

BRAC Bank Limited

**Financial Statements as at and for the
year ended 31 December 2016**

**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 2016, 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

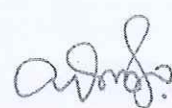
In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate 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 4,000 person hours; and
- (xii) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
20 March 2017


A. Qasem & Co.
Chartered Accountants


BRAC BANK LIMITED
Consolidated Balance Sheet
As at 31 December 2016

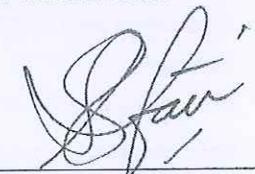
Particulars	Notes	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Cash	3.a	15,827,759,714	16,227,438,475
Cash in hand		5,411,271,407	5,634,556,964
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)		10,416,488,307	10,592,881,511
(Including foreign currency)			
Balance with other Banks and Financial Institutions	4.a	31,148,142,995	24,790,485,928
Inside Bangladesh		29,024,134,806	20,030,174,259
Outside Bangladesh		2,124,008,189	4,760,311,669
Money at call and short notice		-	-
Investments	6.a	22,937,709,817	20,017,491,682
Government		17,045,441,443	14,979,456,068
Others		5,892,268,374	5,038,035,614
Loans and advances	7.a	175,841,420,944	149,934,139,696
Loans, cash credit, overdrafts etc.		112,728,439,450	95,761,978,982
Small and medium enterprises		61,185,461,566	52,884,165,867
Bills purchased & discounted		1,927,519,928	1,287,994,847
Fixed assets including premises, furniture and fixture	8.a	4,233,151,608	4,038,487,515
Other assets	9.a	16,891,450,983	15,119,798,302
Non-banking assets	10	62,230,075	62,230,075
Goodwill	11	1,382,151,929	1,412,198,710
Total Property and Assets		268,324,018,065	231,602,270,383
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12.a	19,131,258,722	17,771,834,522
Borrowings from Central Bank	13.a	6,752,978,397	4,527,813,643
Convertible Subordinate Bonds	14.a	2,951,079,000	3,000,000,000
Money at Call and Short notice	15.a	1,303,750,000	3,780,000,000
Deposits and other accounts	16.a	181,478,777,560	149,548,188,939
Current accounts & other accounts		66,657,447,378	58,230,154,895
Bills payable		1,309,401,487	843,532,886
Savings deposits		31,368,696,186	29,105,666,315
Fixed deposits		80,737,078,388	60,309,522,433
Other deposits		1,406,154,121	1,059,312,410
Other liabilities	17.a	32,966,273,573	31,455,641,627
Total Liabilities		244,584,117,252	210,083,478,731
Capital and Shareholders' Equity			
Paid up share capital	18.2	7,104,369,100	7,092,873,210
Share premium	18.8.a	5,181,774,966	5,063,243,351
Statutory reserve	19.a	3,470,350,332	3,470,350,332
Dividend Equalization Fund	20	355,218,455	-
Revaluation Reserve on Govt. Securities	21.1.a	111,643,709	219,539,410
Assets Revaluation reserve	21.2.a	516,373,535	516,373,535
Surplus in profit and loss account/Retained Earnings	22.a	5,524,376,341	3,827,683,467
Total shareholders' equity		22,264,106,438	20,190,063,305
Minority Interest	23	1,475,794,375	1,328,728,347
Total equity		23,739,900,813	21,518,791,652
Total Liabilities and Shareholders' Equity		268,324,018,065	231,602,270,383

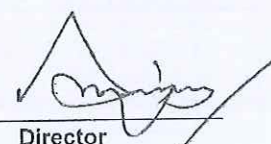
BRAC BANK LIMITED
Consolidated Balance Sheet
As at 31 December 2016

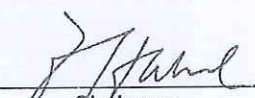
	Notes	2016 Taka	2015 Taka
Off Balance Sheet Items			
Contingent liabilities			
Acceptances and endorsements	24	20,015,403,528	12,967,621,606
Irrevocable letter of credits	24	20,609,044,537	20,193,505,068
Letter of guarantees	24.3	6,357,188,894	5,765,094,383
Bills for collection	24.4	1,815,432,730	1,810,581,090
Tax liability	24.5	43,700,000	43,700,000
Other contingent liabilities	24	8,369,848,874	9,173,220,373
Total Contingent liabilities		57,210,618,563	49,953,722,520
Other commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total Off-Balance Sheet items including contingent liabilities	24.a	57,210,618,563	49,953,722,520

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

Dated, Dhaka
 20 March 2017


A. Qasem & Co.
 Chartered Accountants

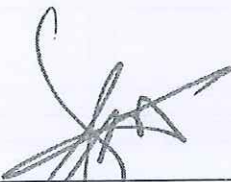
BRAC BANK LIMITED
Balance Sheet
As at 31 December 2016

Particulars	Notes	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Cash	3	15,820,785,235	16,206,841,383
Cash in hand		5,404,296,928	5,613,959,872
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)		10,416,488,307	10,592,881,511
(Including foreign currency)			
Balance with other Banks and Financial Institutions	4	15,366,993,079	22,319,441,398
Inside Bangladesh		13,337,028,475	17,705,308,414
Outside Bangladesh		2,029,964,604	4,614,132,984
Money at call and short notice	5	-	-
Investments	6	22,487,996,910	19,779,252,144
Government		17,045,441,443	14,979,456,068
Others		5,442,555,467	4,799,796,076
Loans and advances	7	173,612,041,512	147,433,607,286
Loans, cash credit, overdrafts etc.		110,499,060,018	93,261,446,572
Small and medium enterprises		61,185,461,566	52,884,165,867
Bills purchased & discounted		1,927,519,928	1,287,994,847
Fixed assets including premises, furniture and fixture	8	2,885,811,676	2,937,117,061
Other assets	9	18,369,599,010	15,753,923,195
Non-banking assets	10	62,230,075	62,230,075
Total Property and Assets		<u>248,605,457,497</u>	<u>224,492,412,542</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	18,838,239,195	15,532,693,400
Borrowings from Central Bank	13	6,752,978,397	4,527,813,643
Convertible Subordinate Bonds	14	2,951,079,000	3,000,000,000
Money at Call and Short notice	15	1,303,750,000	3,780,000,000
Deposits and other accounts	16	168,859,571,738	150,220,511,482
Current accounts & other accounts		50,271,016,607	49,153,715,207
Bills payable		1,309,401,487	843,532,886
Savings deposits		31,368,696,186	29,105,666,315
Fixed deposits		84,504,303,337	70,054,460,049
Other deposits		1,406,154,121	1,063,137,025
Other liabilities	17	28,459,067,732	28,615,982,313
Total Liabilities		<u>227,164,686,062</u>	<u>205,677,000,838</u>
Capital and Shareholders' Equity			
Paid up share capital	18.2	7,104,369,100	7,092,873,210
Share premium	18.7	3,659,942,031	3,622,522,880
Statutory reserve	19	3,470,350,332	3,470,350,332
Dividend Equalization Fund	20	355,218,455	-
Revaluation Reserve on Govt. Securities	21.1	111,643,709	219,539,410
Assets Revaluation reserve	21.2	516,373,535	516,373,535
Surplus in profit and loss account/Retained Earnings	22	6,222,874,273	3,893,752,337
Total shareholders' equity		<u>21,440,771,435</u>	<u>18,815,411,704</u>
Total Liabilities and Shareholders' Equity		<u>248,605,457,497</u>	<u>224,492,412,542</u>

BRAC BANK LIMITED
Balance Sheet
As at 31 December 2016


Off Balance Sheet Items	Notes	2016 Taka	2015 Taka
Contingent liabilities			
Acceptances and endorsements	24	20,015,403,528	12,967,621,606
Irrevocable letter of credits	24	20,609,044,537	20,193,505,068
Letter of guarantees	24.3	6,357,188,894	5,765,094,383
Bills for collection	24.4	1,815,432,730	1,810,581,090
Tax liability	24.5	43,700,000	43,700,000
Other contingent liabilities	24	8,369,848,874	9,173,220,373
Total Contingent liabilities		57,210,618,563	49,953,722,520
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Other Commitments		-	-
Total Off-Balance Sheet items including contingent liabilities	24	57,210,618,563	49,953,722,520

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


 Managing Director and CEO

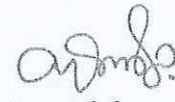

 Director


 Director


 Chairman

Auditors' report to the shareholders
 See annexed report of date

Dated, Dhaka
 20 March 2017


A. Qasem & Co.
 Chartered Accountants

BRAC BANK LIMITED
Consolidated Profit and Loss Account
For the year ended 31 December 2016

A. QASEM & Co.

Chartered Accountants Since 1953

Particulars	Notes	2016 Taka	2015 Taka
Interest income	26.a	18,310,392,086	17,700,287,627
Interest paid on deposits and borrowing etc.	27.a	6,589,489,452	8,196,485,118
Net interest income		<u>11,720,902,634</u>	<u>9,503,802,509</u>
Investment income	28.a	2,604,417,333	2,496,098,708
Commission, exchange and brokerage	29.a	5,536,793,618	5,174,130,216
Other operating income	30.a	1,574,427,159	1,263,877,254
Total operating income		<u>21,436,540,744</u>	<u>18,437,908,687</u>
Salaries and allowances	31	4,719,338,370	4,005,639,815
Rent, taxes, insurance, electricity etc.	32.a	1,255,532,148	1,055,997,673
Legal expenses	33	63,887,119	95,536,411
Postage, stamps, telecommunication etc.	34.a	289,001,674	302,584,563
Stationery, printing, advertisement etc.	35.a	1,128,173,047	887,144,645
Chief Executive's salary & fees	36	13,309,000	14,260,584
Directors' fees & expenses	37.a	3,035,305	2,215,239
Auditors' fee	38.a	6,810,716	5,205,567
Impairment of goodwill		30,046,781	30,046,781
Depreciation and repairs to bank's assets	39.a	1,516,567,300	1,259,483,184
Other expenses	40.a	2,559,357,892	2,695,141,589
Total operating expenses		<u>11,585,059,352</u>	<u>10,353,256,051</u>
Profit/(loss) before provisions		<u>9,851,481,392</u>	<u>8,084,652,636</u>
Provision for:			
Loans and advances		2,979,779,405	3,209,654,166
Diminution in value of investments		(240,000,000)	40,000,000
Off balance sheet items		62,500,000	69,673,337
Others		-	-
Total provision	41.a	<u>2,802,279,405</u>	<u>3,319,327,503</u>
Profit/(loss) before taxes		<u>7,049,201,987</u>	<u>4,765,325,133</u>
Provision for Tax:			
Current tax expense		2,961,197,635	2,387,793,214
Deferred tax expense / (income)		25,864,637	37,645,493
Total provision for Tax	42.a	<u>2,987,062,272</u>	<u>2,425,438,707</u>
Total profit/(loss) after taxes		<u>4,062,139,715</u>	<u>2,339,886,426</u>
Appropriations:			
Statutory reserve		-	-
General reserve		-	-
Dividend etc.		-	-
Retained earnings		<u>4,062,139,715</u>	<u>2,339,886,426</u>
Attributable to:			
Equity holders of BRAC Bank Ltd.	43.a	3,887,935,362	2,260,947,804
Minority interest		174,204,353	78,938,622
		<u>4,062,139,715</u>	<u>2,339,886,426</u>
Earnings Per Share (EPS)	43.a	<u>5.47</u>	<u>3.19</u>


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

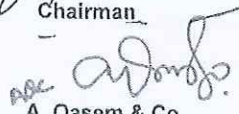

 Managing Director and CEO


 Director

Auditors' report to the shareholders
 See annexed report of date


 Director


 Chairman


 A. Qasem & Co.
 Chartered Accountants


Dated, Dhaka
 20 March 2017

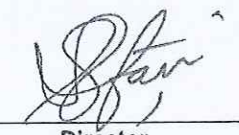
BRAC BANK LIMITED
Profit and Loss Account
For the year ended 31 December 2016

A. QASEM & Co.
Chartered Accountants Since 1953


Particulars	Notes	2016 Taka	2015 Taka
Interest income	26	17,842,334,464	17,372,892,072
Interest paid on deposits and borrowing etc.	27	7,035,581,830	8,699,040,394
Net interest income		<u>10,806,752,634</u>	<u>8,673,851,678</u>
Investment income	28	2,543,593,402	2,453,545,382
Commission, exchange and brokerage	29	2,537,889,736	2,914,827,015
Other operating income	30	1,340,912,019	1,042,313,532
Total operating income		<u>17,229,147,791</u>	<u>15,084,537,607</u>
Salaries and allowances	31	3,507,163,911	2,961,642,461
Rent, taxes, insurance, electricity etc.	32	1,148,406,728	957,364,997
Legal expenses	33	60,611,079	75,358,034
Postage, stamps, telecommunication etc.	34	241,582,356	262,499,755
Stationery, printing, advertisement etc.	35	202,780,149	312,208,500
Chief Executive's salary & fees	36	13,309,000	14,260,584
Directors' fees & expenses	37	1,335,600	681,700
Auditors' fee	38	1,224,753	955,000
Depreciation and repairs to bank's assets	39	906,348,957	896,208,905
Other expenses	40	1,879,618,403	1,804,809,882
Total operating expenses		<u>7,962,380,936</u>	<u>7,285,989,818</u>
Profit/(loss) before provisions		<u>9,266,766,855</u>	<u>7,798,547,789</u>
Provision for:			
Loans and advances		2,295,985,335	3,067,455,564
Diminution in value of investments		(240,000,000)	40,000,000
Off balance sheet items		62,500,000	69,673,337
Others		-	-
Total provision	41	<u>2,118,485,335</u>	<u>3,177,128,901</u>
Profit/(loss) before taxes		<u>7,148,281,520</u>	<u>4,621,418,888</u>
Provision for Tax:			
Current tax expense		2,629,520,979	2,250,022,595
Deferred tax expense / (income)		58,327,875	(64,193,254)
Total provision for Tax	42	<u>2,687,848,854</u>	<u>2,185,829,341</u>
Total profit/(loss) after taxes		<u>4,460,432,666</u>	<u>2,435,589,547</u>
Appropriations:			
Statutory reserve		-	-
General reserve		-	-
Dividend etc.		-	-
Retained earnings		<u>4,460,432,666</u>	<u>2,435,589,547</u>
Earnings Per Share (EPS)	43	<u>6.28</u>	<u>3.43</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

Dated, Dhaka
20 March 2017


A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED
Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

Particulars	Paid up share capital	Share Premium	Statutory Reserve	Dividend Equalization Fund	Revaluation Reserve on Govt. Securities	Assets Revaluation reserve	Retained Earnings	Minority Interest	Total
Balance as at 01 January 2016	7,092,873,210	5,063,243,351	3,470,350,332	-	219,539,410	516,373,535	3,827,683,467	1,328,728,347	21,518,791,652
Net profit for the period	-	-	-	-	-	-	3,887,935,362	174,204,353	4,062,139,715
Statutory reserve	-	-	-	-	-	-	-	-	-
Dividend Equalization Fund	-	-	-	355,218,455	-	-	-	-	-
Ordinary Share issue	-	-	-	-	-	-	(355,218,455)	-	-
Preference share capital of bKash Ltd.	11,495,890	-	-	-	-	-	-	-	11,495,890
Share Premium	-	118,531,615	-	-	-	-	-	-	118,531,615
Revaluation reserve	-	-	-	-	(107,895,701)	-	-	-	(107,895,701)
Add: Adjustment for shareholdings change	-	-	-	-	-	-	(55,462,276)	(25,648,497)	(81,110,773)
Foreign currency translation gain/ Loss	-	-	-	-	-	-	(4,469,482)	(1,489,828)	(5,959,310)
Cash Dividends for the year 2016	-	-	-	-	-	-	(1,776,092,275)	-	(1,776,092,275)
Balance as at 31 December 2016	7,104,369,100	5,181,774,966	3,470,350,332	355,218,455	111,643,709	516,373,535	5,524,376,341	1,475,794,375	23,739,900,813
Balance as at 31 December 2015	7,092,873,210	5,063,243,351	3,470,350,332	-	219,539,410	516,373,535	3,827,683,467	1,328,728,347	21,518,791,652

Amount in Taka

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

Particulars	Paid up share capital	Share Premium	Statutory Reserve	Dividend Equalization Fund	Revaluation Reserve on Govt. Securities	Assets Revaluation reserve	Retained Earnings	Total
Balance as at 01 January 2016	7,092,873,210	3,622,522,880	3,470,350,332	-	219,539,410	516,373,535	3,893,752,337	18,815,411,704
Net profit for the period	-	-	-	-	-	-	4,460,432,666	4,460,432,666
Dividend Equalization Fund	-	-	-	355,218,455	-	-	(355,218,455)	-
Ordinary Share issue	11,495,890	-	-	-	-	-	-	11,495,890
Share Premium	-	37,419,151	-	-	-	-	-	37,419,151
Statutory reserve	-	-	-	-	-	-	-	-
Revaluation reserve	-	-	-	-	(107,895,701)	-	-	(107,895,701)
Cash Dividends for the year 2015	-	-	-	-	-	-	(1,776,092,275)	(1,776,092,275)
Balance as at 31 December 2016	7,104,369,100	3,659,942,031	3,470,350,332	355,218,455	111,643,709	516,373,535	6,222,874,273	21,440,771,435
Balance as at 31 December 2015	7,092,873,210	3,622,522,880	3,470,350,332	-	219,539,410	516,373,535	3,893,752,337	18,815,411,704

BRAC BANK LIMITED
Consolidated Cash Flow Statement
For the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
A. Cash flows from operating activities			
Interest receipts		20,841,852,387	19,862,919,027
Interest payment		(6,909,929,117)	(7,804,690,230)
Dividend receipts		86,167,657	52,578,043
Fees & commission receipts		5,723,867,614	5,038,506,952
Recoveries on loans previously written off		1,217,678,633	963,528,967
Cash payments to employees		(4,657,017,771)	(3,900,975,965)
Cash payments to suppliers		(2,732,843,814)	(2,079,384,725)
Income tax paid		(2,283,798,125)	(1,328,660,903)
Receipts from other operating activities	45.a	566,607,731	516,750,206
Payment for other operating activities	46.a	(4,351,262,541)	(3,133,919,207)
Operating Cash flow before changes in operating assets and liabilities (i)		7,501,322,654	8,186,652,167
Increase/decrease in operating assets & liabilities			
Loans and advances		(26,137,403,687)	(25,503,243,742)
Other assets		(3,448,094,831)	(30,594,569)
Deposits from other banks/borrowings		3,420,576,464	13,107,787,858
Deposits from customers		29,727,449,607	3,205,853,470
Other liabilities		(1,296,592,575)	(1,877,088,216)
Cash utilized in operating assets & liabilities (ii)		2,265,934,978	(11,097,285,199)
Net cash (used)/flows from operating activities (i+ii) (a)		9,767,257,632	(2,910,633,032)
B. Cash flows from investing activities			
Treasury bills		(349,773,900)	977,394,052
Bangladesh Bank Bills		2,176,290,860	(2,176,290,860)
Treasury bonds		(4,000,367,835)	4,924,079,205
Encumbered Securities		-	1,896,295,784
Sale/ (Investment) in shares		(889,532,380)	(304,115,686)
Investment in Bonds		40,574,678	(1,057,546,557)
Redemption of BBL Bond		(48,921,000)	-
Acquisition of fixed assets		(975,084,473)	(1,285,024,540)
Disposal of Fixed Assets		7,302,475	15,777,557
Net cash used in investing activities (b)		(4,039,511,575)	2,990,568,955
C. Cash flows from financing activities			
Proceeds from issue of ordinary shares		2,011,495,890	-
Share Premium		37,419,151	-
Dividend paid		(1,767,573,997)	(1,412,369,937)
Net cash flows from financing activities (c)		281,341,044	(1,412,369,937)
Net increase/decrease in cash (a+b+c)		6,009,087,101	(1,332,434,015)
Cash and cash equivalents at beginning of the year		41,019,700,403	42,359,234,694
Effect of Exchange rate changes on cash and cash equivalent		(51,078,595)	(7,100,276)
Cash and cash equivalents at end of the year	44.a	46,977,708,909	41,019,700,403
Cash and cash equivalents at end of the year:			
Cash in hand (including foreign currency)		5,411,271,407	5,634,556,964
Balance with Bangladesh Bank and its agents bank(s)		10,416,488,307	10,592,881,511
(including foreign currency)			
Balance with other banks and financial institutions		31,148,142,995	24,790,485,928
Money at call and short notice		-	-
Prize Bond		1,806,200	1,776,000
		46,977,708,909	41,019,700,403

BRAC BANK LIMITED
Cash Flow Statement
For the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
A. Cash flows from operating activities			
Interest receipts		20,364,567,351	19,692,006,700
Interest payment		(7,296,491,689)	(8,334,492,688)
Dividend receipts		84,788,702	49,099,578
Fees & commission receipts		2,537,889,736	2,914,827,015
Recoveries on loans previously written off		1,217,678,634	963,528,967
Cash payments to employees		(3,589,412,262)	(2,890,471,780)
Cash payments to suppliers		(470,016,724)	(565,568,260)
Income tax paid		(2,059,711,890)	(1,214,364,423)
Receipts from other operating activities	45	144,565,641	71,819,468
Payment for other operating activities	46	(3,912,642,665)	(2,871,658,510)
Operating Cash flow before changes in operating assets and liabilities (i)		7,021,214,834	7,814,726,067
Increase/decrease in operating assets & liabilities			
Loans and advances to customers		(26,178,434,225)	(25,493,054,153)
Other assets		(3,413,497,366)	(38,607,725)
Deposits from other banks/borrowings		3,054,460,549	12,757,902,150
Deposits from customers		18,639,060,256	1,756,407,216
Other liabilities		(1,310,249,411)	(1,989,773,349)
Cash utilized in operating assets & liabilities (ii)		(9,208,660,197)	(13,007,125,861)
Net cash (used)/flows from operating activities (i+ii) (a)		(2,187,445,363)	(5,192,399,794)
B. Cash flows from investing activities			
Treasury bills		(349,773,900)	977,394,052
Bangladesh Bank Bills		2,176,290,860	(2,176,290,860)
Treasury bonds		(4,000,367,835)	4,924,079,205
Encumbered Securities		-	1,896,295,784
Sale/ (Investment) in shares		(668,759,391)	(386,504,687)
Investment in Bonds		26,000,000	(1,074,000,000)
Redemption of BBL Bond		(48,921,000)	-
Acquisition of fixed assets		(573,853,767)	(718,323,041)
Disposal of Fixed Assets		7,015,085	12,770,057
Net cash used in investing activities (b)		(3,432,369,948)	3,455,420,510
C. Cash flows from financing activities			
Proceeds from issue of Ordinary shares		11,495,890	-
Share Premium		37,419,151	-
Dividend paid		(1,767,573,997)	(1,406,243,618)
Net cash flows from financing activities (c)		(1,718,658,956)	(1,406,243,618)
Net increase/decrease in cash (a+b+c)		(7,338,474,267)	(3,143,222,902)
Cash and cash equivalents at beginning of year		38,528,058,781	41,671,281,683
Cash and cash equivalents at end of the year	44	31,189,584,514	38,528,058,781
Cash and cash equivalents at end of the year:			
Cash in hand (including foreign currency)		5,404,296,928	5,613,959,872
Balance with Bangladesh Bank and its agents bank(s)		10,416,488,307	10,592,881,511
(including foreign currency)			
Balance with other banks and financial institutions		15,366,993,079	22,319,441,398
Money at call and short notice		-	-
Prize Bond		1,806,200	1,776,000
		31,189,584,514	38,528,058,781

