

**Independent Auditor's Report
&
Audited Financial Statements
of
BRAC Bank Limited
&
its Subsidiaries**

As at & for the year ended December 31, 2017

Independent Auditor's Report to the Shareholders of BRAC Bank Limited

Report on the Audit of the Consolidated Financial Statements

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 2017, consolidated and separate profit and loss account, 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 (BSAs). 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 2017, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSS) 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 two subsidiaries and one associate BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and BRAC IT Services Limited respectively 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 expenditure incurred and payments made were for the purpose of the Bank's business for the year;
- (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 loans & advances 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 spent over 3,600 person hours; and
- (xii) Capital to Risk Weighted Asset Ratio (CRAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
22 March 2018


A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED
Consolidated Balance Sheet
As at 31 December 2017

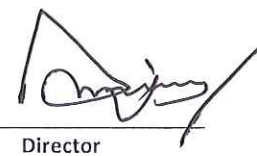
Particulars	Notes	2017 Taka	2016 Taka
PROPERTY AND ASSETS			
Cash	3	18,301,854,032	15,827,759,714
Cash in hand		6,109,792,050	5,411,271,407
(Including foreign currency)			
Balance with Bangladesh Bank and its agent bank(s)		12,192,061,982	10,416,488,307
(Including foreign currency)			
Balance with other banks and financial institutions	4	43,355,772,365	31,148,142,995
Inside Bangladesh		39,974,980,085	29,024,134,806
Outside Bangladesh		3,380,792,280	2,124,008,189
Money at call and short notice	5	-	-
Investments	6	26,889,161,707	22,937,709,817
Government		19,193,023,616	17,045,441,443
Others		7,696,138,091	5,892,268,374
Loans and advances	7	203,431,019,401	175,841,420,944
Loans, cash credit, overdrafts etc.		116,620,559,298	112,728,439,450
Small and medium enterprises		81,064,166,152	61,185,461,566
Bills purchased & discounted		5,746,293,951	1,927,519,928
Fixed assets including premises, furniture and fixture	8	5,610,423,547	4,460,411,520
Other assets	9	20,547,926,418	16,664,191,071
Non-banking assets	10	63,430,075	62,230,075
Goodwill	11	1,350,628,757	1,382,151,929
Total property and assets		<u>319,550,216,302</u>	<u>268,324,018,065</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	23,210,933,175	19,131,258,722
Borrowings from Bangladesh Bank	13	5,595,585,766	6,752,978,397
Convertible subordinated bonds	14	2,850,148,000	2,951,079,000
Money at call and short notice	15	2,700,000,000	1,303,750,000
Deposits and other accounts	16	216,929,919,763	181,478,777,560
Current accounts & other accounts		83,474,319,154	66,657,447,378
Bills payable		1,013,749,416	1,309,401,487
Savings deposits		35,100,923,580	31,368,696,186
Fixed deposits		95,556,881,123	80,737,078,388
Other deposits		1,784,046,490	1,406,154,121
Other liabilities	17	39,833,786,707	32,966,273,574
Total Liabilities		<u>291,120,373,411</u>	<u>244,584,117,253</u>
Capital and shareholders' equity			
Paid up share capital	18.2	8,552,096,940	7,104,369,100
Share premium	18.7	3,738,490,072	3,659,942,031
Statutory reserve	19	4,813,606,868	3,470,350,332
Dividend equalization fund	20	355,218,455	355,218,455
Revaluation reserve on govt. securities	21.1	23,306,557	111,643,709
Assets revaluation reserve	21.2	516,373,535	516,373,535
Surplus in profit and loss account/Retained earnings	22.1	8,601,051,187	6,934,903,963
Total shareholders' equity		<u>26,600,143,614</u>	<u>22,152,801,125</u>
Non controlling interest	22.2	1,829,699,277	1,587,099,687
Total equity		<u>28,429,842,891</u>	<u>23,739,900,812</u>
Total liabilities and shareholders' equity		<u>319,550,216,302</u>	<u>268,324,018,065</u>

BRAC BANK LIMITED
Consolidated Balance Sheet
As at 31 December 2017

Particulars	Notes	2017 Taka	2016 Taka
Off Balance Sheet Items			
Contingent liabilities			
Acceptances and endorsements	23.1	21,855,158,644	20,015,403,528
Irrevocable letter of credits	23.1	22,568,919,488	20,609,044,537
Letter of guarantees	23.2	8,109,659,718	6,357,188,894
Bills for collection	23.3	4,015,469,603	1,815,432,730
Tax liability		-	43,700,000
Other contingent liabilities		11,701,210,934	8,369,848,874
Total Contingent liabilities		68,250,418,387	57,210,618,563
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		68,250,418,387	57,210,618,563

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
22 March 2018


A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED
Consolidated Profit and Loss Account
For the year ended 31 December 2017

Particulars	Notes	2017 Taka	2016 Taka
Interest income	25	21,734,412,978	18,310,392,086
Interest paid on deposits and borrowing etc.	26	8,200,931,514	6,589,489,453
Net interest income		13,533,481,464	11,720,902,634
Investment income	27	2,914,699,537	2,557,506,928
Commission, exchange and brokerage	28	6,881,929,480	5,550,320,952
Other operating income	29	371,289,964	356,748,597
Total operating income		23,701,400,445	20,185,479,110
Salaries and allowances		5,865,172,038	4,524,676,477
Rent, taxes, insurance, electricity etc.	30	1,424,790,306	1,255,532,274
Legal expenses		45,674,049	63,887,125
Postage, stamps, telecommunication etc.	31	300,037,460	289,001,711
Stationery, printing, advertisement etc.	32	1,392,850,352	1,128,173,061
Chief executive's salary & fees	33	13,309,000	13,309,000
Directors' fees & expenses	34	3,311,536	3,035,305
Auditors' fee	35	5,251,088	6,810,743
Impairment of goodwill	11	30,046,781	30,046,781
Depreciation and repairs to bank's assets	36	1,525,706,898	1,516,567,325
Other expenses	37	3,672,792,048	2,743,553,913
Total operating expenses		14,278,941,556	11,574,593,715
Operating profit		9,422,458,889	8,610,885,395
Share of profit/(loss) of associates	38	14,332,840	182,824
Gain/(loss) on disposal/loss of control of subsidiaries	1.2.5	(18,366)	-
Profit/(loss) before provisions		9,436,773,363	8,611,068,219
Provision for:			
Loans and advances		992,782,725	1,762,100,771
Diminution in value of investments		(72,224,112)	(286,727,581)
Off balance sheet items		131,315,329	62,500,000
Others		100,490,994	10,468,000
Total provision	39	1,152,364,936	1,548,341,190
Profit/(loss) before taxes		8,284,408,427	7,062,727,029
Provision for Tax:			
Current tax expense		3,570,883,968	2,961,197,679
Deferred tax expense / (income)		(784,891,580)	25,864,637
Total provision for Tax	40	2,785,992,388	2,987,062,316
Total profit/(loss) after taxes		5,498,416,039	4,075,664,713
Attributable to:			
Equity holders of BRAC Bank Ltd.		5,192,790,974	3,881,057,484
Non controlling interest		305,625,065	194,607,229
		5,498,416,039	4,075,664,713
Retained earnings brought forward from previous year		6,934,903,963	5,176,555,704
Net profit attributable to the equity holders of the Bank		5,192,790,974	3,881,057,484
Net effect of all items directly recognized in Equity	22.1.1	(45,362,979)	8,601,505
Profit available for appropriation		12,082,331,958	9,066,214,693
Appropriations:			
Statutory reserve		1,343,256,536	-
General reserve		-	-
Dividend		2,138,024,235	1,776,092,275
Dividend equalization fund		-	355,218,455
		3,481,280,771	2,131,310,730
Retained Surplus		8,601,051,187	6,934,903,963
Earnings Per Share (EPS) [previous years figure restated]	41	6.07	4.55

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
22 March 2018

A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED
Consolidated Statement of Changes in Equity
For the year ended 31 December 2017

Particulars	Paid up share capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Retained earnings	Non-controlling interest	Total
Balance as at 01 January 2017	7,104,369,100	3,659,942,031	3,470,350,332	355,218,455	111,643,709	516,373,535	6,934,903,963	1,587,099,687	23,739,900,812
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Restated balance	7,104,369,100	3,659,942,031	3,470,350,332	355,218,455	111,643,709	516,373,535	6,934,903,963	1,587,099,687	23,739,900,812
Surplus/deficit on account of revaluation of assets	-	-	-	-	(88,337,152)	-	-	-	(88,337,152)
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-	-	-
Changes in translation reserve	-	-	-	-	-	-	13,785,452	4,595,151	18,380,603
Effect of change of shareholding in subsidiaries	-	-	-	-	-	-	(53,688,308)	(67,620,626)	(121,308,934)
Dividend of BRAC EPL Stock Brokerage Ltd.	-	-	-	-	-	-	(224,508,300)	-	(224,508,300)
Reserve for stock dividend from BRAC EPL Stock Brokerage Ltd.	-	-	-	-	-	-	224,508,300	-	224,508,300
Net gains and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-
Net profit for the year	7,104,369,100	3,659,942,031	3,470,350,332	355,218,455	23,306,557	516,373,535	6,895,001,107	1,524,074,212	23,548,635,329
Dividend for the year 2016:	-	-	-	-	-	-	5,192,790,974	305,625,065	5,498,416,039
Stock dividend	1,425,349,490	-	-	-	-	-	(1,425,349,490)	-	-
Cash dividend	-	-	-	-	-	-	(712,674,745)	-	(712,674,745)
Ordinary share issue against bond conversion	22,378,350	-	-	-	-	-	-	-	22,378,350
Share premium	-	78,548,041	-	-	-	-	-	-	78,548,041
Dividend equalization fund	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	1,343,256,536	-	-	-	(1,343,256,536)	-	-
Cash dividend distributed by BRAC Saajan Ltd.	-	-	-	-	-	-	(5,460,123)	-	(5,460,123)
Balance as at 31 December 2017	8,552,096,940	3,738,490,072	4,813,606,868	355,218,455	23,306,557	516,373,535	8,601,051,187	1,825,699,277	28,429,842,891
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	6,934,903,963	1,587,099,687	23,739,900,812

BRAC BANK LIMITED
Consolidated Cash Flow Statement
For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
A. Cash flows from operating activities			
Interest receipts		25,169,505,398	20,841,852,387
Interest payment		(7,843,426,431)	(6,909,929,117)
Dividend receipts		125,764,206	86,167,657
Fees & commission receipts		6,959,743,854	5,723,867,614
Recoveries on loans previously written off		1,039,185,296	1,217,678,633
Cash payments to employees		(5,781,431,137)	(4,657,017,771)
Cash payments to suppliers		(2,502,587,138)	(2,732,843,814)
Income tax paid		(2,525,997,559)	(2,283,798,125)
Receipts from other operating activities	43	566,338,314	566,607,731
Payment for other operating activities	44	(4,744,293,106)	(4,351,262,541)
Operating Cash flow before changes in operating assets and liabilities (i)		10,462,801,697	7,501,322,654
Increase/decrease in operating assets & liabilities			
Loans and advances		(28,265,949,664)	(26,137,403,687)
Other assets		(1,490,251,550)	(3,448,094,831)
Deposits from other banks/borrowings		1,738,848,780	3,420,576,464
Deposits from customers		34,750,597,331	29,727,449,607
Other liabilities		4,178,314,409	(1,296,598,535)
Cash utilized in operating assets & liabilities (ii)		10,911,559,306	2,265,929,018
Net cash (used)/flows from operating activities (i+ii) (a)		21,374,361,003	9,767,251,672
B. Cash flows from investing activities			
Treasury bills		(1,137,623,369)	(349,773,900)
Bangladesh Bank Bills		(2,497,936,800)	2,176,290,860
Treasury bonds		1,399,779,844	(4,000,367,835)
Sale/ (Investment) in shares		(1,674,766,424)	(889,532,380)
Investment in Bonds		(67,000,000)	40,574,678
Acquisition of fixed assets		(2,083,299,438)	(975,084,472)
Disposal of Fixed Assets		83,940,294	7,302,475
Net cash used in investing activities (b)		(5,976,905,893)	(3,990,590,574)
C. Cash flows from financing activities			
Share money deposit		-	2,000,000,000
Share Premium		4,614,731	-
Dividend paid		(696,157,876)	(1,767,573,997)
Net cash flows from financing activities (c)		(691,543,145)	232,426,003
Net increase/decrease in cash (a+b+c)		14,705,911,965	6,009,087,101
Cash and cash equivalents at beginning of the year		46,977,708,909	41,019,700,403
Effect of Exchange rate changes on cash and cash equivalent		28,633,697	(51,078,595)
Adjustment for disposal of bITS		(52,682,974)	-
Cash and cash equivalents at end of the year	42	61,659,571,597	46,977,708,909
Cash and cash equivalents at end of the year:			
Cash in hand (including foreign currency)		6,109,792,050	5,411,271,407
Balance with Bangladesh Bank and its agents bank(s)		12,192,061,982	10,416,488,307
(including foreign currency)			
Balance with other banks and financial institutions		43,355,772,365	31,148,142,995
Money at call and short notice		-	-
Prize Bond		1,945,200	1,806,200
		61,659,571,597	46,977,708,909

BRAC BANK LIMITED
Consolidated Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2017

Particulars	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand and Balance with BB	7,083,679,771	-	-	-	11,218,174,261	18,301,854,032
Balance with other banks and financial Institutions (Including foreign currencies)	10,253,202,446	8,320,260,306	24,782,309,613	-	-	43,355,772,365
Money at call and short notice	-	-	-	-	-	-
Investments	6,662,779,927	859,342,692	1,645,279,202	8,264,031,484	9,457,728,402	26,889,161,707
Loans and advances	21,754,882,943	34,719,822,954	75,016,712,616	57,499,025,336	14,440,575,552	203,431,019,401
Fixed assets including premises, furniture & fixtures	-	-	-	3,592,755,170	2,017,668,377	5,610,423,547
Other assets	2,492,707,417	135,697,552	5,121,865,065	11,163,327,721	1,634,328,663	20,547,926,418
Non - banking assets	-	-	-	63,430,075	-	63,430,075
Goodwill	-	-	-	-	1,350,628,757	1,350,628,757
Total Assets	48,247,252,504	44,035,123,504	106,566,166,496	80,582,569,786	40,119,104,012	319,550,216,302
LIABILITIES						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	6,266,809,493	8,813,892,233	8,259,122,809	5,466,694,406	-	28,806,518,941
Convertible subordinated debts	2,850,148,000	-	-	-	-	2,850,148,000
Money at call and short notice	2,700,000,000	-	-	-	-	2,700,000,000
Deposits & other accounts	37,368,316,201	35,227,002,516	73,265,738,476	50,396,625,073	20,672,237,497	216,929,919,763
Other liabilities	1,433,870,003	2,850,782,197	11,064,538,547	15,529,738,236	8,954,857,723	39,833,786,707
Minority Interest	-	-	-	-	1,829,699,277	1,829,699,277
Total Liabilities	50,619,143,697	46,891,676,946	92,589,399,832	71,393,057,715	31,456,794,497	292,950,072,688
Amount of net liquidity difference	(2,371,891,193)	(2,856,553,442)	13,976,766,664	9,189,512,071	8,662,309,515	26,600,143,614

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

BRAC BANK LIMITED
Balance Sheet
As at 31 December 2017

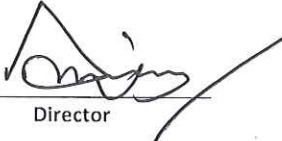
Particulars	Notes	2017 Taka	2016 Taka
PROPERTY AND ASSETS			
Cash	3	18,284,483,347	15,820,785,235
Cash in hand		6,092,421,365	5,404,296,928
(Including foreign currency)			
Balance with Bangladesh Bank and its agent bank(s)		12,192,061,982	10,416,488,307
(Including foreign currency)			
Balance with other banks and financial institutions	4	19,396,241,229	15,366,993,079
Inside Bangladesh		16,238,997,504	13,337,028,475
Outside Bangladesh		3,157,243,725	2,029,964,604
Money at call and short notice	5	-	-
Investments	6	24,966,255,428	22,487,996,910
Government		19,193,023,616	17,045,441,443
Others		5,773,231,812	5,442,555,467
Loans and advances	7	202,559,380,746	173,612,041,512
Loans, cash credit, overdrafts etc.		115,748,920,643	110,499,060,018
Small and medium enterprises		81,064,166,152	61,185,461,566
Bills purchased & discounted		5,746,293,951	1,927,519,928
Fixed assets including premises, furniture and fixture	8	4,275,180,860	3,113,071,588
Other assets	9	19,956,445,242	18,142,339,098
Non-banking assets	10	63,430,075	62,230,075
Total property and assets		289,501,416,927	248,605,457,497
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	23,210,933,175	18,838,239,195
Borrowings from Bangladesh Bank	13	5,595,585,766	6,752,978,397
Convertible Subordinate Bonds	14	2,850,148,000	2,951,079,000
Money at call and short notice	15	2,700,000,000	1,303,750,000
Deposits and other accounts	16	196,224,439,257	168,859,571,738
Current accounts & other accounts		62,304,458,807	50,271,016,607
Bills payable		1,013,749,416	1,309,401,487
Savings deposits		35,100,923,580	31,368,696,186
Fixed deposits		96,018,419,796	84,504,303,337
Other deposits		1,786,887,658	1,406,154,121
Other liabilities	17	32,929,504,754	28,459,067,732
Total Liabilities		263,510,610,952	227,164,686,062
Capital and shareholders' equity			
Paid up share capital	18.2	8,552,096,940	7,104,369,100
Share premium	18.7	3,738,490,072	3,659,942,031
Statutory reserve	19	4,813,606,868	3,470,350,332
Dividend equalization fund	20	355,218,455	355,218,455
Revaluation reserve on govt. securities	21.1	23,306,557	111,643,709
Assets revaluation reserve	21.2	516,373,535	516,373,535
Surplus in profit and loss account/Retained earnings	22	7,991,713,548	6,222,874,273
Total shareholders' equity		25,990,805,975	21,440,771,435
Total liabilities and shareholders' equity		289,501,416,927	248,605,457,497

BRAC BANK LIMITED
Balance Sheet
As at 31 December 2017

Particulars	Notes	2017 Taka	2016 Taka
Off Balance Sheet Items			
Contingent liabilities			
Acceptances and endorsements	23.1	21,855,158,644	20,015,403,528
Irrevocable letter of credits	23.1	22,568,919,488	20,609,044,537
Letter of guarantees	23.2	8,109,659,718	6,357,188,894
Bills for collection	23.3	4,015,469,603	1,815,432,730
Tax liability		-	43,700,000
Other contingent liabilities		11,701,210,934	8,369,848,874
Total Contingent liabilities		68,250,418,387	57,210,618,563
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		68,250,418,387	57,210,618,563

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
22 March 2018


A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED
Profit and Loss Account
For the year ended 31 December 2017

Particulars	Notes	2017 Taka	2016 Taka
Interest income	25	20,498,331,789	17,842,334,464
Interest paid on deposits and borrowing etc.	26	8,350,693,368	7,035,581,830
Net interest income		12,147,638,421	10,806,752,634
Investment income	27	3,580,988,216	2,496,865,821
Commission, exchange and brokerage	28	2,876,025,784	2,537,889,736
Other operating income	29	105,028,580	123,233,385
Total operating income		18,709,681,001	15,964,741,576
Salaries and allowances		4,346,525,111	3,312,501,626
Rent, taxes, insurance, electricity etc.	30	1,311,823,891	1,148,406,728
Legal expenses		41,762,353	60,611,079
Postage, stamps, telecommunication etc.	31	249,590,090	241,582,356
Stationery, printing, advertisement etc.	32	303,641,768	202,780,149
Chief Executive's salary & fees	33	13,309,000	13,309,000
Directors' fees & expenses	34	1,356,680	1,335,600
Auditors' fee	35	1,469,703	1,224,753
Depreciation and repairs to bank's assets	36	844,185,219	906,348,957
Other expenses	37	2,546,177,562	2,063,812,687
Total operating expenses		9,659,841,377	7,951,912,936
Profit/(loss) before provisions		9,049,839,624	8,012,828,640
Provision for:			
Loans and advances		992,782,725	1,078,306,701
Diminution in value of investments		(72,224,112)	(286,727,581)
Off balance sheet items		131,315,329	62,500,000
Others		100,490,994	10,468,000
Total provision	39	1,152,364,936	864,547,120
Profit/(loss) before taxes		7,897,474,688	7,148,281,520
Provision for Tax:			
Current tax expense		3,196,240,955	2,629,520,979
Deferred tax expense / (income)		(548,886,313)	58,327,875
Total provision for Tax	40	2,647,354,642	2,687,848,854
Total profit/(loss) after taxes		5,250,120,046	4,460,432,666
Retained earnings brought forward from previous period/year		6,222,874,273	3,893,752,337
Profit available for appropriation		11,472,994,319	8,354,185,003
Appropriations:			
Statutory reserve		1,343,256,536	-
General reserve		-	-
Dividend		2,138,024,235	1,776,092,275
Dividend equalization fund		-	355,218,455
		3,481,280,771	2,131,310,730
Retained Surplus		7,991,713,548	6,222,874,273
Earnings Per Share (EPS) [previous years figure restated]	41	6.14	5.23

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
22 March 2018

A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED
Statement of Changes in Equity
For the year ended 31 December 2017

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 2017	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
Changes in accounting policy	-	-	-	-	-	-	-	-
Restated balance	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
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	(88,337,152)	-	-	(88,337,152)
Dividend equalization fund	-	-	-	-	-	-	-	-
Ordinary share issue against bond conversion	22,378,350	-	-	-	-	-	-	22,378,350
Share premium against bond conversion	-	78,548,041	-	-	-	-	-	78,548,041
Currency translation difference	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	7,126,747,450	3,738,490,072	3,470,350,332	355,218,455	23,306,557	516,373,535	6,222,874,273	21,453,360,674
Net profit for the period	-	-	-	-	-	-	5,250,120,046	5,250,120,046
Dividends for the year 2016:								
Stock dividend	1,425,349,490	-	-	-	-	-	(1,425,349,490)	-
Cash dividend	-	-	-	-	-	-	(712,674,745)	(712,674,745)
Statutory reserve	-	-	1,343,256,536	-	-	-	(1,343,256,536)	-
Balance as at 31 December 2017	8,552,096,940	3,738,490,072	4,813,606,868	355,218,455	23,306,557	516,373,535	7,991,713,548	25,990,805,975
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

BRAC BANK LIMITED
Cash Flow Statement
For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
A. Cash flows from operating activities			
Interest receipts		23,770,565,050	20,364,567,351
Interest payment		(8,002,201,800)	(7,296,491,689)
Dividend receipts		109,791,690	84,788,702
Fees & commission receipts		2,876,025,784	2,537,889,736
Recoveries on loans previously written off		1,039,185,296	1,217,678,634
Cash payments to employees		(4,330,282,194)	(3,589,412,262)
Cash payments to suppliers		(550,308,796)	(470,016,724)
Income tax paid		(2,260,670,310)	(2,059,711,890)
Receipts from other operating activities	43	230,285,271	144,565,641
Payment for other operating activities	44	(4,296,800,633)	(3,912,642,665)
Operating Cash flow before changes in operating assets and liabilities (i)		8,585,589,358	7,021,214,834
Increase/decrease in operating assets & liabilities			
Loans and advances to customers		(28,947,339,234)	(26,178,434,225)
Other assets		(1,541,595,630)	(3,413,497,366)
Deposits from other banks/borrowings		1,461,352,037	3,054,460,549
Deposits from customers		27,364,867,519	18,639,060,256
Other liabilities		4,187,472,704	(1,310,255,370)
Cash utilized in operating assets & liabilities (ii)		2,524,757,396	(9,208,666,156)
Net cash (used)/flows from operating activities (i+ii) (a)		11,110,346,754	(2,187,451,322)
B. Cash flows from investing activities			
Treasury bills		(1,137,623,369)	(349,773,900)
Bangladesh Bank Bills		(2,497,936,800)	2,176,290,860
Treasury bonds		1,399,779,845	(4,000,367,835)
Sale/ (Investment) in shares		(263,676,346)	(668,759,391)
Investment in Bonds		(67,000,000)	26,000,000
Acquisition of fixed assets		(1,446,053,509)	(573,853,767)
Disposal of Fixed Assets		83,940,294	7,015,085
Net cash used in investing activities (b)		(3,928,569,885)	(3,383,448,948)
C. Cash flows from financing activities			
Dividend paid		(688,691,607)	(1,767,573,997)
Net cash flows from financing activities (c)		(688,691,607)	(1,767,573,997)
Net increase/decrease in cash (a+b+c)		6,493,085,262	(7,338,474,267)
Cash and cash equivalents at beginning of year		31,189,584,514	38,528,058,781
Cash and cash equivalents at end of the year	42	37,682,669,776	31,189,584,514
Cash and cash equivalents at end of the year:			
Cash in hand (including foreign currency)		6,092,421,365	5,404,296,928
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		12,192,061,982	10,416,488,307
Balance with other banks and financial institutions		19,396,241,229	15,366,993,079
Money at call and short notice		-	-
Prize Bond		1,945,200	1,806,200
		37,682,669,776	31,189,584,514

BRAC BANK LIMITED

Liquidity Statement

(Asset and Liability Maturity Analysis)

As at 31 December 2017

Particulars	Amount in Taka				
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years
Assets					
Cash in hand and Balance with BB	7,066,309,085	-	-	-	11,218,174,262
Balance with other banks and financial Institutions (Including foreign currencies)	3,476,370,912	5,238,800,000	10,681,070,317	-	-
Money at call and short notice	-	-	-	-	-
Investments	5,306,615,616	859,342,692	1,135,574,723	8,206,993,990	9,457,728,407
Loans and advances	21,754,882,943	35,711,940,929	73,152,955,985	57,499,025,336	14,440,575,553
Fixed assets including premises, furniture & fixture	-	-	-	2,257,512,483	2,017,668,377
Other assets	2,478,966,221	135,697,553	51,440,569	11,183,524,475	6,106,816,424
Non - banking assets	-	-	-	-	63,430,075
Total Assets	40,083,144,777	41,945,781,174	85,021,041,594	79,147,056,284	43,304,393,098
LIABILITIES					
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	6,266,809,493	8,813,892,233	8,259,122,809	5,466,694,406	-
Convertible subordinated debts	2,850,148,000	-	-	-	-
Money at call and short notice	2,700,000,000	-	-	-	-
Deposits & other accounts	31,366,053,061	33,060,608,796	60,728,914,831	50,396,625,073	20,672,237,496
Other liabilities	1,492,927,630	2,641,448,025	4,464,294,188	15,375,977,189	8,954,857,722
Total Liabilities	44,675,938,184	44,515,949,054	73,452,331,828	71,239,296,668	29,627,095,218
Amount of net liquidity difference	(4,592,793,407)	(2,570,167,880)	11,568,709,766	7,907,759,616	13,677,297,880
Net result of the Liquidity Statement represents the 'Shareholders' Equity' of the Bank.					25,990,805,975

BRAC BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 31 December 2017

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 honorable 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 118 (One hundred and eighteen) branches, 68 SME service centers, 145 zonal offices and 457 SME unit offices. 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. A brief of the Subsidiaries and Associates of BRAC Bank Limited is provided in note - 1.2.

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

The principal activities of the Bank are banking and related activities including accepting customer deposits, Lending to Retail, SME and Corporate customers, trade financing, Lease financing, Project financing, issuing Letters of Credit, Inter Bank borrowing and Lending, dealing in government securities, Equity shares etc. There have been no significant changes in the nature of the principal activities of the Bank during the financial year under review.

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 68 SME service centers and 457 SME Unit offices offering services in the heart of rural and urban communities and employed about 3,741 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.

1.1.2 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 (OBU) is governed by the rules and guidelines of Bangladesh Bank. Apart from the reporting of OBU with Solo financial statements a separate Financial Statements of OBU is shown in Annexure I. The Principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh in foreign currency.

