

FINANCIAL REPORT

AS ON DECEMBER 31, 2012



AUDITORS' REPORT TO THE SHAREHOLDERS OF BRAC BANK LIMITED

We have audited the accompanying consolidated financial statements of BRAC Bank Limited and its controlled entities (together referred to as the "Group") as well as the financial statements of BRAC Bank Limited (the "Bank") which comprise the consolidated and separate balance sheets as at 31 December 2012, profit and loss accounts, statements of changes in equity, cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

The financial statements of the Bank's four subsidiaries, namely BRAC Saajan Exchange Ltd. (UK), BRAC EPL Investments Ltd., BRAC EPL Stock Brokerage Ltd. and bkash Ltd., reflects total assets of Tk. 6,934,547,881 as at 31 December 2012 and total revenue of Tk.1,914,631,345 for the year ended 31 December 2012. These financial statements have been also audited by us except for BRAC Saajan Exchange Ltd. which have been audited by other component auditor who have expressed unqualified audit opinion on those financial statements and accepted by us for the audit of the Group's consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, give a true and fair view of the financial position of the Group and the Bank as at 31 December 2012 and of the results of their financial performance and their cash flows for the year then ended and comply with the applicable sections of the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1991, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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 purposes of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by 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 Bank's balance sheet and profit and loss account together with the annexed notes 1 to 45 dealt with by the report are in agreement with the books of account and returns;
- the expenditure incurred was for the purpose of the Bank's business;
- the financial position of the Bank as at 31 December 2012 and the profit for the year then ended have been properly reflected in the financial statements, the financial statements have been prepared in accordance with the generally accepted accounting principles;
- the financial statements of the Bank have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- adequate provisions have been made for advances and other assets, which are in our opinion, doubtful of recovery;
- the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- 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;
- Capital adequacy ratio (CAR) as required by law has been maintained adequately during the period; and
- over 80% of the risk weighted assets have been reviewed by us spending around 3750 person hours.

Dated, Dhaka;
March 25, 2013

Hoda Vasi Chowdhury & Co.
Chartered Accountants

BRAC Bank Limited Consolidated Balance Sheet As on December 31, 2012

Particulars	Note	2012 Taka	2011 Taka
PROPERTY AND ASSETS			
Cash	3.a	13,561,915,641	11,979,216,569
Cash in hand		4,750,845,270	3,648,719,467
(Including foreign currency)		8,831,070,371	8,330,437,102
Balance with Bangladesh Bank and its agent Bank(s)		10,978,155,044	3,746,866,187
(Including foreign currency)		10,338,261,494	3,138,856,331
Outside Bangladesh		639,893,550	480,000,000
Money at call and short notice	5.a	25,463,079,934	14,674,983,791
Investments	6.a	12,858,308,744	10,217,353,253
Loans and advances	7.a	114,086,293,473	97,478,364,517
Loans, cash credit, overdrafts etc.		113,485,146,984	97,083,550,903
Bills purchased & discounted		601,136,190	394,813,615
Share money deposit	8.a	2,861,824,309	2,599,931,447
Other assets	9.a	11,997,406,400	8,553,122,866
Non-banking assets	10	1,427,468,912	1,409,637,597
Goodwill	11.a	180,396,133,411	140,922,122,974
Total Property and Assets		180,396,133,411	140,922,122,974
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12.a	4,918,169,184	5,720,180,188
Borrowings from Central Bank	13.a	4,526,002,247	1,533,371,184
Convertible Subordinate Bonds	14.a	3,000,000,000	3,000,000,000
Money at Call and Short notice	15.a	134,244,989,307	103,648,725,771
Deposits and other accounts	16.a	42,141,724,262	32,369,590,118
Current accounts & other accounts		1,693,298,032	768,394,517
Bills payable		18,130,936,581	18,212,267,314
Savings deposits		71,999,644,228	51,763,212,319
Fixed deposits		279,386,204	326,261,506
Other deposits		20,241,603,564	16,538,199,960
Other liabilities	17.a	168,921,264,092	130,440,477,104
Total Liabilities		180,396,133,411	140,922,122,974
Capital and Shareholders' Equity			
Paid up share capital	18.2	3,854,822,400	3,212,352,000
Preference share capital	18.9	1,740,102,253	1,553,031,462
Share premium	18.8.a	2,934,017,286	2,536,431,462
Statutory reserve	19.a	558,121,126	168,089,754
Revaluation reserve	20.a	23,741,603	62,333,542
Share money deposit	20.b	1,914,456,974	2,292,951,075
Surplus in profit and loss account/Retained Earnings	21.a	11,025,261,642	10,400,209,935
Total BRAC Bank Limited shareholders' equity		14,174,869,319	10,481,645,870
Minority Interest	22	-	-
Total equity		14,174,869,319	10,481,645,870
Total Liabilities and Shareholders' Equity		180,396,133,411	140,922,122,974

BRAC Bank Limited Off Balance Sheet Items As on December 31, 2012

Particulars	Note	2012 Taka	2011 Taka
Contingent Liabilities			
Acceptances and endorsements		149,723,080	160,105,738
Letter of guarantees		4,740,297,069	4,537,278,981
Irrevocable letter of credits		10,958,226,141	16,201,080,847
Bills for collection	23.6	405,799,599	626,623,955
Tax liability		143,894,928	115,398,757
Other contingent liabilities		1,748,952,115	753,151,898
Total Contingent Liabilities	23	18,146,892,932	22,393,640,175
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments- lease hold assets		-	-
Total Other Commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		18,146,892,932	22,393,640,175

Dated, Dhaka;
March 25, 2013

Hoda Vasi Chowdhury & Co.
Chartered Accountants

BRAC Bank Limited Consolidated Off Balance Sheet Items As on December 31, 2012

Particulars	Note	2012 Taka	2011 Taka
Contingent Liabilities			
Acceptances and endorsements		149,723,080	160,105,738
Letter of guarantees		4,740,297,069	4,537,278,981
Irrevocable letter of credits		10,958,226,141	16,201,080,847
Bills for collection	23.6	405,799,599	626,623,955
Tax liability		143,894,928	115,398,757
Other contingent liabilities		1,748,952,115	753,151,898
Total Contingent Liabilities	23	18,146,892,932	22,393,640,175
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities	23.a	159,000,000	405,759,290
Undrawn formal standby facilities, credit lines and other commitments- lease hold assets		-	-
Total Other Commitments		159,000,000	405,759,290
Total Off-Balance Sheet items including contingent liabilities		18,305,892,932	22,799,399,465

Dated, Dhaka;
March 25, 2013

Hoda Vasi Chowdhury & Co.
Chartered Accountants

BRAC Bank Limited Consolidated Profit and Loss Account For the year ended 31 December 2012

Particulars	Note	2012 Taka	2011 Taka
Interest income	25.a	17,528,045,189	14,283,148,334
Interest paid on deposits and borrowing etc.	25.a	(10,703,513,683)	(8,645,101,681)
Net interest income		6,824,469,276	5,638,046,653
Investment income	27.a	1,535,945,862	1,640,318,565
Commission, exchange and brokerage	28.a	2,964,000,773	3,151,441,516
Other operating income	29.a	432,439,952	365,980,102
Total operating income		11,756,855,863	10,795,356,834
Salaries and allowances	30.0	2,811,098,919	2,519,148,747
Rent, taxes, insurance, electricity etc.	31.a	724,180,923	631,506,064
Legal expenses	32.0	38,191,360	24,806,497
Postage, stamps, telecommunication etc.	33.a	224,911,903	208,114,022
Stationery, printing, advertisement etc.	34.a	239,889,154	349,200,709
Chief Executive's salary & fees		11,921,437	11,146,417
Directors' fees & expenses	35.a	3,526,900	3,796,156
Auditors' fee	36.a	2,842,161	2,046,680
Depreciation on and repairs to bank's assets	37.a	1,143,521,168	838,480,869
Other expenses	38.a	1,151,410,073	1,028,758,460
Total operating expenses		6,350,744,979	5,997,004,215
Profit/(loss) before provisions		5,406,110,884	5,198,782,620
Provision for:			
Loans and advances	39.a	2,953,867,367	1,536,497,958
Diminution in value of investments		276,133,403	444,213,413
Off balance sheet items		-	4,000,000
Total provision		3,230,000,770	1,984,711,371
Profit/(loss) before taxes		2,176,110,114	3,214,070,844
Provision for Tax:			
Current tax expense		1,595,434,751	1,575,650,322
Deferred tax expense/(income)		(119,108,931)	(174,023,667)
Total provision for tax	40.a	1,476,325,820	1,401,626,655
Total profit/(loss) after taxes		699,784,295	1,812,444,189
Appropriations:			
Statutory reserve		397,585,824	615,832,590
General reserve		-	-
Dividend etc.		302,198,471	1,196,611,599
Retained earnings		302,198,471	1,196,611,599
Attributable to:			
Equity holders of BRAC Bank Ltd.		307,978,207	1,210,473,400
Minority interest		(5,779,736)	(13,861,801)
Basic earnings per share	41.a	1.74	4.61

Dated, Dhaka;
March 25, 2013

Hoda Vasi Chowdhury & Co.
Chartered Accountants

BRAC Bank Limited Balance Sheet As on December 31, 2012

Particulars	Note	2012 Taka	2011 Taka
PROPERTY AND ASSETS			
Cash	3	13,580,670,498	11,978,646,295
Cash in hand		4,749,600,127	3,648,209,193
(Including foreign currency)		8,831,070,371	8,330,437,102
Balance with Bangladesh Bank and its agent Bank(s)		10,978,155,044	3,746,866,187
(Including foreign currency)		10,338,261,494	3,138,856,331
Outside Bangladesh		639,893,550	480,000,000
Money at call and short notice	5	25,372,525,284	14,698,827,611
Investments	6	12,858,308,744	10,291,953,253
Loans and advances	7	114,086,293,473	97,478,364,517
Loans, cash credit, overdrafts etc.		113,485,146,984	97,083,550,903
Bills purchased & discounted		601,136,190	394,813,615
Share money deposit	8	2,861,824,309	2,599,931,447
Other assets	9	11,997,406,400	8,553,122,866
Non-banking assets	10	1,427,468,912	1,409,637,597
Total Property and Assets		173,676,792,029	133,201,048,438
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	39,559,407	650,000,000
Borrowings from Central Bank	13	4,526,002,247	1,533,371,184
Convertible Subordinate Bonds	14	3,000,000,000	3,000,000,000
Money at Call and Short notice	15	134,648,448,482	103,725,292,225
Deposits and other accounts	16	42,141,724,262	32,369,590,118
Current accounts & other accounts		1,693,298,032	768,394,517
Bills payable		18,130,936,581	18,212,267,314
Savings deposits		71,999,644,228	51,763,212,319
Fixed deposits		279,386,204	326,261,506
Other deposits		20,241,603,564	16,538,199,960
Other liabilities	17	139,739,314,433	15,761,033,767
Total Liabilities		163,522,243,477	123,596,443,860
Capital and Shareholders' Equity			
Paid up share capital	18.2	3,854,822,400	3,212,352,000
Preference share capital	18.9	1,740,102,253	1,553,031,462
Share premium	18.7	2,934,017,286	2,536,431,462
Statutory reserve	19	558,121,126	168,089,754
Revaluation reserve	20	23,741,603	62,333,542
Share money deposit	20.b	1,914,456,974	2,292,951,075
Surplus in profit and loss account/Retained Earnings	21	11,025,261,642	10,400,209,935
Total shareholders' equity		10,481,645,870	10,481,645,870
Total Liabilities and Shareholders' Equity		173,676,792,029	133,201,048,438

