054	681,714,216
	Loan processing fees	562,406,097	398,640,721
	Account activity fees	284,413,891	275,188,626
	Import and export related fees	51,829,909	37,906,170
	Fees and Commission-Cards	312,896,173	366,012,451
	Relationship Fees	8,665,131	9,725,842
	Loan Early Settlement Fees	58,944,140	46,554,330
	Service Charges for ATM Card	248,862,819	251,124,897
	Fund Collection/ Transfer Fees	381,260	115,000
	Student Service Center Fees	2,303,087	2,071,500
	Cancellation fees	117,615	131,800
	Cheque collection fees	333,480	448,879
	Trade Finance Charges	731,236	717,063
	Other fees (Note : 28.1)	122,444,364	121,796,942
		2,845,699,905	35,111,883
		2,880,811,788	2,566,596,779

Particulars		2015 Taka	2014 Taka		
	On-Shore	off-shore	Total		
28.1	Other fees				
	Passport Endorsement Fees	3,666,814	-	3,666,814	4,131,700
	Locker fees	5,890,530	-	5,890,530	6,576,480
	Service fees - ATM	472,038	-	472,038	245,952
	Service fees - BIT	796,555	-	796,555	876,615
	ICM Service Fees	1,473,020	-	1,473,020	2,138,731
	Annual Membership Fees-Premium Banking	106,200	-	106,200	96,860
	Membership Fees-ELDORADO	5,906,078	-	5,906,078	3,069,278
	Annual Fees-SMS Banking	87,416,679	-	87,416,679	70,990,978
	Annual Fees-Internet Banking	1,172,550	-	1,172,550	2,674,672
	Syndication Fees	-	15,793,839	15,793,839	15,814,521
	Valuation fees	11,935,505	-	11,935,505	6,691,250
	Omnibus settlement fees	3,608,395	-	3,608,395	8,489,905
		<u>122,444,364</u>	<u>15,793,839</u>	<u>138,238,203</u>	<u>121,796,942</u>
28.a	Consolidated Commission, Exchange and Brokerage			2,880,811,788	2,566,596,779
	BRAC Bank Limited			99,483,400	128,183,763
	BRAC EPL Investments Limited			338,788,384	307,653,023
	BRAC EPL Stock Brokerage Limited			1,575,861,080	958,342,597
	bKash Limited*			261,018,220	172,165,862
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			15,847,883	2,300,004
	Less: Intra-company transactions:			<u>5,140,114,989</u>	<u>4,130,642,020</u>
	* Commission income of bKash Limited			8,586,537,349	5,731,505,706
	Commission net off VAT			<u>7,010,676,269</u>	<u>4,773,163,109</u>
	Less: Cost of service			<u>1,575,861,080</u>	<u>958,342,597</u>
	Net commission income				
29	Other operating income			963,528,967	627,674,270
	Recovery of written off bad debts			2,472,684	1,259,544
	Profit on sale of assets			27,962,761	29,386,275
	Profit share from other bank			25,016,462	26,272,099
	Loan penal interest			59,932,896	53,654,683
	Miscellaneous income			<u>1,078,913,770</u>	<u>738,246,871</u>
29.a	Consolidated Other operating income			1,078,913,770	738,246,871
	BRAC Bank Limited			4,129,147	5,046,186
	BRAC EPL Investments Limited			-	516,644
	BRAC EPL Stock Brokerage Limited			119,251,044	21,553,824
	bKash Limited			10,746,717	13,160,360
	BRAC Saajan Exchange Limited			202,269,349	175,052,051
	BRAC IT Services Limited			114,832,535	117,195,853
	Less: Intra-company transactions:			<u>1,300,477,492</u>	<u>836,380,083</u>
30	Consolidated Salaries and allowances			3,283,904,177	2,918,698,470
	BRAC Bank Limited			60,412,234	70,079,943
	BRAC EPL Investments Limited			113,263,444	104,261,266
	BRAC EPL Stock Brokerage Limited			644,689,174	408,099,296
	bKash Limited			59,253,891	56,320,472
	BRAC Saajan Exchange Limited			166,378,611	155,897,336
	BRAC IT Services Limited			<u>4,327,901,531</u>	<u>3,713,356,783</u>
31	Rent, Taxes, Insurance, Electricity etc.	On-Shore	off-shore	Total	
	Rent, rates and taxes	723,280,437	749,038	724,029,475	665,321,706
	Insurance	57,682,924	69,180	57,752,104	81,202,610
	Power and electricity	164,505,723	223,902	164,729,625	142,327,193
	WASA and Sewerage	10,845,403	8,389	10,853,792	10,236,560
		<u>956,314,487</u>	<u>1,050,509</u>	<u>957,364,996</u>	<u>899,088,069</u>
31.a	Consolidated Rent, Taxes, Insurance, Electricity etc.			957,364,996	899,088,069
	BRAC Bank Limited			27,497,502	27,646,504
	BRAC EPL Investments Limited			26,339,551	24,996,291
	BRAC EPL Stock Brokerage Limited			10,585,098	5,545,248
	bKash Limited			16,221,787	14,841,631
	BRAC Saajan Exchange Limited			17,988,738	11,123,093
	BRAC IT Services Limited			<u>1,055,997,672</u>	<u>983,240,836</u>
32	Consolidated Legal expenses			75,358,034	140,504,345
	BRAC Bank Limited			2,813,883	2,219,983
	BRAC EPL Investments Limited			-	-
	BRAC EPL Stock Brokerage Limited			14,147,882	15,349,206
	bKash Limited			3,216,612	3,279,587
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			<u>95,536,411</u>	<u>161,353,121</u>
33	Postage, Stamp, Telecommunication etc.	On-Shore	off-shore	Total	
	Postage and courier	24,990,264	46,863	25,037,127	35,663,772
	Telegram, telex, fax and Network	84,028,192	-	84,028,192	76,990,181
	Court fees and stamps	71,141,971	-	71,141,971	24,759,245
	Telephone	82,145,075	147,390	82,292,465	81,953,072
		<u>262,305,502</u>	<u>194,253</u>	<u>262,499,755</u>	<u>219,366,270</u>