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 Subsidiaries and Associates of the Bank

1.2.1 BRAC EPL Investments Limited (Subsidiary)

BRAC Bank Limited acquired 51% shares of Equity Partners Limited on 31 July 2009. This company was incorporated in Bangladesh on 19 April 2000 as a private limited company under the Companies Act 1994 and was subsequently renamed as "BRAC EPL Investments Limited". BRAC Bank acquired additional 25% shares in the company in 2011, additional 18.57% in 2016. During 2017, the Bank acquired another 5.275% shares in the company taking the total shareholding to 99.845% at the end of the year 2017.

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 (Subsidiary)

BRAC Bank Limited acquired 51% shares of Equity Partners Securities Limited on 31 July 2009. 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 Securities Limited as BRAC EPL Stock Brokerage Limited. In the year 2011, the Bank acquired further 39% shares of EPL Stock Brokerage Limited. As a result, the Bank's control has increased to 90% shares of 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 (Subsidiary)

BRAC Bank limited formed bKash Limited, a private company limited by shares incorporated on 1 March 2010 under the Companies Act 1994. BRAC Bank currently limited holds 51% equity shares in the company, 36.5% of the equity shares are held by Money in motion LLC (a company listed in USA) and the remaining 12.5% of equity shares are held by International Finance Corporation (IFC). bKash Limited was established to introduce mobile money transfer services in Bangladesh. The Bank has obtained a license from Bangladesh Bank its subsidiary bKash for rendering the mobile financial services.

In 2014 with the consent of all existing shareholders, Bill & Melinda Gates Foundation invested in bKash. They currently holds 40,970 convertible preference shares of Tk.100 with a premium of Tk. 20,684 (rounded) each. The preference shareholders do not have any voting rights but has same rights as the equity share holders in the economic interest in the company. These shares are convertible at 1:1 basis to ordinary shares at the option of the Bill & Melinda Gates Foundation. As a result, the holding percentage of existing shareholders will be diluted subject to conversion. Considering the dilution, BBL's shareholding percentage in bKash will drop to 46.06% in the economic benefit in the company.

1.2.4 BRAC SAAJAN Exchange Limited (Subsidiary)

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 has been controlling and monitoring all its operations as a holding company.

BRAC Saajan exchange Limited was established to cater remittance and exchange services in UK.

1.2.5 BRAC IT Services Limited (Associate)

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. BRAC Bank Limited acquired 51% shares of BRAC IT Services Limited, a private company limited by shares under the Companies Act 1994 incorporated 9 April 2013. It is currently operating as an IT Solution and Services company. In the year 2017, BRAC Bank Limited has reduced its holding in BRAC IT Services Limited from 51% to 49% by selling 1,034 no. of shares to BRAC. Due to the disposal of shares BRAC IT Services Limited, it is converted as "Associate" of the Bank at the end of the year 2017 from Subsidiary status.

1.2.6 BRAC Asset Management Company Limited (Associate)

The bank has invested in 25% shares of BRAC Asset Management Company Limited that was incorporated in Bangladesh on 01 April 2010. However the company could not commence its operation until 2017 due to licee for Assets Management Company is pending with Bangladesh Securities and Exchange Commission (BSEC).

2 Basis of preparation of Financial Statements:**2.1 A summary of accounting principle and policies which have been applied consistently (Unless otherwise stated), are 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 laws and regulations from various Government bodies:

- i) The Banking Companies Act, 1991 and amendment thereon
- 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 and amendment thereon
- vi) The Value Added Tax Act, 1991 and
- vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations.
- viii) Financial Reporting Act 2015

As such the Group and the Bank has departed from those contradictory requirements of BAS and 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 of that company 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/recorded 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: There is no particular/specific guideline about non banking assets in BAS/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 Bangladeshi Taka (BDT), which is the Bank's functional currency. The functional currency of Off-shore Banking Unit (OBU) and one of our Subsidiaries namely BRAC Saajan Exchange Limited is United States Dollar (USD) and Great Britain Pound (GBP) respectively. The financial statements of the above mentioned Unit and Subsidiary have been translated to the presentation currency i.e. Bangladeshi Taka (BDT). The functional and presentation currency of other subsidiaries and associates is Bangladesh Taka (BDT). 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 and BRAC Saajan Exchange Limited as those of a single economic entity. The financial statements of BRAC IT Services Limited no longer consolidated with BRAC Bank Limited due to change in ownership and reduction of the BRAC Bank's holding to 49% from 51% during the year. However, profit and loss up to the date of disposal of shares in bITS has been consolidated in the financial statements.

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 2017.

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: Separate financial statements and BFRS 10: Consolidated Financial Statements. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases.

Intra-company transactions, balances and intra-group gains on transaction between group companies are eliminated.

Associates

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor (BAS-28: Investments in Associates"). Significant influence is the power to participate in the financial and operating policy decisions of the investee but there is no 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.

If holding in subsidiary disposed in such a way that the status of the holding now come to "Associate" then the fair value of the holding retained in the said entity at the date of such disposal has been considered as opening balance of Investment in associate in Consolidated Financial Statements and related gains and losses have been recognized directly in Consolidated Equity. Any share of profits and losses after such change/disposal have been recognized in Consolidated Profit and Loss as per equity method. During the year some 1,034 shares of BRAC Bank in one of the subsidiary bITS were disposed off and as a result bITS is no longer is a subsidiary of the Bank but remains as "Associate" of the Bank. Gain/loss due to this loss of control has been duly calculated and recognized in the consolidated profit and loss account of the Bank. As such the profit and loss of bITS has been consolidated up to the date of the disposal i.e. 23 October 2017 and equity method has been applied after this date till 31 December 2017.

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 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-2017 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 2017.

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. Due to disposal of shares in BITS the cash flow statement of BITS no longer consolidated with the parent in 2017 and hence opening balance of cash and cash equivalents in the consolidated cash flow statement has been duly adjusted.

2.7.1.2 Investments

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

Held to Maturity

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

Held for Trading

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

Revaluation

According to DOS Circular no.-05, dated 26 May 2008, DOS Circular no.-05, dated 28 January 2009, DOS Circular no.-02, dated 19 January 2012, the HFT securities are revalued once each week using Marking to Market concept and the HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if they are reclassified to HFT category with the Board's approval.

Value of Investments has been shown as under:

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss a/c, gain to revaluation reserve
Government Treasury Bills (HTM)	Cost	Amortized cost	Increased or decreased in value to equity.
Government Treasury Bonds (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss a/c, gain to revaluation reserve
Government Treasury Bonds (HTM)	Cost	Amortized cost	Amortized Gain/ Loss to Revaluation reserve
Zero Coupon Bond	Cost	Cost	N/A
Prize Bond and Other Bond	Cost	Cost	N/A
Debentures	Cost	Cost	Profit & Loss Account
Un quoted Shares (ordinary)	Cost	Lower of cost or NAV of last audited account	Profit & Loss Account
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss A/c.

Available for sales

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

Investment in quoted securities

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

Investment in unquoted securities

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

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

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

Investment in subsidiary

Investment in subsidiary is accounted for under the cost method of accounting and presented in the Bank's consolidated financial statements as that of a single economic entity in accordance with the BAS 27 "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, BRPD circulars no.15 of 23 September 2012, BRPD circulars no.19 of 27 December 2012, BRPD circulars no.05 of 29 May 2013, BRPD circulars no.16 of 18 November 2014, BRPD circulars no.8 of 2 August 2015, BRPD circulars no.12 of 20 August 2017, BRPD circulars no.15 of 27 September 2017 and BRPD circulars no.1 20 February 2018.

The classification rates are given below:

Consumer	Business Unit	Rates of Provision				
		Un-classified (UC)		Classified		
		Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad loan (BL)
	House building	1%	1%	20%	50%	100%
	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	2%	2%	20%	50%	100%
	Small and medium enterprise	0.25%	0.25%	20%	50%	100%
	Short term Agri/Micro credit	1%	1%	5%	5%	100%
	Credit Card	2%	2%	20%	50%	100%
	All others	1%	1%	20%	50%	100%
	Off Balance Sheet	1%	-	-	-	-

- c) Interest on classified loans and advances is calculated as per BRPD circular no. 27, dated August 31, 2010 and recognized as income on realization as per BRPD circular no. 14 and 15, dated September 23, 2012.
- d) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are filed and classified as bad and 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 i.e., 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" except Land. Land is initially measured at cost and then recognized at revaluated amount.

The cost of an item of property, plant and equipment is recognized as an asset if- it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

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

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

Subsequent costs

Subsequent costs of enhancement of existing assets are 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 Saajan Exchange Limited
Furniture and fixture	10%	10%	12.5%	10%	10%
Building	2.5%	5%	2%	-	-
Office equipment	20%	20%	20%	20%	10%
IT equipment - Hardware	20%	25%	-	20%	-
IT equipment - PC, Laptop, UPS, Printer and Scanner	33.33%	33.33%	25%	33.33%	33.33%
IT equipment - Software	20%	33.33%	33.33%	20%	20%
Motor vehicles	20%	20%	20%	20%	-
Office Decoration	-	15%	15%	20%	10%

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.

f) Capital work in progress (CWIP)

Costs incurred but if the related asset is yet not ready or available to use are recognized as capital work in progress and disclosed as a part of fixed assets. Once the underlying asset is ready and available to use then it has been transferred to fixed assets. However no depreciation is calculated on CWIP.

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.

d) Impairment of intangible assets

Intangible assets with indefinite useful life like goodwill etc. are tested for impairment at the end of each year. As per BAS-36 any intangible assets with definite useful life are first reviewed for any indication of impairment. If any indication exists then impairment test is carried out.

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. Any part of uncollectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 date 25 June 2001.

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 interest receivables, 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

The Bank is required to transfer at least 20% of its Profit before Tax to the Statutory reserve 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 dependents 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 in the 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, 2017 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 2017 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 and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and advances are on the basis of their repayment/ maturity schedule.
- d) Fixed assets are on the basis of their useful life.
- e) Other assets are on the basis of their adjustment.
- f) Borrowing from other banks, financial institutions and agents as per their maturity/ repayment term
- g) Deposits and other accounts are on the basis of their maturity term and behavioral past trend.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

2.12 Dividend

Dividend on ordinary shares are 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 - 47.6 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.

There are no un-reconciled entries related to inter-branch transactions as on the reporting date.

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

Name of the standards	Ref.	Status
First-time adoption of International financial Reporting Standards	BFRS-1	Not applicable
Share-based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Not applicable
Insurance Contracts	BFRS-4	Not applicable
Non-current assets Held for Sale and Discounted Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied
Operating Segments	BFRS-8	Applied
Financial Instruments	BFRS-9	Applied
Consolidated Financial Statements	BFRS-10	Applied
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interests in Other Entities	BFRS-12	Not applicable
Fair Value Measurement	BFRS-13	Not applicable
Regulatory Deferral Accounts	BFRS-14	Not applicable
Revenue from Contracts with Customers	BFRS-15	Not applicable
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Applied
Statement of Cash Flows	BAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not applicable
Income taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenues	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not applicable
The Effect of Changes in Foreign Exchanges Rates.	BAS-21	Applied
Borrowing Cost	BAS-23	Applied
Related party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Applied
Consolidated and Separate Financial Statements	BAS-27	Applied
Investment in Associates	BAS-28	Applied
Financial Reporting in Hyperinflationary Economies	BAS-29	Not applicable
Interest in Joint Ventures	BAS-31	Not applicable
Financial Instruments: Presentation	BAS-32	Applied
Earnings Per Share	BAS-33	Applied
Interim Financial Reporting *	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applied
Investment Property	BAS-40	Not applicable
Agriculture	BAS-41	Not applicable

* Applied in the preparation of interim financial reports of the Bank

Reason for departure of BAS / BFRS:

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

A number of new standards amendments to standards and interpretation are effective for annual periods beginning from 1 January 2017 or later, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Bank. Although International Accounting Standards Board (IASB) has issued a new standard (IFRS 9) along with related amendments to existing standards (IAS/BAS 32,39). The ICAB has adopted IFRS 9; however it will be applicable on and after 1 January 2018. Therefore, we are not considering possible impact for the amendment or adoption of such BAS/BFRS.

2.15 Risk Management

Risk is an inherent part of the business activities and risk management is pivotal for the sustainability of business. This era of globalization enables hefty expansion of business activities that ultimately increases competition level for organizations drastically. Financial crisis and volatility in economic growth in some developed countries set the example of imperativeness towards comprehensive risk management. Types of risk, however, vary from business to business, but preparing a risk management plan involves a conjoint process. A comprehensive risk management plan must enumerate strategies for dealing with risks specific to any business but should not be limited to those.

When it comes to banking business, risk management is in the heart of this business. Banks are to strive for a prudent risk management discipline to combat unpredictable situation. These days, it is transparent that banking organizations are in need of setting up systematic and vigilant way to monitor the activities that are major influencers of this particular business.

The standards of Risk Management as guided by the Bank for International Settlements (BIS) and particularly Basel Committee on Banking Supervision (BCBS), has been applied by bank regulators across the world. The Central Bank of Bangladesh i.e. Bangladesh Bank also issued guidelines which forms the basis of risk management of all scheduled banks in Bangladesh. The guidelines require that the banks adopt enhanced policies and procedures of risk management. The risk management of banks broadly cover 6 (Six) core risk areas of banking i.e. a. Credit Risk Management, b. Foreign Exchange Risk Management, c. Asset liability Management, d. Prevention of Money Laundering, e. Internal Control and Compliance, and f. Information & Communication Technology as specified by Bangladesh Bank.

BBL's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. BBL continues to focus on improving its risk management systems not only to ensure compliance with regulatory requirements but also to ensure better risk-adjusted return and optimal capital utilization keeping in mind of the business objectives. For sound risk management, BBL manages risk in strategic layer, managerial layer, and operational layer. The assets and liabilities of BRAC Bank Limited is managed so as to minimize, to the degree prudently possible, the Bank's exposure to risk, while at the same time attempting to provide a stable and steadily increasing flow of net interest income, an attractive rate of return on an appropriate level of capital and a level of liquidity adequate to respond to the needs of depositors and borrowers and earnings enhancement opportunities. These objectives are accomplished by setting in place a planning, control and reporting process, the key objective of which is the coordinated management of the Bank's assets and liabilities, current banking laws and regulations, as well as prudent and generally acceptable banking practices.

2.15.1 Credit Risk Management

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

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

The entire process involves relationship teams of respective Asset Portfolio (Retail, SME and Corporate.) booking customer; the Credit Division conducting thorough assessment before placing for approval of the facility. Risk assessment includes borrower risk analysis, Industry risk analysis, financial risk analysis, security risk analysis, account performance risk analysis & environmental & social risk analysis of the Customer. Post-approval, the Credit Administration Department ensures compliance of all legal formalities, completion of documentation including security of proposed facility and finally disburses the amount. The above arrangement has not only ensured segregation of duties and accountability but also helps in minimizing the risk of compromise with quality of the credit portfolio.

2.15.2 Foreign Exchange Risk Management

Foreign Exchange risk arises from fluctuation in currency prices influenced by various macro and micro economic factors. Today's financial institutions engage in activities starting from basic currency buy, sell, imports, exports and remittances to complex structured products. Within the Bank, the Treasury department is vested with the responsibility to measure and minimize the risk associated with bank's foreign currency position.

All treasury functions are clearly demarcated between treasury front office, mid office and back office. The front office is involved only in dealing activities, mid office is involved in monitoring of rate, limit etc. and the back office is responsible for all related processing functions. Treasury front and back office personnel are guided as per Bangladesh Bank core risk management guideline and their respective job description. They are barred from performing each other's job. 'Treasury Front Office', 'Mid office' and 'Treasury Back Office' has separate and independent reporting lines to ensure segregation of duties and accountability but also helps minimize the risk of compromise. The full function is operated under the foreign exchange risk management policy of the bank updated based on the latest Foreign Exchange Guideline of central bank.

Dealing room is well equipped with Reuter's dealing system, Eikon, Bloomberg, a number of FX trading platforms, voice logger etc. Counter party limit is set by the Credit Committee and monitored by mid office. Well-articulated dealers trading limit, stop-loss limit and currency wise open position limits are in place which are being monitored by Mid office. Trigger levels are set for the dealers, Chief Dealer and Head of Treasury. The entire FX transactions are carried on by a number of well trained, young and dynamic dealers ensuring all local and global regulatory compliances.

2.15.3 Asset Liability Management

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

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

2.15.4 Prevention of Money Laundering

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

2.15.5 Internal Control and Compliance

Internal Control is the mechanism to provide reasonable assurance to Bank on an ongoing basis regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. 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.

The main objectives of internal control are as follows:

- Operations Objectives: achievement of bank's basic mission and vision.
- Reporting Objectives: timely, accurate, and comprehensive reporting, financial and non-financial, internal and external.
- Compliance Objectives: conducting activities and taking specific actions in accordance with applicable laws and regulations.

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 audit's independence, scope of work, resources and materialization of annual Internal and Concurrent audit plan and overall activities including Monitoring and Compliance functions of Internal Control and Compliance Division.

2.15.5.1 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. Audit Department 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 three units to carry out the audit activities, namely - Head Office Audit, Distribution Audit (which carryout audit on all Branches; including: AD, LAD, Corp. Branches, SME Krishi Branch, SME Service centre; SME Unit office and ATM service centre) and Information Systems and Vigilance Audit. BRAC Bank also introduced Risk Based Audit system and audit team conducts comprehensive, spot, surprise audits in various Branches, SME service centers, SME/Krishi branches, ATM service centers, SME unit offices, Information technology, Information Security, Cyber Security, Data Privacy and Protection, various Department & Division, centralized functional units in head office, Regional base functional Unit and subsidiaries of BRAC Bank Limited.

Internal Audit helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk Management, control and governance processes.

2.15.5.2 Compliance and Monitoring

BRAC Bank Limited establishes a best compliance culture throughout the organization by encouraging employees to comply with policies, procedures and regulation. BRAC Bank has strong compliance and monitoring department under Internal Control & compliance Division which is dedicated for ensuring compliance of guidelines/observations/recommendations of Regulatory and Internal Audit/Investigation.

To establish a compliance culture BRAC Bank has 4 (Four) separate unit under Compliance and monitoring Department of Internal Control & compliance Division, namely- Regulatory Compliance Unit, Internal Compliance Unit, Monitoring Unit & Investigation Unit. Compliance & Monitoring team firmly supports Bangladesh Bank Team in their inspection at branches/head office and ensures submission of compliance response to Bangladesh Bank appropriately and timely, monitor compliance activities of Branch, Division, Department and other offices, verify the internal control system of organization operational activities as per Bangladesh Bank Guideline. Also ensure required Internal & Regulatory reporting and conduct investigation and submit the report onward as per management directives and analyze fraud cases to ascertain responsible parties and recommend appropriate action.

2.15.5.3 Concurrent Audit

As per the directives provided by Bangladesh Bank as Guideline of Internal Control and Compliance in Banks, Concurrent Audit Department was formed to make it in line with the guideline. Concurrent audit team scrutinize whether the bank is following the guidelines of internal & regulatory bodies time to time. This unit exclusively conducts spot / surprise Audit of continuing operational activities in various branches, SME service centers, SME Krishi branches, ATM service centers, SME unit offices, ROC, CRM, centralized functional units in head office of BRAC Bank Limited.

2.15.5.4 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 formed Investigation Unit under Compliance & Monitoring Department of Internal Control & Compliance Division 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 Team 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. All fraud and forgery which were identified in 2017 were 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.

2.15.6 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. For Cyber Security & ICT risk mitigation, bank has updated ICT security policy which is in line with latest Bangladesh Bank ICT guideline and the vastly practiced framework & international standards; e.g. COBIT, ITIL & ISO 27001. ICT policy provides a framework for best practice that followed by all employees while it ensures overall Data and Information assurance for the organization. It outlines the responsibilities and requirements of the BRAC Bank Limited (BBL) and its employees with regard to Information Technology (IT) resources.

BRAC Bank has already adopted Information security global standard. BRAC Bank is the 1st and only bank in Bangladesh who achieved ISO 27001:2013 international certificate for information security management function 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 that our bank has a defined and focus on best-practice information security processes with continuous improvement.

BRAC Bank has 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 big4.

BRAC bank has already implemented Security Information and Event Management (SIEM), 2FA for Internet banking, secure email gateway, 3Des for e-Commerce transaction, Exceptional transaction monitoring System and Centralized Network Monitoring System.

BRAC bank has already implemented Security Information and Event Management (SIEM), 2FA for Internet banking, secure email gateway, 3Des for e-Commerce transaction, Exceptional transaction monitoring System and Centralized Network Monitoring System.

Bank has enhanced Security through Firewall Up gradation, Strengthen Database security, Port security, End Point security, Internet security.

Bank has already Introduced Chip based Card, PIN based POS, Strengthen ATM security through implementing Anti skimming& PIN-shield.

Bank has gone through Process re-engineering; during this process bank had involved global consultant to consider the best practices.

Bank regularly conduct application/system review, Vulnerability Assessment and Penetration testing (VAPT), Discovery & Network Analysis (DNA) to identify any gap and mitigate accordingly.

Bank regularly conduct Face to face information security awareness sessions, cyber security awareness campaign, Awareness through email/sticker/booklet/e-book/Poster etc. This awareness communication done externally also.

As a part of governance initiative, bank has formed ICT Security steering committee and ICT steering Committee. For emergency response handling Bank has formed CERT and have developed BCP.

As a part of the cyber security journey, bank has implemented SIEM (Security Information and Event Management) solution in 2017, which will ultimately be the backbone for 24x7 SOC (Security Operations Center) and core of Information Security Threat Management.

Bank is already ongoing multiple security projects, e.g. Privileged Access Management (PAM), Anti-APT solution, Network Behavior Analysis (NBA), Data loss prevention, AML & Fraud management, PCI-DSS compliance project, implementation of Centralized Authentication & Management System for Network Devices, ATM Channel Security strengthen, review, Database Firewall and Audit Vault, Building 24/7 Security Operation Center (SOC) etc.

For ICT risk mitigation, BRAC bank has also taken multiple major core technological improvement initiatives. e.g. Card Management System Up-gradation, Core Banking Up-gradation, Latest Infrastructure Technology Adoption, EMV Card Issuance, e-Commerce payment gateway up gradation, Call Center up gradation, Internet banking System up gradation, Flash Storage System Deployment, Data Centre Environmental Up gradation, Data Centre Monitoring System Up gradation, Treasury automation, ERP solution implementation, Agreement with Software and Hardware Manufacturers etc.

BRAC Bank has adopted ITIL framework of best practice guidance for IT Service Management. Among few other major initiatives like SWIFT version up gradation, RTGS system automation, NID verification, Bond management system, New Treasury system, Up – grade Trade finance module, Nostro Reconciliation system, Integration between treasury and dealing platform, Mobile App based Internet Banking, End to End Branch service tracking, Document Management System (is in progress), DC-DR multiple link connectivity establishment, Microsoft Share Point, Office 365, Server Health Monitoring Systems, CIB Automation, Call Center System up-gradation etc. All are helping to manage risks of bank.

To ensure high level of Quality & Security of IT Systems and comply with Bangladesh Bank regulatory requirement, in BRAC Bank there is fully functional with Information Security Department with trained and certified resources (e.g. CISSO, CPISI, CEH, CPEH, LA-QMS, LA-ISMS, CLFI, LPM, Security+, COBIT etc.) and automated tools.

2.15.7 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.

2.19 Prior period adjustment/restatement

Re-arrangement of share premium of Subsidiaries in the consolidated financial statement

In prior year in the consolidated financial statements the Share Premium of the Subsidiaries were apportioned as part of Non-Controlling Interest (NCI) and as share of parent. The parents share were explicitly presented in the consolidated financial statements though that is an item to be eliminated on consolidation. Such unintentional error now rectified with retrospective effect from prior years as per BAS/IAS -8. Any resulting differences has duly been adjusted with consolidated retained earnings. However due to this rearrangement/adjustment there were no impact in the overall net assets in the period presented.

2.20 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.

2.21 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 venture (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.

2.22 Director's responsibilities on statement

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

2.23 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 identifies segment based on its business segment as well as its subsidiaries. Business segment comprise SME, Retail, Corporate and Treasury under Conventional banking.

The Bank reviews the segments at the end of each reporting period to identify which of its segments are reportable and disclose the related information for those reportable segments accordingly. The details of segment reporting is provided in annexure - H.

2.24 General:

- a) Figures appearing in the financial statements have been rounded off to the nearest Taka.
- b) Figures of previous year have been rearranged wherever considered necessary to conform to the current year's presentation.
- c) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the accounts.