BRAC BANK LIMITED

Consolidated Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2016

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand and Balance with BB	5,827,561,341	-	-	-	10,000,198,373	15,827,759,714
Balance with other banks and financial Institutions (Including foreign currencies)	10,257,652,115	18,416,940,797	2,473,550,083	-	-	31,148,142,995
Money at call and short notice	-	-	-	-	-	-
Investments	5,111,320,550	643,976,348	1,428,103,075	5,459,379,719	10,294,930,125	22,937,709,817
Loans and advances	15,416,075,868	28,951,240,236	67,448,591,208	54,588,391,556	9,437,122,076	175,841,420,944
Fixed assets including premises, furniture & fixtures	-	-	-	2,855,462,415	1,377,689,193	4,233,151,608
Other assets	1,951,507,956	1,559,875,200	4,480,373,591	7,900,575,053	999,119,183	16,891,450,983
Non - banking assets	-	-	-	-	62,230,075	62,230,075
Goodwill	-	-	-	-	1,382,151,929	1,382,151,929
Total Assets	38,564,117,830	49,572,032,581	75,830,617,957	70,803,808,743	33,553,440,954	268,324,018,065
LIABILITIES						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	6,889,787,024	2,867,476,940	11,883,892,782	4,243,080,373	-	25,884,237,119
Convertible subordinated debts	-	-	-	2,951,079,000	-	2,951,079,000
Money at call and short notice	1,303,750,000	-	-	-	-	1,303,750,000
Deposits & other accounts	32,018,548,802	42,829,736,872	47,370,400,416	41,078,673,485	18,181,417,985	181,478,777,560
Other liabilities	1,022,184,014	3,239,048,243	8,355,846,750	13,053,939,062	7,295,255,504	32,966,273,573
Minority Interest	-	-	-	-	1,475,794,375	1,475,794,375
Total Liabilities	41,234,269,840	48,936,262,055	67,610,139,948	61,326,771,920	26,952,467,864	246,059,911,627
Amount of net liquidity difference	(2,670,152,010)	635,770,526	8,220,478,009	9,477,036,823	6,600,973,090	22,264,106,438

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

BRAC BANK LIMITED

Liquidity Statement

(Asset and Liability Maturity Analysis)

As at 31 December 2016

	Amount in Taka					
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand and Balance with BB	5,820,586,862	-	-	-	10,000,198,373	15,820,785,235
Balance with other banks and financial Institutions (including foreign currencies)	4,035,886,329	10,308,940,797	1,022,165,953	-	-	15,366,993,079
Money at call and short notice	-	-	-	-	-	-
Investments	4,997,037,558	643,976,347	1,149,710,654	5,402,342,225	10,294,930,126	22,487,996,910
Loans and advances	15,416,075,868	28,951,240,236	65,219,211,775	54,588,391,557	9,437,122,076	173,612,041,512
Fixed assets including premises, furniture & fixture	-	-	-	1,508,122,483	1,377,689,193	2,885,811,676
Other assets	1,920,333,622	1,559,875,200	1,446,580,992	8,103,743,105	5,339,066,091	18,369,599,010
Non - banking assets	-	-	-	-	62,230,075	62,230,075
Total Assets	32,189,920,239	41,464,032,580	68,837,669,374	69,602,599,370	36,511,235,934	248,605,457,497
LIABILITIES						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	6,889,787,024	2,867,476,940	11,699,578,628	4,134,375,000	-	25,591,217,592
Convertible subordinated debts	-	-	-	2,951,079,000	-	2,951,079,000
Money at call and short notice	1,303,750,000	-	-	-	-	1,303,750,000
Deposits & other accounts	26,778,359,828	35,324,684,557	47,381,316,530	41,078,673,485	18,296,537,338	168,859,571,738
Other liabilities	953,022,600	3,230,492,744	4,639,155,828	12,341,142,355	7,295,254,205	28,459,067,732
Total Liabilities	35,924,919,452	41,422,654,241	63,720,050,986	60,505,269,840	25,591,791,543	227,164,686,062
Amount of net liquidity difference	(3,734,999,213)	41,378,339	5,117,618,388	9,097,329,530	10,919,444,391	21,440,771,435

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 2016

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 111 (One hundred and eleven) branches, 69 SME service centers, 100 zonal offices and 448 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. In the year 2016, the Bank acquired further, 18.57% shares of EPL Investments Limited shares. As a result, the Bank's control has increased to 94.57% 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 75%+1 share (249,992 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 Anik Tower, 220/B Tejgaon Gulshan Link Road, Tejgaon, Dhaka-1208.

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 448 regional marketing unit offices offering services in the heart of rural and urban communities and employed about 3,049 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 Annexure H. The Principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh.

1.1.3 Custodian Service:

The Bank obtained permission to work as a security custodian from Bangladesh Securities and Exchange Commission vide its certificate no. SC-10/2009, dated 12 November 2009 under the Securities and Exchange Commission (Securities Custodian Service) Rules 2003. Financial performance of Security Custodial Services have been separately reported in annexure I along with Bank's audited financial statements in compliance with the requirement u/s 10(2) of Security Custodial Services Rules 2003. The due certificate from external auditors has been obtained on internal control and financial statements of security custodial operations of the Bank and annexed with the financial statements.

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 Bank.
- 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

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 recognized 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 recognized in Profit or loss Account and amortized 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 categorized 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 amortized cost method but interest income/gain should be recognized 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 whether objective evidence of impairment exist for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD Circular no. 14 dated 23 September 2012, 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 DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no. 2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

However, as per DMD circular letter no. 7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralized repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize the asset.

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 2.14) 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 2016.

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 Associates¹). 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 recognize 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 recognized 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 travelers 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 recognized 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 follows:

- a. assets and liabilities for each statement of balance sheet have been translated at the closing rate on the date of balance sheet
- b. 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 recognized 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 recognized 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-2016 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 recognized 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 utilized.

Deferred tax liabilities are recognized for all taxable temporary differences. They are also recognized 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 recognized 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 utilize 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 realized 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 2016.

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 hold 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	Measurement	Recording of changes
Government Treasury Bills (HFT)	Cost	Marking to	Loss to profit and loss a/c, gain to revaluation
Government Treasury Bills (HTM)	Cost	Amortized cost	Increased or decreased in value to equity.
Government Treasury Bonds (HFT)	Cost	Marking to	Loss to profit and loss a/c, gain to revaluation
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	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 revaluated 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

- Interest on loans and advances is calculated daily on product basis but charged and accounted monthly and quarterly on accrual basis.
- Classification and provisioning for loans and advances is created based on the period of arrears by following Bangladesh Bank BRPD circulars no. 14, of 23 September 2012, 15 of 23 September 2012, 19 of 27 December 2012 and 05 of 29 May 2013 respectively. This is also reviewed by the management.
- Interest on classified loans and advances is calculated as per BRPD circular no. 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:

Consumer	Business Unit	Rates of Provision				
		Un-classified (UC)		Classified		
		Standard	Special Mention	Substandard (SS)	Doubtful (DF)	Bad loan (BL)
	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 share etc.	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%	-	-	-	-

- 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 objective 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.

Subsequent costs

Subsequent costs of enhancement of existing assets are recognized 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	bKash Limited	BRAC IT Services Limited (biTS)	BRAC Saajan Exchange Limited
Furniture and fixture	10%	10%	12.5%	10%	10%	10%
Building	2.5%	5%	2%	-	-	-
Office equipment	20%	20%	20%	20%	10%	10%
IT equipment - Hardware	20%	25%	-	20%	20%	-
IT equipment - PC, Laptop,	33.33%	33.33%	25%	33.33%	33%	33.33%
IT equipment - Software	20%	33.33%	33.33%	20%	20%	20%
Motor vehicles	20%	20%	20%	20%	20%	-
Office Decoration	-	15%	15%	20%	-	10%
Air Cooler and Ceiling Fan	-	-	20%	-	20%	-
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 recognized 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 recognized 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 amortization and accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases future economic benefits embodied in specific asset to which it relates. All expenditure is expensed as incurred. Amortization is recognized 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. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

c) License

Value of the license is recognized 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 realizable 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 recognized 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 5.43%, 10%, 49%, 25% 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. Upon completion of 2 years of service length after confirmation employees are entitled to 100% of employer's contribution along with his/her own contribution. 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 (in case of normal death) and 72 times (in case of accidental death) 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 of 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.

Performance bonus

BRAC bank provides performance bonus to the eligible employees in every year. This bonus amount is being distributed among the employees based on their performance and management decision. 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 can avail personal loan taking approval from department head and head of HR subject to completed service length and performance rating.

House building Loan: A permanent staff completing 5 year of service can avail house building loan taking approval from House Building Loan Committee subject to performance rating and completed service length with BRAC Bank.

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

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 realization 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 recognized upon realization 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 realization 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 18 Revenue, Dividend income from investment in shares is recognized when the Banks right to receive the dividend is established. It recognized 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, 2016 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 2016 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 year. 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
- b) Investments are on the
- 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 recognized 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 - 48.6 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.

2.15.5 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).

The Bank has established an effective internal control system whose primary aim is to ensure the overall management of risks and provide reasonable assurance that the objectives set by the Bank will be met. It has been designed to develop a high level risk culture among the personnel of the Bank, establish efficient and effective operating model of the Bank, ensure reliability of internal and external information including accounting and financial information, secure the Bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The Board of Directors of BRAC Bank, through its Board Audit Committee (BAC), periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls and risk management activities. Board Audit Committee (BAC) also reviews the actions taken on internal control issues identified by the internal and statutory auditors and regulatory authorities. It has active oversight on the internal audit's independence, scope of work, resources and materialization of annual audit plan of Internal Control & Compliance Division.

2.15.6 Internal Audit

Internal audit function plays a crucial role in ongoing assessment and monitoring and reporting on internal control, risk management and governance in the Bank and monitors compliance with policies and standards. Internal Control and Compliance Division of the Bank carries out internal audit with a view to provide reasonable assurance on internal control and eventual achievement of organizational objectives.

BRAC Bank Limited has a strong internal audit team comprised of four units to carry out the audit activities, namely - Head Office Audit, Branch Audit, SME Audit and Technology Audit. Internal audit team conducts comprehensive, spot, surprise audits in various branches, SME service centers, SME Krishi branches, SME unit offices, centralized functional units in 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 in Bank's operations and reporting are identified and shared with the respective stakeholders on regular basis. The audit teams also monitor the development against audit observations and ensure implementation of recommendations by agreed timeline. Internal Audit works with the process reengineering team to update the processes and helps to prevent fraud and operational losses. Internal audit works closely with the Regulators and Statutory Auditor to ensure compliance with applicable rules and regulations.

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

2.15.7 Fraud and Forgery

Fraud & forgery have become very important issues in recent years. These have a major impact on our country's economy as a whole, impeding the economic development. BRAC Bank has always been very focused in controlling fraud & forgery by establishing and maintaining proper control systems.

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 escalated, 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 remedial course of action, preventive 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 2016 are also duly reported to Bangladesh Bank on a quarterly basis following their prescribed format and adequate provision has been maintained in the books of accounts. Management is exerting their all-out efforts to recover the aforesaid amount.

2.15.8 Information and Communication Technology (ICT) Security

As the role of technology increases, business risks due to underlying and unidentified system vulnerabilities also increases. Existence of these risks within the business ecosystem when exploited could lead to severe financial, regulatory and brand impacts. This makes implementation of adequate security controls mandatory. BRAC bank is committed to high levels of service quality and banking security.

BRAC Bank is the pioneer in the financial sector who achieved ISO 27001 international certificate and fulfilled this regulatory mandate. ISO 27001 is the international standard for Information Security Management and formally specifies management system that is intended to bring information security under explicit management control. Accredited international certification to ISO 27001 demonstrates to existing and potential customers that our bank has defined and focus on best-practice information security processes. ISO 27001 is invaluable for monitoring, reviewing, maintaining and improving information security management system and will give stakeholders greater confidence in the way they interact with our business.

This is just one of a number of initiatives that BRAC Bank has implemented to ensure our customers can be confident when banking. BRAC Bank developed its Cyber security road map and working accordingly to bring the best security solution, processes and practices. BRAC bank has also assessed its cyber security standing by 3rd party in 2016.

BRAC Bank Limited follows the guideline stated in BRPD circular no. 21, dated 20 May 2010

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: Password control, User ID maintenance, Input control, Network security, Data encryption, Virus protection, 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.

2.15.9 Enterprise Risk Management ("ERM"):

Enterprise Risk Management ("ERM") is a strategic business discipline that supports the achievement of an organization's objectives by addressing the full spectrum of its risks and managing the combined impact of those risks as an interrelated risk portfolio.

Enterprise Risk Management (ERM) enables the organizations to pragmatically deal with uncertainty and associated risk and opportunity thus enhancing the brand value and profitability. Enterprise risk management helps in identifying and selecting among alternative risk responses – risk avoidance, reduction, transfer, and acceptance. It helps to ensure effective reporting and compliance with laws and regulations, and avoid damage to the entity's reputation and associated consequences.

To make the ERM activity stronger and smoother, we drive and perform various activity like *Enterprise Risk Associates Forum (ERAF)* meeting through which all the stakeholders can raise risks from their own divisions and discuss in the meeting for proper solutions, *ERMC* (Enterprise Risk Management Committee) meeting which takes place on monthly basis consisting all the Divisional Heads where the high risk issues are discussed that need management attentions, *RMC* (Board Risk Management Committee) which takes place on bi-monthly basis consisting the few board members to provide an overview on the overall risk management framework and activities of the bank and management. Besides all these; we have established another common forum consisting of all the Heads who are involved with Risk, Control, Compliance, Governance and Security and that is; *ERGF* (Enterprise Risk Governance Forum). This forum acts as the single contact point for all the staff so that they can get emergency response for any query related to risk that they are unable to resolve. They get the immediate and urgent solutions of risk and hazards with the guidance of the Senior Management.

Key Risk Indicators (KRI):

To set up the Key Risk Indicators (KRI) and to monitor these KRIs of entire bank are one of the key jobs of Risk Management. Monitoring these KRIs of every department makes comfortable to assess the risk events of future. These KRIs play a very vital role in identifying and also to reduce the future unwanted events that may incur loss for the bank.

Business Continuity Plan (BCP):

The Business Continuity Plan (BCP) is another initiative that is being performed by ERM. To make the bank more robust and resilient to any type of sudden disaster; be it the natural disaster or network problem or even be it a human error, ERM prepares the BCP in such a way that the bank can resist all these types of disaster and can run smoothly with very minimal disruption vis-à-vis loss. Each and every branch has its own BCP which is being prepared by ERM and there will be some BCP testing to check whether this plan is working or not as well.

Subsidiary Risk Management:

The Subsidiary Risk Management is relatively new inclusion in ERM work. ERM team tries to ensure the proper risk management development for all the subsidiaries including the risk management framework development, top risks profiling, necessary process and policy implementation and as a whole help the subsidiaries to nurture the risk management best practices.

2.16 Implementation of BASEL- 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 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 III 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 spillover from the financial sector to the real economy. "Basel III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro-cyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis
- Increase the risk coverage of the capital framework
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure
- Raise the standards for the supervisory review process (Pillar 2) and
- Public disclosures (Pillar 3) etc

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.

Basel - III 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 with 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 Managing Director of the bank help us to ensure supreme governance and strict regimentation at execution level.

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, favorable 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 join 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 47 for details segment report.

2.23 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		2016 Taka	2015 Taka		
3	Cash				
	Cash in hand (Including foreign currency) (Note: 3.1)	5,404,296,928	5,613,959,872		
	Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currency) (Note: 3.2)	10,416,488,307	10,592,881,511		
		<u>15,820,785,235</u>	<u>16,206,841,383</u>		
3.1	Cash in hand (Including foreign currency):				
	Local currency	5,384,527,379	5,487,799,070		
	Foreign currency	19,769,549	126,160,802		
		<u>5,404,296,928</u>	<u>5,613,959,872</u>		
3.2	Balance with Bangladesh Bank and its agent Bank(s): (Including foreign currency)				
	Local currency	9,775,185,518	9,371,605,669		
	Foreign currency	71,304,416	307,145,098		
		<u>9,846,489,934</u>	<u>9,678,750,767</u>		
	Sonali Bank as agent of Bangladesh Bank (local currency)	569,998,373	914,130,744		
		<u>10,416,488,307</u>	<u>10,592,881,511</u>		
		<u>15,820,785,235</u>	<u>16,206,841,383</u>		
The above balance represents amounts as per Bank Book. The difference due to reconciling items with Bangladesh Bank are subsequently adjusted.					
3.3	Cash Reserve Requirement (CRR) :				
As per section 33 of Bank Company Act, 1991 (amended up to 2013) and MPD circular no. 1 dated 23 June 2014 issued by Bangladesh bank with effect from 24 June 2014, BRAC Bank Ltd has maintained CRR of minimum 6.0% on daily basis and 6.5% on bi-weekly basis on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of reporting month (i.e. CRR of December 2016 is based on weekly average balance of October 2016). Reserves maintained by the bank as at 31 December 2016 are as follows:					
	Average total demand and time liabilities of October 2016	<u>157,169,401,800</u>	<u>149,276,590,600</u>		
	Daily basis:				
	Required reserve (6.0% of ATDTL)	9,430,164,108	8,956,595,436		
	Actual reserve maintained (as per Bangladesh Bank statement)	<u>9,840,825,766</u>	<u>9,501,040,973</u>		
	Surplus/ (deficit)	<u>410,661,658</u>	<u>544,445,537</u>		
	Bi-weekly basis				
The bank maintained excess cash reserve of Tk. 648,243,639 (Tk. 1,490,055,194 was in 2015) against minimum requirement of 6.5% (of ATDTL) on bi-weekly basis which is the summation of excess cash reserve maintained over required in the last fortnight (bi-week) of 2016.					
3.4	Statutory Liquidity Ratio (SLR) :				
As per section 33 of the Bank Company Act, 1991 (amended up to 2013) and MPD circular no. 2 dated 10 December 2013 issued by Bangladesh bank with effect from 1 February 2014, BRAC Bank Ltd has maintained SLR of minimum 13% based on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of the reporting month (i.e. SLR of December 2016 is based on weekly average balance of October 2016). Reserve maintained by the bank as at 31 December 2016 are as follows:					
	Required reserve (13.0% of ATDTL)	20,432,022,234	19,405,956,778		
	Actual reserve maintained (Note: 3.5)	<u>22,989,330,837</u>	<u>21,394,848,819</u>		
	Surplus/ (Deficit)	<u>2,557,308,603</u>	<u>1,988,892,041</u>		
3.5	Actual reserve maintained				
	Cash in hand (Note: 3)	5,404,296,928	5,613,959,872		
	Balance with Sonali Bank as per statement	539,592,460	801,432,879		
	Government securities	<u>17,045,441,443</u>	<u>14,979,456,068</u>		
		<u>22,989,330,837</u>	<u>21,394,848,819</u>		
3.(a)	Consolidated Cash				
	I. Cash in hand:				
	BRAC Bank Limited	5,404,296,928	5,613,959,872		
	BRAC EPL Investments Limited	64,954	130,843		
	BRAC EPL Stock Brokerage Limited	161,218	142,611		
	bKash Limited	6,442,809	20,036,318		
	BRAC Saajan Exchange Limited	168,325	233,864		
	BRAC IT Services Limited	<u>137,173</u>	<u>53,456</u>		
		<u>5,411,271,407</u>	<u>5,634,556,964</u>		
	II. Balance with Bangladesh Bank and its agent Bank(s):				
	BRAC Bank Limited	10,416,488,307	10,592,881,511		
	BRAC EPL Investments Limited	-	-		
	BRAC EPL Stock Brokerage Limited	-	-		
	bKash Limited	-	-		
	BRAC Saajan Exchange Limited	-	-		
	BRAC IT Services Limited	-	-		
		<u>10,416,488,307</u>	<u>10,592,881,511</u>		
		<u>15,827,759,714</u>	<u>16,227,438,475</u>		
4	Balance with Other Banks and Financial Institutions				
		On-Shore	Off-shore	Total	
	A. Inside Bangladesh (Note: 4.1)	13,337,028,475	-	13,337,028,475	17,705,308,414
	B. Outside Bangladesh (Note: 4.2)	3,650,666,361	1,529,497,555	5,180,163,916	16,647,931,349
		<u>16,987,694,836</u>	<u>1,529,497,555</u>	<u>18,517,192,391</u>	<u>34,353,239,763</u>
	Less: On-shore to BBL Off-shore placement			3,150,199,312	7,034,048,000
	Less: BBL Off-shore to On-shore placement			-	4,999,750,365
				<u>15,366,993,079</u>	<u>22,319,441,398</u>

4.1

Particulars
Balance with Other Banks and Financial Institutions (Inside Bangladesh)
Current Accounts

Standard Chartered Bank
Southeast Bank Limited
Al-Arafat Bank Limited
Jamuna Bank Limited
Prime Bank Limited
NRB Global Bank Limited
Midland Bank Limited
Mutual Trust Bank Limited
Pubali Bank Limited
Janata Bank Limited
Bangladesh Krishi Bank Limited
The City Bank Limited
Aarani Bank Limited
Islami Bank Bangladesh Limited
United Commercial Bank Limited
National Bank Limited
Sonali Bank Limited
ICB Islamic Bank Limited
IFIC Bank Limited
AB Bank Limited
Rupali Bank Limited
Social Islami Bank Limited
First Security Islami Bank Limited
EXIM Bank Limited
BASIC Bank Limited
Bank Asia Limited
Standard Bank Limited
Meghna Bank Limited
Mercantile Bank Limited

Fixed Deposit with Banks
Local currency:

AB Bank Limited
Midland Bank Limited
National Bank of Pakistan Limited
Standard Bank Limited
NRB Bank Limited
Commercial Bank of Ceylon PLC

Foreign currency:
Fixed Deposit with Financial Institutions

Industrial and Infrastructure Development Finance Co. Limited
International Leasing and Financial Services Limited
Uttara Finance and Investment Limited
Foreast Finance and Investment Limited
United Finance Limited
GSP Finance Company (Bangladesh) Limited
IDLC Finance Limited
Union Capital Limited
National Housing Finance and Investment Limited
Prime Finance and Investment Limited
Premier Leasing and Finance Limited
Phoenix Finance and Investments Limited
Bangladesh Finance and Investment Co. Limited
Bangladesh Industrial Finance Company Limited
IPDC Finance Ltd
Investment Corporation Of Bangladesh (ICB)
Delta Brac Housing Finance Corporation Limited
Reliance Finance Limited
Peoples Leasing and Financial Services Limited
Lanka Bangla Finance Co. Limited
United Finance Limited
Bay Leasing and Investment Limited
First Finance Limited

4.2

Balance with other banks and financial institutions (Outside Bangladesh)
Current Accounts

