

FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015



AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRAC BANK LIMITED

We have audited the accompanying consolidated financial statements of BRAC Bank Limited and its subsidiaries (together referred to as the "Group") as well as the separate financial statements of BRAC Bank Limited (the "Bank") which comprise the consolidated and separate Balance Sheets as at 31 December 2015, consolidated and separate Profit and Loss Accounts, consolidated and separate Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank.

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2015, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.

Report on other Legal and Regulatory Requirements

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

- 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;
- 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 forgery as stated under the Management's Responsibility for the Financial Statements and Internal Control:

- the 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;
- 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;
- financial statements of three subsidiaries namely, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and BRAC IT Services Limited have been audited by us and another two subsidiaries namely, bkash Limited and BRAC SAJAJ Exchange Limited have been audited by Rahman Rahman Huq and Reddy Siddiqui & Kabani respectively and have been properly reflected in the consolidated financial statements.
- 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;
- 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;
- the expenditures incurred was for the purpose of the Bank's business;
- 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;
- adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the information and explanations required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk weighted assets of the Bank and spending over 3,520 person hours; and
- Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka, 20 April 2016

A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED Consolidated Balance Sheet As at 31 December 2015

	Note	2015 Taka	2014 Taka
PROPERTY AND ASSETS			
Cash	3.a	16,227,438,475	17,091,323,727
Cash in hand (Including foreign currency)		5,634,556,964	7,560,169,362
Balance with Bangladesh Bank and its agent Banks (Including foreign currency)		10,592,881,511	9,531,154,365
Balance with other banks and financial institutions	4.a	24,790,485,928	25,264,857,467
Inside Bangladesh		20,030,174,225	20,409,326,269
Outside Bangladesh		4,760,311,669	1,168,164,201
Money at call and on short notice			
Investments	6.a	20,017,491,682	24,225,504,521
Government		14,979,456,068	20,559,303,620
Others		5,038,035,614	3,666,200,901
Loans and advances	7.a	148,994,138,696	124,299,430,135
Loans, cash credits, overdrafts, etc.		143,646,144,935	123,117,840,563
Bills purchased and discounted		1,287,994,847	582,144,574
Fixed assets including premises, furniture and fixtures	8.a	4,036,487,615	3,853,319,037
Other assets	9	15,340,369,249	13,842,324,516
Non-banking assets	10	62,230,075	-
Goodwill	11	1,412,198,710	1,442,245,491
Total Assets		331,822,841,330	208,719,378,894
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12.a	24,671,834,522	9,354,167,049
Borrowings from Central Bank	13.a	4,527,813,643	3,287,403,892
Convertible subordinate bonds	14.a	3,000,000,000	3,000,000,000
Money at call and on short notice	15.a	3,780,000,000	1,220,000,000
Deposits and other accounts	16.a	142,648,168,939	146,366,349,410
Current accounts and other accounts		58,230,114,895	58,033,366,703
Bills payable		843,532,886	1,035,033,617
Savings deposits		29,105,666,315	25,820,159,617
Fixed deposits		53,409,522,433	60,785,364,555
Other deposits		1,059,312,433	422,134,965
Other liabilities	17.a	31,704,275,372	26,853,748,425
Total liabilities		210,332,112,476	189,161,066,776
Capital and Shareholders' equity			
Paid up share capital	18.2	7,092,873,210	7,092,873,210
Share premium	18.8.a	4,781,671,715	4,781,671,715
Statutory reserve	19.a	3,470,350,332	3,470,350,332
Revaluation reserve on Government securities	20.1.a	219,539,410	176,631,280
Revaluation reserve on assets	20.2.a	516,373,535	516,373,535
Share money deposit	20.3	23,718,584	23,718,584
Surplus in profit and loss account/Retained earnings	21	4,088,724,423	3,189,355,328
Total Shareholders' equity		20,193,251,209	19,250,873,984
Minority interest	22	1,297,477,645	1,286,736,131
Total equity		21,490,728,854	20,537,770,116
Total liabilities and Shareholders' equity		231,822,841,330	208,719,378,894

BRAC BANK LIMITED Consolidated Balance Sheet As at 31 December 2015

	Note	2015 Taka	2014 Taka
Off Balance Sheet Items			
Contingent liabilities			
Acceptances and endorsements		12,967,621,606	7,433,193,266
Irrevocable letter of credits		20,193,505,068	17,331,651,842
Letter of guarantees		5,765,094,383	4,250,216,947
Bills for collection		1,810,581,090	343,486,634
Tax liability		43,700,000	43,700,000
Other contingent liabilities		9,173,220,373	3,311,105,241
Total Contingent liabilities		49,953,722,520	37,713,353,830
Other commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underlying facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total Off-Balance Sheet Items Including contingent liabilities	23.a	49,953,722,520	37,713,353,830

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

A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED Balance Sheet As at 31 December 2015

	Note	2015 Taka	2014 Taka
Off Balance Sheet Items			
Contingent liabilities			
Acceptances and endorsements		12,967,621,606	7,433,193,266
Irrevocable letter of credits		20,193,505,068	17,331,651,842
Letter of guarantees		5,765,094,383	4,250,216,947
Bills for collection		1,810,581,090	343,486,634
Tax liability		43,700,000	43,700,000
Other contingent liabilities		9,173,220,373	3,311,105,241
Total Contingent liabilities		49,953,722,520	37,713,353,830
Other commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underlying facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total Off-Balance Sheet Items Including contingent liabilities	23	49,953,722,520	37,713,353,830

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

A. Qasem & Co.
Chartered Accountants

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

	Note	2015 Taka	2014 Taka
Interest income	25.a	17,700,287,627	17,254,438,866
Interest paid on deposits and borrowing etc.	26	8,657,032,539	9,192,151,178
Net interest income		9,043,255,088	8,062,287,688
Investment income	27.a	2,406,098,709	2,480,204,875
Commission, exchange and brokerage	28.a	5,140,114,989	4,100,642,000
Other operating income	29	1,300,472,492	636,380,083
Total operating income (A)		18,489,501,564	15,883,460,259
Salaries and allowances	30	4,327,901,531	3,713,356,783
Rent, taxes, insurance, electricity etc.	31.a	1,055,997,872	983,240,836
Legal expenses	32	95,536,411	161,353,121
Postage, stamps, telecommunication etc.	33.a	302,584,563	251,483,787
Stationery, printing, advertisement etc.	34.a	94,581,269	484,864,149
Chief Executive's salary and fees	35	14,260,584	13,783,916
Directors' fees and expenses	36.a	2,215,239	2,842,279
Auditors' fee	37.a	5,205,587	4,864,705
Impairment of goodwill	38	30,046,781	30,046,781
Depreciation and repairs to bank's assets	39.a	1,287,428,444	1,303,007,699
Other expenses	39.b	2,333,765,716	1,726,783,935
Total operating expenses (B)		10,402,923,777	8,676,627,939
Profit/(loss) before provision (C=A-B)		8,079,577,777	7,217,832,320
Provision for:			
Loans and advances		3,209,854,166	2,756,498,897
Off balance sheet items		40,000,000	30,000,000
Total provision (D)	40.a	3,249,854,166	2,786,498,897
Total Profit/(Loss) before taxes (C-D)		4,829,723,611	4,431,333,423
Provision for Tax:			
Current tax expense		2,387,793,214	2,203,346,998
Deferred tax expense/(income)		37,645,093	88,346,995
Total provision for tax (E)	41.a	2,425,438,307	2,291,693,993
Net Profit/(loss) after taxes		2,404,285,304	2,139,639,430
Appropriations:			
Statutory reserve		-	-
General reserve		-	-
Retained surplus		2,404,285,304	2,139,639,430
Attributable to:			
Equity holders of BRAC Bank Limited		2,323,304,266	1,829,500,506
Minority interest		11,507,301	18,479,455
Total		2,334,811,567	1,847,979,955
Earnings Per Share (EPS)	42.a	3.28	3.08