Section -Two : Notes to the Balance Sheet

	Particulars	Note	Consolidated		BRAC Bank Limited	
			2017	2016	2017	2016
3	Cash					
	Cash in hand (Including foreign currencies)	3.1	6,109,792,050	5,411,271,407	6,092,421,365	5,404,296,928
	Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currency)	3.2	12,192,061,982	10,416,488,307	12,192,061,982	10,416,488,307
			<u>18,301,854,032</u>	<u>15,827,759,714</u>	<u>18,284,483,347</u>	<u>15,820,785,235</u>
3.1	Cash in hand (Including foreign currencies):					
	Local currency		6,077,451,688	5,391,501,858	6,060,081,003	5,384,527,379
	Foreign currency		32,340,362	19,769,549	32,340,362	19,769,549
			<u>6,109,792,050</u>	<u>5,411,271,407</u>	<u>6,092,421,365</u>	<u>5,404,296,928</u>
3.2	Balance with Bangladesh Bank and its agent Bank(s):					
	(Including foreign currency)					
	Local currency		10,534,870,101	9,775,185,518	10,534,870,101	9,775,185,518
	Foreign currency		973,887,720	71,304,416	973,887,720	71,304,416
			<u>11,508,757,821</u>	<u>9,846,489,934</u>	<u>11,508,757,821</u>	<u>9,846,489,934</u>
	Sonali Bank as an agent of Bangladesh Bank (local currency)		683,304,161	569,998,373	683,304,161	569,998,373
			<u>12,192,061,982</u>	<u>10,416,488,307</u>	<u>12,192,061,982</u>	<u>10,416,488,307</u>
The above balance represents amounts as per Bank Book. The difference due to reconciling items with Bangladesh Bank are subsequently adjusted.						
3.a	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% 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 2017 is based on weekly average balance of October 2017). Reserves maintained by the bank as at 31 December 2017 are as follows:						
Average total demand and time liabilities of October 2017					<u>186,914,617,487</u>	<u>157,169,401,800</u>
Daily basis:						
Required reserve (6% of ATDTL)					11,214,877,049	9,430,164,108
Actual reserve maintained (as per Bangladesh Bank statement)					<u>11,807,448,274</u>	<u>9,840,825,766</u>
Surplus/ (deficit)					<u>592,571,225</u>	<u>410,661,658</u>
Bi-weekly basis						
The bank maintained excess cash reserve of Tk. 113,482,251 (Tk. 648,243,639 was in 2016) 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 2017.						
3.b	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 2017 is based on weekly average balance of October 2017). Reserve maintained by the bank as at 31 December 2017 are as follows:						
Required reserve (13% of ATDTL)					24,298,900,273	20,432,022,234
Actual reserve maintained (Note: 3.c)					<u>25,968,087,598</u>	<u>22,989,330,837</u>
Surplus/ (Deficit)					<u>1,669,187,325</u>	<u>2,557,308,603</u>
3.c	Actual reserve maintained					
	Cash held				6,092,421,365	5,404,296,928
	Balance with Sonali Bank as per statement				682,642,618	539,592,466
	Un-encumbered approved securities (HFT)				6,822,982,330	5,025,073,662
	Un-encumbered approved securities (HTM)				12,368,096,085	12,018,561,581
	Un-encumbered approved securities (other eligible)				<u>1,945,200</u>	<u>1,806,200</u>
					<u>25,968,087,598</u>	<u>22,989,330,837</u>
4	Balance with Other Banks and Financial Institutions					
	Inside Bangladesh	4.1	39,974,980,085	29,024,134,806	16,238,997,504	13,337,028,475
	Outside Bangladesh	4.2	3,380,792,280	2,124,008,189	3,157,243,725	2,029,964,604
			<u>43,355,772,365</u>	<u>31,148,142,995</u>	<u>19,396,241,229</u>	<u>15,366,993,079</u>
4.1	Balance Inside Bangladesh					
	In Current Deposit Accounts with					
	Banks		8,292,658,808	8,417,850,174	1,238,997,504	1,377,028,475
	Non Banking Financial Institutions (NBFI)s		-	-	-	-
			<u>8,292,658,808</u>	<u>8,417,850,174</u>	<u>1,238,997,504</u>	<u>1,377,028,475</u>
	Less: Inter company elimination		<u>496,918,019</u>	<u>958,492,220</u>	-	-
			7,795,740,789	7,459,357,954	1,238,997,504	1,377,028,475
	In Fixed Deposit Accounts with					
	Banks		17,615,724,510	13,318,294,305	-	100,000,000
	Non Banking Financial Institutions (NBFI)s		15,025,053,460	11,957,398,661	15,000,000,000	11,860,000,000
			<u>32,640,777,970</u>	<u>25,275,692,966</u>	<u>15,000,000,000</u>	<u>11,960,000,000</u>
	Less: Inter unit/company elimination		<u>461,538,674</u>	<u>3,710,916,114</u>	-	-
			32,179,239,296	21,564,776,852	15,000,000,000	11,960,000,000
	Total		<u>39,974,980,085</u>	<u>29,024,134,806</u>	<u>16,238,997,504</u>	<u>13,337,028,475</u>

	Particulars	Note	Consolidated		BRAC Bank Limited	
			2017	2016	2017	2016
4.1.1	Balance with Other Banks and Financial Institutions (Inside Bangladesh)					
	Current Accounts					
	Standard Chartered Bank		167,739,825	243,275,981	32,490,570	26,213,305
	Southeast Bank Limited		553,877,093	701,016,917	-	45,878
	Al-Arafa Bank Limited		4,966,381	2,357,513	1,744,060	2,357,513
	Jamuna Bank Limited		513,675,984	319,738,791	1,711,178	1,239,169
	Prime Bank Limited		3,361,809	5,028,703	3,361,809	5,023,703
	NRB Global Bank Limited		500,000	500,000	500,000	500,000
	Midland Bank Limited		1,118,519,139	1,774,231	1,000,000	1,000,000
	Mutual Trust Bank Limited		649,916,053	395,227,605	4,237,089	4,041,797
	Pubali Bank Limited		153,470,876	187,819,512	153,266,732	187,819,512
	Janata Bank Limited		309,315,409	345,124,568	308,597,246	344,299,954
	Bangladesh Krishi Bank Limited		173,519,577	129,442,789	173,519,577	129,442,789
	The City Bank Limited		1,123,434,583	1,008,451,359	4,402,664	6,924,766
	Agrani Bank Limited		320,069,714	354,312,812	269,366,477	354,312,812
	Islamic Bank Bangladesh Limited		10,471,734	25,465,648	8,901,635	12,068,720
	United Commercial Bank Limited		356,744,656	1,234,469,982	187,220	425,072
	National Bank Limited		18,766,141	25,380,803	18,195,883	25,380,803
	Sonali Bank Limited		256,442,839	217,882,863	47,626,918	15,976,427
	ICB Islamic Bank Limited		-	23,810	-	23,810
	IFIC Bank Limited		1,856,305	1,258,865	1,856,305	1,258,865
	Rupali Bank Limited		181,665,439	232,787,917	180,577,899	232,291,454
	Social Islami Bank Limited		1,205,293	1,082,432	1,205,293	1,082,432
	First Security Islami Bank Limited		3,081,431	2,694,015	2,755,150	2,694,015
	EXIM Bank Limited		12,451,904	13,054,776	12,451,904	13,054,776
	BASIC Bank Limited		1,427,673	1,385,027	1,427,673	1,385,027
	Bank Asia Limited		1,732,741	427,606	1,732,741	427,606
	Standard Bank Limited		221,098	988,623	-	57,991
	Meghna Bank Limited		6,186,675	6,604,808	5,381,481	5,180,279
	Mercantile Bank Limited		10,713,009	2,500,000	2,500,000	2,500,000
	AB Bank Limited		843,793	539,906	-	-
	Uttara Bank Limited		19,369,730	7,977,249	-	-
	Trust Bank Limited		28,287,386	45,142,159	-	-
	Dhaka Bank Limited		944,037,402	888,101,506	-	-
	NCC Bank Limited		177,167,435	75,070,797	-	-
	One Bank Limited		29,990,122	321,773,571	-	-
	NRB Commercial Bank Limited		509,053	506,140	-	-
	NRB Bank Limited		603,317	619,967	-	-
	HSBC		6,009	2,284,583	-	-
	Citibank, N.A.		610	1,300	-	-
	Eastern Bank Limited		639,592,553	657,262,821	-	-
			7,795,740,789	7,459,357,954	1,238,997,504	1,377,028,475
	Fixed Deposit with Banks					
	Southeast Bank Limited		3,420,000,000	2,520,000,000	-	-
	Trust Bank Limited		-	1,000,000,000	-	-
	Mutual Trust Bank Limited		250,000,000	200,000,000	-	-
	The City Bank Limited		5,200,000,000	3,250,000,000	-	-
	Jamuna Bank Limited		1,007,702,988	757,347,812	-	-
	NCC Bank Limited		3,301,800,000	1,700,000,000	-	-
	One Bank Limited		2,250,000,000	-	-	-
	Mercantile Bank Limited		1,640,000,003	-	-	-
	Standard Chartered Bank		26,517,264	25,696,580	-	-
	NRB Global Bank Limited		38,501,553	36,143,208	-	-
	The Farmers Bank Limited		19,664,028	18,190,590	-	-
	National Bank of Pakistan Limited		-	100,000,000	-	100,000,000
			17,154,185,836	9,607,378,191	-	100,000,000
	Fixed Deposit with Financial Institutions					
	Industrial and Infrastructure Development Finance Co. Limited		700,000,000	450,000,000	700,000,000	450,000,000
	Fareast Finance and Investment Limited		-	100,000,000	-	100,000,000
	Uttara Finance and Investment Limited		500,000,000	-	500,000,000	-
	United Finance Limited		950,000,000	1,000,000,000	950,000,000	1,000,000,000
	IDLC Finance Limited		1,600,000,000	-	1,600,000,000	-
	National Housing Finance and Investment Limited		600,000,000	710,000,000	600,000,000	710,000,000
	Phoenix Finance and Investments Limited		220,053,460	618,564,254	200,000,000	600,000,000
	IPDC Finance Ltd		2,000,000,000	1,300,000,000	2,000,000,000	1,300,000,000
	Investment Corporation Of Bangladesh (ICB)		3,500,000,000	4,000,000,000	3,500,000,000	4,000,000,000
	Delta Brac Housing Finance Corporation Limited		2,250,000,000	2,450,000,000	2,250,000,000	2,450,000,000
	Lanka Bangla Finance Co. Limited		2,500,000,000	1,123,834,407	2,500,000,000	1,050,000,000
	Bay Leasing and Investment Limited		200,000,000	200,000,000	200,000,000	200,000,000
	Islamic Finance & Investment Ltd.		5,000,000	5,000,000	-	-
			15,025,053,460	11,957,398,661	15,000,000,000	11,860,000,000
			39,974,980,085	29,024,134,806	16,238,997,504	13,337,028,475
4.2	Balance outside Bangladesh					
	On Shore Balance		2,375,282,929	3,650,666,361	2,375,282,929	3,650,666,361
	Off Shore Balance		2,379,400,796	1,529,497,555	2,379,400,796	1,529,497,555
			4,754,683,725	5,180,163,916	4,754,683,725	5,180,163,916
	Less: On-shore to BBL Off-shore placement		1,597,440,000	3,150,199,312	1,597,440,000	3,150,199,312
			3,157,243,725	2,029,964,604	3,157,243,725	2,029,964,604
4.2.1	Balance with other banks and financial institutions (Outside Bangladesh)					
	On Shore Balance					
	Standard Chartered Bank-New York, USA		126,869,320	58,332,189	126,869,320	58,332,189
	Standard Chartered Bank, United Kingdom		38,948,377	13,569,197	38,948,377	13,569,197
	Standard Chartered Bank, Frankfurt, Germany		1,260,718	1,308,317	1,260,718	1,308,317
	Mashreq Bank, New York, USA		(756,213)	5,837,742	(756,213)	5,837,742
	Bank of Tokyo Mitsubishi		8,102,632	1,777,474	8,102,632	1,777,474
	ICICI Bank Limited, Mumbai, India		82,464,531	4,437,847	82,464,531	4,437,847
	Habib Bank Limited, Pakistan		-	35,245,123	-	35,245,123
	Zuercher Kantonal Bank, Switzerland		23,912,932	1,991,654	23,912,932	1,991,654
	ING Belgium NV/SA, Belgium		88,480	58,193	88,480	58,193
	Commerz Bank AG, Germany (USD)		3,875,664	3,835,195	3,875,664	3,835,195
	Commerz Bank AG, Germany (EURO)		25,427,553	5,490,903	25,427,553	5,490,903
	United Bank of India, Kolkata, India		78,316,612	1,292,427	78,316,612	1,292,427
	Westpac Banking Corporation, Australia		7,985,968	(298,468)	7,985,968	(298,468)
	JP Morgan Chase Bank, New York, USA		331,296,868	328,138,337	331,296,868	328,138,337
	HDFC Bank Limited, India		22,162,091	8,233,382	22,162,091	8,233,382
	Deutsche Bank Trust Company Americas		-	7,813,150	-	7,813,150
	Sonali Bank Limited, United Kingdom (USD)		-	20,755,350	-	20,755,350
	Sonali Bank Limited, United Kingdom (GBP)		184,405	635,857	184,405	635,857
	AB Bank Limited, Mumbai, India		2,126,940	2,013,180	2,126,940	2,013,180
	AXIS Bank Limited		25,576,051	-	25,576,051	-
	Status of unreconciled entries are given in Annexure-B and detail balance are shown in Annexure -C		777,842,929	500,467,049	777,842,929	500,467,049

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
On Shore to Off Shore placement		1,597,440,000	3,150,199,312	1,597,440,000	3,150,199,312
Total On Shore Balance		2,375,282,929	3,650,666,361	2,375,282,929	3,650,666,361
Off Shore Balance					
Standard Chartered Bank, Frankfurt, Germany		63,831,720	-	63,831,720	-
Standard Chartered Bank, New York		468,011,012	80,617,539	468,011,012	80,617,539
Commerz Bank, Germany		25,962,703	1,547,888	25,962,703	1,547,888
ICICI Bank Limited, Mumbai, India		322,562	18,437,938	322,562	18,437,938
Habib Bank Limited, Pakistan		-	(35,276,396)	-	(35,276,396)
Standard Chartered Bank, UK		(29,335,371)	45,630,378	(29,335,371)	45,630,378
JP Morgan Chase Bank, New York		5,594,757	-	5,594,757	-
BBL OBU to Other Bank OBU placement		1,845,013,413	1,418,540,208	1,845,013,413	1,418,540,208
Total Off Shore Balance		2,379,400,796	1,529,497,555	2,379,400,796	1,529,497,555
		4,754,683,725	5,180,163,916	4,754,683,725	5,180,163,916
Less: On-shore to BBL Off-shore placement		1,597,440,000	3,150,199,312	1,597,440,000	3,150,199,312
		3,157,243,725	2,029,964,604	3,157,243,725	2,029,964,604
4.2.2 Balance of Subsidiaries with Banks & NBFI's outside Bangladesh					
BRAC Saajan Exchange Limited		223,548,555	94,043,585	-	-
		223,548,555	94,043,585	-	-
		3,380,792,280	2,124,008,189	3,157,243,725	2,029,964,604
4.a Maturity grouping of balance with other banks and financial institutions					
Up to 1 months		10,249,292,874	10,257,652,115	3,476,370,912	4,035,886,329
Not more than 3 months		8,320,260,306	18,416,940,797	5,238,800,000	10,308,940,797
More than 3 months but not more than 1 Year		24,782,309,612	2,473,550,083	10,681,070,317	1,022,165,953
More than 1 year but not more than 5 years		-	-	-	-
More than 5 years		-	-	-	-
		43,351,862,792	31,148,142,995	19,396,241,229	15,366,993,079
5 Money at call and short notice					
There was no balance as money at call and short notice at the end of the year.		-	-	-	-
6 Investments					
6.1 Government		19,193,023,616	17,045,441,443	19,193,023,616	17,045,441,443
6.2 Others		7,696,138,091	5,892,268,374	5,773,231,812	5,442,555,467
		26,889,161,707	22,937,709,817	24,966,255,428	22,487,996,910
6.1 Government (Investment in govt. securities)					
Bangladesh Bank Bills	6.1.1	2,497,936,800	-	2,497,936,800	-
Treasury Bills	6.1.2	1,487,397,269	349,773,900	1,487,397,269	349,773,900
Treasury Bonds	6.1.3	15,205,744,347	16,693,861,343	15,205,744,347	16,693,861,343
Prize Bonds		1,945,200	1,806,200	1,945,200	1,806,200
		19,193,023,616	17,045,441,443	19,193,023,616	17,045,441,443
6.1.1 Bangladesh Bank Bills					
14 Days Bangladesh Bank Bills		2,497,936,800	-	2,497,936,800	-
		2,497,936,800	-	2,497,936,800	-
6.1.2 Treasury Bills					
91 Days Treasury bills		135,082,207	-	135,082,207	-
182 Days Treasury Bills		719,940,240	349,773,900	719,940,240	349,773,900
364 Days Treasury Bills		632,374,823	-	632,374,823	-
		1,487,397,269	349,773,900	1,487,397,269	349,773,900
6.1.3 Treasury Bonds					
Treasury Bonds (2 years BGTB)		1,991,482,000	15,728,091	1,991,482,000	15,728,091
Treasury Bonds (5 years BGTB)		3,071,141,392	3,707,784,045	3,071,141,392	3,707,784,045
Treasury Bonds (10 years BGTB)		2,378,395,997	5,619,189,137	2,378,395,997	5,619,189,137
Treasury Bonds (15 years BGTB)		3,067,617,809	3,023,605,344	3,067,617,809	3,023,605,344
Treasury Bonds (20 years BGTB)		4,697,107,148	4,036,476,446	4,697,107,148	4,036,476,446
Reverse REPO		-	291,078,280	-	291,078,280
	6.1.2.a	15,205,744,346	16,693,861,343	15,205,744,346	16,693,861,343
6.2 Others (Investment in other than govt. securities)					
Zero Coupon Bond	6.2.1	175,823,886	158,399,881	175,823,886	158,399,881
Corporate bonds	6.2.2	2,987,000,000	2,920,000,000	2,987,000,000	2,920,000,000
Ordinary shares & Mutual Funds (MFs) - quoted and unquoted	6.2.3	4,497,785,635	2,013,867,493	2,579,152,566	1,574,155,586
Commercial paper	6.2.4	-	750,000,000	-	750,000,000
Preference Shares	6.2.5	30,000,000	40,000,000	30,000,000	40,000,000
Private Placement & Pre IPO	6.2.6	5,528,570	10,001,000	1,255,360	-
		7,696,138,091	5,892,268,374	5,773,231,812	5,442,555,467

Details are shown in Annexure - D

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
6.2.1 Zero Coupon Bond					
Impress Newtlex Composite Textiles Limited		175,823,886	158,399,881	175,823,886	158,399,881
		<u>175,823,886</u>	<u>158,399,881</u>	<u>175,823,886</u>	<u>158,399,881</u>
6.2.2 Corporate bonds					
First Security Islami Bank Limited Mudaraba Subordinated Bond		40,000,000	60,000,000	40,000,000	60,000,000
Jamuna Bank II Floating Rate Subordinated Bond		450,000,000	-	450,000,000	-
Trust Bank unsecured, non Convertible, Subordinated Bond		6,000,000	12,000,000	6,000,000	12,000,000
UCBL Variable rate Subordinated Bond		100,000,000	100,000,000	100,000,000	100,000,000
MBL Variable rate Subordinated Bond		800,000,000	1,000,000,000	800,000,000	1,000,000,000
City Bank Floating Rate Subordinated Bond		411,000,000	548,000,000	411,000,000	548,000,000
Bank Asia Floating Rate Subordinated Bond		100,000,000	100,000,000	100,000,000	100,000,000
EBL Floating Rate Subordinated Bond		100,000,000	100,000,000	100,000,000	100,000,000
Prime Bank Floating Rate Subordinated Bond		100,000,000	100,000,000	100,000,000	100,000,000
EXIM Bank Mudaraba Subordinated Floating Rate Bond		250,000,000	250,000,000	250,000,000	250,000,000
AB Bank Floating Rate Subordinated Bond		80,000,000	100,000,000	80,000,000	100,000,000
AB Bank Floating Rate Subordinated Bond II		300,000,000	300,000,000	300,000,000	300,000,000
MTBL Floating Rate Subordinated Bond		250,000,000	250,000,000	250,000,000	250,000,000
		<u>2,987,000,000</u>	<u>2,920,000,000</u>	<u>2,987,000,000</u>	<u>2,920,000,000</u>
6.2.3 Ordinary shares & Mutual Funds (MFs) - quoted and unquoted					
Unquoted					
Industrial and Infrastructure Development Finance Co. Ltd.		29,683,820	29,683,820	29,683,820	29,683,820
Bangladesh Rating Agency of Bangladesh Limited		12,497,600	12,497,600	12,497,600	12,497,600
Central Depository Bangladesh Ltd.		16,277,770	16,277,770	16,277,770	16,277,770
Investment in non publicly traded Mutual fund		433,900,000	102,500,000	433,900,000	102,500,000
Others		57,037,494	57,037,494	-	-
Quoted					
Investment in Secondary market		3,948,388,951	1,795,870,809	2,086,793,376	1,413,196,396
Total Ordinary Shares & MFs (Quoted and Unquoted) at cost		<u>4,497,785,635</u>	<u>2,013,867,493</u>	<u>2,579,152,566</u>	<u>1,574,155,586</u>
6.2.4 Commercial paper					
HASHEM Foods Limited - 2ND		-	250,000,000	-	250,000,000
Green Delta Insurance Co. Ltd.		-	500,000,000	-	500,000,000
		<u>-</u>	<u>750,000,000</u>	<u>-</u>	<u>750,000,000</u>
6.2.5 Preference Shares					
Union Capital Preference Share		30,000,000	40,000,000	30,000,000	40,000,000
		<u>30,000,000</u>	<u>40,000,000</u>	<u>30,000,000</u>	<u>40,000,000</u>
6.2.6 Private Placement & Pre IPO					
Aman Cotton Fibrous Limited		1,255,360	-	1,255,360	-
Subsidiaries IPO investment		4,273,210	10,001,000	-	-
		<u>5,528,570</u>	<u>10,001,000</u>	<u>1,255,360</u>	<u>-</u>
6.a Maturity Wise Grouping of Investment					
Up to 1 month		6,662,779,927	5,111,320,550	5,306,615,616	4,997,037,558
Not more than 3 months		859,342,692	643,976,348	859,342,692	643,976,348
More than 3 months but not more than 1 Year		1,645,279,202	1,428,103,075	1,135,574,723	1,149,710,654
More than 1 year but not more than 5 years		8,264,031,483	5,459,379,719	8,206,993,990	5,402,342,225
More than 5 years		9,457,728,402	10,294,930,125	9,457,728,402	10,294,930,125
		<u>26,889,161,707</u>	<u>22,937,709,817</u>	<u>24,966,255,423</u>	<u>22,487,996,910</u>
7 Loans and Advances					
Loans, cash credits, overdrafts etc.	7.1	197,684,725,450	173,913,901,016	196,813,086,795	171,684,521,584
Bills purchased and discounted	7.2	5,746,293,951	1,927,519,928	5,746,293,951	1,927,519,928
		<u>203,431,019,401</u>	<u>175,841,420,944</u>	<u>202,559,380,746</u>	<u>173,612,041,512</u>
7.1 Loans, cash credits, overdrafts etc.					
Overdrafts		4,832,391,842	3,996,767,472	4,832,391,842	3,996,767,472
Demand loans		45,674,682,799	46,479,400,892	45,674,682,799	46,479,400,892
Term loans		59,726,766,919	55,506,759,203	59,726,766,919	55,506,759,203
Lease receivables		752,976,542	437,594,601	752,976,542	437,594,601
Small and medium enterprises		81,064,166,152	61,185,461,566	81,064,166,152	61,185,461,566
Credit Cards		3,834,679,214	3,273,392,133	3,834,679,214	3,273,392,133
Staff loans		927,423,327	805,145,717	927,423,327	805,145,717
Margin loan		1,863,756,630	3,760,634,462	-	-
		<u>198,676,843,425</u>	<u>175,445,156,046</u>	<u>196,813,086,795</u>	<u>171,684,521,584</u>
Less: Inter Company Elimination		<u>992,117,975</u>	<u>1,531,255,030</u>	<u>-</u>	<u>-</u>
		<u>197,684,725,450</u>	<u>173,913,901,016</u>	<u>196,813,086,795</u>	<u>171,684,521,584</u>

	Particulars	Note	Consolidated		BRAC Bank Limited	
			2017	2016	2017	2016
7.2	Bills purchased and discounted					
	Bills purchased and discounted		5,199,017,616	1,814,813,275	5,199,017,616	1,814,813,275
	Bills purchased and discounted SME		547,276,335	112,706,653	547,276,335	112,706,653
			<u>5,746,293,951</u>	<u>1,927,519,928</u>	<u>5,746,293,951</u>	<u>1,927,519,928</u>
7.3	Net Loans and Advances					
	Gross loans and advances		203,431,019,401	175,841,420,944	202,559,380,746	173,612,041,512
	Less: Interest suspense		687,170,604	721,066,429	687,170,604	721,066,429
	Provision for loans and advances		8,961,506,946	8,035,468,929	7,989,495,186	6,956,029,599
			<u>193,782,341,851</u>	<u>167,084,885,586</u>	<u>193,882,714,956</u>	<u>165,934,945,484</u>
7.4	Loans and Advances under the following broad categories					
	Inside Bangladesh:					
	Loans		183,432,140,497	161,668,837,516	182,560,501,842	159,439,458,084
	Cash Credits		-	-	-	-
	Overdrafts		19,998,878,904	14,172,583,428	19,998,878,904	14,172,583,428
			<u>203,431,019,401</u>	<u>175,841,420,944</u>	<u>202,559,380,746</u>	<u>173,612,041,512</u>
	Outside Bangladesh:					
	Loans		-	-	-	-
	Cash credits		-	-	-	-
	Overdrafts		-	-	-	-
			<u>203,431,019,401</u>	<u>175,841,420,944</u>	<u>202,559,380,746</u>	<u>173,612,041,512</u>
7.5	Geographical Location wise Portfolio grouping					
	Inside Bangladesh:					
	Dhaka Division		145,147,650,323	136,889,895,112	144,276,011,668	134,660,515,680
	Chittagong Division		22,759,165,182	18,459,418,441	22,759,165,182	18,459,418,441
	Khulna Division		8,499,889,028	5,564,302,120	8,499,889,028	5,564,302,120
	Sylhet Division		3,827,316,840	2,613,608,175	3,827,316,840	2,613,608,175
	Barisal Division		2,953,303,277	2,263,505,371	2,953,303,277	2,263,505,371
	Rajshahi Division		11,214,536,430	7,496,724,550	11,214,536,430	7,496,724,550
	Rangpur Division		3,153,483,201	2,553,967,175	3,153,483,201	2,553,967,175
	Mymensingh Division		5,875,675,120	-	5,875,675,120	-
			<u>203,431,019,401</u>	<u>175,841,420,944</u>	<u>202,559,380,746</u>	<u>173,612,041,512</u>
	Outside Bangladesh:		<u>203,431,019,401</u>	<u>175,841,420,944</u>	<u>202,559,380,746</u>	<u>173,612,041,512</u>
7.6	Loans and advances on the basis of significant concentration					
7.6.1	Loans and advances to directors, executives and others					
	Directors and others		403,696	349,835	403,696	349,835
	Staff:					
	Managing Director and CEO		774,915	-	774,915	-
	Senior Executives		223,537,989	664,398,971	223,537,989	664,398,971
	Other Executives and staffs		703,110,423	140,746,746	703,110,423	140,746,746
			<u>927,423,327</u>	<u>805,145,717</u>	<u>927,423,327</u>	<u>805,145,717</u>
	Industries:					
	Agricultural		1,954,130,689	3,422,444,806	1,954,130,689	3,422,444,806
	Large and Medium		58,740,105,223	53,956,538,406	58,740,105,223	53,956,538,406
	Small and Cottage		1,698,076,760	1,194,577,334	1,698,076,760	1,194,577,334
	Service Industry		9,215,899,231	10,077,768,402	9,215,899,231	10,077,768,402
			<u>71,608,211,903</u>	<u>68,651,328,948</u>	<u>71,608,211,903</u>	<u>68,651,328,948</u>
	Consumers		35,909,952,985	25,520,013,085	35,909,952,985	25,520,013,085
	Trade and Commercial		94,985,027,490	80,864,583,359	94,113,388,835	78,635,203,927
			<u>203,431,019,401</u>	<u>175,841,420,944</u>	<u>202,559,380,746</u>	<u>173,612,041,512</u>
7.6.2	Staff Loan					
	Personal Loan		84,116,621	92,554,309	84,116,621	92,554,309
	Car and motorcycle Loan		338,435,545	318,369,744	338,435,545	318,369,744
	House building Loan		504,871,161	394,221,664	504,871,161	394,221,664
			<u>927,423,327</u>	<u>805,145,717</u>	<u>927,423,327</u>	<u>805,145,717</u>
7.7	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 26,975.08 million on Consolidated basis and Taka 26,636.49 million on Solo basis as at 31 December 2017 (Taka 24,012.17 million and 23,095.14 million as at 31 December 2016 respectively). (Details are shown in Annex - E)					
	Number of clients				24	12
	Amount of outstanding advances				61,782,737,776	40,959,065,768
	Amount of classified advances				-	-