BRAC Bank Limited Profit and Loss Account For the year ended 31 December 2012

Particulars	Note	2012 Taka	2011 Taka
Interest income	25	16,713,568,904	13,610,278,427
Interest paid on deposits and borrowing etc.	26	10,195,401,072	8,164,158,813
Net interest income		6,518,167,832	5,446,119,614
Investment income	27	1,530,962,408	1,704,955,227
Commission, exchange and brokerage	28	2,525,466,576	2,722,451,074
Other operating income	29	320,204,951	261,207,507
Total operating income		10,894,801,767	10,134,737,422
Salaries and allowances		2,519,815,735	2,348,572,171
Rent, taxes, insurance, electricity etc.	31	659,435,061	566,123,413
Legal expenses		31,384,698	21,523,613
Postage, stamps, telecommunication etc.	33	169,498,124	184,315,861
Stationery, printing, advertisement etc.	34	221,689,734	328,303,823
Chief Executive's salary & fees		11,921,417	11,146,417
Directors' fees & expenses		311,750	925,583
Auditors' fees		867,800	867,800
Depreciation on and repairs to bank's assets	37	1,054,578,655	792,315,643
Other expenses	38	1,080,422,787	910,727,846
Total operating expenses		5,749,605,760	5,164,822,269
Profit/(loss) before provisions		5,145,196,008	4,969,915,152
Provision for:			
Loans and advances	39	2,881,133,485	1,514,315,870
Diminution in value of investments		276,133,403	444,213,413
Off balance sheet items		-	4,000,000
Others		-	-
Total provision		3,157,266,888	1,962,529,283
Profit/(loss) before taxes		1,987,929,120	3,007,385,869
Provision for Tax expense		-	-
Current tax expense		1,530,000,000	1,460,000,000
Deferred tax expense/(income)		(82,453,971)	(155,000,000)
Total provision for tax	40.1	1,447,548,029	1,305,000,000
Total profit/(loss) after taxes		540,381,091	1,702,385,869
Appropriations:			
Statutory reserve		397,585,824	615,832,590
General reserve		-	-
Dividend etc.		-	-
Retained earnings		397,585,824	615,832,590
Profit/(loss) after taxes		142,795,267	1,086,549,279
Basic earnings per share	41	1.32	4.29

FINANCIAL REPORT

AS ON DECEMBER 31, 2012



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ii) Revaluation gain/loss on Government securities

BFRS: As per requirement of BAS 39, T-bills and T-bonds fall under the category of 'held for trading (HFT)' and 'held to maturity (HTM)' where any change in the fair value of held for trading is recognised in Profit and 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 no. 05 dated 28 January 2009, loss on revaluation of Government securities (T-bills/T-bonds) which are categorised as held for trading should be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However, at the revaluation loss for that particular held for trading T-bills/T-bonds, T-bills designated as held to maturity are measured at amortised cost method but interest income/gain should be recognised through reserve.

iii) Provision on loans and advances

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

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

iv) Other comprehensive income

BFRS: As per BAS 3 Other Comprehensive income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) statements.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which should 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 a Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

v) Financial instruments - presentation and disclosure

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

vi) Repurchase transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised 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 BB Circulars/guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sales transactions and the financial statements should be recognised in the seller's book and recognised in the buyer's book.

vii) Financial guarantees

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

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

viii) Cash and cash equivalents

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some highly liquid assets such as money at call and short notice, T-bills, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as 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 sheet and BB and other banks.

ix) Non banking assets

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 should exist a face item named non banking assets.

x) Cash flow statement

BFRS: 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.

x) Balance with Bangladesh Bank: (CRR)
BFRS: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day to day operations as per BAS 7.

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

xii) Off balance sheet items

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

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

xiii) Disclosure of appropriation of profit

BFRS: There is no requirement to show appropriation of profit on the face of statement of comprehensive income. Bangladesh Bank: As per BRPD Circular No. 14 dated 25 June 2003, an appropriation of profit should be disclosed on the face of Profit and Loss Account.

xiv) Loans and advance net of provision

BFRS: Loans and advances should be presented net of provisions.

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

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

b) Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the Bank be unable to continue as a going concern.

c) Functional and presentation currency

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

d) Use of estimates and judgments

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

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

Impairment losses on loans and advances

In addition to the provision made for loans and advances based on the guideline of Bangladesh Bank, the bank reviews its loans and advances on a monthly basis to assess whether a further allowance for the impairment should be provided in the income statement. The judgments by the management is required in the estimation of these amounts, and such estimations are based on assumptions about a number of factors though actual results may differ, resulting in future changes to the provisions.

e) Materiality and aggregation

Each material item considered by management as significant has been displayed separately in the financial statements. No amounts have been set off unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

f) Comparative information

The accounting policies have been consistently applied by the bank and are consistent with those used in the previous year. Comparative information is rearranged wherever necessary to conform with the current presentation.

2.2 Basis of Consolidation

The consolidated financial statements include the financial statements of BRAC Bank Limited and its subsidiaries BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, B-Kash Limited, BRAC Sajjan Exchange Limited and its associate BRAC Asset Management Company Limited made up to the end of the reporting period.

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Consolidated financial statements and accounting for investments in subsidiaries. The consolidated financial statements are prepared to a common reporting year ending 31 December 2012.

Subsidiaries

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

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

Associates

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor (BAS-28: Accounting for Investments in Associates). Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Investment in associate is accounted for in consolidated financial statements under the 'equity method'. Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investor's share of the profits or losses of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

2.3 Foreign Currency Translations

(a) Foreign exchange rates are translated into equivalents Taka (Functional currency) currency at spot exchange rate at the date of transaction.
(b) Assets and liabilities in foreign currencies are translated into Taka at mid rates prevailing on the balance sheet date, except bills for collection, stock of travellers cheque and import bills for which the buying rates are used on the date of transactions.
(c) Gains or losses arising from fluctuation of exchange rates are recognised in profit and loss account.

2.4 Accounting for Provisions, Contingent Liabilities and Contingent Assets:

The Bank recognizes provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognized for:

- a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
- b) Any present obligation that arises from past events but is not recognized because:
 - * It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - * A reliable estimate of the amount of obligation cannot be made.

Contingent Assets are recorded as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for except in the extremely rare circumstances where no reliable estimate can be made.

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

2.5 Taxation

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

2.5.1 Current Tax:

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

Provision for current income tax has been made @ 42.5% as prescribed in the Finance Act-2011 on the taxable profit.

2.5.2 Deferred Tax:

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

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

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

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

2.6 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2012.

2.7 Assets and the basis of their valuation

2.7.1 Cash and cash equivalents

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

Cash flow statement is prepared in accordance with BAS-7 " Cash Flow Statements". Cash flows from operating activities have been presented at "Direct Method".

2.7.2 Investment

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

Held to Maturity

Investments which have 'fixed or determinable payments' and those that 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 investments are subsequently measured at amortized cost, less any provision for impairment in value. Amortized cost is calculated by taking into account any discount or premium in acquisition. Any gain or loss on such investments is recognized in the statement of income when the investment is derecognized or impaired as per IAS -39 " Financial Instruments : Recognition and Measurement"

Held for Trading

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

Revaluation

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

Value of Investments has been shown as under:

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss a/c, gain to revaluation reserve through profit and loss account
Government Treasury Bills (HTM)	Cost	Amortized cost	Increased or decreased in value to equity.
Government Treasury Bonds (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss a/c, gain to revaluation reserve through profit and loss account
Government Treasury Bonds (HTM)	Cost	Amortized cost	Amortized Gain/ Loss to Revaluation reserve
Zero coupon Bond	Cost	None	None
Prize Bond & Other Bond	Cost	None	None
Debentures	Cost	At Cost Price	None
Un quoted Shares (ordinary)	Cost	Cost	-
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss A/c.

Available for sales

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

2.7.3 Loans and Advances

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

b) Provision for loans and advances is created based on the period of arrears by following Bangladesh Bank BRPD Circulars No. 16 of 6 December 1998, 09 of 14 May 2001, 09 and 10 of 20 August 2005, 05 of 5 June 2006, 8 of August 07, 2007, 10 of 18 September 2007, 05 of 29th April 2008, 32 of 12 October 2010, 14 of 23 September 2012 and 19 of 27 December 2012 respectively. This is also reviewed by the management.

c) Interest on classified loans and advances is calculated as per BRPD circular no. 16 of 1998, 09 of 2001 and 10 of 2005 and recognized as income on realization.