Standard Chartered Bank-New York, USA
Standard Chartered Bank, United Kingdom
Standard Chartered Bank, Frankfurt, Germany
Mashreq Bank, New York, USA
BAL WITH BANK OF TOKYO MITSUBISHI - JPY
ICICI Bank Limited, Mumbai, India
Habib Bank Limited, Pakistan
U.B.A.F., Japan
Zuercher Kantonal Bank, Switzerland
ING Belgium NV/SA, Belgium
Unicredit Italiano SPA, Italy
Commerz Bank AG, Germany (USD)
Commerz Bank AG, Germany (EURO)
United Bank of India, Kolkata, India
Westpac Banking Corporation, Australia
JP Morgan Chase Bank, New York, USA
HDFC Bank Limited, India
Deutsche Bank Trust Company Americas
Sonali Bank Limited, United Kingdom (USD)
Sonali Bank Limited, United Kingdom (GBP)
AB Bank Limited, Mumbai, India
HypoVereinsbank, Germany

Status of unreconciled entries are given in Annexure- B and detail balances are shown in Annex-C

2016

Taka

2015

Taka

26,213,305	35,290,431
45,878	46,198
2,357,513	(5,634,029)
1,239,169	(147,497)
5,023,703	20,648,936
500,000	500,000
1,000,000	1,000,000
4,041,797	2,939,073
187,819,512	150,406,676
344,299,954	288,252,327
129,442,789	138,521,910
6,924,766	4,565,637
229,365,943	182,324,984
12,068,720	46,219,417
425,072	3,627,121
25,380,803	20,518,919
15,976,427	41,627,562
23,810	24,152
1,258,865	-
124,946,869	103,037,639
232,291,454	173,364,070
1,082,432	(5,094,053)
2,694,015	6,747,279
13,054,776	12,830,352
1,385,027	1,333,619
427,606	5,892,056
57,991	1,737,195
5,180,279	2,228,440
2,500,000	2,500,000
1,377,028,475	1,235,308,414

-	1,000,000,000
-	500,000,000
100,000,000	100,000,000
-	1,000,000,000
-	300,000,000
-	400,000,000
100,000,000	3,300,000,000
-	-
100,000,000	3,300,000,000

450,000,000	160,000,000
-	800,000,000
-	300,000,000
100,000,000	100,000,000
1,000,000,000	-
-	250,000,000
-	2,200,000,000
-	400,000,000
710,000,000	260,000,000
-	750,000,000
-	350,000,000
600,000,000	400,000,000
-	250,000,000
-	100,000,000
1,300,000,000	-
4,000,000,000	3,500,000,000
2,450,000,000	1,300,000,000
-	200,000,000
-	300,000,000
1,050,000,000	1,050,000,000
-	200,000,000
200,000,000	200,000,000
-	100,000,000
11,860,000,000	13,170,000,000
13,337,028,475	17,705,308,414

58,332,189	8,804,584
13,569,197	50,604,488
1,308,317	922,332
5,837,742	1,148,230
1,777,474	-
4,437,847	771,958
35,245,123	332,932
-	3,894,760
1,991,654	591,103
58,193	10,188,147
-	15,086,835
3,835,195	20,175,582
5,490,903	51,294,581
1,292,427	3,224,678
(298,468)	2,266,172
328,138,337	161,241,336
8,233,382	11,925,037
7,813,150	20,609,644
20,755,350	10,485,128
635,857	8,648
2,013,180	2,006,916
-	231,301
500,467,049	375,814,392

A. QASEM & Co.

Chartered Accountants Since 1953

Particulars	2016 Taka	2015 Taka
Total On Shore to Off Shore placement	3,150,199,312	11,194,813,000
	<u>3,650,666,361</u>	<u>11,570,627,392</u>
Off Shore Banking Unit		
Standard Chartered Bank, New York	80,617,539	38,944,948
Commerz Bank, Germany	1,547,888	26,889,932
ICICI Bank Limited, Mumbai, India	18,437,938	445,102
Habib Bank Limited, Pakistan	(35,276,396)	11,273,610
Standard Chartered Bank, UK	45,630,378	-
BBL Off-shore to On-shore placement	-	4,999,750,365
BBL Treasury OBU to Other Bank OBU placement	1,418,540,208	-
	<u>1,529,497,555</u>	<u>5,077,303,957</u>
	<u>5,180,163,916</u>	<u>16,647,931,349</u>
4.3 Maturity grouping of balance with other banks and financial institutions		
Up to 1 month	4,035,886,329	4,666,251,398
Not more than 3 months	10,308,940,797	16,037,675,000
More than 3 months but not more than 1 Year	1,022,165,953	1,615,515,000
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	<u>15,366,993,079</u>	<u>22,319,441,398</u>
4.(a) Consolidated Balance with Other Banks and Financial Institutions		
I. In Bangladesh		
BRAC Bank Limited	13,337,028,475	17,705,308,414
BRAC EPL Investments Limited	187,390,317	59,932,025
BRAC EPL Stock Brokerage Limited	606,061,567	803,574,893
bKash Limited	19,419,708,281	12,927,973,918
BRAC Saajan Exchange Limited	90,808,699	157,642,631
BRAC IT Services Limited	52,545,801	9,402,184
	<u>33,693,543,140</u>	<u>31,663,834,065</u>
Less: Inter company transactions:		
Subsidiary wise balance with BRAC Bank Limited:		
BRAC EPL Investments Limited	27,507,846	11,901,293
BRAC EPL Stock Brokerage Limited	15,955,154	85,804,316
bKash Limited	4,510,825,981	11,457,913,286
BRAC Saajan Exchange Limited	62,573,552	68,638,727
BRAC IT Services Limited	52,545,801	9,402,184
	<u>4,669,408,334</u>	<u>11,633,659,806</u>
	<u>29,024,134,806</u>	<u>20,030,174,259</u>
II. Outside Bangladesh		
BRAC Bank Limited	2,029,964,604	4,614,132,984
BRAC EPL Investments Limited	-	-
BRAC EPL Stock Brokerage Limited	-	-
bKash Limited	-	-
BRAC Saajan Exchange Limited	94,043,585	146,178,685
BRAC IT Services Limited	-	-
	<u>2,124,008,189</u>	<u>4,760,311,669</u>
Less: Inter company transactions:		
BRAC EPL Investments Limited	-	-
BRAC EPL Stock Brokerage Limited	-	-
bKash Limited	-	-
BRAC Saajan Exchange Limited	-	-
BRAC IT Services Limited	-	-
	<u>2,124,008,189</u>	<u>4,760,311,669</u>
	<u>31,148,142,995</u>	<u>24,790,485,928</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 December 31, 2016.	-	-
	<u>-</u>	<u>-</u>

A. QASEM & Co.

Chartered Accountants Since 1953

Particulars		2016 Taka	2015 Taka
6	Investments		
	Government Securities (Note: 6.1)	17,045,441,443	14,979,456,066
	Other Investments (Note: 6.2)	5,442,555,467	4,799,796,076
		<u>22,487,996,910</u>	<u>19,779,252,144</u>
	Investment in securities are classified as follows:		
	Held for trading (Treasury Bill, Bond and BB-Bill)	5,025,073,662	2,830,616,263
	Held to maturity (Treasury Bond)	12,018,561,581	12,147,063,785
	Other Investments	5,444,361,667	4,801,572,076
		<u>22,487,996,910</u>	<u>19,779,252,144</u>
6.1	Government Securities		
	Treasury Bills (Note: 6.1.1)	349,773,900	-
	Bangladesh Bank Bills (Note: 6.1.2)	-	2,176,290,660
	Treasury Bonds (Note: 6.1.3)	16,693,861,343	12,801,389,208
	Prize Bond	1,806,200	1,776,000
		<u>17,045,441,443</u>	<u>14,979,456,068</u>
6.1.1	Treasury Bills		
	91 Days Treasury bills	-	-
	182 Days Treasury Bills	349,773,900	-
	364 Days Treasury Bills	-	-
		<u>349,773,900</u>	<u>-</u>
6.1.2	Bangladesh Bank Bills		
	30 Days Bangladesh Bank Bills	-	2,176,290,660
		<u>-</u>	<u>2,176,290,660</u>
6.1.3	Treasury Bonds		
	Treasury Bonds (2 years BGTB)	15,728,091	73,443,780
	Treasury Bonds (5 years BGTB)	3,707,764,045	1,376,565,470
	Treasury Bonds (10 years BGTB)	5,619,189,137	5,158,620,359
	Treasury Bonds (15 years BGTB)	3,023,605,344	2,155,953,485
	Treasury Bonds (20 years BGTB)	4,036,476,446	4,036,806,114
	Reverse REPO	291,078,280	-
		<u>16,693,861,343</u>	<u>12,801,389,208</u>
6.2	Other Investments		
	Ordinary shares (Unquoted):		
	Industrial and Infrastructure Development Finance Co. Limited	29,683,820	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>58,459,190</u>	<u>48,459,190</u>
	Investment in non publicly traded Mutual fund		
	VIPB Income Fund	102,500,000	-
		<u>102,500,000</u>	<u>-</u>
	Investment in Secondary market	1,413,196,396	1,280,304,986
		<u>1,413,196,396</u>	<u>1,280,304,986</u>
	Investment in Commercial Papers		
	RFL Plastics Limited	-	250,000,000
	Anwara Mannan Textile Mills Limited	-	150,000,000
	Avant Garde Fashion Limited	-	39,252,500
	HASHEM Foods Limited - 2ND	250,000,000	-
	Green Delta Insurance Co. Ltd.	500,000,000	-
		<u>750,000,000</u>	<u>439,252,500</u>
	Preference Shares		
	Summit Uttaranchal Power Co Ltd	-	14,194,800
	Summit Purbanchal Power Co Ltd	-	21,584,600
	Union Capital Preference Share	40,000,000	50,000,000
		<u>40,000,000</u>	<u>85,779,400</u>
	(Details are shown in Annex - D)		
	Zero Coupon Bond		
	Impress Newtux Composite Textiles Limited	158,399,881	-
		<u>158,399,881</u>	<u>-</u>
	Bonds		
	First Security Islami Bank Limited Mudaraba Subordinated Bond	60,000,000	80,000,000
	Trust Bank unsecured, non Convertible, Subordinated Bond	12,000,000	18,000,000
	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	100,000,000
	EBL Floating Rate Subordinated Bond	100,000,000	100,000,000
	Prime Bank Floating Rate Subordinated Bond	100,000,000	100,000,000
	EXIM Bank Mudaraba Subordinated Floating Rate Bond	250,000,000	250,000,000
	AB Bank Floating Rate Subordinated Bond II	300,000,000	300,000,000
	MTBL Floating Rate Subordinated Bond	250,000,000	250,000,000
		<u>2,920,000,000</u>	<u>2,946,000,000</u>
		<u>5,442,555,467</u>	<u>4,799,796,076</u>
6.3	Maturity Wise Grouping of Investment		
	Up to 1 month	4,997,037,558	3,458,371,846
	Not more than 3 months	643,976,348	-
	More than 3 months but not more than 1 Year	1,149,710,654	1,991,815,091
	More than 1 year but not more than 5 years	5,402,342,225	3,339,082,371
	More than 5 years	10,294,930,125	10,990,182,836
		<u>22,487,996,910</u>	<u>19,779,252,144</u>

Particulars			2016 Taka	2015 Taka		
6.(a)	Consolidated Investments					
	BRAC Bank Limited:					
	Government Securities		17,045,441,443	14,979,456,068		
	Other Investments		5,442,555,467	4,799,796,076		
			22,487,996,910	19,779,252,144		
	BRAC EPL Investments Limited		114,282,993	61,762,282		
	BRAC EPL Stock Brokerage Limited		335,429,914	176,477,256		
	bKash Limited		-	-		
	BRAC Saajan Exchange Limited		-	-		
	BRAC IT Services Limited		-	-		
			22,937,709,817	20,017,491,682		
7	Loans and Advances					
		On-Shore	Off-shore	Total		
		Overdrafts	3,883,952,947	112,814,525	3,996,767,472	4,042,663,721
		Demand loans	39,803,371,490	6,676,029,402	46,479,400,892	40,525,260,123
		Term loans	41,885,653,047	13,621,106,156	55,506,759,203	45,237,856,876
		Lease receivables	437,594,601	-	437,594,601	160,906,409
		Small and medium enterprises	60,965,764,320	219,697,246	61,185,461,566	52,884,165,867
		Credit Cards	3,273,392,133	-	3,273,392,133	2,717,537,726
		Staff loans	805,145,717	-	805,145,717	577,221,717
			151,054,874,255	20,629,647,329	171,684,521,584	146,145,612,439
		Bills purchased and discounted	807,766,578	1,007,046,697	1,814,813,275	1,287,994,847
		Bills purchased and discounted SME	112,706,653	-	112,706,653	-
			920,473,231	1,007,046,697	1,927,519,928	1,287,994,847
			151,975,347,486	21,636,694,026	173,612,041,512	147,433,607,286
7.1	Net Loans and Advances					
	Gross loans and advances			173,612,041,512	147,433,607,286	
	Less: Interest suspense			721,066,429	833,053,798	
	Provision for loans and advances			6,956,029,599	8,417,328,266	
				7,677,096,028	9,250,382,064	
				165,934,945,484	138,183,225,222	
7.2	Loans and Advances under the following broad categories					
		On-Shore	Off-shore	Total		
	Inside Bangladesh:					
	Loans	137,915,578,583	21,523,879,501	159,439,458,084	133,954,833,793	
	Cash Credits	-	-	-	-	
	Overdrafts	14,059,768,903	112,814,525	14,172,583,428	13,478,773,493	
		151,975,347,486	21,636,694,026	173,612,041,512	147,433,607,286	
	Outside Bangladesh:					
	Loans	-	-	-	-	
	Cash credits	-	-	-	-	
	Overdrafts	-	-	-	-	
		151,975,347,486	21,636,694,026	173,612,041,512	147,433,607,286	
7.3	Geographical Location Wise Portfolio Grouping					
		On-Shore	Off-shore	Total		
	Inside Bangladesh:					
	Dhaka Division	113,023,821,654	21,636,694,026	134,660,515,680	116,416,876,225	
	Chittagong Division	18,459,418,441	-	18,459,418,441	16,764,815,776	
	Khulna Division	5,564,302,120	-	5,564,302,120	4,118,496,803	
	Sylhet Division	2,613,608,175	-	2,613,608,175	1,794,992,730	
	Barisal Division	2,263,505,371	-	2,263,505,371	1,749,764,111	
	Rajshahi Division	7,496,724,550	-	7,496,724,550	4,760,531,045	
	Rangpur Division	2,553,967,175	-	2,553,967,175	1,828,130,596	
		151,975,347,486	21,636,694,026	173,612,041,512	147,433,607,286	
	Outside Bangladesh:					
		151,975,347,486	21,636,694,026	173,612,041,512	147,433,607,286	
7.4	Significant Concentration wise Grouping					
		On-Shore	Off-shore	Total		
	Directors and others	349,835	-	349,835	130,060	
	Staff:					
	Managing Director and CEO	-	-	-	-	
	Senior Executives	664,398,971	-	664,398,971	453,798,725	
	Others	140,746,746	-	140,746,746	123,422,991	
		805,145,717	-	805,145,717	577,221,716	
	Industries:					
	Agricultural	3,422,444,806	-	3,422,444,806	3,221,204,187	
	Large and Medium	54,950,634,364	21,636,694,026	76,587,328,390	63,892,622,387	
	Small and Cottage	58,506,426,633	-	58,506,426,633	7,599,839,656	
		116,879,505,803	21,636,694,026	138,516,199,829	74,713,666,230	
	Consumers	25,415,643,587	-	25,415,643,587	21,815,906,601	
	Trade and Commercial	8,874,702,544	-	8,874,702,544	50,326,682,679	
		151,975,347,486	21,636,694,026	173,612,041,512	147,433,607,286	
7.5	Staff Loan					
	Personal Loan			92,554,309	79,247,559	
	Car and motorcycle Loan			318,369,744	195,096,629	
	House building Loan			394,221,664	302,877,528	
				805,145,717	577,221,716	
7.6	Detail of Large Loan					
	Number of clients with amount outstanding and classification status to whom loans and advances sanctioned exceeds 10% of the total capital of the Bank. Total capital of the Bank was Taka 24,012.17 million on Consolidated basis and Taka 23,095.14 million on Solo basis as at 31 December 2016 (Taka 21,713.66 million and 20,375.18 million as at 31 December 2015 respectively). (Details are shown in Annex - E)					
	Number of clients		12	17		
	Amount of outstanding advances		40,959,065,768	46,892,108,484		
	Amount of classified advances		-	-		

Particulars	2016 Taka	2015 Taka
7.7 Grouping as per Classification Rules		
Unclassified		
Standard including staff loan	144,104,789,410	21,636,694,026
Special Mention Account (SMA)	1,959,913,564	-
	146,064,702,974	21,636,694,026
Classified		
Sub standard	648,530,638	-
Doubtful	499,594,164	-
Bad / Loss	4,762,519,710	-
	5,910,644,512	-
	151,975,347,486	21,636,694,026
7.7.1 Business segment wise concentration of classified Loans & Advances / NPL of the Bank		
Corporate	2,663,030,538	4,166,033,649
Retail	922,859,784	1,063,177,302
Small and medium enterprises	2,324,754,190	3,609,429,763
	5,910,644,512	8,838,640,714
7.7.2 Sector wise concentration of classified Loans & Advances / NPL of the Bank		
Agriculture	17,218,576	14,897,137
Communication	1,349,353,032	1,349,353,032
Consumer Credit	131,419,202	143,958,029
Construction	-	27,800,813
Other Manufacturing Industries	38,787,967	380,081,107
Power, Gas	212,337,066	-
Residential Real Estate Financing	506,906,106	457,349,902
Ready-made Garments	66,010,385	85,309
Textile	-	248,691,989
Ship Building	72,820,712	-
SME Loans	2,302,887,425	3,594,532,626
Trade Service	1,099,310,433	2,169,029,565
Others	113,593,608	452,861,205
Total	5,910,644,512	8,838,640,714
7.7.3 Movements of classified Loans and Advances		
Opening balance	8,838,640,714	6,960,384,870
Additions during the year	2,514,353,375	5,147,388,057
Reductions during the year	5,442,349,577	3,289,132,213
Closing balance	5,910,644,512	8,838,640,714
7.8 Loan type wise classified loan		
Overdraft	661,126,191	680,136,746
Demand Loan	293,195,013	931,522,978
Term Loan	4,716,728,658	6,927,962,576
Lease Finance	108,175,448	155,060,385
Credit Cards	131,419,202	143,958,029
	5,910,644,512	8,838,640,714
7.9 Sector-wise Allocation of Loans and Advances		
Government:		
Private:		
Agriculture	3,422,444,806	4,018,289,145
Industry	28,856,271,744	37,256,384,803
Service Industry	9,224,966,958	13,028,458,664
Agro-based Industry	6,680,777,348	14,847,915,680
Commerce & Trade	78,270,521,711	58,583,631,868
Consumer Credit	25,520,362,919	19,698,927,126
	151,975,347,486	147,433,607,286
	151,975,347,486	147,433,607,286
7.10 Securities against loans/advances including bills purchased and discounted		
Collateral of moveable/immovable assets	35,870,063,295	26,077,611,564
Local banks and financial institutions guarantee	-	-
Government guarantee	-	-
Foreign banks guarantee	-	-
Export documents	-	-
Fixed deposit receipts (FDR)	2,945,868,878	4,022,667,829
FDR of other banks	-	-
Government bonds	-	-
Personal guarantee and other securities	809,546,497	4,142,051
Other securities	112,349,868,816	117,329,185,842
	151,975,347,486	147,433,607,286
	151,975,347,486	147,433,607,286

Particulars	2016 Taka	2015 Taka
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7.11 Particulars of required provisions for loans and advances

Status	Outstanding Loans and advances 2016	Base for provision	Percentage (%) of required provision	Required provision 2016	Required provision 2015
Unclassified					
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing, BHs/MBs/SDs, Housing and loans for professional)	75,019,563,783	74,214,438,066	1%	742,144,381	680,765,033
Small and Medium enterprise financing	57,067,356,111	57,067,320,695	0.25%	142,668,302	121,628,025
Loans to BHs/MBs/SDs against share etc.	1,622,810,221	1,622,810,221	2%	32,456,204	35,377,738
Housing Finance	16,109,103,180	16,109,103,180	2%	322,182,064	197,125,628
Loans for professionals to Set up business (LP)	204,570,511	204,570,511	2%	4,091,410	6,992,349
Consumer finance	16,177,211,767	16,177,211,767	5%	808,860,568	411,332,953
Short Term Agricultural and Micro Credit	1,500,761,427	1,500,761,427	2.50%	37,519,036	27,214,668
				2,089,921,985	1,480,436,394
Classified - Specific provision					
Sub-standard (Short Term Agricultural Credit)	30,216	26,304	5%	1,415	21,093
Doubtful (Short Term Agricultural Credit)	884,483	827,043	5%	41,352	
Sub-standard	648,500,421	403,008,141	20%	80,601,628	151,510,706
Doubtful	498,709,680	336,384,033	50%	168,192,016	218,852,797
Bad/Loss	4,762,519,710	3,081,894,837	100%	3,133,955,813	5,640,956,889
				3,382,792,224	6,011,341,465
Required provision for loans and advances				5,472,714,209	7,491,777,859
Total provision maintained (Note 17.1)				6,956,029,599	8,417,328,266
Excess/(Short) provision				1,483,315,390	925,550,407

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

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

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 2016	Required provision 2015
Acceptances and endorsements	20,015,403,528	1%	200,154,035	129,676,216
Letter of guarantees	6,357,188,894	1%	63,571,889	57,650,944
Irrevocable letter of credits	20,809,044,537	1%	206,090,445	201,935,051
Bills for collection	1,815,432,730	1%	18,154,327	18,105,811
Total required provision			487,970,686	407,368,022
Total provision maintained (Note 17.2)			489,847,170	427,347,170
Excess/(Short) provision			1,876,474	19,979,148

7.13 Particulars of Loans and Advances

	On-Shore	Off-shore	Total	
i) Loans considered good in respect of which Bank is fully secured	38,815,967,389	-	38,815,967,389	30,100,279,393
ii) Loans considered good against which Bank holds no security other than the debtor's personal guarantee.	809,546,497	-	809,546,497	308,911,259
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	112,349,833,600	21,636,694,026	133,986,527,626	117,024,416,634
iv) Loans adversely classified; provision not maintained there against:				
	151,975,347,486	21,636,694,026	173,612,041,512	147,433,607,286
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	805,495,552	-	805,495,552	577,351,777
vi) Loans due from companies or firms in which the directors of the bank have interested as directors, partners or managing agents or in case of private companies as members;				
vii) Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	805,495,552	-	805,495,552	577,351,777
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 loan on which interest has not been charged should be mentioned as follows:				
a) Increase/decrease of provision (specific)	(2,024,422,593)	-	(2,024,422,593)	916,256,095
Amount of debts written off	3,973,208,988	-	3,973,208,988	2,099,321,390
Amount realized against loan previously written off.	1,217,678,634	-	1,217,678,634	963,528,967
b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	4,583,760,612	-	4,583,760,612	6,500,587,838
c) Interest creditable to the Interest Suspense a/c.	721,066,429	-	721,066,429	833,053,798