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
7.8 Classified and unclassified loans & advances					
Unclassified		193,778,985,743	164,877,532,519	194,121,311,600	165,741,483,436
Standard (including staff loan)		1,217,109,255	1,959,913,564	1,217,109,255	1,959,913,564
Special Mention Accounts (SMA)		194,996,094,998	166,837,446,083	195,338,420,855	167,701,397,000
Classified					
Sub-standard		1,289,414,776	648,530,638	1,289,414,776	648,530,638
Doubtful		1,190,620,473	499,594,164	1,190,620,473	499,594,164
Bad/Loss		5,954,889,154	7,855,850,059	4,740,924,642	4,762,519,710
		8,434,924,403	9,003,974,861	7,220,959,891	5,910,644,512
		203,431,019,401	175,841,420,944	202,559,380,746	173,612,041,512
7.8.1 Business segment wise concentration of classified Loans & Advances / NPL of the Bank					
Corporate		4,450,053,613	2,663,030,538	4,450,053,613	2,663,030,538
Retail		2,026,863,134	4,016,190,133	812,898,622	922,859,784
Small and medium enterprises		1,958,007,656	2,324,754,190	1,958,007,656	2,324,754,190
		8,434,924,403	9,003,974,861	7,220,959,891	5,910,644,512
7.8.2 Sector wise concentration of classified Loans & Advances / NPL of the Bank					
Agriculture		20,326,051	17,218,576	20,326,051	17,218,576
Communication		1,349,353,032	1,349,353,032	1,349,353,032	1,349,353,032
Consumer Credit		227,112,103	131,419,202	227,112,103	131,419,202
Construction		-	-	-	-
Other Manufacturing Industries		328,198,065	38,787,967	328,198,065	38,787,967
Power, Gas		212,337,066	212,337,066	212,337,066	212,337,066
Residential Real Estate Financing		450,397,360	506,906,106	450,397,360	506,906,106
Readymade Garments		55,144,402	66,010,385	55,144,402	66,010,385
Textile		153,017,081	-	153,017,081	-
Ship Building		30,424,860	72,820,712	30,424,860	72,820,712
SME Loans		2,702,829,957	2,302,887,425	2,702,829,957	2,302,887,425
Trade Service		2,905,784,426	4,192,640,782	1,691,819,914	1,099,310,433
Others		-	113,593,608	-	113,593,608
Total		8,434,924,403	9,003,974,861	7,220,959,891	5,910,644,512
7.8.3 Movements of classified Loans and Advances					
Opening balance		9,003,974,861	11,931,523,341	5,910,644,512	8,838,640,714
Additions during the year		3,480,147,121	2,515,651,717	3,479,579,148	2,514,353,375
Reductions during the year		4,049,197,579	5,443,200,197	2,169,263,769	5,442,349,577
		8,434,924,403	9,003,974,861	7,220,959,891	5,910,644,512
7.9 Loan type wise classified loan					
Overdraft		598,727,256	661,126,191	598,727,256	661,126,191
Demand Loan		549,645,213	293,195,013	549,645,213	293,195,013
Term Loan		5,935,336,191	4,716,728,658	5,935,336,191	4,716,728,658
Lease Finance		-	108,175,448	-	108,175,448
Credit Cards		137,251,231	131,419,202	137,251,231	131,419,202
Margin Loan		1,213,964,512	3,093,330,349	-	-
		8,434,924,403	9,003,974,861	7,220,959,891	5,910,644,512
7.10 Sector-wise Allocation of Loans and Advances					
Government:		-	-	-	-
Private:					
Agriculture		1,954,130,689	3,422,444,806	1,954,130,689	3,422,444,806
Industry		52,439,630,825	46,805,376,154	52,439,630,825	46,805,376,154
Service Industry		9,215,899,231	10,861,419,708	9,215,899,231	10,861,419,708
Agro-based Industry		7,998,551,158	8,345,739,586	7,998,551,158	8,345,739,586
Commerce & Trade		94,985,027,490	80,886,077,771	94,113,388,835	78,656,698,339
Consumer Credit		36,837,780,008	25,520,362,919	36,837,780,008	25,520,362,919
		203,431,019,401	175,841,420,944	202,559,380,746	173,612,041,512
7.11 Securities against loans/advances including bills purchased and discounted					
Collateral of moveable/immoveable assets		45,399,012,797	35,870,063,295	45,399,012,797	35,870,063,295
Local banks and financial institutions guarantee		-	-	-	-
Government guarantee		-	-	-	-
Foreign banks guarantee		-	-	-	-
Export documents		-	-	-	-
Fixed deposit receipts (FDR)		3,136,337,936	2,945,868,878	3,136,337,936	2,945,868,878
FDR of other banks		-	-	-	-
Government bonds		-	-	-	-
Personal guarantee and other securities		129,216,708,414	809,546,497	129,216,708,414	809,546,497
Other securities		25,678,960,254	136,215,942,274	24,807,321,599	133,986,562,842
		203,431,019,401	175,841,420,944	202,559,380,746	173,612,041,512

Section - Two : Notes to the Balance Sheet

Particulars	2017 Taka	2016 Taka
-------------	--------------	--------------

7.12 Particulars of required provisions for loans and advances (Bank only)

Status	Outstanding Loans and advances 2017	Base for provision	Percentage (%) of required provision	Required provision 2017	Required provision 2016
Unclassified					
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing, BHs/MBs/SDs, Housing and loans for professional*)	75,545,726,861	75,545,726,861	1%	755,457,269	742,144,381
Small and Medium enterprise financing	76,355,721,463	76,355,721,463	0.25%	190,889,304	142,668,302
Loans to BHs/MBs/SDs against share etc.	1,286,119,352	1,286,119,352	2%	25,722,387	32,456,204
Housing Finance**	16,715,415,671	16,715,415,671	2%	334,308,313	322,182,064
Loans for professionals to Set up business (LP)	2,411,775,516	2,411,775,516	2%	48,235,510	4,091,410
Consumer finance	16,793,668,994	15,866,209,390	5%	793,310,470	768,520,355
Consumer finance (Credit Card)	3,697,427,982	3,697,427,982	2%	73,948,560	40,340,233
Short Term Agricultural and Micro Credit	2,532,565,016	2,532,565,016	1.00%	25,325,650	37,519,036
	<u>195,338,420,855</u>	<u>194,410,961,251</u>		<u>2,247,197,462</u>	<u>2,089,921,985</u>
Classified - Specific provision					
Sub-standard (Short Term Agricultural Credit)	-	-	5%	-	1,415
Doubtful (Short Term Agricultural Credit)	34,400	28,304	5%	1,415	41,352
Sub-standard	1,289,414,776	1,038,265,989	20%	207,653,198	80,601,628
Doubtful	1,190,586,073	998,114,342	50%	499,057,171	168,192,016
Bad/Loss	4,740,924,642	3,072,013,547	100%	3,072,013,547	3,133,955,813
	<u>7,220,959,891</u>	<u>5,108,422,182</u>		<u>3,778,725,331</u>	<u>3,382,792,224</u>
	<u>202,559,380,746</u>	<u>199,519,383,433</u>		<u>6,025,922,793</u>	<u>5,472,714,209</u>
Required provision for loans and advances				<u>7,989,495,186</u>	<u>6,956,029,599</u>
Total provision maintained (Note 17.1)				<u>1,963,572,393</u>	<u>1,483,315,390</u>
Excess/(Short) provision					

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

**As per BRPD circular no. 1 dated 20 February 2018, which is effective from 31 December 2017, Banks have to maintain 1% general provision instead of 2% against all unclassified Housing Finance loans under Consumer Financing. BRAC Bank has already made general provision on all unclassified Housing Finance loans under Consumer Financing at the rate of 2% as per earlier circular hence the required provision also disclosed as 2% of such loan accordingly.

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

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 2017	Required provision 2016
Acceptances and endorsements	21,855,158,644	1%	218,551,586	200,154,035
Letter of guarantees	8,109,659,718	1%	81,096,597	63,571,889
Irrevocable letter of credits	22,568,919,488	1%	225,689,195	206,090,445
Bills for collection	4,015,469,603	1%	40,154,696	18,154,327
Total required provision			<u>565,492,074</u>	<u>487,970,696</u>
Total provision maintained (Note 17.4)			<u>621,162,499</u>	<u>489,847,170</u>
Excess/(Short) provision			<u>55,670,425</u>	<u>1,876,474</u>

7.14 Particulars of Loans and Advances

i)	Loans considered good in respect of which Bank is fully secured	48,535,350,734	38,815,967,389
ii)	Loans considered good against which Bank holds no security other than the debtor's personal guarantee.	129,216,708,413	809,546,497
iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the	24,807,321,599	133,986,527,626
iv)	Loans adversely classified; provision not maintained there against;	<u>202,559,380,746</u>	<u>173,612,041,512</u>
		927,863,301	805,495,552
v)	Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;		
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	927,863,301	805,495,552
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)	399,383,914	(1,916,827,226)
	Amount of debts written off	1,118,406,317	3,973,208,988
	Amount realized against loan previously written off.	1,039,185,296	1,217,678,634
	b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	4,983,144,526	4,583,760,612
	c) Interest creditable to the Interest Suspense a/c.	537,463,972	662,473,361
xi)	Cumulative amount of the written off loan		
	Opening balance	16,064,452,535	12,091,243,547
	Amount written off during the year	<u>1,118,406,317</u>	<u>3,973,208,988</u>
		<u>17,182,858,852</u>	<u>16,064,452,535</u>
	The amount of written off loans for which law suits have been filed	17,106,398,655	16,002,115,864

Section -Two : Notes to the Balance Sheet

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
7.15 Write off of Loans and advances					
Balance at the beginning of the year		10,703,594,646	8,416,087,625	10,703,594,646	8,416,087,625
Add: Write off during the year		1,118,406,317	3,973,208,988	1,118,406,317	3,973,208,988
		11,822,000,963	12,389,296,613	11,822,000,963	12,389,296,613
Less: Recovery of Write off loans		1,039,185,296	1,217,678,634	1,039,185,296	1,217,678,634
Less: No Claim (Interest Waiver)		511,402,502	468,023,333	511,402,502	468,023,333
Balance at the end of the year		10,271,413,164	10,703,594,646	10,271,413,164	10,703,594,646
7.16 Bill Purchased and Discounted under the following broad categories					
Inside Bangladesh		5,746,293,951	1,927,519,928	5,746,293,951	1,927,519,928
Outside Bangladesh		-	-	-	-
		5,746,293,951	1,927,519,928	5,746,293,951	1,927,519,928
7.17 Maturity wise grouping of Loans and Advances					
Repayable on demand		21,754,882,943	15,416,075,868	21,754,882,943	15,416,075,868
Not more than 3 months		34,719,822,954	28,951,240,235	35,711,940,929	28,951,240,236
More than 3 months but not more than 1 Year		75,016,712,615	67,448,591,208	73,152,955,985	65,219,211,775
More than 1 year but not more than 5 years		57,499,025,337	54,588,391,557	57,499,025,337	54,588,391,557
More than 5 years		14,440,575,552	9,437,122,076	14,440,575,552	9,437,122,076
		203,431,019,401	175,841,420,944	202,559,380,746	173,612,041,512
7.18 Maturity wise grouping of Lease receivables					
Receivable on demand		527,278	772,534	527,278	772,534
Not more than 3 months		11,007,900	-	11,007,900	-
More than 3 months but not more than 1 Year		43,859,782	62,663,931	43,859,782	62,663,931
More than 1 year but not more than 5 years		697,581,581	374,158,136	697,581,581	374,158,136
More than 5 years		-	-	-	-
		752,976,541	437,594,601	752,976,541	437,594,601
7.19 Maturity wise grouping of Bill Purchased and Discounted					
Payable within 1 month		1,057,002,492	496,753,204	1,057,002,492	496,753,204
Over 1 month but less than 3 months		1,618,688,903	1,066,291,100	1,618,688,903	1,066,291,100
Over 3 month but less than 6 months		2,277,821,735	233,743,604	2,277,821,735	233,743,604
6 months or more		792,780,821	130,732,020	792,780,821	130,732,020
		5,746,293,951	1,927,519,928	5,746,293,951	1,927,519,928
8 Fixed assets including land, building, furniture and fixtures					
Land - Cost		527,275,400	527,275,400	527,275,400	527,275,400
Revaluation*		516,373,535	516,373,535	516,373,535	516,373,535
Total		1,043,648,935	1,043,648,935	1,043,648,935	1,043,648,935
Leasehold Building		20,855,926	20,855,926	4,034,334	4,034,334
Furnitures and fixtures		2,239,687,472	1,932,170,718	2,097,265,452	1,809,233,630
Office equipment		1,688,923,672	1,509,608,708	1,542,362,260	1,359,404,912
IT Hardwares		3,023,818,161	2,668,097,431	2,331,804,025	2,134,467,308
Motor vehicles		405,899,477	170,519,278	295,973,574	108,371,172
Leasehold Improvements		100,962,080	126,929,040	-	-
Capital expenditure work in progress		1,342,672,559	513,658,521	970,504,865	227,259,912
License (Indefinite useful live)		50,000	50,000	50,000	50,000
IT Software (Finite useful live)		1,575,924,226	1,786,995,418	1,043,281,543	1,007,950,055
Total cost		11,442,442,508	9,772,533,975	9,328,924,988	7,694,470,258
Accumulated depreciation and amortisation		5,832,018,961	5,312,122,455	5,053,744,128	4,581,348,670
Written down value at 31 December		5,610,423,547	4,460,411,520	4,275,180,860	3,113,071,588
(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."					
9 Other assets					
Income generating					
Interest receivables	9.1	1,376,223,256	1,330,972,652	1,376,223,256	1,330,972,652
Investment in subsidiary	9.2	-	-	4,461,575,285	4,356,396,325
Investment/ Carrying value in associates	9.3	13,819,939	11,864,627	42,690,000	12,500,000
Prepaid Interest Expenses on IFFD		40,649,837	54,396,059	40,649,837	54,396,059
Receivables against sanchayapatra		81,940,767	417,986,414	81,940,767	417,986,414
Receivables from Omnibus		-	334,200	-	334,200
Balance with BRAC EPL Stock Brokerage Limited		8,952,614	12,262,401	8,952,614	12,262,401
Non- Income generating					
Stock of stamps		26,920,627	16,179,155	26,920,627	16,179,155
Stock of security stationery		25,059,870	19,714,241	25,059,870	19,714,241
Stock of printing stationery		13,106,948	12,494,939	13,106,948	12,494,939
Stock of inventory		3,132,395	1,727,749	3,132,395	1,727,749
Advance to staff		9,154,509	6,223,249	9,154,509	6,223,249
Advance to supplier		33,472,974	6,779,498	33,472,974	6,779,498
Advance payment of income tax		10,314,297,331	8,053,627,021	10,314,297,331	8,053,627,021
Advance Value Added Tax		4,370,000	4,370,000	4,370,000	4,370,000
Advance to SME unit offices		1,310,690	1,310,690	1,310,690	1,310,690
Advance against office rent		697,573,334	644,848,581	697,573,334	644,848,581
Advance security deposit		12,600,835	11,817,093	12,600,835	11,817,093
Deferred revenue expenditure		107,072,473	73,654,510	107,072,473	73,654,510
Deferred tax asset	9.4	1,602,551,146	1,029,603,118	1,602,551,146	1,029,603,118
Receivable from Off-Shore		1,182,891,590	623,849,790	1,182,891,590	623,849,790
Receivable settlement account-OBUD/DBU		1,285,509,100	1,363,888,144	1,285,509,100	1,363,888,144
Receivable in proxy account		3,757,480	6,431,842	3,757,480	6,431,842
Other receivables	9.5	1,090,032,867	704,821,213	1,090,032,867	704,821,213
Less: On-shore to Off-shore		(2,468,400,686)	(623,849,786)	(2,468,400,686)	(623,849,786)
Other assets of subsidiaries	9.6	5,081,926,522	2,878,883,671	-	-
		20,547,926,418	16,664,191,071	19,956,445,242	18,142,339,098

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
9.1 Interest receivables		386,838,906	326,684,616	386,838,906	326,684,616
Receivable against Govt. securities		67,254,183	88,483,692	67,254,183	88,483,692
Receivable against other securities		83,254,177	124,896,288	83,254,177	124,896,288
Receivable against balance with other bank		838,875,990	748,982,964	838,875,990	748,982,964
Receivable against loans and advances		-	41,925,092	-	41,925,092
Receivable against term deposit		1,376,223,256	1,330,972,652	1,376,223,256	1,330,972,652
9.2 Investment in subsidiaries		-	-	2,889,117,454	2,752,714,494
BRAC EPL Investments Limited		-	-	1,344,147,500	1,344,147,500
BRAC EPL Stock Brokerage Limited		-	-	168,921,800	168,921,800
bKash Limited		-	-	59,388,531	59,388,531
BRAC Saajan Exchange Limited		-	-	-	31,224,000
BRAC IT Services Limited		-	-	4,461,575,285	4,356,396,325
9.3 Investment/ Carrying value in associates:		1,798,063	-	30,190,000	-
BRAC IT Services Limited		12,021,876	11,864,627	12,500,000	12,500,000
BRAC Asset Management Company Limited		13,819,939	11,864,627	42,690,000	12,500,000
9.3.1 Carrying value of investment in associates:					
BRAC IT Services Limited		(12,377,528)	-	-	-
FV of residual interest retained		14,175,591	-	-	-
Share of profit/(loss) of equity in associate company		1,798,063	-	-	-
BRAC Asset Management Company Limited		11,864,627	11,681,803	-	-
Opening balance		157,249	182,824	-	-
Share of profit/(loss) of equity in associate company		12,021,876	11,864,627	-	-
9.4 Deferred Tax asset/ (Liability)					
	Book Value	Tax Base	Deductible/ (Taxable) Temporary Difference	Deferred Tax Asset/ (Liability)	
Balance as at 31 December 2016				1,029,603,117	
Deferred Tax Asset				(130,673,846)	
Deferred Tax Liability				898,929,271	
Net Deferred Tax Asset 2016					
Balance as at 31 December 2017				1,448,104,623	
Loan loss provision (Note - 17.1)	5,648,936,030	-	3,620,261,558		
Provision against Capital market	-	-	-	154,446,523	
Fixed assets (Annex-F)	2,261,027,060	2,647,143,369	386,116,309	1,602,551,146	
Deferred tax asset (a)					
Interest receivable from treasury bills and bonds	386,838,906	-	(386,838,906)	(154,735,562)	
Deferred Tax Liability (b)				(154,735,562)	
Net Deferred Tax Asset at 31 December 2017 (a+b)				572,948,029	
Increase of deferred tax asset recognized in Profit and Loss statement as Income				(24,061,716)	
Increase of deferred tax liability recognized in Profit and Loss statement as expense				548,886,313	
Net Deferred tax Income recognized in Profit and Loss statement during the year end December 31, 2017					
9.5 Other Receivables		18,774,911	10,758,702	18,774,911	10,758,702
Receivable against remittance		100	2,098	100	2,098
Receivable against bills pay		41,000,000	23,000,000	41,000,000	23,000,000
Receivable against DD		19,725	19,725	19,725	19,725
Receivable against Cheques		13,486,899	6,357,033	13,486,899	6,357,033
Receivable against Cards		144,762,125	47,485,397	144,762,125	47,485,397
Receivable from Merchant		234,198,514	243,291,132	234,198,514	243,291,132
Receivable from Partners		40,535,943	67,173,318	40,535,943	67,173,318
Receivable from Co-Brand ATM		116,490,109	19,523,600	116,490,109	19,523,600
Receivable against fraud and forgery/Protested bill		-	3,617,134	-	3,617,134
Receivable from Member Bank - ELDORADO		118,243,000	59,880,200	118,243,000	59,880,200
Receivable from NPS		268,004,728	207,298,992	268,004,728	207,298,992
Sundry debtors		5,000,005	5,000,000	5,000,005	5,000,000
Receivable from BACH		878,348	7,637,083	878,348	7,637,083
VAT current account		(851,174)	(1,573,895)	(851,174)	(1,573,895)
REPO interest expenditure		-	5,350,694	-	5,350,694
Coupon interest adjustment		89,489,634	-	89,489,634	-
Unrealized Gain/Loss FX Contra		1,090,032,867	704,821,713	1,090,032,867	704,821,713

	Particulars	Note	Consolidated		BRAC Bank Limited	
			2017	2016	2017	2016
9.6	Other assets of subsidiaries					
	BRAC EPL Investments Limited		655,367,327	803,627,967	-	-
	BRAC EPL Stock Brokerage Limited		2,055,779,716	630,608,527	-	-
	bKash Limited		2,360,266,438	1,604,105,215	-	-
	BRAC Saajan Exchange Limited		224,371,137	211,386,397	-	-
	BRAC IT Services Limited		-	31,895,353	-	-
			<u>5,295,784,618</u>	<u>3,281,623,459</u>	<u>-</u>	<u>-</u>
	Less: Inter company transactions:					
	BRAC Bank Limited		197,805,465	395,889,430	-	-
	BRAC EPL Investments Limited		34,500	209,990	-	-
	BRAC EPL Stock Brokerage Limited		15,404,922	2,777,245	-	-
	bKash Limited		613,209	572,894	-	-
	BRAC Saajan Exchange Limited		-	-	-	-
	BRAC IT Services Limited		-	3,290,229	-	-
			<u>213,858,096</u>	<u>402,739,788</u>	<u>-</u>	<u>-</u>
			<u>5,081,926,522</u>	<u>2,878,883,671</u>	<u>-</u>	<u>-</u>
9.7	Particulars of required provision for other assets (bank only)					
	Sundry debtors		6,476,201	100%	6,476,201	6,006,530
	Receivable from BACH		5,000,000	100%	5,000,000	5,000,000
	Receivable from Co-Brand ATM		40,535,942	100%	40,535,942	40,747,000
	Receivable from Partners		2,433,311	100%	2,433,311	2,002,851
	Receivable in proxy account		6,849,241	100%	6,849,241	4,074,929
	Protested bill		116,490,109	100%	116,490,109	19,523,600
	Other		69,289	100%	69,289	51,077
	Required provision for other assets		-	-	177,854,093	77,405,987
	Total provision maintained (Note- 17.3)		-	-	<u>179,816,091</u>	<u>79,367,985</u>
	Excess / (short) provision at 31 December 2017		-	-	<u>1,961,998</u>	<u>1,961,998</u>
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
	M/s Macca And Modina Store	16.01.2017	1,200,000	-	1,200,000	-
			<u>63,430,075</u>	<u>62,230,075</u>	<u>63,430,075</u>	<u>62,230,075</u>
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	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	-	-
	Less: Impairment of Goodwill*		<u>(150,233,905)</u>	<u>(120,187,124)</u>	<u>-</u>	<u>-</u>
			<u>1,350,628,757</u>	<u>1,382,151,929</u>	<u>-</u>	<u>-</u>
* Impairment of Goodwill is related to BRAC EPL Investment Ltd.						
12	Borrowings from other banks, financial institutions and agents					
	Borrowings inside Bangladesh	12.1	2,412,800,000	3,443,019,527	2,412,800,000	3,150,000,000
	Borrowings outside Bangladesh	12.2	20,798,133,175	15,688,239,195	20,798,133,175	15,688,239,195
			<u>23,210,933,175</u>	<u>19,131,258,722</u>	<u>23,210,933,175</u>	<u>18,838,239,195</u>
12.1	Borrowings Inside Bangladesh					
	Southeast Bank Ltd.		332,800,000	315,000,000	332,800,000	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
	Uttara Bank Limited		-	393,750,000	-	393,750,000
	BASIC Bank Limited		-	354,375,000	-	354,375,000
	Dhaka Bank Limited		416,000,000	-	416,000,000	-
	AGRANI BANK		1,664,000,000	-	1,664,000,000	-
	On Shore to BBL Off Shore		1,597,440,000	3,150,199,312	1,597,440,000	3,150,199,312
	Borrowings of subsidiaries		992,117,975	1,824,274,557	-	-
			<u>5,002,357,975</u>	<u>8,124,473,869</u>	<u>4,010,240,000</u>	<u>6,300,199,312</u>
	Less: On-shore to BBL Off-shore placement/Inter Company elimination		<u>2,589,557,975</u>	<u>4,681,454,342</u>	<u>1,597,440,000</u>	<u>3,150,199,312</u>
			<u>2,412,800,000</u>	<u>3,443,019,527</u>	<u>2,412,800,000</u>	<u>3,150,000,000</u>
12.2	Borrowing from Outside Bangladesh					
	Sonali Bank UK Ltd		1,285,509,100	629,324,800	1,285,509,100	629,324,800
	BANK ONE Mauritius		1,081,600,000	-	1,081,600,000	-
	Emirates Bank		832,000,000	-	832,000,000	-
	HDFC Bank Limited		416,000,000	-	416,000,000	-
	ICICI Bank Limited		832,000,000	-	832,000,000	-
	Standard Chartered Bank Singapore		3,078,400,000	-	3,078,400,000	-
	UBL DUBAI		981,760,000	-	981,760,000	-
	Asian Development Bank		2,481,107,200	2,526,300,000	2,481,107,200	2,526,300,000
	KBC Bank NV Belgium		832,476,876	629,866,895	832,476,876	629,866,895
	Emirates NBD		-	877,747,500	-	877,747,500
	First Gulf Bank		1,248,000,000	787,500,000	1,248,000,000	787,500,000
	The National Bank of Ras Al-Khaimah		2,113,280,000	1,181,250,000	2,113,280,000	1,181,250,000
	Borrowing from NORFUND		208,000,000	590,625,000	208,000,000	590,625,000
	Borrowing from IFC		4,160,000,000	3,150,000,000	4,160,000,000	3,150,000,000
	Borrowing from FMO		1,247,999,999	5,315,625,000	1,247,999,999	5,315,625,000
			<u>20,798,133,175</u>	<u>15,688,239,195</u>	<u>20,798,133,175</u>	<u>15,688,239,195</u>
			<u>23,210,933,175</u>	<u>19,131,258,722</u>	<u>23,210,933,175</u>	<u>18,838,239,195</u>
12.3	Security against borrowings from other banks, financial institutions and agents:					
	Secured (Treasury bills)		-	-	-	-
	Unsecured		23,210,933,175	19,131,258,722	23,210,933,175	18,838,239,195
			<u>23,210,933,175</u>	<u>19,131,258,722</u>	<u>23,210,933,175</u>	<u>18,838,239,195</u>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016

12.4 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 2017:

Sl.no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)	Amount (1st leg cash consideration)
i	Standard Chartered Bank	12/28/2017	1/1/2018	206,503,052	1,007,481,414
ii	National Bank Ltd	12/29/2016	1/5/2017	-	1,978,887,209
iii	Janata Bank Ltd			1,398,516,000	1,998,740,000
				1,605,019,052	4,985,108,623

(a) (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2017:

Sl.no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)	Amount (1st leg cash consideration)
i	NIL	N/A	N/A	NIL	NIL
ii	International Leasing & Financial Services	12/26/2016	1/2/2017	-	296,430,508
				-	296,430,508

(b) Disclosure regarding overall transaction of Repo and Reverse repo during the year 31 December 2017:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Daily average outstanding during the year
Securities sold under repo:				
i) with Bangladesh Bank	-	-	-	-
ii) with other banks & Fis	197,197,000	4,992,921,000	791,977,750	1,448,822,539
Securities purchased under reverse repo:				
i) with Bangladesh Bank	-	-	-	-
ii) with other banks & Fis	188,846,404	3,005,900,233	64,799,691	67,118,951
12.5 Maturity wise grouping of Borrowing from Other Bank and Financial Institutions				
Repayable on demand	5,338,736,186	6,286,955,100	5,338,736,186	6,286,955,100
Not more than 3 months	6,095,250,806	1,470,898,450	6,095,250,806	1,470,898,450
More than 3 months but not more than 1 Year	6,725,517,613	6,946,010,645	6,725,517,613	6,946,010,645
More than 1 year but not more than 5 years	5,051,428,571	4,134,375,000	5,051,428,571	4,134,375,000
More than 5 years	-	-	-	-
	23,210,933,175	18,838,239,195	23,210,933,175	18,838,239,195
13 Borrowings from Central Bank				
Bangladesh Bank Refinance	938,487,908	841,013,210	938,487,908	841,013,210
Bangladesh Bank EDF fund	4,214,064,523	5,896,115,187	4,214,064,523	5,896,115,187
Bangladesh Bank SME Foundation	27,767,500	15,850,000	27,767,500	15,850,000
Borrowing from Bangladesh Bank - LTFF	415,265,835	-	415,265,835	-
	5,595,585,766	6,752,978,397	5,595,585,766	6,752,978,397
13.1 Maturity wise grouping of Borrowing from Central Bank				
Repayable on demand	928,073,307	602,831,925	928,073,307	602,831,925
not more than 3 months	2,718,641,427	1,396,578,490	2,718,641,427	1,396,578,490
More than 3 months but not more than 1 Year	1,533,605,197	4,753,567,982	1,533,605,197	4,753,567,982
More than 1 year but not more than 5 years	415,265,835	-	415,265,835	-
More than 5 years	-	-	-	-
	5,595,585,766	6,752,978,397	5,595,585,766	6,752,978,397
14 Subordinated Convertible Bonds				
Private Placement	14.1	2,528,987,000	2,651,375,000	2,528,987,000
Public Subscription	14.2	321,161,000	299,704,000	321,161,000
		2,850,148,000	2,951,079,000	2,850,148,000
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 and in the year 2017 we have converted total 100,931 bonds @ Tk. 1000 and issued total 2,237,835 Ordinary shares @ Tk. 45.10 as 2nd Conversion considering 10% 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	525,000,000	525,000,000
Triodos Fair Share Fund	175,000	175,000,000	175,000,000	175,000,000
Triodos Microfinance Fund	175,000	175,000,000	175,000,000	175,000,000
Norwegian Investment Fund for Developing Countries	418,950	418,950,000	465,500,000	465,500,000
Agrani Bank Limited	750,000	750,000,000	750,000,000	750,000,000
BRAC Employee Provident Fund	412,537	412,537,000	458,375,000	458,375,000
Delta Life Insurance Company Limited	20,000	20,000,000	20,000,000	20,000,000
RACE Asset Management *	52,500	52,500,000	82,500,000	82,500,000
		2,528,987,000	2,651,375,000	2,528,987,000
* PHP 1st Mutual Fund, Popular Life 1st Mutual Fund				
14.2 Public Subscription details	No. of Unit			
Other than non-resident Bangladeshis	263,547	263,547,000	212,479,000	263,547,000
Non-resident Bangladeshis	807	807,000	2,285,000	2,285,000
Mutual Funds	56,807	56,807,000	84,940,000	84,940,000
		321,161,000	299,704,000	321,161,000
Total Subscription received		2,850,148,000	2,951,079,000	2,850,148,000
Less: Refundable against excess subscription		-	-	-
		2,850,148,000	2,951,079,000	2,850,148,000