Particulars		2015 Taka	2014 Taka		
33.a	Consolidated Postage, Stamp, Telecommunication etc. BRAC Bank Limited BRAC EPL Investments Limited BRAC EPL Stock Brokerage Limited bKash Limited BRAC Saajan Exchange Limited BRAC IT Services Limited	262,499,755 - 2,664,858 18,975,718 5,875,558 12,568,674 302,584,563	219,366,270 - 2,985,988 14,335,484 4,425,065 10,370,980 251,483,787		
34	Stationery, Printing, Advertisement etc.	On-Shore 133,735,602 55,304,580 183,247,979 372,288,161	off-shore - 41,823 715,140 756,963	Total 133,735,602 55,346,403 183,963,119 373,045,124	100,121,097 33,231,665 133,996,033 267,348,795
34.a	Consolidated Stationery, Printing, Advertisement etc. BRAC Bank Limited BRAC EPL Investments Limited BRAC EPL Stock Brokerage Limited bKash Limited BRAC Saajan Exchange Limited BRAC IT Services Limited	373,045,124 1,316,387 8,461,917 557,965,702 5,416,227 1,775,912 947,981,269	267,348,795 3,423,355 6,934,870 201,999,191 4,232,309 925,529 484,864,049		
35	Chief Executive's salary and fees Basic salary Bonus and others (Note-35.1) House rent allowance Medical/ other allowance	10,029,750 4,017,250 184,167 29,417 14,260,584	9,743,666 3,842,250 168,000 30,000 13,783,916		
35.1	Bonus and others Festival Bonus Performance Bonus Leave Fair Assistance	1,767,000 1,000,000 1,250,250 4,017,250	1,667,000 1,000,000 1,175,250 3,842,250		
36	Directors' Fees and Expenses Director's fees represent fees paid for attending board meeting, board audit committee meeting @ Tk. 5,000 up to September 2016 and @ Tk. 8,000 from October 2016 per director per meeting and travel and accommodation expenses of foreign Director for attending the Board meeting. Breakup of Directors fees and expenses are given below: Directors Fees Traveling and Others	557,400 124,300 681,700	540,000 131,831 671,831		
36.a	Consolidated Director's Fees and Expenses BRAC Bank Limited BRAC EPL Investments Limited BRAC EPL Stock Brokerage Limited bKash Limited BRAC Saajan Exchange Limited BRAC IT Services Limited	681,700 - 435,000 860,539 - 238,000 2,215,239	671,831 623,250 315,000 1,082,198 - 150,000 2,842,279		
37	Auditors' Fee  Auditors' fee is BDT 700,000 (excluding VAT) and out of pocket expenses are BDT 150,000.	955,000 955,000	955,000 955,000		
37.a	Consolidated Auditors' fee BRAC Bank Limited BRAC EPL Investments Limited BRAC EPL Stock Brokerage Limited bKash Limited BRAC Saajan Exchange Limited BRAC IT Services Limited	955,000 253,000 170,903 655,500 3,071,164 100,000 5,205,567	955,000 253,000 137,500 655,500 2,813,705 50,000 4,864,705		
38	Depreciation on and repairs to bank's assets Depreciation on Property plant and equipment Furniture and fixtures Depreciation on Leasehold Building office equipment IT hardware Motor vehicles  Amortization of Intangible assets  IT software  Repairs and Maintenance expenses  Transportation cost Equipment repairing Hardware and Software Maintenance Premises Maintenance	On-Shore 156,531,820 96,152 123,129,001 217,801,491 9,938,051  93,204,126 600,700,641  124,443,472 54,924,652 102,634,840 37,733,701 319,736,665 920,437,306	off-shore 58,957 - 64,938 295,978 203,137  531,359 1,154,369  1,693,520 29,288 773,201 66,481 2,562,490 3,716,859	Total 156,590,777 96,152 123,193,939 218,097,469 10,141,188  93,735,485 601,855,010  126,136,992 54,953,940 103,408,041 37,800,182 322,299,155 924,154,165	140,849,682 44,378 127,310,728 183,271,757 12,597,055  89,398,703 553,472,303  122,520,990 53,130,912 264,964,784 36,022,934 476,639,620 1,030,111,923

Particulars	2015 Taka	2014 Taka
38.a Consolidated Depreciation on and repairs to bank's assets	924,154,165	1,030,111,923
BRAC Bank Limited	10,437,075	16,154,198
BRAC EPL Investments Limited	29,011,013	30,553,241
BRAC EPL Stock Brokerage Limited	278,053,104	189,752,985
bKash Limited	2,462,461	3,619,852
BRAC Saajan Exchange Limited	43,310,626	32,815,500
BRAC IT Services Limited	1,287,428,444	1,303,007,699
39 Other Expenses	On-Shore off-shore Total	
Conveyance expense	66,130,348 220,108	66,350,456
Fuel expenses	96,026,467 152,396	96,178,863
Traveling cost	71,227,090 167,080	71,394,170
Professional fees	19,120,948 22,007,854	41,128,802
Entertainment	30,662,116 101,536	30,763,652
Staff welfare	40,300,513 54,027	40,354,540
SWIFT	5,851,991 538,106	6,390,097
Business development	57,501,232 20,295,259	77,796,491
Books, news papers and periodicals	866,908 4,372	871,280
Donation and subscription	33,962,602 9,088	33,971,690
VAT and excise duty	70,975,336 -	70,975,336
Fraud and forgeries	75,866,572 708,231	76,574,803
Staff training	51,749,383 319,413	52,068,796
Staff liveries	2,034,278 3,096	2,037,374
Staff recruitment	3,465,264 -	3,465,264
Bank charges	125,657,720 103,304	125,761,024
Crockeries	1,295,055 739	1,295,794
IPO Expenses	1,650,000 -	1,650,000
Documentation Charges - CIB	6,885,701 22,820	6,908,521
IT enabled services	355,513,149 -	355,513,149
AGM expenses	7,200,000 -	7,200,000
Right issue expenses	- -	-
Bond issue expenses	4,760,081 -	4,760,081
Security guard cost	195,721,115 46,040	195,767,155
Commission paid	6,972,660 -	6,972,660
Cash carrying charges	51,306,295 -	51,306,295
Miscellaneous	10,902,832 25	10,902,857
	1,393,605,656 44,753,494	1,438,359,150
39.a Consolidated Other Expenses	1,438,359,150	1,144,205,580
BRAC Bank Limited	38,949,595	61,798,767
BRAC EPL Investments Limited	118,665,925	91,474,568
BRAC EPL Stock Brokerage Limited	685,690,491	458,272,086
bKash Limited	146,429,456	73,204,333
BRAC Saajan Exchange Limited	30,662,070	17,324,506
BRAC IT Services Limited	124,990,971	119,495,856
Less: Intra-company transactions:	2,333,765,716	1,726,783,984
40 Provisions	On-Shore off-shore Total	
For Loans and Advances:	2,734,713,086 14,397,525	2,749,110,611
For classified loans and advances	231,347,279 86,997,674	318,344,953
For unclassified loans and advances	2,966,060,365 101,395,199	3,067,455,564
For off Balance Sheet items	69,673,337 -	69,673,337
For diminution in value of Investments	40,000,000 -	40,000,000
	3,075,733,702 101,395,199	3,177,128,901
40.a Consolidated Provisions	3,177,128,901	2,610,658,475
BRAC Bank Limited	142,198,602	278,572,688
BRAC EPL Investments Limited	-	-
BRAC EPL Stock Brokerage Limited	-	-
bKash Limited	-	-
BRAC Saajan Exchange Limited	-	-
BRAC IT Services Limited	3,319,327,503	2,889,231,163
41 Provision for Tax		
Current Tax		
Provision for Income Tax has been made according to the Income Tax Ordinance, 1984. During the year, an amount of Tk. 2,250,022,595 (2014: 2,097,475,597) 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. 64,193,254 (2014 : 25,476,009) 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 @ 40%	2,250,022,595	2,097,475,597
Adjustment - prior year	-	-
Net deferred tax liability/(asset) originated for temporary differences	2,250,022,595	2,097,475,597
Income Tax on Profit	(64,193,254)	(25,476,009)
	2,185,829,341	2,071,999,588