Particulars			2016 Taka	2015 Taka
xi)	Cumulative amount of the written off loan			
	Opening balance	12,091,243,547	12,091,243,547	9,991,922,157
	Amount written off during the year	3,973,208,988	3,973,208,988	2,099,321,390
		<u>16,064,452,535</u>	<u>16,064,452,535</u>	<u>12,091,243,547</u>
	The amount of written off loans for which law suits have been filed	16,002,115,864	16,002,115,864	12,045,099,820
7.14	Write off of Loans and advances			
	Balance at the beginning of the year		9,319,143,904	8,183,351,481
	Add: Write off during the year		<u>3,973,208,988</u>	<u>2,099,321,390</u>
			<u>13,292,352,892</u>	<u>10,282,672,871</u>
	Less: Recovery of Write off loans		<u>1,217,678,634</u>	<u>983,528,967</u>
	Balance at the end of the year		<u>12,074,674,258</u>	<u>9,319,143,904</u>
7.15	Bill Purchased and Discounted under the following broad categories			
	Inside Bangladesh		1,927,519,928	1,287,994,847
	Outside Bangladesh		-	-
			<u>1,927,519,928</u>	<u>1,287,994,847</u>
7.16	Maturity Wise Grouping of Loans and Advances			
	Repayable on demand		15,416,075,868	12,221,952,427
	Not more than 3 months		28,951,240,236	18,367,331,412
	More than 3 months but not more than 1 Year		65,219,211,775	44,391,158,342
	More than 1 year but not more than 5 years		54,588,391,557	62,621,508,994
	More than 5 years		<u>9,437,122,076</u>	<u>9,831,656,111</u>
			<u>173,612,041,512</u>	<u>147,433,607,286</u>
7.17	Maturity Wise Grouping of Lease receivables			
	Receivable on demand		772,534	-
	Not more than 3 months		-	-
	More than 3 months but not more than 1 Year		62,663,931	-
	More than 1 year but not more than 5 years		374,158,136	160,906,409
	More than 5 years		-	-
			<u>437,594,601</u>	<u>160,906,409</u>
7.18	Maturity Wise Grouping of Bill Purchased and Discounted			
	Payable within 1 month		496,753,204	353,636,864
	Over 1 month but less than 3 months		1,066,291,100	634,042,476
	Over 3 month but less than 6 months		233,743,604	56,104,304
	6 months or more		<u>130,732,020</u>	<u>244,211,203</u>
			<u>1,927,519,928</u>	<u>1,287,994,847</u>
7.(a)	Consolidated Loans and Advances			
	BRAC Bank Limited		173,612,041,512	147,433,607,286
	BRAC EPL Investments Limited		3,616,648,814	3,825,562,832
	BRAC EPL Stock Brokerage Limited		143,985,648	118,200,928
	bKash Limited		-	-
	BRAC Saaan Exchange Limited		-	-
	BRAC IT Services Limited		-	-
	Less: Inter company transaction:		-	-
	Borrowing from BRAC Bank Limited by BRAC EPL Investments Limited		<u>1,531,265,030</u>	<u>1,443,231,350</u>
			<u>175,841,420,944</u>	<u>149,934,139,696</u>
8	Fixed assets including premises, furnitures and fixtures			
	Cost			
	Property plant and equipment:			
	Land - Cost		527,275,400	527,275,400
	Revaluation*		<u>516,373,535</u>	<u>516,373,535</u>
	Total		1,043,648,935	1,043,648,935
	Leasehold Building		4,034,334	4,034,334
	Furnitures and fixtures		1,809,233,630	1,654,557,812
	Office equipment		1,359,404,912	1,252,196,360
	IT Hardwares		2,134,467,306	1,917,886,050
	Motor vehicles		<u>108,371,172</u>	<u>108,567,646</u>
			<u>6,459,160,291</u>	<u>5,980,991,137</u>
	Intangible Assets:			
	License (Indefinite useful live)		50,000	50,000
	IT Software (Finite useful live)		<u>1,007,950,055</u>	<u>960,040,540</u>
			<u>1,008,000,055</u>	<u>960,090,540</u>
	Total Cost		<u>7,467,160,346</u>	<u>6,941,081,677</u>
	Less: Accumulated depreciation		<u>4,581,348,670</u>	<u>4,003,964,616</u>
	Net Book value at the end of the year		<u>2,885,811,676</u>	<u>2,937,117,061</u>
	(Fixed assets schedules are shown in Annex - F)			
*In the year 2012, BRAC Bank revalued a land measuring 96.4 Katha situated at Gazipura, in Gazipur district by a professional valuer M/s. Khan Ayub & Co. Chartered Accountants. We booked the land in our books as per the valuation report in accordance with BAS 16 Property, Plant and Equipment.				
8.(a)	Consolidated Fixed Assets including Premises, Furnitures and Fixtures			
	BRAC Bank Limited		2,885,811,676	2,937,117,061
	BRAC EPL Investments Limited		8,995,518	14,819,840
	BRAC EPL Stock Brokerage Limited		23,520,836	37,182,803
	bKash Limited		977,790,835	739,908,919
	BRAC Saaan Exchange Limited		24,060,687	14,925,617
	BRAC IT Services Limited		<u>312,972,056</u>	<u>294,533,275</u>
			<u>4,233,151,608</u>	<u>4,038,487,515</u>

Particulars		2016 Taka		2015 Taka	
9	Other Assets				
9.1	Income Generating Other Assets	On-Shore	Off-shore	Total	
	Interest receivables (Note - 9.1.1)	1,118,223,552	212,749,100	1,330,972,652	1,419,679,764
	Prepaid Interest Expenses on IFFD	54,396,059	-	54,396,059	73,540,631
	Receivables against sanchayapatra	417,986,414	-	417,986,414	701,487,716
	Receivables from Omnibus	334,200	-	334,200	-
	Investment in subsidiary (Note - 9.1.2)	4,356,396,325	-	4,356,396,325	2,356,397,625
	Investment in associate (Note - 9.1.3)	12,500,000	-	12,500,000	12,500,000
	Balance with BRAC EPL Stock Brokerage Limited	12,262,401	-	12,262,401	6,464,224
		<u>5,972,098,951</u>	<u>212,749,100</u>	<u>6,184,848,051</u>	<u>4,570,069,960</u>
9.1.1	Interest Receivables				
	Interest Receivables consists of interest receivable on loans, term deposit, investments, securities etc.				
	Receivable against Govt. securities	326,684,616	-	326,684,616	362,538,323
	Receivable against other securities	88,483,692	-	88,483,692	93,212,360
	Receivable against balance with other bank	124,896,288	-	124,896,288	217,671,329
	Receivable against loans and advances	559,347,499	189,635,465	748,982,964	582,683,312
	Receivable against term deposit	18,811,457	23,113,635	41,925,092	163,574,440
		<u>1,118,223,552</u>	<u>212,749,100</u>	<u>1,330,972,652</u>	<u>1,419,679,764</u>
9.1.2	Investment in subsidiaries				
	BRAC EPL Investments Limited			2,752,714,494	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
				<u>4,356,396,325</u>	<u>2,356,397,625</u>
9.1.3	Investment in associate				
	BRAC Asset Management Company Limited			12,500,000	12,500,000
				<u>12,500,000</u>	<u>12,500,000</u>
9.2	Non Income Generating Other Assets	On-Shore	Off-shore	Total	
	Stock of stamps	16,179,155	-	16,179,155	8,633,253
	Other receivables (Note - 9.2.1)	704,821,213	-	704,821,213	815,397,739
	Stock of security stationery	19,714,241	-	19,714,241	21,694,150
	Stock of printing stationery	12,494,939	-	12,494,939	16,991,879
	Stock of furniture	1,727,749	-	1,727,749	62,843
	Advance to staff	6,223,249	-	6,223,249	2,610,379
	Advance to supplier	6,779,498	-	6,779,498	2,163,226
	Deferred revenue expenditure	30,281,408	43,373,102	73,654,510	103,639,564
	Advance payment of income tax	8,053,627,021	-	8,053,627,021	8,500,423,645
	Advance Value Added Tax	4,370,000	-	4,370,000	4,370,000
	Deferred tax asset (Note - 9.2.2)	1,029,603,118	-	1,029,603,118	1,012,728,917
	Advance to SME unit offices	1,310,690	-	1,310,690	1,312,690
	Advance against fixed assets	70,174,834	-	70,174,834	30,883,484
	Advance against office rent	644,848,581	-	644,848,581	590,262,799
	Advance security deposit	11,817,093	-	11,817,093	8,171,958
	Advance for software migration	157,085,078	-	157,085,078	48,635,690
	Receivable from Off-Shore	623,849,790	-	623,849,790	262,317,816
	Receivable settlement account-OBUDBU	53,125,790	1,310,762,354	1,363,888,144	-
	Receivable in proxy account	5,489,368	942,474	6,431,842	15,747,232
	Interbranch Account (Note-9.2.4)	-	-	-	123,785
		<u>11,453,522,815</u>	<u>1,355,077,930</u>	<u>12,808,600,745</u>	<u>11,446,171,049</u>
	Less: On-shore to Off-shore (Note 9.1 + 9.2)	<u>17,425,621,766</u>	<u>1,567,827,030</u>	<u>18,993,448,796</u>	<u>16,016,241,009</u>
				<u>623,849,786</u>	<u>262,317,814</u>
				<u>18,369,599,010</u>	<u>15,753,923,195</u>
9.2.1	Other Receivables				
	Receivable against remittance			10,758,702	20,201,817
	Receivable against bills pay			2,098	10,484
	Receivable against DD			23,000,000	38,000,000
	Receivable against Cheques			19,725	66,860
	Receivable against Cards			6,357,033	10,543,661
	Receivable from Merchant			47,485,397	73,937,229
	Receivable from Partners			243,291,132	269,980,543
	Receivable from Co-Brand ATM			67,173,318	68,759,762
	Receivable against fraud and forgery			19,523,600	20,063,116
	Receivable from Member Bank - ELDORADO			3,617,134	12,287,614
	Receivable from NPS			59,880,200	35,314,100
	Sundry debtors			207,298,992	246,704,441
	Receivable from BACH			5,000,000	5,000,000
	VAT current account			7,637,083	14,528,112
	REPO interest expenditure			(1,573,895)	-
	Coupon interest adjustment			5,350,694	-
				<u>704,821,213</u>	<u>815,397,739</u>

Particulars				2016 Taka	2015 Taka
9.2.2	Deferred Tax asset/ (Liability)	Book Value	Tax Base	Deductible/ (Taxable) Temporary Difference	Deferred Tax Asset/ (Liability)
	Balance as at 31 December 2015				1,012,728,916
	Deferred Tax Asset				(55,471,770)
	Deferred Tax Liability				957,257,146
	Net Deferred Tax Asset 2015				
	Balance as at 31 December 2016				855,183,930
	Loan loss provision (Note - 9.2.3)	6,956,029,599		2,137,959,830	72,224,112
	Provision against Capital market	72,224,112		72,224,112	167,196,775
	Fixed assets excluding Vehicle (Annex-F)	1,842,162,741	2,260,154,677	417,991,936	1,029,603,117
	Deferred tax asset (a)				(130,673,846)
	Interest receivable from treasury bills and bonds	326,664,616		(326,684,616)	(130,673,846)
	Deferred Tax Liability (b)				898,929,271
	Net Deferred Tax Asset 31 December 2016 (a+b)				16,874,201
	Increase of deferred tax asset recognized in Profit and Loss statement as Income				(75,202,076)
	Increase of deferred tax liability recognized in Profit and Loss statement as expense				(58,327,875)
	Net Deferred tax expense recognized in Profit and Loss statement during the year December 31, 2016				
9.2.3	A deferred tax asset shall be recognized 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 utilized. 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 855,183,930) 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				123,785
	Cost Center Account				123,785
9.(a)	Consolidated Other Assets				
	BRAC Bank Limited			18,369,599,010	15,753,923,195
	BRAC EPL Investments Limited			803,627,967	893,818,375
	BRAC EPL Stock Brokerage Limited			630,608,527	345,494,421
	bKash Limited			1,604,105,215	811,906,971
	BRAC Saajan Exchange Limited			211,386,397	132,866,305
	BRAC IT Services Limited			31,895,353	41,083,023
				21,651,222,469	17,979,092,290
	Add: Share of profit/(loss) of equity in associate company				
	Opening Balance			(818,197)	-
	Current Year Balance			182,824	(818,197)
				(635,373)	(818,197)
	Less: Investment in subsidiaries				
	BRAC EPL Investments Limited			2,752,714,494	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
				4,356,396,325	2,356,397,625
	Less: Inter company transactions:				
	BRAC Bank Limited			395,889,430	488,896,062
	BRAC EPL Investments Limited			209,990	2,165,292
	BRAC EPL Stock Brokerage Limited			2,777,245	4,368,917
	bKash Limited			572,894	-
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			3,290,229	6,647,895
				402,739,788	502,078,166
				16,891,460,983	15,119,798,302
10	Non Banking assets		Possession date		
	Haque Specialized Still Mills Ltd.		30.06.2015	62,230,075	62,230,075
				62,230,075	62,230,075
	The Bank has been awarded ownership of the mortgaged property at Fatullah Narayanganj of the above mentioned party according to the verdict of the Honorable Court, order no. 85 dated 23/04/2015 (Artho Rin Adalat, Dhaka) in 2015 and reported it as Non Banking Assets in accordance with Bank Companies Act 1991 and BRPD circular 14 of 2003. The value of the Non-Banking Assets has been determined on the basis of valuation report of an Independent valuer.				
11	Consolidated Goodwill				
	BRAC EPL Investments Limited			246,289,821	246,289,821
	BRAC EPL Stock Brokerage Limited			1,126,273,572	1,126,273,572
	bKash Limited			73,393,751	73,393,751
	BRAC Saajan Exchange Limited			54,905,518	54,905,518
	BRAC IT Services Limited			1,476,391	1,476,391
	Less: Impairment of Goodwill			(120,187,124)	(90,140,343)
				1,382,161,929	1,412,198,710
12	Borrowing from other Banks, Financial Institutions and Agents:				
	Inside Bangladesh:	On-Shore	Off-shore	Total	
	Southeast Bank Ltd.	-	315,000,000	315,000,000	-
	Prime Bank Limited	-	393,750,000	393,750,000	-
	NRB Bank Limited	-	196,875,000	196,875,000	-
	National Bank Limited	-	393,750,000	393,750,000	-
	Bank Al Falah	-	78,750,000	78,750,000	-
	The City Bank Ltd.	-	1,023,750,000	1,023,750,000	392,525,000
	Uttara Bank Limited	-	393,750,000	393,750,000	314,020,000
	BASIC Bank Limited	-	354,375,000	354,375,000	235,515,000
	Banladesh Krishi Bank Limited	-	-	-	392,525,000
	Commercial Bank of Ceylon	-	-	-	392,525,000
	Dhaka Bank Limited	-	-	-	785,050,000
	Dutch-Banqla Bank Limited	-	-	-	4,999,750,365
	BBL Off Shore to On Shore	-	-	-	7,034,048,000
	On Shore to BBL Off Shore	-	-	-	14,545,958,365
		-	3,150,199,312	3,150,199,312	
		-	6,300,199,312	6,300,199,312	

Particulars	2016 Taka	2015 Taka
Outside Bangladesh:		
Sonali Bank UK Ltd	629,324,800	814,576,000
Habib Bank Brussels Bel	-	392,525,000
Asian Development Bank	2,526,300,000	744,227,400
KBC BANK NV	629,866,895	-
Emirates NBD	877,747,500	-
First Gulf Bank	787,500,000	-
The National Bank of Ras Al-Khaimah	1,181,250,000	471,030,000
Borrowing from NORFUND	590,625,000	785,050,000
Borrowing from IFC	3,150,000,000	3,140,200,000
Borrowing from FMO	5,315,625,000	6,872,925,000
	<u>15,688,239,195</u>	<u>13,020,533,400</u>
	<u>21,988,438,507</u>	<u>27,566,491,765</u>
Less: BBL Off-shore to On-shore placement	-	4,999,750,365
Less: On-shore to BBL Off-shore placement	-	7,034,046,000
	<u>3,150,199,312</u>	<u>15,532,693,400</u>
	<u>18,838,239,195</u>	<u>15,532,693,400</u>

12.1 Security against borrowings from other banks, financial institutions and agents:

Secured (Treasury bills)
Unsecured

18,838,239,195	15,532,693,400
<u>18,838,239,195</u>	<u>15,532,693,400</u>

12.2 Disclosure regarding REPO

Disclosure regarding REPO transactions of the bank are given as per Bangladesh Bank, DOS Circular No. 6 dated July 15, 2010.

a (i) Disclosure regarding outstanding Repo as on 31 December 2016 :

Sl.no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
i	Janata Bank Limited	29/Dec/16	2/Jan/17	1,998,740,000
ii	National Bank Limited	29/Dec/16	4/Jan/17	979,866,209
iii	National Bank Limited	29/Dec/16	5/Jan/17	999,021,000
iv	Standard Chartered Bank	27/Dec/16	1/Jan/17	1,007,481,414
	Total			4,985,108,623

a (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2016 :

Sl.no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
i	International Leasing & Financial Services Ltd.	26/Dec/16	2/Jan/17	296,430,508

b Disclosure regarding overall transaction of Repo and Reverse repo during the year 2016 :

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
-------------	-------------------------------------	-------------------------------------	---

Securities sold under repo:

i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	249,048,500	9,135,647,862	1,448,822,539

Securities purchased under reverse repo:

i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	48,941,024	1,093,690,893	67,118,951

Particulars	2016 Taka	2015 Taka
12.3 Maturity Wise Grouping of Borrowing from Other Bank and Financial Institutions		
Repayable on demand	6,286,955,100	2,119,635,000
Not more than 3 months	1,470,898,450	1,250,522,000
More than 3 months but not more than 1 Year	6,946,010,645	5,293,348,900
More than 1 year but not more than 5 years	4,134,375,000	6,869,187,500
More than 5 years	-	-
	<u>18,838,239,195</u>	<u>15,532,693,400</u>
12.(a) Consolidated Borrowing from other Banks, Financial Institutions and Agents		
BRAC Bank Limited	18,838,239,195	15,532,693,400
BRAC EPL Investments Limited	1,715,569,185	3,618,002,781
BRAC EPL Stock Brokerage Limited	-	-
bKash Limited	-	-
BRAC Saajan Exchange Limited	-	-
BRAC IT Services Limited	108,705,372	36,249,000
Less: Inter company transaction:		
Borrowing from BRAC Bank Limited by BRAC EPL Investments Limited	<u>1,531,255,030</u>	<u>1,415,110,659</u>
	<u>19,131,258,722</u>	<u>17,771,834,522</u>
13 Borrowings from Central Bank		
Bangladesh Bank Refinance	841,013,210	826,462,829
Bangladesh Bank EDF FUND	5,896,115,187	3,699,350,814
Bangladesh Bank SME FOUNDATION	<u>15,850,000</u>	-
	<u>6,752,978,397</u>	<u>4,527,813,643</u>
13.1 Maturity Wise Grouping of Borrowing from Central Bank		
Repayable on demand	602,831,925	851,591,598
not more than 3 months	1,396,578,490	1,186,703,751
More than 3 months but not more than 1 Year	4,753,567,982	1,661,055,465
More than 1 year but not more than 5 years	-	828,462,829
More than 5 years	-	-
	<u>6,752,978,397</u>	<u>4,527,813,643</u>
13.(a) Consolidated Borrowings from Central Bank		
BRAC Bank Limited	6,752,978,397	4,527,813,643
BRAC EPL Investments Limited	-	-
BRAC EPL Stock Brokerage Limited	-	-
bKash Limited	-	-
BRAC Saajan Exchange Limited	-	-
BRAC IT Services Limited	-	-
	<u>6,752,978,397</u>	<u>4,527,813,643</u>
14 Subordinated Convertible Bonds		
Private Placement (Note - 14.1)	2,651,375,000	2,700,000,000
Public Subscription (Note - 14.2)	299,704,000	300,000,000
	<u>2,951,079,000</u>	<u>3,000,000,000</u>
Pursuant to the terms and conditions of Subordinated 25% Convertible bonds, in the year 2016 we have converted total 48,921 bonds @ Tk. 1000 and issued total 1,149,589 Ordinary shares @ Tk. 42.55 as 1st Conversion considering 5% conversion of the individual holding.		
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	465,500	465,500,000
Agrani Bank Limited	750,000	750,000,000
BRAC Employee Provident Fund	458,375	458,375,000
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		<u>2,651,375,000</u>
14.2 Public Subscription details	No. of Unit	
Other than non-resident Bangladeshis	212,479	212,479,000
Non-resident Bangladeshis	2,285	2,285,000
Mutual Funds	84,940	84,940,000
Total Subscription received		<u>299,704,000</u>
Less: Refundable against excess subscription		-
		<u>2,951,079,000</u>
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	2,951,079,000	3,000,000,000
More than 1 year but not more than 5 years	-	-
More than 5 years	-	-
	<u>2,951,079,000</u>	<u>3,000,000,000</u>