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
14.3 Maturity wise grouping of Subordinated Convertible Bonds					
Up to 1 month		2,850,148,000	-	2,850,148,000	-
not more than 3 months		-	-	-	-
More than 3 months but not more than 1 Year		-	2,951,079,000	-	2,951,079,000
More than 1 year but not more than 5 years		-	-	-	-
More than 5 years		-	-	-	-
		<u>2,850,148,000</u>	<u>2,951,079,000</u>	<u>2,850,148,000</u>	<u>2,951,079,000</u>
15 Money at call and short notice					
Local currency:					
IFIC Bank Limited		100,000,000	-	100,000,000	-
Commercial Bank of ceylon plc Dhaka		400,000,000	-	400,000,000	-
National Bank Limited		1,200,000,000	400,000,000	1,200,000,000	400,000,000
Sonali Bank Limited		1,000,000,000	-	1,000,000,000	-
State Bank of India		-	280,000,000	-	280,000,000
Southeast Bank Limited		-	230,000,000	-	230,000,000
		<u>2,700,000,000</u>	<u>910,000,000</u>	<u>2,700,000,000</u>	<u>910,000,000</u>
Foreign currency:					
Agrani Bank Ltd.		-	393,750,000	-	393,750,000
		<u>-</u>	<u>393,750,000</u>	<u>-</u>	<u>393,750,000</u>
		<u>2,700,000,000</u>	<u>1,303,750,000</u>	<u>2,700,000,000</u>	<u>1,303,750,000</u>
15.1 Maturity wise grouping of Money at call and short notice					
Up to 1 month		2,700,000,000	1,303,750,000	2,700,000,000	1,303,750,000
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>2,700,000,000</u>	<u>1,303,750,000</u>	<u>2,700,000,000</u>	<u>1,303,750,000</u>
16 Deposits and other accounts					
Current deposits and other accounts etc.	16.1	83,474,319,154	66,657,447,378	62,304,458,807	50,271,016,607
Bills payable	16.2	1,013,749,416	1,309,401,487	1,013,749,416	1,309,401,487
Savings bank deposits	16.3	35,100,923,580	31,368,696,186	35,100,923,580	31,368,696,186
Fixed deposits	16.4	95,556,881,123	80,737,078,388	96,018,419,796	84,504,303,337
Other deposits	16.5	1,784,046,490	1,406,154,121	1,786,887,658	1,406,154,121
		<u>216,929,919,763</u>	<u>181,478,777,560</u>	<u>196,224,439,257</u>	<u>168,859,571,738</u>
16.1 Current deposits and other accounts					
Local currency		82,741,721,386	65,647,346,073	61,077,784,187	48,358,731,917
Foreign currencies		1,226,674,620	1,912,284,690	1,226,674,620	1,912,284,690
		<u>83,968,396,006</u>	<u>67,559,630,763</u>	<u>62,304,458,807</u>	<u>50,271,016,607</u>
Less: Inter unit/company elimination		<u>494,076,852</u>	<u>902,183,385</u>	<u>-</u>	<u>-</u>
		<u>83,474,319,154</u>	<u>66,657,447,378</u>	<u>62,304,458,807</u>	<u>50,271,016,607</u>
16.1.1 Current deposits and other accounts					
Current deposits		72,380,687,481	58,473,157,736	50,716,750,283	41,184,543,580
Short term deposit		11,587,708,525	9,086,473,027	11,587,708,525	9,086,473,027
Less: Inter unit/company elimination		<u>494,076,852</u>	<u>902,183,385</u>	<u>-</u>	<u>-</u>
		<u>83,474,319,154</u>	<u>66,657,447,378</u>	<u>62,304,458,808</u>	<u>50,271,016,607</u>
16.2 Bills payable					
Local currency		995,476,293	945,992,985	995,476,293	945,992,985
Foreign currencies		18,273,123	363,408,502	18,273,123	363,408,502
		<u>1,013,749,416</u>	<u>1,309,401,487</u>	<u>1,013,749,416</u>	<u>1,309,401,487</u>
16.3 Savings bank deposits					
Local currency		35,100,923,580	31,368,696,186	35,100,923,580	31,368,696,186
Foreign currencies		-	-	-	-
		<u>35,100,923,580</u>	<u>31,368,696,186</u>	<u>35,100,923,580</u>	<u>31,368,696,186</u>
16.4 Fixed deposits					
Local currency		94,645,236,796	83,226,753,125	94,645,236,796	83,226,753,125
Foreign currencies		1,373,183,000	1,277,550,212	1,373,183,000	1,277,550,212
		<u>96,018,419,796</u>	<u>84,504,303,337</u>	<u>96,018,419,796</u>	<u>84,504,303,337</u>
Less: Inter unit/company elimination		<u>461,538,676</u>	<u>3,767,224,949</u>	<u>-</u>	<u>-</u>
		<u>95,556,881,123</u>	<u>80,737,078,388</u>	<u>96,018,419,796</u>	<u>84,504,303,337</u>
16.5 Other deposits					
Local currency		640,754,309	595,249,868	640,754,309	595,249,868
Foreign currencies		1,146,133,349	810,904,253	1,146,133,349	810,904,253
		<u>1,786,887,658</u>	<u>1,406,154,121</u>	<u>1,786,887,658</u>	<u>1,406,154,121</u>
Less: Inter unit/company elimination		<u>2,841,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,784,046,490</u>	<u>1,406,154,121</u>	<u>1,786,887,658</u>	<u>1,406,154,121</u>
16.5.1 Other Deposits					
Foreign currency deposits		1,146,133,349	810,904,253	1,146,133,349	810,904,253
Local Currency deposits:					
Security Deposits		962,000	998,000	962,000	998,000
Security Deposit from Retail Loan client		7,912,505	7,912,505	7,912,505	7,912,505
Lease Deposit		7,136,038	4,959,100	7,136,038	4,959,100
Payable to NPS		146,880,320	72,836,460	146,880,320	72,836,460
EFTN and BACH adjustment account		324,586,932	374,891,690	324,586,932	374,891,690
Payable against Customers, Loan account and others		153,276,513	133,652,113	153,276,513	133,652,113
		<u>1,786,887,657</u>	<u>1,406,154,121</u>	<u>1,786,887,657</u>	<u>1,406,154,121</u>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
16.6 Sundry deposit					
Lease Deposits		7,136,038	4,959,100	7,136,038	4,959,100
Payable to NPS		146,880,320	72,836,460	146,880,320	72,836,460
EFTN and BACH adjustments account		324,586,932	374,891,690	324,586,932	374,891,690
Payable against customers, Loan account and others		153,276,513	133,652,113	153,276,513	133,652,113
		<u>631,879,803</u>	<u>586,339,363</u>	<u>631,879,803</u>	<u>586,339,363</u>
16.7 Deposits from banks-inside Bangladesh		9,295,668,973	10,061,043,601	9,295,668,973	10,061,043,601
Other than banks		207,634,250,790	171,417,733,959	186,928,770,284	158,798,528,138
		<u>216,929,919,763</u>	<u>181,478,777,560</u>	<u>196,224,439,257</u>	<u>168,859,571,739</u>
16.7.1 Deposits from banks					
Current deposits:					
Eldorado Member Banks		2,273,326	16,105,904	2,273,326	16,105,904
Omnibus Member Banks		3,395,647	4,937,697	3,395,647	4,937,697
		<u>5,668,973</u>	<u>21,043,601</u>	<u>5,668,973</u>	<u>21,043,601</u>
Fixed deposits from Banks:					
Uttara Bank Limited		-	2,300,000,000	-	2,300,000,000
Agrani Bank Limited		2,500,000,000	-	2,500,000,000	-
Bangladesh Development Bank Limited		200,000,000	-	200,000,000	-
Dutch-Bangla Bank Limited		1,000,000,000	-	1,000,000,000	-
Sonali Bank Limited		3,000,000,000	-	3,000,000,000	-
Bank Asaia Ltd		-	750,000,000	-	750,000,000
Commercial Bank of Ceylon		-	310,000,000	-	310,000,000
Habib Bank Ltd		-	190,000,000	-	190,000,000
Hongkong Shanghai Banking Corporation		690,000,000	-	690,000,000	-
IFIC Bank Ltd.		-	1,000,000,000	-	1,000,000,000
NCC Bank Limited		-	1,000,000,000	-	1,000,000,000
Prime Bank Limited		1,900,000,000	600,000,000	1,900,000,000	600,000,000
Pubali Bank Ltd		-	500,000,000	-	500,000,000
The Premier Bank Ltd		-	400,000,000	-	400,000,000
Trust Bank Ltd		-	2,000,000,000	-	2,000,000,000
		<u>9,290,000,000</u>	<u>9,740,000,000</u>	<u>9,290,000,000</u>	<u>9,740,000,000</u>
Fixed deposits from financial Institutions:					
Uttara Finance & Investment Ltd		-	300,000,000	-	300,000,000
		<u>-</u>	<u>300,000,000</u>	<u>-</u>	<u>300,000,000</u>
		<u>9,290,000,000</u>	<u>10,040,000,000</u>	<u>9,290,000,000</u>	<u>10,040,000,000</u>
Total Deposits from Banks and financial Institutions		<u>9,295,668,973</u>	<u>10,061,043,601</u>	<u>9,295,668,973</u>	<u>10,061,043,601</u>
16.8 Payable on demand and time deposit					
i) Demand deposit					
Current deposits		70,658,256,937	55,658,689,661	49,490,075,663	39,272,258,890
Saving deposits (10%)		3,510,092,358	3,136,869,619	3,510,092,358	3,136,869,619
Foreign currency deposits		2,372,807,969	2,723,188,942	2,372,807,969	2,723,188,942
Sundry deposits		631,879,803	586,339,363	631,879,803	586,339,363
Bills payable		1,013,749,416	1,309,401,487	1,013,749,416	1,309,401,487
		<u>78,186,786,484</u>	<u>63,414,489,072</u>	<u>57,018,605,209</u>	<u>47,028,058,301</u>
ii) Time deposit					
Saving deposits (90%)		31,590,831,222	28,231,826,568	31,590,831,222	28,231,826,568
Foreign currency deposits		1,373,183,000	1,277,550,212	1,373,183,000	1,277,550,212
Fixed deposits		84,922,710,732	71,728,535,723	85,384,249,406	75,495,760,672
Short term deposits		11,587,708,525	9,086,473,027	11,587,708,525	9,086,473,027
Deposit pension schemes		9,260,987,390	7,730,992,453	9,260,987,390	7,730,992,453
Security deposits		8,874,505	8,910,505	8,874,505	8,910,505
		<u>138,744,295,374</u>	<u>118,064,288,488</u>	<u>139,205,834,048</u>	<u>121,831,513,437</u>
		<u>216,931,081,858</u>	<u>181,478,777,560</u>	<u>196,224,439,257</u>	<u>168,859,571,738</u>
16.9 Maturity Wise Grouping of Deposits and other accounts					
Repayable on demand		2,917,671,825	2,947,232,200	2,917,671,825	2,947,232,200
Repayable within 1 month		34,451,806,470	28,979,959,199	28,448,381,235	23,831,127,629
Over 1 month but within 6 months		62,226,219,427	63,006,845,343	60,521,364,381	55,536,471,091
Over 6 month but within 1 year		46,266,521,566	27,169,529,995	33,268,159,246	27,169,529,995
Over 1 year but within 5 years		50,396,625,073	41,078,673,485	50,396,625,073	41,078,673,485
Over 5 years but within 10 years		20,668,786,215	18,292,426,838	20,668,786,215	18,292,426,838
Over 10 years		3,451,282	4,110,500	3,451,282	4,110,500
Unclaimed deposits for 10 years or more		-	-	-	-
		<u>216,931,081,858</u>	<u>181,478,777,560</u>	<u>196,224,439,257</u>	<u>168,859,571,738</u>

The unclaimed deposit outstanding for 10 years and above BDT 27,873,340.40 (Cheque no- BR 0566774) has been subsequently deposited to Bangladesh Bank as per section 35 of Bank companies act 1991.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
17 Other liabilities					
Provision for loans and advances	17.1	7,989,495,186	8,015,095,645	7,989,495,186	6,956,029,599
Provision for interest receivable from loan	17.2	9,648,388	9,605,500	9,648,388	9,605,500
Provision for other assets	17.3	179,816,091	79,367,985	179,816,091	79,367,985
Provisions for Off Balance Sheet Items	17.4	621,162,499	489,847,170	621,162,499	489,847,170
Provision for diminution in value of Investments	17.5	-	72,224,112	-	72,224,112
Interest suspense	17.6	687,170,604	721,066,429	687,170,604	721,066,429
Withholding tax payable	17.7	192,091,315	160,460,239	192,091,315	160,460,239
VAT payable	17.8	166,123,743	159,063,629	166,123,743	159,063,629
Excise duty Payable		79,949,593	156,602,697	79,949,593	156,602,697
Provision for taxation	17.9	15,155,352,574	11,961,311,619	15,155,352,574	11,961,311,619
Deferred tax liability		154,735,560	130,673,845	154,735,560	130,673,845
Interest payable		1,826,376,155	1,477,884,587	1,826,376,155	1,477,884,587
Accrued expenses		2,266,094,859	2,153,072,755	2,266,094,859	2,153,072,755
Share subscription - IPO (refund warrant)		223,727	209,983	223,727	209,983
Right Share subscription		636,674	636,674	636,674	636,674
Payable to Off-shore Banking Unit		1,182,891,586	623,849,786	1,182,891,586	623,849,786
Payable settlement account-OBUDU		1,285,509,100	1,412,649,627	1,285,509,100	1,412,649,627
Cheque clearing account		316,002	316,002	316,002	316,002
Margin on Letter of Credits		1,029,664,286	754,706,528	1,029,664,286	754,706,528
Margin on Letter of Guarantees		220,624,615	189,995,435	220,624,615	189,995,435
Cash dividend payable		57,221,273	55,615,946	57,221,273	55,615,946
Unclaimed dividend		3,704,765	3,705,304	3,704,765	3,705,304
Suppliers payable		161,114,594	127,123,690	161,114,594	127,123,690
Payable against exchange houses		23,550	607,690	23,550	607,690
Payable against insurances		30,813,366	22,862,464	30,813,366	22,862,464
Payable to Omnibus		896,130	24,989,170	896,130	24,989,170
Payable against FDD		473,300,643	-	473,300,643	-
Payable against SWIFT charge		1,500,441	-	1,500,441	-
Others payable	17.10	1,621,448,121	1,338,439,053	1,621,448,121	1,338,439,053
Less: Off-shore to On-shore		(2,468,400,686)	(623,849,786)	(2,468,400,686)	(623,849,786)
Other liabilities of subsidiaries	17.11	6,904,281,953	3,448,139,796	-	-
		39,833,786,707	32,966,273,574	32,929,504,754	28,459,067,732
17.1 Provision for loans, 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.					
A. General					
Provisions held at the beginning of the year		2,090,767,680	1,527,643,754	2,090,767,680	1,527,643,754
Add: Exchange difference in Off-shore book		15,071,195	682,788	15,071,195	682,788
Add: Net charge to Profit & Loss A/C		234,720,281	562,441,138	234,720,281	562,441,138
Provisions held at the end of the year		2,340,559,156	2,090,767,680	2,340,559,156	2,090,767,680
B. Specific					
Provisions held at the beginning of the year (i)		5,924,327,965	7,264,956,488	4,865,261,919	6,889,684,512
Less: Write off during the year (ii)		(1,013,785,585)	(3,758,014,610)	(1,013,785,585)	(3,758,014,610)
Add: Recovery of written off bad debts (iii)		1,039,185,296	1,217,678,634	1,039,185,296	1,217,678,634
Add: Exchange difference in Off-shore book (iv)		211,956	47,820	211,956	47,820
Add: Specific provision for the year (v)		738,181,694	2,417,338,267	1,797,247,740	1,733,544,197
Net charge to Profit & Loss A/C (vi)		(301,003,602)	1,199,659,633	758,062,444	515,865,563
Provisions held at the end of the year (i+ii+iii+iv+vi)		5,648,936,030	5,924,327,965	5,648,936,030	4,865,261,919
Total provision held at the end of the year (A+B)		7,989,495,186	8,015,095,645	7,989,495,186	6,956,029,599
17.2 Provision for interest receivable from loan					
Provisions held at the beginning of the year		9,605,500	-	9,605,500	-
Add: Net charge to Profit & Loss A/C		42,888	9,605,500	42,888	9,605,500
Provisions held at the end of the year		9,648,388	9,605,500	9,648,388	9,605,500
17.3 Provision for other assets					
Provisions held at the beginning of the year		79,367,985	78,505,485	79,367,985	78,505,485
Add: Net charge to Profit & Loss A/C		100,448,106	862,500	100,448,106	862,500
Provisions held at the end of the year		179,816,091	79,367,985	179,816,091	79,367,985
17.4 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		489,847,170	427,347,170	489,847,170	427,347,170
Add: Provision made during the year		131,315,329	62,500,000	131,315,329	62,500,000
Balance at the end of the year		621,162,499	489,847,170	621,162,499	489,847,170

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
17.5 Provision for diminution in value of Investments					
Balance at the beginning of the year		72,224,112	358,951,693	72,224,112	358,951,693
Add: Provision made (released) during the year		(72,224,112)	(286,727,581)	(72,224,112)	(286,727,581)
Balance at the end of the year		-	72,224,112	-	72,224,112
17.6 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		721,066,429	833,053,798	721,066,429	833,053,798
Add: Amount transferred to "Interest Suspense" Account during the year		537,463,972	662,473,361	537,463,972	662,473,361
		1,258,530,401	1,495,527,159	1,258,530,401	1,495,527,159
Less: Amount recovered in "Interest Suspense" Account during the year		153,448,735	105,170,602	153,448,735	105,170,602
Less: Amount written off during the year		103,636,703	212,021,675	103,636,703	212,021,675
Less: Interest waiver during the year		314,274,359	457,268,453	314,274,359	457,268,453
Balance at the end of the year		687,170,604	721,066,429	687,170,604	721,066,429
17.7 Withholding Tax Payable					
Payable on Interest		135,819,548	117,636,454	135,819,548	117,636,454
Payable (Suppliers)		6,085,416	6,146,112	6,085,416	6,146,112
Payable (Contractors and Consultants)		457,861	595,003	457,861	595,003
Payable (Staff Salaries and Allowance)		7,423,201	5,837,756	7,423,201	5,837,756
Payable (Rent)		3,721,767	3,270,656	3,721,767	3,270,656
Payable (Export)		20,585,307	14,219,058	20,585,307	14,219,058
Payable on commission paid		4,531,352	6,723,367	4,531,352	6,723,367
Payable on professional services		448,376	1,217,751	448,376	1,217,751
Payable on Export Cash Subsidy		7,920	-	7,920	-
Payable on Local LC		4,125,184	-	4,125,184	-
Payable on Foreign Buyer Agent		473,366	-	473,366	-
Payable on IGW Services		688,033	-	688,033	-
Payable on others		7,723,984	4,814,082	7,723,984	4,814,082
		192,091,315	160,460,239	192,091,315	160,460,239
17.8 VAT Payable					
Payable on Letter of Credit Commission		3,867,753	7,249,715	3,867,753	7,249,715
Payable on Loan Processing Fees		3,345,531	3,705,683	3,345,531	3,705,683
Payable - Credit Cards		13,195,412	7,226,748	13,195,412	7,226,748
Payable - Supplier		6,412,537	29,688,534	6,412,537	29,688,534
Payable - Rent		18,320,563	8,748,992	18,320,563	8,748,992
Payable - DESA and DESCO		10,652,235	11,251,600	10,652,235	11,251,600
Payable - BPDB		12,522,380	28,588,399	12,522,380	28,588,399
Payable - BTCL		29,511,469	135,629	29,511,469	135,629
Payable - DPDC		-	51,975,020	-	51,975,020
Payable - REB		68,223,868	117,736	68,223,868	117,736
Payable - Others		71,995	10,375,573	71,995	10,375,573
		166,123,743	159,063,629	166,123,743	159,063,629
17.9 Provision for current taxation					
Balance at the beginning of the year		11,961,311,619	11,779,971,279	11,961,311,619	11,779,971,279
Add: Provision made during the year		3,196,240,955	2,629,520,979	3,196,240,955	2,629,520,979
		15,157,552,574	14,409,492,258	15,157,552,574	14,409,492,258
Less: Adjustment of tax provision for previous years		2,200,000	2,448,180,639	2,200,000	2,448,180,639
Balance at the end of the year		15,155,352,574	11,961,311,619	15,155,352,574	11,961,311,619
Corporate tax position of the Bank has been shown in Annex G.					
17.10 Other payables					
Payables related cards and others		219,159,545	157,384,295	219,159,545	157,384,295
Payables for Good Borrower rebate		168,246,220	257,371,322	168,246,220	257,371,322
Payable to merchant		7,668,711	46,341,020	7,668,711	46,341,020
Payables to co brand ATM		4,070,495	7,260,372	4,070,495	7,260,372
FX translation adjustments - contra		-	27,220,307	-	27,220,307
REPO interest income		-	(243,642)	-	(243,642)
Miscellaneous payable		1,222,303,150	843,105,379	1,222,303,150	843,105,379
		1,621,448,121	1,338,439,053	1,621,448,121	1,338,439,053
17.11 Other liabilities of subsidiaries					
BRAC EPL Investments Limited		1,457,241,248	134,000,938	-	-
BRAC EPL Stock Brokerage Limited		2,167,636,731	1,010,608,329	-	-
bKash Limited		3,090,675,264	2,076,079,445	-	-
BRAC Saajan Exchange Limited		402,586,806	285,209,187	-	-
BRAC IT Services Limited		-	344,981,682	-	-
		7,118,140,049	3,850,879,581	-	-
Less: Inter company transactions:					
BRAC Bank Limited		15,022,580	2,438,673	-	-
BRAC EPL Investments Limited		995,551	956,266	-	-
BRAC EPL Stock Brokerage Limited		34,500	972,834	-	-
bKash Limited		901,998	5,426,232	-	-
BRAC Saajan Exchange Limited		196,903,467	163,239,456	-	-
BRAC IT Services Limited		-	229,706,325	-	-
		213,858,096	402,739,786	-	-
		6,904,281,953	3,448,139,795	-	-
18 Share Capital					
18.1 Authorized Capital					
Authorized Capital is the maximum amount of share capital that the bank is authorised by its Memorandum & article of association to issue to shareholders.					
1,200,000,000 ordinary shares of Tk. 10 each		1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
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 Shares of Tk. 10/- each issued for cash		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
503,769,982 ordinary Shares of Tk. 10/- each issued as bonus share		5,037,699,820	3,612,350,330	5,037,699,820	3,612,350,330
26,400,000 Right Shares of Tk. 10/- each issued in 2008		264,000,000	264,000,000	264,000,000	264,000,000
221,652,288 Right Shares of Tk. 10/- each issued in 2014		2,216,522,880	2,216,522,880	2,216,522,880	2,216,522,880
1,149,589 ordinary Shares of Tk. 10/- each issued as 1st bond converted share in 2016		11,495,890	11,495,890	11,495,890	11,495,890
2,237,835 ordinary Shares of Tk. 10/- each issued as 2nd bond converted share in 2017		22,378,350	-	22,378,350	-
		<u>8,552,096,940</u>	<u>7,104,369,100</u>	<u>8,552,096,940</u>	<u>7,104,369,100</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	Total Paid up Capital
		Bonus shares	Subscription			
First (Subscription to the Memorandum & Articles of Association) at the time of	1999		2,000,000	2,000,000	200,000,000	200,000,000
BRAC (subscription)	2001		500,000	2,500,000	50,000,000	250,000,000
BRAC (subscription)	2003		674,500	3,174,500	67,450,000	317,450,000
ShoreCap International Ltd.	2004		875,700	4,050,200	87,570,000	405,020,000
International Finance Corporation	2004		949,800	5,000,000	94,980,000	500,000,000
IPO	2006	5,000,000		10,000,000	500,000,000	1,000,000,000
Bonus 20%	2007	2,000,000		12,000,000	200,000,000	1,200,000,000
Bonus 10%	2008	1,200,000		13,200,000	120,000,000	1,320,000,000
Right Share 20%	2008	2,640,000		15,840,000	264,000,000	1,584,000,000
Bonus Share 30%	2009	4,752,000		20,592,000	475,200,000	2,059,200,000
Bonus Share 30%	2010	6,177,600		26,769,600	617,760,000	2,676,960,000
Bonus Share 20%	2011	5,353,920		321,235,200 (Denominated)	535,392,000	3,212,352,000
Bonus Share 20%	2012	64,247,040		385,482,240	642,470,400	3,854,822,400
Bonus Share 15%	2013	57,822,336		443,304,576	578,223,360	4,433,045,760
Bonus Share 10%	2014	44,330,457		487,635,033	443,304,570	4,876,350,330
Right share 50%	2014	221,652,288		709,287,321	2,216,522,880	7,092,873,210
Fresh Issue against Bond, 1st Conversion of Bond	2016	1,149,589		710,436,910	11,495,890	7,104,369,100
Fresh Issue against Bond, 2nd Conversion of Bond	2017	2,237,835		712,674,745	22,378,350	7,126,747,450
Bonus Share 20%	2017	142,534,949		855,209,694	1,425,349,490	8,552,096,940
Total					8,552,096,940	

18.2.2 Issued, Subscribed and Paid up Capital

Balance at the beginning of the year	7,104,369,100	7,092,873,210	7,104,369,100	7,092,873,210
Add: Bond converted ordinary share issued	22,378,350	11,495,890	22,378,350	11,495,890
Add: Stock dividend 2017	1,425,349,490	-	1,425,349,490	-
Closing at the end of the year	8,552,096,940	7,104,369,100	8,552,096,940	7,104,369,100

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 10 April 2017, Cash Dividend @10% (Tk 1 per Share of Tk. 10 each) amounting to Taka 712,674,745.00 and Stock Dividend 20% (20 Bonus Shares for every 100 shares) were approved by the shareholders in 18th Annual General Meeting. 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

Sponsor	No. of Shares.	% of shareholding		
BRAC	379,918,141	44.42%	3,799,181,410	3,165,984,510
Others	175,761	0.02%	1,757,610	1,048,020
Non Sponsor				
Non Resident Bangladeshis	637,337	0.07%	6,373,370	6,279,640
Mutual Funds	13,988,406	1.64%	139,884,060	160,429,240
Institutions and General Public	460,490,049	53.85%	4,604,900,490	3,770,627,690
	855,209,694	100%	8,552,096,940	7,104,369,100