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

A. Qasem & Co.
Chartered Accountants

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

		Note	2015 Taka	2014 Taka
A. Cash flows from operating activities				
Interest receipts in cash				
			19,862,100,832	18,560,487,022
Interest payments				
			(7,762,682,375)	(8,964,890,661)
Dividends receipts				
			52,578,043	64,704,573
Fees and commissions receipts				
			5,066,755,471	4,148,301,132
Recoveries on loans previously written off				
			963,528,967	627,674,270
Cash payments to employees				
			(4,224,535,624)	(3,546,268,680)
Cash payments to suppliers				
			(2,140,221,349)	(6,509,665,427)
Income tax paid				
			(1,398,805,724)	(1,825,482,187)
Receipts from other operating activities				
	44.a		53,350,444	6,769,650,666
Payment for other operating activities				
	45.a		(2,861,335,016)	(2,070,624,377)
Operating Cash flow before changes in operating assets and liabilities (i)				
			8,180,735,669	6,694,876,331
Increase/decrease in operating assets and liabilities				
Loans and advances				
			(25,503,243,742)	(6,243,730,381)
Other assets				
			(293,940,042)	(106,255,661)
Deposits from other banks/borrowings				
			20,007,787,858	(2,446,463,856)
Deposits from customers				
			(3,694,146,529)	13,802,614,148
Other liabilities				
			(1,612,924,548)	(2,022,931,550)
Cash utilized in operating assets and liabilities (ii)				
			(11,096,467,003)	9,853,002,701
Net cash (used)/flow from operating activities (i+ii)				
			(2,915,731,333)	9,876,079,032
B. Cash flows from investing activities				
Treasury bills				
			977,394,052	2,716,068,930
Bangladesh Bank Bills				
			2,176,290,860	2,059,520,259
Treasury bonds				
			4,924,079,205	6,973,229,859
Encumbered Securities				
			1,896,295,784	(4,113,994,704)
Sale/ (Investment) in shares				
			(304,115,686)	(190,124,805)
Investment in Bonds				
			(1,057,546,557)	(1,423,425,605)
Acquisition of fixed assets				
			(7,138,323,043)	(1,056,546,473)
Disposal of Fixed Assets				
			12,770,056	1,863,679
Net cash (used)/flow in investing activities				
			3,485,420,507	(8,646,978,058)
Cash flows from financing activities				
Proceeds from issue of right shares				
			-	2,216,522,880
Share Premium				
			(1,406,243,618)	3,957,247,844
Dividend paid				
			(1,412,369,937)	(4,940,079,646)
Net cash flow from financing activities				
			(1,426,243,618)	(3,957,247,844)
Net increase/decrease in cash (A+B+C)				
			(6,143,222,802)	15,300,754,534
E. Cash and cash equivalents at beginning of the year (D+E)				
			46,167,281,683	36,371,188,094
Cash and cash equivalents at end of the year (D+E)				
	43		38,028,058,781	46,167,281,683
Cash and cash equivalents at end of the year:				
Cash in hand (including foreign currency)				
			5,613,959,872	7,558,012,102
Balance with Bangladesh Bank and its agents bank(s)				
			10,592,881,511	9,531,154,365
(including foreign currency)				
			22,319,443,298	24,978,061,767
Balance with other banks and financial institutions				
			-	-
Money at call and short notice				
			1,776,000	3,053,500
Prize Bond				
			38,028,058,781	46,167,281,683

FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015



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

i) Investment in shares and securities

BAS/BFRS: As per requirements of BAS 39 Financial Instruments: Recognition and Measurement, investments in shares and securities generally fall either under "at fair value through Profit or Loss Account" or under "available for sale" where any change in fair value at the year end is taken to Profit or Loss Account or Revaluation Reserve Account respectively.

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

ii) Revaluation gain/loss on Government securities

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

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

iii) Provision on loans and advances

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

Bangladesh Bank: As per BRPD Circular no. 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012, BRPD Circular no. 05 dated 29 May 2013 and BRPD Circular no. 15 dated 18 November 2014 a general provision at 0.25%-5% under different categories of unclassified (standard/SMA loans) should be maintained regardless of objective evidence of impairment. Also, specific provision for sub-standard loan, doubtful loans and losses should be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Moreover, a general provision at 1% should be provided for all off balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Other comprehensive income:

BAS/BFRS: As per BAS 1 Presentation of Financial Statements: other comprehensive income is a component of financial statements or the elements of other comprehensive income are to be included in single comprehensive income statements.

"Bangladesh Bank: Bangladesh Bank has issued financial templates for the financial statements which would be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include other comprehensive income nor are the elements of other comprehensive income allowed to be included in single other comprehensive income (OCI) statements. As such the bank does not prepare the other comprehensive income statement.

v) Financial Instruments – presentations and disclosure

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

vi) REPO transactions

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

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

vii) Financial guarantees:

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

Bangladesh Bank: As per BRPD circular 14, dated 25 June 2003, financial guarantees such as Letter of Credit, Letter of Guarantee should be treated as off balance items, no liability is recognized for the guarantee except the cash margin.

viii) Cash and Cash equivalents

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

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

ix) non banking assets

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

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

x) Cash flow statement

BAS/BFRS: As per BAS 7 Statement of Cash Flows, Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry . The method selected is applied consistently.

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

xi) Balance with Bangladesh Bank:

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

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

xii) Presentation of intangible asset

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

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

xiii) Off Balance Sheet Items

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

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, off balance sheet items e.g. Letter of Credit, Letter of Guarantee, Acceptance should be disclosed separately on the face of balance sheet.

xiv) Disclosure of appropriation of profit

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

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

xv) Loans and Advance Net of Provision

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

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

[Also refer to (note 2.14) Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)]

2.1.2 Going Concern

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

2.1.3 Functional and presentation currency

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

2.1.4 Use of estimates and judgments

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

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

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 Consolidatio

The consolidated financial statements include the financial statements of BRAC Bank Limited and its subsidiaries BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited, BRAC Sajjan Exchange Limited and BRAC IT Services Limited as those of a single economic entity.

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

Subsidiaries

Subsidiaries are all entities over which the bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. A parent of a subsidiary should present consolidated financial statements according to BAS-27: Consolidated and Separate financial statements and BFRS 10: Consolidated Financial Statements. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases.

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

Associates

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor (BAS-28: Investments in Associates). Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Investment in associate is accounted for in the financial

statements under the "equity method". Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the investor's share of the profits or losses of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit and loss account. Distributions received from an investee reduce the carrying amount of the investment.

2.3 Foreign Currency Translations

Monetary Items:

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

non-monetary Items:

Assets and liabilities in foreign currencies are translated into Taka at mid rates prevailing on the balance sheet date, except bills for collection, stock of travellers cheque and import bills for which the buying rates are used on the date of transactions.

Gain and Losses:

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

Commitments:

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

Foreign operations

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

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

2.4 Accounting for Provisions, Contingent Liabilities and Contingent Assets:

The Bank recognizes provisions only when it has a present obligation that 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-

- 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
- 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 portion of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for except in the extremely rare circumstances where no reliable estimate can be made.

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

2.5 Taxation

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

2.5.1 Current Tax:

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

Provision for current income tax has been made @ 40% as prescribed in the Finance Act-2015 on the taxable income.

2.5.2 Deferred Tax:

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

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

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

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

2.6 Reporting period

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

2.7 Significant Accounting Policies:

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

2.7.1 Assets and the basis of their valuation

2.7.1.1 Cash and cash equivalents

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

Cash flow statement is prepared in accordance with BAS-7 " Statement of Cash Flows". However cash flows from operating activities have been presented according to the format mentioned in BRPD circular 14, dated 25 June 2003.

2.7.1.2 Investments

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

Held to Maturity

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

Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in the near future, or if designated as such by the management. After initial recognition investments 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 revaluated if they are reclassified to HFT category with the Board's approval.

Value of Investments has been shown as under:

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HFT)	Cost	Marking to Market/fair value	Loss to profit and loss a/c; gain to revaluation reserve
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	none	none
Prize Bond and Other Bond	Cost	none	none
Debentures (Un quoted Shares (ordinary)	Cost	At Cost Price	none
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 25 June 2003 as follows, "All investment in shares and securities (both dealing and investment) should be revaluated at the year-end. The quoted shares should be valued as per market price (in the stock exchanges) 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 investments."

Investment in subsidiary

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

2.7.1.3 Loans and Advances

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

b) Classification and provisioning for loans and advances is created based on the period of arrears by following Bangladesh Bank BRPD circulars no. 14, of 23 September 2012, 15 of 23 September 2012, 19 of 27 December 2012 and 05 of 29 May 2013 respectively. This is also reviewed by the management.

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

The classification rates are given below:

Consumer	Business Unit	Rates of Provision				
		Un-classified (UC)		Classified		
		Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad loan (BL)
	House building and loans for professionals	2%	2%	20%	50%	100%
	Other than house building and professionals	5%	5%	20%	50%	100%
	Loans to Bhs/ MBs against	2%	2%	20%	50%	100%
	Small and medium enterprise	0.25%	0.25%	20%	50%	100%
	Short term Agri/ Micro credit	2.5%	5%	5%	5%	100%
	All others	1%	1%	20%	50%	100%
	Off Balance Sheet	1%				

d) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are filed and classified as bad loss as per BRPD circular no. 02 dated 13 January 2003 and 1.3 dated 07 november 2013. These write off however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

2.7.1.4 Impairment of Financial Assets

"At each balance sheet date, BRAC Bank Limited assesses whether there is objective evidence that a financial asset or a group of financial assets ie, loans and advances, off balance sheet items and investments are impaired. A financial asset or groups of financial assets are impaired and impairment losses are incurred if there is objectives evidence of impairment as a result of a loss event that occur after the initial recognition of the asset up to the balance sheet date; the loss event had an impact on the estimated future cash flows of the financial assets or the group of financial assets; and a reliable estimate of the loss amount can be made.In the event of impairment loss, the bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements."