The classification rates are given below:

Consumer	Business Unit	Rate of Provision				
		Un-classified (UC)		Classified		
		Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad loan (BL)
House building & loans for professionals	House building & loans for professionals	2%	5%	20%	50%	100%
	Other than house building & professionals	2%	5%	20%	50%	100%
	Loans to BFRS/ MBs against share etc.	5%	5%	20%	50%	100%
	Small and medium enterprise	0.25%	5%	20%	50%	100%
	Short term Agri/Micro credit	5%	5%	5%	5%	100%
	All others	1%	5%	20%	50%	100%
	Off Balance Sheet	1%	-	-	-	-
	Loans to BFRS/ MBs against share etc.	2%	5%	20%	50%	100%
	Small and medium enterprise	0.25%	5%	20%	50%	100%
	Short term Agri/Micro credit	5%	5%	5%	5%	100%
Loans to BFRS/ MBs against share etc.	Loans to BFRS/ MBs against share etc.	2%	5%	20%	50%	100%
	Small and medium enterprise	0.25%	5%	20%	50%	100%
	Short term Agri/Micro credit	5%	5%	5%	5%	100%
	All others	1%	5%	20%	50%	100%
	Off Balance Sheet	1%	-	-	-	-
	Loans to BFRS/ MBs against share etc.	2%	5%	20%	50%	100%
	Small and medium enterprise	0.25%	5%	20%	50%	100%
	Short term Agri/Micro credit	5%	5%	5%	5%	100%
	All others	1%	5%	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 02 dated 13.01.2002. These write off however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

2.7.4 Leases

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

The Bank as Lessor

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

The Bank as Lessee

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

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

2.7.5.1 Property, plant & equipments

a) Recognition

The cost of an item of property, plant and equipments (Fixed assets) shall be recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Property, plant and equipments have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

b) Depreciation

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

Category of assets:	BRAC Bank Limited	BRAC EPL Investments Limited	BRAC EPL Stock Brokerage Limited	B-Kash Limited	BRAC Sajjan Exchange Limited
Furniture & fixture	10%	10%-20%	12.5%	10%	10%
Office equipments	20%	10%-20%	20%	20%	20%
IT equipments- Hardware	20%	20%	25%	20%	10%
IT equipments- Software	33%	33%	33%	20%	20%
Motor vehicles	20%	15%	20%	20%	20%
Office Decoration	20%	15%	20%	20%	20%
Air Cooler & Ceiling Fan	20%	20%	20%	20%	20%
Building & other construction	5%	2%	2%	2%	2%

c) Sale of Fixed Assets

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

d) Revaluation

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

The fair value of items of plant & equipment is usually their market value, this is determined by appraisal. The frequency of revaluation depends upon the movements in the fair value of the items of property, plant & equipment being revalued.

Increases in the carrying amount as a result of revaluation is credited to shareholders equity under the heading of revaluation surplus. Decreases in the carrying amount as a result of revaluation is recognised as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same assets.

e) Impairment

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss is recognised as an expenses in the income statement.

f) Others

Useful life and method of depreciation of property plant & equipment are reviewed periodically. As useful lives of assets do not differ significantly from that previously estimated, Bank Management does not consider to revalue its assets by the meantime.

As per Bangladesh Accounting Standards (BAS) - 17 "Lease", all fixed assets taken on lease has been accounted for as finance lease whereas those were being recognized as operating lease in the earlier years.

2.7.5.2 Intangible assets

a) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Acquisitions of Minority interest (Non-controlling interests) are accounted for as transactions with equity holders in their capacity equity holders and therefore no goodwill is recognised as a result of such transactions. Subsequently Goodwill is measured at cost less accumulated impairment losses.

b) Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases future economic benefits embodied in specific asset to which it relates. All expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three to five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

c) License

Value of the license is recognised at cost and since it has an indefinite useful life it is not amortized. The value of the license is not measured at fair value.

2.7.6 Other assets

Other assets include all other financial assets and include interest, fees and other unrealised income receivable, Prepaid interest expenses on Interest Free Fixed Deposits, advance for operating and capital expenditure, security deposits and stocks of stationary & stamps etc.

2.7.7 Stock

Stocks are valued at lower of cost or net realizable value. Cost is determined by using weighted average method.

2.8 Liabilities & provisions

2.8.1 Borrowings from other banks, financial institutions & agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call, on-demand and short-term deposits lodged for periods of less than 6 months. These items are brought to account at the gross value of the outstanding balance.

FINANCIAL REPORT

AS ON DECEMBER 31, 2012



BRAC BANK

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2.18.5 Internal Control & Compliance

Internal Control is the mechanism in place on a permanent basis to control the activities in an organization, both at a central and at a departmental/divisional level. Management through Risk Management Department controls operational procedure of the bank. Internal Audit & Inspection team under Risk Management undertakes periodical and special audit of the branches, SME Unit Offices and Departments at Head Office for review of the operation and compliance of statutory requirement. In addition to the Internal Audit & Inspection team the Monitoring team conducts surprise inspection at the Branch, SME Unit and the Departments had Head Office. The Board Audit Committee reviews the reports of the Risk Management Department periodically.

2.18.6 Information and communication technology

BRAC Bank follows the guideline stated in BRPD Circular No. 14 dated 23 October 2005 regarding "Guideline on Information and Communication Technology for Scheduled Banks" and BRPD Circular No. 21 dated 20 May 2010 "Guideline on ICT Security".

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

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

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

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

- 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.

2.18.7 Enterprise Risk Management (ERM)

BRAC Bank Limited, the fastest growing bank in Bangladesh, is concerned regarding risky areas, which are being identified by the Risk Management department. The Management under the guidance of the Board of Directors has developed an Enterprise Risk Management Policy for submission of a formal report to the Board Audit Committee on quarterly basis.

Primary Objectives:

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

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

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

Development of ERM Policy

The MANCOM approved the ERM policy, which contains the guidelines for reporting to the Risk Management Committee. The ERM has twelve members. Head of Risk Management, the Managing Director, COO, Head of Retail, Head of SME, Head of Credit, Head of Treasury, Head of Financial Administration, Head of HR, Head of Corporate Banking, Head of SRS, Head of External Affairs and Head of Impaired Assets Management. Head of Risk Management chairs the committee.

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

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

Outcome of ERM:

Vulnerable areas of the Bank are being identified. Appropriate plan and initiatives are taken to mitigate and minimize the risk. Follow up and monitoring are being done on the overall position of the bank regarding mitigation and minimization of risky areas. Upgrading the "Leading Key Risk Indicator" and DCFCLs are developing gradually through inclusion and exclusion item.

2.19 Implementation of BASEL-II

To comply with international best practices and to make the Bank's capital more risk-sensitive as well as to make the Banking industry more shock absorbent and stable, Bangladesh Bank provided revised regulatory capital framework "Risk Based Capital Adequacy for Banks" which is effective from January 2009. According to the BRPD circular no-09 dated 31st December 2008 and subsequent updates on BRPD circular no-10, 12, 24, 35 dated 10th March 2010, 29th March 2010, 3rd August 2010 and 29th December 2010 following specific approaches are suggested for implementing BASEL-II:

a) Standardized Approach for calculating Risk Weighted Assets (RWA) against Credit Risk(b) Standardized (Rule Based) Approach for calculating RWA against Market Risk ; and(c) Basic Indicator Approach for calculating RWA against Operational Risk.Under the Standardized Approach of the Risk Based Capital Adequacy Framework (Basel II), credit rating is to be determined on the basis of risk profile assessed by the Internal Credit Assessment Institutions (ICAI) duly recognized by BB.

BASEL-II is to be calculated both on separate financial statements (SOLO) basis and Consolidated basis and both are submitted to Bangladesh Bank accordingly. Details are disclosed in note 18.10.

As per BRPD Circular no - 13 dated 21 April 2010 "Guideline of Supervisory Review Evaluation Process (SREP)" the bank has initiated to establish their own supervisory review process to ensure maintenance of sufficient capital to fully cover their risk exposure.

BRAC Bank management is aware about guideline of Bangladesh Bank and prepared for implementing new capital Accord-BASEL-II. BASEL-II implementation committee is formed headed by Head of Operations. Adequate training from home & abroad to the concerned staff on BASEL-II is given for better understanding and smooth implementation of the New Capital Accord-BASEL-II.

2.20 Off Balance Sheet Items

Under general banking transactions, liabilities against acceptance, endorsements, and other obligations and bills against which acceptance has been given and claims exists there against, have been shown as Off Balance Sheet items. Provision for off balance sheet items is made as per BRPD circular No. 8 of 7th August 2007 and 10 of September 18, 2007.

2.21 Accounting for Changes in Accounting Estimates

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

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

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

2.22 General:

- 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. Separate Financial Statements regarding "Off shore banking unit" is disclosed under "Annex - H" and prior year numbers were restated accordingly.
- 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	2012 Taka	2011 Taka
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3 Cash		
A. Cash in hand:		
Local currency	4,700,623,892	3,596,335,512
Foreign currency	48,976,235	51,873,681
	4,749,600,127	3,648,209,193

B. Balance with Bangladesh Bank and its agent Banks(s):		
Local currency	7,208,319,513	6,119,957,584
Foreign currency	853,971,641	1,268,745,831
	8,062,291,153	7,388,703,415
Sonal Bank as agent of Bangladesh Bank (local currency)	768,779,217	941,733,687
	8,831,070,371	8,330,437,102
	13,580,670,498	11,978,646,295

3.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and BRPD circular no. 11 and 12, dated August 25, 2005; MPD circular no. 1 and 2, dated May 4, 2010 and MPD circular no. 4 and 5, dated December 1, 2010.		
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The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6% has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves are maintained by the Bank, as shown below:

3.1.1 Cash Reserve Requirement (CRR) :		
6% of Average Demand and Time Liabilities :		
Required reserve	6,904,931,869	5,857,421,669
Actual reserve held (as per Bangladesh Bank statement)	7,335,083,103	6,179,983,553
Surplus/ (deficit)	430,151,234	322,561,884

3.1.2 Statutory Liquidity Ratio (SLR) :			
13% of Average Demand and Time Liabilities :			
Required reserve	16,948,469,133	14,377,307,733	
Actual reserve held	22,977,204,413	14,882,029,763	
Surplus/ (Deficit)	6,028,735,280	504,722,031	
Total Surplus/(deficit)	(3.1.1+3.1.2)	6,458,886,514	827,283,914

3.3 Held for Statutory Liquidity Ratio		
Cash in hand (Note: 3)	4,749,600,127	3,648,209,193
Balance with Bangladesh Bank as per statement	7,280,583,103	6,112,983,553
Balance with Sonal Bank as per statement	738,775,495	941,867,317
TT in Transit	54,500,000	67,000,000
Government securities (Note: 6.1)	17,488,828,791	10,291,953,253
	30,312,287,516	21,062,013,316

3.a Consolidated Cash		
A. Cash in hand:		
BRAC Bank Limited	4,749,600,127	3,648,209,193
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	109,301	58,299
BRAC EPL Stock Brokerage Ltd.	161,232	46,677
B-Kash Ltd.	974,610	428,593
BRAC Saajan Exchange Ltd.	-	36,705
	4,750,845,270	3,648,779,467
B. Balance with Bangladesh Bank and its agent Banks(s):		
BRAC Bank Limited	8,831,070,371	8,330,437,102
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	8,831,070,371	8,330,437,102
	13,581,915,641	11,979,216,569

4 Balance with Other Banks and Financial Institutions		
A. Inside Bangladesh (Note: 4.1)	9,904,922,299	2,657,897,194
B. Outside Bangladesh (Note: 4.2)	5,416,044,836	553,470,807
	15,320,967,135	3,211,368,001