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	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
18.5.1 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 2017 was Tk. 108.40 at Dhaka Stock Exchange (DSE) and Tk. 106.70 at Chittagong Stock Exchange (CSE).					
18.6 Classification of Shareholding					
<u>Range of Holding of Shares</u>		No. of Shareholders	No. of Shares	Percentage of Holding of Shares	
Less than 500		6,031	1,056,256	0.12%	
500 to 5,000		7,527	15,118,089	1.77%	
5,001 to 10,000		897	6,563,623	0.77%	
10,001 to 20,000		457	6,505,737	0.76%	
20,001 to 30,000		194	4,861,816	0.57%	
30,001 to 40,000		75	2,655,829	0.31%	
40,001 to 50,000		59	2,748,269	0.32%	
50,001 to 100,000		132	9,404,921	1.10%	
100,001 to 1,000,000		143	43,502,381	5.09%	
Over 1000000		78	762,792,773	89.19%	
Total		15,593	855,209,694	100%	

18.6.1 Name of the Directors and their shareholdings as at December 31, 2017:

Sl. No.	Name	Status	Opening position	Closing position	% of shares held as on 30.06.2017
1	Sir Fazle Hasan Abed (Nominated by BRAC)	Chairman	7,020	8,424	0.001
2	Mr. Shib Narayan Kairi (Nominated by BRAC)	Nominated Director	5,341	6,409	0.001
3	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	25,872	31,046	0.004
4	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	50,000	110,000	0.013
5	Mr. Asif Saleh (Nominated by BRAC)	Independent Director	-	-	-
6	Dr. Ahsan H Mansur	Independent Director	-	-	-
7	Mr. Kazi Mahmood Sattar	Independent Director	-	-	-
8	Ms. Zahida Ispahani	Nominated Director	-	-	-

18.7 Share Premium

5,000,000 ordinary shares @ Tk. 70 per share in the year 2006	350,000,000	350,000,000	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	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	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	37,419,151	37,419,151	37,419,151
2,237,835 ordinary shares @ Tk. 35.10 per share in the year 2017	78,548,041	-	78,548,041	-
	3,738,490,072	3,659,942,031	3,738,490,072	3,659,942,031

18.7.1 Particulars of Share Premium

Sponsor:				
BRAC	1,324,534,000	1,324,534,000	1,324,534,000	1,324,534,000
ShoreCap International Limited	92,473,920	92,473,920	92,473,920	92,473,920
Others	192,580	192,580	192,580	192,580
Non Sponsor:				
International Finance Corporation (IFC)	219,056,640	219,056,640	219,056,640	219,056,640
Non Resident Bangladeshis	91,555,530	91,555,530	91,555,530	91,555,530
Mutual Funds	189,254,190	189,254,190	189,254,190	189,254,190
General Public	1,821,423,212	1,742,875,171	1,821,423,212	1,742,875,171
	3,738,490,072	3,659,942,031	3,738,490,072	3,659,942,031

Particulars	2017 Taka	2017 Taka	2016 Taka	2016 Taka
	Consolidated basis	SOLO Basis	Consolidated basis	SOLO Basis
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	8,552,096,940	8,552,096,940	7,104,369,100	7,104,369,100
Non-Repayable Share Premium account	3,738,490,072	3,738,490,072	5,181,774,966	3,659,942,031
Statutory Reserve	4,813,606,868	4,813,606,868	3,470,350,332	3,470,350,332
General reserve	-	-	-	-
Retained Earnings	8,598,778,227	7,991,713,548	5,524,376,341	6,222,874,273
Dividend Equalization Reserve	355,218,455	355,218,455	355,218,455	355,218,455
Minority Interests in Subsidiaries	1,828,941,624	-	1,475,794,375	-
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)	-	-	-	-
Sub-total	27,887,132,186	25,451,125,883	23,111,883,569	20,812,754,191
Regulatory Adjustments				
Shortfall in Provision required against Non-performing Loans(NPLs)	-	-	-	-
Shortfall in Provision required against Investment in shares	-	-	-	-
Remaining deficit on account of revolution of investments in Securities after netting off from any other surplus of the securities.	-	-	-	-
Goodwill and all other intangible assets	2,201,635,749	386,862,418	1,501,389,885	119,287,955
Deferred Tax Assets (DTA)	1,812,793,466	1,530,145,915	986,843,921	986,843,921
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	4,014,429,215	1,917,008,333	2,488,233,805	1,106,131,876
Total common equity Tier-1 capital	23,872,702,971	23,534,117,550	20,623,649,764	19,706,622,316
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	2017 Taka	2017 Taka	2016 Taka	2016 Taka
	Consolidated basis	SOLO Basis	Consolidated basis	SOLO Basis
Regulatory Adjustments:				
Investment in own AT-1 instrument/Shares(as per para 3.4.7 of Basel III Guidelines)	-	-	-	-
Reciprocal Crossholdings in The AT-1 Capital of Banking, financing and insurance entities.	-	-	-	-
Others(if any)	-	-	-	-
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	-	-	-	-
Total Admissible Additional Tier-1 Capital	23,872,702,971	23,534,117,550	20,623,649,764	19,706,622,316
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 Approach)	2,963,777,855	2,963,777,855	2,580,614,850	2,580,614,850
All other preference shares	-	-	-	-
Subordinated debt/Instruments issued by the Banks that meet the qualifying criteria for tier-2 Capital (as per Annex 4 of Basel III Guidelines)	-	-	600,000,000	600,000,000
Minority interest i.e. Tier 2 issued by Consolidated Subsidiaries to third Parties (For Consolidated Reporting Only)	-	-	-	-
Head Office(HO) borrowings in foreign Currency Received that meet the Criteria Of tier 2 Debt Capital (Applicable For Foreign banks).	-	-	-	-
Revaluations Reserve as on 31 December, 2017 (50% Of Fixed Assets And Securities and 10% of equities)	346,502,408	346,502,408	346,502,408	346,502,408
Others (If any item approved by Bangladesh Bank)	-	-	-	-
Sub-total	3,310,280,263	3,310,280,263	3,527,117,258	3,527,117,258
Regulatory Adjustments				
Revaluation Reserve for Fixed Assets and Security and equity securities (Follow Phase-in deduction as per Basel (III) guidelines)	207,901,445	207,901,445	138,600,963	138,600,963
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	3,102,378,818	3,102,378,818	3,388,516,294	3,388,516,294
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)	21,220,445,671	20,919,477,090	18,332,362,276	17,517,216,576
Excess amount over maximum limit of T-2	-	-	-	-
Total Admissible Tier-2 capital	3,102,378,818	3,102,378,818	3,388,516,294	3,388,516,294
Total Capital	26,975,081,789	26,636,496,368	24,012,166,059	23,095,138,610
Total Risk Weighted Assets	225,436,985,170	209,350,870,890	199,136,572,044	188,431,077,640
Minimum Capital requirement (MCR - 11.25%)	25,361,660,832	23,551,972,975	19,913,657,204	18,843,107,764
Surplus/ (Deficiency)	1,613,420,957	3,084,523,393	4,098,508,854	4,252,030,846
Capital Adequacy Ratio:				
Common Equity Tier 1(Against standard of minimum 5.5%)	10.59%	11.24%	10.36%	10.46%
Total Capital to Risk-weighted Asset Ratio (Against standard of minimum 10% with capital conservation buffer of 0.625%)	11.97%	12.72%	12.06%	12.26%

Section -Two : Notes to the Balance Sheet

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
19 Statutory reserve					
Opening balance		3,470,350,332	3,470,350,332	3,470,350,332	3,470,350,332
Transferred from profit during the year		1,343,256,536	-	1,343,256,536	-
Closing balance		<u>4,813,606,868</u>	<u>3,470,350,332</u>	<u>4,813,606,868</u>	<u>3,470,350,332</u>
20 Dividend Equalization Fund					
Balance at the beginning of the year		355,218,455	-	355,218,455	-
Add: Transferred from retained earnings during the year		-	355,218,455	-	355,218,455
		<u>355,218,455</u>	<u>355,218,455</u>	<u>355,218,455</u>	<u>355,218,455</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. This is treated as Common Equity Tier-1 (CET1) of the Bank.					
21 Revaluation Reserve					
Revaluation Reserve on Govt. Securities (Note - 21.1)		23,306,557	111,643,709	23,306,557	111,643,709
Assets Revaluation Reserve (Note - 21.2)		516,373,535	516,373,535	516,373,535	516,373,535
		<u>539,680,092</u>	<u>628,017,244</u>	<u>539,680,092</u>	<u>628,017,244</u>
21.1 Revaluation Reserve on Govt. Securities					
Balance at the beginning of the year		111,643,709	219,539,410	111,643,709	219,539,410
Add: Addition during the year		263,365,372	515,815,204	263,365,372	515,815,204
Less: Adjustment during the year		351,702,524	623,710,905	351,702,524	623,710,905
		<u>23,306,557</u>	<u>111,643,709</u>	<u>23,306,557</u>	<u>111,643,709</u>
21.2 Assets revaluation reserve (land only)					
Balance at the beginning of the year		516,373,535	516,373,535	516,373,535	516,373,535
Add: Reserve made during the year		-	-	-	-
		<u>516,373,535</u>	<u>516,373,535</u>	<u>516,373,535</u>	<u>516,373,535</u>
22 Surplus in profit and loss account					
Balance at the beginning of the year		-	-	6,222,874,273	3,893,752,337
Retained surplus for the year		-	-	5,250,120,046	4,460,432,666
Transfer to statutory reserve		-	-	1,343,256,536	-
Bonus share issued		-	-	1,425,349,490	-
Cash dividend paid		-	-	712,674,745	1,776,092,275
Transfer to dividend equalization fund		-	-	-	355,218,455
Closing balance		<u>-</u>	<u>-</u>	<u>7,991,713,548</u>	<u>6,222,874,273</u>
22.1 Surplus in profit and loss account/ Retained earnings (Consolidated)					
BRAC Bank Limited		7,991,713,548	6,222,874,273	-	-
BRAC EPL Investment Limited					
Opening balance		(783,030,715)	43,158,004	-	-
Add: Retained Surplus/(deficit) for the year		(489,104,217)	(851,838,993)	-	-
Add: Effect of change of shareholding		(40,241,896)	25,650,274	-	-
Less: Impairment of Goodwill		(150,233,905)	(120,187,124)	-	-
BRAC EPL Stock Brokerage Limited					
Opening balance		438,369,514	353,016,560	-	-
Add: Retained Surplus/(deficit) for the year		184,251,659	85,352,954	-	-
Less: Dividend distributed		(224,508,300)	-	-	-
Add: Reserve for stock dividend		224,508,300	-	-	-
bKash Limited					
Opening balance		1,122,022,520	943,978,312	-	-
Add: Retained Surplus/(deficit) for the year		224,692,887	178,044,208	-	-
BRAC Saajan Exchange Limited					
Opening balance		113,868,179	116,424,760	-	-
Add: Retained Surplus/(deficit) for the year		22,734,758	14,492,203	-	-
Add: Foreign currency Translation gain/loss		13,785,452	(17,048,784)	-	-
Less: Dividend distributed		(5,460,123)	-	-	-
Add: Effect of change of shareholding		(13,446,412)	-	-	-
BRAC IT Service Limited (bITS)					
Opening balance		(58,377,311)	(82,815,714)	-	-
Add: Share of profit - before disposal		15,828,148	24,438,403	-	-
Gain/(loss) on disposal/loss of control of subsidiaries		(18,366)	-	-	-
Associates					
Opening balance		(635,373)	(818,197)	-	-
Add: Share of profit/(loss) of equity in associate company - (bITS)		14,175,591	-	-	-
Add: Share of profit/(loss) of equity in associate company - (BAMCL)		157,249	182,824	-	-
		<u>8,601,051,187</u>	<u>6,934,903,963</u>	<u>-</u>	<u>-</u>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
22.1.1 Net effect of all items directly recognized in Equity					
Effect of change of shareholding in subsidiaries (22.1.1.a)		(53,688,308)	25,650,274		
Dividend distributed by BRAC Saajan Ltd.		(5,460,123)	-		
Foreign currency Translation gain/loss		13,785,452	(17,048,784)		
		<u>(45,362,979)</u>	<u>8,601,490</u>		
22.1.1.a	The above adjustment arose due to change of share holding related to BRAC EPIL (TK 40,241,896) and BRAC Saajan (TK 13,446,412).				
22.2 Non Controlling Interest					
BRAC EPL Investments Ltd.		2,061,513	98,980,436	-	-
BRAC EPL Stock Brokerage Ltd.		93,388,344	72,915,938	-	-
bkash Limited		1,688,927,798	1,425,802,969	-	-
BRAC Saajan Exchange Ltd.		45,321,622	16,907,313	-	-
BRAC IT Services Ltd.		-	(27,506,969)	-	-
		<u>1,829,699,277</u>	<u>1,587,099,687</u>	<u>-</u>	<u>-</u>
22.2.1 Reconciliation of Non Controlling Interest					
		<u>BRACEPL Investments Ltd.</u>	<u>BRAC EPL Stock Brokerage Ltd.</u>	<u>bkash Limited</u>	<u>BRAC Saajan Exchange Ltd.</u>
Opening balance		98,980,436	72,915,938	1,425,802,969	16,907,313
Add: Share of profit		(757,859)	20,472,406	263,124,829	7,578,252
Add: Adjustment for shareholdings change		(96,161,064)	-	-	16,240,906
Add: Translation adjustment		-	-	-	4,595,151
		<u>2,061,513</u>	<u>93,388,344</u>	<u>1,688,927,798</u>	<u>45,321,622</u>
		<u>Consolidated</u>	<u>Consolidated</u>	<u>BRAC Bank Limited</u>	<u>BRAC Bank Limited</u>
		2017	2016	2017	2016
23 Contingent liabilities					
Acceptances and endorsements		21,855,158,644	20,015,403,528	21,855,158,644	20,015,403,528
Letters of Credit		22,568,919,488	20,609,044,537	22,568,919,488	20,609,044,537
Total Letters of Credit and Acceptances and er	Note 23.1	44,424,078,132	40,624,448,065	44,424,078,132	40,624,448,065
Guarantees Issued	Note 23.2	8,109,659,718	6,357,188,894	8,109,659,718	6,357,188,894
Bills for collection	Note 23.3	4,015,469,603	1,815,432,730	4,015,469,603	1,815,432,730
Tax Liability		-	43,700,000	-	43,700,000
Contingent liabilities - FX deals		1,088,514,832	4,928,744,717	1,088,514,832	4,928,744,717
Forward contract		10,612,696,102	3,436,938,282	10,612,696,102	3,436,938,282
Stock of Travelers Cheques (TC)		-	4,165,875	-	4,165,875
		<u>68,250,418,387</u>	<u>57,210,618,563</u>	<u>68,250,418,387</u>	<u>57,210,618,563</u>
23.1 Irrevocable Letter of Credit including Acceptances and endorsements					
Letter of Credit (Inland)		1,569,207,637	83,092,137	1,569,207,637	83,092,137
Letter of Credit (General)		31,563,382,997	30,048,704,641	31,563,382,997	30,048,704,641
Back to Back L/C		3,072,728,708	2,672,911,364	3,072,728,708	2,672,911,364
Back to Back Bills		4,065,425,879	3,918,354,546	4,065,425,879	3,918,354,546
Back to Back Bills (EDF)		4,153,332,911	3,901,385,377	4,153,332,911	3,901,385,377
		44,424,078,132	40,624,448,065	44,424,078,132	40,624,448,065
Less: Margin		1,029,664,286	754,706,528	1,029,664,286	754,706,528
		<u>43,394,413,846</u>	<u>39,869,741,537</u>	<u>43,394,413,846</u>	<u>39,869,741,537</u>
23.2 Letter of Guarantee					
Letter of Guarantee (Local)		8,005,739,968	5,196,429,125	8,005,739,968	5,196,429,125
Letter of Guarantee (Foreign)		-	706,925,585	-	706,925,585
Foreign counter Guarantee		103,919,750	453,834,184	103,919,750	453,834,184
		8,109,659,718	6,357,188,894	8,109,659,718	6,357,188,894
Less: Margin		220,624,615	189,995,435	220,624,615	189,995,435
		<u>7,889,035,103</u>	<u>6,167,193,459</u>	<u>7,889,035,103</u>	<u>6,167,193,459</u>
Balance for which the Bank is contingently liable in respect of guarantee issued favouring:					
Directors		-	-	-	-
Government		2,550,249,118	1,760,745,327	2,550,249,118	1,760,745,327
Bank and other financial institution		592,082,225	186,093,031	592,082,225	186,093,031
Others		4,967,328,375	4,410,350,536	4,967,328,375	4,410,350,536
		8,109,659,718	6,357,188,894	8,109,659,718	6,357,188,894
Less : Margin		220,624,615	189,995,435	220,624,615	189,995,435
		<u>7,889,035,103</u>	<u>6,167,193,459</u>	<u>7,889,035,103</u>	<u>6,167,193,459</u>
23.3 Bills for collection					
Outward local bills for collection		2,917,557,935	1,115,002,722	2,917,557,935	1,115,002,722
Outward foreign bills for collection		1,097,911,668	700,430,008	1,097,911,668	700,430,008
Inward local bills for collection		-	-	-	-
Inward foreign bills for collection		-	-	-	-
		<u>4,015,469,603</u>	<u>1,815,432,730</u>	<u>4,015,469,603</u>	<u>1,815,432,730</u>
23.4 Significant concentration wise grouping					
i) Documentary credits and short term trade related transactions		56,549,207,453	48,797,069,689	56,549,207,453	48,797,069,689
ii) Forward asset purchased and forward deposits placed		-	-	-	-
iii) Undrawn formal standby facilities, credit lines and commitments to		-	-	-	-
-Under one year		-	-	-	-
-One year and over;		-	-	-	-
iv) Spot and forward foreign exchange rate contracts		-	-	-	-
v) Other exchange contracts		11,701,210,934	8,369,848,874	11,701,210,934	8,369,848,874
vi) Others		-	43,700,000	-	43,700,000
		<u>68,250,418,387</u>	<u>57,210,618,563</u>	<u>68,250,418,387</u>	<u>57,210,618,563</u>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
23.5	Suit filed by the Bank No law suit filed by the bank against contingent liabilities.				
Section -Three: Notes to Profit and loss Account					
24	Income statement				
	Income:				
	Interest, discount and similar income (Note-24.1)	23,065,109,354	20,559,028,354	22,818,064,345	20,542,798,655
	Dividend income (Note-27)	106,295,035	56,856,237	106,295,035	56,856,237
	Fees, commission and brokerage (Note-24.2)	6,031,807,514	4,903,313,880	2,025,903,818	1,890,882,664
	Gains less losses arising from dealing securities	72,214,610	56,286,445	72,214,610	56,286,445
	Gains less losses arising from investment securities/trading shares-MF	153,712,660	(21,448,656)	153,712,660	(21,448,656)
	Gains less losses arising from dealing from foreign currencies (Note-28)	850,121,966	647,007,072	850,121,966	647,007,072
	Gain less losses arising from repo	1,251,780,856	217,176,635	1,251,780,856	217,176,635
	Income from non-banking assets	-	-	-	-
	Other operating income (Note-29)	371,289,964	356,748,597	105,028,580	123,233,385
		<u>31,902,331,959</u>	<u>26,774,968,563</u>	<u>27,383,121,870</u>	<u>23,512,792,437</u>
	Expenses:				
	Interest, fees and commission	8,200,931,514	6,589,489,453	8,673,440,869	7,548,050,861
	Administrative expenses (Note-24.3)	9,644,153,255	7,899,157,851	6,494,790,895	5,266,009,512
	Other operating expenses (Note-37)	3,672,792,048	2,743,553,913	2,546,177,562	2,063,812,687
	Depreciation on banking assets (Note-36)	961,996,253	931,881,950	618,872,920	622,090,736
		<u>22,479,873,070</u>	<u>18,164,083,168</u>	<u>18,333,282,246</u>	<u>15,499,963,797</u>
	Operating Profit	<u>9,422,458,889</u>	<u>8,610,885,395</u>	<u>9,049,839,624</u>	<u>8,012,828,640</u>
24.1	Interest, discount and similar income				
	Interest on loans and advances	19,940,771,591	17,284,217,911	19,766,007,324	17,191,758,603
	Interest on money at call and short notice	63,555	1,300,484	63,555	1,300,484
	Interest on balance with other banks	381,805,592	275,092,837	12,455,800	8,882,949
	Interest on treasury bills and bonds	1,614,973,370	1,761,107,053	1,614,973,370	1,761,107,053
	Interest on fixed deposits with other banks	1,411,772,240	749,780,854	1,042,552,611	1,152,861,459
	Interest Income on reverse REPO	13,291,598	13,803,589	13,291,598	13,803,589
	Interest on subordinate bond	347,447,804	335,283,108	347,447,804	335,283,108
	Interest on Zero coupon bond	17,432,005	9,924,456	17,432,005	9,924,456
	Interest on commercial paper	3,840,278	67,876,954	3,840,278	67,876,954
	Investment income of subsidiaries	(666,288,679)	60,641,107	-	-
		<u>23,065,109,354</u>	<u>20,559,028,354</u>	<u>22,818,064,345</u>	<u>20,542,798,655</u>
24.2	Fees, commission and brokerage				
	Fees	1,578,025,613	1,549,052,797	1,578,025,613	1,549,052,797
	Commission	4,453,781,901	3,354,261,083	447,878,205	341,829,867
		<u>6,031,807,514</u>	<u>4,903,313,880</u>	<u>2,025,903,818</u>	<u>1,890,882,664</u>
24.3	Administrative expenses				
	Salaries and allowances	5,865,172,038	4,524,676,477	4,346,525,111	3,312,501,626
	Rent, taxes, insurance, electricity etc.	1,424,790,306	1,255,532,274	1,311,823,891	1,148,406,728
	Legal expenses	45,674,049	63,887,125	41,762,353	60,611,079
	Postage, stamps, telecommunication etc.	300,037,460	289,001,711	249,590,090	241,582,356
	Stationery, printing, advertisement etc.	1,392,850,352	1,128,173,061	303,641,768	202,780,149
	Chief Executive's salary and fees	13,309,000	13,309,000	13,309,000	13,309,000
	Directors' fees and expenses	3,311,536	3,035,305	1,356,680	1,335,600
	Auditors' fee	5,251,088	6,810,743	1,469,703	1,224,753
	Impairment of goodwill	30,046,781	30,046,781	-	-
	Repairs and maintenance of fixed assets	563,710,645	584,685,374	225,312,299	284,258,221
		<u>9,644,153,255</u>	<u>7,899,157,851</u>	<u>6,494,790,895</u>	<u>5,266,009,512</u>
25	Interest income				
	Retail	3,617,206,464	3,122,251,349	3,617,206,464	3,122,251,349
	Corporate	5,668,465,619	5,356,255,628	5,668,465,619	5,356,255,628
	SME	9,622,213,920	8,017,108,964	9,622,213,920	8,017,108,964
	Lease Finance	57,059,877	109,432,191	57,059,877	109,432,191
	Credit Cards	769,248,351	560,371,995	769,248,351	560,371,995
	Staff	31,813,093	26,338,476	31,813,093	26,338,476
	Margin loan	174,764,267	92,459,308	-	-
	Interest on loans and advances	19,940,771,591	17,284,217,911	19,766,007,324	17,191,758,603
	Interest on money at call and short notice	63,555	1,300,484	63,555	1,300,484
	Interest on balance with other banks	381,805,592	275,092,837	12,455,800	8,882,949
	Interest on fixed deposits with other banks	2,083,471,323	2,012,523,337	1,042,552,611	1,152,861,459
		<u>22,406,112,061</u>	<u>19,573,134,569</u>	<u>20,821,079,290</u>	<u>18,354,803,495</u>
	Less: Elimination of inter unit/company transactions	671,699,083	1,262,742,483	322,747,501	512,469,031
		<u>21,734,412,978</u>	<u>18,310,392,086</u>	<u>20,498,331,789</u>	<u>17,842,334,464</u>

	Particulars	Note	Consolidated		BRAC Bank Limited	
			2017	2016	2017	2016
26	Interest paid on deposits and borrowings etc.					
	A. Interest paid on deposits:					
	Current account		891,858,119	709,865,998	783,762,637	644,408,956
	Short term deposit		291,703,404	168,966,579	291,703,404	168,966,579
	Savings deposit		622,917,186	677,366,045	622,917,186	677,366,045
	Term deposit		5,139,185,979	4,440,020,365	5,139,185,979	4,440,020,365
			6,945,664,688	5,996,218,987	6,837,569,206	5,930,761,945
	B. Interest paid for borrowings:					
	Interest on money at call and short notice		180,788,632	136,573,762	180,788,632	136,573,762
	Interest on borrowings from banks & FIs		1,207,305,529	1,147,073,669	1,116,211,283	908,349,637
	Bangladesh Bank-refinance		105,558,207	92,045,901	105,558,207	92,045,901
	Interest on Repurchase agreement (REPO)		68,561,439	102,848,427	68,561,439	102,848,427
	Interest on BBL Bond		364,752,102	377,471,189	364,752,102	377,471,189
			1,926,965,909	1,856,012,948	1,835,871,663	1,617,288,916
			8,872,630,597	7,852,231,936	8,673,440,869	7,548,050,861
	Less: Elimination of inter unit/company transactions		671,699,083	1,262,742,483	322,747,501	512,469,031
			8,200,931,514	6,589,489,453	8,350,693,368	7,035,581,830
27	Investment Income					
	Interest on treasury bills and bonds		1,614,973,370	1,761,107,053	1,614,973,370	1,761,107,053
	Gain on dealing of securities - HFT Instruments		72,214,610	56,286,445	72,214,610	56,286,445
	Interest Income on reverse REPO		13,291,598	13,803,589	13,291,598	13,803,589
	Gain on REPO & reverse REPO		1,251,780,856	217,176,635	1,251,780,856	217,176,635
	Dividend on preference shares		4,054,795	8,036,729	4,054,795	8,036,729
	Dividend on ordinary shares		96,780,117	48,819,508	96,780,117	48,819,508
	Dividend from subsidiary		5,460,123	-	5,460,123	-
	Interest on subordinate bond		347,447,804	335,283,108	347,447,804	335,283,108
	Interest on Zero coupon bond		17,432,005	9,924,456	17,432,005	9,924,456
	Interest on commercial paper		3,840,278	67,876,954	3,840,278	67,876,954
	Gain on trading shares-MF (Realized)		153,712,660	(21,448,656)	153,712,660	(21,448,656)
	Investment income of subsidiaries		(666,288,679)	60,641,107	-	-
			2,914,699,537	2,557,506,928	3,580,988,216	2,496,865,821
28	Commission, exchange and brokerage					
	Commission from sale of sanchaya patra		51,582,014	19,205,095	51,582,014	19,205,095
	Commission from issue of payment orders, DD and TT		15,908,940	16,927,682	15,908,940	16,927,682
	Commission from issue of letter of guarantee		48,018,027	26,553,034	48,018,027	26,553,034
	Commission from issue of letters of credit (Import and Export)		330,506,942	276,436,638	330,506,942	276,436,638
	Commission on Travellers Cheques		4,247	1,291	4,247	1,291
	Other commission		1,858,035	2,706,127	1,858,035	2,706,127
	Gain or (Loss) on Foreign currency dealings		850,121,966	647,007,072	850,121,966	647,007,072
	Loan processing fees		187,255,549	350,517,320	187,255,549	350,517,320
	Account activity fees		328,626,973	314,857,785	328,626,973	314,857,785
	Import and export related fees		133,478,834	105,845,753	133,478,834	105,845,753
	Fees and Commission-Cards		513,588,269	371,665,358	513,588,269	371,665,358
	Relationship Fees		7,769,470	7,384,712	7,769,470	7,384,712
	Loan Early Settlement Fees		113,729,063	80,849,492	113,729,063	80,849,492
	Service Charges for ATM Card		179,022,778	225,538,297	179,022,778	225,538,297
	Fund Collection/ Transfer Fees		106,560	162,090	106,560	162,090
	Student Service Center Fees		1,826,000	2,201,000	1,826,000	2,201,000
	Cancellation fees		72,800	92,800	72,800	92,800
	Cheque collection fees		312,400	271,549	312,400	271,549
	Trade Finance Charges		5,952,080	2,247,264	5,952,080	2,247,264
	Custodian fees		14,432,039	11,084,163	14,432,039	11,084,163
	Other fees (Note : 28.1)		91,852,798	76,335,214	91,852,798	76,335,214
	Commission and brokerage income of subsidiaries		4,041,576,532	3,066,425,027	-	-
			6,917,602,316	5,604,314,763	2,876,025,784	2,537,889,736
	Less: Elimination of inter unit/company transactions		35,672,836	53,993,811	-	-
	Total Fees, commission and charges		6,881,929,480	5,550,320,952	2,876,025,784	2,537,889,736
28.1	Other fees					
	Passport Endorsement Fees		776,067	1,432,552	776,067	1,432,552
	Locker fees		5,543,460	5,725,940	5,543,460	5,725,940
	Service fees - ATM		354,459	744,725	354,459	744,725
	Service fees - BIT		1,503,395	1,233,224	1,503,395	1,233,224
	Service fees - bKash		7,814,512	29,657,980	7,814,512	29,657,980
	IOM Service Fees		-	438,294	-	438,294
	Annual Membership Fees-Premium Banking		70,800	100,300	70,800	100,300
	Membership Fees-ELDORADO		-	1,777,804	-	1,777,804
	Annual Fees-SMS Banking		70,023,379	24,009,417	70,023,379	24,009,417
	Annual Fees-Internet Banking		198,100	3,703,550	198,100	3,703,550
	Syndication Fees		5,548,052	7,385,632	5,548,052	7,385,632
	Valuation fees		-	3,335	-	3,335
	Omnibus settlement fees		20,574	122,461	20,574	122,461
			91,852,798	76,335,214	91,852,798	76,335,214