2.7.1.5 Leases

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

The Bank as Lessor

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

The Bank as Lessee

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

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

2.7.1.6 Property, plant and equipment

a) Recognition and Measurement

"All fixed assets are stated at cost less accumulated depreciation as per BAS 16 "Property Plant and Equipment". Land is measured at cost.The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.The cost of the items of property, plant and equipment comprises:a) Its purchase price, including import duties and non refundable purchase tax, after deducting trade discount and rebates;b) 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;c) the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as consequence of having used the item during a particular period of purpose other than to produce during that period."

Subsequent costs

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

b) Depreciation

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

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

c) Gain or Loss on disposal of Fixed Assets:

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

d) Revaluation

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

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

FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015



BRAC BANK

আব্রাহাম ব্রাক

2.1.4 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
Application of 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 Accounting	BFRS-14	Not Applicable
Revenue from Contracts with Customers	BFRS-15	Not Applicable
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Applied
Regulatory Deferral Accounting	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 Exchange 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
Acquisition	BAS-41	Not Applicable

Reason for departure of BAS / BFRS:

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

A number of new standards amendments to standards and interpretation are effective for annual periods beginning from 1 January 2016 or later, and have not been applied in preparing these consolidated financial statements, none of these is expected to have a significant effect on the consolidated financial statements of the Group and the Bank. Although International Accounting Standards Board (IASB) has issued a new standard (IFRS 9) along with related amendments to existing standards (IAS/BAS 32,39). The ICAH has adopted IFRS 9; however it will be applicable on and after 1 January 2018. Therefore, we did not considering possible impact for the amendment or adoption of such BAS/BFRS.

2.1.5 Risk Management

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

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

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

2.1.5.1 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 manage the bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

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

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

2.1.5.2 Foreign Exchange Risk Management

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

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

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

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

2.1.5.3 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.

2.1.5.4 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.

2.1.5.5 Internal Control and Compliance

"Internal Control is the mechanism to ensure smooth operations of the Bank on an ongoing basis based on compliance with applicable rules and regulations. The primary objective of Internal Control and Compliance is to help the Bank perform better and add value through use of its resources. Through Internal Control system, Bank identifies its weaknesses associated with the process and adopts appropriate measures to overcome that. It objectively examines: • Efficiency and effectiveness of activities (performance objectives). • Reliability, completeness and timelines of financial and management information (information objectives). • Compliance with applicable laws and regulations (compliance objectives)."

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

2.1.6 Information and communication technology

BRAC Bank Limited follows the guideline stated in BRPD circular no. 14, dated 23 October 2005 regarding 'Guideline on Information and Communication Technology for Scheduled Banks' and BRPD circular no. 21, dated 20 May 2010 'Guideline on ICT Security'.

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

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

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

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

- Password control
- User ID maintenance
- Input control
- Network security
- Data encryption
- Virus protection
- Internet and e-mail

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

2.1.6.7 Internal Audit

"Internal audit function plays a crucial role in ongoing assessment and maintenance of internal control, risk management and governance in banks. BRAC Bank Limited has a strong internal audit team comprised of four units to carry out audit activities, namely - Head Office Audit, Retail Audit, SME Audit and Technology Audit. Internal audit team conducts comprehensive, spot, surprise audits in various branches, SME service centres, SME kiosk branches, SME unit offices, Departments, Divisions of Head Office and subsidiaries of BRAC Bank Limited. Internal

auditors use standard approach to determine their respective work plans and actions. Various issues, observations, lapses are identified and shared with the respective stakeholders on regular basis. Board Audit Committee periodically reviews the audit reports. Audit team also monitors the audit observations and ensures recommendations are implemented against agreed time line. Internal Audit works with the process team to update the processes and helps to prevent fraud and operational losses. Internal audit works closely with regulators and external auditor to ensure compliance with applicable rules and regulations.

2.1.6.8 Fraud and Forgery

Now a day's fraud and forgery appears in diverse form. To prevent fraud and forgery, BRAC Bank Limited established a department namely "Investigation, Monitoring and Compliance" to deal with such kind of incidences. This wing exclusively deals with all kinds of fraud and forgery and act independently as the first contact point/ information unit where internal and external fraud and forgery incidences are investigated and reviewed. To protect the bank and its stakeholder's interest, "Investigation, Monitoring and Compliance" Unit performs through investigation to identify the perpetrator and the root cause of the reported incident. As a counteractive course of action, preventive and corrective measures are recommended to the business/functional unit to take necessary action relating to process improvement, recovery of misappropriated amount, of the operational loss and to take appropriate action against the perpetrator. The investigation reports are also place to the Board Audit Committee for their direction and guidance. This wing also makes sure of the implementation of the recommendations as made in investigation report by performing follow up audit quarterly. All fraud and forgery which were identified in 2015 are also duly reported to the Central Bank on a quarterly basis.

2.1.6.9 Enterprise Risk Management (ERM)

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

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

Primary Objectives:

Maximize earnings and return on capital within acceptable and controllable levels of the key risk areas.

Provide for growth that is sound, profitable and balanced without sacrificing the quality of service.

Manage and maintain a policy and procedures that are consistent with the short and long term strategic goals of the Board of Directors.

Development of ERM policy

The MANCOM approved the ERM policy, which contains the guidelines for reporting to the Risk Management Committee. The ERM has fourteen members. Managing Director & CEO (Chair), Deputy Managing Director, Deputy Managing Director, Chief Risk Officer, Company Secretary & Head of Legal & Regulatory Affairs, Head of Operation, Head of Corporate Banking, Chief Financial Officer, Head of Retail Banking, Head of Treasury & Financial Institutions, Head of ICC, Head of Small Business, Head of Technology and Head of HR.

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

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

Outcome of ERM:

Vulnerable areas of the Bank are being identified

Appropriate plan and initiatives are taken to mitigate and minimize the risk.

Follow up and monitoring are being done on the overall position of the bank regarding mitigation and minimization of risky areas.

Upgrading the "Leading Key Risk Indicator" and DCFCLs are developing gradually through inclusion and exclusion item.

2.1.6 Implementation of BASEL-II and III

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

"i. Pillar I addresses minimum capital requirement. ii. Pillar II elaborates the process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan.iii. Finally, Pillar III gives a Framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system."

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

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

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

2.1.7 Off Balance Sheet Items

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

2.1.8 Accounting for Changes in Accounting Estimates

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

As per BAS - 16 "Property plant and equipment" (para 61) any changes in the depreciation method shall be accounted for as a changes in an accounting estimate in accordance with BAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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

2.1.9 Events after reporting period

"As per BAS - 10 "Events after Reporting Period" events after the reporting period are those events, favourable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:(a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and(b) non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period."

2.2.0 Related party disclosures

"Related Party A party is related to an entity if:(i) Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under control with the company; has an interest in the company, that gives it significant influence over the company; or has joint control over the company;(ii) The party is an associate (as defined in BAS 28 Investment in Associates); (iii) The party is a joint venture in which the entity is a venturer (as per BAS 31 interests in Joint Ventures);(iv) The party is a 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 (i) or (v) or (vi) 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."

2.2.1 Director's responsibilities on statement

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

2.2.2 Segment reporting

"As per BFRS 8 "Operating Segments", an operating segment is a component of an entity:(i) That engages in business activities from which it may earn revenues and incur expenses (include revenues and expenses relating to transactions with other components of the same entity)(ii) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and (iii) For which discrete financial information is available.Bank reported its segment reporting in respect of business segment wise. Business segment comprise SME, Retail, Corporate and Treasury under Conventional banking."

We refer to note 46 for details segment report.

2.2.3 Approval of the financial statements

The financial statements were approved by the board of directors on 29 February 2016.

2.2.4 General:

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

Section -Two : notes to the Balance Sheet

Particulars	2015 Taka	2014 Taka
3 Cash		
A. Cash In Hand:		
Local currency	5,487,799,070	5,487,799,070
Foreign currency	5,813,959,872	5,813,959,872
B. Balance with Bangladesh Bank and its agent Bank(s):		
Local currency	9,371,605,669	9,371,605,669
Foreign currency	146,742,512	307,145,098
9,518,348,181	160,402,586	9,678,750,767
Sonali Bank as agent of Bangladesh Bank (local currency)	914,130,744	914,130,744
10,432,478,925	160,402,586	10,592,881,511
16,046,438,797	160,402,586	16,206,841,383
17,089,166,467		
B. Outside Bangladesh		
BRAC Bank Limited	17,705,308,414	23,483,319,659
BRAC EPL Investments Limited	59,932,025	19,470,807
BRAC EPL Stock Brokerage Limited	803,574,893	682,239,112
bkash Limited	12,927,973,918	8,724,785,056
BRAC Sajjan Exchange Limited	157,642,631	99,391,748
BRAC IT Services Limited	9,402,184	7,848,618
31,663,884,065	33,017,055,600	
Less: Intra-company transactions:		
Subsidiary wise balance with BRAC Bank Limited:		
BRAC EPL Investments Limited	11,901,293	3,039,957
BRAC EPL Stock Brokerage Limited	85,804,316	116,302,685
bkash Limited	11,857,813,286	8,724,713,545
BRAC Sajjan Exchange Limited	66,638,727	66,457,529
BRAC IT Services Limited	9,402,184	7,848,618
11,833,659,806	8,920,362,395	
20,030,174,259	24,096,658,295	
B. Outside Bangladesh		
BRAC Bank Limited	4,614,132,984	1,095,742,057
BRAC EPL Investments Limited	1,375,115,287	5,184,456
BRAC EPL Stock Brokerage Limited	803,574,893	682,239,112
bkash Limited	146,178,685	72,422,144
BRAC Sajjan Exchange Limited	157,642,631	99,391,748
BRAC IT Services Limited	9,402,184	7,848,618
4,760,311,669	1,168,164,201	
Less: Intra-company transactions:		
BRAC EPL Investments Limited	-	-
BRAC EPL Stock Brokerage Limited	-	-
bkash Limited	-	-
BRAC Sajjan Exchange Limited	-	-
BRAC IT Services Limited	-	-
4,760,311,669	1,168,164,201	
24,790,485,928	25,264,867,487	

3.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of The Banking Companies Act, 1991 and MPD circular no. 02, dated December 10, 2013 and MPD circular no. 01, dated June 23, 2014.

The Statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6.5% has been calculated and maintained with Bangladesh Bank in current account and 19.5% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves are maintained by the Bank, as shown below:

3.1.1 Cash Reserve Requirement (CRR) :		
Required reserve	8,956,959,436	8,539,816,532
Actual reserve maintained (as per Bangladesh Bank statement)	9,501,040,973	8,751,332,167
Surplus/(deficit)	544,445,537	211,515,635
3.1.2 Statutory Liquidity Ratio (SLR) :		
Required reserve (including CRR)	28,362,552,214	25,619,427,902
Actual reserve maintained (including CRR) (note: 3.1.3)	30,895,889,792	35,727,127,105
Surplus/(Deficit)	2,533,337,578	10,107,677,813
3.1.3 Held for Statutory Liquidity Ratio		
Cash in hand	5,613,959,872	7,558,012,022
Balance with Bangladesh Bank as per statement	9,501,040,973	8,751,332,167
Balance with Sonali Bank as per statement	801,432,879	754,775,000
TT in Transit	14,979,456,068	18,663,007,836
Government securities	-	-
FC used in BOT	-	-
30,895,889,792	35,727,127,105	

3.a Consolidated Cash

A. Cash in hand:

BRAC Bank Limited	5,613,959,872	7,558,012,022
BRAC EPL Investments Limited	130,843	60,580
BRAC EPL Stock Brokerage Limited	142,611	948,703
bkash Limited	20,036,318	1,019,801
BRAC Sajjan Exchange Limited	233,864	103,923
BRAC IT Services Limited	53,456	24,253
5,634,564,964	7,560,169,362	

B. Balance with Bangladesh Bank and its agent Bank(s):

BRAC Bank Limited	10,592,881,511	9,531,154,365
BRAC EPL Investments Limited	-	-
BRAC EPL Stock Brokerage Limited	-	-
bkash Limited	-	-
BRAC Sajjan Exchange Limited	-	-
BRAC IT Services Limited	-	-
10,592,881,511	9,531,154,365	
16,221,438,476	17,091,323,727	

4 Balance with Other Banks and Financial Institutions

	On-Shore	Off-shore	Total
A. Inside Bangladesh (note: 4.1)	17,705,308,414	-	17,705,308,414
B. Outside Bangladesh (note: 4.2)	11,570,627,392	5,077,303,957	16,647,931,349
	29,275,935,806	5,077,303,957	34,353,239,763
			36,440,293,184
Less: On shore to BBL Off-shore placement		7,034,048,000	9,506,240,000
Less: BBL Off-shore to On-shore placement		4,999,750,365	2,354,991,468
		22,319,441,398	24,579,081,716

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7.1.1 Sector-wise Allocation of Loans and Advances

Government:	On-Shore	Off-shore	Total
Private:			
Agriculture, fishing, forestry and dairy farm	3,221,204,187	-	3,221,204,187
Industry (i.e. textile, garments, chemicals, cement etc.)	7,456,340,392	22,350,847,424	29,806,987,816
Working capital financing	22,887,527,986	-	22,887,527,986
Export credit	129,876,893	-	129,876,893
Commercial credit	51,697,827,862	-	51,697,827,862
Small and cottage industries	5,777,338,186	-	5,777,338,186
Miscellaneous	33,912,844,256	-	33,912,844,256
	125,082,969,882	22,350,847,424	147,433,807,286
	125,082,969,882	22,350,847,424	147,433,807,286

Securities against loans/advances including bills purchased and discounted	On-Shore	Off-shore	Total
Collateral of moveable/immovable assets	26,077,611,564	-	26,077,611,564
Local banks and financial institutions guarantee	-	-	-
Government guarantee	-	-	-
Foreign banks guarantee	-	-	-
Export documents	-	-	-
Fixed deposit receipts (FDR)	4,022,667,829	-	4,022,667,829
FDR of other banks	-	-	-
Government bonds	-	-	-
Personal guarantee and other securities	4,142,000	-	4,142,000
Other securities	94,978,538,418	22,350,847,424	117,329,385,842
	125,082,969,882	22,350,847,424	147,433,807,286
	125,082,969,882	22,350,847,424	147,433,807,286

7.1.3 Particulars of required provisions for loans and advances

Status	Outstanding Loans and advances 2015	Base for provision	Percentage (%) of required provision	Required provision 2015	Required provision 2014
Unclassified					
Unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing, Micro/MSMEs, Housing and loans for	68,653,724,975	68,076,503,258	1%	680,765,033	536,276,613
Small and Medium enterprise Financing	48,851,210,035	48,851,210,035	0.25%	12,216,802,025	108,687,158
Loans to Micro/MSMEs against share etc.	1,768,896,903	1,768,896,903	2%	35,377,736	38,196,001
Housing and loan for professional	9,856,281,411	9,856,281,411	2%	197,125,626	167,625,487
Loans for professionals to set up business (LP)	349,617,489	349,617,489	2%	6,992,349	3,515,463
Consumer finance	8,236,659,067	8,236,659,067	5%	411,332,953	356,696,980
Short Term Agricultural and Micro Credit	1,088,586,712	1,088,586,712	2.50%	27,214,668	5,314,552
	1,480,438,584	1,480,438,584		1,480,438,584	1,480,438,584
Classified - Specific provision					
Subordinated (Short Term Agricultural Credit)	421,885	421,885	5%	21,094	39,173
Sub-standard	1,061,772,418	77,953,330	20%	15,510,794	187,462,200
Doubtful	673,482,710	438,155,818	50%	218,857,917	366,928,199
Bad/Loss	7,302,963,731	5,261,772,551	100%	5,261,772,551	4,289,032,985
	9,169,119,744	6,218,383,023		5,505,226,640	4,783,603,357
Required provision for loans and advances				5,505,226,640	4,783,603,357
Total provision maintained (note 17.1)				5,505,226,640	4,783,603,357
Excess/(Short) provision				9,169,119,744	1,676,416,524

* Bk = Brokerage Houses, MB = Merchant Banks, SD = Stock Dealers Against Shares

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

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 2015	Required provision 2014
Acceptances and endorsements	12,967,621,066	1%	129,676,211	74,331,933
Letter of guarantee	5,765,094,383	1%	57,650,944	42,502,168
Irrevocable letter of credits	20,193,505,068	1%	201,935,051	173,316,518
Bills for collection	3,804,180,414	1%	38,041,804	3,434,887
Total required provision			427,354,015	328,585,498
Total provision maintained (note 17.2)			427,354,015	328,585,498
Excess/(Short) provision			43,155	64,088,347

7.1.5 Particulars of Loans and Advances

	On-Shore	Off-shore	Total
i) Details considered good in respect of which Bank is fully secured	30,100,279,393	-	30,100,279,393
ii) Details considered good for which Bank holds no other security than the debtor's personal security	308,911,259	-	308,911,259
iii) Details considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors.	94,673,769,210	22,350,847,424	117,024,616,634
iv) Details considered doubtful or bad, not provided for	125,082,969,882	22,350,847,424	147,433,807,286
	125,082,969,882	22,350,847,424	147,433,807,286
v) Details by which directors or officers of the banking company or any of these either separately or jointly with any other persons;	577,351,777	-	577,351,777
vi) Details by which companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or in case of private companies as members;	-	-	-
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other persons;	577,351,777	-	577,351,777
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies, as members;	-	-	-
ix) Due from banking companies	-	-	-
x) Amount of classified loans on which interest has not been charged should be mentioned as follows:			
a) Increase/decrease of provision (specific)	916,256,095	-	916,256,095
b) Amount of written off	2,099,321,390	-	2,099,321,390
c) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	6,500,587,388	-	6,500,587,388
d) Cumulative amount of the written off loan and the amount written off during the current year should be shown separately. The amount of written off loan for which loan has been held should also be mentioned.	2,099,321,390	-	2,099,321,390
e) Current year	12,045,243,547	-	12,045,243,547
f) Cumulative to date	12,045,243,547	-	12,045,243,547
The amount of written off loans for which law suit filed	12,045,243,547	-	12,045,243,547