4.1 Balance with Other Banks and Financial Institutions (Inside Bangladesh)		
On Demand Deposit Accounts		
Standard Chartered Bank - Current Account	6,480,460	37,947,678
Southeast Bank Ltd- Current Account	-	-
	6,480,460	37,947,678
On Short Term Deposit (STD) Accounts		
Southeast Bank Limited	299,688	281,781
Jununa Bank Limited	500,000	-
Pubali Bank Limited	203,822,817	194,614,111
Janata Bank Limited	387,003,692	324,447,035
Bangladesh Krishi Bank Limited	160,558,183	132,818,934
The City Bank Limited	6,742,608	13,292,199
Agrani Bank Limited	218,898,104	277,609,235
Islamic Bank Bangladesh Limited	94,576,732	160,100,226
United Commercial Bank Limited	17,505,411	14,700,308
National Bank Limited	19,356,572	9,306,246
Sonal Bank Limited	86,395,660	153,191,455
ICB Islamic Bank Limited	24,536	20,751
AB Bank Limited	117,915,302	-
Rupali Bank Limited	166,648,009	115,850,996
First Security Islamic Bank Limited	4,931,554	3,037,229
EXIM Bank Limited	9,628,849	9,591,254
BASIC Bank Limited	1,144,121	1,087,755
Mercantile Bank Limited	2,500,000	-
	1,498,441,838	1,409,949,517

On Fixed Deposit with Banks		
Local currency:		
BASIC Bank Limited	2,000,000,000	-
First Security Islamic Bank Limited	300,000,000	-
Southeast Bank Limited	1,400,000,000	-
	3,700,000,000	-
Foreign currency:		
Dhaka Bank Limited	-	-
The City Bank Limited	-	-
	-	-
	3,700,000,000	-
On Fixed Deposit with Financial Institutions		
International Leasing & Financial Services Limited	500,000,000	300,000,000
Utrara Finance & Investment Limited	300,000,000	100,000,000
Far East Finance & Investment Limited	300,000,000	100,000,000
Union Capital Limited	300,000,000	-
National Housing Finance Company Limited	120,000,000	100,000,000
Prime Finance & Investment Co. Limited	300,000,000	200,000,000
Premier Leasing & Financial Services Limited	150,000,000	-
Phoenix Finance & Investments Limited	400,000,000	-
Bangladesh Industrial Finance Company Limited	230,000,000	280,000,000
Investment Corporation Of Bangladesh	1,500,000,000	-
Industrial & Infrastructure Development Finance Co. Ltd.	100,000,000	-
Reliance Finance Limited	200,000,000	130,000,000
Peoples Leasing Company Ltd.	200,000,000	-
Lanka Bangla Finance Co. Limited	100,000,000	-
	4,700,000,000	1,210,000,000
	9,904,922,299	2,657,897,194

On Demand Deposit Accounts (Non interest bearing) with:		
Standard Chartered Bank (USD)	201,357,785	16,393,927
Mashreq Bank PSCNY (USD)	1,890,430	571,589
The Bank of Nova Scotia - Canada (CAD)	2,559,467	2,584,463
ICICI Mumbai (ACU Dollar)	1,844,745	2,236,129
Standard Chartered Bank-UK (GBP)	13,142,506	2,711,009
Hypo Vereins Bank Germany (EURO)	802,666	720,247
HSBC - NewYork (USD)	88,129,574	106,933,192
HSBC - United Kingdom (GBP)	48,876,719	21,678,415
HSBC - Australia (AUD)	18,451	605,191
HSBC Pakistan (ACU Dollar)	849,298	940,232
Zuercher Kantonal Bank, Zurich (CHF)	594,595	2,337,514
ING Belgium NV/SA (EURO)	45,615	214,113
Unicredit Italiano SPA (EURO)	1,064,453	1,541,979
Commerz Bank AG Germany (EURO)	5,542,843	10,647,589
Commerz Bank AG Germany (USD)	827,553	-
Standard Chartered Bank - Frankfurt (EURO)	1,078,688	385,881
Union De Banques Arabes ET Francaises (JPY)	1,572,525	1,913,858
United Bank of India, Calcutta (ACU)	75,960	77,781
Westpack Banking Corporation, (AUD)	4,271,449	4,815,750
J.P Morgan Chase Bank (USD)	79,580,221	6,286,887
Sonal Bank Limited (UK)	-	30,370
HDFC Bank Limited	11,977,414	2,178,654
Deutsche Bank Trust Company	9,462,828	1,414,115
Bank of America N.A New York	1,835,981	-
	477,041,766	187,218,886

On Demand Deposit Accounts (Interest bearing) with:		
OTI Bank NA (USD)	69,596,675	30,653,306
ABRAC Bank Mumbai (ACU Dollar)	44,723	85,048
	69,641,398	30,738,354
	547,043,164	217,957,240
Details are shown in Annex-B		
On Fixed Deposit with On Shore to Off Shore placement		
On Shore to Off Shore placement	4,869,001,672	335,513,567
	5,416,044,836	553,470,807

4.2 Balance with other banks and financial institutions (Outside Bangladesh)		
On Demand Deposit Accounts (Non interest bearing) with:		
Standard Chartered Bank (USD)	201,357,785	16,393,927
Mashreq Bank PSCNY (USD)	1,890,430	571,589
The Bank of Nova Scotia - Canada (CAD)	2,559,467	2,584,463
ICICI Mumbai (ACU Dollar)	1,844,745	2,236,129
Standard Chartered Bank-UK (GBP)	13,142,506	2,711,009
Hypo Vereins Bank Germany (EURO)	802,666	720,247
HSBC - NewYork (USD)	88,129,574	106,933,192
HSBC - United Kingdom (GBP)	48,876,719	21,678,415
HSBC - Australia (AUD)	18,451	605,191
HSBC Pakistan (ACU Dollar)	849,298	940,232
Zuercher Kantonal Bank, Zurich (CHF)	594,595	2,337,514
ING Belgium NV/SA (EURO)	45,615	214,113
Unicredit Italiano SPA (EURO)	1,064,453	1,541,979
Commerz Bank AG Germany (EURO)	5,542,843	10,647,589
Commerz Bank AG Germany (USD)	827,553	-
Standard Chartered Bank - Frankfurt (EURO)	1,078,688	385,881
Union De Banques Arabes ET Francaises (JPY)	1,572,525	1,913,858
United Bank of India, Calcutta (ACU)	75,960	77,781
Westpack Banking Corporation, (AUD)	4,271,449	4,815,750
J.P Morgan Chase Bank (USD)	79,580,221	6,286,887
Sonal Bank Limited (UK)	-	30,370
HDFC Bank Limited	11,977,414	2,178,654
Deutsche Bank Trust Company	9,462,828	1,414,115
Bank of America N.A New York	1,835,981	-
	477,041,766	187,218,886

On Demand Deposit Accounts (Interest bearing) with:		
OTI Bank NA (USD)	69,596,675	30,653,306
ABRAC Bank Mumbai (ACU Dollar)	44,723	85,048
	69,641,398	30,738,354
	547,043,164	217,957,240
Details are shown in Annex-B		
On Fixed Deposit with On Shore to Off Shore placement		
On Shore to Off Shore placement	4,869,001,672	335,513,567
	5,416,044,836	553,470,807

4.3 Maturity Grouping of balance with other banks and financial institutions		
Up to 1 months	3,151,965,463	2,001,368,001
More than 1 months to 3 months	5,965,201,672	400,000,000
More than 3 months to 1 Year	6,203,800,000	810,000,000
More than 1 year to 5 years	-	-
More than 5 years	-	-
	15,320,967,135	3,211,368,001

4.a Consolidated Balance with Other Banks and Financial Institutions		
A. In Bangladesh		
BRAC Bank Limited	9,904,922,299	2,657,897,194
Off Shore Banking Unit	3,410,951	-
BRAC EPL Investments Ltd.	55,089,994	37,566,148
BRAC EPL Stock Brokerage Ltd.	478,099,661	513,961,451
B-Kash Ltd.	1,269,585,964	814,19,169
BRAC Saajan Exchange Ltd.	-	-
	11,739,108,869	3,290,843,962
Less: Inter Company Transaction with:		
BRAC EPL Investments Ltd.	28,551,078	20,658,044
BRAC EPL Stock Brokerage Ltd.	103,196,238	85,855,418
B-Kash Ltd.	1,269,100,058	45,474,169
BRAC Saajan Exchange Ltd.	-	-
	10,338,261,494	3,138,856,331

Particulars	2012 Taka	2011 Taka
B. Outside Bangladesh		
BRAC Bank Limited	547,043,164	553,470,807
Off Shore Banking Unit	4,908,820,466	8,289,885
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	99,190,656	46,249,164
	5,555,054,285	608,009,856
Less: Inter Company Transaction with:		
Off shore Banking unit	4,869,001,672	-

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8 Fixed assets including premises, furniture and fixtures Cost		
Property plant and equipments:		
Land	604,314,000	87,940,465
Furniture & fixture	1,135,168,847	1,060,711,794
Office equipments	941,004,481	872,013,588
IT Hardwares	1,322,812,021	1,196,248,215
Motor vehicles	94,402,419	83,865,588
	4,097,701,767	3,300,779,649

Intangible Assets:		
License (Indefinite useful life)	50,000	50,000
IT Softwares (Finite useful life)	805,610,083	726,572,647
	4,903,361,850	4,027,402,296
Less: Accumulated depreciation	2,311,909,970	1,678,237,541
	2,591,451,880	2,349,164,755

(Details are shown in Annex- D)

8.a Consolidated Fixed Assets Including Premises, Furniture & Fixtures		
BRAC Bank Limited	2,591,451,880	2,349,164,755
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	54,980,465	76,777,723
BRAC EPL Stock Brokerage Ltd.	73,759,856	72,348,051
B-Kash Ltd.	126,905,445	99,322,987
BRAC Sajjan Exchange Ltd.	14,726,663	2,317,931
	2,861,824,309	2,599,931,447

Particulars	2012 Taka	2011 Taka
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9 Other Assets		
9.1 Income Generating Other Assets		
Interest receivables (Note - 9.1.1)	981,435,866	754,054,062
Prepaid Interest/ Expenses on Interest	1,365,470,978	80,468,181
First Fixed Deposit (IFFD)	-	-
Receivables against sanchayapatra	420,133,936	161,622,019
Receivables from Omnibus	23,994,415	28,952,943
Receivables against travelers cheque	345,398	3,077,798
Investment in subsidiary (Note - 9.1.2)	2,171,088,125	2,138,505,445
Investment in associates (Note - 9.1.3)	17,300,000	12,500,000
Balance with EPLS (Advance)	59,856,082	116,864,049
	5,039,622,799	3,296,044,498