	Particulars	Note	Consolidated		BRAC Bank Limited	
			2017	2016	2017	2016
29	Other operating income					
	Profit on sale of fixed assets		28,455,969	3,946,669	28,455,969	3,946,669
	Profit share from other bank		41,713,256	38,326,569	41,713,256	38,326,569
	Loan penal interest		12,430,490	13,871,991	12,430,490	13,871,991
	Miscellaneous income		22,428,865	67,088,156	22,428,865	67,088,156
	Other operating income of subsidiaries		344,625,609	347,442,447	-	-
			449,654,189	470,675,832	105,028,580	123,233,385
	Less: Elimination of inter unit/company transactions		78,364,225	113,927,235	-	-
			<u>371,289,964</u>	<u>356,748,597</u>	<u>105,028,580</u>	<u>123,233,385</u>
30	Rent, taxes, insurance, electricity, etc.					
	Rent, rates and taxes		1,048,687,343	908,506,300	990,637,472	850,089,111
	Insurance		139,127,174	118,673,005	114,731,258	99,577,713
	Power and electricity		221,149,303	214,445,488	190,628,676	184,832,422
	WASA and sewerage		15,826,486	13,907,482	15,826,485	13,907,482
			<u>1,424,790,306</u>	<u>1,255,532,274</u>	<u>1,311,823,891</u>	<u>1,148,406,728</u>
31	Postage, stamp, telecommunication, etc.					
	Postage and courier		63,602,605	54,918,699	48,819,183	41,321,945
	Telegram, telex, fax and network		128,437,039	123,795,067	92,773,091	89,972,466
	Court fees and stamps		35,656,324	48,998,635	35,656,324	48,998,635
	Telephone		72,341,492	61,289,310	72,341,492	61,289,310
			<u>300,037,460</u>	<u>289,001,711</u>	<u>249,590,090</u>	<u>241,582,356</u>
32	Stationery, printing, advertisements, etc.					
	Stationery and Printing		148,301,368	132,300,765	134,705,502	117,757,616
	Security Stationery		46,750,771	14,613,704	46,750,771	14,613,704
	Advertisement		1,197,798,213	981,258,591	122,185,495	70,408,829
			<u>1,392,850,352</u>	<u>1,128,173,061</u>	<u>303,641,768</u>	<u>202,780,149</u>
33	Chief Executive's salary and allowances (Bank only)					
	Basic salary		9,288,000	9,288,000	9,288,000	9,288,000
	Bonus and others (Note-35.1)		3,709,000	3,709,000	3,709,000	3,709,000
	House rent allowance		300,000	300,000	300,000	300,000
	Medical allowance		12,000	12,000	12,000	12,000
			<u>13,309,000</u>	<u>13,309,000</u>	<u>13,309,000</u>	<u>13,309,000</u>
33.1	Bonus and others					
	Festival Bonus		1,548,000	1,548,000	1,548,000	1,548,000
	Performance Bonus		1,000,000	1,000,000	1,000,000	1,000,000
	Leave Fair Assistance		1,161,000	1,161,000	1,161,000	1,161,000
			<u>3,709,000</u>	<u>3,709,000</u>	<u>3,709,000</u>	<u>3,709,000</u>
34	Directors' fees					
	Directors' fees represent fees paid for attending board meeting, board audit committee meeting and risk management committee meeting @ Tk. 7,200 (After deducting Tax & VAT) from January to December 2017 per director per meeting.					
	Breakup of Directors fees and expenses are given below:					
	Meeting attendance fees		3,092,456	2,671,705	1,137,600	972,000
	Others		219,080	363,600	219,080	363,600
			<u>3,311,536</u>	<u>3,035,305</u>	<u>1,356,680</u>	<u>1,335,600</u>
35	Auditor's fees					
	Statutory audit fees for the year		5,251,088	6,810,743	1,469,703	1,224,753
			<u>5,251,088</u>	<u>6,810,743</u>	<u>1,469,703</u>	<u>1,224,753</u>
	Yearly auditors' fee of BRAC Bank limited is BDT 1,280,000 (excluding VAT).					
36	Depreciation and repair of the Bank's assets					
	Depreciation of Property plant and equipment					
	Furniture and fixtures		257,027,054	246,468,183	184,359,934	169,198,060
	Leasehold building		657,928	657,928	100,858	100,858
	Office equipment		138,873,297	139,402,578	123,797,081	124,947,134
	IT hardware		342,873,088	326,676,373	230,490,189	234,337,393
	Motor vehicles		43,924,963	16,597,120	28,915,094	9,921,513
	Leasehold improvement		16,980,163	16,246,773	-	-
	IT software		161,659,760	185,832,995	51,209,764	83,585,778
			<u>961,996,253</u>	<u>931,881,950</u>	<u>618,872,920</u>	<u>622,090,736</u>
	Repairs and Maintenance expenses					
	Transportation cost		297,766,050	225,893,520	214,815,439	162,915,924
	Equipment repairing		69,631,816	75,531,085	36,185,607	37,091,347
	Hardware and Software Maintenance		133,563,002	231,079,996	(78,934,364)	42,511,033
	Premises Maintenance		62,749,777	52,180,773	53,245,617	41,739,917
			<u>563,710,645</u>	<u>584,685,374</u>	<u>225,312,299</u>	<u>284,258,221</u>
	Total		<u>1,525,706,898</u>	<u>1,516,567,325</u>	<u>844,185,219</u>	<u>906,348,957</u>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
37 Other expenses					
Conveyance expense		112,827,702	105,071,684	112,827,702	105,071,684
Fuel expenses		22,949,020	19,582,053	22,949,020	19,582,053
Traveling cost		78,112,145	70,911,518	78,112,145	70,911,518
Professional fees		72,155,470	40,463,799	72,155,470	40,463,799
Entertainment		88,812,874	71,297,291	88,812,874	71,297,291
SWIFT cost		2,786,619	5,179,713	2,786,619	5,179,713
Business promotion and development		116,138,124	27,781,387	116,138,124	27,781,387
Books, news papers and periodicals		2,100,118	1,324,931	2,100,118	1,324,931
Donation and subscription		185,343,993	77,072,892	185,343,993	77,072,892
Sponsorship		73,966,944	32,832,836	73,966,944	32,832,836
Government Levy, VAT and excise duty		9,238,977	50,009,585	9,238,977	50,009,585
Other operational loss		10,263,725	2,920,429	10,263,725	2,920,429
Staff training and development		80,827,485	63,262,922	80,827,485	63,262,922
Staff liveries		3,598,500	1,835,207	3,598,500	1,835,207
Staff recruitment		2,673,896	3,468,103	2,673,896	3,468,103
Salaries and allowance -outsourcing staff		381,103,946	372,309,146	381,103,946	372,309,146
Staff sales incentives		405,948,670	348,504,107	405,948,670	348,504,107
Bank charges		21,049,967	21,557,583	21,049,967	21,557,583
Crockeries		3,255,898	1,570,509	3,255,898	1,570,509
Documentation Charges - CIB		9,448,412	13,252,036	9,448,412	13,252,036
IT enabled services		344,724,853	287,943,193	344,724,853	287,943,193
AGM expenses		3,600,000	3,100,000	3,600,000	3,100,000
Bond issue expenses		2,512,297	3,254,209	2,512,297	3,254,209
Security guard cost		316,990,762	273,571,842	316,990,762	273,571,842
Commission paid- Vendor		4,248,231	9,918,409	4,248,231	9,918,409
Cash carrying charges		100,337,243	103,153,989	100,337,243	103,153,989
Spare parts expense		65,624,712	42,829,918	65,624,712	42,829,918
Archiving expense		20,985,981	4,905,922	20,985,981	4,905,922
Miscellaneous		4,550,998	4,927,474	4,550,998	4,927,474
Other expenses of subsidiaries	37.1	1,240,651,547	847,662,272	-	-
Less: Elimination of inter unit/company transactions		3,786,829,109	2,911,474,959	2,546,177,562	2,063,812,687
		114,037,061	167,921,046	-	-
		<u>3,672,792,048</u>	<u>2,743,553,913</u>	<u>2,546,177,562</u>	<u>2,063,812,687</u>
37.1 Other expenses of subsidiaries					
BRAC EPL Investments Limited		53,688,286	18,509,369	-	-
BRAC EPL Stock Brokerage Limited		190,759,380	152,229,684	-	-
bKash Limited		606,384,354	439,913,135	-	-
BRAC Sajaan Exchange Limited		368,959,620	210,217,010	-	-
BRAC IT Services Limited		20,859,907	26,793,074	-	-
		<u>1,240,651,547</u>	<u>847,662,272</u>	<u>-</u>	<u>-</u>
38 Share of profit/(loss) of associates					
BRAC IT Services Limited (post disposal)		14,175,591	-	-	-
BRAC Asset Management Company Limited		157,249	182,824	-	-
		<u>14,332,840</u>	<u>182,824</u>	<u>-</u>	<u>-</u>
39 Provisions					
Provision for loan					
Specific provision charged during the year		1,797,247,740	2,417,338,267	1,797,247,740	1,733,544,197
Recovery of written off bad debts		(1,039,185,296)	(1,217,678,634)	(1,039,185,296)	(1,217,678,634)
Specific provision (net off recovery) for the year*		758,062,444	1,199,659,633	758,062,444	515,865,563
General provision charged during the year		234,720,281	562,441,138	234,720,281	562,441,138
Total provision for loans and advances		992,782,725	1,762,100,771	992,782,725	1,078,306,701
For Off Balance Sheet items		131,315,329	62,500,000	131,315,329	62,500,000
For diminution in value of Investments		(72,224,112)	(286,727,581)	(72,224,112)	(286,727,581)
For other:					
For other assets		100,448,106	862,500	100,448,106	862,500
For interest receivable from loan		42,888	9,605,500	42,888	9,605,500
		<u>1,152,364,936</u>	<u>1,548,341,190</u>	<u>1,152,364,936</u>	<u>864,547,120</u>
40 Provision for Tax					
The charge for taxation is based upon the profit for the year comprises:					
Current tax on taxable income		3,570,883,968	2,961,197,679	3,196,240,955	2,629,520,979
Deferred tax expense/ (income) (Net)		(784,891,580)	25,864,637	(548,886,313)	58,327,875
Total provision for Tax		<u>2,785,992,388</u>	<u>2,987,062,316</u>	<u>2,647,354,642</u>	<u>2,687,848,854</u>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
41 Earnings Per Share					
Profit after taxation		5,498,416,039	4,075,664,713	5,250,120,046	4,460,432,666
Less: Profit attributable to Non controlling interest		305,625,065	194,607,229	-	-
Profit attributable to ordinary shareholders of BRAC Bank Ltd		5,192,790,974	3,881,057,484	5,250,120,046	4,460,432,666
Weighted average number of shares outstanding		855,056,418	852,893,120	855,056,418	852,893,120
Earnings Per Share (EPS)		6.07	4.55	6.14	5.23
Earnings Per Share (EPS) has been calculated as per BAS-33 "Earnings Per Share".					
As per BAS-33 "Earnings Per Share", the calculation of diluted earning per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti dilutive effect on earning per share. There is an antidilutive effect on earning per share of BRAC Bank convertible bond. That is why we are not considering the diluted earning per share.					
42 Cash and Cash Equivalents					
Cash in hand (including foreign currency)		6,109,792,050	5,411,271,407	6,092,421,365	5,404,296,928
Balance with Bangladesh Bank and its agents banks (including foreign currency)		12,192,061,982	10,416,488,307	12,192,061,982	10,416,488,307
Balance with other banks and financial institutions		43,355,772,365	31,148,142,995	19,396,241,229	15,366,993,079
Money at call and on short notice		-	-	-	-
Prize Bond		1,945,200	1,806,200	1,945,200	1,806,200
		<u>61,659,571,597</u>	<u>46,977,708,909</u>	<u>37,682,669,776</u>	<u>31,189,584,514</u>
43 Receipts from other operating activities					
Loan Penal Interest		12,430,490	13,871,991	12,430,490	13,871,991
Miscellaneous Income		22,428,865	67,088,156	22,428,865	67,088,156
Gain on trading shares		153,712,660	25,278,925	153,712,660	25,278,925
Profit share from other banks		41,713,256	38,326,569	41,713,256	38,326,569
Other receipts of subsidiaries		336,053,043	422,042,090	-	-
		<u>566,338,314</u>	<u>566,607,731</u>	<u>230,285,271</u>	<u>144,565,641</u>
44 Payment for other operating activities					
Rent, taxes, insurance, electricity etc.		1,297,444,361	1,142,350,325	1,297,444,361	1,142,350,325
Audit fees		1,202,250	955,000	1,202,250	955,000
Directors fees and expenses		1,356,680	1,335,600	1,356,680	1,335,600
Repair and maintenance		324,306,644	371,149,299	324,306,644	371,149,299
Other expenses		2,620,879,964	2,287,553,790	2,620,879,964	2,287,553,790
Legal expenses		51,610,734	109,298,651	51,610,734	109,298,651
Other payments of subsidiaries		447,492,473	438,619,876	-	-
		<u>4,744,293,106</u>	<u>4,351,262,541</u>	<u>4,296,800,633</u>	<u>3,912,642,665</u>
45 Net asset value (NAV) per share					
Net asset value attributable to shareholders of parent		26,600,143,614	22,152,801,125	25,990,805,975	21,440,771,435
Number of ordinary share outstanding as on 31 December 2017		855,209,694	855,209,694	855,209,694	855,209,694
		<u>31.10</u>	<u>25.90</u>	<u>30.39</u>	<u>25.07</u>
46 Net operating cash flow per share					
Net operating cash flow		21,374,361,003	9,767,251,672	11,110,346,754	(2,187,451,322)
Number of ordinary share outstanding as on 31 December 2017		855,209,694	855,209,694	855,209,694	855,209,694
		<u>24.99</u>	<u>11.42</u>	<u>12.99</u>	<u>(2.56)</u>

Section -Five : General Disclosures

47 General Disclosure 47.1 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank Limited in its 23rd meeting held on March 02, 2003. Subsequently, in the 73rd Audit Committee Meeting held on April 24, 2017 reconstituted the Audit Committee as under:

Sl No	Name of Director	Status with The Bank	Status with the Committee	Educational Qualification
01	Dr. Ahsan H. Mansur	Director	Chairman	Ph.D in Economics
02	Mr. Shib Narayan Kairy	Director	Member	M.Com (Accounting)
03	Mr. Kazi Mahmood Sattar	Director	Member	M.Com (Accounting), B. Com (Honours) Finance

During the period ended 31 December 2017, the Audit Committee of the Board conducted 06 (Six) meeting in which among others, the following issues were 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.

47.2 Related Party/(ies) Transactions

i) The bank carried out transactions with related parties in the normal course of business on an arms length basis. As on 31 December 2017, 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.

Sl No	Name of the Related Parties	Relationship with BBL	Nature of Transaction	Balance at the end of year
01	BRAC and Its associated organization	Parent Company	Deposits made with us	6,322,024,383
02	BRAC EPL Investments Limited	Subsidiary	Deposits made with us	6,288,274
03	BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits made with us	41,258,382
04	bKash Limited	Subsidiary	Deposits made with us	963,530,714
05	BRAC Saajan Exchange Limited	Subsidiary	Deposits made with us	16,815,498
06	BRAC IT Services Limited (bITS)	Associates	Deposits made with us	52,842,801
07	BRAC Asset Management Company Limited	Associates	Deposits made with us	69,098,847
08	Sajida Foundation	Common board member	Deposits made with us	108,148,622
09	Industrial and Infrastructure Dev. Finance Co Limited	Sponsor Shareholder	Deposits made with us	5,820,890
10	BRAC	Parent Company	Loans and Advances	4,775,934
11	Sajida Foundation	Common board member	Loans and Advances	952,467,612
12	BRAC EPL Investments Limited	Subsidiary	Loans and Advances	992,113,639

ii) Name of Directors and the entities in which they have Interest as on 31 December 2017

Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have Interest	Educational Qualification
1	Sir Fazle Hasan Abed (Nominated Director)	Chairman	BRAC BRAC Industries Limited BRAC Kodala Tea Estate BRAC Kaiyacherra Tea Company Limited BRAC Karnafull Tea Company Limited BRAC Foundation	FCMA, London
2	Mr. Shib Narayan Kairy (Nominated Director)	Director	Bangladesh Netting Factory Limited BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. BRAC Karnafull Tea Co. Limited BRAC Kaiyacherra Tea Co. Limited BRAC Kodala Tea Estate	Master of Commerce in Accounting, University of Dhaka
3	Ms. Nihad Kabir (Nominated Director)	Director	Kedarpur Tea Company Limited Shaistaganj CNG Co. Limited Sathgao Tea Estate Limited BRAC EPL Investments Limited BRAC EPL Stock Brokerage Ltd. Palli 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)

4	Dr. Ahsan H. Mansur (Independent Director)	Director	Policy Research Institute of Bangladesh (PRI)	Ph.D in Economics, University of Western Ontario, Canada, M.A. Economics, McMaster University, Canada, M.A.in Economics, University of Dhaka, Bangladesh
	Ms. Zahida Ispahani (Independent Director)	Director	M. M. Ispahani Limited Ispahani Tea Limited The Free School Street Property Limited Ispil Securities Limited Ispahani Media Agency Limited South East Trading Limited A.B. Ispahani Securities Limited	Graduate in Economics, University of Panjab, Pakistan
6	Mr. Kazi Mahmood Sattar (Independent Director)	Director	Unique Hotel and Resorts Limited BRAC Saajan Exchange Limited RSA Advisory Ltd. bKash Limited	M.Com (Accounting) B. Com (Honours) Finance University of Dhaka
7	Mr. Kaiser Kabir (Nominated Director)	Director	Renata Limited Renata Agro Industries Limited Purnava Limited Renata Oncology Limited Bangladesh Association of Pharmaceuticals Industries 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
8	Mr. Asif Saleh (Nominated Director)	Director	BRAC and BRAC International BRAC It Services Limited BRAC Net BRAC Probashbandhu Ltd.	Masters of Business Administration, New York University, Stern School of Management
9	Mr. Selim R.F. Hussain	Managing Director & CEO	IIDFC BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. bKash Limited BRAC IT Services Limited BRAC Sajaan	MBA (IBA) University of Dhaka

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

Nil

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

Nil

v) Lending Policies to related parties:

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

Nil

vi) Loan and advances to Directors:

Classification Status

403,696

Unclassified

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

47.3 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on 31.12.2017.

47.4 Number of Employees

The number of employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of tk. 36,000 or above were 6,835 (2016: 6,355).

47.5 Approval of the financial statements

The financial statements were approved by the board of directors on March 22, 2018.

47.6 Events after the Balance Sheet Date

The Board of Directors in its 236th Board meeting held on March 22, 2018 has proposed 25% Stock dividend subject to the approval of the Shareholders at the next Annual General Meeting.


Managing Director and CEO


Director


Director


Chairman

Annexure - A

BRAC Bank Ltd. (Solo)
Highlights on the overall Activities
As at 31 December 2017

Particulars	Amount in Taka unless otherwise specified	
	2017	2016
Paid-up capital	8,552,096,940	7,104,369,100
Total capital including general provisions	26,636,496,368	23,095,138,611
Capital surplus/(deficit)	3,084,523,393	4,252,030,847
Total assets	289,501,416,927	248,605,457,497
Total deposits	196,224,439,257	168,859,571,738
Total loans & advances	202,559,380,746	173,612,041,512
Total contingent liabilities & commitments	68,250,418,387	57,210,618,563
Income from investments	3,580,988,216	2,543,593,402
Profit after tax & provisions	5,250,120,046	4,460,432,666
Amount of classified loans during the current year	7,220,959,891	5,910,644,512
Provision kept against classified loans	5,648,936,030	4,865,261,919
Provisions surplus/deficit	1,963,572,393	1,483,315,390
Interest earning assets	271,281,822,584	232,911,045,076
Non-Interest earning assets	18,219,594,343	15,694,412,421
Credit deposit ratio (Loans & Advances/Deposits)*	83.39%	83.47%
Percentage of classified loans against total loans & advances	3.56%	3.40%
Cost of fund	5.69%	5.32%
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	9.41%	9.20%
Return on Assets (ROA) [PAT/Average assets]	1.95%	1.89%
Return on Equity (ROE) [PAT/Average shareholders equity]	22.14%	22.16%
Earnings per share [previous years figure restated]	6.14	5.23
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)] [previous years figure restated]	6.14	5.23
Price earning ratio (Market price per share/EPS)	17.65	10.21
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share] [previous years figure restated]	30.39	25.07

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

BRAC Bank Limited
Statement of outstanding unreconciled entries
As at 31 December 2017

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, 2017 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	39	5,945,579	54	12,629,313	103	17,663,060	489	18,731,309
02	More than 03 months but less than 06 months	-	-	-	-	-	-	24	81,827
03	More than 06 months but less than 09 months	-	-	-	-	-	-	1	2,313
04	More than 09 months but less than 12 months	-	-	-	-	-	-	-	-
05	More than 12 months	-	-	-	-	-	-	-	-
	Total	39	5,945,579	54	12,629,313	103	17,663,060	514	18,815,449

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 2017

Name of Bank	Currency	A/C Type	2017			2016		
			FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Standard Chartered Bank-New York, USA	USD	CD	1,524,872	83.20	126,869,320	740,726.00	78.75	58,332,173
Standard Chartered Bank, United Kingdom	GBP	CD	348,427	111.78	38,948,377	140,150	96.82	13,569,191
Standard Chartered Bank, Frankfurt, Germany	EUR	CD	12,692	99.33	1,260,718	15,859.40	82.49	1,308,314
Mashreq Bank, New York, USA	USD	CD	(9,089)	83.20	(756,213)	74,130.05	78.75	5,837,741
ICICI Bank Limited, Mumbai, India	USD	CD	991,160	83.20	82,464,531	56,353.61	78.75	4,437,847
Habib Bank Limited, Pakistan	USD	CD	-	-	-	447,557.10	78.75	35,245,122
Bank of Tokyo Mitsubishi UFJ, Ltd	JPY	CD	10,988,110	0.74	8,102,632	2,653,739.00	0.67	1,777,587
Zuercher Kantonal Bank, Switzerland	CHF	CD	281,868	84.84	23,912,932	25,969.80	76.69	1,991,646
ING Belgium NV/SA, Belgium	EUR	CD	891	99.33	88,480	705.40	82.49	58,192
Commerz Bank AG, Germany (USD)	USD	CD	46,583	83.20	3,875,664	48,700.80	78.75	3,835,188
Commerz Bank AG, Germany (EURO)	EUR	CD	255,984	99.33	25,427,553	66,560.70	82.49	5,490,896
United Bank of India, Kolkata, India	USD	CD	941,305	83.20	78,316,612	16,411.70	78.75	1,292,421
Westpack Banking Corporation, Australia	AUD	CD	123,366	64.73	7,985,968	(5,254.50)	56.80	(298,468)
JP Morgan Chase Bank, New York, USA	USD	CD	3,981,934	83.20	331,296,868	4,166,836.03	78.75	328,138,337
Sonali Bank Limited, United Kingdom (USD)	USD	CD	-	-	-	263,560.00	78.75	20,755,350
Somali Bank Limited, United Kingdom (GBP)	GBP	CD	1,650	111.78	184,405	6,567.10	96.82	635,821
HDFC Bank Limited, India	USD	CD	266,371	83.20	22,162,090	104,550.81	78.75	8,233,376
Deutsche Bank Trust Company Americas	USD	CD	-	-	-	99,215	78.75	7,813,150
AB Bank Limited, Mumbai, India	USD	CD	25,564	83.20	2,126,940	25,564	78.75	2,013,165
AXIS Bank Limited Kolkata ACU	USD	CD	307,404	83.20	25,576,051	-	-	-
Total					777,842,929			500,467,049

Annexure - D

BRAC BANK LIMITED
Investment in Shares

As at 31 December 2017

Sl. no	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31/Dec/17	Total market value at 31/Dec/17
Quoted							
Ordinary shares							
1	amra networks limited	10	120,000	4,580,000	39.00	97.70	11,724,000
2	The ACME Laboratories Limited	10	219,274	24,989,696	113.97	114.00	24,997,236
3	Active Fine Chemicals Limited	10	2,148,931	78,519,993	36.54	35.20	75,642,371
4	Bata Shoe Company (Bangladesh) Limited	10	44,896	54,168,956	1,206.54	1,171.80	52,609,133
5	British American Tobacco Bangladesh Company Limited	10	27,537	76,605,196	2,781.90	3,401.60	93,669,859
6	City Bank Ltd.	10	3,797,000	124,417,246	32.77	53.20	202,000,400
7	Confidence Cement Ltd.	10	175,000	19,678,091	112.45	152.50	26,687,500
8	Delta Brac Housing Finance Corp. Ltd.	10	507,575	60,835,638	119.86	136.00	69,030,200
9	Eastern Bank Ltd.	10	2,740,100	84,304,104	30.77	51.10	140,019,110
10	Envoys Textiles Limited	10	23,175	949,631	40.98	34.80	806,490
11	GlaxoSmithKline (GSK) Bangladesh Ltd.	10	4,743	8,463,233	1,784.36	1,550.80	7,355,444
12	Grameenphone Ltd.	10	802,000	257,414,071	320.97	470.80	377,581,600
13	IDLC Finance Ltd.	10	1,648,148	124,704,904	75.66	85.30	140,587,024
14	Inde Bangladesh Limited	10	7,000	9,644,089	1,377.73	1,284.70	8,992,900
15	Marico Bangladesh Limited	10	10,963	12,117,272	1,105.29	1,106.10	12,126,174
16	Olympic Industries Ltd.	10	400,000	115,334,695	288.34	288.30	115,320,000
17	One Bank limited	10	1,000,000	24,320,182	24.32	24.00	24,000,000
18	Prime Bank limited	10	1,000,000	26,602,986	26.60	27.40	27,400,000
19	Square Pharmaceuticals Ltd.	10	1,293,448	320,791,719	248.01	301.80	390,362,606
20	Trust Bank Limited	10	3,200,000	76,136,355	23.79	42.60	136,320,000
21	United Commercial Bank limited	10	2,000,000	48,594,597	24.30	23.60	47,200,000
22	AIBL 1st Islamic Mutual Fund	10	1,000,000	7,888,918	7.89	8.00	8,000,000
23	DBH First Mutual Fund	10	1,312,309	12,079,550	9.20	9.40	12,335,705
24	First Bangladesh Fixed Income Fund	10	5,643,729	38,475,405	6.82	5.70	32,169,255
25	Green Delta Mutual Fund	10	2,280,786	19,878,700	8.72	9.20	20,983,231
26	LR Global Bangladesh Mutual Fund One	10	29,452,904	278,457,087	9.45	8.30	244,459,103
27	MBL 1st Mutual Fund	10	5,000,000	41,447,585	8.29	9.10	45,500,000
28	NCCBL Mutual Fund-1	10	5,000,000	41,448,258	8.29	8.90	44,500,000
29	NLI First Mutual Fund	10	2,000,000	30,319,946	15.16	15.10	30,200,000
30	Southeast Bank 1st Mutual Fund	10	5,114,726	63,525,273	12.42	14.20	72,629,109
				2,086,793,376			2,495,208,452
Unquoted							
1	Industrial and Infrastructure Development Finance Co. Limited	10	7,329,110	29,683,820			
2	Central Depository Bangladesh Limited	10	2,284,721	16,277,770			
3	The Bangladesh Rating Agency Limited	100	124,976	12,497,600			
4	VIPB Income Fund	10	30,000,000	333,900,000			
5	IDLC Balanced Fund	10	10,000,000	100,000,000			
1	Preference shares						
1	Union Capital Preference Share	10,000,000	3	30,000,000			
				522,359,190			