7.1.6 Bill Purchased and Discounted under the following broad categories

Inside Bangladesh	1,287,994,847	582,144,574
Outside Bangladesh	1,287,994,847	582,144,574

7.1.7 Maturity Wise Grouping of Bill Purchased and Discounted

Payable within 3 months	353,636,864	265,903,828
Over 1 month but less than 3 months	634,042,476	171,079,475
Over 3 months but less than 6 months	56,104,304	57,610,923
6 months or more	2,441,211,203	87,550,348
	2,441,211,203	87,550,348

7.1.8 Write off of Loans and Advances

Balance at the beginning of the year	8,183,351,481	6,194,549,703
Add: Write off during the year	2,099,321,390	2,616,476,048
	10,282,672,871	8,811,025,751
Less: Recovery of Write off loans	963,528,967	627,674,270
Balance at the end of the year	9,319,143,904	8,183,351,481

7.1.9 Consolidated Loans and Advances

BRAC Bank Limited	147,433,607,286	121,940,553,133
BRAC EPL Investments Limited	3,825,562,832	3,772,066,772
BRAC EPL Stock Brokerage Limited	118,200,928	119,176,705
bKash Limited	-	-
BRAC Saajan Exchange Limited	-	-
BRAC IT Services Limited	-	-
Less: Intra-company transaction:		
Borrowing from BRAC Bank Limited by BRAC EPL Investments Limited	1,443,231,350	1,531,802,475
	149,934,139,696	124,299,994,136

8 Fixed Assets including premises, furnitures and fixtures

Cost		
Property plant and equipment:		
Land	1,043,648,935	1,043,298,935
Leasehold Building	4,034,334	4,034,334
Furnitures and fixtures	1,654,557,812	1,511,066,158
Office equipment	1,252,196,360	1,115,077,098
IT Hardware	1,917,986,050	1,622,069,125
Motor vehicles	98,775,646	95,775,700
	5,960,991,137	5,391,321,350
Intangible Assets:		
License (Infinite useful life)	50,000	50,000
IT Software (Finite useful life)	960,040,540	933,057,739
	1,010,040,540	983,057,739
Total Cost	6,971,031,677	6,374,379,089
Less: Accumulated depreciation	4,003,964,616	3,431,252,613
	2,967,067,061	2,943,126,476
Net Book value at the end of the year (Details are shown in Annex - D)	2,967,067,061	2,943,126,476

8.a Consolidated Fixed Assets including Premises, Furnitures and Fixtures

BRAC Bank Limited	2,937,117,061	2,893,176,476
BRAC EPL Investments Limited	14,819,840	21,284,245
BRAC EPL Stock Brokerage Limited	37,182,803	55,203,214
bKash Limited	39,798,919	350,267,517
BRAC Saajan Exchange Limited	14,925,617	15,433,806
BRAC IT Services Limited	294,533,275	217,953,705
	4,038,487,515	3,565,310,037

9 Other Assets

On-Shore	Off-shore	Total
Interest receivables	1,255,975,049	163,704,715
Prepaid Interest Expenses on IPFD	-	73,540,631
Receivables against sanchayaptra	701,487,716	-
Investment in subsidiary	2,356,397,625	-
Investment in associate	13,527,657	-
Balance with BRAC EPL Stock Brokerage Limited	4,407,292,902	183,704,715
	12,557,975,049	1,419,879,764
	12,557,975,049	1,419,879,764

9.1.1 Interest Receivables

On-Shore	Off-shore	Total
Receivable against Govt. securities	362,538,323	362,538,323
Receivable against other securities	16,693	42,206,439
Receivable against balance with other bank	217,671,329	217,671,329
Receivable against loans and advances	438,247,029	144,435,383
Receivable against term deposit	148,321,801	163,574,440
	1,255,975,049	1,419,879,764
	1,255,975,049	1,419,879,764

9.1.2 Investment in subsidiaries

BRAC EPL Investments Limited	752,715,794	752,715,794
BRAC EPL Stock Brokerage Limited	1,344,147,500	1,344,147,500
bKash Limited	168,921,800	168,921,800
BRAC Saajan Exchange Limited	59,388,531	59,388,531
BRAC IT Services Limited	31,224,000	31,224,000
	2,366,397,625	2,366,397,625

9.1.3 Investment in associate-carrying amount

BRAC Asset Management Company Limited	13,527,657	13,038,173
BRAC Impact Ventures Limited*	-	3,354,399
	13,527,657	16,392,572

* Fully Impaired during the year due to discontinue the operation.

9.2 Non Income Generating Other Assets

On-Shore	Off-shore	Total
Stock of stamps	8,633,253	-
Other receivables	815,397,739	815,397,739
Stock of security stationery	21,694,150	21,694,150
Stock of printing stationery	16,991,879	16,991,879
Stock of furniture	62,843	62,843
Advance to staff	2,610,379	2,610,379
Advance to supplier	2,153,228	2,153,228
Deferred revenue expenditure	26,670,519	76,969,045
Advance payment of income tax	8,500,423,645	8,500,423,645
Advance Value Added Tax	4,370,000	4,370,000
Deferred tax asset	1,012,728,917	1,089,991,215
Advance to SME unit offices	1,312,690	1,312,690
Advance against fixed assets	30,883,484	35,297,910
Advance against office rent	990,262,799	993,189,212
Advance security deposit	8,171,958	16,269,953
Advance for software migration	48,635,690	103,356
Receivable from Off-Shore	292,317,817	13,322,321
Receivable in play account	15,116,070	631,162
Interbranch Account	123,785	123,785
	15,340,398,249	15,340,398,249
	15,340,398,249	15,340,398,249

9.2.1 Other Receivables

Receivable against Government Securities	20,201,817	15,347,518
Receivable against bills pay	10,484	4,164
Receivable against DD	38,000,000	39,000,000
Receivable against Cheques	66,860	19,725
Receivable against Cards	10,543,661	7,728,345
Receivable from Merchant	73,937,229	35,008,929
Receivable from Partners	269,950,543	399,258,321
Receivable from GO-BRAND ATM	68,759,782	68,739,400
Receivable against fraud and forgery	20,063,116	25,086,998
Receivable from Member Bank - ELORADO	12,287,614	16,609,552
Sundry receivables from other parties	282,018,541	200,997,573
Receivable from BACH	5,000,000	5,000,000
VAT current account	14,528,112	500,000
	815,397,739	815,397,739

9.2.2 Deferred Tax asset/ (Liability)

Book Value	Tax Base	Temporary (Deductible) Deferral Tax Asset/ (Liability)
Deferred Tax Asset	-	1,089,991,214
Deferred Tax Liability	-	(1,089,991,214)
		893,063,893

Balance as at 31 December 2014

Deferred Tax Asset	1,089,991,214
Deferred Tax Liability	(1,089,991,214)
	893,063,893

Balance as at 31 December 2015

Loan loss provision (note: 9.2.3)	8,417,328,266
Provision against Capital market	358,951,693
Provision against off balance sheet items	-
Deferred tax asset (a)	1,089,991,214
Deferred tax liability (b)	(1,089,991,214)
	9,866,279,759

9.2.3 A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Temporary difference arising from loan loss provision is recognized to the extent it is probable that taxable profit will be available in foreseeable future against which it can be utilized. According to the requirement of Bangladesh Bank BRPD Circular no. 11 dated 12 December 2011, Deferred tax asset can be created against "Loan Loss Provision" according to the requirement of BAS - 12 but such amount (i.e. BDT 976,833,747) should be excluded from Regulatory Capital (i.e. Tier - 1 Capital). Expected time to adjust the above loan loss provision through write off is 5 years.