9.1.1 Interest Receivables		
Interest Receivables consists of interest receivable on loans, investments etc.		
Receivable against Govt. securities	243,569,955	248,453,694
Receivable against other securities	37,861,375	31,145,759
Receivable against balance with other bank	212,226,538	45,148,379
Receivable against loans and advances	442,330,947	428,295,859
Receivable against term deposit - OBU	45,447,051	1,010,370
	981,435,866	754,054,062

9.1.2 Investment in subsidiaries		
BRAC EPL Investments Ltd.	752,715,794	752,715,794
BRAC EPLS Stock Brokerage Ltd.	1,344,147,500	1,344,147,500
B-Kash Ltd.	14,836,300	1,785,000
BRAC Sajjan Exchange Ltd.	59,388,531	39,857,151
	2,171,088,125	2,138,505,445

9.1.3 Investment in associates		
BRAC Asset Management Company Ltd.	12,500,000	12,500,000
BRAC Impact Ventures Limited	4,800,000	-
	17,300,000	12,500,000

9.2 Non Income Generating Other Assets		
Stock of stamps	5,636,907	1,159,714
Other receivables (Note - 9.2.1)	594,422,701	367,164,803
Stock of security stationery	13,966,314	13,564,599
Stock of printing stationery	43,204,197	26,777,406
Stock of furniture	28,185,660	25,795,237
Advance to staff & supplier	7,245,086	4,757,913
Advance for ELDOARDO	-	45,568,391
Deferred revenue expenditure	38,496,926	47,904,113
Advance payment of income tax	5,622,308,862	4,241,797,685
Deferred tax asset (Note - 9.2.2)	1,077,184,150	1,152,939,348
Advance to SME unit offices	1,312,690	1,317,550
Advance against fixed assets	50,808,910	89,044,599
Advance against office rent	649,280,308	547,912,927
Advance security deposit	9,207,431	9,259,026
Advance for software migration	1,819,251	38,886,827
Advance for ANIK tower project	7,000	112,112
Advance to B-Kash	5,100	5,100
Advance against Pre-IPO (First Bangladesh Fixed Income Fund)	-	250,000,000
* Lease assets	3,901,201	3,945,579
Interbranch Account (Note-9.2.4)	123,785	123,785
	6,147,116,479	6,864,822,714
(Note 9.1 + 9.2)	13,186,739,278	10,160,867,211

The bank has taken lease an office premises under operating lease for a period of 99 years started from 2002 with an option to renew the lease after that date. Lease rentals paid Tk. 4,389,000 at the time of lease (2002) are amortised over the term of the lease.

Particulars	2012 Taka	2011 Taka
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9.2.1 Other Receivables		
Receivable against remittance	153,591,285	163,767,002
Receivable against bills pay	500	-
Receivable against DD	133,200,000	27,500,000
Receivable against Cheques	19,725	19,725
Receivable against Cards	34,051,360	12,003,999
Account receivable (EPL/Incliamed)	243,254	116,116
Receivable from Merchant	175,040,887	63,917,101
Receivable from Partners	15,983,059	32,234,050
Receivable in Cash Storage	9,339,506	15,978,000
Receivable from Member Bank - ELDOARDO	61,441,845	48,247,775
Sundry debtors	8,611,380	499,725
Receivable from Branch	-	1,921,349
VAT current account	2,000,000	-
	594,422,701	367,164,803

9.2.2 Deferred Tax asset/ (Liability)		
Book Value	Tax Base	Deferred Tax Asset/ (Liability)
Balance as at 31 December 2011		
Deferred Tax Asset	-	1,052,939,348
Deferred Tax Liability	-	(287,021,562)
Net Deferred Tax Asset 2011	-	765,917,786
Balance as at 31 December 2012		
Loan loss provision (Note - 9.2.3)	5,114,132,029	-
Provision against Capital market	544,957,355	-
Provision against off balance sheet items	-	544,957,355
Deferred tax asset (a)	-	1,077,184,150
Interest receivable from Treasury bills & bonds	243,569,955	(243,569,955)
Fixed assets (Annex-D)	1,987,087,880	1,692,271,026
	-	(294,816,853)
	-	(125,297,163)
	-	(228,814,394)
Deferred Tax Liability (b)	-	848,369,757
Net Deferred Tax Asset 31 December 2012 (a+b)	-	82,451,971
Increase of deferred tax asset recognized into P&L as income	-	24,244,802
Decrease of deferred tax liability recognized into P&L as income	-	58,207,168
Total deferred tax income recognized into P&L during the year 2012	-	82,451,971

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 differences 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 945,577,274) 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 - BDY	-	-
Inter Branch Account - FCY	-	-
Spot Center Account	123,785	123,785
Spot Exchange - BDY	-	-
Spot Exchange - FCY	-	-
Forward Exchange - BDY	-	-
Asset for Distribution	-	-
Liability for Distribution	-	-
Merchant POS Settlement Account	-	-
	123,785	123,785

Particulars	2012 Taka	2011 Taka
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9.a Consolidated Other Assets		
BRAC Bank Limited	13,186,739,278	10,160,867,211
Off Shore Banking Unit	106,316,049	133,221,192
BRAC EPL Investments Ltd.	592,104,555	135,634,733
BRAC EPL Stock Brokerage Ltd.	110,939,212	199,161,589
B-Kash Ltd.	115,136,159	27,204,574
BRAC Sajjan Exchange Ltd.	62,778,259	54,864,877
	14,714,013,512	10,710,954,176

Less:		
Investment in subsidiaries		
BRAC EPL Investments Ltd.	752,715,794	752,715,794
BRAC EPL Stock Brokerage Ltd.	1,344,147,500	1,344,147,500
B-Kash Ltd.	14,836,300	1,785,000
BRAC Sajjan Exchange Ltd.	59,388,531	39,857,151
	2,171,088,125	2,138,505,445
Investment in associates		
BRAC Asset Management Company Ltd.	12,500,000	12,500,000
BRAC Impact Ventures Limited	4,800,000	-
Less: Inter-company transaction		
Payable to BRAC EPL Investment Ltd.	65,000	92,437
Advance to B-Kash	5,100	5,100
Receivable from B-Kash Ltd.	5,505,951	19,606,659
Balance with EPLS (Advance)	59,856,082	116,864,049
Payable to BRAC EPL Stock Brokerage Ltd by BRAC EPL Investment Ltd.	627,843	852,985
	66,059,976	136,821,225

Add:		
Investment of associates		
BRAC Asset Management Company Ltd.	(Note - 9.a.1)	13,718,064
BRAC Impact Ventures Limited	(Note - 9.a.2)	4,266,844
		11,997,406,400
		8,553,122,866

9.a.1 Investment in associates		
BRAC Asset Management Company Ltd.		
Opening balance	13,131,311	12,571,651
Investment made during the year	-	-
Add: Share of post acquisition profit	586,753	559,660
Less: Dividend receivable	-	-
Total carrying amount of investment in associates	13,718,064	13,131,311

9.a.2 Investment in associates		
BRAC Impact Ventures Limited		
Investment made during the year	4,800,000	-
Add: Share of post acquisition profit	(533,156)	-
Less: Dividend receivable	-	-
Total carrying amount of investment in associates	4,266,844	-

10 Non Banking assets
No non-banking assets is under the possession of the bank which acquired as claims. BRAC Bank limited was not acquired any such assets as on 31 December 2012.

11.a Consolidated Goodwill		
BRAC Bank Limited	-	-
BRAC EPL Investments Ltd.	246,289,822	246,289,822
BRAC EPL Stock Brokerage Ltd.	1,126,273,573	1,126,273,573
B-Kash Ltd.	-	-
BRAC Sajjan Exchange Ltd.	54,905,518	37,074,202
	1,427,468,912	1,409,637,597

11.a.1 Calculation of Goodwill					
	BRAC EPL Investments Limited	BRAC EPLS Stock Brokerage Limited	B-Kash Limited	BRAC Sanjaan Exchange Limited	Total
Opening Balance	246,289,822	1,126,273,573		37,074,202	1,409,637,597
Cost of investment	-	-	-	19,531,380	19,531,380
Less:					
Share of Share Capital	-	-	-	4,593,745	4,593,745
Share of Share Premium	-	-	-	-	-
Share of Pre-acquisition profit	-	-	-	(2,893,681)	(2,893,681)
				1,700,065	1,700,065
	-	-	-	17,831,316	17,831,316
Closing Balance	246,289,822	1,126,273,573	-	54,905,518	1,427,468,912

12 Borrowing from other Banks, Financial Institutions and Agents:		
Term Borrowing:		
Banking company:	-	-
Off Shore to On Shore	39,559,407	650,000,000
Uttara Bank Limited	39,559,407	650,000,000

12.1 Maturity Wise Grouping of Borrowing from Other Bank & Financial Institutions		
Up to 1 months	-	650,000,000
More than 1 months to 3 months	39,559,407	-
More than 3 months to 1 Year	-	-
More than 1 Year to 5 years	-	-
More than 5 years	-	-
	39,559,407	650,000,000

12.2 Disclosure regarding outstanding Repo as on 31 December 2012:

Sl. no	Counter party name	Agreement Date	Reversal Date	Amount (1st lag cash consideration)
i	Dhaka Bank Ltd	12/30/2012	1/1/2013	1,203,416,441
ii	Standard Chartered Bank, Dhaka	12/30/2012	1/1/2013	844,009,715
iii	United Commercial Bank Ltd	12/30/2012	1/1/2013	1,497,286,491
				3,542,712,648

2.2.1 Disclosure regarding outstanding Reverse Repo as on 31 December 2012:

Sl no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
	NIL	N/A	N/A	NIL

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank	199,920,000	5,134,315,000	746,357,077
ii) with other banks & FIs	255,773,832	1,497,286,491	286,640,095
Securities purchased under reverse repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	106,931,130	3,074,310,039	927,632,380

Particulars	2012 Taka	2011 Taka
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12.a Consolidated Borrowing from other Banks, Financial Institutions and Agents		
BRAC Bank Limited	39,559,407	650,000,000
Off Shore Banking Unit	8,063,401,672	3,271,000,000
BRAC EPL Investments Ltd.	3,201,733,832	3,412,611,598
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Sajjan Exchange Ltd.	-	-
Less: Borrowing from BRAC Bank by BRAC EPL Investments Ltd. (Inter-Company)	1,517,524,055	1,613,431,410
Borrowing from BRAC Bank by Off Shore Banking Unit. (Inter-Company)	4,869,001,672	-
	4,918,160,184	5,720,180,188

13 Borrowings from Central Bank		
Bangladesh Bank Refinance	632,592,247	461,882,617
Bangladesh Bank REPO	3,893,910,000	-
	4,526,502,247	461,882,617