Annexure - E

BRAC BANK LIMITED
Detail of Large Loan
As at 31 December 2017

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

24
61,782,737,776
NIL
NIL

Client wise break-up is as follows:

Name of Clients	Outstanding (BDT)		
	Funded	Non Funded	Total
ABUL KHAIR GROUP	3,803,910,135	3,125,695,950	6,929,606,085
SUMMIT GROUP	207,152,277	5,463,073,695	5,670,225,972
MEGHNA GROUP	1,416,755,935	3,826,222,946	5,242,978,882
BANGLADESH PETROLEUM CORPORATION	-	4,481,439,848	4,481,439,848
ENERGY PAC GROUP	2,712,176,218	644,272,563	3,356,448,781
PRAN-RFL GROUP	2,580,283,664	378,135,553	2,958,419,217
RING SHINE GROUP	2,569,213,462	331,282,744	2,900,496,206
BANGLA TRAC GROUP	1,023,707,682	1,535,479,735	2,559,187,416
ROBI AXIATA LIMITED	2,300,000,000	168,784,314	2,468,784,314
NOMAN GROUP	1,973,466,240	301,074,119	2,274,540,359
CITY SUGAR GROUP	776,144,000	1,494,970,549	2,271,114,549
ACI GROUP	1,712,482,115	550,206,738	2,262,688,854
URMI GROUP	1,001,444,404	1,190,640,040	2,192,084,444
ANANTA GROUP	1,569,314,453	554,227,963	2,123,542,416
BSRM GROUP	2,061,441,917	13,648,563	2,075,090,479
GPH+MI GROUP	2,052,290,594	22,383,000	2,074,673,594
CITY SEED GROUP	1,064,552,205	864,878,692	1,929,430,897
MIR AKHTER HOSSAIN LTD	588,000,000	1,340,275,683	1,928,275,683
WALTON GROUP	1,706,076,305	23,862,667	1,729,938,972
HA-MEEM GROUP	813,342,669	843,967,964	1,657,310,633
STANDARD GROUP	596,657,940	621,559,839	1,218,217,779
UNION GROUP	721,828,807	381,744,873	1,103,573,679
BANGLALINK DIGITAL COMMUNICATIONS LIMITED	-	301,857,011	301,857,011
GRAMEENPHONE LTD	-	72,811,705	72,811,705
GRAND TOTAL	33,250,241,021	28,532,496,755	61,782,737,776

BRAC Bank Limited
Schedule of Fixed assets
As at 31 December 2017

Particulars	C O S T			D E P R E C I A T I O N				Written down value as at 31.12.2017
	Opening balance as on 01.01.2017	Addition during the year	Disposals/ Adjustments during the year	Total balance as at 31.12.2017	Opening balance as on 01.01.2017	Charge during the year	Disposals/ Adjustments during the year	Total balance as at 31.12.2017
Property, plant & equipments								
Land	1,043,648,935	-	-	1,043,648,935	-	-	-	1,043,648,935
Leasehold Building	4,034,334	-	-	4,034,334	418,898	100,858	-	519,756
Furniture & fixture	1,809,233,630	292,668,158	4,636,336	2,097,265,452	940,818,457	184,367,978	4,251,275	1,120,935,160
Office equipments	1,359,404,911	201,226,873	18,269,525	1,542,362,259	1,052,525,735	123,797,081	18,221,275	1,158,101,541
IT Hardware	2,134,467,308	320,537,815	123,201,099	2,331,804,024	1,617,663,390	230,490,189	68,150,085	1,780,003,494
Motor vehicles	108,371,172	243,465,275	55,862,873	295,973,574	81,210,090	28,915,094	55,862,873	54,262,311
Capital expenditure work in progress	227,259,912	743,244,953	-	970,504,865	-	-	-	970,504,865
Sub-total	6,686,420,202	1,801,143,074	201,969,832	8,285,593,443	3,692,636,570	567,671,200	146,485,507	4,113,822,263
Intangible assets:								
With Indefinite useful lives:								
License	50,000	-	-	50,000	-	-	-	50,000
With definite useful lives:								
IT Software	1,007,950,056	35,331,488	-	1,043,281,544	888,712,100	51,209,764	-	939,921,864
Sub-total	1,008,000,056	35,331,488	-	1,043,331,544	888,712,100	51,209,764	-	939,921,864
As at 31 December 2017	7,694,420,258	1,836,474,561	201,969,832	9,328,924,987	4,581,348,670	618,880,964	146,485,507	5,053,744,127
As at 31 December 2016	6,941,081,677	801,113,677	47,775,096	7,694,420,258	4,003,964,615	622,090,736	44,706,681	4,581,348,670
								3,113,071,588

BRAC Bank Ltd.
Statement of Tax position
As at 31 December 2017

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	1,797,698,269	1,101,920,583	695,777,686	1,088,661,543	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	2,687,848,854	2,106,200,190	581,648,664	2,106,200,190	Tax return submitted for the assessment
2017	2018-2019	3,194,040,955	-	-	804,022,305	Not yet due

Annexure-H

BRAC Bank Ltd.
Statement of Consolidated Segment Reporting
As at 31 December 2017

Particulars	BRAC bank Limited					Consolidation			
	SME	Retail	Corporate	Treasury	Total	bKash	Others	Inter company elimination	Total
Interest Income	9,629,242,005	4,418,288,122	4,949,801,575	1,501,020,087	20,498,351,789	1,389,454,937	195,577,834	(348,951,582)	21,734,412,979
Interest Expense on Deposits	706,480,982	3,341,424,408	2,062,655,891	-	6,110,561,280	108,095,482	-	(274,234,258)	5,944,422,505
Interest Expense on Borrowings	50,425,902	-	349,672,244	1,840,033,941	2,240,132,088	-	91,094,246	(74,717,324)	2,256,509,009
Inter segment income/(expenses)	(3,285,407,896)	3,515,226,786	577,099,702	(806,918,592)	12,147,638,421	-	-	-	13,533,481,464
Net interest income	5,586,927,226	4,592,070,501	3,114,573,142	(1,145,932,447)	12,147,638,421	1,281,359,455	104,483,588	-	2,914,695,537
Investment income	-	-	-	3,580,988,216	3,580,988,216	-	(666,288,679)	-	2,914,695,537
Commission, fees and others	392,781,771	1,243,459,123	891,084,834	348,700,057	2,876,025,784	2,959,149,430	1,082,427,102	(35,672,836)	6,881,929,480
Other operating income	13,839,721	38,110,027	11,705,458	41,373,374	105,028,580	52,363,690	292,261,920	(78,364,225)	371,289,964
Total Segment Revenue	5,993,548,718	5,873,639,650	4,017,363,493	2,825,129,200	18,709,681,001	4,292,872,575	812,883,931	(114,037,061)	23,701,400,445
Staff costs	2,095,254,181	1,745,200,482	441,648,719	76,730,729	4,359,834,111	1,154,124,527	364,522,400	-	5,878,481,038
Other operating costs	1,875,992,739	2,776,716,607	531,391,797	115,906,123	5,300,007,266	2,347,967,727	866,522,586	(114,037,061)	8,400,460,518
Total segment expenditure	3,972,246,920	4,521,917,089	973,040,516	192,636,852	9,659,841,377	3,502,092,254	1,231,044,986	(114,037,061)	14,278,941,556
Reportable segment operating profit	2,021,301,797	1,351,722,561	3,044,322,917	2,632,492,348	9,049,839,624	790,780,321	(418,161,055)	-	9,422,458,889

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

Particulars	BRAC bank Limited					Consolidation			
	SME	Retail	Corporate	Treasury	Total	bKash	Others	Inter company elimination	Total
Interest Income	8,019,728,555	3,707,611,835	4,630,812,846	1,484,181,228	17,842,334,464	1,123,864,592	94,466,483	(750,273,452)	18,310,392,086
Interest Expense on Deposits	737,875,522	3,136,263,257	1,847,489,655	-	5,723,628,435	65,457,042	-	(660,666,303)	5,128,419,174
Interest Expense on Borrowings	-	-	-	1,311,953,395	1,311,953,395	-	238,724,032	(89,607,149)	1,461,070,278
Inter segment income/(expenses)	(2,399,569,822)	3,844,038,325	(427,975,977)	(1,016,092,526)	10,806,752,634	1,058,407,549	(144,257,549)	-	11,720,902,634
Net interest income	4,882,283,211	4,413,386,902	2,355,347,214	(844,264,692)	10,806,752,634	1,058,407,549	60,641,107	-	2,557,506,928
Investment income	-	-	2,723,210	2,496,865,821	2,496,865,821	-	-	(53,993,811)	5,550,320,952
Commission, fees and others	450,526,736	1,075,525,937	727,570,100	284,266,962	2,537,889,736	2,322,831,676	743,593,351	(113,927,235)	356,748,597
Other operating income	27,974,250	21,300,296	28,111,811	45,847,028	123,233,385	55,386,622	292,055,825	(167,921,046)	20,185,479,110
Total Segment Revenue	5,360,784,197	5,510,213,135	3,113,753,335	1,979,991,908	15,964,741,576	3,436,625,847	952,032,734	-	8,610,885,395
Staff costs	1,722,736,117	1,335,314,693	205,390,884	62,368,932	3,325,810,626	867,339,441	344,835,409	-	4,537,985,476
Other operating costs	1,595,475,451	2,611,523,380	379,066,751	40,036,728	4,626,102,310	1,948,193,585	630,233,391	(167,921,046)	7,036,608,240
Total segment expenditure	3,318,211,567	3,946,838,073	584,457,635	102,403,660	7,951,912,936	2,815,533,026	975,068,800	(167,921,046)	11,574,593,716
Reportable segment operating profit	2,042,572,630	1,563,375,062	2,529,294,700	1,877,588,248	8,012,828,640	621,092,821	(23,036,066)	-	8,610,885,395

There are 8 (eight) operating segments including subsidiaries as on 31 December 2017. Out of 8 (eight) operating segments only 5 (five) are reportable as per latest evaluation in accordance with BFRS 8: Operating segments. Hence other non-reportable segments have been shown under 'Others'. Comparative figures have been disclosed accordingly.

B. Segmental assets and liabilities
The necessary information regarding assets and liabilities of operating segments (excluding subsidiaries) are not separable and individually identifiable and so the assets and liabilities of the respective segments have not been presented here.

Continuation of Annexure - I

Off-shore Banking Units
Balance Sheet
As at 31 December 2017

Particulars	Note	2017		2016	
		USD	Taka	USD	Taka
Off Balance Sheet Items					
Contingent Liabilities					
Acceptances and endorsements		59,383	4,940,694	-	-
Letter of guarantees		-	-	-	-
Irrevocable letter of credits		27,685,771	2,303,456,182	21,343,643	1,680,811,868
Bills for collection		12,478,612	1,038,220,512	8,877,844	699,130,188
Tax liability		-	-	-	-
Other contingent liabilities		-	-	-	-
Total Contingent Liabilities		40,223,766	3,346,617,388	30,221,487	2,379,942,056
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		40,223,766	3,346,617,388	30,221,487	2,379,942,056

Continuation of Annexure - I

Off-shore Banking Units
Profit and Loss Account
For the year ended 31 December 2017

Particulars	Note	2017		2016	
		USD	Taka	USD	Taka
Interest income	13	16,436,061	1,367,480,322	15,796,674	1,243,988,084
Interest paid on deposits and borrowing etc.	14	13,530,704	1,125,754,576	11,692,751	920,804,132
Net interest income		2,905,357	241,725,746	4,103,923	323,183,952
Investment income	15	-	-	8,314	654,732
Commission, exchange and brokerage	16	690,712	57,467,253	465,400	36,650,278
Other operating income	17	-	-	39,948	3,145,925
Total operating income		3,596,069	299,192,999	4,617,585	363,634,887
Salaries and allowances		278,374	23,160,727	222,621	17,531,421
Rent, taxes, insurance, electricity etc.	18	38,638	3,214,721	27,785	2,188,030
Legal expenses		250	20,824	75	5,891
Postage, stamps, telecommunication etc.	19	2,438	202,870	2,204	173,605
Stationery, printing, advertisement etc.	20	16,557	1,377,492	14,132	1,112,897
Depreciation and repairs to bank's assets	21	79,422	6,607,940	50,316	3,962,434
Other expenses	22	75,364	6,270,307	53,740	4,232,031
Total operating expenses		491,043	40,854,881	370,873	29,206,309
Profit/(loss) before provisions		3,105,026	258,338,118	4,246,712	334,428,578
Provision for:					
Loans and advances		(400,301)	(33,305,059)	(292,940)	(23,068,986)
Off balance sheet items		-	-	-	-
Others		-	-	-	-
Total provision	23	(400,301)	(33,305,059)	(292,940)	(23,068,986)
Profit/(loss) before taxes		3,505,327	291,643,177	4,539,652	357,497,564
Provision for Tax:					
Current tax expense		-	-	-	-
Deferred tax expense/ (income)		-	-	-	-
Total provision for Tax		-	-	-	-
Total profit/(loss) after taxes		3,505,327	291,643,177	4,539,652	357,497,564

Continuation of Annexure - I

Off-shore Banking Units
Cash Flow Statement
For the year ended 31 December 2017

Particulars	2017		2016	
	USD	Taka	USD	Taka
A. Cash flows from operating activities				
Interest receipts in cash	16,938,893	1,409,315,876	15,182,202	1,195,598,431
Interest payment	(11,238,027)	(935,003,822)	(13,025,594)	(1,025,765,529)
Fees and commissions receipts	690,712	57,467,253	465,400	36,650,278
Cash payments to employees	(278,374)	(23,160,727)	(222,621)	(17,531,422)
Cash payments to suppliers	(18,995)	(1,580,362)	(16,337)	(1,286,502)
Receipts from other operating activities	-	-	39,948	3,145,925
Payment for other operating activities :	(193,675)	(16,113,792)	(131,916)	(10,388,385)
Operating Cash flow before changes in operating assets and liabilities (i)	5,900,534	490,924,426	2,291,082	180,422,796
Increase/decrease in operating assets and liabilities				
Loans and advances to customers	(23,448,357)	(1,950,903,289)	9,066,075	713,953,398
Other assets	(556,638)	(46,312,308)	(16,221,939)	(1,277,477,723)
Deposits from other banks/borrowings	33,893,445	2,819,934,668	(7,343,529)	(578,302,893)
Deposits from customers	(245,526)	(20,427,802)	(41,890,848)	(3,298,904,315)
Other liabilities	(5,328,275)	(443,312,454)	6,512,346	512,847,249
Cash utilized in operating assets and liabilities (ii)	4,314,649	358,978,815	(49,877,895)	(3,927,884,284)
Net cash (used)/flows from operating activities (i+ii)	10,215,183	849,903,241	(47,586,813)	(3,747,461,488)
B. Cash flows from investing activities				
Investment in commercial paper	-	-	498,444	39,252,500
Net cash used in investing activities	-	-	498,444	39,252,500
C. Cash flows from financing activities	-	-	-	-
D. Net increase/decrease in cash (A+B+C)	10,215,183	849,903,241	(47,088,369)	(3,708,208,988)
E. Cash and cash equivalents at beginning of year	19,422,191	1,529,497,555	66,718,127	5,237,706,543
Exchange difference	(1,038,807)	-	(207,567)	-
Cash and cash equivalents at end of year (D+E)	28,598,567	2,379,400,796	19,422,191	1,529,497,555
Cash and cash equivalents at end of the year:				
Cash in hand (including foreign currency)	-	-	-	-
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	-	-	-	-
Balance with other banks and financial institutions	28,598,567	2,379,400,796	19,422,191	1,529,497,555
	28,598,567	2,379,400,796	19,422,191	1,529,497,555

Off-Shore Banking Units
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 31 December 2017

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 and translations to presentation currency

Foreign currency transactions are converted into equivalent functional currency i.e. USD using the exchange rates ruling on the dates of respective trasactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates".

All revenue items have been translated to presentation currency i.e. BDT at average rate and all balance sheet items except retained earnings were translated to presentation currency at the closing rate. Any resulting difference have been recognized as translation reserve.

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 half year from 01 January to 31 December 2017.

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 - I

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) Assets and liabilities and income and expenses have been converted into Taka currency @ US \$ 1 = Taka 83.20 (Closing rate as at 31 December 2017).

Particulars	2017		2016	
	USD	Taka	USD	Taka
3 Balance with Bangladesh Bank	-	-	-	-
4 Balance with Other Banks and Financial Institutions				
Standard Chartered Bank Frankfurt	767,208	63,831,720	-	-
Standard Chartered Bank, New York, USA	5,625,132	468,011,012	1,023,715	80,617,539
Commerz Bank, Germany	312,052	25,962,703	19,656	1,547,888
ICICI Bank, Mumbai, India	3,877	322,562	234,132	18,437,938
HABIB Bank Limited, Pakistan	-	-	(447,954)	(35,276,396)
Standard Chartered Bank, UK	(352,589)	(29,335,371)	579,433	45,630,378
JP Morgan Chase Bank	67,245	5,594,757	-	-
BBL Treasury OBU to Other Bank OBU placement	22,175,642	1,845,013,413	18,013,209	1,418,540,208
	<u>28,598,567</u>	<u>2,379,400,796</u>	<u>19,422,191</u>	<u>1,529,497,555</u>
5 Investments in Commercial Paper:				
Avant Garde Fashion Limited	-	-	-	-
6 Loans and Advances				
Overdrafts	2,784,540	231,673,667	1,432,566	112,814,525
Demand loans	104,378,292	8,684,273,857	84,774,977	6,676,029,402
Term loans	112,529,338	9,362,440,900	172,966,427	13,621,106,156
Small and medium enterprises	3,736,992	310,917,764	2,789,806	219,697,246
	<u>223,429,162</u>	<u>18,589,306,188</u>	<u>261,963,776</u>	<u>20,629,647,329</u>
Bills purchased and discounted	56,409,909	4,693,304,479	12,787,894	1,007,046,697
Bills purchased and discounted SME	3,665,705	304,986,648	-	-
	<u>60,075,614</u>	<u>4,998,291,127</u>	<u>12,787,894</u>	<u>1,007,046,697</u>
	<u>283,504,776</u>	<u>23,587,597,315</u>	<u>274,751,670</u>	<u>21,636,694,026</u>
7 Other Assets				
Interest receivables	2,054,249	170,913,546	2,701,576	212,749,100
Deferred revenue expenditure	768,259	63,919,173	550,770	43,373,102
Receivable against proxy account	14,097	1,172,902	11,968	942,474
Receivable settlement account-OBUD/DBU	15,450,831	1,285,509,100	16,644,601	1,310,762,354
	<u>18,287,436</u>	<u>1,521,514,721</u>	<u>19,908,915</u>	<u>1,567,827,030</u>

Continuation of Annexure - I

Particulars	2017		2016	
	USD	Taka	USD	Taka
8 Borrowing from other Banks, Financial Institutions and Agents:				
Inside Bangladesh:				
Southeast Bank Ltd.	4,000,000	332,800,000	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
BASIC Bank Limited	-	-	4,500,000	354,375,000
Dhaka Bank Limited	5,000,000	416,000,000	-	-
Agrani Bank Limited	20,000,000	1,664,000,000	-	-
On Shore to BBL Off Shore	19,200,000	1,597,440,000	40,002,531	3,150,199,312
	48,200,000	4,010,240,000	80,002,531	6,300,199,312
Outside Bangladesh:				
Sonali Bank UK Ltd	15,450,830	1,285,509,100	7,991,426	629,324,800
BANK ONE Mauritius	13,000,000	1,081,600,000	-	-
Emirates Bank	10,000,000	832,000,000	-	-
HDFC Bank Limited	5,000,000	416,000,000	-	-
ICICI Bank Limited	10,000,000	832,000,000	-	-
Standard Chartered Bank Singapore	37,000,000	3,078,400,000	-	-
UBL DUBAI	11,800,000	981,760,000	-	-
Asian Development Bank	29,821,000	2,481,107,200	32,080,000	2,526,300,000
KBC Bank NV Belgium	10,005,732	832,476,876	7,998,310	629,866,895
Emirates NBD	-	-	11,146,000	877,747,500
First Gulf Bank	15,000,000	1,248,000,000	10,000,000	787,500,000
The National Bank of Ras Al-Khaimah	25,400,000	2,113,280,000	15,000,000	1,181,250,000
Borrowing from NORFUND	2,500,000	208,000,000	7,500,000	590,625,000
Borrowing from IFC	50,000,000	4,160,000,000	40,000,000	3,150,000,000
Borrowing from FMO	15,000,000	1,247,999,999	67,500,000	5,315,625,000
	249,977,562	20,798,133,175	199,215,736	15,688,239,195
	298,177,562	24,808,373,175	279,218,267	21,988,438,507
9 Money at call and short notice				
Agrani Bank Ltd.	-	-	-	-
National Bank Limited	-	-	-	-
AB Bank Limited	-	-	-	-
	-	-	-	-
10 Deposit and Other Accounts				
Local Currency:				
Current and other accounts	-	-	-	-
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
Foreign Currency:				
Current and other accounts	273,759	22,776,748	247,142	19,462,432
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	7,318,363	608,887,824	8,033,396	632,629,942
Other deposits	-	-	-	-
	7,592,122	631,664,572	8,280,538	652,092,374
Total Deposit and other accounts	7,592,122	631,664,572	8,280,538	652,092,374

Continuation of Annexure - I

Particulars	2017		2016	
	USD	Taka	USD	Taka
11 Other Liabilities				
Provisions for loans and advances	2,793,162	232,391,101	3,209,340	252,735,547
Interest payable	3,269,721	272,040,812	1,032,255	81,290,058
Provision for taxation	812,580	67,606,624	858,497	67,606,624
Interest suspense	5,009	416,738	5,940	467,795
Stamp charge realization from loan clients-OBU	1,767	147,014	388	30,555
Payable to On-shore	14,217,447	1,182,891,586	7,921,902	623,849,786
Payable settlement account-OBU/DBU	-	-	1,908,614	150,303,341
Others payable	16,082	1,338,033	-	-
	<u>21,115,768</u>	<u>1,756,831,908</u>	<u>14,936,936</u>	<u>1,176,283,706</u>
12 Surplus in Profit and Loss Account/ Retained Earnings				
Balance at the beginning of the year	11,647,035	917,204,024	7,129,564	559,706,460
Exchange Difference	(265,920)	-	(22,181)	-
Balance transfer to DBU	(11,381,115)	(917,204,024)	-	-
Add: Retained Surplus for the year	3,505,327	291,643,177	4,539,652	357,497,564
	<u>3,505,327</u>	<u>291,643,177</u>	<u>11,647,035</u>	<u>917,204,024</u>
13 Interest Income				
Interest on loans and advances	7,971,796	663,253,456	8,093,552	637,367,229
Interest on bill discounted	8,464,265	704,226,866	7,703,122	606,620,855
	<u>16,436,061</u>	<u>1,367,480,322</u>	<u>15,796,674</u>	<u>1,243,988,084</u>
14 Interest Paid on Deposits and Borrowing etc.				
Interest on deposits	273,690	22,771,022	254,830	20,067,874
Interest on borrowing from banks & FIs	13,173,193	1,096,009,689	11,437,921	900,736,258
Interest on money at call and short notice	83,820	6,973,865	-	-
	<u>13,530,704</u>	<u>1,125,754,576</u>	<u>11,692,751</u>	<u>920,804,132</u>
15 Interest on commercial paper				
Interest Income - Commercial Paper (OBU)	-	-	8,314	654,732
	<u>-</u>	<u>-</u>	<u>8,314</u>	<u>654,732</u>
16 Commission, Exchange and Brokerage				
Commission from letters of credit-foreign	234,449	19,506,149	160,530	12,641,738
Import and export related fees	389,580	32,413,052	211,084	16,622,908
Syndication fees	66,683	5,548,052	93,786	7,385,632
Other fees	-	-	-	-
	<u>690,712</u>	<u>57,467,253</u>	<u>465,400</u>	<u>36,650,278</u>
17 Other operating Income				
Miscellaneous Income	-	-	39,948	3,145,925
	<u>-</u>	<u>-</u>	<u>39,948</u>	<u>3,145,925</u>
18 Rent, Taxes, Insurance, Electricity etc.				
Rent, rates and taxes	32,243	2,682,625	23,003	1,811,485
Insurance	1,036	86,212	676	53,224
Power and electricity	5,019	417,581	3,898	306,973
WASA and Sewerage	340	28,303	208	16,348
	<u>38,638</u>	<u>3,214,721</u>	<u>27,785</u>	<u>2,188,030</u>
19 Postage, Stamp, Telecommunication etc.				
Postage and courier	0.2	17	4	344
Court fees & stamps	1	109	-	-
Telegram, telex, fax & Network	33	2,751	18	1,421
Telephone-Office	2,404	199,993	2,182	171,840
	<u>2,438</u>	<u>202,870</u>	<u>2,204</u>	<u>173,605</u>

Continuation of Annexure - I

Particulars	2017		2016	
	USD	Taka	USD	Taka
20 Stationery, Printing, Advertisement etc.				
Stationery and Printing	15,613	1,298,987	13,135	1,034,392
Security Stationery	944	78,505	997	78,505
	<u>16,557</u>	<u>1,377,492</u>	<u>14,132</u>	<u>1,112,897</u>
21 Depreciation on and repairs to bank's assets				
Depreciation of Property plant and equipments	20,493	1,705,026	16,437	1,294,421
Repairs and Maintenance expenses	58,929	4,902,914	33,879	2,668,013
	<u>79,422</u>	<u>6,607,940</u>	<u>50,316</u>	<u>3,962,434</u>
22 Other Expenses				
	75,364	6,270,307	53,740	4,232,031
	<u>75,364</u>	<u>6,270,307</u>	<u>53,740</u>	<u>4,232,031</u>
23 Provisions for Loans and Advances:				
For classified loans and advances	(2,514)	(209,219)	(135,802)	(10,694,434)
For unclassified loans and advances	(397,787)	(33,095,840)	(157,138)	(12,374,552)
	<u>(400,301)</u>	<u>(33,305,059)</u>	<u>(292,940)</u>	<u>(23,068,986)</u>

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 2017, 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 2017.

Dated: Dhaka
22 March 2018


A. Qasem & Co.
Chartered Accountants

Annexure - J

BRAC Bank Ltd.
Custodian service
For the year ended 31 December 2017

Particulars	2017 Taka	2016 Taka
Operating Income		
Commission, exchange and brokerage	14,477,560	14,369,869
Total Operating Income	14,477,560	14,369,869
Operating Expenses		
Salaries and allowances	3,720,000	3,450,350
Rent, taxes, insurance, electricity etc.	344,399	188,344
Postage, stamps, telecommunication etc.	215,625	152,270
Stationery, printing, advertisement etc.	88,211	32,225
Depreciation on and repairs to bank's assets	249,772	169,767
Other expenses	863,119	744,963
Total operating expenses	5,481,126	4,737,919
Operating Profit	8,996,434	9,631,950