Particulars		2016 Taka	2015 Taka		
14.(a)	Consolidated Subordinated Convertible Bonds				
	BRAC Bank Limited	2,951,079,000	3,000,000,000		
	BRAC EPL Investments Limited	-	-		
	BRAC EPL Stock Brokerage Limited	-	-		
	bKash Limited	-	-		
	BRAC Sajan Exchange Limited	-	-		
	BRAC IT Services Limited	-	-		
		<u>2,951,079,000</u>	<u>3,000,000,000</u>		
15	Money at call and short notice				
	Local currency:				
	Rupali Bank Limited	-	500,000,000.00		
	Hong Kong Shanghai Banking Corporation, Dhaka	-	100,000,000.00		
	One Bank Limited	-	350,000,000.00		
	Janata Bank Limited	-	550,000,000.00		
	National Bank Limited	400,000,000	500,000,000.00		
	Sonali Bank Limited	-	310,000,000.00		
	State Bank of India	280,000,000	370,000,000.00		
	Dutch Bangla Bank Limited	-	1,100,000,000.00		
	Southeast Bank Limited	230,000,000	-		
		<u>910,000,000</u>	<u>3,780,000,000</u>		
	Foreign currency:				
	Agrani Bank Ltd.	393,750,000	-		
		<u>393,750,000</u>	<u>-</u>		
		<u>1,303,750,000</u>	<u>3,780,000,000</u>		
15.1	Maturity Wise Grouping of Money at call and short notice				
	Up to 1 month	1,303,750,000	3,780,000,000		
	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	-	-		
		<u>1,303,750,000</u>	<u>3,780,000,000</u>		
15.(a)	Consolidated Money at Call and Short notice				
	BRAC Bank Limited	1,303,750,000	3,780,000,000		
	BRAC EPL Investments Limited	-	-		
	BRAC EPL Stock Brokerage Limited	-	-		
	bKash Limited	-	-		
	BRAC Sajan Exchange Limited	-	-		
	BRAC IT Services Limited	-	-		
		<u>1,303,750,000</u>	<u>3,780,000,000</u>		
16	Deposits and Other Accounts				
		On-Shore	Off-shore	Total	
	Local Currency:				
	Current and other accounts	48,358,731,917	-	48,358,731,917	44,535,451,389
	Bills payable (Note-16.3)	1,309,401,487	-	1,309,401,487	843,532,886
	Saving deposits	31,368,696,186	-	31,368,696,186	29,105,666,315
	Fixed deposits	83,226,753,125	-	83,226,753,125	68,581,567,704
	Other deposits (Note-16.4)	595,249,868	-	595,249,868	543,084,404
		<u>164,858,832,583</u>	<u>-</u>	<u>164,858,832,583</u>	<u>143,609,282,698</u>
	Foreign Currency:				
	Current and other accounts	1,892,822,258	19,462,432	1,912,284,690	4,618,263,818
	Bills payable	-	-	-	-
	Saving deposits	-	-	-	-
	Fixed deposits	644,920,270	632,629,942	1,277,550,212	1,472,892,345
	Other deposits (Note-16.4)	810,904,253	-	810,904,253	520,072,621
		<u>3,348,646,781</u>	<u>652,092,374</u>	<u>4,000,739,155</u>	<u>6,611,228,784</u>
	Total Deposit and other accounts	<u>168,207,479,364</u>	<u>652,092,374</u>	<u>168,859,571,738</u>	<u>150,220,511,482</u>
16.1	Deposits details concentrating liquidity nature				
		On-Shore	Off-shore	Total	
	i) Demand deposit				
	Current deposits	39,272,258,890	-	39,272,258,890	35,900,665,383
	Saving deposits (10%)	3,136,869,619	-	3,136,869,619	2,910,566,632
	Foreign currency deposits	2,703,726,510	19,462,432	2,723,188,942	5,138,336,440
	Sundry deposits (Note-16.5)	586,339,363	-	586,339,363	525,829,680
	Bills payable	1,309,401,487	-	1,309,401,487	843,532,886
		<u>47,008,595,869</u>	<u>19,462,432</u>	<u>47,028,058,301</u>	<u>45,318,931,021</u>
	ii) Time deposit				
	Saving deposits (90%)	28,231,826,568	-	28,231,826,568	26,195,099,683
	Foreign currency deposits	644,920,270	632,629,942	1,277,550,212	1,472,892,345
	Fixed deposits	75,495,760,672	-	75,495,760,672	60,512,002,645
	Short term deposits	9,086,473,027	-	9,086,473,027	8,634,786,005
	Deposit pension schemes	7,730,992,453	-	7,730,992,453	8,069,565,059
	Security deposits	8,910,505	-	8,910,505	17,234,724
		<u>121,198,883,495</u>	<u>632,629,942</u>	<u>121,831,513,437</u>	<u>104,901,580,461</u>
		<u>168,207,479,364</u>	<u>652,092,374</u>	<u>168,859,571,738</u>	<u>150,220,511,482</u>
16.2	Deposits and Other Accounts				
	Deposits from Banks and financial institutions (16.2.1)			10,061,043,601	7,002,561,967
	Deposits from Customers (16.2.2)			<u>158,798,528,137</u>	<u>143,217,949,515</u>
				<u>168,859,571,738</u>	<u>150,220,511,482</u>
16.2.1	Deposits from Banks and financial institutions				
	Current deposits:				
	Eldorado Member Banks			16,105,904	37,939,399
	Omnibus Member Banks			<u>4,937,697</u>	<u>64,622,568</u>
				<u>21,043,601</u>	<u>102,561,967</u>

Particulars	2016 Taka	2016 Taka
Fixed deposits from Banks:		
National Bank Limited	-	2,500,000,000
Uttara Bank Limited	2,300,000,000	1,000,000,000
Prime Bank Limited	-	600,000,000
BASIC Bank Limited	-	1,300,000,000
Dutch-Bangla Bank Limited	-	1,500,000,000
Bank Asaia Ltd	750,000,000	-
Commercial Bank of Ceylon	310,000,000	-
Habib Bank Ltd	190,000,000	-
Hongkong Shanghai Banking Corporation	690,000,000	-
IFIC Bank Ltd.	1,000,000,000	-
NCC Bank Limited	1,000,000,000	-
Prime Bank Limited	600,000,000	-
Pubali Bank Ltd	500,000,000	-
The Premier Bank Ltd	400,000,000	-
Trust Bank Ltd	2,000,000,000	-
	<u>9,740,000,000</u>	<u>6,900,000,000</u>
Fixed deposits from financial institutions:		
Uttara Finance & Investment Ltd	300,000,000	-
	<u>300,000,000</u>	<u>-</u>
	<u>10,040,000,000</u>	<u>6,900,000,000</u>
	<u>10,061,043,601</u>	<u>7,002,561,967</u>
 16.2.2 Deposits from Customers		
Current and other accounts	50,249,973,006	49,051,153,240
Bills payable	1,309,401,487	843,532,886
Saving deposits	31,368,696,186	29,105,666,315
Fixed deposits	74,464,303,337	63,154,460,049
Other deposits	1,406,154,121	1,063,137,025
	<u>158,798,528,137</u>	<u>143,217,949,515</u>
 16.3 Bills payable		
Local Drafts Issued and Payable	363,408,502	80,723,009
Payment Order issued	945,992,985	762,809,877
	<u>1,309,401,487</u>	<u>843,532,886</u>
 16.4 Other Deposits		
Foreign currency deposits	810,904,253	520,072,621
Local Currency deposits:		
Security Deposits	998,000	1,048,000
Security Deposit from Retail Loan clients	7,912,505	16,186,724
Lease Deposits	4,959,100	4,571,100
Payable to NPS	72,836,460	70,142,460
EFTN adjustments account	374,891,690	294,285,113
Payable against customers, Loan account and others	133,652,113	156,831,007
	<u>595,249,868</u>	<u>543,064,404</u>
	<u>1,406,154,121</u>	<u>1,063,137,025</u>
 16.5 Sundry deposit		
Lease Deposits	4,959,100	4,571,100
Payable to NPS	72,836,460	70,142,460
EFTN adjustments account	374,891,690	294,285,113
Payable against customers, Loan account and others	133,652,113	156,831,007
	<u>586,339,363</u>	<u>525,829,680</u>
 16.6 Maturity Wise Grouping of Deposits		
Repayable on demand	2,947,232,200	2,358,755,434
Repayable within 1 month	23,831,127,629	24,939,957,124
Over 1 month but within 6 months	55,536,471,091	39,836,996,708
Over 6 month but within 1 year	27,169,529,995	27,000,519,414
Over 1 year but within 5 years	41,078,673,485	39,796,255,191
Over 5 years but within 10 years	18,292,426,838	16,285,983,076
Over 10 years	4,110,500	2,044,534
Unclaimed deposits for 10 years or more	-	-
	<u>168,859,571,738</u>	<u>150,220,511,483</u>
Unclaimed deposit outstanding for 10 years and above BDT 7,80,939.10 (Cheque no-BR 0559742) has been deposited to Bangladesh Bank at January 10, 2017, as per section 35 of Bank companies act 1991.		
 16.(a) Consolidated Deposit and Other Accounts		
BRAC Bank Limited	168,859,571,738	150,220,511,482
BRAC EPL Investments Limited	-	-
BRAC EPL Stock Brokerage Limited	17,288,614,156	10,961,337,262
bKash Limited	-	-
BRAC Saejan Exchange Limited	-	-
BRAC IT Services Limited	-	-
	<u>186,148,185,894</u>	<u>161,181,848,744</u>
Less: Inter company transactions:		
BRAC EPL Investments Limited	27,507,846	11,901,292
BRAC EPL Stock Brokerage Limited	15,955,154	85,804,316
bKash Limited	4,510,825,981	11,457,913,286
BRAC Saejan Exchange Limited	62,573,552	68,638,727
BRAC IT Services Limited	52,545,801	9,402,184
	<u>4,669,408,334</u>	<u>11,633,659,805</u>
	<u>181,478,777,560</u>	<u>149,548,188,939</u>

Particulars		2016 Taka	2015 Taka
17 Other Liabilities			
	On-Shore	Off-shore	Total
Provisions for loans and advances (Note - 17.1)	6,703,294,052	252,735,547	6,956,029,599
Provisions for Off Balance Sheet Items (Note - 17.2)	489,847,170	-	489,847,170
Provision for diminution in value of Investments (Note - 17.3)	72,224,112	-	72,224,112
Provisions for Others	538,731	-	538,731
Interest suspense (Note - 17.4)	720,598,634	467,795	721,066,429
Withholding tax payable (Note - 17.5)	160,460,239	-	160,460,239
VAT payable (Note - 17.6)	159,063,629	-	159,063,629
Provision for taxation (Note - 17.7)	11,893,704,995	67,606,624	11,961,311,619
Deferred tax liability (Note - 9.2.2)	130,673,845	-	130,673,845
Interest payable	1,396,594,529	81,290,058	1,477,884,587
Accrued expenses	2,241,507,509	-	2,241,507,509
Excise duty payable	156,602,697	-	156,602,697
Share subscription - IPO (refund warrant)	209,983	-	209,983
Right Share subscription	636,674	-	636,674
Payable to On-shore Banking Unit	-	623,849,786	623,849,786
Payable settlement account-OBUI/DBU	1,262,346,286	150,303,341	1,412,649,627
Cheque clearing account	316,002	-	316,002
Margin on Letter of Credits	754,706,528	-	754,706,528
Margin on Letter of Guarantees	189,995,435	-	189,995,435
Cash Dividend payable	55,615,946	-	55,615,946
Unclaimed dividend	3,705,304	-	3,705,304
Suppliers payable	127,123,690	-	127,123,690
Payable against exchange houses	607,690	-	607,690
Payable against insurances	22,862,464	-	22,862,464
Payable to Omnibus	24,989,170	-	24,989,170
Others payable (Note - 17.8)	1,338,408,498	30,555	1,338,439,053
	27,906,633,812	1,176,283,706	29,082,917,518
Less: Off-shore to On-shore			623,849,786
			28,459,067,732
			28,615,982,313

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 categorized 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				
Provisions held at the beginning of the year	1,266,967,354	260,676,400	1,527,643,754	1,208,316,756
Add: Exchange difference in Off-shore book	-	682,788	682,788	982,045
Add: Net Charge to Profit & Loss A/C	574,815,690	(12,374,552)	562,441,138	318,344,953
Provisions held at the end of the year	1,841,783,044	248,984,636	2,090,767,680	1,527,643,754
B. Specific				
Provisions held at the beginning of the year	6,875,286,987	14,397,525	6,889,684,512	5,973,428,417
Add: Exchange difference in Off-shore book	-	47,820	47,820	-
Add: Net Charge to Profit & Loss A/C	1,744,238,631	(10,694,434)	1,733,544,197	2,749,110,611
	8,619,525,618	3,750,911	8,623,276,529	8,722,539,028
Less: Write off during the year	3,758,014,610	-	3,758,014,610	1,832,854,516
Provisions held at the end of the year	4,861,511,008	3,750,911	4,865,261,919	6,889,684,512
Total provision held at the end of the year (A+B)	6,703,294,052	252,735,547	6,956,029,599	8,417,328,266

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	427,347,170	357,673,833
Add: Provision made during the year	62,500,000	69,673,337
Balance at the end of the year	489,847,170	427,347,170

17.3 Provision for diminution in value of Investments

Balance at the beginning of the year	358,951,693	326,035,394
Add: Provision made during the year	(240,000,000)	40,000,000
Less: Reversal made during the year	46,727,581	7,083,701
Balance at the end of the year	72,224,112	358,951,693

Particulars	2016 Taka	2015 Taka
17.4 Interest suspense		
Classified loans and advances of the banks are categorized 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	833,053,798	766,084,298
Add: Amount transferred to "Interest Suspense" Account during the year	662,473,361	1,283,554,547
	1,495,527,159	2,049,638,845
Less: Amount recovered in "Interest Suspense" Account during the year	105,170,602	240,190,474
Less: Amount written off during the year	212,021,675	266,466,874
Less: Interest waiver during the year	457,268,453	709,927,699
Balance at the end of the year	721,066,429	833,053,798
17.5 Withholding Tax Payable		
Payable on Interest	117,636,454	182,880,812
Payable (Suppliers)	6,146,112	17,762,381
Payable (Contractors and Consultants)	595,003	152,018
Payable (Staff Salaries and Allowance)	5,837,756	4,085,051
Payable (Rent)	3,270,656	3,072,948
Payable (Export)	14,219,058	11,910,245
Payable on commission paid	6,723,367	8,306,768
Payable on professional services	1,217,751	
Payable on others	4,814,082	4,799,119
	160,460,239	232,969,342
17.6 VAT Payable		
Payable on Letter of Credit Commission	7,249,715	6,243,733
Payable on Loan Processing Fees	3,705,683	10,052,609
Payable - Credit Cards	7,226,748	7,466,104
Payable - Supplier	29,688,534	18,216,735
Payable - Rent	8,748,992	5,283,675
Payable - DESA and DESCO	11,251,600	11,496,538
Payable - BPDB	28,588,399	24,061,315
Payable - BTCL	135,629	
Payable - DPDC	51,975,020	66,423,309
Payable - REB	117,736	
Payable - Others	10,375,573	8,569,435
	169,063,629	157,813,453
17.7 Provision for current taxation		
Balance at the beginning of the year	11,779,971,279	9,529,948,684
Add: Provision made during the year	2,629,520,979	2,250,022,595
	14,409,492,258	11,779,971,279
Less: Adjustment of tax provision for previous years	2,448,180,639	
Balance at the end of the year	11,961,311,619	11,779,971,279
Corporate tax position of the Bank has been shown in Annex G.		
17.8 Other payables		
Payables related cards and others	157,384,295	95,505,945
Payables for Good Borrower rebate	257,371,322	130,000,000
Payable to merchant	46,341,020	46,881,444
Payables to co brand ATM	7,260,372	1,874,745
FX translation adjustments - contra	27,220,307	5,186,175
REPO interest income	(243,642)	
Miscellaneous payable	843,105,379	796,453,679
	1,338,439,053	1,075,901,988
17.(a) Consolidated Other Liabilities		
BRAC Bank Limited	28,459,067,732	28,615,982,313
BRAC EPL Investments Limited	1,193,066,984	514,885,986
BRAC EPL Stock Brokerage Limited	1,010,608,329	846,750,147
bKash Limited	2,076,079,445	1,281,676,794
BRAC Saejan Exchange Limited	285,209,187	313,667,198
BRAC IT Services Limited	344,981,682	412,878,045
	33,369,013,359	31,985,840,483
Less: Inter company transactions:		
BRAC Bank Limited	2,438,673	
BRAC EPL Investment Limited	956,266	33,250,304
BRAC EPL Stock Brokerage Limited	972,834	22,084,259
bKash Limited	5,426,232	266,840
BRAC Saejan Exchange Limited	163,239,456	228,607,427
BRAC IT Services Limited	229,706,325	245,990,026
	402,739,786	530,196,856
	32,966,273,573	31,455,641,627

Particulars	2016 Taka	2015 Taka
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18 Share Capital
18.1 Authorized Capital

Authorized Capital is the maximum amount of share capital that the bank is authorized by its Memorandum and Article of Association to issue to shareholders.

1,200,000,000 ordinary shares of Tk. 10 each	12,000,000,000	12,000,000,000
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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 in the year 2008	264,000,000	264,000,000
221,652,288 Right Share of Tk. 10/- each issued in the year 2014	2,216,522,880	2,216,522,880
1,149,589 ordinary Share of Tk. 10/- each issued as bond converted share in the year 2016	11,495,890	-
	<u>7,104,369,100</u>	<u>7,092,873,210</u>

18.2.1 History of paid-up capital

Given below the history of raising of share capital of BRAC Bank Limited:

Particulars	Allotment Year	Number of Shares Issued		Paid up shares	Amount of Shares Capital (BDT)	Total Paid up Capital (Cumulative)
		Bonus shares	Subscription			
First (Subscription to the Memorandum & Articles of Association) at the time of Incorporation	1999		2000000	2,000,000	200,000,000	200,000,000
BRAC (subscription)	2001		500000	2,500,000	50,000,000	250,000,000
BRAC (subscription)	2003		674500	3,174,500	67,450,000	317,450,000
ShoreCap International Ltd.	2004		875700	4,050,200	87,570,000	405,020,000
International Finance Corporation	2004		949800	5,000,000	94,980,000	500,000,000
IPO	2006	5000000		10,000,000	500,000,000	1,000,000,000
Bonus 20%	2007	2000000		12,000,000	200,000,000	1,200,000,000
Bonus 10%	2008	1200000		13,200,000	120,000,000	1,320,000,000
Right Share 20%	2008	2640000		15,840,000	264,000,000	1,584,000,000
Bonus Share 30%	2009	4752000		20,592,000	475,200,000	2,059,200,000
Bonus Share 30%	2010	6177600		26,769,600	617,760,000	2,676,960,000
Bonus Share 20%	2011	5353920		321,235,200 (Denominated)	535,392,000	3,212,352,000
Bonus Share 20%	2012	64247040		385,482,240	642,470,400	3,854,822,400
Bonus Share 15%	2013	57822336		443,304,576	578,223,360	4,433,045,760
Bonus Share 10%	2014	44330457		487,635,033	443,304,570	4,876,350,330
Right share 50%	2014	221652288		709,287,321	2,216,522,880	7,092,873,210
Fresh Issue against Bond, 1st Conversion of Bond	2016	1149589		710,436,910	11,495,890	7,104,369,100
Total					<u>7,104,369,100</u>	

18.2.2 Issued, Subscribed and Paid up Capital

Balance at the beginning of the year	7,092,873,210	7,092,873,210
Add: Bond converted ordinary share issued	11,495,890	-
Add: Right share issued	-	-
Closing at the end of the year	<u>7,104,369,100</u>	<u>7,092,873,210</u>

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 2nd June 2016 Cash Dividend @25% (Tk. 2.5 per Share of Tk. 10 each) amounting to Taka 1,776,092,275 was approved by the shareholders in 17th 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 BDT 12,000,000,000. At 11th Dec 2014, DSE new Trading system launched that neutralize market lot into 1 shares.

18.5 Ordinary Shares

	No. of Shares.	% of shareholding		
Sponsor				
BRAC	316,598,451	44.56%	3,165,984,510	3,165,984,510
Others	104,502	0.01%	1,048,020	476,940
Non Sponsor				
Non Resident Bangladeshis	627,964	0.09%	6,279,640	8,462,010
Mutual Funds	16,042,924	2.26%	160,429,240	185,058,480
Institutions and General Public	377,062,769	53.07%	3,770,627,690	3,732,891,270
	<u>710,436,910</u>	<u>100%</u>	<u>7,104,369,100</u>	<u>7,092,873,210</u>

As per Listing rules 2015 of DSE, International Finance Corporation (IFC) is not considered as Sponsor and accordingly shareholding changes and placed in (Non-Sponsor) category of Institutions and General Public.

Particulars	2016 Taka	2015 Taka
18.6 Classification of Shareholding		
<u>Range of Holding of Shares</u>	<u>No. of Shareholders</u>	<u>No. of Shares</u>
		<u>Percentage of Holding of Shares</u>
Less than 500	6,613	1,170,742
500 to 5,000	7,354	14,022,750
5,001 to 10,000	693	4,909,684
10,001 to 20,000	425	6,046,084
20,001 to 30,000	127	3,166,399
30,001 to 40,000	65	2,297,964
40,001 to 50,000	35	1,629,202
50,001 to 100,000	68	4,855,821
100,001 to 1,000,000	119	43,045,091
Over 1000000	61	629,293,173
Total	15,560	710,436,910
		100%

18.6.1 Name of the Directors and their shareholdings as at December 31, 2016:

Sl. No.	Name	Status	Opening position	Closing position	% of shares held as on 31.12.2016
1	Sir Fazle Hasan Abed (Nominated by BRAC)	Chairman	7,020	7,020	0.001
2	Mr. Shih Narayan Kairi (Nominated by BRAC)	Nominated Director	5,341	5,341	0.001
3	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	5,872	25,872	0.004
4	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	-	50,000	0.007
5	Dr. Hafiz G.A. Siddiqi	Independent Director	-	-	
6	Mr. Kazi Mahmood Sattar	Independent Director	-	-	
7	Ms. Zahida Ispahani	Independent Director	-	-	

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
1,149,589 ordinary shares @ Tk. 32.55 per share in the year 2016	37,419,151	-
	3,659,942,031	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
Others	47,694	192,580	192,580
Non Sponsor:			
International Finance Corporation (IFC)	38,002,463	219,056,640	219,056,640
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	309,494,734	1,742,875,171	1,705,456,020
	710,436,910	3,659,942,031	3,622,522,880

18.8.(a) Consolidated Share Premium

BRAC Bank Limited	3,659,942,031	3,622,522,880
BRAC EPL Investments Limited	413,100,186	331,987,722
BRAC EPL Stock Brokerage Limited	-	-
bKash Limited	1,088,145,382	1,088,145,382
BRAC Saajan Exchange Limited	20,109,387	20,109,387
BRAC IT Services Limited	477,980	477,980
	5,181,774,966	5,063,243,351

Particulars	2016 Taka	2016 Taka	2015 Taka	2015 Taka
18.9 Capital Adequacy Ratio - As per BASEL-II and III				
Common Equity Tier-1(Going Concern Capital)				
Fully Paid-up capital/funds from Head office for the purpose of meeting the capital adequacy	7,104,369,100	7,104,369,100	7,092,873,210	7,092,873,210
Non-Repayable Share Premium account	5,181,774,966	3,659,942,031	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	5,524,376,341	6,222,874,273	4,088,724,423	3,892,934,140
Dividend Equalization Reserve	355,218,455	355,218,455	-	-
Minority Interests in Subsidiaries	1,475,794,375	-	1,297,477,845	-
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)	-	-	23,718,584	-
Sub-total	23,111,883,569	20,812,754,191	20,754,815,909	18,078,680,562
Regulatory Adjustments				
Shortfall in Provision required against Non-performing Loans(NPLs)	-	-	-	-
Shortfall in Provision required against Investment in shares	-	-	-	-
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	1,501,389,885	119,287,955	1,412,198,710	-
Deferred Tax Assets (DTA)	966,843,921	986,843,921	963,887,229	963,887,229
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	-	-	-	-
Sub-total	2,468,233,806	1,106,131,876	2,376,085,939	963,887,229
Total common equity Tier-1 capital	20,623,649,764	19,706,622,316	18,378,729,970	17,114,793,333
Additional Tier-1 Capital				
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 i.e. 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)	-	-	-	-
Subtotal	-	-	-	-