Particulars	2015 Taka	2014 Taka
41.a Consolidated Provision for Income Tax		
Current Tax:	2,250,022,595	2,097,475,597
BRAC Bank Limited	19,473,387	17,200,000
BRAC EPL Investments Limited	68,546,182	62,969,796
BRAC EPL Stock Brokerage Limited	43,230,936	19,182,653
bKash Limited	6,520,114	6,518,952
BRAC Saajan Exchange Limited	-	-
BRAC IT Services Limited	2,387,793,214	2,203,346,998
Deferred Tax:	(64,193,254)	(25,476,009)
BRAC Bank Limited	2,632,515	(4,248,325)
BRAC EPL Investments Limited	-	-
BRAC EPL Stock Brokerage Limited	99,206,232	118,242,301
bKash Limited	-	-
BRAC Saajan Exchange Limited	-	-
BRAC IT Services Limited	37,645,493	88,517,967
	2,425,438,707	2,291,864,965
42 Earnings Per Share	2,434,771,350	2,090,888,540
Profit after taxation	-	-
Less: Preference dividend	2,434,771,350	2,090,888,540
Profit attributable for distribution to ordinary shareholders	709,287,321	655,302,051
Weighted average number of shares	3.43	3.19
Weighted average Earnings Per Share (Taka)		
Weighted average Earnings Per Share (EPS) of 2014 has been restated as per BAS-33 "Earnings Per Share".		
42.a Consolidated Earnings Per Share	2,334,811,567	2,036,736,192
Profit after taxation	-	-
Less: Preference dividend	11,507,301	18,479,452
Profit attributable to Minority	2,323,304,266	2,018,256,740
Profit attributable for distribution to ordinary shareholders of parent	709,287,321	655,302,051
Weighted average number of shares	3.28	3.08
Weighted average Earnings Per Share (Taka)		
Weighted average Earnings Per Share (EPS) of 2014 has been restated as per BAS-33 "Earnings Per Share".		
As the Bank issued right share in the year 2014, required adjustments has been made to the weighted average number of shares to reflect Theoretical Ex Right Share price for 2014, as per BAS 33 "Earnings Per Share".		
As per BAS-33 "Earnings Per Share", the calculation of diluted earning per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti dilutive effect on earning per share. There is an antidilutive effect on earning per share of BRAC Bank convertible bond. That is why we are not considering the diluted earning per share.		
Section -Four : Notes to Cash Flow Statement		
43 Cash and Cash Equivalents		
Cash in hand (including foreign currency)	5,613,959,872	7,558,012,102
Balance with Bangladesh Bank and its agents banks ( including foreign currency)	10,592,881,511	9,531,154,365
Balance with other banks and financial institutions	22,319,441,398	24,579,061,716
Money at call and on short notice	1,776,000	3,053,500
Prize Bond	38,528,058,781	41,671,281,683
43.a Consolidated Cash and Cash Equivalents		
BRAC Bank Limited	38,528,058,781	41,671,281,683
BRAC EPL Investments Limited	60,062,868	19,531,387
BRAC EPL Stock Brokerage Limited	803,717,503	683,188,415
bKash Limited	12,948,010,236	8,725,804,857
BRAC Saajan Exchange Limited	304,055,180	171,917,816
BRAC IT Services Limited	9,455,641	7,872,872
Less: Intra-company transactions:	11,633,659,806	8,920,362,336
	41,019,700,403	42,359,234,694
44 Receipts from other operating activities	25,016,462	26,272,099
Loan Penal interest	59,932,896	53,654,682
Miscellaneous Income	(4,492,413)	(34,064,247)
Gain on trading shares	27,962,761	29,386,276
Profit share from other banks	108,419,706	75,248,810
44.a Consolidated Receipts from other operating activities		
BRAC Bank Limited	108,419,706	75,248,810
BRAC EPL Investments Limited	(19,263,432)	769,601
BRAC EPL Stock Brokerage Limited	69,268,785	21,579,314
bKash Limited	139,599,895	6,394,217,790
BRAC Saajan Exchange Limited	13,048,649	15,903,336
BRAC IT Services Limited	242,276,841	261,931,815
	553,350,444	6,769,650,666

Particulars		2015 Taka	2014 Taka
	On-Shore	off-shore	Total
45 Payment for other operating activities			
Rent, taxes, insurance, electricity etc.	928,923,945	1,050,509	929,974,454
Audit fees	1,907,500	-	1,907,500
Directors fees and expenses	681,700	-	681,700
Repair and maintenance	223,261,953	3,716,859	226,978,812
Other expenses	1,257,479,782	44,753,494	1,302,233,276
Legal expenses	71,088,836	288,458	71,377,294
	<u>2,483,343,716</u>	<u>49,809,320</u>	<u>2,533,153,036</u>
45.a Consolidated Payment for other operating activities			2,533,153,036
BRAC Bank Limited			17,558,922
BRAC EPL Investments Limited			143,133,565
BRAC EPL Stock Brokerage Limited			-
bKash Limited			167,489,493
BRAC Saajan Exchange Limited			-
BRAC IT Services Limited			-
			<u>2,861,335,016</u>

## Section -Five : General Disclosures

### 46 Segment Reporting:

	For the year 2015				
	SME	Retail	Corporate	Treasury	Total
Interest Income	7,473,914,095	2,832,631,833	4,972,260,453	2,094,085,691	17,372,892,072
Interest Expense	850,763,296	3,712,613,098	3,102,162,802	-	7,665,539,196
Borrowing cost	-	-	-	991,493,344	991,493,344
Inter segment income /(expenses)	(2,963,346,755)	5,046,011,596	(201,166,974)	(1,881,497,867)	8,715,859,532
Net Interest Income	3,659,804,044	4,166,030,331	1,668,930,677	(778,905,520)	2,452,727,186
Investment Income	-	-	9,044,116	2,443,683,070	849,437,054
Foreign Exchange Gain/(Loss)	47,527,229	89,075,891	288,863,380	423,970,554	2,156,294,232
Commission, Fees and Others	669,441,102	960,545,182	522,170,730	4,137,218	953,994,273
Write off Recovery	880,172,341	73,821,933	-	-	15,128,312,277
Total Segment Revenue	5,256,944,716	5,289,473,336	2,489,008,903	2,092,885,322	3,298,164,761
Staff Costs	1,711,845,860	1,277,178,705	251,931,139	57,209,057	4,032,417,924
Other Operating Costs	1,462,519,724	2,064,479,514	348,456,164	156,962,522	7,330,582,685
Total Segment Expenditure	3,174,365,584	3,341,658,219	600,387,303	214,171,579	7,797,729,592
Reportable Segment Operating Profit	2,082,579,132	1,947,815,117	1,888,621,600	1,878,713,743	16,794,142,526

	For the year 2014				
	SME	Retail	Corporate	Treasury	Total
Interest Income	7,529,220,786	3,079,406,236	4,799,684,704	1,385,830,801	8,127,612,001
Interest Expense	994,875,130	4,262,637,465	2,870,099,406	-	1,064,539,177
Borrowing cost	-	-	-	1,064,539,177	-
Inter segment income /(expenses)	(3,480,908,025)	5,271,956,267	21,394,038	(1,812,442,280)	7,601,991,349
Net Interest Income	3,053,437,631	4,088,725,038	1,950,979,336	(1,491,150,656)	2,501,445,804
Investment Income	-	-	24,635,310	2,476,810,494	681,714,216
Foreign Exchange Gain/(Loss)	38,850,703	96,428,476	267,279,167	279,155,870	1,995,448,164
Commission, Fees and Others	602,481,516	930,459,385	431,369,740	31,137,524	627,681,270
Write off Recovery	566,319,574	61,358,196	3,500	-	13,408,280,803
Total Segment Revenue	4,261,089,425	5,178,971,094	2,674,267,052	1,295,953,231	2,932,482,386
Staff Costs	1,492,489,251	1,193,636,763	192,000,186	54,356,185	3,702,251,813
Other Operating Costs	1,249,533,081	1,986,141,520	315,613,918	150,963,294	6,634,734,199
Total Segment Expenditure	2,742,022,332	3,179,778,284	507,614,104	205,319,479	6,773,546,604
Reportable Segment Operating Profit	1,519,067,093	1,997,192,810	2,166,652,948	1,090,633,752	16,794,142,526

## Section -Six : General Disclosures

### 47 General Disclosure

#### 47.1 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank Limited in its 23rd meeting held on March 02, 2003. Subsequently, in the 53rd Audit Committee Meeting held on April 15, 2014 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 Kalry	Director	Member	M.Com (Accounting)
03	Ms. Nihad Kabir	Director	Member	L.L.B., L.L.M.,(UK), (Barrister at Law)

During the period ended 31 December 2015, the Audit Committee of the Board conducted 06 (Six) meetings in which among others, the following issues were discussed:

#### Facts Discussed

- Discussed the audit report of different Head office departments, Branches and SME Sales and 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 and operational loss report
- Discussed technology incidents
- Reviewed service quality report of the Bank.
- Reviewed the ERM policy of the Bank.