13.1 Maturity Wise Grouping of Borrowing from Central Bank		
Up to 1 months	3,893,910,000	-
More than 1 months to 3 months	-	-
More than 3 months to 1 Year	632,592,247	461,882,617
More than 1 year to 5 years	-	-
More than 5 years	-	-
	4,526,502,247	461,882,617

13.a Consolidated Borrowings from Central Bank		
BRAC Bank Limited	4,526,502,247	461,882,617
Off Shore Banking Unit	-	1,071,488,567
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Sajjan Exchange Ltd.	-	-
	4,526,502,247	1,633,371,184

14 Subordinated Convertible Bonds		
Private Placement (Note - 14.1)	2,700,000,000	2,700,000,000
Public Subscription (Note - 14.2)	300,000,000	300,000,000
	3,000,000,000	3,000,000,000

14.1 Private Placement details		
	No. of Unit	
Nederlandse Financierings-Maatschappij		
Voor Ontwikkelingslanden N.V.	525,000	525,000,000
Triedos Fair Share Fund	175,000	175,000,000
Triedos Microfinance Fund	175,000	175,000,000
Nowegien Investment Fund for Developing Countries	490,000	490,000,000
Agriani Bank Limited	750,000	750,000,000
BRAC Employee Provident Fund	482,500	482,500,000
Delta Life Insurance Company Ltd.	20,000	20,000,000
RACE Asset Management *	82,500	82,500,000
* PHP Ltd Mutual Fund		
Popular Life 1st Mutual Fund		
Total Private Placement	2,700,000,000	2,700,000,000

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Tier - II (Supplementary Capital)				
General Provision	1,226,457,889	1,226,457,889	1,648,099,303	1,648,099,303
Asset revaluation reserve	279,060,563	279,060,563	81,544,877	81,544,877
Preference Share	-	-	350,000,000	350,000,000
Perpetual Subordinated debt	2,563,110,602	2,595,255,046	2,312,139,640	2,471,318,610
Exchange Equalization Fund	-	-	-	-
Sub-total	4,068,629,054	4,100,773,498	4,391,783,820	4,550,962,790
Deduction (Investment in subsidiary)	-	-	-	-
Total eligible Tier - 2 Capital (a)	4,068,629,054	4,100,773,498	4,391,783,820	4,550,962,790
Tier-3 (eligible for market risk only)				
Short term sub-ordinated debt (b)	-	-	-	-
Total Supplementary Capital	4,068,629,054	4,100,773,498	4,391,783,820	4,550,962,790
Total Capital	12,612,331,089	12,751,623,649	12,098,915,954	12,788,991,488
Particulars	2012 Taka	2012 Taka	2011 Taka	2011 Taka
Total Risk Weighted Assets	122,759,709,784	111,494,394,088	117,156,393,038	110,285,639,993
Required capital based on Risk Weighted Assets	12,275,870,078	11,149,439,409	11,715,639,304	11,028,563,999
Surplus / (Deficiency)	336,360,981	1,602,184,240	383,276,650	1,760,127,489
Capital Adequacy Ratio:				
On core capital (against standard of minimum 5%)	6.96%	7.76%	6.58%	7.47%
On actual capital (against standard of minimum 10.00%)	10.27%	11.44%	10.33%	11.60%

Particulars	2012 Taka	2011 Taka
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19 Statutory Reserve		
Balance at the beginning of the year	2,536,431,462	1,920,598,872
Add: Transferred from profit during the year	397,585,824	615,832,590
	2,934,017,286	2,536,431,462

19.a Consolidated Statutory Reserve		
BRAC Bank Limited	2,934,017,286	2,536,431,462
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	2,934,017,286	2,536,431,462

20 Revaluation Reserve		
Revaluation Reserve on Govt. Securities (note - 20.1)	41,747,591	163,089,754
Assets Revaluation Reserve (note - 20.2)	516,373,535	-
	558,121,126	163,089,754

20.1. Revaluation Reserve on Govt. Securities				
	<u>HTM</u>	<u>HFT</u>	<u>Total</u>	<u>Total</u>
Balance at the beginning of the year	18,124,635	144,965,119	163,089,754	1,220,932,130
Add: Addition during the year	10,848,498	-	10,848,498	1,366,651
Less: Adjustment during the year	-	(132,190,661)	(132,190,661)	(1,059,209,027)
	<u>28,973,133</u>	<u>12,774,458</u>	<u>41,747,591</u>	<u>163,089,754</u>

Revaluation reserve is made according to DOS Circular no.-05, dated 26th May 2008.

20.2 Assets Revaluation Reserve		
Balance at the beginning of the year	-	-
Add: Reserve made during the year	516,373,535	-
	516,373,535	-

20.a Consolidated Revaluation Reserve		
BRAC Bank Limited	558,121,126	163,089,754
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	558,121,126	163,089,754

20.b Share money deposit		
20.b.1 Share money deposit in B-Kash Ltd		
Share money deposited by Money in motion	122,222,632	122,227,732
Less: Share money deposited by BBL	-	(5,100)
Add: Addition during the year	(121,722,602)	-
Less: Share money transfer to Share	500,030	522,632
Share of share money deposit in B-Kash	266,016	62,333,542

In accordance with the memorandum of understanding with "Money in motion" (Minority shareholder with 49% share of B-Kash Ltd.) the banks share of "share money deposit" is disclosed.

Particulars	2012 Taka	2011 Taka
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20.b.2 Share money deposit in BRAC Saajan Ltd		
Share money deposited by BRAC Saajan Ltd.	26,841,814	-
Less: Share money deposited by BBL	-	-
Share money deposit in BRAC Saajan Ltd.	26,841,814	-
Share of BRAC Bank (as Parent) on Share money deposit (87.5%)	23,486,587	-
	23,741,603	62,333,542

21 Surplus in Profit and Loss Account/ Retained Earnings		
Balance at the beginning of the year	1,934,731,623	1,693,401,098
Less: Issue of Bonus Share (20%)	642,470,400	535,392,000
Less: Cash Dividend (10%)	-	267,696,000
Less: Dividend on Preference Share	33,468,750	4,812,500
Add: HTM Loss adjustment (Prior year)	-	5,681,746
Add: Retained Surplus for the year	140,795,267	1,086,549,279
	1,401,587,740	1,934,731,623

21.a Consolidated Surplus in Profit and Loss Account/ Retained Earnings		
BRAC Bank Limited	1,401,587,740	1,934,731,623
Add: Retained Surplus from Off Shore Banking (Opening)	72,099,917	(8,006,545)
Add: Retained Surplus from Off Shore Banking (During the year)	71,815,075	78,916,462
(Opening)	10,567,310	144,528,611
Add: Retained Surplus from BRAC EPL Investments Ltd. (During the year)	92,379,069	(42,961,300)
Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (Opening)	194,760,249	135,850,442
Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (During the year)	8,622,455	58,909,806
Add: Retained Surplus from B-Kash Ltd. (Opening)	(28,988,682)	(11,501,616)
Add: Retained Surplus from B-Kash Ltd. (During the year)	(42,468,059)	(17,487,065)
Add: Retained Surplus from BRAC Saajan Ltd. (Opening)	7,339,346	-
Add: Retained Surplus from BRAC Saajan Ltd. (During the year)	34,247,647	7,339,346
Add: Share of profit from investment in BRAC Asset Management Company Ltd. (Opening)	631,311	71,650
Add: Share of profit from investment in BRAC Asset Management Company Ltd. (During the year)	586,753	559,661
Add: Share of profit from investment in BRAC Impact Ventures Limited (Opening)	-	-
Add: Share of profit from investment in BRAC Impact Ventures Limited (During the year)	(533,156)	-
	1,914,456,974	2,282,951,075

22.1 Calculation of Minority Interest					
	BRACEPL Investments Ltd.	BRAC EPL Stock Brokerage Ltd.	B-Kash Ltd.	BRAC Saajan Exchange Ltd.	Total
Share Capital	585,000,000	350,000,000	26,450,000	36,749,965	1,000,199,965
Share Premium	436,825,951	-	366,765,000	-	803,590,951
Share money deposit	-	-	500,030	26,841,814	27,341,844
Retained Earnings	93,206,227	118,062,922	(140,111,255)	15,990,721	86,870,930
Total net assets as at 31 December 2012	1,115,032,178	468,062,922	255,603,775	79,582,500	1,918,003,690
Minority Interest at 31 December 2012	267,607,723	46,806,292	125,245,850	9,947,812	449,607,676
Total net assets as at 31 December 2011	993,480,771	458,482,417	68,882,081	13,600,516	1,534,445,785
Minority Interest as at 31 December 2011	238,435,385	45,848,242	33,752,220	3,400,088	321,435,935

23	Contingent Liabilities		
Acceptances and endorsements		149,723,080	160,105,738
Import Letters of Credit - Sight		2,815,766,460	9,773,346,190
Import Letters of Credit - Usance		6,432,561,469	6,031,452,875
Import Letters of Credit - Back to Back		709,898,212	396,281,783
Guarantees Issued	(Note 23.2)	7,440,297,069	4,537,278,981
Tax Liability	(Note 23.6)	143,894,928	115,398,757
Bills for collection	(Note 23.4)	405,799,599	626,623,955
Contingent Assets- FX deals		1,731,876,521	735,975,000
Stock of Travellers Cheques (TC)		4,224,594	4,325,898
Stock of Govt. Sanchaya Patra		12,851,000	12,851,000
		18,146,892,932	22,393,640,175

23.1 Significant concentration wise grouping		
i) Documentary credits and short term trade related transactions:	16,254,045,889	21,525,089,520
ii) Forward asset purchased and forward deposits placed	-	-
iii) Underward formal standby facilities, credit lines and commitments to lend	-	-
Under one year	-	-
One year and over	-	-
iv) Other exchange contracts	1,748,952,115	753,151,898
v) Other financial contracts	143,894,928	115,398,757
	18,146,892,932	22,393,640,175

23.2 Letter of Guarantee		
Letter of Guarantee (Local)	3,815,187,461	4,247,384,458
Letter of Guarantee (Foreign)	925,109,608	289,894,523
Foreign counter Guarantee	-	-
	4,740,297,069	4,537,278,981
Less: margin	93,969,838	60,666,852
	4,646,327,231	4,476,612,129
Balance for which the Bank is contingently liable in respect of guarantee issued favoring:		
Directors	-	-
Government	1,422,089,121	1,588,500,200
Bank and other financial institution	521,432,678	501,277,500
Others	2,796,775,271	2,447,501,281
	4,740,297,069	4,537,278,981
Less: Margin	93,969,838	60,666,852
	4,646,327,231	4,476,612,129

23.3 Irrevocable Letter of Credit		
Letter of Credit (Import)	276,091,645	1,049,358,505
Letter of Credit (General)	9,972,236,084	17,755,440,560
Back to Back L/C	709,898,212	396,281,783
Back to Back Bills	-	-
Bank's Liabilities - PAD (DEF)	-	-
Less: Margin	10,958,226,141	16,201,080,847
	584,064,954	421,760,586
	10,374,161,187	15,779,300,262

23.4 Bills for collection		
Outward local bills for collection	405,799,599	626,623,955
Outward foreign bills for collection	-	-
Inward local bills for collection	-	-
Inward foreign bills for collection	-	-
	405,799,599	626,623,955

23.5 Suit filed by the Bank
No lawsuit filed by the bank against contingent liabilities.

23.6 Contingent Liabilities (Taxation)		
Local & Revenue Audit Office has issued a demand of BDT 55,165,078 against VAT audit for the Income year 2006 and BDT 88,729,850 against VAT audit for the Income year 2010. The Bank has filed a writ petition to the Supreme Court of Bangladesh, High Court. Division against the said demand. Writ petition numbers are 5005 and 692.		