Particulars	2016 Taka	2016 Taka	2015 Taka	2015 Taka
Regulatory Adjustments:				
Investment in own AT-1 Instruments/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)	-	-	-	-
Total Additional Tier-1 Capital Available	-	-	-	-
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	-	-	-	-
Subtotal	20,623,649,764	19,706,622,316	18,378,729,970	17,114,793,333
Total Admissible Additional Tier-1 Capital				
Tier-2 Capital (Going Concern Capital)				
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 Standardized	2,580,614,850	2,580,614,850	1,857,726,067	1,783,186,562
All other preference shares	-	-	-	-
Subordinated debt/instruments issued by the Banks that meet the qualifying criteria for tier-	600,000,000	600,000,000	1,200,000,000	1,200,000,000
2 Capital (as per Annex 4 of Basel III Guidelines)	-	-	-	-
Minority Interest i.e. Tier 2 Issued by Consolidated Subsidiaries to third Parties (For Consolidated Reporting Only)	-	-	-	-
Head Office(HQ) borrowings in foreign Currency Received that meet the Criteria Of tier 2	-	-	-	-
Debt Capital (Applicable For Foreign banks).	346,502,408	346,502,408	346,502,408	346,502,408
Revaluations Reserve as on 31 December, 2014 (50% Of Fixed Assets And Securities and 10% of equities)	-	-	-	-
Others (If any item approved by Bangladesh Bank)	-	-	-	-
Sub-total	3,527,117,258	3,527,117,258	3,404,228,475	3,329,688,970
Regulatory Adjustments				
Revaluation Reserve for Fixed Assets and Security and equity securities (Follow Phase-in deduction as per Basel (III) guidelines)	138,600,963	138,600,963	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	-	-	-	-
Total Tier-2 Capital Available	3,388,516,295	3,388,516,295	3,334,927,953	3,260,388,488
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)	18,332,362,276	17,517,216,576	16,041,957,396	14,717,836,047
Excess amount over maximum limit of T-2	-	-	-	-
Total Admissible Tier-2 capital	3,388,516,295	3,388,516,295	3,334,927,953	3,260,388,488
Total Capital	24,012,165,059	23,095,138,611	21,713,657,963	20,375,181,821
Total Risk Weighted Assets	199,136,572,044	188,431,077,640	176,714,095,576	166,622,161,980
Required capital based on Risk Weighted Assets (10%)	19,913,657,204	18,843,107,764	17,671,409,558	16,662,216,198
Surplus/ (Deficiency)	4,098,508,855	4,252,030,847	4,042,248,405	3,712,965,623
Capital Adequacy Ratio:				
On core capital (standard of minimum 5.5%)	10.38%	10.46%	10.40%	10.27%
On actual capital with capital conservation buffer (standard of minimum 10%)	12.06%	12.26%	12.29%	12.23%

Particulars	2016 Taka	2015 Taka		
19 Statutory Reserve				
Balance at the beginning of the year	3,470,350,332	3,470,350,332		
Add: Transferred from profit during the year	-	-		
	<u>3,470,350,332</u>	<u>3,470,350,332</u>		
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				
BRAC Bank Limited	3,470,350,332	3,470,350,332		
BRAC EPL Investments Limited	-	-		
BRAC EPL Stock Brokerage Limited	-	-		
bKash Limited	-	-		
BRAC Saajan Exchange Limited	-	-		
BRAC IT Services Limited	-	-		
	<u>3,470,350,332</u>	<u>3,470,350,332</u>		
20 Dividend Equalization Fund				
Balance at the beginning of the year	-	-		
Add: Transferred from profit during the year	355,218,455	-		
	<u>355,218,455</u>	<u>-</u>		
According to BRPD Circular No. 18, dated 20 October 2002, the equivalent amount of exceeding 20% cash dividend shall be kept separately under Dividend Equalization Fund which shall be treated as permanent capital. On June 02, 2016 cash dividend @ 25% (Tk. 2.5 per share of 10 each) amounting to Taka 1,776,092,275 was approved by the shareholders in 17th Annual General Meeting and the cash dividend was paid accordingly. Therefore the excess 5% cash dividend equivalent amounting to Taka 355,218,455 has been transferred to Dividend Equalization Fund.				
21 Revaluation Reserve				
Revaluation Reserve on Govt. Securities (Note - 21.1)	111,643,709	219,539,410		
Assets Revaluation Reserve (Note - 21.2)	516,373,535	516,373,535		
	<u>628,017,244</u>	<u>735,912,945</u>		
21.1 Revaluation Reserve on Govt. Securities				
Balance at the beginning of the year	219,539,410	176,631,281		
Add: Addition during the year	515,815,204	757,748,003		
Less: Adjustment during the year	623,710,905	714,839,874		
	<u>111,643,709</u>	<u>219,539,410</u>		
21.2 Assets Revaluation Reserve				
Balance at the beginning of the year	516,373,535	516,373,535		
Add: Reserve made during the year	-	-		
	<u>516,373,535</u>	<u>516,373,535</u>		
21.1.(a) Consolidated Revaluation Reserve on Govt. Securities				
BRAC Bank Limited	111,643,709	219,539,410		
BRAC EPL Investments Limited	-	-		
BRAC EPL Stock Brokerage Limited	-	-		
bKash Limited	-	-		
BRAC Saajan Exchange Limited	-	-		
BRAC IT Services Limited	-	-		
	<u>111,643,709</u>	<u>219,539,410</u>		
21.2.(a) Consolidated Assets Revaluation Reserve				
BRAC Bank Limited	516,373,535	516,373,535		
BRAC EPL Investments Limited	-	-		
BRAC EPL Stock Brokerage Limited	-	-		
bKash Limited	-	-		
BRAC Saajan Exchange Limited	-	-		
BRAC IT Services Limited	-	-		
	<u>516,373,535</u>	<u>516,373,535</u>		
22 Surplus in Profit and Loss Account/ Retained Earnings				
	On-Shore	Off-shore	Total	
Balance at the beginning of the year	3,334,045,877	559,706,460	3,893,752,337	2,876,737,432
Less: Dividend equalization fund	355,218,455	-	355,218,455	-
Less: Cash Dividend	1,776,092,275	-	1,776,092,275	1,418,574,642
Add: Retained Surplus for the year	4,103,403,102	357,497,564	4,460,432,666	2,435,589,547
	<u>5,306,138,249</u>	<u>917,204,024</u>	<u>6,222,874,273</u>	<u>3,893,752,337</u>
22.(a) Consolidated Surplus in Profit and Loss Account/ Retained Earnings				
BRAC Bank Limited			6,222,874,273	3,693,752,337
Less: Impairment of Goodwill			(120,187,124)	(90,140,343)
Add: Pre-Acquisition Retained earnings adjustment			79,761,995	79,761,995
Add: Retained Surplus from BRAC EPL Investments Limited (Opening)			(227,003,276)	28,474,789
Add: Adjustment for shareholdings change in BRAC EPL Investments Ltd.			(55,462,276)	-
Add: Retained Surplus from BRAC EPL Investments Limited (During the year)			(851,838,993)	(255,478,065)
Add: Retained Surplus from BRAC EPL Stock Brokerage Limited (Opening)			164,540,487	93,232,111
Add: Retained Surplus from BRAC EPL Stock Brokerage Limited (During the year)			85,352,954	71,308,376
Add: Retained Surplus from bKash Limited (Opening)			41,002,271	(80,154,207)
Add: Retained Surplus from bKash Limited (During the year)			197,136,150	121,156,478
Add: Retained Surplus from BRAC Saajan Limited (Opening)			51,358,517	37,387,802
Add: Retained Surplus from BRAC Saajan Limited (During the year)			2,278,141	15,151,785
Add: Foreign currency Translation gain/ loss			(4,469,482)	3,413,670
Less: Dividend distributed by BRAC Saajan Limited			-	(4,594,739)
Add: Retained Surplus from BRAC IT Services Limited (Opening)			(84,770,325)	(51,274,328)
Add: Retained Surplus from BRAC IT Services Limited (During the year)			24,438,402	(33,495,997)
Add: Share of profit/(loss) of equity in associate company (Opening)			(816,197)	-
Add: Share of profit/(loss) of equity in associate company (During the year)			182,824	(816,197)
			<u>5,524,376,341</u>	<u>3,827,683,467</u>

Particulars		2016 Taka	2015 Taka
23	Minority Interest (Detail in Note - 23.1)		
	BRAC EPL Investments Limited	98,980,443	173,552,983
	BRAC EPL Stock Brokerage Limited	72,915,938	63,432,276
	bKash Limited	1,297,590,337	1,108,185,016
	BRAC Saaan Exchange Limited	33,814,627	34,545,075
	BRAC IT Services Limited	(27,506,970)	(50,987,003)
		<u>1,476,794,375</u>	<u>1,328,728,347</u>
23.1	Calculation of Minority Interest		
	<u>BRAC EPL Investments Limited</u>	<u>BRAC EPL Stock Brokerage Limited</u>	<u>bKash Limited</u>
	Opening balance	173,552,983	63,432,276
	Add: Share of profit	(48,924,043)	9,483,652
	Add: Adjustment for shareholdings change	(25,648,497)	-
	Add: Foreign currency Translation gain/loss	-	-
	Minority Interest as at 31 December 2016	<u>98,980,443</u>	<u>72,915,938</u>
		<u>1,297,590,337</u>	<u>33,814,627</u>
			<u>(27,506,970)</u>
24	Contingent Liabilities		
	Acceptances and endorsements	20,015,403,528	12,967,621,606
	Import Letter of Credits - Sight	11,591,685,474	9,493,957,028
	Import Letter of Credits - Usance	6,344,447,700	8,314,887,899
	Import Letter of Credits - Back to Back	2,672,911,363	2,384,660,141
	Total Letter of Credits and Acceptances and endorsements:	(Note 24.2) 40,624,448,065	33,161,126,674
	Guarantees Issued	(Note 24.3) 6,357,188,894	5,765,094,383
	Bills for collection	(Note 24.4) 1,815,432,730	1,810,581,090
	Tax Liability	(Note 24.5) 43,700,000	43,700,000
	Contingent Assets - FX deals	4,928,744,717	7,175,468,134
	Forward contract	3,436,938,282	1,993,599,324
	Stock of Travelers Cheques (TC)	4,165,875	4,152,915
		<u>57,210,618,563</u>	<u>49,953,722,520</u>
24.1	Significant concentration wise grouping		
	i) Documentary credits and short term trade related transactions	48,797,089,689	40,736,802,147
	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	-	-
	v) Other exchange contracts	8,369,848,874	9,173,220,373
	vi) Others	43,700,000	43,700,000
		<u>57,210,618,563</u>	<u>49,953,722,520</u>
24.2	Irrevocable Letter of Credit Including Acceptances and endorsements		
	Letter of Credit (Inland)	83,092,137	122,870,363
	Letter of Credit (General)	30,048,704,641	22,854,193,985
	Back to Back L/C	2,672,911,364	2,384,660,141
	Back to Back Bills	3,918,354,546	4,118,849,941
	Back to Back Bills (EDF)	3,901,385,377	3,680,552,243
		<u>40,624,448,065</u>	<u>33,161,126,673</u>
	Less: Margin	754,706,528	597,925,676
		<u>39,869,741,537</u>	<u>32,563,200,997</u>
24.3	Letter of Guarantee		
	Letter of Guarantee (Local)	5,196,429,125	5,627,174,341
	Letter of Guarantee (Foreign)	708,925,585	137,920,042
	Foreign counter Guarantee	453,834,164	-
		<u>6,357,188,894</u>	<u>5,765,094,383</u>
	Less: Margin	189,995,435	100,995,055
		<u>6,167,193,459</u>	<u>5,664,099,328</u>
	Balance for which the Bank is contingently liable in respect of guarantee issued favoring:		
	Directors	-	-
	Government	1,760,745,327	2,110,734,256
	Bank and other financial institution	186,093,031	177,231,458
	Others	4,410,350,536	3,477,129,669
		<u>6,357,188,894</u>	<u>5,765,094,383</u>
	Less: Margin	189,995,435	100,995,055
		<u>6,167,193,459</u>	<u>5,664,099,328</u>
24.4	Bills for collection		
	Outward local bills for collection	1,115,002,722	1,513,429,660
	Outward foreign bills for collection	700,430,008	297,151,430
	Inward local bills for collection	-	-
	Inward foreign bills for collection	-	-
		<u>1,815,432,730</u>	<u>1,810,581,090</u>
24.5	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.		
24.6	Suit filed by the Bank		
	No law suit filed by the bank against contingent liabilities.		
24.(a)	Consolidated Contingent liabilities		
	BRAC Bank Limited	57,210,618,563	49,953,722,520
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saaan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		<u>57,210,618,563</u>	<u>49,953,722,520</u>

Particulars		2016 Taka	2015 Taka
Section -Three: Notes to Profit and loss Account			
25	Income statement		
	Income:		
	Interest, discount and similar income (Note-25.1)	20,542,798,655	19,487,141,645
	Dividend income (Note-28)	56,856,237	69,355,506
	Fees, commission and brokerage (Note-25.2)	1,890,882,664	2,065,389,961
	Gains less losses arising from investment securities	25,278,925	(4,492,413)
	Gains less losses arising from dealing from foreign currencies (Note-29)	647,007,072	849,437,054
	Gain less losses arising from REPO	217,176,635	197,522,851
	Income from non-banking assets	1,340,912,019	1,042,313,532
	Other operating income (Note-30)	24,720,912,207	23,706,668,036
	Expenses:		
	Interest, fees and commission (Note-27)	7,548,050,861	8,806,035,500
	Gain/ (Loss) arising from dealing securities	(56,286,445)	(185,951,788)
	Administrative expenses (Note-25.3)	5,460,671,797	4,879,324,928
	Other operating expenses (Note-40)	1,879,618,403	1,804,809,882
	Depreciation on banking assets (Note-39)	622,090,736	601,855,006
	Impairment Loss	-	2,046,717
	Operating Profit	15,454,146,352	15,908,120,247
		9,266,766,855	7,798,647,789
25.1	Interest, discount and similar income		
	Interest on loans and advances	17,191,758,603	15,411,226,659
	Interest on money at call and short notice	1,300,484	10,543,972
	Interest on balance with other banks	8,882,949	10,315,709
	Interest on treasury bills and bonds	1,761,107,053	1,658,494,190
	Interest on fixed deposits with other banks	1,152,861,459	2,047,798,838
	Interest Income on reverse REPO	13,603,589	12,759,564
	Interest on other bond	345,207,564	286,501,282
	Interest on commercial paper	67,876,954	49,499,331
		20,542,798,655	19,487,141,645
25.2	Fees, commission and brokerage		
	Fees	1,549,052,797	1,716,607,008
	Commission	341,829,867	348,782,953
		1,890,882,664	2,065,389,961
25.3	Administrative expenses		
	Salaries and allowances	3,507,163,911	2,961,642,461
	Rent, taxes, insurance, electricity etc.	1,148,406,728	957,364,997
	Legal expenses	60,611,079	75,358,034
	Postage, stamps, telecommunication etc.	241,582,356	262,499,755
	Stationery, printing, advertisement etc.	202,780,149	312,208,500
	Chief Executive's salary and fees	13,309,000	14,260,584
	Directors' fees and expenses	1,335,600	681,700
	Auditors' fee	1,224,753	955,000
	Repairs and maintenance of fixed assets	284,258,221	294,353,897
		5,460,671,797	4,879,324,928
26	Interest Income		
	Interest on loans and advances -		
	Retail	3,122,251,349	2,268,496,452
	Corporate	4,112,267,544	5,079,255,559
	SME	8,017,108,964	7,310,906,205
	Lease Finance	109,432,191	188,435,062
	Credit Cards	560,371,995	541,739,891
	Staff	26,338,476	22,395,490
		15,947,770,519	15,411,226,659
	Interest on money at call and short notice	1,300,484	10,543,972
	Interest on balance with other banks	8,882,949	10,315,709
	Interest on fixed deposits with other banks	1,152,861,459	2,047,798,838
		17,110,815,411	17,479,887,178
	Less: Interest Income from OBU	512,469,031	97,364,596
	Less: Interest Income from BBL	-	9,630,510
		17,842,334,464	17,372,892,072
26.(a)	Consolidated Interest Income		
	BRAC Bank Limited	17,842,334,464	17,372,892,072
	BRAC EPL Investments Limited	48,633,373	324,161,399
	BRAC EPL Stock Brokerage Limited	43,825,936	54,995,375
	bKash Limited	1,123,864,591	896,509,972
	BRAC Saajan Exchange Limited	2,007,174	2,594,160
	BRAC IT Services Limited	-	-
	Less: Inter company transactions	750,273,452	950,865,351
		18,310,392,086	17,700,287,627

Particulars		2016 Taka	2015 Taka
27	Interest Paid on Deposits and Borrowing etc.		
A. Interest paid on deposits:			
Current account	On-Shore 644,408,956	Off-shore -	Total 644,408,956
Short term deposit	165,190,922	3,775,657	168,966,579
Savings deposit	677,366,045	-	677,366,045
Term deposit	4,212,818,981	20,067,874	4,232,886,855
	5,699,784,904	23,843,531	5,723,628,435
B. Interest paid for borrowings:			
Interest on money at call and short notice	136,429,824	143,938	136,573,762
Interest on borrowings from banks & FIs	269,807,014	895,816,663	1,166,623,677
Bangladesh Bank-refinance	40,905,371	-	40,905,371
Interest on Repurchase agreement (REPO)	102,848,427	-	102,848,427
Interest on BBL Bond	377,471,189	-	377,471,189
	927,461,825	896,960,601	1,824,422,426
	6,627,246,729	920,804,132	7,548,050,861
Less: Interest pay to OBU			512,469,031
Less: Interest pay to BBL			97,364,596
			7,035,581,830
27.(a)	Consolidated Interest Paid on Deposits and Borrowing etc.		
BRAC Bank Limited		7,035,581,830	8,699,040,394
BRAC EPL Investments Limited		234,259,890	447,442,970
BRAC EPL Stock Brokerage Limited		4,464,142	867,105
bKash Limited		65,457,042	-
BRAC Saajan Exchange Limited		-	-
BRAC IT Services Limited		-	-
Less: Inter company transactions		750,273,452	950,865,351
		6,589,489,452	8,196,485,118
28	Investment Income		
Interest on treasury bills and bonds	On-Shore 1,761,107,053	Off-shore -	Total 1,761,107,053
Gain on dealing of securities - HFT Instruments	56,286,445	-	56,286,445
Interest Income on reverse REPO	13,803,589	-	13,803,589
Gain on REPO & reverse REPO	217,176,635	-	217,176,635
Dividend on preference shares	8,036,729	-	8,036,729
Dividend from subsidiary	-	-	-
Interest on other bond	345,207,564	-	345,207,564
Interest on commercial paper	67,222,222	654,732	67,876,954
Gain on trading shares-MF (Realized)	25,278,925	-	25,278,925
Dividend on ordinary shares	48,819,508	-	48,819,508
Impairment Loss in associate company	-	-	-
	2,542,938,670	654,732	2,543,593,402
28.(a)	Consolidated Investment Income		
BRAC Bank Limited		2,543,593,402	2,453,545,382
BRAC EPL Investments Limited		13,617,456	(10,502,145)
BRAC EPL Stock Brokerage Limited		47,023,651	53,873,668
bKash Limited		-	-
BRAC Saajan Exchange Limited		-	-
BRAC IT Services Limited		-	-
Share of profit/(loss) of equity in associate company		182,824	(818,197)
		2,604,417,333	2,496,098,708
29	Commission, Exchange and Brokerage		
Commission from sale of sanchaya patra	On-Shore 19,205,095	Off-shore -	Total 19,205,095
Commission from issue of payment orders, DD and TT	16,927,682	-	16,927,682
Commission from issue of letter of guarantee	26,553,034	-	26,553,034
Commission from issue of letters of credit (Import and Export)	263,794,900	12,641,738	276,436,638
Commission on visa processing	-	-	-
Commission on Travellers Cheques	1,291	-	1,291
Other commission	2,706,127	-	2,706,127
Gain or (Loss) on Foreign currency dealings	647,007,072	-	647,007,072
Loan processing fees	350,517,320	-	350,517,320
Account activity fees	314,857,785	-	314,857,785
Import and export related fees	89,222,845	16,622,908	105,845,753
Fees and Commission-Cards	371,665,358	-	371,665,358
Relationship Fees	7,384,712	-	7,384,712
Loan Early Settlement Fees	80,849,492	-	80,849,492
Service Charges for ATM Card	225,538,297	-	225,538,297
Fund Collection/ Transfer Fees	162,090	-	162,090
Student Service Center Fees	2,201,000	-	2,201,000
Cancellation fees	92,800	-	92,800
Cheque collection fees	271,549	-	271,549
Trade Finance Charges	2,247,264	-	2,247,264
Custodian fees	11,084,163	-	11,084,163
Other fees (Note : 29.1)	68,949,582	7,385,632	76,335,214
	2,501,239,458	36,650,278	2,537,889,736

Particulars			2016 Taka Total	2015 Taka
29.1	Other fees	On-Shore Off-shore		
	Passport Endorsement Fees	1,432,552	-	1,432,552
	Locker fees	5,725,940	-	5,725,940
	Service fees - ATM	744,725	-	744,725
	Service fees - BIT	1,233,224	-	1,233,224
	Service fees - bKash	29,657,980	-	29,657,980
	IOM Service Fees	438,294	-	438,294
	Annual Membership Fees-Premium Banking	100,300	-	100,300
	Membership Fees-ELDORADO	1,777,804	-	1,777,804
	Annual Fees-SMS Banking	24,009,417	-	24,009,417
	Annual Fees-Internet Banking	3,703,550	-	3,703,550
	Syndication Fees	-	7,385,632	7,385,632
	Valuation fees	3,335	-	3,335
	Omnibus settlement fees	122,461	-	122,461
		<u>68,849,582</u>	<u>7,385,632</u>	<u>76,335,214</u>
				<u>138,369,728</u>
29.(a)	Consolidated Commission, Exchange and Brokerage			
	BRAC Bank Limited		2,537,889,736	2,914,827,015
	BRAC EPL Investments Limited		45,330,121	99,483,400
	BRAC EPL Stock Brokerage Limited		401,041,298	338,788,384
	bKash Limited*		2,322,831,675	1,575,861,080
	BRAC Saajan Exchange Limited		283,694,599	261,018,220
	BRAC IT Services Limited		-	-
	Less: Inter company transactions		<u>53,993,811</u>	<u>15,847,883</u>
			<u>5,536,793,618</u>	<u>5,174,130,216</u>
	* Commission income of bKash Limited			
	Commission net off VAT		12,088,678,108	8,586,537,349
	Less: Cost of service		<u>9,785,846,433</u>	<u>7,010,676,269</u>
	Net commission income		<u>2,322,831,675</u>	<u>1,575,861,080</u>
30	Other operating income	On-Shore Off-shore Total		
	Recovery of written off bad debts	1,217,678,634	-	1,217,678,634
	Profit on sale of fixed assets	3,946,669	-	3,946,669
	Profit share from other bank	38,326,569	-	38,326,569
	Loan penal interest	13,871,991	-	13,871,991
	Miscellaneous income	63,942,231	3,145,925	67,088,156
		<u>1,337,766,094</u>	<u>3,145,925</u>	<u>1,340,912,019</u>
				<u>1,042,313,532</u>
30.(a)	Consolidated Other operating income			
	BRAC Bank Limited		1,340,912,019	1,042,313,532
	BRAC EPL Investments Limited		2,403,156	4,129,147
	BRAC EPL Stock Brokerage Limited		-	-
	bKash Limited		55,386,622	119,251,044
	BRAC Saajan Exchange Limited		8,692,667	10,746,717
	BRAC IT Services Limited		280,959,930	202,269,349
	Less: Inter company transactions		<u>113,927,235</u>	<u>114,832,535</u>
			<u>1,574,427,159</u>	<u>1,263,877,254</u>
31	Consolidated Salaries and allowances			
	BRAC Bank Limited		3,507,163,911	2,961,642,461
	BRAC EPL Investments Limited		43,004,993	60,412,234
	BRAC EPL Stock Brokerage Limited		116,706,605	113,263,444
	bKash Limited		867,339,441	644,689,174
	BRAC Saajan Exchange Limited		47,379,550	59,253,891
	BRAC IT Services Limited		137,743,870	166,378,611
			<u>4,719,338,370</u>	<u>4,005,639,815</u>
32	Rent, Taxes, Insurance, Electricity etc.	On-Shore Off-shore Total		
	Rent, rates and taxes	848,277,627	1,811,484	850,089,111
	Insurance	99,524,489	53,224	99,577,713
	Power and electricity	184,525,448	305,974	184,832,422
	WASA and sewerage	13,891,134	16,348	13,907,482
		<u>1,146,218,698</u>	<u>2,188,030</u>	<u>1,148,406,728</u>
				<u>724,029,476</u>
32.(a)	Consolidated Rent, Taxes, Insurance, Electricity etc.			
	BRAC Bank Limited		1,148,406,728	957,364,997
	BRAC EPL Investments Limited		20,901,805	27,497,502
	BRAC EPL Stock Brokerage Limited		26,883,334	26,339,551
	bKash Limited		30,121,518	10,585,098
	BRAC Saajan Exchange Limited		15,215,677	16,221,787
	BRAC IT Services Limited		14,003,086	17,988,738
			<u>1,255,532,148</u>	<u>1,055,997,673</u>