9.2.4 Interbranch Account

Inter Branch Account - BDT	123,785	123,785
Inter Branch Account - FCY	-	-
Center Account	-	-
	123,785	123,785

9.a Consolidated Other Assets

BRAC EPL Investments Limited	15,754,950,850	14,191,611,497
BRAC EPL Stock Brokerage Limited	893,818,375	952,030,029
bKash Limited	345,494,421	595,388,855
BRAC Saajan Exchange Limited	811,906,971	467,898,548
BRAC IT Services Limited	132,866,305	156,688,789
	14,083,023	39,406,614

Less: Investment in subsidiaries

BRAC EPL Investments Limited	752,715,794	752,715,794
BRAC EPL Stock Brokerage Limited	1,344,147,500	1,344,147,500
bKash Limited	168,921,800	168,921,800

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Particulars	2015 Taka	2014 Taka	2014 Taka	2014 Taka
18.10 Capital Adequacy Ratio - As per Basel II and III				
Common Equity Tier 1 (Core Capital)				
Actual paid-up capital/funds from Head Office for the purpose of meeting the capital adequacy	7,092,873,210	7,092,873,210	7,092,873,210	7,092,873,210
Non-Repayable Share Premium account	4,781,671,175	3,622,522,880	4,781,671,175	3,622,522,880
Statutory Reserve	3,470,350,332	3,470,350,332	3,470,350,332	3,470,350,332
General Reserve	4,088,724,432	3,892,934,140	3,186,355,328	2,876,737,432
Dividend Escalation Reserve	-	-	-	-
Minority Interests in Subsidiaries	1,297,477,645	-	1,286,736,135	-
Actual paid-up capital/funds from Head Office for the purpose of meeting the capital adequacy	23,718,584	23,718,583	-	-
Sub-Total	20,744,851,992	19,078,690,902	19,444,702,763	17,462,843,864
Regulatory Adjustments				
Shortfall in Provision required against non-performing loans (NPLs)	-	-	-	-
Non-repayable 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 source. (Applicable for foreign banks) effect if any item approved by Bangladesh Bank	-	-	-	-
Sub-Total	2,114,793,835	1,714,793,835	1,714,793,835	1,714,793,835
Total	22,859,645,827	20,793,484,737	21,159,500,598	19,177,637,699
18.20 Capital Adequacy Ratio - As per Basel II and III				
Common Equity Tier 1 (Core Capital)				
Actual paid-up capital/funds from Head Office for the purpose of meeting the capital adequacy	7,092,873,210	7,092,873,210	7,092,873,210	7,092,873,210
Non-Repayable Share Premium account	4,781,671,175	3,622,522,880	4,781,671,175	3,622,522,880
Statutory Reserve	3,470,350,332	3,470,350,332	3,470,350,332	3,470,350,332
General Reserve	4,088,724,432	3,892,934,140	3,186,355,328	2,876,737,432
Dividend Escalation Reserve	-	-	-	-
Minority Interests in Subsidiaries	1,297,477,645	-	1,286,736,135	-
Actual paid-up capital/funds from Head Office for the purpose of meeting the capital adequacy	23,718,584	23,718,583	-	-
Sub-Total	20,744,851,992	19,078,690,902	19,444,702,763	17,462,843,864
Regulatory Adjustments				
Shortfall in Provision required against non-performing loans (NPLs)	-	-	-	-
Non-repayable 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 source. (Applicable for foreign banks) effect if any item approved by Bangladesh Bank	-	-	-	-
Sub-Total	2,114,793,835	1,714,793,835	1,714,793,835	1,714,793,835
Total	22,859,645,827	20,793,484,737	21,159,500,598	19,177,637,699
18.30 Capital Adequacy Ratio - As per Basel II and III				
Common Equity Tier 1 (Core Capital)				
Actual paid-up capital/funds from Head Office for the purpose of meeting the capital adequacy	7,092,873,210	7,092,873,210	7,092,873,210	7,092,873,210
Non-Repayable Share Premium account	4,781,671,175	3,622,522,880	4,781,671,175	3,622,522,880
Statutory Reserve	3,470,350,332	3,470,350,332	3,470,350,332	3,470,350,332
General Reserve	4,088,724,432	3,892,934,140	3,186,355,328	2,876,737,432
Dividend Escalation Reserve	-	-	-	-
Minority Interests in Subsidiaries	1,297,477,645	-	1,286,736,135	-
Actual paid-up capital/funds from Head Office for the purpose of meeting the capital adequacy	23,718,584	23,718,583	-	-
Sub-Total	20,744,851,992	19,078,690,902	19,444,702,763	17,462,843,864
Regulatory Adjustments				
Shortfall in Provision required against non-performing loans (NPLs)	-	-	-	-
Non-repayable 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 source. (Applicable for foreign banks) effect if any item approved by Bangladesh Bank	-	-	-	-
Sub-Total	2,114,793,835	1,714,793,835	1,714,793,835	1,714,793,835
Total	22,859,645,827	20,793,484,737	21,159,500,598	19,177,637,699