Particulars

2015  
Taka

2014  
Taka

47.2

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 2015, 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 with BBL	Nature of Transaction	Balance at the end of period
BRAC and its associated organization	Parent Company	Deposits made with us	4,917,738,642
BRAC EPL Investments Limited	Subsidiary	Deposits made with us	11,901,293
BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits made with us	83,836,880
bKash Limited	Subsidiary	Deposits made with us	11,462,417,945
BRAC IT Services Limited (bITS)	Subsidiary	Deposits made with us	9,402,184
BRAC Saajan Exchange Limited	Subsidiary	Deposits made with us	68,638,727
BRAC Impact Ventures Limited	Associates	Deposits made with us	1,940,400
BRAC Asset Management Company Limited	Associates	Deposits made with us	67,114,866
Industrial and Infrastructure Dev. Finance Co	Sponsor Shareholder	Deposits made with us	4,578
Industrial and Infrastructure Dev. Finance Co	Sponsor Shareholder	Loans and Advances	549,999,991
Sajida Foundation	Common board member	Loans and Advances	300,735,000
BRAC EPL Investments Limited	Subsidiary	Loans and Advances	1,415,110,659
BRAC EPL Investments Limited	Subsidiary	Interest payable	28,120,691
BRAC	Parent Company	Loans and Advances	2,896,786,692

ii) Name of Directors and the entities in which they have interest as on 31 December 2015

Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they	Educational Qualification
01	Sir Fazle Hasan Abed (Nominated by BRAC)	Chairman	BRAC Industries Limited BRAC Kodala Tea Estate BRAC Kaiyacherra Tea Company Limited BRAC Karnafuli Tea Company Limited BRAC Banskhal Tea Company Limited BRAC Foundation	FCMA, London
02	Mr. Kazi Mahmud Sattar (Independent Director)	Director	Unique Hotel and Resorts Limited BRAC Saajan Exchange Limited bKash Limited	B. Com (Honours) Finance
03	MS. Zahida Ispahani (Independent Director)	Director	Ispahani Islamia Eye Institute and Hospital BRAC EPL Stock Brokerage Limited	Graduate
04	Ms. Nihad Kabir (Nominated by BRAC)	Director	Kedarpur Tea Company Limited Shaistaganj CNG Co. Limited Sathgao Tea Estate Limited Infrastructure Development Company Limited	L.L.B., L.L.M., (UK) (Barrister at Law)
05	Mr. Hafiz G.A Siddiqi (Independent Director)	Director	BRAC EPL Investments Limited BRAC IT Services Limited Micro Industries Development Assistance Services Limited Asia-Pacific General Insurance Co. Limited	Ph.D (Manchester Business School), UK, MBA (Graduate School of Business Indiana University), USA
06	Tamara Hasan Abed (Nominated by BRAC)	Director	BRAC Services Limited BRAC Dairy BRAC Industries Limited Bangladesh Netting Factory Limited Ayesha Abed Foundation Board of Trustees, BRAC University BRAC Karnafuli Tea Company Limited BRAC Kaiyacherra Tea Company Limited BRAC Banskhal Tea Company Limited BRAC Kodala Tea Estate BRAC Environmental Enterprises Limited	MBA in Finance (Columbia Business School, Columbia University, NY, USA) Bsc in Economics (London School of Economics, London, UK)
07	Shib Narayan Kairi (Nominated by BRAC)	Director	Bangladesh Netting Factory Limited BRAC Services Limited BRAC IT Services Limited BRAC Impact Ventures Limited BRAC Environmental Enterprises Limited BRAC Probashbandhu Limited BRAC Karnafuli Tea Co. Limited BRAC Kaiyacherra Tea Co. Limited BRAC Banskhal Tea Co. Limited BRAC Kodala Tea Estate BRAC Industries Limited	Master of Commerce in Accounting University of Dhaka
08	Mr. Selim RF Hussain	Managing Director and CEO	IIDFC	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 Banking Companies Act, 1991. Nil
- vii) Loan and advances to Directors:
- Classification Status: 130,060  
Unclassified
- viii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Banking Companies Act, 1991. Nil
- ix) Investment in the Securities of Directors and their related concern: Nil

47.3 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on 31.12.2015.

47.4 Number of Employees

The number of employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of tk. 36,000 or above were 7,700 (2014: 6,886).

47.5 Post Balance Sheet Events:

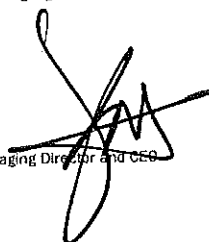
The Board of Directors in its 197th Board meeting held on 20 April, 2016 has proposed 25% cash dividend subject to the approval of shareholders at the next annual general meeting.

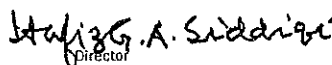
47.6 Coverage of External Audit:

The external auditor of the Bank, M/s A.Qasem & Co., Chartered Accountants worked about in excess of 3,520 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

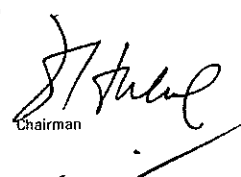
47.7 Share trading

The bank traded its ordinary shares in Central Depository Bangladesh Limited (CDBL) through Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 31 January 2007. The closing market price on 31 December 2015 was Tk. 48.70 at Dhaka Stock Exchange (DSE) and Tk. 48.20 at Chittagong Stock Exchange (CSE).

  
Managing Director and CEO

  
Director

  
Director

  
Chairman

## Annexure - A

### BRAC BANK LIMITED Highlights on the overall Activities As at 31 December 2015

Particulars	Amount in Taka	
	2015	2014
Paid-up capital	7,092,873,210	7,092,873,210
Total capital including general provisions	20,375,181,821	19,718,496,603
Capital surplus/(deficit)	3,712,965,623	6,314,960,756
Total assets	224,493,440,200	204,593,071,725
Total deposits	143,320,511,483	148,464,104,266
Total loans and advances	147,433,607,286	121,940,553,133
Total contingent liabilities and commitments	49,953,722,520	37,713,353,830
Credit deposit ratio (Loans and advances/Deposits)*	82.24%	72.13%
Percentage of classified loans against total loans and advances	5.99%	5.72%
Profit after tax and provisions	2,434,771,350	2,091,795,966
Amount of classified loans during the current year	8,838,640,714	6,980,384,870
Provision kept against classified loans	6,889,684,512	5,973,428,417
Provisions surplus/deficit	925,550,407	1,676,416,524
Cost of fund	6.64%	7.43%
Interest earning assets	210,372,469,903	191,688,240,050
Non-Interest earning assets	14,120,970,297	12,904,831,675
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	6.13%	7.13%
Return on assets (ROA) [PAT/Average assets]	1.13%	1.09%
Return on Equity (ROE) [PAT/Average shareholders equity]	13.32%	14.11%
Income from investments	2,452,727,186	2,502,353,232
Earning Per Share (EPS)	3.43	3.19
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)]	3.43	3.19
Price earning ratio (Market price per share/EPS)	14.19	11.14
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share]	26.53	25.03

\* Credit deposit ratio has been computed as per Bangladesh Bank guideline.