Particulars		2016 Taka	2015 Taka		
33	Consolidated Legal expenses				
	BRAC Bank Limited	60,611,079	75,358,034		
	BRAC EPL Investments Limited	1,744,200	2,813,883		
	BRAC EPL Stock Brokerage Limited	440,501	-		
	bKash Limited	355,760	14,147,882		
	BRAC Saajan Exchange Limited	735,579	3,216,612		
	BRAC IT Services Limited	-	-		
		<u>63,887,119</u>	<u>95,536,411</u>		
34	Postage, Stamp, Telecommunication etc.				
		On-Shore	Off-shore	Total	
	Postage and courier	41,321,601	344	41,321,945	25,037,127
	Telegram, telex, fax and network	89,971,045	1,421	89,972,466	84,028,192
	Court fees and stamps	48,998,635	-	48,998,635	71,141,971
	Telephone	61,117,470	171,840	61,289,310	82,292,465
		<u>241,408,751</u>	<u>173,605</u>	<u>241,582,356</u>	<u>262,499,755</u>
34.(a)	Consolidated Postage, Stamp, Telecommunication etc.				
	BRAC Bank Limited			241,582,356	262,499,755
	BRAC EPL Investments Limited			-	-
	BRAC EPL Stock Brokerage Limited			2,602,348	2,664,858
	bKash Limited			32,650,603	18,975,718
	BRAC Saajan Exchange Limited			4,536,880	5,875,558
	BRAC IT Services Limited			7,629,487	12,568,674
				<u>289,001,674</u>	<u>302,584,563</u>
35	Stationery, Printing, Advertisement etc.				
		On-Shore	Off-shore	Total	
	Stationery and Printing	116,723,224	1,034,392	117,757,616	133,735,602
	Security Stationery	14,535,199	78,505	14,613,704	55,346,402
	Advertisement	70,408,829	-	70,408,829	123,126,486
		<u>201,667,252</u>	<u>1,112,897</u>	<u>202,780,149</u>	<u>312,208,500</u>
35.(a)	Consolidated Stationery, Printing, Advertisement etc.				
	BRAC Bank Limited			202,780,149	312,208,500
	BRAC EPL Investments Limited			593,068	1,316,387
	BRAC EPL Stock Brokerage Limited			7,980,277	8,461,917
	bKash Limited			914,520,229	557,965,702
	BRAC Saajan Exchange Limited			1,566,905	5,416,227
	BRAC IT Services Limited			732,419	1,775,912
				<u>1,128,173,047</u>	<u>887,144,645</u>
36	Chief Executive's salary and fees				
	Basic salary			9,288,000	10,029,750
	Bonus and others (Note-36.1)			3,709,000	4,017,250
	House rent allowance			300,000	184,167
	Medical/ other allowance			12,000	29,417
				<u>13,309,000</u>	<u>14,260,584</u>
36.1	Bonus and others				
	Festival Bonus			1,548,000	1,767,000
	Performance Bonus			1,000,000	1,000,000
	Leave Fair Assistance			1,161,000	1,250,250
				<u>3,709,000</u>	<u>4,017,250</u>
37	Directors' Fees and Expenses				
	Director's fees represent fees paid for attending board meeting, board audit committee meeting @ Tk. 7,200 (After deducting Tax & VAT) from January to December 2016 per director per meeting.				
	Breakup of Directors fees and expenses are given below:				
	Directors Fees			972,000	557,400
	Others			363,600	124,300
				<u>1,335,600</u>	<u>681,700</u>
37.(a)	Consolidated Director's Fees and Expenses				
	BRAC Bank Limited			1,335,600	681,700
	BRAC EPL Investments Limited			-	-
	BRAC EPL Stock Brokerage Limited			480,000	435,000
	bKash Limited			994,705	860,539
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			225,000	238,000
				<u>3,035,305</u>	<u>2,215,239</u>
38	Auditors' Fee				
				1,224,753	955,000
				<u>1,224,753</u>	<u>955,000</u>
	Yearly auditors' fee is BDT 915,000 (excluding VAT) and out of pocket expenses are BDT 150,000.				

A. QASEM & Co.

Chartered Accountants Since 1953

Particulars	2016 Taka	2015 Taka
38.(a) Consolidated Auditors' fee		
BRAC Bank Limited	1,224,753	955,000
BRAC EPL Investments Limited	368,000	253,000
BRAC EPL Stock Brokerage Limited	173,938	170,903
bKash Limited	1,191,000	655,500
BRAC Saajan Exchange Limited	3,354,275	3,071,164
BRAC IT Services Limited	498,750	100,000
	<u>6,810,716</u>	<u>5,205,567</u>
39 Depreciation and repairs to bank's assets		
Depreciation of Property plant and equipment		
Furniture and fixtures	169,135,468	156,590,776
Leasehold building	100,858	96,151
Office equipment	124,906,189	123,193,939
IT hardware	234,016,167	218,097,469
Motor vehicles	9,553,683	10,141,188
Amortization of Intangible assets		
IT software	83,083,950	93,735,485
	<u>620,796,315</u>	<u>601,855,008</u>
Repairs and Maintenance expenses		
Transportation cost	160,561,054	126,136,992
Equipment repairing	37,058,257	38,670,661
Hardware and Software Maintenance	42,361,263	96,597,565
Premises Maintenance	41,609,634	32,948,679
	<u>281,590,208</u>	<u>294,353,897</u>
	<u>902,386,523</u>	<u>896,208,905</u>
39.(a) Consolidated Depreciation on and repairs to bank's assets		
BRAC Bank Limited	906,348,957	896,208,905
BRAC EPL Investments Limited	5,970,222	10,437,075
BRAC EPL Stock Brokerage Limited	27,282,006	29,011,013
bKash Limited	528,446,636	278,053,104
BRAC Saajan Exchange Limited	3,103,672	2,462,461
BRAC IT Services Limited	45,415,807	43,310,626
	<u>1,516,567,300</u>	<u>1,259,483,184</u>
40 Other Expenses		
Conveyance expense	104,935,968	86,350,456
Fuel expenses	19,356,209	96,178,863
Traveling cost	70,658,714	71,394,169
Professional fees	40,463,799	54,120,947
Entertainment	71,057,668	71,118,193
SWIFT cost	4,699,752	6,390,098
Business promotion and development	27,336,435	77,796,491
Books, news papers and periodicals	1,319,440	871,280
Donation and subscription	82,706,360	54,111,313
Government Levy, VAT and excise duty	50,001,110	70,975,336
Fraud forgeries and other operational loss	13,312,955	76,574,803
Staff training and development	62,762,158	52,068,796
Staff liveries	1,832,093	2,037,374
Staff recruitment	3,445,465	3,465,264
Salaries and allowance -outsourcing staff	177,482,782	122,788,130
Staff sales incentives	348,504,107	199,473,586
Bank charges	21,465,761	30,761,024
Crockerles	1,566,421	1,295,794
IPO expenses	87,805	1,650,000
Documentation Charges - CIB	13,129,040	6,908,521
IT enabled services	287,150,688	355,513,149
AGM expenses	3,100,000	7,200,000
Bond issue expenses	3,254,209	4,760,081
Security guard cost	273,519,181	179,011,606
Commission paid- Vendor	9,918,409	6,972,660
Cash carrying charges	103,153,989	51,306,295
Spare parts expense	42,829,918	27,945,258
Corporate social responsibility	26,739,671	60,697,000
Archiving expense	4,905,922	16,755,547
Miscellaneous	4,690,344	8,317,847
	<u>1,875,386,373</u>	<u>1,804,809,882</u>
40.(a) Consolidated Other Expenses		
BRAC Bank Limited	1,879,618,403	1,804,809,882
BRAC EPL Investments Limited	18,509,369	38,949,595
BRAC EPL Stock Brokerage Limited	152,229,684	118,665,925
bKash Limited	439,913,135	685,690,491
BRAC Saajan Exchange Limited	210,215,273	146,429,456
BRAC IT Services Limited	26,793,074	25,587,210
Less: Inter company transactions	167,921,046	124,990,970
	<u>2,559,357,892</u>	<u>2,695,141,589</u>

Particulars		2016 Taka	2015 Taka	
41	Provisions			
	On-Shore	Off-shore	Total	
For Loans and Advances:				
For classified loans and advances	1,744,238,631	(10,694,434)	1,733,544,197	2,749,110,611
For unclassified loans and advances	574,815,690	(12,374,552)	562,441,138	318,344,953
	2,319,054,321	(23,068,986)	2,295,985,335	3,067,455,564
For off Balance Sheet items	62,500,000	-	62,500,000	69,673,337
For diminution in value of Investments	(240,000,000)	-	(240,000,000)	40,000,000
	2,141,554,321	(23,068,986)	2,118,485,335	3,177,128,901
41.(a)	Consolidated Provisions			
BRAC Bank Limited			2,118,485,335	3,177,128,901
BRAC EPL Investments Limited			683,794,070	142,198,602
BRAC EPL Stock Brokerage Limited			-	-
bKash Limited			-	-
BRAC Saajan Exchange Limited			-	-
BRAC IT Services Limited			-	-
			2,802,279,405	3,319,327,503
42	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. 2,629,520,979 (2015: 2,250,022,595) 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 year net amount of Tk. 58,327,875 (2015 : 64,193,254) has been provided as deferred tax expense.				
The charge for taxation is based upon the profit for the year comprises:				
Current tax on taxable income @ 40%			2,629,520,979	2,250,022,595
Adjustment - prior year			-	-
			2,629,520,979	2,250,022,595
Deferred tax expense/ (income) (Net)			58,327,875	(64,193,254)
Total provision for Tax			2,687,848,854	2,185,829,341
42.(a)	Consolidated Provision for Income Tax			
Current Tax:			2,629,520,979	2,250,022,595
BRAC Bank Limited			1,164,061	19,473,387
BRAC EPL Investments Limited			57,811,435	68,546,182
BRAC EPL Stock Brokerage Limited			267,452,053	43,230,936
bKash Limited			5,249,107	6,520,114
BRAC Saajan Exchange Limited			-	-
BRAC IT Services Limited			-	-
			2,961,197,635	2,387,793,214
Deferred Tax:			58,327,875	(64,193,254)
BRAC Bank Limited			437,465	2,632,515
BRAC EPL Investments Limited			-	-
BRAC EPL Stock Brokerage Limited			-	-
bKash Limited			(32,900,703)	99,206,232
BRAC Saajan Exchange Limited			-	-
BRAC IT Services Limited			-	-
			25,864,637	37,645,493
			2,987,062,272	2,425,438,707
43	Earnings Per Share			
Profit after taxation			4,460,432,666	2,435,589,547
Less: Preference dividend			-	-
Profit attributable for distribution to ordinary shareholders			4,460,432,666	2,435,589,547
Weighted average number of shares outstanding			710,358,171	709,287,321
Earnings Per Share (EPS)			6.28	3.43
Earnings Per Share (EPS) has been calculated as per BAS-33 "Earnings Per Share".				
43.(a)	Consolidated Earnings Per Share			
Profit after taxation			4,052,139,715	2,339,886,426
Less: Preference dividend			-	-
Profit attributable to Minority			174,204,353	78,938,622
Profit attributable for distribution to ordinary shareholders of parent			3,887,935,362	2,260,947,804
Weighted average number of shares outstanding			710,358,171	709,287,321
Earnings Per Share (EPS)			5.47	3.19

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.

Particulars	2016 Taka	2015 Taka			
Section - Four : Notes to Cash Flow Statement					
44 Cash and Cash Equivalents					
Cash in hand (including foreign currency)	5,404,296,928	5,613,959,872			
Balance with Bangladesh Bank and its agents banks (including foreign currency)	10,416,488,307	10,592,881,511			
Balance with other banks and financial institutions	15,365,993,079	22,319,441,398			
Money at call and on short notice	-	-			
Prize Bond	1,806,200	1,776,000			
	<u>31,189,584,514</u>	<u>38,528,058,781</u>			
44.(a) Consolidated Cash and Cash Equivalents					
BRAC Bank Limited	31,189,584,514	38,528,058,781			
BRAC EPL Investments Limited	187,455,271	60,062,868			
BRAC EPL Stock Brokerage Limited	605,222,785	803,717,503			
bKash Limited	19,426,151,090	12,948,010,236			
BRAC Saajan Exchange Limited	185,020,609	304,055,180			
BRAC IT Services Limited	52,682,974	9,455,641			
Less: Inter company transactions	<u>4,669,408,334</u>	<u>11,633,659,806</u>			
	<u>46,977,708,909</u>	<u>41,019,700,403</u>			
45 Receipts from other operating activities					
Loan Penal Interest	13,871,991	25,016,462			
Miscellaneous Income	67,088,156	23,332,658			
Gain on trading shares	25,278,925	(4,492,413)			
Profit share from other banks	<u>38,326,569</u>	<u>27,962,761</u>			
	<u>144,565,641</u>	<u>71,819,468</u>			
45.(a) Consolidated Receipts from other operating activities					
BRAC Bank Limited	144,565,641	71,819,468			
BRAC EPL Investments Limited	3,774,408	(19,263,432)			
BRAC EPL Stock Brokerage Limited	85,309,918	69,268,785			
bKash Limited	126,710,201	139,599,895			
BRAC Saajan Exchange Limited	10,018,621	13,048,649			
BRAC IT Services Limited	<u>196,228,942</u>	<u>242,276,841</u>			
	<u>566,607,731</u>	<u>516,750,206</u>			
46 Payment for other operating activities					
Rent, taxes, insurance, electricity etc.	1,142,350,325	929,974,454			
Audit fees	955,000	1,907,500			
Directors fees and expenses	1,335,600	681,700			
Repair and maintenance	371,149,299	199,033,554			
Other expenses	2,287,553,790	1,668,684,008			
Legal expenses	<u>109,298,651</u>	<u>71,377,294</u>			
	<u>3,912,642,665</u>	<u>2,871,658,510</u>			
46.(a) Consolidated Payment for other operating activities					
BRAC Bank Limited	3,912,642,665	2,871,658,510			
BRAC EPL Investments Limited	1,036,753	17,558,922			
BRAC EPL Stock Brokerage Limited	193,378,392	143,133,565			
bKash Limited	2,894,242	-			
BRAC Saajan Exchange Limited	241,310,489	101,568,210			
BRAC IT Services Limited	-	-			
	<u>4,351,262,541</u>	<u>3,133,919,207</u>			
47 Segment Reporting					
	For the year 2016				
	SME	Retail	Corporate	Treasury	Total
Interest income	8,019,728,555	3,707,611,835	4,630,812,846	1,484,181,228	17,842,334,464
Interest expense	737,875,522	3,138,263,257	1,847,489,655	-	5,723,628,435
Borrowing cost	-	-	-	1,311,953,395	1,311,953,395
Inter segment income /(expenses)	(2,399,569,822)	3,844,038,325	(427,975,977)	(1,016,492,526)	-
Net interest income	4,882,283,211	4,413,386,902	2,355,347,214	(844,264,692)	10,806,752,634
Investment income	-	-	2,723,210	2,540,870,192	2,543,593,402
Foreign exchange gain/(loss)	53,809,132	25,938,890	283,603,237	283,655,813	647,007,072
Commission, fees and others	424,691,854	1,070,887,344	472,078,675	46,458,177	2,014,116,049
Write off recovery	1,107,298,514	108,039,934	2,340,186	-	1,217,678,634
Total Segment Revenue	6,468,082,712	5,618,253,069	3,116,092,521	2,026,719,490	17,229,147,791
Staff costs	1,917,398,401	1,335,314,693	205,390,884	62,368,932	3,520,472,911
Other operating costs	1,403,430,166	2,614,140,380	381,683,751	42,653,728	4,441,908,025
Total segment expenditure	3,320,828,567	3,949,455,073	587,074,635	105,022,660	7,962,380,936
Reportable segment operating profit	3,147,254,144	1,668,797,996	2,529,017,886	1,921,696,829	9,266,766,855

Particulars	2016 Taka	2015 Taka
	For the year 2015	
	SME	Retail
Interest income	7,463,412,131	2,822,129,870
Interest expense	850,763,296	3,712,613,098
Borrowing cost	-	-
Inter segment income /(expenses)	(2,963,346,755)	5,046,011,596
Net interest income	3,649,302,081	4,155,528,367
Investment income	-	-
Foreign exchange gain/(loss)	47,527,229	89,075,891
Commission, fees and others	668,794,849	959,898,929
Write off recovery	880,172,341	73,821,933
Total segment revenue	5,245,796,499	5,278,325,119
Staff costs	1,711,845,860	1,277,178,705
Other operating costs	1,451,371,507	2,053,331,298
Total segment expenditure	3,163,217,367	3,330,510,002
Reportable segment operating profit	2,082,579,132	1,947,815,117

Section -Five : General Disclosures

48 General Disclosure

48.1 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 65th Audit Committee Meeting held on February 23, 2016 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	PhD (Manchester Business School), UK, MBA, (Graduate School of Business, Indiana University), USA
02	Mr. Shib Narayan Kairi	Director	Member	M.Com (Accounting)
03	Mr. Kazi Mahmood Sattar	Director	Member	M.Com (Accounting), B. Com (Honours) Finance

During the year ended 31 December 2016, the Audit Committee of the Board conducted 06 (Six) meeting in which among others, the following issues were discussed:

Facts Discussed

- Discussed the audit report of different Head office departments, Branches and SME Sales 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	2016 Taka	2015 Taka
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48.2 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 2016, 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 year
BRAC and its associated organization	Parent Company	Deposits made with us	6,900,652,177
BRAC EPL Investments Limited	Subsidiary	Deposits made with us	27,897,971
BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits made with us	19,005,704
bKash Limited	Subsidiary	Deposits made with us	4,619,185,397
BRAC IT Services Limited (biTS)	Subsidiary	Deposits made with us	66,149,371
BRAC Sajaan Exchange Limited	Subsidiary	Deposits made with us	6,328,241
BRAC Asset Management Company Limited	Associates	Deposits made with us	68,177,678
Industrial and Infrastructure Development Finance Co Limited	Sponsor Shareholder	Deposits made with us	4,082,062
Sajida Foundation	Common board member	Deposits made with us	72,146,727
Sajida Foundation	Common board member	Loans and Advances	500,000,000
BRAC EPL Investments Limited	Subsidiary	Loans and Advances	1,531,285,936
BRAC	Parent Company	Loans and Advances	2,886,764,653
BRAC EPL Stock Brokerage Limited	Subsidiary	Bank Guarantee	500,000,000

ii) Name of Directors and the entities in which they have interest as on 31 December 2016

SI No	Name of Director	Status with The Bank	Name of the firms/companies in which they have Interest	Educational Qualification
01	Sir Fazle Hasan Abed (Nominated Director)	Chairman	BRAC BRAC Industries Limited BRAC Kodala Tea Estate BRAC Kaiyacherra Tea Company Limited BRAC Karnafuli Tea Company Limited BRAC Foundation	FCMA, London
02	Mr. Kazi Mahmood Sattar (Independent Director)	Director	Unique Hotel and Resorts Limited BRAC Sajaan Exchange Limited bKash Limited	M.Com (Accounting B. Com (Honours) Finance
03	Ms. Zahida Ispahani (Independent Director)	Director	Ispahani Islamia Eye Institute and BRAC EPL Stock Brokerage Limited	Graduate
04	Ms. Nihad Kabir (Nominated Director)	Director	Kedarpur Tea Company Limited Shaistaganj CNG Co. Limited Salhgao Tea Estate Limited BRAC EPL Investments Limited BRAC EPL Stock Brokerage Ltd. Pallil Karmasahayak Foundation(PKSF) Apex Footwear Limited Square Pharmaceutical Limited bKash Limited Infrastructure Development Company Limited (IDCOL)	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. Ltd	Ph.D (Manchester Business School), UK, MBA, (Graduate School of Business Indiana University), USA
06	Mr. Kaiser Kabir (Nominated by BRAC)	Director	Renata Limited Renata Agro Industries Limited Purnava Limited Renata Oncology Limited Sajida Foundation	MPhil in Economics, University of Oxford, UK, Postgraduate Diploma in Economics with Distinction, University of East Anglia, UK, Bachelor of Arts in Economics and International Relations, Claremont McKenna College, USA
07	Shib Narayan Kairiy (Nominated Director)	Director	Bangladesh Netting Factory Limited BRAC Services Limited BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. BRAC Environmental Enterprises Limited BRAC Probashbandhu Limited BRAC Karnafuli Tea Co. Limited BRAC Kaiyacherra Tea Co. Limited BRAC Kodala Tea Estate BRAC Industries Limited	Master of Commerce in Accounting University of Dhaka
08	Mr. Selim R.F. Hussain	Managing Director & CEO	IIDFC BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. bKash BRAC IT Services Limited BRAC Sajaan	MBA (IBA)

Particulars	2016 Taka	2015 Taka
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:		Nil
Lending to related parties is effected as per requirement of section 27(1) of the Banking Companies Act, 1991.		349,835
vi) Loan and advances to Directors		Unclassified
Classification Status		
vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Banking Companies Act, 1991.		Nil
viii) Investment in the Securities of Directors and their related concern:		Nil

48.3 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on 31.12.2016.

48.4 Number of Employees

The number of employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of tk. 36,000 or above were 6,355 (2015: 7,700)

48.5 Approval of the financial statements

The financial statements were approved by the board of directors on March 20, 2017.

48.6 Events after the Balance Sheet Date

The Board of Directors in its 216 th Board meeting held on March 20, 2017 has proposed 10% Cash and 20% Stock dividend subject to the approval of the Shareholders at the next Annual General Meeting.