Particulars	2012 Taka	2011 Taka
23.a Consolidated Contingent liabilities		
BRAC Bank Limited	18,146,892,932	22,393,640,175
Off Shore Banking Unit	-	-
BRAC EPL Investments Ltd.	159,000,000	405,759,290
BRAC EPL Stock Brokerage Ltd.	-	-
B-Kash Ltd.	-	-
BRAC Saajan Exchange Ltd.	-	-
	18,305,892,932	22,799,399,465

Section -Three: Notes to Profit & loss Account		
24 Income statement		
Income:		
Interest, discount and similar income (Note-24.1)	17,896,383,838	14,651,576,981
Dividend income (Note-27)	74,546,545	52,255,092
Fees, commission and brokerage (Note-24.2)	2,192,097,885	2,027,122,972
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	8,127,871	258,663,223
Gains less losses arising from dealing from foreign currencies (Note-28)	333,368,691	695,328,102
Gain less losses arising from REPO	459,191,524	499,861,373
Income from non-banking assets	-	-
Other operating income (Note-29)	320,204,951	261,207,507
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
	21,283,921,305	18,386,015,250
Expenses:		
Interest, fees and commission (Note-26)	10,195,401,072	8,164,158,814
Losses arising from dealing securities	193,718,466	87,123,015
Administrative expenses (Note-24.3)	4,014,252,456	3,690,683,523
Other operating expenses (Note-38)	1,080,422,577	923,922,846
Depreciation on banking assets (Note-37)	654,930,517	550,215,900
	16,138,725,298	13,416,104,098
Operating Profit	5,145,196,007	4,969,911,152

24.1 Interest, discount and similar income		
Interest on loans and advances	15,988,599,386	13,278,524,579
Interest on money at call and short notice	92,544,821	91,965,814
Interest on balance with other banks	14,523,099	21,324,284
Interest on treasury bills & bonds	1,130,851,373	977,911,739
Interest on fixed deposits with other banks	617,901,598	218,463,750
Interest on coupon bearing bond	51,963,561	63,868,815
Interest on zero coupon bond	-	-
	17,896,383,838	14,651,576,981

24.2 Fees, commission and brokerage		
Fees	1,717,567,834	1,627,663,573
Commission	474,530,051	399,459,399
	2,192,097,885	2,027,122,972

24.3 Administrative expenses		
Salaries and allowances	2,519,815,735	2,348,572,171
Rent, taxes, insurance, electricity etc.	659,435,061	566,123,413
Legal expenses	31,384,698	21,523,613
Postage, stamps, telecommunication etc.	169,498,124	184,315,961
Stationery, printing, advertisement etc.	221,169,733	328,303,823
Chief Executive's salary & fees	11,924,417	11,146,417
Directors' fees & expenses	511,750	925,583
Auditors' fee	867,800	867,800
Repairs & maintenance of fixed assets	399,648,138	242,099,743
	4,014,252,456	3,703,878,523

Particulars	2012 Taka	2011 Taka
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25 Interest Income		
Interest on loans and advances -		
Retail	2,770,853,363	2,563,066,476
Corporate	4,299,673,332	3,613,294,051
Finance Finance	232,649,605	338,988,612
SME	8,154,051,681	6,301,618,732
Credit Cards	508,676,956	438,917,371
Staff	22,094,449	22,639,338
	15,988,599,386	13,278,524,579
Interest on money at call and short notice	92,544,821	91,965,814
Interest on balance with other banks	14,523,099	21,324,284
Interest on fixed deposits with other banks	617,901,598	218,463,750
	16,713,568,904	13,610,278,427

25.a Consolidated Interest Income		
BRAC Bank Limited	16,713,568,904	13,610,278,427
Off Shore Banking Unit	347,170,400	194,125,146
BRAC EPL Investments Ltd.	678,154,382	566,439,281
BRAC EPL Stock Brokerage Ltd.	9,487,822	-
B-Kash Ltd.	-	-
BRAC Sajaan Exchange Ltd.	-	-
Less: Inter-company transaction:		
Interest income from BRAC EPL Investment Ltd.	220,336,349	87,694,520
	17,528,045,159	14,283,148,334

FINANCIAL REPORT

AS ON DECEMBER 31, 2012



BRAC BANK

আব্রাহাম এভিল

Name of the Related Parties	Relationship	Nature of Transaction	Balance at the end of period
BRAC & its associated organization	Director	Deposits made with us	12,799,186,035
BRAC	Service taken through BDP	Service taken through BDP	-
Delta Brac Housing Finance Corporation Ltd.	Director	Deposits made with us	1,911,077
Industrial & Infrastructure Development Finance Co. Ltd.	Director	Deposits made with us	-
Industrial & Infrastructure Development Finance Co. Ltd.	Director	Loans & advances	22,500,000
BRAC EPL Investments Ltd.	Subsidiary	Loans & advances	1,517,524,054
BRAC EPL Investments Ltd.	Subsidiary	Deposits made with us	-
BRAC EPL Stock Brokerage Ltd.	Subsidiary	Deposits made with us	103,479,840
BRAC EPL Stock Brokerage Ltd.	Subsidiary	Portfolio Investments	2,860,546,666
bkash Limited	Subsidiary	Deposits made with us	1,272,154,418

ii) Name of Directors and the entities in which they have interest as on 31 December 2012

Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
01	Mr. Muhammad A. (Rumee) Ali	Chairman	Enterprises of BRAC Delta Brac Housing Finance Corp. Ltd. BRAC Karmaphul Tea Co. Ltd. BRAC Karmaphul Tea Company Ltd. BRAC Karmaphul Tea Co. Ltd. BRAC Karmaphul Tea Co. Ltd. BRAC Karmaphul Tea Co. Ltd. BRAC Kodala Tea Estate BRAC Kodala Tea Estate BRAC Services Ltd. BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. bkash Ltd. Documenta TM Ltd.	MA (Economics)
02	MS. Zahida Ispahani (Independent Director)	Director	Ispahani Islami Eye Institute & Hospital	Graduate
03	Ms. Nihad Kabir (Independent and Depositor Director)	Director	Kedarpur Tea Company Ltd. Shahidagang ONG Co. Ltd. Sathgao Tea Estate Ltd. Infrastructure Development Company Ltd. (IDCOL)	L.L.B., L.L.M.(UK) (Barister at Law)
04	Ms. Tamara Hasan Abed	Director	BRAC Dairy Food Project, AARONG BRAC University Aysha Ahsan Foundation (AAF)	MBA (Finance), USA
05	Mr. Shih Narayan Kairy	Director	BRAC Services Ltd. BRAC Industries Ltd. Documenta TM Ltd. BRAC Karmaphul Tea Co. Ltd. BRAC Karmaphul Tea Company Ltd. BRAC Karmaphul Tea Company Ltd. BRAC Kodala Tea estate Ltd. bkash Ltd. Bangladesh Netting Factory Ltd.	M.Com (Accounting)
06	Mr. Hafiz G A Siddiq (Depositor Director)	Director	North South University	Ph.D (Manchester Business School), UK, MBA, (Graduate School of Business Indiana University), USA
07	Mr. Syed Mubshir Rahman	Managing Director & CEO	BRAC EPL Investments Limited BRAC EPL Stock Brokerage Limited Industrial and Infrastructure Development Finance Company Limited (IIDFC) Dun & Bradstreet Bangladesh Limited bkash Limited BRAC Sajjan Exchange Limited	MBA (IBA)

- iii) Significant contracts where bank is a party and where Directors have interest: Nil
- iv) Shares issued to Directors and executives without consideration or at a discount: Nil
- v) Lending Policies to related parties: Nil
- vi) Lending to related parties is effected as per requirement of section 27(1) of the Bank Companies Act -1991.
- vii) Loan and advances to Directors and their related concern: 22,500,000
- viii) Classification Status: Unclassified
- vii) Business other than Banking business with any related concern of the Directors as per section 18(2) of the Bank Companies Act-1991: Nil
- viii) Investment in the Securities of Directors and their related concern: Nil

45.3 Claim not Acknowledged as Debt
There was no claim against the bank not acknowledged as debt as on 31.12.2012.

45.4 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 7,403 (2011: 6,619).

45.5 Post Balance Sheet Events:
The board of Directors in its 155th Board meeting held on 25th March, 2013 has proposed dividend of 15% stock dividend subject to the approval of the Shareholders at the next Annual General Meeting.

45.6 Coverage of External Audit:
The external auditor of the Bank, M/s Hoda Vasi Chowdhury & Co. Chartered Accountants worked about in excess of 3750 man hour at head office, 20 Branches and 20 SME Unit Offices and 20 SME Sales and Service Centre. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

45.7 Share trading
The bank traded its ordinary shares in CDBL through DSE and CSE on 31 January 2007. The closing market price on 31 December 2012 was Tk. 34.80 at DSE and Tk. 34.70 at CSE.