**BRAC BANK LIMITED**  
**Balance with other bank and financial institutions ( Outside Bangladesh on Current Accounts )**  
**As at 31 December 2015**

Name of Bank	A/C Type	December 2015		December 2014	
		FC Amount	Exchange Rate	FC Amount	Exchange Rate
Standard Chartered Bank-New York, USA	CD	112,153.16	78.51	164,357.50	77.92
Standard Chartered Bank, United Kindom	CD	434,866	116.37	41,383	121.32
Standard Chartered Bank, Frankfurt, Germany	CD	10,740.20	85.88	4,084.81	94.99
Mashreq Bank, New York, USA	CD	14,626.21	78.51	45,893.61	77.92
The Bank of Nova Scotia- Canada	CD	-	-	7,098.73	67.04
ICICI Bank Limited, Mumbai, India	CD	9,833.24	78.51	73,990.93	77.92
HSBC Bank, Australia	CD	-	-	1,026.54	63.50
Habib Bank Limited, Pakistan	CD	4,240.90	78.51	77,010.84	77.92
Union DE Banques Arabes ET Francaises (U.B.A.F) , Japan	CD	5,975,391.00	0.65	3,931,469.40	0.65
Zuercher Kantonal Bank, Switzerland	CD	7,469.26	79.14	71,665.58	78.95
ING Belgium NV/SA, Belgium	CD	118,637.06	85.88	21,710.95	94.99
Unicredito Italiano SPA, Italy	CD	175,680.39	85.88	16,462.31	94.99
Commerz Bank AG, Germany (USD)	CD	256,997.42	78.51	36,297.54	77.92
Commerz Bank AG, Germany (EURO)	CD	597,305.68	85.88	56,944.57	94.99
United Bank of India, Kolkata, India	CD	41,076.09	78.51	71,633.21	77.92
Westpack Banking Corporation, Australia	CD	39,298.30	57.67	72,218.97	63.50
JP Morgan Chase Bank, New York, USA	CD	2,053,898.93	78.51	1,722,848.88	77.92
Sonali Bank Limited, United Kindom (USD)	CD	133,560.00	78.51	44,188.40	77.92
Sonali Bank Limited, United Kindom (GBP)	CD	74.32	116.37	-	-
HDFC Bank Limited, India	CD	151,901.62	78.51	329,851.63	77.92
Deutsche Bank Trust Company Americas	CD	262,527	78.51	139,812	77.92
AB Bank Limited, Mumbai, India	CD	25,564	78.51	4,448	77.92
HypoVereinsbank, Germany	CD	2,693	85.88	8,949	94.99
<b>Total</b>				<b>375,814,392</b>	<b>239,812,814</b>

**BRAC BANK LIMITED**  
Investment in Shares  
As at 31 December 2015

Sl. no	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31/Dec/15	Total market value at 31/Dec/15
<u>Quoted</u>							
Ordinary shares							
1	Active fine chemicals limited	10.00	1,300,000	74,722,544	57.48	56.20	73,060,000
2	Aims 1st mutual fund	10.00	2,222,222	49,995,887	22.50	19.70	43,777,773
3	Bata shoe company limited	10.00	9,700	12,867,461	1,326.54	1,317.70	12,781,690
4	BATBC	10.00	19,586	48,190,086	2,460.44	2,950.50	57,788,493
5	Eastern bank limited	10.00	300,000	8,090,035	26.97	28.60	8,580,000
6	EBL NRB mutual fund	10.00	5,417,172	42,710,189	7.88	4.10	22,210,405
7	Envoy textiles limited	10.00	372,376	17,320,265	46.51	41.90	15,602,554
8	Exim bank 1st mutual fund	10.00	5,906,165	50,000,000	8.47	5.50	32,483,908
9	First Bangladesh fixed income fund	10.00	32,231,632	249,497,686	7.74	6.30	203,059,282
10	Glaxo Smithkline	10.00	6,250	11,152,268	1,784.36	1,799.80	11,248,750
11	Greenphone limited	10.00	494,800	134,624,155	272.08	253.00	125,184,400
12	Islami bank limited	10.00	543,966	8,975,912	16.50	27.80	15,122,255
13	LR global Bangladesh mutual fund one	10.00	31,038,090	297,596,596	9.59	5.50	170,709,495
14	Matin spinning mills limited	10.00	1,150,000	49,699,005	43.22	40.70	46,805,000
15	Square textile	10.00	594,485	45,512,846	76.56	75.50	44,883,618
16	Square pharmaceuticals limited	10.00	600,000	149,928,233	249.88	253.70	152,220,000
17	Unique hotel and resorts limited	10.00	300,000	29,421,816	98.07	50.60	15,180,000
				<u>1,280,304,986</u>			<u>1,050,697,622</u>

Unquoted

1	Industrial and Infrastructure Development Finance Co. Limited	10.00	7,329,110	19,683,820	-	-	-
2	Central Depository Bangladesh Limited	10.00	2,284,721	16,277,770	-	-	-
3	Bangladesh Rating Agency of Bangladesh Limited	100.00	124,976	12,497,600	-	-	-
4	BRAC EPL Investments Limited	10.00	44,459,962	752,715,794	-	-	-
5	BRAC EPL Stock Brokerage Limited	100.00	4,063,498	1,344,147,500	-	-	-
6	bKash Limited	100.00	194,800	168,921,800	-	-	-
7	BRAC Saajan Exchange Limited	100.00	291,616	59,388,531	-	-	-
8	BRAC IT Service Limited	1,000.00	31,224	31,224,000	-	-	-
9	BRAC Asset Management Company Limited	100.00	125,000	13,527,657	-	-	-
Preference shares							
1	Summit Uttaranchal Power Co Limited	100.00	141,948	14,194,800	-	-	-
2	Summit Purbanchal Power Co Limited	100.00	215,846	21,584,600	-	-	-
				<u>2,454,163,872</u>			

BRAC Bank Limited  
Schedule of Fixed assets including premises, furnishings and fixtures  
As at 31 December 2015

Particulars	C O S T			Rate of Dep. %	D E P R E C I A T I O N			Written down value 31.12.2015
	Balance as on 01.01.2015	Addition during the year	Adjustment during the year		Balance as on 01.01.2015	Charged during the year	Adjustment during the year	
<b>Property, plant and equipments</b>								
Land	1,043,298,935	350,000	-					1,043,648,935
Leasehold Building	4,034,334	-	-	2.5	221,889	96,152	-	3,716,294
Furnitures and fixtures	1,511,066,158	147,511,212	4,019,558	10	625,253,783	156,612,329	3,319,171	876,010,870
Office equipments	1,115,077,098	140,279,969	3,160,707	20	828,205,596	123,219,308	2,249,506	903,020,962
IT Hardwares *	1,622,069,125	317,306,755	21,389,830	20	1,190,149,785	218,473,963	12,614,412	521,976,714
Motor vehicles	95,775,700	24,291,946	11,500,000	20	76,030,724	10,212,051	11,454,197	33,779,068
<b>Intangible:</b>								
IT equipment - software	5,391,321,350	629,739,882	40,070,095		2,719,861,776	508,613,802	29,637,286	2,782,152,844
<b>Intangible assets with indefinite useful lives:</b>								
License	50,000	-	-		-	-	-	50,000
<b>with definite useful lives</b>								
IT Softwares	933,057,739	26,982,800	-	20	711,390,837	93,920,848	185,362	154,914,218
	933,107,739	26,982,800	-		711,390,837	93,920,848	185,362	154,964,218
As at 31 Dec. 2015	6,324,429,089	656,722,683	40,070,095		3,431,252,613	602,534,650	29,822,648	2,937,117,061
As at 31 Dec. 2014	5,355,401,899	1,023,898,030	54,870,841		2,905,448,558	563,250,760	37,446,705	2,893,176,416

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



Annexure - E

BRAC BANK LIMITED  
Detail of Large Loan  
As at 31 December 2015

Number of Clients	17
Amount of outstanding advances	46,892,108,484
Amount of classified advances	NIL
Measures taken for recovery	NIL

Client wise break-up is as follows:

Name of Clients	Outstanding (BDT)		
	Funded	Non Funded	Total
HA-MEEM GROUP	1,709,622,652	1,328,763,556	3,038,386,208
CITY Sugar Group	3,079,885,499	435,627,114	3,515,512,613
BANGLA TRAC GROUP	3,054,408,075	391,690,562	3,446,098,637
PRAN GROUP	2,903,632,490	519,570,770	3,423,203,260
AUGERE WIRELESS BROADBAND BANGLADESH LIMITED	3,333,833,769	-	3,333,833,769
ABUL KHAIR GROUP	2,637,054,136	621,861,767	3,258,915,903
CITY Seed Group	2,854,911,551	225,279,600	3,080,191,151
ABUL KHAIR STEEL LIMITED	2,324,126,805	227,344,127	2,551,470,932
S.M. GROUP	1,335,981,528	1,331,987,892	2,667,969,420
SUMMIT GROUP	2,349,427,248	494,249,374	2,843,676,621
BRAC	2,896,786,692	-	2,896,786,692
MEGHNA FRESH GROUP	632,894,919	1,700,282,168	2,333,177,088
WALTON GROUP	1,638,316,822	639,401,915	2,277,718,737
SMILE FOOD PRODUCTS LIMITED	2,036,329,620	162,791,700	2,199,121,320
RAQUEF APPARELS WASHING and PACKAGING INDUSTRY	865,478,036	1,111,955,560	1,977,433,596
UNIVERSAL MENSWEAR LIMITED	261,678,851	1,780,461,797	2,042,140,649
MIR AKHTER HOSSAIN LIMITED	666,196,205	1,340,275,683	2,006,471,888
Total	34,580,564,898	12,311,543,586	46,892,108,484

**BRAC Bank Ltd.**  
Statement of Tax position  
As at 31 December 2015

Accounting Year	Assessment Year	Tax Provision in Financial Statements	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	Appealed before Honorable High Court against the Order of The Taxes Appellate Tribunal
2010	2011-2012	1,416,240,000	1,214,434,429	201,805,571	1,228,668,951	Assessment Order Received from DCT and appealed against the Order before Commissioner of Taxes
2011	2012-2013	1,460,000,000	1,271,413,654	188,586,346	1,256,758,569	Assessment Order Received from DCT and appealed against the Order before Commissioner of Taxes
2012	2013-2014	1,530,000,000	1,452,886,168	77,113,832	1,304,653,579	Assessment Order Received from DCT and appealed against the Order before Commissioner of Taxes
2013	2014-2015	1,797,698,269	1,101,920,583	695,777,686	1,088,661,543	Tax return submitted for the assessment
2014	2015-2016	2,097,475,598	1,338,429,288	759,046,310	1,250,930,480	Tax return submitted for the assessment
2015	2016-2017	2,250,022,595	-	-	-	Not yet Due

**BRAC Bank Limited**  
**Statement of outstanding unreconciled entries**  
**As at 31 December 2015**

(Amount in USD)

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	19	934,425	21	1,308,559	43	888,040	322	5,541,638
02	More than 03 months but less than 06 months	-	-	-	-	-	-	-	-
03	More than 06 months but less than 09 months	-	-	-	-	-	-	-	-
04	More than 09 months but less than 12 months	-	-	-	-	-	-	-	-
05	More than 12 months	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>19</b>	<b>934,425</b>	<b>21</b>	<b>1,308,559</b>	<b>43</b>	<b>888,040</b>	<b>322</b>	<b>5,541,638</b>

**Off-shore Banking Units  
of  
BRAC Bank Limited**

**Audited Financial Statements as at and  
for the year ended 31 December 2015**

**Auditors' Report**  
**To the Shareholders of BRAC Bank Limited**  
**Offshore Banking Unit, Bangladesh**

We have audited the accompanying financial statements of the offshore Banking Unit, Bangladesh (the "Unit") of BRAC Bank Limited (the "Bank") which comprise the balance sheet as at 31 December 2015, profit and loss account and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements of the Unit in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in Note 2, the Banking Companies Act, 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

**Opinion**

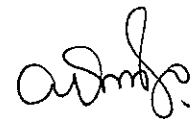
In our opinion, the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2, give a true and fair view of the financial position of the Unit as at 31 December 2015, and the results of its financial performance and cash flows for the year then ended comply with the applicable sections of the Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

we also report that:

- (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) in our opinion, proper books of account as required by law have been kept by the Unit so far as it appeared from our examination of those books;
- (iii) the Unit balance sheet and profit and loss account dealt with by the report are in agreement with the books of accounts and returns;

- (iv) the expenditure incurred was for the purpose of the Unit's business;
- (v) the financial statements of the Unit have been drawn up in conformity with the Banking Companies Act, 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- (vi) adequate provisions have been made for advance which are in our opinion, doubtful of recovery;
- (vii) the financial statements of the Unit conform to the prescribed standards set in accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the information and explanations required by us have been received and found satisfactory; and
- (ix) we have reviewed over 80% of the risk weighted assets of the Unit and we have spent around 400 person hours during the audit.

Dated, Dhaka  
20 April 2016



A. Qasem & Co.  
Chartered Accountants

## Off-shore Banking Units

### Balance Sheet

As at 31 December 2015

	Note	2015		2014	
		USD	Taka	USD	Taka
<b>PROPERTY AND ASSETS</b>					
Cash		2,043,215	160,402,586	288,244	22,459,941
Cash in hand		-	-	-	-
(Including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its agent Bank(s)	3	2,043,215	160,402,586	288,244	22,459,941
(Including foreign currency)		-	-	-	-
Balance with other Banks and Financial Institutions	4	64,674,912	5,077,303,957	41,207,915	3,210,920,712
Inside Bangladesh		-	-	-	-
Outside Bangladesh		64,674,912	5,077,303,957	41,207,915	3,210,920,712
Money at call and short notice		-	-	-	-
Investments	5	500,000	39,252,500	-	-
Government		-	-	-	-
Others		500,000	39,252,500	-	-
Loans and advances	6	284,703,489	22,350,647,424	220,727,574	17,199,092,572
Loans, cash credit, overdrafts etc.		279,667,740	21,955,315,964	220,727,574	17,199,092,572
Bills purchased and discounted		5,035,749	395,331,460	-	-
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	7	3,073,752	241,304,922	3,323,727	258,984,795
Total Property and Assets		354,995,368	27,868,911,389	265,547,460	20,691,458,020
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
Borrowings from other banks, financial institutions and agents	8	287,456,103	22,566,741,400	206,383,996	16,081,441,000
Borrowings from Central Bank	9	-	-	-	-
Deposits and other accounts	10	50,327,962	3,950,996,689	48,425,246	3,773,295,140
Current accounts and other accounts		39,998,400	3,140,074,417	40,087,411	3,123,611,066
Bills payable		-	-	-	-
Savings deposits		-	-	-	-
Fixed deposits		10,329,562	810,922,272	8,337,835	649,684,074
Other deposits		-	-	-	-
Other liabilities	11	10,081,739	791,466,840	4,919,456	383,323,987
Total Liabilities		347,865,804	27,309,204,929	259,728,698	20,238,060,127
<b>Capital and Shareholders' Equity</b>					
Paid up share capital		-	-	-	-
Statutory reserve		-	-	-	-
Revaluation reserve		-	-	-	-
Surplus in profit and loss account/Retained Earnings	12	7,129,564	559,706,460	5,818,762	453,397,893
Total shareholders' equity		7,129,564	559,706,460	5,818,762	453,397,893
Total Liabilities and Shareholders' Equity		354,995,368	27,868,911,389	265,547,460	20,691,458,020