23 Contingent Liabilities				
Acceptances and endorsements	12,967,621,606	7,433,493,266	-	-
Import Letter of Credits - Sight	9,493,957,028	7,752,643,652	-	-
Import Letter of Credits - Usance	8,314,887,899	8,030,491,120	-	-
Import Letter of Credits - Back to Back	2,384,660,141	1,548,517,070	-	-
Total Letter of Credits and Acceptances and endorsements: (Note 23.1)	33,161,126,634	24,764,848,048	-	-
Guarantees issued	5,765,004,383	4,250,216,847	-	-
Bills for collection	1,810,581,090	343,486,634	-	-
Trade Receivables - FX deals	43,700,000	43,700,000	-	-
Contingent Assets - FX deals	7,175,468,134	8,294,132,273	-	-
Forward contract	1,993,599,324	1,212,765,822	-	-
Stock of Travelers Cheques (TC)	4,152,915	4,121,968	-	-
Stock of Govt. Sanchaya Petra	-	-	-	-
Total	49,953,722,520	37,713,363,830	-	-
23.1 Significant concentration wise grouping				
i) Documentary credits and short term trade related transactions:	40,736,802,147	29,358,548,589	-	-
ii) Forward asset purchase and forward deposits	-	-	-	-
iii) Undrawn financial standby facilities, credit lines and commitments to lend: - Under one year: - One year and over: - Spot and forward foreign exchange rate contracts: - Other exchange contracts: - Others	9,173,220,373	8,311,105,241	43,700,000	43,700,000
Total	49,953,722,520	37,713,363,830	-	-
23.2 Irrevocable Letter of Credit Including Acceptances and endorsements				
Letter of Credit (irrevocable)	122,870,363	518,982,681	-	-
Letter of Credit (General)	22,894,183,985	19,897,874,438	-	-
Back to Back L/C	2,384,660,141	1,548,517,070	-	-
Back to Back Bills	4,118,849,941	8,737,489	-	-
Back to Back Bills (EDF)	3,680,525,243	2,790,735,430	-	-
Total	33,161,126,634	24,764,848,048	-	-
Less: Margin	597,925,676	549,785,755	-	-
Total	32,563,200,957	24,115,059,383	-	-
23.3 Letter of Guarantee				
Letter of Guarantee (Local)	5,627,174,341	3,501,218,399	-	-
Letter of Guarantee (Foreign)	137,920,042	644,665,333	-	-
Foreign counter Guarantee	10,313,114	10,313,114	-	-
Total	5,765,094,383	4,250,216,847	-	-
Less: margin	100,995,055	68,935,311	-	-
Total	5,664,099,328	4,181,281,536	-	-
Balance for which the Bank is contingently liable in respect of guarantee issued favoring:				
Directors	2,110,734,256	2,550,569,911	-	-
Government	177,231,458	188,624,346	-	-
Bank and other financial institution	177,231,458	188,624,346	-	-
Others	47,712,669	1,501,022,589	-	-
Total	5,765,094,383	4,250,216,847	-	-
Less: Margin	100,995,055	68,935,311	-	-
Total	5,664,099,328	4,181,281,536	-	-
23.4 Bills for collection				
Outward bills for collection	1,513,429,660	304,368,704	-	-
Outward foreign bills for collection	297,151,430	397,117,930	-	-
Inward local bills for collection	-	-	-	-
Inward foreign bills for collection	-	-	-	-
Total	1,810,581,090	343,486,634	-	-
23.5 Contingent Liabilities (Taxation)				
Large Tax Payers (VAT) office has issued a Demand Order of BDT 2,37,00,000 against VAT audit for the Income year 2009 and BDT 2,00,00,000 against VAT audit for the Income year 2010. The Bank has filed appeal before the Honorable High Court of Bangladesh on 05 August 2013 and VAT-44/2014 dated 08 May 2014 respectively of the Customs, Excise and VAT Appellate Tribunal on the said demand.	-	-	-	-
23.6 Suit filed by the Bank				
No lawsuit filed by the bank against contingent liabilities.	-	-	-	-
23.7 Consolidated Contingent Liabilities				
BRAC Bank Limited	49,953,722,520	37,713,353,830	-	-
BRAC EPL Investments Limited	-	-	-	-
BRAC EPL Stock Brokerage Limited	-	-	-	-
BRAC EPL Services Limited	-	-	-	-
Total	49,953,722,520	37,713,353,830	-	-
Section - Three: Notes to Profit and Loss Account				
24 Income statement				
Interest, discount and similar income (Note-24.1)	20,505,027,252	19,533,867,152	-	-
Dividend income (Note-27)	69,355,506	55,552,839	-	-
Fees, commission and brokerage (Note-24.2)	2,031,374,734	1,884,862,593	-	-
Gain less losses arising from investment securities	4,402,413	34,064,247	-	-
Gain less losses arising from dealing from foreign currencies (Note-28)	849,437,054	681,714,216	-	-
Gain less losses arising from RPO	40,362,856	107,648,678	-	-
Income from non-banking activities	42,385,490	52,894,065	-	-
Other operating income (Note-29)	1,078,913,770	738,246,871	-	-
Share of profit/(loss) of equity in associate company	(818,137)	(907,427)	-	-
Total	23,708,434,850	22,966,940,846	-	-
Expenses:				
Interest, fees and commission (Note-26)	8,764,027,645	9,496,521,444	-	-
Losses arising from dealing securities	(185,951,789)	62,138,598	-	-
Administrative expenses (Note-24.3)	5,290,368,525	4,937,056,316	-	-
Other operating expenses (Note-29)	1,436,359,150	1,144,205,582	-	-
Depreciation on banking assets (Note-38)	601,855,010	553,472,303	-	-
Impairment Loss	2,046,717	2,046,717	-	-
Total	16,190,705,258	16,199,394,243	-	-
Operating Profit	7,517,729,592	6,767,546,603	-	-
24.1 Interest, discount and similar income				
Interest on loans and advances	15,715,334,969	15,882,581,242	-	-
Interest on money at call and short notice	10,543,973	57,205,225	-	-
Interest on balance with other banks	4,151,489,225	10,835,732	-	-
Interest on treasury bills and bonds	2,689,139,460	2,311,567,308	-	-
Interest on fixed deposits with other banks	1,745,692,528	1,147,890,593	-	-
Interest on Government bonds	285,203,122	123,786,574	-	-
Interest on zero coupon bond	49,469,322	-	-	-
Total	20,505,027,252	19,533,867,152	-	-
24.2 Fees, commission and brokerage				
Fees	1,882,591,781	1,510,434,223	-	-
Commission	348,782,953	274,448,341	-	-
Total	2,031,374,734	1,884,882,564	-	-
24.3 Administrative expenses				
Salaries and allowances	3,283,004,177	2,918,698,470	-	-
Rent, taxes, insurance, electricity etc.	957,384,996	899,659,060	-	-
Legal expenses	75,388,034	104,504,345	-	-
Postage, stamps, telecommunication etc.	262,499,755	219,366,270	-	-
Stationery, printing, advertisement etc.	37,045,124	267,348,795	-	-
Chief Executive's salary and fees	1,420,584	1,783,763	-	-
Directors' fees and expenses	681,700	671,831	-	-
Auditors' fee	955,000	955,000	-	-
Repairs and maintenance of fixed assets	329,109,155	476,329,620	-	-
Total	5,290,368,525	4,937,056,316	-	-
25 Interest Income				
Interest on loans and advances -				
Retail	2,268,496,452	2,268,496,452	2,482,183,796	-
Corporate	1,851,951,789	1,851,951,789	2,031,374,734	-
SME	7,310,906,205	7,310,906,205	7,288,490,735	-
Lease Finance	188,435,062	188,435,062	281,214,883	-
Credit Cards	541,739,891	541,739,891	544,418,374	-
Staff	22,395,490	22,395,490	52,894,065	-
Total	14,523,462,325	14,523,462,325	15,412,281,992	-
Interest on money at call and short notice	10,513,611	30,312	57,205,225	-
Interest on balance with other banks	10,315,708	10,315,708	10,835,732	-
Interest on treasury bills and bonds	2,689,139,460	2,311,567,308	2,311,567,308	-
Interest on fixed deposits with other banks	1,745,692,528	1,147,890,593	1,147,890,593	-
Interest on Government bonds	285,203,122	123,786,574	123,786,574	-
Interest on zero coupon bond	49,469,322	-	-	-
Total	20,505,027,252	19,533,867,152	-	-
25.1 Consolidated Interest Income				
BRAC Bank Limited	17,372,892,072	16,714,142,525	-	-
BRAC EPL Investments Limited	-	-	-	-
BRAC EPL Stock Brokerage Limited	-	-	-	-
BRAC EPL Services Limited	-	-	-	-
Total	17,372,892,072	16,714,142,525	-	-
26 Interest Paid on Deposits and Borrowing etc.				
A. Current				
1.371,404,350	1,371,404,350	1,317,798,697	-	-
2.389,370,192	389,370,192	448,124,293	-	-
3.741,547,616	741,547,616	788,398,991	-	-
4.636,696,384	2,567,142	4,636,263,526	5,369,946,043	-
5.7,139,018,542	2,567,142	7,141,585,684	7,921,264,624	-
B. Interest paid for borrowings:				
Interest on money at call and short notice	225,246,133	225,246,133	244,884,883	-
Interest on loan bank accounts	19,893,472	64,296,500	723,275,729	-
Interest on Recourse facilities (RFO)	253,077,909	253,077,909	281,214,883	-
Interest on Recourse facilities (RFO)	439,802,632	439,802,632	478,112,575	-
Interest on BBL Bond	1,117,615	1,117,615	1,117,615	-
Total	6,112,094,093	6,112,094,093	6,846,921,445	-
Less: Interest paid to BBL	6,846,921,445	6,846,921,445	-	-
Less: Interest paid to OBU	6,846,921,445	6,846,921,445	-	-
Total	6,846,921,445	6,846,921,445	-	-
26.1 Consolidated Interest Paid on Deposits and Borrowing etc.				
BRAC Bank Limited	8,657,032,540	9,192,151,178	-	-
BRAC EPL Investments Limited	-	-	-	-
BRAC EPL Stock Brokerage Limited	-	-	-	-
BRAC EPL Services Limited	-	-	-	-
Total	8,657,032,540	9,192,151,178	-	-
26.2 Consolidated Interest Paid on Deposits and Borrowing etc.				
BRAC Bank Limited	8,657,032,540	9,192,151,178	-	-
BRAC EPL Investments Limited	-	-	-	-
BRAC EPL Stock Brokerage Limited	-	-	-	-
BRAC EPL Services Limited	-	-	-	-
Total	8,657,032,540	9,192,151,178	-	-
26.3 Consolidated Interest Paid on Deposits and Borrowing etc.				
BRAC Bank Limited	8,657,032,540	9,192,151,178	-	-
BRAC EPL Investments Limited	-	-	-	-
BRAC EPL Stock Brokerage Limited	-	-	-	-

FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015



47.2 Related Party (ies) Transactions

i) The bank carried out transactions with related parties in the normal course of business on an arms-length basis. As on 31 December 2015, the bank had following transactions with the Related Party(ies) as defined in the BRPD circular no. 14 issued by the Bangladesh Bank on 25 June 2003.

Name of the Related Parties	Relationship with BBL	Nature of Transaction	Balance at the end of the period
BRAC and its associated organization	Parent Company	Deposits made with us	4,217,38,642
BRAC EPL Investments Limited	Subsidiary	Deposits made with us	11,901,293
BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits made with us	83,936,880
BRAC EPL Limited	Subsidiary	Deposits made with us	11,462,171,845
BRAC IT Services Limited (or its)	Subsidiary	Deposits made with us	9,402,184
BRAC Saigan Exchange Limited	Subsidiary	Deposits made with us	68,638,727
BRAC Impact Ventures Limited	Associate	Deposits made with us	3,940,400
BRAC Asset Management Company Limited	Associate	Deposits made with us	67,114,866
BRAC Asset Management Company Limited	Sponsor/Shareholder	Deposits made with us	4,378
Industrial and Infrastructure Dev. Finance	Sponsor/Shareholder	Loans and Advances	50,999,993
Saigan Foundation	Common board member	Loans and Advances	3,800,135,000
BRAC EPL Investments Limited	Subsidiary	Loans and Advances	1,415,110,659
BRAC EPL Investments Limited	Subsidiary	Interest payable	28,120,691
BRAC EPL Investments Limited	Subsidiary	Interest payable	2,895,786,092

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

Sl. No.	Name of Director	Status with the Bank	Name of the firms/companies in which they have interest	Educational Qualification
01	Mr. Fakh Hossain Akbar (Nominated by BRAC)	Chairman	BRAC Industries Limited BRAC Kodala Tea Estate BRAC Kajakcham Tea Company Limited BRAC Kamulul Tea Company Limited BRAC Kamulul Tea Company Limited BRAC Foundation	FOMA, London
02	Mr. Kazi Mamunul Sattar (Independent Director)	Director	Unique Hotel and Resorts Limited BRAC Saigan Exchange Limited BRAC Limited	B. Com (Honours) Finance
03	Ms. Zahida Iqbal (Independent Director)	Director	Neelganga Nilganga Eye Institute and Hospital BRAC EPL Stock Brokerage Limited	Graduate
04	Mr. Nihad Kabir (Nominated by BRAC)	Director	Indrapur Tea Company Limited Shanghai CNG Co. Limited Santago Tea Estate Limited Infrastructure Development Company Limited	L.L.B., L.L.M. (UK) (Barrister at Law)
05	Mr. Hafiz G.A. Siddiqi (Independent Director)	Director	BRAC EPL Investments Limited BRAC IT Services Limited Micro Industries Development Assistance Services Limited Asia-Pacific General Insurance Co. Limited	Ph.D. (Manchester Business School), UK MBA (Graduate School of Business Indiana University, USA)
06	Mr. Tamara Hossain Akbar (Nominated by BRAC)	Director	BRAC Services Limited BRAC Industries Limited BRAC Industries Limited Bangladesh Netting Factory Limited Aestha Aest Foundation Board of Trustees, BRAC University BRAC Kamulul Tea Company Limited BRAC Kajakcham Tea Company Limited BRAC Kamulul Tea Company Limited BRAC Kodala Tea Estate BRAC Environmental Enterprises Limited	MBA in Finance B.Sc. in Economics (London School of Economics, London)
07	Shin Narayan Kariy (Nominated by BRAC)	Director	Bangladesh Netting Factory Limited BRAC Services Limited BRAC IT Services Limited BRAC Impact Ventures Limited BRAC Environmental Enterprises Limited BRAC Proteasandhulu Limited BRAC Kamulul Tea Company Limited BRAC Kamulul Tea Company Limited BRAC Kajakcham Tea Co. Limited BRAC Kamulul Tea Co. Limited BRAC Kodala Tea Estate	Master of Commerce in Accounting University of Dhaka
08	Mr. Selim R. F. Hussain	Managing Director & CEO	IDPC	MBA (IBA)