   

Managing Director & CEO Director Director Chairman

Particulars	2012	2011
Paid-up capital	3,854,822,400	3,212,352,000
Total capital including general provisions	12,751,623,649	12,788,691,488
Capital surplus/(deficit)	1,602,184,240	1,760,127,489
Total assets	173,676,792,029	133,201,048,438
Total deposits	134,646,448,482	103,725,529,225
Total loans & advances	103,624,437,957	90,822,174,665
Total contingent liabilities & commitments	18,146,892,932	22,393,640,175
Credit deposit ratio (Loans & advances/Deposits)	76.96%	84.82%
Percentage of classified loans against total loans & advances	7.37%	5.77%
Profit after tax & provisions	540,381,091	1,702,381,869
Amount of classified loans during the current year	6,539,542,550	5,239,542,550
Provision kept against classified loans	5,516,593,915	5,355,702,665
Provisions surplus/deficit	103,960,550	711,648,993
Cost of fund	8.43%	8.66%
Interest earning assets	162,938,223,671	123,987,060,969
Non-interest earning assets	10,738,568,359	9,213,987,469
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	3.44%	11.41%
Return on assets (ROA) [PAT/Average assets]	0.35%	1.36%
Return on equity (ROE) [PAT/Average shareholders equity]	5.47%	17.90%
Income from investments	1,530,962,408	1,704,955,227
Weighted average earning per share	1.32	4.29
Net income per share [PAT/Dividend on preference share/No. of Ordinary Shares]	1.32	4.29
Price earning ratio (Market price per share/EPS)	26.46	8.87
Net Asset Value per Share (NAV) [(Shareholders equity - Preference Share)/No. of Ordinary Share]	26.34	28.80

Hoda Vasi Chowdhury & Co. **Annexure - B**

BRAC Bank Limited
Balance with other bank and financial institutions (Outside Bangladesh on Demand Deposit Accounts)
As on December 31, 2012

Name of Bank	A/C Type	FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Standard Chartered Bank-NY (USD)	CD	2,521,384.74	79.86	201,357,785	200,476.03	81.78	16,393,927.35
Mashreq Bank PSCNY (USD)	CD	23,672	79.86	1,890,430	6,989.78	81.78	571,589.26
The Bank of Nova Scotia- Canada (CAD)	CD	31,764.20	80.58	2,559,467	32,216.10	80.22	2,584,462.53
CTI Bank NA (USD)	CD	871,483.53	79.86	69,596,675	374,849.36	81.78	30,653,306.41
AB Bank Mumbai (AUD Dollar)	CD	560.02	79.86	44,723	1,040.02	81.78	85,047.64
ICICI Mumbai (AUD Dollar)	CD	33,099.74	79.86	1,844,745	27,344.90	81.78	2,236,129.20
Standard Chartered Bank-UK (GBP)	CD	101,686.45	129.25	13,142,506	21,156.39	128.14	2,711,009.43
Hypo Vereins Bank Germany (EURO)	CD	7,577.30	105.93	802,666	6,739.87	106.86	720,246.77
HSCB - NY (USD)	CD	1,103,550.89	79.86	88,129,574	1,307,651.39	81.78	108,933,192.42
HSCB - UK (GBP)	CD	378,169.89	129.25	48,876,719	169,175.73	128.14	21,678,414.89
HSCB - AUS (AUD)	CD	222.57	79.86	18,451	1,279.48	81.78	605,191.22
Union de Banques Arabes ET Financiers (JPY)	CD	1,689,797.00	83.93	1,572,525	1,819,603.00	1.06	1,913,858.44
Westpac Banking Corporation, (AUD)	CD	51,526.13	0.90	4,271,449	57,925.75	83.14	4,815,749.91
HSCB - Pakistan (AUD Dollar)	CD	10,634.84	79.86	849,298	11,497.79	81.78	940,231.78
HSCB - India (AUD Dollar)	CD	430.61	105.93	45,615	2,003.61	81.78	214,112.98
Zuercher Kantonal Bank, Zurich (CHF)	CD	6,782.45	87.67	594,595	26,716.70	87.49	2,337,513.55
ING Belgium NV/SA (EURO)	CD	430.61	105.93	45,615	2,003.61	106.86	214,112.98
Commerz Bank AG Germany (EURO)	CD	52,325.38	79.86	5,542,843	99,637.19	106.86	10,647,588.82
J.P. Morgan Chase Bank (USD)	CD	996,496.63	105.93	79,580,221	76,880.31	81.78	6,286,887.35
Unicredit Italiano SPAN (EURO)	CD	10,048.62	105.93	1,064,453	14,429.41	106.86	1,541,978.70
SCF Frankfurt (EURO)	CD	10,183.00	105.93	1,078,688	3,610.97	106.86	385,881.25
United Bank of India (USD)	CD	851.16	79.86	75,960	993.16	81.78	77,781.11
Commerz Bank, AG Germany (USD)	CD	10,363	79.86	827,593	-	81.78	-
Sovani Bank Limited (UK)	CD	-	-	-	237.00	128.14	30,369.51
HPC Bank Limited (AUD)	CD	149,980	79.86	11,977,414	26,642.05	81.78	2,178,653.54
Deutsche Bank Trust Company (USD)	CD	118,493	79.86	9,462,828	17,292.76	81.78	1,414,115.46
Commerz Bank - Frankfurt (USD)	CD	-	-	-	-	-	-
Bank of America N.A New York	CD	22,990	79.86	1,835,981	-	-	-
Total				247,043,184			217,957,240

Independent Correspondent firm to Deloitte Touche Tohmatsu

Hoda Vasi Chowdhury & Co. **Annexure - C**

BRAC Bank Limited
Investment in Shares
As on December 31, 2012

Sl. No	Name of the company	Face value	No. of Shares	Cost of holding	Average cost	Quoted rate per share as on 31/Dec/12	Total market value at 31/Dec/12
Quoted							
1	ORDINARY	10.00	12,002,425	476,153,862	39.67	25.10	301,260,868
2	DhakaBank	10.00	8,564,155	333,372,224	38.93	24.80	212,391,044
3	Puabank	10.00	4,712,487	214,400,026	45.50	33.00	155,512,071
4	HEDIBCEM	10.00	3,600	993,531	264.87	264.70	952,920
5	BRACSTEEL	10.00	1,390,800	230,444,135	165.84	67.90	94,835,320
6	BATRC	10.00	688,220	133,758,175	708.09	839.50	158,581,550
7	METROILIM	10.00	168,200	126,783,389	184.22	158.50	109,082,670
8	JAMUNAOL	10.00	63,863	76,809,402	211.32	178.50	64,881,180
9	EBLNRBMF	10.00	4,342,500	42,710,189	9.84	9.40	40,819,500
10	LDGM/DMF1	10.00	29,257,500	292,550,345	10.00	10.00	292,575,000
11	FBIF	10.00	24,932,500	249,317,751	10.00	10.00	251,818,250
12	NLITDMF1	10.00	1,002,500	10,023,351	10.00	9.20	9,223,000
13	SearPharma	10.00	121,000	19,978,744	165.11	168.60	20,400,800
14	ACTIVEPINE	10.00	1,979,000	145,277,601	73.41	72.70	143,873,300
15	UNIQUEHIL	10.00	345,000	48,000,001	139.13	126.20	43,539,000
16	BRAC SAJAN Exchange Ltd.	10.00	1,097,600	224,813,943	204.82	175.00	192,080,000
17	GENNET	10.00	1,200,000	35,000,001	29.17	34.40	41,280,000
				2,860,546,666		2,132,706,473	

Independent Correspondent firm to Deloitte Touche Tohmatsu

Hoda Vasi Chowdhury & Co. **Annexure - C (Cont.)**

BRAC Bank Limited
Investment in Shares
As on December 31, 2012

Unquoted							
1	Industrial and Infrastructure Development Finance Co. Ltd.	100.00	443,301	24,442,502	55.14	-	-
2	Central Depository Bangladesh Ltd.	10.00	800,000	6,277,770	7.85	-	-
3	BRAC EPL Investments Ltd.	10.00	44,460,000	752,715,794	16.93	-	-
4	BRAC EPL Stock Brokerage Ltd.	100.00	3,150,000	1,344,147,500	428.71	-	-
5	bkash Ltd.	100.00	145,095	14,509,500	100.00	-	-
6	BRAC Asset Management Company Ltd.	100.00	125,000	12,500,000	100.00	-	-
7	BRAC Sajjan Exchange Limited	100.00	290,824	59,388,531	204.20	-	-
8	Dun & Bradstreet Rating Agency	100.00	124,978	12,497,600	100.00	-	-
9	of Bangladesh Limited	1,000.00	10,000	10,000,000	1,000.00	-	-
10	BRAC Impact Ventures Limited Preference shares	10.00	480,000	-	10.00	-	-
1	Summit Purbanchal & Uttranchal Power Co Ltd	10.00	25,045,100	250,451,000	10.00	-	-
				74,584,308		2,476,930,197	

Independent Correspondent firm to Deloitte Touche Tohmatsu

Hoda Vasi Chowdhury & Co. **Annexure - D**

BRAC Bank Limited
Schedule of Fixed assets including premises, furniture and fixtures
As on December 31, 2012

As on December 31, 2012										
Particulars	C O S T				D E P R E C I A T I O N					Written down value as on 31.12.2012
	Balance as on 01.01.2012	Addition during the year	Adjustment during the year	Balance as on 31.12.2012	Balance as on 01.01.2012	Charged during the year	Adjustment during the year	Balance as on 31.12.2012		
Property, plant and equipment										
Land and Building	87,940,485	516,317,536	-	604,258,021	-	-	-	-	604,258,021	
Furniture & Fixture	1,005,711,794	87,507,056	13,300,003	1,103,568,853	30	263,683,624	110,000,660	4,177,415	387,506,869	
Office equipment **	872,023,588	84,992,183	15,961,290	941,004,061	29	433,483,640	165,796,052	12,018,779	564,225,923	
Office appliances	-	-	-	-	40	15,964,528	-	-	15,964,528	
IT equipment	1,198,248,315	135,896,504	9,132,888	1,343,277,707	30	187,956,765	231,762,283	5,061,893	814,687,105	
Motor vehicles	83,865,588	10,506,831	-	94,372,419	30	41,099,105	15,964,528	-	97,055,081	
IT equipment - software	-	-	-	-	-	-	-	-	-	
	3,309,779,649	838,118,109	38,193,951	4,097,701,767	1,306,223,184	538,473,931	21,298,087	1,803,438,628	2,294,260,159	
Intangible assets										
with indefinite useful lives:	-	-	-	-	-	-	-	-	-	
License	50,000	-	-	50,000	-	-	-	-	50,000	
with definite useful lives	-	-	-	-	-	-	-	-	-	
IT Software	726,572,647	79,037,436	-	805,610,083	20	372,054,356	134,456,986	-	506,471,342	
	726,622,647	79,037,436	-	805,660,083	372,054,356	134,456,986	-	506,471,342	297,138,741	
As at 31 Dec. 2012	2,909,787,607	1,381,156,545	38,193,951	4,380,369,802	1,478,237,640	546,930,517	21,298,087	3,113,909,970	2,891,461,880	
As at 31 Dec. 2011	2,909,787,607	1,381,156,545	38,193,951	4,380,369,802	1,478,237,640	546,930,517	21,298,087	3,113,909,970	2,891,461,880	

2023-2024

Inter-Departmental Transfer to Debita Trustee Trustee