## Off-shore Banking Units

### Balance Sheet

As at 31 December 2015

#### Off Balance Sheet Items

##### Contingent Liabilities

	2015		2014	
	USD	Taka	USD	Taka
Acceptances and endorsements	-	-	-	-
Letter of guarantees	-	-	-	-
Irrevocable letter of credits	11,579,384	909,039,566	10,370,528	808,071,525
Bills for collection	3,785,127	297,151,430	-	-
Tax liability	-	-	-	-
Other contingent liabilities	-	-	-	-
<b>Total Contingent Liabilities</b>	<b>15,364,511</b>	<b>1,206,190,996</b>	<b>10,370,528</b>	<b>808,071,525</b>

##### 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	-	-	-	-
<b>Total Other Commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>	<b>15,364,511</b>	<b>1,206,190,996</b>	<b>10,370,528</b>	<b>808,071,525</b>

Managing Director and CEO

Habib G. A. Siddiqi  
Director

Director

Chairman

Auditors' report to the shareholders  
See annexed report of date

Dated, Dhaka  
20 April 2016

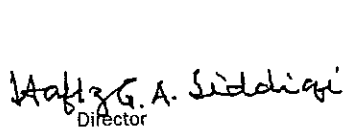
A. Qasem & Co.  
Chartered Accountants

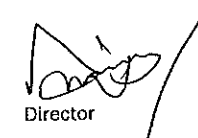


Off-shore Banking Units  
Profit and Loss Account  
For the year ended 31 December 2015

	Note	2015		2014	
		USD	Taka	USD	Taka
Interest income	13	11,308,791	887,796,646	10,075,235	785,062,299
Interest paid on deposits and borrowing etc.	14	8,305,123	651,993,642	6,633,805	516,906,043
Net interest income		3,003,668	235,803,004	3,441,430	268,156,256
Investment income	15	213	16,693	-	-
Commission, exchange and brokerage	16	447,257	35,111,883	269,911	21,031,447
Other operating income	17	-	-	8,804	686,043
Total operating income		3,451,138	270,931,580	3,720,145	289,873,746
Salaries and allowances		158,809	12,467,279	135,305	10,542,956
Rent, taxes, insurance, electricity etc.	18	13,382	1,050,509	12,758	994,121
Legal expenses		3,674	288,457	-	-
Postage, stamps, telecommunication etc.	19	2,474	194,253	2,212	172,367
Stationery, printing, advertisement etc.	20	9,642	756,963	2,339	182,280
Chief Executive's salary and fees		-	-	-	-
Directors' fees and expenses		-	-	-	-
Auditors' fee		-	-	-	-
Depreciation and repairs to bank's assets	21	47,346	3,716,859	52,025	4,053,810
Other expenses	22	570,072	44,753,494	256,743	20,005,410
Total operating expenses		805,399	63,227,814	461,382	35,950,944
Profit/(loss) before provisions		2,645,739	207,703,766	3,258,763	253,922,802
Provision for:					
Loans and advances		1,291,576	101,395,199	366,625	28,567,387
Off balance sheet items		-	-	-	-
Others		-	-	-	-
Total provision	23	1,291,576	101,395,199	366,625	28,567,387
Profit/(loss) before taxes		1,354,163	106,308,567	2,892,138	225,355,415
Provision for Tax:					
Current tax expense		-	-	867,641	67,606,624
Deferred tax expense/ (income)		-	-	-	-
Total provision for Tax	24	-	-	867,641	67,606,624
Total profit/(loss) after taxes		1,354,163	106,308,567	2,024,497	157,748,791

  
Managing Director and CEO

  
Director

  
Director

  
Chairman

Auditors' report to the shareholders  
See annexed report of date

  
A. Qasem & Co.  
Chartered Accountants

Dated, Dhaka  
20 April 2016

Off-shore Banking Units  
Cash Flow Statement  
For the year ended 31 December 2015

	2015		2014	
	USD	Taka	USD	Taka
<b>A. Cash flows from operating activities</b>				
Interest receipts in cash	11,023,864	865,428,468	9,573,271	745,949,258
Interest payment	(7,753,852)	(608,716,118)	(5,625,870)	(438,367,777)
Fees and commissions receipts	447,257	35,111,884	269,911	21,031,447
Cash payments to employees	(157,933)	(12,398,513)	(135,305)	(10,542,956)
Cash payments to suppliers	(12,117)	(951,216)	(4,551)	(354,647)
Receipts from other operating activities	-	-	8,804	686,043
Payment for other operating activities :	(635,349)	(49,878,085)	(321,527)	(25,053,342)
Operating Cash flow before changes in operating assets and liabilities (i)	2,911,871	228,596,420	3,764,733	293,348,026
<b>Increase/decrease in operating assets and liabilities</b>				
Loans and advances to customers	(65,620,723)	(5,151,554,852)	(36,157,181)	(2,817,367,639)
Other assets	510,346	40,064,744	(2,307,034)	(179,764,096)
Deposits from other banks/borrowings	82,610,030	6,485,300,400	42,316,395	3,297,293,482
Deposits from customers	2,263,570	177,701,549	8,060,868	628,102,866
Other liabilities	3,356,094	263,470,130	816,912	63,653,761
Cash utilised in operating assets and liabilities (ii)	23,119,317	1,814,981,970	12,729,960	991,918,374
<b>Net cash (used)/flows from operating activities (i+ii)</b>	<b>26,031,188</b>	<b>2,043,578,390</b>	<b>16,494,693</b>	<b>1,285,266,400</b>
<b>B. Cash flows from investing activities</b>				
Investment in commercial paper	(500,000)	(39,252,500)	-	-
<b>Net cash used in investing activities</b>	<b>(500,000)</b>	<b>(39,252,500)</b>	<b>-</b>	<b>-</b>
<b>C. Cash flows from financing activities</b>				
<b>D. Net increase/decrease in cash (A+B+C)</b>	<b>25,531,188</b>	<b>2,004,325,890</b>	<b>16,494,693</b>	<b>1,285,266,400</b>
<b>E. Cash and cash equivalents at beginning of year</b>	<b>41,186,939</b>	<b>3,233,380,653</b>	<b>25,001,466</b>	<b>1,948,114,253</b>
<b>Cash and cash equivalents at end of year (D+E)</b>	<b>66,718,127</b>	<b>5,237,706,543</b>	<b>41,496,159</b>	<b>3,233,380,653</b>
<b>Cash and cash equivalents at end of the year:</b>				
Cash in hand (including foreign currency)	-	-	-	-
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	2,043,215	160,402,586	288,244	22,459,941
Balance with other banks and financial institutions	64,674,912	5,077,303,957	41,207,915	3,210,920,712
	<b>66,718,127</b>	<b>5,237,706,543</b>	<b>41,496,159</b>	<b>3,233,380,653</b>

Off-shore Banking Units  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2015

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 and 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 Banking 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. Revision of 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.

2.2 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2015.

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.

As per BAS 7 Statement of Cash Flows, 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. As per BRPD 14 dated 25 June 2003, cash flow should be a mixture of direct and indirect 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 and Expense recognition

As per the BAS - 18 "Revenue", revenue and 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 and income and expenses have been converted into Taka currency @ US \$ 1 = Taka 78.505 (Closing rate as at 31st December 2015).