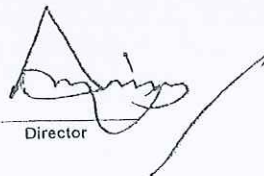
48.7 Coverage of External Audit:

The external auditor of the Bank, M/s A.Qasem & Co., Chartered Accountants worked about in excess of 4,000 person hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

48.8 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 2016 was Tk. 64.10 at Dhaka Stock Exchange (DSE) and Tk. 63.60 at Chittagong Stock


Managing Director and CEO


Director


Director


Chairman

Annexure - A

BRAC Bank Ltd.
Highlights on the overall Activities
As at 31 December 2016

Particulars	Amount in Taka unless otherwise specified	
	2016	2015
Paid-up capital	7,104,369,100	7,092,873,210
Total capital including general provisions	23,095,138,611	20,375,181,821
Capital surplus/(deficit)	4,252,030,847	3,712,965,623
Total assets	248,605,457,497	224,492,412,542
Total deposits	168,859,571,738	150,220,511,482
Total loans & advances	173,612,041,512	147,433,607,286
Total contingent liabilities & commitments	57,210,618,563	49,953,722,520
Income from investments	2,543,593,402	2,453,545,382
Profit after tax & provisions	4,460,432,666	2,435,589,547
Amount of classified loans during the current year	5,910,644,512	8,838,640,714
Provision kept against classified loans	4,865,261,919	6,889,684,512
Provisions surplus/deficit	1,483,315,390	925,550,407
Interest earning assets	232,911,045,076	210,109,124,432
Non-Interest earning assets	15,694,412,421	14,383,288,110
Credit deposit ratio (Loans & Advances/Deposits)*	83.47%	82.24%
Percentage of classified loans against total loans & advances	3.40%	5.99%
Cost of fund	5.32%	6.64%
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	9.20%	6.13%
Return on Assets (ROA) [PAT/Average assets]	1.89%	1.13%
Return on Equity (ROE) [PAT/Average shareholders equity]	22.16%	13.32%
Weighted average earning per share	6.28	3.43
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)]	6.28	3.43
Price earning ratio (Market price per share/EPS)	10.21	14.19
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share]	30.18	26.53

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

BRAC Bank Limited
Statement of outstanding unreconciled entries
As at 31 December 2016

Bangladesh Bank adjustment Account represents outstanding transactions (net) originated but yet to be responded at the Balance Sheet date. However, the status of unresponded entries as at December 31, 2016 is given below.

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	16	1,156,790	12	708,956	92	10,213,491	526	19,609,711
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	-	-	-	-	-	-	-	-
	Total	16	1,156,790	12	708,956	92	10,213,491	526	19,609,711

All unadjusted entries are subsequently adjusted on regular basis.

BRAC BANK LIMITED
Balance with other bank and financial institutions (Outside Bangladesh on Current Accounts)
As at 31 December 2016

Name of Bank	A/C Type	2016			2015		
		FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Standard Chartered Bank-New York, USA	CD	740,726	78.75	58,332,173	112,153.16	78.51	8,804,584
Standard Chartered Bank, United Kingdom	CD	140,150	96.82	13,569,191	434,866	116.37	50,604,488
Standard Chartered Bank, Frankfurt, Germany	CD	15,859	82.49	1,308,314	10,740.20	85.88	922,332
Mashreq Bank, New York, USA	CD	74,130	78.75	5,837,741	14,626.21	78.51	1,148,230
ICICI Bank Limited, Mumbai, India	CD	56,354	78.75	4,437,847	9,833.24	78.51	771,958
Habib Bank Limited, Pakistan	CD	447,557	78.75	35,245,122	4,240.90	78.51	332,932
Union DE Banques Arabs ET Francaises (U.B.A.F) , Japan	CD	-	-	-	5,975,391.00	0.65	3,894,760
Bank of Tokyo Mitsubishi UFJ, Ltd	CD	2,653,739	0.67	1,777,587	-	-	591,103
Zuercher Kantonal Bank, Switzerland	CD	25,970	76.69	1,991,646	7,469.26	79.14	10,188,147
ING Belgium NV/SA, Belgium	CD	705	82.49	58,192	118,637.06	85.88	15,086,835
Unicredito Italiano SPA, Italy	CD	-	-	-	175,680.39	85.88	20,175,582
Commerz Bank AG, Germany (USD)	CD	48,701	78.75	3,835,188	256,997.42	78.51	51,294,581
Commerz Bank AG, Germany (EURO)	CD	66,561	82.49	5,490,896	597,305.68	85.88	3,224,678
United Bank of India, Kolkata, India	CD	16,412	78.75	1,292,421	41,076.09	78.51	2,266,172
Westpack Banking Corporation, Australia	CD	(5,255)	56.80	(298,468)	39,298.30	57.67	161,241,336
JP Morgan Chase Bank, New York, USA	CD	4,166,836	78.75	328,138,337	2,053,898.93	78.51	10,485,128
Sonali Bank Limited, United Kingdom (USD)	CD	263,560	78.75	20,755,350	133,560.00	78.51	8,648
Somali Bank Limited, United Kingdom (GBP)	CD	6,567	96.82	635,821	74.32	116.37	11,925,037
HDFC Bank Limited, India	CD	104,551	78.75	8,233,376	151,901.62	78.51	20,609,644
Deutsche Bank Trust Company Americas	CD	99,215	78.75	7,813,150	262,527	78.51	2,006,916
AB Bank Limited, Mumbai, India	CD	25,564	78.75	2,013,165	25,564	78.51	231,301
HypoVereinsbank, Germany	CD	-	-	-	2,693	85.88	375,814,392
Total				500,467,049			

A member firm of Ernst & Young Global Limited

EY refers to the global organization, and/or one or more of the independent member firms of Ernst & Young Global Limited

Annexure - D

BRAC BANK LIMITED
Investment in Shares
As at 31 December 2016

Sl. no	Name of the company	Face value	No. of shares	Cost of holding	Average cost.	Quoted rate per share as on 31/Dec/16	Total market value at 31/Dec/16
Quoted							
Ordinary shares							
1	Active Fine Chemicals Limited	10.00	1,690,000	74,722,544	44.21	43.30	73,177,000
2	Bata Shoe Company (Bangladesh) Limited	10.00	10,000	13,188,652	1,318.87	1,142.00	11,420,000
3	British American Tobacco Bangladesh Company Limited	10.00	20,000	49,991,685	2,499.58	2,463.00	49,690,000
4	City Bank Ltd.	10.00	2,000,000	50,182,343	25.09	27.20	54,400,000
5	Eastern Bank Ltd.	10.00	1,030,000	29,928,257	29.06	29.00	29,870,000
6	Envoy Textiles Limited	10.00	463,500	19,942,248	43.03	38.80	17,963,800
7	GlaxoSmithKline(GSK) Bangladesh Ltd.	10.00	5,043	8,998,542	1,784.36	1,532.90	7,730,415
8	Grameenphone Ltd.	10.00	689,000	185,554,856	269.31	284.10	195,744,900
9	IDLC Finance Ltd.	10.00	150,000	9,156,566	61.04	57.00	8,550,000
10	Linde Bangladesh Limited	10.00	9,000	12,399,543	1,377.73	1,296.00	11,664,000
11	Matin Spinning Mills Ltd.	10.00	1,150,000	49,699,005	43.22	40.20	46,230,000
12	MJL Bangladesh Limited	10.00	200,000	24,296,737	121.48	119.60	23,920,000
13	Olympic Industries Ltd.	10.00	307,317	89,650,480	291.72	307.90	94,622,904
14	Square Textile Ltd.	10.00	653,933	45,512,846	69.60	69.20	45,252,164
15	Square Pharmaceuticals Ltd.	10.00	826,030	190,443,266	230.55	249.10	205,764,073
16	Trust Bank Limited	10.00	1,250,000	29,295,770	23.44	23.80	29,750,000
17	Asian Tiger Sandhani Life Growth Fund	10.00	2,000,000	21,200,000	10.60	10.60	21,200,000
18	EBL NRB Mutual Fund	10.00	500,000	3,768,451	7.54	6.90	3,450,000
19	EXIM Bank 1st Mutual Fund	10.00	1,800,000	14,578,092	8.10	7.90	14,220,000
20	First Bangladesh Fixed Income Fund	10.00	20,133,492	147,963,977	7.35	6.00	120,800,952
21	LR Global Bangladesh Mutual Fund One	10.00	29,138,090	279,379,206	9.59	7.10	206,880,439
22	MBL 1st Mutual Fund	10.00	1,149,440	8,047,898	7.00	7.20	8,275,968
23	NCCBL Mutual Fund-1	10.00	1,149,809	8,099,525	7.04	7.30	8,393,606
24	Southeast Bank 1st Mutual Fund	10.00	3,953,932	47,195,908	11.94	12.20	48,237,970
				<u>1,413,196,396</u>			<u>1,337,198,191</u>
Unquoted							
1	Industrial and Infrastructure Development Finance Co. Limited	10.00	7,329,110	29,683,820			
2	Central Depository Bangladesh Limited	10.00	2,284,721	16,277,770			
3	The Bangladesh Rating Agency Limited	100.00	124,976	12,497,600			
4	BRAC EPL Investments Limited	10.00	244,459,832	2,752,714,494			
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	12,500,000			
10	VIPB Income Fund	10.00	10,000,000	102,500,000			
Preference shares							
1	Union Capital Preference Share	10,000,000.00	4	40,000,000			
				<u>4,569,855,515</u>			

Annexure - E

BRAC BANK LIMITED
Detail of Large Loan
As at 31 December 2016

Number of Clients
Amount of outstanding advances
Amount of classified advances
Measures taken for recovery

12
40,959,065,768
NIL
NIL

Client wise break-up is as follows:

Name of Clients	Outstanding (BDT)		
	Funded	Non Funded	Total
Energypac Group	1,935,920,197	1,265,436,433	3,201,356,630
Standard Group	2,696,602,434	929,050,000	3,625,652,434
PRAN-RFL Group	2,312,326,321	2,143,428,670	4,455,754,992
Meghna Group	1,767,441,545	1,751,191,859	3,518,633,404
Abul Khair Group	3,881,569,159	3,463,460,390	7,345,029,549
Robi Axiata Limited	2,000,000,000	391,934,960	2,391,934,960
Bangla Trac Group	1,307,618,697	1,662,144,710	2,969,763,407
BRAC	2,886,764,653	-	2,886,764,653
Raquef Apparels Washing & Packaging Industry Ltd.	1,860,504,106	701,410,000	2,561,914,106
Walton Group	1,695,825,858	1,415,148,027	3,110,973,885
SM Group	1,408,331,612	902,080,150	2,310,411,762
Universal Menswear Ltd	1,183,875,833	1,397,000,154	2,580,875,987
Total	24,936,780,415	16,022,285,353	40,959,065,768

Annexure - F

BRAC Bank Limited
Schedule of Fixed assets
As at 31 December 2016

Particulars	C O S T			D E P R E C I A T I O N				Written down value as at 31.12.2016
	Opening balance as on 01.01.2016	Addition during the year	Disposals/ Adjustments during the year	Total balance as at 31.12.2016	Charge during the year	Disposals/ Adjustments during the year	Total balance as at 31.12.2016	
Property, plant & equipments								
Land	1,043,648,935	-	-	1,043,648,935	-	-	-	1,043,648,935
Leasehold Building	4,034,334	-	-	4,034,334	100,858	-	418,898	3,615,435
Furniture & fixture	1,854,557,812	102,556,076	7,880,258	1,809,233,630	169,198,060	6,926,545	940,818,457	868,415,173
Office equipments	1,252,196,360	130,484,380	23,275,829	1,359,404,911	124,947,133	21,596,796	1,052,525,735	306,879,176
IT Hardware	1,917,986,050	229,570,267	13,089,009	2,134,467,308	234,337,394	12,683,340	1,617,663,390	516,803,918
Motor vehicles	108,567,846	3,333,526	3,530,000	108,371,172	9,921,513	3,500,000	81,210,090	27,161,082
Grand Total	5,980,991,137	525,944,249	47,775,096	6,459,160,290	538,504,958	44,706,681	3,692,636,570	2,766,523,720
Intangible assets:								
With indefinite useful lives:								
License	50,000	-	-	50,000	-	-	-	50,000
With definite useful lives:								
IT Software	960,040,540	47,909,516	-	1,007,950,056	83,585,778	-	888,712,100	119,237,956
As at 31 December 2016	6,941,031,677	650,722,683	60,100,000	7,651,854,360	622,534,650	25,842,643	4,003,954,615	2,537,117,061

BRAC Bank Ltd.
Statement of Tax position
As at 31 December 2016

Accounting Year	Assessment Year	Tax Provision in Financial Statements	Tax as per assessment	(Short)/Excess provision	Advance Tax as per assessment order	Present Status
2010	2011-2012	1,416,240,000	1,308,180,639	108,059,361	1,228,668,951	Assessment in progress and filled appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2011	2012-2013	1,460,000,000	1,535,641,921	(75,641,921)	1,256,758,569	Assessment in progress and filled appeal before The Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal
2012	2013-2014	1,530,000,000	1,537,477,180	(7,477,180)	1,304,653,579	Assessment in progress and filled appeal before The Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal
2013	2014-2015	1,797,696,269	1,101,920,563	695,777,686	1,088,681,543	Assessment in progress and appeared hearing at DCT level
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	1,759,473,049	490,549,546	1,540,453,195	Tax return submitted for the assessment
2016	2017-2018	2,629,520,979	-	-	-	Not yet due

Off-shore Banking Units

Balance Sheet

As at 31 December 2016

	Note	2016		2015	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash	3	-	-	2,043,215	160,402,586
Cash in hand					
(Including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its agent Bank(s)		-	-	2,043,215	160,402,586
(Including foreign currency)					
Balance with other Banks and Financial Institutions	4	19,422,191	1,529,497,555	64,674,912	5,077,303,957
Inside Bangladesh		-	-	-	-
Outside Bangladesh		19,422,191	1,529,497,555	64,674,912	5,077,303,957
Money at call and short notice		-	-	-	-
Investments	5	-	-	500,000	39,252,500
Government		-	-	-	-
Others		-	-	500,000	39,252,500
Loans and advances	6	274,751,670	21,636,694,026	284,703,489	22,350,647,424
Loans, cash credit, overdrafts etc.		261,963,776	20,629,647,329	279,667,740	21,955,315,964
Bills purchased and discounted		12,787,894	1,007,046,697	5,035,749	395,331,460
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	7	19,908,915	1,567,827,030	3,073,752	241,304,922
Total Property and Assets		314,082,776	24,734,018,611	354,995,368	27,868,911,389
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	8	279,218,267	21,988,438,507	287,456,103	22,566,741,400
Borrowings from Central Bank	9	-	-	-	-
Deposits and other accounts	10	8,280,538	652,092,374	50,327,962	3,950,996,689
Current accounts and other accounts		247,142	19,462,432	39,998,400	3,140,074,417
Bills payable		-	-	-	-
Savings deposits		-	-	-	-
Fixed deposits		8,033,396	632,629,942	10,329,562	810,922,272
Other deposits		-	-	-	-
Other liabilities	11	14,936,936	1,176,283,706	10,081,739	791,466,840
Total Liabilities		302,435,741	23,816,814,587	347,865,804	27,309,204,929
Capital and Shareholders' Equity					
Paid up share capital		-	-	-	-
Statutory reserve		-	-	-	-
Revaluation reserve		-	-	-	-
Surplus in profit and loss account/Retained Earnings	12	11,647,035	917,204,024	7,129,564	559,706,460
Total shareholders' equity		11,647,035	917,204,024	7,129,564	559,706,460
Total Liabilities and Shareholders' Equity		314,082,776	24,734,018,611	354,995,368	27,868,911,389

Continuation of Annexure - H

Off-shore Banking Units
Balance Sheet
As at 31 December 2016

Note	2016		2015	
	USD	Taka	USD	Taka
Off Balance Sheet Items				
Contingent Liabilities				
Acceptances and endorsements	-	-	-	-
Letter of guarantees	-	-	-	-
Irrevocable letter of credits	21,343,643	1,680,811,868	11,579,384	909,039,566
Bills for collection	8,877,844	699,130,188	3,785,127	297,151,430
Tax liability	-	-	-	-
Other contingent liabilities	-	-	-	-
Total Contingent Liabilities	30,221,487	2,379,942,056	15,364,511	1,206,190,996
Other Commitments				
Documentary credits and short term trade related transactions	-	-	-	-
Forward assets purchased and forward deposits placed	-	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-	-
Undrawn formal standby facilities, credit lines and other	-	-	-	-
Commitments- lease hold assets	-	-	-	-
Total Other Commitments	-	-	-	-
Total Off-Balance Sheet items including contingent liabilities	30,221,487	2,379,942,056	15,364,511	1,206,190,996

Off-shore Banking Units
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 31 December 2016

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 Bank Companies Act 1991, Bangladesh Accounting Standards and other applicable directives issued by Bangladesh Bank.

b) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognized 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 2016.

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.

Continuation of Annexure - H

2.5 Provision for liabilities

A provision is recognized 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) Assests and liabilities and income and expenses have been converted into Taka currency @ US \$ 1 = Taka 78.75 (Closing rate as at 31 December 2016).

	2016		2015	
	USD	Taka	USD	Taka
3 Balance with Bangladesh Bank	-	-	2,043,215	160,402,586
	-	-	2,043,215	160,402,586
4 Balance with Other Banks and Financial Institutions				
Standard Chartered Bank, New York, USA	1,023,715	80,617,539	496,082	38,944,948
Commerz Bank, Germany	19,656	1,547,888	342,525	26,889,932
ICICI Bank, Mumbai, India	234,132	18,437,938	5,670	445,102
HABIB Bank Limited, Pakistan	(447,954)	(35,276,396)	143,604	11,273,610
Standard Chartered Bank, UK	579,433	45,630,378	-	-
BBL Off-shore to On-shore placement	-	-	63,687,031	4,999,750,365
BBL Treasury OBU to other Bank OBU placement	18,013,209	1,418,540,208	-	-
	19,422,191	1,529,497,555	64,674,912	5,077,303,957
5 Investments in Commercial Paper:				
Avant Garde Fashion Limited	-	-	500,000	39,252,500
	-	-	500,000	39,252,500
6 Loans and Advances				
Overdrafts	1,432,566	112,814,525	1,869,614	146,774,079
Demand loans	84,774,977	6,676,029,402	83,320,987	6,541,114,066
Term loans	172,966,427	13,621,106,156	194,477,139	15,267,427,819
Lease receivables	-	-	-	-
Small and medium enterprises	2,789,806	219,697,246	-	-
Credit Cards	-	-	-	-
	261,963,776	20,629,647,329	279,667,740	21,955,315,964
Bills purchased and discounted	12,787,894	1,007,046,697	5,035,749	395,331,460
	274,751,670	21,636,694,026	284,703,489	22,350,647,424
7 Other Assets				
Interest receivables	2,701,576	212,749,100	2,085,277	163,704,715
Deferred revenue expenditure	550,770	43,373,102	980,435	76,969,045
Receivables from On-shore	-	-	-	-
Receivable against proxy account	11,968	942,474	8,040	631,162
Receivable settlement account-OBUDBU	16,644,601	1,310,762,354	-	-
	19,908,915	1,567,827,030	3,073,752	241,304,922

Continuation of Annexure - H

8 Borrowing from other Banks, Financial Institutions and Agents:

Inside Bangladesh:

	2016		2015	
	USD	Taka	USD	Taka
Southeast Bank Ltd.	4,000,000	315,000,000	-	-
Prime Bank Limited	5,000,000	393,750,000	-	-
NRB Bank Limited	2,500,000	196,875,000	-	-
National Bank Limited	5,000,000	393,750,000	-	-
Bank Al Falah	1,000,000	78,750,000	-	-
The City Bank Ltd.	13,000,000	1,023,750,000	-	-
Uttara Bank Limited	5,000,000	393,750,000	5,000,000	392,525,000
BASIC Bank Limited	4,500,000	354,375,000	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 Limited	-	-	5,000,000	392,525,000
Dutch-Bangla Bank Limited	-	-	10,000,000	785,050,000
BBL Off Shore to On Shore	-	-	-	-
On Shore to BBL Off Shore	40,002,531	3,150,199,312	89,600,000	7,034,048,000
	<u>80,002,531</u>	<u>6,300,199,312</u>	<u>121,600,000</u>	<u>9,546,208,000</u>

Outside Bangladesh:

Sonali Bank UK Ltd	7,991,426	629,324,800	10,376,103	814,576,000
Habib Bank Brussels Bel	-	-	5,000,000	392,525,000
Asian Development Bank	32,080,000	2,526,300,000	9,480,000	744,227,400
KBC BANK NV	7,998,310	629,866,895	-	-
Emirates NBD	11,146,000	877,747,500	-	-
First Gulf Bank	10,000,000	787,500,000	-	-
The National Bank of Ras Al-Khaimah	15,000,000	1,181,250,000	6,000,000	471,030,000
Borrowing from NORFUND	7,500,000	590,625,000	10,000,000	785,050,000
Borrowing from IFC	40,000,000	3,150,000,000	40,000,000	3,140,200,000
Borrowing from FMO	67,500,000	5,315,625,000	85,000,000	6,672,925,000
	<u>199,215,736</u>	<u>15,688,239,195</u>	<u>165,856,103</u>	<u>13,020,533,400</u>
	<u>279,218,267</u>	<u>21,988,438,507</u>	<u>287,456,103</u>	<u>22,566,741,400</u>

9 Borrowings from Central Bank

Borrowings from Central Bank
(Bangladesh Bank)

-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

10 Deposit and Other Accounts

Local Currency:

Current and other accounts
Bills payable
Saving deposits
Fixed deposits
Other deposits

-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Foreign Currency:

Current and other accounts
Bills payable
Saving deposits
Fixed deposits
Other deposits

247,142	19,462,432	39,998,400	3,140,074,417
-	-	-	-
-	-	-	-
8,033,396	632,629,942	10,329,562	810,922,272
-	-	-	-
<u>8,280,538</u>	<u>652,092,374</u>	<u>50,327,962</u>	<u>3,950,996,689</u>
<u>8,280,538</u>	<u>652,092,374</u>	<u>50,327,962</u>	<u>3,950,996,689</u>

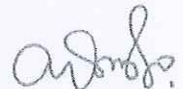
Total Deposit and other accounts

To whom it may concern

This is to certify that as detailed in the Annexure I, BRAC Bank Limited made the custodian transactions on account of custodian services provided during the year ended 31 December 2016, which have been verified with the books of account, invoices and other related documents as produced to us for our verification.

We also certify that management of the Bank prepared and fairly presented of the income and expenses in accordance with the requirement of the Securities and Exchange Commission (Securities Custodian Service) Rules 2003, and made necessary disclosures in the Bank's audited financial statements for the year ended 31 December 2016.

Dated: Dhaka
20 March 2017


A. Qasem & Co.
Chartered Accountants

Annexure - I

BRAC Bank Ltd.
Custodian service
For the year ended 31 December 2016

	2016 Taka	2015 Taka
Operating Income		
Commission, exchange and brokerage	14,369,869	25,149,882
Total Operating Income	14,369,869	25,149,882
Operating Expenses		
Salaries and allowances	3,450,350	3,329,680
Rent, taxes, insurance, electricity etc.	188,344	323,682
Postage, stamps, telecommunication etc.	152,270	39,114
Stationery, printing, advertisement etc.	32,225	33,209
Depreciation on and repairs to bank's assets	169,767	167,906
Other expenses	744,963	1,106,669
Total operating expenses	4,737,919	5,000,260
Operating Profit	9,631,950	20,149,622