iii) Significant contracts where bank is a party and wherein Directors have interest: Nil
iv) Shares issued to Directors and executives without consideration or exercisable at discount: Nil
v) Lending Policies to related parties: Nil
vi) Lending to related parties effected as per requirement of section 27(1) of the Banking Companies Act, 1991: Nil
vii) Loan and advances to Directors: 130,060
Classification Status: Unclassified
viii) Business other than banking business with any related concern of the Directors as per Section 18 (2) of the Banking Companies Act, 1991: Nil
ix) Investment in the Securities of Directors and their related concern: Nil

47.3 Claim not Acknowledged as Debt

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

47.4 Number of Employees

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

47.5 Post Balance Sheet Events:

The board of directors in its 197th Board meeting held on 20 April 2016 as proposed 25% cash dividend subject to the approval of share holders at the next annual general meeting.

47.6 Coverage of External Audit:

The external auditor of the Bank, M/s A.Qasem & Co., Chartered Accountants worked about in excess of 3,520 man hour at head office, 20 Branches and 20 SME Unit offices and 20 SME Sales and Service Centre. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

47.7 Share Trading

The bank traded its ordinary shares in Central Depository Bangladesh Limited (CDBL) through Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 31 January 2016. The closing price on 31 December 2015 was Tk. 48.70 (2014: Dhaka Stock Exchange (DSE) and Tk. 48.20 at Chittagong Stock Exchange (CSE)).

Particulars	2015	2014
Paid-up capital	7,092,873,210	7,092,873,210
Total surplus including general provisions	20,375,181,821	19,718,496,603
Capital surplus/(deficit)	3,712,965,623	6,314,960,756
Total assets	224,493,440,200	204,593,071,725
Total deposits	144,931,513,483	148,464,104,266
Total loans and advances	47,433,607,286	121,940,553,133
Total contingent liabilities and commitments	149,953,722,520	37,713,353,830
Credit deposit ratio (Loans and Advances/Deposits)*	82.24%	72.13%
Percentage of classified loans against total loans and advances	5.99%	5.29%
Profit after tax and provisions	2,434,771,350	2,091,795,966
Amount of classified loans during the current year	8,836,640,714	6,980,384,870
Provision kept against classified loans	6,889,684,512	5,973,428,417
Provisions surplus/deficit	925,550,407	1,676,416,524
Cost of fund	6.64%	7.43%
Interest earning assets	210,372,469,903	191,688,240,050
Non-interest earning assets	14,120,970,297	12,904,831,675
Return on investment (ROI) (PAT/(Shareholders equity+Borrowings))	6.13%	7.13%
Return on assets (ROA) (PAT/Average assets)	1.13%	1.09%
Return on Equity (ROE) (PAT/Average shareholders equity)	13.32%	14.11%
Income from investments	2,452,722,168	2,502,353,232
Earning Per Share (EPS)	3.43	3.19
Net income per share (PAT/Dividend on share/No. of Ordinary Shares)	3.43	3.19
Price earning ratio (Market price per share/EPS)	14.19	11.14
Net Asset Value per Share (NAV) [(Shareholders equity-Preference Share)/No. of Ordinary Share]	26.53	25.03

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

BRAC BANK LIMITED

Highlights on the overall Activities As at 31 December 2015

Particulars	2015	2014
Paid-up capital	7,092,873,210	7,092,873,210
Total surplus including general provisions	20,375,181,821	19,718,496,603
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Total assets	224,493,440,200	204,593,071,725
Total deposits	144,931,513,483	148,464,104,266
Total loans and advances	47,433,607,286	121,940,553,133
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Credit deposit ratio (Loans and Advances/Deposits)*	82.24%	72.13%
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Return on Equity (ROE) (PAT/Average shareholders equity)	13.32%	14.11%
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Price earning ratio (Market price per share/EPS)	14.19	11.14
Net Asset Value per Share (NAV) [(Shareholders equity-Preference Share)/No. of Ordinary Share]	26.53	25.03

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

BRAC BANK LIMITED

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

Name of Bank	A/C Type	December 2015	December 2014
		FC Amount	FC Amount
Standard Chartered Bank New York, USA	CO	112,153.18	78.51
Standard Chartered Bank, United Kingdom	CO	434,866	116.37
Standard Chartered Bank, Frankfurt, Germany	CO	10,740.20	85.89
Standard Chartered Bank, New York, USA	CO	14,606.21	78.51
The Bank of Nova Scotia, Canada	CO	-	-
IOI Bank Limited, Mumbai, India	CO	8,533.24	78.51
HDB Bank, Australia	CO	-	-
HDB Bank Limited, Pakistan	CO	4,240.50	78.51
Union De Banques Arabes ET Financiers (U.B.A.F.) Japan	CO	5,975,301.00	0.65
Zuercher Kantonalbank, Switzerland	CO	7,469.28	79.14
IOI Bank N.V.B.A. Belgium	CO	116,637.04	85.89
Unicredit Bank S.p.A. Italy	CO	175,680.39	85.89
Commerzbank AG, Germany (EURO)	CO	256,997.42	85.89
United Bank of India, Kolkata, India	CO	59,305.68	85.89
Westpac Banking Corporation, Australia	CO	41,076.09	78.51
JP Morgan Chase Bank, New York, USA	CO	39,296.30	85.89
Small Bank Limited, United Kingdom (GBP)	CO	2,053,896.93	78.51
Deutsche Bank Limited, India	CO	13,560.00	78.51
HDB Bank Limited, Mumbai, India	CO	74.32	116.37
HDB Bank Limited, India	CO	15,901.62	78.51
HDB Bank Limited, India	CO	262,527	78.51
HDB Bank Limited, India	CO	25,964	78.51
HDB Bank Limited, India	CO	2,693	85.89
Total		376,814,392	236,812,814

BRAC BANK LIMITED

Investment in Shares As at 31 December 2015

Sl. No.	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31/Dec/15	Total market value as on 31/Dec/15
01	Active fine chemicals limited	10.00	1,300,000	74,722.44	57.48	56.20	73,600,000
02	Arms 1st mutual fund	10.00	2,222,222	49,995.87	22.50	19.70	43,777,777
03	Bahia case company limited	10.00	9,700	12,867.41	1,326.54	1,317.10	12,867,410
04	BATCO	10.00	25,586	46,300.06	2,460.44	2,560.50	97,788,493
05	Eastern bank limited	10.00	300,000	8,090.03	26.97	28.80	8,580,000
06	EBL NBD mutual fund	10.00	5,417,172	42,101.59	7.88	4.30	22,210,405
07	Envy limited	10.00	372,378	17,320.65	46.51	41.90	15,602,954
08	Even bank 1st mutual fund	10.00	5,905,165	50,000.00	8.47	5.50	32,483,908
09	First Bangladesh fund income fund	10.00	32,233,632	249,487.86	7.74	6.30	203,059,282
10	Glaxo Simbione	10.00	6,250	11,132.28	1,784.36	1,789.80	11,246,750
11	Gramophone limited	10.00	49,800	134,624.15	2,708	2,708	134,624,150
12	Islam bank limited	10.00	543,966	8,975.52	16.50	27.80	15,122,205
13	1st global Bangladesh mutual fund one	10.00	31,038,060	297,586.96	9.59	8.50	170,789,485
14	Malta springing rights limited	10.00	1,150,000	49,699.05	43.22	40.70	46,850,000
15	Square limited	10.00	594,485	45,512.86	76.56	75.50	44,883,618
16	Square pharmaceuticals limited	10.00	600,000	149,028.33	249.88	233.70	139,220,000
17	Unique hotel and resorts limited	10.00	300,000	29,421.85	98.07	50.60	15,180,000
Total				1,280,304,086			1,060,887,822

BRAC BANK LIMITED

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17	Unique hotel and resorts limited	10.00	300,000	29,421.85	98.07	98.07	29,421,850