	2015		2014	
	USD	Taka	USD	Taka
3 Balance with Bangladesh Bank	2,043,215	160,402,586	288,244	22,459,941
	2,043,215	160,402,586	288,244	22,459,941
4 Balance with Other Banks and Financial Institutions				
Standard Chartered Bank New York, USA	496,082	38,944,948	182,791	14,243,052
Commerz Bank Germany	342,525	26,889,932	792,637	61,762,290
ICICI Bank Mumbai, India	5,670	445,102	5,664	441,287
HABIB Bank Limited, Pakistan	143,604	11,273,610	3,627	282,615
Islami Bank Bangladesh Limited	-	-	10,000,000	779,200,000
EBL Off-shore to On-shore placement	63,687,031	4,999,750,365	30,223,196	2,354,991,468
	64,674,912	5,077,303,957	41,207,915	3,210,920,712

		Annex - H	
		2015	2014
		USD	Taka
5	Investments in Commercial Paper:		
	Avant Garde Fashion Limited	500,000	39,252,500
		500,000	39,252,500
6	Loans and Advances		
	Overdrafts	1,869,614	146,774,079
	Demand loans	83,320,987	6,541,114,066
	Term loans	194,477,139	15,267,427,819
	Lease receivables	-	-
	Small and medium enterprises	-	-
	Credit Cards	-	-
		279,667,740	21,955,315,964
		5,035,749	395,331,460
	Bills purchased and discounted	284,703,489	22,350,647,424
		220,727,574	17,199,092,572
7	Other Assets		
	Interest receivables	2,085,277	163,704,715
	Deferred revenue expenditure	980,435	76,969,045
	Receivables from On-shore	-	170,974
	Receivable against free account	8,040	631,162
		3,073,752	241,304,922
		3,323,727	258,984,795
8	Borrowing from other Banks, Financial Institutions and Agents:		
	Inside Bangladesh:		
	On-shore to BBL Off-shore placement	89,600,000	7,034,048,000
	Basic Bank Limited	4,000,000	314,020,000
	Bangladesh Krishi Bank Limited	3,000,000	235,515,000
	Commercial Bank of Ceylon	5,000,000	392,525,000
	Dhaka Bank Ltd.	5,000,000	392,525,000
	Uttara Bank Ltd.	5,000,000	392,525,000
	Dutch-Bangla Bank Limited	10,000,000	785,050,000
	Asian Development Bank	9,480,000	744,227,400
	IDCOL	-	-
		131,080,000	10,290,435,400
		122,000,000	9,506,240,000
	Outside Bangladesh:		
	IFC	40,000,000	3,140,200,000
	FMO	85,000,000	6,672,925,000
	NORFUND	10,000,000	785,050,000
	Habib Bank Brussels Bel	5,000,000	392,525,000
	The National Bank of Ras Al-Khaimah	6,000,000	471,030,000
	United Bank Ltd. Bahrain	-	-
	Sonali Bank Ltd. UK	10,376,103	814,576,000
		156,376,103	12,276,306,000
		287,456,103	22,566,741,400
		40,000,000	3,116,800,000
		15,000,000	1,168,800,000
		-	-
		-	-
		-	-
		10,900,000	849,328,000
		10,898,996	849,249,800
		76,798,966	5,984,177,800
		206,383,996	16,081,441,000
9	Borrowings from Central Bank		
	Borrowings from Central Bank (Bangladesh Bank)	-	-
10	Deposit and Other Accounts		
	Local Currency:		
	Current and other accounts	-	-
	Bills payable	-	-
	Saving deposits	-	-
	Fixed deposits	-	-
	Other deposits	-	-
	Foreign Currency:		
	Current and other accounts	39,998,400	3,140,074,417
	Bills payable	-	-
	Saving deposits	-	-
	Fixed deposits	10,329,562	810,922,272
	Other deposits	-	-
		50,327,962	3,950,996,689
		48,425,246	3,773,295,140
	Total Deposit and other accounts	50,327,962	3,950,996,689
		48,425,246	3,773,295,140

Annex - H

	2015		2014	
	USD	Taka	USD	Taka
11 Other Liabilities				
Provisions for loans and advances	3,503,904	275,073,925	2,216,333	172,696,681
Interest payable	2,372,479	186,251,455	1,834,882	142,973,930
Provision for taxation	861,177	67,606,624	867,641	67,606,624
Interest suspense-classified-OBU	2,764	217,022	-	-
Stamp charge realisation from loan clients-OBU	-	-	600	46,752
Payable to On-shore	3,341,415	262,317,814	-	-
	<u>10,081,739</u>	<u>791,466,840</u>	<u>4,919,456</u>	<u>383,323,987</u>
12 Surplus in Profit and Loss Account/ Retained Earnings				
Balance at the beginning of the year	5,775,401	453,397,893	3,794,265	295,649,102
Add: Retained Surplus for the year	1,354,163	106,308,567	2,024,497	157,748,791
	<u>7,129,564</u>	<u>559,706,460</u>	<u>5,818,762</u>	<u>453,397,893</u>
13 Interest Income				
Interest on loans and advances	6,263,263	491,697,490	4,054,800	315,949,993
Interest on bill discounted	5,045,528	396,099,156	6,020,435	469,112,306
	<u>11,308,791</u>	<u>887,796,646</u>	<u>10,075,235</u>	<u>785,062,299</u>
14 Interest Paid on Deposits and Borrowing etc.				
Interest on deposits	32,700	2,567,142	31,119	2,424,828
Interest on local bank borrowing	8,272,422	649,426,500	6,602,686	514,481,215
	<u>8,305,122</u>	<u>651,993,642</u>	<u>6,633,805</u>	<u>516,906,043</u>
15 Interest on commercial paper				
Interest Income - Commercial Paper (OBU)	213	16,693	-	-
	<u>213</u>	<u>16,693</u>	<u>-</u>	<u>-</u>
16 Commission, Exchange and Brokerage				
Commission from letters of credit-foreign	87,247	6,849,304	31,565	2,459,512
Import and export related fees	158,827	12,468,740	35,388	2,757,414
Syndication fees	201,183	15,793,839	173,093	13,487,431
Other fees	-	-	29,865	2,327,090
	<u>447,257</u>	<u>35,111,883</u>	<u>269,911</u>	<u>21,031,447</u>
17 Other operating Income				
Loan Penal Interest	-	-	8,804	686,043
Miscellaneous Income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>8,804</u>	<u>686,043</u>
18 Rent, Taxes, Insurance, Electricity etc.				
Rent, rates and taxes	9,542	749,038	8,662	674,960
Insurance	881	69,180	654	50,916
Power and electricity	2,852	223,902	3,349	260,969
WASA and Sewerage	107	8,389	93	7,276
	<u>13,382</u>	<u>1,050,509</u>	<u>12,758</u>	<u>994,121</u>
19 Postage, Stamp, Telecommunication etc				
Postage and courier	597	46,863	39	3,046
Court fees and stamps	-	-	35	2,700
Telephone-Office	1,877	147,390	2,138	166,621
	<u>2,474</u>	<u>194,253</u>	<u>2,212</u>	<u>172,367</u>
20 Stationery, Printing, Advertisement etc.				
Stationery and Printing	9,041	709,783	2,286	178,129
Security Stationery	601	47,180	53	4,151
	<u>9,642</u>	<u>756,963</u>	<u>2,339</u>	<u>182,280</u>
21 Depreciation on and repairs to bank's assets				
Depreciation of Property plant and equipments	14,704	1,154,369	17,019	1,326,094
Repairs and Maintenance expenses	32,642	2,562,490	35,006	2,727,716
	<u>47,346</u>	<u>3,716,859</u>	<u>52,025</u>	<u>4,053,810</u>
22 Other Expenses				
	570,072	44,753,494	256,743	20,005,410
	<u>570,072</u>	<u>44,753,494</u>	<u>256,743</u>	<u>20,005,410</u>
23 Provisions for Loans and Advances:				
For classified loans and advances	183,396	14,397,525	-	-
For unclassified loans and advances	1,108,180	86,997,674	366,625	28,567,387
	<u>1,291,576</u>	<u>101,395,199</u>	<u>366,625</u>	<u>28,567,387</u>
24 Provisions for taxes				
Corporate Tax-current	-	-	867,641	67,606,624
	<u>-</u>	<u>-</u>	<u>867,641</u>	<u>67,606,624</u>